Rai Technology University

ENGINEERING MINDS

Concepts of Brand Management

Subject: CONCEPTS OF BRAND MANAGEMENT **Credits: 4**

SYLLABUS

Branding Concepts
Introduction to Brand; Brand and Branding Basics; Relationship of Brands with Customers; Building Successful Brands.

Terms associated with Brands
Understanding Various Terms; Brand Names and Brand Extensions; Co-Banding and Corporate Branding; Brand Associations and Brand Image.

Management of Brand
Brand Loyalty; Brand Relationship; Brand Equity; Brand Management

Brand Processing
Brand Evolution; Value of Brand; Brand Planning and Brand Potential.

Brand Selection
Brand and Consumer Buying Process; Consumer Search for Brand Information; Issues associated with Effective Brand Name; Added Values Beyond Functionalism; Brand Personality; Branding to make Tangible the Intangible.

Suggested Reading:

1. Branding Concepts and Process by Pati D, Publisher: Macmillan
2. Creating Powerful Brands by McDonald Malcolm and De Chernatony L, Publisher: Amazon.Co.UK
3. Brand Positioning by Subroto Sen Gupta, Publisher: Tata McGraw-Hill
4. Product Management in India by R. C. Majumdar, Publisher: Prentice-hall of India Pvt Ltd.
5. Managing Indian Brands by S R Kumar, Publisher: Wharton School Publishing

COURSE OVERVIEW

A good brand is priceless to any business, and with this course in Brand Management you will learn exactly how to market, manage, develop and integrate a brand in both the marketplace and over the Internet.

There are three ingredients every company needs for branding success: a brand manager, a brand, and the consumer. But how do these ingredients relate and what are they comprised of that makes them so important? This course will demonstrate how each ingredient reacts to the other in order to create a valuable, long-lasting brand. First, you will learn about the responsibilities of a brand manager, from conception of a brand to building, evaluating, and maintaining brand equity. Then, you will be introduced to a brief history of branding and its intended purpose. This also includes the elements of a great brand, and current trends in branding. Finally, you will recognize the components and intricacies that make up your consumer, how to appeal to the consumer, and one of the most important facts of all: how the consumer dictates your brand equity. By the end of this course, you will apply all of these ingredients and assemble a recipe of your own as a foundation for effective management of your brand.

This course is an overview for future managers, brand managers and marketing personnel who wish to conceive, build, improve and maintain a successful brand identity for their products and company. This will help them to interpret the potential affects of various brand strategies and tactics and assess the value of any type of brand.

- recognize the benefits of utilizing a brand manager.
- identify the responsibilities of a brand manager.
- evaluate brands to identify the components of brand equity.
- use Porter's Method of Competitive Strategy to implement a marketing strategy for a brand in a given scenario.
- identify appropriate steps for evaluating brands in a given scenario.
- recognize the benefits of having an effective brand.
- identify examples of business properties that can be branded.
- determine the appropriate strategy for a product within the brand hierarchy in a given scenario.
- evaluate the effectiveness of the creative elements in brands.
- identify a strategy to negotiate trends in the marketplace.
- recognize the benefits of knowing your consumers.
- analyze a question used in consumer research to determine which method was used.
- identify examples of sales promotional tools.
- analyze a brand to determine where the consumer adoption process failed.

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LESSON 1:
INTRODUCTION TO BRAND

Objectives

The learning objective: after this lecture you should be able to understand:

a. Why studying Brand management is important for marketing managers.
b. Various terms related to Brand in terms of Glossary are given in this lesson, which will help you in understanding the course better.

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

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

Guest-Editor Simon Anholt - one of the leading international marketing thinkers, and according to The Economist "one of the world's leading consultants to corporations and governments who wish to build global brands" - has united the leading academics and practitioners in this critical but still largely unexplored field to bring together the best and latest thinking on place marketing.

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

This course provides resources to help you successfully manage your brand

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

What are We Trying to Achieve?

- Who should be involved?
- How do we manage this?
- What are the tools and techniques to use?
- How do we know we're making progress?

There are three steps to the answers

Step One

Read about successful brand management. This course provides you with illustrations and anecdotes from the world of brand management. You'll see what worked for other companies and find ideas that you can apply to your own brand.

Step Two

Learn the principles and practices. Subscribe to our 'Shared Learning' newsletter and learn the principles and practices of successful brand management - you'll be another step closer to unlocking the potential of your brand.

Step Three

Apply proven tools and techniques. This brand Manual provides proven tools and techniques - and a complete brand management process - to help you unlock the value of your most important asset, your brand.

Glossary of Terms

A. **Awareness** The percentage of population or target market who are aware of the existence of a given brand or company. There are two types of awareness: spontaneous, which measures the percentage of people who spontaneously mention a particular brand when asked to name brands in a certain category; and prompted, which measures the percentage of people who recognise a brand from a particular category when shown a list.

B. **Brand** A brand is a mixture of attributes, tangible and intangible, symbolised in a trademark, which, if managed properly, creates value and influence.

"Value" has different interpretations: from a marketing or consumer perspective it is "the promise and delivery of an experience"; from a business perspective it is "the security of future earnings"; from a legal perspective it is "a separable piece of intellectual property." Brands offer customers a means to choose and enable recognition within cluttered markets.

Brand Architecture How an organization structures and names the brands within its portfolio. There are three main types of brand architecture system: monolithic, where the corporate name is used on all products and services offered by the company; endorsed, where all sub-brands are linked to the corporate brand by means of either a verbal or visual endorsement; and freestanding, where the corporate brand operates merely as a holding company, and each product or service is individually branded for its target market.

Brand Associations The feelings, beliefs and knowledge that consumers (customers) have about brands. These associations are derived as a result of experiences and must be consistent with the brand positioning and the basis of differentiation.

Brand Commitment The degree to which a customer is committed to a given brand in that they are likely to re-purchase/re-use in the future. The level of commitment indicates the degree to which a brand's customer franchise is protected form competitors.

Brand Earnings The share of a brand-owning business's cashflow that can be attributed to the brand alone.

Brand Equity The sum of all distinguishing qualities of a brand, drawn from all relevant stakeholders, that results in personal commitment to and demand for the brand; these differentiating thoughts and feelings make the brand valued and valuable.

Brand Essence The brand's promise expressed in the simplest, most single-minded terms. For example, Volvo = safety; AA = Fourth Emergency Service. The most powerful brand essences are rooted in a fundamental customer need. Also, in Interbrand's model, a vivid distillation of the Brand Platform.

Brand Experience The means by which a brand is created in the mind of a stakeholder. Some experiences are controlled such as retail environments, advertising, products/services, websites, etc. Some are uncontrolled like journalistic comment and word of mouth. Strong brands arise from consistent experiences which combine to form a clear, differentiated overall brand experience.

Brand Extension Leveraging the values of the brand to take the brand into new markets/sectors.

Brand Harmonisation Ensuring that all products in a particular brand range have a consistent name, visual identity and, ideally, positioning across a number of geographic or product/service markets.

Brand Identity The outward expression of the brand, including its name and visual appearance. The brand's identity is its fundamental means of consumer recognition and symbolizes the brand's differentiation from competitors.

Brand Image The customer's net "out-take" from the brand. For users this is based on practical experience of the product or service concerned (informed impressions) and how well this meets expectations; for non-users it is based almost entirely upon uninformed impressions, attitudes and beliefs.

Brand Licensing The leasing by a brand owner of the use of a brand to another company. Usually a licensing fee or royalty rate will be agreed for the use of the brand.

Brand Management Practically this involves managing the tangible and intangible aspects of the brand. For product brands the tangibles are the product itself, the packaging, the price, etc. For service brands (see Service Brands), the tangibles are to do with the customer experience - the retail environment, interface with salespeople, overall satisfaction, etc. For product, service and corporate brands, the intangibles are the same and refer to the emotional connections derived as a result of experience, identity, communication and people. Intangibles are therefore managed via the manipulation of identity, communication and people skills.

Brand Mission See Brand Platform.

Brand Parity A measure of how similar, or different, different brands in the same category are perceived to be. Brand parity varies widely from one category to another. It is high for petrol, for example: about 80% of respondents (BBDO survey) see no real difference between brands. By contrast, brand parity for cars is low: only about 25% of respondents say that one make is much the same as another.

Personality The attribution of human personality traits (seriousness, warmth, imagination, etc.) to a brand as a way to achieve differentiation. Usually done through long-term above-the-line advertising and appropriate packaging and graphics. These traits inform brand behavior through both prepared communication/packaging, etc., and through the people who represent the brand - its employees.

Brand Platform Interbrand's proprietary model for defining brands. The Brand Platform consists of the following elements:

- Brand Vision The brand's guiding insight into its world.
- Brand Mission How the brand will act on its insight.
- Brand Values The code by which the brand lives. The brand values act as a benchmark to measure behaviors and performance.
- Brand Personality The brand's personality traits (See also definition for Brand Personality).
- Brand Tone of Voice How the brand speaks to its audiences.

Brand Positioning The distinctive position that a brand adopts in its competitive environment to ensure that individuals in its target market can tell the brand apart from others. Positioning involves the careful manipulation of every element of the marketing mix.

Brand Strategy A plan for the systematic development of a brand to enable it to meet its agreed objectives. The strategy should be rooted in the brand's vision and driven by the principles of differentiation and sustained consumer appeal. The brand strategy should influence the total operation of a business to ensure consistent brand behaviors and brand experiences.

Brand Tone of Voice See Brand Platform.

Brand Valuation The process of identifying and measuring the economic benefit - brand value - that derives from brand ownership.

Brand Values The code by which the brand lives. The brand values act as a benchmark to measure behaviors and performance. (See also Brand Platform.)

Brand Vision See Brand Platform.

Branding Selecting and blending tangible and intangible attributes to differentiate the product, service or corporation in an attractive, meaningful and compelling way.

C. **Co-branding** The use of two or more brand names in support of a new product, service or venture.

Consumer Product Goods (consumer goods) or services (consumer services) purchased for private use or for other members of the household.

Core Competencies Relates to a company's particular areas of skill and competence that best contribute to its ability to compete.

Corporate Identity At a minimum, is used to refer to the visual identity of a corporation (its logo, signage, etc.), but usually taken to mean an organization's presentation to its stakeholders and the means by which it differentiates itself from other organizations.

Country of Origin The country from which a given product comes. Customers' attitudes to a product and their willingness to buy it tend to be heavily influenced by what they associate with the place where it was designed and manufactured.

Customer Characteristics All distinguishing, distinctive, typical or peculiar characteristics and circumstances or customers that can be used in market segmentation to tell one group of customers from another.

Customer Relationship Management (CRM) Tracking customer behavior for the purpose of developing marketing and relationship-building processes that bond the consumer to the brand. Developing software or systems to provide one-to-one customer service and personal contact between the company and the customer.

Customer Service The way in which the brand meets its customers' needs via its various different channels (for example, over the telephone or Internet in the case of remote banking, or in person in the case of retail or entertainment).

D **Demographics** The description of outward traits that characterize a group of people, such as age, sex, nationality, marital status, education, occupation or income. Decisions on market segmentation are often based on demographic data.

Differential Product Advantage A feature of a product that is valuable to customers and is not found in other products of the same category.

Differentiation Creation or demonstration of unique characteristics in a company's products or brands compared to those of its competitors.

Differentiator Any tangible or intangible characteristic that can be used to distinguish a product or a company from other products and companies.

E **Endorsed brand** (See Brand Architecture.) Generally a product or service brand name that is supported by a masterbrand - either dominantly e.g. Tesco Metro or lightly e.g. Nestle Kit-Kat.

F **FMCG** Fast moving consumer goods. An expression used to describe frequently purchased consumer items, such as foods, cleaning products and toiletries.

Focus Group A qualitative research technique in which a group of about eight people is invited to a neutral venue to discuss a given subject, for example hand-held power tools. The principle is the same as an in-depth interview, except that group dynamics help to make the discussion livelier and more wide-ranging. Qualitative groups enable the researcher to probe deeper into specific areas of interest (for example, the nature of commitment to a brand). The result adds richer texture to the understanding of broader data (for example, quantitative), which may paint general trends or observations. Also known as a group discussion.

Freestanding Brand (See Brand Architecture.) A brand name and identity used for a single product or service in a portfolio, which is unrelated to the names and identities of other products in the company's portfolio.

Functionality What a product does for the buyer and user; the utility it offers the user; what he or she can do with it.

G **Goods** A product consisting predominantly of tangible values. Almost all goods, however, have intangible values to a greater or lesser extent.

Group Discussion See Focus Group

H **High Technology** (high tech) A term with vague and far-reaching meaning. This covers electronics, data technology, telecommunications, medical technology and bio-chemistry. In order to be classed as a high tech company, one definition is that at least 35 percent of staff should have a technical qualification, and at least 15 percent of sales should be used for R&D. Another definition states that the company must employ twice as many scientists and engineers and invest twice as much in R&D as the average of all manufacturing companies in the country.

I **Intangibles** "Intangible" - incapable of being touched. (1) Intangible assets - trademarks, copyrights, patents, design rights, proprietary expertise, databases, etc. (2) Intangible brand attributes - brand names, logos, graphics, colors, shapes and smells. (See Service Brand.)

L **Launch** The initial marketing of a new product in a particular market. The way in which the launch is carried out greatly affects the product's profitability throughout its lifecycle.

M **Market Leader** A company that has achieved a dominant position - either in scale (e.g., British Airways) or influence (e.g., Virgin) - within its field. This leading position often comes about because the company was the first to market a certain type of product and, with the protection of a patent, has managed to consolidate its position before direct competition was possible. Alternatively, a company may overtake a previous market leader through greater efficiency and skilful positioning.

Market Position A measure of the position of a company or product on a market. Defined as market share multiplied by share of mind.

Market Segment A group of customers who (a) share the same needs and values, (b) can be expected to respond in much the same way to a company's offering, and (c) command enough purchasing power to be of strategic importance to the company.

Market Share A company's share of total sales of a given category of product on a given market. Can be expressed either in terms of volume (how many units sold) or value (the worth of units sold).

Mass Marketing Simultaneous standardized marketing to a very large target market through mass media. Other names for this are market aggregation and undifferentiated marketing.

Masterbrand A brand name that dominates all products or services in a range or across a business. Sometimes used with sub-brands, sometimes used with alpha or numeric signifiers. (See also Monolithic Brand.) Audi, Durex, Nescafe and Lego, for example, are all used as masterbrands.

Monolithic Brand A single brand name that is used to "masterbrand" all products or services in a range. Individual products are nearly always identified by alpha or numeric signifiers. Companies like Mercedes and BMW favor such systems.

Multibrand Strategy /Multiple Branding Marketing of two or more mutually competing products under different brand names by the same company. The motive may be that the company wishes to create internal competition to promote efficiency, or to differentiate its offering to different market segments, or to get maximum mileage out of established brands that it has acquired. When a company has achieved a dominant market share, multibrand strategy may be its only option for increasing sales still further without sacrificing profitability. For example, Lever Brothers sells washing powders under the Persil, Omo and Surf names; Cadbury sells chocolates under the Dairy Milk, Bournville and Fruit & Nut names; Heinz sells canned convenience foods under the Baked Beans, Spaghetti Hoops and Alphabetti Spaghetti names.

N **Names** There are three basic categories of brand (or corporate) name:

- **Descriptive name** A name which describes the product or service for which it is intended, e.g., TALKING PAGES.
- **Associative name** A name which alludes to an aspect or benefit of the product or service, often by means of an original or striking image or idea, e.g., VISA.
- **Freestanding name** A name which has no link to the product or service but which might have meaning of its own, e.g., PENGUIN.

The following are also helpful:

- **Abstract name** A name which is entirely invented and has no meaning of its own, e.g., ZENECA. Abstract names are a sub-set of freestanding names because they also have no link to the product of service.
- **Coined name** Any name which is in some way invented. Coined names can be descriptive (CO-CREATE), associative (IMATION) and freestanding/abstract (ZENECA).
- **Niche Marketing** Marketing adapted to the needs, wishes and expectations of small, precisely defined groups of individuals. A form of market segmentation, but aimed at very small segments. Niche marketing characteristically uses selective media.

O **OEM market** OEM stands for Original Equipment Manufacturers. The OEM market consists of companies that use another company's product as a component in their own production. A manufacturer of ball bearings, for example, sells both to OEM customers who build the bearings into machines, and to end users who need the bearings as spare parts for machines that they have bought from the OEMs. Most manufacturing companies thus have an OEM market and a replacement market. The latter is usually called the MRO market or aftermarket.

Offering What a company offers for sale to customers. An offering includes the product and its design, features, quality, packaging, distribution, etc., together with associated services such as financing, warranties and installation. The name and brand of the product are also part of the offering.

P **Packaging Design** The design of the pack format and graphics for a product brand.

Parent Brand A brand that acts as an endorsement to one or more sub-brands within a range.

Passing Off The name given to a legal action brought to protect the "reputation" of a particular trademark/brand/get up. In essence, the action is designed to prevent others from trading on the reputation/goodwill of an existing trademark/brand/get up. The action is only available in those countries that recognize unregistered trademark rights (for example the UK and US). In some countries, it is called "unfair competition action."

Perceptual Mapping Graphic Analysis and presentation of where actual and potential customers place a product or supplier in relation to other products and suppliers. Most perceptual maps show only two dimensions at a time, for example price on one axis and quality on the other. There also are methods of graphically analyzing and presenting measurement data in three or more dimensions.

Positioning Statement A written description of the position that a company wishes itself, its product or its brand to occupy in the minds of a defined target audience.

Power Branding A strategy in which every product in a company's range has its own brand name which functions independently, unsupported by either the company's corporate brand or its other product brands. Power branding is a resource-intensive strategy, since each brand must be commercially promoted and legally protected. This strategy is used mainly by manufacturers of consumer goods. Lever's and Procter & Gamble's detergents are good examples of power brands.

Product Brand A brand which is synonymous with a particular product offering, for example, Cheerios.

R **Rebrand** When a brand owner revisits the brand with the purpose of updating or revising based on internal or external circumstances. Rebranding is often necessary after an M&A or if the brand has outgrown its identity/marketplace.

Relative Market Share Your own company's market share compared to those of your competitors. A large share confers advantages of scale in product development, manufacturing and marketing. It also puts you in a stronger position in the minds of customers, which has a positive influence on pricing.

Relaunch Reintroducing a product into a specific market. The term implies that the company has previously marketed the product but stopped marketing it. A relaunched product has usually undergone one or more changes. It may, for example, be technically modified, rebranded, distributed through different channels or repositioned.

Repositioning Communications activities to give an existing product a new position in customers' minds and so expanding or otherwise altering its potential market. Many potentially valuable products lead an obscure existence because they were launched or positioned in an inadequate manner. It is almost always possible to enhance the value of such products by repositioning them.

Rollout The process by which a company introduces a new product or service to different geographical markets or consumer segments.

S

Selective Media Media that, unlike mass media, reach only small and identifiable groups of people, for example, members of a particular profession or industry or other groups defined by geographic, demographic or psychographic data (otherwise known as targeted media).

Service Brand A product consisting predominantly of intangible values. "A service is something that you can buy and sell, but not drop on your foot" (The Economist). In this sense, a service is something that you do for somebody, or a promise that you make to them.

Share of Mind There are many definitions of share of mind. At its most precise, share of mind measures how often consumers think about a particular brand as a percentage of all the times they think about all the brands in its category. More loosely, share of mind can be defined simply as positive perceptions of the brand obtained by market research. Whereas market share measures the width of a company's market position, share of mind can be said to measure its depth.

Share of Voice The media spending of a particular brand when compared to others in its category.

Sub-brand A product or service brand that had its own name and visual identity to differentiate it from the parent brand.

T **Tangibles** "Tangible" - capable of being touched. (1) Tangible assets - manufacturing plant, bricks and mortar, cash, investments, etc. (2) Tangible brand attributes - the product and its packaging. (3) Tangible brand values - useful qualities of the brand known to exist through experience and knowledge.

Target Market The market segment or group of customers that a company has decided to serve, and at which it consequently aims its marketing activities.

Top-of-Mind What is present in the uppermost level of consciousness; the manufacturer or brand that people in market surveys name first when asked to list products in a specific category. Top-of-mind is the highest degree of share of mind. To attain that position, a company normally needs to have a large share of voice in its category.

Trademark "Any sign capable of being represented graphically which is capable of distinguishing goods or services of one undertaking from those of another undertaking" (UK Trade Marks Act 1994).

Trademark Infringement A trademark registration is infringed by the unauthorized use of the registered trademark, or of one that is confusingly similar to it, on the registered goods or services, or in certain circumstances on similar or dissimilar goods and services.

Trendsetter Someone or thing that breaks a traditional mold or routine and gains a following because of it. iMac is an example of trendsetting in design as now office supplies come in the familiar colors and translucent packaging of an iMac.

U **User Segmentation** Division of potential customers into market segments according to how and for what purpose they use a product. Do they use it for cleaning their teeth or for making cakes (baking powder)? For oiling their hair or for frying food? (True story concerning use of Brylcreem in Nigeria). As a decongestant chest rub or as an aphrodisiac? (True story concerning Ribby Rub in Caribbean).

V **Visual Identity** What a brand looks like - including, among other things, its logo, typography, packaging and literature systems.

Notes

LESSON 2:
BRANDS AND BRANDING BASICS

Topics Covered

Introduction to product and brands, Importance and characteristics of Brands, Nature of relationship of brand with customers and Building successful brands through industry cases.

Objectives

The learning objective: after this lecture you should be able to understand:

Basics of Branding

a. Concepts of brand management

b. Importance of brands and

c. Characteristics of brand

After going through the Introduction to the subject in first lesson let us now discuss the Brands and Branding basics in detail. This is very important as if the basics are not clear you may not be able to understand the subject well.

Have you ever given a thought that why branding gained so much importance in the past few years? Why companies are spending lavishly on branding their product? To understand this we need to discuss brands in detail and importance of branding.

Background and Introduction

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

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

Today's modern concept of branding grew out of the consumer packaged goods industry and the process of branding has come to include much, much more than just creating a way to identify a product or company.

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

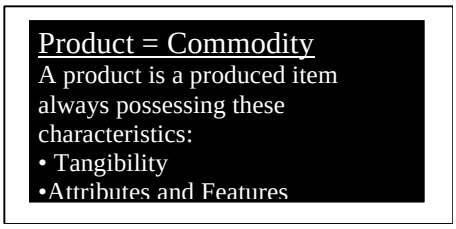
So what exactly is the definition of "brand"? Let's cover some definitions first before we get too far into the branding process. Why do we, as consumers, feel loyal to such brands that the mere sight of their logo has us reaching into our pockets to buy their products?

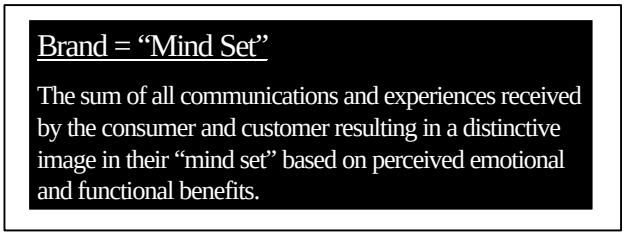
Keller's Definition

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

- Rational and tangible
- Symbolic, emotional and intangible

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





So we can say in short:

Brand*:* is a name, term, sign, symbol, design, or some combination that identifies the products of a firm

The Meaning of Brands

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

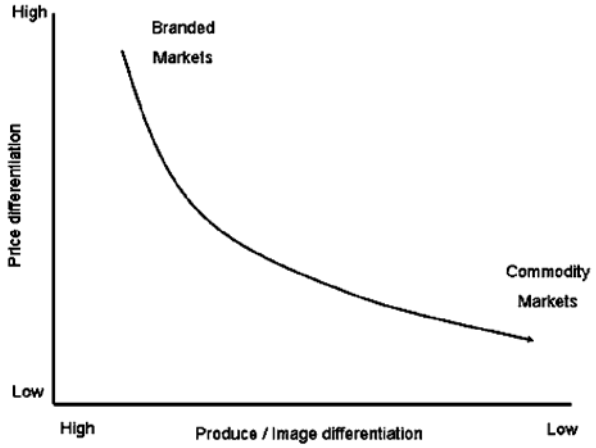
There is plenty of evidence to prove that customers will pay a substantial price premium for a good brand and remain loyal to that brand. It is important, therefore, to understand what brands are and why they are important.

Example

Macdonald sums this up nicely in the following quote emphasising the importance of brands:

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

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



Can you Define Brand Now?

One complete definition of a brand is as follows:

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

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

As we discussed earlier it is very important to be clear about the difference between Brands and products

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

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

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

For a good example, visit the web site of Hewlett-Packard ("HP"). http://www.hp.com HP has a broad product mix that covers many segments of the personal and business computing market.

Activity 1

Lets see how many separate product lines can you spot from their web site? http://www.hp.com

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

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

Additional Definitions

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

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

Brand awareness consists of both brand recognition, which is the ability of consumers to confirm that they have previously been exposed to your brand, and brand recall, which reflects the ability of consumers to name your brand when given the product category, category need, or some other similar cue.

Aided awareness occurs when you show or read a list of brands and the person expresses familiarity with your brand only after they hear or see it.

Top-of-mind awareness occurs when you ask a person to name brands within a product category and your brand pops up first on the list.

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

What is Branding?

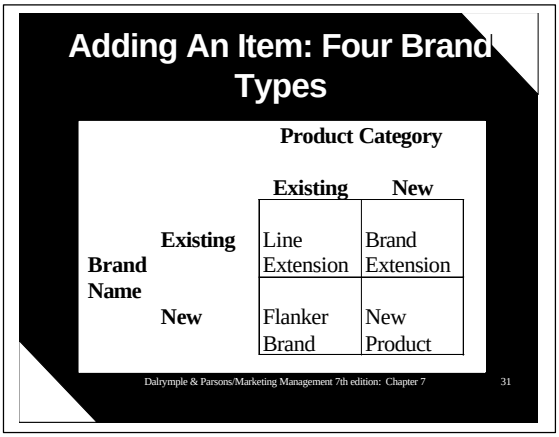
Branding is the business process of managing your trademark portfolio so as to maximize the value of the experiences associated with it, to the benefit of your key stakeholders, especially current and prospective:

- employees

- customers
- stock/share holders
- suppliers
- intermediaries
- opinion leaders
- local communities
- purchasers and licensees

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

- **Employees** - the more your employees value your brands and understand what to do to build them, the more your customers, suppliers, local communities and opinion leaders will value them. The more attractive your brands are to potential employees, the more they are likely to want to work for you
- **Customers** - the more your customers value your brand, the more they will buy your products and services, and recommend them to other people. They will also pay a premium for them and make the lives of your employees easier. This, in turn, will enhance the value of your brands to prospective purchasers and licensees. Research has shown that strong brands are more resistant to crises of reputation
- **Stock/share holders** - strong brands multiply the asset value of your company (90% of the asset value of some major corporations lies in their intellectual property), and assure them that your company has a profitable future. They also allow you to afford to give competitive dividends to your current stock/share holders
- **Suppliers** - suppliers like to be associated with strong brands as this benefits their own reputation in the eyes of other current or potential customers. You are therefore likely to get better service at a lower total acquisition cost
- **Intermediaries** - retailers, distributors and wholesalers value strong brands as they improve their own profit margins. They are likely to give you more "air time" and shelf space, thus enhancing further the value of your brands in the eyes of your current and prospective customers
- **Opinion leaders** - the media, politicians and non-government organisations are more respectful of strong brands
- **Local communities** - supportive local authorities can make your life easier in many ways, and offer you better deals, if you have prestigious brands. Your local communities provide you with your work force and can be highly disruptive if they perceive you as damaging their environment
- **Purchasers and licensees** - the question prospective purchasers and licensees ask is "how much more profit can I get for my products and services sold under this brand than under any brand I might build?" Strong brands can be spectacularly valuable.



Characteristics of Brands

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

- generic
- expected
- augmented
- potential

The generic level is the commodity form that meets the buyer, or user's basic needs, for example the car satisfying a transportation need. This is the easiest aspect for competitors to copy and consequently successful brands have added values over and above this at the expected level.

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

With increased experience, buyers and users become more sophisitated, so the brand would need to be augmented in more refined ways, with added values satisfying non-functional (e.g. emotional) as well as functional needs. For example,

promotions might be directed to the user's peer group to reinforce his or her social standing through ownership of the brand.

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

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

Key Action Points

We can define Brands according to the following dimensions:

1. Its central organizing thought - defining it for internal & stakeholder use in one sentence
2. Its slogan - defining it for use with customers in one sentence
3. Its personality - what would it be like if it were a human being?
4. Its values - what does it stand for/against?
5. Its tastes/appearance - what does it look like? What does it sound like? What does it like and dislike?
6. Its heritage - what are the stories you tell about how it all came about/what sort of brand it is?
7. Its emotional benefits – how it avoids/reduces pain or increases pleasure
8. Its hard benefits - the "pencil sell"

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

Central Organizing Thought

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

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

The central organizing thought is not the same as the slogan. The central organizing thought addresses a core customer value whose articulation may make customers uncomfortable or even resentful. The slogan refers to this core customer value but in terms the customer is happy to acknowledge and discuss.

Slogan

How are you going to describe the essence of the brand to your customers in one short, memorable, and motivating sentence? This should hint at the central organizing thought, without necessarily stating it.

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

The Personality of the Brand

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

The Values of the Brand

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

Tastes/Appearance

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

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

Heritage

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

Emotional Benefits

What does the brand do for its customers?

These can usually be classified into:

- Avoids pain
- Reduces pain
- Gives pleasure

Hard Benefits

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

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

Brand Awareness is not Everything

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

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

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

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

You cannot build a strong brand solely through advertising. Branding is also more than a logo, a color scheme, and a catchy tag line. While these all are important components in branding, they are simply tactical tools that help establish and build the brand.

Establishing a Brand

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

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

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

Points of Parity

Discussion of strategic awareness, points of singular distinction, and brand equity would not be complete without discussion of brand points of parity.

Points of parity are those associations that are often shared by competing brands. Consumers view these associations as being necessary to be considered a legitimate product offering within a given category.

In other words, if you create what you consider to be a wonderful point of differentiation and position, they might not be enough if consumers do not view your product or service as measuring up on "minimum product expectations". Points of parity are necessary for your brand but are not sufficient conditions for brand choice.

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

However, unless they have fully consider their brand's points of parity with other products in the category, they probably will not meet with success.

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

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

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

Brand Equity

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

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

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

More Things to Know About Brands

As mentioned earlier, a brand is more than just a word or symbol used to identify products and companies.

A brand also stands for the immediate image, emotions, or perceptions people experience when they think of a company or product. A brand represents all the tangible and intangible qualities and aspects of a product or service. A brand represents a collection of feelings and perceptions about quality, image, lifestyle, and status. It is precisely because brands represent intangible qualities that the term is often hard to define. Intangible qualities, perceptions, and feelings are often hard to grasp and clearly describe.

Brands create a perception in the mind of the customer that there is no other product or service on the market that is quite like yours. A brand promises to deliver value upon which consumers and prospective purchasers can rely to be consistent over long periods of time.

You Already have At Least One Brand

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

Brand Management

If a brand is not effectively managed then a perception can be created in the mind of your market that you do not necessarily desire. Branding is all about perception.

Wouldn't it be nice to have people perceive you the way you would like them to perceive you? That is what branding and brand management are all about.

Brand management recognizes that your market's perceptions may be different from what you desire while it attempts to shape those perceptions and adjust the branding strategy to ensure the market's perceptions are exactly what you intend.

So you may now have a better understanding of what a brand is and why awareness about your brand does not necessarily mean your brand enjoys high brand equity in the marketplace. You might even understand that brand management is all about shaping and managing perceptions. You may still be asking yourself, however, why you should care about branding in the first place.

The Benefits of a Strong Brand

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

- A strong brand influences the buying decision and shapes the ownership experience.
- Branding creates trust and an emotional attachment to your product or company. This attachment then causes your market to make decisions based, at least in part, upon emotion- not necessarily just for logical or intellectual reasons.
- A strong brand can command a premium price and maximize the number of units that can be sold at that premium.
- Branding helps make purchasing decisions easier. In this way, branding delivers a very important benefit. In a commodity market where features and benefits are virtually indistinguishable, a strong brand will help your customers trust you and create a set of expectations about your products without even knowing the specifics of product features.
- Branding will help you "fence off" your customers from the competition and protect your market share while building mind share. Once you have mind share, your customers will automatically think of you first when they think of your product category.
- A brand is something that nobody can take away from you. Competitors may be able to copy your products, your patents will someday expire, trade secrets will leak to the competition, your proprietary manufacturing plant will eventually become obsolete, but your brand will live on and continue to be uniquely yours. In fact, a strong brand name may be your most valuable asset. Brands help people connect with one another.
- Have you ever witnessed the obvious bond between people using the same brand of product? If a person wearing a Benetton T-shirt finds another person wearing a Benetton product, she will have instant rapport with her and immediately begin talking about their experiences with the brand. How is it that we can feel such a connection with complete strangers? The answer lies in the psychological connection people have with a particular brand.
- A strong brand can make actual product features virtually insignificant. A solid branding strategy communicates a strong, consistent message about the value of your company. A strong brand helps you sell value and the intangibles that surround your products.
- A strong brand signals that you want to build customer loyalty, not just sell product. A strong branding campaign will also signal that you are serious about marketing and that you intend to be around for a while. A brand impresses your firm's identity upon potential customers, not necessarily to capture an immediate sale but rather to build a lasting impression of you and your products.
- Branding builds name recognition for your company or product.
- A brand will help you articulate your company's values and explain why you are competing in your market.

People do not purchase based upon features and benefits

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

The Three Cs of Branding

by William Arruda
May 20, 2003

The benefits of having a strong brand are tremendous. Strong brands charge premium pricing; they thrive during economic downturns; they attract great employees, partners and customers; and they can extend into new business areas with ease.

In addition to being able to boast these enviable benefits, strong brands have something else in common. They all exhibit the "three Cs" of branding.

The three Cs are: clarity, consistency, and constancy. Does your brand pass the Three C Test?

Clarity

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

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

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

Nordstrom's clarity is around unmatched customer service. And it is clear from the moment you step into the store. Nordstrom has been able to separate itself from other retailers through this unwavering commitment to customer service and satisfaction. There are several retailers who will sell you a black Armani suit;

but only Nordstrom will turn it into an experience you will talk about with friends and colleagues.

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

Consistency

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

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

Or look at Madonna. Madonna is the chameleon brand of entertainment. She reinvents herself with each CD that she produces. She didn't change for her first five CDs and then stay the same for the next two. She consistently changes.

And the one thing we can be sure of with regard to her upcoming CD is that it will be nothing like any of the others she has done before. Madonna's ability to change consistently throughout her career separates her from other entertainers, thereby strengthening her brand.

Constancy

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

For Coke, the world is the target market. That is why you can't make it through a day without being exposed to their bright red color or familiar script logo. Vending machines, people carrying a coke as they walk down the street, restaurant menus, product placement in TV shows and movies, billboards and print and TV advertisements all scream COKE.

Coke is a constant in our lives. And Coke is the world's strongest brand.

Chances are, your brand's target market is a lot smaller than Coke's. And that is good news, making it easier (and a lot less expensive) for you to remain constantly connected to your target audience.

In building and nurturing a strong brand, you have a lot more to think about than these three C's. But no brand is truly a strong brand if it doesn't pass the Three C Test.

How does your brand do?

William Arruda Dubbed the 'Personal Branding Guru' by the media and clients alike, William Arruda works with individuals and organizations to build strong, memorable brands. Combining his 20 years of international branding expertise with his passion for people, he founded Reach , the human branding company.

Notes

LESSON 3:
THE NATURE OF RELATIONSHIP OF BRAND WITH CUSTOMERS

Objectives

The learning objective: after this lecture you should be able to understand:

a. Concepts of brand management

b. Importance of brands and

c. Characteristics of brand

If I ask you to name a brand of each of the following categories: Soft Drink, Wrist watch, Detergent powder and Motor Bike. Answer this before you read ahead. Now check whether anyone of it matches given hereunder.

Thums up, HMT, Nirma, Honda – These are not preferences of Consumers. They just indicate the probability level of brand consciousness in the respective product category. With global brands around in most product categories, there is an interesting 'battle of brands' in the marketing area. Battle of not just brands but a battle based on how effectively they have 'penetrated' into the psyche of consumers.

The Indian scenario provides challenges of all kinds to brand managers who have to conceptually figure out how they 'can place and sustain' their brands in the minds of consumers. It is simply not warfare between mega-brands. For established brands, it is a question of enhancing their equity. For others it is a matter of building up the brand image and these will have to be done in a country which is replete with regional, social, cultural and linguistic variations where the governing marketing parameters for a given product/market situation cannot always be predicted.

As you must have studied in the Consumer buying behaviour (with regard to any product or service, especially in consumer products) the consumer is influenced by the 'brand-pull'. This may be because of several reasons and could vary across product categories (from footwear to pagers) but certain generalisation could be drawn for the kind of behaviour. They may be:

- Historical presence of the product category
- Type of product category
- 'Social signalling' value associated with the product
- Efforts put in by specific brands to build an equity
- Past experience with a brand.

Time Frame

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

Now just think of 5 very old brands in any of the segment like FMCG or Electronics?

There have been brands which have carefully built up their brand equity for a number of years – Colgate, Bata, Vicks, Philips, Bajaj and these brands are likely to enjoy a higher consciousness in the consumer's mind in the respective product categories. This has a 'rub-off' effect on their relatively recent brand extensions.

There may be a number of brands, which have not built up their equity despite of their long presence in the market. These brands have gone out of the 'mind-set' of consumers.

Again think of 5 such old brands that exist since last 20-30 years but have not been able to create impression in consumers mind????

…….

Following can be the various aspects of nature of relationship of brand with customers

a. Product Category

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

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

b. Social Value

In product categories which are relatively old like ready-made garments (this category has been in existence for a long time but has exploded in the recent years), an audio products and household appliances, global brand names may make a greater impact on the customers. In this context, the social signalling value of products (the visibility a product ahs in the eye of the other customers- consumer durables are placed generally in the room where visitors are received at homes and cars which are bought for personal use have more of signalling value than the geyser, water purifier or contact lens) provides the symbolic association which consumers look for in attempting to give a

spur to their ego. Even in the case of non-durables (like cigarettes and pens), consumers look for brands which reflect their lifestyles to the society in general (examples could be 555 cigarettes, Parker pens, Arrow shirts and Pepsi. Brand building is extremely important in product categories where the signalling value is high. These are products, which are in the premiums/ super –premium category and hence the personality of these brands makes a significant impact on the brand consciousness of the respective segment of customers.

A good example of he application of mega-marketing (advocated by Philip Kotler) in the Indian context is the case of Japanese brands. Mega-marketing helps a brand to overcome marketing barriers when they attempt to enter international markets. Sony. Sharp, Akai and National brands started advertising in India and built their brands even before the liberalisation process was formulated .As a result they enjoy a better level of consciousness than brands like Goldstar, Samsung and Electrolux which are also international brands. Apart from the quality, brand building ensures the emotional linkage and this plays an important part in consumer decision-making.

Activity

Just close your eyes and try to recollect all the brands of electronics goods you have at home. (like Refrigetor, Television, Iron, Microwave, Washing Machine and others….)

India, with its markets fragmented in most product categories, has offered enough scope for brand building in the respective segments if marketers have had the inclination to build brands. Vicks very carefully built up it brand from the fifties and carved a niche for itself as a cold remedy in a balm market where segmentation was totally absent. This enabled the brand extension over a period of time (to adults and headaches). Bajaj strongly built a 'value for money' image and this could be very stressful for the brand if it starts scanning the lower –end of its passenger car market which has been left untapped. (Maruti was successful and now it is building up-market brands).

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

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

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

Concept of Involvement and Branding

In this era of brand personality, brand extensions and brand equity, marketers are attempting to raise the emotional level of consumers not only with regard to brands but also with regard to product categories which were till recently perceived as commodities. Imagery, positioning styles and a host of behavioural concepts are being attempted. The conflux of branded products in the market overwhelms the consumers and makes the buying choice difficult. Each brand is trying to outdo the other by attempting to create different images for itself.

- Yesterday's consumer went to the shop and asked for a new tyre for replacement purposes. Today, the same consumer is faced with a 'long playing radicals, anti – skids and wider ones as choices, thanks to the elevated levels of association with the product category of tyres.
- The routine change of oil as Lubricants for two and four-wheelers has become an area of consumer's decision – making with consumers asking for specific brands.
- Bathrooms have become glamour rooms; pepper and salts are 'Catching up with customers; 'Thirty plus' citizens are becoming fitness conscious.

To understand the above points better relate the above statements to your own example.

Consumers Involvement

As you yourself is the consumer of almost all the brands of products mentioned here. Again try to co-relate with your own example for each brand when you read ahead. This will give you better understanding of the topic.

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

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

- The attention given to marketing communication (especially advertisements).
- The evaluation of information processed by the consumers
- The behaviour of consumers in low-involvement buying situations to levels of higher involvement. While cars, cigarettes, watches, designer wear and consumer durables (like TV, refrigerator, etc) have been traditionally associated with high involvement categories, certain commodity items have got themselves into high – involvement category.

Some Examples

1. Catch introduced branded salt and pepper and followed it by communication to create involvement.
2. In a country where traditional herbs and pastes have been consumed for ages, Kotmatsu has targeted its herbal products to the 'back –to-nature' urban segments.
3. Apollo packaged its tyres and tubes in reusable tamper proof packs apart from creating Black Cat, Anti Skid brands – an effort to raise the involvement level of consumers. MRF's Tyredromes and Dunlop's spectra wide have also raised the involvement required for the brand differentiation plane.
4. McDowell has deepened the spirit of involvement by its Minis range of whisky, rum, gin and vodka brand (in 60 ml sizes).
5. Involvement was created in the glass category by the introduction of Modi float glass (Sheet glass was the only variety available to the consumers till recently). The company went on a concept –selling advertising campaign by using a celebrity.
6. Ruchi created involvement in the traditional homemade, low-involvement category of pickles.

Now as we have discussed about the Consumers involvement, just think of its Market Implications

High- Involvement Situations

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

With all brands offering an acceptable level of quality, marketers can ensure that consumers perceive the differentiation on the service count. It is not only important to have good service but also important to communicate the service arrangements through a variety of ways. Apart from using the popular media, the point-of-purchase material at he dealers' showrooms will raise the level of involvement of consumer. Service can also assume other dimensions like the dealer's sales personnel ascertaining the proper needs of the consumer and proposing a match which will suit the consumer.

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

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

Low –Involvement Situations

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

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

The consumer after the awareness stage tries the product. Unlike the previous category, attitude about he brand is formed after the product trial (consumables). If the consumer is satisfied, he buys it again and this pattern could trigger off brand loyalty. (Whenever a need is felt – whenever tea is required, a particular brand of packaged tea may be bought). Even in case of durables, marketers may attempt to raise the low-involvement product to the high-involvement plane.

Marketers are also making use of the 'self-concept' principle to generate involvement .A consumer's aspirational values and the manner in which he perceives himself influence the degree of personal influence, which he ascribes to product. In the ball pen category, Reynolds generated considerable amount of involve-

ment by waving a 'romantic spell' as a positioning strategy for a product which has been well accepted for its functional utility.

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

Too Many Walls

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

- **Frozen Vegetables**: In the sixties, a leading multinational launched a brand of packaged green peas, which failed. Today Safal, a brand from the makers of Amul butter, is attempting to create awareness about frozen vegetables.
- **Liquid detergents**: Ezee has been in the market for a decade but hasn't taken off as have other detergent forms.
- **Electric cars** which never really caught on in advance markets (during the last 25 years) are about to be launched in India.
- **Cornflakes**, which have been in the market for the last three decades, could never really penetrate Indian Homes. But with the entry of Kellogg's some awareness seems to have been created.
- Pharmaceutical major Boots introduced Paltab, a soft-drink tablet in orange and pineapple flavours it the mid-sixties. Till date, no other manufacturer has attempted to make the product.

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

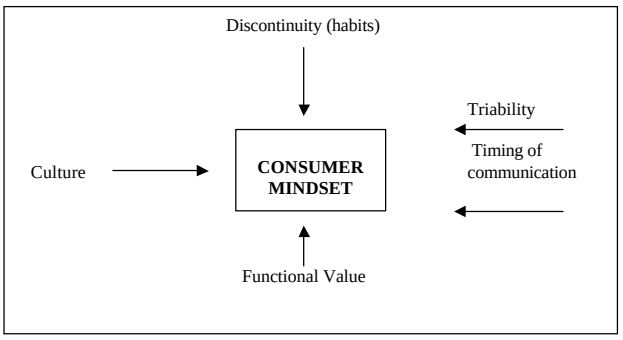
Does the innovation (or the new product) bring in discontinuity in the habits of the consumer?

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

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

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

The extend to which consumers will be able to try out the product (triability).



Acceptance of New Products

Discontinuity In Habits

Take your own example when you go through this. As habits are strongly associated with behaviour, there are two dimensions to them physical and psychological. The growth of the two-wheeler category is an interesting example. Till the mid eighties, the category grew at a slow pace. One reason was that consumers were comfortable with cycles or whatever mode of transport they were used to. Hence the people were neither motivated nor readily amenable to the idea of using an engine-based two-wheeler for personal transport. Getting used to the two-wheeler would have meant getting used to the acceleration, the controls and of course periodical maintenance and running expenses. However, consumers exhibit a mindset to accept discontinuity of their learned habits (physical dimensions)? When life-styles change, there is increased pressure on time and consumers become mentally prepared to accept new product concepts though it may involve a change in habits. The assumption is that the new product is not prohibitively expensive.

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

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

south Indian coffee, is currently associating itself with contemporary life style.

Acceptance of Marketing Communication

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

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

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

Cultural Factors

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

Stigma 'barriers can prevent consumer acceptability of new product like cigarettes for women (Ms, a cigarette brand which was launched a few years back was targeted at women professionals). The personal care products and cosmetics category for women have taken several years before emerging as a solid market. For such products, marketers need to aim at a specific 'niche' rather than at huge markets. It is easier for companies with a strong financial muscle to launch such products, as these will have to be sustained over a period of time before they start appealing to profitable segments.

Functional Value

New product categories will have a better chance of getting accepted if they offer a better functional value, which can upgrade existing consumers rather than create consumers. When the target segment (upper strata) employs a number of staff for domestic help at home, what could be the functional value addition from a dishwasher? Additionally, there is also need to train people hired for domestic help. Pressure cookers, gas stove, fully automatic washing machines and mixies have provided functional utility with disrupting the domestic routine much.

Trialability

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

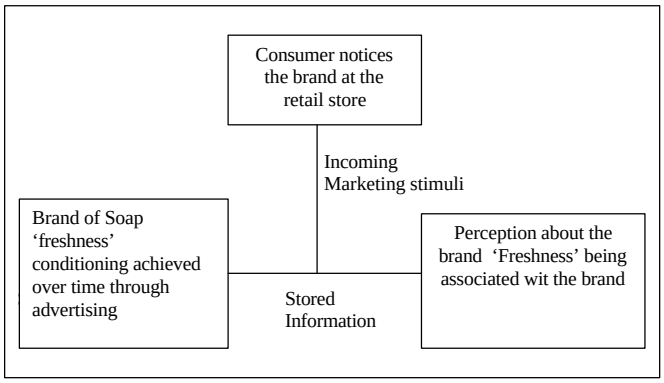
As more and more products appear in the Indian market, breaking the barriers in the consumer mindset will be as important as the product offering.

The Concept of Perception

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

Principles of perception

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



Mechanism of Perceptions

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

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

Activity

For each of the factors given above, write atleast two brands each.

Principles of Proximity

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

In the last decade, there has been a proliferation of shampoo brands in sachets. Shampoo was a category exclusively associated with upper middle/ upper class consumers. It was sold in 200ml bottles at selective shops and advertised in selective media vehicles. The product form (sachets) and the display of these sachets in millions of small outlets (including rural areas) have radically altered the perception of consumers of the product category. It is well within the reach of millions of middle –class consumers, and about sixty five per cent of the shampoo volume is realised through sachets. The proximity in this context is simply the association of the product/brands with small retail outlets. Currently even premium brands are launched in sachets, probably to upgrade consumers from value brands. The compact detergent sub-category (Ariel, Surf Excel) presents another example where the visuals have used the principle of proximity. Ever since the launch of this category, both brands have projected the 'common man' visuals, using the candid camera technique in which middle-class housewives are interviewed at common place retail outlets.

Figure and Ground

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

Brand - Customer Relationship

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

The Brand-Customer Relationship becomes - if properly done - part of the goodwill and core competency that a brand can leverage in gaining and maintaining customer trust and business. This relationship can lead to stronger brand equity, thereby creating a differentiating factor between your brand and the competition. Strong brand equity allows us to retain customers better, service their needs more effectively, and increase profits. Brand equity can be increased by successfully implementing and managing an ongoing relationship marketing effort by offering value to the customer, and listening to their needs. Disregarding the edge that the Brand-Customer Relationship offers in the market place and not utilizing the benefits and goodwill that the relationship creates will surely lead to failure in the long run.

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

The central brand idea may be static among the entire customer and prospect bases, but the total sum of the brand idea or perception is rooted in the customer's experiences with the

brand itself, and all its messages, interactions, and so on. In light of this, customer service and the entire marketing effort has a great deal to do with the strength of a brand. The fundamental strength and success of a brand lies in its ability - via marketing - to create and cultivate a strong and lasting relationship with its customers.

Activity

Name atleast 10 Brands in a minute, which you can praise for good customer care service, and 10 Brands for bad service.

Brand-Customer Relationship: The Face of Your Business Strategy

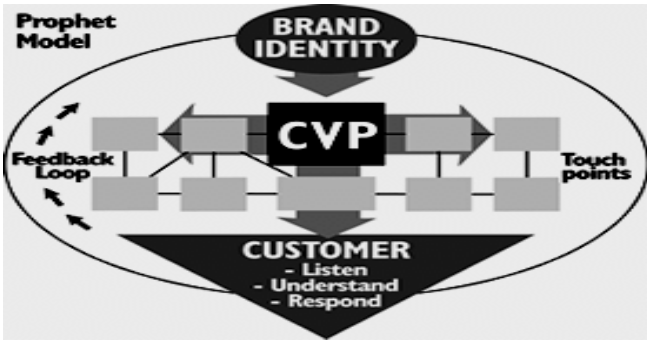
Article **by Michael Dunn & Kevin O'Donnell**

April 4, 2001

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

There's No Escaping Your Brand

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



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

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

Brand Identity-the Touchstone

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

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

Customer Value Proposition-the Marching Orders

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

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

Customer Perspective-the Continuous Thread

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

Listen, Understand, Respond-the Way To Grow

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

A Brand That Works

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

been able to significantly grow its business in this specific channel.

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

Michael Dunn is the President & CEO of Prophet, and **Kevin O'Donnell** is the Managing Partner of Prophet's San Francisco office. Prophet (**www.prophet.com**) provides brand leadership and brand-driven growth services to companies competing in today's dynamic business environment through a unique ability to fuse business, brand and technology perspectives into world-class strategies and implementation programs.

Notes

LESSON 4:
BUILDING SUCCESSFUL BRANDS

Objectives

The learning objective: after this lecture you should be able to understand:0

a) Concepts and strategies of Building strong Brands.

As we have discussed the foundation and basics of Branding. Let us discuss through cases how to marketers build strong brands. This cannot be taken up as classroom text. So you need to be very observant now. Wherever you go, whatever you wear or eat have a close watch on the brand. Always keep a track of the strategies by companies whenever you go to market to purchase anything.

To be a good brand person you need to have open eyes and open mind always.

Steps in Building A Strong Brand

1. Start with a Quality Product.

To build a strong brand you must start with a quality product that delivers superior performance. All strong brands absolutely demand a superior product or service. High quality is a prerequisite to entry so don't think just high quality is enough to set your brand apart from the competition.

2. Identify your Brand's Singular Distinction, Define your Message, and Position Your Brand Properly in the Marketplace.

Once you have a high quality product, then you must decide upon the singular distinction for your product that is most important to your target market. Are you first, best, fastest, or most luxurious in your category? If so, then you may have found your point of singular distinction. You should put a lot of thought into choosing your brand's singular distinction because everything you do will reinforce your singular distinction in your market's mind in some way.

An interesting thing to know is that many times the first brand in a category emerges as the category leader and can enjoy that leadership position for years and years. If your brand is not first in your category then create a new category so you can position your brand to be first in that category. Being first in your category is often a positioning strategy that allows your brand to be the leader in your category for many years. Federal Express was not the first package delivery company so they invented a new category-overnight package delivery. Not only were they the first brand in overnight shipping but they continue to be the leader in that category.

Your brand must make people feel better, be faster, do something much better, or deliver a perceived quality of lifestyle much higher than competitive brands. Take the time to understand your category and then position your brand in some manner that makes it very distinctive within the category.

Own a Word or Phrase

When defining your message, try to own a single word or short phrase in the mind of the market. Coca-Cola owns "the real thing". Volvo owns "safe". Nike owns "Just do it". Federal Express owns the word "overnight".

If somebody else in your category already owns the word, choose a different word. The chances are that word is firmly etched in the mind of the target market and they associate it with your competitor's brand. You are not very likely to change that impression regardless of how much money, time, and effort you put into trying to take over ownership of that word.

The strongest brands that exist today are strong because they stay focused on that one aspect of singular distinction. Once you try to position your brand to be many different things to many different people, then your brand begins to not really mean much of anything to anyone. Positioned properly, your brand will enjoy a leadership position in your market.

3. Tap into Emotion.

Develop accessible attributes for your brand. Your brand should readily tap into your target market's psyche and evoke an emotional response.

A strong brand helps mold and shape that emotional reaction in people-which is a very strong influencer in the purchasing decisions they make. Once they have an emotional attachment to your product or your company, then they will justify their purchase decision based upon product features and benefits.

4. Build the image.

Visually, verbally, and through your actions you need to build the message you are trying to create about your company's value. Choose or create a memorable name for your brand. Create a visually effective logo. Write a tag line or slogan for the brand that concisely captures the essence of your unique selling proposition. Your brand should communicate through all marketing channels with one voice, in the same tone, in the same style. In other words, your brand image must remain constant across all channels of communication.

5. Market the image

Projecting the image of your brand should be carried out among all contact points with your market. This means your name, logo, advertising, and all marketing communications materials should communicate your USP and consistently communicate your brand's message. Don't forget about your website, mailings, sponsorships, and events.

Your branding effort must permeate your entire organization. The CEO, the customer service staff, the sales force, the people who ship your product, and the people who sweep the floors at night must all know and demonstrate your brand's singular distinction at every touch point with your market.

6. Live the message.

You need to deliver on the promise you make to your market.

Whatever your brand image, positioning statement, or unique selling proposition, you have made promises to your market that you must deliver on. Remember, your brand is nothing more and nothing less than a promise of value and you must deliver on such promises in the mind of your market.

Everyone in your organization must be trained to think from a brand perspective. All employees who have contact with prospects and customers should speak and act in a way that is consistent with your brand's values. Many people call this process internal branding.

You'll know your organization is working together to build a strong brand when there is an underlying sense that your employees act based upon what is in the best interest of the brand rather than in their own self-interest or in the interest of their departments. Tell everyone in your organization that the one yardstick for evaluating every decision will be answering the question, "What is best for the brand?"

The customer's experience must meet or exceed your brand's claims and promises of value. When your entire organization is clear about your brand's values and promises and everyone in your organization works together to build a strong brand, your market will notice and their image of your company will be consistent with your intended brand image. Your brand can also deliver an enormous sense of satisfaction and enjoyment to your employees-but only if they treat it right.

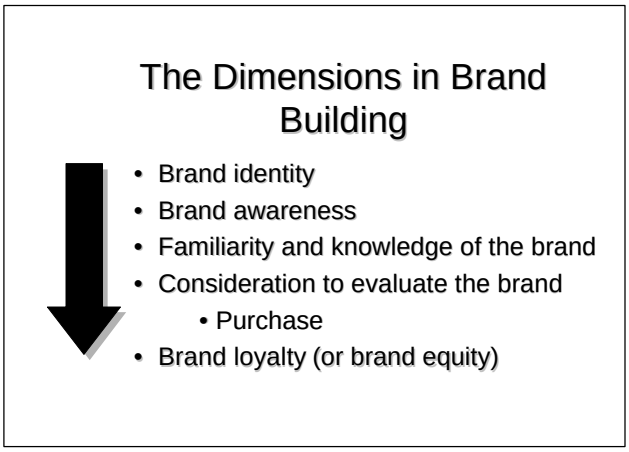
7. Measure Your Brand Equity Against the Competition and Continue to Build and Refine Your Brand.

The only way to know how well you are doing in your branding effort is to measure your brand equity against your competition at frequent intervals. This can be accomplished through a variety of market research methods such as conducting market surveys, analyzing the price premium your brand can enjoy, studying the sustainability of your brand, and conducting focus group research. Regular brand audits also will help you assess the health of your brand while uncovering its sources of equity.

Brand equity is constantly changing just as society's values and perceptions are changing. You must understand the equity your brand has in the market and also understand how your brand's image measures up against the identity you are putting forth and the image you are trying to create.

When the image you have in the marketplace is not consistent with the image you are trying to create for your brand, then you must refine your branding strategy and project the newly refined identity.

Branding is a continuous process of communicating with your market and making and keeping value promises. When you build and manage your brand properly, your brand will be pay you large dividends and your brand will be the most valuable asset you own.



If you look at the Successful brands the list will be endless to count upon. You as a future brand manager will have to observe closely what these brands have been doing to reach that stage. To name a few successful brands are LG Electronics, Phillips, Videocon in Consumer durable segment.

In FMCG Real Juice (Dabur), Kissan (HLL), Maggi (Nestle), Lehar Kurkure, Haldiram and many more.

In fashion and style Nike, Woodland, Benetton, Levis, Lee, Liberty Shoes etc.

Hereunder are given 2 cases of Brands how they have been able to do to so. You are required to keep a close watch on the market trends like this to keep yourself updated.

Dabur Foods unleashes focused promotional strategy for 'Real'

December 20, 03 Jasmeen Dugal

Dabur Foods has unleashed consumer promotions and workshops to breathe new life into its brand, 'Real;' 2003 witnessed the company spending approximately Rs. 4 crore on workshops and consumer promotions. This season, the spotlight is on increasing out-of-home consumption of fruit juice, and to this end, Dabur Foods has initiated 'Mixology' workshops aimed at promoting juice-based cocktails.

Tom Cruise in 'Cocktail' inspired budding bartenders to concoct novel cocktails. Cutting to India, with new pubs mushrooming every month, bartenders have to be creative to ensure that customers return. Dabur Foods has taken advantage of this trend by organising the '1st Real Fruit Juice Mixology' workshop that witnessed some of the best bartenders tossing up exotic cocktails out of a mix of the company's juices. At the end of the day, guests went home convinced that there is 'real' good stuff in juices.

The underlying objective lies in increasing out-of-home consumption of fruit juice. "The idea behind flair bartending events is to bring in the fun element into juices and to increase awareness among bartenders on how to use fruit juices in an exciting and innovative way. You can do a number of things with juices and this kind of workshop helps bartenders to experiment and increase their repertoire of recipes," asserts Amit Burman, CEO, Dabur Foods Ltd., whose 'Real' brand enjoys 55% market share for packaged fruit juices.

And what is the nature of their consumer promotions? "The recent 'Real Taste Challenge' organised at shopping centers involved asking customers to identify the fruit by tasting the juice. If they guessed right, they were offered Rs 10 discount on the purchase of 1 litre Real juice pack. This is an interesting way to communicate the core benefits of Real and also reinforce the positioning – 'Real Tastes Like Eating a Fruit.' Events like these help in expanding consumer base by inducing product trials and also reinforce our existing consumer's buying decision," comments Sanjay Sharma, Head (Marketing), Dabur Foods Ltd.

"There are a lot of juicewalaas in city markets, so juice is not something Indian consumers had not seen before. And, we felt if we give them juices in a packaged form, which is more hygienic, it should do well"
Amit Burman, CEO, Dabur Food Ltd.

In Brand Speak this time, Amit Burman, Chief Executive Officer, Dabur Foods Ltd., speaks to exchange4media's Nikhil Gupta, on its brand strategy, psyche of Indian housewife and buying patterns in the processed food category.

BS. How is your brand 'Real' fruit juice doing in the market?

We launched it in the year 1999, and over the years it has shown us very good growth. From last year to this year, it grew at about 30%. I believe it's good growth but then we are starting from a very small base, for a category, which is at a very nascent stage as compared to its potential today.

BS. What kind of background research you had done before launching your products- 'Real' fruit juice and 'Homemade' cooking pastes?

When we launched 'Real', we didn't do much of market research, as we clearly saw there was a gap in the market. And looking at the Indian consumers, and there are so many juicewalahas in the market, so juice was not something Indian consumers had not seen before. So, we felt if we give them juices in a packaged form, which is more hygienic, it should do well. In other categories, 'yes,' before launching 'Homemade,' we did a lot of research. What we found was that in a typical Indian household, cooking as an activity could be split to two parts. One is the negative activity, which involves preparation of right mix of spices and pastes for the food. The other one being the positive activity, which consists of what an Indian housewife ads on top which makes the final food different in your house than my house. That is where she gets the pride from serving guests, husband, her family, that's something she doesn't wants to loose. So, we decided rather than if we focus on the positive labour, we would be taking away this feeling of pride from her, so we focused on the negative labour, where ginger paste from my house and your house is crushed the same way, garlic paste in my house and your house is crushed the same way. So, we are focusing on what is around the main meal and we are not focusing on the main meal.

BS. How did the market reacted to 'Homemade' pastes?

Most of the products that we have launched actually try to create a category. Even today there is no national level player except us present in the market.

BS. How fast is the 'Homemade' range growing sales wise?

Sales are not growing that fast. In India, there is an inherent problem in the processed food category, they compare the commodity with the market prices. If they were to go out and buy 200g of ginger, it should be equal to so many grams of paste. They don't look at the processing part, that processing is free in their minds. Similarly, what happens is when the commodity prices are going high our product starts selling more. Also, what we have seen is that a housewife usually keeps a bottle of Ginger paste of a garlic paste in the refrigerator and its only used as an emergency. But in regular use, that is something we are trying to create, it should be a regular use item.

BS. What is the USP of Homemade?

The USP as I explained, one insight that we got from the consumer, that the taste of spices grinded on Silbatta (grinding stone) is different from the taste we get from the mixer. We incorporated that in our manufacturing process, we actually use stone grinding to give the same taste to the consumers. We also ran an ad campaign, which has a tagline, saying, "Homemade Ka Paste, Swad Silbatte Wala."

BS. Going further, how do you maintain a check at the retailers level that the products are being displayed properly at the point-of-purchase (pop) since the bottles are usually not clean, which creates a perception that it might be very old?

See, the manufacturing date is printed over there, but in terms of cleaning the bottles and all, when our sales officers visit the stores, his first job is to check that the products are displayed properly and the bottles are kept clean.

BS. Just exploring one thought, wont it be better if the "Homemade" pastes are delivered to the housewife at home, since a lot many times she would feel awkward picking it up from the shop shelves?

That's a good suggestion, but rather shying away from sending it to their house, we have to build a brand to tell that consumer that it as good as fresh. Its an inherent problem, people in India will never agree that something that is packaged is fresh. Thus, the onus is on every player in the processed food industry to change the perception to-whatever is on the shelf is fresh.

BS. Going back to 'Real' fruit juice. Who is the typical target consumer? And are you trying to compete with Softy Drinks as category?

In 'Real', we have two range of juices one is Real fruit juice other is Real Active juice. The Real fruit juice is targeted

towards the housewife and kids, and the Real Active juice is targeted towards the young adults between the age of 24 to 35. We are very clearly focused on the in-home segment and soft drink is more out- of- home impulse purchase.

"Advertising does help in building brand recall, but advertising alone does not sustain a brand"
Vikram Bakshi, MD,, McDonald's

In this part of Brand Speak, we speak with Vikram Bakshi and learn about the various advertising and marketing initiatives at McDonald's, which have made it one of the favourite fast food resturants, especially amongst kids.

BS. Despite the fact that McDonald's is a fast food chain of restaurants, in India it has been positioned as the family restaurant. How did you bring about it? Was it a conscious decision or did it just happen. Was there any strategy behind it?

McDonald's is known as a family restaurant. We believe that we are here to make our customers feel at home and enjoy their time out with their family when they are at McDonald's. Extra care has been taken to make our restaurants child friendly, by providing play areas wherever possible so that the parents can relax and have a good time when they are visiting McDonald's. Our tables are rounded so that a child does not hurt himself while in the restaurant, our counters are low and the menu pictorially depicted so that a child can order a meal for himself very easily and his parents don't have to bother. At McDonald's, the customer always comes first. Every employee strives to provide 100 percent customer satisfaction - for every customer - every visit. This includes friendly and attentive service, accuracy in order taking, and anticipation of customer's needs. We have hostesses who keep circulating in the lobby helping children and adults alike with straws, napkins, soufflÃ© cups, sauce sachets etc. and any other assistance that they may require.

BS. Recently your ad line shifted to

When we started operation in India, five years back we were still trying to position ourselves as a place to visit, with the baseline "McDonald's mein hain kuch baat" in our advertisements. This had an aura of mysticism whereby people were encouraged to try the McDonald's experience. However over the years, McDonald's has been hugely accepted by our customers, so there was a need to evolve our communication strategy and move on from trying to encourage people to visit us for the first time to making McDonald's a regular experience. Now that we have already established ourselves, people have already visited us, they know what McDonald's is all about, we have changed our baseline to 'Toh aaj McDonald's ho jaye". Here we are talking about an everyday experience, not the first time visit. We are encouraging our customers to visit us more often with their family and enjoy their time out.

BS. Would more ad-campaigns be coming up this fiscal? What would be the theme? And if there is a shift in the same, then why so?

The present campaign will be on air for eight weeks. While other food commercials will follow this year, the theme will remain same. The objective will be to continue positioning McDonald's as a comfort zone for families.

BS. What is the brand's media strategy?

At present our focus is more on the electronic media as is evident. Our new brand film is all about emotions, family ties, fun and this has a higher visual appeal. The new ad that we have come up creates more impact if it is seen and heard at the same time and that fun filled atmosphere which our customers can identify with when in McDonald's, can be created only on electronic media. We do not usually support other advertisements be they marketing or commercials through other mediums such as print.

BS. On an average what has been the growth of your customer base. Please give us the break-up of first time consumers and repeat consumers. Has advertising played a role in attracting first timers?

Advertising does have its impact on consumers, but if the product that is being advertised is not good enough, then it is very difficult to maintain consistency in the sales figures. Most customers, who visit any McDonald's restaurant once, do come back. Our customer base has increased substantially since we started operations. The past four years has seen very high trials from first-time customers- averaging 77-80%. Now we are trying moving away from inviting trials and focussing on building customer loyalty.

BS. With so many coffee bars coming up and other fast food chains has it affected McDonalds? What has been the marketing strategy to meet competition?

We have always offered tea and coffee on our menu at our restaurants but we have recently tied up with Coca - Cola to serve their Georgia Gold brand hot beverages in our restaurants. We believe in providing variety and in keeping with this we try to add value to our customers eating out experience. Our core product and focus continues to remain burgers. Our marketing strategy is simple, we believe in satisfying our customers. QSC&V (Quality, Service, Cleanliness and Value) have been our core values from the very beginning and we firmly believe that these values will bring our customers back to us time and again.

BS. If these new trends have not affected your business what is it so unique about McDonald's positioning and marketing strategy that it has not been hit by these new outlets?

We believe in the McDonald's promise of "With a sense of fun and youthful spirit, we will proudly serve an exceptional McDonald's eating experience that makes all people feel special and makes them smile, every customer, every time."

Every employee strives towards providing 100 percent customer satisfaction. We do not compromise on the quality of our products and have stringent checks at every step to ensure this. All these have resulted in developing a loyal customer base that keeps visiting us again and again. We do believe that it is this drive towards providing the best that keeps us head and shoulders above the rest.

BS. McDonald's is looking at a tie-up with Nestle India. You have already started test marketing nestle products in some outlets. Is it an attempt to counter competition from the new coffee bars, which serve varieties of coffee and tea?

Testing new products is an ongoing process based on our own menu vision and customer response. Of course, our focus does remain on core products - burgers, but we would like to offer some variety on our menu too.

BS. What according to you has been the strength of McDonald's as a brand in India?

McDonald's is the most recognisable brand world over amongst all age groups. When we launched in India we realised that we would have to Indianise some of our products to appeal to the local taste and yet retain our equity on core products. Being a culturally sensitive company, India is the only country where McDonald's does not serve beef and pork. This coupled with our consistently maintaining high standards of QSC&V and understanding of the Indian consumers, their needs and wants have helped in strengthening the McDonald's brand in India.

BS. Recently McDonald introduced co-branded ice-cream McSwirl with Cadbury India. Why did you go for a co-branded product when you had your own ice cream, which was doing well?

Yes, we do have our own soft-serves. But as I have already mentioned above, we keep introducing new items to our menu. Before introducing any product on the menu, we conduct extensive consumer research. We had received overwhelming response to this new product and our soft serve sales have gone up by 25%. Cadbury enjoys a 70% share in the chocolate market. We introduced this product as it offers a fantastic product to our consumers at a great price, which is basically a value addition.

BS. What has been the role of advertising in the success of McDonald's in India?

Advertising does help in building brand recall, but advertising alone does not sustain a brand. The products that we serve are of international standards and we believe that our brand has grown because we deliver our promise, we sustain the quality and experience promised to the consumers in our advertisements in the restaurants.

BS. When is McDonald expected to break even and how many more outlets do you plan to have in place by the end of this fiscal. What would be your marketing strategy for the smaller towns and cities?

McDonald's is planning to break even on operations by December 2003 and expand to 80 outlets the same year. We are planning to open 16 new restaurants by the end of this year. At present we are concentrating on cities from where our cold chain facilities can be availed, but yes, opening up in new places are on the anvil. We are also focussing on opening up restaurants in Highways. McDonald's has already opened 3 highway restaurants in India on the Delhi - Agra highway, Delhi-Ludhiana highway and Mumbai-Pune highway. We are also looking at several small cities too.

BS. McDonald's has been a favourite with kids. Will you be undertaking any promotional activities aimed at this segment?

McDonald's does run promotions and that involves children from time to time. At present we are running a Happy Meal Carnival in all our restaurants where a child can pick a toy of his choice from among 45 toys and win amazing prizes every time. The focus of this promotion is to enhance the family experience. McDonald's is all about having a great experience and this is another effort by which we hope to ensure that.

BS. You have used kids as an entry strategy to the family. Why this emphasis on kids? Is it part of your international strategy or a special plan for India?

World over McDonalds is a family restaurant and children are an integral part of a family. McDonalds ensures that every member feels special at our restaurants. Our restaurants are child friendly where children feel comfortable. The entire family can come and have a good time. We have always tried to make McDonalds the best family outlet where both the parents and the children would have a good time.

BS.Kids are becoming a very important target audience for most categories including consumer durables. Why have kids become the center to communicate?

In the 90's India saw a major shift to nuclear families. When there were more joint families, it used to be the head of the family who used to take most decisions. In smaller families everybody's opinion started mattering, whether it was for buying a fridge or a TV or whether it was for going out. The child became an integral part in decision making for buying things. Today the child does influence the decisions of parents as have been proved by research. We all realise that no longer can this group be ignored.

BS. McDonalds' is perhaps the icon of indeginising a foreign brand. How have you done it? What are the steps that you will be taking in future to bring it close to the Indian community

McDonald's worldwide is well known for a high degree of respect for the local culture. McDonald's has developed a menu especially for India with vegetarian selections to suit Indian tastes and preferences. Keeping in line with this, McDonald's does not offer any beef or pork items in India. In the last two years, it has introduced some vegetarian and non-vegetarian products with local flavours that have appealed to the Indian palate. Efforts are on to add and enhance variety in the menu by developing more such products

Activity

Study 5 successful brands and make down notes as above how they have been able to achieve that success.

Is it Creativity that Drives Marketing?

November 19, 03

Anushree Madan Mohan

Is it creativity that drives marketing? Or is it the rationality factor? The fourth session of the National FMCG Conclave attempted to shed some light on the same subject and featured Sanjay Johri (Managing Director, Readers Digest), Ashok Dhingra (Director, Sales and Marketing, Perfetti India), Shripad Nadkarni (Vice President, Marketing, Coca Cola India Ltd) and Neeraj Swaroop (Country Head-Retail Banking, HDFC Bank Ltd) as the key panelists. The moderator of the session was Vivek Sharma, Brand Director, Ogilvy &Mather Pvt Ltd.

Sanjay Johri, Managing Director, Reader's Digest asserts, " How important is creativity in advertising in comparison with the other elements of the marketing mix? For every issue, Reader's Digest distributes around 500,000 copies. Around 435,000 copies goes to subscribers and 65,000 copies are sent to bookstores and newspaper outlets. For Reader's Digest, it's the rational approach, which has led to much success in our marketing activities. We rely primarily on direct marketing wherein subscriptions are sold via direct mail and serviced through the postal system. We have a detailed database of all our customers; each list is coded separately for all the tests that we undertake with regard to our marketing mix. High cost per contact is unavoidable but in the process, we get a high response rate as well."

He adds, "Statistical sampling is our mode of operation, through which we examine the value proposition. As far as our target group tests are concerned, our telephone lists garner a response of around 2.5% whereas referrals offer a response of around 15%. As per our price and offer tests, we found that the subscription price of Rs.299 did 6% better than a price tag of Rs.300. Enclosing a gift raised responses upto 22% and a money back guarantee added around 10% to the overall responses. A credit offer also manages to pull three times more responses than a cash offer." Johri highlights that accurate targeting makes a huge difference to any kind of business.

Johri also addresses the role of copy and visuals, within the overall marketing mix. He believes, " From the tests that we have taken on, it is quite visible that creative changes have limited effects on sales, as compared to target groups, prices and offers. For instance, we were relying on creative approach A, when we were garnering an order rate of 10.2%. We changed our approach to B, and the order rate went up to 11.5%. The difference was marginal."

A rational approach may have worked for Reader's Digest. But AK Dhingra, Director Sales & Marketing, Perfetti India has another story to tell!

Says Dhingra, " Packaging, promotion and pricing may be important but its creativity which is paramount in generating business. Marketing for Perfetti, has always been led by creativity. The common perception is that all marketing must be logic led and low on gut feel and innovation. But at Perfetti, we are used to breaking all the rules. For instance, candy has always been associated with kids, but when we launched Alpenliebe, the creatives were primarily revolving around grown ups. Inspite of that, Alpenliebe has been outperforming its expectations, year on year. Again with Alpenliebe lolliepop, the ads certainly don't pass any test of rationale."

He adds, " After the problems that CenterFresh faced during the World Cup 1996, we weren't in a position to advertise for it at all. It was after that particular lean period that we launched CenterShock, which again flaunted all conventional rules for advertising. With Center Shock, there was no concept of a chocolate hero, an iconic heroine or an appetizing approach to the product. The colloquial style worked in our favor. And Center Shock is the number one player in the category today."

Meanwhile, Neeraj Swaroop (Country Head-Retail Banking, HDFC Bank Ltd) takes on a different tangent. He asserts," Ideas are definitely born out of creativity. But every creative idea gets replicated with time and sooner or later, it's going to give rise to more competition. With the multiplicity of choices in the current day, there is a need for greater segmentation within the market and hence, a greater thrust towards rationality when it comes to the marketing mix. Research and data management, the right kind of pricing for value added services and feedback on consumer insight go a long way in building the brand." Swaroop adds, " As far as the rational approach of HDFC is concerned, we try and understand behavioral patterns of consumers through our database, bring in relationship pricing or preferential rates on the basis of the customer value and management services for high net worth customers (fee waivers and the kind). Our marketing efforts are geared towards greater segmentation."

Shripad Nadkarni, Coca Cola argues in favor of creativity being the driving force behind marketing. He asserts, " Creativity confers a distinct point, as far as the competition is concerned. The right creative can give you the competitive edge. For instance, Pepsi had launched its Chotta Pepsi way earlier than us. But the Paanch ad did the trick for us and now its known as the Chotta Coke!"

He adds, " With McKinley bottled water, we departed from what would seem as logical and rational within the category, and included the Boond Boond Mein Vishwaas TVC which made an emotional connect with the people. We highlighted safety and trust, and perhaps it was the lilting music that added to the impact. Till the Boond Boond TVC, Bisleri's approach was completely towards highlighting the rational benefits of the product. Thereafter they went for a complete reversal and took on an ad which was more or less out of character for them, a step which worked in our interest." Nadkarni discussed at some length as to how the term Thanda lifted Coke's perception and place in the market, in addition to making it a household name.

Creativity? Or the rational approach? Or the right blend between the two? Well its upto the marketing gurus to figure that one out! But from all that occurred in the fourth session of the National FMCG Conclave, the overall consensus in the audience was that it is indeed creativity, which is the driving force behind any kind of a marketing mix. Thums up to the creative guys!

Case Study

How to Manage Your Brand Portfolio by Debbie MacInnis

1/22/2002

Managing brand images and building brand portfolios are difficult challenges even for the most seasoned executives. This is particularly true in hard economic times when consumers are prone to forego known names to buy less expensive store brand substitutes. The recent example of Pampers diapers illustrates many of the challenges and some of the opportunities available to marketers to increase the value of their brand franchise.

The Case of Pampers

When you think Pampers you think of what-diapers of course-expensive diapers at that. These rather narrow associations were not helping the Pampers brand.

Although the brand commands a 24% share in the diaper category, it was and is now under siege from lower priced counterparts, particularly in the wake of new and improved store brands that have greatly upped quality. The economic recession doesn't help-particularly since Pampers' price is 50% higher than that of store brands. Nor did Pampers' advertising which, since 1961 had changed relatively little and tended to talk down to mothers. Pampers (and other diapers) are also in some sense responsible for their own slowed growth as improvements in diapers means fewer diaper changes (see Emily Nelson, Wall Street Journal, December 27, 2001, B1).

How can companies build and enhance their brand franchise-both deepening the meaning of the core brand and insulating the brand from price-based competition? Attention to a few simple concepts provides a start.

Brand Longevity Through Line Extensions

Keeping customers around as long as possible is a problem for products like diapers since parents' desires for potty training force even loyal users to give up the product after a few years. Natural aging make the product obsolete among core customers-fueling expensive attempt to garner new customers.

Pampers' line extensions however, are aimed at keeping customers initially happy with the Pampers brand loyal for as long as possible. Different lines are offered for boys and girls and diapers are offered for different stages of kids' development. Diapers for newborns offer extra absorbency, toddler diapers have stretchy sides for crawlers and pull on pants type diapers are offered for toddlers and preschoolers who can't yet make it through the night.

Market Development Through Brand Extensions

While retaining customers through line extensions is a no brainer, a much more difficult decision is how the brand franchise can be built through brand extensions. A brand extension is a management strategy in which a well known brand name (e.g., Pampers) is used to promote a new brand in a different category (e.g., Pamper's bibs).

Marketing academics have identified two basic strategies for engaging in brand extensions-(1) extend the brand to product categories that share similar features to the parent brand or (2) extend the brand to product categories that serve similar goals to the parent brand. The two strategies offer very different insights into potential extension options.

Extensions Based on Similar Features

The first-called extensions based on taxonomic category structure-suggests that one think about diapers as a subcategory of a larger taxonomic category (e.g., absorbent paper products). Conceptualized this way, Pampers could extend to other product categories that are part of this broader taxonomic category structure- categories like diaper wipes, disposable paper bibs, napkins, tissues, as well as other products potentially outside the baby category (e.g., toilet paper, sanitary products, paper towels).

With this strategy, the brand franchise is built on what the product is-an absorbent paper product.

Extensions Based on Similar Goals

An alternative is to look beyond what the product is-to what it does.

Broadly speaking, Pampers could be conceptualized as a brand that "protects kids from the elements". This type of reasoning-called extensions based on goal derived category structure-suggests that one look for core benefits or goals that the brand fulfills and extend to other products that serve similar goals.

Conceptualized as a brand that "protects kids from the elements" Pampers could extend to a broader array of categories, including bibs, diaper wipes and tissues, but also products like warm and protective clothing, antibacterial lotion, sunscreen, protective gear (like bicycle helmets, knee pads), safety latches for toilets and electrical outlets, and so on.

Of course other goals could be identified, suggesting different brand extensions and different meaning to the core brand. Comfort as a goal might lead to extensions such as baby blankets, pacifiers, wipe warmers and the like. A different goal-such as "fun" might lead to altogether different extensions like toys, mobiles, books, playmates and the like.

Being Strategic

Strategic thinking is key here. While there are a number of possible directions to pursue in developing brand extensions, one strategy must be selected. If too many directions are pursued, the brand loses focus and consumers become confused about what the brand stands for and why they should buy it. The extensions should fit together as a package to deliver a unified message about the meaning of the brand. Extensions to toilet paper, protective gear, and mobiles, for example, would leave consumers scratching their heads about just what Pampers is and why they should buy it.

Sequential Brand Extensions

A final issue in managing the brand franchise has to do with when a brand extension should be introduced relative to other extensions. Consider, for example, the fact that Pampers does want to extend its name to sunscreen. Going immediately from diapers to sunscreen could pose some problems. Not only is Pampers linked with expensive diapers, its association with diapers links the product with another set of not so pleasant associations-think malodorous bowel byproducts.

Extending the brand name from diapers to say-sunscreen- represents a potential challenge since consumers may immediately think that the product is- well, not so sweet smelling.

However, extending first from diapers to pleasant smelling diaper wipes and then to sunscreen applied through a wipe based product eliminates that immediate association. The sweet smelling wipe is not only linked logically with diapers and protection, one of its critical ingredients (its scent) counters and otherwise inappropriate association that might be transferred to the sunscreen extension.

Again, strategic thinking is required here. A company brain-storming session might identify a bunch of potential extensions (and licensing opportunities) that fit the goal derived category "things that protect kids from the elements". Among those that seem feasible, tactical considerations of when each should be introduced relative to others is helpful in building a core brand image that doesn't run into interference from other associations linked to the brand.

Discussion Questions

1. Analyze the Pampers communication strategy at the time of the launch. How did it fit in with past advertising efforts? How did it contribute to brand equity?
2. How would you characterize the Pampers brand image? What makes up its brand Extensions?
3. Describe some of the Brand Extension strategies? Are they good enough strategically and tactically to maintain their strong leadership status in the coming years?

Notes

LESSON 5:
UNDERSTANDING VARIOUS TERMS

Topics Covered

Brand symbols, Brand Character, Brand logo, colours, Brand name; types of brand name, Name change, Brand Extension, words used as a sub-brand, Co-Branding, Corporate name as brand name, Brand association, Brand image, Brand relationship, Brand loyalty and Brand Equity.

Objectives

The learning objective: after this lecture you should be able to understand:

a. Understanding of various terms associated with brand:

b. brand symbols

c. brand character

d. brand logo and counter fakes

After building up the Foundation of brand management, we will discuss various term in Branding, which will help you in understanding the process of Brand Management in later chapters.

Now after studying brand we can define Branding as

Branding is a process, a tool, a strategy and an orientation.

- Branding is the process by which a marketer tries to build long term relationship with the customers by learning their needs and wants so that the offering (brand) could satisfy their mutual aspirations.
- Branding can be viewed as a tool to position a product or a service with a consistent image of quality and value for money to ensure the development of a recurring preference by the consumer. It is a common knowledge that the consumer's choice is influenced by many surrogates of which the simplest one is a brand name. Although there may be equally satisfying products, the consumer when satisfied with some brand does not want to spend additional effort to evaluate the other alternative choices. Once he or she has liked a particular brand, he or she tends to stay with it, unless there is a step rise in the price or a discernible better quality product comes to his/her knowledge which prompts the consumer to switch the brand.
- Branding can be used as a differentiation strategy when the product cannot be easily distinguished in terms of tangible features (which invariably happens in case of many CNDs, service and even durables) or in products, which are perceived as a commodity (e.g. cement, fertilizer, salt, potato chips etc.) In all such situations marketers use branding as a differentiation strategy and try to develop and deliver customized products and auxiliary services with tailor – made communications to match with the customer's self – image. Such differentiation is an on-going process and the initial and on-going actions are depicted in Exhibit 6.1:

Table 6.1 Differentiation Mechanism in Brand Building

Means	Initial step	Ongoing actions
Core product or service	• Highlight distinct benefits like contents	Use the tangibles or positioning to create an identity.
Auxillary Services	• Exceptional Handling	• Loyalty development programmes
	• Efficient Packaging	• Retain customer interest by repeated communication
	• Innovative promotion, communication	• Develop customer pull by different marketing mix
	• Use channel and ensure push	

Brand building is a conscious customer-satisfaction orientation process. The brand owner tries to retain you as a customer to its fold over their competitions by a mix of hardware and software because when you feel satisfied you may develop a kind of loyalty for the same. Therefore, a strong brand, apart from name, symbol or design, ensures quality, stability of assured future market and effective utilization of assets. Further, a strong brand, which a retailer wants to stock because of high customer pull, also provides the owner of the brand with a platform for the sale of additional products.

Brand Symbol

We can describe Brand symbol as a visual entity and includes Brand Character and Brand Logo. Both are elements of brand identity. Brand Symbols lead to:

- Awareness of brand, e.g the Doughboy for Pillsbury, the Captain for Captain Cook, the devil for ONIDA, Gattu for Asian Paints, the rabbit for Energizer, and the penguin for Kelvinator.
- Brand associations, e.g. lightning for Rin, jetfighter for Jet Mosquito repellents, rose for breeze, lime for Cinthol Fresh, and mangoes for Frooti.
- Likeability and positive feelings, e.g Mc Donalds (Ronalds) smile and Amul Girl.
- Stronger memories for the brand, e.g Jolly green Giant, which is present on all packs of Green Giant products, and Amul girl.

Brand symbols can be created across ten

concepts in order to add value to brands.

1. Non-living characters, e.g. Jolly Green Giant, Doughboy for Pillsbury, Captain Cook, strongman for MRF tyres, lady Milkmaid, two men for Citibank, cricketer batsman for MILO.

2. Animal, e.g. tiger for Tiger Biscuits, tortoise for Tortoise Coils, camel for Camel cigarettes, robbin bird for Robin Blue, crocodile for Lacoste, black cat for Eveready and penguin for Kelvinator.
3. Nature, e.g. coconut tree(s) in Parachute, apple in Apple Computers, lightning in Rin, rising sun for Aditya Birla group, rose in Breeze, butterfly for HPCL, sunrays in Sunlight detergents, lime in Cinthol Fresh soap and mangoes in frooti.
4. Pack, e.g. bottle of Coke.
5. Things, e.g wheel for Wheel detergents and cup for Nescafe, dagger for Dettol and tooth for Pepsodent.
6. People, e.g. mother with sleeping child for Good Knight, a range of faces for Fair Glow, a girl in a frock for Nirma and babies for Farex.
7. Geometric shapes, e.g. Maruti, Power, HP, BPCL, Whirlpool, Castrol, Ceat, and Britannia.
8. Scenes, e.g. Marlboro country, and Liril waterfall.
9. Monuments, e.g. Taj Mahal for Tata tea, Red forte for Lal Quila rice, and Charminar for Charminar
10. Logo, e.g. Pepsi (more on logos in next section). When none of the above exist for a brand, its logo is the only symbol.

Brand Character

Marketers develop living or non-living characters and add personality and meaning to it in the context of brand development. These characters are called Brand Symbols.

Marketers present their brand character in a static manner. Captain Cook does not walk and Mc Donald's sits. However to create likeability among consumers, their interactivity (i.e not static) could be exploited. Doughboy plays a role in the ads of Pillsbury. Internationally, the movements and action of Doughboy have been defined. Its 'belly poke and giggle' was used in the launch ad of Pillsbury atta in India. Apart from making the character loveable, this action is supposed to connote softness of the chapatti made from the product. When the Doughboy interacts with the housewife playfully with humour, it is projecting the interaction with the brand of the housewife. The brand's pack or logo cannot do this.

It has been observed that 80% of consumers' learning happens through their eyes. It is easier to link inmemory visual elements (e.g. Brand Character) rather than words (e.g. Brand Names). Hence it is for the marketer to decide/plan to exploit the opportunity provided by the Brand Character in the process of creating learning about the brand. Obviously, a character is of no use if it is linked in memory to a brand name, and advertising has to do this job.

The overall research process to decide on a brand character involves both qualitative and quantitative research.

Qualitative Research

You would require understanding the following:

- Personality (projective techniques to determine whether the brand and the customer are 'made for each other' or not.
- Fitness with name of each option, along with rationale.
- Fitness with slogan of each option, along with rationale.
- Fitness with brand associations (current for existing brand and proposed for a new brand) of each option, along with rationale
- Fitness on Pack
- Fitness with proposed role in advertising (appropriate stimuli to be used) of each option, along with rationale.
- Comparison among character options, along with rationale.
- Fitness with specific brand extension options, and reasons for the same.

Quantitative Research

This would focus on ascertaining the following:

- Thoughts evoked on seeing each option, and grouping of thoughts as positive and negative.
- Likeability of each option
- Specific likes and dislikes of each option, reasons for the same.
- Uniqueness of each option.
- Comparison of each option with symbols of competition.
- Rating of each option's fitness with pack.
- Rating of each option's fitness across a battery of general and specific traits, e.g. cute, stylish, friendly, matured and loveable. Specific brand associations and brand slogan (desired or current) should also be included.(A ten point numeric scale could be used).
- Preference among symbol options (though a preference scale).
- Preference among name options (through a preference scale).

Brand Logo

In order to make a word in a page standout, we highlight it, underline it or circle it. This increases the noticeability. It gives an identity to the word. Similarly, for a brand name to stand our marketers use shapes and colours. This we see on packs and across communication media. This combination of shape and colour is called Brand Logo. Note that the brand name may or may not form a part of it, e.g Coca-Cola is in the logo, but Pepsi is not.

The Brand Logo stay in the mind with colour distinctiveness. It is the visual signature of the brand. It is a long-term property of a brand and need to be handled cautiously. Each brand has a logo, though the elements of the logo vary across brands.

Elements of a Brand

A brand logo consists of five distinct elements:

- Brand Name: (Castrol in Castrol Logo)
- Geometric Shape: This includes non – copy visuals like Maruti, whirlpool, Star TV, Maggi and Nestle have.
- Colour: This is anecessary condition as the brand name also is in the colour and the latter is a necessary condition for a brand logo.
- Slogan: Brand slogan in the brand logo is a rare observation. One such example is Britannia: Eat Healthy, think Better.
- Font: All copy matter including the brand name has a specific font, e.g: Coca –Cola is always written in a particular manner.

Dos and Don'ts in a Brand Logo

1. Use Creative elements than can be printed on all types of material and can be reproduced with consistency. Coke has different logos on the bottle and cans. There is a printing constraint on the glass bottles and these do not have the 'bottle' in the logo. But surprisingly, the geometric shape varies .It is rectangular on bottles and mostly circular elsewhere.
2. In some cases the logo and the name are separate, i.e. the name is not in the logo, e.g. Pepsi. In these cases the consumer has to learn two different entities. Learning is simpler otherwise. Eyes have to stop at two places to learn instead of one. Besides, if the brand has a symbol not in the logo, it leads to the same issue. A good integration of all these elements is MRF, where the man is in the logo and the body of the man ends on the name and in the case of Frooti, the mangoes rest on the name.
3. A brand name is an identity, a signature and these are consistent in definition. Brands should similarly stay in the minds. If we try recalling Cinthol, do we get any specific colour or geometric shape in mind?
4. If a brand does not have a form, the same should be developed. If a brand does not have specific colour, the same should be developed. It would pay in the long term. It would pay during extensions, which would lead to different packs having different dominant colours. The only consistency is the logo.
5. The geometric shape should not have edges. It defines boundaries and lack of dynamism perceptually. Wavy shapes connote dynamism and flexibility. There is no consistency on this across strong brands. E.g. Pepsi, Coke, Thums up, etc.
6. The Pack of colour(s) should contrast the logo colour(s). Brooke Bond's Red Label tea is a leading brand. When we recall its logo, red and white colour comes to mind. The red on the pack clearly overpowers the dark green logo of Brooke Bond.
7. Colour connotes class and puts a premium on the product. The golden colour of Cadbury, wherever used fits the criterion. For premium brands, premium colours should be used. Park Avenue uses golden logo on personal care products.
8. A logo should overpower the crowd on the shelf and attract attention from a distance, irrespective of lighting condition. Apart from colour combination, even size plays a role to create this effect. In terms of the pack size, the green Frooti packs are not big. But its logo just overpowers. Size has a role to play in this.

Logo Change

Logo changes of increased of late, mostly to have a common identity across a range of businesses or product categories. Some example follow:

- The Korean group Lucky – Goldstar changed its name to two letters, i.e LG, primarily to bring synergy through the name across all its businesses. Earlier, 'Lucky' stood for bulk sale items and 'Goldstar' was used for electronics. Apart from becoming omnipresent across all group companies, the brand LG became smaller and smarter.
- Aditya Brila's group also, like LG, developed a similar logo for its group companies, namely Indian Rayon, Hindalco, Indo Gulf and Grasim. This new identity is to be.
- Tata Modifies its logo in 1999 to suit its changing business structure, rejuvenates the old Tata logo, and increase visibility through use across.
- Lakme changed its logo in the 1990's. The new development included intensive qualitative, quantitative and competition-based research with employees, customers, and consumers. The new logo was a deep green with a pink brush stroke, touches of gold, and a wavy border line. The logo was supported with a line: 'The Beauty'.

The Overall Research Process

For a new logo, evaluation is advised so as to effectively improve, select and finalize the same. The research should be undertaken between two independent sets of people- one to evaluate the logo in isolation, and the other to evaluate the logo on the pack. In real life, the logo has to stand out in both these contexts.

Evaluation of Logo in Isolation

This would involve ascertaining the following:

- Likeability (across a five-point scale, Disliked it very much'… 'Liked it very much') of each logo option.
- Specific likes and dislikes and reason for the same, for each logo option.
- Distinctiveness (across a four-point scale, 'Not at all distinctive'…Distinctive).
- Comprehension of message conveyed, by logo options.
- Preference among logo options (through Constant Sum Preference scale).
- Preference of each logo among key competition (through constant sum preference scale).

Evaluation of Logo on Pack

This would include ascertaining on the same parameters as before. It would also include a stand-out research. In this you would be exposed to simulated shelves. In each situation there would be an arrangement of packs, similar to that at typical outlets. However, the position of the packs would be different in each. You would be given thirty seconds to locate test pack with a logo option. The speed at which each logo-option pack gets identified would get measured. This would help rank the logo-option packs in terms of how well they would stand out on the shelf. If the research is for logo change, this process should also be done for the existing logo, so as to use the findings as a benchmark. Its preference against each of the logo options should also be ascertained.

Colour Associations

People have grown up with a range of colours. Let us understand the associations of colours.

Table 6.2 show a list of colours and their conjectured associations.

Colour	Association(s)
White	Purity
Black	Luxury
Purple	Royalty
Green	Environment and Health
Red	Energy, Excitement, and Will to win
Blue	Peace and Tranquillity
Yellow	Lightness, cheerfulness and Relaxation

Choosing Colours

You should consider following key factors while choosing colours as:

- Climatic conditions:

  Colours fade over time. Direct exposure to sunlight and intensity of sunlight lead to fading of colours. Among all colours red, clue and green do not fade fast.

- Visibility from a distance

  This is critical as people usually get exposed to a brand logo and pack from a distance. What could look good at close-up might not stand out from a distance. Red wins on this parameter. Further specific combinations also do well, eg: red and white and red and yellow.

- Product category

  It is believed by some that because red and orange are more connected to emotions, they fit better as a food product colour. Blue is perceived to better suit as a corporate colour. One needs to know mood/benefit associations linked to a brand or category and decide on such aspects.

- Material used for packaging

  If logo is to be printed on PET bottles or glass bottles, the number of colours that can be used becomes restricted. However, if on the PET bottle a label is shrik wrapped the same does not hold good.

- Quality of printing technology

  This is also linked to material used for packaging . One needs to first understand what are the options and most likely printing output. Only then should the colours be selected. Printed packaging material can also be imported but it has its own cost.

Benchmarking Key Competitor

A first entrant does not have to bother about this, but followers into the category have to. It is important to create a separate brand identity than to use the right symbolic colour. If Coke was red, Pepsi should have avoided red in its logo. They used red to symbolize Cola, and also blue to differentiate. Half-hearted logic does not necessarily provide desired effectiveness, which Pepsi has realized. Hence, its attempt to go blue in the late 1990s.

Objective

It is better to set an objective, arrive at options, and then select a colour considering the above points. To set the objective, you should first understand product benefits, brand personality, and ultimate desired brand relationship, in a competitive framework. Literacy level of the target segment should also be understood. Some brands are known by their colours in the rural market:

- **Parachute**: To connote purity and cooling effect, blue was used.
- Close – Up: To communicate freshness, vibrancy and youthfulness, red and blue were used.
- **Dena Bank**: To project four aspects, four colours were used – red prosperity, blue for expansiveness, grey for sobriety, and white for honesty and truth.
- **Gulf Oil**: It represents a vibrant and energetic organization. Orange in it is associated with the rising sun- source of energy. Blue denotes class and quality.
- **Rin**: To denote power, red was used. The white lightning is on similar lines. It gives a feeling of dynamism.
- **Fed Ex**: To stand out on the recipient's desk, two bold colours - orange and purple were used.

Counter Fakes

The issue of counter fakes has reached such a level in India that some corporates , who otherwise are enemies at the marketplace, had no choice but to get together. They wish to fight out with counterfeits and look alike goods. The activities are to be undertaken under the banner of Brand protection Committee (BPC) of FICCI. A comprehensive action plan is to be developed to counter the threat of counterfeit goods, currently costing the industry an estimated Rs 2500 crore in annual sales. And government does not get the taxes on it. The plan would:

- Emphasise the enforcement of laws and also strive to make legal provisions more stringent for lawbreakers.
- Make consumers aware of the risks they take in using such goods.

- Create interaction with state and Central Governments in making government agencies more responsive to the threat of such goods.
- Create interaction with state and Central Governments in making government agencies more responsive to the threat of such goods.

Brand Protection Committee has members like HLL, P&G, Coke, Pepsi, Colgate, Tata Tea, Dabur, Smithkline Beecham and Marico. BPC has also launched a web site, which gives details of the problems of using spurious goods and the people arrested during the raids for spurious goods.

Can you think of key reasons for purchase of fake goods?

- Lack of awareness between the real thing and not the new thing (due to packaging deception).
- Fake goods are about 50 per cent cheaper (and India has enough poor people who cannot dream of better things and products in life).

The phenomenon is stronger in small towns and in the rural areas.

At times the law of the land has shown look alike products their place. A brief example follows:

Wipro Ltd. is a 55-year-old company, engaged in a wide range of businesses including the development and export of software, manufacture of electric bulbs and tube lights. It has registered its trademark Wipro. In 1999, it adopted a distinctive packaging for electric bulbs with the picture of distinctive packaging for electric bulbs with the picture of a rainbow flower, the slogan 'Applying thought', claim 'lasts 30 percent longer', trademarks 'longlite', Watts such as 60 written in yellow colour and a red colour background. The company introduced electric bulbs in 1994.They learnt that company introduced electric bulbs in a deceptively similar Shivam Lamps was selling electric bulbs in a deceptively similar packing as that of Wipro's Longlite electric bulbs packing. They went to court. Wipro claimed that Shivam had copied the rainbow flower's picture, the slogan 'Applying thought' trademark Longlite, claim 'lasts 30 per cent longer', the colour combination, layout and get -up of their packing. The only noticeable difference was in the trademark, Gokul.

The Delhi High Court granted an ex pate ad interim injunction against Shivam lamp Industries 'as the object of granting injunction may be defeated by delay.' Shivam was restrained from manufacturing, selling and offering for sale, advertising, directly or indirectly dealing in electric bulbs, tube lights and electrical fittings and apparatus which were substantial reproduction of the plaintiffs (Wipro Ltd.) copyright in the artistic work Wipro Longlite electric bulb packing… were further restrained from using the trade mark Rainbow flower device.' The court also appointed the local commissioner to visit the premises of Shivam Lamp Industries, where the infringing goods were alleged to be stored and take the same into custody.

Strategic Brand Management

The World's 10 Most Valuable Brands - 2002

		VALUE ($billions)
1	COCA-COLA	69.6
2	MICROSOFT	64.1
3	IBM	51.2
4	GE	41.3
5	INTEL	30.9
6	NOKIA	30.0
7	DISNEY	29.3
8	McDONALD'S	26.4
9	MARLBORO	24.2
10	MERCEDES	21.0

Interbrand's Assessment is of *Brand Power* – the fullest possible view of each brand's strengths and potential as a marketing and financial asset.

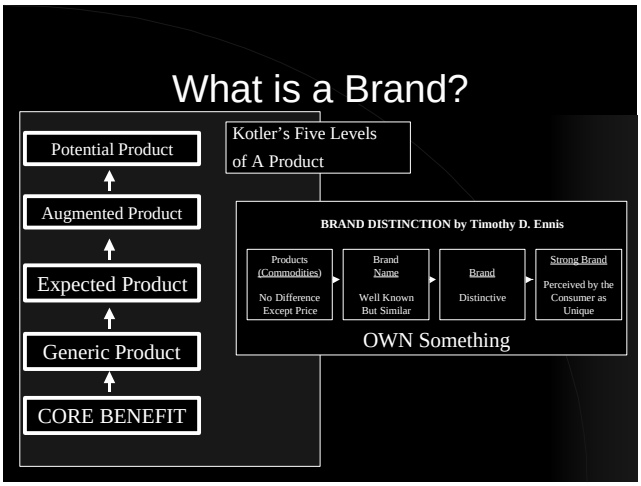
Data: Interbrand Corp., J.P. Morgan Chase & Co / Business Week AUGUST 5, 2002

Brand Vision

MUST BE:

So big, so bold and so audicious that expressing it – never mind executing it – has a transformational effect. You start to become what you want to be. The dream and the reality fuse. Kevin Clancy, Copernicus, *Counter Intuitive*

i.e. YOU NEED A BIG HAIRY VISION



Discussion Questions

1. What do brands mean to you? What are your favorite brands and why? Check to see how your perceptions of brands might differ from those of others.

   Answers will vary widely, and discussion could center around reasons for such differences.

2. Who do you think has the strongest brands? Why? What do you think of the *Business Week* list of the strongest brands in Figure 1-10? Do you agree with the rankings? Why or why not?

   These two questions can be used to illustrate the similarities and differences between "favorite" brands and "strong" brands. The discussion could include evaluation of the criteria for inclusion on the *Business Week* list.

3. Can you think of anything that cannot be branded? Pick an example of a branded product that was not discussed in each of the categories provided (physical good, services, retailers and distributors, person, and organization, place, and idea) and describe how it is a brand.

   Discussion might involve why anything can become a brand. (Because of the way perception functions, the differential effect of when a brand is present vs. the commodity product can always be achieved.) Students will come up with many different examples of branded products, and the discussion can be used to examine what makes a brand.

4. Can you think of yourself as a brand? What do you do to "brand" yourself?

   People resemble brands themselves in many ways – with their name, their mode of dress, their pattern of speech, their interests and activities, etc. – because each aspect of a person contributes to the differentiation of that person from other people.

5. What do you think of the new branding challenges and opportunities that were listed? Can you think of any other issues?

   Brand builders have faced forms of some of these challenges in the past, including increased competition and media fragmentation. Though the new challenges certainly make it more difficult to build a strong brand, by no means to they make it impossible. Other issues include brand backlash, which illustrates a different type of accountability. As the repeated targeting during anti-globalization protests of retail locations of multinational companies such as McDonald's, Gap, and Starbucks illustrates, a recognizable brand can also become a lightning rod for criticism and protest.

Notes

LESSON 6:
BRAND NAMES AND BRAND EXTENSIONS

Objectives

The learning objective: after this lecture you should be able to understand:

a. Brand Name and its importance

b. Types of Brand Name

c. Name Change

d. Brand Extension

e. Sub Brands

Have you ever thought of why did your parents give you a name. Or if you and your brother never had a name. How difficult it would have been for the teacher to call you or your friend when you don't have any name.

Same is the case with the products. If you go to the market to purchase soap how would you let the shopkeeper know that you need Pears or Lux had their parent companies not named them, as both are soaps?

Why to Create a New Brand Name

The brand name puts a face on every company. Names like McDonald's, Amazon.com, GM, Apple, Intel, and a host of others have long become significant members of pop culture vocabulary. They've also given consumers a point of reference when thinking about a company.

Many of us don't realize that companies often spend millions of rupees coming up with their names. They hire experts, conduct research, and test the market before making a decision.

In this lecture we will show you a straightforward way to create new brand names. In this way, by understanding the basic ideas behind name generation, you might be able to avoid these excessive costs - and bring your company greater prosperity.

What are The Characteristics of Good Brand Names?

Firms usually don't have a lot of time to inform customers about their name, so skillful firms create names that are easy to learn and remember.

So, what makes a brand name easy to learn and remember?

a. It is sufficiently different to attract attention. Would your firm's name attract your attention if you saw it the first time?

b. The name evokes interest. Rhymes and humor are some ways to gain interest, but there are others as well. Think about your target audience and what would interest them.

c. The name elicits a picture or image. Names that do this are "dual coded," in the sense that people remember them most because the name is stored in pictures and words.

d. The name is meaningful. This is hard to do when you use a nonsense word for a name. It can be overcome with lots of advertising, but names that are inherently more meaningful to customers are more readily stored in memory. More important, the name should have associations that are meaningful to customers in that they convey the benefits that customers want.

e. The name has some emotion. Emotional associations are easier to learn and remember.

f. The name is simple. Simple names are easier to learn and remember than complicated names.

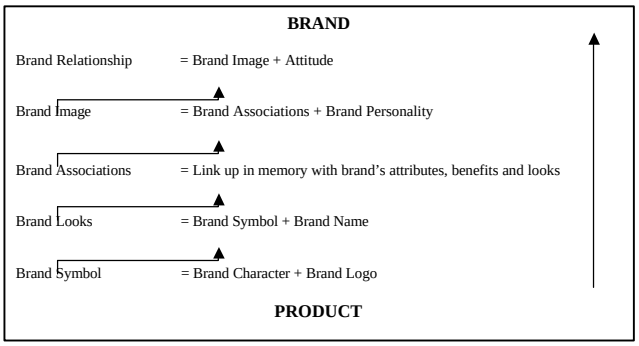
Activity 1

Write down in your notebook 2 brands each of the categories (a to f) mentioned above……

Think???

- Does that brand name suggest the product class?
- Does the brand symbol, logo, or slogan support the brand name?
- Does the brand name suggest the desired associations?
- Does the brand name suggest no undesirable associations?

  Is the brand name distinctive and legally defensible?
- As per the Branding Model, which in a way is a branding process:



So we can define a brand name as –

A Brand Name summarizes various relevant and irrelevant aspects as well as copy, audio and visual aspects of a product, which a human being can sense. It provides an identity beyond doubt. And identity differentiates. Since branding is a concept that exists to create identifiable differentiation, the brand name becomes a key marketing tool.

For example

Any brand name is a source of value to the company. It carries symbolic meaning at times, for the customer and anyone it interacts with. A Bennetton T-Shirt without the brand name/ brand slogan printed on it would be a mere commodity.

Or we can say a brand name is :

- the basic core indicator of the brand
- the basis for awareness

- the basis for communication effects
- the basis for sales measurement and

Brand name can

- Help create association(s) in the mind that act as descriptors, as to what it is and what it does. Xerox is a fitting example.
- It provides entry barrier in its category once it gets established. Some appropriate examples are Burnol, Surf and Dettol.
- Through time and use it becomes a valuable asset. Tata and Godrej are good examples.

It has been observed, what a brand name is all about could vary over a time continuum. It is the effect of what the brand does, what its competitor does, how customers change, how technology changes, how customer interactivity changes, etc. Time has a great role to play in giving form to a name in the minds of the consumers. . The same could be by design or by default. Some elements are avoidable and unavoidable.

Think about Surf before Ariel was launched. Now think about Surf and Ariel after Tide was introduced. Also think about Robbin Blue after Ujala was launched. Does your mind notice these changes?

Types of Brand Name

Activity 2

Again if I ask you to pen down 20 brand names of personal health care lets see how many are repeated in the class so that we can summarize the general traits of a good brand name:

- Acceptable
- Easy to recognize
- Easy to pronounce
- Easy to memorize/ recall

See if Lux, Lifebuoy, Surf, Dettol, Close up, Pepsodent, Colgate, Hamam, Kellogs… is in your list and try to relate the traits of these brand names to the above.

Now let us discuss the generating associations that brand names can be grouped into.

It can be three types of names:

a. **Descriptive brand name**: A descriptive brand name such as **Handy Plast** is simple and direct.
b. **Suggestive brand name**: Suggestive brand names like **Denim** often communicated some appropriate message about he product in a subtle manner.
c. **Freestanding brand name**: A freestanding brand name like **Kodak** conveys less or no information immediately to the consumer.

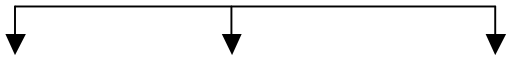
Activity 3

Now write as many brands as you can recall in each of the categories given above. Lets see who does it maximum number of brands.

No cheating don't turn the page before you complete the list. You have a maximum time of 3 minutes.

Okay time is over now check up your list with the list given in table No 7.2Brand Names

Brand Names



Descriptive	Suggestive	Free Standing
Close –up	Flora	Kodak
Glucovita	Whisper	Xerox
Glucon C	Surf	
Band Aid	Pepsi	
Ganga	Digene	
Babool	Limca	
Doordarshan	Tropicana	
Frooti	Jumpin	
Real	Thums-up	
Fair & Lovely	Sunsilk	
Ujala	Pampers	

If you were paying attention I'm sure by now you must be having a fair idea of Importance of brand Names and their types and Characteristics. If not means you were sleeping.

Now try to understand the Brand Name Associations

What clicks to your mind first when I say this: Brand Name Associations

If you are smart enough I'm sure you can guess what it should be about. Let's discuss it in detail…….

Word Association

These are words freely associated with names. Some words associated with Sunsilk are sun, silk, nature, clothes, shine, bright, smooth, outdoor and soft. Hommade gets associated with home , natural, care, affection, mother, pure, safe, hygiene and nutritious.

Image Associations

These include images stimulated/provoked by the name. It could consist of situation(s), scenes and types of people in the scene. These could be clear or vague, positive or negative in first person or in third person, of current times or past about living things or non-living things, etc. For example **Fair &Lovely** could provoke images about a beautiful woman. It could bring Aishwarya Rai to your mind. It could recall compliments received from friends

Product Associations

It includes any specific products or product categories associated with names. **Asprin**, **Coldarin** and **Anacin** could provoke associations with tablet, medicine or pain reliever. Usually, it is believed by psychologists that human relationship (customers are human) thrives on positive aspects. It is a qualitative aspect and no answer is arguably correct. Interestingly, most successful brands do not have negative associations.

Read this table No 7.3 you will get even a clearer idea.

Brand Name Associations: Positive, Negative or Neutral?

Brand Name	Name –evoked association(s)
Good Knight	Positive
Raid	Negative
Hit	Negative
Mortein	Neither
All Out	Positive
Baygon	Neither

Activity 4

Now try to do a similar exercise for toothpastes or soaps category.

Further there can be another way of looking at brand names i.e.

Naming Products With The Help of 'Consumer Insights Spectrum'

Good associations can be generated through names by understanding available positions on the 'Consumer Insight Spectrum'. Let us discuss the edible oil case with brands like Sundrop, Sweekar, Dhara Health, Cooklite, Shakti, Goldwinner and Gemini.

Consumer Response Generation	Key Consumer Insight	Brand Name
I use Sunflower Oil	Sunflower	Sundrop
↓ Why?		
Good Oil	Good	-
↓ Why?		
Good for health/healthy oil	Health	Dhara Health
↓ Why?		
• Less oil required to cook	Economy	
• Light oil	Lighter	Cooklite
How does this help?		
↓		
• Active	Active	Dalda Active
• Energetic	Energetic	Shakti
• Normal Life		

Five out of nine brands of sunflower oil fall somewhere across the Consumer Insights Spectrum. Fortunately each of the five has distinct positions. There exists scope for new brand location as well as for sub-branding of current brands, not having a location on the spectrum.

Name Change

When the main part of the name in a multi word brand name remains the same, the disturbance of the change is less and can be well managed. But if the main word or the complete name changes, all can be lost overnight by the marketing organization.

Without resorting to a complete change of name, the brand can benefit from a slight modification thereof. Some examples of name change are listed below:

- Tata Nihar became Nihar after HLL purchased it
- Binaca became Cibaca through an international acquisition by Ciba Geigy.
- Teenopol became Ranipol
- Jyoti appliances became Jaipan Appliances.
- Annapoorna became Kissan Annapoorna
- Lehar Pepsi became Pepsi.

When I talk of Brand Extension what comes to your mind first?

Can you think of few companies who have done this?

Brand Extension

Brand extensions are a familiar phenomenon for most marketers. Organizations see them as the easiest way of entering new markets or segments. Establishing a new consumer brand internationally costs at least a 100 million rupees. Thus brand extensions are seen as an easy and possibly inexpensive way of entering new business lines or strengthening old ones if done with caution.

Broadly speaking, there are three types of brand extensions:

Product related extensions, Image-related extensions and Unrelated Extensions

Product-related extension is more popularly called 'line extensions'. A line extension is typically a product or flavour or fragrance variant. Examples of this are Nirma detergent powder extending into cake and Frooti soft-drink extending into other variants besides the mango flavour.

Image-related extensions are those where the brand extension bears some logical or emotional relationship with the parent brand. Examples of this are Cinthol moving into talcs from toilet soaps and Zodiac moving into belts from shirts. In both, the same consumer is targeted demographically and psycho-graphically.

Unrelated extensions are those where the parent and the brand extensions have little in common but for the brand name. A classic case of this is the brand name Godrej appearing on soaps, safety locks, almirahs, typesetters, hair-dyes, refrigera-tors and other products.

Think when is a brand extension a success and when is it a failure? What situations aid the success or failure of brand extensions?

Let us discuss the Brand name extensions in detail with a few more examples. Try to remember further more examples while you read ahead.

Product-Related Extensions

There are several reasons for having line extensions. These are:

a. giving the consumer more options (e.g. Five variants of Cinthol),

b. cornering more shelf space (e.g. variants of Yardley talcum powder)

c. creating some excitement around an old brand (e.g. Rin Supreme)

d. expanding core promise to new users (e.g. Ariel Super Soaker)

e. managing a changed market situation (e.g. Colgate's Gel extension fight Close Up).

But by and large the important underlying reasons for line extension are

- an unfulfilled need
- upgradation of existing customers

- novelty.

Nirma detergent cake was a big a success as Nirma detergent powder because it satisfied the average Indian housewife's need to scrub clothes. Magic, a brand extension of Ponds Dreamflower Talc, similarly fulfilled the up market buyer's need for a stronger and a more lingering perfume. Classic Mild's brilliantly upgraded the image of the parent besides being in line with the trend of growing preference for milder brands among urban consumers. In fact it is easy to see that whenever a brand was extended to meet an unfulfilled need it was successful.

Hindustan Lever was fairly successful in upgrading customers through its brand extensions. Examples of this are Lux International, Lifebuoy Plus and Clinic Active. Lux International brought in new customers from other premium soaps besides upgrading some of Lifebuoy's customers by offering a new benefit of combating body odour. Clinic Active took off where the parent left. Clinic Plus itself started as an anti-dandruff shampoo. But as the brand grew in prominence it had to broaden its positioning to connote 'health'. The anti-dandruff platform was hence read into the extension Clinic Active that became a success.

Some brand extensions have failed possibly in their up-gradation attempts For instance, Mysore Sandal Classic as a glycerin soap had tough competition from Pears which is more clearly focused on the skin care benefit. Raaga herbal pow del tried to upgrade to Raaga Plus as a herbal paste. It was very attractively packaged in green but lost customers because the paste dried up, causing problems in usage.

Image-Related Extensions

Image-related extensions and unrelated extensions need to ensure two things if they have fit, namely image fit and business fit. A brand extension is said to have, an image fit if the parent brand and the extension are closely linked in th, consumer's mind. For instance, Colgate toothpaste extending into 'brushes is a classic example of proper image fit. Similarly, the extension of Prestige pressure cookers into non-stick ware. Lakme nail polish becoming a cream, Maggie noodle stretching into success and Dettol antiseptic liquid becoming a soap are all good examples of suitable image fit. Some of the above extensions like Lakme, Maggie and Colgate are complementary in their use. They have all been successful.

Probably the single most factor important for image fit is consistency between the brand personality of the parent and the extension. The most commonly accepted definition of brand personality is that it is the set of human associations with which the brand is linked. The reason for the initial failure and subsequent succes of Dettol soap is rooted in the issue of consistency of brand personality. In fact poor image fit almost ensures failure. Dettol's initial attempt at becoming a beauty soap is an example of this mistake. Dettol has fundamentally been used as a brand for 'cuts and gashes'. Thus attempts to make Dettol a beauty met with stiff resistance in the market place. On the other hand, when Dettol extended to become a germ-kill soap (100 per cent bath) it was a success. In fact Dettol later used the same anti-germ equity to become a shaving cream. A similar consistency can be seen in the stretch of Lux shampoo from its parent soap.

There is a need for such consistency in sub-branding as well. For instance, the 'Budgetline' television series has more in common with Videocon's personality than 'Bazooka'. Does the 'youthful and glamorous' image of India-Today Plus fit in wit: the 'mature and politically inclined' image of the parent? This in effect is a question relating to image fit.

Besides having image fit, if there is no business fit the extensions are likely to fail. For instance, extensions of Park Avenue premium suiting into men's toiletries had image fit. But men's toiletries itself is a very small market (in India only 2 per of the entire toiletry market comprises men's product while in the West it is 40 per cent). Thus if the Park Avenue men's toiletries range fails it should not come as surprise. Hawkins pressure cooker extended to become masala. There is again image fit here but no business fit. No single brand in India has been able to corner 'masala' market for the whole country probably because 'masala' need regional receipes, which are different in different parts of the country. Besides there is stiff competition from the unorganised sector. In a similar manner, the extension of Liril soap into talc and Ambassador shoe into shirting ran into business-fit problems. In the first case, the talcum powder market was found to be stagnant_ In the second case there was too much competition.

Sometimes there is image fit as well as business fit but the extension fails, because the marketing mix (product, price, place and promotion) of the extension is not managed well. BPL, Video con and Onida have all started diversifying into consumer electronics at the same time. However, BPL has been successful in more categories than Videocon and Videocon in more categories than Onida because of the manner in which the marketing mix was managed. Internationally Walker brand sells at different prices as Black Label, Red Label and other sub-brands successfully because it configures the marketing mix for each of its variants distinctly besides managing them well.

In fact in several cases of brand extension success and failure, the marketing played as important a role as other issues mentioned.

Unrelated Extensions

Image fit and business fit are important in unrelated extensions as well. But here the image of the organization itself is as important. In some way successful unrelated extensions are closely linked to the history of the development of industry in India. This is demonstrated by the growth ofTata and Godrej brand in the past. Both Tata and Godrej have been among the first few Indian brands to be known to the consumer. Besides, the commitment of Tatas to quality and employee welfare (TISCO) and Godrej to product innovation (use of vega table oil instead of animal fat for making soap) is well known. When Tata branded salt or when Godrej branded safe they were among the first to do so. Thus unrelated diversification is more likely to be successful if the brand possesses

a. early entry advantage
b. quality image
c. respected family or organizational name.

The unrelated diversification of Wipro is of more recent origin. Wipro started with vegetable oil and successfully moved into computers. (WIPRO means Western India Vegetable Products.) They were equally successful in their forays into lighting and soaps largely due to organizational commitment. Both lighting and soaps businesses need extensive marketing investments (brand building, distribution,etc.) and without organizational commitment Wipro would not have fared well in either category. It may be worthwhile to note that Wipro is currently running a corporate campaign on the theme "Applying Thought" in an attempt to probably ensure that all its products are perceived as offerings which are offered with great care and commitment.

So we can say that

Brand extension, to be successful, needs: (a) organizational commitment (b) image fit or consistency of brand personality between the parent and the extension (c) business fit (d) deft management of the marketing mix of the extension and (e) relevance to the consumers.

Now after discussing the brand names and brand extensions let us discuss the sub brands

Nurturing Sub-brands

As Competition intensifies in the Indian context, marketers are trying to stretch, successssful brands into extensions in related and unrelated product categories. The widely held belief is that the image, trust and goodwill of a brand could be extended new category in the hope that it would trigger off positive associations among the target segment.

Ries and Trout, the gurus of the positioning concept, warned marketers about brand extensions decades back. Studies in developed markets - revealed that brand extensions have been just a myth with regard to financial bottom lines. David Aaker who is well known for his work on building brands, advocates that managers should avoid vertical extensions whenever possible, within the same product category consisting of different offerings, in one of his recent articles. Closer home, Hindustan Lever, Colgate and Proctor and Gamble are some of the top companies which. have consistently used extensions within the same category, and some of these have been quite successful.

Though there is some literature on the Indian context which seems to suggest that an extension would need as much of advertising support as a new brand, some companies pursue extensions. The framework advocated by Aaker could be useful to Indian marketers (product and brand managers) who may perpetually be in a "to be" or "not to be" dilemma regarding these extensions. The distinguishing aspect of the framework is that it leverages on the cumulative equity of brands built up over a period of time, without going over-board on extensions. It prescribes optimal ways in which marketers could plan extensions.

Why are sub-brands necessary?

A sub-brand is a mother brand plus an additional brand name. Lifebuoy Gold, Junior Horlicks, and Cadbury's Perk are examples. Sub-brands are essential because:

i. A company may introduce a new offering for a new segment, and hence differentiation is required with the reassurance of the mother brand (Junior Horlicks).

ii. A brand may become staid and may require a contemporary orientation with the tried and trusted mother brand name (Pond's Dreamflower Magic).

iii. A brand may enter a downscale market and the mother brand may be perceived as expensive, or the brand may want to introduce a sub-brand to compete with a number of regional brands (Reno from Sintex water tanks). Though Reno is advertised as a separate brand, it is advertised as "from the manufacturers of Sintex". I

iv. When a company has a string of offerings within a product category, there is a need to develop an identity for each offering (Cadbury's Gold, Perk Picnic, 5-Star to name a few).

v. A brand may want to move to upscale markets but may find that its equity is not upmarket, though some amount of reassurance in terms of product acceptance has been achieved by the brand (Video con's Challenge Bazooka).

vi. A brand may want to address different consumers within the same psychographic segment. Close- Up is a toothpaste positioned towards fun loving, vibrant youngsters. As there is brand proliferation within the category and within the sub-category of gel, there is a need to address different kinds of needs, real or perceived, in the same psychographic segment. While gel as a product variant has been accepted by youth, Close-Up Renew and Colgate Stripes address the different needs of the same segment.

vii. When a brand attempts to develop different kinds of imagery for a new segment, it could use a sub-brand (India-Today Plus). This may look a bit contradictory in terms of brand personality in certain situations. The mother brand in the example (India Today) has a different kind of personality as compared to the extended sub-brand (India-Today Plus). The target segment is also different. Though there is an apparent image gap, this combination could also be attempted in certain product categories. In the bike segment, Bajaj's has a distinctively different personality from its Caliber, which was positioned at younger consumers based on life style associations.The discrepancy in the personalities should be considered based on the specific product category. A magazine is different from a bike in terms of consumer behaviour. Image may play a significant role in magazines, but in a bike the imagery association is one of the many factors considered by the buyer, it is important for the respective target segment, but not sufficient.

viii. Sub-brands are useful when the brand, especially a leading brand introduces an innovative offering (innovative in this context is pioneering the product in a specific market). Philips created a new sub-category audio system with its Powerhouse sub-brand. Johnson and Johnson's Kids is another example. J & J has had a strong association with baby products and a sub-brand will create a new niche in the minds of consumers (though Kids is not a pioneering brand in the category).

ix. When a well-known brand wants to upgrade a loyal base of consumer to a better offering, sub-brands could be useful. Surf, after establishing it in the detergent market, introduced Surf Excel and Surf Excel Power to upgrade at least a cross-section of Surf users to the updated offering. It is interesting to note that Hindustan Lever chooses a new brand and not a sub-brand for a downscale offering for the lower end to counter Nirma (Wheel).

x. Sub-brands are useful to ensure that consumers are not confused especially when a company makes an entry into a new product category. BPL entered the alkaline battery market with its ExceU, and later entered the traditional battery category with its Power.

Aaker suggests that there are three kinds of relationships which a parent Brand or mother brand could have with sub-brands, and each of these relationships are useful in specific situation or branding applications. A marketer has to note that research-information on brand perception is vital before decisions on sub-brands are taken.

The Mother Brand can be an Endorser of the Sub-Brand

In this case the sub-brand is the more dominant of the two, and has a major impact on consumer decision-making. The new sub-brand is endorsed by the mother brand. The endorser approach reduces the threat of cannibalisation to the mother brand as the sub-brand does not make a dent into the share of the mother brand. The endorsor strategy is also useful for a brand to enter into lower-end markets(downward stretch). Junior Horlicks is a good example for the endorser strategy. Horlicks the mother brand has an equity among consumers and this has been developed over a period of time. Horlicks is perceived as a nutritious health drink for children and adults. Decades back it was probably perceived as the drink for convalescence. Junior is a sub-brand and this is targeted towards children in the group of 1 to 3 years. Horlicks the mother brand provides the reassurance (endorsement) to the mother population, which is the buyer segment. The endorser route of creating subbrands also minimises the damage to the image of the mother brand.

Titan is considering a watch for a lower end to compete against the Indian-made foreign (IMFQ) watches in the unorganised sector. A sub-brand with Titan's assurance a useful approach to make an impact on consumers. The lower end offering context could be an offering at around Rs. 150 to Rs. 250. Researching the perception is vital because Titan has developed the Sonata brand without the Titan association, as research revealed that Titan is associated with premium ness. However, the TV commercial for Sonata ends with the message that the brand is from Titan-a variant of the endorser route!

An interesting aspect, which is to be considered, is the product category that is under consideration. In the case of Horlicks, endorsement is required as there is a considerable amount of perceived risk associated with any product consumed by children. In the other examples of computers and watches, the perceived risk of a different nature it is concerned with initial investment and the performance of the product. Hence, the sub-brand could have the endorsement of the trusted mother brand. This is important because this is the fundamental difference between the endorser relationship and the co-driver relationship between the mother brand and the sub-brand.

The Co-driver Relationship Between the Mother Brand and the Sub-Brand

While this approach or the earlier approach can be used by a brand to position an offering at the lower end of the market, the basic difference lies in the fact that the mother brand does not endorse the sub- brand (it is not considered so by consumers, though they may be influenced by the mother brand). It should be noted that the three sub-brand approaches have linkages with one another, but in terms of consumer perception the endorser route has a stronger impact. The importance given to the mother brand in terms of support and reassurance which could be through marketing research techniques determines whether the mother is an endorser or a co-driver or a driver.

In the second category of co-driver relationships, the mother brand creates the familiar association, and the sub brand develops an imagery which appeals to the target segment. The imagery could be created through marketing communication (a vital factor) and packaging to a certain extent. Lifebuoy Gold is a good example where the sub-brand creates a persona which is in tune with the target segment of young, college girls. The irreverent modern young and fun-loving personality of this sub brand is well supported by the familiar. Lifebuoy mother brand, and the gentle white-cum-pink packaging differentiate the sub-brand from the mother brand. The India- Today Plus example probably attempts this route. Lifebuoy Gold maintains its core proposition "hard on germs" while making use of the mother brand as a co-driver. Mysore Sandal gold has been launched recently, extending the mother brand Mysore Sandal.

The sub brand could create a distinctive persona for itself, making use of the familiar mother brand. Colgate Total fits in as an example in this kind of an approach. The Colgate mother brand still has a major hold over the toothpaste market, and this is a good enough reason for consumers to consider the brand. Colgate Total has developed a persona using a well known celebrity and hence the Total sub-brand is a co-driver . Iodex has attempted this in its Power cream aimed at young urban women. While the endorser approach may be more appropriate for durables, the codriver appears to be appropriate for consumables which depends more on the brand personality for differentiation. Packaged tea as reflected from market studies is an image driven category, and brands are using the co-driver approach to create images around brands

The driver descriptor Relationship

In this approach, the mother brand is the driver providing the basic motivation for consumers to buy the brand, and the sub-brand provides the description of the product as a descriptor. The description should not only be developed by marketing communication; it has also to be emphasised in the physical appearance of the product. Dettol Liquid Soap and Parachutte Lite (the lighter coconut oil for grooming hair) could be examples. In the durables category, the Maruti brand fits into this approach with its Esteem and Zen variants. It is also, interesting to note that Maruti 1000 which was very similar to

Esteem is not advertised vigorously by the company. Mercedes introduced a brand C class to compete with Acura and Lexus in US using this approach. The C class variant had a physical appearance different its mother brand.

Too Many Sub Brands could be Counter Productive

While sub-brands offer an alternative to marketers for harnessing the strength of the mother brand, Al Ries, one of the gurus of positioning, warns market, that too many sub-brands may weaken the mother brand, leading to an erosion of market share.

Examples

- In 1988, American Express had 27 per cent of the market share of credit cards. It started introducing a number of sub brands-Senior, Student Optima, Optima Rewards plus gold. True Grace, Optima Golf, Purchasing, Corporate Executive, Miles. Its market share in 1997 was 18 per cent.
- Levi's Strauss had about 27 different cuts of jeans with a number of Sub brands. The last 7 to 8 years, the market share has gone down from 31 to 19 per cent.
- Chevrolet introduced a number of sub-brands-Caprice, Camaro, Cava1ier Corisca-Beretta, Lumina, Malibu, Metro, Monte Carlo and Prizm. Currently the brand does not have the same hold as it used to have over the market.
- Sunsilk, which promoted sub-brands like Fruitamins, Nutracare and Black, a year back, is currently promoting only the mother brand with its variants
- Brand managers of Titan, Surf, Close-Up, Colgate, Vicks and Maruti may already be working on such challenges posed by sub-brands.

Activity 5

Now that we have had a thorough understanding of sub-brands, you have to list down at least 5 brands each which are cannibalising their mother brands market share and also 5 examples of those which have gained more brand awareness than their respective mother brand?

Exercises and Assignments

1. Make a list of brand slogans, analyze what each communicates, and explain why the parent firm would select it.
2. Develop a brand name, logo and symbol, slogan, package and, if appropriate, character for a new product. Discuss how the elements would change if the target market changed. Candidates might include a men's fragrance, a laundry detergent, a battery-free wind-up flashlight, and a sparkling fruit drink.
3. Pick two brands from the same product category and compare their brand elements in terms of their memorability, protectability, adaptability, meaningfulness, and transferability. Mc Donalds vs Wimpys' burger, Aquafina vs. Bisleri water, Apollo vs. Goodyear tires, Holiday Inn vs. Comfort Inn motels, Kingfischer vs. Aristocrat beer, and Budweiser vs. Miller beer could be used.
4. Bring in competing brands so that their packages can be compared. Discuss the reasons for the similarities and differences between them, as well as the pros and cons of each.

Playing The Name Game Again

by Bryan Culp

April 9, 2000

Let's play a game. You've probably done this before. I'll say a company name, you tell me what that company stands for. IBM. Microsoft. BMW. Coca-Cola. Verizon?

Got you on that last one, didn't I?

If you haven't already heard about this - the press release came out Monday April 3 - you may be surprised to hear 'Verizon' was selected from among 8,500 candidates in a lengthy and expensive process. In addition, more than $300 million will be spent on marketing to support the new name.

Verizon, pronounced 'vurr-EYE-zon', is derived from the clever combination of 'veritas', which means truth in Latin, and 'horizon'. SONY has a similar heritage, being derived from the latin word 'sonus' back in the days when everything that company did dealt with sound.

Does this imply that Verizon deals with truth? Of course not. It's the phone company, or at least a phone company. More specifically, Verizon is what you have after Bell Atlantic buys GTE. I know what Bell Atlantic and GTE are. I understand the logic behind Arch Communications, Lucent, Nextel, Nortel, Teligent, Omnipoint, Qualcomm and Sprint. Even Wildfire makes sense in its own way.

But what's a Verizon? Other than to evade geography and escape the Ma Bell connection, what is the added value? If those, admittedly good reasons, were all, why didn't the decision-makers simply stick with GTE, the more inclusive name of the company being acquired? Allied Signal morphing into the new Honeywell, Norwest into Wells Fargo, and Nations Bank into Bank of America all went that route, taking advantage of the brand equity we must assume was part of the purchase price.

These questions are especially important because Verizon must reach out and connect with the masses, not simply a select group which essentially guides the masses, as is the case with the merger-happy drug companies. This means that when Vodafone Airtouch merges its wireless operations with that of the combined Bell Atlantic / GTE, the newly named Verizon Wireless will go head-to-head with AT&T Wireless, Sprint PCS, Nextel Communications and Voicestream, as well as the wireless combination of SBC and BellSouth announced April 5.

Let's start with the fundamentals and imagine why names matter. Why does your name matter? Well, your name represents who you are for people that know you, or at least know of you. As people get to know you, or hear about you, they associate certain emotions and images with the collection of phonetic sounds that make up your name. That's why your name could mean different things to different people - and probably does. Your name is also one of the first things you tell strangers if you have any interest in interacting with them.

Moreover, because how we think is so influenced by the norms of the society we live in, how our names sound, even how they

look written, carry with them a certain feeling before we, the people our names are supposed to represent, even enter the picture. Yes, this means we are often pre-judged by the associations our names conjure up even before someone has met us.

Companies are also pre-judged. Think back to the first moment you heard the name 'Verizon'. Did you think about it at all? If so, what was your immediate thought? You don't know what the company looks like. You don't know whom the company hangs out with. All you have to go on is the company name, those three syllables chosen for greatness out of 8,500 groupings of sounds.

Companies are inherently different from people in three crucial ways that impact the naming process.

1. Companies, or at least the good ones, tend to be based on certain core competencies which essentially carve out their market positions. Their names either capture their positions from early on, think IBM, or come to represent their positions, think Toyota.
2. Companies, unlike the vast majority of people, usually have marketing budgets in order to cultivate their brand names and thus reinforce these positions. Think Coke and Ford. People know these companies and their products, yet the marketing continues.
3. It is generally assumed that being able to hold on to this position, or deftly move to a new, more profitable one, will improve the company's long-term financial prospects. Think AT&T. It owned the phone company position; now it wants to be the infrastructure, if not the content provider, for all your communication and entertainment needs.

Back to Verizon and why should we care. Ultimately, when you have a company that large, willing to spend that much money, a name with almost any backstory probably won't doom the company.

On the other hand, I feel in my gut that the people in charge are missing a strategic opportunity. Companies such as Ford, Toyota, and Wells Fargo could grow into their names because they were named in the early moments of their industries.

Leaders at the companies that became IBM and WorldCom took another approach. They chose aspirational names. They looked into the future and asked, 'Who do we want to be?' and then they went for it.

Bell Atlantic should have used this naming process as a chance to stake out the area they aspire to dominate, as well as how they plan to do it, meaning their positioning. Verizon, 'truth in the horizon', doesn't do it for me, doesn't establish who they are and what they do.

http://www.marketingprofs.com/2/verizon.asp

Notes

LESSON 7:
CO-BRANDING AND CORPORATE BRANDING

Objectives

The learning objective: after this lecture you should be able to understand:

a. Co- Branding : Its meaning and purpose

b. Corporate branding: Why is it important

Co-Branding: Is It Right for You?

Pick up any newspaper these days, and more than likely, you'll read yet another story-if not dozens-about two brands jumping into relationship mode. Not simply of the promotional "Happy Meals" variety, but of the "mating for life" sort.

"Co-branding," as it's called, is running rampant with no apparent signs of slowing, even given the cautious economic forecast. In fact, the need for overnight and innovative growth strategies seems, if anything, to have fueled its popularity. What faster way to gain critical mass, catapult into unstaked territory, or refresh a tired image, than through an instant association?

Given this profligate coupling, the questions that should be asked are, "Is faster better?" and most important, **"Is a new co-branded relationship ultimately good-or bad-for the brands in play, in terms of brand equity?"** Is the association a strategically sound one, strong enough to sustain time and scrutiny, or is it simply a short-sighted and potentially harmful answer to increased competitive challenges?

Perhaps a good way to sort through this co-branding mania is to think about judging the merit of a co-branding venture the way you might judge those traits that make a marriage successful. My wife once quipped that the best marriages are based on "interlocking neuroses." The steadiest relationships are those in which both parties are allowed to maintain their individual identities, but in a way that complements and helps bring out the best in the other-all in a mutually beneficial and compatible way.

Finding the Right Partner

It's certainly a good place to start when it comes to assessing the potential co-mingling of two recognized brands. First, obviously, is self-awareness-a keen understanding of your brand's identity. You've got to know who you are and what you are known and trusted for before you can determine a natural partner. Smart brand managers also realize self-awareness allows you to know who and what you could be.

Then, for a brand marriage to succeed, each must bring those appropriate "interlockable" strengths and assets to the table, and likewise, each must be flexible enough to commit or abdicate authority in certain areas.

Most critical, each must bring complementary and interlocking end benefits to the consumer-benefits that intuitively "feel right" and work together in concert on both the rational and emotional levels. These benefits, when combined, provide increased value to the consumer and a greater degree of relevance.

After all, at the heart of all well-managed brands is a simple promise to the consumer to deliver on the expectations of what the brand stands for. Enhance this promise-and its delivery-and it's win-win. The merged brands will discover that, as a couple, they've expanded their sphere of influence and gained competitive advantage. Consumers will find, quite happily, that one plus one can actually equal three when two brands they've relied on as solo players meet their needs and desires better than ever before.

A Fruitful Relationship

By way of example, consider the successful marriage of Starbucks and Barnes & Noble. Starbucks has definitely created a well articulated brand for itself and it realizes it's about more than just coffee. It's about sociability, an experience reminiscent of the dolce vita coffee house culture-an inviting and appealing "place to be." Barnes & Noble venues, more than merely bookstores, are welcoming and social places in which to browse, to relax, to partake of a cultural experience-and now, to do so over a comforting latte. The end game: compatible user groups, complementary brand personalities, and enhanced end benefits for the consumer. They've been able to capture a market and differentiate themselves more than any of their respective competitors.

The same can be said for the pending alliance between Starbucks and Microsoft with the offering of wireless Internet access in Starbucks locations. The benefit, again, for the socially oriented, is a familiar community environment in which to access your extended community. First mover advantage-totally connected customer. (If you're thinking bigamy here, don't. The world of co-branding has a totally different and publicly accepted code of fidelity.)

Also appropriate to me are Wal-Mart and AOL: a strong marriage that exhibits an understanding of America's shopping mall culture-online and off. Another shopper's dream team: Amazon and Toys R Us. The new and the old economy together for the fast relief of harried parents everywhere. For "fuel yourself" road warriors of every age, McDonald's and Coke, Haldiram Chips and Coke, Citibank credit cards and Indian Oil Company make a nice match. And looking at Hindustan Times and Radio City, any companies that merge to ease the effects of the common cold have got to have the consumer's best interest at heart.

An example of brands that took the time to look at themselves carefully before tying the knot are Filmfare magazine and Parachute Oil from Marico. After analysis, they recognized this was not a match bound to work. Trying to combine incompatible brand personalities can only send confusing messages to the consumer.

And perhaps the most telling example of the need to know yourself and what assets you bring to the party before you jump into a relationship is the dot-com partnership explosion that preceded the dot-com implosion. Internet speed may have its place in the new economy, but not at the expense of some solid brand architecture work. Before all of that venture capital money was spent, these brands should have spent some time defining themselves, their audience and the benefits they provided.

As the marketplace continues to challenge even the most robust players in the areas of growth, differentiation, and wallet share, it will become increasingly difficult to resist the lure of marrying for money. Remember another fundamental rule of branding: it's easier to destroy a good brand than to create one. The prizes for the winningest co-branded relationships will go to those who follow these tried and very true rules: Know who you are; know and respect who you're partnering with; and do it as much for the consumer as for yourself.

Tips for a Lasting Relationship

Whether the marriage is made in heaven or the marketplace, don't take your vows unless you know:

1. Have you looked around enough?
   - What are the criteria/guidelines to evaluate and support the decision to partner or not?
2. Will you get as much as you give?/Will it bring out the best in you?
   - What is each brand's relative contribution to the partnership?
   - Will the partnership enhance your brand?
3. Who's going to wear the pants in the family?
   - Is the relationship dominant, shared or endorsed?
4. How much can you still get on the side?
   - Exclusivity is not required-pursue additional options that would not be inconsistent.
   - Make sure your name and presence will be felt across all touch points.
5. Will you grow old together?
   - Define the scope and duration of the partnership.
   - Maintain an active leadership role in the marketing execution to ensure a better outcome.

Now that we have studied what is Co-Branding let us discuss a few examples to get a better insight.

Domino's Pizza Co-Branding

Domino's Pizza Co-Branding is a program designed to link Domino's Pizza stores with new or existing convenience store locations. This program utilizes a complete Domino's Pizza delivery and carry-out store - no express concepts here. If you have an existing c-store location and would like to explore what Domino's can deliver for you, please read the information below and contact our Store Development Department today.

How the Program Works

Domino's operates its co-branding program through existing, local Domino's franchisees (some franchise opportunities exist in specific geographic areas). These franchisees negotiate a lease with the convenience store operator to run a full-scale Domino's Pizza operation within or adjacent to the convenience store. The convenience store operator pays no franchise fees and the Domino's franchisee is responsible for staffing and running the operation.

If you meet the minimum requirements below and are interested in pursuing a co-branding relationship with Domino's Pizza, please let us know.

Minimum Requirements

- Four or more MPDs
- 100,000 gallons per month
- $40,000/mth inside sales (less lottery)
- 750 sq. ft. of lease space
- Price sign and building signs
- Drive-through window preferred

Co-branding occurs when two or more brand names function together in creating a new product. Examples of co-branding range from credit cards to cereal to automobiles:

AT & T Universal Master Card

- Citibank/American Airlines/Visa Card
- Healthy Choice Cereal by Kellogg's
- Coach edition of the Lexus ES series
- Eddie Bauer edition of the Ford Explorer
- Water by Culligan GE Profile Refrigerator
- Pillsbury Brownies with Nestlé Chocolate
- Braun/Oral-B Plaque Remover

To see Co-Branding on websites
Visit: http://msdn.microsoft.com

A genuine co-branding campaign has each company that is involved consistently focused on achieving the following goals:

- Respond to the marketplace's expressed and latent needs.
- Leverage one's own core competencies.
- Create a new product to increase corporate revenues.
- Increase product salience to the consumer.

After studying Co-Branding let us discuss Corporate branding. Its importance and implication on other brands.

Creating a Powerful Corporate Brand

Nothing touches the customer more than how he or she perceives your corporate image. This fundamental perception not only determines whether the customer will conduct

business with you, it also provides competitive advantages, increase employee morale and loyalty, and a future direction for the organisation.

Developing a powerful corporate brand is a circular, continuous, five-phase process that can be applied at any stage of an organisation's development. The five phases are:

- Preliminary Audit, Research and Evaluation
- Analysis, Strategy, Planning and Development
- Creative Exploration
- Refinement and Implementation
- Monitoring, Managing and Marketing of the Corporate Image

A Qualitative Process

Part of the initial process comprises qualitative interviews with internal and external audiences. The internal interviews are conducted at all levels of the organisation, from frontline staff and backroom support personnel to senior management and the Board of Directors. The interviews with external audiences will include key customers, end users, joint venture or other business partners, shareholders or other stakeholders, suppliers, distributors, retailers, prospective customers and partners, government officials, senior media people and other outside influencers, competitors, and members of the general public.

The objective is to gain an understanding of the market's perception of the organisation by its customers, partners and competition, and to contrast these perceptions with those held by its own employee and management staff. Another aim is to identify the organisation's internal willingness and current acceptance levels for change.

The interview process answers these key questions:

- How is the corporate image being portrayed and projected today?
- How is the organisation perceived by its key internal and external audiences?
- How does the image of the organisation compare with those of its competitors?
- How does the image of the organisation compare to the image desired by management?
- Will the current corporate image enable the organisation to reach the goals and objectives set for it over the next three to five years?

By starting the corporate brand development process with a review of the existing corporate brand perceptions, the organisation has a clear view and understanding of where it is today, an important criterion when trying to decide how one wants to be perceived in the foreseeable future.

From here, you can conclude it is a matter of relatively simple steps to create a well-defined corporate brand positioning platform that is supported by the core attributes of the organisation and a series of strategic image marketing objectives that will help to guide future business directions and brand development.

Your corporate brand image needs to be thoroughly thought out, planned, nurtured, executed, monitored and, when necessary, modified. It's the organisation's most valuable commodity and deserves to always be treated as such.

Let us have a look at this article about Enron as a Corporate in India which could not be successful.

Corporate Ethics, Corporate Culture and Corporate Image

Enron. HIH Insurance. OneTel. WorldCom. Aggressive accounting procedures. Corporate governance. Business honesty. Corporate reputations being destroyed. Share prices dropping at the first hint of any financial shenanigans.

These are the headlines and the key business stories of today.

And they all relate to one critical management subject -the Corporate Image.

Every organization has a corporate image, whether it wants one or not.

When properly designed and managed, the corporate image will accurately reflect the organization's commitment to quality, excellence and its relationships with its various constituents: such as current and potential customers, employees and future staff, competitors, partners, governing bodies, and the general public.

As a result, the corporate image is a critical concern for every organization, one deserving the same attention and commitment by senior management as any other vital issue.

Managing the Corporate Image

The fallout from the Enron collapse continues to impact the global business community.

The sad fact is that it appears that it wasn't the business concept that Enron got wrong; it was the corporate culture that was wrong. The impact now affects Andersen, the accounting firm that audited and appears to have approved the methodologies used by senior Enron executives to "cook" the books and to pad the financial reports given to shareholders, the investment community, and employees. It also affects numerous other companies as the investment community is acutely attuned to not getting caught out by the "next Enron." Even stalwarts such as General Electric have seen their stock prices dragged down by worries, concerns, and questions about how "aggressive" the company has been in interpreting financial reporting regulations.

Not surprisingly, the issues of ethics, business ethics, and corporate ethics, have suddenly become key topics of conversations and the subject of numerous articles in the business press. Unfortunately, the suggested solutions often mentioned - more rules and regulations, more oversight entities (both internal and external), and clearer reporting of financial transactions - will merely treat the symptoms of this current managerial crises but will do little to remedy the underlying condition.

The true way to fix this problem is to understand how to create the right corporate culture through the corporate image management process.

As I wrote in four years ago "Corporate Image Management: A Marketing Discipline for the 21st Century," corporate image management

will help senior executives to deal with another of the critical issue facing management today: corporate ethics.

As The Economist asked in 1995, "how can a company ensure that its code of ethics is both followed and enforced?"

The sure-fire way is to develop a corporate culture that not only emphasizes ethical behavior, but a so punishes and ostracizes those who do not live up to the desired standards. Very rarely can a single employee engage in unethical behavior without other employees being "in the know," or at least suspicious.

A corporate culture, communicated and spread throughout the organization, that exhibits zero tolerance for unethical behavior and that is intricately tied to the corporate image is management's best form of assurance against this deadly disease.

This works a whole lot better than having internal policy police and a bundle of quarterly forms submitted, analyzed, and then stacked in some compliance officer's cupboard.

Companies that win the marketing battle are those who have the internal strength from knowing who and what they are, and where they are headed - three of the most critical elements for managing the corporate image.

The underlining principle of my marketing philosophy is "if it touches the customer, it's a marketing issue.™"

Nothing touches the customer more than how he or she perceives your corporate image. This fundamental perception will be the major factor that determines whether the customer will decide to conduct business with you and, more importantly, enter into a long-term and mutually rewarding relationship with your organization.

There may be no greater marketing issue than corporate image management in today's increasingly competitive markets.

Likewise, there may be no greater methodology for heading off potential business ethics and corporate ethics problems in your own organization than through re-evaluating your corporate image management process.

And it's not just in the area of financial manipulation that business ethics in recent years has gone astray.

How many people justify such so-called guerilla marketing tactics as releasing highly skewed market share data? Or the buying of market share and then claiming that market share actually grew, as if such growth had been organic. Or how about the stealing of someone else's idea? Or making a product announcement of a future product when the product is little more than a concept on the drawing board? The latter even resulted in new terminology in the IT industry - vaporware.

Unfortunately, as marketers we are often no less dirty in our shenanigans and tricks than our colleagues in the financial department have been. Are the dirty tricks of politics now firmly embedded in the business world? Is the business community about to sink to the same level of distrust as politicians? It is indeed a slippery slope that we collectively appear to be on.

What can you do to ensure that your company, department, or work group abides by the highest business ethics?

If you're the CEO, Managing Director, or other senior leader, you need to create and manage the right corporate culture.

If you are a department head or work group leader, you need to "walk the talk," - in your personal life as well as your corporate life.

Why?

If you brag about all the copyrighted music you downloaded for free from Napster, what message does this send to your subordinates and colleagues?

If you take your spouse or significant other out to dinner and put it on your corporate expenses, what message does this convey?

If you lift materials out of some one else's presentation, or download data off the Internet without crediting the source, what other actions does this suggest as allowable?

Ethics is not a gray issue.

If you have a single seed of doubt about what you are doing, or planning to
do, is wrong, it probably is!

As Dr. Martin Luther King wrote:

"Cowardice asks the question - is it safe?

Expediency asks the question - is it politic?

Vanity asks the question - is it popular?

But conscience asks the question - is it right?

And there comes a time when one must take a position that is neither safe, nor politic,
nor popular; but one must take it because it is RIGHT."

What does this have to do with marketing?

Everything

Because, "if it touches the customer, it's a marketing issue."

Your business ethics will eventually be directly reflected in the way you interact and do business with customers, suppliers, channel partners, and others.

Conducting business the RIGHT way is the ONLY way. This principle should be
a nucleus of your marketing strategy and corporate culture.

As Nelson Mandela said, "the time is always right to do right."

If you don't, then your organization could well be on its way to a future induction in the Hall of Shame & Failures.

Today's Most Important Managerial Issue

We live in a world of change. As a matter of fact, the rate of change today is faster, and affects a larger portion of the earth's population, than at any other time in history.

Yet, despite all this change, there is still one constant. And this is that marketing excellence and a strong corporate image are firmly linked. You cannot have one without the other. At least not for very long.

Because, at the end of the day, your competitors can mimic and better your product offer. They can create stronger distribution systems than yours. They can outspend you in advertising and promotions. And, of course, they can always beat you up on price.

But the one thing a competitor cannot mimic or copy is a well-defined corporate personality.

As I always advise my clients, "if it touches the customer, it's a marketing issue." And nothing, nothing touches your customers more than how he or she perceives your corporate image.

This makes the management of your corporate image one of the most potent marketing and management tools available for senior executives to use in ensuring the viable execution of your corporate vision

Source - From the book "Corporate Image Management: A Marketing Discipline for the 21st Century" by Steven Howard.

Contributor - Steven Howard

Notes

LESSON 8:
BRAND ASSOCIATIONS AND BRAND IMAGE

Objectives

The learning objective: after this lecture you should be able to understand:

a) Brand Associations: Why is it important for parent Brands

b) Brand Image: How it works and helps in maintaining brand Identity

After studying the various terms related with Branding it is very important to discuss Brand associations and brand image. As every effort put in by the company is to build up the brand image. All the money put into branding if it is not realized by the consumer it is all a waste. So it is very important for you to understand the importance of brand image and how to build up.

Types of Brand Associations

Brand Associations can be;

- Qualitative, e.g. it feels good after having a Pepsi.
- Quantitative, e.g. a little Axion is enough to clean a large number *of* utensils.
- Absolute, e.g. Wheel removes stains on clothes.
- Relative, e.g. Nirma does not provide whiteness like Rin does
- Negative, e.g. Nirma powder fades colored clothes.
- Positive, e.g. Frooti has a good taste.
- Generic, e.g. any drink in a TetraPak is a Frooti, any bottled water is Bisleri, and any chocolate is a Cadbury.

Brand associations get created or expressed as per the consumers. It is difficult to ask them to express in any particular manner. However, the contents can be controlled to an extent by marketers. And in this context *advertising has a ma*jor *role to play*. BA, quite often, is the brand's advertising managers try. So, a marketer who fails to keep the memories fresh takes an enormous risk.

Five Ways of Help

You have to be very careful about building Brand Associations as it helps in five important ways.

Basis For Extensions

This has been discussed earlier in the chapter covering brand name. Let us have a look at some examples.

- Savlon was first introduced as a brand of antiseptic liquid which does not burn. It was then extended to the soap category.
- J & J launched toilet soaps for kids under the brand Kids fruit flavours. Then they introduced talc.
- Fair Glow was introduced as the first fairness soap. Then cream was launched.
- Clinic was introduced as a shampoo first. Then a hair was rolled out under the name.
- Kellogg's corn flakes was followed by biscuits.

All these are examples *of* exploiting BAs in another category.

Please note that as a reason to choose a brand is created, reason for not choosing another brand is simultaneously born.

Differentiate

You must have studied in advertising course that it plays an important role in demonstrating the difference. It involves comparison and the same has to be done. One would have to contest with AMI (Advertising agencies Association of India) or MRTP (Monopolies and restrictive Trade Practices) if a case is lodged. Some examples are given below:

- Savlon showed in the ad that it did not burn (like Dettol) although in the ad the character expected it to.
- Captain Cook salt exhibited in the ad that its salt flowed freely unlike the other salt (Tata salt).
- Whisper demonstrates that it absorbs more/effectively (compared to other brands). It is supported through the gel formation concept.
- Dove is not a soap.

Wide Reason To Choose

Bumol is for burns. No other brand comes to the mind for the same problem. Krack cream is for cracks on the feet. No other brand comes to the mind for it. Further, all examples for 'Differentiate' have a reason to loose.

Ilicit Feelings

Close-Up provides confidence as it ensures freshness because of which one can interact with others at a close distance.

- Good Knight Expert helps me ensure that my child has sleep without disturbance.
- Santoor helps me look younger.

Evoke Favourable Attitude

- Cadbury's Dairy Milk is for all age groups. I can have it too. It would not be embarrassing if I am seen having it
- Femina is for modern and forward looking women like me
- Elle 18 is for the young, fast, and trendy

Forms of Brand Associations

Associations can exist across a range of specific parameters. Based on the type of parameter, BAs can be classified. You can see few good examples hereunder and think of few besides these.

Product Category

Some examples in this context are:

- Microsystem detergent powder versus normal detergent powder.
- Onjus is a juice.
- Surfmatic is for washing machines.

The classic example in this context is of 7 Up-the Uncola. This approach has rarely been used with intensity in India.

Competitors

Some brands have used specific competitor in a subtle manner to create a reference point for generating association. These are mostly on tangible aspects. Examples are Mortein twelve hour red mat (versus normal eight-hour blue mat-Good night), Wheel detergent powder (versus Nirma-does not n. my hands), and Captain Cook salt (free flow versus your favourite salt- Tata salt). Just talking of the attribute/benefit would not have as much intensity as it has when used against a strong brand. Care should be taken that the real-life performance is no different from the claim, else such a route could be the brand's Waterloo.A classic example for all times in this context is 'We are No.2. we try harder,' by Avis car rentals.

Celebrity Personality

Brands are increasingly using it-Sachin Tendulkar for Visa, Pepsi, Gillette, and Boost, Kapil Dev for Samsung, Rapidex, palmolive and S Kumar's, a host of cricketers for Pepsi, and Saurav Ganguly and Rahul Dravid for Britannia.

Overuse has led to a feeling of 'me too' in the cola market. Aamir Khan is used for Coke, Salman Khan and Sunil Shetty Thums Up, and Sharukh Khan for Pepsi. BAs should help a brand to stand out and thus revitalize it. If all competitors follow the same formula, differentiation reduces. It then boils down to which star is more appealing at that point of time.

Lux was one of the first to capture this parameter and Cinthol has tried it often in the past. But consistency has paid off for Lux in the crowded soap market, which has a lack significant benefit differentiation. Well, consistency can become monotonous leading to fast wear-out. So, Lux has been consciously changing its models. As time progresses and new stars are born they find their place in the Lux ad, from Hema Malini to Tabu.

Intangibles need to have a tangible evidence. Celebrity endorsement is one of the ways to provide such evidence.

So we can say celebrity advertising are most likely to be effective for:

- Lifestyle products such as premium watches, and brand garments as in such cases the need is intangible imagery. And the concept of celebrity is 'intangible imagery'.
- A brand if its main competition is also not using comparable celebrity.
- A brand if the celebrity used has the credentials for endorsing the product (e.g. Sachin Tendulkar for BOOST'the secret of my energy').
- A brand in whose ad the brand is a bigger hero and not the celebrity. The ad is for a brand and not for a celebrity. The halo effect of celebrity has to be prevented in the story line.
- The brand message gets communicated and found to be relevant.

While on celebrity advertising one need to touch on a celebrity product-Kaun Banega Crorepati. ,Few questions come to mind when thinking about KBC. What would have happened with KBC if Amitabh Bachhan would not have been the anchor in it? Why did 'Chappar Phad Ke' on Sony" Govinda as anchor loose out? Was the cause the celebrity? Or was it the program content? Or was it to do with who was first? Or was the cause the channel-Star versus Sony ?

Price

Price is used to segment appeal value based on affordability and heterogeneity **in** the marketplace. Mostly it is the lower economy pricing that can be exploited. Some good examples in this context are provided below. This association is a great busiiness opportunity. Further, this can be effectively used if cost structure can be re-engineered (decentralized product sourcing could be a way out; another could be franchising).

Edible oils: Gemini, Goldwinner

Detergents: Nirma, Wheel

Toothpaste: Babool

You can note this opportunity exists for the entire category and not just for a specific brand. The first mover has the advantage but it can be effectively copied.

The reverse of economy pricing is also possible. Premium pricing has to be supported by a valid/credible reason. Scotch whisky is not normal whisky and justifies higher price point. Much better quality can also be used to support this, like Ford Ikon and Hyundai Accent passenger cars.

Value for money perception can also be created through characters like Surf's Lalitaji (Surf ki khariddari mein samajhdari hai).

Good Knight twelve-hours mat last much longer than the normal eight-hour mats, and hence provide significant additional benefit leading to justification of a higher MRP. Such pricing appeals also go further in terms of defining user profile, which is also a BA parameter.

Place of Origin

Certain places have some speciality and these can be converted into focused BA. Darjeelingi/Assam are known for great quality tea. Some such international examples are as below:

France - Fashion, Perfume, Champagne Russia - Vodka

Italy - Shoes, Leather goods Germany - Beer, Quality automobiles

The only fear with this is that these could change over long-time period or other places could catch up. There has been no noticeable use of this parameter in India.

Use Of Product/Service

Some examples are:

Any-Time Money (for banking services)

Beer even in monsoon (ad for kingfisher in 2000)

Monsoon time is soup time (ad for maggie soup in 2000)

For making ice quickly (Whirlpool refrigerator in 2000)

These usage occasions provide association opportunities and though promoted by specific brands are actually opportunities for almost all brands in the concerned category. Whoever does it first loudly steals the association.

Measuring Brand Association

The efficiency of BA research depends on seven key aspects listed below:

- Stimulus material available (concept statement or ad which could be a storyboard, animatics or finished).
- Language used and its appropriateness among target respondents.
- Research technique(s) used.
- Newness of product concept under study. Understanding existing state of affairs in the minds before exposing to stimulus material.
- Communication skills of respondents.
- Unbiased facilitation by researcher/interviewer.
- For existing brands or existing competition of new brands, minds would already have BAs. Hence, in such cases evaluation should include the following;
- Ascertain current state of affairs, without exposing respondents to the new concept(s).
- Expose new concept(s).
- Ascertain response to new concept(s).
- Compare responses generated pre- and post-exposure of the 1ew concepts(s) to understand effects.

You should remember that without having knowledge of BAs pre-exposure, one is likely to link all effects observed post-exposure to the concept. And that would not be true. History (or past) has its effect in the consumers' mind and we cannot neglect it. If the measurement process is faulty, measures would be inaccurate, and decision based on such measures may not be the right one. So, beware and ensure research agencies design research appropriately.

The Overall Research Process

The process is outlined as follows:

Round 1: Qualitative research to test new concepts/options, or evaluate existing state of affairs in the mind. The scope should include absolute evaluation as well as relative to pre-defined competition. Options, if any, should be prioritized.

Appropriate techniques should be used. Irrespective of the techniques, probing should be done in detail at appropriate points of response generation. 'Multiple why's' would help a lot here.

Stimulus material should be in the appropriate language(s) Consumers may be used to rewrite it so as to improve comprehension.

Round 2: Modify concept(s) evaluated in Round 1. If need be, generate new one(s).

Round 3: Conduct Quantitative research and prioritize the options. Identify the winner. Use research findings to modify it, if required.

Qualitative Research Techniques

For Qualitative research you should involve focus-group discussions, depth interviews, and observations. As the context of BA exploratory, it is used extensively and frequently. BA research involves ascertaining responses that:

- Exist in the form of thoughts, feelings, experience, and attitudes
- Are present at the conscious or subconscious levels and
- Though at the conscious level, might not be forthcoming as respondents might not be willing to express.

Respondents Might or Might not Express Everything Openly.

It is a common observation in day-to-day life that people/ individuals (who are the respondents in the research based on a particular selection criteria) are unable to express in circumstances like:

- Giving reasons as to why they purchased a particular brand. At times, they do not know the true reasons. I have used Ariel, Tide and Surf. I have no issues with any of these, nor does my maid. I would not mind using any of these brands in the future. But still, I ask for Surf most often at the outlet spontaneously by default. I don't spend a second thinking for the brand to buy. But why? I have no convincing answer. Many consumers have the same state of mind for certain brands, may not be Surf.
- What is good about the brand Lux? One might not have an answer. One might never have thought about it, and it is the first time that one has to, because of the question in the research.

Such responses, if they exist, do so at the subconscious level and not at the conscious level. What exists in the latter gets expressed spontaneously unless the respondent is unwilling to express it. People usually are unwilling to express certain things, which are embarrassing.

This could involve a question like why do you want to look beautiful, or you are dark why you do not use creams like Fairever, or why you use Nirma most often although you almost have Surf Excel or Ariel at home. On putting pressure, the respondent might end up giving invalid justification or beat around the bush or still keep quiet. This should be consciously avoided by the researcher. Pressurizing technique as a consumer research technique is not advised under any circum'tances.

At times, the research process (interview/discussion) might have gone for so long that the respondent might not express, resulting in faster end of the interaction. The researcher needs to accordingly design research and pilot it before going live.

But to manage BA these hurdles need to be overcome. :, over the years, researchers and psychologists have developed techniques to enable this process of ascertaining responses which respondents are unwilling or unable to express.

These do help greatly as per real-life experience. Whether they completely solve the issues or not is difficult to answer. These techniques are called projective techniques. These allow a respondent to project himself or herself into a context which bypasses the inhibitions or limitations of more direct questioning. Hence, the name of the techniques. It is human nature to be willing to give uncomfortable comments about others, but not about one's own self or others who are one's near and dear ones.

These techniques hide the goal through the process ascertaining responses. Caution has been taken so that there are not confusing or make the respondents feel cheated at the end. Some of the often used projective techniques are brie discussed below:

Free Association

These include:

- Word association, and
- Sentence completion.

Word association:

This involves the following steps:

Respondents are exposed to a battery of brand names.

Respondents are then asked to express the first set of we that come to mind.

(Before the brands under study are presented, a short warm up/trial run is advised. Verbal expressions obtained help capture spontaneous thoughts.)

After generating the associated words, the reasons for the same are obtained.

Quantitative ratings are obtained for the test brand and its competitor as to how well the words fit the brand through a scale.(Fits very well,fits quite well, fit to some extend and does not fit at all.

Sentence Completion

This involves the following steps:

- Respondents are exposed to one or more incomplete sentences. (Warm up is advised,)
- They are then asked to complete the sentence.

For example,

People like Hero Puch because. . .'

A friend of your brother has just bought a washing machine. He asks you what he should do to wash clothes effectively in it. You would say, "You should. . . '

Picture interpretation

The steps are as below:

- Respondents are exposed to a picture with one or more scenes. The latter are linked up in some manner if it is more than one. Each of these has thought or speech bubbles like in comics. These bubbles are empty.
- Respondent is briefed about the scene(s).
- They are then asked to fill the empty thought or speech bubbles.
- Based on what is filled, respondents might be asked to say why the character(s) would say or think or feel the way they had stated.

This allows respondents to express how they actually feel by making use of the characters in the picture. It is believed what the characters are saying as per the respondents is what the respondent would say if he/she would be that character in real life.

Experience of Using Product

There are two ways of understanding this. One is spontaneous and the other prompted. Prompted method involves respondents describing the last time they used the product; how they used it, the place, time and occasion of use, what they did before use and after use, what went wrong and why, what went right and why, benefits derived and miscellaneous queries based on content of response given during the interview. This should be done for both the brand under study and its competitor. While researching for Tide, one can also get responses for Ariel and Surf Excel. This will help to map the differences in the use process and diagnostics. It will help identify 'better' factors, 'similar' factors, and 'weaker' factors for a brand and its competition. These factors also need to be prioritized among the consumers in the same research. This can help have a re look at the communication content as well as product development guidelines.

To ascertain some of these experiences, different 'use contexts' or 'benefit contexts' can be exposed to respondents through a brief story or the use of picture completion may be done.

Spontaneous process would capture small things which respondent may be unable to recall or note during use. For example, a dissatisfaction point with Rin may be that becomes soggy and soft during use and hence gets over fast. Observation (recorded on a video or without) might indicate that while Rin is being used it is left on the floor of the washing area and is continuously submerged (partly or completely) in water, or the soap case used does not have perforation/slits the base to let water run out during or after use. Such factors could be facilitating the softening process. One can then observe the process with fresh/dry soap while controlling these factors. If improvement is seen, the causal analysis gets direction. If it does not, further exploration needs to

conducted like the formulation itself. Benchmarking would need to be done by observing a similar process with similar factors for the competitors. This can ultimately lead to things like product development or customer education process about best practices for washing, using the particular soap or similar soaps or soaps per se.

Depending on the product category and its usage practices, the observation research would have to be planned in detail. The process cannot be similar for toilet soaps, deodorant spray and sanitary napkins. All observations cannot be:

- Made at the spot (side effects of Anacin)

- Made as the product use cannot be seen (sanitary napkins effect of Band-Aid)
- Made within a short time-span as the use process and efficacy would involve quite a long-time period (effect of Cinthol three-day test, effect of lasting deodorant effect of Rexona deodorant spray or effect of Krack cream).

Creativity, which should be practical, needs to be used based on used context and expected efficacy time period. Things like sniffing of mouth after hours for freshness due to a tooth-paste, or sniffing of armpits/used clothes at the end of the day for a deo product would be ideal to observe and note. These things do not get verbalized by respondents; so the technique has to play the role.

Decision-Making Process

At times, a detailed understanding of the process helps. One is to dissect it and for each part, understand aspects like influencer, time taken, information required, etc. For all we know the process hardly exists in a case like-'My mother always consumes Gelusil. We buy before it is almost over or is over. We do not evaluate or consult. Gelusil has to be there and it has to be bought if it is getting over.'

With the help of the consumers the process mapping should be done. This is most advised for high involvement products or close personal products. 'Multiple-why's' may be used Whenever appropriate.

Difference Between Brands

It is not always enough to ask, 'What is the difference between Brand X and Brand Y?' to understand differences that exist in the minds of the consumers. This concept of brand differences can be better understood if one can ascertain, 'how brand users differ?' This gets into the concept of brand personality. A range of questions can be used together to understand this. It is possible that a customer may be buying a brand because of its packaging, i.e. brand looks and might not be consciously aware of it. Hence, it might not be expressed by him/her overtly. The suggested range of questions are as below:

- Questions related to personality.
- Give respondents a pair of brands (they are aware of) and ask how they differ. Understand what makes the respondent say so.
- Give respondents three brands (they are aware of) and ask them to identify two that are similar. Then ask, why the two are similar and the third is different.
- Give brands and ask for first and second preference. Ask why the brand preferred first is so preferred. Also ask why the first is preferred more than the second?

Multiple Why's*

This can be used to move responses from the 'attribute level' to the 'benefit level'. Well, attributes lead to benefits and benefits are the means to achieve desired ends. An example follows for your better understanding:

Q: Why do you prefer Jet Airways?

A: Leg space.

Q: Why do you want leg space?

A: Physical comfort.

Q: Why do you want physical comfort?

A: Feel better about self.

Well, based on this, what would you prefer to be the BA for Jet Airways?

Jet Airways is the preferred airline.

Or

Jet Airways is where you can get more leg space.

Or

Jet Airways is the place for ultimate physical comfort.

Or

Feel better about yourself in Jet Airways.

Which of these sound intangible? Which of these can be copied? Which of these has greater creative opportunities for developing communication? Which of these can better differentiate even in the future or if customer-need prioritization changes?

Quantitative Research Techniques

These involve personal interviews with the help of structured questionnaires. Responses are obtained at two levels-spontaneous and prompted. It is advised to get the spontaneous responses first and then the prompted responses. Quality probing needs to be done for the spontaneous questions.

Spontaneous questions help us obtain thoughts, feelings, and facts that exist at the conscious level in the mind. Prompted questions aid getting responses for the aspects that exist at e subconscious level. Further, spontaneous questions help getting better diagnostics.

The spontaneous response questions typically are:

What thoughts come to your mind on hearing the word……. (Brand Name)?

What is . . . (Brand Name)?

What do you particularly like about. . . (Brand Name)? What do you particularly dislike about. . . (Brand me)? .

What is unique about. . . (Brand Name)?

Why do you use. . . (Brand Name) most often?

Why don't you use. . . (Brand Name)?

Why do you prefer. . . (Brand X) over. . . (Brand Y)?

Why would you never use. . . (Brand Name)?

The prompted response questions typically are:

What are the key attributes/features/benefits of ... (Product)?

Here is a list of attributes/features/benefits of ... (Product) which some other people like you have indicated. Which of these are key according to you? Now, please rank each of these in order of importance with rank one for the most import attribute according to you, and so on.

Brand Image

The perception of your product or your brand by the consumer.

Variety may be the spice of life, but not when it comes to marketing your business-especially when you're creating a brand image to set you apart from the competition.

Branding is a way to help companies of all sizes achieve the highest level of professional awareness. It's also one of those 50-cent marketing words used by super-successful companies like Nike, whose "swoosh" logo has become synonymous with its brand.

This isn't to suggest that you need big bucks to brand your homebased business. Rather, you need your own "swoosh," a singular look that you use on all marketing materials, including your letterhead, business cards, Web site and any signage.

It sounds simple enough, but it's not, at least according to Aaron Pratt, owner of Prattboy Dot Com, a Hayward, Wisconsin, graphic design firm. "One of the biggest problems I see is people start going nuts with desktop programs like Microsoft Publisher," says Pratt, who often counsels others on creating a unified marketing look. "They think they have to use *all* the clip art available, [so they] end up with a fancy hodgepodge of ideas that on their own are OK, but together, don't say anything about their business. This is especially confusing for potential customers."

That said, just do the following:

1. Remember that one is *not* the loneliest number when it comes to creating a consistent marketing message. Find one look or message that describes your business and stick with it.
2. Use the same color scheme, fonts and design throughout your marketing materials, business cards, letterhead and Web site.
3. Get a second, third and even a fourth opinion about your idea-and get them from people who might be more objective than your spouse or your mom.
4. Finally, put the rest of those fancy ideas in a folder. Microsoft Publisher may be cool, but if you use every trick the software offers, you'll end up looking messy, not professional.

Consumers perceive and accept many brands within a certain trade group in different ways. By personifying a brand (How would you describe brand X if it were a person?) we can find out, that for instance consumers perceive brand A as a young, impulsive, lively, attractive, energetic woman full of ideas. In the same way could brand B be an elderly, conservative and relaxed man. The brand can also have a completely inexpressive and bad image. That is how brand C may not have any real personal characteristics, slim, tall, unnoticeable and calm.

The image basically expresses a way of a consumer thinks about the brand and the feelings the brand arouses when the consumer thinks about it. On the basis of these characteristics, which the consumer associates with the brand, the company can build a competitive advantage for its brand.

What sort of image should our brand have?

Before answering this question it is important to take into account several factors and market circumstances: company goals, consumer wishes and expectations, trade groups and several other groups. A company builds its brand image through trade communication with its consumers. That is how a company informs the consumer of what the brand represents, what its values are, what the company is offering or guaranteeing the consumer, what its advantages are, its qualities etc. The consumers interpret all obtained information and form a subjective perception of the brand or its image

Why research the brand image?

Understanding a brand image is of key importance to long-term management of a brand. It is also important how the consumers formed the brand and what kind of relationship was formed with the brand - what the brand means to them and how they have accepted it. Understanding the relationship between consumers and brands can help a company control its successful brand positioning and the efficiency of advertising.

How do we research the image?

The brand image is formed in the long-term and represents a non-conscious and "untouchable" area, which needs to be researched using projective researching methods that help the consumer to overcome certain obstacles and limitations as well helping him to be inspired in the world of brand names. The consumer does therefore not only focus on the brand, but mainly on his experience with it and on its usual users. He focuses on the opportunities, which are most suitable for the specific brand and what sort of image the brand presents etc. We are able to research and describe the brand from various perspectives. We obtain many different associations, ideas, benefits and people whom the consumer in some way connects to brands, which need to be suitably and correctly interpreted. It is important to define the key characteristics and values, which are connected to a specific brand by the consumer. Relevant findings show results of long-term management of a brand and represent key dimensions on which the competitive advantage of a brand is based

Weak Brand Image Hitting Indian Exports

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Weak brand image and poor marketing continues to affect the prospects of Indian exports to the European Union, a top official of the European Commission said in Chennai.

"Indian companies exporting to EU need to further improve their brand image and put more thrust on marketing to increase export volumes," Stefano Gatto, counsellor and head, trade and economic affairs, European Commission, told a Round Table on business with EU, organised by the Federation of Indian Export Organisations on Thursday.

He stressed on the fact that European importers were highly conscious of the quality of exports mainly in respect of fruits, vegetables and other food products.

Besides health and safety standards, EU countries also measure their imports against social standards like codes of conduct and ethics, labour conditions and child labour practices, he pointed out.

Gatto offered to help the Indian exporters by providing information about EU importers, customs tariff structure for

specific products and methods to get products certified under EU regulations.

Titan to Tackle Flagging Brand Image

.Times of India - May 29, 2002

.New Delhi: Titan has embarked upon a multi-pronged strategy to regain lost ground and revive brand image. This include a launch of 300 new designs (against 100-150 normally) later this year, revamping of136 exclusive retail outlets across India, a 10 per cent rise in ad spend from a stagnant Rs 26 crore in the past couple of years and fine-tuning of distribution strategy.

The big boy of the Indian watch industry in the past, is working hard to ensure top-of-the-mind customer recall.

For a couple of years now, foreign brands like Espirit and Swatch have been taking away the fashion-conscious customer away from Titan (in the over Rs 2,000 category).

At the bottom-end (sub-Rs 500), its Sonata range is seeing cheap Chinese imports, the grey market and local assembled pieces gobble up the pie. Somewhere in the middle, Timex is swaying the young, sporty types away from its Fastrak.

Where has that left Titan? Admits Bijou Kurien, COO (watches): "We earlier had an image of being a premium brand. That has got dulled now and the Titan image has got diffused." He feels the best way to retain a hold in the various segments is by strengthening the sub-brands and having clear brand images for them.

The Rs 700 crore company (2001-02 net profit Rs 23 crore) has decided to stick to Sonata (value for money, low-priced, aimed at first-time user and semi-urban/rural customer), Titan (with upmarket Raga, Regalia and Nebula being a part of it), Fastrak (trends, sporty watches for the young adult) and Dash (for children) as its four key brands. A management consultancy has been hired to give inputs.

A clear segmentation is needed as the watch industry has been growing in single digits for some time now. Kurien says while the watch industry is stagnant in parts, the two ends of the market are growing rapidly.

The top end, thanks to the international players, is growing fast in value and is put at Rs 250 crore. The bottom end, led by locally assembled watches and cheap smuggled pieces, is leapfrogging in volumes. To be a part of both, Titan will need clearly defined products here.

'My Principle Focus is Give The Brand Image A Facelift'

It may not be the numero uno domestic carrier but is definitely making progress at consolidating its market share. Raman Mohan, general manager - sales and marketing, India, Air Sahara, in conversation with Raadia Mukadam, elucidates some new marketing strategies up his sleeves. Excerpts

How do you find the transition from a CRS to an airline?

I am fortunate that they are both part of the travel industry, which entails me to deal with the same people. However, this portfolio comes with its own set of challenges, because challenges in an airline are much more. There is more scope in terms of what can be accomplished in the field of sales and marketing, with a much larger playing field including travel agents and the corporate segment.

Has your airline also suffered a setback in lieu of the post-Afghan strikes?

Surprisingly, we did not receive a major setback, even during the worst time we were doing at least 50 per cent load factor. We did better than we expected. Overall, there has been a slowdown in the aviation industry so I won't be surprised, if we do not register scaling sales figures. The emphasis right now is on sustenance with nominal growth. Judging by those standards things are looking up in our favour.

What is your principle focus for Air Sahara?

My principle focus prevailing currently is to improve the image of the airline. Operationally, we have no gray areas with flights meeting the scheduled departure time. We want to establish this as a brand which is professional, yet has a human face to it. We also want to bear the image of being extremely approachable and have no room for attitude among our staff. We want to inculcate a professional work culture which will naturally reflect in better service. By incorporating an incomparable frequent flier programme with increased flights between metros, we have already taken a step ahead to alter our image with the corporate segment.

With three primary players in the market, how do you plan to beat competition?

The fact that we are not the numero uno makes the job all the more interesting. We agree that we do not cover as many destinations as other domestic carriers but given our fleet and infrastructure, playing the game and emerging the winner is what eventually counts. We are increasing flights to metros like Delhi, Kolkata and Bangalore and expect to capture a sizable traffic by this decision. The only area of value down South which we do not cover is Kerala, to which we intend to initiate flights in the near future.

What according to you is your biggest handicap?

Firstly, our biggest handicap is the fact that we have a small fleet. Secondly, our services do not encompass any satellite towns, unlike Jet Airways, who does so because of the ATR's that they posses. Our immediate plans include inducting more aircraft into our existing fleet. Given our existing fleet, we intend to maximise output by increasing our frequency between metro cities. Since, the main business for any small airline in terms of turnover and break-even lies in the metros.

Which way is your marketing strategy pointed at the moment?

We want to deviate our focus from the leisure traveller to the business traveller. Our only reason in the past for not having a substantial corporate traffic was the lack of morning - evening city pairs, which we are rectifying by increasing the number of flights between metros. This can enable a corporate to fly in the morning, transact his business and return late evening without necessarily having to stay overnight.

LESSON 9:
BRAND LOYALTY

Objectives

The learning objective: this lecture will help you to understand:

a. Brand Loyalty its types and importance for branded products.

In the previous lesson we discussed about Brand Relationship in detail. This gives us an insight to understand Brand Loyalty better.

Brand loyalty is a very interesting topic as it relates very closely to our daily lives. I'm very sure you can name atleast 10 great brands of Jeans, Shoes, Shirts, Sun glasses, Jackets you are crazy for.

Just think for a while.??

Now think that how many of these brands you have used more than once.

Introduction

Retaining an existing consumer is often more profitable than finding a new consumer. This is known to marketers for the last two decades though one has not seen too many retention strategies in India, until recently. While retaining brand loyal customers, it is important to consider its impact on the bottom line of the company. Research across product categories has shown that 100 per cent retention of customers will not be always profitable to the brand and retaining customers indiscriminately would not lead to profitability. A basic understanding of retention strategies is required for a marketer even before CRM (customer relationship management) strategies are planned. There cannot be a better time to understand and implement customer retention strategies (in both consumer and business-to-business marketing) given the economic downturn in several markets and the need to retain profitable customers.

Customer equity deals with the manner in which customers can add value to the profitability of the company (customer equity also looks at how the company can create value for the customer but this article deals with the other aspect). Loyalty and retention strategies would have to be understood before customer equity strategies are formulated. The following aspects of customer equity may be useful for marketers:

- What is brand loyalty?
- Is brand loyalty built on functional or symbolic aspects?
- Do psychological factors matter to brand loyalty in business-to-business marketing?

While in-depth aspects of customer equity are firm-specific, certain concepts are likely to provide insights to marketers and these answers cover the questions mentioned above.

There is a need not only for customer equity oriented strategies but also for investing in behavioural research of customers to know the underpinnings on which loyalty or retention is built.

Brand Loyalty

Brand loyalty is the repeat purchase made by the consumer out of commitment to the brand. In many cases of loyalty, marketers may do well to check if the repeat purchases are made out of commitment or if they are inertia purchases. You may keep buying a brand of soap or toothpaste because of its availability with regard to a specific stock-keeping unit which he can afford (50 grams or 75 grams package is the specific stock keeping unit referred in this context). Brand loyalty is indicated when the consumer deliberately chooses a brand from a set of alternative brands.

You may not go through a decision process to select a brand when you are brand loyal. Though there is a great deal of similarity/overlap between habit and loyalty, the repeat purchase made out of convenience can be classified under habit whereas purchases made out of commitment is loyalty.

When you develop loyalty towards a brand you develop a favourable attitude towards the brand resulting in commitment. Brand loyalty offers a number of advantages to the marketer. "Brand loyal consumers start building a relationship with the brand". You may become advocates of the brand by the positive word of mouth.

"Brand loyal consumers may become passionate about the brand and form clubs which results in further strengthening the brand".

Bajaj, the motorcycle brand in India, is an example of how passion among consumers has been instrumental in reflecting the loyalty to the brand.

The members get together and go out on adventure trips on the bikes wearing special garments created by the brand. The linkages involved in brand visibility and the display of loyalty results in a positive rub-off on the equity of the brand.

There is even research evidence to show that brand loyal consumers may even actually avoid advertisements of competitive brands. Loyal consumers may also be prepared to try out the variants of the brand and in certain categories may even be prepared to pay a premium (high priced cigarettes and perfumes may be examples).

Brand loyal consumers may try out other offerings (other categories) brought out by the brand. Fabmart, the Internet store, which is into books, jewellery, music and groceries, has consumers who are loyal to the brand and are likely to order several categories from the store - this indicates store loyalty. Under certain conditions, consumers may also transfer their brand loyalty across product categories.

Virgin is a brand in the US, which is into financial services, cola drink, music and airline and the brand is doing well in all the categories.

Recently there has been research which reflects that brand loyalty could be enhanced if the product tried results in a high degree of satisfaction. This is because the consumer feels that the time invested in learning about the brand has resulted in a positive outcome.

If you spend significant time in choosing a readymade apparel brand and find that it gave you high level of satisfaction, there is a high degree of probability that you would become a loyal consumer of the brand.

This is because the time invested in learning about the category and the brand has resulted in a positive outcome which is likely to discourage you from experimenting with other brands during your subsequent cycles of the category purchase.

There is a need to investigate you as a consumer learn about a product category and brands as this would be useful to provide the learning experience (besides providing a good product or service) which may also have an impact on loyalty.

For instance, the experience of logging on to Amazon.com may be important because of the benefits offered by the Web site.

Is Brand Loyalty Built on Functional or Symbolic Aspects?

Drawing upon several theories and models associated with consumer loyalty and learning processes, consumers may initially become loyal to a particular brand because of its functional benefits. Loyalty across toothpastes, cars, banking services and books clearly show that a brand has to score on functional aspects whenever consumers use 'search-oriented' products (search-oriented products are those which could be evaluated by consumers even before they buy/try the product). For instance, a consumer may go through the ingredients of Colgate Total and derive inferences about the benefits (evaluate it to a certain extent) and try the brand. Loyalty on such search-oriented products gets initiated when the consumer experiences the benefits of functional attributes.

Symbolic associations may also play an important role in strengthening loyalty to a brand (gel toothpastes are advertised on the symbolic aspects and this trigger a certain kind of loyalty because of peer group associations - this could happen after the brand is established). But even when symbolism triggers loyalty, a certain degree of benefit should be an outcome of the brand usage. Symbolism can have an impact on loyalty related to products which are consumed for sensory gratification - such as beer, perfumes and cigarettes. A brand's communication revolving around symbolism (status or snob appeal or group affiliation or a personality trait) adds to the gratification inherent in the product and results in loyalty. Raymond which has positioned itself for the 'complete man' may attract a certain degree of loyalty from its target segment (but in this kind of product category, improvements in functional qualities of offerings would strengthen and sustain the loyalty of the brand). In categories which are highly 'experience related' like hotel services or airline services, symbolism could enable consumers try the service. Experience related services are those which could be evaluated only after the consumer goes through the consumption experience. A hotel or an airline could bring in appealing symbolism in its advertisements but the 'experience' would prove to be the final dimension which would trigger loyalty.

An ideal approach for a brand would be to use the functional route to loyalty and then use appropriate symbolic communication to strengthen the loyalty over a period of time. The basic assumption in this kind of an approach is that the brand would constantly update its offerings (or product line) with improvements which would result in a competitive advantage over competing brands. A brand has to adapt itself to the changing environment over a period of time (while using symbolic imagery consistent with its brand proposition). Bajaj has a strong value for money family-oriented and a very Indian (ethinocentric) image. It may be a good strategy for Bajaj to strengthen these associations rather than get into an other-directed trendy mode (the TV commercial lady for Chetak being driven by a modern lady). Such symbolic brands (like Bravo or Classic from the same company) should be promoted without the association of Bajaj 'Chetak' given its presence in the Indian scooter market is the "vehicle for the masses" and such exclusive symbolism may not be in tune with the mindset of a loyal brand of consumers. The equity of this brand could be realised from the fact that it is perhaps the only brand to command a respectable second hand value in a scooter market which is registering negative growth. Symbolic or psychological appeals should strengthen loyalty rather than create a feeling of alienation from the existing loyal base of consumers. Volvo, a brand name known for safety and reliability for several decades (around the world) may launch campaigns which centre around psychological appeals which reinforce the safety image - the advertisements may show beautiful scenic spots which provide a break for the pressurised urbanites and the advertisement could present how such consumers could reach these spots safely with their Volvo (See chart). The psychological factors like reliability, trust and reassurance also matters in business-to-business marketing as they provide the basic platform for CRM.

Retention

As stated earlier 100 per cent retention may not be a very practical retention strategy. An airline like Jet Airways or Indian Airlines would certainly like to retain 100 per cent of its customers in the top segment (perhaps Business class). But there is a vast segment which is highly price sensitive and several dimensions are to be analysed before a decision is taken to retain these price-sensitive customers with rewards and freebies.

Price-sensitive customers may shift to another brand which offers them more freebies; besides it may be worthwhile to analyse the purchase pattern of these price- sensitive customers - what is the potential profitability of retaining these customers?

The Brand Loyalty Challenge: An Indian Perspective

By

Chandranath Chakraborty & Nandini Jayaram M, NITIE

Indian consumers have always exhibited Multiple Brand Loyalty (MBL). The increasing brand variety in the Indian Market is eroding brand loyalty per se and the multiple-brand loyalty brand bouquet is witnessing greater variety-seeking behavior. The most important factors contributing to this phenomenon are the growth of organized retailing, changing consumer

preferences and increasing media clutter. As India speeds on the road to modernization, these are necessary evils marketers have to contend with. The relevance of brands in future will be decided not on their emotional imagery, but perceived value. In this context, combating brand variety entails creating need-based customer value propositions, prioritizing target markets and creating short-term brands.

Introduction

"Consumer loyalty is fast becoming a disappearing phenomenon with an increasing demand for brand variety"

- Rajeev Bakshi, MD, Cadbury India, August 31, 20001

In an increasingly borderless world, consumers are getting exposed to both information and choice overloads, making them increasingly confused about brands, products and advertising. Today, India sees the launch of new products, new brand extensions and new price points, all aimed at that elusive thing called the consumer's mind-space, almost every day. In this context, it becomes imperative for the marketer to evaluate brand loyalty and whither he stands in the brand continuum.

Brand Variety and Multiple-Brand Loyalty in The Indian Market

Brand loyalty is the degree to which a customer holds a positive attitude towards a brand, has a commitment to it, and intends to continue purchasing it in the future. This presupposes that there is something in the brand that satisfies both the social and psychological needs of the consumer.

Indian consumers have always exhibited multiple-brand loyalty (MBL) as privileged members in the family are given preferential treatment in terms of better quality goods than the rest. The elderly and children are two such groups with formidable influencing power. The young urban professional might wear Allen Solly or Peter England shirts as daily wear, but is likely to use Louis Philippe for special occasions.

A housewife is likely to use Tide or Surf Excel for extra whiteness, whereas for coloured

clothes, she might use RIN Power. In rural India, MBL exists albeit in a restricted manner

due to limited choice. The plethora of brands now available in the Indian market, in virtually every product category, has only increased the breadth and depth of MBL. Increasing brand variety has resulted in more product usage, with every new brand trying to create its own space within the category spectrum. For example, the shampoo category now includes shampoos for dry, oily, normal and damaged hair. We also have shampoo-plus conditioners, anti-dandruff shampoos and shampoos guaranteeing increased volume and better hair growth. With premium brands like Lux penetrating the lowest SECs3 in the rural sector, no market can remain immune to the phenomenon of brand variety. Over the past five years, the smaller brands have started to threaten the bigger players in every product category. The fastest growing brand in calendar year '01 was the little-known Gold Winner, a refined oil produced by Kalisuri Oil Mills, according to an ORG report4.

This phenomenon is not restricted to products alone. In fact, the services sector witnesses greater challenges in sustaining brand loyalty, as the offerings are intangible. The banking and financial services sector is a prime example of the customer churn caused by increasing brand variety. People now have a wide variety of options to choose from, right from insurance policies to bank accounts. Every brand in the multiple-brand loyalty bouquet is witnessing greater brand switching due to greater brand variety. This brings us to the need for a paradigm shift in the way marketers approach the empowered Indian consumer.

The Need for a Paradigm Shift

Indian marketers are under assault from a number of factors. Organized retailing has thrown up powerful retailers who cannot be dictated to. Increasingly sophisticated consumers are demanding more for less. The plethora of media options has resulted in fragmentation of mass-communication reach and effectiveness. To understand and evaluate the impact of brand variety on the Indian consumer, all these externalities need to be taken into account.

The Rise of Organized Retailing

With organised retailing gaining rapid acceptance and popularity, the fight for shelf-space

has begun in earnest. Proliferation of SKUs has added to the mayhem. Brand switching is

induced by both manufacturer and in-store promotions, merchandizing and retailer. The undiscovered country,

Businessworld, Apr 7, 1999 4 Economic Times, Apr 24, 2002

In urban India, the preoccupation with convenience-shopping and hygienically packed goods has led to an increase in national, regional, local and store-level brands. Earlier, small brands remained so as they could not match the distribution might of the MNCs. The growing reach of organised retail chains has lowered this key entry barrier. The resultant increase in brand variety has in turn led the consumer to opt for multiple brands for multiple occasions rather than an all-encompassing brand.

In the rural sector, there are a total of 3,697,527 shops (retail outlets) in the rural sector, leading to an average of 5.85 shops per village. *Haats* operate once a week or more often in a total of 41,888 villages. 45% of the villages with *haats* are in the east, 27% in north, 20% in west and 8% in south. The data indicates that with establishment of (permanent) shops, *haats* are moving out 5.

Changing Consumer Preferences

With rise in the disposable income level, the Indian consumer is willing to spend more on personal needs and indulgences. In a scenario where 'cool' means the latest, variety-seeking behaviour is becoming the norm than the exception. Increasingly, people sticking to the 'old faithfuls' are seen as predictable and boring. Customer's willingness to try a new brand nowadays matches or even surpasses their loyalty towards a familiar brand. Jagdeep Kapoor, MD, Samsika Marketing Consultancy says that consumers are more loyal to "perceived value" than to "brands"6. Consumers are not stressing on low cost but higher value.

The reasons for variety seeking are many. Dan Herman says that buying a new brand

can be psychologically instrumental because it –

- Strengthens the self image of someone who is current
- Nurtures a feeling of liveliness and connectedness to what is happening in the
- World around us
- Provides a refreshing, renewed, stimulated and invigorated feeling
- Facilitates mood management
- Increases confidence in purchase choice because new often means improved quality

The rapid advancements witnessed by the country in areas like education, communication, information technology and transportation have created a sense of freedom in the minds of the populace. The influence of community in shaping purchasing decisions has diminished to a great extent. The fast pace of development has removed the surprise element in any new brand introduction.

Increasing Media Clutter

Clutter or non-programme material is primarily constituted by content that leads to interruption in programme viewing like brand commercials, programme promos (tagged/untagged), station identification and public service announcements.

The TNS Mode survey for the year 2000 revealed that consumers spend maximum time watching television. Greater brand variety has thus resulted in an overwhelming demand for television advertisement spots but the effectiveness of individual advertisements has been limited by the Snag effect10 - the viewer starts

perceiving that commercial breaks are eating into programming and hence loses interest in both the program and the commercial. Advertisement durations are decreasing, as advertisement spots get prohibitively expensive. In 2002, TV commercials below 20 seconds in duration accounted for about 70 per cent of all commercials. TAM Adex reported in 200211 that magazine ad sizes had eroded by 30 per cent and print by 21 per cent over the previous eight years. The decreasing duration and size of individual advertisements has led to consumer fatigue reducing brand recall, affecting brand loyalty in the long run.

Reference data from:

http://www.agencyfaqs.com/www1/media/opinion/carat.html http://www.moderesearch.com/cmed.html

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Dealing with Brand Variety

Create a Need-based Customer Value Proposition

Van Gelder12 propounds that 'brands introduced merely to provide variety or as an alternative have little raison d'être'. To remain relevant to consumers in the midst of shifting market trends and changing consumer lifestyles, brands should present a consistent value proposition, not only in terms of core benefits, but also on consumeroriented ordering and delivery systems and brand-based employee training and guidance.

Now that we have discussed brand relationship and brand loyalty in detail, let us have a look at few examples from the industry. This will help us gain a better insight of Brand. Following is the discussion statements by Brand Speak (http://brandspeak.com) with Kartik Raina, Managing Director, Dr. Morepen, and try to analyze the consumer buying patterns, Dr. Morepen's branding stratagem and the way it is trying to change the OTC market into FMCG market.

BS. What drives pharmaceutical marketing in India? What about over- the-counter (OTC) medicines?

I will not be talking about the prescription market as that is influenced by the doctor, but if we talk about the market where the consumer makes his or her own choice by getting influenced by advertising and word of mouth, we have two distinct types of markets. There is an informed market, which is predominantly in the urban areas, this is the market where the consumer is exposed to advertising or could be exposed to a friend's experience, and he consciously takes a decision to buy a product. But in the rural belt there is a lot of uninformed decisions, where people like the Registered Medical Practitioner (RMP) or a chemist can sway the decision of the consumer on a particular product.

BS. What is the branding strategy of Dr. Morepen in the years to come? What is the unique selling proposition of Dr. Morepen?

Well, Dr. Morepen right from the start has adopted a principle of umbrella branding, where we have basically one mother brand, or one umbrella brand called Dr. Morepen which stands for two core values: first is health and second empowerment, signified by the line 'health in your hands'. We felt that if we get into the business of advertising each product as a separate entity then commercially it will be very difficult to break even, it will take a long time. So, we will continue to invest some amount of money every year in promoting, Dr. Morepen as an overall brand. And make sure that each of our individual brands gets an initial introduction to the consumer, and thereafter it carries on with the umbrella of Dr. Morepen.

BS. How has been the response from the consumers? Can you give us a few facts indicating the success of Dr. Morepen's strategy?

Dr. Morepen as a brand has got an extremely powerful response both from both consumers as well as a lot of stakeholders. We are being seen as a lifestyle health product and not as a conventional OTC product. Like powdered soft drinks are traditionally been promoted as a natural product with good taste. We have a product C Sip in this category. When we did brand-tracks we found that the consumers feel C Sip is healthier than any other powdered soft drinks available, because it is from Dr. Morepen. If we look at the average monthly sales that we were doing in November last year, at the moment we are roughly 25 times

that level. Of course, part of it has happened because we have added new products, part of it has also happened because we have gone to newer cities as a part of our strengthening our distribution. A very important part of why our strategy has worked very well for us is that we have acquired two new brands, 'Burnol' and 'Lemolate'.

BS. How is 'Burnol' doing in the market?

Well, last year the total sale of 'Burnol' was about 4.8 crores. This year we started selling 'Burnol' on our own only from July, and we have already touched a level of sales close to 4 crore. If we see over the last few years, the average sale of 'Burnol' has been about 6-6.2 crores. The way we are going for the period July (2002) to March (2003) we expect to do close to 7 crores.

BS. What are the major challenges in repositioning brands, which have been there for years, say 'Burnol', which came into the market about 60 years ago?

If we look at the history of 'Burnol', it was always positioned for burns, in between an attempt was made to make it an antiseptic, the consumer never really accepted that. So, what we have done is that we have really brought it back to being a burns product, very clearly. However, we have gone for a subtle change, we have brought in a factor of protection. And therefore the storyline is basically it 'protects skin'. With this, we feel we will be able to take the consumer through a transition which first says, 'Burnol is great for burns, it protects your skin against burns', in the second stage we will say 'Burnol protects your skin from burns because it understand burns'. And the third stage, 'It understands burns because it has a great knowledge of skin.' And then when we launch newer products for other skin ailments like cuts and wounds, they will carry the heritage of 'Burnol'. The difference will be while 'Burnol' the brand will be about burns, the other products will be from the makers of Burnol. That's how we will carry the equity.

BS. How important role does distribution plays in the Indian pharmaceutical market? And why?

Extremely important, you may have created a demand for the product but the consumer is not going to run around to 10 or 12 shops because your product are not life saving products. So, distribution is very important and along with it, visibility is very important. For example 'Burnol', you may not have a burn but you may feel that I must keep the product with me. So, when you enter the shop, visibility of Burnol at the point-of-purchase (POP) acts as a reminder. I think the blend of both distribution and merchandising is very critical. Second thing, that we have draw link between our media efforts and distribution, it is very critical that wherever your media goes it should be backed by distribution.

BS. How does Dr. Morepen plan to change the landscape of the OTC market in the next five years? What are the initiatives?

I think the first thing I would like to say is that we tend to define the category we are operating in as Fast Moving Health Goods (FMHG) and not OTC. The motive of taking a medicine has changed from sheer relief to swinging you back to normal lifestyle. So, we have defined the category of ailments we call lifestyle inhibitors, these are ailments that prevent you from leading your present lifestyle. The second area, is an area called lifestyle enhancer, where the consumer wants to enhance his lifestyle, within the area of health. In the future we are planning to come up with nutraceuticals, vitamin supplements and a lot of health drinks.

BS. What stages does a pharmaceutical brand go through to become the best brand in the minds of the people? How is it different from evolution of brands in other categories?

In the pharmaceutical business there are two ways in which branding actually happens. One way is to convert an ethical brand into an OTC brand. In this category come products which are prescription based, but over a period of time newer drugs take their place with advanced molecules. So, the incremental growth in their sale declines. That's where the role of converting an ethical into an OTC starts. Almost 70-80% of the pharmaceutical business today is based on this branding strategy. But increasingly more and more companies are getting directly into building a new OTC brand. In the recent times, Paras Pharmaceuticals has done well in this area, they have picked up niche segments and brought in products. 'Moov' and 'Crack' are such examples. So, I have a feeling more and more companies will be moving in the direct OTC market.

BS. What are the customer buying patterns in case of medicines (both prescribed/OTC)? And how are they different in the metros as compared to semi urban/ rural areas?

If the person is bringing in the prescription, then either it's a written prescription or he remembers the name orally. In case of prescription, if the brand written on the prescription can be easily substituted with some other brand by the chemist, with same composition, and the consumer accepts it, branding as an exercise doesn't really works. In the FMHG segment, the consumers get influenced by the advertising, promotions we have done and he starts relating the particular brand in context of his lifestyle. If it's a quasi-serious ailment like acidity, constipation, the consumer tends to move towards the chemist or a general store that has a drug license and generally dispenses the drugs. But if you take a product in the lifestyle enhancer category like C Sip, there a consumer would go to the Kirana or grocery store. If we talk about our candies like Gol Goli, the consumer will buy it from the pan shop.

BS. What do you feel about the use of media for building pharmaceutical brands? Any new trend or observation?

In terms of role, I feel the most potent medium is going to be television, primarily for the companies with an urban skew. Television will be important but the challenge will be how to get your numbers through addressing a highly fragmented market. Second is the increasing role of what we call media inversion, where you use a lot of below the line

activities to constantly appeal to the consumer and win their loyalty. Things like loyalty clubs, and home to home promotions give greater time to talk to the consumer, its more interactive, and I believe it will build brand shares faster than just above the line activities. So, I feel media inversion will take over. In print I feel, magazines are certainly better as they are repeatedly visited media, so through a magazine you can get a repeat OTS of your advertising. Interaction with Kartik Raina on Brand SpeakFollowing are the comments from various Heads of A class companies regarding their brand and consumers. These are for your reference and help you to understand brands better.

- **Archives**

"B-class cities do not mean lower purchasing power. The difference lies in the size of the target segment; B-cities have a population of 10-20 lacs, but the percentage of the target segment is 20-25%. Compared to metros, the haul is almost double, with the target segment constituting 35% of the population, resulting in more walk-ins and volumes." - Rakesh Malhotra, COO, Ebony Retail Holdings Ltd. - 11/29/2003.

"For the hospitality industry to grow, the industry has to work together towards marketing and promoting India in a better way; we have to make travel to India painless." - Priya Paul, Chairperson, Apeejay Surrendra Park Hotels - 11/14/2003.

"The consumer really is not price sensitive today. If you are giving quality products and the latest technology, they want it. Then they won't compromise. As for our prices, in every product category be it colour televisions, refrigerators, or washing machines, we have feature packed products at every price point. With the trend of 29"CTV, projection TV and plasma TV catching on, Videocon offers an entire premium range at competitive pricing." - Sunil Tandon, VP- Marketing, Videocon India Limited - 11/1/2003.

"We want to position Rasna as 'an affordable drink for the masses,' contrary to its existing image of being a family drink." - Piruz Khambatta, Chairman and Managing Director, Rasna Pvt. Ltd - 10/22/2003

Below the line initiatives are extremely important in the cosmetic segment since the buying experience is as important as brand image and advertising. Significant focus is on sales counters, beauty advisors and dealer aids. We constantly integrate a lot of the above the line campaigns like 'Whose watching your lips' with below the line initiatives - Anil Chopra, Business Head, Lakme Lever - 10/14/2003

"We use BTL activities only to complement the overall marketing programme or above-the-line mass communication. To support product launches or new innovations, to address niche audiences, or to reach out to the customer who otherwise is non-reachable by mass media are some of the roles for BTL activities." - Dilip G Piramal, Chairman,, VIP Luggage - 9/27/2003

The confectionery market in India is witnessing tremendous activity. Regular product launches, high decibel media activity, consumer promotions and trade promotions make it one of the most hyperactive categories in the Indian market. The total market is estimated to be growing at approximately 12% in the year 2003 over the year 2002. - A K Dhingra, Director (Sales & Marketing), Perfetti India Ltd - 9/20/2003.

50% of the confectionery market lies in rural areas, and the market is growing at a rate many times more than the urban market - Nilanjan Sarkar, Brand Manager, Confectionery Business, ITC - 9/10/2003

"The Barista store is our brand. Our brand is also the customer Basav has more than eleven years of experience in marketing sales and operations, and has been with Barista since its formative months. Prior to joining Barista, he was Manager, Marketing at the corporate office of Oberoi." - Basav Mukherjee, Head Marketing, Barista - 8/28/2003

"If we look at the market then female segment is very important to us. An Indian woman will always prefer modern scooters and scooterettes for their use. Motorcycles, because of their shape, are a problem for them and they also do not like geared, old-fashioned scooters. I think we would have a 40% share of these buyers" - Sulajja Firodia Motwani, Jt Managing Director, Kinetic Engineering - 8/18/2003

"It is the technology advantage and not the lower rates that is attracting more and more customers to Reliance India Mobile" - Kaushik Roy, Head of Marketing, Reliance India Mobile #448686 - 8/2/2003

"By continually introducing new products, expanding our target base and with Amitabh Bachchan endorsing our product, we are confident that Parker will be a Rs 100 crore brand by next year." - D.K. Jain, Chairman and President, Luxor Writing Instruments Pvt. Ltd. - 7/18/2003

"Jewellery is one of the last great commodity frontiers in India; it has remained so because this market is very fragmented, very unorganized. Tanishq has successfully taken on the challenge of transforming this frontier into a reliable consumer space by bringing to it all the

virtues and benefits that branding offers." - Harish Bhatt, VP - Retailing, Tanishq - 7/11/2003

"The basic philosophy of 'Vardaan' is that it can deliver the same level of satisfaction and pleasure that a person gets from a normal bidi but without the ill effects of tobacco." - Kartik Raina, Chief Operating Officer, Dalmia Consumer Care. - 7/10/2003

"The people who have already experienced the lifelike sound of Bose are the biggest advertisers for us through the â"The people who have already experienced the lifelike sound of Bose are the biggest advertisers for us through the âdvertising we believe in letting people experience the products." - Ratish Pandey, General Manager, Bose Corporation India Pvt. Ltd - 6/16/2003

"I have been in this job for 30 years and I can confidently say that the kind of challenges that Eveready has faced, its difficult to find a company that has gone through so much and yet managed to remain on top." - Roshan L.Joseph, Director, Eveready Industries India Ltd. - 5/27/2003

"About 50 per cent of the better-known liquor brands in India belong to Shaw Wallace. In that respect, there is no change in the positioning of the company; we are consistently focused on offering powerful brands that set new yardsticks for the industry to match. Shaw Wallace is becoming much more of a marketing driven company and is increasingly taking the route of imaginative promotions, events and associations for building brands. " - A K M A Shamsuddin, President, Shaw Wallace - 5/17/2003

"Our branding techniques have ensured that Zip is not seen as an ordinary phone instrument, we have been able to allot it certain personality traits. Consumers perceive the Zip Fone to be friendly, trustworthy, smart and young" - Shishir Lall, President, Zip Telecom. - 5/8/2003

"Saffola provides us with an ideal platform to capitalize on the trend of increasing health consciousness by offering a number of new food products that are able to cater to needs in this area" - Arvind Mediratta, Head-Marketing, Marico Industries Ltd - 4/17/2003

"There are a lot of juicewalaas in city markets, so juice is not something Indian consumers had not seen before. And, we felt if we give them juices in a packaged form, which is more hygienic, it should do well" - Amit Burman, CEO, Dabur Food Ltd. - 4/8/2003

"Timex has captured market share amongst the young and young-at-heart, upwardly mobile, sporty, fashion conscious and those who follow the latest trends in technology" - Kapil Kapoor, Managing Director, Timex - 3/22/2003

"In this segment there is a skew in the Indian market. Here investment is done predominantly by males. Also, a person seriously starts looking into investment at an approximate age of thirty, when he has investable surplus" - Ambareesh Murty, VP,Marketing, ICICI - 3/7/2003 .

"The demand of tyres in a particular market is determined by the vehicular population in that market. However, the ownership patterns are now slowly changing, specially in the metros, affecting the marketing strategies of tyre majors" - Neeraj Bhatia, GM, Marketing - 2/21/2003.

"We are trying to position Liberty as a more vibrant and contemporary brand without leaving the current comfort, durability and value planks." Adarsh Gupta, Executive Director,, Liberty - 11/8/2002 .

"We are both clear and consistent in our positioning. The tagline is "Hungry Kya" and the business model is delivering hot n fresh pizza in 30 minutes, guaranteed. We have no plans to change this successful positioning in the Indian market." - Arvind Nair, CEO, Domino's Pizza - 8/19/2002

"Below-the-line activity like product demonstrations and cooking classes etc are certainly important for product categories like microwave ovens where there is still a fair degree of concept selling happening" - M B Lee, VP-Marketing, Samsung India - 8/7/2002 .

"Surrogate advertising ban would not hamper our plans to a large extent because there are a number of alternative media through which you can always address your consumer." - Abhishek Khaitan, Executive Director, Radico Khaitan - 7/8/2002

"Advertising does help in building brand recall, but advertising alone does not sustain a brand" - Vikram Bakshi, MD,, McDonald's - 7/2/2002.

If you look at sheer numbers. TV will always outscore press. That is why we and lot more companies tend to pool a lot of money on television and back it up with certain amount of press advertising which allows us to give the names of the dealers. If the consumer picks up the newspaper and is going to buy a refrigerator then it becomes far easier to see the ad and go to the particular dealer. In white goods unlike in FMCG, dealers are also very important receivers of communication as they play a very important role in customer's brand choice. - Anand Bharadwaj, EVP (Marketing and Marketing Services),, Electrolux Kelvinator - 6/24/2002

Activity

Collect atleast 10 statements from industry people about their brands.(To understand brands better always keep a track of such statements in press releases or magazines.)

Notes

LESSON 10:
BRAND RELATIONSHIP

Objectives

The learning objective: after this lecture you should be able to understand:

a. Brand relationship and its types.

b. How is it important to get Brand Loyalty by consumers.

In this chapter we have already discussed about various Terms associated with brands and lot about Brand association, image and Corporate branding. Now this background will surely help us in understanding Brand relationship and Brand loyalty better.

A Taxonomy of Brand Linkages: The Brand-relationship-Interaction (BRI) Matrix

Brands and the relationships between them are of increasing importance to practitioners and of continued significance to researchers. The environment of increased communication that continues to develop as a result of new and improved technology, together with the increasing use of brand extension, co-branding and other associative techniques and effects, is resulting in an increasingly complicated set of relationships between brands. In this paper we consider various types of brand constellations and propose a four-cell matrix based taxonomy of brand linkages as a contribution to the further understanding of this complex area.

The Complex Nature of Brand Linkages

The way that you perceive brands is a key determinant of long-term business consumer relationships (Fournier, 1998). The term "brand" has been shown to comprise meanings drawn from two distinct sources; firstly the brand identity as codified and communicated by the brand originator, and secondly the brand meanings drawn from the users or consumer environment (Jevons, Gabbott, and de Chernatony, 2001). This division of meaning between originator and consumer has a number of implications, not least the potential for 'drift' between organisationally determined meaning and user perceived meanings, (see de Chernatony and Dall'Olmo Riley [1997]).

The drift between owner and user brand meanings is accentuated by communicative or rich environments such as the Internet, and this increases the importance of understanding the forms of linkages between brand meanings. Understanding how consumers perceive the brand is of course vital to managers. Brand associations can be represented in a number of ways; verbal, visual, other physiological senses (such as taste, smell, sound) and emotional (Supphellen, 2000).

A large proportion of consumer brand perception is obtained under low-involvement conditions and is therefore not consciously processed by the consumer's brain (Supphellen, 2000); associations tend to be stored in terms of metaphors and, importantly, they tend to aggregate in clusters. Low and Lamb (2000, p. 360) found that "brand image, perceived quality, and brand attitude are separate and distinct dimensions of brand associations for a variety of brands and product categories, on an overall level", although brand associations for less well-known brands tended to be more unidimensional. From the point of view of the distribution channel, Collins-

Dodd and Louviere (1998) found that brand names influenced the probability of independent retailers' listing brand extensions, but that brand names did not influence those retailers' sensitivity to mix elements such as consumer advertising, promotional allowances and wholesale price.

We have discussed so far the meaning of a single brand. However, managers attempt to create and modify brand meaning in the eyes of consumers in a number of ways, for example through brand extensions, which are apparently increasingly popular. Murphy (1997) estimates that 95% of the 16,000 new products launched in the country every year are brand extensions, which compares with Aaker's (1990) finding that over the period 1977-84, 120-175 totally new brands were introduced to American supermarkets annually, of which approximately 40% each year were actually brand extensions, either stocked or own brand. At its most basic, a brand extension is an attempt to link one product with another by use of a brand. The predictive value of brand names is one of the primary reasons that brand extension strategy is so pervasive; the brand name becomes more than a simple associative prompt and becomes a predictive cue (Janiszewski and van Osselaer, 2000). One of the managerial intentions of brand extension is presumably to link meaning by transferring some positive attitudes of consumers from the preexisting brand to the newly-introduced one. Although this is intended to be a one-way process, it has recently been shown (Sheinin, 2000) that after experience with a brand extension consumers changed their beliefs and attitudes about parent brands (although more so if the parent brand was unfamiliar than if it were familiar). In the context of the Internet, where brands and the linkages between them are more dynamic, managerial control becomes less predictable in the extension process, since it allows for a two-way process where the original brand can become the recipient of positive attitudes from the extended brand. This adds weight to the recommendation of accepting and building on the inevitability (de Chernatony, 2001) of decreasing managerial control of the brand in a high-communication environment such as the Internet, and shows that the link between brands is clearly a two-way process.

The Solution: Brand Relationship Management

We will extend the definitions of relationship marketing by Gro–nroos (1990) and Shani and Chalasani (1992) to define Brand Relationship Management (BRM) as follows:

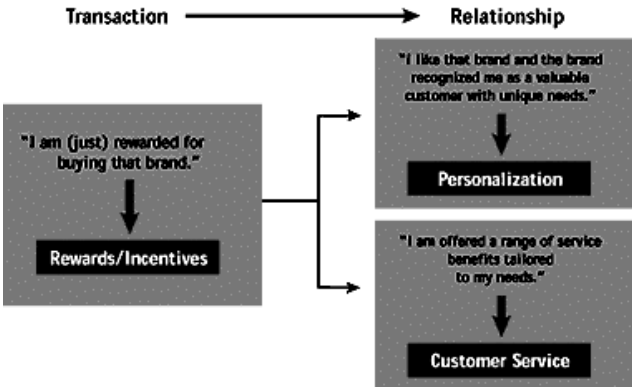
An integrated effort to establish, maintain, and enhance relationships between a brand and its consumers, and to continuously strengthen these relationships through interactive,

individualized and value-added contacts, and a mutual exchange and fulfillment of promises over a long period of time.

This definition implies that BRM refers to all activities associated with both "relational exchanges," and "transactional exchanges". The effectiveness of Brand Relationship Management is consequently dependent upon customer data and the way in which it is gathered, managed and turned into actionable information.

BRM changes the Brand Management practice by turning the old transaction paradigm into a relational paradigm (see Figure 1.0). The execution of refined Brand Relationship Management requires:

- A deep understanding of customer expectations, attitude and behavior through a well organized and managed customer database.
- Innovative customer strategies, which are based on the results of thorough customer analysis and which, consequently, address the major issues pointed out by the analysis.



Learning Relationships

To strengthen their brands, marketers have no other choice but to continuously improve their value propositions. The brands that are first to move into Relationship Management will be furthest along in their "learning relationships" with these best customers, and will thus be in the best position to take and keep the best customers.

Not only will these brands enjoy the "halo effect" benefit of always being considered to have pioneered this level of service, they will also always have a longer learning relationship with their customers than their competitors. "First mover" advantages are the benefits that can accrue to a company for being the first to make a competitive move.

The success of Brand Relationship Management is closely related to the integration of a comprehensive Customer Relationship Strategy, and the effective collection and utilization of customer information to derive an understanding of customer needs and expectations. In other words, it is critical to:

- Unlock the marketing potential of the customer data.
- Turn this data into actionable information.
- Encapsulate this information to support strategic marketing decisions.
- Turn the gained knowledge into a competitive advantage.

Customer Insight-Driven Relationship

Customer Insight-driven relationships help strengthen brands to anticipate and deliver against customer needs and expectations. Consider the extremely high interest generated by a pilot brand relationship program implemented across six different dairy brands in France. Of the 4,000 consumers selected for the pilot program:

- 65 percent declared the brand relationship program to be a tangible benefit because it showed the brand's willingness to provide recognition for them as highly valued customers.
- 78 percent looked at the brand relationship program as proof that the brand wanted to better meet their needs.

Technology now allows both the collection and processing of data on individual customers in many industries as well as the detailed evaluation of supply performance. Leading brands use "customer friendly" technology to become easier to do business with and to achieve closer and more interactive communications with customers. These brands also use technology to improve the efficiency and effectiveness of marketing processes that add the most value for the customer.

New technologies such as the Internet have opened a whole new way to reach customers, and the growth in the use of these channels over the past 18 months has been truly explosive.

The idea of relationship marketing has been around for some time, but a new area of Marketing Automation Systems (MAS) is emerging that has the potential to radically change the brand marketing processes and advance the concept of one-to-one marketing from theory to reality. These new MAS are designed to automate the marketing function, enhance its efficiency, and tie together many of the promising, but often limited, technology solutions that have been emerging in marketing over the last several years.

Brand Management and the Relationship Equation

The ability of the brand to generate incremental and sustainable value is related to its ability to:

- Differentiate by providing the basis for non-price competition (Davies 1992), thus commanding a premium price.
- Secure a customer franchise by establishing a strong preference for its relative added value, thus maintaining and growing its average share of customer.
- Expand relationships with its customers by developing an affinity with them in order to sell other products/services (i.e., cross-selling, add-on selling).

Extending the case of umbrella branding (Tauber,1988), the actual relationship between a brand and a customer can be considered to be an "umbrella" relationship. This relationship makes it possible for the brand to develop new relationships by "monitizing the equity" of this existing umbrella relationship.

Brand Relationship Management Is The Next Evolution of Brand Management

Earlier decades of brand management focused on generating trial and high share of requirements (i.e., the product's market share for a specific consumer). This concept was known as

brand loyalty. If a brand had a high share of requirements, then its brand equity was high. The typical brand equity picture is shown in Figure 2.0.

It is important to recognize that high share of requirements (often mistaken for loyalty) is transient. If the sole focus of a brand is on high share of requirements, the brand is highly vulnerable. Consider the new paradigm shown in Figure 3.0.

The relationship a brand develops with its customers clearly represents great value. Figure 4.0 illustrates the effect of the Brand Relationship Program on the perception, attitude and declared behavior of 4,000 consumers towards their regular dairy brands. The survey has revealed that even consumers showing a high share of requirements could enhance their already very positive perception of that brand through an effective brand relationship program. Consider that 74 percent of consumers felt such a program represented a good means of gathering objective and reliable information about the brand.

Impact of a Brand Relationship Program on the Brand's Perception

It improved my perception of the brand.	65%
It gave me the opportunity to better know the brand.	66%
It gave me the opportunity to learn new things about the product category.	73%
It helped me to choose among brands in that category.	35%
It changed my purchase attitude toward the category.	19%
It gave me the opportunity to discover new ways of consuming the product category.	47%

It is important for you to recognize that "real" loyalty is a more complex concept than share of requirements. Both preference and attitudes must be factored in.

Not all customers of a brand are likely to develop a relationship with that brand. Research conducted by Accenture across different product categories has shown that a certain level of affinity with a brand is required before a customer may be willing to enter an intimate relationship with that specific brand. And the level of affinity a consumer is likely to develop is highly correlated to category involvement and brand sensitivity.

Amazon.com is an example of a company that has increased its affinity with each customer by providing greater, value-added services. Amazon introduced sophisticated information technology (i.e., collaborative filtering) to expand its service offerings to include CDs, DVDs and other lower ticket consumer durables. The company is now adding auction services and broadening its scope. Amazon understands that its relationship to the customer is critical in developing its brand.

Brand Relationship Management: Linking the Brand and the Customer Together

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

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

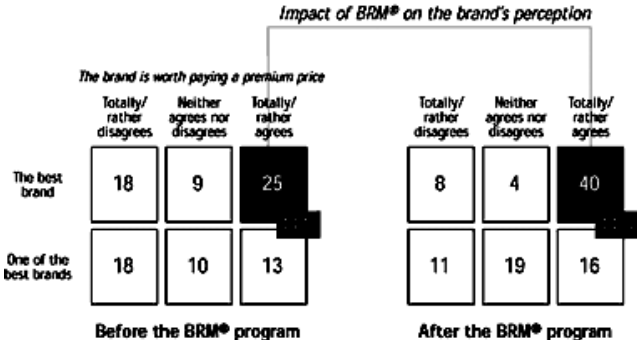
Following the conceptual model of consumer choice developed by Tybout and Hauser (1981), the customer's preference for a brand is based upon how valuable its utility is perceived to be. The customer's brand value perceptions and his motivations are translated into preferences (Kamakura and Russell, 1993). The relative level of preference for a brand thus affects his brand choice and his repeat purchases (share of customer).

In summary, the stronger the individual relative utility, the stronger the preference, the higher the share of customer, the longer the lifetime and the greater the lifetime value (LTV).

Customer Equity Is Driven by Brand Equity

The more extensive, comprehensive, and intensive the preference is, the higher the customer and target customer base-wide average utility will be. This also results in a higher average LTV.

The current and future revenues or profitability derived from a customer by a brand also reflect the willingness to pay a premium in terms of price and/or time. The stronger the relative utility of a brand, the stronger the consumer's willingness to pay a premium. Figure 6.0 stresses the intriguing result of a three-month Brand Relationship Program on consumers' perception of a food brand. Not only did more consumers acknowledge the brand as the best brand, but they also agreed that it is worth paying a premium price for.



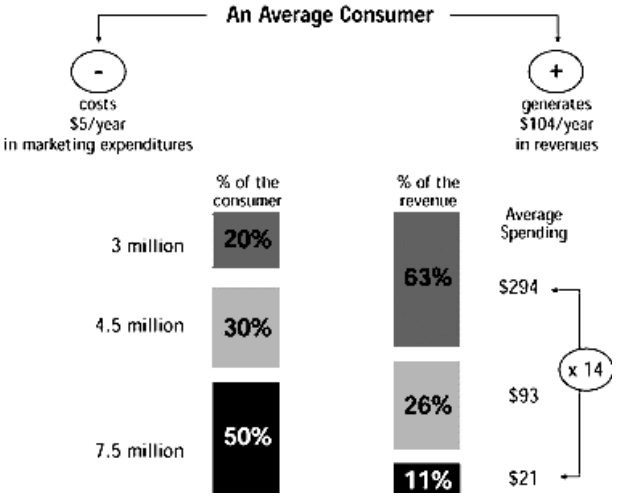
The LTV of a customer reflects the influences of the customer's preferences and situational constraints (e.g., promotion, availability, location). The stronger the brand equity, the higher the LTV. For instance, as a consequence of the increased perceived value, the consumers selected for the Brand Relationship Program increased their average spending for their regular brand by 29 percent over a three-month period of time, some of them showing a 77 percent increase.

Customer-Centric Revenue Management: Customer Equity Reinforces Brand Equity

The heart of Brand Relationship Management is customer-centric revenue management, which optimizes profits for each customer relationship based on the price a customer is willing to pay for his or her perceived value.

This is an important concept for brands that are too focused on Product Revenue Management instead of Customer-Centric Revenue Management. In transactional relationships with tens of millions of consumers, analysis often reveals that just a small percentage of the customer base is truly profitable. By refocusing some of its marketing expenditures on that part of its customer base, a brand may significantly increase both its revenues and turnover.

The following example is a good illustration of this paradigm (see Figure).



The average consumer spends an approximately $104 per year on Brand X. In turn, the brand spends approximately $5 per consumer per year. Consider that

- Half of the consumers are light users, generating an average turnover of $21/year for an average marketing investment of $5/year. Given the low margin (20 percent) in this market, these consumers are definitely not profitable.
- 20 percent of the heavy consumers generate more than 60 percent of the brand's revenues. Each consumer spends an average of $294/year (14 times more than the light users) for the same average marketing investment of $5/year.

Though the brand is a mass-market brand, the customer base structure revealed the unexplored potential of Customer-Centric Revenue Management. The challenge for this brand is to identify its profitable consumers and to develop a direct relationship with them to increase both their share of requirements and their loyalty.

Individual revenue management decisions must consider the value of the individual customer to the brand in terms of future revenue potential and cost to serve. This new customer-centric revenue management philosophy has a profound effect on all aspects of traditional Brand Management, including product offering, pricing, market communications, and so on.

Thus the focus shifts from the product or service to the relationship developed with the customer.

Brand Relationship Management's Journey

BRM is a journey, not a destination. It requires a long-term focus to create and manage a relationship with the customer in which the joint exchange is profitable to both the customer and the firm. The steps to manage this journey are outlined below:

Step 1: Actionable Insight

Provide in-depth actionable insight of customer preferences, behaviors and value drivers, and continuously capture, maintain, and apply this insight across the entire customer relationship cycle.

- Identify the key value drivers that contribute to brand preference.

- Measure the utility that consumers attach to the brand.
- Analyze the customer's buying patterns and identify the factors that influence brand switching
- Analyze the way actual choices reflect consumer preferences and situational constraints.
- Develop predictive scoring engines.
- Develop for each customer a market response profile, measuring the propensity to respond to various marketing stimuli (e.g., TV, direct mail).

Step 2: Actionable Segments

Group target customers into actionable segments based on profitability, usage characteristics, and/or common needs.

Step 3: Value Propositions

Define offers and corresponding value propositions that meet the identified needs. Reconcile the value of the customer to the value of the brand, and understand tradeoffs in revenue management versus customer relationship management.

Step 4: Develop a Relationship

Develop a relationship with the customer. Create mechanisms that can generate positive interactions between the customer and the firm. These mechanisms should strive for customer satisfaction, loyalty growth, consumer demand increase and lifetime customer ownership.

Step 5: Measure the ROI

Measure the ROI of the implementation of a BRM strategy:

- Define the economic framework.
- Develop a spending allocation model based upon the Life Time Value of a customer.
- Elaborate upon different investment scenarios (based on internal and external resources).

Conclusions

Brand Relationship Management (BRM) is not just a single idea or process. Rather, it is a completely new approach to brand management that extends the idea of revenue management into the realm of customer centric revenue management and across both product and customer life cycles. The world is moving rapidly towards a more sophisticated approach to customer relationship management, which must ultimately change brand management.

The successful brands of the Third Millennium are working hard to rethink their strategies and processes to enhance the value of their relationships with their customers and, therefore, become the brand of preference. These brands are striving to develop brand loyalty by targeting customers who:

- Perceive the differentiating and discriminating added value of the brand.
- Make their choices by preference.
- Are ready to reward the brand for providing unique value to them by paying a premium and/or by investing time in the relationship.

Some industries display incredible ingenuity to give their brands the definitive ownership of the relationship with their customers. Consider domestic appliance brands that are developing on-line-controlled appliances , a washing machine's wash cycles can now be downloaded from the Internet and a digital cooker can receive instructions by mobile phone.

What does it mean for a food brand when the freezer has online links with supermarkets and automatically places orders when food supplies run out?

In the next few years, BRM will become a discipline driving fundamental change at leading organizations. Developing a long-term relationship with customers is not only a question of marketing, but it is also a question of vision, strategy, major process change and technology. It is a question of business transformation that will be the key to stability in an increasingly dynamic market.

Relationship brands are working hard to understand smaller and smaller groups of customers in greater detail and, with the help of technology, will soon make the "market of one" concept a reality.

Notes

LESSON 11:
BRAND EQUITY

Objectives

This lesson will enable students to understand

a. What is Brand Equity and how to acquire it over competitors

b. Its Importance in Branding

Understanding Brand Equity

Do You Know How Many New Brands are Introduced in The Market Every Year?

Over 21,000 new products were introduced in 1995 alone, yet history tells us that better than 90% of them won't be on the shelf a year later. Why such a high failure rate and why has this been a historical trend? The development of a successful product - which includes the product, the package, the product's name and identity - is a challenging, but not insurmountable task. The likelihood for success can be greatly enhanced if one focuses on certain critical issues. Clear product definition and proper execution and implementation of that definition can lead to success and longevity in the market. Throughout the 1980's and 90's, there has been a growing corporate emphasis on increasing shareholder value (i.e. making the stock price rise). Typical headline-grabbing stories of these decades have included waves of layoffs, corporate restructuring and an emphasis on operating efficiencies. In today's shortsighted cower from or cater to Wall Street environment, how can you expect the CEO to keep the company growing, retain the loyal following of the investment community, and keep shareholders happy?

One solution is to grow your brand. This serves to build consumer and investor confidence in and loyalty to the company. A strong brand acts as a promise, leading faithful customers to pay a premium over competitive products. Likewise, the stocks of highly reputable companies trade at premiums to others in their respective industries.
Have you ever thought of what are the most important assets of any business which are intangible: its company name, brand, symbols, and slogans, and their underlying associations, perceived quality, name awareness, customer base, and proprietary resources such as patents, trademarks, and channel relationships.

These assets, which comprise brand equity, are a primary source of competitive advantage and future earnings. Yet, research shows that managers cannot identify with confidence their brand associations, levels of consumer awareness, or degree of customer
loyalty. Moreover, in the last decade, managers desperate for short-term financial results have often unwittingly damaged their brands through price promotions and unwise brand extensions, causing irreversible deterioration of the value of the brand
name. Although several companies, such as Canada Dry and Colgate-Palmolive, have recently created an equity management position to be guardian of the value of brand names, far too few managers, really understand the concept of brand equity and how it must be implemented.

In a fascinating and insightful examination of the phenomenon of brand equity, it is extremely important to know how to avoid the temptation to place short-term performance before the health of the brand and, instead, to manage brands strategically by creating, developing, and exploiting each of the assets in turn. Likewise you as a brand manager of a company can increase new product's chances, and maximize the potential rewards, by understanding what your target market desires. For instance, your temptation to short-cut market research and rush a product idea to market.

Large sums of money become invested in the process. Even if poor consumer test results occur, companies may continue on when they should postpone or cancel the launch. You as a manager must first listen to the voice of the consumers early in the process and know how to translate the market's messages.

The voice of the consumer is a critical one to hear but one that many firms have difficulty in translating into products. Many companies hear the words spoken by the consumers and work hard to deliver on them but, as is often the case, what is said and what is actually meant (by the consumer) may be very, very different.

Branding and Brand Equity

In today's environment, building strong brands and establishing brand equity is becoming more and more challenging. Increased pressures to compete on price, increased competition through product introductions and store brands, and the fragmentation of advertising and market segments are just a sample of the pressures being faced by companies in today's highly competitive environment.

Now let us try to understand Brand Equity.

What is Brand Equity?

There are many different definitions of Brand Equity, but they do have several factors in common:
Monetary Value. The amount of additional income expected from a branded product over and above what might be expected from an identical, but unbranded product. For example, grocery stores frequently sell unbranded versions of name brand products. The same companies produce the branded and unbranded products, but they carry a generic brand or store brand label like Hawkins. Store brands sell for significantly less than their name brand counterparts, even when the contents are identical. This price differential is the monetary value of the brand name.

Intangible. The intangible value associated with a product that cannot be accounted for by price or features. Pepsi and Coke have created many intangible benefits for its products by

associating them with film stars. Children and adults want to consume their
products to feel some association with these stars. It is not the ingredients or the features that drive demand for their products, but the marketing image that has been created. Buyers are willing to pay extremely high price premiums over lesser-known brands, which may offer the same, or better, product quality and features.

Perceived Quality. The overall perceptions of quality and image attributed to a product, independent of its physical features. Mercedes and BMW have established their brand names as synonymous with high-quality, luxurious automobiles. Years of marketing, image building, brand nurturing and quality manufacturing has lead consumers to assume a high level of quality in everything they produce. Consumers are likely to perceive Mercedes and BMW as providing superior quality to other brand name automobiles, even when such a perception is unwarranted.

In short, Brand Equity is a set of assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by the product or service to a firm and/or to that of firm's customers.

So overall we can say Brand Equity incorporates the ability to provide added value to your company's products and services. This added value can be used to your company's advantage to charge price premiums, lower marketing costs and offer greater opportunities for customer purchase. A badly mismanaged brand can actually have negative Brand Equity, meaning that potential customers have such low perceptions of the brand that they prescribe less value to the product than they would if they objectively assessed all its attributes/features.

One of the best examples of Brand Equity is in the soft drink industry. Without a brand name and all of the marketing money that has gone into, Coca-Cola would be nothing more than flavored water. Due to the company's long-term marketing efforts and protection, enhancement and nurturing of their brand name, Coke is one of the most recognizable brands in the world and Pepsi in India.

However, even this marketing giant has trouble capitalizing on its own Brand Equity when handled improperly (e.g. New Coke). If someone suddenly took their brand name and Brand Equity away from them, Coke would lose hundreds of millions, if not billions, of dollars. This includes lost sales, lost marketing budget and lost promotions, additional marketing costs to promote a new brand, and significantly lower awareness and trial rates for their new brand.

Brand Equity

Brand Name	Industry	Brand Value ($US m)	Brand Value as a % of Market Capitalisation
Coca-Cola	Beverages	83,845	59%
Microsoft	Software	56,654	21%
IBM	Computers	43,781	28%
General Electric	Diversified	33,502	10%
Ford	Autos	33,197	58%
Disney	Entertainment	32,275	61%
Intel	Chips	30,021	21%
McDonald's	Fast Food	26,231	64%
AT&T	Telecom	24,181	24%
Marlboro	Tobacco	21,048	19%

Source: Interbrand 1999, *The World Biggest Brands*

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How Do I Use Brand Equity to My Advantage?

Brand Equity can provide strategic advantages to your company in many ways:

- Allow you to charge a price premium compared to competitors with less brand equity.
- Strong brand names simplify the decision process for low-cost and non-essential products.
- Brand name can give comfort to buyers unsure of their decision by reducing their perceived risk.
- Maintain higher awareness of your products.
- Use as leverage when introducing new products. Often interpreted as an indicator of quality.
- High Brand Equity makes sure your products are included in most consumers' consideration set.
- Your brand can be linked to a quality image that buyers want to be associated with. Can lead to greater loyalty from customers. Offer a strong defense against new products and new competitors.
- Can lead to higher rates of product trial and repeat purchasing due to buyers' awareness of your brand, approval of its image/reputation and trust in its quality.

Brand names are company assets that must be invested in, protected and nurtured to maximize their long-term value to your company. Brands have many of the same implications as capital assets (like equipment and plant purchases) on a company's bottom line, including the ability to be bought and sold and the ability to provide strategic advantages.

How Do You Measure Brand Equity?

Most evaluations of Brand Equity involve utility estimation. Specifically, we attempt to measure the value (utility) of a product's features and price level and also measure the overall utility of a product when including brand name. The difference between total utility and the utility of the product features is the value of the brand. In other situations, the utility of the brand is measured directly and added to the feature utilities to produce an overall utility for the product. Besides utilities, contributing factors such as current awareness levels of each Brand, overall perceptions of each Brand, and Brands currently used should be

measured. It is also useful to obtain estimates of marketing, advertising and promotional expenses for the major Brands in the market. Together with utility estimates, this information provides a more complete picture of the relative value of each Brand and allows you to understand the major forces driving Brand Equity: product features, price, market awareness, market perceptions and expenditures to build and support those Brands.

Branding Promotions

I hope you will agree Brand Equity cannot be built without pumping in promotion.

Developing a promotion as a brand can provide a powerful tool for building additional brand awareness and positive associations. An excellent method to achieve this is through linking the promotion to the actual brand.

For **example**, consider a promotion to win a trip to Disney World for a product with no link to Disney World or travel. The contest participants will most likely forget except the actual product associated with the prize.

Compare this with a company's Brand promotion that builds directly on the associations of the product thus enhancing the power of the brand. A promotion such as this affects non-participants as well as those involved, creating a platform to be built on each year.

Furthermore, developing a tight link between the promotion and the brand (or its primary associations) avoids the possibility of promoting other brands. In effect, it is recommended to brand a promotion so that it cannot be linked to another brand.

Conclusion

We can conclude that building a brand takes time and money, and maintaining it takes patience and discipline. Market unfortunately, causes many executives to lose focus and abandon forward-thinking stewardship in favor of short-term profits. The evidence clearly shows,however, that brand building is an investment rather than a cost, a necessity rather than a luxury, and a priority shared by the most successful corporations. So next time, when considering where to trim the fat in order to meet short-term shareholder expectations, remember that the bottom line is only as strong as the brand.

Source: Sandeep Hardikar

MMS – I JBIMS http://www.indiainfoline.com/bisc/brae.html

Building Brand Equity:

Brand = Product+/- Service+/- Adv.

Brand equity, also called an intangible asset, customer goodwill or unbridled loyalty and beliefs of customers, is gaining increasing importance all over the world and in the Indian boardrooms in particular.

From the business and the marketing point of view Equity is the assured inflow of cash in the future based on the past investments made into the brands. Some time brands take decades to build up the image or the familiarity in the minds of the consumers. The formula Product + Services + communication (advertising and all other promotional tools)= Brand has proved successful over the years.

Dominic Cadbury's Views on Brand Life

According to the head of the world's most brand rich company, in his own words " I think that the brands don't have life cycle unless you choose to give them a life cycle. We look at our brands that are going to have a long term life, long-term growth. However, we recognize that when brands are not successful, and start to decline, if, after full support in the market place we don't believe there is long term future for them, of course we are prepared to kill them off."

Brands Built over a Period

Brand building process takes place over time & is a continuous process. If the product idea has an intrinsic USP, establishing a brand is much easier.

Brand extensions help to reinforce or augment values of brand. Extensions could help to bring new value to a brand that can sustain it longer and give it a new lease of life. Extensions, properly managed, can play the role of an heir and get bequeathed the parent's values, so that the brands continue to group. Lux, Surf, Rin and a host of other brands confirm this.

Research Study On Factors Affecting Brand Equity

Introduction

Today the share of promotions in the marketing budget of a typical consumer products company is continually on the rise. They may be preferred because good promotional exercises provide the facility to carry out controlled activity on a focused target group and unlike mass media advertising it directly addresses and involves the consumer. There are other reasons that abet their popularity. They are:

Consumer promotions produce results

The results occur quickly

The results are measurable

Consumer promotions are relatively easy and inexpensive to implement

Different marketing activities affect various aspects of consumer buying process. Consumer promotions generally hit directly at the decision and purchasing stages of the buying process. Thus they affect behavior directly producing immediate results. Consumer promotions can thus be defined as

Marketing and Communications activities that change the price / value relationship of a product or service thereby:

Generating immediate sales.

Altering long term brand value

Types of Promotions

Various types of Consumer promotions are coupons, cross promos, contests, sampling, bonus pack, freebies etc. Brand managers have thus a plethora of choices when opting for a consumer promotion. How they actually go about choosing it is critical in determining the extent of success the promo would achieve. David Aaker points this out in his book ,Managing Brand Equity "Sales promotion are selected without determining their associations and considering their impact

upon the brand". But to analyse what effect promotions have on brand equity let us first understand what brand equity is.

What is Brand Equity?

Brand equity is a set of assets linked to a brand's name and symbol that adds to the value provided by a product or service to a firm. Brand equity is a set of assets and the brand manger's job is to create and enhance these assets. The major asset categories are:

Brand awareness is the strength of a brand's presence in the consumer's mind.

Brand Loyalty refers to the commitment of consumers towards the brand.

Perceived quality reflects the quantum of goodness felt by the consumer on buying it.

Associations that consumers make with the brand support brand equity. These associations may be product attributes, a particular symbol, or even a celebrity spokesperson.

Consumer Promotions Vs Brand Equity (A research study)

To design an effective promo, the brand manager must understand what is it that puts that gleam in the consumer's eye without distorting the image of the brand that is without eroding its brand equity. Promotions must be synergistically linked to the brand attitude.

There are ways to design promos to enhance rather than tarnish brand equity. The normal practice is to assume that promotions have their own agenda - to stimulate sales - and thus one needs to select and evaluate them accordingly. This view is myopic and counterproductive. The correct method is to devise promotions that strengthen at least one component of Brand equity.

Objective

The study aimed at arming the Brand manager with a potent weapon in terms of a comprehensive analytical model for selecting a suitable promotion strategy to enhance the equity of a brand. In this context, the objectives of the study can be stated as:

- To study the effect of consumer promotions on the perception of a brand.
- Based on the above study, to develop a comprehensive analytical model, for selecting suitable promotion strategies for different product categories.

Scope

This study incorporated within its scope, an exhaustive analysis of the various consumer promotions employed in FMCG as well as the Consumer durable sector, across various brands and categories, targeted at different age groups, to be able to arrive at the above-mentioned objective.

Methodology

The methodology followed, to cover the above-mentioned scope, and finally to achieve the objective of the study, is as follows:

Research – I

The first stage was a questionnaire based interview, administered to a sample size of 60 in 3 age groups - <15, 15-30, & >30 that is 180 in all. This questionnaire was intended to measure:

The relative importance of attributes affecting buying decision, the difference in perception about one time and frequent promotion, the difference in perception about promotion on any and favorite brand for the consumer etc.

Research - II

The next stage was a research, which consisted of an extensive literature survey and interviews with several brand managers. It provided us with a framework to separate products into different categories based on:

The consumers' buying behavior

Frequency of purchase

Consumers' age-group

Based on this research, the first classification of consumers and of product categories is as shown.

	< 15	**15 – 30**	**> 30**
FMCG	Chocolates	Ice creams	Shampoos
Durables	--	Watches	Refrigerator

We have taken chocolates, ice creams and shampoos in FMCG; watches and refrigerators in durables for the purpose of our study. In this classification, the particular product categories should not be understood as absolute or isolated, that is, the category chocolates represents any product in the FMCG sector targeted at the less than 15 age group and similarly shampoos represent any FMCG product in the above 30 age group. The names of product categories used are only for convenience and for the respondents to be able to identify with them.

Consumer Research

A questionnaire was prepared for each of these product categories which comprised 24 statements which captured the consumers' change of perception, on the various facets of a brand because of promotions on a 6 point scale ranging from completely agree to completely disagree. The promotions used were essentially the ones that are the most prevalent in the Indian FMCG as well as Durables industry today.

The sample size for Consumer Research was 750, spread across the various product categories equally, that are 150 each. Factor analysis was then performed on the data obtained for each product category separately. The factors thus obtained represented the various facets of a brand. The factor scores were then calculated to arrive at the direction of change in the consumer's perception on the various factors obtained.

Validation Research

Based on the results obtained from the first research, certain hypotheses were formed, which described the way in which the promotions affected the various facets of the brand. In order to validate these results, we conducted another questionnaire-

based research, employing the Quasi experimental Before-After control group design. For this purpose, we selected 2 brands, namely Polo and Aiwa. The next stage was to identify the type of promotion that had actually happened on these brands in the past. These were Bonus pack offer on Polo and a freebie on Aiwa Walkman.

The next stage was to measure the effect of the identified promotions. This involved a 3-step process:

In the first step, a questionnaire based survey was conducted on the control group ,to find out the current perceptions of these brands

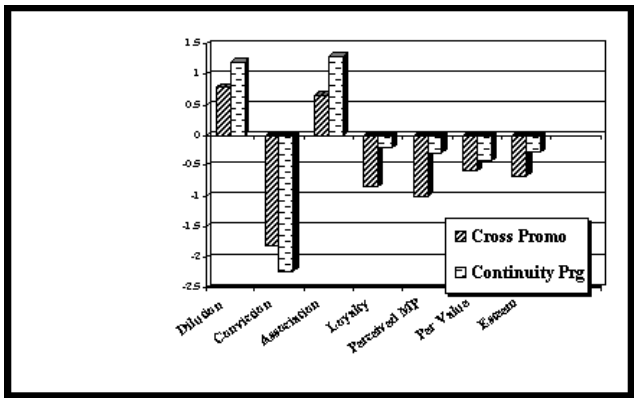
In the next step, pamphlets showing the type of promotion carried out and the corresponding advertisements was shown to the control group audience over a period of 20 days.

Finally, another questionnaire was administered to the control group, intended to find the difference or changes in perceptions about these brands after the exposure to promotions for 20 days.

Once the data was obtained, a factor analysis was performed for each brand separately. The factors thus obtained represent the various facets of a brand. The factor scores were then calculated before and after the promotion, and based on this the direction of change, if any was identified and compared with the results of the Consumer Research.

Findings

To study the effect of promotions on various brands we initially studied the attributes any consumer looked for while buying a product. An interesting observation that came up was that promotion is ranked 5th in terms of attributes affecting purchase decision way below price of the product, company image, product attributes and even advertising. Few more interesting observations that emerged were:



65% of the respondents believed that promotions were nothing but gimmicks or publicity stunts

The immediate next question was "In this scenario why do then companies go in for frequent promotions?" The answer was obtained through this very study

In spite of the negative perception that consumers have for promotions, 78% of the respondents had availed of promotions earlier and 37% of them avail of promotions on a regular basis.

We also tried to understand the impact that frequent promotions have on consumers. The observations are –

60% of the respondents liked a promotion launched by any brand in a particular product category. However if the same brand launched many promotions, the liking dropped to 17%. Similarly, 84% consumers approved of a promotion launched by their favorite brand in a particular product category while only 40% appreciated their favorite brand launching many promotions.

Thus we can conclude that

Repeated promotions make a consumer averse even to his favorite brand.

A strong brand will not lose its position in the consumer's mind as much as a weak brand

The next logical step was to evaluate what exactly a consumer wants from a promotion and what exactly are his preferences in receiving some sort of incentive. The results obtained are the following. The results revealed that monetary benefits and gifts are the most important parameters when it comes to evaluating a consumer promotion. The consumer ranks prizes and continuous purchase rewards as the least important parameters in evaluating a promotion.

Product wise Findings

Now, let us look at the changes in consumers' perceptions on the brands offering promotions. Towards this we will go through the results obtained for one of the 5 product categories that were selected as mentioned in the methodology – namely – "Ice Creams" .

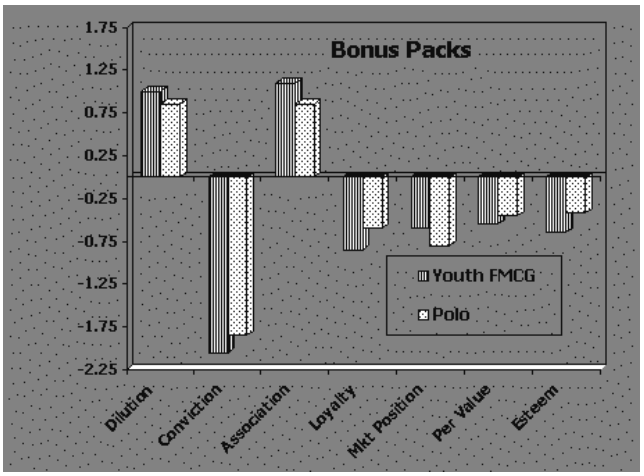
Before we begin, let us first understand what the factors that emerged from factor analysis were. Seven factors were identified. These were

- Brand Dilution is the phenomenon said to occur when consumers are no longer able to differentiate a specific brand from similar brands/products.
- Brand Conviction represents the formation of a strong attitude towards the brand in the consumer's mind.
- Brand Loyalty is a measure of attachment that a customer has to a brand and reflects the likelihood of a customer switching to another brand in case of change in that brand, either in price or in product features.
- Perceived Value is defined as the consumers' perception of the overall value or superior value of the product with respect to its intended purposes, relative to alternatives.
- Brand Association is defined as the linkage that a consumer makes with a brand, that might include product attributes, celebrity spokesperson or even a particular symbol.
- Esteem is a measure of the trust and regard vested in the brand by the consumer.
- Perceived Market Position is a perception that a consumer has about the company's market position relative to its competitors in the same product category

Having understood the various factors, we will now specifically focus on the findings obtained in the Ice Creams category. The

Ice creams category as per our study is representative of any FMCG product category targeted at the age group 15-30.

As an illustration let us now focus our attention to 2 promotion tools namely Cross promotions and Continuity programs and try to gain some insight into the consumers' perceptions brought about by these 2 promotions.



"Ice Creams"

In this graph the Zero on the Y-axis indicates that there is no effect and changes whatsoever in the consumer's perception due to the promo. The positive side indicates that there is an increase in that factor and the negative side indicates a decrease. Hence we conclude that both types of promos tend to erode one or the other aspect of brand equity though to a different extent. Thus if the brand manager wants to have the least losses in loyalty and perceived value at the same time, and also increase association, he would be offering a continuity program.

The effects of other promotions were also analyzed along similar lines and incorporated in our recommendations. In order to generalize the findings arrived at for the "Ice Creams" category, we validated the same with the brand – Polo. Polo – the mint with a Hole – is in the confectionery product category and was chosen to check out if the findings obtained for "ice creams" can be generalized for all FMCG brands targeted at the age group 15-30. For this purpose the effects of the Bonus pack offer on Polo was compared with the results obtained for the Bonus pack offer in the "Ice creams" category. The chart shows the changes in the perceptions about the brand along the factors earlier defined and compares them with that of the product category "Ice Creams".

Both of them scored nearly the same on most of the factors indicating that we can generalize the results obtained in the "Ice cream" product category. The slight deviation occurring here may be attributed to sampling error and the effects of the brand name-Polo.

Similar results were obtained for the other product categories selected as mentioned before.

Some other insights in our studies are

CRP scores highly in increasing the perceived value of a brand and the association of a brand.

Decrease in the perceived market position of a brand is the highest for cross promotion.

Usually exchange offers tend to decrease the brand association for any consumer durables.

Dilution always increases for any product category while perceived market position usually decreases for any sort of promotion.

Samples tend to have an increased perceived value and esteem but not to very high levels.

Validation (Polo)

Do Promotions Erode Brand Equity?

We now elucidate the salient features of these findings.

First and foremost, every single promotion affects the components of brand equity – be it brand loyalty, brand conviction, perceived value or any of the others. Unfortunately the effect diminishes most of the factors.

We now state in the most unambiguous terms that continual consumer promotions inevitably erode brand equity.

Now to understand the reasons behind the above-mentioned statements we need to examine how conventional consumer promotions are designed. Consider today's scenario – a new brand is being introduced almost everyday; established brands are being besieged from every direction; almost every brand is fighting tooth and nail for survival. And hence, tactical methods are employed to shock, mesmerise, or seduce consumers into buying a particular brand from a plethora of different brands in the same product category. Consumer promotions are the name of the game.

Recommendations

We propose a model that argues in favor of consumer promotions by contending that consumer promotions are faulty but only in the manner in which they are implemented. They can in fact be made to work for the brand, in building its equity, enhancing its value and thus strengthening the brand's reputation by communicating the right signals. This model is based on the proposition that like any other type of marketing activity, consumer promotions need to be evaluated and designed in the context of how they fit into the overall strategy for a particular brand.

The underlying assumption of this model is our finding that promotions affect each individual component of brand equity to a different degree. Hence, the key is to design a promotion in such a way so as to ensure that at least one component is strengthened.

Source: http://www.indiainfoline.com/bisc/jbmk01.html

Discussion Questions and Assignment

1. Pick a brand. Identify all of its brand elements and assess their ability to contribute to brand equity according to the choice criteria identified in the chapter.

   Answers will vary.

2. What are your favorite brand characters? Do you think they contribute to brand equity in any way? How? Can you relate their effects to the customer-based brand equity model?

   Brand characters relate to the customer-based brand equity model because they can contribute to the differential effect in a consumer's response to marketing. Characters can create positive associations and feelings toward the brands they represent, improve awareness, develop additional brand knowledge, and lead to consumer resonance with the brand.

3. What are some other examples of slogans not listed in the chapter that make strong contributions to brand equity? Why? Can you think of any "bad" slogans? Why do you consider them to be so?

   Slogans could be considered "bad" for a variety of reasons. For example, a slogan might be "bad" if it seems outdated to consumers, if it focuses on an inappropriate or irrelevant aspect of the brand, if it strives for humor but falls short, if it is confusing, if it is overly complicated, and so forth.

4. Choose a package for any supermarket product. Assess its contribution to brand equity. Justify your decisions.

   Answers will vary.

5. Can you think of some general guidelines to help marketers "mix and match" brand elements? Can you ever have "too many" brand elements? Which brand do you think does the best job of "mixing and matching" brand elements?

   Guidelines for mixing and matching brand elements might touch on presenting a cohesive and consistent image for the brand, ensuring that brand elements are not too disparate, and reinforcing the brand's positioning.

Notes

LESSON 12:
BRAND MANAGEMENT PROCESS

Topics Covered

Branding Process and Brand Success through integrating marketing resources, Brand Evolution, Value of brand to Manufacturers, Distributors and Consumers, Brand Planning and Brand potential

Objectives

Upon completion of this Lesson, you should be able to:

- Explain the need for a branding process.
- Understand the brand development process.
- Identify the role of marketing towards brand success.

You now have a clear understanding about brand name, its types, name change and various other terms associated with brand. The objective of this lesson to provide an overview of an effective brand development process and is not meant to be comprehensive or represent strategic brand development in its entirety. We shall also understand the branding process and brand success through integrating marketing resources.

Do we need brands to become successful in this competitive environment? Or can we just be a 'me too product' and drag ourselves in the crowd? There's a lot of talk about a company and its "brand" these days, and lots of money being spent trying to do what people call "branding."

One recent article pointed out that all marketing, especially advertising, works to enhance or modify brand image. But, what is "brand" in the case of a distributor who carries many "brands"? Is the manufacturer's brand what drives sales, or does the distributor, in fact, have a brand to build?

While quality manufacturer brands help bring business to distributors, the distributors own brand is probably more important. Unless distributors realize that, and then learn about the true meaning of making manufacturer brands work to support their own brands, there's trouble ahead.

A brand is intangible, just like you are. Who are you? Are you your work? Are you what you eat? Are you what you do? Are you the love you feel for your family?

Just as the definition of "you" includes all of these things, brand is everything around your company. The idea of branding started in the American West, when a rancher branded his cattle with his mark (brand image). Along with being a means of finding cattle that strayed from the herd, that mark was assurance to people who bought his cattle of a specific degree of quality. Some buyers paid more money for specific brands of cattle. So while all cattle ranchers sold cattle, some ranchers obtained a premium for their beef, and it was the brand that identified one head of cattle from another.

Why Brand is Everything

Distributors are no different than ranchers when it comes to managing their brands. While you may sell a variety of different manufacturers (beef), it's your name on the door that contractors buy. Your name is their assurance that the products you carry offer quality and reliability, and as much as a manufacturer does to support that in your marketplace, the bulk of brand building lies in your hands. Fortunately or unfortunately, no matter what a manufacturer does to enhance or harm his brand, it's distributors that determine its eventual success. (What would Shell Oil be without gasoline stations, or Kellogg Cereal without food stores?)

If you take apart the entire organization of Coca-Cola Co. and left only its brand name, management could rebuild the company within five years because they have such a powerful "brand." However, if you remove that brand name, the company would probably die within five years. This is because over the course of the years, "Coca-Cola" has come to stand for everything about the company - the way the soft drink tastes, the way it's delivered, the way it shows up on the retail shelf. It has become something more than caramel water, and the mark placed on the soda contents is the consumers' assurance that what's inside is quality. But consumers buy the product from "distributors" (actually, a dealer distributor network).

That's why when something goes wrong with a product, brands get shaken up. Remember the Tylenol scare many years ago? America could have lost a major brand. Instead, proactive handling of the crisis helped Tylenol overcome the huge negative implications of someone changing the contents of their product.

Are you aware of your brand? If you take away your inventory, computer equipment and personnel and just left your company name, would you be able to rebuild within five years into what you have today? Or, if you removed your name, would your business die within five years? Can customers tell the difference between you and your competition?

A brand is the emotional source of an organization - its very soul. People are guided and inspired by it, and that makes defining *it* extremely difficult, if not impossible. The only rule in figuring out brand in relationship to your distributorship is this: Beware of concise definitions. There are none because brands, like people, are complex.

A brand generates energy. In your distributorship, it's all of your company's actions - answering the phones, fulfilling orders, advertising, customer service calls, operations practices and employee interactions. Your brand is all that you do and do not do. You help define your brand by "opting out" of specific behaviors. When you decide to do or not do something a specific way, you send a message. That message contributes to the formulation of your brand in customers' minds.

Who are you? Think for a moment about who you are, and how people perceive you as a person. You have a certain image (a wild, crazy guy, perhaps, or a no-nonsense workaholic). Your personality is your brand; people who know you count on you to act in a certain way and to do certain things.

Just as you either know a person or you don't, either you know a brand, or you don't. Everything you think you know about a brand was created through your five senses, and you create what you want people to know about your brand through those same senses. People define themselves through their actions; your company creates its brand reputation through its actions.

Those judgments are made about companies because of behaviors or behavior patterns over time. You truly become what you do or don't do. Customers who know you expect certain behaviors from you, and that becomes your "brand." Others you don't do business with are unfamiliar with your "brand." They must learn about you. Therein lies the power of your brand: The more people understand what to expect from your business, the easier it is to do business.

Expectation of a behavior is really what branding is all about. When you deliver what is expected, you contribute to building a "good" brand; when you do not, you contribute to building a "bad" brand. Brands can be good or bad, and they change all the time.

A brand isn't a logo or a letterhead; those are representations of something more than themselves. Take the word "Marlboro." It conjures up a vision of a cowboy instead of a cigarette - it's a representation of something other than the product. A brand is all of the communications around your company, and more. It's behavior around how you conduct business, and behavior, as you know, is difficult to pin down. But pin it down you must if you are to have a good brand.

Your markets are changing almost daily. To compete successfully, you must create a brand that is recognized, trusted and means quality to your customers. Your customers remain loyal to you not because you carry this or that manufacturer's brands. They buy from you because you behave the way they want, expect and count on. It's the company they buy - not the product. Customers come to you not only for products and services you provide, but for you. With every transaction you make, you create a brand image. You either reinforce your idea of who you are, or you harm it.

To compete successfully, distributors must maintain and reinforce their brands. You must brand yourself each day, and decide who you are and what you want to offer.

Being heard amid the roar of your competitor's voices is a daunting task in today's crowded marketplace. We find this to be shockingly true each time we read a magazine, watch the television, or surf the web. As a result, businesses are now seeking new and more effective ways of increasing brand awareness and more importantly, create brand loyalty. One of the most important tasks involved in ensuring a brand's success, is to develop an effective branding strategy.

To successfully position your brand above your competitor's continuing fight for your customers, you must develop a brand proposition that when conveyed in marketing and advertising campaigns, will provide an attractive, unique, and relevant message to current and potential customers. In addition, this proposition must be realized and consistently echoed by senior executives, customer support, R&D teams, marketing staff, sales staff, and strategic partners.

Why is Successful Branding So Important Today?

Though brand development is by no means a new idea, today consumers have more access to information and more choices than ever before. The result is higher expectations, and the brand's message must captivate the consumer immediately. Companies seeking to experience long-term success will have to create the most compelling, relevant, and consistent brand experiences for their customers.
Remember: "You can't escape your brand. Either you make the customer experience, or it gets made without you." Prophet Corp.

In order to successfully develop the most effective branding strategy, a firm understanding of what a brand is must first be answered.

The Brand is Everything

Scott Bedbury is a leading branding consultant that has worked closely with companies like Nike and Starbucks, has written a book titled, "A Brand New World", published by Viking Press. In it he gives excellent thorough definition of what a brand is. "A brand is the sum of the good, the bad, the ugly, and the off-strategy. It is defined by your best product as well as your worst product. It is defined by award-winning advertising as well as by the god-awful ads that have somehow slipped through the cracks, got approved, and, not surprisingly, sank into oblivion. It is defined by the accomplishments of your best employee-the shining star in the company who can do no wrong-as well as the mishaps of the worst hire that you ever made. It is also defined by your receptionist and the music your customers are subjected to when placed on hold. For every grand and finely worded public statement by the CEO, the brand is also defined by derisory consumer comments overheard in the hallway or in a chat room on the Internet. Brands are sponges for content, for images, for fleeting feelings. They become psychological concepts held in the minds of the public, where they may stay forever. As such you can't entirely control a brand. At best; you only guide and influence it."

The Brand's Creed

The development of a branding strategy must begin with identifying the brand's (the business') core values. These are

qualities, which an organization deems most important. For instance, an organization or business may identify its core values to include: honesty, integrity, excellent communication, and client satisfaction.

Though these values are usually never revealed to the public, they are evident in every aspect of the organizations' business routine, from customer service, to direct marketing, to website design, to teleconferences, to the treatment of its employees and strategic partners. This conveys a consistent perception to the target audience in every medium of communication that is used.

Consideration for these values should not be taken lightly for these values represent the "creed" for the business and become the cornerstone for developing the brand's proposition. And though the brand's proposition may change from time to time, the brand's core values should never change.

Great Strategy Begins with Great Research

Once the brand's core values have been identified, the road towards effective brand proposition development begins. To ensure a successful outcome, comprehensive and objective research involving at the minimum, the brand's strengths and weaknesses, the target audience, and the competition will be conducted. If the resources are available, research should also involve extensive observation into the brand's industry, its history, the current market picture, and potential growth and direction.

The Target Audience Holds the Keys to Your Brand's Success

If I had to choose only one area of research to focus my efforts on, it would be to identify first who the target audience is and second, what their needs and desires are. This information should be as comprehensive and exact as possible. Applicable factors such as; age, gender, income, and shopping habits (online and offline) are good places to start. Of course if your target audience is another business, your research will involve different factors.

Truly understanding your target audience, in addition to having a realistic assessment of what your product offers, is invaluable in assisting you in the development of a successful brand proposition. This information will also provide insight into how to convey this message in an engaging, relevant, and consistent manner.

Some questions to consider during this process are: who is your target audience (be specific & use more than one example if applicable), what does the target audience currently need and desire? What does your competitor currently offer? How does your products/services fulfill this need better? What needs or want may be fulfilled by your product or service that isn't currently being offered to them? If your competitor offers a similar product/service, how is yours better? Do your advertising campaigns provide a more engaging, unique, and consistent message than those of your competitors?

Developing a Brand Statement (Brand Proposition)

From the research, development of the brand statement, often referred to as a brand proposition, commences. The brand statement is a promise. It states that if you use our services / products, we promise that this or that will occur, whether it is the satisfaction from wearing well designed clothing, to the comfort of choosing the services of particular financial planner. The brand proposition must be clearly understood, engaging, presented in the right context for relevancy, and offer a solution to the target audience's current wants and needs.

An example of effective brand propositioning can be found in a well known computer company's line of television commercials. The commercials successfully convey the brand's statement that goes something like this; if you buy our PC's, we'll customize the computer to fit all your needs, you'll have access to our award winning customer service, you'll have less hassle to worry about, and best of all, you'll be cool.

The brand's promise is easy to understand, engaging, unique, relevant (to the target audience), and consistent.

A Promise is a Promise

Of course all of these promises are just that, promises. If the company's products, services, and customer support didn't support these promises, the initial surge of new customers would quickly come to a screeching halt and the brand would fade into obscurity along with the company.

Providing a Brand Proposition that is engaging, is easily understood, and offers an emotionally positive solution to needs and desires only serves to enhance the current customers' perception of the brand and will get new customers to look your way. Following through with an excellent product/service and customer support will put an indelible mark in the memory of your existing customers; one that will create brand loyalty through good and bad times; a sure sign of a brand's strength.

Deliver the Unexpected

When developing a brand proposition, never let your brand's promise be one that is already expected; this is a sure way to NOT stand out from your competitors. Advertising efforts that utilize adjectives like "good", or "nice" are sure to fail when seeking to be both engaging and unique.

How many times while driving, have you seen restaurant or dry cleaning signs, that announce "good Chinese food", or "good dry cleaning service"? The answer is probably more times than you can count. These businesses are able to survive because they are often the only game in town. But for businesses and organizations that are competing for a larger market, this type of advertising is sure way toward obscurity.

Remember, you must convey an engaging, unique, relevant, and consistent message to your target audience. Consumers already expect "good service" from you. This isn't an engaging message nor is it unique. This message doesn't lead towards a strong positive emotional relationship.

Winning Hearts and Minds

An important aspect of brand development is to create a positive emotional attachment to the brand, which creates a

response in its audience without the audience seeing the product or directly experiencing the service. Think of Amul for a moment: the very name, perhaps even the logo, conjures up an image of sinful indulgence. Yes, it represents chocolate or ice cream, but it is the feeling and the anticipation of that feeling that the brand conveys most compellingly.

Positive emotional bonding comes from a mutually beneficial relationship built on intrigue, trust, understanding, and support. These are qualities that often separate colleagues from friends, and friends from family. Build your brand promise on the basis that your product will deliver positive, relevant, and unique emotional qualities.
And of course these qualities will be dictated by the current needs and desires of your target audience.

This may be the most difficult and often overlooked aspect of successful brand development. This is also where a lack of comprehensive research into identifying the target audience's needs and desires can either make or break an attempt at developing a positive emotional attachment between the brand and its audience. If not done effectively, a seemingly insurmountable communication gap will develop between the internal brand perception and the audience's actual perception.

Your brand proposition should convey a message that is:

- Aligned with the brand's core values
- Clear, Engaging, Unique, and Relevant to your target audience
- Able to incorporate an element of positive emotional attachment that is better than just "good"
- Echoed within your business, internally and externally Consistent across multiple marketing and advertising mediums (print, online presence, etc)
- Continually reinforced within the organization so that your employees consistently deliver what is promised
- Echoed by strategic partners .
- Able to adapt to a changing marketplace.

Three Steps Toward Successful Branding

Here are three strategies you can use to enhance your brand:

Use Project Photos

Your customers want to know one thing: Will they be satisfied when doing business with you? Persuade them with photographs. Ask a satisfied end user to take a picture of a building you supplied. Take the photo yourself, if you must. If you can, take another one with you and your customer in front of the building. Then post the photo in your distributorship where others can see. Photos get people talking and help portray happy customers - both those who know you and those who walk through the front door for the first time.

See Branding Opportunities Everywhere

People get into habits easily. Habits are the enemy of innovation, and you must do all you can to challenge your patterns.Let's look at an example of how one entrepreneur could have done a better job of branding his company. Leaving early in the morning from an airport one day, the lines through security were enormous. There was a coffee shop outside the security area, and the owner sat there watching the endlessly long line move inch-by-inch. It took people 40 to 60 minutes to get through the line to the security screeners. The coffee owner was very disappointed because no one wanted to lose his or her place in line to get coffee.But he watched potential customer-after-customer move inch-by-inch and missed a golden opportunity to re-position himself in the minds of his customers: Bring the coffee to them. I would wager that people would have paid more for the service of having coffee brought to them while they waited in line. Instead, he sat there, holding his head in his hand, blaming security for his misfortune. There are opportunities for branding yourself everywhere if you only look for them.

Educate your Customers

Much of the quality you build into every transaction is hidden from your customers. Your job is to reveal it. I once walked into a non-descript rug store in my town to buy a rug. A man in a suit came up to me, and I told him I was in the market for a throw rug for the front door. He asked me how big a rug I needed and what kind of rug I would like. My ignorance of rugs came immediately through, and he proceeded to give me an education about the rugs he sold. For the next 20 minutes, I felt like I was some guy who came into spend a million dollars on rugs. He had workers come out and spread out rugs I wasn't possibly going to buy. When I said, "You don't have to do that," he replied, "It's my pleasure, don't worry."

Brand Success Through Integrating Marketing Resources

When you are driving a BMW and proudly turn the ignition keys for the first time in 'the ultimate driving machine', you are not only benefiting from a highly engineered car with excellent performance, but also taking ownership of a symbol that signifies the core values of exclusivity, performance, quality and technical innovation. We are not just buying American Express Travelers Cheques that are issued promptly and accepted worldwide, or the security of having our lost cards restored quickly. We are also paying to feel we belong to an exclusive club of successful and extraordinary people, leading exciting and adventurous lives. Likewise a managing director outsourcing the IT function of a company chooses Andersen Consulting not just because of the large resources and the expertise offered. He or she is also buying a name that stands for commitment to: service excellence, global recognition and sustained credibility.

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

The added values we sought, however, were not just those provided through the presence of a brand name as a, differentiating' device, nor through the use of brand names to recall powerful advertising. Instead, we perceived a total entity, the brand, which is the result of a, coherent marketing approach which uses all elements of the marketing mix. For example A man does not give a woman a box of branded chocolates because she is hungry. Instead, he selects a brand that, commu-

nicates something about his relationship with her. This, he hopes, will be recognized through the pack design, her recall of a relevant advertising message, the quality of the contents, her chiding of him for the price he paid and her appreciation of the effort he took to find a retailer specializing in stocking such an exclusive brand. The same goes for a woman buying a man a special box of cigars. These examples show that thinking of branding as being 'to do .. with naming products', or ' about getting the right promotion with the name prominently displayed', or 'getting the design right', is too myopic. In the mid-1980s, we came across Scottowels when doing some work in the kitchen towels market. Managers in the company thought that this was a branded kitchen towel, but consumers perceived this as little more than another kitchen towel with a name added - one stage removed from being a commodity. It had a brand name, but because the rest of the marketing mix was neglected, it had to fight for shelf space on the basis of price and was ultimately doomed because of the vicious circle driven by minimum value leading to low price.

There are hundreds of examples of well-known brand names that have failed commercially. There are even some, which are reviled by the public. Such unsuccessful brands are examples of a failure to integrate all the elements of marketing in a coherent way.

Thus, branding is a powerful marketing concept that does not just focus on one element of the marketing mix, but represents the result of a carefully conceived array of activities across the whole spectrum of the marketing mix, directed towards making the buyer; recognize relevant added values that are unique when compared with competing products and services and which are difficult for competitors to emulate. The purpose of branding is to facilitate the organization's task of getting and maintaining a loyal customer base in a cost-effective manner to achieve the highest possible return on investment. In other words, branding should not be regarded as at a critical tool directed towards one element of the marketing mix, but rather should be seen as the result of strategic thinking, integrating a marketing programme across the complete marketing mix.

Neither is this a concept that should be regarded as more appropriate for consumer markets. Indeed, the concept of branding is increasingly being applied to people and places, such as politicians, pop stars, holiday resorts and the like, whilst it has always been equally relevant to the marketing of products and services. Strategic branding is concerned with evaluating how to achieve the highest return on investment from brands, through analyzing, formulating and implementing a strategy that best satisfies users, distributors and brand manufacturers. It is relatively recently that a strategic perspective on branding has emerged, with firms beginning to recognize that they are sitting on valuable assets that need careful attention, as we shall see in the next section.

Does Marketing of Brand Help?

What is required to manage marketing as a brand asset of the organization? We take guidance from the definition of brand as a promise of value that is…

1. Unique
2. Relevant
3. Sustainable

These three dimensions of all brands point the way for marketers to create value inside any organization. Regardless of its role and expectations, marketing will win respect when it is recognized as a contributor of value that is unique (not generated by any other area, department or function), relevant (supporting results for the organization) and sustainable (ongoing and lasting).

1. Unique Value

The unique value of marketing is its focus on customers. More than any other function, marketing leads the way for the organization to understand, attract and keep customers.

While by no means an exclusive domain, marketing is uniquely absorbed with this external focus in holistic terms. Marketing's contribution to the organization is to lead the way in customer focus by bringing the customer perspective inside the organization in ways that build customer equity, which, in turn, is no less than the primary source of equity for the entire organization.

2. Relevant Value

While the external focus of marketing is unlike most other management disciplines, this unique perspective will not be valued until marketing can demonstrate its relevancy to the organization as a generator of earnings in the short term (or revenue increases for nonprofit organizations) and top-line growth in the long term.

Nothing is more relevant to business than results in terms of revenue and profit growth.

Also, marketing enhances its relevancy when it skillfully communicates throughout the organization the positive consequences of a customer-focused strategy.

3. Sustainable Value

The unique or relevant value of marketing is ultimately of no consequence unless the value is sustainable. That is, only if marketing can repeat over a long period of time its ability to bring a customer perspective throughout the organization and generate earnings in the short term and top-line growth in the long term will the marketing brand win lasting respect.

Marketing must therefore be both a scout to watch for change emerging on the horizon and a vanguard leading the way to new opportunities.

In each of these three dimensions of the marketing brand, marketers must effectively market their work to internal "customers." They must recognize that it is the equity that marketing builds *within* the organization, rather than the equity that marketing builds with customers, that often makes the difference between gaining a seat at the strategy table on the one hand and powerlessness and marginality on the other.

Strategic Brand Management

- Strategic brand management involves the design and implementation of marketing programs and activities to build, measure, and manage brand equity.
- The strategic brand management process is defined as involving four main steps:
  1) Identifying and establishing brand positioning and values
  2) Planning and implementing brand marketing programs
  3) Measuring and interpreting brand performance
  4) Growing and sustaining brand equity

Brand Building Process

•Differentiation – Way in which Co. is viewed as unique in the market, what makes you different?

•Relevance – the level to which a brand is personally important to customers.

•Esteem – that characteristic of a product or service that measures how highly customers regard it.

•Knowledge – customer's belief that there is an understanding of what the brand stands for. This drives the purchase decision.

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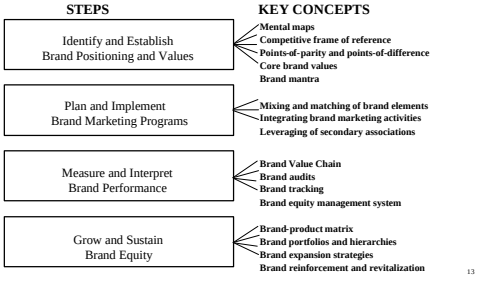
Strategic Brand Management Process



A Case History; Its all in Building the Brand

By John R. Graham

All the talk about creating a brand can seem somewhat ethereal for many businesses. While it's relatively easy to understand the value of branding when it comes to a Coca-Cola or NationsBank, it's more difficult to grasp the possibilities when it's an insurance agency, a dry cleaner, a rivet manufacturer or an alternative health clinic.

Because branding appears elusive, most businesses fail to build a brand. They're eager for marketplace visibility and want to be thought of as competent, competitive and service- oriented by their customers, but so does everyone else. This is why businesses in the same industry often become a blur to customers. There's nothing distinctive or memorable about any of them. Most are content to get what they call "our piece of the pie."

It doesn't need to be this way. How many computer manufacturers are out there fighting for the next sale? Dozens. Yet, which one stands out when it comes to building rugged laptops? Panasonic, of course. In terms of top customer satisfaction, there's one company that takes top honors: Dell. Now, how about overall quality? Which computer manufacturer gets consistently high marks? Gateway. From then on, it's back to blur.

Branding associates a specific quality with a product, service or company. When a particular product comes to mind, the customer has a precise picture in mind. Consumers equate Wal-Mart with maximum value for their dollar. The Hilton name comes to mind for quality, modestly priced lodging. With Saks Fifth Avenue, it's high quality and service excellence. Prestige and performance define Mercedes. Dunkin' Donuts equals consistently great coffee wherever you see the famous sign.

On the other hand, branding is not forever. Sears, for example, owned middle America until about 1970. Then the middle class began to change. Designer apparel became popular, except at Sears. General Motors was long the standard until Americans wanted well-built, smaller cars. GM lost out to the Japanese auto companies on both counts, and became a negative brand. Even with GM's monumental improvements over the past few years, some consumer segments remain skeptical.

While branding seems to be the key to success when it comes to major manufacturers, what about a traditional business such as a dry cleaner? What role does branding play in this business?

Anton's Cleaners, the family-owned 39-store chain in Eastern Massachusetts and Southern New Hampshire, is a work-in-progress when it comes to branding. The first Anton's Cleaners opened in Lowell in 1913. Over the years, the company grew and expanded. At one time, Anton's locations could be found in several states with one of the largest stores inside the Pentagon. There was even a venture into uniform services.

Then beginning about the mid-1980s, a re-engineered company began to take shape. It was just about 10 years later that the company took aim at marketing.

It was apparent that while the company's flag flew over more than three dozen locations, a definitive Anton's "image" was missing. It was at that point that a marketing process began to unfold. Although many issues were addressed, the brand concept became a top priority.

Although the company had long given precedence to the actual cleaning process, using only the finest equipment and chemicals, and providing constant training for its employees, several ingredients were missing.

First, the logo was tired, having been around for about 40 years. The colors were black and red, appropriate for some businesses, but not for a company specializing in a fresh, clean look. The first step was to update the company logo and introduce an environmentally-friendly green and blue color combination.

Then came the presentation of the clothes, including hangers, hanger covers, VIP Express drop off bags, and poly bagging for the clothes. With some of basics in place, a big third step involved the redesign of the interior and exterior of the stores. Although Anton's Cleaners was a chain, it wasn't-at least as far as the customers could see. It was as if Anton's had 39 individual stores. It was clear that if Anton's Cleaners was to become a brand, the stores must convey the message of uniformity in much the same way that Dunkin' Donuts accomplishes the goal.

Attempts were made over the years to redesign the stores, but the results were unsatisfactory. The goal was to create a clean, bright, attractive and recognizable design, one that worked with a freestanding location as well as in a strip mall.

A combination of window treatment, a bright green internal awning, white walls and a well-lit call office (or customer area) emerged as "The Anton's Look." The goal was to create a store environment that mirrored the care Anton's gives to its customers' clothes.

Today, Anton's Cleaners has a consistent, unified look that gives the company what can be called marketplace "visibility," a goal that could not be achieved even with extensive advertising. The task was to transform the company into a brand, and the stores themselves played a key role in the process.

For example, in a three month period following the opening of a new store in a strip mall adjacent to an Interstate highway, it was revealed that 46 zip codes were represented among the more than 2,000 customers the store served during that period. By creating a brand, the whole became greater than the total of the nearly 40 stores. The idea was to demonstrate that Anton's Cleaners is everywhere.

A recent direct mail campaign reinforced the branding process. Although the mailers were personalized for specific stores, there was a list of all the stores including addresses and telephone numbers.

There are other elements, including the development of a high visibility community relations program, advertising and public relations activities. Each of these contributed to reinforcing the Anton's image.

While Anton's Cleaners had been in business since the early part of the century and had an enviable track record as a company, it took almost all those years for Anton's to emerge as a brand.

This case history is instructive because it involves a long established, successful company that was just waiting to move

to the next level. More importantly, it raises some of the basic branding questions:

- What market segments do you want as customers? Branding excludes the "we-want- everybody" type of thinking. With its rugged laptops, Panasonic appeals to those who work in demanding conditions. In this market niche, Panasonic is the brand.

  The CVS stores, Osco and Walgreen's send a powerful message to the consumer: "It's easy to find it here." Whether it's greeting cards, motor oil, beach chairs or an ice scrapper, these stores have it. In a sense, they are saying, "You can get it without going shopping."
- What do you want the customer to think about when seeing your product? In other words, what's distinctive? Dozens of retail chains have disappeared for a variety of reasons. Near the top of the list is a lack of clarity when it came to differentiation. If customers do not have a clear understanding of why they should shop at a particular chain, they will go elsewhere.

  Clarity pays off for many brands. When it comes to household appliances, GE is perhaps the trusted name in mid-priced products. It's almost like saying, "It's been around. How can we go wrong?" On the other hand, the Bosch name on an appliance conjures up a high quality European image for the trendsetter.
- What factors will contribute to shaping that perception? One of the most interesting brands is Best Buy, the discount electronics and appliance retailer. In this case, the name helps shape the perception. In fact, the Best Buy logo is a yellow price tag. By implication, Best Buy is saying, "Others have good prices…but see us for the best buys."

In this same genre, Radio Shack has branded itself in an innovative way. While these stores carry similar merchandise to others in this category, the Radio Shack speciality is hard to find electronic items, particularly parts. While you may go elsewhere to buy a an extra telephone for a bedroom, for example, chances are you would head to a Radio Shack store to pick up wiring and outlets.

Perhaps one of the branding success stories is Apple Computer. It might be more accurate to describe it as "brand restoration." With the arrival of the Macintosh computer in 1984, the Apple name meant user-friendly innovation. By the early 1990s, there were still many Mac believers, but the innovation cache had been lost. The introduction of the iMac restored the brand because of unique design and affordable pricing. The message was clear: "Apple's back." It was the shape of the box and the assortment of colors that sent the Apple message to the marketplace.

The primary value of branding is that it focuses total attention on the customer and doesn't allow a business to be distracted by irrelevant and self-serving issues. One wonders if it was "distraction" that caused the fall of J. Peterman, the catalog company. Portraying Mr. Peterman as traveling the world-seemingly at great expense-in the unending conquest of obscure merchandise may have sent the message that no one is minding the store.

Anton's Cleaners learned an important lesson: building the brand is building the business.

John R. Graham is president of Graham Communications, a marketing services and sales consulting firm founded in 1976. Mr. Graham is the author of The New Magnet Marketing (Chandler House Press, 1998), the revised and updated version of his original book, Magnet Marketing, and 203 Ways To Be Supremely Successful In The New World Of Selling (Macmillan Spectrum, 1996). Mr. Graham writes for a variety of publications and speaks on business, marketing and sales topics for company and association meetings.

Notes

LESSON 13:
BRAND EVOLUTION

Objectives

Upon completion of this Lesson, you should be able to:

- Historical evolution of brands
- Understand how did the branding as a concept evolved
- Explain the gradual evolution on brands
- Discuss the eight categories of brands

In your previous lesson you have studied about the branding process and brand success through integrated marketing resources. We will now understand the how brands evolved and the various categories of brands.

Can any one of us tell how did the concept of branding evolved? What made the producers and manufacturers create brands?

Branding Decision

Branding is interwoven with religion.Mankind built branded environments, places to go and practice religion. The chants and bells were to bring to prople into these places, which is very much like advertising. The concepts and ideas have been there forever, and as society developed , brands proliferated to differentiate and generate business.

Historical Evolution of Brands

Historically, most products were unbranded. Producers sold goods or commodities to fulfil our core basic needs like taste, hunger or energy. These products did not have ny identification mark on them. The first step towards branding a commodity is to package it, e.g. rice, papad, salt. Water , for example used to be sold as a commodity. Today most mineral waters are sold as brands. The company enhances the value of the commodity functionally. Branding started formally when craftsmen put trademarks on their products to protect them against inferior quality. Painters started signing their art works. Pharmaceutical companies were the first to put brand names on their products. Today hardly anything is unbranded. If you look at yourself you will find everything you have worn or carried is of a particular brand, yes, some are successful brands and some are not.

Brands start off as products made out of certain ingredients. Over a period of time, brands are built through marketing activities and communications. They keep on acquiring attributes, core values and extended values.

Extended value

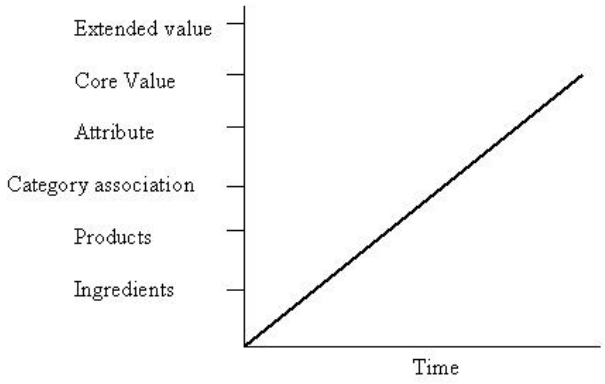


Fig 14.1

Having clarified the concept of the brand, it is worth appreciating how brands evolved. This historical review shows how different types of brands evolved.

There were examples of brands being used in Greek and Roman times. With a high level of illiteracy, shopkeepers hung picture above their shops indicating the types of goods they sold. Symbols were developed to provide an indication of the retailer's speciality and thus the brand logo as a shorthand device signalling the brand's capability was born. Use is still made of this aspect of branding, as in the case, for example, of the poised jaguar indicating the power developed by the Jaguar brand.

In the Middle ages, craftsmen with specialist skills began to, stamp their marks on their goods and trademarks. Distinguish in between different suppliers became more common. In these early days, branding gradually became a guarantee of the source of this product and ultimately its use as a form of legal protection against copying grew. Today, trademarks include words (e.g. Duracell and Matchbox), symbols (e.g. the distinctive Shell logo) or a unique pack shape (e.g. the Coca-Cola bottle), which have been registered an which purchasers recognize as being unique to a particular brand.

The next landmark in the evolution of brands was associated with the growth of cattle farming in the New World of North America. Cattle owners wanted to make it clear to other potentially interested parties which animals they owned. By using a red-hot iron, with uniquely shaped end, they left a clear imprint on the skin of each their animals. This process appears to have been taken by many the basis for the meaning of the term brand, defined by the Oxford English Dictionary as 'to mark indelibly as proof of ownership, as sign of quality, or for any other purpose'. This view of the purpose 0 brands as being identifying (differentiating) devices has remained with us until today. What is surprising is that in an enlightened era, aware of

the much broader strategic interpretation of brands, many of today's leading marketing textbooks still adhere to the brand solely as a differentiating device, for example, 'a name, term, sign, symbol, design, or a combination of them, which is intended to identify the goods or services of one seller or group of sellers, and to differentiate them from those of competitors. Towards the end of the nineteenth century, such a view was justified, as the next few paragraphs clarify. To regard brands as little more than differentiating devices is to run the risk of the replaced demise of the product or service in question.

To appreciate why organizations subscribed to brands as differentiating devices over 100 years ago, and to appreciate why this view held favour until the 1960s, it is necessary to consider the evolving retailing environment, particularly that relating to groceries, where classical brand management developed. In the first half of the nineteenth century, people bought their goods through four channels:

1 Retailers;

2. from those who grew and sold their own produce;

3. from markets where farmers displayed produce;

4. from travelling salesmen.

Household groceries were normally produced by small manufacturers supplying a locally confined market. Consequently the quality of similar products varied according to retailer, who in many instances blended several suppliers' produce. With the advent of the Industrial Revolution, several factors influenced the manufacturer retailer relationship, i.e

- the rapid rise of urban growth, reducing manufacturer consumer contact
- the widening of markets through improved transportation; the increasing number of retail outlets;
- the wider range of products held by retailers;
- increasing demand.

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

During this stage, most manufacturers were:

- selling unbranded goods;
- having to meet wholesalers demands for low prices; spending minimal amounts on advertising;
- selling direct to wholesalers, while' having little contact retailers.

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

The growing levels of consumer demand and the increasing rate of technological development were regarded by manufacturers as attractive opportunities for profitable growth through investing in large-scale production facilities. Such action, though, would lead to the production of goods in anticipation of, rather than as a response to demand. Not only were manufacturers perturbed by having to adopt the new techniques of planning, but also with such large investment they were concerned about their reliance on wholesalers. To protect investment, patents were registered and brand names affixed by the owners. The power of the wholesalers was also bypassed by advertising brands directly to consumers. The role of advertising in this era was to stabilize demand, ensuring predictable large-scale production protected from the whims of wholesalers. In such a situation the advertising tended to focus on polluting awareness of reliability and guaranteeing that goods with brand names were consistent quality. The third way that manufacturers invested in protecting the growth of their brands was through appointing their salesmen to deal directly with retailers.

By the second half of the nineteenth century, many major manufacturers had embarked on branding; advertising and using a sales, force to reduce the dominance of wholesalers. In fact, by 1900 the balance of power had swung to the manufacturer, with whom if maintained until the 1960s. With branding and national market manufacturers strove to increase the consistency and quality of the brands, making them more recognizable through attractive packaging that no longer served the sole purpose of protection. Increase advertising was used to promote the growth of brands and with manufacturers exercising legally backed control over prices, and more manufacturers turned to marketing branded goods.

This changing of the balance of power from wholesaler to manufacturer by the end of the last century marked another milestone in the evolutionary period of brands.

Brand owners were concerned with using their brands as legal registrations of their unique characteristics. Besides this, they directed their efforts towards consumers to make them aware that their brand was different in some way from those of competitors. Furthermore, they wanted their brands name to encourage belief in a consistent utility level that most were prepared to guarantee. Thus, whilst the differentiating aspect of the concept was initially regarded as the key issue, this soon also encompassed legal protection and functional communication.

Throughout this century, manufacturers' interest in branding increased and with more sophisticated buyers and marketers, brands also acquired an emotional dimension that reflected buyers' moods, personalities and the messages they wished to convey to others. However, with the greater choice to buyers through the availability of more competing products, the level of information being directed at buyers far exceeded their ability to be attentive to the many competing messages. Because of their limited cognitive capabilities, buyers began to use brand names shorthand devices to recall either their brand experiences

or marketing claims and thus saved themselves the effort of having continuously to seek information.

The only other major landmark in the growth of branding was the metamorphosis from manufacturers' brand of distributors, brand that began to occur around the turn of this century.

Branding in the 1 990s: Brand Categorization

An advertising perspective

This brief historical review has shown you how brands evolved and has also briefly introduced the idea of the different types of brands. One of the weaknesses with the current views on branding is that the term is used to encompass a very broad range of issues, encouraging the possibility of confusion.

Two well known researchers pointed out that the problem with branding is the surprising number of creative directors, planners account handlers and clients who have a kindergarten knowledge of branding processes and mechanisms. They are, rightly critical of those who regard branding merely as process to ensure that the name on a product or service is highly visible. Based on a consideration of advertisements, they classified brands into nine categories, each representing a role in advertising, varying from simple through to complex branding.

An Output Process

A key problem with many of these interpretations is that they place too much emphasis on branding as something that is done to consumers, rather than branding as something consumers do things with. It is wrong, in other words, to focus on branding as an input process. Clearly we need to consider carefully how marketing resources are being used to support brands, but it is crucial to understand the output process as well since, as mentioned earlier, the final evaluation of the brand is in the buyer's or user's mind. Consumers are not just passive recipients of marketing activity. They consume marketing 'activities sometimes with a large subconscious appetite, twisting messages to reinforce prior expectations.

Several highly-regarded branding advisers stress the importance of looking at brands as perceptions in our minds, a notice which is comparatively easy to accept and which reinforces the conclusion about the importance of what we take out of the process rather than what marketers put into it. Whilst it is clear marketers design the firm's offer, the ultimate judge about the nature of the brand is the consumer. When buying a new brand consumers seek clues about the brand's capabilities. They try to evaluate the brand through a variety of perceptual evaluations, such as its reliability, or whether it's the sort of brand they feel right with whether it's better than another brand, so that a brand becomes not the producer's, but the consumer's idea of the product. The result of good branding is a perception of the values of a product, or service interpreted and believed so clearly by the consumer that the brand adopts a personality. This is so well-recognized that products with little apparent functional differences are regarded as different purely because of the brand personality. For example, while many organizations provide charge cards, American Express is 'the one you don't leave home without'. Parker pens have a personality of their own, as do Singapore Airlines, Fosters lager, and countless other brand around the world.

Thus, recognizing the inherent flaw when marketers focus upon branding as an input process, we have highlighted eight different types of brands that practitioners employ.

An Eight-Category Typology

1 Brand as a Sign of Ownership

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

With escalating advertising cost, there is a move to the corporation as a brand, rather than stressing branding at the individual product lines level. This helps form a clear identity and has given impetus to the corporate design industry. There is a danger, however, that consumers do not pick up the values that the corporate brand stands for and how these run through all the product line brands. A further danger is that as a corporation widens its brand portfolio, its core values become diluted.

2. Brand as a Differentiating Device

The historical review earlier in this lesson indicated that, at the turn of the century, a much stronger emphasis was placed on brands purely as differentiating device between similar products. This perspective is still frequently seen today in many different markets. Yet with more sophisticated marketing and more experienced consumers, brands succeed not only by conveying differentiation, but also by being associated with added values. For example, the brand Persil not only differentiates it from other washing-power lines, but is a successful brand since it has been backed by a coherent use of resources that deliver the added value of a higher-quality offering with a well – defined image. By contrast the one-man operation, "Tom's Taxi Service', is based upon branding as a differentiating device, with little thought to communicating added values.

Small firms seem to be particularly prone to the belief that putting a name on their product or service is all that is needed to set them apart from competitors. They erroneously believe that branding is about having a prominent name, more often than not based around the owner's name. Yet there is ample evidence that brands fail if organizations concentrate primarily on developing a symbol or a name as a differentiating device. Brands will succeed only if they offer unique benefits, satisfying real consumer needs. Where an organization has reason to believe that their competitors are marketing brands primarily as differentiating devices, there is an opportunity to develop a

strategy, which gets buyers to associate relevant added values with their brand name and hence gain a competitive advantage.

Brand distinctiveness allows customers to identify products and services. This occurs not only from the brand itself, i.e. through the packaging, advertising or naming, as shown in Figure 2.2. There are further sources to distinguish the brand. First, consumers perceive the brand in their own way. As explained before, value is in the eye of the beholder and each person can draw very different conclusions.

Secondly, people interacting with the consumers affect their perception of the brand. Especially with consumer goods, consumers focus their attention on certain brands as a result of conversations with peer groups.

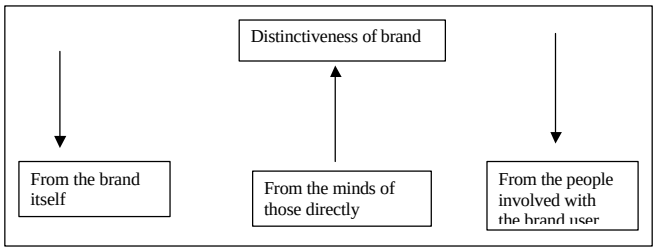


Figure 2.2 How brand can be distinctive

3 Brand as a Functional Devise

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

As consumers began to take for granted the fact that brands represented consistent quality, marketers strove to establish their brands as being associated with specific unique functional benefits by, for example, not just marketing a credit card, but a credit card protection policy.

Functional capabilities should always be focused on consumers, rather than on internal considerations. For instance, providing televisions in waiting rooms to make queues less annoying is less likely to be appreciated than a redesigned system to eliminate queues altogether.

A brief scan of advertisements today shows the different functional attributes marketers are trying to associate with their brand. For example, Dyson, emphasizes the unique features of a carpet cleaner that needs no bag changing; SEAT strives to convey a good value-for-money proposition; Castrol GTX represents 'high technology' engine protection. Firms adopting the view that they are employing brands as functional communicators have the virtue of being customer driven, but clearly run the risk of an excessive reliance on the functional (rational) element of the consumer choice, as all products and services also have some degree of emotional content in the buying process.

4 Brand as a Symbolic Device

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

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

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

Through being members of social groups, people learn the symbolic meaning of brands. As they interpret the actions of their peer group, they then respond, using brands as non-verbal communication devices (e.g. feelings, status). To capitalize on symbolic brand therefore, marketers must use promotional activity to communicate the brand's personality and signal how consumers can use it in their daily relationships with others. Nonetheless, whilst there are many product fields where this perspective of brands is useful, it must be also be realized that consumers rarely consider just the symbolic aspect of brands. Consumers often evaluated brands in terms of both a symbolic (emotional) and a functional (rational) dimension. Marketers should therefore, be wary of subscribing to the belief that a brand acts solely as a symbolic device.

A successful example of combining both is given by Mercedes affinity Visa card, which offers the functional advantage of an internationally accepted credit card with the appeal of showing the user's ownership of a highly prestigious car.

5 Brand as a Risk Reducer

Many marketers believe that buying should be regarded as a process whereby buyers attempt to reduce the risk of a purchase decision. When a person is faced with competing brands in a new product field, they feel risk. For example, uncertainty about whether the brand will work, whether they will be wasting money, whether their peer group will disagree with their choice, whether they will feel comfortable with the purchase, etc. Successful brand marketing should therefore be concerned with understanding buyers' perceptions of risk, followed by developing and presenting the brand in such a way, that buyers feel minimal risk. An example of an industry appreciating perceived risk is the pharmaceutical industry. One company has, developed a series of questions which its sales representatives use it evaluate the risk-aversion of doctors. When launching a

new drug the company focuses sales presentations initially on doctors with a low-risk aversion profile.

To make buying more acceptable, buyers seek methods of reducing risk by, for example, always buying the same brand, searching for more information, only buying the smallest size, etc.

Research has shown that one of the more popular methods employed by buyers to reduce risk is reliance upon reputable brands. Some marketers, particularly those selling to organizations rather than to final consumers, succeed with their brands because they find out what dimensions of risk the buyer is most concerned about and then develop a solution through their brand presentation which emphasizes the brand's capabilities along the risk dimension considered most important by the buyer. This interpretation of branding has the virtue of being output driven. Marketers, however, must not lose sight of the need to segment customers by similar risk perception and achieve sufficient numbers of buyers to make risk reduction branding viable.

6 Brand as a Shorthand Device

Glancing through advertisements today, we become aware of brands whose promotional platform appears to be based on bombarding us with considerable quantities of information. To overcome the problem of sifting through large amounts of information, brands are used as shorthand devices by consumers to recall from memory sufficient brand information to make a decision. There is merit in this approach, as people generally have limited memory capabilities. To overcome this, they bundle small bits of information into larger chunks in their memory, and use brand names as handles, to recall these larger information chunks. By continuing to increase the size of these few chunks in memory, buyers in consumer, industrial and service sectors can process information more effectively. At the point of purchase, they are able to recall numerous attributes by interrogating their memory.

There is, nonetheless, the danger of concentrating too heavily on the quantity, rather than on quality of information directed at purchasers. It also ignores the perceptual process, which is used by buyers to twist information until it becomes consistent with the prior beliefs - an error fatally overlooked by the short-lived Strand cigarette brand.

7 Brand as a Legal Device

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

8 Brand as a Strategic Device

Finally, more enlightened marketers are adopting the view to which the authors subscribe, that brands should be treated as strategic devices, The assets constituting the brand need to be audited, the forces affecting the future of the brand evaluated and, by appreciating how the brand achieved its added value, a positioning for the brand needs to be identified so that the brand can be successfully protected and achieve the desired return on investment. To take full advantage brands as strategic devices, a considerable amount of marketing analysis and brand planning is required, yet many firms are embroiled in tactical issues and do not gain the best possible returns from their brands.

This section has described several different categories of brand and has also highlighted the inherent weaknesses of each type brand. You may wonder, however, why manufacturers undertake the commercial risk of developing manufacturer brands and why distributors extend their activities beyond their area of economy expertise to develop distributor brands. We shall discuss the value of a brand to manufacturers, distributors and consumers in the next lesson.

The Evolution of a Brand

by Robert Wilkos

Building our company into a brand name was not on our minds when we took the first steps in that direction. We simply wanted to differentiate ourselves from our competitors.

During the last six years, this evolutionary process has changed our company - and our thoughts about branding - forever. As a result, we have managed to build the Peaden name into the most recognized brand in our market.

The Beginning

Peaden Air Conditioning is located in Panama City, FL, with our service territory smack in the middle of Florida's booming Great Northwest. Still, it's a minor market (#159 nationwide). We are "country contractors" so to speak, and major industry changes or trends don't usually affect us until much later than the rest of the country

In the late 1990s, the major issues swirling around our industry included utility intrusion, consolidation, giant retailers entering the HVAC market, and manufacturers-turned contractors. These were real threats, and any one of them could have changed the face of our market place overnight. We wondered how we would compete with one or all of these newcomers.

Would we roll up our sidewalk and go home or figure out some way to profitably compete on a new playing field?

We sought exclusive product agreements, but these arrangements
became increasingly rare.

Therefore, we committed to a devising a strong marketing plan. Because we didn't want other dealers with the same product reaping benefits from our advertising efforts, we enrolled in a program offered by Nordyne called, "Brand within a Brand,"

where contractors could privately-label Nordyne products with their own name.

This idea wasn't new to me. I became familiar with this concept and put it into play in the late 1980s while managing another company. With a long-standing and excellent reputation in our market, creating a line of Peaden brand equipment seemed like a really good way to stand apart and be the sole beneficiary of our marketing efforts.

Teamwork and Preparation

For us, building a brand was a road less traveled. The process would have been difficult, if not impossible, to execute without assistance from Nordyne and Remsco, a locally-owned HVAC wholesaler. With their help, we unveiled our Peaden Signature Series systems in 1999.

From our experience, private labeling doesn't diminish the manufacturer/dealer relationship; it strengthens it. To this day, our relationship with Nordyne and Remsco is second to none, and we have all benefited from this marketing concept, as have our customers.

Taking this step was far from easy. There were some concerns about reactions from existing and new customers, as well as our staff. Fortunately, these concerns were either answered in short order or never materialized into significant issues.

Essential to the launch of the Peaden Signature Series brand was a concerted effort to do our homework before entering the market.

We sent a dozen of our key staff members to St. Louis on separate trips to inspect the Nordyne facilities and to ask all the necessary questions. At the same time, we worked hard on our label designs so that they were attention-getting, but not obtrusive. As a result, we had more information at our fingertips than we normally would with other national name brands.

The preparation was a must because it was our name going on the equipment. The due diligence allowed our staff to become comfortable with the plan. Once this happened, everything that followed became easier.

We coached our comfort consultants, service technicians, and the entire staff. They needed to believe in the private label concept and the products we were offering.

As far as our customers were concerned, we knew there would be questions. We just didn't know what they would be. However, we felt confident telling them, "This is the product that we have selected to carry our name and reputation."

Then, we waited for the feedback, both from our customers' living rooms and our office.

Confidence was crucial to the sale, but our reputation was the key. Although there were a few awkward moments in the beginning, they were easily overcome. When our customers responded, "Okay, that's good enough for me," we knew the program would be successful.

A Value-Added Product

We sell our Signature Series systems as value-added products. Each system and/or unitary piece includes a six- year warranty to coincide with Nordyne's six-year parts warranty. There's also a complimentary one-year Energy Savings Plan.

Packaging products and services together has worked well. It allows us to educate our customers on the importance of maintenance during the first year of ownership because tune-ups are built into each product price.

We also bundled service agreements with the nationally recognized brands that we offer, such as Amana and Trane.

The renewals of these Energy Savings Plans (ESP) have remained close to 90%. Our ESP customers now exceed 5,500. In fact, nearly 10% of all households in Bay County, FL have a Peaden Energy Saving Plan.

Before we embarked upon this approach, our total plans numbered approximately 1,500. As a result, total revenues have nearly tripled!

Adding a Second Label

A year after rolling out the Signature Series, we were invited by Goodman to private-label their equipment. While this opportunity was a complete surprise, we didn't hesitate to jump at it. Thus, the Peaden Pro Series was introduced in the latter part of 2000.

While few companies private label two lines from two different manufacturers, it hasn't proven to be a problem for Peaden. We have more than 20 years of experience with Goodman products, and our Pro Series systems are positioned and priced as a no-frills, economy line. This rounded out our brand line-up, giving us competitive products at both ends of the price spectrum.

Other Labels

In addition to the Signature Series and Peaden Pro Series systems, we began installing thermostats with our name and phone number on the front cover. These thermostats are included in all new system sales. Last year, we added a line of privately-labeled filters and will add more products soon.

The Peaden labels in a residence, plus helpful stickers and a magnet for the refrigerator, work together to create a constant reminder inside and around a home or business. They represent mini-billboards that can be easily seen by neighbors, relatives, friends, and all potential new Peaden customers. The labels are also just as visible as any national label.

If location, location, location is the key to real estate, then frequency, frequency, frequency is essential to a good marketing campaign. We take advantage of both.

Our marketing efforts get us into new doors and, once in, we make sure our customers don't forget us. One of our slogans has been, "Creating customers for life." A lifetime is exactly how long we want to be our customers' contractor of choice.

Private Labeling Isn't A Stretch

We've attended our fair share of sales-related trade seminars, and believe that it's our comfort consultants and service technicians who lead the equipment selection and purchase process with a consumer. If you accept that basic fact, then exclusive products and private-labeling isn't much of a stretch. In addition, if selling is all about selling yourself first, and you

believe in your company and the products it offers, private-labeling can be a perfect fit.

You might ask: Is that all it takes to build your company into a brand? Honestly, we don't know. We're an HVAC contracting firm. We took the advice that many sales experts freely share, and put a totally different spin on it. However, we don't believe that just putting your own name on another's piece of equipment is all there is to branding. It's only part of the story.

Our drive for customer service excellence has been and remains a top priority, as well as maintaining our well-known reputation. We believe that branding our name only works if everyone in the company believes in our ability to provide great products backed by exceptional service and maintenance, and then works hard to make certain that it happens.

Also key is our on-going marketing and advertising campaign. It covers a wide spectrum and it's all about us, our products, and our services. Private labeling is more successful because of our marketing efforts, and our marketing is more successful because of our private labeling.

Our efforts, accomplishments, and mistakes have brought the Peaden team closer together. The Peaden team is a tight unit and includes not only Peaden employees, but also key personnel from our distributor and manufacturer partners. Our partners know everything about us inside and out, and they've been essential to our success.

While Peaden looks a lot different today than when we started the private-labeling program, there's still much more to learn.

Dare to be different! Ask yourself: What name would you rather be promoting today? Yours or another company's?

The most famous line from the movie, Field of Dreams, is "Build it, and they will come." This phrase, plus a good dose of marketing, also applies to building your own HVAC brand.

Robert Wilkos is the business leader of Peaden Air Conditioning in Panama City, FL. Peaden is a member of ACCA, Excellence Alliance and the Service Roundtable. Wilkos can be reached by email at rwilkos@peaden.com.

Brands were Used for:

- Differentiating between competing items
- Representing consistency of quality
- Providing legal protections from copying

Evolution of Brand: 8 Types

- A sign of ownership of the branding process.
- A differentiating device.
- A communicator of functional capability
- A device to enable buyers to express about themselves.
- A risk reducing device.
- A shorthand communication device.
- A legal device.
- A strategic device.

Notes

LESSON 14:
VALUE OF BRANDS

Objectives

Upon completion of this Lesson, you should be able to:

- Understand the value of brands to manufacturers
- Explain the relationship between brand and distributors
- Discuss the Brand-Customer relationship

You are now aware of how brands as a concept evolved in this lesson we shall learn more about the value of brand to manufacturer, distributor and customer.

Value of Brand to Manufacturer

Why do you think manufacturers are more concerned about their brands?

Manufacturers invest effort in branding for a variety of reasons. If the trademark has been effectively registered, the manufacturer has, a legally-protected right to an exclusive brand name, enabling it to establish a unique identity reinforced through its advertising and increasing the opportunity of attracting a large group of repeat purchasers.

With the high costs of developing new brands, the emphasis in the 1990s is on existing brand development and line extensions. The most recent examples are Budweiser, a premium-priced beer moving into the jeans market, and retailers such as Sainsbury and Tesco targeting the financial service sector. Virgin provides the best example of a brand being stretched. Already covering cola, retailing, vodka financial investment and airlines, in 1997 it announced plans to move into the jeans and cosmetics market. Many question whether the Virgin brand risks shouting its value with so many different products under its umbrella. However, its previous successes may disprove such fears. One recent study has assessed the degree of stretchability of brands. It suggests that only few brands, like Marks & Spencers , Virgin and Nike, are capable of successfully leaping into unknown territories. Clearly, good brands keep on building a corporate image and hence reduce the cost of new line additions carrying the family brand name. However, marketers of overstretching the brand's core values, as Levis did in the early 1980s with their unsuccessful move from jeans into the suit market. Brand extension is such a popular choice because it offers an apparently easy and low risk way of leveraging the brand equity, It is essential, however, to realize that there is a cost to it. First, if a brand its credibility in one sector, the whole umbrella range could be affected. Secondly, even successful repetitions of brand' extensions may dilute or exhaust the brand value of the core product. Managers should then carefully consider whether it is worth running the risk of tarnishing the brand image and reducing the core brand equity. Only by gathering sufficient information can they decide whether to use brand extension or to develop a unique new brand. distributors more receptive to presentations of brand extensions or even of new brand . Those manufacturers with strong brands maintain greater control over the balance of power between the manufacturer and distributor and indeed, some argue that this is one of the key benefits of strong brands. For example, Kellogg's have been quoted as saying:

The only discounts available to customers are those shown of price list, and all those discounts relate to quantity bought and t6.oo payment There is no possibility of special deals.

In view of the pressures facing brand manufacturers from the powerful multiple retailers, such a comment is indeed a brave statement about a belief in the power of strong manufacturers' brands.

It is also possible for a manufacturer with strong brand name to market different brands in the same product field which appeals different segments. This is seen in the washing detergents a soap market, where Unliver and Procter & Gamble market different brands with minimal cannibalization between brands from same manufacturer. Furthermore, by developing sufficiently entailed manufacturer brands that consumers desire, higher can be charged, as consumers pay less attention to price comparisons between different products because of brand distinctiveness. This clearly enhances profitability.

Retailers see strong manufacturer brands as being important since through manufacturers' marketing activity (e.g. advertising point of sale material, etc.), a fast turnover of stock results. Also, with more sophisticated marketers recognizing the importance of long- term relationships with their customers, many manufacturers and distributors have cause to recognize that their future success depends on each other and therefore strong manufacturer brands are seen as representing profit opportunities both for distributors and manufacturers. Some retailers are interested in stock in strong brands, since they believe that the positive image of a brand can enhance their own image. Recent research has provided clear evidence that a favorable image from a manufacturer's brand can further enhance the image of an already well-regarded store.

Recalling the discussion in the previous section about brand Names acting as a means of short-circuiting the search for information consumers appreciate manufacturers brands since they make shopping less time -consuming exponent. As already noted, manufactures bands are recognized as providing a consistent guide to quality consistency. They reduce perceived risk and make consumers confident and in some product fields (e.g. clothing, cars) they also satisfy strong status needs.

Why , then, do so many manufacturers also supply distributors brand? First, it is important to understand why distributors are so keen on introducing their own brands. Research has shown that they are particularly keen on distributor brands because they enable them more control over their product mix. With a strong distribution brand range, retailers average rationalized their product range to advantage of the resulting cost savings

and many stock a manufacturers brand leader, their own distributor's brand and possibly and manufacturer's brand. Trade interviews have also shown that distributor brands offered better margins than the equivalent manufacturers brand, with estimates indicating the extra profit margin to 'be about 5 per cent more than the equivalent manufacturer's brand. Some of the reasons why manufacturers become suppliers of distributors' brands are:

- economies of scale through raw material purchasing, distribution and production;
- any excess capacity can be utilized;
- it can provide a base for expansion;
- substantial sales may accrue with minimal promotional or selling costs;
- it may be the only way of dealing with some important distributors (e.g. Marks & Spencer);
- if an organization does not supply distributor brands, their competitors will, possibly strengthening the competitors' cost structure and trade goodwill.

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

Brand and its Distributors

Brand-Customer Relationship

Brands should establish a relationship based on 'love' to collect a large number of loyal customers. The relationship based on 'respect' for superior performance is difficult to sustain. In this millennium, brands are promoted on customer experience. People today are not buying products, but experience. Even acquisition experience matters and so the distribution channel must live upto expectorants. A brand gains a lot by favourable post-purchase experience.

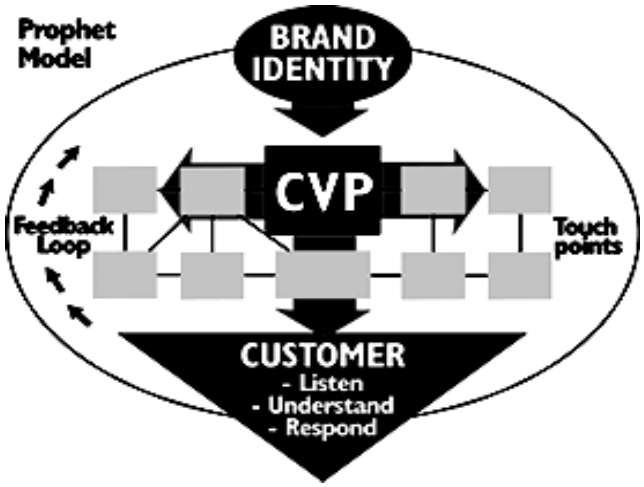
A consumer must have a bond with the brand. He must advocate the brand with others. To establish this bond, a company must always try to explore the possibilities of production innovation. In addition, the consumer experience with the brand must always be improved upon.

When we consider the brand right from what the consumer seeks, its conception and design accordingly, its sourcing , its development, its pricing, its promotion and its distribution , it is called total brand management.

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

There's No Escaping Your Brand

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



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

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

Brand Identity-the Touchstone

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

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

Customer Value Proposition-the Marching Orders

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

Here is another place where companies go astray. Organizational structures often prevent creation of a relevant, holistic customer experience. For example, departmental goals can too often take precedence and end up disconnected from the brand. A value

proposition must be integrated across the organization so that every functional area contributes to the overall customer experience.

Customer Perspective-the Continuous Thread

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

Listen, Understand, Respond-the Way to Grow

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

A Brand That Works

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

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

Brand Management

- Issues in the "battle of the brands": (1) how prices are set? (2) turnover, and (3) gross margin.
- Manufacturer brands: (1) prices are set to maximize profit for the *brand* and are influenced by competitive forces, (2) they have a higher turnover than distributor brands. (Why??)
- Distributor brands: (1) prices are set to maximize

What is a Brand?

Product = Commodity

A product is a produced item always possessing these characteristics:
- Tangibility
- Attributes and Features

Brand = "Mind Set"

The sum of all communications and experiences received by the consumer and customer resulting in a distinctive image in their "mind set" based on perceived emotional and functional benefits.

Why Does A Brand Matter?

MANUFACTURERS	CONSUMERS
• ID to simplify handling or tracing	• ID Product Source
• Legal protection of unique features	• Assignment of responsibility to maker
• Signal of quality level to satisfied customers	• Risk reducer
• Means of endowing products w/unique associations	• Search cost reducer
• Competitive Advantage	• Promise, bond, or pact w/make of product
• Financial Returns	• Symbolic Device
	• Signal of Quality

Alternative Branding Models

Company dominates Brands	Company is equal to Brands	Brands dominate the Company
American Express (cards)	Anheuser Busch = Budweiser	Skol (Am Bev)
BMW (Motorcycles)	Campbell Soup = Godiva	Claridge Hotel (Savoy)
Colgate (Total toothpaste)	Chrsyler = Jeep	Crest (P&G)
Disney (Films)	Estee Lauder = Clinique	Healthy Choice (Con-Agra)
General Electric (appliances)	Kraft = Maxwell House	Hidden Valley Ranch (Clorox)
IBM (Technology)	PepsiCo = Mountain Dew	Kleenix (Kimberly-Clark)
L'Oreal (Cosmetics)	Time Warner = Warner Bros	Marlboro (Philip Morris)
Sony (Electronics)	3M = Scotch Tape	MCA Records (Universal Studios)
Holiday Inn (Crowne Plaza)	Marriott = Courtyard	Wranlger (VF Jeans)

Kevin Clancy, Copernicus

Brand-Customer Relationship

- Coherent Brand Message - sets expectations across organization for your product/service
- Perfect Touch Points - all interactions between the organization and consumers which shapes their perceptions
- Cultivate Relationships - listen, learn, respond
- Strengthen Brand Over Time -recalibrate and continue to develop

Prophet Corporation

Notes

LESSON 15:
BRAND PLANNING AND BRAND POTENTIAL

Objectives

Upon completion of this Lesson, you should be able to:

- Explain the importance of brand planning.
- Discuss the issues influencing brand potential.
- Identify the role of marketing towards brand success.

Now that you have a fair knowledge about the branding process, the role of marketing in brand success, brand evolution, value of brand to manufacturers, distributors and consumers, we shall understand brand planning and its importance and issues influencing brand potential.

Why do we plan? We must have planned our day today. Does it really help?

The Importance of Brand Planning

As the previous sections of this chapter have shown, brands play variety of roles and for a number of reasons satisfy many different needs. They are the end result of much effort and by' implication represent a considerable investment by the organization. With the recent interest in the balance sheet value of brands, companies are beginning to question whether their financially valuable assets in the form of brands are being effectively used to achieve high rates on investment. To gain the best return from their brands, firms may adopt a broad vision about their brands and not just focus in the distribution on tactical issues of design and promotion. Instead, they need to audit the capabilities of their firm, evaluate the external issued influencing their brand, and develop a brand plan that specifies realistic brand objective strategy to achieve them

Brand planning is an important but time-consuming activity which, if undertaken in a thorough manner involving discussion, will result in a clear vision about how resource employed to sustain the brand's differential advantage, Unfortunately, it is only a minority of organizations who undertake brand planning. Without well-structured brand plans there is the danger of what we call brand 'vandalism'. Junior brand manages are given 'training' by making them responsible for specific brands. Their planning horizons tend to be in terms of a couple of years(i.e the period before they move on) and their focus tends to be on the tactical issues of advertising, pack design and tailor-made brand motions for the trade. At best this results in 'fire fighting defensive rather than offensive brand plan. The core values of the brand are in danger of being diluted through excessive brand promotion. For example, one of the key core values of the Ribena brand is vitamin C, yet by extending the brand' into other fruits (e.g. berry) this is weakening the brand's proposition and potentially weakening the brand's strength.

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

- Brand planning is based on little more than extrapolations from the previous few years.
- When it doesn't look as if the annual budget is going to be reached, quarter 4 sees brand investment bearing cut (i.e. advertising market research, etc.).
- The marketing manager is unable to delegate responsibility and is too involved in tactical issues.
- Brand managers see their current positions as good training grounds for no more than two years.
- Strategic thinking consists of a retreat once a year with the advertising agency and sales managers, to a one-day meeting concerned with next year's brand plans.
- A profitability analysis for each major customer is rarely undertaken.
- New product activity consists of different pack sizes and rapidly developing 'me-too' offers.
- The promotions budget is strongly biased towards below-the-line promotional activity, supplemented only occasionally with advertising.
- Marketing documentation is available to the advertising agency on a 'need to know' basis only.

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

British Airways exemplify the notion of brand development as an integrating process, having used this to achieve a greater customer focus. For example, the simple operation of taking a few seats out of an aircraft can be done with confidence, as engineering are consulted about safety implications, finance work out the long-term revenue implication, scheduling explore capacity implications and the cabin crew adjust their in-flight service routines.

The Issues Influencing Brand Potential

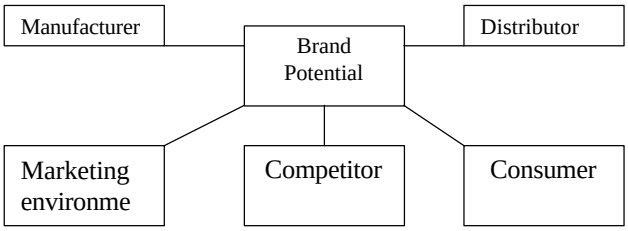


Figure Forces influencing brand potential

Manufacture

It is not unusual for an organization to be under-utilizing its brand assets through an inability to recognize what is occurring inside the organization. Have realistic, quantified objectives been set for end of the brands, and have they been widely disseminated? Aims such as 'to be the brand leader' give some indication of the threshold target, but do little in terms of stretching the use of resource to achieve their full potential. Brand leadership may result before the end of the planning horizon, but this may be because of factors that the organization did not incorporate into their marketing audit. But luck also has habit of working against the player as much as working for the player!

Firms such as 3M and Microsoft have shown how brand and corporate culture are closely interlinked and how they affect each other. Their brand mission focusing on innovation is backed up by a corporate culture encouraging experimentation, banning bureaucracy and publicly recognizing success. Since the culture of an organization strongly influences its brands, mergers and acquisitions can alter brand performance dramatically.

Marketer should audit how well brand and culture match each other.

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

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

Significant cultural differences within several departments of a company can affect the brand success. The firm should not only audit the process to deliver the branded product or service, but also the staff beliefs, values and attitudes to asses whether the firm's culture is in harmony with the corporate brand identity and whether the firm has the appropriate culture to meet the brand's mission.

Distributors

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

Manufacturers need to identify retailers' objectives and align their brands with those retailers whose aims most closely match their own. Furthermore, they should be aware of the strengths and weaknesses of each distributor. .

Brand manufacturers who have not fully considered the implications of distributors' longer-term objectives and their strategy to achieve them are deluding themselves about the long-term viability of their own brands.

In the UK, there are numerous instances of growing retailer power, with a few major operators controlling a significant proportion of retail sales (e.g. groceries, jewellery, footwear). The danger of increasing retailer power is that weaker brand manufacturers acquiesce to demands for bigger discounts, without fully appreciating that the long-term well-being of their brands is being undermined. It is crucial for brand manufacturers to analyse regularly what proportion of their brand sales go through each distributor and then for each individual distributor to assess how important a particular manufacturer's brand is to them. For example, Table 2.5 shows a hypothetical analysis for a confectionery manufacturer.

If this hypothetical example were for a Nestle brand, it is clear that the particular Nestle brand is more reliant upon Tesco than Tesco is on the particular Nestle brand. Such an analysis better enables manufacturers to appreciate which retailers are more able to exert pressure on their brand. It indicates that, if the brand manufacturer wants to escape from a position of retailer power, they need to consider ways of growing business for their

brands in those sectors other than Tesco at a faster rate than is envisaged within this distributor.

Sainsbury's
making life taste better

Table 2.5 Power analysis

Hypothetical Nestle Brand sales to Distributors		Hypothetical market share of confectionery brands through Tesco	
Distributor	%	Brand	%
Sainsbury	25	Cadbury	35
Tesco	24		Mars 30
Safeway	19	Nestle	20
Asda	17		Other 15
Co-op	10		100
Independent	5		
			100

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

Does the manufacturer have an offensive distribution strategy or is it by default that its brands go through certain channels? What are the ideal characteristics for distributors of its brands and how well do the actual distributor used match these criteria? How do distributors plan to use brands to meet their objectives? How do manufacturers' and their competitors' brands help distributors achieve their objectives? Which other forms of support (e.g. discounts, merchandising) are used?

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

Consumers

To consumer, buying is a process of problem solving. They become aware of a problem (e.g. not yet arranged summer holidays), seek information (e.g. go to travel agent and skim brochures), evaluate the information and then make a decision (e.g. select three possible holidays, then try to book one through the travel agent). The extent of this buying process varies according to purchasers' characteristics, experience and the products being bought. Nonetheless, clearly consumers have to 'work' to make a brand selection. The brand selection and brand ' usage' are not necessarily performed by the same person. Therefore marketers need to identify all individuals and position the brand to appeal to both users and purchasers. In business to business markets several groups are involved in the purchase decision. Marketers need to formulate brand strategy that communicates the benefits of the brand in a way which is relevant to each group..

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

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

Competitors

Brands are rarely chosen without being compared against others. Although several brand owners benchmark themselves against competition, it often appears that managers misjudge their key managers should undertake interviews with current and potential consumers to identity those brands that are considered similar. Rather that collecting useless and misleading data managers should undertake interviews with current and potential consumers to identify those brands that are considered similar. Once marketers have selected the critical competitors, they need to assess the objectives and strategies of these companies as well as fully understanding their brand positioning and personalities. It is also essential not to be restricted to a retrospective, defensive position, but to gather enough information to anticipate competitive response and be able to continuously update the strategy for brand protection.

Research has shown that return on investment is related to a product's share of the market. In other words, products with a bigger market share yield better returns than those with a smaller market share. Organizations with strong brands fare better in gaining market share than those without strong brands. Thus, firms who are brand leaders will become particularly aggressive if they see their position being eroded by

other brands. Furthermore, as larger firms are likely to have a range of brands, backed by large resources, it is always possible for them to use one of their brands as a loss leader to under price the smaller competitor, and once the smaller brand falls out of the market, the brand leader can then increase prices.

The Marketing Environment

Brand strategists need to scan their marketing environment continually to identify future opportunities and threats. Will a shift in the development countries to a knowledge-based society lead to armchair shopping facilitated by networked personal computers? Will increasing awareness of ecological issues result in the survival of only pure environment – friendly brands? Will the consolidation of three world trade blocks undermine the strength of powerful national brands? To draw an analogy with military thinking, good surveillance helps achieve success.

Exercises

1. List down the attributes and values of a Levis jeans. Write down the four main reasons, in order of importance, why do want to buy a Levis jeans?. Then show an advertisement for this brand (or a catalogue page describing it) to one of your buyers and ask them to tell you what are the four key points they took from the message. Compare both the findings. Does the brand correctly majoring upon relevant buyer choice criteria? Give reasons.
2. Choose two brands and explain how well positioned is each of these brands in relation to the five forces affecting brand potential? (Outlined in the section 'The importance of brand planning'.)

Brand it Like Beckham

by Kristine Kirby Webster

June 10, 2003

There is a great movie now out in the US called Bend It Like Beckham. If you haven't seen it, I highly recommend it. It is the story of a British girl named Jess who lives in London with her traditional Indian family. Jess must choose between the traditions of her family or her desire to become a soccer sensation like her idol, David Beckham.

The movie's title comes from Beckham's amazing ability to "bend" the ball into the goal with just a simple kick, something Jess aspires to do just as well.

No, I haven't suddenly changed my column topic from branding to movie reviews. But, it is amazing that an entire movie has sprung up around the personality of one man, David Beckham, and the team he plays for.

Mind, he is one of the world's most recognized athletes, and his team, England's Manchester United (Man U) is the most valuable sports franchise in the world-worth more than the NY Yankees, the LA Lakers, the Dallas Cowboys, or any other team you can conjure up. Their fan base is said to be over 53 million worldwide.

But make no mistake, their star player-Beckham-and the team itself is more than a sports club, it is a worldwide marketing machine.

The Man U brand is a portfolio of staggering size and diversity, especially when you consider it all springs from a football (soccer in the US) team! Under the main Man U family brand they offer financial planning services, electricity, life insurance, mortgages, credit cards, bed linens, jewelry, ketchup(!), wallpaper, lunchboxes, luggage, cell phones, boxer shorts, magazines, their own TV channel...and all this from a football team.

Imagine the brand loyalty you must have from your fans in order to make them think they would like to get their car loan from you. Can you see yourself getting a mortgage from the Yankees?

So how did they do this? How did Man U, helped a great deal in the last decade by the cult of Beckham, bring about such brand success that pretty much every brand extension they have come up with, and ones that are so unrelated to their core offering, are snapped up by their supporters, and even successful? And most of their fans are outside the city they play for, and even the country they are from.

The answer is by leveraging their brand personality, working their fans' sense of belonging and ownership in the club, and then cashing in on their fans' brand loyalty, and their need to show they are part of Man U too, and the heritage that conveys.

Several years ago Pepsi teamed up with Man U to offer entrants in Thailand a chance to attend a soccer camp in England. Pepsi received almost 15 million entries, what they say was one of their best responses ever. And the people who entered did so because of the allure of Man U, not because of Pepsi. According to a recent article, when they played Real Madrid of Spain, over half the United Kingdom had their TV's tuned to that match.

Their fan allegiance is amazing, and growing by the moment. And other marketers are more than willing to tie themselves to Man U. Besides Pepsi, they have deals with Nike, Vodaphone, Fuji, and Anheuser-Busch, just to name a few.

So what can we learn from Man U to help our brands?

As with any successful brand, Man U follows the basics, and does it well. As Al Ries says in his book The 22 Immutable Laws of Branding, "the power of a brand lies in its ability to influence purchase behavior." And brands that are powerful result in powerful marketing, as demonstrated by Manchester United.

Brands are chosen not only for rational reasons (usually the 4 P's), but also for emotional ones. In fact, when it comes to brands, emotional reasons usually drive a large portion of the purchase decision. People want to be part of success, part of a legacy, and part of a winner. They want people to identify with them as such.

Therein lies the appeal to the consumer of having a Man U credit card, or Man U sheets-the halo effect they perceive from their association with a powerhouse like the team drives their decision. It isn't rational, but emotional in bent.

The people who buy Man U products and services have internalized the brand values that Man U stands for in the marketplace at large. Their team loyalty drives them to want to belong, and they show their loyalty by buying Man U products.

The team and brand loyalty Man U has realized makes a strong case for branding for relationships and retention. The team is worth roughly $1 billion, and they have operating profits that

are three times greater than the next wealthiest club in the Premier League, according to a Deloitte & Touche annual report on English teams. Without the long-term relationships Man U has cultivated in its fan base, they wouldn't be anywhere near as successful financially (they are a publicly held corporation), and their brand wouldn't be anywhere near the behemoth it is globally.

By being a Man U fan, and wearing their clothes, or using their services, or buying any of their other products, consumers show they belong to a tribe of sorts-and they are willing to show this for more than just cheering during a 90-minute match. They are willing to show their loyalty 24/7. That is a powerful brand at work.

So, ask yourself, can your company learn to brand it like Beckham? Really, can your brand afford not to?

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Case Study

Brand Development by Identifying Brand Values

Introduction

The Cadbury **brand** name has been in existence since 1824 when John Cadbury opened his first shop in Birmingham, England. (Cadbury Ireland, as a subsidiary of) Cadbury Schweppes is the fourth largest confectionery business in the world selling chocolate, sugar and gum based products. Cadbury Ireland is the number one confectionery company in Ireland. Today Cadbury's best tasting chocolate constitutes the main ingredient of much of these products including everything from solid blocks to chocolate filled bars and novelties. The Cadbury brand is associated with best tasting chocolate. This case shows how marketing managers at Cadbury are working to ensure this association is continually developed through their new 'Choose Cadbury' marketing strategy. Key concepts of quality, taste and emotion underpin the Cadbury brand. These core values help to differentiate Cadbury from other brands and ensure its competitive advantage.

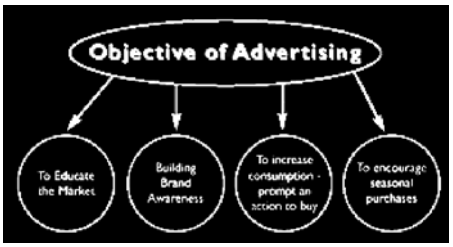
The Cadbury Family of Brands

The Umbrella Brand

Research data shows that the Cadbury **brand equity** is highly differentiated from other brands with consumers. Brand equity is the value consumer loyalty brings to a brand, and reflects the likelihood that a consumer will repeat purchase. This is a major source of competitive advantage. The Cadbury umbrella brand has endured in a highly competitive market, and has established the link, in the mind of the consumer, that Cadbury equals chocolate. An **umbrella brand** is a parent brand that appears on a number of products that may each have separate brand images. The Cadbury umbrella brand image consists of four icons namely the Cadbury script, the glass and a half, dark purple colour and the swirling chocolate image. These elements create a visual identity for Cadbury that communicates the ultimate in chocolate pleasure. Consumer research is conducted regularly so managers can learn more about how the market perceives the brand. This research has confirmed that the swirling chocolate and 'glass and a half' are powerful images. Both clearly portray a desire for chocolate while the half full glass suggests core values of goodness and quality.

Product Brands

The Cadbury brand has a profound impact on individual product brands. Brands have individual personalities aimed at specific **target markets** for specific needs e.g. TimeOut, for example, is an ideal snack to have with a cup of tea. These brands derive benefit from the Cadbury parentage, including quality and taste credentials. To ensure the success of product brands every aspect of the parent brand is focused on. A Flake, Crunchie or TimeOut are clearly different and are manufactured to appeal to a variety of consumer segments. However, the strength of the umbrella brand supports the brand value of each chocolate bar. Consumers know they can trust a chocolate bar that carries Cadbury branding. The relationship between Cadbury and individual brands is symbiotic with some brands benefiting more from the Cadbury relationship, i.e. pure chocolate brands such as Dairy Milk. Other brands have a more distant relationship, as the consumer motivation to purchase is ingredients other than chocolate, e.g. Crunchie.



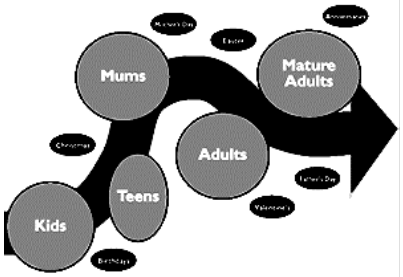
Similarly issues such as specific advertising or product quality of a packet of Cadbury biscuits or a single Crème Egg will, in turn, impact on the perception of the parent brand. Similarly the umbrella brand has a strong brand value and a reputation that must be supported by its individual brands.

Identifying Brand Values

We are all consciously and unconsciously affected by brands in our daily lives. When we go to purchase a pair of training shoes we rarely make a purely practical decision. There are numerous branded and non-branded options available. For many people, a pair of trainers must sport a brand logo because that will communicate certain values to other people.

The confectionery market elicits similar conscious and unconscious feelings of passion, loyalty and enthusiasm. For

many people, chocolate is Cadbury, and no other brand will do. This consumer loyalty is critical because of the value of the chocolate confectionery market and because, in all markets, a small number of consumers account for a large proportion of sales. Loyal customers are the most valuable customers to have because they will buy your product over and over again.
Branded products command premium prices. Consumers will happily pay that premium if they believe that the brand offers levels of quality and satisfaction that competing products do not. The most enduring brands have become associated with both tangible and intangible properties over time. The most successful provoke a series of emotional or aspirational associations and values in our minds that go way beyond the physical product.
Cadburys has identified these brand values and adjusts its advertising strategies to reflect these values in different markets. Its strategy can vary from increasing brand awareness, educating potential customers about a new product, increasing seasonal purchases, or as is currently the case in the 'Choose Cadbury' campaign to highlight the positive emotional value of the brand.
After identifying brand values the marketing manager must match these to the specific market. For this reason it is important to identify possible segments that have specific needs, and to highlight appropriate brand values that will promote the brand in that market.



Consumption and Consumer Lifestyles

Chocolate Consumption

Cadbury's core markets are currently in the UK, Ireland, Australia and New Zealand. The Cadbury brand is very well known in these markets and consumers have established patterns of chocolate consumption. Ireland has one of the largest consumption rates in the world along with Switzerland. In Ireland alone, the average person eats 8kg of chocolate and 6kg of sweets each year. In key areas such as these, the Cadbury brand has secured significant brand status.
In Ireland, Cadbury has identified three key consumer segments of 'impulse', 'take home' and 'gift'. These segments reflect consumers' decision-making processes. For example, impulse purchases are typically products bought for immediate consumption, e.g. single bars. Take Home confectionery is generally bought in a supermarket and is most often driven by a specific need. A specific need or usage can be an occasion, e.g.'I need something for the lunchbox'. Here consumers make more rational decisions, e.g. brand influence, price/value relationship. These areas are further subdivided, for example the 'gift' sector comprises special occasions (birthdays, Christmas, etc.) and token or spontaneous gifts. If marketers successfully identify and isolate consumer segments in this way, it becomes easier to target products and advertising in a more meaningful way to increase consumption.

New Products Reflecting Consumer Lifestyles

New product development has played a key role in developing markets as brands strive to offer something to a consumer that is truly different. We take a crumbly flake texture or honeycomb for granted but, when introduced, they were remarkably innovative. Changing lifestyle patterns; eating on the go, and impulse snacking has and continues to play a pivotal role in the confectionery market. Continued snacking or 'grazing' has replaced traditional mealtimes for many people.
The Cadbury product range addresses the needs of each and every consumer, from childhood to maturity, from impulse purchase to family treats. For example an analysis of the 'gift' sector highlights the importance of developing innovative products to address specific markets. Cadbury designs products to coincide with Christmas, Easter, Valentine's, Mother's and Father's Day and other calendar landmarks. Cadbury use marketing strategies such as the 'Choose Cadbury' strategy to encourage a link between chocolate and these events ensuring there is a Cadbury chocolate product suitable and available for every occasion.

Why Advertising is Used to Promote a Brand

The confectionery market is full of brands that need to fight for our attention. The role of advertising is to keep a brand in the mind of the consumer. We are constantly presented with countless brand images and messages on a daily basis. During the lifetime of a brand, companies will develop marketing strategies that communicate brand identity and core values to gain our attention. In order to keep its product competitive and contemporary, these messages need to change over time. Cadbury provides one of the most successful examples of how an advertising message can be modified from one campaign to the next to attribute new values to a brand giving consumers more reasons to buy Cadburys. Healthy brand equity or brand strength is critical in an impulse-driven, competitive market. Advertising plays a key role in maintaining this strength. Cadbury employs all types of advertising from the internet to posters, from TV, radio and cinema to print media. This same creative message is then communicated through point of sale, merchandising, package design and public relations.

The 'Choose Cadbury' Marketing Strategy

The 'glass and a half ', corporate purple and flowing script has become synonymous with Cadbury: these design elements have been used to great effect in

developing the connotation of goodness that this imagery suggests. In the 1980s another vital attribute - taste - was highlighted. Regardless of national preferences about how chocolate should taste (e.g. dark chocolate is traditionally more popular in Europe whereas Australians prefer creamier milk chocolate) the implication was clear - Cadbury offers taste and texture that appeals to all. In the 1990s further emphasis was placed on 'taste'. The strapline 'Chocolate is Cadbury', which was built upon previous brand values and allowed Cadbury to stake its claim and taking ownership of the word 'chocolate' and the chocolate eating experience.

Earlier this year, Cadbury introduced a new global marketing strategy called 'Choose Cadbury'. This strategy came about as a result of extensive research into consumer behaviour and perception. It is a campaign that perfectly illustrates how a brand can evolve and how different messages can be communicated without losing the core strength and brand values that are already established.

The classic icons have played a major role in establishing the look and feel of how Cadbury's advertisements should look through successive campaigns. These key 'look and feel' icons were heavily researched to ensure that the messages they impart are always relevant to the Cadbury consumer. In depth customer research is conducted to 'test' these messages. Research results confirmed that colour recognition of dark purple is strongly associated with Cadbury. Its logo is readily recognised and scores a ninety six per cent recognition level alongside other global brands such as Coca Cola and McDonalds. The glass and a half symbol, which plays a key role in the current 'Choose Cadbury' strategy, continues to communicate the quality and superior taste of Cadbury's chocolate.

The central message of the 'Choose Cadbury' strategy hinges on the established glass and a half symbol. Is the glass half full or half empty? Cadbury suggests that the glass is always half full

appealing to our emotions. Therefore, in choosing Cadbury we are taking a decision to embrace the positive. This optimistic metaphor is, according to consumer testing in the UK and Australia, well understood amongst consumers. In this 'Choose Cadbury' campaign, the product ingredient of milk has been elevated from a practical, rational platform to an emotional one Cadbury can deliver on optimism, happiness and a feel-good factor. If a brand can do all this, the decision to purchase this brand over all other chocolate brands seems to be logical and inevitable. The 'Choose Cadbury' strapline is a call to action designed to motivate us. We are not expected to simply absorb the advertising message, we are being called upon to make a conscious purchase decision. We are reassured that the Cadbury product will remain unchanged, (Cadbury is Chocolate and it still tastes good), but we are given more reasons to remain brand loyal (Cadbury is Chocolate – feels good i.e. positive, uplifting, mood enhancing, providing enjoyment and happiness). At no stage in the evolution of the Cadbury brand has there been as much reliance on taking ownership of the emotional side of eating chocolate as there is now. Owning the emotional territory for chocolate helps Cadbury to elevate its product in the mind of the consumer. With the 'Choose Cadbury' campaign consumers are being offered both logical and emotional reasons to buy a Cadbury product as a first option on every occasion.

Conclusion

The success of the Cadbury brand can be seen in how its image is continually maintained over time. Identifying brand values, and matching these to consumer lifestyles in specific market segments can help develop a clear advertising message. In previous advertising messages quality and taste were emphasized. Cadbury is now building on this through its 'Choose Cadbury' strategy to underline the feeling a premium brand can bring to its customers. The Cadbury brand has proven itself to be a leader in a highly volatile and competitive market because it has successfully established, nurtured and developed its umbrella brand and growing portfolio of products.

Tasks and Activities

1. Explain the benefits and value an umbrella brand can bring to a family of branded products.
2. Define the following terms
   a. Brand
   b. Consumer Motivation
   c. Brand Values
3. In your opinion why is it important to understand consumer lifestyles where trying to market a new product?
4. What is a 'decision making process'? How do you think marketers use this to ensure a product is successful?
5. What is the objective of advertising a brand? Explain this by referring to the 'Choose Cadbury' marketing strategy.
6. ow is Cadbury positioning the umbrella brand through its 'Choose Cadbury' marketing strategy?

LESSON 16:
BRANDS AND CONSUMER BUYING PROCESS

Topics Covered

Brand selection criteria of consumers, Brands and the consumer's buying process, Consumer need states, Brand Marketing, Consumer perception of added values, Extent to which consumers search for a brand information, Challenges to branding, Issues associated with effective brand names and the brand as risk reducer

Objectives

The learning objective: after this lecture you should be able to understand

a. Consumer buying processes.
b. How consumers process information.
c. How consumers choose brands according to their cluster needs.
d. How can a marketer make use of consumer buying decision process?

We know of many theories about the way consumers buy brands and debate still continues about their respective strengths and weaknesses. For example, some argue that brand choice can be explained by what is known as 'the expectancy value model'. In this model, it is argued that consumers intuitively assign scores to two variables, one being the degree to which they expect a pleasurable outcome the other being the value they ascribe to a favorable outcome. When faced with competing brands, this model postulates that consumers assign scores to these expectancy-value parameters and following an informal mental calculation, make a selection based on highest overall scores.

We find this hard to accept, since people have limited mental processing capabilities and many brands, particularly regularly purchased brands, are bought without much rational consideration. In reality consumers face a complex world. They are limited both by economic resources and by their ability to seek, store and process brand information. For this reason we are also skeptical of the economist's view of consumer behaviour. This hypothesizes that consumers seek information until the marginal value gained is equal to or less than the cost of securing that knowledge.

According to a well-accepted model of consumer behavior model, the consumer decision process that occurs as a result of consumers seeking and evaluating small amounts of information to make a brand purchase. They rely on few pieces of selective information with which they feel confident to help them decide how the brand might perform. For example, why does someone flying from London to Amsterdam choose British Airways over KLM? Both airlines offer excellent service, a high degree of reliability and many convenient departure slots. They may choose British Airways, when there is so little difference, only because the name is more familiar and it reflects their national pride.

The stages in the buying process, when consumers seek information about brands and the extent of the information search, are influenced by an array of factors such as time pressure, previous experience, advice from friends, and so on. However, two factors are particularly useful in explaining how consumers decide. One is the extent of their involvement in the brand purchase and their perceptions of any differences between competing brands. For example, a housewife may become very involved when buying a washing machine, because with her large family it is important that she replaces it quickly. She will show active interest in evaluating different brands and will choose the brand, which closely satisfies her needs. By contrast, the same housewife is likely to show limited involvement when buying a packet of bread as they are of little personal important and form only a small chunk of her grocery list. She may perceive minimal difference between competing brands and does not wish to waste time considering different brands.

With the appreciation of the extent of consumer's involvement when in a purchase decision and their perception of the degree of differentiation between brands, it is possible to categorize the different decision process using the matrix shown below.

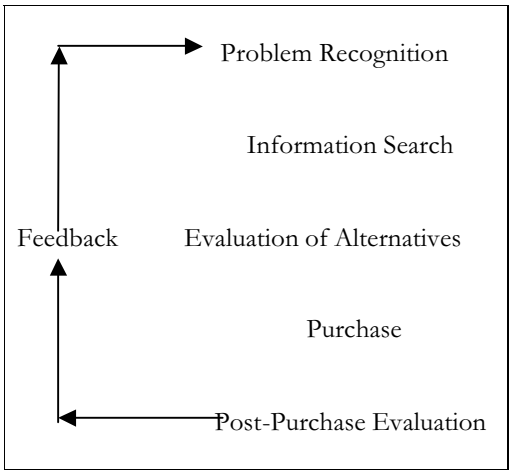
Significant Perceived Brand Differences	High Consumer Involvement	Low Consumer Involvement
	Extended Problem Solving	Tendency to Limited Problem Solving
Minor Perceived Brand Differences	Dissonance Reduction	Limited Problem Solving

The strength of this matrix, as I will just tell you, is that it illustrates simply the stages through which the consumer is likely to pass when making different types of brand purchases.

Extended Problem Solving

Extended problem solving occurs when consumers are involved in the purchase and where they perceive **significant differences** between competing brands in the same product field. This type of decision process is likely for high-prices brands which are generally perceived as a risky purchase due to their complexity (e.g. washing machines, cars, hi-fi music

systems, home computers) or brands that reflect the buyer's consumers actively searching for information to evaluates alternative brands. When making a complex purchase decision, consumers pass through the five stages shown in the figure.



Stage 1: Problem Recognition

The decision process starts when the consumer becomes aware of a problem. For example, a young man may have heard his friend's new hi-fi music system and become aware of how inferior his own system sounds. This recognition would trigger a need to resolve the problem and, if he feels particularly strongly, he will embark on a course to replace his system. Depending upon his urgency to act and his situation (e.g. time availability, financial situation, confidence, etc) he might take action quickly or more likely he will become more attentive to information about hi-fi and buy a brand some time later.

Stage 2: Information Search

The search for information would start first in his own memory and if he feels confident that he has sufficient information already he will be able to evaluate the available brands. Often, though, consumers do not feel sufficiently confident to rely on memory alone(particularly for infrequently bought brands), so they will begin to scan the external environment(e.g. visit shops, become attentive to certain advertisements, talk to friends). As they get more information, the highly involved consumer will start to learn how to interpret the information in their evaluation of competing brands.

Even so, consumers do not single-mindedly search for information about one particular purchase. It has been estimated that in one day people are bombarded by over 1000 different marketing messages-of which they are attentive to less than 2 percent. Consumers' perceptual processes protect them from information overload and helps them search and interpret new information.

Lessons For Brand Marketer

The brand manager has to overcome, amongst other issues, three main problems when communicating a brand proposition.
First, they have to fight through the considerable 'noise' in the market to get their brand message noticed.
If they can achieve this, the next challenge is to develop the content of the message in such a way that there is harmony between what the marketer puts into the message and what the consumer takes out of the message.
Having overcome these two hurdles, the next challenge is to make the message powerful enough to be able to reinforce the other marketing activities designed to persuade the consumer to buy the brand

Stage 3: Evaluation of Alternatives

As the consumer mentally processes messages about competing brands, he would evaluate them against those criteria deemed to be most important. Brand beliefs are then formed. (e.g. Sony system has a wide range of features, it's well priced, etc). in turn, these beliefs begin to mould an attitude and if a sufficiently positive attitude evolves, so there is a grater likelihood of a positive intention to buy that brand.

Stage 4: Purchase

Having decided which brand to buy, the consumer would then make the purchase-assuming a distributor can be found for that particular brand and that the brand is in stock.

Stage 5: Post-Purchase Evaluation

One the system is installed at home, the consumer would discover its capabilities and assess how well his expectations were met by the brand. He would be undertaking post-purchase evaluation. Satisfaction with different aspects of the brand will strengthen positive beliefs and attitudes towards the brand. If this happens, the consumer would be proud of his purchase and praise its attributes to his peer group. With a high level of satisfaction, the consumer would look favorably at this company's brands in any future purchase.

In Case of Dissatisfaction

Should the consumer be dissatisfied though, he would seek further information after the purchase to provide reassurance that the correct choice was made. For example, he may go back to the outlet, where the brand was bought, and check that the controls are being used properly and that the speakers are correctly connected. If he finds sufficiently reassuring information confirming a wise brand choice, he will be more satisfied. Without such positive support, he will become disenchanted with the brand and over time will become more dissatisfied. He is likely to talk to others about his experience, not only vowing never to buy that brand again, but also convincing others that the brand should not be bought.

In Case of Satisfaction

In the event that the consumer is satisfied with the brand purchase and repeats it in a relatively short period of time(buys a system for his car of the same brand), he is unlikely to undergo such a detailed search and evaluation process.

Instead he is likely to follow what has now become a more routine problem solving process. Problem recognition would be followed by memory search which, with prior satisfaction would reveal clear intentions, leading to a purchase. Brand

loyalty would ensue, which would be reinforced by continued satisfaction(should quality be maintained).

A Deeply Involved Customer

When consumers are deeply involved with the brand purchase and when they perceive large differences between brands, they are more likely to seek information actively in order to make a decision about which brand to buy. As such, brand advertising may succeed by presenting relatively detailed information explaining the benefits of the brand, as well as reinforcing its unique differential positioning. It is important for the brand marketer to identify those attributes consumers perceive to be important and focus on communicating them as powerfully as possible.

Dissonance Reduction

This type of brand buying behavior is seen when there is a high level of consumer involvement with the purchase, but the consumer perceives only minor differences between competing brands. Such consumers may be confused by the lack of clear brand differences. They would not have any firm beliefs about the advantages of any particular brand, a choice will most probably be made based on other reasons such as, for example, a friend's opinion or advice given by a shop assistant.

After he has purchased, he may feel unsure, particularly if he receives information that seems to conflict with his reasons for buying. He would experience mental discomfort, or what we call as 'post-purchase dissonance' and would attempt to reduce this state of mental uncertainty. He would either try to ignore the dissonant information or will seek those messages, which confirm his prior beliefs.

In this type of brand decision, the consumer makes a choice without firm brand beliefs, then changes his attitude after that purchase-often on the basis of experience with the chosen brand. Finally, learning occurs on a selective basis to support the original brand choice by the consumer being attentive to positive information and ignoring negative information.

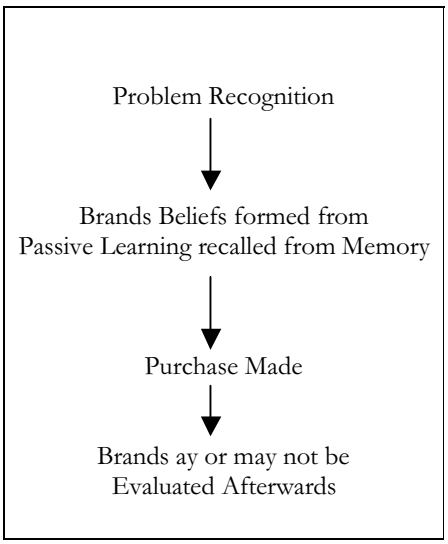
Let us take an example to explain this kind of process. A working woman wants to furnish her newly purchased flat. Although she is very busy she wants to buy a beautiful carpet where her guests would leisure around. When she starts shopping for the carpet she gets overwhelmed by the flood of information about carpet attributes she has never heard before. Unable to fully evaluate the advantages and disadvantages of the different carpets, she makes a rapid decision based on her perceptions and reassuring herself with the explanations given by the salesperson.

At her first dinner party one of the guests spills a drink on the carpet, which she rapidly cleans up as recommended by the salesperson. The next morning when she checks out the stain, the carpet is spotless. As a consequence of this experience she starts reading leaflets to understand the different types of carpets

So we see that when the consumers are involved in a brand purchase, but perceive little brand differentiation or lack the ability to judge between competing brands, the advertising should reduce post-purchase dissonance through providing reassurance after the purchase. And also during the purchase is being made as the consumers are unsure about which brand to select, promotional material is particularly important in increasing the likelihood of a particular brand being selected. Similarly packaging should also try to stress a point of difference from competitors and sales staff should be trained to be 'brand reassures' rather than 'brand pushers'.

Limited Problem Solving

This kind of decision making happens when we do not regard the buying of certain products as important issues, and when we perceive only minor differences between competing brands in these product fields, eg, pens, packaged groceries, etc. in such circumstances the buying behavior can be called as limited problem solving process.



Problem recognition will be straightforward issue. For example, an item in the household may be running low say aata. So we would not be particularly interested in seeking information from different sources. We might have received the message passively through television commercial.

Alternative evaluation, if any takes place after the purchase. In effect, fully formed beliefs, attitudes and intentions are the outcomes of purchase and not the cause. We are likely to regard the cost of information search and evaluation as outweighing the benefits.

In these cases we passively receive information and process it in such a way that it is stored in our memories without making much of an impact on our existing mental structure. No behavioral change occurs until we come across a purchase trigger at a point at which we need to purchase the product in question. Once we have bought it and are satisfied with it, we are likely to form a kind of a belief to be used for repeat brand buying.

When we regularly purchase these kinds of brands, we establish buying strategies that reduce the effort in decision making like routine problem solving. Hence, in low involvement buying the

'right brand' is less central to our lifestyle and brand switching becomes more easily achieved through coupons, free trial incentives. We generally show variety seeking behavior as we feel little risk in switching between brands. And also overtime, we get bored buying the same brand and occasionally seek variety by switching

Advice for the Marketer

We pay minimal attention to advertisements for these kind of brands. Consequently, the message content should be kept simple and the advertisements should be shown frequently. A single or low number of benefits should be presented in a creative manner which associates a few features with the brand. Emphasis should be laid on brands as functional problem solvers,(detergent as effective cleaner) rather than as less tangible benefit deliverers(detergent as smelling fresh).Trial is an important method by which consumers form favorable attitude after consumption. So devices like money-off coupons, in-store trial, free sachets are particularly effective. Secondly marketer should ensure widespread availability. Any out-of stock situations would probably result in consumers switching to an alternative brand rather than visiting another store to find the brand. Packaging should be eye-catching and simple.

Activity

Name 5 brands for which you follow the limited problem solving approach while shopping.

List down the factors, which you consider important while making the purchase of such products?

Tendency to Limit Problem Solving

While the 'limited problem solving' aspect of the matrix describes low involvement purchasing with minimal differences between competing brands, we believe that this can also be used to describe low involvement brand purchasing when the consumer perceives significant differences. When consumer feels minimal involvement, they are unlikely to be sufficiently motivated to undertake an extensive search for information. So even though there may be notable differences between brands, because of the consumer's low involvement they are less likely to be concerned about any such differences. Brand trial would take place and in an almost passive manner, the consumer would develop brand loyalty.

It is now more evident why brand owners feel concern about competitors developing similar looking brands or 'look-alikes'. In packaged groceries, retailer's own labels often employ similar packages and designs to leading brands. Where these look-alikes compete in low involvement categories, consumers are unlikely to invest their time searching for information. Therefore some of the consumers, who superficially glance along the shelves, may pick up a pack because it appears to be leading brand.

So now that we have understood that given an appreciation of the degree of involvement consumers have with the brand purchase and their perception of the degree of differentiation between brands, it is possible to identify their buying processes. With an appreciation of the appropriate buying process, the marketer is ten able to identify how marketing resources can best be employed. A further benefit of appreciating consumer's buying processes is that brands can be developed and presented in such a way that consumers perceive them as having added values over and above the basic commodity represented by the brand.

Consumer Benefits and Evaluative Criteria

Evaluative criteria are the various features or benefits a customer looks for in response to a particular type of problem. Consumers may use a few criteria to reduce the alternatives, then use more criteria to decide among the remaining alternatives.

- Universal set: all product classes and/or all brand alternatives with reasonable marketplace access
- Retrieval set: subset of universal set that consumers can bring up from memory
- Evaluative criteria: the means by which consumers compare product classes, brands, vendors, etc.
  1. Tangible: price, color, size, shape, performance
  2. Intangible: brand image, ownership feelings

Measuring Evaluative Criteria

1. Direct measures for tangible criteria
   - surveys
   - in-depth interviews
   - focus groups
2. Indirect measures for intangible criteria
   - projective techniques
   - perceptual mapping

How Many Criteria Do Consumers Use?

- Typically, they use from four to six criteria.
- The more important the purchase, the greater the number of criteria used.
- Criteria may be used in combination.
- The more important the decision, the fewer the acceptable alternatives there are.

What Is the Relative Importance of Each Criterion?

1. Importance = salience
2. Salience varies by product, situation, and person
3. Some product attributes may be salient to some consumers, but unimportant to others
4. Determining relative importance – the "100 points" rule

Country of Origin, Price, and Brand, as Evaluative Criteria

- Country of origin is used to signal product quality
- Use of price as criterion varies across product categories:

1. Acceptable price range is determined by past purchases; perception of benefits vs. costs indicates value; and the buying situation.
2. Brand reputation
3. Brand may be viewed as an indicator of quality and/or consistency of satisfaction - lessening risk

Consumer Decision Rules

1. How consumers evaluate and choose products and services in different buying situations.
2. They are used consciously or unconsciously
3. Three types of rules

· Noncompensatory rule: one in which the weaknesses of an alternative are not offset by its strengths (not designed to find "winners")

i **Disjunctive**: decide which criteria are determinant (or not) and then establish a minimum score for each one. Meet minimum "in" do not "out". Select all (or any or first) brands that surpass a satisfactory level on any relevant evaluative criterion. Lower involvement products or to reduce choices on higher involvement products. Concentrate promotions on at least one important criterion.

ii **Conjunctive**: consider all criteria as determinant and then establish a minimum acceptable score for each one. Meet all minima "in" otherwise "out". Select all (or any or first) brands that surpass a minimum level on each relevant evaluative criterion. Used by customers for lower involvement products or to reduce choices on higher involvement products. Marketers must promote acceptability on several important criteria.

iii **Lexicographic**: rank each of the evaluative criteria in order of importance; compare alternatives on most important with highest score winning; if tie for high score those tied evaluated on second most important criterion, etc., until "winner" is found**.** Rank the evaluative criteria in terms of importance. Start with the most important criterion and select the brand that scores highest on that dimension. If two or more brands tie, continue through the attributes in order of importance until one of the remaining brands outperforms the others. Marketers must exceed all other brands on each important attribute.

- Compensatory rule: allowing for trade-offs among strengths and weaknesses (find "winners")

i Simple additive: total scores on all evaluative criteria for each alternative and the highest score wins

ii Weighted additive: assign relative weight to each criterion based on perceived importance and then multiply the score by the relative weight to arrive at a weighted score, sum scores, highest weighted score wins

- Decision heuristics: these are rules of thumb or short cuts that allow quick decision-making.

Examples

i Price: "the higher the price the better the quality"

ii Brand reputation: if it's brand X, it must be good (or bad)

iii Key product features: if a used car has a clean interior, a buyer may also infer a mechanically sound vehicle.

iv Market beliefs

Four types of purchase situation:

- Specifically planned
- Generally planned
- Substitute
- Unplanned

Planned Purchasing Behavior

- Understanding "buying intention" is key to predicting and potentially influencing planned behavior
- Measuring purchasing intention can be done through surveys:
  i. Measures of intention may not provide accurate results due to changing situational influences
  ii. The method of questioning may be flawed itself. (Yes – No to do something; probability of doing)

Intervention of Planned Purchases

- Intervening variables: changes that may have an impact on the actual purchase behavior
  i. Financial status, employment situation, family or household size, weather, etc.
  ii. Deliberation: the longer we put off a purchase the higher the likelihood that either the purchase will not be made or the choice will change.

Unplanned Purchasing Behavior

- Four types of unplanned purchases
  i. Pure impulse: those that are bought for the sake of novelty
  ii. Reminder impulse: are routine purchases, albeit unanticipated.
  iii. Suggestion impulse: when a product (not previously seen) stimulates immediate need recognition
  iii. Planned impulse: responding to a special incentive to buy an item considered in the past but not selected

How do Marketers Encourage Unplanned Purchases?

- Point-of-purchase displays
- Reduced prices
- In-store coupons or specials (Kmart's Blue Light specials)
- Multiple-item discounts
- Packaging
- In-store demonstrations
- Store atmosphere
- Salespeople

Choice

- Outlet selection or brand choice, which comes first?
  i. Brand choice first
- Brand loyalty
- No outlet loyalty or preference

- No need for the expertise of salespeople (knowledgeable consumers)
  a. No, outlet choice first
- High store loyalty or preference
- Low brand loyalty
- Need for helpful sales staff
  a. Brand and outlet working together
- Find the best fit for the consumer's self image

Outlet Image and Choice

- Image: the sum total of various functional and psychological outlet attributes
  a. Functional attributes: merchandise, prices, credit policies, store layout, etc.
  b. Psychological attributes: sense of belonging, feeling of warmth or excitement, etc
- Retailers use attributes that imply certain benefits to design an image that appeals to their target market(s)
  a. Influences on outlet choice include the level of involvement, perceived risk, advertising, prices, and outlet size

Consumer Choice and Shopping Behavior

- Why do people shop?
- Personal and social motives
- How do people shop?
- Shopping orientation: their style or way of shopping
- Choice decision during the shopping process:
- Which product to buy, how many, which brands to buy, which outlet to use, when to buy, how to pay, and other (should we buy extended warranty)?

Buyer decision process for new products: Stages in the Adoption Process

Awareness. - The consumer is aware of the new product but lacks further information about it.

Interest. - The consumer is motivated to seek information about the new product.

Evaluation.- The consumer determines whether or not to try the new product.

Trial. - The consumer tries the new product on a small scale to test its efficacy in meeting his or her needs. Trial can be imagined use of the product in some cases.

Adoption.- The consumer decides to make use of the product on a regular basis.

Influences of Product Characteristics on the Rate of Adoption of New Products

Relative Advantage: Degree to which the innovation appears superior to existing products. The greater the perceived relative advantage, the sooner the innovation will be adopted.

Compatibility. This refers to the degree to which the innovation fits the values and experiences of the potential consumers. Increased compatibility will accelerate adoption of the innovation.

Complexity: Degree to which the innovation is difficult to understand or use. Greater complexity will slow the rate of adoption of the innovation.

Divisibility. Degree to which the innovation can be tried on a limited basis. Greater divisibility will help increase the rate of adoption of the innovation.

Communicability. Degree to which the results of using the innovation can be observed or described to others. Greater communicability will increase the rate of adoption of innovation.

How can A Marketer make Use Of Consumer buying Decision Process?

Twenty-one Questions a Company should ask about its Consumers

How many consumers do you estimate there are in the target group?

How much money can consumers in the target group typically afford to spend on the product/service that the company is offering?

Are they inclined to save money to make a purchase, or are they inclined to borrow money so that they can obtain goods/ services more quickly?

Are members of the target group considered creditworthy if they wish to obtain loans to finance new purchases?

Are consumers in the target group concerned about matters relating to environmental protection?

Are they likely to be influenced by environmental protection groups?

Are consumers in the target group technology friendly i.e. are they accepting of new technological developments and appliances or do they avoid technology-based products/services?

What media channels do consumers in the target group use? For example, which newspapers and magazines do they typically read; which T.V. channels do they watch and at what times; what radio shows do they listen to; are they likely to be Internet users, etc.

In general, what type of lifestyle do consumers in the target group lead?

Does the geographic region in which they live influence their lifestyle?

What is the age range of consumers in the target group?

What are the typical occupations of consumers in the target group and what is the typical salary scale for these occupations?

Are members of the group likely to have children and if so, what is the average age of these children?

Are consumers in the target group likely to be members of sports teams, social clubs or any other organisations?

Are they likely to be influenced by family members, friends, work colleagues, or celebrity endorsements when making a decision to purchase the products/services offered by the company?

Do consumers in the target group purchase any goods/services because they see these purchases as reflecting their standing in society?

What attitudes do members of the target group hold about the company's products?

What attitudes do they hold about competitor's products?

Where do consumers in the target group typically make purchases of products/services, such as those offered by the company?

Do they require the assistance of a sales representative to provide them with product/service information prior to making a purchase of the company's offering?

Are consumers in the target group likely to spend a lot of time thinking about the product/service that they wish to buy, or are they likely to make a decision quickly?

The company will need to carry out a thorough market survey if it is to obtain all the information necessary to help it answer the questions listed above. Answering the list of questions will provide the company with an opportunity to create a 'profile' of the target group that will prove very useful when generating the company's promotional plans. Another point to note is that it will need to carry out a survey for **each** of the groups of consumers that it wishes to target. One of the reasons that consumers are divided into target groups in the first place is that each group is typically affected by key influences in different ways, even for the same categories of products or services. For example, the type of car that a person is likely to purchase as a parent with young children, will most likely be different from the type of car which he/she may purchase after the children are grown and have left the family nest! Though the category of product is the same i.e. a car, the influences determining the model and brand of car purchased are not!

If after answering all the questions a company is satisfied that the target group of consumers is one that the company should be targeting with its products/services, then it should analyse the buying decision process of the consumers. It can then determine the best approach to use to encourage purchases by consumers in the target group(s).

Example

'Purchasing a Family Vacation'

Let us say that we have to go on a family vacation. We recognize that we wish to make a purchase, such as a family vacation.

Then we start to search for information about potential holiday destinations, availability of hotel accommodation, flight schedules, holiday activities for the family, etc. This information search may involve talking to friends and family, obtaining holiday brochures, surfing the Internet etc.

Then we evaluate the alternative vacation possibilities.

We then make a final decision about which vacation alternative to purchase.

We purchase the vacation alternative. This may be in the form of a single purchase through a travel agent, or may consist of several purchases such as hotel accommodation, airline tickets, etc.

We then experience the vacation. If our family and we are satisfied with the vacation, then we may decide to take this vacation again or recommend it to other family members or friends. If the vacation experience has been an unhappy one, then the negative aspects of the vacation may be related to family and friends, discouraging them from making the same purchase.

Understanding the consumer buying decision process is important for a company for two reasons:

- It highlights very clearly that for certain types of buying decisions, a possibility exists to influence the consumer **prior** to the actual purchase-taking place. The company should identify all the sources of information that we are likely to use when coming up with alternatives. The company should also determine how best to ensure that the company's product/service message is used as a source of information by us.
- The consumer buying decision process also highlights that the purchase does not end with the sale. If our expectations about the product are not realized, then future sales to us may be lost. Furthermore, negative reports to family and friends may also discourage other people from purchasing the company's products/services in the future, thereby affecting potential sales revenues.

Notes

LESSON 17:
CONSUMER SEARCH FOR BRAND INFORMATION

Objectives

The learning objective: after this lecture you should be able to understand:

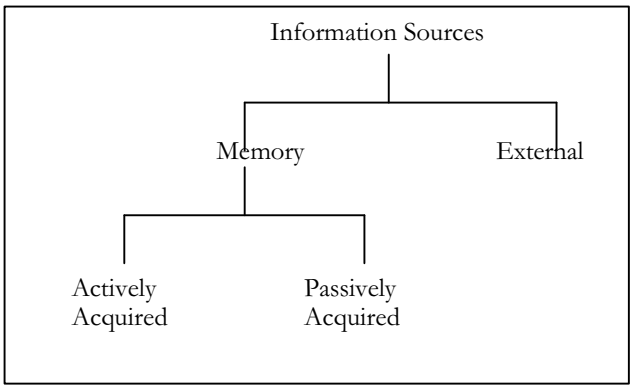
a. Extent to which consumers search for a brand information

b. Challenge to Branding from perception

By now you must be having a clear idea of Brand selection criteria of consumers, Brands and the consumer's buying process, Consumer need states, Brand Marketing, Consumer perception of added values. We discussed these in detail in last two lessons. Now in this lesson we will take up in detail the following

The Extent to which Consumers Search for Brand Information

Information may be stored in the memory as a result of an earlier search process, for example, of the assessment of a newly bought brand immediately after purchase. Alternatively information may be stored in the memory as a result of a passive acquisition process-an advertisement in television or in the newspaper might have been casually skimmed.



The way consumer get brand information

Two relevant factors which influence the degree to which consumers search their memory are the amount of stored information and its suitability for the particular problem. In a study amongst car purchasers, those repeatedly buying the same brand of car over time undertook less external search than those who had built up a similar history in terms of the number of cars bought, but who had switched between brand of cars. Repeatedly buying the same brand of car increased the quantity of suitable information in the memory and limited the need for external search.

If there is insufficient information in our memory and if the purchase is thought to warrant it, external search is undertaken. Researches have shown that external search is a relatively limited activity, although there are variations between different groups of consumers.

In one of the early studies on consumers' search for information, recent purchasers of sports shirts or major household goods like T.V., fridges, washing machines, etc, were asked about their pre-purchase information search. Only 5 percent of electrical appliance buyers showed evidence of a very active information search process, whilst a third claimed to seek virtually no pre-purchase information. Just under half of appliance purchasers visited only one store and only 35 percent considered another attribute in addition to brand name and price. Even less evidence of information search was found amongst purchasers of sports shirts, the conclusion being 'that many purchases were made in a state of ignorance, or at least of indifference'.

However, the apparent lack of deliberation does not indicate irrational decision behavior. Some purchasers may have found it difficult to evaluate all the features of a product and instead relied upon a limited number of attributes that they felt more comfortable with.

A further study of consumers buying cars and major household appliances again showed evidence of limited external search. Less than a half of the purchasers interviewed (44 percent) used no more than one information source, 49 percent experienced a deliberation time of less than two weeks and 49 percent visited only one retail outlet when making these major brand purchases. Numerous other instances have been reported of consumers undertaking limited external search for expensive brand purchases in such product fields as financial services, housing, furniture and clothing.

And not surprisingly, for low cost, low risk items like groceries, external search activity is also restricted. There is no doubt that due to the low level of involvement that these brands engender, far more reliance is placed on memory. For example, when we go shopping for washing powders, we simplify purchasing by considering only one or two brands and by using only three to five brand attributes. Amongst consumers of breakfast cereals, only 2 percent of the available information was used to make a decision. When using in-store observations of grocery shopprs, 25 percent made a purchase decision without any time for deliberation and 56 percent spent less than 8 seconds examinig and deciding which brand to buy.

Reasons for Limited Search for External Information

There are several reasons that exist for this apparently limited external search. We have finite mental capacities, which are protected from information overload by perceptual selectivity. This focuses our attention on those attributes considered important. For example, according to a study, because of perceptual selectivity, only 35 percent of magazine readers exposed to a brand advertisement noticed the brand being advertised.

Information is continually bombarding us and this information acquisition is a continuos process. As we all understand that the search for information represents a cost(the time or effort) and some of us do not consider the benefits outweigh these costs. This happens particularly for low involvement brands. In researches on consumer behavior, a lot of emphasis has been placed on measuring the number of sources consumer use, rather than considering the quality of each informational source.

The prevailing circumstances that we as consumers are in also have an impact on the level of external search. We may feel the time pressure or may not find the information easy to understand. The search for information is also affected by the consumer's emotional state.

Brand Information: Quality or Quantity

Now that we know about the relatively superficial external search for information which is undertaken in selecting brands, as future marketers we must know its implications for us. The question the marketers need to consider is whether increasing levels of information help or hinder consumer brand decisions.

In a study to assess the decision making process, consumers were presented with varying levels of information about brands of washing powders and asked to make brand selections. Prior to the experiment they were asked to describe their preferred washing powder brand. The researchers found that accuracy (in the sense that consumers selected that brand in the survey that matched their earlier stated brand preference) was inversely related to the number of brands available. Initially, accuracy of brand choice improved as small amounts of brand information were made available, but a point was reached at which further information reduced brand selection accuracy.

In another study, housewives were given varying levels of information about different brands of rice and pre-prepared dinners and were asked to choose the brand they liked best. Again prior to the experiment, they were asked about their preferred brand. Confirming the earlier survey on washing powders, increasing information availability from low levels helped decision-making but continuing provision of information reduced purchasing accuracy and resulted in longer decision periods.

The implication is that marketers need to recognize that increasing the quantity of information will not necessarily increase brand decision effectiveness, even though it may make consumers more confident.

It is becoming apparent that we follow two broad patterns when searching for information. Some of us make a choice by examining one brand at a time, i.e. for the first brand we select information on several attributes, then for the second brand we seek the same attribute information, and so on. This strategy is known as **Choice by Processing Brands.**

An alternative strategy is seen when some of us have a particularly important attribute against which we assess all the brands, followed by the next most important attribute and so on. This is known as **Choice by Processing Attributes.**

It is also seen that when some of us have limited knowledge of a product or service, we tend tp process information by attributes while more experienced of us process the information by brands. Furthermore, choice by processing attributes tends to be the route followed when there are a few alternatives, when differences are easy to compute and when the task is in general easier.

Clues to Evaluate Brands

Rather than engaging in a detailed search for information when deciding between competing brands, we look for a few clues that we believe will give an indication of brand performance. For example, when people buy new car they talk about them as being 'tinny' or 'solid', based on the sound heard when slamming the door. Clearly, then, some people use the sound as being indicative of the car's likely performance.

We have many examples of consumers using surrogate attributes to evaluate brands, e.g. the sound of a lawn mower engine as indicative of power, the feel of a bread pack as indicative of the freshness of bread, the clothing style of banking staff as indicative of their understanding of financial services, and high prices as being indicative of good quality. It is now widely recognized that consumers conceive brands as arrays of clues(e.g. price, colour, taste, feel, etc). they assign information values to the available clues using only those few clues which have a high information value. A clue's information value is a function of its predictive value)how accurately it predicts the attribute being evaluated) and its confidence value(how confident the consumer is about the predictive value assigned to the clue). This concept of brands as arrays of clues also help us explain why we undertake only a limited search for information.

If through experience, we recognize a few clues offering high predictive and high confidence values, these will be selected. More often than not, the most sought after clue, is the presence of a brand name, which rapidly enables recall from memory of previous experience. However, when we have limited brand experience, the brand name will have low predictive and confidence values and thus more clues will be sought, usually price, followed by other clues. Learning, through brand usage, enables us to adjust predictive and confidence values internally, which stabilize over time.

An Important Clue

Numerous studies show that when faced with a brand decision, consumers place considerable importance on the presence or absence of brand names. Not only do brand names have high predictive value, but consumers are also very confident, particularly from experience with this clue. Of all the marketing variables it is the brand name which receives the most attention by consumers and is a key influencer of their perceptions of quality.

Brand Names an Informational Chunks

Now that we know that brand names are perceives by consumers as important informational clues, an explanation can be given by referring to the work by Miller. A research was carried out to understand the way the mind encodes information. For example, if we compare the mind with the way computers work, it can be seen that we can evaluate the

quantity of information facing a consumer in terms of a number of 'bits'. All the information on the packaging of a branded grocery item would represent in excess of a hundred bits of information. Researchers have shown that at most the mind can simultaneously process seven bits of information. Clearly, to cope with the information deluge from everyday life, our memories have had to develop methods for processing such large quantities of information.

This is done by a process of aggregating bits of information into larger groups, or 'chunks', which contain more information. Hence, when we are first exposed to a new brand of convenience food, the first scanning of the label would reveal an array of wholesome ingredients with few additives. These would be grouped into a chunk interpreted as 'natural ingredients'. Further scanning may show a high price printed on a highly attractive multicolor label. This would be grouped with the earlier 'natural ingredients' chunk to form larger chunk, interpreted as 'certainly a high quality offering'. This aggregation of increasingly large chunks would continue until final eye scanning would reveal unknown brand name but, on seeing that it came from a well-known organization, example Nestle, Heinz, etc, the customer would then aggregate this with the earlier chunks to infer that this was a premium brand-quality contents in a well-presented container, selling at a high price through a reputable retailer, from a respected manufacturer known for advertising quality. Were the consumer not to purchase this new brand of convenience food, but later that day to see an advertisement for the brand, they would be able to recall the brand's attributes rapidly, since the brand name would enable fast accessing of a highly informative chunk in the memory.

The task facing the marketer is to facilitate the way we process information about brands, such that ever larger chunks can be built in the memory which, when fully formed, can then be rapidly accessed through associations from brand names. Frequent exposure to advertisements containing a few claims about the brand should help the chunking process through either passive or active information acquisition. What is really important, however, is to reinforce attributes with the brand name rather than continually repeating the brand name without at the same time associating the appropriate attributes with it.

The Challenge To Branding From Perception

Brands and their reputations are valuable assets and a brand's strategy needs regularly assessing to understand its suitability in changing environments.

To overcome the problems of being bombarded by vast quantities of information and having finite mental capacities to process it all, we not only adopt efficient processing rules(for example, we use only high information value clues when choosing between brands, and aggregate small pieces of information into larger chunks) but we also rely upon our perceptual processes.

Perception is the process by which physical sensations such as sights, sounds, and smells are selected, organised, and interpreted. The eventual interpretation of the stimulus allows it to be assigned meaning.

These help brand decision-making by filtering information(perceptual selectivity) and help them to categorize competing brands(perceptual organization). Bruner made a major contribution in helping lay the foundations for a better understanding of the way consumers' perceptual processes operate. He showed that consumers cannot be aware of all the events occurring around them and with a limited span of attention, they acquire information selectively. With this reduced data set, they then construct a set of mental categories which allows them to sort competing brands more rapidly. By allocating competing brands to specific mental categories, they are then able to interpret and give more meaning to brands.

A consequence of this perceptual process is that consumers interpret brands in a different way from that intended by the marketer. The classic example of this was the cigarette brand Strand. Advertisements portrayed a man alone on a London bridge, on a misty evening, smoking Strand. The advertising slogan was 'You're never alone with a Strand'. Sales were poor, since consumers' perceptual processes accepted only a small part of the information given and interpreted it as, 'if you are a loner and nobody wants to know you, console yourself by smoking Strand'.

It is clearly very important that brand marketers appreciate the role of perceptual processes when developing brand communication strategies.

Large	Small
Bright	Dull
Loud	Quiet
Strong	Weak
Unfamiliar	Familiar
Stand out from	Blend in with
Moving	Stationary
Repeated	One-off

Perception is an information –processing activity

- Once stimuli become familiar they stop being sensed (habituation)
- Our sensory apparatus can screen out some information
- Selective attention to concentrate on some stimuli and ignore others

Perceptivity is based on :

- Learning: (predisposition to pay attention/ignore)
- Personality: (extrovert/introvert effects on response to stimuli)
- Motivation: (response based on intrinsic motivators/ learned experiences)

We concentrate on / rather than

Ways in which supermarket use perceptivity

- Different colours
- Placing goods (eye level/gondola ends)
- Depth of shelves

- Mirrors (especially fruit and vegetables)
- Curved shelving (eye follow-through)

Activity

Many ads use hidden messages, most of them harmless. Can you find the hidden message in this company logo?

Perceptual Selectivity

The most important aspect of perceptual selectivity is attention. Everything else we perceive will be based on how much and what kind of attention we give to things around us.

Attention is the process by which the mind chooses from among the various stimuli that strike the senses at any given moment, allowing only some to enter into consciousness.

A Generalized Model of Attention

Two main information-processing compartments:

- Automatic or pre-attentive processing- Unselective, Unlimited in capacity, Acting in parallel on all incoming information at once, Unconsciousv
- Controlled or attentive processing- Selective, Limited in capacity, Acts serially on a small portion of the available information, Partly consciousv

Theories of Attention

Based on these components theories differ in their description of:

1. The kind of processing that occurs pre-attentively (Stage 1).
2. How the selector determines what passes into the second compartment.
3. The kind of processing that occurs post-attentively (Stage 2).

Marketers invest considerable money and effort communicating with us, yet only a small fraction of the information is accepted and processed by us. First of all, their brand communication must overcome the barrier of what is known as **Selective Exposure**.

If a new advertisement is being shown on television, even though we are attentive to the programme during which the advertisement appears, when the commercial breaks are on, we may prefer to engage in some other activity rather than watching the advertisements. We either start surfing other channels or get up to have water, etc.

The second barrier is what is known as **Selective Attention.** We may not feel inclined to do anything else while the television commercials are on during our favourite programme and might watch the advertisement for entertainment, taking an interest in the creative aspects of the commercial. At this stage, selective attention filters information from advertisements, so building support for existing beliefs about the brand)Oh, it's that Toyota advert. They are good reliable cars. Let's see if they drive the car over very rough ground in this advert') and avoiding contradicting claims('I didn't realize this firm produces fax machines, besides the PC I bought from them, in view of the problems I had with my PC, I just don't want to know about their products any more')

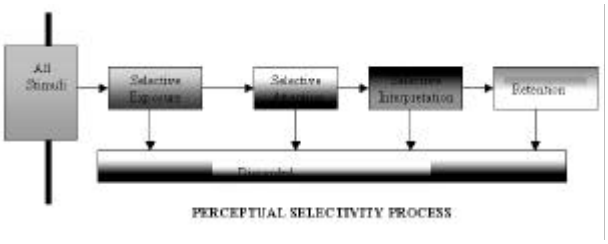
For example - students in class should focus on what the teachers are saying and the overheads being presented. Students walking by the classroom may focus on people in the room, who is the teacher, etc., and not the same thing the students in the class.

The third challenge facing the brand is what is known as Selective Comprehension. We start to interpret the message and would that some of the information does not fit well with our earlier beliefs and attitudes. We then 'twist' the message until it became more closely aligned with our views. For example, after a confusing evaluation of different companies' life insurance policies, a man may mention to his brother that he is seriously thinking of selecting a particular policy. When told by his brother that he knew of a different brand that had shown a better return last year, he may discount this fact, arguing to himself that his brother as a Software engineer probably knew less about money matters than he did as a Sales Manager.

With the passage of time, memory becomes hazy about brand claims. Even at this stage, after brand advertising, a further challenge is faced by the brand. Some aspects of brand advertising are **Selectively Retained** in the memory, normally those claims which support existing beliefs and attitudes.

From the consumer's point of view the purpose of selective perception is to ensure that they have sufficient, relevant information to make a brand purchase decision. This is known as **Perceptual Vigilance.** Its purpose is also to maintain their prior beliefs and attitudes. This is known as **Perceptual Defence.** These are base on power differences, gender differences, physical surroundings, language and cultural diversity. There is considerable evidence to show that information which does not concur with consumers' prior beliefs is distorted and that supportive information is more readily accepted. One of the classic examples of this is a study which recorded different descriptions from opposing team supporters who all saw the same football match. Many surveys show that selectivity is a positive process, in that consumers actively decide which information clues they will be attentive to and which ones they will reject.

Thus, a consequence of perceptual selectivity, we are unlikely to be attentive to all the information transmitted by manufacturers or distributors. Furthermore, in instances where we consider two competing brands, the degree of dissimilarity may be very apparent to the marketer but if the difference, say, in price, quality or pack size is below a critical threshold this difference will not register with us. This is an example of what is known as Weber's Law-the size of the least detectable change to the consumer is a function of the initial stimulus they encountered. Thus, to have an impact upon consumers' awareness, a jewellery retailer would have to make significantly larger reduction on a Rs.2000 watch than on a Rs.100 watch



PERCEPTUAL SELECTIVITY PROCESS

Activity

How many of you have seen the movie, Kal Ho Na Ho? Those of you who have seen tell me one thing that you liked best or worst about it. Remember just one best or worst thing!

Now we see that our answers vary a lot, you may think why is it so?

This variety of reporting (observing?) is commonly obtained even though all the people are looking at the same scene. Why is there such diversity in what people say (and see)? At least part of the explanation is that people don't just soak up the information that is in front of them. They look actively at the scene and report what they sought out and, to some extent, the sense that they were able to make of it.

Perceptual Organization

'Perceptual organization' allows us to decide between competing brands on the basis of their similarities within mental categories conceived earlier by us. We as consumers group a large number of competing brands into a few categories, since this reduces the complexity of interpretation. For example, rather than evaluating each car in the car market, we have mental categories such as Hyundai Santro as a small family car, Tata Safari as a sports utility vehicle and so on. By assessing which category the new brand is most similar to, we can rapidly group brands and are able to draw inferences without detailed search. If some of us place a brand such as Nanz's own label washing powder into a category we have previously identified as 'own label', then the brand will achieve its meaning from its class it is assigned to by us. In this case, even we have little experience of the newly categorized brand, then we use this perceptual process to predict certain characteristics of the new brand. For example, we may well reason that stores' own labels are inexpensive, thus this own label should be inexpensive and should also be quite good.

However in order to be able to form effective mental categories in which competing brands can be placed and which lead to confidence in predicting brand performance, relevant product experience is necessary. The novice to a new product field has less weel-formed brand categories than more experienced users. When new to a product field, the trialist has to view)based upon perceptions) about some attributes indicative of brand performance. This schema of key attributes forms the initial basis for brand categorization, drives their search for information and influences brand selection. With experience, the schema is modified, the search for information is redirected and brand categorization is adjusted, eventually stabilizing over time with increasing brand experience.

An interesting study amongst beer drinkers is a useful example of how learning moulds brand categorization. Without any labels shown, the beer drinkers were generally unable to identify the brand they drank most often and expressed no significant differences between brands, in this instance, the schema of attributes to categorize brands was based solely on the physical characteristics of the brands(palate, smell and the visual evaluation). When the study was later repeated amongst the same drinkers, but this time with the brands labeled, respondents immediately identified their most often drunk brand and commented about significant taste differences between brands. With the labels shown, respondents placed more emphasis on using the brand names to recall brand images as well as their views about how the brands tasted. As a consequence of consumers using this new schema of attributes to evaluate the brands, a different categorization of the brands resulted.

Whilst it may be thought that the simplest way for us to form mental groups is to rely solely on one attribute and to categorize competing brands according to the extent to which they possess this attribute, evidence from various studies shows that this is often not the case. Instead, we use several attributes to form brand categories. Furthermore, it appears that we weight the attributes according to the degree of importance of each attribute. Thus, marketers need to find the few key attributes that are used by us to formulate different brand categorizations and major upon the relevant attributes to ensure that their brand is perceived in the desired manner.

Gestalt psychologists provide further support for the notion of consumers interpreting brands through 'perceptual organization'. This school of thought argues that people see objects as 'integrated wholes' rather than a sum of individuals parts. The analogy being drawn is that people recognize a tune, rather than listen to an individual collection of notes. The following are the principles of Gestalt study:

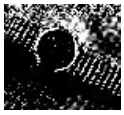
1. Figure-ground - this is the fundamental way we organize visual perceptions. When we look at an object, we see that object (figure) and the background (ground) on which it sits. For example, when I see a picture of a friend, I see my friends face (figure) and the beautiful Sears brand backdrop behind my friend (ground).
2. Simplicity/pragnanz (good form) - we group elements that make a good form. However, the idea of "good form" is a little vague and subjective. Most psychologists think good form is what ever is easiest or most simple. For example, what do you see here: : >) do you see a smiling face? There are simply 3 elements from my keyboard next to each other, but it is "easy" to organize the elements into a shape that we are familiar with.
3. Proximity - nearness=belongingness. Objects that are close to each other in physical space are often perceived as belonging together.
4. Similarity - do I really need to explain this one? As you probably guessed, this one states that objects that are similar are perceived as going together. For example, if I ask you to group the following objects: (* * # * # # #) into groups, you would probably place the asterisks and the pound signs into distinct groups.

5. Continuity - we follow whatever direction we are led. Dots in a smooth curve appear to go together more than jagged angles. This principle really gets at just how lazy humans are when it comes to perception.
6. Common fate - elements that move together tend to be grouped together. For example, when you see geese flying south for the winter, they often appear to be in a "V" shape.
7. Closure - we tend to complete a form when it has gaps

Closure asks us to mentally complete a picture

One of these things is not like the others,
One of these things just doesn't belong,
Can you tell which thing is not like the others
By the time I finish my song?

Similarity is a technique we use from our earliest days to help us remember something by how it's like something else we already know



Figure/Ground implies a situation where the subject stands out easily against the background; this can be visual, or as understood by any of the other senses

Activity

Suppose you are marketer. Think about a product that you want to launch in the market keeping in mind the current scenario of the market.

Which of these 3 kinds of advertising might work best with people who buy your product? What does that tell you about your target market?

To form a holistic view of a brand, we have to fill in gaps of information not shown in the advertisement. This concept referred to as 'closure', is used by brand advertisers to get us more involved with the brand. For example, Kellogg's once advertised on the billboards with the last 'g' cut off and it was argued that our desire to round off the advertisement generated more attention. Billboard advertising, showing a fly on a wall with the caption 'The Economist' was also developed to generate more interest through closure. Likewise, not presenting an obvious punch line in a pun when advertising a brand can again generate involvement through closure.

When a brand builds up a respected relationship with us, the concept of closure can be successfully employed in brand advertising. For example, Schweppes is such a well-regarded brand that the name didn't have to appear in the nearly successful 'Schhh… you know who' campaign. The problem with this campaign was that closure initially worked well for the brand but eventually the actor was being promoted more than Schweppes.

Notes

LESSON 18:
ISSUES ASSOCIATED WITH EFFECTIVE BRAND NAMES

Objectives

The learning objective: Upon completion of this Lesson, you should be able to:

a. Critical issues associated with effective brand names and

b. The brand as risk reducer.

As we have discussed Sectoral Management of Brand in detail in previous 3 lessons, let us now discuss Issues associated with effective brand names and the brand as risk reducer. As we have also discussed Brand Names, its importance and characteristics in Chapter 1 so try to relate the learning with the previous lessons.

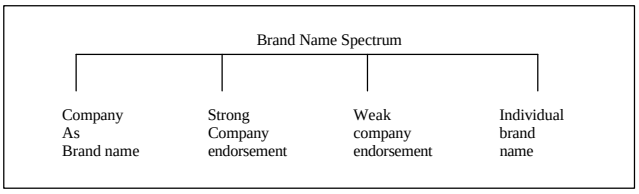
Naming Brands: Individual or Company Name?

It should now be clear that we seek to reduce the complexity of buying situations by cutting through the vast amount of information to focus on a few key pieces of information. A brand name is, from the consumer's perspective, a very important piece of information and is often the key piece. It is , therefore, essential that an appropriate brand name is chosen which will reinforce the brand's desired positioning by associating it with the relevant attributes that influence buying behaviour.

A brief consideration of some very well-known brand names shows that rather unusual reasons formed the basis for name selection. However, in today's more competitive environment far more care is necessary in naming a brand. For example, the Ford Motor Company was named after its founder; Lloyd's of London because of its location; Mercedes because of friend's daughter; and Amstrad after conjuring various letters together (Alan M. Sugar Trading plc). Today, however, because of the increasing need to define markets on a global basis, idiosyncratic approaches to naming brands can lead to failure. For example, General Motor's Nova failed in Spain because the name means 'doesn't go', while Roll Royce's plans to wrap a new model in mysterious fog because of the name 'Silver Mist' were fortunately halted when it was noted that 'mist' in German means 'dung', which obviously would have elicited different images. A Beaujolais branded Pisse-Dru faced obvious problems, even though the French vigneron interprets this as a wine to his liking. Even more intriguing is the lager 36/15 from Pecheur et Fischer marketed as La Biere Amoureuse. This brand is brewed with aphrodisiac plants and is named after the telephone number of a dating service advertised on French television!

When examining brand names, it is possible to categorize them broadly along a spectrum, with a company name at one end (e.g. British Telecom, Halifax), right the way through to individual brand names which do not have a link with the manufacturer (e.g. Ariel, Dreft, Daz, Bold and Tide emanating from Procter & Gamble). This is shown in Figure.

There are varying degrees of company associations with the brand name – there are brand names with strong company endorsement, such as Cadbury's Dairy Milk, Castrol GTX, Sainsbury, Baked Beans and brand names with weak company endorsement, such as KitKat from Nestle.



There are many advantages to be gained from tying the brand name in with the firm's name. With the goodwill that has been built up over the years from continuous advertising and a commitment to consistency, new brand additions can gain instant acceptance by being linked with the heritage. We feel more confident trying a brand which draws upon the name of a well-established firm. For example, building upon high awareness and strong associations of the brand with healthy eating and children's tastes, Nestle's Shreddies was rebranded Original Shreddies and augmented by two brand extensions, Frosted Shreddies and Coco, Shreddies. The heavily promoted new brands were able to benefit from similar associations built up over the years by the Shreddies name. In this example, however, the brand name was extended to a sector not dissimilar from that where the original brand's strengths were built. If this is not the case, the company's image could be diluted by following a corporate endorsement naming policy.

In the financial services sector, it is very common to corporate endorsement naming policy.

being strongly tied to the corporation (e.g. American Express, Guardian Royal Exchange's Choices, Abbey National 5 Star Account, etc), With the Financial Services and Building Societies Act during the 1980s enabling more institutions to sell financial services, branding is quite a new concept in this sector. Consumer and financial advice have traditionally evaluated policies by considering the parent corporation's historical performances, so company-linked brand names in this sector are common.

Nonetheless, whilst a brand can gain from an umbrella of benefits by being linked with a company name, the specific values of each still need to be conveyed. For example, whilst organizations such as Midland Bank have been promoting the benefits associated with their corporate name, there is a danger of not adequately promoting the benefits of the individual brands (e.g. Meridian, Vector ,Orchard) leading to possibility of confusion for us. Interestingly, when a corporation has developed a particularly novel concept, then the brand is launched without such a strong corporate name tie. Midland's First Directs a very different approach to banking and the brand

was launched very much as a stand-alone brand using the black and white logo to communicate the no-nonsense approach.

There are obvious advantages in all aspects of communication to be gained from economies of scale when an organization ties a brand name in with its corporate name. This advantage is sometimes given an undue importance weighting by firms thinking of extending their brands into new markets. This whole question of brand extension is a complex issue which involves more than just the name. However, it is worth mentioning here that in the 1990s more products and services were marketed under the same corporate-endorsed brand name. Nonetheless, to help the brand fight through the competing noise in the market, it is still essential to know what the brand means to the consumer, how the brand's values compare with competitive noise in the market, it is still essential to know what the brand means to the consumer, how the brand's value compare with competitive brands and how marketing resources are affecting brand values.

There are also very good reasons why in certain circumstances it is advisable to follow the individual brand name route. As the earlier Procter & Gamble example showed, this allows the marketer to develop formulations and positionings to appeal to different segments in different markets. However, the economics of this need to be carefully considered, since firms may, on closer analysis, find that by trying to appeal to different small segments through different brand offerings, they are encountering higher marketing costs resulting in reduced brand profitability.

When striving to have coverage in each segment of the market as, for example, Seiko do with their watches, it is important that in dividable brand names sufficiently reinforce their different brand positioning. Some firms try to differentiate their brands in the same market through the use of numbers. When this route is followed, however, the numbers should be indicative of relative brand performance – in the home computer market the '2000' model could have approximately double the functional capability of the '1000' model. In some markets, firms do not appear to have capitalized on naming issues. For example, in the telephone answering machine market where it has a notable presence, Panasonic brands four of its models as T1440BE< T1446, T2386DBE and T2445BE. Consumers cannot infer much about relative differences from these brand nomenclatures.

Another advantage of using individual brand names is that if the new line should fail the firm would experience less damage to its image than if the new brand had been tied to the corporation. The following example shows how a failed brand extension damaged the whole company's image. Continental Airlines, inspired by the success of Southwest, decided to enter the low-budget no-frill cheap flights market using the brand, Continental Lite. However, at the same time it continued to offer a full service under the original Continental brand. The company believed that it was possible to serve both markets and ignored the inevitable trade-offs on cost, service and efficiently. When Continental Lite was ultimately forced to with draw from the market, consumers became aware of the failure of this venture and, due to the common use of 'Continental', there would have been some adverse perceptions about the parent corporation.

Any one of the intuitive concerns below could have been enough to keep these powerful names from ever seeing the light of day, if those making the decisions had forgotten that names don't exist in a vacuum:

Virgin Airlines

- Says "we're new at this"
- Public wants airlines to be experienced, safe and professional
- Investors won't take us seriously
- Religious people will be offended

Caterpillar

- Tiny, creepy-crawly bug
- Not macho enough - easy to squash
- Why not "bull" or "workhorse"?
- Destroys trees, crops, responsible for famine

Banana Republic

- Derogatory cultural slur
- You'll be picketed by people from small, hot countries

Yahoo!

- Yahoo!! It's Mountain Dew!
- Yoohoo! It's a chocolate drink in a can!
- Nobody will take stock quotes and world news seriously from a bunch of "Yahoos"

Oracle

- Unscientific
- Unreliable
- Only foretold death and destruction
- Only fools put their faith in an Oracle
- Sounds like "orifice" – people will make fun of us

The Gap

- Means something is missing
- The Generation Gap is a bad thing - we want to sell clothes to all generations
- In need of repair
- Incomplete
- Negative

Stingray

- A slow, ugly, and dangerous fish – slow, ugly and dangerous are the last qualities we want to associate with our fast, powerful, sexy sports car
- The "bottom feeding fish" part isn't helping either

Fannie Mae / Freddie Mac

- I don't want hillbilly residents of Dogpatch handling my finances.

They don't sound serious, and this is about a very serious matter.

A Strategic Approach To Naming Brands

When looking at the way companies select brand names, many appear to follow a process of generating names and then assessing these against pre-determined criteria. For example, with the opportunities presented by the opening of European markets, the following stages of questioning are usual in brand name selection:

- First, in which geographical markets does the firm intend its brand to compete? The decision becomes, if for no other reason than the pronounce ability of the name. For example, in 1988 Whirlpool, the American white goods manufacturer, acquired 53 percent of Philips' home appliances business and are obliged by the agreement to phase out the Philips brand name by 1998. A dual brand name policy is currently being run, raising consumers' awareness of Whirlpool across Europe. However, in France Whirlpool is an extremely difficult name to pronounce.
- Secondly, even if the consumer can pronounce a name, the next question would focus on any other meanings or associations the name might have in different countries.
- Thirdly, if these issues do not raise problems, the next problems is whether the brand name is available for use on an international basis and whether it can be protected. A major cosmetics house had to reschedule the launch of one of its brands since the legal aspects of the pan-European brand name search revealed that the original name was already being used by a distant competitor in one part of Europe.

Whilst the approach described has the strength of chiding the name against a set of criteria, its weakness is that its tactical orientation doesn't relate the brand name to the wider company objectives that the brand is attempting to satisfy. A better way of developing the brand's name would be to follow the flow chart in Figure.

What little has been published about the way firms select brand names shows that few follow a systematic process. The scheme developed in Figure builds on best current practice.

Let us now consider each of these steps in turn.

Marketing Objective

The marketer needs to be certain about the marketing objectives that the brand must contribute towards. Clearly stated, quantified targets must be available for each segment showing the level of sales expected from each of the product groups comprising the company's portfolio. The marketing objectives will give an indication as to whether emphasis is being placed on gaining sales from existing products to existing customers, or whether new horizons are envisaged (e,g. through either product extensions or new customer groups). By having clearly defined marketing objectives, brand managers are then able to consider how each of their brands needs to contribute to wards satisfying the overall marketing objectives.

The Brand Audit

The internal and external forces that influence the brand need to be identified, such as company resources, competitive intensity, supplier power , threats from substitutes, buyer concentration, economic conditions, and so on. This audit should help identify a few of the criteria that the name must satisfy. For example, if the brand audit showed that the firm has a superior battery that consumers valued because of the battery's long life, then one issue the name would have to satisfy would be its reinforcement of the critical success factor 'barter long life'.

Brand Objective

In the brand-planning document, clear statements about individual brand objectives should be made, again helping clarify the criteria that the brand name must satisfy. Statements about anticipated levels of sales, through different distributors, to specified customers, will help the marketer to identify criteria for the name to meet. For example, if the primary market for a new brand of rechargeable batteries is 10-14 year old boys who are radio-controlled car racing enthusiasts, and if the secondary market is fathers who help their sons, the primary target's need may be for long inter-charge periods, whilst the secondary market may be more concerned about purchase cost. The primary need for the brand name would be to communicate power delivery, with an undertone about cost.

Brand Strategy Alternatives

The marketer must be clear about what broad strategies are envisaged for the brand in order to satisfy the brand objectives. Issues here would include:

- Manufacturer's brand or distributor's brand?
- Specialist or niche brand?
- Value-added or low-price positioning?

Again, these would clarify issues that the name must satisfy.

Brand Name Criteria Specified

The marketer should be able to list the criteria that the brand name must satisfy. They might also' wish to be learn from other companies' experiences w/hat appears to work best with brand names.

Brand Name Alternatives Generated

With a clear brief about the challenges that the new brand name must overcome, the marketer can now work with others to stimulate idea, for possible brand names. It is unlikely that the brand managers would work on this alone. Instead, other

would join them from the marketing department, by advertising agency staff, *by* specialist name-generating agencies where appropriate, and by other company employees. Also at this stage a market research agency may be commissioned to undertake some qualitative research to help generate names. Some of the methods that might be used to generate names would be:

- Brainstorming
- Group Discussions
- Management Inspiration
- Word Association
- In-company competitions amongst employees
- Computer generated names.

It is important to stress that, during the name generation stage, any intentions to judge the names must be suppressed. If names are evaluated as they are generated, this impedes the mind's creative mode and results in a much lower number of names.

Screen and Select The Brand Name

By scoring each name against the criteria for brand name effectiveness, an objective method for judging each option can be employed. Each name can be scored in terms of how well it matches each of the criteria and, by aggregating each name's score, a value order will result. The more sophisticated marketer can weight each of the criteria in terms of importance, and arrive at a rank order on the basis the highest aggregated weighted score. Whatever numerical assessment procedure is employed, it should be developed only on the basis of an agreed internal consensus and after discussions with key decision makers. Not only does this enhance commitment to the finally selected brand name, but it also draws on the relevant experience of many executives

By following this schema, the marketer is able to select a name, which should satisfy the company's ambitions for long-term profitable brand growth. This process should also result in a name, which is well able not only to defend a sustainable position against competitive *forces*, but also to communicate added values to consumers effectively. For example, the international courier service 'TNT Overnite' and the pesticide 'Kill'.

Issues Associated with Effective Brand Names

When considering criteria for brand name effectiveness, there is much to be gained by drawing on the experience of other marketers. Some of the guideline to be found there includes:

- **The brand name should be simple** The aim should be to have short names that are easy to read and understand. Consumers have finite mental capacities and find it easier to encode short words in memory. This is the reason why names with four syllables or more are usually contracted. Listening to consumers talk clarifies the way that long brand names are simplified (e.g. Pepsi rather than Pepsi Cola, Lewis's rather than John Lewis). When consumers get emotionally closer to brands, they are more likely to contract the name, for example, Mercedes becomes Merc.
- **The brand name should be distinctive** Brand names such as Kodak and Adidas create a presence through the distinctive sound of the letters and the novelty of the word. This creates attention and the resulting curiosity motivates potential' consumers to be more attentive to brand attributes.
- **The brand name should be meaningful** Names that communicate consumer benefits facilitate consumers' interpretations of brands. Creativity should be encouraged at the expense of being too correct. A battery branded 'Reliable' would communicate its capability, but would not attract as much attention as the more interesting 'Die Hard'. The brand name should also support the positioning objectives for the brand, e.g. Crown Paints.
- **The brand name should be compatible with the product** The appropriateness of the name Timex with watches is more than apparent, reinforcing the meaningfulness of the brand name. However, marketers should beware of becoming too focused on specific benefits of the product, especially in a mature market. Orange offered a dramatic and refreshing alternative in a sector where the tradition of brand naming was built on suffixes 'tel' and 'corn', such as Betacom, Vodacom and Cabletel.
- **Emotion helps for certain products** For those product fields where consumers seek brands primarily because they say something about the purchaser, as for example in the perfume market, emotional names can succeed. Examples here include Poison and Opium.
- **The brand name should be legally protectable**. To help protect the brand against imitators, a search should be undertaken to identify whether the brand name is available and, if so, whether it is capable of being legally registered.
- **Beware of creating new words** Marketers developing new word for their brand have to anticipate significant promotional budgets to clarify what their invented word means. For example the successfully invented names of Kodak, Esso and Xerox Succeeded because of significant communication resources.
- **Extend any stored-up equity** When firms audit their portfolio current and historical brands, they may find there is still considerable goodwill in the market place associated with brands they no longer produce. There may be instances when it is worth extending a historical name to a new line (e.g. Mars to ice cream and milk drink), or even relaunching several historical lines(e.g. Cadbury's Classic Collection of Old Jamaica, Turkish Delight, etc.)
- **Avoid excessive use of initials** Over time some brand names have been shortened, either as a deliberate policy by the firm, or through consumer terminology(e.g. International Business Machines to IBM, Imperial Chemicals Industries to ICI and British Airways to BA). It takes time for the initials to become associated with brand attributes and firms generally should not launch new brands as arrays of initials. The hypothetical brand North London Tool and Die Company certainly fails the criteria of

being short, but at least, unlike the initials NLT&D it does succeed in communicating its capabilities.

- **Develop names that allow flexibility** The hope of any marketer is for brand success and eventually a widening portfolio, of supporting brands to better satisfy the target market. Over time more experienced consumers seek a widening array of benefits so, if possible, the name should allow the brand to adapt to changing market needs. For example, with the recognition of the reliability of Caterpillar Tractors, the company wished to diversify further into the earthmoving equipment market, but the word 'Tractor' blocked diversification. By dropping this word, Caterpillar was better able to diversify.
- **Develop names, which are internationally valid,** It is essential to establish during the naming process what geographical coverage the brand will assume. When a name is intended for only one nation or one culture, the cultural associations linked to it are immediately evident. Whenever the brand name spans different languages and cultures, it becomes more difficult to forecast customers' responses. For instance, the Spanish coffee Bonka has different implications in the UK market from those intended in Spain.

Whilst these points should contribute to the way organizations think about the appropriateness of different brand names, we should never lose sight of the fact that it is consumers who buy brands, not the managers who manage them. For this reason it is always wise, when short-listing potential names, to undertake some consumer research and evaluate consumers' responses. For example - are the words harsh sounding? Are there any negative associations with the words? Are the names appropriate for the proposed brand? Do the words 'roll off the tongue' easily? Are the words memorable? - and so on

Once a decision has been taken about the brand name and the brand has been launched, the firm should audit the name on a regular basis. This will show whether or not the meaning of the brand name has changed over time as a result in changes in the market place. If the environment has changed to such an extent that the firm is missing opportunities by persisting with the original name, then consideration should be given to changing the name. For example, Mars saw economies of scale with a unified pan-European brand name strategy and changed the name Marathon to Snickers in order to capitalize on this.

The Brand as A Risk Reducer

The final issue of relevance to branding to be considered today is the concept of perceived risk. Earlier parts showed that products and services can be conceived as arrays of clues and that the most-consulted clue when making a brand choice is the presence or absence of a brand name. This reliance upon brand name is also confirmed by the considerable volume of consumer behaviour research on the concept of perceived risk. It is clear that, when buying, consumers develop risk-reducing strategies. These are geared to either reducing the uncertainty in a purchase by buying, for example, only advertised brands, or to minimizing the chances of an unpleasant outcome by buying, for example, 'only previously tried brands.

It must be stressed that we are talking only about consumers perceptions of risk rather than objective risk, since consumers re only as they perceive situations. Whilst marketers may believe they have developed a brand that is presented as a risk-free purchase this may not necessarily be the perception consumers have. Consumers have a threshold level for perceived risk, below which they do not regard It as worth while undertaking any risk-reduction action. However, once this threshold level is exceeded, they will seek ways of reducing perceived risk

We can now start to view brands as being so well formulated, distributed and promoted that they provide us with the added value of increased confidence. For example, if the brand is available from a quality retailer, this should signal increased certainty regarding its performance. If there has been a lot of supporting advertising this would also be read as being indicative of a low-risk product. Furthermore, should there also be favorable word-of-mouth endorsement, this too would allay concerns about the brand. Marketers can gain a competitive edge by promoting their brands as low-risk purchases

By viewing risk as being concerned with the uncertainty felt by consumers about the outcome of a purchase, it is possible to appreciate how marketers can reduce consumers' risk in brand buying. For example, appropriate strategies to reduce consumers worries about the consequences of the brand purchase would include developing highly respected warranties, offering money back guarantees for first time trialists and small pack sizes during the brand's introductory period. To reduce their uncertainty, consumers will take a variety of actions, such as seeking out further information, staying with regularly used brands, or buying only well-known brands. Marketers can reduce concerns about uncertainty by providing consumers with relevant, high quality information, by encouraging independent parties such as specialist magazine editors to assess the brand, and by ensuring that opinion leaders are well versed in the brand's potential. For example, by tracking purchasers of a newly launched microwave oven brand, using returned guarantee cards, home economists can call on these innovative trialists and, by giving a personalized demonstration of the new brand's capabilities, ensure that they are fully conversant with the brand's advantages. This can be particularly effective, since early innovators are regarded as a credible information source.

The favored routes to reduce risk vary by type of product or service and it is unusual for only one risk-reducing strategy to be followed. It is, however, apparent that brand loyalty and reliance on major brand image are two of the more frequently followed actions

When consumers evaluate competing brands, not only do they have an overall view about how risky the brand purchase is, but they also form a judgment about why the brand is a risky purchase. This is done initially by evaluating which dimensions of perceived risk cause them the most concern. There are several dimensions of risk. For example:

- Financial risk: the risk of money being lost when buying an unfamiliar brand performance risk: the risk of something being wrong with the unfamiliar brand.
- Social risk: the risk that the unfamiliar brand might not meet the approval of a respected peer group.

- Psychological risk: the risk that an unfamiliar brand might not fit in well with one's self image.
- Time risk: the risk of having to waste further time replacing the brand.

If the marketer is able to identify which dimensions of perceived risk are causing concern, they should be able to develop appropriate consumer-orientated risk-reduction strategies. The need for such strategies can be evaluated by examining consumers' perceptions of risk levels and by gauging whether this is below their threshold level. It should be realized, however, that the level of risk varies between people and also by product category. For example, cars, insurance and hi-fi are generally perceived as being high-risk purchases, while toiletries and packaged groceries are low-risk purchases.

Table shows the results of a seminal consumer study by Jacoby and Kaplan (1972) indicating how some of the dimensions of perceived risk vary by product field. From these findings, it can be seen that marketers of life insurance policies need to put more emphasis on stressing the relative cost of policies and how well protected consumers are compared with other competitors' policies. By contrast, the suit marketer should place more emphasis on reference group endorsement of their brand of suit by means, for example, of a photograph of an appropriate person in this suit

Table Consumers' views about the dimensions of risk (after Jacoby and Kaplan /972)

	Life Insurance	Suit
Financial Risk	7.2	6.4
Performance Risk	6.7	5.8
Psychological Risk	4.9	6.9
Social Risk	4.8	7.3
Overall Risk	7.0	5.9
1=very low risk, 10=very high risk		

Qualities of Powerful Names

Once you have a clear idea of the brand positioning for your company or product, the name you pick should contain as many of the following qualities as possible. The more of them that are present, the more powerful the name:

Self-propelling

- A name that people will talk about.
- A name that works its way through the world on its own.
- A name that's a story in itself, whether it's at the local bar, on the job, or on CNBC.

Emotional Connection

- What does the name suggest?
- Does it make you feel good?
- Does it make you smile?
- Does it lock into your brain?
- Does it make you want to know more?

Poetry

- How does the name physically look and sound?
- How does it roll off the tongue?
- How much internal electricity does it have?
- How does it sound the millionth time?
- Will people remember it?

Personality

- Does the name have attitude?
- Does it exude qualities like confidence, mystery, presence, warmth, and a sense of humor?
- Is it provocative, engaging?
- Is it a tough act to follow?

Deep Well

- Is the name a constant source of inspiration for advertising and marketing?
- Does it have "legs"?
- Does it work on a lot of different levels?

The key is to step outside the box that the industry - any industry - has drawn for itself, and to do it in a fresh way that hits home with the audience. To accomplish this, it is necessary to think about names in this fashion:

Virgin

- Positioning: different, confident, exciting, alive human, provocative, fun. The innovative name forces people to create a separate box in their head to put it in.
- Qualities: Self-propelling, Connects Emotionally, Personality, Deep Well.

Oracle

- Positioning: different, confident, superhuman, evocative, powerful, forward thinking.
- Qualities: Self-propelling, Connects Emotionally, Personality, Deep Well.

As an exercise, go back and see how the other names deconstructed above - Apple, Caterpillar, Banana Republic, Yahoo!, The Gap, Stingray, and Fannie Mae / Freddie Mac - stand up when held to these high standards. These are the qualities that separate a potent, evocative name from a useless one that is built without a considered positioning platform, such as BlueMartini or Razorfish. Random names like these disallow audience engagement, because there are no pathways between the image and the product, and no room for connections to be made.

Tutorial

Exercise Questions

1. For each of the four Ps, have identify an exemple brand whose strategy is different from and superior to that of its competition. Discuss the role the particular strategy plays in the brand's success.
2. Survey consumers to identify product categories in which they engage in brand switching and determine what influences their behavior. Discuss the implications for marketing strategy of those influencing factors.
3. Find a brand whose sole or primary distribution channel is relationship marketing. Discuss the likely reasons for the

brand's highly focused strategy and the positive and negative consequences of it. (For example: Amway or Oriflame)

A Study

Developing an Effective Brand Name

DTC Perspectives Magazine Article

Abstract: By utilizing proven methods for nomenclature development, one can change a process traditionally thought to have no real guidelines into a more scientific process. The recent emphasis on direct-to-consumer marketing in the pharmaceutical industry has made it necessary for pharmaceutical companies to change the way they approach brand name development.

Body: When managing your business, the emphasis is on "owning your market." The first step towards this goal is to establish brand equity and support a powerful brand image through effective brand management. Each of the following must be carefully considered before creating a brand name:

- Nomenclature Strategy/Architecture Positioning
- Creative Development
- Trademark Clearance
- InterNIC/Internet Clearance
- Linguistic Appropriateness
- Market Research

It is the successful combination of these elements that creates "a company's most valuable asset," its brand name. Following are more details about each component that plays a role in developing an effective brand.

Nomenclature Strategy/Architecture Positioning - Many companies forget to consider this step in the process of creating a brand which can lead to inappropriate results. This component involves identifying which brands compete in consumer's minds and how your brand can be positioned to maximize preference. Using the results from this evaluation will help shape the personality or image of your brand. The importance of deciding on a personality or image cannot be stressed enough. Once this has been established, the rest of the process becomes much easier. You now know what kind of names you want to create and you can better evaluate the quality of the name candidates that are being created because you have a clear vision of what the brand name should accomplish.

Creative Development - While some companies might prefer to have an internal contest and ask employees submit some name candidates for the new product that is being introduced, most understand that there is a better and more systematic way to approach creative development. Brand Institute, for example, has developed a six-fold approach to creative name generation that involves input from many different people some of which are involved very closely to the project and some that are far removed. It is important to have input from people that are not too close to the project because they can bring a fresh perspective to the creative process. This methodology includes brainstorming techniques designed for evaluation of names and concepts for creative refinement.

The creative development process was once thought to be a job that needed little or no direction - just think of some names and we will pick the ones we like best. Now the industry is putting together a well thought out plan to meet well-defined objectives. The old adage remains true: failing to prepare is preparing to fail. Using a systematic approach to creative development helps ensure that the nomenclature strategy is followed.

Trademark Clearance - One of the hurdles to be crossed in the branding process is ultimately having the trademark accepted by the USPTO. In the pharmaceutical industry it is becoming increasingly difficult to obtain an international trademark. It is important to have a trademark attorney involved in the project to help the project team steer clear of obvious trademark conflicts.

Thorough trademark screening should be conducted against the appropriate U.S., international and Internet trademark registries on all name candidates prior to conducting market research. If not, it is possible that costly market research can be conducted on name candidates that are all unavailable due to trademark conflict.

InterNIC/Internet Clearance - Consumers are searching for a complete experience when shopping for brands, even pharmaceuticals and pharmaceutical companies must adjust their marketing campaigns accordingly. One element of the complete experience is the need for a web site devoted to new product information. It is important to find a name candidate that also has domain name availability.

Linguistic Appropriateness - With the global complexities of international marketing and the existence of cultural sub-markets within the domestic market, linguistic screening is a must. Every name candidate that clears trademark screening should undergo linguistic screening. Linguistic screening should identify negative associations or pronunciation issues in the countries and languages that the product will be marketed.

Market Research - Pharmaceutical branding requires stringent name testing due to the importance of patient safety. Physicians and pharmacists can evaluate name candidates to identify sound-alike and look-alike issues that can lead to errors in the prescribing/dispensing chain as well as provide information on marketing related questions. It is becoming more and more difficult to get name candidates approved from regulatory agencies. Conducting market research proactively prior to submitting name candidates to regulatory agencies helps increase the likelihood for approval, minimizing costly delays that result from rejections.

Again, pharmaceutical companies must also consider the consumers in addition to the medical professionals. To accomplish this, it is important to include consumers in the evaluation of the name candidates to identify which ones resonate best with the consumer audience. The goal is to identify safe name candidates that also offer the best marketing potential.

In today's competitive marketplace physicians and consumers have many products from which to choose. An effective brand name can communicate to physicians and consumers the

features and benefits of your product and will create brand equity. The importance of having an effective brand makes it necessary to follow a scientific approach to nomenclature development so that you can "own your market." Following the steps of the nomenclature process will allow you to start out with the best name possible.

Notes

LESSON 19:
ADDED VALUES BEYOND FUNCTIONALISM

Objectives

Learning objective from this chapter is

a. The social and psychologi-cal roles played by brands.

b. Focus on consumer brands rather than organizational brands,

As we all know that brands succeed because they represent more than just utilitarian benefits. The physical constituents of the product or service are augmented through creative marketing to give added values that satisfy social and psychological needs. Surrounding the intrinsic physical product with an aura, or personality gives us far greater confidence in using well-known brands. Evidence of this can be seen in one study which investigated the role that branding played in drugs sold in retail stores. People suffering from headaches were given an analgesic. Some were given the drug in its generic form, lacking any branding. The branded analgesic was more effective than the generic analgesic and it was calculated that just over a quarter of the pain relief was attributed to branding. What had happened was that branding had added an image of serenity around the pharmacological ingredients and in the consumers' minds, had made the medication more effective than the unbranded tablets.

It is interesting to know that images surrounding brands enable us to form mental vision of what and who brands stand for. Specific brands are selected when the images they convey match the needs, values and lifestyles that we as consumers have. For example, at a physical level, drinkers recognize Guinness as a rich, creamy, dark, bitter drink. The advertising has surrounded the stout with a personality, which is symbolic of nourishing value and myths of power and energy. The brand represents manliness, mature experience and wit. Consequently, when drinkers are choosing between a glass of draught Guinness or Murphys, they are subconsciously making an assessment of the appropriateness of the personality of these two brands for the situation in which they will consume it, be it amongst colleagues at lunch or amongst friends in the evening.

Now that we understand that brands are an integral part of our society and each day we have endless encounters with brands. Just think of the first hour after waking up and consider how many brands you come a cross. From seeing the brands used, people are able to understand each other better and help clarify who they are.

Consider yourself as a working professional and imagine a normal day in your life.

You brush your teeth with either colgate or pepsodent or close-up. Then you use either lux, cinthol, pears, sunsilk, clinic plus, pantene, etc for having a bath. Then you use either Indian or International deodrant or perfume. You dress up in a peter England shirt and an allen solly trousers. To wear your titan or timex or swatch or rado watch. Put on your red tape or woodland or lakhani shoes.

On returning home, you put on your levi jeans and polo t-shirt. Put on your nike or adidas shoes and move out with your friends to either barista or pizza hut or mcdonalds. On returning home you either watch bbc or espn or star news to get hold on the happenings in the world.

So we realize that in a normal day a normal man come across a series of brands ranging from all fields. A study by the advertising agency BBDO found that consumers are more likely to find differences between competing brands where emotional appeals are used, than between those predominantly relying on rational appeals. Functional differences between brands are narrowing due to technological advances, but the emotional differences are more sustainable.

We must understand that having a functional advantage, such as a particular car design, may be a competitive advantage today, but over time it becomes dated. By contrast, when associating a brand with particular values, such as being honest and dependable, these values have a greater chance of lasting as they are more personally meaningful and thus help ensure the longevity of the brand.

Particularly for conspicuously consumed brands, such as those in the beer and car market, firms can succeed by positioning their brands to satisfy consumers' emotional needs. Consumers assess the meanings of different brands and make a purchase decision according to whether the brand will say the right sort of things about them to their peer group and whether the brand reflects back into themselves the right sort of personal feeling. For example, a young man choosing between brands of suits may well consider whether the brands reflect externally that he is a trendsetter and reflect back into himself that he is confident in his distinctiveness. In other words, there is a sort of dialogue between consumers and brands.

In the main, consumers do not just base their choice on rational grounds, such as perceptions of functional capabilities, beliefs about value for money or availability. Instead, they recognize that to make sense of the social circles they move in and to add meaning to their own existence, they look at what different brands symbolize. They question how well a particular brand might fit in with their lifestyle, whether it helps them express their personality and whether they like the brand and would feel right using it.

Brands are part of the culture of a society and as the culture changes so they need to be updated. For example, the Surf brand has been portrayed in television advertisements by the personality 'Lalitaji'. She epitomized the home-centred housewife devoted solely to the well being of her family along with intelligence of buying the right thing in the right budget. With the changing role of women in society, the brand has1 had to move with the times. Today the mother in Surf ads is an independent, busy woman with a fulltime job as well as a

growing family to take care of. In both if these roles she is shown as a successful person who conveys a no-nonsense, warm, modern personality. Surf's brand image has been updated to match the lifestyle of the modern consumer and its continuing success is partly due to this.

Brands and Symbolism

In the marketing circuit, a criticism is often voiced that many models of consumer behaviour have not paid sufficient attention to the social meanings people perceive in different products. A lot of emphasis has historically been placed on the functional utility of products, and less consideration has been given to the way some people buy products for good feelings, fun and incase of art and entertainment, even for fantasies.

Today, however, consumer research and marketing activity is changing to reflect the fact that consumers are increasingly evaluating products not just in terms of what they can do, but also in terms of what they mean. The subject of symbolic interactionism has evolved to explain the type of behaviour whereby consumers show more interest in brands for what they say about them rather than what they do for them. As we as consumers interact with other members of society, we learn through the responses of other people the symbolic meanings of products and brands. Their buying, giving and consuming of brands facilitates communication between people. For example, blue jeans symbolize nformality and youth. Advertising and other types of marketing communication help give symbolic meanings to brands, the classic example of this being the advertising behind Levi jeans.

The symbolic meaning of brands is strongly influenced by the people with whom the consumer interacts. A new member of a social group may have formed ideas about the symbolic meaning of a brand from advertisements, but if such a person hears contrary views from their friends about the brand, they will be notably influenced by their views. To be part of a social group, the person doesn't just need to adhere to the group's attitudes and beliefs, but also to reflect these attitudes and beliefs through displaying the right sorts of brands.

Now that we have a fair idea of how people use symbolism for choosing brands, let us now understand the importance of design and visual representations in conveying meanings, especially in the service sector where no tangible product is available. For instance, visual representation of Merrill Lynch's bull is used to suggest strength and optimism. Visual representations also have the advantage of avoiding the logical examinations to which verbal expressions are subjected and are therefore more likely to be accepted. Customers are less likely to challenge the symbolic freshness of Mother Diary' vegetables than the verbal claim stating that our vegetables are fresh.

We see that some brands have capitalized on the added value of symbolism, i.e. meanings and values over and above the functional element of the product or service. Symbolism is sought by people in all walks of life to help them better understand their environment. Different marques of cars succeed because they enable drivers to say something about who they are. We may buy different brands of ties, such as Satya Paul as opposed to Marks & Spencer, not just for their aesthetic design, but to enhance self-esteem.

From our own experience, we can say that consumers perceive brands in very personal ways and attach their own values to them. Elliott's study of the trainers market shows that even though competing firms were striving to portray unique values for their brands, the symbolic interpretation of each brand varied according to people's age and gender. This challenges the assumption amongst marketers that the brand's symbolic meaning is the same amongst all the target market.

To cope with the numerous social roles we play in life, brands are invaluable in helping set the scene for the people we are with. As such, they help individuals join new groups more easily. New members at a golf club interpret the social information inherent in the brands owned by others and then select the right brand to communicate symbolically the right sort of message about themselves. When playing golf, smart trousers may be seen to be necessary to communicate the social role, but to play with a particular group of people it may be important to have the right *brand* as well. The symbolic meaning of the brand is defined by the group of people using it and varies according to the different social settings

We must know by now that brands as symbols can act as efficient communication devices, enabling people to convey messages about themselves and to facilitate expressive gestures. Using the Jaguar Visa card, rather than the standard Visa card, enables the owner to say something about themselves to their friends when paying for a meal in a restaurant. Giving Black Magic chocolates for instance, says something about a sophisticated relationship between two people, while After Eight Mints imply an aspiration for a grand and gracious living style

We should not forget that advertising and packaging are also crucial in reinforcing the covert message that is signified by the brand. Charles Revlon of Revlon Inc succeeded because he realized that women were not only seeking the functional aspects of cosmetics, but also the seductive charm promised by the alluring symbols with which his brands have been surrounded. The rich and exotic packaging and the lifestyle advertising supporting perfume brands are crucial in communicating their inherent messages. On a similar basis, Marlboro used the symbol of the rugged cowboy to communicate the idea of the independent, self-confident, masculine image. Consumers of this brand are not only buying it for its physical characteristics, but also as a means of saying something about themselves.

Brands are also used by people as ritual devices to help celebrate a particular occasion. For example, Moet et Chandon champagne is often served to celebrate a wedding, a birthday, or some other special event, even though there are many less expensive champagnes available.

A Special Case Study

There are also effective devices for understanding other people better. The classic example of this was the slow market acceptance of Nescafe instant coffee in the USA. In interviews, American housewives said they disliked the brand because of its taste. Yet, blind product testing against the ten widely accepted drip ground coffee, showed no problems. To get to the heart

of the matter, housewives were asked to describe the sort of person they thought would be using a particular shopping list. Two lists were given to the samples. Half saw the list of groceries including Nescafe instant coffee, and the other half saw the same list, but this time with Maxwell House drip ground coffee rather than Nescafe. The results of these interviews using different coffee brands led respondents to infer two different personalities. The person who had the Nescafe grocery list was perceived a being lazy, while drip ground person was often described as a good, thrifty housewife. As a consequence of this research, the advertising for Nescafe was changed. The campaign featured a busy housewife who was able to devote more attention to her family because Nescafe had free up time for her. This change in advertising helped Nescafe successfully establish their brand of instant coffee.

Her we will refer to one for significance of brands as effective devices for expressing something to ourselves symbolically. For example, amongst final year undergraduates there is s ritual mystique associated with choosing the right clothes for job interviews and spending longer on shaving or hair grooming than normal. These activities are undertaken not only to conform to the interview situation, but also to give the person a boost to their self-confidence. In these situations, the consumer is looking for brands that will make them 'feel right'. A further example of this is in the specialist tea market, where Twinings advertised their teas using the theme 'Teas to match your mood'. The emphasis of brands here is to help consumers communicate something to themselves.

Till this point in the chapter, we have understood that consumers look for brands in highly conspicuous product fields as symbolic devices to communicate something about themselves or to better understand their peer groups. The symbolic interpretations of some brands are well accepted. For example, Pears Soap uses rising sun, rain drops in its advertisements to reinforce the symbolic association between their soap and the purity and softness of sunrays and rain drops. As we all know that early monsoon rain and rays of a rising sun are soft and refreshing hence the company uses them to reinforce the association in the commercial.

We as consumers also strive to understand our environment better through decoding the symbolic messages surrounding us. A client working with an architect sees things like certificates on the architect's wall, the tastefully designed office, the quality of the paper on which a report is word-processed, the binding of the report and the list of clients the architect has worked for. All of these are decoded as messages implying a successful practice.

Symbols acquire their meaning in a cultural context, so the culture of the society consuming the brands needs to be appreciated to understand the encoding and decoding process. People learn the: inherent meaning of different symbols and through regular contact with each other there is a consistent interpretation of them. To take a brand into a new culture may require subtle changes to ensure that the symbol acquires the right meaning in its new cultural context. For example, Red Cross becomes Red Crescent in the Middle East.

If a brand is to be used as a communication device, it must meet certain criteria. It must be highly visible when being bought or being used. It must be bought by a group of people who have clearly distinguishable characteristics, which in turn facilitates recognition of a particular stereotype. For example, The Guardian newspaper reader has been stereotyped as a well-educated person, possibly working in education or local government. In the newspaper market some readers select different brands as value-expressive devices. They provide a statement about who they are, where they are in life and what sort of person they are. Since brands can act as self-expressive devices, users prefer brands, which come closest to meeting their own self-image. The concept of self-image is important in consumer branding and is reviewed in the

An Article on Symbolic Branding

For the Ultimate Bonding

S. Ramesh Kumar

Symbolic branding helps a brand to build a long-lasting relationship with the customer. But such branding can take place only on a strong foundation of functional utility. For sensory products, however, it can be based on the sensory experience and emotional appeal.

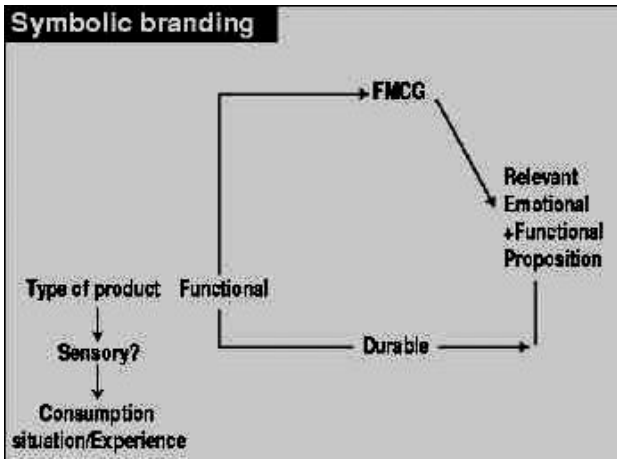
The Mercedes is a prime example of brand connecting to the consumer through a symbol, that of status.

RAYMOND, Scorpio (from Mahindra & Mahindra), Omega and Mont Blanc are brands that have symbolic and emotional overtones besides the regular functional features associated with the respective offerings.

While emotional benefits have been recognised by marketers as a prerequisite for sustaining brand success, they would have to follow a structured approach to create and nurture emotional branding.

Symbolic branding is useful in a number of ways to the marketer. It is able to build a relationship with the consumer and if this is sustained, the loyalty, which is so formed, has a lasting psychological impact. Harley Davidson in bikes, Mercedes in cars and Ray Ban in goggles are examples of symbolism attached to brands in various ways - status, fun and adventure or simply gratification of inner needs. In fact, an

emotional brand could also become a cult brand over time with appropriate marketing mix elements.



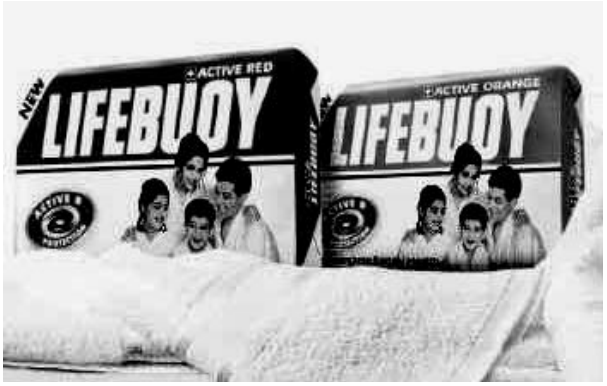
Basics

It may not be possible for most brands to become symbolic/ emotional brands without establishing themselves on the functional platform. In most product categories (even in service categories such as banks, hotels and travel services), consumers seek benefits that can add value to their time, convenience or performance. In apparels, easy maintenance adds to convenience; goggles' protection of the eyes adds value to the well-being of the consumer and his performance in various activities.

There are some exceptions. Soft drinks, ice creams, perfumes, cigarettes and chocolates are categories which convey sensual gratification and hence they are sensory products. The difference between functional and sensory product categories is that consumers can have a tangible and realisable perception of functional benefits but with regard to sensory experience, it would be difficult to have a firm assessment of the sensory experience. Given the nature of such experiences, an individual may perceive them to be 'better' or average depending on a variety of sensory inputs which change from time to time - interest levels, priority given to such an experience, mood during consumption, and so on.

The basics of symbolic branding involve identifying the specific category of service or product to find out how amenable the category is to emotional branding. The magnitude and intensity (or even the time frame involved) could be different for different categories. Coke advertises with the words 'Sparkle on your tongue' (in the US context), emphasising the sensory experience. Cadbury's World, a well-known visitor's centre in the UK, emphasises sensory experience and even the Cadbury's moulded version advertised in India does that. In all these examples, the focus is more on experience than emotion.

In contrast, Cadbury's Temptations uses emotional appeal in its TV commercial. Symbolism in this context is broad-based and could be the feeling of belonging to a group, self-concept, relationships and self-esteem. There are a number of brands of perfumes and deodorants that are relationship-oriented appeals. Pepsi, another product in the sensory category, uses the feeling of belongingness through reference group appeals. Coke, in India, also uses group appeals, which generally involve 'groups and activities' appealing to the target segment. A brand in the sensory category can either highlight sensory consumption (consumption situation) or resort to emotional appeal. A powerful brand such as Coke or Pepsi could even alternate between the two kinds of positioning, taking care to ensure such strategies complement one another.



Lifebuoy uses the functional benefit of doing away with germs to create a bond.

Functional Product

The next approach is towards those categories that are not sensory in nature, namely utility-oriented categories. One category is the typical FMCG category and the other category is that of durables. There seems to be a proliferation of emotional branding in FMCG categories. Chakra Tea, Close Up toothpaste, Dettol antiseptic lotion, Johnson & Johnson's baby powder and Saffola in the edible oil category are just some examples. Most of them have also conveyed a functional proposition in the seemingly emotional proposition protection - Dettol, whiteness of the teeth in Close Up and taste (sensory benefit) in Chakra Tea.

While it is interesting to observe this combination, there are also a number of FMCG brands which have used strong functional benefits and have achieved significant success as well. These examples could include the garden freshness of Kanan Devan, the germ-killing action of the relaunched Lifebuoy soap, the natural ingredients of Hamam, the moisturiser of Dove and the 12-hour protection of Colgate Total.

Culture-based emotion is another category which some brands have used effectively. Here, an emotional belief is attached to a cultural belief. Reliance Mobile shows an advertisement in which the father gifts a mobile to his daughter who is married - an emotion clearly tied to the cultural belief of marrying off the daughter. Even today, Vicco Turmeric Vanishing Cream uses the occasion of marriage in its advertisements. Godrej's Storwel cupboard was one of the earliest brands to position itself as a 'gift for the bride', with the advertisement having all the trappings of a typical wedding. Mecca Cola, a fast selling cola in Paris and the UK, draws upon the emotion strongly associated with the cultural feeling that the cola has a religious anchoring.

In the category of durable products too, emotional branding seems to play an important role in influencing the psyche of the consumer. Santro, one of the fastest selling passenger cars, has a strong celebrity-based emotional overtone. Tata Safari has repositioned itself as the 'in thing' for the segment, which requires a lifestyle statement. It may be observed that in both these examples, the functional utility of the brand was well projected before the emotional approach was tried out in communication.

Titan is another example where the emotion surrounding the gift proposition was effectively captured by the watch brand. Currently, the brand is attempting to position itself as a lifestyle accessory. Caliber, the successful bike brand from Bajaj, was completely based on symbolic branding built around personality characteristics. Scooty, the scooterette, also used a symbolic association to position itself.

Can brands use both benefits and symbolic associations?

Whirlpool with its 'quick-ice' proposition has combined both symbolic and functional propositions (the present TV commercial shows family members delighting the lady of the house). LG, in the positioning with regard to its televisions, washing machines and refrigerators has creatively combined the emotional proposition. In refrigerators, the emotion is safety and trust (preservation of nutrients); in washing machine, it is fabric care (trust); and in television, it is Golden Eye (care). Such a positioning backed by a good product and service is certain to get positive word of mouth.

There may be categories which fit into such functional-emotional combination. Marketers would have to consider the category along with the target segment to visualise such combinations. The Vicks advertisement of yesteryear is a classic - the son drenched in the rain offering a bouquet to the mother on her birthday and the mother using Vicks for the occasion. Baby products involving infants and mother (J&J uses this) are another example.

Clinic Plus initially positioned itself on the mother-daughter bonding. Pepsodent uses the down to earth 'mother-son' problems to highlight how the brand takes into consideration the realities of life, which the mother has to accept as a part of her child's life.

The Ultimate in Symbolism

Cult brands have entered the lexicon of marketers and the Harley Davidson motorbike is a frequently cited example of a cult brand. A cult brand is one that offers an experience to consumers who are passionate about the brand and promotes the relationship within the members of the 'cult'.

Drawing from the example of Harley Davidson, a cult brand cuts across demographics and psychographics and brings together various kinds of people to 'experience' the brand. The bike brand has members from various segments like engineers, executives, doctors, students and blue-collar workers. A cult brand cannot be created overnight; it has to evolve over time by word of mouth on the 'experience' created by the brand. Riding a Harley Davidson with the accessories associated with adventure is an experience enjoyed, communicated and nurtured by thousands of brand loyalists through various offline and online clubs.

Symbolic branding makes a brand an inherent part of the consumer's psyche and provides the ultimate bonding any brand can hope to achieve.

Self-concept and Branding

In consumer research, it is argued that consumers' personalities can be inferred from the brands they use, from their attitudes towards different brands and from the meanings brands have for them. Consumers have a perception of themselves and they make brand decisionson the basis of whether owning or using a particular brand which has a particular image, is consistent with their own self image. They consider whether the ownership of certain brands communicates the right sort of image about themselves.

Brands are only bought is they enhance the conception that consumers have of themselves, or if they believe the brand's image to be similar to that which they have of themselves. Just as people take care choosing friends who have a similar personality to themselves, so brands, which are symbolic of particular images, are chosen with the same concern. As brands serve as expressive devices, people therefore prefer brands whose image is closest to their own self-image.

Now these concepts can be related to what we studied in OB. This way of looking at personality in terms of a person's self-image can be traced back to Roger's self theory. Motivation researchers advanced the idea of the self-concept, which is the way people form perceptions of their own character. By being with different people, they experience different reactions to themselves and through these clues start to form a view about the kind of people they are. A person's self-concept is formed in childhood. From many social interactions, the person becomes aware of their actual self-concept, i.e. an idea of who they think they are. However, when they look inward and assess themselves, they may wish to change their actual self-concept to what is referred to as the ideal self-concept , i.e. who they think they would like to be. To aspire to the ideal self-concept, the person buys and owns brands which they believe support the desired self-image.

One of the fact that we know from our own experience is that one of the purpose of buying and using particular brands either to maintain or to enhance the individual's self-image. By using brands as symbolic devices, people are communicating certain things about themselves. Most importantly, when they buy a particular brand and receive a positive response from their peer group, they feel that their self-image is enhanced and will be likely to buy the brand again. In effect, they are communicating that they wish to be associated with the kind of people they perceive as consuming that particular brand.

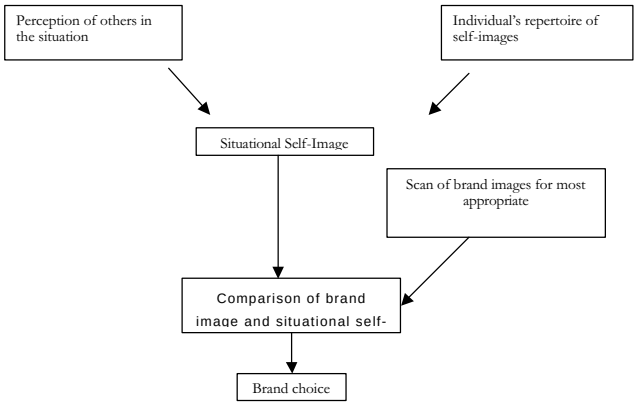
There is considerable amount of research supporting this idea of the self-concept, based on research in product fields such as cars, cleaning products, leisure activities, clothing, retail store loyalty, electrical appliances and home furnishing. Several studies have looked at car buying and have shown that the image car owners have of themselves is congruent with the image of the marque of car they own. Owners of a particular car hold similar

self-concepts to those they attributed to other consumers of the same car. Also, if the car purchaser's self-image is dissimilar to the image they perceive of different brands of cars, they will be unlikely to buy one of these brands.

To check whether an appreciation of self-image as an indicator of buying is as useful for conspicuously consumed brands as it is for privately consumed brands(conspicuous consumption) and magazine brands(private consumption). In both of these product fields, people chose brands whose images came closest to matching their own self-concepts. What this study also showed was that for less conspicuously consumed product fields actual, rather than ideal self-image appeared to be more strongly related to brand choice.

There has been a lot of debate about which type of self-concept(actual or ideal) is more indicative of purchase behaviour. To understand this better, a study was designed which looked at nineteen different product fields ranging from headache remedies, as privately consumed products, through to clothes, as highly conspicuously consumed products. There was a significant correlation between the purchase intention for the actual and ideal self-concept results. This indicated that both are equally good indicators of brand selection.

However, the behaviour of individuals varies according to the situation they are in. take your own case, the brand of beer bought for drinking alone at home in front of the television is not necessarily the same as that bought when out on a Saturday night with friends. Situational self-image-the image the person wants others to have of them in a particular situation – is an important indicator of brand choice. According to the situation, the individuals match their self-image to the social expectations of that particular group and select their brands appropriately. The impact of situation on brand choice can be modeled as shown in the figure.



The impact of situation and self-image on brand choice

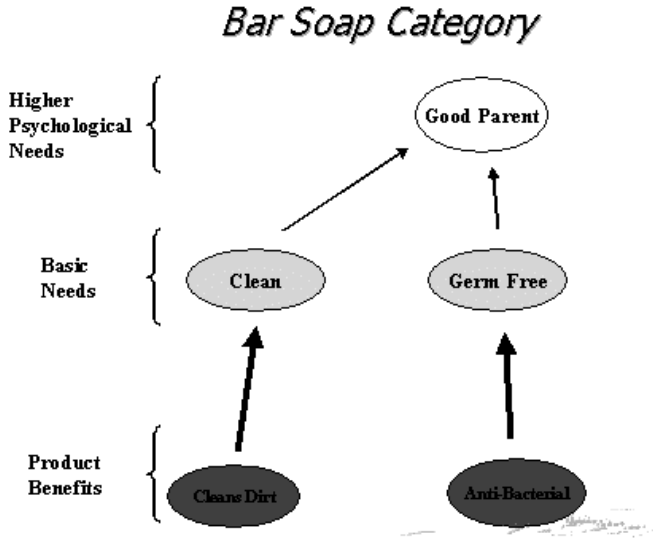
Consumers anticipate and then evaluate the people they are likely to meet at a particular event, such as those going to an important dinner party. They then draw on their repertoire of self-images to select the most appropriate self-image for the situation(I can't let my hair down on Saturday night as there are too many of my husband's colleagues there. Better be a lot more reserved, especially as his boss is hosting this party). If the situation requires products to express the situational self-image, such as certain type of clothing, the consumer may decide to buy new clothes. When shopping they will consider the images of different clothes and select the brand which comes closest to meeting the situational self-image they wish to project at, for instance, the dinner party.

Finally, it needs to be realized that there is an interaction between the symbolism of the brand being used and the individual's self-concept. Not only does the consumer's self image influence the brands they select, but also the brands have a symbolic value and this in turn influences the consumer's self-image.

A Sample Study

Making Products Psychologically Fulfilling

Consumers buy products to satisfy needs. These needs range from basic physiological ones (e.g., need for food) to higher psychological ones (e.g., acceptance by others, self-fulfillment). A product may satisfy more than one need and at more than one level. For example, an anti-bacterial soap may satisfy the basic needs for cleanliness and safety (with its germ-killing qualities) as well as a higher psychological need to feel like one is being a good parent (i.e. "because I am keeping germs away from my children"). This example also shows that satisfying a need may involve a causal link: being able to feel like one is being a good parent is dependent on having been able to provide a clean and germ-free environment. Such multiple layers of interrelated needs can be thought of as "ladders." The lower rungs of such ladders represent product benefits (e.g., cleans dirt, gets rid of bacteria) and the upper rungs represent needs satisfied by the product benefits, ascending from basic to higher psychological needs (see figure 1).



Building Ladders on the Internet

Traditionally, laddering research is done qualitatively. Ladders are constructed via an interviewer's continuously asking probing questions to consumers as to why they buy certain products.

The disadvantages of qualitative laddering are small sample sizes and high costs. So we decided to see if there was an alternative.

To aid a major consumer packaged goods company in planning brand differentiation strategies, we fielded a study to develop ladders for six brands within a specific CPG (consumer packaged goods) category-and we conducted it on the Internet! The piping technology of online research allowed us to emulate the probing questions involved in traditional laddering research. Specifically, respondents answer a "why" question; and these answers are piped into a subsequent screen, which would ask them "why" (again!) they gave their previous response.

Despite initial skepticism from our client, the study turned out to be a huge success. The ladders that emerged for each brand were rich in consumer language, differentiated, and most importantly, informative to the client's developing its brand strategies. Following are two ways that laddering can be used:

1. Using Existing Ladders

With this application, the key is acknowledging perennial consumer needs as they relate to a category or to specific brands. Using the previous example, if you're developing an ad for an anti-bacterial soap, you can be fairly certain that you're going to want to convey the product's germ-killing attributes as well as its ability to make the potential buyer feel like they're being a good parent. From there, by studying the ladders for specific brands, you can find insights into what can differentiate your offering or reduce its parity to the competition's.

2. Creating New Ladders

Here, the idea is that expanding marketing opportunities may require the development of new ladders (or, in English, finding new relationships between needs and product attributes). To expand marketing opportunities, it can be useful to (1) introduce new ways to satisfy old needs, and (2) introduce new needs into a laddering structure. As an example of the first possibility, the need to spend less time cleaning the kitchen may be met by products with dirt-repelling benefits instead of traditional quick clean-up benefits. And, as an example of the second (introducing new needs), we can look to oil companies' premium gas, which has the benefit of making cars start easily and last longer. Who knew we "needed" gas that helps to maintain our cars, even as it fuels them? Now we do!

Article To Add Valuefmcgs

Being Pushed to Add Value

Aarati Krishnan

Slowdown spreads beyond mature categories such as fabric/personal wash

Growth %	2000	2001	2002	Q1 - 2003
Personal wash	6.1	(9.9)	(6.1)	1.4
Fabric wash	5.7	(2.9)	(2.1)	(2.7)
Dishwash	19.2	11.1	(1.8)	(3.1)
Toothpaste	10.0	2.9	(5.5)	(11.3)
Shampoo	12.5	10.7	7.8	(5.2)
Skin products	12.9	2.8	0.8	4.9
Packaged tea	0.3	2.4	(9.7)	(15.4)
FMCG Market	6.7	(1.5)	(3.5)	(1.9)

SEVERAL of the myths surrounding the FMCG business, once considered a haven for defensive investors, have been shattered over the past couple of years. As the recent shrinkage in offtake for some FMCG categories proves, the business is not slowdown-proof. Also proved wrong is the belief that entry barriers to the industry are high, as it calls for large investments in acquiring distribution reach and brand building.

Regional and local FMCG brands have proliferated lately, some managing to chip away at the market shares of the large players, by focussing on regional pockets. As competition hots up in a slowing market, the players are having to cope with a hitherto unknown variable - pricing pressure. In quite a few categories, the players are using price cuts to woo consumers.

The turmoil is increasingly being reflected in the financials of the major listed companies. Sales growth has hovered at single digits for at least two years now. Until recently, most companies managed a healthy growth in profits despite stagnating sales, through belt-tightening exercises. But profit growth, too, is declining. In the first quarter of 2003, profit growth (before non-operational items) of major FMCG companies, such as Hindustan Lever, Nestle India and Colgate-Palmolive, has been in the single digit.

Well-spread-out Slowdown

The slowdown in demand growth has been under way for some time now. But there are a couple of new facets to it.

One, it is no longer restricted to rural demand - growth rates have also been flagging for companies which target only urban and semi-urban consumers.

Two, it is not restricted to the supposedly 'mature' categories such as soaps and detergents. Over the past year, growth rates have dwindled even for low-penetration categories, such as toothpastes, shampoos and skin products, with some of these actually shrinking in value.

Economic data show that there has been an actual decline in consumer spending over the past four years. One key reason for this is the sharp fall in rural purchasing power due to declining commodity prices. This has had an impact on companies such

as Colgate Palmolive India and Hindustan Lever, which derive over 40 per cent of revenues from the rural market.

But going by the dwindling sales growth for urban-oriented products such as cosmetics, urban consumers have cut back on FMCG spending too. An important reason appears to be a re-allocation of consumer-spend from FMCGs to other avenues. The boom in housing and consumer credit, coupled with the emergence of a whole host of new products and services (mobile phones, leisure, travel and entertainment), also appear to have diverted spending away from FMCGs.

Ebbing Brand Loyalty

As regional FMCG brands have mushroomed by offering lower prices, brand loyalty has been given the short shrift, as consumers switched from brands, which were seen as not offering "value" for the price paid. Consumers have responded to the multiplying choices by switching brands, based on who offers the best bargain. This trend has probably been helped along by the players themselves.

In categories such as toothpastes, sharp increases in selling prices over the past four years appear to have led to consumer resistance, allowing local brands to gain a toehold through the simple expedient of offering low-priced alternatives.

In the food business, especially in branded staples and in categories such as tea and edible oils, the listed players, such as Hindustan Lever, Tata Tea and Marico Industries, have had to contend with a shrinking organised market, as consumers switched to loose tea and low-priced substitutes.

From Give-aways to Price Cuts

In 2001 and 2002, most FMCG players, especially in high-penetration categories such as soaps and detergents, responded to the slowdown by re-allocating their spend on brand-building from advertising to below-the-line promotional efforts.

The trend started with give-aways such as the "buy two, get one free" offers on soaps and has culminated in discounted combi-packs on toothpastes. But such offers have been supplemented of late, with discounts on selling prices on carefully chosen products and pack sizes. These are intended to prompt consumer upgradation or pep up the quantity of products bought.

In the detergents market, P&G has dropped prices by close to 30 per cent in 2002. Hindustan Lever's Surf Excel has slashed prices by close to 15 per cent. HLL has also cut prices, of the Rin Shakti and 501 detergent bars. Toothpaste brands such as Colgate, Pepsodent and Close Up have re-aligned prices and pack sizes at lower points to woo consumers and ward off low-priced regional competitors.

Evidence suggests that price cuts do invariably help to jump-start volume offtake. P&G for instance claimed a 200 per cent expansion in Tide volumes after the price cut. Pepsodent has reported a 41 per cent volume growth in the March 2003 quarter.

Roping in New Users

Earlier, extending the distribution reach was seen as the way to rope in new consumers for FMCGs. But, lately, players have also worked at making their products more affordable, to induce trials. The concept has paid off in shampoos, where sachets priced at Re1 and Rs 2 have helped improve market penetration for the category as a whole. Trial packs of toothpastes such as Pepsodent and Colgate at Rs 10 each aim at upgrading toothpowder users to using toothpaste.

Similar experiments have been extended to skin cream, malted beverages, sauces and even soaps. But low unit packs usually call for some sacrifices on price. So the challenge in the low unit pack strategy would lie in retaining the new consumers and driving them to gradually upgrade to larger unit packs.

Nestle India has had considerable success with this, without necessarily sacrificing prices. Chocostik, at Rs 2, and Maggi noodles, at Rs 5, have helped its chocolate and noodles markets grow at 15 per cent and 26 per cent respectively over the past year.

Sniffing Out Nascent Markets

Milking large categories, such as soaps, detergents or toothpastes, for further growth calls for investments in distribution and sacrifices on the price front. But there are still quite a few FMCG markets, which are just evolving and are not too competitive. Godrej Consumer's focus on hair colours, a market with robust growth rates, has helped it ward off the slowdown in the soaps business over the past couple of years.

Similarly, markets for ready-to-use-foods, culinary products, household cleaners and some of the segments in personal products also offer scope for expansion. But competition in these categories is picking up as more players sense the opportunity.

Room at the Higher End

If the FMCG markets in mature economies, such as the US, have registered high growth rates in the recent past, this has been mainly through innovative high-end products such as teeth-whitening products, detergent tablets and liquid body-wash. Only a fraction of the wide range of FMCGs offered in the developed world is as yet available in India.

The MNCs have, of late, made a few attempts at persuading consumers to try out higher-end products in traditional categories. Henkel SPIC's Pril liquid dish-wash, compact detergent powders and the Lux liquid body-wash range are such attempts.

These are still relatively small markets and expanding them may be a time-consuming task. Yet, this may be a worthwhile route for the MNCs to take, as such products would make a disproportionate contribution to margins with minimal threat from regional or local players.

An Uphill Task

Many of the recent measures may help put the FMCG market back on the growth track. But the way ahead is going to be quite difficult for key players in the industry. For one, the pricing power that players enjoyed in the past to effortlessly pass on cost increases to consumers no longer exists. Therefore, profit margins may be more vulnerable to spikes in input prices.

Two, having re-aligned selling prices to offer better value to consumers, FMCG companies cannot afford to raise selling prices anytime in the near future. Even if these reductions do

help pep up volume offtake substantially, it could trim profit margins for some time to come. This is especially true of players which have taken price cuts on a large part of their portfolio.

Third, having tapped most of the consumers who were exposed to and willing to try FMCGs, companies will now have to brace up for the more difficult task, of actually driving consumption. This may call for heavy investments in technology (to develop new products) and distribution reach.

But the silver-lining is that after experimenting with various short-term measures to prop up growth rates, the players finally appear to be on the right track. For long, there has been an unbridged gap between the potential offered by the Indian market and the low per capita consumption. By improving the affordability and range of products on offer, they may actually succeed in bridging this gap and pushing growth rates into a higher trajectory for the long term.

Any revival in disposable incomes, brought about by any industrial or farm recovery, may only speedup the process.

Case Study

That's Entertainment – Do Games Really Add Brand Value?

Games are now one of the most popular forms of online entertainment. More and more websites now offer games as a key piece of content. But do they really help build a relationship with target audiences?

The FMCG market has particularly warmed to online gaming delivered via their brand website. Companies like Coca–Cola and Nestlé have been using interactive games as a part of their content for some time. Kelloggs have no fewer than 13 games on their website (www.kelloggs.co.uk). Even brands that have traditionally steered clear are slowly moving into the market – Mr Kipling, for example. Games are seen as a quick and easy way of providing extra content. But they need to be cleverly conceived and developed if they are to help enhance brand differentiation and audience relationships. So who are brands targeting with these games? Unsurprisingly, the largest concentration of games can be found in the brands and websites targeted at kids. The logic is: 'Kids play online games and if we offer one, then they'll keep coming back to our site and will build an affinity with our brand.' But it's not that simple.

With younger children, parents may be concerned if they spend too long onscreen. They want to help and supervise and games need to be part of child and parent learning and experiencing together. Older kids have greater independence. But here, the reality is that online games must compete with offline consoles that provide a gaming experience with both superior looks and game play. And this is a highly discriminating consumer. Failure to provide novelty and an exciting experience can actually damage the brand.

For adults, online games are less of an attraction. They are often too time pressured to play games or lack the opportunity – lots of people still browse the internet at work and it is concern (rightly or wrongly) about 'inappropriate use' that has been a barrier to many companies giving employees open access to the Internet.

It is very easy to get it wrong with online games, generally through a lack originality. Rehashing an old favourite may be tempting, but it does nothing to underpin what's unique about the brand. The old 1970s stalwart, Space Invaders, is a prime example. Too many brand owners buy a standard game, add their own creative look and put it on the site, offering nothing more to potential consumers than dozens of other sites, targeting similar audiences.

However, it is not all doom and gloom, games can add value to the brand - if you take the time to get the concept right. Some of the most successful and imaginative games have been targeted at adults where adding humour has been a key success factor. These will often have a viral element where users who enjoyed the game will tell their like–minded peers.

Other routes to success are moving beyond solo gaming to developing a community - putting consumers in touch with fellow enthusiasts, making the brand site a club and a meeting place. An example of these newer multiplayer games can be seen on the Alive website by Coca Cola (www.aliveis.com). Role playing games allow interaction between like minded consumers from Cardiff to Connecticut. Even on a parochial level, beating your mate's top score can be incentive enough to come back to the game and the brand.

If they are to provide maximum value, games should fit within overall brand communication and marketing plans, tying in with offline promotions or interacting with seasonal packaging. Ultimately, if a game is original, relevant to the brand and the audience, and works well technically then an online game has earned its space on the website. If the cost benefit of a game or the relevance to the brand website is in question, then sponsoring a game may be more appropriate. For example, Dairylea help promote a game in conjunction with a children's TV character on the Nickelodeon website. Have any brands made a real success of games on their website? Cartoon Network is probably one of the better examples. They have successfully created online games that fit with the Cartoon Network brand and all games have a relevance to characters available on the TV channel.

With the increase in sophistication of Internet users and the ever increasing speed of the Internet, games will inevitably become more popular. More sites will include more games and it will only get tougher to expect them to pull in target audiences. Only the smart and the imaginative will truly win through.

LESSON 20:
BRAND PERSONALITY

Objectives

The learning objective: After reading this lesson you should be able to

a. Understand the concept of Brand personality,

b. Brand Value and personality

c. Reflecting the greater emphasis placed on brand personality and symbolism in consumer marketing. The self-concept theory would explain how consumers seek brands with images that match their own self-image.

Based on the premise that brands can have personalities in much the same way as humans, Brand Personality describes brands in terms of human characteristics. Brand personality is seen as a valuable factor in increasing brand engagement and brand attachment, in much the same way as people relate and bind to other people. Much of the work in the area of brand personality is based on translated theories of human personality and using similar measures of personality attributes and factors

Many of the world's most powerful brands spend a great deal of time putting personality into their brands. It is the personality of a brand that can appeal to the four functions of a person's mind. **For example**, people make judgments about products and companies in personality terms. They might say, **"I don't think that company is very friendly," "I feel uneasy when I go into that branch," "I just know that salesmen is not telling the truth about that product," or "That offer doesn't smell right to me".** Their minds work in a personality driven way. Given that this is true, then how can a company create a personality for its product or for itself? The answer lies in the choice and application of personality values and characteristics.

To be more clear let us imagine a person as a brand. She may be around 28 years of age, have fair features, a small build and be pleasant-looking. These would be similar to a product's features. When you get to know her a little better, your relationship may deepen, and you will be able to trust her, enjoy her company, and even miss her a lot when she is not around. She is fun to be with and you are strongly attracted to her values and concerns. These are emotions similar to the associations that people develop with brand personalities. People, generally, like people. So, if a personality can be created for a brand, it will be easier to attract consumers to the brand. As brands grow, so do human relationships, it is the emotional dimension that tends to become dominant in loyalty. Personality grows brands by providing the emotional difference and experience.

Values and Characteristics of Brand Personality

People's personalities are determined largely through the values and beliefs they have, and other personality characteristics they develop. An example of a value or belief is honesty. Many people believe in being honest in everything they do and say. An example of a characteristic is confidence. This is not a belief, but more of a behaviour. There are, of course, many values/beliefs and characteristics that a person may have, but there are some that are particularly likeable. It is to these likeable values and characteristics that people are inevitably attracted. Examples of these include dependability, trustworthiness, honesty, reliability, friendliness, caring, and fun-loving.

There are about two hundred words that describe personality characteristics, and these can be used for putting personality into brands. To illustrate how people think in personality terms when making judgments about brands, here are the results of consumer research into how people feel about two companies. When asked the question: "If these two companies were people, how would you describe them?" their replies were:

Company A	Company B
Sophisticated	Easy going
Arrogant	Modest
Efficient	Helpful
Self-centered	Caring
Distant	Approachable
Disinterested	Interested

These two companies are actually competitors in a service industry. If you were asked which of these two companies you would like to be your friend, you would probably choose Company B, as did 95% of other respondents. It is not surprising that the service level of Company B can be a better experience for customers than that of Company A. It is also easy to conclude that if consumers consistently experience these differences between the two companies, then the brand image of Company B will be much better than that of Company A.

A further point of interest arising out of this research is that people tend to prefer brands that fit in with their self-concept. Everyone has views about themselves and how they would like to be seen by others. And they tend to like personalities that are similar to theirs, or to those whom they admire. Thus, creating brands with personalities similar to those of a certain group of consumers will be an effective strategy. The closer the brand personality is to the consumer personality (or one which they admire or aspire to), the greater will be the willingness to buy the brand and the deeper the brand loyalty.

Creating Brand Personality

Whether a brand is a product or a company, you as a manager have to decide what personality traits your brand is to have. There are various ways of creating brand personality. One way is to match the brand personality as closely as possible to that of the consumers or to a personality that they like. The process will be

- define the target audience
- find out what they need, want and like
- build a consumer personality profile
- create the product personality to match that profile

This type of approach is favored by companies such as Levi Strauss, who research their target audience fastidiously. For Levis the result is a master-brand personality that is:

- original
- masculine
- sexy
- youthful
- rebellious
- individual
- free
- American

A related product brand personality (for a specific customer group) such as Levi's 501 jeans is:

- romantic
- sexually attractive
- rebellious
- physical prowess
- resourceful
- independent
- likes being admired

Both profiles appeal mostly to the emotional side of people's minds - to their feelings and sensory function. This profiling approach aims to reinforce the self-concept of the consumers and their aspirations. The approach is ideal for brands that adopt a market-niche strategy, and can be extremely successful if a market segment has a high degree of global homogeneity, as is the case with Levis.

Adding personality is even more important if the task is to create a corporate as opposed to a product brand, as every encounter with the customer gives the opportunity to put across the brand personality.

Brand and Brand Users Galore!

Branding is Image Building

Today, businesses are fighting out their marketing warfare not merely at the product attributes level or at the advertising campaigning level, but it is also happening at several other levels.

It is at the totality of the image that brands create in the minds and hearts of their customers. Marketers are concentrating on building Brand Values, images, power and authority centered around customers - their self esteem., their dreams and aspirations - whether the fight is between Coke and Pepsi, HLL and P&G, Siemens and L&T.

Consumer Brands ans Brand Personalities

Consumer Brand creators concentrate around creating brand personalities around their products. If Gold Flake were a person, how could he be? Do you not picture him as being more suave? More successful? More gracious?

What kind of personality do we attribute to Charms and Coke? Would not Mr. Charms be younger, more fun-loving? Would he not be like your college-going son? For that matter, would Mr. Coke not be smart, fun-loving, bright, full of spirit and success?

If we look around, we find hundreds of examples. The Marlboro Cigarette gave birth to the Marlboro man - the ultimate specimen of manhood from the Marlboro country. Camel brands' Camel Cartoon Mnemonic has captured such a strong "I am cool" personality that in US children recognize this cartoon far more than even Mickey mouse.

Also look at the personalities of our local brands; the strong associations of Liril, personified by Kren Lundl with the effervescent image of the water nymphet; that of Rasna with the lovable child offering her tired daddy Rasna and that of Onida evoking the hidden devil in us or Lalitaji insisting that it makes better sense to buy Surf because of good logic developed on her own.

As we have already discussed building successful brands in Lesson 5, chapter No 1, let us try to relate it with Brand personality.

Principles of Building Successful Brands

A successful brand is built around 4 principles:

1. Quality Product meeting or exceeding continuously the functional needs.
2. An attractive Wrap-around to differentiate and enhance appeal.
3. Delighting customers with additional products or services to augment basic appeal and
4. Ensuring origin of trials leading to repeat-buys.

Advertising, promotion, PR etc are used as triggers for the mechanism of repeat buys and for starting the wheel of usage - experience and keep it recurring.

The Acid Tests of Successful Brands

Firstly, they have a leading share in their segments and distribution channels. Secondly, they command prices sufficient to provide a high profit margin. Thirdly they sustain their strong share of profit when competitive and generic versions of product hit the market.

How Do Brands Wield Their Magic Touch on Their Owners and Consumers?

The two laws of brand are quite interesting. The first law pronounces "The bigger the brand, the more is total spent on marketing" and the second law is " the bigger the brand is the less in Unit Cost terms is spent on marketing."

This gives rise to the triple leverage effect of brands on high volumes (higher asset use and economies of scale), higher price (at consumer level and more so at retailer or distributor level) and lower Unit Costs in R& D, Production, Marketing (Sourcing and operating advantage).

The result is that the brand leader's market share advantage is substantially magnified at the profit level. It is not unusual for a brand leader having three times the market share of immediate follower to get six times higher profit!

Wear Someone Else's Name on Your Back and Quickly Become Somebody Your Self!

Now let us see the joy of the consumers. Brand names-obsessed executives are spending big money on big Brands. Any doubt? Look at the favourite of some Indian executives. Van lack shirts (Rs. 6,000-7,000 each), Aquascutum suits (Rs.25, 000- 30,000)& Burberry socks (yes, socks at Rs.600 a pair!) provide the necessary classification.

Business barons and executives alike are making a beeline for the Big Names and in both outer and inner wear. The annual budget of life style practitioner young executives is upward of Rs. 50,000/- on an average of such things such as jockey briefs, Vanity Fair lingerie, and Louis Fraud jackets Murray Allen Cashmeres, Lotus Bawa or Bally shoes. Look at the prices! Hermes scarf (hand printed Rs.12, 500; Mont Blanc in sterling silver & 18K gold plate pen Rs.37, 000, Unisex Undies (Calvin Klein in white cotton) Rs. 5,000 a pair, Piaget watch Rs.1, 50,000. a made to order Ray Ban in 14K Gold Rs.1 lakh.

"Brands: Love, Hate and In Between"

Fournier has classified 15 types of relationships that can exist between a consumer and a brand.

Committed Partnership: Long term and voluntary relationship. For example, a man is so involved with his brand of bicycle that he becomes an advocate for it, singing its praise to his friends.

Marriage of convenience: Long term bond that springs from a chance encounter. A woman becomes a fan of a particular salad dressing after a bottle is left at her workplace.

Arranged Marriage: Long term commitment imposed by third party. A consumer uses a particular brand of wax to clean cabinets because it was strongly recommended by the cabinet manufacturer.

Casual Friendship: Friendship that is low in intimacy, with only occasional interaction and few expectations. A consumer rotates among different brands of breakfast cereals, avoiding a long-term commitment.

Close Friendship: Voluntary union based on sense of shared intimacy and rewards. A consumer believes a brand of sneakers is a comrade in daily athletics activities.

Compartmental Friendship: Highly specialized friendship, often dependent on the situation and characterized by low intimacy. A woman uses different brands of perfumes for different activities.

Kinship: Involuntary union of the cost associated with family. A cook feels obliged to use the same kind of flour his or her mother used.

Rebound Relationship: Union based on desire to replace a prior partner. One woman Fournier interviewed switched mayonnaise brands because she didn't want to use the one her ex-husband preferred

Childhood Friendship: Affectionate relationship of infrequent interaction dating back to childhood. A man buys a brand of instant dessert because he remembers eating it in his childhood.

Courtship: Period of testing before deciding on a committed partnership. Fournier cites the example of a woman experimenting with two brands of perfume before committing to one.

Dependency: Obsessive attraction that results in suffering when the partner is unavailable. A consumer is upset when a favourite peanut butter is out of stock.

Fling: Short term engagement with great emotional rewards. A consumer loyal to one kind of coffee enjoys (bur feels guilty about) sampling a competitor's brand.

Adversarial Relationship: Intense relationship characterized by negative feelings and a desire to inflict pain. A man refuses to buy a brand of computer that he hates, buying a competitor's brand out of spite.

Enslavement: Involuntary relationship governed exclusively by partner's wishes and desires. A consumer is unhappy with the local cable operator but has no alternative source for this service.

Secret Affair: Highly emotional, private relationship that is considered risky. A consumer hides a favourite brand of frozen dessert in the freezer and sneaks some late at night.

Activity

Check it for yourself. Look towards yourself top to bottom. Note down what all brands you are wearing or are otherwise your favourite. See from above discussion what relationship you have with these brands.

Watch Out, We are World Class Customers Now

Tastes have been changing. We change with the changes in our demographics and psychographics. We keep demanding goods with higher and higher value as or careers progress and our aspirations, disposable incomes and status grow. For many years refrigerators and washing machines were available only in one color-white. No longer. For many years telephones were available only in one color-black. No longer. For many years only men smoked and women wore earrings. No longer. Now women cut their hair short and men sport ponytails and wear earrings.

Not only this, there are several changes technology has brought. Today you need not be strikingly rich, but you will still need the feel for a mobile phone, a fax, a PC etc .if you value time and believe that technology can improve your quality of life.

Look at the opportunities for branding and offerings matching products and services and to build Brand and Brand extensions around them.

Will The Indian Brands Survive?

A product is what a company makes. A brand is what a consumer buys. A brand is a set of perceived values, which the customer develops for a particular product. It is not the

product, but its source, its meaning and its direction which defines its identity on time and space.

In the light of the above mentioned, during the post liberalization period, the Indian brands have not done too badly. Look at Telco, Onida, Vicco, Dabur, Dey's Medical etc. who have been able hold their own against multinational brands in their own ways. At the same time some of the MNC brands such as Ray Ban, Kellog's, Sony had initially fallen victims either to Indian customer's equations of value for money or fake rivals or the engrained consumers habits.

On the other hand, local brands have one common advantage - their intuitive understanding of the local markets. Some of their winning strategies are indigenous engine research and development (Telco), leveraging ethnic connections (Dabur and Vicco), capturing niches (Dey's medical with Keo Karpin), encashing on the large-scale consumption of commodity items (Tata Tea, Tata Salt, etc.) Strategic alliances (Titan with Timex for plastic watches), consistent promotion (Amul, Frooti, Rasna etc.).

To understand whether a brand will survive, you have to go to the core-beyond the great product and the core benefits, the continuous improvements per changing needs of the consumers, the continuous additions of distinctiveness through effective communication; the image of the company behind it and not least of all the people behind running the company and the brand.

Effective Branding is the continuous process of wrapping distinctiveness and add values around products and services that are highly appealing, themselves, to offer consumer's quality, delight and feelings of faith and confidence in meeting their aspirations. Finally it is only the fittest brands that survive isn't it? The secret lies in invigorating and rejuvenating to keep the Brands in a fit condition. More than a century old Brands like Coke, Levi's etc. are still young and kicking. Aren't they?

V.V Rama Shastry

Activity

Identify 5 Indian companies and 5 that of foreign origin in FMCG sector. Collect data for their related brands. Comment on how they have been able to maintain their brand in the market for past 5 years.

Brand Personality - The Relationship Basis Model

Source: Building Strong Brands by David Aaker

Some people may never aspire to have the personality of a competent leader but would like to have a relationship with one, especially if they need a banker or a lawyer. A trustworthy, dependable, conservative personality might be boring but might nonetheless reflect characteristics valued in a financial advisor, a lawn service, or even a car-consider the Volvo brand personality. The concept of a relationship between a brand and a person (analogous to that between two people) provides a different perspective on how brand personality might work.

To see how the relationship basis model works, consider the personality types of people with whom you have relationships and the nature of those relationships. Some of the types might be as follows:

- Down-to-earth, family oriented, genuine, old-fashioned (**Sincerity**). This might describe brands like **Hallmark, Kodak, and even Coke**. The relationship might be similar to one that exists with a well-liked and respected member of the family.
- Spirited, young, up-to-date, outgoing (**Excitement**). In the soft drink category, **Pepsi** fits this mold more than Coke. Especially on a weekend evening, it might be enjoyable to have a friend who has these personality characteristics.
- Accomplished, influential, competent (**Competence**). Perhaps **Hewlett-Packard** and the **Wall Street Journal** might fit this profile. Think of a relationship with a person whom you respect for their accomplishments, such as a teacher, minister or business leader; perhaps that is what a relationship between a business computer and its customer should be like.
- Pretentious, wealthy, condescending (**Sophistication**). For some, this would be **BMW, Mercedes, or Lexus** (with gold trim) as opposed to the Mazda Miata or the VW Golf. The relationship could be similar to one with a powerful boss or a rich relative.
- Athletic and outdoorsy (**Ruggedness**). **Nike** (versus LA Gear), **Marlboro** (versus Virginia Slims), and **ICICI** (versus State Bank of India) are examples. When planning an outing, a friend with outdoorsy interests would be welcome.

Two elements thus affect an individual's relationship with a brand. First, there is the relationship between the brand-as-person and the customer, which is analogous to the relationship between two people. Second, there is the brand personality-that is, the type of person the brand represents. The brand personality provides depth, feelings and liking to the relationship. Of course, a brand-customer relationship can also be based on a functional benefit, just as two people can have a strictly business relationship.

The Brand As A Friend

One important relationship for many brands is a friendship link characterized by trust, dependability, understanding, and caring. A friend is there for you, treats you with respect, is comfortable, is someone you like, and is an enjoyable person with whom to spend time. General Foods, in fact, defines brand equity as a "liking" or a "friendship" relationship between the customer and the brand. WordPerfect, a software company that has always been a leader in customer service, would rate high on the friendship dimension.

A friend relationship can involve very different brand personalities. Some friends are fun and irreverent. Others are serious and command respect. Others are reliable and unpretentious. Still others are just comfortable to be around. A focus on the friend relationship rather than the brand personality can allow more scope and flexibility in the implementation of the brand identity.

Fred Posner of Ayer Worldwide has observed that people live in a world characterized by stress, alienation, and clutter.

[footnote omitted] Noting that people cope by developing escape mechanisms and meaningful friendships, Posner suggests that brands can provide these roles by being either an "aspirational" or a "trusted" associate. Escape can take the form of aspirational relationships which provide a social lift or trusting relationships which provide some expertise or knowledge of a subject in which a given person is interested. Posner believes that either relationship can be the basis for real differentiation and competitive advantage. He further suggests that the chosen relationship should be the centerpiece of brand strategy and execution.

What If The Brand Spoke to You?

When considering brand personality, the natural tendency is to consider the brand to be a passive element in the relationship. The focus is upon consumer perceptions, attitudes, and behavior toward the brand; attitudes and perceptions of the brand itself are hidden behind the closed doors of the organization. Yet your relationship with another person is deeply affected by not only who that person is but also what that person thinks of you. Similarly, a brand-customer relationship will have an active partner at each end, the brand as well as the customer.

One approach to obtaining this information is to ask what the brand would say to you if it were a person. The result can be illuminating.

Blackston illustrates this approach with a doctor-patient example. Consider a doctor who is perceived by all to be professional, caring, capable, and funny—characteristics that most would like in a doctor. But what if the doctor also felt you were a boring hypochondriac? The resulting negative relationship would be impossible to predict based only upon perceptions of the doctor's personality or external appearance.

Blackston's approach was used in a research study of a credit card brand. Customers were divided into two groups based on how they thought the personified brand would relate to them. For one customer segment (labeled the "respect" segment), the personified brand was seen as a dignified, sophisticated, educated world traveler who would have a definite presence in a restaurant. These customers believed that the card would make supportive comments to them like the following:

- "My job is to help you get accepted."
- "You have good taste."

A second "intimidated" segment, however, described a very different relationship with the brand. This group's view of the brand personality was similar to that observed in the respect segment, but had a very different spin. The credit card was perceived as being sophisticated and classy but also snobbish and condescending. This segment believed that the personified card would make negative comments such as the following:

- "Are you ready for me, or will you spend more than you can afford?"
- "If you don't like the conditions, get another card."
- "I'm so well known and established that I can do what I want."
- "If I were going to dinner, I would not include you in the party."

These two user segments had remarkably similar perceptions of the brand personality especially with respect to its demographic and socioeconomic characteristics. The two different perceived attitudes of the credit card toward the customer, however, reflected two very different relationships with the brand which in turn resulted in very different levels of brand ownership and usage.

Contexts in which it is often worthwhile to consider what a brand might say to a customer include those listed below.

Upscale brands with a snobbish spin. Nearly any prestige or badge brand risks appearing snobbish to some in the target market. This risk is often much greater for those on the fringe of or just beyond the target market. In part, this perceived attitude restricted the market for Grey Poupon, advertised as the mustard of limousine riders. The brand has since tried to soften this message in order to expand its market and the usage rate.

Performance brands talking down to customers. Talking down to customers is a common danger for performance brands. Consider the VW Fahrvergnugen campaign. The use of the German word provided some nice associations (especially if one knew German) but risked implying that the brand looked down on those who did not "get" the clever symbol and campaign. A discarded campaign for Martel—"I assume you drink Martel"—ran the risk of talking down to all customers who were drinking a competitor's brand.

Power brands flexing their muscles. A brand that has power over the marketplace, like Microsoft and Intel in the 1990s or IBM in the past, has a real advantage as a result of being the industry standard. The risk is that by promoting this advantage, the brand may be perceived as being arrogant and willing to smother small, defenseless competitors. One respondent in a focus group reportedly said that if IBM was a vehicle, it would be a steamroller and would park in a handicapped space.

Intimidated brands showing their inferiority. A brand might risk appearing inferior if it tries too hard to be accepted into a more prestigious competitive grouping. Thus Sears could attempt to associate itself with trendier retailers and simply come off as being pathetic. The humorous thrust of the Sears campaign from Young & Rubicam, in which a woman goes there for a Die Hard battery but ends up buying great clothes, helps avoid this pitfall.

Any active brand relationship, though, needs to be managed. Sometimes adding a sense of humor or a symbol can help. In one study for a cigarette brand, the brand personality profile was a sophisticated individualist, stylish and corporate but also aging. Further, there was a segment, most of whom did not use the brand, who saw it as snobbish. This segment rejected the brand in part because it felt rejected by the brand. To combat this problem, the brand kept its upscale imagery but added, with gentle humor, a sense of irony about its status and prestige to soften the hard edge of the image.

Relationship Segmentation

Research International routinely segments consumers by brand relationship. In a first-phase research effort, fifty to a hundred subjects are interviewed, usually by phone. A series of open-ended questions are asked, including word associations, brand personalization, characteristics of liked and disliked brands, and a dialogue section (based on what the brand would say if it were a person).

The first analysis stage involves scanning the data and forming hypotheses about the types of relationships that exist. In the second stage, respondents are allocated to relationship categories on the basis of the hypothesized relationship groupings. In the process, the relationship typology is refined. The relationships are then formalized into specifications, and coders classify the respondents into those relationships. The groups are then profiled. Often the relationship groupings correspond to like, dislike, and neutral segments. The "dislike" group for credit cards, for example, perceived the brand as being snobbish; the "like" group, in contrast, felt that they were accepted by the brand.

Case Study

The Brand That is India - I

Private and pubic sector employees debate if the government system is truly inefficient or if ...

Meera Seth

Akhila Goel listened quietly to the voices raging around her - arguing, accusing, defending. How often had she heard these allegations before! But this time, it came from her old batchmates; men and women who had spent four years together on campus, albeit 20 years ago! This year at the alumni meet, Akhila had become the centre of their attention, thanks to her 'public sector officer' status.

"Sarkari madam, kuch karo. Make this government work!" went the refrain. Akhila, a senior officer in a government department, saw that her friends from the private sector (PS) had started some sort of a government bashing plan. A fresh outburst of complaints followed. "The government is inefficient, corrupt and slothful. It works only if you know someone high up...," someone said. That is when Akhila broke her silence.

"How is your PS any different from the government sector (GS) on efficiency, service or even corruption? Even the PS's customer service works only if you know someone high up!" Akhila said. "Even I have examples to prove my point. When my washing machine broke down, we called the customer service seven times. Nothing happened. Then my husband, who knew the company's CMD, rang him up. A seven-person team promptly came and replaced the machine. Now what do you say?

"You compare a Whirlpool or an LG with the government. But understand, the government's target market is 1 billion-strong; it cannot pick and choose according to SEC classes! Naturally, it will get far more complaints than an LG! Given its smaller size, the PS should be able to redress each and every complaint. Besides, your mantra of customer service didn't work despite all your foreign tie-ups. So why compare the two?"

More arguments followed. Rudra Aggarwal, a practicing consultant, said: "Inefficiency is rampant in the PS too. For example, I had to close my account in a foreign bank and shift to a public sector bank." And he explained how a cheque he had issued bounced in his foreign bank because he forgot to write ten paisa in words. He felt that a Vijaya Bank would have called him and rectified the error, whereas the foreign bank, which talked of technical excellence and customer relationship orientation, had been unable to walk the talk.

And so the conversation went on...

Dinesh Maru (a banker): "But the GS, which claims to be at the service of citizens, needs to develop customer orientation. For example, my driver's medical claim was rejected as his illness was not explicitly mentioned in the insurance company's nebulous list of 'claimable diseases'! How will a consumer feel assured that there is an intention to deliver service if there is such vagueness?"

Akhila: "A detergent also does the same when it advertises: Removes all stains such as..., or when it claims to whiten your clothes. These are, in fact, promises that the PS ads make! The government does not make such promises!"

Questions

1. Comment on the Brand equity of the brand India
2. What do you think are the critical factors for this positioning of brand India.
3. Give a plan to reposition brand India in terms of products and services.

Notes

LESSON 21:
BRANDING TO MAKE TANGIBLE
THE INTANGIBLE

Objectives

After the completion of the chapter, you would be able to understand:

a. How the marketers try to deal with the intangible offerings.

b. How to provide consistent service brands through staff.

c. How consumers contribute to the development of the service brand.

After undertaking such an elaborative exercise on the nature of services, you now clearly understand how services are different from products. And because the vary offering is intangible it creates a lot of problems for the marketer to communicate it and convince the customers into buying it.

Services

One of the most problematic aspects associated with service brands is that consumers have to deal with intangible offerings. In an attempt to overcome this problem, marketers put a lot of emphasis on the company as a brand, especially in sectors such as financial services, since this is one way of making the service more tangible. Research in the financial services sector has shown that consumers know little about specific products, often they do not want to know more and they are content to assume that the best-known companies have the best financial products. This further compounds the problem of service branding! A study by Boyd et al showed that the most important criterion for customers selecting a bank is reputation, and the next most important the interest on savings accounts.

Because of their intangible nature, service brands run the risk of being perceived as commodities. To overcome this problem, strong brands with a clear set of values which result in positive perceptions amongst consumers are essential. However, these common and consistent perceptions amongst consumers are difficult to establish for intangible offerings. Service brands need to be made tangible to provide consumers with well-defined reference points.

Let us now understand that an effective way to make brands tangible is to use as many physical elements as possible that can be associated with the brand, such as staff uniforms, office décor, and the type of music played to customers waiting on the telephone. A service brand can project its values through physical symbols and representations, as Virgin airlines has to so successfully done with its vibrant red colour reflecting the dynamic, challenging position being adopted.

The first points of contact with a service organization, such as car parking, design of building and appearance of the reception area, all interact to give consumers clues about what service brand will be like. Other ways that brands communicate with consumers are through tangible elements such as stationery, the way employees dress and brochures.

One major retailer had a full-length mirror that its entire staff passed as they left the canteen to go into the store. Above the mirror was a sign saying, 'This is what the customer sees', to draw their attention to the importance of thinking about the tangible cues consumers are presented with as representative of the brand.

Package design plays an important role for branded goods, and in service brands this likewise represents an opportunity for more effective differentiation. McDonald's boxes for children's' meals, for instance, have been shaped as toy houses to reflect the playful element associated with the experience of a lunch in the fast-food chain. The tangible elements surrounding the brand can also serve to facilitate the service performance: the setting within which the service is delivered may either enhance or inhibit the efficient flow of activities.

The yellow and blue stripes in IKEA stores, for example, not only allude to the Scandinavian tradition of the company but also guide consumers through the different sections. The design of the surroundings also plays a socialization function, informing consumers about their expected behaviour, the roles

expected of staff and the extent to which interactions are encouraged between them. Club Med dining facilities are structured so that customers can easily meet and get to know each other. Finally, the design of the physical facilities may be used to differentiate the service brand from its competition. The polished steel interiors of Pret-a.-Manger restaurants allow consumers to distinguish them clearly from other sandwich bars bistros.

The tangible elements of a service brand encourage and discourage particular types of consumer behaviour. For example, a 7-Eleven store played classical symphonies as background music to retain their 'wealthier' customers while driving away teenagers who tended to browse the shelves rather than spend any money. Different aromas can elicit emotional responses and thereby influence consumer behaviour-some food retailers pump the fragrances of freshly baked bread into their stores, evoking a more relaxed, homely feeling.

The previous example that we talked about showed different ways in which service organizations can make their brands more tangible. The approach adopted when 'tangibalizing' the service brand must be consistent with the service and should not promise more than the service will actually deliver. British Airways and Forte ensure that the perceptions of their consumers are affected in a consistent manner by taking a holistic approach to presenting their brands: they use the same music from their television advertising while customers are put on hold on the phone. The elegant uniforms worn by sales assistants at Marks & Spencer clearly communicate the brand message of fashion and excellence, and the staff dress at Woolworths is representative of good value-for-money core brand values. If the physical evidence of the brand is unplanned, inconsistent or incompatible with the message of the added values the brand aims to convey, consumers will perceive a gap and reject the brand. The following questions can help marketers to assess the extent to which they are capitalizing on tangible cues to support their brand strategy:

- Do all the elements of the physical evidence convey a consistent message?
- Do the physical evidence and the conveyed message appeal to_ the target market?
- Does the physical evidence appeal to employees and motivate them to develop the brand?
- Are there additional opportunities to provide physical evidence for the service?
- What are the roles of the surrounding elements of the service? How does each tangible element contribute to the development of the brand?

Consistent Service Brands Through Staff

Even though the service organization may have developed a well conceived positioning for their brand and devised a good communication programme, the brand can still flounder because a insufficient attention to the role the staff play in producing and delivering the service. In particular, the following factors can compromise the success of the brand:

- Ineffective communication.
- Conflict in the duties staff are required to perform.
- Poor fit between staff and technology.

Furthermore, unlike products, the quality and process of every service performance can vary and often requires the involvement of several employees, empowering employees and building a culture based on teamwork is likely to enhance consumer satisfaction.

You all must understand this very carefully that the staff embody the service brand in the consumer's eyes. In many cases the service staff are the only point of contact for the consumer and by thoroughly training staff and ensuring their commitment to the brand, its chance of succeeding are greater. The success of the Disney brand results from the firm's insistence that employees recognize they are always 'on stage' whenever in public, encouraging them to think of themselves as actors who have learnt their roles and are contributing to the performance and the enjoyment of visitors.

The staff of a service organization can positively enhance the perception consumers have of the service quality through their:

- **Reliability** – for example, Lufthansa pilots strive to ensure that their brands has an outstanding track-record of punctuality.
- **Responsiveness** – a member of cabin staff may be sympathetic to the family who have been split up on their flight and take the initiative to enable them to sit together.
- **Assurance** – while the plane is kept waiting before taking off, the pilot informs travelers of the reason, the expected length of delay and that all is being done to minimize the delay.
- **Empathy** – cabin staff may show empathy by conforming a crying child who is flying for the first time.
- **Appearance** – the uniform worn by the Alitalia crew is perceived as particularly elegant and fashionable as some travelers recognize that it is designed by Armani.

Failing to take heed of these factors can have a negative impact on the perceived quality of the service.

Empirical analysis has shown that not only are the actions of employees fundamental to a high-quality delivery of the service, but also that the morale of staff influence consumer satisfaction with a service brand. A study about a British bank revealed that the branches with the lowest staff turnover and absenteeism were also those with the highest levels of profitability and customer retention. A good example of the link between satisfied staff and satisfied consumers is shown by Southwest Airlines. In 1995, the employees of this airline paid $60 000 for an advertisement in USA Today to thank Herb Kelleher, their CEO, for the success of the company.

Marketers should know that to ensure the willingness of the staff and the ability to deliver high-quality services, the organization should motivate their staff and encourage customer-orientation culture by considering the following:

- **Recruit the right people** – successful companies such as Hewlett Packard or Microsoft are regarded as preferred employers. The brands of the major consultancy firms are built on their policy of hiring only the best people. Some firms explore the values of potential staff to assess whether these are similar to the values of their firm.

- **Train staff to deliver service quality** – the consistency of the McDonald brand is ensured by the formal education employees undergo at the famous 'hamburger University'. To enhance their brands, companies such as Federal Express invest heavily in the training of their employees. Nordstrom, the American retail store, is a good example of a brand built on staff empowerment: the only rule staff need to regard each other as internal customers within the service process, enhancing the quality of the brand through teamwork and cooperation.
- **Provide Support Systems** – appropriate technology and equipement are essential to support staff in delivering quality service. For example, bank clerks need to have easy and fast access to up-to-date customer records if they are to deliver accurate and prompt customer service.
- **Retain the best people** –although many organizations are aware of the importance of recruiting the best people, there are instances where firms do not put as much effort into retaining them as they could do. A high staff turnover usually translates into low consumer satisfaction and poor service quality. In order to retain their employees, organizations need to involve them in the company's decision-making process and devote as much attention to them as to their customers. Moreover, they should reward employees for good service delivery through financial and non-financial measures, such as McDonald's scheme 'The employee of the month'.

By addressing some of these issues a company can establish more customer-focused service culture, which is a prerequisite for delivering consistently high-quality services and for building successful service brands. A customer-centred focus should pervade the whole organization so that the commitment to customers becomes second nature for all employees. The development of a genuine service culture is neither easy nor quick, but companies that have overcome this challenge have been duly rewarded. The development of a service culture at SAS, for example, contributed to turning the loss-making business into a successful brand.

Service Brands with The Optimum Consumer Participation

While in the previous section it has been shown how service organizations can enhance their brands by building on the role employees play during the service delivery, now we will focus on how consumers contribute to the development of the service brand. The way consumers evaluate a service brand depends largely on the extent to which they participate in the delivery of the service. If a yachting enthusiast did not get on too well with an instructor at Club Med, this interaction would affect their view of the brand. When subsequently hiring a dinghy at the end of the course and having difficulties rigging the sail, he may complain to his friends about ageing equipment. Yet the real reason for his problems is that he did not pay proper attention to his instructor.

If the service performance requires a high degree of consumer involvement, it is vitally important that consumers understand their roles, and are willing and able to perform their roles, otherwise their inevitable frustration will weaken the brand. Large, easy to read signs and displays at the entrance of IKEA stores inform consumers how they are supposed to take measurements, select pieces of furniture and collect them.

The level of consumer participation varies across services. In service sectors such as airlines and fast-food restaurants, the level of consumer participation is low, as all that is required is the consumer's physical presence and the employees of the organization perform the whole service. In sectors such as banking and insurance, consumers participate moderately and provide an input to the service creation through providing information about their physical possessions. When consumers are highly involved in the service, for example participating Weight Watchers, they need to be fully committed and actively participate.

Consumers can be regarded as productive resources and even as partial employees of the service organization, because they provide effort, time and other input for the performance of the service.They are also contributors to the quality and value of the service thereby influencing their assessments about the service brand. Consumers who believe they have played their part well in contributing to the service tend to be more satisfied. The IKEA brand is built on the principle that consumers are willing to be involved in 'creating' the service, not just consuming it. Since actively-involved consumers feel the responsibility is theirs when the service turns out to be unsatisfactory, they are particularly pleased when the service provider attempts to redress the problem.

You must know that to involve consumers in the service-delivery process, organizations can implement different strategies which are based on the following three factors:

- Defining the role of consumers
- Recruiting, educating and rewarding consumers
- Managing the consumer mix

The organization needs to determine the level of customer participation by defining the consumer's job. Some strong brands such as Federal Express and DHL are built on low consumer involvement, as consumers rarely see the service provider's facilities and have only very brief phone contact with its employees. In these cases, as consumers are minimally involved in the service delivery process and their role is ex-

tremely limited, strong service brands can be developed through standardized offerings and precisely defined procedures. On the other hand, for service organizations like business school and health clubs, there are higher levels of consumer participation and more tailored offerings can be developed.

Last but not the least, effective consumer participation may require that consumers go through a process similar to a new company employee-a process of recruitment, education and reward. In telephone banking, consumers are first recruited, and then they receive formal training and information about the service. Only then will they be rewarded with easier access to financial services. Brands such as First Direct have been successful because they have effectively communicated the benefits consumers can gain from their participation. Service brands can be strengthened through an effective management of the mix of consumers who simultaneously experience the service. All major airlines, for example, are aware of the need to separate different segments.

Article On Financial Services Branding

Making Investments a Tangible Commodity.

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Branding. In the Old West, if it wasn't done carefully, there was the risk of a stampede. In today's crowded marketplace, however, most companies look to branding to start a stampede... to their product or service. But in their rush to separate themselves from the herd, far too many marketers are branding by rote, applying the same techniques used by packaged goods to less tangible products.

This trend is nowhere more evident than the investment product category, where many mutual fund companies are doing it wrong. In recent years, mutual funds have become a "mass consumable," with over 8,000 of them jostling for attention among the 66.5 million individuals in 37.4 million American households owning mutual funds. Yet, contrary to what many marketing types believe, a brand is not created for a financial service provider the way it is for a car or a beer or a laundry detergent. A mutual fund brand is not created primarily through advertising, nor should branding and advertising be viewed as one and the same.

First, "investment branding" is not an oxymoron. It is reaching an expanding customer base by understanding the convergence of existing distribution channels and the emergence of new ones.

Today, first-time investors are very often buying direct, rather than through brokers. And to confuse things even more, investors who, in the past, have bought funds direct, are now in many cases turning to fee-only financial advisors to help select funds. At the heart of that success is the understanding that selling investment products requires winning the consumer's heart and mind, with both the sizzle and the steak.

All it takes is brains. The left-brain types disregard the fact that investors are looking for a fund company that "feels" safe and comfortable. Performance, though important, is only part of the equation. A brand is more than an emotional trigger. Done well, it creates a personality to which a customer can relate.

Right-brainers overlook the fact that information and full disclosure are more important than in other product categories, which means that emotion alone can't carry the day.

Branding of investment products is unique because these products are unique. They're largely intangible; and they're intellectually challenging because selecting investments requires a certain degree of study, thought and cognitive understanding. It's also a different animal because, unlike consumer brands that state or imply a promise, a mutual fund cannot legally make a promise. Thus, the special challenge is to find a way to make a credible and meaningful pledge to the consumer without running afoul of regulators.

With most consumer product marketing, a strong ad campaign drives a multi-front communications and branding strategy encompassing media placement, direct marketing and collateral materials. With investment product marketing, the main branding engine isn't advertising. It's printed communications and, growing rapidly, the Internet.

Vanguard Fund Group is an outstanding example in this realm. They do no TV advertising and only minimal print advertising, yet they have become the industry's second largest fund group with an exceptionally strong brand that has been built through marketing communications, the Internet and public relations.

By way of another example, Citibank successfully launched a new family of mutual funds-called CitiFunds-utilizing a strong marketing communications strategy which emphasized information-based materials to both potential investors and the bank's brokers.

It is important to create a consistent graphic look and feel for the communications. Visual appeal is certainly important, but effective design is more than a pretty face, and the overall "look" must work hard to organize and communicate what is often complex information and amplify the company's positioning.

The end result is communications that give life to the positioning. The goal is to make the intangible tangible. Thus, in the absence of a physical product, marketing communications becomes the product. The branding of investment products is not a magic bullet. In a field with over 8,000 players, it can be difficult to fashion a distinctive identity for mutual fund companies that have little to set them apart. But for a company with a story to tell and real value to add, branding can be a potent marketing tool ... one that, like product advertising, can make effective use of both information and emotion.

It's just that, in this challenging industry, emotion can only attract the customer. It takes information to close the sale.

Article

Brand Processes, Not People

You brand the process. You NEVER brand the person. Branding people offends their humanity. Nobody wants to become like the brands they purchase. What a loss of power.

"Nobody's going to turn ME in to a robot." And yet – there is no escaping it. To have a strong brand in a service economy, you need human beings to deliver.

How do you get that to happen? Let's take a step back before we answer that.

What makes a brand strong in the first place? If you think about it, a fundamentally paradoxical thing: the consistent personality.

- Personality is uniquely human. People have personalities.
- Consistency is artificial. Only a machine can be the same all the time.

Now read this:
Personality + Consistency = Great Brand

So you go into, let's say, the Nike store because you will experience a certain "personality." Every single time. But it's also nice to know that you can leave the store without any commitment. Leave Nike, go to Reebok. Nike doesn't care. **Because Nike Has Personality, But It's Not A Real Person.**

And this is EXACTLY why you can't just 'brand people' the way you brand products. Because guess what? People do have feelings. Once you have formed a relationship with a person, the person does care if you leave. They get angry if you're rude. They run away if you smell. So how does it make any sense to try and turn a human customer service representative into a computer hologram?

Branding techniques are geared toward humanizing products. But you can't just transfer the same techniques to people. Just because you can lend personality to a car, doesn't mean you can freeze a human personality in time and space. Anyway, even if you could, why would you want to? Just like I don't want to become a robot, I don't want to buy things from a robot either. Neither do you, I expect.

So, assuming that you've woken up to the fact that your business is 'brand-driven', what do you want from your people, anyway? And how can you make sure they act in ways that add value to your brand?

Again, let's take a step back before we get to that. Because you are thinking that 'people brands' do exist. And do incredibly well, too. So obviously I've missed a step here .But you forget – these brands are born, so to speak, of people who have willingly productised themselves. And it is painful to be a brand. How many icons have we watched crash and burn on the altar of their own success? Also, how many others would 'just die' to be a brand, if only they could get someone to demand their particular constellation of personality traits? Think of your favourite reality TV show, chock full of people-brand wannabes. Most of them will fail.

So if individuals who WANT to brand themselves have trouble being 'productised', whether they are successful or not, how egotistical are we to think that we can just 'convert' masses of people to a marketing theme? (Yes, let's be honest, it is a marketing theme, not a religion.)
OK, so now to the answer. Or at least a working hypothesis.

To build an organisational brand you have to bring people together and see what happens. You cannot plan. You cannot calculate. You cannot "move the needle." You do not tell them what to do. It's NOT AT ALL like product branding. You live there. You listen. You learn. You respect. You struggle. You wait. You get a sense of what it is they need to do, who they need to be in order to survive. And you subtly, ever so subtly, shift things into gear, using whatever tools you have. And you pray. Because you can study organisations from today until tomorrow. The reality is, you really never know how it will turn out.

I think that's why most of the case studies I read seem so phoney. Because really branding people is TOUGH. It's about getting the organisation to work TOGETHER in the face of immense instability, difficulty, even chaos.

Branding people is a little like being a cultural therapist. The key difference however is in the emphasis. Whereas culture looks inward, branding looks around. You want the image inside to be the same as the image outside, transparent, adaptable, compelling, and clear. You are helping people to grow, but you are influencing them to behave in ways that the market will reward.

People really want to belong. They just don't want to be brainwashed. Ever see Star Trek? One of its most powerful alien species is the Borg, which 'assimilates' individual personalities into the 'collective'. Sure it makes you feel like you belong, but at the cost of your own individuality – which is to say your humanity. Numerous episodes, and in fact an entire spin-off, focused on the assimilatee's struggle to escape and become an individual again.

So to make an organisation brand work, you take the focus off of changing people. In fact, it's just the opposite. You WANT THEM TO BE THEMSELVES. And you ask them to help, each in her or his own individual way, to build and support a living brand.

'How do we do that?' They ask. And you say: 'By using our human gifts to develop shared processes, around a meaningful purpose, that makes sense to all of us.'

'What is a brand anyway?' They will ask. 'Who cares? I don't feel like a Coca-Cola.' And you say: 'Our brand is nothing more or less than the way others perceive us. We have a brand already.'

And then you tell them, or better yet SHOW THEM (use a video) what others see when they look at the company. The moment of truth.

'How do we make it better?' They will ask after that. And then you say: 'Help us! Collaborate! Make the brand together!'

You go on to explain that OUR efforts will:

- establish a set of consistent processes,
- aimed at a specific purpose,
- that define, differentiate, and add value to the organisation.

So, the organisation needs to have consistent ways to do things – consistent processes. Any employee can understand that. Having a clear, meaningful system in place makes the organisation more successful, more reputable, more unique, and more valuable. It also makes it easier for employees to know what is expected of them, what behaviours will be rewarded and which will not.

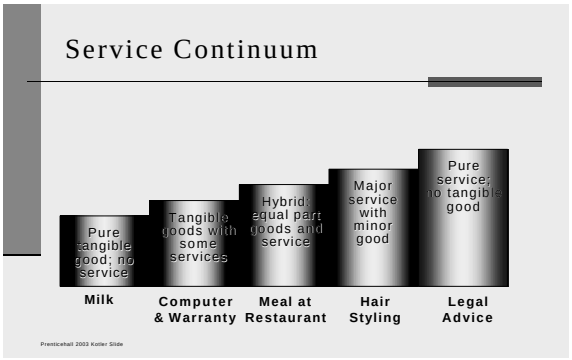
And-robots cannot build an organisation brand. Only people can. Because though any robot can mimic a process, it takes human intelligence to adapt the process as necessary to achieve the corporate purpose effectively.

Finally – the customer service representative who works at the Nike store is most compelling, from the consumer standpoint, when they act like a HUMAN BEING. Not just any human being – but one who understands what Nike stands for, believes in it, and helps them to achieve it. When the rep really believes, and acts on that belief, then the customer believes too.
(c) 2003 Dannielle Blumenthal, Ph.D.

Discuss

Some writers argue that service providers often miss opportunities to increase customer satisfaction and loyalty because they do not exert enough effort to "tangibilize" their services. Pick three frequently purchased services and illustrate how they are tangibilized and how they might be better tangibilized

Summary



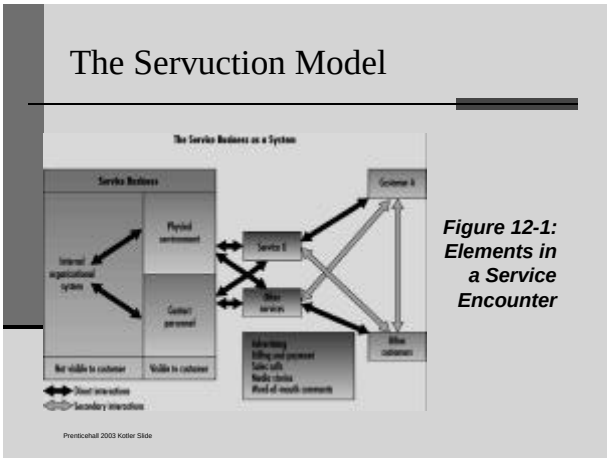


Figure 12-1: Elements in a Service Encounter

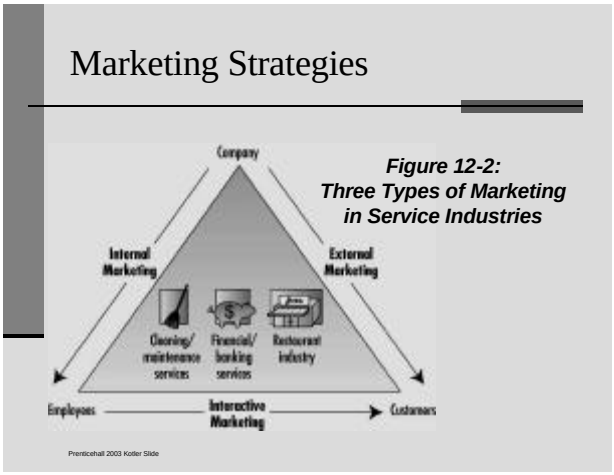
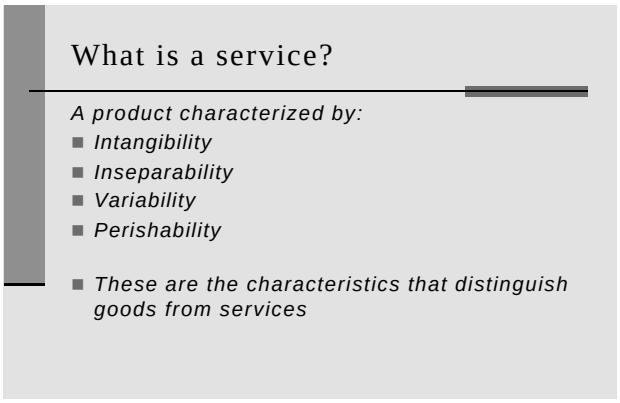


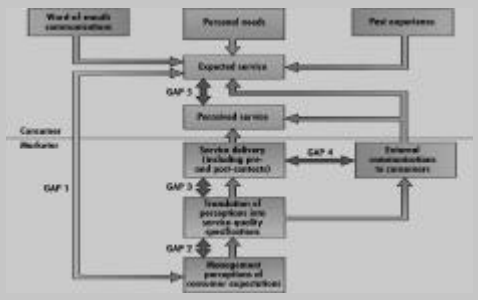
Figure 12-2: Three Types of Marketing in Service Industries



Marketing Strategies

- *People*, *physical evidence*, and *process* must be considered in addition to the 4 "P's" when creating *external marketing* plans.
- Successfully delivering a service often depends on staff being trained via *internal marketing* efforts.
- *Interactive marketing* occurs in all places where the customer intersects with the firm.

GAPS Model



Prenticehall 2003 Kotler Slide

People – Employees

- Service providers are "boundary spanners"
  - Liaison between "inside" and "outside" world
  - Primary roles
    - Information transfer
    - Representation
  - Wide range of boundary spanners – professionals to subordinates

People – Employees

Production Line Approach

- Low cost, high volume
- Transaction, short term
- Routine, simple
- Predictable, few surprises
- Theory X managers, employees with low growth needs, low social needs, and weak interpersonal skills

Empowerment Approach

- Differentiation, customized, personalized
- Relationship, long term
- Nonroutine, complex
- Unpredictable, many surprises
- Theory Y managers, employees with high growth needs, high social needs, and strong interpersonal skills

Reward Systems matter as well*

People – Customers

- Must understand perceived service quality
- Dimensions of service quality
  - Reliability
  - Responsiveness
  - Acceptance
  - Empathy
  - Tangibles
- Often studied by:
  - Gaps model
  - Importance Performance Results
- Often managed through:
  - Database marketing
  - Reward and recognition programs

Discuss

The University of Wyoming provides services to various publics.What "consumer" groups do Universities serve? Using the Service Quality Model as your guide, discuss specific examples of different service gaps for a particular type of consumer.

Notes

LESSON 22:
RESPONSE OF WEAK AND STRONG MANUFACTURERS

Objectives

Upon completion of this chapter, you should be able to understand:

a. Response of weak and strong manufacturers to brands

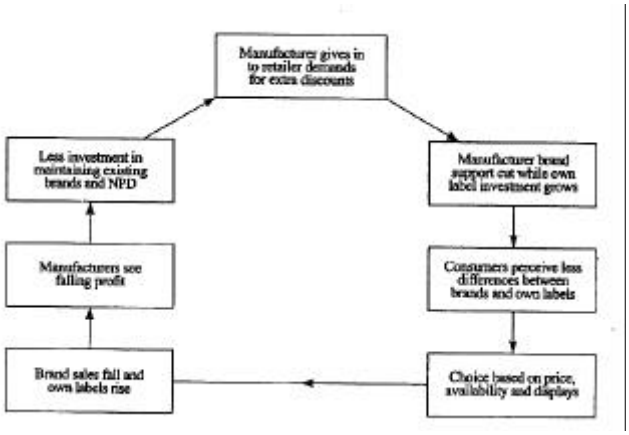
b. The role of the brand

c. Role of retailers in maintaining Brand Loyalty and Positioning of a Brand

Weaker brand manufacturers, particularly those lacking a long-term planning horizon, were unable to find a convincing argument to counter retailers' demands for extra discounts. They were worried about being de-listed and saw no other alternative but to agree to disproportionately large discounts. Many erroneously viewed this as part of their promotional budget and failed to appreciate the implication of biasing their promotion budget to the trade at the expense of consumers.

Retailers' investment in own labels brought them up to the standard of manufacturers' brands. For example, a Lockwood's subsidiary supplying own labels invested in new equipment, which cut down the soaking and blanching of baked beans from the traditional 20 hours to less than an hour, before most of its major competitors. With increasing investment in own labels and less support behind manufacturers' brands, consumers began to perceive fewer differences between brands and own labels, and choice began to be influenced more by availability, price and point of sale displays. As retailers had more control over these influencing factors, weaker brands lost market share and their profitability fell.

Weak manufacturers' brands were not generating sufficient returns to fund either maintenance programmes or investments in new products. At the next negotiating round with retailers, it was made clear that their sales were deteriorating and again they were forced to buy shelf space through even larger discounts. In the vicious circle shown in the figure, they were soon on the spiral of rapid decline.



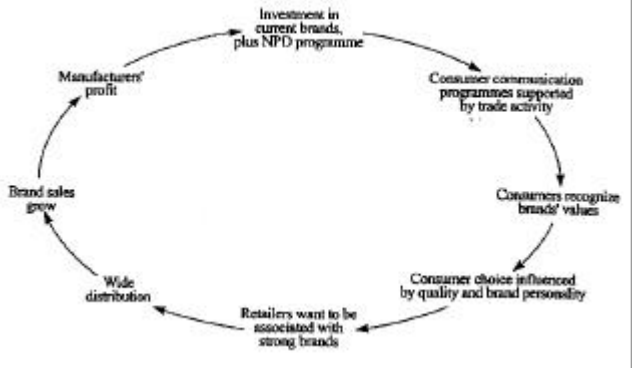
The weakening manufacturer's brand

From the vicious circle of deteriorating brand position, it can be appreciated that own labels are particularly strong in markets where:

- There is excess manufacturing capacity;
- Products are perceived as commodities: inexpensive and low risk purchases;
- Products can be easily compared by consumers;
- Low levels of manufacturer investment are common and the production processes employ low technology;
- There are high price gaps in the market and retailers have the resources to invest in high-quality own label development;
- Variability in quality is low and distribution is well-developed; the credibility of a branded product is low because of frequent and deep price promotions as opposed to the increasing credibility of own labels;
- Branded products are offered in few varieties and with rare innovations, enabling the own label producer to offer a clear alternative.

Examples of markets in 1995, where own label shares were particularly high and where these characteristics were evident, include fresh poultry (78 per cent own label), cream (74 per cent own label!), kitchen towels and clothes (64 per cent own label) and pre-cooked sliced meat (60 per cent own label),

By contrast, strong brand manufacturers such as Unilever, Heinz and Nestle, realized that the future of strong brands lies in a commitment to maintaining unique added values and communicating these to consumers. They 'bit the bullet', realizing that to succeed they would have to support the trade, but not at the expense of the consumer. Instead, they invested both in production facilities for their current brands and in new brand development work. With strong manufacturers communicating their brands' values to consumers, these were recognized and choice in these product fields became more strongly influenced by quality and perceptions of brand personality. Retailers recognized these manufacturers' commitment behind their brands and wanted to stock them, Distribution increased through the right sorts of retailers, enabling brand sales and profits to grow, Healthy returns enabled further brand investment and, as Figure 7.4 shows, strong brands thrived.



Strong brand's response

The confectionary market in the UK is a good example of a sector where strong manufacturers' brands dominate. The major players Mars, Nestle and Cadbury are continually launching new brands and heavily advertising their presence. Interestingly, the power of multiple retailers is also dissipated by virtue of a significant proportion of sales going through confectioners, tobacconists and newsagents, along with vending machines and garage forecourts. The same circumstances apply to Coca-Cola and Pepsi-Cola, who are less dependant on the multiple retailers.

Convenience Versus Non-convenience Outlets

In the broadest terms, retail outlets can be classified as being convenience or non-convenience outlets, for which two different types of brand strategies are appropriate. Convenience outlets have a geographical coverage, making it easy for consumers to access them. The goods sold are not specialty items and consumers generally feel confident making brand selections. Consumers do not need detailed pack information to make a choice between alternatives. In convenience outlets, retailers strive for volume efficiencies. They typically include retailers of grocery and home improvement products.

In convenience outlets, manufacturers' brands will thrive only if they are strongly differentiated. This necessitates having added values that consumers appreciate, a strong promotional commitment and packaging that rapidly communicates the brands' added values. Displaying a lot of information on the packaging may well be ineffective, since consumers want to make fast brand selections with minimal search effort. Brand manufacturers need to ensure that they gain listings in retailers with the broadest coverage, ensuring minimal travel difficulties for consumers.

In non-convenience outlets, such as jewelers and electrical retailers, consumers will be more likely to seek more information and may well be prepared to spend time visiting a few retailers. To thrive in these outlets, manufacturers need to ensure that clear information is available at point of purchase. In particular, retailers' staff needs to be fully aware of the brand's capabilities, since consumers often seek their advice. Unless sales assistants display a positive attitude about the brand and correctly explain its capabilities, they will not help it sell.

How does a consumer decide?

S. Ramesh Kumar

Exploring the motivation behind a consumer's purchase decision can give marketers useful insights, says S. Ramesh Kumar.

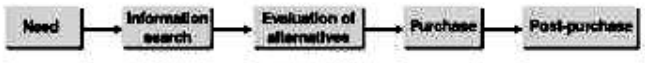
WHILE a number of psychological variables are useful in obtaining a glimpse of the consumers' psyche, it would be worthwhile to probe specific aspects of consumer decision-making (CDM) to formulate marketing strategies. CDM could enable marketers to visualise a broad framework made up of stages and apply psychological or/and group variables to a specific product/market/brand situation. The process of decision-making could provide several trigger points on a conceptual level, especially when a brand wants to position itself in a crowded product category or when it wants to enter a 'new-concept' product category or when it attempts to reposition itself. There are a number of dimensions that could be associated with the consumer's decision-making process. The following are some:

What kind of approach (strategy) should a brand adopt when it enters a crowded category with which consumers are familiar? (Soaps, shampoos, two-wheelers, and so on)

- How should a brand promote a 'new-concept' product and how are the stages in the CDM framework useful?
- What strategies other than advertising may be useful in specific stages of consumer decision-making?
- How could celebrities be used at different stages in the decision-making process?
- What are the different kinds of decision-making consumers indulge in?
- What are specific differences in CDM between FMCG products and durables?
- Can needs be differentiated based on what a brand offers?

- Do consumers have different kinds of 'sets' from which they select brands?
- What kind of strategies could a brand use when consumers search for information?
- How do consumers use evaluative criteria to take a decision across brands?
- What kinds of factors influence the selection of retail outlets when a decision is taken to buy a product?

The dimensions mentioned have strong links with one another and also play a significant role in CDM. They focus the attention of any marketer in consumer product categories towards the consumers' perception of a category, a brand and their own needs.



The chart above shows the several stages involved in consumer decision-making. It is useful to understand the basic model of CDM and its implications for marketers before considering its other aspects. Whenever a new product category is introduced by marketers with a new concept, concept selling would have to be done at the need stage, examining the actual and desired states of the consumer. Ceasefire, the mini fire-extinguisher which kick-started a new wave of demand among households, was able to market the concept using primary advertising. (The brand no longer retains the same hold over the market now due to a variety of reasons.) Though the fire extinguisher concept was not new to the market, a mini version was. It was able to trigger a perception very different from the huge and heavy traditional ones that were widely used in cinema halls. The primary advertising mentioned the fact that different kinds of fires (with an overtone of fear appeal) required different kinds of extinguishing gases and that Ceasefire was the ideal solution for the need. Concept selling has to discuss in detail the benefits of the product and how these solved the existing problem of consumers or how they helped consumers to reach a 'desired state'.

While primary advertising concentrates more on the benefits of the product, with the objective of creating a market for the product, secondary advertising has a focus on the brand. In case of a pioneering brand bringing in a new concept, primary advertising has to be supplemented simultaneously with secondary advertising to ensure the pioneering brand gets the competitive advantage of having marketed the concept. Titan may not have been a pioneering brand in quartz watches but it is currently a leading brand because of the brand-building efforts undertaken by the brand though it was a 'follower' brand.

Which Stage to Target?

While the need stage is important for new-concept products, there may be a number of categories where most consumers may be in the purchase stage. For example, in the category of soaps (in most markets in the country), consumers are in the purchase stage and they may not get too involved with the information search or the evaluation stage given the nature of this low-involvement category. They may attempt a variant or a new brand which they may have become aware of either through TV or POP material at the point of sale. An existing brand could probably bring in a variant (possibly Hindustan Lever brought in Lifebuoy Active at a competitive price to ensure loyalists of Lifebuoy do not pick up a competitive brand during the purchase cycle) or relaunch the brand (Margo) to ensure most consumers stay with the brand. Hamam's herbal variant in soaps and Colgate's herbal variant in toothpastes are examples of retaining consumers at the purchase stage with the equity and loyalty of the brand.

Strategy for Durables

In the category of durables, a different approach may be required to make use of the basic CDM model. Information search stage (for categories with which consumers are familiar) is an important stage, especially for those which provide value or which provide new features. LG and Samsung in televisions (and LG in refrigerators) used the print media extensively to highlight the new features offered in their brands. This is one of the reasons for their 'above- average' performance in these categories.

The information search stage is also important for certain categories such as microwave ovens and electric cookers for which the needs may have been created by the brands over the last decade (niche markets). This stage provides the consumers with specific benefits and 'pulls' them towards the 'purchase' stage. It may be a good idea for a brand of microwave oven or electric cooker to make use of the 'information search stage' in conjunction with the 'purchase' stage. The 'purchase' stage occurs when consumers are 'pulled' to retail outlets through the information provided by the brand. Demonstration is vital at the 'purchase' stage as this provides heightened motivation for purchase. (Some consumers may also be impressed by the brand and may tuck it away in their minds for later reference.)

Evaluation of alternatives in such cases also happens along with the purchase stage, based on their perception of brand benefits, price, service and the demonstration provided at the retail outlet (for new-concept products). It may be a conceptual error to 'take' the consumer to the purchase stage by offering the new-concept product as a freebie along with another product costing much more than the 'new-concept' product (for example, if an electric cooker brand is given free with a refrigerator when the consumer is not even clear about the product, the following could take place: Due to the high visibility campaign to high-light the sales promotion, prospective consumers could think that the 'new-concept' product has failed in the market and hence is being advertised as a freebie and/or the consumer may not put the 'new concept' product to use for lack of adequate knowledge either about the usage or it benefits.

It is to be emphasised at this stage that for any 'new-concept' product to succeed (especially durables), good word-of- mouth publicity is required at the post-purchase stage. A satisfied consumer of a brand of microwave oven would be an opinion leader among prospective target segments. This kind of opinion leadership has a tremendous amount of credibility associated with it. Another important aspect with regard to 'new to market' durables is the after-sales service at the post-purchase stage. A company would do well to allocate an

exclusive team to look into/follow up with consumers who are about 'six-months-old' with regard to the product (the team should make frequent visits/phone calls to these consumers until they are familiar with regard to the usage, features and benefits and a period of six months is recommended as 'usage warm-up' time). This would be an investment for a brand though it could lead to higher overheads in the short run. A fully satisfied buyer (within the 'usage warm-up' period) is likely to become an advocate of the brand.

Akai's approach

Providing value at the information search stage could also take the shape of a high visibility campaign for conventional durables such as TVs and refrigerators. Akai had phenomenal success (though the period of success was limited due to a variety of reasons) in the colour television category when the brand entered the Indian context. The 'value' was the exchange scheme provided by the brand taking into consideration the scope and potential for second-hand TVs. There was huge potential for such TVs in the semi-urban markets and urbanites had the need to replace their sets. Akai successfully used the 'need' aspect of these segments along with a high visibility campaign to capture a sizable chunk of the market during a short time. It should also be noted that the brand came out with campaigns that reassured consumers about the quality of components used in the brand and this ensured there was no post-purchase dissonance after purchase. CDM models offer several alternatives that marketers could explore.

(The writer is Professor of Marketing, IIM-Bangalore. For further information, the author's book Conceptual Dimensions in Consumer Behavior - The Indian Context, published by Pearson Education could be consulted.)

The Role of The Brand

Before discussing what brand management involves, we will examine why it is considered a pertinent marketing tool for retail companies in the current developed and highly competitive markets. As the marketplace becomes mature, there is a need to rise above the mass and confusion of competing offers. The brand, if managed properly, confers individuality - something different among the crowd. In a mature market, companies experience slow growth and declining returns. Each company will, therefore, attempt to defend its market share, encourage consumers' purchase loyalty and profitably differentiate their outlets and offer. I believe a brand provides an icon or symbol, which helps to identify the promise of a particular retail offer or service and helps to distinguish it from competing offers

Successful retail outlet brand building enables organisations to:

1. Build stable, long-term demand based upon increasing store brand name strength;
2. Build and hold better margins than stores which have weak or unsuccessful brand names;
3. Differentiate themselves through creating associations that can endure over long periods of time;
4. Add values that entice customers to visit and buy;
5. Act as a signal to the customer implying trust in the fulfilment of service expectations;
6. Promote customer loyalty and launch relationship marketing schemes for their retail offers/services;
7. Protect themselves against the growing competition of alternative intermediaries and to gain leverage in the distribution channel;
8. Protect themselves against aggressive competitors by strengthening barriers to entry;
9. Transform themselves into companies that are attractive to work for and to deal with;
10. Negotiate with suppliers from a position of improved strength.

The latter are the potential results .of successful retail outlet brand building, but all involve substantial initial, and ongoing, investments to ensure there are long-term returns. Furthermore, brand building needs to be a comprehensive exercise, which covers every aspect of the company and every point of contact with the consumer. This puts brand building under severe pressure in modern markets where short-term profits are more commonly the measures of success.

A company may introduce a brand and keep it exclusively for itself, or it can either franchise a brand or manufacture a brand of another company under licence. Franchising is being used extensively by companies in order to expand the brand as quickly as possible in a domestic or global marketplace. With franchising, the company owning the brand will allow others to utilise the brand but with certain preconditions attached. These may be related to an obligation to purchase goods exclusively from the franchiser or to pay a certain percentage of the turnover as part of a royalty payment. The consumer is offered the benefit of the consistency and recognised standards of quality which have been built up in conjunction with the brand. This has led to a number of successful retail operations such as Pizza Hut, Caffe Uno, McDonald's, KFC and Hilton International.

Brand Loyalty

Some consumers use the same retail outlet or purchase the same brand of product on most occasions or on a regular basis.

This buyer characteristic is known as store or brand loyalty. In particular, brand or store loyalty will mean that a person will:

- Feel positively disposed to the brand, based upon brand attitude;
- Utilise the store more than other stores or buy the brand more frequently. This will be
- Based upon store or brand preference
- Continue to utilise the store or brand over time. This is the brand allegiance

This is not to say there is just one type of loyalty; loyalty may be expressed for one Or more brands. If we assume that there are five brands, or five properties of brands, that the consumer can choose from - A, B, C, D and E - then we can further segment the demand, based upon brand loyalty, as follows

1. Hard core loyals. These consumers buy one brand all the time and demonstrate strong allegiance. They would therefore on five occasions buy AAAAA, because they have undivided loyalty to the brand.
2. Soft core loyals. These consumers will be loyal to two or three brands. Thus a buying pattern of ABABA represents a consumer whose loyalties are divided between two competing brands.
3. Shifting loyals. This type of consumer shifts their loyalty from one brand to another. The buying pattern AACCC suggests a consumer whose loyalty has shifted from one brand 'A' to brand 'C'.
4. Switchers. These consumers show no loyalty to anyone brand. The pattern ABCDE suggests a switcher who is prone to buy when there is deal being given (price offers, sales, extra benefits). They may equally be a variety shopper and wants something different each time they purchase.

Brand loyalty can be explained in a number of ways: habit; maximisation of value over price; a cost may be involved in switching brand; the availability of substitutes; perceived risk of alternatives is high; past satisfaction with the brand; the frequency of usage; influence of the media; the awareness of the alternatives; and so on. For obvious reasons, the loyal customer is of key importance to the retail industry, especially those loyal customers who are high spenders or provide long-term patronage. Loyalty schemes are being introduced in an attempt to retain customers over longer periods of time. Such schemes are often based upon database programmes which provide benefits such as for those with loyalty shopping cards whose expenditure and frequency of purchase can be assessed. The database can identify individuals' birthdays, when a person is 21 for example, or it can identify lapsed customers to whom a special offer can be made. In addition, the information can be used to understand the patterns of preference and demand at different periods so as to convert soft core loyals and other customers, into hard core loyals.

Positioning of A Brand

The positioning of a brand places it in its competitive context. It may be determined on the basis of product usage, for instance Muller yoghurt may be positioned as a substitute for dairy cream or as a child's pudding, alongside ice cream.

Alternatively, a brand's position may be determined on the basis of price. For instance, top designer branded clothes have a high upper market position which will attract customers who want exclusivity and a positioning which is associated with other luxury items. Benetton's bold and distinctive colours, Laura Ashley's English country. patterns and The Gap's understated American casual wear all provide for brand differentiation.

Registering a clear brand positioning is becoming increasingly difficult because competirors proliferate, media costs escalate, and shelf space becomes more difficult ro negotiate as retailers exert more influence over manufacturers' brand strategies

Theorists maintain that focusing on brand positioning is essential for a brand to survive. They express their lack of faith in the intellectual ability of brand managers to assess fully the competition and in the intellectual ability of the consumers similarly to assess the range of brands available to them. The brand managers, who regularly take a sounding of consumer opinion, are the most likely to maintain a brand's positioning successfully. Once the target has been clearly identified, attention needs to be lavished on planning the brand. Furthermore, a brand which is not differentiated_from others in its sub-group of brands risks having no distinguishing characteristics and a weak brand position:

Brand differentiation x Brand ,segmentation = Brand position

Branding places a premium on achieving appropriate positioning. A brand may be made distinctive by its positioning relative to the competition_ the main objective is to develop sustainable competitive advantage. As such, a key task for the strategist is to identify those bases which offer the most potential for defensible positioning. In marketing, choosing segments and positioning strategies are inseparable. While segmentation identifies homogeneous groups of potential customers, positioning needs to take into account how customers perceive the competing retail srore brands, merchandise offers or services. Both segmentation and positioning research are, therefore, ways of focusing on how customers in a market can be identified and grouped, and then how those customers (segments) perceive the variety of retailers or brands in the marketplace. The furniture maker MFI adopted the strategy of-repositioning its retail offer in the late 1980s by the acquisition and use of the Schreiber brand name so that it could sell its higher priced kitchen and bedroom furniture more easily. This complemented its other brands such as its self-assembly Hygena brand, Pronto its low price point products, and Greaves and Thomas and Ashton Dean for upholstery products. The brand segmentation benefits of Schreiber allowed MFl to attract older ABC1 customers and to produce differentiation based upon style and quality. The new brand position can be created by deliberate strategic repositioning.

The use of positioning in marketing shifts the emphasis away from the tangible changes a retailer makes towards the mental perception of the prospective customer. It emphasises the share of mind and judgement of mind based upon brand identity. This is what Ries and Trout (1981) referred to as the 'battle for your mind'. Positioning is the clearest way to establish a distinct

place in the minds of the consumer and counteract the proclamations and cal1s for attention by the competitors.

The market is the ultimate judge of any organisation's work and, although customer perception can be irrational and ill-informed, the way a consumer perceives the brand and the image of the brand is a powerful influence on the way the retail marketplace reacts to different initiatives and changes. In the fluidity of retail market conditions, the more powerful brands will be successful. The chal1enge, therefore, for any organisation is to position its offer in a way which will be most appealing to the 'target audience. Market position can also be affected by pricing, distribution and, of course, the product itself

A firm can position a product to compete head on with another brand. Like for like positioning is relevant if the product's characteristics are at least equal to competitive brands and if the product is priced lower; it may be appropriate, even when the price is higher, if the product's performance characteristics are superior. Conversely, a product may be positioned to avoid competition. This may be the best approach when the product's performance characteristics are not significantly different from those of competing brands, or when that brand has unique characteristics that are important to some buyers. For example, Aldi sells many items which are sold at Tesco but at deeply discounted prices

Brand strategy is essentially about two variables: the exact composition of the offer made to the market and the part(s) of the market to which the offer is made (that is, brand differentiation and brand segmentation), either of which may provide a competitive advantage. Within this approach brand positioning provides the vehicle to integrate the marketing mix and create overall consumer perception. The Argyll Group decided in the early 1990s to build their business around the positioning of three store brands: Safeway, Presto and Lo-Cost. Safeway was the leading brand, bringing in about 85 per cent of Argyll's profits, and therefore this brand was retained as the major flagship. This use of different brands was in direct opposition to the brand strategies of most of their competitors. The larger stores with the Presto brand were progressively refurbished and rebranded as Safeway stores and this allowed the Presto brand to be related to mediumsized units of around 5000 sq. ft. The Lo-Cost brand was positioned as a discount brand and was made up of the smallest units - around 3000 sq. ft. The positioning of the brands allowed the Safeway brand to compete head-to-head with Sainsbury and, due to the brand rationalisation, it provided a clear positioning statement for its customers.

It can be seen that the positioning process is to make the offer into a clearly defined brand. Ideally the strategist should consider whether the position is:

- Apparent to consumers and offers real added value to them;
- Built upon real brand strengths which reflect performance potential;
- Clearly differentiated from competitor brand positions but not too narrow;
- Capable of being understood and communicated to all stakeholder groups;
- Able to be achieved, and then defended if attacked by competitors (British Home
- Stores were unable to position their brand as the first choice for dressing the modern woman and family due to the strength of the Marks & Spencer brand).

The Risks of Poor Positioning

A poorly positioned brand with a fuzzy position or not offering a clear proposition, is likely to be eclipsed or weakened by a stronger competitor. Weak positioning can occur if a retailer consistently cuts a brand's price. The Ratner stratagem of bringing in foreign stock which was cheaper but not hallmarked was at first successful. However, the overstretching of the business in takeovers to expand the brand and then a widely reported statement by Ratner himself that his products were 'crap' led to the demise of the group. Ratner had to leave the company and the brand name was subsequently changed to Signet. In effect, Ratner management had repositioned the brand without thinking beyond the 'price' effect to the 'brand' effect. This led to the alienation of the company's target market

There are other undesirable consequences of not having the right positioning strategy for a product or service in the marketplace. Among the most common in retail trade are:

- The retail organisation (or its own-label products) may find itself in a position where
- It cannot escape from direct competition from stronger competitors;
- The retailer may find itself in a position which is weak as demand may be falling and
- Others have left that position knowing there is little customer demand there;
- The retailer's position, or that of its own-label products, is so confusing that nobody
- Knows what its distinctive competence or personality really is;
- The retailer has no apparent position in the marketplace because there is little
- Awareness of the brand or its personality.

Attempt by manufacturers to protect brand positioning

Tesco, the UK's biggest supermarket chain and one of its most respected retailers, was accused of selling counterfeit goods by Tommy Hilfiger, the trendy US fashion label, in what is believed to be the first legal action of its kind in the UK. The US group has issued a writ claiming damages and demanding that Tesco reveal its sources for the £3.5m worth of Hilfiger caps, T-shirts, jackets and other products it began selling at cut prices over Easter. Hilfiger said it had examined the items and believed certain products were not genuine.

'Tommy Hilfiger is a globally respected brand and we owe it to all our consumers that wherever they buy our merchandise they can be sure it is genuine,' said Fred Gehring, Tommy Hilfiger Europe's chief executive. The problem has occurred because most upmarket fragrance and fashion groups refuse to supply UK sources – the 'grey market'. Last year Tesco sold £100m of these products. Until now, brand owners have tried to block food retailers from selling their products on grounds such as trademark infringement. None has publicly called the grey market products counterfeit. Other supermarket chains said the Hilfiger case would make retailers more cautious. 'Authenticity is a concern,' said one large supermarket chain which has sold grey market products for several years. 'There has been an explosion of people saying they can get you whatever you want at whatever price you want. If you do not know your supplier you are relying very much on what they tell you.' Asda, which sells about £10m worth of grey market perfume a year, said it sourced its products through one trusted supplier. Others said the case illustrated the laxity of procedures necessary to ensure the authenticity of products. A retailer legally only needs a signed assurance from its supplier that the goods are not illegitimately sourced.

Source: Peggy Hollinger, Financial Times, 29 May 1996

Exercise on Retail Distribution

The purpose of this assignment is for students to learn first hand the differences between different kinds of retail outlets.

For this assignment students choose any product (not a brand name but a product). Some examples might be oil, a small appliance, a computer, a VCR, a coffee maker, etc.

Then students visit at least three different types of stores that sell this kind of product (i.e., department store, discount store, supermarket, etc.). For each store answer the following questions:

1. Store name, location, type of store.
2. Location of the product within the store.
3. How is the product displayed? Any special displays or promo-tions?
4. What brands, sizes, etc. are available at this store. (In stores with very large selections only a general description of available products is necessary.)
5. What are the price ranges for this product in this store?
6. Optional Bonus Question:
   Find a manager in the store or department and ask them:
   a. How important is this product to this store (relative volume sold)?
   b. How does the product get to the store?

Strategic Issues in Retailing (cont'd)

- Scrambled Merchandising
  - The addition of unrelated products and product lines to an existing product mix, particularly fast-moving items that can be sold in volume
  - Intent of scrambled merchandising
    - Convert stores into one-stop shopping centers
    - Generate more customer traffic
    - Realize higher profit margins
    - Increase impulse purchases
  - Walgreens

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Notes

LESSON 23:
BRAND POSITIONING STRATEGIES

Topics Covered

Components of positioning, Consumer segmentation, Perceptual mapping, Brand benefits and attributes, Advertising and Branding, Repositioning, Role of agencies in Branding, Differential Advantage and Positioning strategies, Brand Architecture.

Objectives

The learning objective: after this lecture you should be able to understand:

a. Brand positioning: Its meaning and scope and importance

b. Brand Positioning Strategies and how it works

After studying Service Brands and Retail Branding let us now discuss Brand Positioning. I'm sure by now you must be having some idea about what positioning is. You must have also studied it in Marketing course. Let us discuss brand positioning in detail.

Introuction

The famous '5 p's' of marketing folklore (product, place, price, promotion & packaging) were fine tools for implementing packaged goods brand positionings - and the basic formula still has its role in FMCG assignments. But today we are entering the era of **customer brands** where 'company' and 'brand' are one and the same. In this scenario the **company culture & values** become a crucial factor in the solution: finding and harnessing what's there already or setting out to create values and practices which support and manifest the positioning.

Why is Defining the Positioning So Important?

Running a brand is like conducting an orchestra. Positioning is the heart of competitive strategy. The messages transmitted by everything from the advertising to phone calls with your customer care department all need to be kept in harmony and on-brief. Without a clear, single-minded definition of what the brand is about the messages rapidly become discordant and confusing. The positioning statement is therefore a focusing device which helps brand management to keep everything sharp and relevant.

Identifying where a specific brand is placed within the market-place and its relationship to competitive brands, brand positioning is determined by defining the brand's benefits to the consumer, opportunities for which the brand is best suited, the brand's target audience, and who its main competitors are.

or us to achieve the benefits of brand positioning, it is necessary to research in-depth the market position (or lack thereof) of the brand. Brand maps and forms are created to profile the brand positioning, comparing the results with competitive brands.

In realizing the benefits of brand positioning, it is important to understand that not all brands are competitors. A consumer may be presented with six brands of one product and only consider three out of the six as a purchasing choice. The consumer may have encountered a negative experience with a specific brand and may never consider purchasing it again, or there may be a brand that simply does not stand out to the consumer and it is passed up.

Position Or Perish!!!

Have you ever thought what makes Kelloggs different from Maggi. The difference lies in positioning. Let us see how this magical concept plays a major role in making any brand a success or God forbid a failure!!!

The concept of positioning was introduced by Al Ries and Jack Trout in 1969 and was elaborated in 1972.

To understand the concept of positioning we can consider the human mind as consisting of a perceptual map with various brands occupying different positions in it. This concept of perceptual space forms the theoretical basis for brand positioning. What this leads to is the perception of the consumer, which decides the positioning of any brand. It is important to note that what a marketer does is to find a position for its brand in the perceptual space of the consumer and place it at the most lucrative point. Hence, Positioning is not what you do to the product, it is what you do to the mind of the prospect. It is a new approach to communication and has changed the nature of advertising. It can be of a product, service, company or oneself.

The perception of a consumer is a function of consumer's values, beliefs, needs, experience and environment. Thus as per Subroto Sengupta "the core thought behind brand positioning -the idea that each brand (if at all noticed) occupies a particular point or space in the individual's mind, a point which is determined by that consumer's perception of the brand in question and in its relation to other brands".

Thus, in the perceptual map, the spatial distance between the points on which brands are located reflects the subject's perception of similarity or dissimilarity between products or brands.

The basic approach of positioning is not to create something new and different but to manipulate what's already up there in the mind, to retie the connections that already exist. In communication, as in architecture, less is more. The only answer to the problems of an over communicated society is positioning. Positioning is an organized system for finding a window in the mind.

The easy way to get into a person's mind is to be first in a particular category. If you are not the first then you have a positioning problem.

The origin of positioning comes from two preceding phases:

The product era: - The product features and customer benefits were of importance. With technology being easily available, the product was no longer the Unique Selling Proposition.

The image era: - In this phase the reputation and image of the company became more important than the product. But the similar companies sprung up and this advantage was no longer a distinct one.

The positioning era: - To succeed in today's over communicated society a company must create a position in the prospect's mind, a position takes into consideration not only the companies own strengths and weakness, but those of competitors as well. In the positioning era as stated earlier, you must be the first to get into the prospect's mind.

The ladders in the mind: - In a particular category, people have learned to rank the products and brands in the minds e.g. In soft drinks, we generally have Coke followed by Pepsi followed by Thumsup. Thus if a new soft drink is to be introduced, the company must decide upon the way it will position itself viz. the product ladder position.

Positioning a company:- You can also apply Positioning to an organisation in general. The companies who have a high position in the minds of the prospect i.e. the students mind absorb the cream of the crop from institutes. Similarly companies visit only those campus who have a high position in the mind of the company (the company becomes the prospect in this case.)

The whole concept now boils down to creating a perception for your brand in the prospect's mind so that your brand stands apart from the competing brands and provides the consumer with what he wants.

Thus speaking comprehensively, positioning is a function of

1. Perception it brings about in the mind of target consumer.
2. Functional and non-functional benefits associated with the product.
3. Perception of the competing brands held by the target consumer.

Now let us see an example of how company studies the market left, right and centre before introducing a brand. Maggi noodles define the strategy, which clearly shows how far can positioning help in making a brand a success. The brand was introduced in Delhi in 1983. The brand was a big success. Annual target for that market was increased from 50 to 600 tons and it was no less than a battle for Nestle.

What Did Maggi Do?

The market results show it found a vacant, strong position and sat on it as "good to eat, fast to cook" anytime snack. On the other hand Kelloggs positioned itself as a nutritional breakfast only. Today no one even thinks of taking Kelloggs corn flakes in the evening.

7-Up also exhibits the importance of positioning in the success of a brand. Originally considered as a mixer for hard drinks, it was later positioned as an Un-Cola soft drink. The result was that it became the third largest soft drink after Coke and Pepsi.

As Trout and Ries say

"You will not find an un-cola idea inside a 7-Up can. You find it inside the cola drinker's head."

Aaker considers positioning so central and critical that it should be considered at the level of the mission statement representing the essence of the business.

Robin liquid also exhibits the criticality of positioning. The brand facing stiff competition from Ujala today made a comeback after detergent powders took Blues for a ride with their arrival. For the manufacturer what make it special are attributes such as "flourescer" and "ultramarine" but for a housewife what matters is that "washing powders take away the dirt but Robin liquid gives clothes that extra coat of white".

So this is how we get going-

We plot not only consumer perceptions but also preferences of a given consumer segment in a particular category or product market. Consumers express such preferences in terms of the benefits, whether they are getting the benefit, if it is important- to what extent, are they missing something. These are what we call IDEAL POINTS on a perceptual map.

Thus this gives us the idea as to how close we are to where we should be, that is, the position of our brand on the perceptual map vis-à-vis the ideal points. The next implication of the mapping is that it earmarks the vacant spaces on the perceptual map, which are nothing, but opportunities which can be exploited for positioning. Thus identify the gaps which new or repositioned products can fill by offering what current products do not provide. This gives us the skeleton for making the strategy for future.

Thus positioning is both difficult as well as simple because as Al Ries and Jack Trout say" Most positioning programs are nothing more or less than a search for the obvious".

So position well —IT CAN CROWN OR DROWN YOUR BRAND

Source: By Amar T and Vikram J of JBIMS

Prospecting for Positionings

In marketing the consumer is king - but the idea that consumers alone should dictate brand positioning has always been

an over-simplification! Customer feedback via research is vital - but to this has to be added analysis of the company

and its inherent capabilities, plus an sharp understanding of the competitors already in the market - their strengths and

weak spots

Positioning key points:

- It is a strategic, not a tactical, activity
- It is aimed at developing a strategic, sustainable competitive advantage
- It is concerned with managing perceptions
- Brand image and reputation are the result of the positioning process

What makes a great brand

A Great Brand Invents or Reinvents an Entire Category - The common goal you find among brands like Disney, Apple, Nike, Taj Mahal Tea, Brooke Bond Coffee, Pepsodent toothpaste and TVS Victor, is that these companies made it an explicit goal to be the protagonists for each of their entire categories. Disney is the protagonist for fun family entertainment and family values. Apple was the protagonist for the individual: anyone could be more productive, informed, and contemporary. In these cases, the brand transcends movies or computers. A great brand raises the bar-- it adds a greater sense of purpose to the product or service experience.

A Great Brand Taps Into Emotion - Everyone wants their product or service to be the best in its class. But the common ground among companies that have built great brands is not just performance. They recognize that consumers live in an emotional world. Emotions drive most, if not all, of our decisions. Not many people sit around talking about the flow of language in a contract, but they will sit around and talk about Michael Jordan's winning shot in a playoff game. That's what a great brand does. It reaches out with a powerful connecting experience

Case Study

What makes a great brand

A Great Brand Is In It For the Long Haul - In an age of enormous choice for both retail and commercial consumers of goods and services and growing clutter in the business marketplace, a great brand is a necessity, not a luxury. If you take the long-term approach, a great brand can travel worldwide, transcend cultural barriers, speak to multiple client segments simultaneously, and let you operate at the higher end of the positioning spectrum-- where you can earn solid margins over the long term.

A Great Brand Knows Itself - Anyone who wants to build a great brand has to first understand who they are. The starting point is identifying the unique essence of the product, the company. Then that essence should be tested against how the consuming public for that product or service perceives it, what they like or dislike about the brand, and what they associate as the very core of the brand concept.

Done right, branding becomes the centerpiece of a strategic marketing plan. This allows the firm to weave the brand essence into all facets of a marketing program including internal communication, external communication, training, technology, advertising, public relations, responses to proposals and competitions, and all collateral materials. Let's face it- branding... it's not just for cows anymore!

What makes a great brand

A Great Brand Is a Story That is Not Completely Told - A brand is a story that's evolving all the time.

Great Brand Has Design Consistency - This, of course, is obvious. That great design can bring a brand to life goes without saying.

A Great Brand is Relevant - A brand is not trendy. Trendy things fail over time. The larger idea for a brand is to be relevant. It meets what people want; it performs the way people want it to. For law firms, that means being in touch with clients and constantly understanding their changing needs

Every firm that decides to move ahead with a branding process will find the process that works best for it. Different marketing folks will have different methods. Great brands have several characteristics in common.

Scott Bedbury, best known for creating Nikes' "Just Do It" campaign and now a Senior VP at Starbucks, has identified eight characteristics of a great brand. If your firm is considering creating its brand, these characteristics can serve as a guide. Because whether your brand is sneakers or coffee, your unique essence makes it happen

Discussion Questions

1. Apply the categorization model to a product category other than beverages. How do consumers make decisions regarding whether or not to buy the product and how do they arrive at their final brand decision? What are the implications for brand equity management for the brands in the category? How does it affect positioning for example?

   The financial services category is another good category to examine. Banks and brokerage firms offer consumers similar services within their respective categories, but they differ on many levels, including price, level of service, comprehensiveness, special features, and incentives. It is important for all financial services brands to provide trust, dependability, and income generation as points-of-parity; points-of-difference may be customer service, ease of use, location, or Internet accessibility.

2. Pick a brand. Describe its breadth and depth of awareness.

   Answers may vary.

3. Pick a category basically dominated by two main brands. Evaluate the positioning of each brand. Who are their target markets? What are their main points-of-parity and points-of-difference? Have they defined their positioning correctly? How might it be improved?

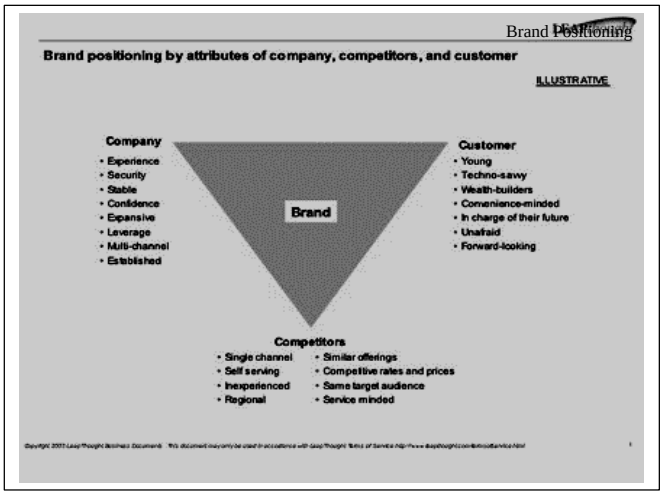
   Some two-brand dominated categories include ready-to-drink orange juice (Tropicana and Real), batteries (Eveready/ Energizer and Duracell), ketchup (Heinz and Kissan), and light bulbs (Suryaand Philips).

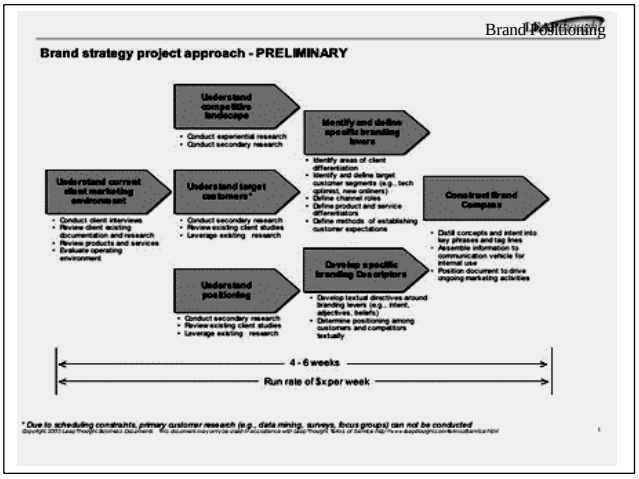
4. Can you think of any other negatively correlated attributes and benefits? Can you think of any other strategies to deal with negatively correlated attributes and benefits?

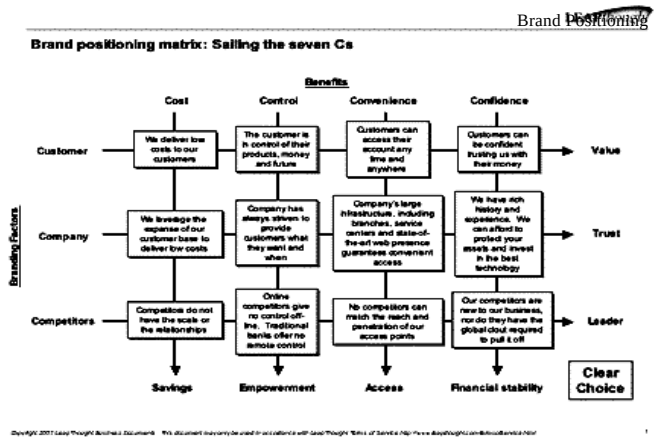
   Other negatively correlated attributes might include advanced technology vs. ease of use; sophisticated vs. generally available; elegance vs. utility; ease of maintainence vs. complexity; stylish vs. common.

5. Think of one of your favorite brands. Can you come up with a brand mantra to capture its positioning?

   Answers may vary.







Liberty Shoes shifts positioning from 'family brand' to 'fashion brand'

December 20, 03, **Jasmeen Dugal**

In the Rs 1,200-crore organized footwear market in India, the previously unassuming Rs. 300-cr Liberty Shoes is fast becoming a trendsetter. Releasing over 115 designs encompassing the latest trends in the international markets, supported by a high decibel advertising campaign, Liberty has kick-started an aggressive promotional campaign. The company's sponsorship of fashion-related activities and tie-ups with fashion institutes, reflect Liberty's change in positioning from a 'family brand' to a 'fashion brand.'

After signing on as Associate Sponsor for LIFW 2003, Liberty is now collaborating with Pearl Academy of Fashion for a design talent promotion and Continuum'03 – the 10th anniversary celebrations of the institute.

Is this a focused initiative to position Liberty as an umbrella brand that has become more fashionable in tune with the evolving market needs? Replies Anupam Bansal, Director (Branding & Retailing), Liberty Shoes, "Liberty has an entirely new spectrum of products that the new generation likes to be seen in. To help make it happen are a young and enterprising set of designers from leading fashion institutes like Pearl Academy who have become a part of Liberty to ensure that the focus remains on changing lifestyles, attitudes and developments in global fashion."

This weekend, Pearl Academy and Liberty Shoes have organized 'Continuum 03' – a three-day celebration to commemorate the 10th anniversary of the fashion institute. The Continuum features seminars on 'Retail and Branding' and 'Costume Designing for films and theatre' respectively, and a showing of graduating students' collections. Additionally, Liberty Shoes has instituted a rolling trophy at Pearl Academy to recognize the institute's design talent every academic year. Comments A. K. G. Nair, Executive Director, Pearl Academy of Fashion, "Companies such as Liberty Shoes are a role model for appreciating and utilizing the talent of the current generation of designers produced by the Pearl Academy of Fashion."

Notes

LESSON 24:
CONSUMER SEGMENTATION

Objectives

The learning objective: after this lecture you should be able to understand:

a. Consumer segmentation: Its basis and importance for positioning.

After studying Brand Positioning, Consumer segmentation is the continuing link. You cannot do effective Positioning of your brand without understanding Consumer segmentation.

Target Customer Segmentation

To tie the different elements together, we now introduce a framework that segments consumers into different categories. The basis of segmentation has been the buying behaviour for it has been established that promotions influenced behaviour and not attitude.

Let us now try and understand the buying behavior of the segmented consumer groups.

Loyal users are consumers who buy a particular brand on a more or less consistent basis most or all of the time

Competitive loyals are consumers who buy a competitor's products most or all of the time. These can be further divided into

Intense loyals – These are the competitor loyals who are convinced of a particular brand's merits to such an extent that for them other brands do not exist.

Value seekers – These are competitor loyals who buy the particular brand for they believe that it provides the most utility for the cost even if it is not the best in the market.

Habit bound buyers – are those consumers who purchase the brand not because they have made a conscientious study of its perceived value and price in comparison to that of other products, but because, it has become their habit to do so.

Switchers are the consumers who purchase a variety of brands within a particular product category. People who switch brands do so for a variety of reasons and hence can be categorised as

Value switchers –Value switchers are consumers who evaluate the price-value relationship for each brand, on each shopping trip, choosing the brand that appears to be the best buy on that particular occasion. For instance a person might like aqua-fresh but may buy close up instead if the price difference is more.

Occasional usage switchers – Occasional usage switchers are the consumers who buy different brands within the same category to fulfil discrete needs – a classic example is the beer drinker, whose choice of a brand depends on the company he has for enjoying the drink.

Variety switchers – These are the consumers who switch from one brand to another simply to seek variety.

Price buyers are the consumers who consistently purchase the lowest priced brand on the market.

Non users are people who don't use any product in the category as they have some negative attitude about the category.

The Model

Having investigated the various consumer groups, it is apparent that each of these segments reacts differently to different consumer promotion techniques. Hence we now identify the promotional tools that must be administered in each of these categories.

	AGE GROUP			
	<15	15-30	>30	
Current Loyal	1. Reinforce behavior 2. Increase usage	a) Bonus b) Contest	a) Gifts b) Bonus	a) Continuity Program b) Coupons
Intense Competitive Loyal	Force Trials	Bonus	Gifts	Continuity Program
Value Seekers	Persuade to switch to better valued brand	Bonus	Gifts	Continuity Program
Habit Buyers	Induce Trials	Contests	Bonus	Coupons
Value Switchers	Contests	Sample	Contests	
Occasional Users	Continuity Program	Sample	Sample	
Variety Seekers	Contests	Continuity Program	Coupon	
Price Buyer	Entice with low price or supply added value	Contests	Sample	Contests
Non-users	Create awareness and persuade that product is worth buying	Contests	Continuity Program	Coupon

In case of a current loyal a marketer would intend to reinforce his/her behavior and reward his loyalty so that he is not lured away by a competing brand. To achieve such an objective, any promotion technique that enhances the brand conviction of the consumer shall be the most effective. On the basis of our study carried out for FMCG products and validated by the results obtained on the brand, Polo, we propose that the most effective promotion to reinforce the behavior of a current loyal in any FMCG category shall be bonus packs in the age group <15, gifts in the age group 15-30 and continuity program in the age group >30. Interestingly, what is common to each of these promotional tools is the fact that they seem to be rewarding the current loyal for his unfailing commitment to the brand.

We have reasons to believe that this model can help the brand manager to successfully design, develop and implement a promotion strategy to achieve not just short term sales but also enhance the equity of a brand. To provide a validation to this model, we studied a promotion carried out by Godrej, to induce first purchase of its refrigerators and to expose the

product to potential customers. The scheme involved a price off of Rs 3200/- or a gift in the form of a cordless telephone worth the same amount. .As per our study the promotion was aimed at non- users in the age groups 15-30 and greater than 30. As our matrix shows any promotion that increased the brand would have been immensely successful. On the basis of our model the suggested promotions would have been gifts in the age group less than 15 and price off in the greater than 30 age group. Interestingly these are the same promotions as used by Godrej. And the result well an increased sales for the brand.

Limitations of the Model

The limitations of the model are:

We have not been able to provide a quantitative validation to our finding because of non-availability of sales figures

The changes in the brand equity as measured by us capture only a relative measure and not an absolute score.

Further, for the purpose of our study, we have categorised consumers into three age categories namely <15,15-30 and >30 only.

However we believe that the model is only a generalised framework and the brand manager's need to adapt it to the parameters as thought relevant by them.

Conclusion

Given the intense competition that characterizes today's markets as well as media clutter, no brand can afford to ignore promos. What is required today while designing promotions is a Strategic focus. The promotion must be in sync with the other elements of the marketing mix. If designed and implemented properly promotions would become yet another weapon in the Brand manager's armory for Brand building.

Another point that must be understood is that we cannot see Consumer promotions in complete isolation. Promotions alone cannot be used for Brand building for any reasonable length of time. Towards this end this paper helps one understand the ways in which the promotions affect the facets of the brand. From the brand manager's point of view this is not a quick fix solution. The learning from this has to be applied keeping in mind his own brand's position in the life cycle and its marketing strategy. He must first identify the areas where his brand is lacking (say by carrying out a conjoint analysis on his product and his brand and comparing the two), and then lay out the objectives he wants to achieve from the promo. Once the objectives are in place he can design the promo. One more important aspect that comes out about promotions is that most of the promotions lack innovation. This seems to be the single most important reason for the success behind any promo. Brand managers must come out of this paradigm and dare to be innovative.

This model has been our endeavor towards developing a relationship between consumer promotion and brand equity. it has been an initiation of the journey of discovery for us. We shall feel amply rewarded if this model is able to generate a thought process in the corporates towards developing a synergy between the consumer promotions and brand equity.

Target Audience

Goal as a marketer: spark the emotional response that creates the brand relationship and leads to sales and brand leadership

Two steps to finding the audience and what sparks the right response:

1. **Market Segmentation**-Process of narrowing down a brand's target audience to a "bullseye" that helps make marketing efforts more efficient
2. **Defining Insight**-Just as important as finding the audience is to find the "little kernels of truth" that identify your most important audience targets and give you the means to begin to communicate most effectively with them

Market Segmentation

Frederick Newell, The New Rules of Marketing: How to Use One-to-One Relationship Marketing to Be the Leader in Your Industry

- Four major groups of segmentation variables:

1. Geographic
   - Region
   - County size
   - Urban/suburban
   - Climate
   - Seasons
   - Zip
2. Demographic
   - Age
   - Sex
   - Family size
   - Family life cycle
   - Income
   - Occupation
   - Education
   - Religion
   - Race
   - Nationality
3. Behavioral
   - Purchase occasion
   - Benefits sought
   - User status
   - Usage rate
   - Loyalty status
   - Readiness stage
   - Attitude toward product
   - Actual purchase
4. Psychographic
   - Lifestyle
   - Social class
   - Personality

According to Newell

1. Behavior is the most important of the segmentation variables
2. Segmentation is not valid without understand brand positioning

According to Our class

- One segmentation variable cuts through to provide the kernel of insight that can ignite your customer's imagination and stimulate purchase-
- **Lifestyle**: the style or type of approach that people take to living their lives and associated activities and behaviors
- Evidence of the lifestyle's value as a key segmentation variable:
- Leisure activities are influenced by demographic or geographic characteristics, but they are not dictated by them
- Even purchase behaviors are only influenced

Market Segmentation

In today's economic environment, limited marketing budgets are the rule, not the exception. One way to maximize marketing ROI is to make sure you are targeting the right customers, with the right products and messages, at the right time. Since technology markets are not homogenous, market segmentation is an effective way to divide customers into groups based on similar needs, attitudes, or behaviors.

Let's be practical: why waste precious marketing budget on advertising, selling, and even developing for customer groups that frankly are not likely to buy your products-if customer groups that are likely to do so exist?

Before you dismiss the concept, ask yourself the following question. When was the last time you re-visited your market segmentation assumptions? If you segment solely by vertical industry and company size, we'd hazard a guess and say that it has probably been at least three years-perhaps even more.

Market Segmentation

Methodology

When discussing segmentation, the actual model can be thought of in terms of "buckets." In other words, customers are divided into buckets by their common attributes-needs, purchase plans, brand loyalties, etc. Some attributes may end up being basis variables (the variables that assign a customer to a bucket) and others may end up being descriptive variables (they describe a bucket, but may not be so unique to each bucket to be the basis of segmentation). The following table identifies some of the variables Sage typically investigates when developing a segmentation model.

Demographic	Needs	Attitudes
Company size	Industry-specific trends	Leading edgeness
Vertical industry	Current use of complimentary technology (need for compatibility, migration path)	Brand loyalty
Customer status (current customer, past customer, potential customer)	Price sensitivity	Brand preference
Number of locations	Technology requirements	Channel preferences
Geographic scope	Feature requirements (product-specific)	Purchase process
Size (revenue or number of employees)	Competitive environment (need for specific technology benefits)	Outsourcing propensity

Quantitative and Qualitative Methodologies

In some cases, Sage will recommend going straight to a quantitative study-usually a Web survey. Sage will sometimes recommend a telephone methodology, depending on the universe that is being served. Occasionally, we will recommend starting with qualitative research if neither Sage nor the client has strong hypotheses about potential models to test.

For segmentation, the quantitative sample needs to be large. After all, people from different types of organizations need to be surveyed to identify meaningful differences. Ultimately, the size of the sample will depend on the universe that is being served. For example, do you potentially serve all businesses or just small businesses? Do you serve businesses or consumers (or both)? Are the companies you serve U.S. only or global organizations? Because our clients serve a variety of markets, we have done segmentation studies with samples as small as 300 and samples as large as 1,000 or more.

Market Segmentation

Segmentation Advice

Market segmentation is typically used for one of the purposes listed below. For your segmentation project to be successful, Sage recommends that you pick one as your primary focus-as with any type of market research, lack of focus is a significant risk factor.

1. **Product-focused segmentation**-to find sales targets ("slam dunks") for a specific product or service.
2. **Company-focused segmentation**-to discover customer groups that are aligned with your company's overall strengths/strategic directions.
3. **Customer-focused segmentation**-to analyze a broad population for the purpose of identifying new or emerging opportunities based on needs and attitudes.

Product-focused segmentation is tactical-that's not a bad thing. In fact, it can be very effective for many companies. For example, Sage once did this type of project that not only identified customer groups that would be most likely to buy the client's product, but also challenged assumptions about how widespread demand would be. In this case, it wasn't happy news. However, it was an important reality check that led to more realistic forecasts and identified how to make the product appeal to additional customer groups.

The second type of segmentation-**company-focused segmentation**-divides a market based on the fit with your company's profile. Examples of this include dividing a market based on awareness of your brand, existence of needs that align with

your technical strengths, or fit with your distribution strategy. The third type of segmentation project is more strategic. This type of "**needs-based**" **segmentation** goes beyond preparing for marketing a point product. Rather, it delivers input for aligning with broader customer needs. The output of such a project is the identification of customer segments, usually 4 to 8 (but sometimes more). This method groups members into the segments based on naturally occurring combinations (the following table shows a simple, generalized model). This type of segmentation is used to understand with which customer groups our client should be developing long-term relationships.

	Segment A	Segment B	Segment C	Segment D
Leading edgeness	Low	Low	Mid	High
Number of remote sites (potential demand driver)	Low	High	Mid	High
Adoption of virtual organizational structure (potential demand driver)	None	Low	High	High
Product category awareness	Low	Low	Mid	Mid
Current use of potentially competitive solutions	None	Low	Low	High
Company size range	Under 500 employees	Under 500 employees	2,500+ employees	500 to 2,500 employees
Vertical industry associations	Mixed	Retail Publishing	Manufacturing Education Government Financial services	Insurance Transportation Professional services Healthcare

Ultimately, these three approaches are not mutually exclusive. Still, prioritizing an approach will ensure that upon project completion, you will have a model that meets your needs.

Segmentation for Actionable Results

Segmentation is a highly actionable type of research. The table below shows some specific actions that are a direct result of segmentation analysis.

Findings	Results in Action
A customer group exists that values strengths you possess, but their awareness and perceptions of your brand are weak.	Start a targeted brand awareness campaign, and emphasize relevant needs proactively.
A customer group exists that has needs you can meet, but they are satisfied with their current suppliers.	Monitor on an ongoing basis to see if satisfaction changes occur. This group may simply be a lower priority for now.
A customer group with which you have a strong presence has emerging needs you are not currently able to address.	Get cracking on development or partnership efforts. Prepare to take proactive steps to keep loyalty/preference for the brand strong.
A customer group exists which has unmet needs you can address, but they have low/no awareness of your product category.	Consider a longer-term effort through awareness and educational campaigns. Knowing that market education can be a lengthy process, make a go/no go decision about allocating resources to target this potential, but longer-term opportunity.

Segmentation is extremely actionable data, and it can deliver a competitive advantage. While your competition uses a shotgun approach to sales and marketing, you can use your segmentation model to finely hone your product, marketing, and sales efforts. You can identify your near-term opportunities, as well as customer groups that represent a longer-term potential.

Segmentation models also lead to exciting marketing opportunities in these days of e-marketing. Different customer groups can be targeted with different Web sites or personalization techniques. Some companies even develop on-line communities to support the different customer groups they target.

Brand Contact and Target Audience

Brand Contact

Point of Contact: Everywhere your audience experiences your brand

- Examples include:
- Purchasing and using your product
- Advertisements
- Promotions
- In the news
- Home
- On the street
- At the supermarket
- In the car, on the bus
- At the stadium
- Delivery truck
- In the airport
- On the airplane
- At the retail store
- On the web
- In a movie
- In your bill
- Company's character
- The walking brand

Product itself as a point of contact

- Major brands set themselves apart from their competitors and give themselves "permission" to charge a premium price
- Perceived to have an outstanding product or service
- Experience of buying, using, enjoying, even servicing the product is superior

Character vs. Image

- According to Jill Griffin, author of Customer Loyalty: How to Earn It. How to Keep it.
- Traditionally, advertisers busied themselves creating a brand's image
- Focus is on the message the manufacturer wants to get across-one-way communication
- Passive
- Today, companies are seizing the opportunity to build credible relationships by expressing their character
- Active and involving
- Expresses desire to create a dialog
- Instills pride in employees
- Unique character is difficult for competitor's to emulate

Walking Brand: A Retailer's in-store Sales Force

- One of the often-missed opportunities for a brand is the ability to leverage its in-store sales force as a living, breathing-walking-embodiment of the brand
- Training is the key
- Brand must have a worthwhile distinction, cannot make brand believers without having something to believe in!
- Two examples:
- Disney theme parks-Employees are called "cast members" who are trained to make your experience of the park special
- Land Rover Dealerships-sales floor employees called "sales guides" and are trained to drive and demonstrate their cars' extreme off-road capabilities

Notes

LESSON 25:
BRAND ARCHITECTURE AND BRAND PORTFOLIO

Objectives

The learning objective: after this lecture you should be able to understand:

a. Brand Architecture: Its meaning, scope and importance
b. Brand Portfolio: How big companies maintain it in the market

Introduction

Did you know that FMCG giant Hindustan Lever Ltd (HLL) owns 110 brands with 850 types of packing for its various products? When you go in any ordinary kirana store or in a big super market, 8 out of 10 products you select will be HLL's products. An obvious question that will come in your mind, How HLL has succeeded in building such strong brands? How could they manage such diversed brands operating in different market context? When HLL started operating in India, the Prime importance was to create strong brands by developing clear, insightful identities and brand building programs that makes an impact on the consumer's mind. Not only HLL but virtually all firms have multiple brands and they manage them as a team to work together and to help each other and to avoid getting in each other's way. **Brand Architecture** is the vehicle by which the brand team functions as a unit to create synergy, clarity and leverage. So if you think of each brand of a company as a football player, Brand architecture assumes a coach's role by placing each player at the right position and making them function as a team rather than a collection of players. So let's define Brand Architecture and understand the concept with some examples.

'Brand architecture is an organizing structure of brand portfolio that specifies the brand roles and relationship among the brands and different product market context.

It is mainly defined by the three major dimensions viz. Portfolio roles, Product market context roles and the Portfolio structure.

Brand portfolio: Brand architecture involves the management of brand portfolio. Brand portfolio includes all the types of brand viz. Brands and subbrands as well as co-brands with other firms. for example. The brand portfolio of Hindustan Lever Ltd. Consisting of 110 brands with 950 of different types of packs, which are operating under different market context like healthcare, personal care, breverages, etc. The decision parameters are should one or more brands be added or deleted? A brand portfolio can be strengthened by the addition of brand keeping in view the portfolio perspective. Similarly brands can be deleted by identifying the superfluous brands which are contributing nothing to the brand portfolio. When Prudent toothpaste was launched by Parle, it was not able to create sufficient customer base in the oral care business so Parle had dumped Prudent brand for its brand portfoilo management.

Portfolio roles: -For building effective brand architecture it is necessary to identify the portfolio roles of each brand. It provides a tool to take more system view of the brand portfolio and includes a strategic brand, a linchpin brand, a silver bullet brands and a cash cow brand.

Strategic brands: A strategic brand or a megabrand is a currently dominating brand that represents a meaningful future level of sales and profit. For ex: Slate is a strategic brand for Levi's, TATA consultancy services (TCS) is a strategic brand of TATA group of cos. because the vision of the firm is to move beyond traditional steel and automobile business.

Linchpin brands: A linchpin brand unlike strategic brand not necessarily represents a meaningful future level of sales and profit but it is a leverage point of a major business area. It indirectly influences a business by providing a basis for customer loyalty. For ex. 'Park Avenue', a brand extension of Raymond's launched in mid-eighties.It is a linchpin brand for Raymond's because it has extended the Raymons's credibility in different businesses from ready –to- wear trousers to men's toileteries.

Silver bullet: A silver bullet is a brand or subbrand that positively influence the image of another brand.it can be a powerful force in creating, changing and maintaining a brand image.for ex. When IBM ThinkPad was launched it has provided a significant boast in public perception of the IBM brand. Another ex. is the Positioning of Forhans's Fiouride as having branded feature of 'being foamy' rather than just 'protect gums and teeth'. It has served to make credible claim that Forhans had achieved another breakthrough in oral care industry.

Cash cow brand: Strategic, Linchpin and Silver bullet brands involves investments and active management for fulfilling their strategic mission. The cash cow brands on contrast do not require any investment because it has a significant loyal customer base. The role of a cash cow brand is to generate marginal resources that can be invested in other brands, which will help for future growth and vitality of brand portfolio. For ex; Nivea cream the core product of Nivea, a brand that has been extended to variety of skin care and related products.

Product market context roles: -For deciding effective brand architecture, the product market context roles of the group of brands must be well defined and coordinated. There are four steps of product market context roles that work together to define a specific offering and these are:

a. **Endorser and subbrands roles**: An endorser brand is an established brand that provides credibility and substance to the offering. Endorser brands usually represents organizations rather than products because organizational associations such as

innovation, leadership and trust are particularly relevant in endorsement context for ex. Nestea and Nescafe create associations with its mother brand Nestle and Mcchicken,

Mcburgers, Mctikki, etc. from Mcdonald's. Tata has 80 different companies operating in seven business sectors, which are endorsed under the megabrand TATA. The subbrands on the other hand stretches endorser brands that add associations, a brand personality or any other quality which creates brand identity of it for ex. Nestle's Cerelac, Gillette's Sensor and Cadbury's Bournvita. The understanding and use of endorser brand and subbrands is a key in achieving clarity, synergy and leverage in the brand portfolio.

b. **Benefit brands**: The benefit brand is a brand which offers either features, component ingredients or services which becomes the unique selling proposition (USP) of offering. for ex. Gillette diversified's oral B has a branded feature which shows the time to replace the toothbrush, Dietcoke, Dabur amla, and Neem & Margo soaps have branded component and gradient and American express, Life insurance corporation (LIC) and Taj group of hotels have the branded services associated with their names.

c. **Co-Brands**: Co- branding occurs when brands from different organizations combine to create an offering in which each plays a driver role. The impact of cobranding can be greater than expected when the associations of each brand are strong and complementary. A research study of Kodak showed that for a fictional entertainment device 20% of the prospect said that they would buy the product under the Kodak name and 20% would buy the device under Sony name, but 80% would buy the product if it carries both the names.other ex. Are TVS Suzuki, Colgate Palmolive and Dabon (joint venture between Dabur and Bongrain international of France).

d. **Driver role**: Driver role is an extent to which a brand drives the purchase decision and defines the use experience. brand with a driver role will have some level of loyalty. Brand architecture involves selecting the set of brands to be assigned a major driver role; those brands will have priority in brand building. A driver brand is usually a masterbrand or subbrands but endorser and second and third level sub brands can have some driver roles.for ex. Cadbury's has two subbrands 'Dairymilk' and 'Bournvita', which have the major driver roles for selling. Another ex. Is Nirma tikia and Nirma washing powder, which is operating in the market with value for money as its major driving role.

Brand portfolio structure: The brands in the portfolio have a relationship with each other. Brand architecture also involves designing a structure of all the brands, which will provide clarity to the customer rather than complexity and confusion. It must provide a sense of order, purpose and direction to the organization. Three approaches can be utilized to present the portfolio structure.

Brand groupings: A brand grouping is a logical grouping of brands that have meaningful characteristics in common. The groups provide logic to the brand portfolio and help its growth overtime for ex. in case of Johnson and Johnson Ltd.,the brand grouping can be made using following characteristics.

Segment(Infant Care and Intimate Feminine Care)

Product (Healthcare and Pharmaceuticles)

Design (Classic and Contemporary)

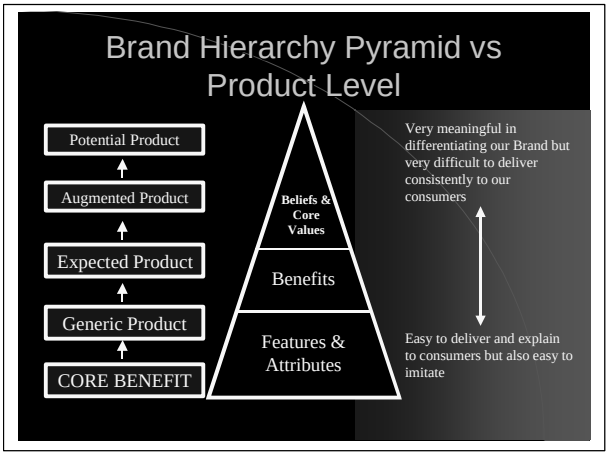
Brand hierarchy trees: Sometimes brand hierarchy trees can capture the brand portfolio structure. The brand hierarchy tree structure looks like an organization chart with both horizontal and vertical dimensions. The horizontal dimensions reflect the subbrands and endorsed brands that reside under a brand umbrella. The vertical dimension captures the number of brands and subbrands that are needed for different segments of the market. For ex. Colgate, the hierarchy tree for the Colgate oral care shows that Colgate name covers toothpaste, toothbrush, dental floss and other oral hygiene products. Again under toothbrush it has brands like plus, precision, classic, youth and colour change. Under Colgate plus toothbrush it has brands like diamond head and "the wild ones". The brand hierarchy tree presentation provides perspective to help evaluate the brand architecture. A successful brand architecture makes a range of offerings both to the customers and to those inside the organisation. Having a logical hierarchy structure among subbrands helps generate the clarity.

Brand range: Brand architecture also involves deciding the range of portfolio brands. It throws light on the some issues like how far a brand (Megabrand or subbrand) should be stretched horizontally in the brand hierarchy tree? How far should they be stretched vertically in to the different markets? The brand range can be described for each brand in the portfolio that spans product classes or has the potential to do so. The above issues must be analyzed by organizations by distinguishing between the brands in its role as an endorser and master brand and recognize that subbrands and co- brands can play a key role in leveraging brands.

So in nutshell, for any firm the objectives behind designing and maintaining an effective brand architecture are:

- Create effective and powerful brands.
- Understand the portfolio roles of each brand (strategic, silverbullet, linchpin and cashcow) and allocate the brand building resources in that manner.
- Create synergy between brands by enhancing visibility, creating and reinforcing associations and cost efficiencies.
- Advance clarity of product offering to the customers and organization.
- Leveraging the brand equity by proper brand and line extensions exercise.
- Provide a platform for future growth option to the organisation.

Source: By Santosh S. Bhavsar of J.B.I.M.S.



Types of Brands

- ***Family brand:*** brand name that identifies several related products (Heinz 57 or the RAID insect sprays, or Campbell's)
- ***Individual brand:*** unique brand name that identifies a specific offering within a firm's product line and that is not grouped under a family brand

Types of Brands

- ***Generic product:*** item characterized by plain label, with no advertising and no brand name
- ***Manufacturers' brand:*** brand name owned by a manufacturer or other producer (Dr. Pepper or IBC Root Beer)

PRODUCT IDENTIFICATION

- ***Brand name:*** part of a brand consisting of words or letters that form a means to identify and distinguish a firm's offering
- ***Brand mark:*** symbol or pictorial design that identifies a product
- ***Generic name:*** branded name that has become a generically descriptive term for a class of products (e.g., nylon, aspirin, kerosene, and zipper)

Types of Brands

- ***Private brands:*** brand name placed on products marketed by wholesalers and retailers (Sam's Choice beverage (Wal-Mart) or ACE brand tools)
- ***Captive brands:*** national brands that are sold exclusively by a retail chain

PRODUCT IDENTIFICATION

- ***Trade mark:*** brand to which the owner legally claims exclusive access
- Trademark protection confers the exclusive right to user brand name, trade mark, and any slogan or product name abbreviation

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Exercises and Assignments

1. Identify brands with the greatest number of line extensions. Discuss the implications of such proliferation for the company, consumers, the trade, and the brand's competitive position. Prepare a Brand Portfolio chart for the same.

Ariel, Surf, Pampers diapers are examples of brands with numerous line extensions.

2. Do #1 above, but look at category extensions instead.
3. Pick two competing brands (preferably two that have not introduced category extensions) and poll consumers regarding possible extensions for each. Analyze the differences and the reasons for them.
4. Pick a brand marketed in more than one country. Assess the extent to which the brand is marketed on a standardized vs. customized basis.
5. How aware are you of the country of origin of different products you own? Which products do you care about their country of origin? Why? For those imported brands that you view positively, find out and critique how they are marketed in their home country.
6. Pick a product category. Consider the strategies of market leaders in different countries. How are they the same and how are they different?
7. Pick a product category. How are different leading brands targeting different demographic market segments?

Case Study

The 'Coca-Cola' Brand and Sponsorship

If 'Coca-Cola' were the name of a person, how would you describe that person? How does that person make you feel? Consumers often prefer products that have a strong, positive image. An important ingredient of this image will be the associations that are evoked in the mind of the consumer. The '**brand personality**' is what people think and feel, consciously and subconsciously, about a company identity or product and is described the same way as you would a person.

It is necessary to create the right image i.e. one that closely matches consumers' feelings and expectations of what the product should be like. Marketing managers try to build on associations between products and other aspects of life. Sponsorship is one way of building these brand associations.

Sponsorship involves providing financial support, creative input, media support, and experience to an important event or activity organised by another party. In return, the company receives a public opportunity to be seen to support and be associated with an event, activity or person. Sponsorship is a crucial part of a public relations strategy because it is possible to reach a target audience with a specific message.

'Coca-Cola' Sports Sponsorship

'Coca-Cola' is one of the top global sponsors of sport. The rationale for sponsoring international and local sporting events is that it is "a natural fit". By matching the brand with world standard events 'Coca-Cola' benefits from the exposure and the associations made between it and the event being sponsored. Equally by ensuring that local events are sponsored the brand is exposed exclusively to a local market and will thus be seen as a local brand. By devising innovative and tailored marketing programmes based on local consumer insights, sales can be increased in the ready-to-drink nonalcoholic beverage market. Local offices around the world ensure that the company participates and supports local communities. 'Coca-Cola' is aware of what is relevant in the lives of its target market such as sport, music and fashion. Life experiences are created around these interests. By getting involved in these daily experiences 'Coca-Cola' meets its sponsorship objectives.

By capturing the pace and vitality of the 'Coca-Cola' brand and by referring to the refreshing nature of the drink, a strong message is sent to the consumer about how the product is being positioned in the market place. Attributes of the product suitable to sports sponsorship are highlighted. By positioning 'Coca-Cola' as an icon and leading brand that mentally and physically boosts consumers, associations with major sporting events are reinforced.

Brand Positioning

'Coca-Cola's' brand personality reflects the positioning of its brand. The process of positioning a brand or product is a complex managerial task and must be done over time using all the elements of the marketing mix. Positioning is in the mind of the consumer and can be described as how the product is considered by that consumer. When researching the positioning of a product, consumers are often asked how they would describe that product if it were a person. The purpose of this is to develop a character statement. This can ensure that consumers have a clear view of the brand values that make up the brand personality, just like the values and beliefs that make up a person. Many people see 'Coca-Cola' as a part of their daily life. This affinity between the brand and the consumer leads to a high degree of loyalty and makes the purchasing decision easier. Brand positioning guides 'what' will be communicated in the company's advertising, while the character statement guides 'how' a message should be delivered or put across.

Sponsorship and the Marketing Mix

The Marketing Mix is the name placed on the '4Ps' of marketing: Product, Place, Price, and Promotion. It is this fourth element, **Promotion**, which is focused on in this case study. This involves communicating the benefits of a product to increase sales and ultimately profits. There are four main methods of promoting the benefits of a brand.

- Advertising
- Personal Selling
- Public Relations & Sponsorship (PR)
- Sales Promotion

The combination of these four methods constitutes the **Promotion Mix**. Public Relations is about communicating with the media to create good publicity for a firm or its products. The media then communicate these activities to the public.

Public Relations

One of the marketing department's functions is to manage public relations and maintain a positive and beneficial image of the firm's policies and products. The aims of the Public Relations Manager liaising with the marketing function are to:

- Make the public aware of the existence of the firm and maintain the good name and image of 'Coca-Cola' by issuing press releases, organising news conferences and informing the public about the firm's activities.
- Maintain goodwill amongst the public for the company. **Goodwill** is the likelihood that the existing customer will return and can be equated with brand loyalty. Brand loyalty occurs when customers repeat-purchase a particular branded product on a regular basis. 'Coca-Cola' has a high level of brand loyalty. When you want a drink do you automatically pick up a bottle of 'Coca-Cola'?

International Sponsorship

Coca-Cola's' powerful brand personality has become a vehicle for promotion in its own right, sponsoring many events both on a global and local level. The company has long been associated with global events such as The Olympic Games, The FIFA World Cup, Rugby World Cup and Special Olympics. Coke has also been linked to world fairs and national exhibitions since 1905. With the Olympics blossoming in popularity and complexity, increased attention has been turned to serving the growing crowds and to supplying the needs of the athletes and organising committees. In many countries where Olympic associations lack full government sponsorship local bottlers of 'Coca-Cola' donate funds to aid potential Olympians as the partnership of 'Coca-Cola' and the Olympics continues to grow.

'Coca-Cola' was the official sponsor of the Olympics 2000 Games held in Sydney maintaining an unbroken presence at the games since 1928. The company has already contracted to sponsor both the Summer and Winter Games through to 2008. 'Coca-Cola' will be the official global sponsor of the Special Olympics to be held in Ireland in 2003 (this is the first time the games will be hosted outside the US). As the Olympic Movement's longest-standing corporate partner, 'Coca-Cola' has aided the evolution of games together with more than 190 National Olympic Committees assisting thousands of athletes in their training.

Football

Coca-Cola' also sets out to support football at every level of the sport. On a global basis 'Coca-Cola' has been a sponsor of the World Cup since the 1978 tournament in Argentina through to France in 1998 and into the new millennium. In Europe, 'Coca-Cola' is involved with the European Championship and plays a prominent part in making the event such a success. The global popularity of football makes it an ideal sport for 'Coca-Cola' to build on the life experiences of their target group. At these events 'Coca-Cola' has exclusive product availability in the non-alcoholic beverage category. To support 'Coca-Cola' 's association with football, 'Coca-Cola' created the very successful 'Eat football, sleep football, drink 'Coca-Cola' campaign and the 'World Cup for fans' campaign. These campaigns highlight the natural link between having a 'Coca-Cola' and enjoying the experience of watching a football game.

Rugby

Coca-Cola' has also become the long-term sports sponsor of the Rugby World Cup. The Company has been a sponsor since 1995. This is the first time for a sponsor to commit to more than one Rugby World Cup. The Company wants to communicate that 'Coca-Cola' is the refreshment that stimulates and revitalises rugby fans, and enhances the group experience and enjoyment of watching the game.

National Sports Sponshorship

In addition to sponsoring sporting events, their involvement extends to many community and education programmes in Ireland.'Coca-Cola' is a local business as much as a global one. It takes its responsibilities as a supporter of local community events seriously.

Football

As football is about fun, excitement, passion, pride and shared enjoyment 'Coca-Cola' tries to match this feeling within its brand. The company supports local football because it matches its customers' interests. This market driven approach involves listening to what people say and giving them what they need and want.

'Coca-Cola' is also the official soft drink sponsor of GAA providing strong support for the International Rules football series. The Association President Joe McDonagh stressed the importance of this sponsorship as it ensured a successful series. Locally 'Coca-Cola' supports and is present at all the national hurling and football games. The brand is also present at GAA schools level matches i.e. Leinster Secondary Schools Hurling and Football Championships, Feile na nGeal, Feile Peile and under 14 Hurling and Football.

Form and Fusion Design Awards

Life experiences are created for customers around interests. By getting involved in the daily experiences and by being aware of what is relevant in the lives of local target markets, such as music and fashion, 'Coca-Cola' can build on these brand associations. The 'Coca-Cola' 'Form and Fusion Design Awards' is a cutting edge, visually exciting and highly educational competition developed for students in transition or senior year in secondary schools in Ireland.

Students are encouraged to work in groups, using their own skills and imagination, to design and create

futuristic costumes created solely from recycled materials . On completion the students organise a fashion show where six outstanding designs make their debut. The 'Coca-Cola' Form and Fusion design awards is a unique opportunity that allows 'Coca-Cola' to enhance and provide teens with an opportunity to express and learn about their own artistic skills. The competition provides a platform for learning through fun and enhancing interpersonal skills. The potential for the competition to grow and sub-divide into a variety of educational disciplines is enormous.

The competition began at a local level in 1998 when Aidine O'Reilly a schoolteacher in Ballincollig Community School in Co Cork, wanted to set up an exciting challenge for her transition year students. In 1999, Aidine, with the support of the 'Art Teachers Association of Ireland' brought the competition to Munster where 9 schools made 38 costumes and the competition received both national and regional media coverage.

In 2000,'Coca-Cola' Ireland came on board as 'sole' sponsors of the event having identified a unique opportunity to connect with Irish teenagers in a way that creates fun and excitement in schools and on the ground. With 'Coca-Cola's' involvement, the competition took off and 1,700 students participated from 88 different schools across the country. Three preliminary heats were hosted in Dublin, Cork and Ballina with the final event in Ballincollig Community School in Cork on Friday March 31 2000. Each of the 33 shortlisted costumes was showcased in a two-minute performance in front of a 700 strong audience. Then Minister for Education, Micheál Martin opened the event.

In 2001 the competition more than doubled in size with 192 schools participating. This number represented 2,400 students making a total of 365 designs. The final event was hosted in Millstreet in Cork, which was the venue for the 1993 Eurovision Contest (Munster's largest venue) to an audience of 2,500 people. 'Coca-Cola' Ireland is delighted to be involved with this unique competition for the second year running.

"The originality of the concepts, the enthusiasm of the students and the way in which the event has captured the imagination of the entire country have all combined to create something truly memorable in addition to the long-term educational value. We are privileged to be associated with this competition which is endorsed by several curriculum support services within the Department of Education and Science**".**

Brian Keating, Senior Brand Manger, 'Coca-Cola' Ireland.

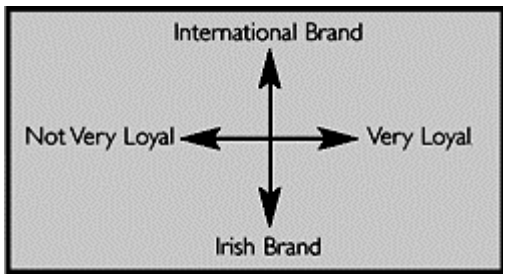
This event was visually spectacular. 'Coca-Cola' achieving huge press and television coverage all over the Republic of Ireland. Coverage included exposure on the Late Late Show, Nationwide and TV3 News.

Conclusion

It is necessary to create the right brand image that closely matches consumers' life experiences and feelings. Sponsorship is one way of building these associations. Through events such as 'Coca-Cola's' Form and Fusion Design Awards and sporting events a brand manager can ensure that its product image is made relevant to the target audience.

Tasks and Activities

1. Define Brand Personality, Brand Associations, Sponsorship and Public Relations.
2. Explain the following terms Promotion Mix, Positioning and Brand Loyalty.
3. 'The Coca-Cola Company sponsors events and activities on a global and local level'. Discuss.
4. How would you describe 'Coca-Cola' if it were a person? Compare your description with other soft drink brands.
5. In the following diagram where would you place the 'Coca-Cola' brand? Compare the positioning with the other drinks discussed in question 4. What conclusions can you draw?



Sourcehttp://www.business2000.ie/

Notes

LESSON 26:
PERCEPTUAL MAPPING

Objectives

The learning objective: after this lecture you should be able to understand:

a. Perceptual Mapping: Its techniques and importance to Branding

Perceptual Mapping

When marketers and advertising professionals began to display their interest in the perceptions of target consumer segments, the next natural step was to measure those perceptions. This constituted an open invitation to mathematical psychologists to move in which they did. Today, you cannot play the positioning game without 'perceptual mapping'.

What perceptual mapping does is to represent consumer perceptions-in (usually) two-dimensional space so that the manager can readily see where his own brand is positioned in the mind of his prospect and in relation to other brands. The concept of the consumer's perceptual space forms the theoretical basis of positioning. It is this concept, which distinguishes positioning and sets it apart as a major contribution to marketing theory and practice. Perceptual mapping helps to make this concept operational.

Perceptual mapping is a graphics technique used by marketers that attempts to visually display the perceptions of customers or potential customers. Typically the position of a product, product line, brand, or company is displayed relative to their competition.

We can say that Perceptual maps can have any number of dimensions but the most common is two dimensions. Any more is a challenge to draw and confusing to interpret.

Product or perceptual mapping refers to methods to analyze and understand consumer perceptions of products. The products can be almost any identifiable object, including consumer products (toothpaste, cars, over-the-counter drugs), Web sites, industrial products (computers, tools), institutions (corporations, hospitals, magazine publishers), activities (vacation spots, movies) or people (entertainers, political candidates).

Product mapping produces a picture or map of a market. The map shows how products are perceived on specific features or attributes such as reputation, price, quality etc.

Product maps show which products compete in the consumer's mind and suggests how a product can be positioned to maximize preference and sales.

Marketing Applications of Product Mapping

Product maps provide valuable insights for a number of marketing decisions. Some major applications include:

Market Description and Segmentation

Product maps identify which products, companies or services compete in a market. Maps provide a clear description of the structure of a market and suggest possible segmentation strategies.

1. **Identifying Product Weaknesses**

   Maps show how products are viewed or rated on specific attributes or dimensions. Analysis of maps can identify weaknesses on attributes and suggest new advertising and/ or positioning strategies.

2. **Concept Development and Evaluation**

   Proposed new product concepts can be developed and evaluated by examining how they stack up against existing products.

3. **Tracking Consumer Perceptions**

   Product mapping is an ideal way to track shifts in consumer perceptions of products or services over time.

4. **Identifying Differences Among Groups**

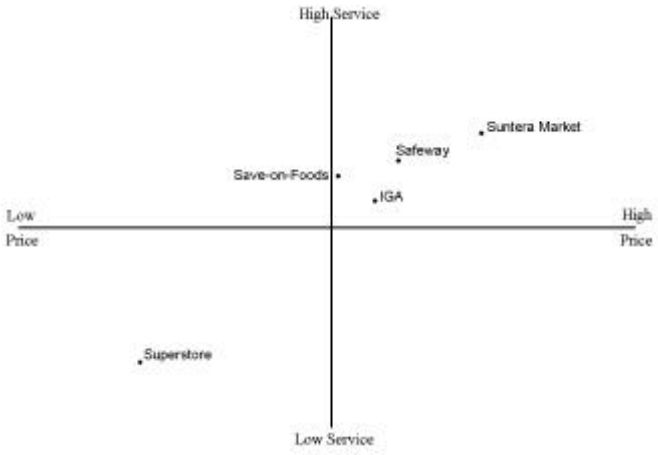
   You may want to determine whether distinct groups of people (ie. users vs. non users, men vs. women) perceive your products differently. Product mapping is an excellent way to determine if differences exist between the perceptions of distinct groups.

Perceptual maps represent the positions of products on a set of evaluative dimensions.

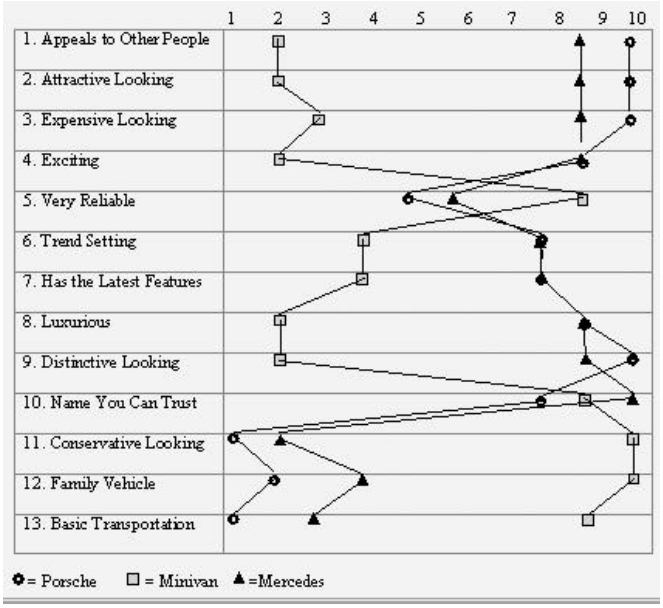
Perceptual maps and positioning studies do not tell us:

- how to obtain a certain position; or
- possible new attributes not currently available in existing brands.

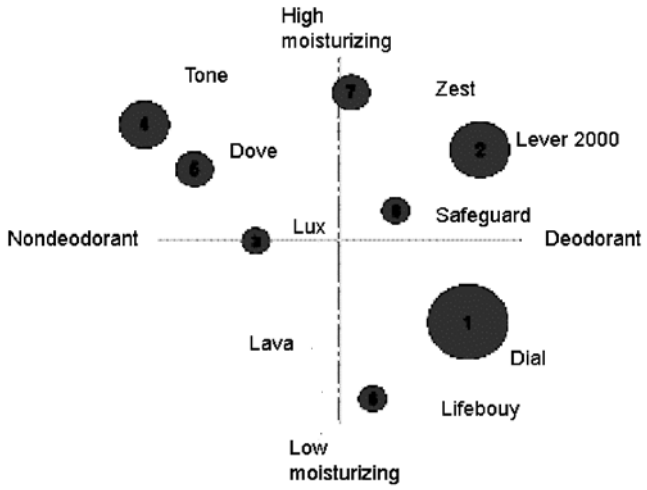
Sample Perceptual Map for Local Grocery Stores



Snake-plot Perceptual Map



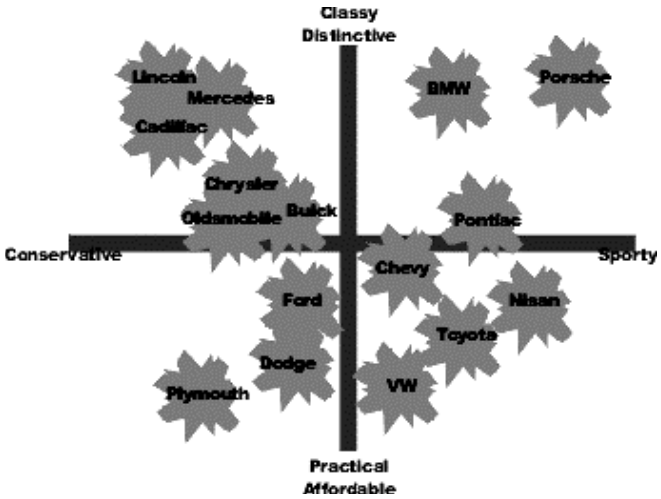
Perceptual Map – soaps



Perceptual mapping involves mapping how

- consumers perceive the similarity and dissimilarity between a set of competing brands or products.
- The closer two brands are in a perceptual map, the more they are perceived to be similar. The farther away any two brands are in the map, the more dissimilar they are perceived to be.
- The dimensions of the perceptual map are used to understand the attributes consumers use to compare brands.

The first perceptual map below shows consumer perceptions of various automobiles on the two dimensions of sportiness/ conservative and classy/affordable. This sample of consumers felt Porsche was the sportiest and classiest of the cars in the study (top right corner). They felt Plymouth was most practical and conservative (bottom left corner).



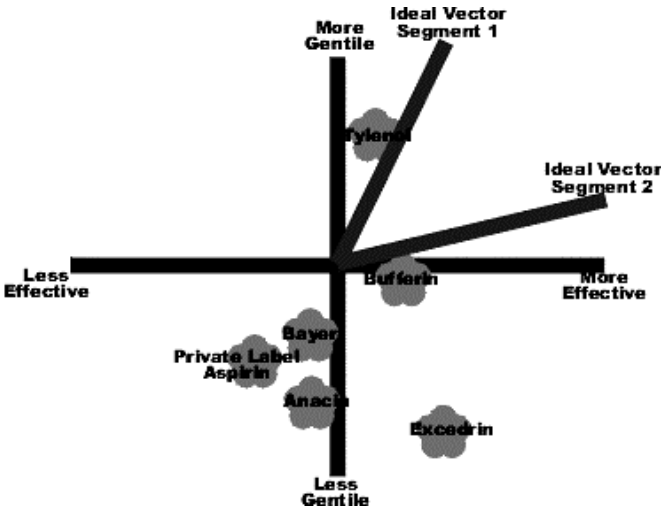
Perceptual Map of Competing Products

Cars that are positioned close to each other are seen as similar on the relevant dimensions by the consumer. For example consumers see Buick, Chrysler, and Oldsmobile as similar. They are close competitors and form a competitive grouping. A company considering the introduction of a new model will look for an area on the map free from competitors. Some perceptual maps use different size circles to indicate the sales volume or market share of the various competing products.

Displaying consumers' perceptions of related products is only half the story. Many perceptual maps also display consumers' ideal points. These points reflect ideal combinations of the two dimensions as seen by a consumer.

A company considering introducing a new product will look for areas with a high density of ideal points. They will also look for areas without competitive rivals. This is best done by placing both the ideal points and the competing products on the same map.

Some maps plot ideal vectors in stead of ideal points. The map below, displays various aspirin products as seen on the dimensions of effectiveness and gentleness. It also shows two ideal vectors. The slope of the ideal vector indicates the prefered ratio of the two dimensions by those consumers within that segment. This study indicates there is one segment that is more concerned with effectiveness than harshness, and another segment that is more interested in gentleness than strength.



Perceptual Map of Competing Products with Ideal Vectors

Perceptual maps need not come from a detailed study. There are also intuitive maps (also called judgmental maps or consensus maps) that are created by marketers based on their understanding of their industry. Management uses its best judgement. It is questionable how valuable this type of map is. Often they just give the appearance of credibility to management's preconceptions.

When detailed marketing research studies are done methodological problems can arise, but at least the information is coming directly from the consumer. There is an assortment of statistical procedures that can be used to convert the raw data collected in a survey into a perceptual map. Preference regression will produce ideal vectors. Multi dimensional scaling will produce either ideal points or competitor positions. Factor analysis, discriminant analysis, cluster analysis, and logit analysis can also be used. Some techniques are constructed from perceived differences between products, others are constructed from perceived similarities. Still others are constructed from cross price elasticity of demand data from electronic scanners.

Perceptual mapping techniques identify the underlying dimensions that differentiate consumer perceptions of products and the posit ions of existing products on the dimensions

Consumers are asked to rate a set of brands along given attributes or benefits or they may be asked merely to judge, by pairs, how similar or dissimilar the brands are.

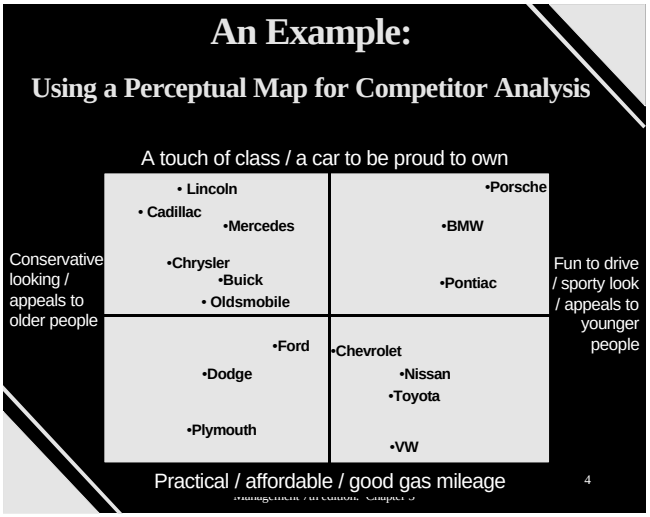
Perceptual Mapping Techniques

1. Non-attribute methods–MDS (multi-dimensional scaling)

asks for individuals' perceptions of similarity between objects (e.g., soap brands) and preferences among these objects in order to infer which characteristics were used to form the perceptions.

Multi dimensional Scaling (MDS) is a statistical technique used primarily in marketing and the social sciences. It is a procedure for taking the preferences and perceptions of respondents and representing them on a visual grid. These grids, called perceptual maps are usually two dimensional, but they can represent more than two. Potential customers are asked to compare pairs of products and make judgements about their similarity. Whereas other techniques (such as factor analysis, discriminant analysis, and conjoint analysis) obtain underlying dimensions from responses to product attributes identified by the researcher, MDS obtains the underlying dimensions from respondents' judgements about the similarity of products. This is an important advantage. It does not depend on researchers' judgments. It does not require a list of attributes to be shown to the respondents. The underlying dimensions come from respondents' judgements about pairs of products. Because of these advantages, MDS is the most common technique used in perceptual mapping.

- The aim of multidimensional scaling (MDS) is to reproduce the perceived similarity between a number of objects in low dimensional space.
- Technically, the objects are pushed back and forth in low dimensional space until their distances in this space reasonably reproduce the input similarity data (wherever those come from).
- The dimensions in MDS are often interpreted in the same way as factors in factor analysis. This is not quite correct: whereas factor analysis explains co variation between variables, MDS reproduces distances between objects.



Important Issues in using MDS

1. Similarity and dissimilarity data ("product/brand space")
2. Preference data ("ideal points/segments")
3. Number of dimensions (factors) for the map
4. How one labels the dimensions
5. What gaps in the perceptual map mean

2. Attribute Methods

I. Cluster analysis- **Cluster analysis** is a class of statistical techniques that can be applied to data that exhibits "natural" groupings. Cluster analysis sorts through the raw data and groups them into clusters. A **cluster** is a group of relatively homogeneous cases or observations.

Objects in a cluster are similar to each other. They are also dissimilar to objects outside the cluster, particularly objects in other clusters.

The diagram below illustrates the results of a survey that studied drinkers' perceptions of spirits (alcohol). Each point represents the results from one respondent. The research indicates there are four clusters in this market.

The diagram shows a study of consumers' ideal points in the alcohol/spirits product space. Each dot represents one respondents ideal combination of the two dimensions. Areas where there is a cluster of ideal points (such as A) indicates a market segment.

Areas without ideal points are sometimes referred to as demand voids.

Perceptual Map of Ideal Points and Clusters

Another example is the vacation travel market. Recent research has identified three clusters or market segments. They are the: 1) The demanders - they want exceptional service and expect to be pampered; 2) The escapists - they want to get away and just relax; 3) The educationalist - they want to see new things, go to museums, go on a safari, or experience new cultures.

Cluster analysis, like factor analysis and multi dimensional scaling, is an interdependence technique : it makes no distinction between dependent and independent variables. The entire set of interdependent relationships is examined. It is similar to multi dimensional scaling in that both examine inter-object similarity by examining the complete set of interdependent relationships. The difference is that multi dimensional scaling identifies underlying dimensions, while cluster analysis identifies clusters. Cluster analysis is the obverse of factor analysis. Whereas factor analysis reduces the number of variables by grouping them into a smaller set of factors, cluster analysis reduces the number of observations or cases by grouping them into a smaller set of clusters.

In marketing, cluster analysis is used for:

- Segmenting the market and determining target markets
- Product positioning and New Product Development
- Selecting test markets (see : experimental techniques)

II. Factor analysis - Factor analysis is a statistical approach that can be used to analyze interrelationships among a large number of variables and to explain these variables in terms of their common underlying dimensions (factors).

The statistical approach involving finding a way of condensing the information contained in a number of original variables into a smaller set of dimensions

(factors) with a minimum loss of information

Factor analysis is a statistical technique that originated in mathematical psychology. It is used in the social sciences and in marketing, product management, operation research, and other applied sciences that deal with large quantities of data. The objective is to discover patterns among variations in the values of multiple variables. This is done by generating artificial dimensions (called factors) that correlate highly with the real variables. The basic steps are:

- Identify the salient attributes consumers use to evaluate products in this category.
- Use quantitative marketing research techniques (such as surveys) to collect data from a sample of potential customers concerning their ratings of all the product attributes.
- Input the data into a statistical program and run the factor analysis procedure. The computer will yield a set of underlying attributes (or factors).
- Use these factors to construct perceptual maps and other product positioning devices.

III. Discriminant analysis - Discriminant analysis is a statistical technique used in marketing and the social sciences. It is applicable when there is only one dependent variable but multiple independent variables (similar to ANOVA and regression). But unlike ANOVA and regression analysis, the dependent variable must be categorical. It is similar to factor analysis in that both look for underlying dimensions in responses given to questions about product attributes. But it differs from factor analysis in that it builds these underlying dimensions based on differences rather than similarities. Discriminant analysis is also different from factor analysis in that it is not an interdependence technique : a distinction between independent variables and dependent variables (also called criterion variables) must be made.

Brand Attributes and Benefits

The physical existence of a brand is no assurance that it has a position in the target consumer's mind. To enter that coveted territory-the consumer's perceptual space-and to secure a 'position' there, the brand must satisfy his question: "What's in it for me?" It must offer a benefit, which is of importance to him. This is elementary. So, when we talk of brand attributes, we must remember that these are the manufacturer's views of the brand. The consumer's frame of reference requires that those manufacturer's claims or brand attributes be translated into consumer benefits in order to map consumer perceptions. Thus, when we talk of positioning a brand with reference to an attribute or when we ask a consumer to rate a brand along an

attribute, we must reinterpret that attribute as a meaningful consumer benefit.

Product attributes and features are tangible and are expected to lead to benefits to the customers. Marketers might choose to highlight their attribute or benefit. For example, Fair Glow cream has Oxy-G which leads to benefit of fairness. What should it highlight? According to me, the benefit because that is what matters. Without the benefit the attribute has no customer utility. At the same time Ayurvedic Concepts have natural ingredients, and its benefits depend on the product concerned like moisturizer, antiseptic, shampoo, foot-care cream, etc.

What should it highlight? Note that it competes with cosmetics and personal care products. Unless there is a significantly different benefit which can be felt and hence started, the differentiating opportunity lies in the contents, the attribute. Hence it should in the absence of differentiated benefits, highlight its ayurvedic attribute which is differentiating. Else, they should conduct research so as to explore, create, and communicate credible benefit differentiation for the brand. And only then focus on it.

While on the point of tangible attributes(e.g. Sweetex has less calories, Dhara milk contains added vitamins A and D, Fair Glow has Oxy-G, Krack cream cures cracks on feet, Dettol is antiseptic, and Savlon does not burn) one needs to understand that each of these can be copied by existing brands or through new ones with economy pricing unless patented. Fortunately, intangibles are safe from this. They summarize more subjective attributes, e.g. perceived quality, high technology, healthier oil. It is easier to attack specific content of vitamins and carbohydrates in a health food than nutrition per se. One may recall here that Bournvita has minerals, vitamins and carbohydrates whereas Complan is a complete planned food. Which one shall be easier to copy based on attributes?

It is strongly advised that all brands should have a strong intangible association as these do not have a fear of becoming a 'me too' and benefits and attributes are all about avoiding 'me too' feeling eventually.

Where We Are - Where We Should Be

It is not enough that we plot the existing positions of brands along certain dimensions - brand attributes and benefits. This, by itself, is a passive act. It tells us where we are but not where we should be and neither can we judge whether we are where we should be.

For this we need to plot not only consumer perceptions but also the preferences of a given consumer segment in a particular category or product market. Consumers can express such preferences only in terms of benefits: to what degree they are obtaining a specific benefit from existing brands; how important this benefit is to them; whether there is some benefit which they are missing; whether they would prefer to obtain a specific benefit in greater or lesser measure. Such preferences are also termed 'ideal points' when plotted on a perceptual map.

Preference Mapping

The brand manager for Margo bath soap has a defined consumer segment in mind: a consumer in the middle-income group, who values a bath soap for the good things it does for his skin, much more than its cosmetic properties or fragrance. Such a consumer is also thought to value traditional herbal ingredients which have proven goodness like Neem. (Exhibit 2-5 brings out the essential character of Margo as seen by this consumer -"Pretty ugly? Pretty good.") If the preferred or ideal position 'I' of this segment is superimposed on the map of premium toilet soaps as in Figure 2-9,) the brand manager can judge if his marketing efforts have brought the perceived position of Margo closer to the preferred or ideal position of his target segment. In this case, what actions should he consider? How would you evaluate his positioning strategy for Margo as seen in the new campaign he has released, presenting it to the 'consumer as the 'skin-friendly soap' (Exhibit 2-6), and the face-lift he has given to his product with rounded edges and a brighter green wrapper (Exhibit 2-7(Plate 2)?

You can see how valuable as an action guideline such an exercise can be. This is the first purpose of 'preference mapping' -to measure the gap, if any, between the position of the brand as actually perceived and the preferred or ideal position of its target segment.

Looking for 'Holes'

The second purpose for which we track such preferred positions is to discover 'holes' or vacant positions in the market structure because they represent opportunities for new products. To illustrate this we will use an excellent example from the book by Urban et aI., with reference to the analgesic market in the USA.1_

Figure 2-10 shows a perceptual map of pain relievers which represents where the existing brands were positioned by consumers at that point of time. Even visually, certain gaps are apparent, e.g. in the upper-right quadrant. Through consumer probing, the relative importance of 'gentleness' and 'effectiveness' can be obtained from users of the product category and the output might indicate that there is, indeed, a vacant position which represents the preferred weights given by some consumers to 'gentleness' vis-a-vis 'effectiveness'.

The 'preferred' or 'ideal' position of a single consumer would appear as a particular point on the map. If several consumers have a similar preferred position, they would form a cluster. And if we continue the process, we may discover more than one cluster, each gravitating around a preferred position, which represents the respective weights

It is possible through such analysis to identify the 'gaps' which new or repositioned products can hope to fill by offering that combination of benefits which existing products do not have.

Enough of pain-relievers! Let us look at the fascinating case of the 'happy pickle'. Having regaled us with an account of how Pearce's Pickles found themselves in a pickle, Stefflre unfolds for us the adventures of the happy pickle in quest of a 'preferred position'.

The context is entirely business-like: attempting to build new products to match preferred descriptions. It is this basic methodology which has been improved and developed to provide preference maps such as we saw earlier. Let us follow his somewhat fanciful but entirely relevant example.

Suppose that a survey among pickle users shows a sizeable response to a description such as 'the happy tasting pickle'. We might then ask the respondents to list the 'happiest tasting things' they could remember and a predominant answer may be 'a birthday cake'. So we tackle the problem of making a pickle that is perceived as more similar to birthday cakes than any other pickle. We take our 'happy pickle l' to consumers to taste and ask them to rate it versus other pickles on the scale of 'very happy' to 'not at all happy'. If some competitor's pickle is 'happier', we examine how it is different from our own 'sadder' pickle. By the time we have tested 'happy pickle 7', consumers would have discovered the happiest tasting pickle of all!

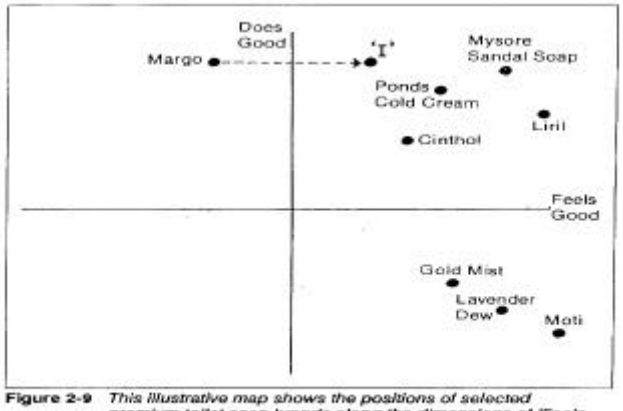


Figure 2-9 *This illustrative map shows the positions of selected premium toilet soap brands along the dimensions of 'Feels Good' and 'Does Good' which are considered critical by Response advertising agency (see Chapter 7). 'I' is taken to represent the preferred position or 'ideal point' of many Margo users.*

Strategy Decisions

The strategy decisions, which follow such preference mapping, are the following:

a. When we know the 'ideal point' or preferred position of our target segment, as revealed through such mapping, we can judge whether the perceived position of our brand needs to be brought closer to that ideal point. This may involve some change in its advertising to create a revised perception of the brand more in line with that ideal point. It may also involve some corresponding changes in the physical features of the brand. (The easiest to change is the pack design.)

b. On the other hand, we may decide to change the preferred position or ideal point of our target segment and bring that ideal point closer to the perceived position of our brand. This is admittedly more difficult. In the lower-priced transistor radio category it was found, at one time, that consumers preferred models, which offered high volume of sound. The marketer in' question decided to change the preference of this target segment or degree of importance attached to the two benefits by that group or segment of consumers.

   This can be portrayed on a map, which also indicates the characteristics of each cluster or segment. The illustration is portrayed in figure 2-11.

   It is evident that cluster 1 places more importance on 'gentleness' and cluster 2 on 'effectiveness'. If these two segments can provide adequate sales volume and profit, we have two new product opportunities: one brand would be very gentle but less effective and the other, very effective but not so gentle.

   You will note that such techniques of preference mapping can also superimpose on the map various consumer characteristics through advertising to increase the salience of tonal quality over mere volume and thus get a closer match with the existing position of his brand, which was perceived to have a lower volume of sound.

c. Thirdly, as we have seen, we may decide to launch a new brand altogether - or perhaps, reposition an existing brand - to get a closer fit with a preferred position, which represents a consumer need unfulfilled by existing brands.

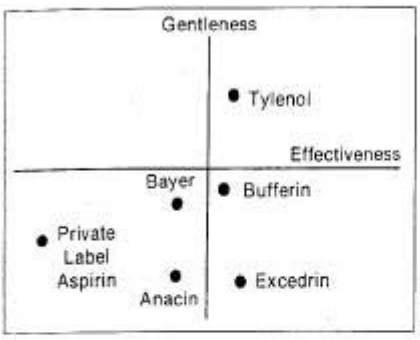


Figure 2-10 *Perceptual map for pain relievers.*

Reproduced with permission from Essentials of New Product Management *by Glen L Urban, John R Hauser and Nikhilesh Dholakia (Prentice-Hall, New Jersey, 1987).*

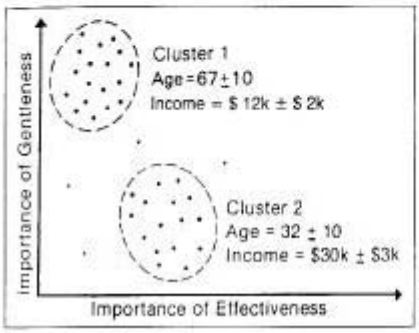


Figure 2-11 *Illustrative clusters of consumers for pain relievers.*

Reproduced with permission from Essentials of New Product Management *by Glen L Urban, John R Hauser and Nikhilesh Dholakia (Prentice-Hall, New Jersey, 1987).*

Summary

Positioning has come a long way from the late sixties when it first caught the attention of practitioners and academics. The concept itself has become somewhat better understood and more widely accepted for its theoretical as well as practical value.

Positioning has four components.

The first component is the product class or product category in which the brand is to operate. To give a specific name to such a category is not always easy since the boundaries are fluid, e.g. a moisturizing lotion may decide to position itself in the cold cream market. .

The second component is consumer segmentation. It is impossible to think of a position for a brand without, at the same time, considering the segment for which it offers benefits that other brands do not. Positioning and segmentation are like two sides of a coin, inseparable and integrated.

The third component is perceptual mapping, an essential tool to measure where brands are located in the perceptual space of the target consumer. Multidimensional scaling is a widely used method for such mapping, but there are others.

Brand benefits and attributes make up the fourth component of positioning. A consumer can allot a position in her mind only to a brand whose benefits are meaningful to her. She compares and places brands in relation to these desirable benefits.

Similarly, the search for vacant positions in the market must be conducted with reference to the preferred benefits and the preferred importance of such benefits. These preferences can also be portrayed in the form of preference maps. .

The strategy decisions, which follow, are:

a. When we know the ideal point or preferred position of our target segment, we can judge whether our brand needs to be brought closer to the ideal point.

b. Alternatively, we may decide to change our target consumer's perceptions of such an ideal point and bring it closer to the position of our brand.

c. Third, we may decide to launch a new brand to match that preferred position or ideal point.

Case Study

The Strategy Leap of Miller Lite

No discussion of positioning is complete without a reference to Miller Lite beer, hailed as 'the most successful new beer introduced in the United States since 1900'. The following account is based on a videocassette produced by the Centre for Advertising Services of the Interpublic Group in the USA.

Miller Lite was not the first light beer in the USA. Two earlier attempts to introduce a light beer had been made. In 1968, Gablinger was introduced as a 'diet beer' but failed. In 1970 Meister Brau Lite was introduced as a diet beer and met the same fate.

When Miller decided to launch a light beer they first analyzed, with the help of the Interpublic Group's Research organization, why the other light beers had failed. The ads of those brands seemed to be aimed at women and some, in fact, showed a slim woman drinking the beer.

Mr Van Bortel of the Interpublic Group found a very significant fact. Despite the 'sissy' looking advertising, Gablinger light beer had high initial trial among 'real' beer drinks, the 30% who consumed 80% of the beer. For any beer to succeed it had to appeal to the heavy user; that was the only way to attain enough volumes to win shelf space and earn profit.

The heavy beer drinker was not a weight watcher, he was not interested in the low-calorie appeal-so why did he try Gablinger in such large numbers? What was he looking for?

The consumer insight obtained through research was that the heavy beer drinker does not say:

One third less calories, therefore less fattening'

He says:

'One third less calories? That means three beers instead of two'

This showed the marketing opportunity, provided the taste of such a light beer was improved, unlike Gablinger which had a poor taste.

Thus came the positioning strategy for Miller Lite when it was launched in 1975:

a. It was to be positioned for the heavy beer drinker with a strong masculine image;

b. The heavy drinker likes his beer; therefore, Miller Lite must be positioned as the 'less filling' beer so that he can drink more of it.

This strategy leap from 'less fattening' to 'less filling' and the targeting of the heavy drinker with a masculine appeal made the all-important difference.

Notes

LESSON 27:
BRAND BENEFITS AND ATTRIBUTES

Objectives

Upon completion of this Lesson, you should be able to understand:

a. The benefits of branding

b. Strategic relevance of branding.

c. What is an attribute and how is it related to USP?

d. Can rational benefits be combined with psychological benefits?

You have studied the components of positioning and consumer segmentation along with perceptual mapping, lets know more on benefits of branding and brand attributes in this class today.

What's the Benefit of Branding Anyway?

The main benefit of a properly devised and implemented branding effort is that it creates and cements customer loyalty and retention.

These days, customer satisfaction is simply not enough. To quote W. Edwards Deming, "...it will not suffice to have customers that are merely satisfied. Satisfied customers switch, for no good reason, just to try something else. Profit and growth come from customers that can boast about your product or service-the loyal customer. He requires no advertising or other persuasion, and he brings a friend along with him."

Or, branding + loyalty = profits.

Branding allows a company to differentiate themselves from the competition and, in the process, to bond with their customers to create loyalty. So a position is created in the marketplace that is much more difficult for the competition to poach. A satisfied customer may leave. But a loyal one is much less likely to.

Branding creates many benefits for a company: it allows for price premiums, offers the ability to block out competition, lower customer churn, have greater margins, lower marketing costs, realize higher-than-industry average transactions and visit frequency, reduce sales volatility, offers the ability to attract and keep better customers and employees, creates opportunities for brand extensions, and opens the possibility of co-branding opportunities with like-minded products or services.

The bottom-line benefits of branding for a company is that, properly managed, branding can create customers for life, offer long-term profitable growth, and increase shareholder value and stakeholder worth.

For a customer, branding also offers benefits: it simplifies choice, brand personality (through the brand's "halo" effect), can enhance the customer's self-image and esteem, save time and effort for the customer, reduces uncertainty and risk, creates trust, and reinforces a sense of community. Clearly, branding is a win-win situation for both companies and customers in the global marketplace.

When branding, it is also important to make sure the bond created is truly between brand and customer; not between brand deals and customers.

Branding and relationship marketing help ensure the right bond is created. Discounting is the antithesis of the branding process. Discounting weakens the brand, thereby weakening the bond that engenders loyalty and retention.

Much research has borne out the point that price is not as important to a brand as service and quality. Therefore, to discount is to inherently weaken the brand, and weaken a company's market position and capitalization. For well-known and loved brands, discounting has a negative effect on the brand in the consumers' mind.

Quality and the price of a brand are not separate concepts in the consumers mind; they are interrelated. Research has shown that deep discounts do cause the consumer to believe something is wrong. The goal of the branding process is to create a relationship with the consumer that also establishes a high-quality, high-value and high-price relationship.

Customer loyalty is created when the brand experience and quality is consistently excellent and meets and exceeds the customer's expectations.

How Does That Play Out?

When you call a catalog's 800-number to place an order, and the interaction of the call center matches the company's brand image, loyalty is reinforced.

When a customer receives a package in the mail of the ordered items that is keeping in look and tone with the overall brand personality and message, loyalty is reinforced.

When the product or service fulfills on the promise, loyalty is reinforced.

When a customer calls or writes with a legitimate complaint, and the company responds by standing behind their product or service, loyalty is reinforced.

When a customer identifies with a product, loyalty has grown and affinity is created. This loyalty becomes a bulwark against competitors, and the customer is an excellent candidate to enter into a relationship marketing effort. They trust and identify with the brand, and favor the brand over any other, which is the ultimate goal of the branding effort.

Benefits of a Successful Brand

Once a brand has achieved "brand equity," an organization experiences many benefits. Some of which are the following:

- Leveraging power
- Cooperative marketing/promotional ventures with desired partners

- Loyalty drives repeat business (repeat byway travelers)
- Strong brands allow for greater shareholder and stakeholder return (economic impact for byway communities)
- Brand-based price premiums allow for higher margins (packaging your byway experience)
- Strong brands lend immediate credibility to new product introductions (new designations)
- Strong brands embody a clear, valued and sustainable point of differentiation relative to the competition (travelers will always choose America's Byways and not other packaged routes)
- The more loyal the customer base and stronger the brand, the more likely customers forgive the company in the event of a mistake (bad byway experience such as high incidents of road construction during their travels)
- Brand strength is a lever for attracting the best new byways
- 70% of customers want to use a brand to guide their purchase decision.

Benefits of Building a Brand

As we studied in the previous lesson Brand facilitates consumers to ease decision-making and uncertainty because it encapsulates its identity, origin, specificity, guarantee and difference. In turbulent markets where choice is constantly evolving, brand provides a haven of stability, ensures an identity and promises of quality or guarantee.

Though products may change, the spirit of the brand remains the same. The brand owner is able to earn an easy recognition and image compared to owners of unbranded products. Thus, the value of creating a brand has been accepted in principle. And it is of late given a status of an intangible asset. Thus, there is not much dispute that a brand has a value, the problem lies in how to create such a brand.

Brand building begins with a consistent, integrated vision. Its central concept is brand identity or brand image. The identity must be defined and managed. It is the heart of brand management. It calls for innovative thoughts and continuous efforts.

Strategic Relevance of Branding

We can now say that Brand is much more than name per se or the creation of external indication that the product or service has received an organization's imprint or its mark. Exhibit 38.1 outlines the strategic relevance and logic of branding.

Exhibit 38.1 Strategic Relevance and logic of Branding

A Brand
1. Aims to segment the market
2. Starts with a big idea
3. Has an enduring value
4. Tries to protect your innovation
5. Is a living memory
6. Shall sustain though the product may die

A Brand Aims to Segment the Market

Brand building is part of a strategy aimed at differentiating the offering companies try to better fulfill the expectations of specific groups of customers. They do so by consistently and repeatedly providing combination of attributes – tangible, practical and symbolic, visible and invisible value – under conditions that are economically viable for the company. The company wants to leave its mark on a given field, and sets its imprint on the particular offering.

A Brand Starts with a Big Idea

The first task in brand building is defining just what the brand infuses into the product or service. Branding, however, is not based on what goes on, but what goes in. The result is an augmented product or service, which must be indicated in one way or other if it is to be noticed by your potential buyers, and if the you are to reap the fruits of its efforts before it is copied by others.

A Brand has an Enduring Value

If a brand were merely a label, then such product would lose its value as soon as it loses its sign of brand identification. Instead, it continues to incarnate the brand, the brand's passing presence has transformed the product. This explains the value of Lux soap when it carries the HLL label for the past 75 years, similarly Adidas shoes, stripped of its name, will hardly see much consumer pull. They are worth more than counterfeit imitations because the brand image is present even when it cannot be seen. In contrast, though the brand level may appear on an imitation, it will actually miss the undercurrent of consumer's personal attachment with the offering.

A Brand Tries to Protect Your Innovation

Brands become known through the products they create and bring on to the market. Whenever a brand innovates, it generates 'me-too-ism'. Any progress made quickly becomes the standard to which buyers become accustoms to. Competing brands most often follow through and at times bring out improved versions, as they do not want to fall beneath the market expectations. For a short time, an innovative brand enjoys monopoly, but it will be a fragile one unless the innovation is patented or patentable. In other words, the role of brand name is to protect the innovation – it creates a

'mental' patent. This is nothing other than the just reward for innovation, making an effort, and taking risks. A snapshot of a given market will often show similar products. A dynamic vision, however reveals given market will often show similar products. A dynamic vision, however, reveals who has innovated and pulled the competition along in the wake of its success.

A Product May Die but The Brand will Sustain

A brand protects the innovator, granting momentary exclusiveness and rewarding the willingness to take risks. Brands cannot be reduced to a symbol or a product or a merely graphic and cosmetic exercise. A Brand is the signature on a constantly, renewed, creative process. Products are introduced, they live and disappear but the inner or core value of the original brand endures. This consistency of creative action is what gives the brand it's meaning, its contents and its character. Creating a brand requires time to build up that identity.

A Brand is a Living Memory

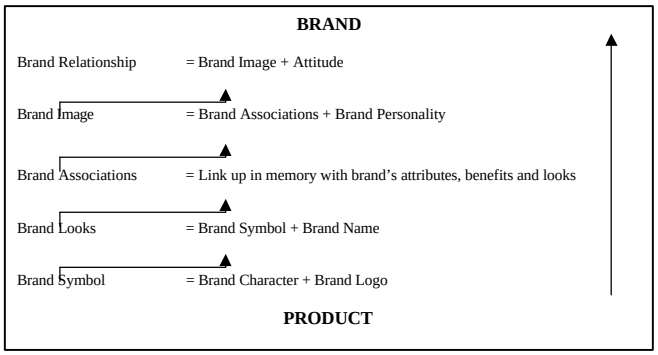
The spirit of the brand can only be inferred through its products and its advertising .The content of the brand grows out of the cumulative memory of various acts provided they are governed by a set of unifying ideas or guidelines. The importance of memory in encompassing a brand explains why its image can vary structurally from generation to generation.

Consumers are human beings. They know brands, express about brands, think about brands, feel about brands, compare brands, compare brands, choose brands, recommend brands, reject brands, buy brands, and do not buy brands through a combination of:

- Brand name
- Brand associations
- Brand attitude
- Brand looks
- Brand personality

All these are not just a matter of semantics. These are specific manageable concepts, born and brought up in the minds and hearts of the consumers, linked to each other in more ways than one. These, if 'added' to a product, lead to creation of a brand. These form part of the suggested process of Branding, and together lead to Brand Relationship, the output of the process of branding.

The fig 38.2links up all these and forms the model, which is labeled as Branding.



As per the Branding Model, which in a way is a branding process:

- Brand Relationship is the ultimate achievement-need of branding. All other aspects (e.g. Brand Positioning) might happen but if this does not happen the job is not complete. Brand Relationship happens if 'image' and 'attitude' for a brand exist. It is the resultant effect of these two aspects of a brand.
- Brand Attitude defines what the brand thinks about the consumer, as per the consumer. A brand may have 'attitude' on one or more aspects.
- Brand Image includes two aspects of a brand– its associations and its personality. A brand may have image on one or more aspects.
- Brand Associations include all that is linked up in memory about the brand. It could be specific to attributes, features, benefits or looks of the brand. A brand may have a range of associations. But the one association that stands out in memory and differentiates it becomes the 'position' of the brand. A brand may have one or more associations but no 'position'.
- For a brand to have brand relationship, it should have 'image'. And for 'image' a brand should have 'association'. If among its 'associations', a brand has a 'position' it is a great advantage. But if a brand does not have a 'brand position' it doest not mean that it would have a brand image or brand relationship. In other words, 'brand position' is not a sufficient condition for brand relationship, but a 'highly desirable' condition.
- Brand Looks, which have a role to play in forming/ reinforcing brand association a are facilitated by two key properties of a brand – its name and its symbol. While brand name is a necessary condition for existence of brand relationship, the same is true for brand symbol. However, if the latter exists it helps the process of brand relationship and reinforces it.
- Brand Symbol includes two visual signals of a brand- its character (e.g. Amul girl, Pillsbury doughboy) and its logo.
- 'Necessary' aspects for brand relationship to exist are:

a. Brand Name
b. Brand Associations
c. Brand Attitude

- 'Highly desirable' aspects for brand relationship to exist are (excluding the 'necessary' aspects):

a. Brand position and

b. Brand symbol

The model is a process. It has linked up steps. It is dynamic. It never ends. And it is all to do about managing the minds of the people and aspects about a product, thus creating brand relationship, and defining a brand.

Attributes, Proposition and Brands

Proliferation of products and brands in almost all categories (both durables and non-durables) have brought marketers underpressure to differentiate their offering. The continuum of differentiation ranges from rational attributes I benefits to psychological benefits (which include symbolic appeals).

Attributes and USP

An attribute is a characteristic of a brand. (Though attributes are associated with products, as the competition being discussed is at the brand level, it could be associated with a specific brand.) The electronic fuel injection system is an attribute; insulation in a refrigerator is an attribute; enzyme in a detergent is an attribute. An attribute is a brand characteristic which usually could be explained as a benefit from the view point of consumer perception. In order to explain brand positioning ;based on attributes, there is a need to discuss the concept of unique selling proposition (USP). The concept of USP was advocated by Bates advertising (by 'es) agency a few decades back. Philip Kotler, the marketing guru, in an interview referred to the value proposition concept which in his opinion, is replacing USP. But USP has to offer a clear-cut benefit to the consumer and as far as possible make an attempt to differentiate the brand from competitive offerings. In a broader spectrum, the attribute benefit could also be a psychological benefit.

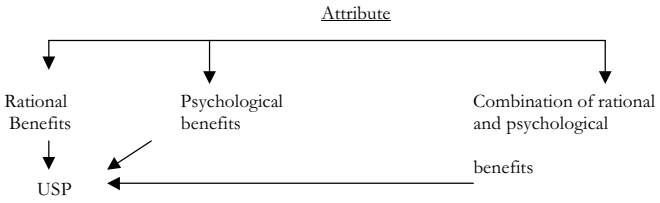


Fig: 38.3 USP with attributes and benefits

Attributes play a vital role in communicating the USP of a brand. Analysing about the burning sensation and odours, Dettol started positioning itself on the psychological benefit of caring along with its original benefit of protection.

Positioning on Attributes

Most brands make use of attribute positioning in some way or the other. It may be worthwhile to analyse under what situations marketers may benefit by positioning brands on attributes. In order to have clarity in the discussion, rational benefits could be initially considered. In a number of categories (toothpastes, tea, softdrinks, television, refrigerators and cars to name a few), consumers get used to a single benefit during the introductory stage of the product life cycle (there are only a few brands at the initial stages). Over a period of time as the category develops and consumers become familiar with the product, new attributes and benefits are used by brands for purposes of differentiation. Technology also is used to generate some of the benefits. A few examples would be useful to illustrate the development of attribute competition in specific categories.

Television is a category, which has been around in the country for the last three decades. It was only after the early eighties, the category started getting diffused in the country (with the infrastructure created for transmission). Remote control was a new attribute during the mid-eighties; today it is almost a pre-requisite in the CTV sub-category. No brand today positions itself on the "remote" attribute. Competition has shifted to a number of attributes. Samsung highlights "extra space" viewing and picture clarity; LG's proposition is golden eye; BPL's is Quadra Focus; Onida's KY Rock has the audio proposition. In the category of washing machines, there are propositions like warm wash, high pressure cleaning and pulsator movements and water economy. In the refrigerator category, propositions range from nutrition preservation, quick ice, quick curds, independent temperature zones and multiple doors and capacities.

Can Attribute Positioning Work in Durables?

- Consumers will have to be clear about the benefits offered by specific attributes. Remote control was a clear proposition (TV). Can consumers appreciate the "clarity" benefit of a brand, which is advertised as the one built on digital technology? If a brand is able to demonstrate this aspect, it could be a winning attribute proposition. A brand of TV in the eighties mentioned "3-D viewing" as the proposition. If consumers do not experience the tangibility of a benefit, they could perceive a "product puffery" in the proposition of the brand. In certain categories, demonstration at the retail outlet can enable the brand to get diffused if it conveys the value of the benefit (acceptance of Sumeet mixers in urban cities where the benefits of time saving, convenience and reasonable quality of the mixer was conveyed through demonstration at retail outlets).
- Benefits and the value of the benefits are best accepted if consumers perceive a strong need for the product at a particular point in time. HeroHonda's economy benefit was well accepted at a time when the price of petrol was on the rise; convenience of automatic washing machine in nuclear families where both the husband and wife are employed the value of Alfa model from VIP at a time when the unorganized sector was offering inferior quality moulded luggage are a few examples.

Durables are high-involvement, high-investment products and hence there, has to be a specific need for a benefit. Given the low penetration levels for dishwashing machines, electric chimneys and cameras, it would be difficult to make an impact on consumers with attribute positioning. There is a need for concept selling in these categories. Quartz watches too went through this phase about two decades back but currently attribute positioning is being pursued by brands.

There is one more situation in which attribute positioning could work. Consumers may be familiar with the product but specific attributes may not have been highlighted by brands during the initial stages of marketing. Godrej's Pure of positioning; is an example of this kind. Even in a context of this kind it may be better to highlight the benefit associated with the attribute. This is essential because technical features may not alone work in durables.

A vital aspect of attribute competition is the "need offering" match, which is to be formulated for various segments of consumers. There may be a host of attributes in a refrigerator but different models in the product line (with different attributes) will have to be marketed in accordance with the needs of the specific segment. A middle-class consumer for example may not require the 'no-frost' facility of a model if it is going to be priced at a substantial price point over the "no-frill" model.

Marketers cannot assume that all attributes are required by all consumers. A

brand of water purifier offers a musical feature when the purified water flows (consumer has also the option to switch it off). The brand can also offer consumers the option of not having the feature if it is going to result in a lower price. Multiple doors in a fridge is another example where the same approach may be followed.

Consumables (pens, coffee, tea, detergents, soaps, etc) are low-involvement products and, inspite of being loyal to a brand, consumers may try out new brands and hence attribute/benefit competition is almost a dynamic feature in most categories (generally introduced in the form of variants). Even in consumables, rational benefits could change the buying behavior of consumers. Reynolds provided smooth writing in a market when most brands did not have the basic benefit. Polypackaging in tea (freshness benefit), liquid version of Dettol soap along with its 'germ-killer' proposition, ready-to-use fast foods, self-adhesive notepads (3M), chemical-free soaps (Hamam, Vrinda), light and non-sticky hair oil (parachute Lite) and the purity of Rome Sweet sugar are examples of attribute positioning in consumables. Attribute competition could take a brand into several variants. CloseUp, which started off with the gel attribute, has the ultra-white version with granules for whitening teeth. Colgate has Double Action, Shakthi, sensitive care, gel version and Calciguard variants to appeal to distinctive segments. (The impact of variants on the product-line profit-ability is a different issue,) Detergent brands like Rin, Surf and Ariel have several variants with specific attributes. It is important to note

that an attribute has to be communicated as a rational or a psychological benefit proposition. Ariel has introduced a variant for the front-loading washing machine (Front-o-mat). This positioning may be effective if consumers relate to it in a rational manner (the benefit differentiation between a front loading and a top loading washing machine itself may not be very clear to prospective consumers). The company has also come out with Ariel Power, which has the attribute Smart Eye which can detect, attack and remove stains. Sunsilk has a range of variants with a clear attribute positioning for different types of hair. In certain categories, there may be a limited set of benefits, and brands using attribute positioning may have to try a "non -attribute" strategy. The category of malted drinks (Bournvita, Boost, Horlicks, Milo and Complan) has two kinds of benefits-energy and nutrients. Brands have been positioning themselves on these benefits and some brands are also bringing out sales promotion schemes. The objective may be to trigger trials as the differentiation plane has become a narrow one with testimonials and endorsements pointing towards the primary benefits.

A combi.nation of rational and psychological benefits

Onida was one of the earliest brands (in durable category) to make use of the symbolic appeal (psychological benefit) with a good product. In durables and consumables, a combination of rational and psychological benefits could offer a brand a sustainable advantage. In Onida's case, a few innovations (in TV, VCR and washing machine categories) during the initial stages of product category growth would have supplemented its symbolic appeal. Titan with its sub-brands projecting a combination of benefits is a good example for this approach. LML Vespa captured a significant chunk of the scooter market using this approach. Maruti 800 is currently using the aspirational appeals after consumers have developed a strong "economy" association with the brand.

Symbolic appeals are being extensively used in consumables. Certain categories like soft-drinks and chocolates seem to be driven by symbolic appeals. 5-Star's energy proposition, Clinic's anti-dandruff proposition and Organic's recent proposition of reduced hair breakage are examples of rational benefits being added to glamour or psychological appeals. Cigarette_ which are driven by psychological beneflts (life-style appeals) offer scope for bringing in rational appeals (like low-tar proposition). Fragrance and taste being a sensual aspect, it could be classified under psychological benefits (soaps, coffee, perfumes). .

Triggering, timing and sustaining attribute competition could be a challenging marketing strategy.

Private Banking Brands Matter More

By Kate Willis

Branding on The Agenda

Branding is now an issue very much on the private banking management agenda in a way that was unheard of five years ago. Then, the concept of brand development in the UK wealth management industry was largely of secondary importance in business planning and only entertained by a limited few institutions.

Now, the real commercial value of the brand is unfolding when tackling the high-net-worth client community with all of its inherent complex issues. First, for private clients, one of their core interactions with financial institutions is associated with the brand, particularly among the newly wealthy that are entering the private banking arena for the first time.

Second, for the industry, the pressures of uncertain markets is leading to reviews on strategy and in certain cases a decision to either buy or merge for additional market share, or sell out entirely. In either case, the value of the brand, and its goodwill, is a vital component for which potential buyers are considering when placing a value on any wealth management institution.

Crucially, therefore, brands matter to anyone responsible for the strategic direction of private client asset management business, and across the global industry. Indeed, brands are an essential management tool that affects the core of strategy. Ignore them at your peril: brands are here to stay and must be understood, identified and used for leverage in this competitive and latterly difficult marketplace.

There are two major benefits to such thinking:

- A strong three-dimensional brand achieves positive differentiation
- A strong brand confirms the clear focus of the management team

A Strong Three-Dimensional Brand Achieves Positive Differentiation

Among a business's primary market, developing a strong, three-dimensional brand achieves positive differentiation from competitors in a marketplace, where product differentiation can often be minimal. Competitive advantage can be gained from adjusting the dimensions of the brand for a range of distinct client segments at different times, enabling clients to choose a brand they believe suits their needs.

Brands consist of a number of different facets, some of which are more important to communicate than others, because the former help differentiate the brand and attract the target audience. In order of importance from the top, these are:

- Brand essence
- Brand values
- Brand personality
- Emotional benefits accrued to user
- Functional benefits accrued to user
- Service attributes

The higher up the list of these brand communications bullet points, the stronger and more differentiated the brand, and the more involved the consumer/ client is with the brand. Thus, a brand that is successful at the level of identity/ brand essence will be more successful than a brand that communicates at the lower level of brand capabilities (functional benefits, service attributes).

It is important to also note that in the business sector, many brands communicate at a level that is purely functional and where pragmatic rationale justifies the strategy behind a brand's positioning. This is easily done, since we all like to think we operate rationally in our business lives!

However, such strategies do not consistently lead to positive brand differentiation. Given the highly personalised nature of managing individual wealth, and the competitive state of the market, much clearer and more motivating brand arguments are needed. In our opinion, it is vital to ensure that the positioning of a corporate brand is at the forefront of a private client target audience's decision-making process. Today, private banking management in the UK is beginning to come to grips with this factor.

To achieve this branding 'poll position', in-depth client research can help enormously, by examining each brand facet of a private bank in relation to its competitors and customer motivations. Such research uses the tools of systematic qualitative research developed for brands in other major consumer markets where brand is at the fulcrum of commercial strategic thinking. Through this process, the true value of the brand can be discovered and, like a multi-faceted diamond, if lacking in worth, the brand can be re-cut to achieve the best value possible.

A Strong Brand Confirms the Clear Focus of The Management Team

A strong brand provides an indicator to the world outside that the company's management team has a clear focus on the task in hand. In today's climate, it is also essential that the external face of the company, the brand, as presented to investors, opinion leaders, commentators and clients alike, is consonant with the expressed internal culture of the company (vision, mission, management emphasis).

For example, an investment brand that communicates externally that it values its clients and services them exceptionally, is not credible, if its relationship managers are under-resourced, underpaid and struggling to keep in touch with their overlarge client portfolio. Thus, internal philosophy and practice must match the external persona of the brand. If not, then the credibility of the brand and the institution can break instantly and, significantly, it can take a very long time to recover from this.

What can Research Do to Help?

Independent in-depth research can help to ensure these values exist in the minds of the target audience and the intermediaries who introduce such business to wealth management operations. Indeed, research among clients and intermediaries is often successfully employed to evaluate wealth management brands and develop their optimum identity in the competitive context. Yet, this research cannot inform the strategic and creative development of that brand if, internally, the management focus is stacked against research's outcome. It is thus important to research both sides of the interface, both the internal and external audience, to ensure the company and its infrastructure can deliver consistently the competitive edge promised by the brand's external marketing.

Creative development research can go on to evaluate the extent to which such thinking (represented by carefully designed stimulus material) motivates the target audience; and whether the strategy on which such material is based has validity. It can also inform the translation of the researched marketing and advertising ideas into final marketing literature and advertisements.

Kate Willis is a director of Maslinski & Co Ltd . Maslinski & Co. was founded in 1995 by Michael Maslinski, formerly Marketing Director of Coutts, with 22 years of practical experience of Private Banking. Maslinski & Co have advised numerous financial institutions and family offices on the development of their wealth management services, both directly and through Maslinski Lawrence, a joint venture with Lawrence Somerset.

LESSON 28:
ADVERTISING AND BRANDING

Objectives

Upon completion of this Lesson, you should be able to:

a. Understand the importance of advertising in branding.

b. Explain how advertising works.Creating brands through advertising, branding Vs small business advertisements

We shall today understand the importance of advertising in branding and analyze whether advertisement is actually a means to brand success. Think about a brand you like the most. If Allen solly shirts is what you fancy wearing it for occasions then think for a while whether you would still go for the shirt if there was no advertisement of it? Do then associate yourself with that man with an aura of success all over him? No !

Creating a Brand Through Advertising

With thousands of 'me too ' products, all competing for the same pool of customers and prospects, differentiation is one of the most important ways to gain recognition and build brand awareness. Communicating your firm's unique characteristics, expertise, strengths and successes to a large number of prospects can be achieved through advertising.

Advertising is not about selling the skill of your firm, but about promoting the qualities that differentiate your firm from so many others. Differentiation is your brand, and advertising is about positioning that brand by promoting and communicating your firm's differentiators to a targeted mass audience.

Without marketing, public relations and a strong business development strategy, few clients or prospects would know about the product and why it is unique, resulting in fewer opportunities for new customers. Advertising is just one tool in a successful marketing and business development program that can help create new opportunities.

The goal of advertising is to focus attention on what sets your firm apart from others. Branding, through repeated, frequent advertising, is the most effective way to accomplish that goal. Advertising means generating opportunities, and good advertising is generating thousands of potential opportunities every day.

The only way to be heard is to speak, and the only way to be remembered is to repeat over and over a very simple, compelling, single-minded message. Consider that the public is faced with roughly 700 ads and brands per day. To stand out, you must not merely speak, but yell, breaking through the clutter and getting the attention of the prospect with the use of strong creative and a quick, easy-to-retain message.

Advertising broadcasts your differentiators to a targeted audience of mass proportions. It delivers your message to a broader audience and at a faster rate than any other marketing tool. Repetition and frequency are key components of a successful advertising initiative. Once you establish your brand message, you must drive that message into the minds of clients, prospects, and even staff members. The most effective and efficient way to do so is through frequent, repeated advertising in the same publications or airwaves reaching the same industry or targeted audience.

A successful advertising campaign brings many other benefits that manufactrers never seem to address. Some are extremely important when building a brand or positioning your product within the marketplace. When weighing the value of an advertising campaign and whether advertising is right for your oproduct, you should consider these other benefits.

- Advertising communicates success. The mere fact that your Co is advertising communicates success to customers, potential customers and competitors.
- Advertising reminds customers of the quality service that your Co has provided and offers assurances that your Co will remain viable and successful well into the future.
- Advertising is publicity, focusing attention on your Co. If you are seeking publicity but an editor has never heard of your firm, that editor is most likely to doubt the importance of the information and not run it. Advertising can eliminate that doubt.
- Advertising is movement and growth. Advertising breathes life into a firm, carrying it to new areas, new markets, and new industries. A firm that keeps moving grows and thrives, while dormant ones tend to stagnate.
- Advertising "spreads the word" about a firm, and the more people who are familiar with a Co. - and with the brand - the greater the its market power. Familiarity wields the power of persuasion creating an avenue for others to pass on your information with confidence.
- Advertising boosts morale. An important, empowering element of advertising is pride. Advertising is a source of pride for clients who have chosen the firm as well as for staff who enjoy the excitement generated by an ad campaign.
- Advertising stimulates conversation about brands, among customers, potential customers and competing brands. When a prospective or existing customer tells a member of your Company, "I saw your ad today," you have just been handed an opportunity to build a relationship. Relationship building is vital, as success in the service industry is based on strong relationships.
- Advertising can eliminate branding confusion, which causes an identity crisis both within and without your firm. Properly positioning the brand through advertising will communicate to everyone what your firm is about, removing all assumptions.

Advertising is an investment in growth, generating opportunities, positioning a brand and reaching thousands of potential

clients. If the industry is based on successful relationships, then your next goal should be to learn to recognize and capitalize on the new opportunities brought to you through advertising.

Advertising Must Position the Brand

What is the role of advertising in the context of positioning? A landmark of advertising was developed for the Association of National Advertisers of the USA by Russel H. Colley. It bought a greater degree of clarity to management thinking on advertising decisions. It emphasized that advertising pulls a consumer towards purchasing action through changes in his or her knowledge and responses. It laid the foundation for a practical and widely used model: DAGMAR or Defining Advertising Goals for Measured Advertising Results.

Colleys's defination is :

Advertising is a mass ,paid communication, the ultimate purpose of which is to impart information,develop attitude and induce action beneficial to the advertiser – generally the sale of a product or service.

This is a comprehensive definition. But we could attempt another definition that is more operational, that specifically takes into account a competitive marketplace and that recognizes the increasing difficulty of creating distinct brand identities.

"Advertising is the discovery and Communication of a Persuasive difference for a brand to the target audience."

There are three critical elements here. Advertising must communicate a difference for the brand. It must be competitive and persuasive difference. Such a difference may not fall into the communicator's lap in the form of a readymade USP. In the absence of strong functional superiority or distinction, he must search and discover where such persuasive differentiation lies.

We could rightly say that the entire marketing mix should be geared up to serve our brand's positioning objective. Advertising , however has to carry the major burden in packaged – goods marketing with decreasing product differences. A truly successful advertisement has to be strongly associated with its brand, be memorable and be influential enough to affect the final position of its brand.

Setting Objectives, Measuring Results

Advertising objectives are usually set, at present, in terms of awareness, knowledge or comprehension of benefit and the degree of conviction or buying intention for th ebrand. This is basically the DAGMAR model. Colley gives several hypothetical examples. To take one;

One of the smaller overseas airlines, based in the USA, set itself the target of increasing passenger loadings by 10% . To this end, the advertising goal was defined as communicating the image of a luxury airline to an additional 20% of target prospects in one year.

Benchmark and post-campaign surveys revealed the following:

	Before as campaign	After 6 months	After 12 months
Awareness (have heard of Co.)	38%	46%	52%
Image (Luxury, all-jet overseas service)	9%	17%	24%
Preference (Would seriously consider for next trip)	13%	15%	21%

Brand Positioning Through Advertisements

Branding vs. Action Compelling Advertising

Small businesses should understand that they are not big businesses. Not yet anyway. Therefore, their advertising must be different. Coca Cola, the world's leader in soft drinks, can run ads anywhere and just mention a Coke and consumers will already know what the product is and where to buy it.

If you are a small business, chances are that people do not yet know who you are and therefore are not as inspired to buy from you. The Coca Cola example was advertising aimed at maintaining their brand image. Small business, you must focus on immediate results, which means sales!

Here's the specific difference between a well known, large corporation and small business:

The large corporation runs advertising at the masses and is confident that enough people already know who they are and become motivated to buy. Large corporations can talk about themselves in their advertising . Small business cannot. It focus on its customers' needs or else it will not get their attention.

Following the example that large corporations give, many small businesses focus on "themselves" in their advertising. This approach does not work well for an unknown company. Take

for example, newspaper advertising. The reader is skimming through for whatever catches his or her interest. That's it! That means articles and ads that deliver what this potential buyer wants and needs.

What's a Better Theme for Your Ad?

A. XYZ company has been in business for 65 years. We are the best at _____ and can help you improve your _____.

B. (As a bold headline): Are you looking to have (whatever benefit your service provides)? Then focus the rest of the ad on the problems your customer faces and then introduce how your service is the solution.

Example A is probably ignored to begin with. If it is read, it comes off as "Blah, blah, blah. What's in it for me?"

Example B gets attention because it focuses exactly on what the customer wants.

If you doubt that this is the correct way to advertise, the author understands. You are probably used to seeing ads like in example A. You may feel it is important to "show off" who you are to look good, be better than the competition, or one of your other vague concepts.
Bottom line: Do you want to increase sales or do you want an ad in the paper that makes you feel good?

Customers will buy when you focus on what they need, not when you try to make yourself look good.

Brands R Us: How Advertising Works

Hyundai tells us that their cars make sense, Apple Computer offers us the power to be our best, and most of us don't believe a word of it. The fact is, when all is said and done, most people don't believe, don't remember, don't even notice, most advertising. This has always been so and always will be so. The vast majority of advertising is ineffective and inefficient.

And yet, there is a direct connection between a society's (or individual's) levels of exposure to advertising and the levels of consumption. How can this be? If advertising is inefficient, if 90 percent of all advertising is neither seen nor remembered by most people (according to surveys), if two minutes after being exposed to a particular message or brand I can no longer remember either the brand or the message, then where's the connection? How does something so banal and benign impact my consumption patterns and habits?

The message cited above for Hyundai automobiles ("Cars That Make Sense") has little or no effect either upon our personal lives or even Hyundai's sales overall. And we could say the same thing about thousands of other individual and isolated advertiser efforts. But the Hyundai advertising, combined with Apple Computer's advertising, combined with advertising for Tide detergent and Chivas Regal and RCA and Johnson's Floor Wax and the limited -time specials at your local department store or supermarket, has a very powerful collective effect indeed: it instructs us to Buy!

And it gives us, via lighthearted entertainment, permission to ignore the long-term consequences of our purchasing decisions by suggesting to us that we should not take any of this too seriously. (We shouldn't take a spilled glass of water too seriously, either. But a flood is a totally different matter.)

Advertising's real message, to buy and to buy ever more, to replace what we have rather than repair what we have, at one time served us well. When we were smaller in numbers, when we were still growing, still searching for a collective identity, when personal prosperity was touted as the primary reason for being alive, private property the only form of wealth, and when we were naive enough to believe it all, consumption and the ability to consume (choosing our livelihoods on the basis of whether or not it provided us with that ability!) was not only a way of life, it was a respectable one at that.

But we are no longer small in numbers. And we are no longer that naive. We can plainly see that advertising's collective power and our collective response to it has had, and continues to have, a profound and adverse effect upon our personal lives and upon the planet we share.

But pointing a finger at the advertising industry will change nothing. Wishing and hoping that the advertising industry will lose its innocence and suddenly leap into modern times in recognition of the situation we are all in is futile. And while the advertising industry is part and parcel of an industrial civilization now in decline, this doesn't mean we should expect the number of advertising messages and collective power of those messages to also decline in the very near future. If anything, it means we can expect an increase in the number of those messages. For the advertising industry, along with the main body of industrial society, is struggling for survival. It may be drowning, but it has not yet sunk. And in a last-ditch effort to save itself, it will flail about more wildly and make more noise than ever, as we might expect from any drowning individual.

No, what must change is us. What must change is how we see advertising in the context of the modern moment. We must recognize that its influence upon our lives and our well-being is in direct proportion to the amount of exposure in our lives, and that this exposure is an event unto itself, an experience separate from whether or not we respond to or believe individual messages.

High consumption has far more impact upon our environment than type of consumption. Buying much less and driving much less is better than just switching from plastic to paper or from "normal" unleaded to "super" unleaded. One of the first steps we must take towards consuming fewer goods is to consume less advertising.

Accelerate Brand Momemtum

Effective brand advertising makes all other marketing activities work better.Over time brand advertising builds brand equity - a strategic and financial asset.

Brand advertising can help rapidly growing firms dominate a niche. Established firms that are well liked but not well known can spark growth through a brand building campaign. Dominant players can use a campaign to defend a market position. Advertising can also be used tactically to support a trade show, announce a new product, or attract channel partners.

The first step is to find a point of difference that is meaningful to prospects. This insight leads to the position, which needs to be integrated into a media plan and the creative product.

dditionally, the campaign must be interwoven throughout other marketing activities.

For example, in a restaurant that caters to a business clientele, sales in one of the locations had not grown in three years, and it needed to reinvigorate its business. Using an innovative research technique, it was determined that the primary reason people went to the restaurant was to affirm their place in society. Based on this insight, it developed the position, and a cohesive ad campaign ran in business publications, on city buses, and internally on promotional signage. The campaign succeeded: sales rose in a market marked by increasing competition.

Advertising and Brand Development

Branding, the deliberate and careful process of developing and maintaining a unique position with a clear set of associations, expectations and benefits for a particular company, product or service is a proven concept that has been successfully and widely applied by industry leaders, from athletic shoes to zoos.

By translating those same techniques to the field of social messages, we are able to create distinctive and effective communications campaigns of our causes, issues, products and services.

Advertising plays an important role in branding strategies for social messages. In fact, the challenge posed in marketing various social issues requires the creation of advertising messages and images that are powerful enough to overcome competing or conflicting ones. As with corporate brand strategies, advertising can play a critical role in sustaining the position of a brand in the mind of the consumer and protecting against lost momentum.

Product Positioning as a Marketing Strategy

The Decision Tree

In consumer theory, we assume that products can be divided infinitesimally. We now consider the case where this assumption does not hold. Purchases of durable consumer goods such as cars and refrigerators are good examples since they are bought as units.

It can be argued that when consumers buy a durable good, they are purchasing the flow of services the goods provide (transportation, refrigeration). The model developed earlier can be adapted to this situation by linking the consumption with the flow of services. If prices fall, consumers will consume more of these services per period. It has become common practice to lease cars, which is basically purchasing the services without buying the product. A reduction of lease prices would encourage, according to our theory, drivers to lease more cars and more expensive cars.

Still, many consumer durables are purchased outright and the fortunes of the companies that produce these goods depend on the purchase decisions made by their customers (as automobile companies often find to their sorrow). Therefore, it is desirable to have a model that permits us to examine the decision to purchase durable goods like cars or houses. The decision tree assumes that, instead of considering all of the choices in a consumption possibility set at once, the consumer first considers a few broad categories and then narrows to subcategories until a final decision is made on a product.

For example, consider a consumer making a decision to purchase a car. She must first decide whether she should make the purchase now or not; the first decision point where she makes the decision is represented by the black dot in Figure 1, and is called the initial node, and the two choices she has at this point are represented by the two branches emanating from it. If the decision is to buy a car, she moves along the upper branch, and reaches another node where she must now decide whether to purchase a foreign or a domestic car. At the next node she chooses between a new or used car. Finally, at the terminal node, she makes a decision on the model.

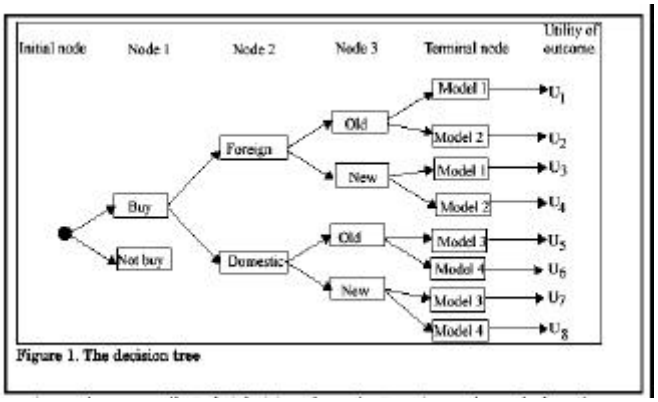


Figure 1. The decision tree

In this case, where the consumer has perfect information about all the choices available at

various nodes, can recollect what decisions she made at previous nodes, and where the

number of nodes is limited (mathematically speaking, finite), we can apply simple induction to decide on the best choice. If she makes a decision at the second node to go for a foreign car, then the possible utilities she can achieve are one of the four numbers, U1 to U4.

Suppose the highest utility among these is for a new Model 2 car. But, by choosing the other branch at the second node (domestic car), she can attain U8, which we will assume to be the highest of the eight attainable levels of utility. Given this information, she will only choose the lower branch (domestic car) at node 2 and new car at Mode 3 and Model 4 at terminal node. We have started our discussion of the decision tree with a very simple case, and in this particular case, the use of the decision tree is a trivial example of backward induction since we started at the terminal node with the highest utility and argued backwards.

Now suppose that the car model that gives you highest utility is U8, but your ability to get that model is affected production disruptions which blocks import of foreign cars. Then your choice would depend on "chance" and the analysis ceases to be so obvious. Difficulty also arises in cases where decisions are made by different individuals at alternate nodes such as in a game of chess where the first move is by the white side and the next by the black side. Similarly, in a game of poker each player does not know what choices the other players have, and so there is an element of chance as well as strategy. These advanced

models of decision tree are very useful in analyzing business strategy.

We will apply this model to two situations. In the first we apply characteristic approach to examine the impact of new types of vehicles on the market and on the firms that produce them.

In the second case, we ask what products compete in a market when products are not homogeneous as in the case of perfect competition. For this we combine characteristic

approach with decision tree and analyze a court decision on what products compete with each other.

Learning Outcomes

- In situations where purchase decisions of a consumer is a multi-stage one when he or she first begins with broad categories and then chooses narrower categories until finally a product is chosen, then a decision tree is a useful tool to analyze the process. Such an approach is common in buying durable goods.
- If decision of all parties can be observed and if all the previous decisions can be recalled, then the use of backward induction allows us to determine the choices at each node.
- The decision tree can be generalized to situations where decisions at alternate nodes

are made by different players and where there the choices may be deliberately random.

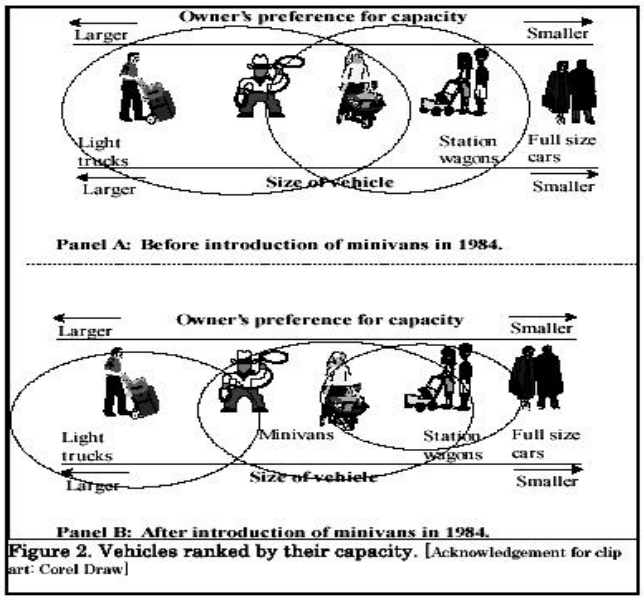


Figure 2. Vehicles ranked by their capacity. [Acknowledgement for clip art: Corel Draw]

Brand Management: Is Advertising Dead? (Part 1)

William J. McEwen
November 2002

Companies around the globe spend enormous sums of money on advertising. They have done so for well over a century, and even in today's tighter economy, their spending continues.

Advertising has always been expensive, and there's no sign that it's getting any cheaper. According to Advertising Age, the cost to air a 30-second TV commercial just once in prime time now tops $115,000. The cost for a single commercial on Friends jumped 29% during the past year.

A quick look at just one industry reveals that the five major automobile brands spent a total of about $4 billion on advertising last year - that works out to more than $350 for each car sold. And Ford recently announced that it would double its already sizeable ad budget in 2003. Clearly, companies such as Ford, Chevrolet, Dodge, Toyota, and Honda believe in the power of advertising.

Companies allocate millions of dollars to advertising in the hopes of building formidable brands. They're also convinced that the equity they build through advertising will yield returns far greater than the cost of the ads.

Accordingly, advertising expenditures have traditionally been positioned and reported as investments in brand building. Few marketers question this role, and few industry observers question the millions of dollars that major advertisers spend each year on media campaigns designed to spread their message to consumers.

The consensus has always been that properly targeted and effectively executed advertising represents a key ingredient in brand marketing. Noted marketing thinkers agree. Berkeley's David Aaker says, "The best brand strategists may be [advertising] agency personnel," while Northwestern's Philip Kotler also contends that advertising is a "potent tool" for building brand awareness, brand image, and even brand preference.

And so, advertising's purported contribution to brand strength has remained largely unchallenged. Statements from John Hancock's chairman, David D'Alessandro - "a brand has to be given a voice through its advertising"- and marketing strategist John Mariotti - "memorable ad campaigns can establish a brand" - underscore the accepted importance of well-executed mass advertising campaigns in building brand equities. What's more, the proof of this power can supposedly be found in dominant brands ranging from Milky Way to McDonald's, from Coca-Cola to Kodak, and from American Express to Absolut.

Bang for the Buck?

Two recent books, however, allege that the awesome power of advertising has been greatly exaggerated. In fact, some observers have gone so far as to suggest that advertising no longer has much of a role in brand building - if, indeed, it ever did.

Consultants Al and Laura Ries, in their provocatively titled book, The Fall of Advertising and the Rise of PR, contend that "[t]he purpose of advertising is not to build a brand, but to defend a brand once the brand has been built by other means." Furthermore, while many companies may think of advertising as a key marketing weapon for creating better brand perceptions, the father-and-daughter Ries team reviews the evidence and concludes that this simply isn't true.

Another noted consultant, the former Coca-Cola marketing head Sergio Zyman, has issued his own critique of advertising and its inability to build brands and enhance brand relationships. Unlike the Ries team, who maintains that advertising

cannot establish brand relationships because it is neither believed nor trusted, Zyman espouses that advertising fails simply because it ignores or neglects its major purpose, which is not to create brand or ad awareness, but to convey a clear and compelling sales message.

As Zyman states in his book, The End of Advertising as We Know It, "advertisers are basically being stripped bare by ad agencies whose ads aren't doing what they're supposed to do: Sell more stuff to more people more often and for more money."

D'Alessandro is equally direct, stating in Brand Warfare: 10 Rules for Building the Killer Brand that "one of the biggest mistakes you can make as a brand builder is to assume that advertising agencies want to help you build your brand and sell your products."

This clarion call has been issued before, although without a great deal of impact. The late David Ogilvy, ad agency founder and member of the Advertising Hall of Fame, stated unequivocally, "[t]he advertising business is going down the drain. It is being pulled down by the people who create it, who don't know how to sell anything, who have never sold anything in their lives."

Are these merely the ruminations of a few curmudgeonly critics, who are really only interested in selling more books with their controversial and contentious arguments? Apparently not.

How far the Mighty have Fallen

A survey by the American Advertising Foundation (AAF), a trade organization of major company advertising spenders, finds that ad departments (and their agency partners) are not regarded as cornerstones of a company's success; only 10% of the business executives surveyed agreed that ad departments are essential contributors to the company's business performance. That places advertising at a rather distant sixth among company departments, well below product development (29%) and strategic planning (27%), and even below the often-maligned public relations department (16%).

So regardless of statements by leading academics that ad agencies can provide strategic insights, it appears that most companies don't consider advertising a crucial resource for achieving their growth goals. And as Gallup consultants have noted, there are reasons that company leaders are becoming increasingly disenchanted with advertising.

In addition, in spite of projections that total advertising spending may increase 2.9% this year, there is mounting evidence that leading companies may be questioning the role of advertising and the amounts they have been spending on it. Mega-advertiser Philip Morris recently announced that, rather than increase its advertising budget, it would greatly increase its promotional expenditures in the fourth quarter of this year, adding $600-650 million on top of an already announced $350 million targeted for price promotions.

Procter & Gamble, long noted for its marketing and advertising leadership, describes its new brand manager training program as one that now spends "relatively little class time with conventional media advertising" and trumpets the performance of companies such as Starbucks and In-N-Out Burger that "spend practically nothing on marketing."

Advertising's well-publicized woes don't appear to be ending with the threat of budget shifts from advertising to promotions. Witness the continuing disappearance of once-proud multinational ad agencies, such as 96-year-old D'Arcy, which was absorbed into the Publicis Groupe. For additional testimony, review the recent hammering that ad agency holding companies have been suffering on Wall Street. Advertising giant Interpublic has seen its stock dive more than 70% in the past few years, and other traditional agency powerhouses are experiencing precipitous market cap slides as well.

Whistling in the Dark

Some observers see these trends as temporary aberrations. But regardless of whether the prognosis is temporary or terminal, it's clear that the news for advertising departments and agencies has not been good.

Is there a solution to these problems? Or does advertising's future inevitably lie in the unrelenting erosion of its apparent role and image as an essential contributor to brand building? We'll tackle these vexing questions next month.

William J. McEwen, Ph.D. is a Global Practice Leader for Gallup's Brand Performance management practice.

Notes

LESSON 29:
SUCCESSFUL REPOSITIONING

Objectives

Upon completion of this Lesson, you should be able to:

- Explain the benefits of successful brand repositioning.
- Discuss Aspirational Vs Achievable strategies.
- Identify various types of brand repositioning.

This lesson requires you to use all the knowledge you have gathered in brand positioning. We shall learn about how can we successfully reposition our brands. Repositioning is a strategy wherein you create a slightly different image of your brand not going away too far from the brand's core values.

Successful Brand Repositioning

Aspirational vs. Achievable Strategies

Overview

Many marketers are rethinking their brand's positioning because competitive pressures, new channels, and changing customer needs have eroded their brands' positions of strength. However, increased marketing expenditures to reposition brands often fail to produce any improvements in either overall image or market share. Our experience has shown that companies should focus on achievable rather than aspirational positioning, and that three steps can help ensure success:

1. **Ensure relevance to a customer's frame of reference.**
   - Be fully aware of the brand's "frame of reference" so that a repositioning strategy will resonate with customers.
   - Look at a combination of customers' attitudes and the situations in which the brand is used to obtain the most powerful customer insights.
2. **Secure the customer's "permission" for the positioning.**
   - Recognize that permission amounts to a reasonable and logical extension of the brand in the customer's eyes.
   - Leverage a brand's unique emotional benets to carry customers from their current brand perception to the intended one.
3. **Deliver on the brand's new promise.**
   - Identify the pathway of performance "signals" that will convince customers of the new brand positioning.
   - Develop product/service programs to ensure consistent performance on these signals.
   - Track and assess performance against customer signals prior to launching the new positioning.
   - Adopt an "interim positioning" to establish brand credibility and performance.

An array of factors is requiring marketers today to rethink their brand positioning. Changing customer needs are often eroding the brand's established position. At the same time, increasing competitive pressures created by new entrants and product innovations, and the proliferation of new channels and promotional campaigns, are driving marketers back to the drawing board.

Many CEOs and CMOs, however, nd themselves displeased with the results of their repositioning efforts. Increased marketing expenditures devoted to repositioning brands in the minds of consumers often fail to produce any improvements in either overall image or market share.

Why do these well-intentioned efforts turn into marketing failures? While there are many causes, companies often fail to focus on achievable brand positioning rather than aspirational brand positioning. Too often, their efforts target an ambitious goal that outstrips the actual ability of the brand to deliver on what it has promised to customers. Or the goal is too far from customers' current brand perception to be a realistic brand objective. For example:

- In the late 1980s Oldsmobile wanted to revitalize its brand and gear it to a younger audience. Thus marketers at General Motors launched a creative campaign around the tagline, "Not your father's Oldsmobile," highlighting the car's improved styling and new features. But for many younger consumers, this was too much of a stretch for the brand. The product modications did not go far enough to meet the needs and expectations of the new customer set they were targeting. As a result, Oldsmobile recognized the need to shift its campaign. Eventually, GM closed its Oldsmobile division.
- More recently, United Airlines' Rising campaign attempted to position the brand as the most passenger-centric airline, with a clear understanding of customer problems and the solutions needed to x them. The campaign had the effect of raising expectations, which were quickly deated, however, by the brand's inability to deliver against the promises made as part of its bold new positioning platform. Consequently, United was forced to change its central brand message – no longer emphasizing Rising.
- Many high-tech businesses have recently repositioned themselves as e-business brands. However, little effort was made by these brands to clearly differentiate themselves from one another, despite the millions of dollars spent on elaborate marketing programs. The net effect, according to our research, has been to sow confusion in the minds of customers, rather than to forge strong brand identities.

These examples underscore the imperative to pursue a brand positioning that is eminently achievable, not just attractive. Based on our experience, three steps can help ensure that they make this distinction: 1) ensuring relevance to a customer's frame of reference; 2) securing the customer's "permission" for the positioning; and 3) making sure that the brand delivers on its promise.

Be Relevant to the Customer's Frame of Reference

When repositioning a brand, it's essential for marketers to capture not just the emotional and physical needs of the customer, but the dynamics of the situation in which those needs occur. We refer to this as the customer's "frame of reference." For example, while Rasna and Tang are thirst-quenching drinks, consumers tend to think of them in the broader context of sports, exercise, and physical activity. Importantly, the frame of reference sets the parameters for customers' consideration set – the brands they will choose from.

Indeed, most customers have a very specic denition of what the brand is and what it can be relative to their frame of reference. Repositioning a brand too far from this frame of reference creates customer confusion that makes a positioning unsuccessful.

Being fully aware of the frame of reference for a brand can help ensure that its repositioning strategy will resonate with customers. But the frame of reference is usually a combination of both customers' attitudes and the situations in which the brand is used. As a result, we typically nd the most powerful customer insights and segmentation come from looking at a combination of these factors.

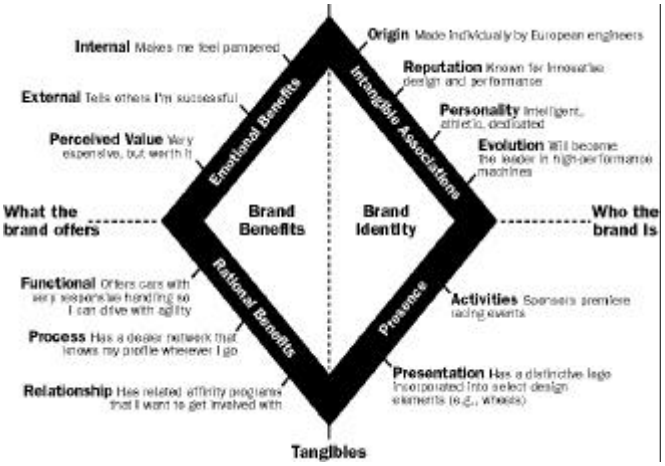
- In some categories, customers' broader attitudes are the dominant factor. How customers think about pet-related brands, for example, can be seen in the context of how they treat their own pets – whether they view them as family members, best friends/companions, or in a less personal way. If customers view pets as family members, the optimal message for the brand will appeal to such human qualities as nurturing and pampering. This "family member" orientation or frame of reference may help support a brand extension to a full range of pet services, such as grooming and accessories.
- Other customer needs are not as consistent, but better understood within the context of specic situations or sub-categories. In the eld of airline travel, for example, the customer's frame of reference may be a function of the type of trip they are taking. The customer who is used to traveling within the U.S. in cramped coach-class conditions, for example, will have a much different set of needs and expectations than the traveler who is used to ying to international destinations with all the comforts of rst-class service.
- As a result, in most instances the frame of reference is built upon a combination of both of the above attitudinal and situational forces. For example, while consumers may generally have a health-conscious attitude about the foods they eat, on certain "special" occasions they may allow themselves to become more indulgent, creating what we call a "need state."

Securing the Customer's "Permission"

Establishing the frame of reference does not automatically translate into successful brand repositioning. To reach that end point, marketers must rst ensure they have the customer's "permission" to claim the new ground to which the brand aspires. Because that permission amounts to a reasonable and logical extension of the brand in the eyes of the customer, it requires building a "bridge" that can carry customers from where they perceive your brand to be today to where you want to take it in the future. Thus, for the Celestial Seasonings brand, the bridge leverages customers' perceptions of the brand as "organic, natural, and healthy" to allow the brand to extend from its core product offering of teas into herb-based and "alternative" vitamin and mineral supplements. Similarly, Marriott uses customers' perceptions of the brand as a leader in hotels and "living-care" to extend the brand into assisted living for senior citizens.

Table 2 Brand Equity Elements: Luxury Automobile Brand Example

Intangibles



Emotional brand beneûts can provide the most powerful source of brand permission. If a brand is currently meeting the customer's emotional needs, then extension of that brand into an allied product/service arena becomes much more plausible and acceptable – the extension is likely to be granted customer permission. For example, the strong emotional benets associated with the Hallmark brand in greeting cards allowed for the extension of the brand into wrapping papers, ornaments, and other products with emotional ties to celebration and commemoration.

A strong brand identity can also help marketers secure the desired permission from consumers. Because Victoria's Secret owns or is associated with the notion of intimate moments, for example, it would be easier for that brand to get permission to introduce a new line of lingerie or perfume with a sensual connotation than it would be to launch a line of jeans or handbags.

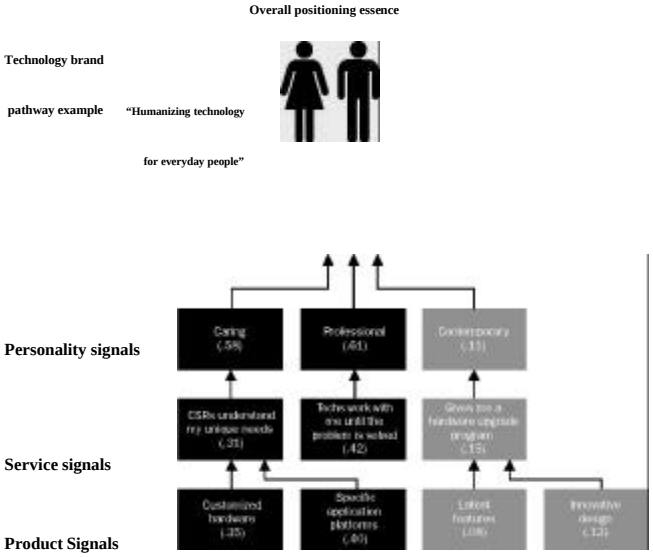
In repositioning, marketers must embrace the idea that they are brand "stewards," while customers dene their relationship with the brand and determine the basis for the relationship. A steward must spend more time deeply understanding what customers really think about the brand and where potential "bridges" to growth and new positionings exist.

Make Sure What You Say is What You Do

After the brand position has been developed, marketers must ensure the brand performance is able to live up to its new promise. While "do what you say" has always been Rule No. 1 for building brand equity, following that rule can be a signicant challenge for many companies. This is particularly true in service industries, given the need for tremendous organizational change, and industries that require long lead times for organizational or infrastructure changes. Such changes occur at the same time customers are being presented with the new brand position. Three important steps can help win customer acceptance:

- **Identify the pathway of performance "signals" that will convince customers of the new brand positioning so that what you say is in fact what you are able to do.** We have found that you can quantify which brand elements are more important for creating the desired impact on the customer's overall brand image and how these elements impact each other in the process (see Table 41.1).

Table 41.1 Quantitatively Linking Brand Performance "Signals" to Desired Customer "Take-Aways"



0.40 = pathway coefficient

= Optimum brand signal pathway

Marketers should not attempt to cover the waterfront here, but instead focus on the relevant interrelated "hot buttons" that will clearly convey the message. For example, in the case of a technology brand positioning itself as "humanizing technology for everyday people," the strongest set of pathways to the positioning came from product signals such as customized hardware and specic application platforms (e.g., games, household management) rather than from equipment with the latest features and innovative design. The pathway modeling also indicated the strong signal value of the brand's customer service representatives having an understanding of an individual customer's needs. This important service signal led to the broader customer perception of the brand as caring – an important personality signal for the brand to deliver on its positioning. Additionally, the marketer learned that having technicians follow through with customers to issue resolution was a critical service signal that led to the broader personality signal of the brand being professional – another key for the brand to live up to its positioning. With these insights, the marketer could allocate resources accordingly, ensuring that the more important signals were being appropriately supported.

- **Develop necessary product/service programs to ensure consistent performance on these signals to the customer.** For example, if the brand positioning is built around superior customer satisfaction, but frontline sales people are measured on revenue rather than satisfaction, it is unlikely that consistent performance will be achieved. So, if airline gate agents are the rst and most important contact point for customers, they should be empowered to solve customers' issues instead of redirecting them to customer service personnel. In the technology brand example, given the importance of the customer service representatives and service technicians, there should be a greater emphasis on the quality of the service delivered rather than on the number of customers that can be serviced over a given time period.
- **Make sure approaches are in place to track and assess your performance against these customer signals prior to the formal launching of the new positioning.** Applying rigorous quality assurance procedures to key elements of the new brand experience will often ensure that customers are not disappointed, or fail to have their expectations met. Current data-collection methods allow for rapid response and can be leveraged to determine whether the launch programs are having their desired effect on brand perceptions.

Due to the complexities of brand positioning, many marketers are correctly choosing to move to an "interim positioning." This interim positioning is designed to establish brand credibility and performance on the road to fully achieving the longer-term aspirational positioning. Such a positioning focuses on those aspects of the brand on which the organization is currently able to deliver. Interim positioning is often essential when a brand stakes out new territory considered "up market," addresses an important or long-standing deciency, or is attempting to redene its competitive set. As the brand evolves (based on customers' changing perceptions), additional components of the new platform can be put into place and condently communicated to consumers. Target Stores successfully employed an interim positioning as it evolved the brand up market from a position as a discount retailer of national brands to a contemporary "urban chic" retail brand providing good value. The interim positioning emphasized value without sacricing style and involved specic merchandising efforts such as stylized color blocking and associations with name designers (e.g., Frank Gehry). As the brand evolved to its current positioning, it further emphasized the "designer" theme in its advertising, often having models wearing various housewares as high

fashion. By focusing on achievable instead of aspirational brand positioning, companies can help ensure meaningful market share results while enhancing their brand image. This requires, however, that the new brand position ts comfortably within the customer's frame of reference, and that it not attempt to overreach. Marketers must also secure the customer's permission to extend the brand by building a bridge of relevant benets to carry customers from the current to the intended brand position. Implementing the performance delivery systems to ensure the brand is able to live up to its new promise is the nal critical step in building and executing a successful brand positioning program.

Positioning – A Primer

Positioning is the art of creating a distinct image for a product in the minds of the customers. A simple example would suffice. The first thing that comes to one's mind when somebody says 'ATM' is Automated Teller Machine. This is the product. But the customer's question would be "What does ATM mean to me?" The answer is Any-Time-Money. That makes sense to him or her because it means instant cash. The concept neatly rolls up the benefit of ready cash and puts it in the mind of the customer. Thus Automated Teller Machine (ATM) is the 'product', Any-Time-Money (ATM) is the 'positioning.'

Repositioning is changing the positioning of a brand. A particular positioning statement may not work with a brand. For instance, Dettol toilet soap was positioned as a beauty soap initially. This was not in line with its core values. Dettol, the parent brand (anti-septic liquid) was known for its ability to heal cuts . The extension's "beauty" positioning was not in tune with the parent's "germ-kill" positioning. The soap, therefore, had to be repositioned as a "germ-kill" soap ("bath for grimy occassions") and it fared extremely, well after repositioning. Here, the soap had to be repositioned for image mismatch. There are several other reasons for repositioning. Often falling or stagnant sales is responsible for repositioning exercises.

After examining the repositioning of several brands from the Indian market, the following 9 types of repositioning have been identified. These are:

- Increasing relevance to the consumer
- Increasing occasions for use
- Search for a viable position
- Making the brand serious
- Falling sales
- Bringing in new customers
- Making the brand contemporary
- Differentiate from other brands
- Changed market conditions.

It is not always that these nine categories are mutually exclusive. Often one reason leads to the other and a brand is repositioned sometimes for a multiplicity of reasons. Illustrations of the above types of repositioning are listed below.

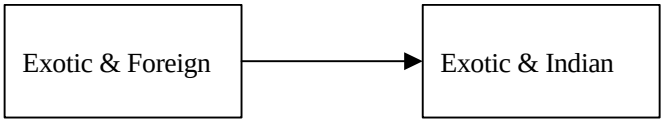
Note: Some of these repositioning statements have been changed again. That need not make them less relevant as illustrations.

Increasinc Relevance to Consumer

A brand that has been existent in the market for, sometime may lose touch with consumers because the consumer's needs may have changed. Thus, it is possible that a brand is fundamentally sound and yet is not in sympathy with the consumer's current concerns. Such a situation calls for a change in positioning. The following examples illustrate this concept.

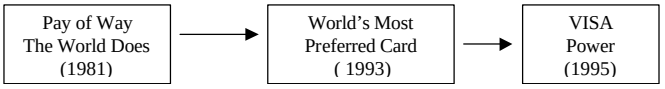
Lipton Yellow Label Tea

Lipton Yellow Label Tea was initially positioned as a delicious, sophisticated and premium tea for the global citizen. The advertisements also echoed this theme. For instance, all the props and participants in the advertisements were foreign. It is possible that this approach did not find favour with the customers. The repositioning specifically addressed the Indian consumer through an Indian idiom.



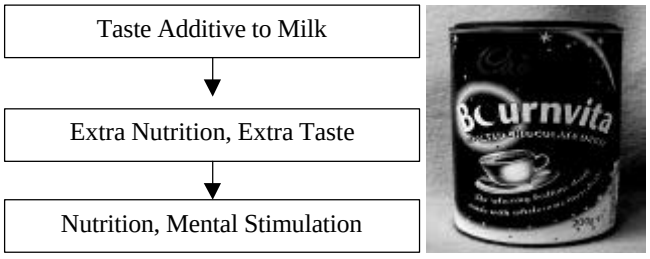
Visa Card

Visa Card had to change its positioning to make itself relevant to customers under changed circumstances. Initially it asked the customer to "pay the way the world does" (1981). This is to give its card an aura of global reach. But as more and more cards were launched on the same theme, to put itself in a different league, it positioned itself as the "world's most preferred card" (1993). To highlight the services it provided, it shifted to the platform of "Visa Power" (1995). This focus on explaining the range of services available with the card continues till date ("Visa Power, go get it"). .



Cadbury's Bournvita

Bournvita is a case of how a brand changes its positioning in keeping with the changing needs of customers. Initially, the emphasis was on its good taste ("taste additive to milk"). Then as the customers became more demanding, the pitch was modified to include the nutritive aspect as well ("extra nutrition, extra taste"). Later, to make itself more attractive it claimed to give sharpness of mind ("nutrition, mental stimulation).

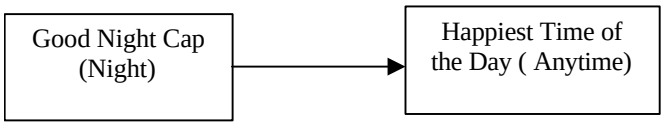


Increasinc Occasions For Use

Sometimes the positioning chosen becomes too narrow. This might lead to a situation of having too few customers. Such a small franchise may make the brand commercially unviable. One of the methods of increasing use is by increasing the usage rate. This is done by increasing the number of occasions available for use.

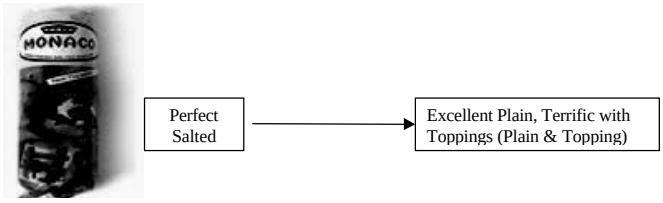
Cadbury's Drinking Chocolate

Cadbury's Drinking Chocolate initially called itself "good night cap" signifying the time of consumption. The user base possibly proved to be small. In an effort to increase the numbers, it positioned itself as a drink for the "happiest time of the day." This was an effort to get the brand consumed during any time of the day thereby increasing the occasions for use.



Monaco

Monaco biscuits were initially positioned as the "perfect salted" biscuits. To increase the occasions for use, it pitched itself as "Excellent plain, terrific with toppings." What was essentially a plain, salted biscuit turned itself into a biscuit that can be consumed as it is or with toppings, thereby increasing its occasions for use.



Dettol Liquid

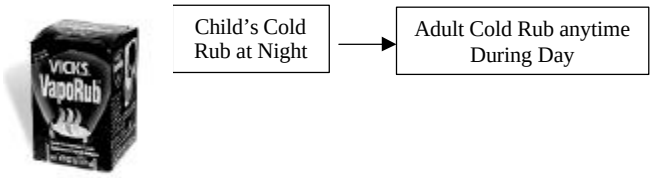
Dettol-the antiseptic liquid is basically used to prevent cuts and gashes from developing sepsis. To increase the occasions for its use, it shows several other avenues. These are i) for the shaving mug ii) for washing babies' clothes iii) for use during illness for washing and swabbing. These uses are listed on the Dettol bottle itself.

Odomos

Odomos cream was one of the first mosquito repellants in the market. It was essentially pitched as an indoor mosquito remedy. For sometime it was very popular. Later, as mosquito mats entered the market, creams became less popular as they were seen as sticky. One way of combating the mats was to fight them outdoors. Since outdoor locations normally have no power supply, cream was positioned for "indoor as well as outdoor" use. This broadened the competitive space besides increasing the occasions for use.

Vicks Vaporub

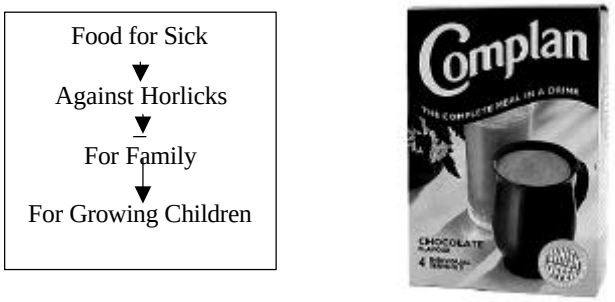
Vicks Vaporub was initially and child's cold rub. Later in an attempt to increase uses as well as users, it was positioned as an "adult cold rub for anytime during the



Search For A Viable Position

Complan

Complan had at various times positioned itself as "food for the convalescing", "against Horlicks," "for the family" (fussy child, busy executive, tired housewife). This is possibly because it was trying to get a viable positioning statement. Finally, it seems to have found one in the positioning line "for growing children2."



Milkfood's Yoghurt

was initially positioned as "anytime snack." This did not seem to have worked. So the pitch was changed to "It is not just curd." This could be hinting at both the fun value and the nutritive value of Yoghurt. Eventually, this positioning also did not work. Positioning it as "mishti-doi" (sweet curd) for the East and North Eastern parts of India would have possibly given it a better opportunity for success.

Making The Brand Serious

Cadbury's 5-Star

Most Cadbury's brands went in for a change in positioning due to stagnation in the consumption of chocolate. Cadbury's 5-star was originally the "togetherness bar." As markets changed, a need was felt for making the brand more serious. Thus the positioning was changed as "energiser for the young achievers." One of the first advertisements to echo this idea showed how a ballet dancer was inspired to perform better after consuming 5-star. The advertisements have changed since, but the positioning retains the "energy-giving" pitch.

Saffola

Saffola was positioned as the edible oil "good for heart." To make the positioning more serious, the pitch "Heart is not safe without Saffola" was adopted. This put Saffola in a different league as compared to the other oils making it the most health-conscious brand in the market. In fact, Saffola stands out in a category cluttered with me-too brands.

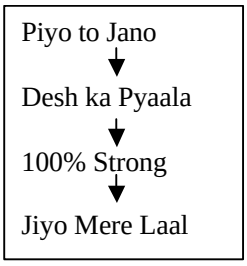
Fallinc Sales

Ambassador

The Ambassador was positioned as the "rugged road master." This positioning was in line with product perceptions because Ambassador is seen as a tougher vehicle than Maruti. However, Maruti proved to be sleeker, more fuel efficient and initially even cheaper. Thus the positioning was changed to "a member of the family." In other words, falling sales forced Ambassador to move from a rational pitch to an emotional pitch. (Even this positioning was later changed by Ambassador. But none of the positioning changes helped it because the product itself was seen as dated.)

Red Label

BrookeBond's Red Label is a typical example of how falling sales can precipitate repositioning. Red Label is an age-old brand with a franchise of its own. How ever, over a period of time it might have lost some of its relevance. Its traditional positioning was that Red Label was one of its kind ("piyo-to-jano"-drink it and you will know the difference"). When this was seen as dated, a new positioning statement involving patriotism was configured ("Desh-ka-pyaala"-India's tea"). This did not bring the expected volumes. Then the strength pitch was tried ("100% strong"). Finally, the current positioning is something that invites the old generation as well as the new generation to consume Red Label ("jiyo-mere-Iaal" - "long live my son", there is a pun on the word 'laal' which means son as well as red). Several attempts of repositioning had to be made because of falling sales.



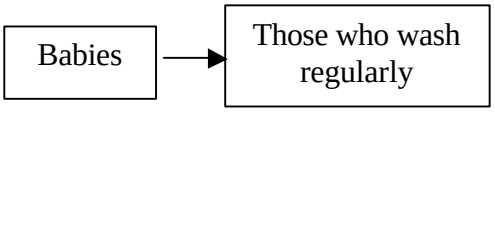
Bringinc In New Customers

Margo

Margo is an old soap popular in the East which sells on the "health" platform. It has neem as an ingredient to deliver this benefit. Margo's positioning traditionally attracted middle-aged buyers like Forhans. Margo wanted to attract new customers like the youth and made several changes to the product. The packaging was made more attractive and the communication was tailored to draw the attention of the youth. (The advertisement shows a young woman visiting her grandmother. She tells the old lady that since she uses Margo, she does not need neem leaves. The implication is that even young people use Margo.) There was, thus, a subtle change in positioning from" neem benefit" to "neem benefit for youth also." This slight repositioning helped Margo win young customers without losing old ones.

No More Tears Shampoo

Johnson & Johnson launched a baby shampoo by name "No more tears." Sales were not encouraging. This forced J&J to look out for new users. If the shampoo can be used for babies, it was reasoned, it will be extrasoft. So this extra-soft shampoo will be good for users who use shampoo often. Thus a baby shampoo was stretched to include "heavy users."

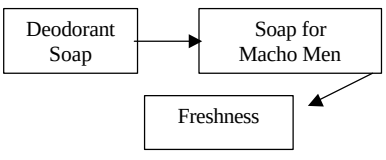


J and J Baby Oil

In baby oils also, J&J stretched what was essentially a baby product to a new user, namely the mother. The argument was that what was good for babies was good for mothers too. Essentially, since the oil is soft on skin being a baby oil, it attempted to attract mothers also as users.

Cinthol

Cinthol repositioned itself several times. In one of its initial attempts at repositioning, it moved from being a "deodorant soap" to "soap for macho men." The appeal of a deodorant soap was limited. Thus due to market changes as well as for attracting new customers the positioning was modified to include "male" connotation without sacrificing the deodorant platform.



Cad burry's Diary Milk

It was found that most adults wanted to eat Diary Milk but restrained themselves because it was supposed to be consumed by children. Thus, a repositioning campaign was launched which showed adults doing unconventional things (like a lady breaking into a jig in the middle of an overflowing cricket stadium) driving home the message that chocolates could be enjoyed by adults as well.

Makinc The Brand Contemporary

Dabur Chyawanprash

Dabur Chyawanprash basically had the positioning of being good for health and digestion. To make the brand more attractive to the consumer, the nutritional element was added to its positioning.

Keo Karpin Hair Oil

Keo Karpin was positioned as a hair oil that assisted "styling" the hair. It was hence endorsed by celebrities But in the recent years, hair oil came to be seen as some thing that makes the hair sticky. To make it more a acceptable in the changed circumstances, Keo Karpin was repositioned as "the non-sticky hair oil."

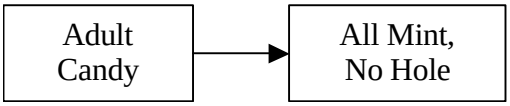
Onida TV

Onida was the first indigenous premium TV brand in India. Its unique advertising gave it a special status among well-to-do consumers. The hugely successful "devil" campaign proclaimed "Neighbour's Envy, Owner's Pride." In the mid-nineties, however, there was tough competition unleashed by MNC brands like Sony, Samsung and LG. Thus the positioning had to be made contemporary. It was then changed to "World's Envy, India's Pride" to signal that Onida was as good as the foreign brands.

Differentiatino Brands From Competitors

Mint – 0

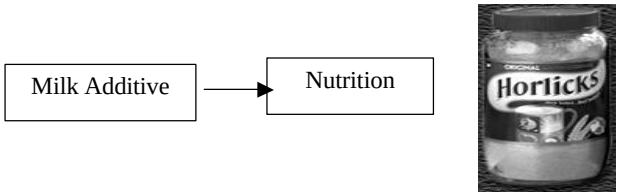
Mint-O's position in 1990 was "adult candy." This was to enthuse grown-ups to consume peppermint. This may not have helped the brand to stand out. In 1995, a position that directly aimed at competition (Nestle's Polo) was configured. Polo positioned itself as "the mint with the Hole." Mint-O positioned itself as "All Mint, NoHole." One of the advertisements even argued, "If your head doesn't have a hole, why should your mint." Positioning the brand head-on with Polo gave it a distinct focus.



Changed Market Conditions

Horlicks

Horlicks was initially both a substitute and an additive to milk. This positioning served it well till the scarcity of milk was overcome in several parts of the country. Horlicks then shifted its positioning to "energy giver and health provider."

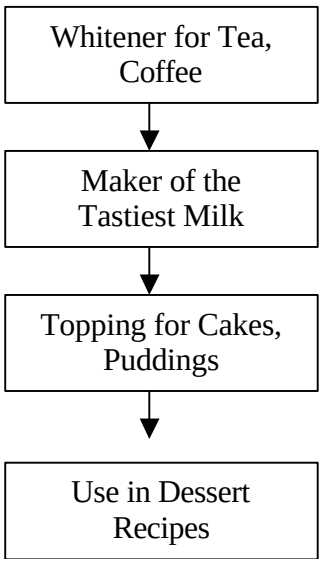


Illustrated Weekly

Illustrated Weekly was a leading family magazine targeting the households in the '70s. This position was taken over in the eighties by India Today. Thus, Weekly predominantly became a political magazine though it covered other topics as well. Finally, it became a broadsheet to save on costs and eventually exited. This shows how changed market conditions could force repositioning though the repositioning itself may not save. the brand.

Milkmaid

A classic illustration of repositioning is Nestle's Milkmaid. It started as a whitener for tea and coffee. Again like Horlicks, when the milk scarcity eased, it changed its positioning to "topping for cakes and puddings and use in dessert recipes2."



To sum up, repositioning is done with the intention of attracting customers back into the fold. A study of the above types of repositioning reveal that it is more often done to increase either the users or the number of uses. A limitation of the list of above illustrations, of course, is that it contains few durables or services. However, it has a fairly representative list of consumer softs. Thus, if we consider the FMCG .category in India, most repositioning exercises seem to be broadening the position rather than altering it. As mentioned earlier, some of these repositioning statements have been changed again. But that does not detract from their merit as illustrations.

LESSON 30:
DIFFERENTIAL ADVANTAGE AND POSITIONING

Objectives

Upon completion of this Lesson, you should be able to explain:

a. What is differentiation ?

b. What role differential advantage plays in branding?

c. How can we develop a sustainable competitive advantage?

You have studied brand positioning in quite a detail by now but there is one more important aspect - the differential advantage, which influences the brand positioning strategies. This lesson will give you insights as to the role of brand positioning with regards to competitive aadvantage.

Differentiation: How To Compete

Your challenge is to determine not just how you're going to play the game, but also how you're going to win. In other words, how to differentiate your Brand and create an important and meaningful point of difference.

•	Start by identifying the Tangible Differences between your Brand and the competition; i.e., the conscious, rational benefits you can focus on. For example:	
	Service (Nordstrom); Price (Costco); Selection (Toys 'R' Us);	Performance (Nike); Contemporary home fashion (IKEA); Great Price (Payless Shoes).
•	Now move on to the Intangible Benefits - those emotional, sub-conscious benefits you want your Brand to own. This includes things like status (Tiffany) or badge value (Virgin). It is these intangible benefits that are becoming the most important leverage for Brand dominance.	

1. **Your Brand must be perceived to be unique.**

   To create a substantial differential advantage in your Brand, you must first create a point of difference in the way customers perceive your Brand - one that is so successfully unique in the minds of your customers that no other brand can substitute for it.

   Uniqueness does not in itself necessarily motivate traffic, sales or repeat visits. Nevertheless, it must be perceived as being unique, before any other values can be attached to it.

2. **Your Brand must be important to your core customers.**

   Many retailers assume that the most important benefit is Price. This is true for some customers, but for many others, Price is only the beginning and for most, it is an unsustainable competitive advantage.

   Competitive prices are the 'greens fee' that allows you to play in the game; but to win, you need much more, e.g. product mix, service, look, and marketing, all important options you need to re-examine to help determine where you want to dominate.

3. **Your Brand's point of difference must be delivered and sustained with style and substance.**

   Together, these three factors will help you to achieve a compelling, competitive advantage that delivers a superior customer benefit and can only be challenged by the competition over a long period of time and at great cost.

Some Options for Brand Differentiation:

•	Lowest prices	•	Full-service
•	Biggest selection	•	Newest, hottest, with it, in
•	Best overall total experience	•	Status
•	Most convenient, easiest	•	Badge value
•	Quick service	•	Best overall value

(www.customfitonline.com)

The Differential Advantage and Branding

Only few products are unique. Often the challenge lays in finding a way to differentiate your products from a rival's near-identical offerings. The basic question says: "How can I get an advantage over the competition?" When your products are better than those of your competitors, and when customers recognize this superiority, you have a real advantage. Few organizations are in this position. Most find that there is a little or nothing to distinguish their own products from competitor's.

To gain competitive advantage, uncover not just differences but also attributes that customer's value. Make sure the differences are meaningful to customers, so that your product is preferable to the others available. Often it is the little things that count. Customers may choose your product over a competitor's identical product because they prefer your information or because you give them coffee while delivery of the information.

Pay attention to details that could make a difference. A genuine customer-centric approach will differentiate you from competitors. Show your commitment to customers and ensure that staffs are emphatic. Review company systems and processes to make them more customers focused.

Lets do a small exercise and see how differentiation helps.

Answering the following questions, try to identify the differential advantage of between two brands of your choice.

1. Why do you buy brand A rather than buying brand B?
2. What makes A different from B?
3. How is A better than our B?
4. What strengths do A have that we can effectively capitalize on?

Branding as the Foundation of Sustainable Competitive Advantage

The discipline of branding has a major problem. Depending on who's talking, branding can be a logo package (according to graphic designers who've picked up on the branding "trend"), a logo package with a unique selling proposition tag line and an institutional advertising campaign (per those advertising

agencies that call themselves branding agencies), an internal communications program (re: public relations firms), or it can go as far as being explained as promotion of the differential nature of the company and its products in the competitive environment .

What is "Branding?"

The general description of branding as "delivering all the promises and perceptions that the organization wants its constituents to hold" is widely accepted among those who teach and practice the art and science. Yet, as all-encompassing as that definition is, it is inadequate, overly subjective, and, importantly, is a difficult "sell" when dealing with business executives bearing finance, manufacturing, research or engineering backgrounds. It may communicate effectively to the marketing or sales-trained executive, but is too "soft" for technically or scientifically trained executives, and too immeasurable for financial executives.

A New Definition of Branding

In isolating the true function of branding, a more directed, measurable, and sellable definition emerges: "Branding is identifying or creating, and then exploiting, sustainable competitive advantage."

Every word of that new definition is instrumental to the concept as a whole. Likewise, the entire phrase is the singular foundation of business success. It explains what branding does, but it also clarifies the result of branding. It's a process that executives from any business background can conceptualize and embrace.

Sustainable Competitive Advantage is the Foundation of a Viable Brand

Ask business executives to define their company's sustainable competitive advantage, and often you'll hear "our employees," "our products," or "our technology," among the most frequent of the myriad of possible answers. In reality, none are prima fascia sustainable competitive advantages ("advantages" for the sake of brevity). "Advantage" falls into only two categories, something that you own that is a barrier to competition, or something that you do very well that effectively bars competitors.

For the first category of "advantage," something that you own (exclusively, such as a patent or an unreasonably duplicatable process), the task is more of an advertising/public relations/ sales process, rather than branding. This is so by definition, as it already is a sustainable competitive advantage.

When Branding Becomes the strategic Advantage

Drawing from strategy analysis work by Harvard Management Professor Michael Porter, branding becomes the "advantage" when it identifies and exploits operational excellence, customer intimacy or product leadership in the experiential lens of the consumer. Each category has general requirements that are required of a strong brand and overlap between groupings, but the brand differentiators are categorically based.

The brand "advantage" differentiators for operational excellence are product and service attributes, such as price, time, quality and selection. The result of successful exploitation of this brand "advantage" is the consumers viewing themselves as "smart shoppers."

There are general requirements for brand "advantage" differentiation for the customer intimacy category, where product and service attributes are necessary, but the brand differentiator is service and customer relation. The consumer views the result as a "trusted brand."

To attain branding sustainable competitive advantage in the product leadership category, it is required to provide product and service attributes, as well as a solid relationship, but the differential "advantage" is found in product functionality or time. The consumer views this brand as "best in class."

Research-driven Brand Analysis and Strategic Branding

"It's not what you don't know that hurts you. It's what you know that ain't so." -
Will Rogers, Jr.

Determining the sustainable competitive advantage is a function of branding research into the market needs, company's strengths and competitors' weaknesses. Where they overlap, the "sweet spot," is where the company has a strategic and sustainable competitive advantage. This study is detailed and inclusive of internal culture analysis, as well as traditional marketing research. Nothing is surer to prevent successful brand exploitation than a toxic corporate culture that cannot deliver a consistent brand promise.

"Capitalizing" Converts Sustainable Competitive Advantage to Branding

The role of strategic branding is to exploit the sustainable competitive advantage. It is the brand manager's role to develop programs to capitalize on the firm's advantage, however, finding the "advantage" inherent in the organization is often a monumental task. It is even more instrumental to the success of the company if the brand analysis finds the "silver bullet" advantage in the marketplace, but determines that it is not a characteristic inherent of the company, requiring a long-term strategic management and marketing evolution.

If you don't have It, Create It

The salience is that branding is the function of identifying and capitalizing on sustainable competitive advantage. For companies that don't have a sustainable competitive advantage, it is incumbent on them to create one according to "what the company can offer, that the market wants and is the competition's weakness." Firms that do not offer a competitive advantage languish in the backwashes of mediocrity if, in fact, they can survive over the long-run.

While causing a company to create a sustainable competitive advantage from the manufacturing side (product leadership) may be so monumental as to be virtually impossible, operational excellence and customer intimacy are attainable. The creation of "advantage" from these perspectives is quintessentially strategic, long-term and can entail great resources allocation, but they are certainly more achievable than "building a better mousetrap."

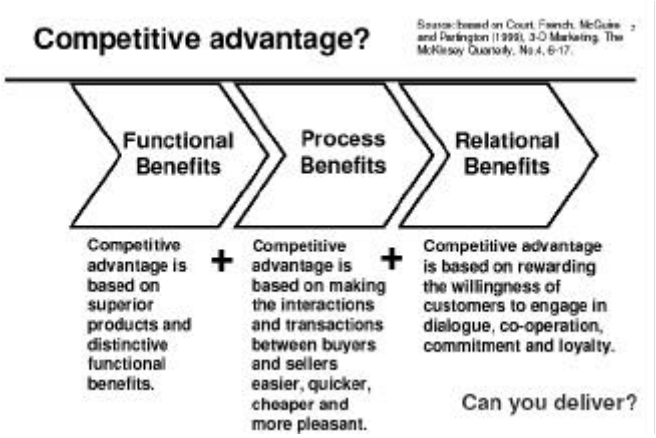
Importantly, customer intimacy and operational excellence are goals of most enterprises, as seen by the vast penetration of

CRM and TQM, but are rarely executed with "sustainable competitive advantage in mind." The important point is that as goals, they can be long-term and the brand strength can be built over time. As branding consultants, it is vital that the discipline establish a clear definition of the of brand, least it be further diluted by those who don't know what it is, but do know how to sell businesses on buzz words and trends. The branding discipline has a large and growing body of knowledge, yet that good work will be for naught if consensus isn't reached as to a viable definition and process that is recognized and understood by more than the most sophisticated companies.

Strategy or Tactic? Project or Process?

Just as information technology-related productivity has transformed the economy in irreversible and immensely valuable ways, branding is approaching "break through" as a transformational strategic process. Recognition of the branding processes' seminal nature in engineering organizational success will be resultant of a clearer understanding of the process goal, than of identifying, creating and exploiting strategic competitive advantage.

http://www.brandchannel.com/



http://www.spark.auckland.ac.nz

Developing A Sustainable Competitive Advantage

Marketing Efforts Must be Sustainable

Marketing is a dynamic process of ensuring a close fit between the capabilities of an organisation and the demands placed upon it by its external environment. It follows that the marketing mix will need to continually evolve over time in order to meet changes in a company's internal objectives and in its business environment. It is not good enough for a company to develop a marketing mix strategy that works for a short period, but then fails to make good long-term profits for the company.

History is full of marketing plans that looked too good to be true, and haven't been sustainable. It is not difficult to develop short-term marketing strategies which at first appearhighly successful when judged by sales levels. It is much more difficult to develop a marketing strategy that is sustainable over the longer-term by producing adequate levels of continuing profits.

In the UK, companies such as Next, Amstrad, Laura Ashley and British and Commonwealth have all risen rapidly and gained many "Business of the Year" type of awards on the way. But each of these examples ended up in serious financial difficulties just a short while later. Very few of the so-called "excellent" companies identified by Peters and Waterman in their book "In Search of Excellence" were considered to be excellent 15 years later.

Who are the Competitors?

Any plan to develop a competitive advantage must be based on a sound analysis of just who a company's competitors are. At first, it may seem obvious who the competitors are, but as Theodore Levitt pointed out, a myopic view may focus on the immediate and direct competitors while overlooking the more serious threat posed by indirect and less obvious sources of competition.

Direct competitors are generally similar in form and satisfy customers' needs in a similar way. Indirect competitors may appear different in form, but satisfy a fundamentally similar need. A sound analysis of the direct and indirect competitors for a firm is crucial in defining the business mission of an organization.

Discussion Topic: What Business is the Parker Pen Company in? Probably not the Pen Business, or Even the Writing Implement Business, But Rather the Gift Business. on This Basis, Who are Its Competitors?

A useful framework for analysing the competition facing a company has been provided by Michael Porter. His model illustrates the relationship between existing competitors and potential competitors in a market and identifies five forces requiring evaluation:

- the threat of new entrants
- the threat of substitute products
- the intensity of rivalry between competing firms
- the power of suppliers
- the power of buyers

Developing A Sustainable Competitive Advantage

Comprehensive, longitudinal studies of the factors contributing to marketing success are relatively few and far between. However, a major study undertaken by the Chartered Institute of Marketing and Cranfield School of Management identified ten guidelines for "world-classmarketing":

- Develop a true marketing orientation
- Develop a differentiated product offer
- Monitor changes in the marketing environment
- Understand your competitors
- Market segmentation is crucial
- Understand your Strengths and Weaknesses
- Understand the dynamics of product/market evolution
- Pay attention to portfolio management
- Identify strategic priorities
- Develop professional management skills

Creating a Strategy for Differential Advantage

There have been many prescriptions for marketing strategies that give a firm a long-term competitive advantage. A framework that has received much attention is based on the work of Michael Porter (Porter 1980). The basis of his analysis is that firms identify those activities for which they have a competitive advantage over their competitors.

Competitive advantage based strategies can be divided into three generic types:

- Overall Cost Leadership - To achieve competitive advantage in such markets, a company needs to put a lot of effort into lowering its production and distribution costs so that it can charge lower prices than its competitors
- Differentiation - In order to try and reduce their dependence on market forces, many firms have sought to differentiate their products. They seek to achieve superior performance by adding value to the product which is reflected in the higher price that customers are prepared to pay.
- Focus - A focus strategy involves an organisation becoming familiar with the needs of specific market segments and gaining competitive advantage by cost leadership or differentiation within its chosen segments, or both.

For firms pursuing a similar strategy aimed at similar market segments, Porter contends that the one which pursues its strategy most effectively will meet its objectives most effectively.

Positioning Strategy

Positioning strategy is used by a company to distinguish its products from those of its

competitors in order to give it a competitive advantage within a market. Positioning is more than merely advertising and promotion but involves the management of the whole marketing mix. Essentially, the mix must be managed in a way that is internally coherent and sustainable over the long-term.

Selecting a product position involves three basic steps :

- Undertake a marketing audit to analyze the position opportunities relative to the Company's strengths.
- Evaluate the position possibilities and select the most appropriate:
- Use the marketing mix to develop and communicate a position

Repositioning

Markets are dynamic and what was once an appropriate position for a company may eventually cease to be so. A company's environmental monitoring should identify any factors that may call for a repositioning. Repositioning could become necessary for a number of reasons, e.g. false assumptions a bout the market; an over-estimation of the company's advantages; and a desire to "trade up" to a new market position.

Any attempt at repositioning must ensure that it doesn't alienate a large and profitable group of core customers.

Developing a Portfolio of Products / Markets

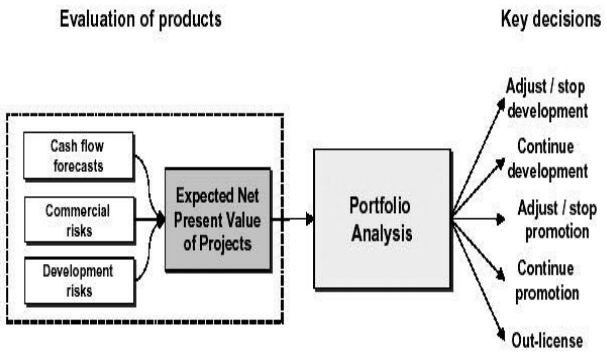
Managing a portfolio of products is a key factor in creating a sustainable competitive advantage. Portfolio planning can be applied to the types of products / markets served and the stage of products in their lifecycles. Risk spreading is an important element of portfolio planning which goes beyond marketing planning.

Some companies deliberately provide a range of products which - quite apart from their potential for cross selling - act in contrasting manners during the business cycle. For a company to put all of its efforts into supplying a very limited range of products to a narrow market segment is potentially dangerous. Over reliance on this one segment can make the survival of the organisation dependent upon the fortunes of this one segment and its liking for its product. (This has already been discussed in detail in lesson 37: Brand Architecture and Brand portfolio)

Portfolio Position Analysis

Organisations seek to match their own internal strengths with the opportunities available in their environment. A number of attempts have been made to show in the form of a portfolio position map the mix of products within a company's portfolio. Such position maps can facilitate management thinking in the development of balanced portfolios and the allocation of strategic priorities.

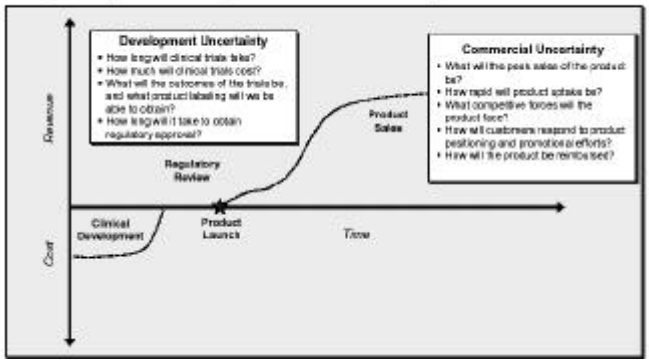
Evaluating the risks and potential of both pipeline and marketed products is usually the first step in portfolio analysis.



As a basis for strategy formulation, the grid focuses attention on finding strategies which match an organisation's internal strengths and weaknesses with the opportunities and threats presented by its operating environment.

It must not be forgotten that market attractiveness is a dynamic measure and for planning purposes, the prime consideration is how attractive a market will appear at the time when a proposed strategy is implemented.

A number of uncertainties must be addressed when evaluating products. Effective portfolio management requires accurate predictions for each of these key variables.



Planning for Growth

Most private sector organizations pursue growth in one form or another, whether this is an explicit aim or merely an implicit aim of its managers. Growth is often associated with increasing returns to shareholders and greater career opportunities for managers. Growth may be vital in order to reach a critical size at which economies of scale in production, distribution and promotion can be achieved, thereby contributing to a company's sustainable competitive advantage. It is useful to consider the options open for growth and the levels of risk and sustainability inherent in each of these.

Market / Product Expansion Choices

These dimensions form the basis of the Product/ Market Expansion Grid proposed by Ansoff (1957). Four growth options were identified:

- Market penetration strategy
- Market development strategy
- Product development strategy
- Diversification strategy

The four growth options are associated with differing sets of problems and opportunities for a company. These relate to the resources required to implement a particular strategy, and the level of risk associated with each. It follows therefore, that what might be a feasible growth strategy for one organization may not be for another.

Organic Growth v Growth by Acquisition

The manner in which an organisation grows can affect the sustainability of that growth. There are two basic means by which an organisation can grow:

- Organic growth - growth is dependent upon previous success. It is a more "natural" pattern of growth, but limits the scope of a company.
- Growth by acquisition - thus may be attractive to organizations where opportunities for organic growth are low. It is sometimes almost essential in order to achieve a critical mass which is necessary in order to gain a competitive cost advantage.

http://www.oup.co.uk/

Conclusion

The Differential Advantage and Branding

Strong, well-known products provide companies with a real competitive advantage. Use the power of branding to imbue your products with personality and meaning, ensuring they achieve a prominent position in the marketplace.

The right name helps to sell products and service. It bestows individuality and personality, enabling customers to identify with your offerings and to get to know them. It makes products and services tangible and real. Choose name that enhance your company image and that are appropriate for the products and its positioning in the marketplace.

Establish trust in your brand and customers will remain loyal. Branding means developing unique attributes so that your products are instantly recognisable, memorable, and evoke positive association. Some brands have a solid and reliable personality, others are youthful and fun. Choose your company and product name, corporate colours, logo, design and promotional activity to help convey a personality and build a brand.

Customers should be able to look at one of your products and assimilate all that you stand for in a second by recalling the brand values. But remember: A strong brand is not a substitute for quality but an enhancement to it.

The service attributes are e.g. friendless, creativity, courtesy, helpfulness and knowledgeability. The creation of a corporate identity is a vital element of branding. Present an integrated, strong, instantly recognisable, individual image that is regarded in a positive way by your customers, and seize every opportunity to strengthen your corporate identity. It is important to maintain corporate identity consistently by issuing written guidelines for staff.

Role of Agencies in Branding

A branding agency is an agency that specializes in helping you market your product in a way that will allow present and potential customers to associate your product uniquely with your company. This is called product branding and it's the key to setting yourself apart from your competition. Anything else is just surviving and in today's market, who knows how long you can do that for?

So, you know what to do, but how do you do it? Unfortunately, working that out is the hard part. But that's what branding agencies are there for.

A Good Branding Agency Is Good To Find

If branding is done properly, it can elevate your business to a place it's never been before. This is why you need to find a strong and smart branding agency to explore and find the right branding ideas for you, your product and your company. The other hard part is picking a branding agency.

Your ad agency needs to be your partner in building brand equity. They need to be your partner in building brand uniqueness.

Agencies help you communicate brand values to consumers over time. To do this, your agency needs to be the voice of the consumer in brand development. They must deliver effective brand-building ideas, and must be strong advocates for

consistent, long-term brand-building strategies. Agencies has a process in place to help its clients define the uniqueness of their brand and develop dramatic ways to communicate this uniqueness.

Advertising is a means to an end. The end is brand equity defined as: consumer loyalty based on a healthy respect for quality, value and uniqueness of that brand leading to repeat purchases and willingness to pay a reasonable premium price. While it is unreal to expect advertising to make up for a lack of real brand differences, it is important for building brand equity. More than anything it is effective advertising of unique brand benefit that builds that brand franchise.

A word about creativity.

Advertising campaigns that have an equity-building impact universally are built on relevant differences related to a consumer need.

There is no brand equity impact when the advertising presentation is not linked to relevant purchase decision criteria. Thus, creativity in advertising should underscore the uniqueness in the product or service. "Creative" must be defined as equity building - not as award winning. Although awards are nice, too.

In Depth: Advertising and Marketing

Branding: Agencies Help Clients Find Identity

Mark Hilpert

Contributing Writer

At the turn of the last century, when someone talked about "branding," they usually meant putting a scalding iron to their cattle. But branding is still a hot topic as companies seek a more modern means of tagging their products with a unique identity.

Area public relations agencies are responding by developing their own brand-name marketing products, reinventing long-offered services into new packages. Although the names may differ, the goal is common: help clients with the mission of many a wayward soul - finding themselves.

One such firm is Silver Spring's Boscobel Marketing Communications. Owner Joyce Bosc, who started the 18-person firm 21 years ago, has taken her experience helping clients identify their mission and given it a name. Boscobel's Brand Destination Workshops have catered to a half-dozen clients since their July rollout.

Bosc's goal is to take participants out of standard operating procedures and into a creative process that will unlock serious thought on what sort of organization they want to be.

"The overall purpose is to help a company define an image - to project [its] desired brand one year from now," said Boscobel spokesperson Susan Fenley.

Workshops usually take place at an appropriately visionary location: the Tower Club, high atop a Vienna office building. Bosc asks such "personality-mapping" questions as "If your organization were an animal, what would it be?"

"Talk about their organization in the third person than directly," she said. "The underlying goal is to answer fundamental questions: `Who are we? What do we want to be? And how do we get there?' " she said.

Results are compiled in a report to the client who can execute the plan itself or have Boscobel or a third party walk it through the oftentimes lengthy process.

Reston's Audiopoint, a mobile, voice-activated Web serviceof just five employees, looked to the workshop to take a look at itself.

President and CEO Nick Unger and his company answered such questions as "What words do you identify with your company, and what words do you think your competitors identify with you?"

"They helped us break down the different parts of our image so we could prioritize and identify to our customers what we think is most important," he said.

Boscobel isn't alone in the branding game. Other area PR firms have rolled out newly named and repackaged branding services in recent months.

Some, like Fairfax's Borenstein Group, are focusing on technology companies, which need help establishing an identity in a marketplace of a million whiz-bang products clamoring for attention.

"Branding a company is becoming more of a challenge because we're surrounded by so many cliches," said firm founder Gal Borenstein. "Every company has its own personality, and bringing that out requires unconventional communications methods to get the true personality of the brand and company out. It can't be done in the boardroom, it has to be done in a place where people feel comfortable to create."

Another marketing firm with its mind on technology is Reston's Solven.com which seeks to differentiate itself by specializing in helping clients establish their brand on the Internet.

Like Boscobel, Solven debuted a workshop in July called "The Solven Session."

Exercises involve questioning the participant's clients, ex-clients, salespeople and key executives on what the company is doing right and what it's not.

"This isn't rocket science," said Ronnie Taylor, managing partner of the 12-person firm. "But it's what companies have walked away from and need to get back to."

Another firm that reinvented its branding effort is Besthesda's Earle Palmer Brown.

The stated mission of its "Future Focus" service, which began this summer, is to look at all aspects of an organization's outreach - direct mail, media coverage, sales - and uncover growth strategies.

"A lot of companies these days are coming out with an outrageous positioning that doesn't tell the customer the benefits the brand offers them," said Mike Carberry, partner and general manager of the firm's Washington office. "Brands need to build an enduring relationship with their customers over time. It's not a short-term proposition."

Assignment

Many organizations do not fully appreciate the importance of the fourth 'P'

of place in achieving a competitive advantage. How would you convince them otherwise?

(This question is about creating a differential advantage and may be answered using a course model of the alternative perspective of the marketing mix. The discussion will lead to the creation of a differential advantage with special emphasis on customer service. A good answer will introduce the supply chain aspects of 'place' and the role of logistics. It will consider improvement of co-operation within the supply chain and also the benefits of joint planning activities.)

The Core Strategy: Competitive or Differential Advantage

- One of the most important strategic decisions:
- If not low cost producer the firm must be able to differentiate--but must have the following 3 characteristics.
  - It should generate customer value (difference must matter-red computer).
  - The increased value must be perceived by the customer (intell inside).
  - The advantage should be difficult to copy.

Three Approaches to Developing Competitive Advantage

- Cost- or price-based advantage.
- Quality-based or differentiation advantage.
- Perceived quality or brand-based advantage.

Cost- or Price-Based Competitive Advantage

- Cost-based is difficult because:
  - You need to know the competitors' costs.
  - Improvements in technology make it possible to be leapfrogged.
  - Only one supplier can be the low-cost competitor in the market.
- If not low cost then firm must choose some other differentiation variable.

Quality-Based Differentiation

- Develop an observable difference that is valued by target customers-where customer is willing to pay more.
- Research shows a strong positive relationship between perceived quality and return on sales and return on investment.
- Differentiate through real difference.
  - Do not get caught in the middle (not low cost and no perceived quality difference)

Perceptual Differential Advantages

- Some firms do a better job of giving the customer the perception that their product is better.
- Perceptual differentiation is often used when actual product differences are:
  - Small.
  - Hard to achieve.
  - Difficult to sustain.
- Some h-t firms differentiate base on the use of the latest technology

The Value Chain

- Differentiation can be obtained throughout the value chain. For instance:
  - Differentiate through inbound logistics.
    - Purchase highest quality component parts.
  - Differentiate through outbound logistics.
    - Time and speed of delivery

LESSON :31
BRAND AS STRATEGIC DEVICES

Topics Covered

Diverse ways of positioning and sustaining brands against competitors, Cost-driven and Value added Brands, Brands as competitive advantage, Characteristics of winning brands, Adding value through customer participationTrademark registration, Legal Perspectives in Branding, Brand evaluation, Online Branding and Business to Business branding.

Objectives

After the completion of the lesson, you should be able to:

a. Understand Strategic relevance of brands

b. Use brands as a strategic devices

Overview

Firms have a variety of options available to them with respect to branding strategy, which refers to the nature and number of common and distinctive branding elements that can be applied to the products and services sold. Branding strategy is important as a means of enabling consumers to understand and connect with the brand, since it can help consumers organize a company's products and services in their minds. This chapter introduces the concepts of the brand-product matrix and the brand hierarchy, two tools that can help a company make decisions regarding branding strategy.

The brand-product matrix is a graphical representation of all the products sold by a firm. Each row of the matrix is labeled with a brand name, while each column represents a product. Thus, the rows of the matrix correspond to brand lines (all the products sold under a particular brand name) while the columns correspond to product lines, a.k.a. brand portfolios, (all the brands marketed in particular product categories). A firm's branding strategy can be characterized according to its breadth, which refers to the number and nature of products that bear the same brand name, and its depth, which refers to the number and nature of brands in the same product category. Marketers can use the brand-product matrix to determine whether and where to make connections across products and brands.

A brand hierarchy visually illustrates the possible relationships that can be formed among the firm's products through the selection of common and distinctive brand elements. The levels of the hierarchy might include the corporate or company brand at the top, followed by a family brand used in more than one product category, an individual brand that typically is restricted to one product category, and a modifier that designates a specific item or model. Because a company's marketing activity may result in different types of associations becoming linked to the brand names at various levels of the hierarchy, each name has the potential to impact the equity of brands at levels above and below it.

The choice of branding strategy depends upon a number of different factors, including corporate objectives and capabilities, consumer behavior, and competitive approaches. Consequently, strategies differ significantly between firms and even across products within firms. In addition to designating the optimal hierarchy, a company must also design marketing support programs that create the desired awareness and associations at each level. In general, associations for a higher-level brand should be relevant to as many brands below it as possible, while brands at the same level should be as differentiated as possible.

Brand Focus discusses cause marketing. Cause marketing provides the following benefits to corporations: building brand awareness, enhancing brand image, establishing brand credibility, evoking brand feelings, creating a sense of brand community, and eliciting brand engagement. The Brand Focus discusses several charitable campaigns in detail, including the Avon Breast Cancer Crusade and the Liz Claiborne Women's Work campaign against domestic violence, as well as environmental or "green" marketing.

Discussion Questions

1. Pick a company. As completely as possible, characterize its brand portfolio and brand hierarchy. How would you improve the company's branding strategies?

   Answers will vary.

2. Do you think the Nestle corporate image campaign described in the chapter was successful? Why or why not? What do you see as key success factors for a corporate image campaign?

   Nestle's revenues, profits, and stock price have risen steadily since the advent of its corporate image campaign. The question for students will be to determine to what extent this success is due to the campaign versus other business-related factors.

3. Contrast the branding strategies and brand portfolios of market leaders in two different industries. For example, contrast the approach by Anheuser Busch and its Budweiser brand with that of Kellogg in the ready-to eat cereal category.

   Anheuser-Busch employs its umbrella brand in corporate image advertisements, but its individual beverage brands retain their own identity distinct from the umbrella brand; however, Anheuser-Busch does reinforce the link between many of its individual brands and the umbrella in advertising and packaging. Kellogg's pursues an endorsement strategy with its brands, keeping a more obvious link between its cereals and the parent brand.

4. What are some of the product strategies and communication strategies that General Motors could use to

further enhance the level of perceived differentiation between its divisions?

As far as product strategies go, GM could minimize overlap between its divisions by eliminating models with similar positionings within different divisions. Also, GM could alter up its product line to keep the divisional positionings distinct from one another. For example, many have criticized the Cadillac Escalade in spite of its success because Cadillac has traditionally stood for luxury cars, not trucks. From a communications standpoint, GM might avoid running umbrella advertising campaigns that emphasize the GM name, using divisional and individual product ads exclusively.

Brand Leadership-the New Imperative

The classic brand management system has worked well for many decades for P&G and a host of imitators. It manages the brand and makes things happen by harnessing the work of many. However, it can fall short in dealing with emerging market complexities, competitive pressures, channel dynamics, global forces, and business environments with multiple brands, aggressive brand extensions, and complex sub brand structures.

As a result, a new model is gradually replacing the classic brand management system at P&G and many other firms. The emerging paradigm, which we term the **brand leadership model**, is very different. As the Figure summarizes, it emphasizes strategy as well as tactics, its scope is broader, and it is driven by brand identity as well as sales.

Brand Leadership – The Evolving Paradigm

	The Classic Brand Management Model	The Brand Leadership Model
	From Tactical to	**Strategic Management**
Perspective **Brand Manager Status**	Tactical and Reactive Less Experienced, shorter time horizon	Strategic and Visionary Higher in the organization, longer time horizon
Conceptual Model	Brand Image	Brand Equity
Focus	Short-term financials	Brand Equity measures
	From a Limited	**To Broad Focus**
Product market scope	Single products and markets	Multiple products and markets
Brand Structures	Simple	Complex Brand Architectures
Number of brands	Focus on single brands	Category Focus-multiple brands
Country Scope	Single Country	Global Perspective
Brand manager's communication role	Coordinator of limited options	Team leader of multiple communication options
Communication Focus	External/customer	Internal as well as external
	From Sales to	**Brand Identity as Driver of Strategy**
Driver of Strategy	Sales and share	Brand Identity

From Tactical to Strategic Management

The manager in the brand leadership model is strategic and visionary rather than tactical and reactive. He or she takes control of the brand strategically, setting forth what it should stand for in the eyes of the customer and relevant others and communicating that identity consistently, efficiently, and effectively.

To fill this role, the brand manager must be involved in creating the business strategy as well as implementing it. The brand strategy should be influenced by the business strategy and should reflect the same strategic vision and corporate culture. In addition, the brand identity should not promise what the strategy cannot or will not deliver. There is nothing more wasteful and damaging than developing a brand identity or vision based on a strategic imperative that will not get funded. An empty brand promise is worse than no promise at all.

Higher in the Organization

In the classic brand management system, the brand manager was too often a relatively inexperienced person who rarely stayed in the job more than two to three years. The strategic perspective calls for the brand manager to be higher in the organization, with a longer-term job horizon; in the brand leadership model, he or she is often the top marketing professional in the organization. For organizations where there is marketing talent at the top, the brand manager can be and often is the CEO

Focus on Brand Equity as the Conceptual Model

The emerging model can be captured in part by juxtaposing brand image and brand equity. Brand image is tactical-an element that drives short-term results and can be comfortably left to advertising and promotion specialists. Brand equity, in contrast, is strategic asset that can be the basis of competitive advantage and long-term profitability and thus needs to be monitored closely by the top management of an organization. The goal of brand leadership is to build brand equities rather than simply manage brand images.

Brand Equity Measures

The brand leadership model encourages the development of brand equity measures to supplement short-term sales and profit figures. These measures, commonly tracked over time, should reflect major brand equity dimensions such as awareness, loyalty, perceived quality, and associations. Identifying brand identity elements that differentiate and drive customer-brand relationship is a first step toward creating a set of brand equity measures.

From A Limited To A Broad Focus

In the classic P& G model, the scope of the brand manager was limited to not only a single brand but also one product and one market. In addition, the communication effort tended to be more focused(with fewer options available), and internal brand communication was usually ignored. In the brand leadership model, the challenges and contexts are very different, and the task has been expanded.

Multiple Products and Markets

In the brand leadership model, because a brand can cover multiple products and markets, determining the brand's product and market scope becomes a key management issue.

SONY

Product scope involves the management of brand extensions and licensing programs. To which products should the brand be attached? Which products exceed the brand's current and target domains? Some brands, such as Sony, gain visibility and energy from being extended widely; customers know there will always be something new and exciting under the Sony brand. Other brands are very protective of a strong set of associations. Kingsford Charcoal, for instance, has stuck to charcoal and products directly related to charcoal cooking.

3M Worldwide

IBM

Market scope refers to the stretch of the brand across markets. This stretch can be horizontal (as with 3M in the consumer and industrial markets) or vertical (3M participating in both value and premium markets). Some brands, such as IBM, Coke and Pringles, use the same identity across a broad set of markets. Other situations, though, require multiple brand identities or multiple brands. For example, the GE brand needs different associations in the context of jet engines than it does in the context of appliances.

The challenge in managing a brand's product and market scope is to allow enough flexibility to succeed in diverse product markets while still capturing cross-market and cross-product synergies. A rigid, lockstep brand strategy across product markets risks handicapping a brand facing vigorous, less-fettered competitors. On the other hand, brand anarchy will create inefficient and ineffective marketing efforts.

Complex Brand Architecture

Whereas the classic brand manager rarely dealt with extensions and sub brands, a brand leadership manager requires the flexibility of complex brand architectures. The need to stretch brands and fully leverage their strength has led to the introduction of endorsed brands(such as Post-its by 3M, Hamburger Helper by Betty Crocker, and Courtyard by Marriott) and sub brands(such as Campbell's Chunky, Wells Fargo Express, and the Hewlett-Packard's Laser Jet) to represent different product markets, and sometimes an organizational brand as well.

Category Focus

P&G

The classic P&G brand management system encouraged the existence of competing brands within categories-such as Pantene, Head & Shoulders, Pert and Vidal Sassoon in hair care-because different market segments were covered and competition within the organization was thought to be healthy. Two forces, however, have convinced many firms to consider managing product categories (that is, groupings of brands) instead of a portfolio of individual brands.

First, because retailers of consumer products have harnessed information technology and databases to manage categories as their unit of analysis, they expect their suppliers to also bring a category perspective to the table. In fact, some multi continent retailers are demanding one single, worldwide contact person for a category, believing that a country representative cannot see enough of the big picture to help the retailer capture the synergies across countries.

GM

Second, in the face of an increasingly cluttered market, sister brands within a category find it difficult to remain distinct, with market confusion, cannibalization, and inefficient communication as the all-too-common results. Witness the confused positioning overlap that now exists in the General Motors family of brands. When categories of brands are managed, clarity and efficiency are easier to attain. In addition, important resource-allocation decisions involving communication budgets and product innovations can be made more dispassionately and strategically, because the profit-generating brand no longer automatically controls the resources.

Under the new model, the brand manager's focus expands from a single brand to a product category. The goal is to make the brands within a category or business unit work together to provide the most collective impact and the strongest synergies. Thus, printer brands at Hp, cereal brands at General Mills, or hair care brands at P&G need to be managed as a team to maximize operational efficiency and marketing effectiveness.

Category or business unit brand management can improve profitability and strategic health by addressing some cross-brand issues. What brand identities and positions will result in the most coherent and least redundant brand system? Is there a broader vision driven by consumer and- channel needs that can provide a breakthrough opportunity? Are there sourcing and logistical opportunities within the set of brands involved in the category? How can R&D successes be best used across the brands in the category?

Global Perspective

Multinational brand management in the classic model meant an autonomous brand manager in each country. As the task of competing successfully in the global marketplace has changed, this perspective has increasingly shown itself to be inadequate. As a result, more firms are experimenting with organizational structures that support cohesive global business strategies,

which involve sourcing, manufacturing, and R&D as well as branding.

The brand leadership paradigm has a global perspective. Thus a key goal is to manage the brand across markets and countries in order to gain synergies, efficiencies, and strategic coherence. These perspective adds another level of complexity-Which elements of the brand strategy are to be common globally and which are to be adapted to local markets? Implementing the strategy involves coordination across more people and organizations. Moreover, developing the capability to gain insights and build best practices throughout the world can be difficult.

Communication Team Leader

The classic brand manager often just acted as the coordinator and scheduler of tactical communication programs. Further, the programs were simpler to manage because mass media could be employed. Peter Sealey; an adjunct professor at DC Berkeley, 'has noted that in 1965 a P&G product manager could reach 80 percent of eighteen- to forty-nine-year-old women with three 60-second commercials. Today; that manager would require ninety-seven prime-time commercials to achieve the same result. Media and market fragmentation has made the communication task very different

In the brand leadership model, the brand manager needs to be a strategist and communications team leader directing the use of a wide assortment of vehicles, including sponsorships, the Web, direct marketing, publicity, and promotions. This array of options raises two challenges: how to break out of the box to access effective media options, and how to coordinate messages across media that are managed by different organizations and individuals (each with separate perspectives and goals). Addressing both challenges involves generating effective brand identities and creating organizations that are suited to brand management in a complex environment

Furthermore, rather than delegating strategy, the brand manager must be the owner of the strategy-guiding the total communication effort in order to achieve the strategic objectives of the brand. Like an orchestra conductor, the brand manager needs to stimulate brilliance while keeping the communication components disciplined and playing from the same sheet of music.

Internal as Well as Eexternal Communication

Communication in the new paradigm is likely to have an internal focus as well as the usual external focus on influencing the customer. Unless the brand strategy _can communicate with and inspire the brand partners both inside and outside the organization, it will not be effective. Brand strategy should be owned by all the brand partners.

From Sales to Brand Identity as the Driver of Strategy

In the brand leadership model, strategy is guided not only by short term performance measures such as sales and profits but also by the brand identity, which clearly specifies what the brand aspires to stand for. With the identity in place, the execution can be managed so that it is on target and effective

The development of a brand identity relies on a thorough understanding of the firm's customers, competitors, and business strategy. Customers ultimately drive brand value, and a brand strategy thus needs to be based on a powerful, disciplined segmentation strategy, as well as an in-depth knowledge of customer motivations. Competitor analysis is another key because the brand identity needs to have points of differentiation that are sustainable over time. Finally, the brand identity, as already noted, needs to reflect the business strategy and the firm's willingness to invest in the programs needed for the brand to live up to its promise to customers

Strategic Relevance of Branding

A brand is much more than the name per se or the creation of an external indication that the product or service has received an organization's imprint or its mark.

A Brand Aims to Segment the Market

Brand building is part of a strategy aimed at differentiating the offering companies try to better fulfill the expectations of specific groups of customers. They do so by consistently and repeatedly providing combination of attributes-both tangible, practical and symbolic, visible and invisible value-under conditions that are economically viable for the company. The company wants to leave its mark on a given field, and sets its imprint on the particular offering.

A Brand starts with a Big Idea

The first task in branding: defining just what the brand infuses into the product or service. Branding, however, is not based on what goes on, but what goes in. the result is an augmented product or service which must be indicated in one way or the other if it is to be noticed by potential buyers, and if the company is to reap the fruits of its efforts before it is copied by others.

A Brand has an Enduring Value

If a brand is merely a label, then such a product would lose its value as soon as it loses its sign of brand identification. Instead, it continues to incarnate the brand: the brand's passing presence has transformed the product. This explains the value of Lux soap when it carries HLL label for the past 75 years; similarly, Adidas shoes, stripped of its name, will hardly see much consumer pull. They are worth more than counterfeit imitations because the brand image is present even when it cannot be seen. In contrast, though the brand level may appear on an imitation, it will actually miss the undercurrent of consumer's personal attachment with the offering.

A Brand tries to Protect Your Innovation

Brands become known through the products they create and bring on to the market. Whenever a brand innovates, it generates 'me-too-ism'. Any progress made quickly becomes the standard to which buyers become accustomed to. Competing brands most often follow through and at times bring out improved versions as they do not want to fall beneath the market expectations. For a short time, an innovative brand enjoys monopoly, but it will be a fragile one unless the innovation is patented or patentable. In other words, the role of brand name is to protect the innovation-it creates a "mental" patent. This is nothing other than the just reward for

innovation, making an effort, and taking risks. A snapshot of a given market will often show similar products. A dynamic vision, however, reveals who has innovated and pulled the competition along in the wake of its success.

A Product may Die But the Brand will Sustain

A brand protects the innovator, granting momentary exclusiveness and rewarding the willingness to take risks. Brands cannot be reduced to a symbol or a product or a merely graphic and cosmetic exercise. A brand is the signature on a constantly renewed, creative process. Products are introduced, they live and disappear, but the inner or core value of the original brand endures. This consistency of creative action is what gives the brand its meaning, its content and its character. Creating a brand requires time to build up that identity.

A Brand is a Living Memory

The spirit of the brand can only be inferred through its products and its advertising. The content of the brand grows out of the cumulative memory of various acts, provided they are governed by a set of unifying ideas or guidelines. The importance of memory in encompassing a brand explains why its image can vary structurally from generation to generation.

The Strategic Plan

A strategy gives business a defined route to follow and a clear destination. Build a marketing strategy and you will ensure that marketing is a long-term way of working, not a one-off activity.

A marketing strategy provides organisation with shared vision of the future. All too often, an organisation will perform a marketing task, such a direct mail shot, then sit back and see what happens. A strategic approach will ensure that you maximise returns on your marketing spending and boost the profits of your organisation.

A Strategic marketing manager has a clear picture of the future, anticipates changes in the market and works towards clear long/term goals

A Non-strategic marketing manager lives day to day without planning, reacts to changes in the market and has only short-term objectives

During the creating of the marketing strategy the marketing manager should proceed as follows:

1. Create the team
2. Review current situation
3. Set objectives
4. Plan action
5. Implement strategy
6. Review strategy

1 Create Your Team

The first steps during preparation of the marketing strategy are the hardest part. It is important to bring together a strong team to help to prepare the marketing plan. The strategic elements must be understood by every member of team in order to assure the marketing success.

It is important to involve the people whose function touches on marketing, and those whose job involves considerable customer contact. Before embarking on your marketing strategy, establish common ground by agreeing definitions and purpose. Build the team unity; perhaps by organizing an away day at a pleasant venue to discuss shared marketing issues and concerns. Show that you recognise the contribution each team member can offer.

2. Review Current Situation

- perform a SWOT analysis

SWOT (Strengths, Weaknesses, Opportunities and Threats)

Analysis of these four factors provides information on how to shape your marketing strategy. Devise objectives aimed at strengthening weak areas, exploiting strengths, seizing opportunities, and anticipating threats.

Team Assignment – Marketing SWOT Analysis

Identify your 4 strengths, weaknesses, opportunities and threats answering the questions below:

- Do you suit your strengths to full advantage? Could you do more to capitalise on them?
- Are there current or future opportunities you could exploit? Are new markets emerging or are there existing, untapped customer groups?
- What threats do your competitors pose? What threats exist in wider marketplace?
- What lets you down? What are you not good at? What do your competitors do better?

3. Setting Objectives

Draw up your objectives carefully, because your entire marketing strategy will be structured around them, and ensure that they are measurable so that you can evaluate their success.

Short-term objective can be staging posts on the way towards fulfilling long-term goals. Analyse your situation and then ask: "What if we do nothing?" Will products become out of date? Will your competitors grow more powerful? Spend time asking **"what if?"** to help you realize the effects of not keeping up with customer needs and competitor activities. It can serve to spur action.

If you have devised a set of objectives around which to build your marketing strategy, seek agreement for them across the organisation. Marketing is a discipline that cuts through many departmental boundaries. Marketing activity will have a knock-on effect in various parts of the operation so, for it to be effective, you will need the support of colleagues. Ensure they understand the need for these objectives and the impact they may have on their work.

4. Plan Action

Investigate constraints, such as time and money, and then create a timetable of activity to give you a working marketing plan.

The activities on your marketing timetable should be manageable and workable. The costs of not undertaking certain marketing activities, both in missed opportunities and the effect on your reputation, should be taken into consideration.

Look at your marketing ideas and work out the costs of each. Remember that marketing involves meeting customer need at a profit. To be justified, marketing activity should have a positive impact on the balance sheet. Examine not only the costs but

also the benefit. An advertising company may cost a lot of money, but if it reaps profit amounting to several times its costs, is it cheap.

5. Implementing Strategy

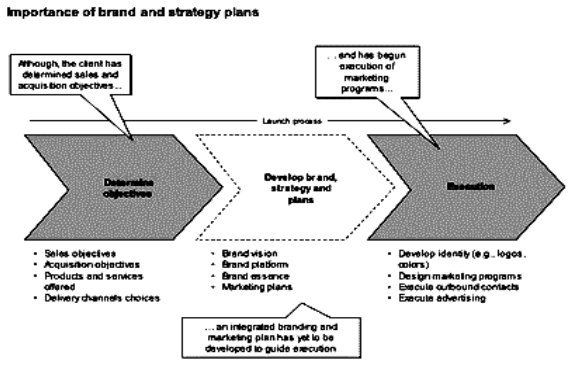
Some organisations invest considerable effort in developing a strategy but enthusiasm and energy wane when it comes to implementation. Ensure that your marketing strategy is **put into the action**, not let to gather dust on a shelf. Assign each task or activity due for implementation within the next 12 months to a named person.

6. Review Strategy

The world is not static. Things within your organisation or within your market are likely to change over the time. If they do, you might need to redefine your objectives. Review your objectives six-monthly or annually to check that you are till on track.

Answering the following questions will help you evaluate the success of your marketing strategy:

- Have profits increased since the strategy was implemented?
- Have we seen an increase in our customer base?
- Have we attracted a greater number of orders, or larger individual orders?
- Has the number of product/service enquiries risen?
- Has awareness of our organisation and its products or services increased?



The Strategic Marketing Plan : ACTIVITY

One of the main objectives of strategic brand management is to help you understand how to create niche for your product in the market among existing competitors. By now you should have a fairly good notion of the main ingredients of a strategic marketing plan. Now it's time to pull it all together and culminate The Marketing Game with a professional-style strategic marketing plan.

Perhaps a good way of approaching this is to imagine that your marketing team is being replaced (you've done such a good job that you and your marketing team have executed your stock options and plan to immediately retire to pasture in Vermont) and that one of your last functions is to present a written formal strategic marketing plan to the new, incoming marketing team. So sit back and take a good look at your progression through the past decision periods and come up with a brilliant strategic marketing plan that will cover the next decision period for the incoming marketing team.

Be concise. You have 10 double-spaced pages maximum of text, plus any number of graphs and exhibits that are necessary. I will not determine your grade by weighing your reports, so don't just add dozens of exhibits for the sake of adding stuff to your report. I expect that most reports will be about eight to ten pages. I don't think you need more than ten pages to do this report, but I think it will be difficult to do it in, say, five pages or less.

Be precise. {Quanitification for Clarification} Be specific when making claims and statements. For example, "we sold more in period 6 than in period 7" is too vague. How much more? One unit? 500 units? 60% more? Give some real numbers to clarify your statements. Or, "our brand awareness was high" is another example of a phrase that needs some quantification for clarification. How high? Even the highest brand awareness in the industry might be "low." Or, "our sales increased by 2% from period 2 to period 7" is **too vague** because it doesn't specify what kind of sales, e.g., gross sales? retail sales in rupees? Retail sales in units? It is critically important to be precise.

Be coherent. Don't just piece together a bunch of paragraphs different people wrote without making them a coherent whole. If I can't understand what you wrote, I can only assume that you didn't understand it either when you wrote it. This is a very important part of packaging your "product." You and I may have some brilliant thoughts and ideas, but if they are not presented coherently, who will ever know how brilliant our ideas are? When a graph is placed in a section of the paper, be sure to discuss it. Graphs and exhibits that are not discussed in the text of the paper will be absolutely ignored or considered an annoyance.

Be logical. Your conclusions, summaries, recommendations and so forth should all follow logically from your data and arguments. And, don't make up stuff that didn't happen, e.g., don't say you've been targeting the student segment if the historical data shows you weren't. What you did and didn't do has already happened. You can't change history, but you can use it to build on the future of your firm.

Be creative. Since you have wide creative latitude in your exhibits, graphs and tables, you should be able to dazzle us with your brilliance. You have lots of data to make tables and graphs that help you tell your story. Please label (number and title) the exhibits very carefully and precisely. Don't just stick exhibits and graphs in the paper for the heck of it. If you put an exhibit in the paper, you must use it and refer to it in the text of your paper. That's part of being concise. So, be creative, but not at the expense of being concise. Most of you are already very good at using Word, Excel, Power point.

Be proud of this report. Your name is on this paper, so make sure it reflects positively on you. This is a report you may want to keep in your portfolio for those job interviewers who ask you have ever written a business plan.

Polaris Case

Brand Strategy

Polaris partners with companies, consultants and advertising agencies to more effectively support brand strategy in each phase of development. Consumers, businesses, and the market appreciate and reward brand strategy leaders that project quality, competence, value, and reliability. Now, more than ever, strong branding strategies are the key to a company's successful marketing plans.

Branding Strategies Provide Footholds to Successful Competition.

Polaris supports strong branding strategies by providing the quantitative research information and data platform needed to work through key brand identity, positioning and strategy decisions. We collect the information through one of our in-house data collection methods (out-bound telephone calls, Internet surveys, or Interactive Voice Response Interviewing). We design program according to customers segments (commercial, industrial, or residential) and customize it according to specified parameters (e.g., profitability segments, demographic or marketing groups). We typically conduct enough surveys to be able to project our findings out onto the entire population or target market. After the results from the brand strategy research are collected, we develop a detailed summary of findings, issues and opportunities for use in creating branding strategies as well as determining what the brand is perceived to be today and help you plan for tomorrow.

An Article

Brand is the Best Growth Strategy

Making coffee the other day, it occurred to me that too many New Zealand companies were playing the role of the beans. They were being ground down to dust in a desperate search to extract the last drop of value.

This leads me to believe that the expectations of shareholders and markets have a lot to answer for. Right now, too many of them are hindering our public companies. And that's because everybody it seems, is working in the short term. This quarter. The next six months. And they're pressurising senior decision makers to constantly deliver to that timeframe.

The easiest and most visible way to do that of course is to focus on efficiency and cut costs. If you're only as good as your last quarter, then every decision has a three month imperative. Problem : that's not a sustainable solution and it doesn't grow value. Efficiency-hunting contributes to a better, leaner, faster-to-market organisation. It adds to the bottom line because it subtracts cost. But to fund it, companies are only playing the short game and milking their cash cows dry.

The intriguing thing about this approach is that companies get to look "busy". They appear to be doing things. Shareholders feel like things are happening. It's good stuff to read about over the morning newspaper and a latte. But this approach doesn't create value so it can't grow the business.

Sure, KPIs will be hit, bonuses will be paid and dividends will go out in the post. All thanks to being more lean and efficient. But longer term, these measures don't differentiate any company from the competition. Two reasons: because they're largely invisible to your customers (or they should be); and because everyone else is trying to do exactly the same. That can only go on for so long before the underlying fundamentals will be affected.

Actions rarely work in isolation, and efficiency-hunting alone is a cop-out. It's relatively easy to continue to find fault, to churn people, to chop away at expenditure. Negativity is something anyone can become good at, with practice. It has to be done – but it can't be all that is done.

Companies need more balance, spending less time thinking about what they can rationalise, less money on the consultants they pay to "lose weight" and more time thinking about growing businesses that actually appeal to customers. Being recognised is one thing - being valued and consistently chosen is another. The best way to deliver value to shareholders is to generate it.

I'm not saying that's easy. It's not. Growth is hard. Growth demands affirmative actions. It requires companies to recognise what they're good at, where they need to go and what they will need to be good at in the future. It's a long-term strategy for a short-term world. It isn't something you can outsource. But it is something you can brand.

Brand is an effective growth strategy because brand is the only stand-out strategy directed at the people who matter – the people who work for you and those who buy from you and continue to choose you. Strong branding is how every great organisation defines its purpose, is known and remembered. It delivers top of mind and emotional connection. In fact, great branding does something that defies logic. It gives you personality.

It pushes them to commit to you long-term because they understand you, can relate to you, even like you. Not merely because you communicate and act relevantly, but because you deliver them what they're actually looking for and have been asking for.

No other growth strategy does this. No other aspect of business forges this level of relationship, recognition, understanding successfully. Embedding brand within an organisation requires multiple integrated actions, not merely a veneer of image to do this. You must constantly work to close the gap between reality and your staff and customers' needs and aspirations. To do this, brand must be a central mechanism to focus and drive forward your organisation on the power of its relationships.

Dismiss marketing as fluff if you want to, but in coffee terms, branding is the difference between a cappuccino and a flaccid white. Which would your staff and customers rather stomach?

Branding Brief 11-9cleaning Up The Philip Morris Image

Philip Morris, a company best known for its tobacco brands such as Marlboro and Virginia Slims, drew a significant amount of negative publicity during the state lawsuits against tobacco companies in the 1990s. In response to the publicity crisis, the company initiated an image campaign in 1999 using ads that detailed the company's commitment to one of four issues:

hunger, disaster relief, underage tobacco use, and domestic violence. Philip Morris has donated $60 million a year to support these causes, and its annual $100 image campaign advertises its involvement using the tagline "Working to make a difference. The people of Philip Morris." The ads also emphasize the humanitarian efforts of two other companies owned by Philip Morris – Kraft and Miller Brewing. With the campaign, the company hoped to communicate to consumers that it is more than a tobacco company

In a separate program, Philip Morris spent $100 million on its "Think, Don't Smoke" campaign against youth smoking. Philip Morris also developed a website (www.philipmorris.com) that provided information on the links between smoking and health problems like cancer and heart disease. The site contained links to U.S. Surgeon General's reports, the World Health Organization, and the American Cancer Society. "This is going to go on for a long time," said, Victor Han, vice president, corporate communications at Philip Morris. He added, "We expect people to be skeptical." Indeed, some critics were skeptical. Martyn Straw, president of Interbrand said, "There's a difference between doing something and telling people you're doing something."

In 2001, Philip Morris announced plans to change its name to Altria. A new logo, a multicolored square resembling a mosaic with the word Altria imprinted on it, was to replace the old Philip Morris crest. The name Altria, a coined name derived from the Latin *altus*, or "higher," was seen by many as a calculated move by Philip Morris to distance itself from its heritage as a tobacco firm. A marketing executive with Interbrand applauded the move, saying "its about time." Another expert cautioned that the company would face the challenge of convincing people "that their new brand is meaningful."

Exercises and Assignments

1. Have students select a brand with a multiple-level brand hierarchy and analyze the supporting marketing communications program to determine how the upper- and lower-level names are linked and differentiated.

For example, what benefits do Kellogg's Eggo Country Sunshine Waffles receive from each level of the brand hierarchy? How are these benefits communicated in advertising and promotion? How do the waffles product relate to other products that share brand names in the hierarchy?

2. Assign students the task of identifying pairs of competing brands with different branding strategies (for example, Kraft salad dressing and Wishbone, Arm & Hammer deodorant and Dry Idea, Hershey's chocolate bar and Baby Ruth). What conclusions, if any, can be drawn from comparing and contrasting the types of associations consumers have for each brand in the pair?

Key Take-Away Points

1. Branding strategy is important as a means of enabling consumers to understand and connect with the brand, since it can help consumers organize a company's products and services in their minds.
2. Designing a brand strategy involves decisions regarding the number of levels to use, how brand elements at different levels will be combined for a given product, and how brand elements will be linked to multiple products.
3. Each successive level in a brand hierarchy allows the firm to communicate additional, specific information about products.
4. In general, associations for a higher-level brand should be relevant to as many brands below it as possible, while brands at the same level should be as differentiated as possible.

Notes

LESSON 32:
BRAND EVALUATION AND PLANNING

Upon completion of the lesson, you should be able to understand the following:

1. Issues related to brand planning.
2. Brand dimensions
3. Managing brand over their life cycles
4. Commercial evaluation of Brand Equity
5. Calculation of brand equity

Maintaining The Brand's Core Value

In previous chapters, we stressed the point that brands succeed because marketers have a good appreciation of the assets constituting their brands. By recognizing which aspects of their brands are particularly valued by consumers, marketers have invested and protected these attributes, sustaining their value and maintaining consumer loyalty. Any pressures from accountants or factory managers to cut support for these core values have been strenuously resisted.

Over time consumers learn to appreciate the core values of brands and remain loyal to their favourite brands since they represent bastions of stability, enabling consumers confidently to anticipate their performance. It therefore behoves companies to have a statement of their brand's values which is given to any manager working on the brand, whether internal or external to the firm, in addition to all of the most senior management team. There needs to be a mechanism in place whereby any marketing plans for the brand are carefully considered against the statement of core values to ensure that none of the core values are adversely affected by any planned activity.

Having a statement of core brand values ensures that changes in advertising agencies, aimed at breathing new creative life into the brand, will be in a direction consistent with the brand's heritage. It can also act as a 'go-no-go' decision gate when managers are faced with the need to respond to an increasingly hostile commercial environment. In the first half of the 1990s Lever's brand of washing powder, Persil, faced increasing challenges from Procter & Gamble's brands, such as Ariel. Little innovation was evident until Lever's research laboratory developed a revised formulation for Persil with manganese accelerator. Up until this innovation, one of Persil's values was that of a caring brand, caring about whiteness, skin, washing machines and mothers' reputations. One might question whether this technological enhancement reinforced the caring value, but faced with an aggressive competitor Lever decided to change Persil's formulation. To get Persil Power to market as quickly as possible, only very limited field trials were undertaken. Alas, problems were discovered with Persil Power, which Ariel used to their advantage. Lever pulled back from Persil Power and with New Generation Persil it returned to its core values. Clearly managers have to respond to short term threats, but referring back to the statement of brand values should help identify strategies which build, rather than diminish the brand's core values.

A further advantage of having a statement of brand values is that it enables managers to check their interpretation of the brand against the agreed view. By so doing they can then evaluate the appropriateness of their planned actions. Managers wisely concentrate on matching their target market's needs and are rightly concerned about not letting their brand fall against competitive actions or changing consumer needs. However, what is often overlooked is the question do all of the brand's team have the same views about the brand's values?' Brands don't just die because of the external environment their life can be shortened by a lack of consistent views amongst a brand's team. In a study amongst the senior management firms operating in financial services markets de Chernatony and Took found that amongst the twelve firms interviewed, while there were many managers in each team sharing similar views about the nature of their brand, in all of the firms there were managers had idiosyncratic views about particular aspects of their brand. Bearing in mind that these interviews were undertaken with senior managers responsible for staff and significant resources, idiosyncratic views could result in different departments almost pulling against each other as they separately enact the brand's strategy. Not only is it worth having a widely circulated statement of brand values, but on an annual basis, when brand plans are being prepared, an independent party should audit all members of the brand team about their interpretation of their brand's values. Where individuals have diverse views about aspects of the brand, these should be pointed out and through discussions any issues resolved.

Any plans to cut back on investments affecting the core values of the brand should be strenuously opposed by strong-willed marketers. By ensuring that everyone

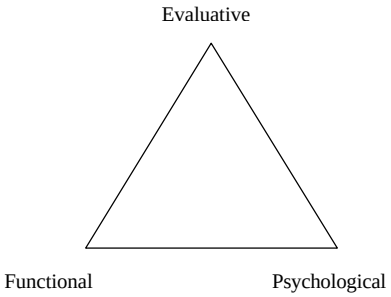
working on a particular brand is regularly reminded of the brand's values, an integrated, committed approach can be adopted, so that the correct balance of resources is consistently applied. Checks need to be undertaken to ensure that any frills which do not support the brand' values are eliminated and that regular consumer value analysis exercises, rather than naive cost-cutting programmes, are undertaken to ensure the brand's values are being correctly delivered to consumers.

Bridging the Brand's Values

There is danger that, when guarding the consistency of their brand's core values over time, managers become too focused on considering their brand in terms of its individuals values. Whilst this is an important part of brand analysis, it should be recognized that brands are holistic entities whereby the

individual values are integrated into a whole whose strength comes from interlinking parts. Managers therefore need to consider how their brand's component values are synergistically integrated to form a more powerful whole. A branding consultancy, Brand Positioning Services, has developed a technique which enables managers to appreciate how bridging between these parts makes the brand stronger and enables it to attain the optimal positioning.

Brand Positioning Services conceptualize the brand as being composed of three components. The functional component characterizes what the product or service does. The psychological component describes which of the user's motivational, situational or role needs the product or service meets and the evaluative component considers how the brand can be judged. The brand as the figure shows, can then be considered as the integration of these three components



The Integrated Brand

Consumers do not consider any of these three components in isolation. When a brand of soft drink is described as being functionally full of energy, consumers' perceptions of the brand may evoke thoughts of a healthy lifestyle. Thus the functiona1 component of the brand is assessed within the perspective of its psychological associations. For an integrated brand both the functional and psychological components need to work together. When this is the case they are regarded as bridged and a single word should describe the benefit both these components satisfy.

When developing a brand of toothpaste, there are many functional needs it could satisfy, such as the desire for white teeth or to fight bacteria. Colgate Palmolive decided that their brand, Colgate Toothpaste, would focus on fighting bacteria, thereby reducing likelihood of problems such as cavities, plaque, tartar and bad breath. Psychologically, some consumers are worried by the prospect of regular visits to dentists and the social embarrassment of bad breath. Analysis indicated that Colgate Toothpaste could be positioned in terms of protection, since this word bridged the functional and psychological needs, leading to an integrated brand. Likewise Comfort Fabric conditioner is about softness, which bridges the functional and psychological components.

Several competing brands may be able to meet consumers' needs in a particular category. To give the firm's brand a lead over competition managers need to suggest to consumers how to judge competing brands and encourage evaluation along a dimension their brand excels on. This is the third component of the brand, the evaluator. It was decided that Colgate Toothpaste should be about trusted protection and that Comfort Fabric Conditioner should about loving softness.

A unique two-word statement for each brand - the evaluator plus the bridged need - not only defines the brand's positioning but also enables managers to consider their brand as a holistic entity. While it is laudable to understand the core values constituting essence of the brand so that they can be protected over time, these need to be integrated to produce a holistic brand. The procedure that Brand Positioning Services have developed is a helpful way of getting managers to think beyond the component parts to arrive at integrated whole.

Since a brand is the totality of thoughts, feelings and sensations evoked in consumers' minds, resources can only be effectively employed once an audit has been taken of the dimensions that define it in the consumer's mind. To appreciate this planned use of resources, it is therefore necessary to consider the dimensions that consume use to assess brands.

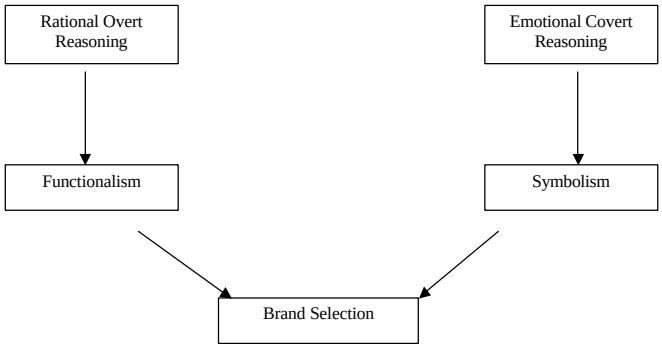
Defining Brand Dimensions

When people choose brands, they are not solely concerned with one single characteristic, nor do they have the mental agility to evaluate a multitude of brand attributes. Instead, only a few key issues guide choice.

In some of the early classic brands' papers, our attention is drawn to people buying brands to satisfy functional and emotional needs. One has only to consider everyday purchasing to appreciate this. For example, there is little difference between the physical characteristics of bottled mineral water. Yet, due to the way advertising has reinforced particular positionings, Perrier is bought more for its 'designer label' appeal which enables consumers to express something about their upwardly mobile lifestyles. By contrast, some may buy Evian more from a consideration of its healthy connotations. If consumers solely evaluated brands on their functional capabilities, then the Halifax and Abbey National, with interest rates remarkably similar to other competitors, would not have such notable market shares in the deposit savings sector. Yet the different personalities represented by these financial institutions influence brand evaluation.

This idea of brands being characterized by two dimensions, the rational function and the emotionally symbolic, is encapsulated

in the model of brand choice shown in Figure. When consumers choose between brands, they rationally consider practical issues about brands' functional capabilities. At the same time, they evaluate different brands' personalities, forming a view about them which fits the image they wish to be associated with. As many writers have noted, consumers are not just functionally orientated; their behaviour is affected by their interpretation of brand symbolism. When two competing brands are perceived as being equally similar in terms of their physical capabilities, the brand that comes closest to matching and enhancing the consumer's self concept will be chosen.



Components of Brand Choice

Interms of the functional aspects of brand evaluation and choice consumers assess the rational benefits they perceive from particular brand, along with preconceptions about efficacy, value for money, and availability. One of the components of functionalism is quality. For brands that are predominantly product-based Garvin's work has shown that when consumers, rather than managers, assess quality they consider issues such as:

- Performance, for example the top speed of a car;
- Features-does the car come with a CD stereo system as a standard fitting;
- Reliability-will the car start first time every day it's used;
- Conformance to specification- if the car is quoted to have a particular petrol consumption when driving around town consumers expect this to be easily achieved;
- Durability, which is an issue Volvo majored on showing the long lifetime of its cars;
- Serviceability-whether the car can go 12 months between services;
- Aesthetics which Ford's KA majored upon in its launch;
- Reputation-consumers' impressions of a particular car manufacturer.

At a more emotional level, the symbolic value of the brand is considered. Here, consumers are concerned with the brand's ability to help make a statement about themselves, to help them imterpret the people they meet, to reinforce membership of a particular social group, to communicate how they feel and to say something privately to themselves. They evaluate brands in terms of intuitive likes and dislikes and continually seek reassurances from the advertising and design that the chosen brand is the 'right' one for them.

Managers Brands Over Their Life Cycles

So far, this lesson has focused on clarifying what combination of marketing resources best supports a particular type of brand, given point in time. It needs to be appreciated, however, that the returns from brands depend on where they are in their life cycle.

Different types of marketing activities are needed according to whether the brand is new to the market, or is a mature player in the market. In this section, we go through the main stages in brands' life, cycles and consider some of the implications for marketing activity.

Developing and Launching New Brands

Traditional marketing theory, particularly that practiced by large fast moving consumer goods companies, argues for a well-researched new product development process. When new brands are launched, they arrive in a naked form, without a clear personality to act point of differentiation. Some brands are born being able to capitalize on the firm's umbrella name, but even then they have to fight to establish their own unique personality. As such, in their early days, brands are more likely to succeed if they have a genuine functional advantage; there is no inherent goodwill, or strong brand personality, to act as a point of differentiation.

New brand launches are very risky commercial propositions. To reduce the chances of a new brand not meeting its goals, many firms rightly undertake marketing research studies to evaluate each stage of the brand's development amongst the target market. Sometimes, however, very sophisticated techniques are employed, lengthening the time before the new brand is launched. While such procedures reduce the chances of failures, they introduce delays, which may not be financially justified. It is particularly important that delays in the development programmes for technological brands are kept to a minimum. For example, it was calculated that if a new generation of laser printers has a life cycle of five years, assuming a market growth rate of 20 per cent per annum, with prices falling 12 percent per annum, delaying the launch of the new brand by only six months would reduce the new brand's cumulative profits by a third.

Marketers launching new technological brands need to adopt a are more practical approach, balancing the risk from only doing pragmatic, essential marketing research against the financial penalties of like laying a launch. The Japanese are masters at reducing risks with new technology launches with their so called 'second fast strategy' hey are only too aware of the cost of delays and once a competitor has a new brand on the market, if it is thought to have potential, they will rapidly develop a comparable brand.

New product failures should not be seen as a hunt for a scap goat. Instead, analysis is needed to learn from the failures and these results rapidly fed back to improve the next generation of products. Just as the archer's arrow rarely hits the centre of the target the first time, but does so on the second trial, so the analogy of using learning to further refine new brand concepts needs adopting

There are several benefits from being first to launch a new brand in a new sector. Brands which are pioneers have the opportunity to gain greater understanding of the technology by moving up the learning curve faster than competitors. When competitors launch 'me-too' versions, the innovative leader should be thinking about launching next generation technology. Being first with a new brand that proves successful also presents opportunities to reduce costs due to economies of scale and the experience effect.

One of the nagging doubts marketers have when launching a new brand is that of the sustainability of the competitive advantage inherent in the new brand. The 'fast-follower' may quickly emulate the new brand and reduce its profitability by launching a lower-priced brand. In the very early days of the new brand the ways in which competitors might copy it are through:

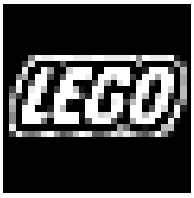
- Design issues, such as color, shape, size;
- Physical performace issues, such as quality, reliability, durability;
- Product service issues, such as guarantees, installation, aftersales service;
- Pricing;
- Avalilability through different channels;
- Promotions;
- Image of the producer.

If the new brand is the result of the firm's commitment to functional superiority, the design and performance characteristics , probably give the brand a clear differential advantage, but this will soon be surpassed. In areas like consumer electronics, a competitive lead of a few months is not unusual. Product service issues can sometimes be a more effective barrier. For example, BMW installed a software chip in their engines that senses, according to the individual's driving style, when the car needs servicing. Only BMW garages have the ability to reset the service indicator on their cars' dashboards. Price can be easy to copy, particularly if the follower is a large company with a range of brands that they can use to support a short-term loss from pricing low. Unless the manufacturer has particularly good relationships with distributors that only stock their brand, which is not that common, distribution does not present a barrier to imitators.

Managing Brands During The Growth Phase

Once a firm has developed a new brand, it needs to ensure that it hall a view about how the brand's image will be managed over time. The' brand image is the consumers' perceptions of who the brand is and what it stands for, i.e. it reflects the extent to which it satisfies consumers' functional and representational needs.

At the launch, there must be a clear statement about the extension to which the brand will satisfy functional and representational needs. For example, Lego building bricks, when originally launched in 1960, were positioned as an unbreakable, safe toy, enabling children to enjoy creativity in designing and building



As sales rise, the brand's image needs to be protected against inferior, competitive, look-alikes. The functional component of the brand can now be reinforced, either through a problem-solving specialization strategy, or a problem-solving generalization strategy. If the specialization strategy were to have been followed, Lego would have been positioned solely for educational purposes. It would hay been targeted at infant and primary school teachers. The problem with this strategy is that in the long term competitors may develop a brand that meets a much broader variety of needs. By following a product-solving generalization strategy, the brand is positioned to be effective across a variety of usage situations. This was the route that Lego actually followed.

The original approach to supporting the representational component of the brand needs to be maintained as sales rise. For example for those brands that are bought predominantly to enable consumers to say something about themselves, it is important to maintain the self-concept and group membership associations. By communicating the brands positioning to both the target and non-target segments, but selectively working with distributors to make it diff! cult for the non-targeted segment to buy the brand, its positioning will be strengthened:

Managing Brands During The Maturity Phase

In the maturity part of the life cycle, the brand will be under considerable pressure. Numerous competitors will all be trying to win greater consumer loyalty and more trade interest. One option is to extend the brand's meaning to new products. A single image is then used to unite all the individual brand images.

Where the brand primarily satisfies consumers' functional needs, these functional requirements should be identified and any further brand extension evaluated against this list to see if there is any similarity between the needs that the new brands will meet and those being satisfied by an existing brand. Where there is a link between the needs being satisfied by the existing brand and the new needs fulfilled by a new product., this represents an appropriate brand extension.

Managing Brands During The Decline Phase

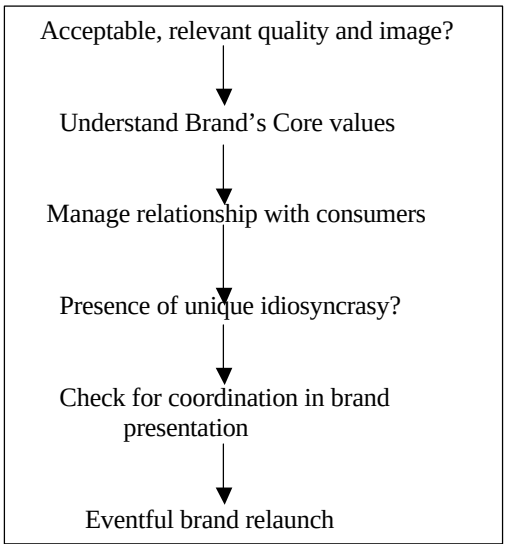
As brand sales begin to decline, firms need to evaluate carefully the two main strategic options of recycling their brand or coping with decline.

When the brand is recycled the marketer needs to find new use for the brand, either through the functional dimension, or the representational dimension. A good example of functional brand recycling is the Boeing 727 aircraft. In the late 1960s, rising oil prices made this) aircraft less attractive to airline companies and sales fell. Boeing refused to let this brand die and rede-signed the 727, making it moral economical on fuel. Sales of the brand recovered between 1971 and 1979with this functional improvement. Guinness is a classic example of how a brand was repositioned to capitalize on demographic change, with marketing activity focusing on representational. Spearheaded by a novel promotional campaign, Guinness was sure Successfully repositioned in the 1980s away from an ageing consumer group to younger drinkers.

Should the firm feel there is little scope for functional or representational brand changes, it still needs to manage its brands in the decline stage. If the firm is committed to frequent new brand launches, it does not want distributors rejecting new brands because part of the firm's portfolio is selling too slowly. A decision needs to be taken about whether the brand should be quickly withdrawn, for example by cutting prices, or whether it should be allowed to die, gradually enabling the firm to reap higher profits through cutting marketing support.

A Systematic Procedure for Revitalizing Brands

When looking to revitalize old brands, one way of progressing is to follow the procedure shown in the figure below



Stages in Rejuvenating Brands

A considerable amount of data has been collected by the Strategic Planning Institute (Buzzell and Gale 1987), looking at those factors that are strongly related to profitability. One of the key findings was that superior quality goes hand-in-hand with high profitability. But, it is not quality as defined from an internal perspective but from consumers' perspectives relative to the other brands they use. The slamming of a car door and the resultant 'thud', says more to many consumers about a car's quality than does a brochure full of technical data. The first stage in any revitalization programme should, therefore, investigate what consumers think and feel about the brand. This can be done using a minimum of ten depth interviews, where consumers are presented with the firm's and competitors' brands and their perceptions of relative strengths and weaknesses explored. It is particularly important that this be done using qualitative research techniques, since this identifies the attributes that are particularly relevant to consumers. The findings can then be assessed with more confidence by interviewing a much larger sample of consumers with a questionnaire incorporating the attributes found in the depth interviews.

The qualitative market research findings will broadly indicate the physical characteristics of the brand are perceived, such as product formulation, packaging, pricing, availability, etc. They should also provide guidance about emotional aspects of the brand, such as the type of personality that the brand represents. The sorts of issues here may lead to questions such as, is it old fashioned? is it 'fuzzy'? is it relevant? is it too closely linked to an infrequently undertaken activity? Also by investigating changes in demography, social activities, competitive activity and distribution channels, the marketer should then be able to identify what changes might be needed for the brand's position-ing.

With ideas beginning to evolve about positioning and person-ality changes, the marketer needs to consider how these would affect what the brand has always stood for. Managers need to be clear about their brand's core values. Any changes from the first part of the process need to be considered against the brand's core values. Marlboro stands for dominance, self-esteem, status, self-reliance and freedom. , As it faces an increasingly hostile environment, any changes to make it more acceptable should not go against these core values.

The marketer needs to consider what type of relationship their brand has had with consumers and whether this is still relevant. For example, it may well have adopted an authority figure' relationship, treating the consumer almost as an inexperienced child. Without sufficient knowledge of the product field, the consumer may well be content to abdicate responsibility to the brand since it offers an al most paternalistic reassurance. However, as buyers become more' experienced they will be looking for a 'husband-wife' type relation ship, where they are treated as an equal, and with some respect. If the marketer has not allowed the brand to recognize the more mature nature of the consumer the wrong type of relationship may impede brand sales.

Brands succeed because people recognize and value their personalities. But, just as people are not perfect, so brands need to have some idiosyncratic element to make them more human. If the brand needs revitalizing, one way to bring it more alive, is to add an idiosyncratic element. Examples of this are the

Hathaway man with the eye-patch advertising shirts. Once a view has been adopted about possible changes, these must be carefully coordinated to ensure that each element of the marketing mix supports the new proposition. What is then required, is a promotional launch that rapidly gets the message across about the rejuvenated brand.

Brand Evaluation

Growing Brand Equity

The previous chapters we have considered how resources can best be employed to develop and sustain powerful brands. Once managers have been successful in using these resources for branding purposes, they will need to monitor the health of their brand. In order to be able to sustain their brands' strengths they reequip method of regularly monitoring performance. Managers are particularly interested in measuring the equity that has been built up by their brand. Delving deeper into this issue of measuring brand unity reveals that it is a multi-dimensional concept.

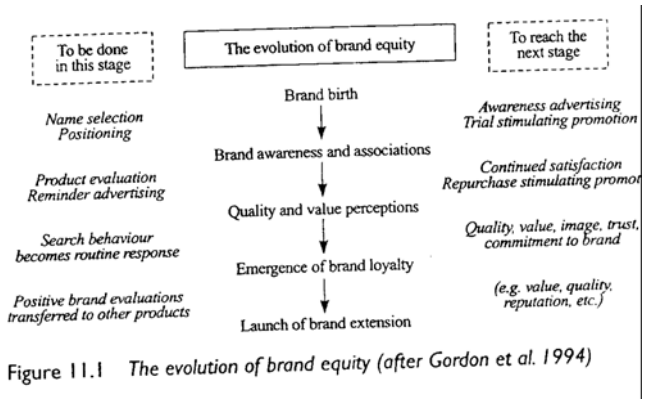


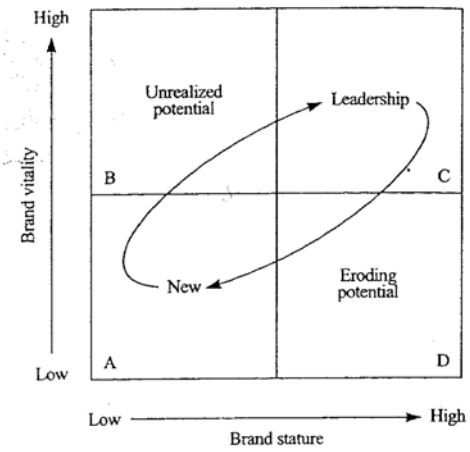
Figure 11.1 *The evolution of brand equity (after Gordon et al. 1994)*

Commercial Models of Brand Equity Growth

Models, have also been developed by commercial organizations. Young & Rubicam: have their own interpretation of the brand equity growth process. According to their model, brand equity growth is achieved by building on four brand elements: differentiation; relevance; esteem; and familiarity.

Differentiation represents the starting point of the growth process, as the brand cannot exist in the long run unless consumers can distinguish it from others. To attract and retain consumers, the brand needs to convince them that it is **relevant** to their individual needs. As competition increases, marketers wisely protect their brand and show consumers that it delivers what has been promised. The next challenge for managers is to ensure that consumers have regard and **esteem** for the brand's capabilities. If the brand has established itself as distinctive, appropriate and highly-regarded, its ultimate success will depend on **familiarity**, that is whether the brand is truly well known and is part of consumers' everyday lives. Familiarity does not solely depend on advertising, albeit this is a notable contributor, but also results from consumers recognizing that the brand provides more value than other brands.

Young & Rubicam's empirical analysis indicates that scores on relevance and differentiation provide an assessment of the brand's potential for growth, and they refer to this as 'brand vitality'. Furthermore, scores on esteem and familiarity measure the brand's current strength, its 'brand stature'. By plotting these values on the matrix, shown in Figure, it is possible to consider the equity the brand has achieved and identify appropriate strategies for its future growth



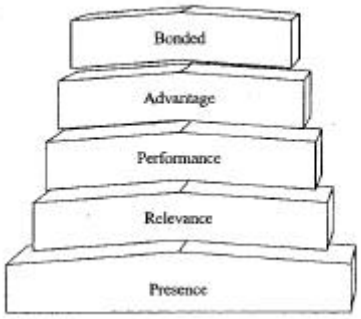
The Strategic Direction of Brand Strength

Initially a brand begins its life in quadrant A with low ,scores on all attributes. For the brand to move upwards into quadrant Band gain more vitality, managers need to invest in attaining higher levels of differentiation and relevance. Once brands have reached a higher level of 'vitality', brand owners have two options - maintenance by establishing them as niche brands, or investing in building the brand's esteem and encouraging growth into quadrant C. The top right-hand quadrant is home to strong brands which have achieved remarkable brand equity growth, though they still may have potential for further growth. By maintaining the brand's stature and creatively managing its vitality, managers can look forward to the brand having a long lifetime. However, without sufficient maintenance of the brand's vitality, its differentiation and relevance fall, resulting in the brand increasingly selling on price promotions and declining to quadrant D. In such a situation, the brand becomes vulnerable to price wars. As firms lose confidence in a brand's future, they cut marketing support, resulting in familiarity and esteem falling. Consequently brand equity falls as the brand slips back to quadrant A.

The framework by Young and Rubicam helps managers to understand the concept of brand equity and highlights which aspects of the brand (differentiation, relevance, familiarity and esteem) need attention over the short and long term. Moreover, by comparing the position of the company's brands with that of competitors' brands, the model suggests appropriate strategies to increase brand equity and protect it against competition.

Millward Brown International have devised a helpful diagnostic tool which, like the Young and Rubicam approach, enables managers to appreciate the basis for their brand's 'equity compared with competing brands. Their Brand Dynamics TM

pyramid model is shown in Figure 11.3, portraying the way consumers' value of a brand grows from a distant to a closely-bonded relationship.



The Criteria to Assess The Strength of A Brand

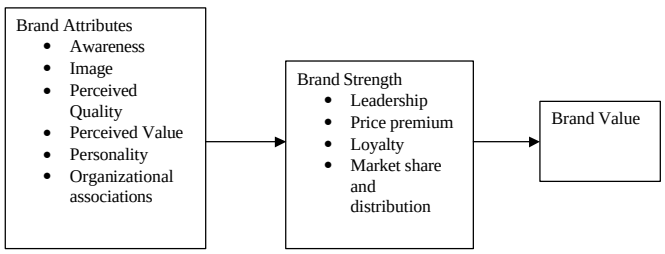
To be considered for purchasing a brand must have a presence, both physically in terms of availability and psychologically in terms of awareness: Should people find the promise inherent in the brand to be relevant to their particular needs, they are more likely to progress to trying the brand, forming a view about its performance. Evaluation of the brand's functional and emotional performance capabilities, relative to other brands, leads consumers to a view about its relative advantages. If these advantages are particularly strong they are likely to continue buying the brand and over time a bonded relationship results.

The benefit of this diagnostic is that by interviewing consumers about competing brands in a market, their profiles can be assessed on the pyramids. Through comparing these profiles, strengths and weaknesses can be identified, enabling appropriate strategies to be devised.

Measuring Brand Equity

Brands are complex concepts which can be characterized by several dimensions. Therefore, evaluating the health of a brand by measuring its brand equity necessitates taking several different measures along several different dimensions.

Our interpretation of brand equity is heavily influenced by Fieldwork's insightful review (1996) of the literature on brand equity along with the work of Aaker (1996) and Keller (1993). We have adapted Feldwick's model and regard brand equity as 'the differential attributes underpinning a brand which give increased value to the firm's balance sheet'. An important word in this definition is differential, since consumers usually evaluate a brand relative to the brands they perceive it competing against. The definition can be understood in terms of the causal model shown in Figure



The Causal Nature of Brand Equity

In essence, the relative attributes of brand will affect its strength and this in turn will be reflected in the financial value of the brand. Measuring brand equity should therefore involve an investigation of these three components. Drawing on the published literature about the different types of measures, managers are able to choose from the following ways of evaluating each of the linkages.

Brand attributes The response by a consumer to a brand will, as Keller (1993) so cogently argued (1993), depend on their favourable or unfavorable knowledge about it. Their brand knowledge results from their level of awareness and the images they have about the' brand. Thus, these two core components are at the heart of any brand attributes.

Brand awareness reflects the salience of a brand and facilitates consumers'abilities to identify the brand with a specific product category. Aspects of brand awareness can be measured through the following ways:

Brand recognition - This refers to the consumer's ability to recall previous exposure or experience with the brand. for example, 'Have you seen this brand before, or not?

Brand recall- This refers to the consumer's ability to retrieve the brand from memory when given the product category as a cue. For example, 'What brands of lager are you aware of?'. Brand dominance - This identifies the most important brand in a specific product category. For example 'Which brand of lager do you drink most often?

Brand knowledge - This evaluates the consumer's interpretation of the values linked to a brand. For example 'To what extent do you agree or disagree that the following cars have high accelerations?'.

Brand image reflects consumers' perceptions of a brand's characteristics and can be gauged by the associations they hold in their memory. The different types of brand associations can be grouped according to: their level of abstraction; the amount of information held; whether they are product-related or non-product-related; and whether they refer to attributes considered essential by consumers. There are different tools to measure the brand image:

Projective techniques are helpful when consumers are unable or unwilling to express their feelings. These techniques include: sentence completion - 'When I buy a personal computer, I look for...'; brand personality descriptors - 'The typical driver of a Ford Fiesta is ...'; and picture interpretation - there may be a picture of a man driving his new BMW into a golf club's car park and two golf players are looking on - what would they say to each other about the driver?

- Qualitative techniques, such as free association, are used to explore possible associations along with further investigation during group discussions or depth interviews.

Ratings of evaluations and beliefs are suitable to capture consumers' views on key attributes and the strength of their associations with particular brands.

Comparison of brand associations with those of competitors identifies the relative strengths and weaknesses of the brand. For example, 'Of the fruit juice brands that you identified

earlier, which one do you believe to be the best? Why is it better than the other brands? What don't you like about it compared with the other brands?'.

Aaker's work (1996) enables us to delve deeper into measuring a brand's attributes and its strength as we explore. **Perceived quali**ty is an important brand attribute and can be measured by comparing the brand with its competitors, using scales such as:

- Above average, average and below average
- Consistent quality and inconsistent quality

To measure perceived quality, consumers should first be asked which category they perceive the brand to be in and against whom it competes. Without asking this, there is a danger that managers, which are not relevant to consumers, might specify inappropriate competitors might be specified by manager which are not relevant to consumers.

Perceived value indicates the extent to which the brand meets performance expectations, given its price. It can be measured by considering value for money and the reasons for purchase, for example:

'Do you think that the Toyota Corolla represents good value for money?'

'Why did you buy the Toyota Corolla rather than another car brand ?'

The brand's **personality** is a useful metaphor to appreciate the brand's values and this shows the brand's emotional and self-expressive capabilities. This is particularly useful for brands, which have only minor physical variations and are conspicuously consumed, for example brandy. In these instances, very few consumers can distinguish between the taste of different brands and the brand is used to make a statement about the user. The brand's personality can be identified through questions such as:

'If brand X came to life, what sort of person would it be?'

'If brand X were to die, what would be written on its tomb stone?'

'What type of person do you think would use this brand?'

'If brand X were a famous person, who do you think it would be?'

Organizational associations refer to the perceptions of a brand that consumers derive from its parent organization. This dimension is appropriate when the organization is particularly visible (as in a service business), or a corporate branding strategy is being used, such as Ford. Positive associations provide a valuable basis for differentiation. Measurements focus on how consumers consider the organization, for example:

'Do you trust this brand, knowing it comes from...?'

'How do you feel about this organization?'

'How would you describe the people that work for this organization?'

Brand Strength

As a consequence of its attributes, the strength of the brand can be gauged. Another set of measures needs to be used to assess brand strength.

Leadership not only identifies the most successful brand, but also whether it is technologically or socially innovative within its category. This dimension can be measured, besides using market audit data, with questions such as:

Do you regard brand X as being a leading, 'rather than following brand?'

'Is brand X the first to break with tradition?'

'Does brand X offer you the latest technological development?'
'Is brand X a fashion leader in its category?'

The price premium reflects the brand's ability to command a higher price or to be less price sensitive than its competitors. This measure needs to be defined relative to those brands consumers consider as substitutes. A brand's price premium can be identified by informing consumers of the price of competitors' brands, then asking consumers how much more, or less, they would pay for the brand. A more involved, albeit some argue a more reliable method, is to use trade-off analysis. A simpler way of assessing the price premium of the brand is employed by Intel who regularly interview potential customers, asking how much discount they would require before they would accept a PC without 'Intel Inside'. .

Price premium is not a suitable measure in markets with legal restrictions which prevent companies from charging a premium price. Also, it is not appropriate for strong brands,

such as Swatch, that intentionally charge lower prices to keep competitors out of the market, or for brands such as Mars Bars, that have no direct substitutes for their products.

There are numerous measures of loyalty, for example measuring actual purchasing behaviour over time which reflects the degree of satisfaction, existing customers have with the brand. Loyalty can also be gauged asking questions such as:

'Next time you buy this product category, would you buy this brand again?'

'Thinking about the few brands of this product category that you often buy, is this brand one of your more frequently bought brands?'

'If someone were thinking of buying this product, which brand would you recommend?'

Managers should be aware that the responses to these questions may reflect past 'behavior rather than intended future behavior and that the favorableness of replies may be more a reflection of brand size than loyalty.

Another method of measuring loyalty is provided by the concept of 'Share of Category Requirement' (SCR). The SCR for, Ski yogurts volume expressed as a share of all yogurt bought by consumers who purchase Ski yogurt during a defined period, such as a year. An alternative is to define loyalty by considering consumers' purchasing patterns over time and estimating the probability of their buying the brand on the next purchasing occasion. However, this analysis should also include data on price

variations, as most patterns are strongly influenced by promotions.

Market share and distribution data indicates brand strength without recourse to consumer surveys. To obtain realistic results, however, marketers need to define the market and the competitor set from consumers' perspectives and recognize that market share indicators are often distorted by short-term price and promotional activities.

The Financial Value of Brands

Debate still continues about whether brands can be included in the balance sheet and views are split on financially accounting for brands. Does the balance sheet with an inclusion of the value of brands represent a subjective appreciation of the brand's real value or should the balance sheet reflect a more objective assessment including completed financial transactions only when brands are bought?

To be acceptable in financial accounting terms, any brand valuation method should apply to both acquired and internally-created brands. One of the problems is that there are different perspectives on the value of a brand at anyone time. For example, prior to market bids Rowntree was worth around £1 bn to its shareholders, yet a few months later was worth £2.4 bn to Nestle. Although the value of a brand becomes much more apparent at the time it is acquired by another company, there remains uncertainty about the firm's annual valuation of its brands and consequently it has been rare up to now to include the value of created brands in published accounts. In the absence of a generally accepted standard for brand valuation, the internally calculated value is subject to various interpretations.

At the acquisition stage, the brand's value depends very much on the purchaser, who will probably value it more if the acquisition is expected to bring synergy to the company, as was clearly the case with Nestlé's purchase of Rowntree. The issue of reparability of the brand is best illustrated by the words of John Stuart, former Chairman of Quaker Oats Ltd: 'If this business were to be split up, I would be glad to take the brands, trademarks, and goodwill, and you could have all the bricks and mortars. And I would fare better than you.' He is certainly right! However, a brand's value is not automatical1y transferable and the purchase of the brand could negatively affect its value. When the acquired brand becomes part of a new firm, it is divorced from the previous firm's management, culture and system and, without the flair and networks the previous owners had, it may lose its consumer base. Any sales are' strongly influenced by promotions and shelf visibility, but more importantly there is also the goodwill from the corporation. In new hands, with a different corporate halo, the brand might not be as strong. Brands with unique functional qualities may not be manufactured in the same way by the purchaser of the brand. For example, a new company could not easily offer to consumers of BMW cars the same guarantee of engineering excellence and reliability without the BMW support.

Valuing brands is fraught with different assumptions. For ex ample, the valuation of a marketing consultancy at 8 in the morning when few staff are there is different from its valuation at 11 in the morning. How do you account for a consultant working out his notice who was particularly successful at winning new business? In view of the difficulties in valuing what are essentially clusters of mental associations recognizable through a name, some companies question the usefulness of valuing brands for balance sheet purposes. Nevertheless, the overall trend shows that more companies believe there are benefits in valuing their brands and have accepted this challenge.

It has been argued that valuing brands is a worthwhile exercise because it draws attention to the long-term implications of brand strategies. By including brand values in the company accounts, managers are forced to identify the long-term effects of their marketing decisions. Moreover, being forced to consider long-term effects counterbalances the pressure that usually drives managers who focus on policies to achieve short-term profits, but which pay lip service to brand building. Brand valuation therefore encourages managers to think more about building brands than market share. Where managers' performance is evaluated on an annual basis by changes in their brand's equity, they are more likely to emphasize decisions that are beneficial to the long-term growth of their brand and are less inclined to accept quick-fix solutions, such as price-off promotions, or brand extensions which become too remote from the core brand and may undermine the value of the parent brand. The brand represents a major marketing investment which it would be unwise not to evaluate, despite the fact that the assumptions underpinning the brand valuation process affect the resulting figure.

The value of the brand also differs according to whose perspective is considered. From a firm's point of view, a brand's value is derived from the incremental cash flow resulting from associating the brand with a product. For example, in a television factory once jointly owned by Hitachi and General Electric, Hitachi was able to sell the same product as GE but labeled Hitachi with a £50 premium, and at twice the volume. A brand brings three competitive advantages to the firm: it provides a platform from which to launch new products and licenses; it builds resilience in times of crisis as seen by the quick sales recovery following the incident when Tylenol was tampered with; and it creates a barrier to entry, for instance, formidable barriers are present through names such as Nike, Rolls-Royce and Chanel. From a trader's perspective, the value of a brand lies in its ability to attract consumers into their stores. From a consumer's point of view, the brand has value since it distinguishes the offering, reduces their perceptions of risk and reduces their effort in making a choice.

To manufacturers, retailers' and consumers' brands have value and therefore it IS night that some attempt be made to quantify this. While one might argue whether Marlboro's 1996 valuation of $44.6 bn is precisely correct, the issue really is that this is a

multi-billion dollar asset and regular tracking is needed to assess how different branding activities are affecting its value.

The debacle at Saatchi & Saatchi illustrates how the value of a brand is heavily dependent on the intangible goodwill inherent in the brand's associations, which can fluctuate over time. In 1994 Maurice Saatchi was ousted as chairman of this famous advertising agency after the share price had fallen from £50 in 1987 to £1.50. At the time of his departure the company re-branded itself as Cordiant. As a direct result of his leaving the company, it lost business worth £50 m and during the following six months its market value decreased by another third. However, the Saatchi brand came to life again in the new company founded by Maurice Saatchi, called M&C Saatchi, which benefited from 'Saatchi' intangible assets such as their creative employees and the clients he had taken with him.

Methods of Measuring the Financial Value of a Brand

We will now review five methods used to measure the value of a brand.

The first approach aims to calculate the brand's value on the basis of its **historic costs**. These are the aggregated investment costs, such as marketing, advertising and R&D expenditure, devoted to the brand since its birth. However, an assumption is being made that none of these costs were ineffective. By virtue of little more that its heritage, a 10O-year old brand is more likely to have had more investment than a 20-year old brand. The management team needs to agree how the historical costs should be adjusted for past inflation. Since several years have to pass before it is evident whether the brand is successful, when should a company start to include the brand value in its balance sheet? Another drawback of this method is that it ignores qualitative factors such as the creativity of advertising support. The value of a brand also depends on unquantifiable elements, such as management's expertise and the firm's culture. Finally, there is also the question of financially accounting for the many failed brands that had substantial sums spent on them, out of which experience the successful brand arose. Overall this approach to brand valuation raises many questions and without well-grounded assumptions could be problematic.

Another approach is that of comparing the premium price of a branded product over a non-branded product: the difference between the two prices multiplied by the volume of sale of the branded product represents the brand's value. However, it is sometimes difficult to find a comparable generic product. For example, what is the unbranded counterpart of a Mars Bar? This method also assumes that all brands pursue a price-premium strategy. It is clear that the brand value of Swatch or Daewoo for example could not be assessed on this basis when equivalent competitive brands are sold at a higher price.

The valuation of a brand based on its **market value** assumes the existence of a market in which brands, like houses, are frequently sold and can be compared. However, since such' a market does not yet exist there is no means of estimating a market price other than putting the brand up for sale on the market. Moreover, while the seller usually sets the price of a house, the price actually paid for a brand is determined by the strategy of the buyer, who may plan for the brand to playa very different role from its existing one. For example, Unlived paid £70 m for Boursin just to gain shelf-space for its expansion plans for other parts of its brand portfolio.

Some have proposed valuing brands on the basis of various **consumer-related factors,** such as recognition, esteem and awareness. These are all important elements of brands and high scores on these are indicative of strong brands. However, it is very difficult to derive a relationship from an amalgam of these factors to arrive at an objective valuation. For example, most consumers are aware that Rolls-Royce is a famous brand, but what value should be placed on it? Worst of all, however, is the fact that there are many famous brands, such as Co-op, with very little value attached to them.

Yet another way of valuing a brand is to assess its **future earnings discounted to present-day values.** The problem, however, with this method is that it assumes buoyant historical earnings levels, even though a brand may be being 'milked' by its owners. One of the most widely accepted ways of assessing the brand value is provided by Interbred (Birkin 1994). In order to determine brand value, a company must calculate the benefits of future ownership, i.e. current and future cash flows of the brand, and discount them to take inflation and risk into account. The Interbrand approach is based on the assumption that the discount rate is given by a 'brand multiple', representative of the brand strength. For example, a high multiple characterizes a brand in which the firm is confident of a continuing stream of future earnings and consequently represents low risk for the company. This also translates into a low discount rate.

The Interbrand method is similar to deriving a company's market value through its price I earnings (P IE) ratio. This provides a link between the share capital and the company's net profits and thus the brand multiple can be applied to a single brand within the company to calculate its value'. Just as the P/E ratio equals the market value of the company divided by its after-tax profit, likewise the brand multiple equals the value of the brand divided by the profit generated by this brand, i.e.

P/E = Market value of equity/Profit

Brand Multiple = Brand Equity/Brand Profit

To calculate the brand value, we multiply the brand profit by the brand multiple:

Brand profit x Brand multiple = Brand equity

When calculating the brand profit several issues need to be considered. A historical statement of the brand's profit is first required since as a good approximation tomorrow's profits are likely to be similar to today's, provided there is no change in brand strategy. The brand profit should be the post-tax profit after deducting central overhead costs. There may be instances where the same production line is used for both the manufacturer's brand and several own labels. Where this is the case, any profits arising from shared own label production need to be subtracted.

The next stage in arriving at a realistic assessment of the brand's profit is to deduct the earning that do not relate to brand strength. For example, a firm may market two brands of bread. One competes through major grocery stores against other

branded breads, and the other may be sold to a few distributors who sell this with related products through door-to-door delivery. Both brands may show similar brand profits, yet the profit of the first brand is heavily influenced by the strength of branding, while the profit of the second brand is much more dependent on the few distributors with their distribution systems. To eliminate the earnings which do not relate to branding the most common approach is charging the capital tied up in the production of the. brand with the return expected from producing a generic equivalent.

When looking at historical profits, to reduce the effect from any unusual year's performance the previous three year profits are averaged. Following the logic of other forecasting systems, the more recent profits are likely to be more indicative of future profits. Therefore, a three-year weighted average is used, applying a weighting of three to the current year, two to the previous year and one to the year before that. These aggregated profits are then divided by the sum of the weighting factors, i.e. six in this case. If though a change in strategy for the brand is envisaged these weightings need to be reconsidered. Finally, each year's profits should be adjusted for inflation.

Having calculated the brand's profit, the brand multiple then needs to be calculated. This is found through evaluating the brand strength since this determines the reliability of the brand's future earnings. lnterbrand argue that a brand's strength can be found from evaluating the brand against seven factors:

Maximum scores for the seven strength factors (after Interbrand, Birkin 1994)

Strength factor Maximum score

Strength factor	Maximum Score
Leadership	25
Stability	15
Market	10
Internationally	25
Trend	10
Support	10
Protection	5
Total Score	100

Leadership - There is well-documented evidence showing a strong link between market share and profitability, thus leading brands are more valuable than followers. A brand leader can strongly influence the market, set prices ,and command distribution, thus these criteria must be met to score well on leadership.

Stability - Well-established brands, which have a notable historical presence, are strong assets.

Market - Marketers with brands in non-volatile markets, for example foods, are better able to anticipate future trends and therefore confidently devise brand strategies than marketers operating in markets subject to technological or fashion changes. Thus part of the brand's strength comes from the market it operates in.

Internationality - Brands which have been developed to appeal to consumers internationally are more valuable than national or regional brands because of their greater volumes of sales and the investment to make them less susceptible to competitive attacks.

Trend - The overall long-term trend of the brand shows its ability to remain contemporary and relevant to consumers, and therefore is an indication of its value.

Support. The amount, as well as the quality, of consistent investments and support are indicators of strong brands.

Protection - A registered trademark protects the brand from competition and any activities to protect the brand against imitators augers well for the future of the brand.

The brand is audited against these seven factors, with the maximum scores for each factor shown in the table. By aggregating these seven scores, the brand strength can be calculated.

The higher the brand strength score the greater its multiple score.

Interbrand argues that a new brand grows slowly in the early stages, then it increases exponentially as it moves from national to international recognition and then slows down as it progresses to global brand status. However, experimental analysis shows that the development of a brand is susceptible to threshold effects. It gradually acquires strength with consumers and retailers in different stages, but beyond a certain point its rate of growth is much greater. Research has found that brands achieve respectable spontaneous awareness scores only after a high level of prompted awareness has been achieved. Therefore, the relationship between brand strength and brand multiple may be better represented by a less regular pattern.

Despite these limitations, the Interbrand method is a popular method amongst firms valuing their brands and is being adopted by more companies as a practical way to determine the value of their brands. Furthermore, firms have growing historical brand valuation databases enabling managers to assess which strategies are particularly effective at growing their brands.

LESSON 33:
PROTECTING BRANDS THROUGH TRADEMARKS

Objectives

On completion of this lesson you should know:

a. How to protect brands through trademark registration and its importance

b. Challenges to Brands

Why Registering Trademarks Matters

TRADEMARKS allow customers to visually distinguish a company's products from those of its competitors. One routinely deals with trademarks while deciding on which brand of soap (Pears, Lux, Hamam, Camay?) or car (Esteem, Ikon or Civic?) to buy or which restaurant (Woodlands, Saravana Bhavan, Pizza Hut?) to go to. Even a symbol, a distinctive look or a unique decor of a restaurant can serve as a trademark. Nike's swoosh trademark, for instance, has enormous worth. The constant interplay of brands in the public's mind makes them valuable tools for a company to speak to its customers. Brands quietly weave themselves into our lives and influence the choices we make.

Thus, a company's trademarks identify the source of the products or services and enable customers to locate and buy a particular product, creating important brand loyalty. In the world of trademarks, therefore, a rose by any other name simply does not smell just as sweet.

A product's brand name can be used as a trademark. However, a trademark can provide much more than a brand name; that is, it can be a word, a symbol, a design, a slogan, a combination of any of these, and even a particular sound or smell that serves the purpose of identifying the source of a company's products or services. A trademark helps a customer identify and select the product or service. In this sense, trademarks provide factual information about a product, an assurance of known quality, consistency of standards, and an overall sense of value that the customer is buying in the purchase of that product.

However, trademarks convey a lot more than mere information to the public. They beckon with catchy names and slogans, assuring not just quality but often, a sense of style or pizzazz that the customer has come to expect, and promise to maintain the same aura and satisfaction in exchange for customer loyalty. Trademarks are, therefore, vital to a company's presentation to its public, often serving as an introduction of the company to the customer, as well as to its continuing marketing strategies, over time defining the "experience" of using a particular brand for the customer. Simply put, they say a lot without saying it all.

Trademarks are valuable symbols of a company's goodwill and reputation. Goodwill accrues with length of use, advertising and sales of the products and services. With long-term use, some trademarks can become well-known. Proper use and policing of one's trademarks are important to ensure their continued goodwill and fame. Why is this necessary? There is always the risk that others will adopt a similar, successful trademark. This may cause confusion as to source of the goods in the marketplace; and the successful trademark runs the risk of being diluted in strength, eroding valuable goodwill as well as losing product sales to the newcomer. Many national trademark laws protect against such buyer confusion by granting expanded legal protection to trademarks that are registered. Further, using brand names to market goods assures not only higher quality to the purchaser but also translates into higher sales prices for the company. Unbranded goods are generally sold at significantly lower prices, lack customer loyalty and face difficulties in being marketed abroad.

Protection of trademarks through registration makes sense not just nationally but internationally as well. Trademark rights have been territorial thus far. A national registration stops at the border and does not give rights to the owner of the trademark outside the country in which it is registered. However, today's global markets have spilled beyond national boundaries through sales abroad and through licensing/franchising or other such arrangements in foreign countries.

Protecting brands in the export markets is, therefore, crucial in order to reap the benefits of one's trademarks abroad. The Internet knows no national boundaries and is providing a powerful marketplace opportunity.

When considering whether to register a trademark in other countries, Indian companies should strategically assess how their markets may realistically expand over the next five years, where similar products or services are being manufactured or offered by others, where piracy may be a major concern and where the company may have manufacturers or other business affiliations.

For example, if expansion into the European market is a distinct probability, then that company may wish to seek a Community Trade Mark (CTM) registration which provides trademark protection throughout all the countries in the European Union (EU). This often represents a "best buy" because the CTM registration covers 15 countries (and counting) and this can be accomplished with the filing of a single application. Often, international registration can add up in costs to a growing company. Accordingly, a tiered approach might be considered where registration in the different countries of interest is done in a staggered way over time. The focus should be on growing the product market in conjunction with protecting the mark in those new markets.

The value of a trademark depends to a great extent on the level of commercial activity associated with the mark. Today, for Indian companies, the US represents the biggest export market. Therefore, registering the company's mark in the US strengthens its ability to compete in the international marketplace effectively and provides a good starting place for international registration. Often, Indian companies are constrained by costs of registra-

tion abroad. This is especially true because currently there is no international trademark registration system available and, the EU aside, it is necessary to file applications in each country in which protection is being sought. That being said, filing in the US still represents a significant step forward for Indian companies that are launching internationally.

Here are some advantages of filing in the US as a starting point for an international strategy:

- Registration in the US is still a good deal. The filing fee is $335 per mark, per class in a application. Prosecution of an application can be uncomplicated if some thought is given to the nature of the mark and a search done of existing marks at the time of application. Although there may be attorney costs associated with this process upfront, this may likely assure a clean prosecution or at least one with very few hurdles. Even if the prosecution of an application costs $1,500-2,000 (at the high end), this cost amortized over the registration term of 10 years is only a fraction of the investment in the mark.
- Application for a trademark can be done based on use of a mark or an intention to use the mark. So a company can have an application in place even before it launches use of its mark for the product or service.

  Further, under the Paris Convention for the Protection of Industrial Property, Indian companies can also apply to register in the US based on an Indian registration or an Indian application with a right of priority (that is, the applicants will get the same filing date for the US application if made within six months of the Indian application).
- Registration confers *prima facie* evidence of the validity of the registered mark, the registrant's ownership of the mark and its exclusive rights to use the mark anywhere in the US (except where challenged by a party's earlier common law use).
- Registration offers constructive notice to third parties of the registrant's ownership of the mark.
- Making an application with the US Patent and Trademark Office (PTO) allows the applicant to block later-filed applications for similar marks from proceeding to registration. Here the PTO, through its team of examining attorneys, does all the work in preventing other marks from being registered, all for the filing fee of $335.
- Federal registrations can be deposited with the US Customs Service, which will bar the importation of infringing goods bearing the registered trademark.

It can be a severe financial liability to invest in one's own brand, promote it in the domestic market, then find that the brand cannot be registered and/or used internationally and have to ultimately abandon that investment. The benefits of registering a brand can be measured by considering the consequences and costs of being forced to change one's mark midstream if the rights in the mark are not established and maintained carefully at the outset. Another approach is to compute the value of one's right (or the lack of it) to stop competitors from using a similar mark on the same or related goods. Thus, the benefits of international registration and protection of one's trademark clearly outweigh the costs of such registration. An Indian company that has registered trademarks in the US will find it easier to market its products in US markets at a competitive price.

It may also be favorably situated to find a distributor, licensee or partner in the US or anywhere in the world, because the registration symbol is likely to provide a basis for the valuation of the product and the opportunity for the distributor/licensee/partner.

Once a brand is well recognized, there are likely to be attempts by others to ride on the goodwill of the company and benefit from the accrued goodwill, that is, infringe on the trademark. As mentioned, a trademark registration allows certain presumptions to operate in favor of the registrant.

Therefore, enforcement of one's rights in the mark is enhanced. A registrant can bring a suit in a US federal court and be eligible for statutory remedies such as mandatory treble damages and even criminal penalties in counterfeit cases. Clearly, an Indian company with a US registration is in an infinitely stronger position to enforce its valuable rights in its trademarks. Indian businesses indeed are heading in this direction of international trademark protection.

Even a regional celebrity such as Nalli Chinnasami Chetty, well known for its silk saris from Kancheepuram, has taken its name beyond the borders of Tamil Nadu and India. It has registered its Nalli mark, both the word mark and the stylised representation with the PTO, strategically placing itself to tap the expanding markets for its products abroad.

This registration provides a good platform for Nalli to consolidate its brand in the US, avail itself of all the benefits discussed and to begin to expand its products worldwide. Thus, protection of one's trademarks with an international viewpoint in mind is necessary and vital to being able to fully compete and succeed in this increasingly global marketplace.

Protecting Brands Through Trademark Registration

By blending all of the assets constituting brands, marketers are able to develop brands, which build goodwill between the brand producer and the consumer. As one advertising executive at Saatchi & Saatchi commented, 'Powerful brands are just like families. They persist through thick and thin'. The goodwill that Coca-Cola has built up over the years is such a valuable asset that if all its production facilities were destroyed it could get adequate funds to rebuild them-using the goodwill from the brand name as security. Likewise, even though Mars Confectionery does not own property, hires its distribution vehicles and leases its machinery, it would cost any potential acquirer hundreds of millions of pounds-to buy this firm, since what is being brought is not the tangible assets, but the goodwill and reputation from the Mars name.

Unfortunately, the success of some brands has driven certain competitors to respond by developing counterfeits, that is to say, illegally-produced look-alikes, which take advantage of the inherent goodwill in brand names. It has been estimated by the Counterfeiting Intelligence Bureau that in 1995 fakes accounted for 5 per cent of world trade, and they have cost brand manufacturers in Europe approximately 100 000 jobs. Some markets

are particularly prone to illegal imitators. For example, 60 per cent of software in Western Europe, 35 per cent of videocassettes in Asia and 25 per cent of audiotapes worldwide are unauthorized copies.

Some counterfeiters have invested heavily in production facilities. When Yves Saint Laurent unearthed one illegal copier and destroyed £11 m of fake perfumes, they found production machinery valued at £33 m. Unfortunately, with such large sums to be made from counterfeiting, more sophisticated production facilities are being built. Glaxo, for example, once seized a consignment-of 6000 counterfeit packets of Zantac and were dismayed to discover that the packaging was so professionally copied that only under microscopes could any differences be noticed.

To reduce the scope for counterfeiters, marketers can register their trademarks, employ firms to track down copiers and devise more sophisticated packaging and batch-numbering processes. All of these enable brand owners to halt counterfeiters legally - until they find another way of circumventing the obstacles.

Marketers in the UK can protect their brands under the Trademarks Act (1994), which follows the EC Trademark Directive intended to harmonize trademark laws throughout the European Union. The Act makes it easier for trademark owners to register and protect their marks more efficiently. It also ensures that trademarks have the same rights and test for validity everywhere in the Single Market. Moreover, the Act broadens the scope for what can be registered as a trademark. Previously only words, logos, symbols and labels were eligible. Now potentially any sign may be registered that can be reproduced in some graphic form or appears distinctive, as well as music, jingles, smells, and three-dimensional shapes such as the traditional Coca-Cola bottle. If the registration process is followed, greater legal protection is offered.

Trademark registration can be professionally expedited using trademark agents. They would first check if anyone else has registered particular trademark, avoiding expensive and embarrassing litigation.

Anyone in the UK can submit an application for the registration of a trademark or a service mark. These applications are, examined in the Trademarks Registry of the Patent Office to see whether the goods and services proposed are eligible for registration. There are a variety of reasons why some brand names cannot be registered. For example, it is prohibited to register brand names that are descriptive of the character or quality of the goods and which other traders or businesses may legitimately wish to use in relation to their own goods or services. Furthermore, names that are generic, deceptive, disparaging, confusing or conflicting with others, cannot be registered. When evaluating new brand names, legal advice has to be balanced against marketing needs. For example, lawyers argue that firms' existing trademarks are the most protectable legal option, When IBM first entered the personal computer market, it did not develop a new brand name. Instead, it launched the 'IBM PC': Not only did it have sound legal protection, but also it deliberately wanted to take advantage of its image as being the most dependable computer manufacturer. In IBM's case, there was little danger of the brand's equity being diluted.

A balance also needs to be struck between the distinctiveness of the name and the extent to which it describes the goods that the brand name stands for. The more it describes the goods, the more difficult it is to register it. Paper Mate is a good example of a company getting; the balance right between the brand name's communicability and its suitability for registration. Late in the 1970s it launched an erasable ballpoint pen in Europe, branded Replay. This was felt not to be able so descriptive of the product, and it was protectable.

Once the trademark has been successfully registered, it should be used as soon as possible and implemented with care. If sufficient attention is not paid to promotional details, there is a danger of the brand name lapsing into a non-protectable generic term, In its ad. advertising copy, the Otis Elevator Company did not insert the line, 'Escalator is a registered trademark of the Otis Elevator Company did not insert the line 'Escalator is a registered trademark of the Otis elevator Company' and in a subsequent court case the registration of its 'Escalator' trademark was cancelled.

To ensure that the brand name is not being infringed, some firms employ their staff to monitor retail activities. For example, Coca-Cola employees visit outlets that do not stock Coca-Cola and, without identifying themselves, ask for a Coca-Cola. If they are served a drink, which is clearly not Coca-Cola without any comment, a sample is sent for chemical analysis, and if it is not the actual brand, the outlet is asked to refrain from this action. Failure to comply results in legal action. .

An alternative way of policing the brand is to use private investigators, such as Carratu International. Particularly when there is evidence of a very sophisticated channel being used by counterfeiters, as was the case with Caterpillar parts, this is a very effective way if blocking imitators. Some firms are now so concerned about brand infringements, that detectives and legal costs are a significant expenditure. For example, 0.5 per cent of Givenchy's turnover is spent on this.

Some firms are trying to make the copying of their brands much harder. Glaxo started printing holograms on its packets of Zantac drugs to deter copiers, but it is only a matter of time before counterfeiters become more sophisticated. In some markets, such as car parts, it is much more difficult to apply an inexpensive security device.

While the Internet offers new opportunities for brands it can also create legal problems. The geographical and jurisdictional boundaries that limited the legal concept of trademarks do not apply to the global communication system of the Internet, facilitating communication among millions of independent users. These users rely entirely on their unique Internet name, i.e. their domain name, for registration and identification. Currently a user can choose any domain name, provided it has not yet been registered, almost regardless of the fact that this might be an existing brand name. A check is done to ensure that the domain name is unique but no check is done as to whether the user is entitled to use the same. For example. Harrods sued opportunists who had registered the domain : 'harrods com' to profit from this famous brand. Fortunately

the course applied existing legal rules to the Internet and ordered the user to hand over the domain name. However, companies should not merely rely on time-consuming legal measures with often unpredictable outcomes, but should proactively register their corporate and brand names as Internet addresses.

Whilst counterfeiting is likely to pose a continuing threat to manufacturers, it is only one of the many challenges that face marketers, who must continually devise added-value strategies to succeed.

The Challenges to Brands

In order to develop the right sort of brand added values, marketers need to be aware of some of the factors which can affect their future. Some of these are:

The Shift From Strategy to Tactics

With the increasing pressure to generate ever-improving profitability, it is often considered a luxury for managers to develop long-term strategic plans. This is further exacerbated by short-term goal setting, which is frequently designed primarily for the convenience G; the financial community.

A consequence of this is that organizations adopt a 'crisis management' attitude. This short-sightedness is dangerous, since successful brands have evolved through long-term commitments to brand support. Furthermore, it illustrates a rather naive managerial style which is incapable of responding appropriately to crises.

Developing and Protecting Your Brand

Customers in today's market are increasingly bombarded with brands. As markets mature and consumers become savvier, it is increasingly important for companies to seek ways to differentiate their brands. Yet as companies spend more on branding, not many protect this investment at the outset. A company may only look to protect its investment at a later stage when problems arise.

Banks, lenders and other financial services companies have similarities with many other businesses in that they will own and use brands, which are important to protect, maintain and exploit.

Avoiding Infringing Others' Rights

The key to developing a brand is knowing your market: you should consider whether, deliberately or not, you might have 'borrowed' other companies' indicia (language, logos or pictures) in developing your new brand. Other people have also spent time and money developing their brand - it is a small world and inspiration is often sought from other companies branding.

One way of ensuring you are not infringing others' rights is to undertake a clearance search on your proposed brand. Professional advice should be sought for this, as trademarks are registered in classes, and infringements can arise if you use a trademark in a sector that is similar, but not the same as, a sector in which it is registered.

Searches should be carried out according to where you are going to use your brand - if you have a European presence, you should carry out the search for the European countries in which you trade. Remember that registered trademarks are territorial, and therefore a competing company's brand may be registered in one country but not in another.

Protect Your Investment

Creating a brand can cost a significant sum of money - that money is investment in the future goodwill of the business and needs protecting. There are a couple of ways of protecting a new brand:

- Registering a trade mark (most common)
- Registering a design.

If the brand is unregistered, whether by default or by choice, the only way a company will be able to protect its brand is through the law of 'passing off'. This is a right to seek redress through the courts where competitors are using the same or similar brand, giving rise to confusion in the minds of customers. This confusion can be difficult to establish, so it is usually worthwhile registering the trademark.

Registered Trade Mark

Words, logos and pictures can be registered as trademarks. A company can make a trademark application if its chosen brand is:

- Distinctive for the goods or services for which the company is applying to register it
- Not illegal or immoral
- Not similar or identical to any earlier marks for the same or similar goods or services.

Trademarks have a great advantage compared to other intellectual property rights, because as long as you keep paying renewal fees (payable every ten years), they last forever.

Registered Design

A registered design is a registered right for the appearance of a product (its shape, colours, materials or any ornamentation applied). Examples include a particular font, the design of a web page or a logo.

Registered design rights can also protect what are commonly trademarks. For example, a logo can be registered both as a design and as a trademark. It is useful to bear this in mind because if a brand does not meet the requirements for trademark registration, a design registration may be possible. Furthermore, if you are looking to protect the appearance of website pages, a trademark cannot help but a registered design can.

There are two main requirements for design registration. It must:

- Be novel (for instance not have been in the public domain for more than 12 months)
- Have individual character.

A registered design right lasts for a maximum of 25 years as long as the owner keeps

paying renewal fees (payable every 5 years).

Licensing Your Brand

Third-party administrators are often given the right to use the brands of their principals when providing services on their

behalf. Similarly, strategic alliances are becoming more common, as can happen when a lender collaborates with an energy company for it to provide services to the lender's customers. Both of these arrangements will commonly include a licence from the brand owner to the administrator or the strategic partner (the licensee).

In any licensing situation, whether as a result of outsourcing or otherwise, the arrangements should include proper trademark-licensing provisions such as:

- Provisions explaining how the brand can be used - in what format or colour
- The brand owner's (the lender's) ability to check how the brand is being used by the licensee (the third-party administrator)
- A prohibition on the licensee to register the brand, or anything similar, as a trade mark
- A statement confirming that the goodwill in the brand will still be owned by the brand owner

Obligations on the licensee to inform the brand owner if it becomes aware that any other person is using the brand without the owner's permission, and conversely, if the licensee becomes aware that the brand infringes any third-party rights

Tips and Traps

- Many companies labour under the misunderstanding that when you have registered your company name, you do not need to do anything more to protect your brand. This is not true, as a company name only gives you the right to prevent another company registering precisely the same name - it does not prevent another company trading using that name or using that name as a product name.
- Trademark or registered design? Registered design rights are relatively new, and there have been no infringement cases under the new law. Furthermore, a slight variation in a design may mean that the registered design right is not infringed; as a result, the owner would not have sufficient protection. On balance, trademarks When your trade mark is registered, let the world know. Use the ® symbol on brochures and other appropriate written materials. However, don't get confused with the copyright © symbol and trademarks - copyright is designed to protect original literary artistic and written works (as well as films, music etc.) and is a different and separate right from trademark rights.
- When you have your trademark or design rights, this is not the end of the story. It is important to maintain an audit of what brands you own, monitor their usage and learn how to identify infringement and take swift action.

You may see TM - but what does this actually mean? Although it is often used, it is 'Totally Meaningless' in this country and provides no protection in itself. It is just a name or symbol used to show that a product is made by a particular company and legally registered so that no other manufacturer can use it.

The Challenges to Brands

In order to develop the right sort of brand added values, marketers need to be aware of some of the factors, which can affect their future Some of these are:

The shift from Strategy to Tactics

With the increasing pressure to generate ever-improving profitability, it is often considered a luxury for managers to develop long-term strategic plans. This is further exacerbated by short-term goal setting, which is frequently designed primarily for the convenience of the financial community.

A consequence of this is that organizations adopt a 'crisis management' attitude. This shortsightedness is dangerous, since successful brands have evolved through long-term commitment to brand support. Furthermore, it illustrates a rather naive managerial style which is incapable of responding appropriately to crises.

The Shift from Advertising to Promotions

As a consequence of the increasing pressure on brand managers to (achieve short-term goals, there is a temptation to cut back on advertising support, since it is viewed as a long-term brand-building investment, in favour of promotions which generate much quicker short-term results. This can be problematic, as is best summarized by Broad bent's analogy: If a pilot cuts his plane's engines, believing it could cruise adequately without them (as indeed it would, for a while), one would question his sanity. When the plane subsequently goes into freefall and the engines are switched on, and then off again several seconds later because they were not making that much difference, he would be regarded as a suicidal maniac. Broad bent's analogy exemplifies the accepted view that advertising builds up a stock' of brand goodwill in consumers' minds. This takes time, however. If advertising is subsequently stopped, there may be only a small reduction in sales for several months while the stock of goodwill is depleting, but then there will be a rapid fall in sales. Furthermore, a is proportionately large spend is needed to raise a fallen brand back its original position.

With such high advertising costs encountered in the launch of new brands, many brand marketers are questioning whether they have fully exploited the potential of their old brands before embarking on risky new brand development. There is increasing caution out new brand development. This can be appreciated from an analysis Tesco did of their top 100 lines. Only twelve of these were, launched in the past ten years. Only eighteen were launched in the only twenty years. Horlicks, which was launched in 1883, is a good example of old brand development. It was originally promoted as a warming food drink to help elderly people to sleep. In the 1970s a marked reduction in sales was noted due to demographic changes, warmer homes and later eating. Rather than withdrawing the brand and following an expensive strategy of launching a new brand, horlicks was successfully repositioned in the late 1970s to a much broader target market as the natural way to relax. Some of the many examples of successful old brand development are Equitable Life, with their focus on Personal Pensions, and Lucozade, repositioned from being a health tonic for the sick to a refreshing energizer.

On-line Shopping

Current research predicts that at least 20 per cent of all trade transactions will be on-line by 2006. On-line shopping is different from traditional mail order because:

1. Brands are available all the time and from all over the world;
2. information and interactions are in real-time;
3. consumers can choose between brands which meet their criteria, as a result of selecting information which is in a much more convenient format for them, rather than the standard catalogue format.

This poses threats to brands, since some components of added value, such as the agent or the retail outlet, which originally added value by matching consumers with suppliers, may well be eliminated. The brand's values will be exposed more explicitly. However, brand will still have a key role, regardless of how much on-line shopping will grow. In any kind of remote purchasing they can offer customer a guarantee of quality and service and will act as a powerful way of facilitating choice in a world of ever-increasing data.

Brand Advertising on the Internet

Marketers face new challenges as they attempt to leverage the opportunities offered by the Internet. The web encompasses a new sale channel as well as a new form of advertising and allows new forms of customer relationship and sponsorship. Many brand owners believe in the advertising opportunities available on the Internet.

Why should consumers want to access the advertising messages on on the Web and why should they access the Web in the first place? Using the Web is different from watching television or reading a newpaper people use it in the same way as they decide to 'go places' or visit a new town. These tourists-consumers choose to stay, shop, look around or entertain themselves according to how they feel or how much time they have. As such in 'WebTown' commercial on-line shops need to offer distinctive advantages, such as a wider produnct range or more entertainment than traditional competitors, if they want to become popular 'sightseeing' sites.

Retailers' Names as Brands

An examination of advertisers in 1995 reveals that Procter & Gamble was the top advertiser, with over £100 m media support for its numerous brands, all of which have different brand names. By contrast sainsbury, though the twelfth biggest advertiser, promoted its name with just over £40 m. The challenge many brands face, particularly when not strongly associated with their parent corporation, is that while they receive advertising support, this does not match the significance sums major retailers spend developing a clear proposition their stores and their own brands. With over three-quarters of packaged grocery sales going through multiple retailers, the challenge to manufacturers from powerful retailers' own brands is indeed daunting. Furthermore, retailers such as Boots, Laura Ashley, Marks& Spencer and Sainsbury have a particularly innovative policy of developing new products under their own names.

The Challenges of the Single Market

Pan-European buying groups are becoming more common with retailers forming alliances to exploit opportunities jointly. This has resulted in buying groups with considerable power.

The Single Market currently consists of a community speaking nine different languages with strong nationalistic preferences. Eventually, there will be a more homogeneous community, as consumers recognize the advantages of powerful Euro-brands such as Kellogg and Nescafe. More emphasis on visual identifiers will help overcome linguistic differences within the Single Market. It is more likely that brands will be developed at the outset to appearance consumers in many different countries. For example, cheese flavored snack from PepsiCo was developed and tested in the USA and subsequently extended to fifteen other countries will little change. Strong brands have richly complex personalities, enabling to adapt and appeal to consumers in different countries by, for sample, sharing the same language or adhering to a country's culture norm. Yet at the same time successful international brands have a core set of values which remain constant across countries. International brands, which remain true to their core values, but have these enacted in different ways in different countries, are admired, Since they show respect for their host countries. The well-travelled consumer appreciates international brands, which remain true to their core values, since in a foreign land these brands act as havens of reassurance about guaranteed consistency - albeit presented slightly differently.

Opportunities from Technology

Band marketers are now more able to take advantage of technology to gain a competitive advantage through time. Technology is already reducing the lead-time needed to respond rapidly to changing customer needs and minimizing any delays in the supply chain. General Motors in the USA, for example, implemented a computer controlled system, 'Saturn', which significantly reduced the order-delivery time. Furthermore, as a result of the dealer inputting customers' requirements for colour, trim and other accessories, the system is able to ensure not only that cars are tailored to customers' needs, but also that they are delivered more promptly. Another example is the way homebuilders in Japan use rapid response to customer needs to differentiate themselves. Potential home buyers visit estate agents and describe their ideal home. Equipped with a unique CAD-CAM program, the agent sketches a design on a computer screen in front of the prospective purchaser. The program instantly tells the cost of building the new home, and if this is too high, it enables the home dimensions to be scaled down until an acceptable price is reached. If the purchaser then wishes to buy the new home, the agent confirms is in the computer program and the builder usually offers completion six weeks later.

To succeed, marketers are going to have to use technology to way ahead of competitors.

More Sophisticated Buyers

In business to business marketing, there is already an emphasis on bringing together individuals from different departments to evaluate suppliers new brands. As inter-departmental barriers break down even more, sellers are going to face increasingly

sophisticated buyers who are served by better information systems enabling them lo playoff brand suppliers against each other.

Consumers themselves are also becoming more confident and sophisticated. They expect higher standards from brands and appreciate brands that deliver real values. But the values being sought are not just functional ones. In fact, in an ever-changing and increasingly turbulent environment, they seem to prefer consistent brand personalities, which provide some stability and help them better understand their social environments.

Consumers are becoming much more marketing literate and increasingly critical of advertising. Nonetheless, the danger for some brands is that advertisers make assumptions about consumers involvement with advertisements and exceedingly' clever' approaches are developed. Polo mints used the Perrier approach in the 'Refreshing Poleau' advertisement, using the slogan, 'The mint with the hauled', while Canon adopted the slogan 'Some things in life are as reliable as a Volkswagen'. There is a danger that, without a good appreciation of consumers' perceptions, weaker brands may well lose out with these clever approaches.

The Growth of Corporate Branding

With media costs inhibiting individual brand advertising, there is a trend towards firms putting more emphasis on corporate branding, stressing the company as the brand through corporate identity programmers. In this way functional aspects of individual brands in the firm's portfolio can be augmented, enabling consumers to select' brands through an assessment of the values of competing firms.

Corporate branding is based on a well-devised corporate identity program which provides a clear vision about how the firm's brands are going to make the world a better place, has a well-thought set of core values, is communicate to staff and which gives them a better feeling of involvement and belonging. Well-devised programmes endanger pride amongst staff who become even more committed to working hard in order to play their role in delivering brand benefits. Once a firm has undertaken an audit to understand how it is perceived by its different stake holder groups and has clarified its values and its vision for a better world, it can then start to consider the most appropriate brand architecture.

Helping Yourself Protect Your Brand

Author: by David E. Stoll

February 01, 2003

This article outlines self-help practices that you can quickly and easily use to maximize protection of your brand and minimize potential conflicts with someone else's brand.

Introduction

It does not matter how big or small you are. These self-help practices can be utilized by anyone from a sole proprietor with a single brand to large corporations with a portfolio of brands. By following these practices, you will save much time, money, and frustration in developing your wine brands.

Protecting any given brand often boils down to the following: you can either spend a couple thousand dollars early in the process to adequately protect your brand, or risk spending several times that amount in both time and money to deal with a conflict in the future. Worse yet, the future conflict may result in the loss of your brand.

1. The Most Common Problem - Conflict with Someone Else's Brand

   The most common problem encountered with a wine brand is a conflict with someone else's brand.

   New wine brands often run into conflict with established brands. The converse is also true; owners of established wine brands often encounter others trying to develop or make use of similar brands. In either event, these brand conflicts can be expensive, time consuming, and distract from other aspects of the business.

   Because of this, brand owners should do all they can to minimize the possibility of a conflict with someone else's brand, both while they are in the process of deciding on a new brand, as well as throughout the use and exploitation of the brand.

2. Avoid Adopting Potentially Troublesome Brands

   Clients are often emotionally attached to the potential brand names they provide to their attorneys for search and clearance. Even when potential conflicts arise in the search or clearance process, clients often still want to pursue the proposed brands. This is more often than not a costly mistake.

   Pursuing a brand with potential conflict or protection problems associated with it from the outset rarely produces the desired consequences. Clients will typically spend much time and money either attempting to work out a conflict with someone else's mark or trying, often in vain, to protect the brand through trademark registration, only to ultimately find they cannot do so.

   If you have not yet begun using a brand and potential conflicts are discovered in the clearance process, you are most likely better served choosing another brand. If you have already adopted and are using a brand when a potential conflict arises, the considerations are different as you obviously do not want to change your recognized brand unless you absolutely have to.

   However, if you have not yet begun use of your brand and a potential conflict arises, you have to ask yourself how difficult or damaging it really would be to pick a new brand given that you have not yet invested a significant amount of time and money in developing the brand.

   Though it takes time and money to come up with potential brand names, the investment is well worth the cost if it allows you to avoid brand conflicts down the road. Brands that are free of potential conflicts from the start are easier to protect and allow you to focus your time and money on building brand awareness rather than defending troublesome brands or spinning your wheels trying to obtain trademark registrations for such brands.

   If you spend the necessary time and money to adequately protect your brand from the outset, you do not have to do

it over and over again in the future. As stated before; you can either spend a little now or risk spending a lot later.

3. Perform Your Own Initial Searching

   Before you invest time and money in a brand, or even in lawyers to help you clear a brand, you can easily and quickly perform some of your own initial clearance searching on your proposed wine brand.

   By performing these initial searches you can often quickly eliminate potentially troublesome names and avoid delays and costs associated with having lawyers perform the initial searching for you.

   Most of these initial screening searches can be performed for free on the Internet. Internet sites that are helpful for searching include:

- The USPTO Trademark Database
- The TTB Online COLA Database
- Basic Search Engines
- Wine-Specific Search Engines

   a. The United States Patent & Trademark Office (USPTO) Trademark Database

      The USPTO maintains a free searchable trademark database for all federal trademark registrations and pending trademark applications. You can easily enter your proposed brand names into this database and check to see whether anyone else has filed for protection of the same name or a similar name for wine. You should also conduct this search among other related goods or services that the PTO considers confusingly similar to wine, such as other alcoholic beverages (e.g., "beer" or "whiskey") or related services such as "restaurant services."

      If someone has filed a trademark application on a brand name, that application or registration is a fairly good indicator that they believe the brand is worth protecting. It is also a good indication that your brand could have potential conflicts. Thus, you should think long and hard before pursuing a name someone else has protected or is trying to protect as a trademark.

      Once you become familiar with the USPTO Trademark Database, you can further refine or tailor your search to suit your specific needs. For example, you can perform a broad search of all filed trademarks across all goods and services, or you can tailor your search to look for only trademarks that have key words such as "wine" in their goods or services descriptions, or for trademarks that fall within International Class 33, the class in which all wine and spirits marks are registered.

   b. Alcohol and Tobacco Tax & Trade Bureau (TTB)'s Online COLA Database

      Another very helpful free online database is the TTB's online Certificate of Label Approval (COLA) database. The TTB was recently spun out of ATF which is why many know of and still refer to this database as the ATF's COLA database.

      This database contains records of all COLAs granted by the federal government since 1996. The database is by no means comprehensive of all existing COLAs, but it does provide an easy first step to check whether someone else is already using your proposed name as a brand for wine.

      Searching the COLA database is easy. In the online form, you simply fill in the blanks for the categories on which you want to search. The most useful search category for clearing proposed brand names is the "Inclusive Name Search". The Inclusive Search will pull up any matching records whether the name is part of the brand, the winery or the COLA registrant (e.g., the bottling winery).

      The COLA database can be misleading as to who is using what brands. COLAs list the name of the bottling winery as the COLA "Applicant", which is often not the actual owner of the brand. However, the usefulness of the COLA database lies in finding matching records, not necessarily determining who actually owns the brand. Matching records indicate a brand with a potential conflict.

      The database does, however, provide other useful and specific information, such as the "Class/Type Code" that tells you whether the COLA is for beer (class 901), whiskey (class 100), table red and rose wine (class 80), and so on. If you become familiar with these codes, you can often gain valuable additional information about other's use of potentially conflicting brands, such as whether someone is using a brand for beer or for wine or for something else.

   c. Search Engines (e.g., Google.com)

      Although you can rarely, if ever, rely on completeness of results produced from any Internet search engine, it is very easy to perform a search of your proposed brands (or existing brands) and see whether any wine-related "hits" are found.

      To minimize matches with completely unrelated industries (computer companies, clothing manufacturers, and whatever else may be on the web that has nothing to do with wine) you can tailor your search to look, for example, for your brand used in connection with common wine brand suffixes such as "… Cellars", "… Winery", "… Wines" or "… Vineyard."

      To better focus the search, put quotation marks around your brand and the suffix of choice, e.g., "Your Brand Cellars." For most Internet search engines, this will limit the search to only those results that use the quoted phrase together. Otherwise, for example, every website containing simply "Cellars" can result.

      There is a wealth of information readily and freely available on the Internet. Often times, when I am looking for a potential conflicting brand on behalf of a client, I easily stumble upon an entire website describing everything I could ever want to know about their wines, their winery, their family history, the names of their pets, and so on. To not take advantage of this extraordinary resource is to do your business a disservice.

d. Wine-Related Website Databases (e.g., Wine-Searcher.com)

In addition to using generic search engines to help clear proposed brands, online wine-specific databases can be of assistance, especially if you are trying to locate a brand that you think may already exist.

WineSearcher.com is an example of such an online wine-specific database. This website is a worldwide database of where wines are available for sale. For instance, you can search for all places (in the database) where a particular brand in a particular year is sold in the United States. Again, like many other Internet databases, especially free Internet databases, the results are by no means comprehensive. Although this database is most useful for locating a wine brand that you know or think already exists, it is also useful a useful tool for clearing proposed names.

Although many wine brands are protected as registered trademarks (and therefore will show up in trademark searches), a majority of existing wine brands are not protected as registered trademarks and therefore will not show up in trademark searches.

Despite the fact an existing wine brand is not registered as a trademark, the brand has trademark rights on account of the brand's use in commerce. Rights in a trademark come from use of the trademark in commerce, not registration.

Generally speaking, a wine brand that is used but not registered will establish trademark rights to the brand that are geographically limited to the area where the brand has actually been used. On the other hard, a wine brand registered as a federal trademark will establish trademark rights to the brand throughout the entire country.

Thus, you must search non-trademark databases, such as the COLA database and general and wine-specific search engines when clearing proposed brands because, again, a majority of wine brands currently in use are not protected as registered trademarks.

Importantly, these initial screen searches are not a substitute for professional search services that your trademark attorney can provide. Even after you have made these initial inquiries for your brand, you should still contact an experienced trademark attorney who can order a comprehensive "full search" from a reputable search company (such as Thomson & Thomson) that searches trademark and non-trademark databases. A full search is especially highly recommended for proposed brands that are not yet in use.

4. Seek Registration of Your Brand As A Trademark

If you propose to use or are using a wine brand for commercial sale, you should consider trademark registration for the brand.

The principal advantages of federal trademark registration are nationwide priority and notice to third parties. One of the main reasons you register your brand as a trademark is to let the world know you are using that trademark as a brand for wine. In doing so, others will be less likely to adopt the same or similar trademark, especially in the United States where the law presumes that everyone has knowledge of existing federal trademark registrations. This is known as "constructive knowledge."

The concept of constructive knowledge in U.S. trademark law imposes a duty on third parties to perform a search of the U.S. federal trademark database before adopting a new brand. If your brand is already registered or even pending, it is much more likely third parties will choose a different brand.

If third parties do not perform a trademark search and adopt a confusingly similar brand after your registration has issued, you are presumed by law to have prior rights. Once you notify the third party of your prior rights, the third party will be much more likely to abandon use of the conflicting brand and choose a new one, than if your brand was not registered as a trademark.

The goal is to avoid or quickly defuse potential conflicts with your brand. Having a trademark registration, or even a pending trademark application for your brand, greatly helps accomplish this. Trademark registrations last forever so long as you continue to use the mark and you pay your renewal fees every five to ten years.

While it is true that trademark rights only come from use, not from registration, obtaining a trademark registration for your brand enhances those rights and, again, significantly helps in avoiding conflicts concerning your brand or quickly defusing conflicts that do arise with your brand.

No matter how long you have used your brand, or how many cases you have sold, or how broad you have distributed your wine, if you do not have a trademark registration for your brand it is much more difficult to avoid disputes or to resolve disputes when they occur.

Without a trademark registration, you will carry the full burden of convincing the other party that you have established rights to the brand. The smaller a producer you are, or the smaller your distribution, the more difficult a time you will have convincing the other party that you have established sufficient rights to the brand that they should abandon their conflicting brand.

In such cases, without a registration you will have to resort to business records, invoices, and federal and state permit records, such as COLAs, fictitious business name statements and Basic Permits, to show the other party when you began using your unregistered brand. This can be a frustrating, time consuming, distracting, and expensive process that can often be avoided if your brand is registered as a trademark.

There are many reasons why your brand may not be capable of registration as a trademark. The point is to consider as early as possible whether your brand is capable of registration, and if so, to register it. Even if, for whatever reason, your brand is not capable of registration, by examining the prospect of registration you will better

understand the limits of your brand protection and will likely be in as protected a position as possible if and when conflicts do arise.

5. Maintain Brand Protection Files

   Every brand owner should maintain a brand protection file for each and every brand it uses or proposes to use. The brand protection file is often an extension of a winery's permitting file. However, it is preferable to keep brand protection materials together even if kept with a winery's existing permit files.

   The purpose of the brand protection file is to maintain a quickly accessible record of brand usage, scope and quantity sold. Records to keep in your brand protection file include:

- COLAs
- Basic Permit (listing trade names)
- Fictitious business name statements
- Invoices (compiled/summarized if many)
- Sample label specimens (at least five of every vintage/ design)
- Copies of trademark registrations, applications, etc., and
- Any other materials (such as marketing materials, cellar notes, etc.) that make use of the brand, describe the brand, or that evidence sales information for the brand.

   Maintenance of brand protection files will all but eliminate time consuming searches for information and paperwork if a conflict ever arises concerning the brand. This is especially true if, for whatever reason, your brand is not registered as a trademark. The existence or non-existence of the above materials can often determine whether you will avoid an expensive dispute or potentially lose your brand.

   At a minimum, maintaining brand protection files for all your wine brands will keep your legal costs down and keep you focused on your wine business, rather than trying to locate or construct long lost records in the face of a brewing brand conflict.

6. Logos and Other Designs As Brands

   First and foremost, all brands should be protected, if possible, as registered trademarks. A trademark by definition is anything that identifies the source of a product or service. Brands are principally source identifiers and as such should principally be protected as trademarks.

   However, if your brand incorporates a logo or other design, you should also consider copyright registration for the logo or design.

   Any original creative expression can be protected and registered as a copyright. Logos and other designs are considered creative, so if they are original expression, that is, not copied from somewhere else, they enjoy copyright protection and can be registered as copyrights.

   Copyright protection provides the owner the sole and exclusive right to use the design protected by the copyright for any commercial purpose, subject to fair use by third parties, which generally means non-commercial use. Copyright registration, like trademark registration, does not produce the rights, but greatly enhances them. For instance, you cannot sue to enforce a copyright until you have registered the copyright at issue with the Library of Congress.

   Copyright issues are especially important to consider if you commissioned an artist or designer to design your label, or if your label incorporates someone's existing artwork.

   If you hire someone to design a label for you, or to produce a logo or design to be used on a label or packaging, you should make sure to obtain an assignment of rights to the design in exchange for the payment.

   If such person is an employee of your company, then the company is presumed to own the fruits of the employee's labor and the assignment is not technically necessary. However if you hire a consultant or other non-employee independent contractor to do the work, you need to have the independent contractor execute a written assignment specifically transferring to the company all rights to the work product. If you do not obtain a written assignment of rights from the contractor you hired to develop the design for you, that contractor may retain the underlying rights to the work product and you risk not being able to use that design in the future (e.g., on future vintages, different labels, etc.).

   If you use plan to use someone's existing artwork as part of your label design, or otherwise in your marketing materials or merchandise, you probably cannot expect the artist to assign all rights to the artwork to you, but you should make sure to obtain written permission (a license) from the artist (or whoever owns rights to the artwork) to use the artwork for whatever purposes you envision (such as multiple vintages, posters or otherwise).

7. Think about Future Plans for Brand

   Whenever you are in the process of selecting a new wine brand, you should factor any possible future use of the brand into the selection equation. For example, if your plans include exporting the wine brand to a foreign market, you should think about clearing and protecting the brand in those export markets, in addition to seeking protection in the United States.

   Trademark rights are specific to each country, so your right to a trademark in the United States does not automatically provide you any rights to that mark in a different country. For a nominal fee, you or your attorney can order a screening search of any country to see if your brand is already protected or being used in that country. Your attorney can also advise you whether seeking registration in such foreign countries is advisable.

Conclusion

Conflicts over brands can be expensive, time consuming and distracting. They can also be minimized or even avoided much of the time by making use of the self-help practices discussed above.

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in connection with grape contracts, mergers and acquisitions, consulting arrangements as well as providing advice regarding the use and protection of wine-related trademarks and tradenames; including the names of wineries, their wine brands, and the increasingly common use of proprietary and vineyard designated names.

This article is published as a service to our clients and friends. It should be viewed only as an overview of the law, and not as a substitute for legal consultation.

Brand Name

1. Part of the brand consisting of words or letters that form a name that identifies and distinguishes the firm's offering from those of its competitors.
2. Effective brand names are easy to pronounce, recognize, and remember.
3. Should also give buyers the correct connotation of the product's image.
4. Must also qualify for legal protection.

Trademark

1. A brand for which the owner claims exclusive legal protection.
2. Trademark protection confers the exclusive legal right to use a brand name, brand mark, and any slogan or product name abbreviation.
3. Frequently trademark protection is applied to words or phrases.
4. Firms can also receive trademark protection for packaging elements and product features.

Brand Name Protection

- Legal registration
- Guard against generic use
- Protect against counterfeiting

Trademark Infringement

- **Sounds alike**
  - **Sasson vs. Sason vs. Sassoon**
  - **Squirt vs. Quirst**
  - **Lexis vs. Lexus (1989)**
- **Stimulates the same mental reaction**
  - **Mr. Stain vs. Mr. Clean**
- **Duplicates a competitors' overall marketing strategy**

Trademark or Generic Name?

- **A trademark is considered a generic name when the public uses it to describe a class of products such as aspirin rather than identify a particular brand**
  - *Examples:*
  - *Nylon . . . . Kerosene . . .*
  - *Escalator . . .. Formica . .Cellophane . . .*

LESSON 34:
LEGAL PERSPECTIVES IN BRANDING

Objectives

On completion of this lesson you should know

a. Legal Issues in Branding

b. Legal Tips on Brand Management

Naming Tips

Below are some fifteen naming tips in no particular order. They are mostly insights and shortcuts to generate multiple name candidates. All are not relevant for each naming project, but if you do enough naming, you'll find each has some merit.

- Instead of naming a company Strategic Innovations, reverse the words and call it Innovations Strategic. Medical Insights becomes Insights Medical. Proactive Solutions - Solutions Proactive. Legal Perspectives - Perspectives Legal.
- Use of alliteration (Signature Strategies, Peak Paths) or rhyming (Compliance Alliance, Rare Care) helps make a name memorable.
- Utilizing a verb in the name connotes action and promotes action (Skills Abounding, Hooked on Phonics).Turning Point Consulting is more action-oriented than Turning Point Consultants.
- Naming a company and then promptly using its initials to identify it is, excuse me, dumb. To customers, and especially prospects with no history with the firm, initials do not differentiate, are not memorable, get confused with other initial-named companies. The only way to effectively use initials as a name is if those initials already possess positive connotations (MVP, HQ, MD), otherwise it's just alphabet soup.
- Possessive names (Victoria's Secret, Bob's Vital Signs) are more personal and somehow connote a more responsive organization.
- A strong "K"or"C"in the middle of a name sounds good and strong, is easy to pronounce and spell: Dakota, Wakota, Dakona, Takona, Dakola, Nakola, Dekopa, Rekopa, Vokita Fokoda, Latoka, Ritoka, Wolika, Doloko, Rimiko, Pamoko, Tanaka, Prekoda, Drokima, Teloka, Parkita, Lacoba, Bocono, Socimo, Quico, Veconi, Vicudo, Barico, Licita, Jacida, Lanica, Bracle, Zacera
- Truncate (pack): Take two words, preferably that describe the subject being named, and combine them into one. Webolution, Byerlympics, Champale
- Spell descriptive words phonically or alternatively: "Names" becomes "Knames", Gnames", "Naims", "Naymes", Naimz". Sigh becomes Psy, Psigh, Sy, Cy. Homonyms: words pronounced the same way but spelled differently. (feet, feat, fete)
- Add an appropriate but unexpected suffix to a descriptive root word: Ideatrics, Visioneering, Profitivity, Webolution, Travelocity
- Consider numbers as part of the name (3D, A-1, 4-star)...also number-related words/symbols such as prime, pi, square, plus... includes ranking (1st), greek alpha,etc., ...bi, tri, quad...degrees (360 or 32F)...roman numerals
- Take the idea of western brands but change the descriptor to a non-traditional brand word. Instead of lazy-8, H bar G or circle X, use hi-tech descriptors: Star-4, A-slash-B, Mach-2, Arc-8.
- Single letter names: mostly associated with single words. A-One, Double-D, Factor-X, AAA... Combine with number (A-1, 4-F)...
- Old reliables...animal, bird, fish, flower, fabrics, tree, weather condition, historical/mythical personality most closely associated with product attributes. Often nouns can become adjectives to describe product (Silk Skein, Rain Rinse, Pine Scent, Eagle Claw)
- Look to geographic place names (recommended by founder of Haverhill) that have good sound, and connotation. This can extend to foreign places, ancient places, mythic places. Use an atlas
- Use rhyming and alliteration Use two initials and word to form name...ie: I.C.Ewe...F.Y.Eye...R.U.Dunn...
- Use the first part of two-part proper names (ie: Mc, Mac, O', Van, von, D', Di, De, Del, Bel, San, La, L') and hook them up with positive last names like McNuggets, O'Cedar, MacFrugal. Incorporate suffixes and prefixes into names that are derived from common, pronounceable abbreviations: Innov-inc Ban-co Didd-ibid Rig-etal Fica-fast Fifo-sist
- Make names stand out by such visual devices as hyphens, common symbols (+,!), all lower case, words run together, underline word parts, combine UPPERlower case, CapsINmiddle, color, pronunciation marks (Jels'-ema), two **Different** fonts
- Substitute "a", "i","o"or "u" for a word-ending silent "e", esp. for verbs (hope, arise, groove)
- Deliberately misspell words to create a new, trademarkable name: Qwest, Ikon, Duque.

Legal Tips on Brand Management for Marketers

By Lynette Stanton

Paper delivered at the Strategic Branding 2002 Conference 13-14 May 2002 Marketing and trade mark law most often come into conflict over the question of what brands can be protected and how. But in reality, there shouldn't really be any conflict.

What marketers are trying to do and what lawyers are trying to do ought to be complementary. What's the point of a brand? Why do you brand? You want your product to stand out and to be remembered. And you want to be able to stop other people from piggybacking on your success. And you don't want to be the department that leads your company into court. Well that's what the lawyers are for. Not leading you into Court, but keeping you out.

Protecting Your Brand

One of the main legal ways of protecting a brand is by trade mark registration. But not everything you might think of using as a brand is registrable as a trade mark.

The requirements of the current Trade Marks Act 1953 mean that in the right circumstances the shapes of packaging, colours, sounds even smells as well as the more conventional words and logos may be registered as trade marks. This amounts to recognition by the legal system of something you probably knew already - that all of these things can function as brands. But the crucial thing to remember is, the more unusual, the more - in the jargon - distinctive your brand is, the easier it is to legally protect.

But at this point my next question is, why register? What is registration? How does that protect your branding efforts?

Registering a trade mark means going through the formal procedures which result in your trade mark being officially recorded as belonging to your business. Registration gives you the exclusive right to use that mark and to sue someone else who uses that same mark or something similar to it on the same products or similar products.

And yes, I'll readily admit that that word "similar" and the question of "what is or is not similar" are what keep the lawyers in business.

But ultimately, trade mark registration is a public legally protected version of what your branding efforts are all about - recognition and exclusivity. You want a brand which is recognised, and exclusively linked with your product. Legal protection - including through registration, helps you achieve that.

Legal Points

There are legal points to be considered at two different stages in the brand management process. The first stage is in the process of creation of a new brand, the second is the management of existing brands, especially during company transformations.

From a legal point of view, there are two main questions to ask when a new brand is being created and defined –

1. Can you use it safely?
2. Can you protect it?

These questions are, or should be, central to any brand development. Yet it is surprising how often they seem to get overlooked, especially in the rush of enthusiasm for some new concept.

"Can you use" can be rephrased as "are we going to step on anyone else's toes with this new brand, angle, packaging line, strategy?" This question in itself can rise in two rather different ways: the branding task when you are truly attempting to create a unique, distinctive brand to do what brands are supposed to do, ie. make your product stand out and create a clear position in the market the somewhat different issue when your aim is in fact to latch on to someone else's success.Naturally, from a legal point of view, the second objective is the more risky.

Brand Vision

When selecting a new brand for yourself, the key word is vision. What is your vision for the brand? Flagship brand or subsidiary category? Wide product range or specific? Local, national, regional or global? And what is the brand anyway - is it a word? Is it a shape? Is it a colour, a smell, a sound, a picture or a combination of one or more of these things? Will you use it always in one particular version or in many variations?

The more clearly that you communicate your future vision for the brand to your legal advisors, the better job we can do for you in answering that first key question - can you use it?

The marketplace and the Trade Marks Register are full of other people's attempts to obtain exclusivity in all kinds of brands and aspects of brands. Because of this, one job that has to be done as part of the brand creation and definition process is searching - seeing what else is protected and making sure you're not too close to it. Because the definition of exclusivity embraces not only identical marks but similar marks and not just the same goods and services but similar ones and because a mark can be registered or at least applied for and yet not be on the market, searching of official records is crucial - and for those of you looking beyond these shores, international searching will be crucial. Incidentally, one useful spin-off of searching the Trade Marks Register will be to give you a handle on what your competitors are doing, or perhaps planning.

Protecting Your Brand Investment

If you've done all your checking and you're as confident as you can be that you're not going to be sued the first week your product hits the market, the next question has to be:

Can you put yourself in a position to protect that investment that you're going to put into the brand? Or, what can you do to stop your competitors from ripping off the look, the sound, the smell, the colour, the theme or the language of your branding strategy.

Broadly speaking, you get rights in your brand, that is, the power to use the law to stop someone else from getting too close to it, in two main ways.

One is by using it to such an extent that you can convince a court that the bad guy will cause significant confusion, especially amongst consumers.

Two, by registration under the Trade Marks Act 1953. The common theme though is that if you hang your hat on a brand which is too commonplace, too descriptive, too much like other brands already in the market, a court is much less likely to listen to an argument from your business that someone else should be stopped from using the same kind of words, picture or package.

Much marketing effort goes into identifying branding strategies which will engage your potential customers on an emotional level, gain their sense of identity with the product, gain their loyalty and so on. But all that will be wasted if the brand

features that you have hung all that engagement on, do not stand out from the crowd. If your brand is not sufficiently "distinctive" in a trade mark sense, you can't prevent everyone else going along for the ride.

So my message on legal aspects of creating and defining a new brand are really issues which should concern any marketer. Can you use it? Can you stop other people from using it? It pays to check and get advice before that big launch.

Managing Exisiting Brands

One particular issue which arises time and time again in brand portfolios where we are dealing with older brands is the issue of ownership. Whose is this brand?

From a marketing point of view, the focus is on connecting the brand with the business in the marketplace. I want to go one step further than that and alert you to the need to make sure that what you are doing, at the sharp end of presenting the product and its proposition to the customer, does not become divorced from the legal background.

Some of the times when this can happen are in nostalgia-based campaigns which hark back to older brands, when somebody comes back with a bright idea from overseas they think they can borrow, when companies form alliances through licences, distribution agreements or franchises, and when companies break up and companies merge. In the following paragraphs I will discuss an example of the latter.

Patience and Nicholson Case

This case goes back a long way. The original company, Patience & Nicholson, was established in Australia in 1924. It established a wholly-owned New Zealand subsidiary in 1961. The business was cutting tools. Initially, the two companies made the same products with the same manufacturing techniques, but over time they diverged. The New Zealand company introduced new manufacturing techniques. Both businesses used the brand P&N.

In 1961, at the same time as the New Zealand subsidiary was established, the Australian parent company registered the trade mark P&N in New Zealand.

In 1982, both of the Patience & Nicholson companies were taken over by another group, McPhersons. The New Zealand company continued to use P&N under an agreement.

In 1987, McPhersons sold the business and assets of Patience & Nicholson Australia into an Australian group, Boral Cyclone. Patience & Nicholson New Zealand was not sold, and neither was the New Zealand registered trade mark.

As well as diversifying its products and its manufacturing, the New Zealand company diversified its branding, introducing a new brand, EVACUT, but continuing to sell old stocks with the P&N brand and using the old company name and livery.

So the situation was that P&N Australia was operating in Australia with P&N, and the New Zealand company was operating in New Zealand with a new brand and some historical attachment to P&N.

With 20/20 hindsight, the eventual conflict looks inevitable. The New Zealand business was sold on to yet another group of companies, Sutton, who turned out to be the main competitor for the Australian owner of the Australian P&N business. In the course of all this, whatever assumptions were made, the New Zealand P&N trade mark was not legally transferred. Probably as a result, no one renewed the trade mark registration, which was not being currently used to any great extent, and it lapsed.

The Australian owners of Patience & Nicholson jumped in, applied for registration and began using P&N in New Zealand. Inevitably, Patience & Nicholson in New Zealand sued, relying on the common law of passing off and the Fair Trading Act.

The judge concluded that the Australian company could not come into New Zealand under the P&N brand.

What the case illustrates for marketers is the way in which marketing strategies, particularly those which rely on history, can come badly unstuck when no firm attention is paid to the legal ownership issues. Especially when, as in this case, the trade mark registration itself was not maintained, there are considerable difficulties in controlling the ownership of the rights which remain in the trade mark, loosely described as "goodwill", through such a series of mergers, sales, acquisitions and changes in trading activities.

More attention to legal aspects would have saved all the companies a lot of legal fees and time in Court and at the end of the day, communication between marketing and lawyers will get each of you what you want - a powerful defendable brand.

Identify Your Branding and Corporate Identity Issues: are They Strategic, Tactical or Practical?

Don't fix what is not broken. Many companies think a new name and logo will enhance awareness and reputation instead of examining why there current identity and/or brand languishes in obscurity. There are good reasons for changing a company's name - merger, expansion, new business strategy - but starting from "zero" will always be more difficult and more costly than making the most of what you have. That's why you should begin to identify your company's identity and branding issues in answering first the questions dealing with the practical before moving on to the tactical and strategic issues.

What are Your Practical Issues?

1. There is no understanding of the legal aspects of identity (lack of trademark search and protection).
2. There is no understanding of the financial aspects of identity (no licensing contracts).
3. There are no policies and no guidelines for applying the identity.
4. The identity guidelines we have are theoretical and impractical.
5. The identity guidelines we have are being ignored.
6. The identity guidelines are only in the hands of a few "experts" instead of instantly available to anybody
7. The suppliers are unaware of any guidelines concerning the identity (sign makers, advertisers)
8. No central repository of visual and verbal assets. (symbol, logo, company stock images, photographs, mission statement, vision statement, tag lines, etc.)

What are Your Tactical Issues?

1. Company messages are created with a narrowly defined purpose independent of the corporate identity.
2. There is no relationship between company names and product names.
3. Product brand names are created in a fashion unrelated to the company as a whole.
4. Employees are being inappropriately "creative" (expressing themselves) with company messages.
5. Identity and Customer Relationship Management systems (CRM) are on a separate track.
6. Thousands of customers and potential customers a day get the wrong impression because technical personnel (IT) are put in charge of communication because they are the only ones who know how the technology works (websites, e-mail, voice mail, CRM, phone menus, telemarketing computer messaging).
7. Company identity does not flow through the suppliers and distributors. Others do not represent you like you would represent yourself.
8. Training is expensive and has little effect.
9. Identity is defined as: "The logo"

What are Your Strategic Issues?

1. The perceived (by customers and employees) identity is not aligned with the strategic direction.
2. Our customers don't understand what we do, why and how.
3. Employees complain about not getting direction from the corner office.
4. There is no shared understanding among employees.
5. Employees don't work congruently toward the same goals
6. Employees say they can't perform to their potential
7. Employees aren't performing to their potential

Notes

LESSON 35:
ONLINE BRANDING

Objectives

On completion of this lesson you should know:

a. What is online Branding

b. Increasing importance and acceptability of Online branding

Branding should be a key aspect of every business Web site, according to IBM Global Services Innovation Center senior manager Anthony Farah, who will speak at the IBM e-fair 2002 this month in Malaysia.

Successful online branding means drawing in customers through value-added features, such as recipes on an online grocery site, Farah says. Instead of just listing grocery items, the site could allow customers to order all the items necessary on the recipe once they print it out. The aim is convenience, bolstering brand equity, and earning customer loyalty. Farah also stresses the need for a consolidated branding strategy that crosses all media channels. A transportation company whose message is speed of delivery should not have a pokey Web site, for example.

"Have a single brand guardian who reviews all channels against a corporate brand strategy. Ensure these channels and their associated technologies can deliver your brand strategy," he says. Businesses should focus on their Web site design and implementation, and ensure able to meet every visitor's needs, whether it be accessing specific product information, learning about the company, or processing a transaction. "Once users' interaction with your site is quick, effective, and satisfying, they will be able to appreciate brand messages being presented," Farah noted. A common mistake is to separate traditional marketing departments from the design and execution of a Web site, or to focus on visual appeal, rather than ensuring fluid transactions and Web functions.

The Unsung Hero of Internet Marketing

As the Internet emerged as a marketing platform in the late '90s, it offered a distinct advantage to marketers. Unlike other media forms, the Internet enabled advertisers to trace the entire customer acquisition chain from impression to click to purchase. This allowed marketers to pinpoint the strengths and weaknesses of their media, creative, and product offers and optimize accordingly.

However, the high degree of focus on the direct response value of Internet media has led many advertisers to ignore online's efficacy as a branding and offline sales driver. According to Jupiter Research, only 15 percent of marketers conduct formal online branding measurement-a fact that suggests marketers are underestimating the Internet's full potential.[1]

While the Internet's capacity to establish and reinforce key brand perceptions in the minds of consumers has always existed, historically our ability to evaluate its effectiveness has been limited. However, an arsenal of recent studies demonstrates that the Internet is, in fact, a powerful branding medium. The following information highlights some of the available research and proven tactics advertisers can deploy to successfully market their products and services online.

Is Online Branding Effective?

Results of brand effectiveness studies illustrate how online media can effectively embed a product's message into the minds of consumers. Following is a small sample of the many available studies proving that the online medium can produce positive shifts in consumers' brand perceptions and purchase intent.

- IRI and Procter and Gamble generated a study-based on surveys and actual buying patterns of consumers-showing that banner advertising bolstered sales for a Procter and Gamble snack food brand by 19 percent.[2]
- In October 2000, Volvo chose to bypass traditional broadcast media and launched their sporty S60 on AOL. The S60 promotion-the first new car model launch to rely exclusively on online media-increased awareness among "next 30 day" car buyers by 64 percent (pre- vs post-campaign measurement) and drove 45,000 sales leads to Volvo retailers.
- The breakthrough Dove Nutrium Bar Case Study conducted by Unilever, IAB, ARF, and MSN shows that online, coupled with traditional media, lifts key brand metrics more than any single medium can on its own. The Dove study not only affirms the Internet's power to reinforce messages delivered by traditional media, but also suggests that online is a more cost effective medium than TV and magazines. The case shows, according to Forrester Research, that "spending 15 percent of the online budget would provide a 24-percent lift in branding metrics, compared with a 19-percent lift for a plan with the same total budget, which spent only 2 percent online."[4]
- In May 2001, Dynamic Logic paired up with eBrands@dlkw to demonstrate online's impact on brand awareness and trial generation. Their research tracked results for a promotion of YesSirNoSir, a personal concierge service. The two-week campaign, promoted exclusively online, showed a 175 percent lift in awareness for the group exposed to the ad (measured against the control group).[5]

Online Branding Tactics

Besides presenting an engaging consumer offer, what tactical steps can marketers take to increase the effectiveness of online branding campaigns?

1. **Leverage large, interactive ad formats**. Several studies sponsored by various organizations (including the IAB, Dynamic Logic, and DoubleClick) all conclude that larger ad sizes can significantly enhance online branding effectiveness.

The new 468X60 ad banners, for example, increased key branding metrics by an average of 40% across three different studies.[6] The Dynamic Logic Study, conducted on behalf of the IAB, found that skyscraper and large rectangular ads were three to six times more effective in increasing brand awareness and message association than standard banners.

Also, DoubleClick research confirmed that interactive rich media improves branding effectiveness. DoubleClick's study tested various rich media formats, revealing that Flash was the most effective in boosting brand measures (71% lift), followed by Audio (14%), video (9%), and finally GIF ad formats (4%).[8]

2. **Develop clean, uncluttered creative with large logos**. A study, conducted jointly by Dynamic Logic, 24-7 Media, and AdRelevence, sheds some light on the specific creative attributes that contribute to an effective branding campaign. Too many creative elements in a banner, the study concludes, detract from the overall awareness and recall potential of ads. Designers should include no more than 15 different creative elements in a given banner and develop short, straightforward messaging. The study also suggests that including large logos (at least 14 percent of the banner size) and human faces in the creative positively influences online branding.
   Additionally, it has proven successful to extend the look and feel of offline creative to online campaigns-an example being Lipton's highly-regarded campaign on AOL. This is particularly important for programs seeking to leverage the Internet to reinforce messages delivered offline.
3. **Ensure sufficient ad frequency**. Several studies also show that increased ad exposure generates a higher impact on key brand metrics. While the optimal number of exposures for any given campaign vary with the creative, ad format, and type of product offered, it's clear that more than one exposure is beneficial. The Dynamic Logic/24-7 Media/ AdRelevence study concludes that marketers can double brand awareness by increasing the number of exposures per consumer from one to four or more. Similarly, Lipton's AOL campaign logged dramatic improvements in purchase intent with increased ad frequency.[7] While consumers' intent to purchase Lipton rose by only .07 percent with 1.6 exposures per user, it shifted by a remarkable 8.6 percent when the average exposure per user increased to 6.7.
4. **Incorporate consumer behavior trends into marketing strategy**. Popsicle's campaign on AOL demonstrates the importance of synchronizing marketing tactics with the goals and motivations consumers have for spending time online. Popsicle played off of children's desire to have fun online, by running colorful banners in the AOL Kids Only channel and promoting online games, contests, and scavenger hunts. The result was a 423 percent increase in site traffic and a 42 percent increase in purchase intent among the core audience (kids 6-11).

Packaged Online Branding Solutions

Sponsored by Hoover's Online .BY Jeffrey Graham | April 3, 2002

Many brand advertisers are telling publishers (as I wrote in my last column), "Give me marketing solutions, not just impressions." Impressions don't build brands, good campaigns do. Smart publishers are rising to the challenge: packaging ads, technology, and audiences in ways that address the branding objectives of their clients.

The creation of branding products is one of the most important recent advances in the online advertising industry. More and more, it seems successful publishers package their products in ways that are compelling to brand advertisers. Here are some approaches that seem to be working.

Audience packaging. When making a large investment on a site, you don't want your impressions dumped in the wee hours of the night or piled onto a small number of heavy site users. Frequency caps can help regulate ad rotation, but often they can run counter to branding objectives. Some publishers are finding success in packaging their audiences in ways that better address advertisers' needs.

One good example that's been received well by advertisers is the surround session, created by the New York Times. Surround sessions offer advertisers the chance to deliver ads to subscribers on four consecutive pages within one visit. Surround sessions aren't rocket science, technically speaking, but they do allow advertisers the ability to test a new way of delivering messages online and ensure branding ads get noticed.

Time-of-day packaging. The Online Publishers Association recently released a report showing the Internet is the primary medium for millions during working hours. People use the Internet differently at different parts of the day and week. Why not offer different solutions for advertisers at different dayparts?

Some sites do. In one of the longest-running engagements of this type, Budweiser takes over CBS MarketWatch on Friday afternoons, when many visitors start to hanker for a beer. Bud's "After Hours" campaign runs during periods when people are more likely to drink beer.

Rich media. Rich media has become a core part of many branding solutions. It's more engaging, and multiple studies show it is more effective at online branding. That's why many publishers, even those whose paying audience makes them change averse (such as The Wall Street Journal), are adopting rich media as a way to reach out to brand advertisers.

If you visited The Wall Street Journal last Monday, you probably noticed an expandable, rich media ad for Oracle, designed by Beyond Interactive in San Francisco. Oracle roadblocked the Journal's home page for the day, using the publication's new, proprietary product, the "Brand Launch Unit." The unit is a large rectangle users can expand and shrink with a click, making it a good branding vehicle without being overly intrusive.

Sponsorships and targeted content. A study released last month showed ads are more effective for branding when targeted to specific content rather than when targeted as run-of-site or -network. This makes sense. The more relevant advertising is, the better it works.

One site offering interesting branding sponsorships is ESPN. Sponsorships such as an ad resembling a stadium billboard, running on the baseball scoreboard section of the site, is a good example of execution creatively integrated into content. For advertisers who want their brands associated with a lifestyle, these types of sponsorships make good sense.

Cross media. Marketers don't want to build their brands online. They want to build their brands, period. The Internet is just one media channel to accomplish that goal. Online publishers are working to integrate ad solutions with the overall media strategies of their clients.

MSN led the way early this year when it released a study showing how online advertising can work synergistically with print and broadcast. The smart publishers are working with affiliate offline media to create integrated advertising packages, or at least provide a way for advertisers to reinforce and build offline advertising messaging. Brand advertising will ultimately need to blur the line between offline and online media.

These ad products are building blocks for customized solutions that meet specific needs of brand advertisers. The best campaigns happen when the advertiser, agency, and publisher work together to create a unique approach. No matter what your role in the process, it's clear publishers who offer branding products have more to bring to the table than those offering merely a bunch of impressions.

When Online Branding Works

Online advertising can boost brand impact at 60% less cost than piling on more offline ads - under the right conditions. Marketers should use new technologies to plan an online/ offline mix to increase brand impact.

Case Study

Lipton - Stirring Summer Sales

Campaign Overview

Lipton approached AOL to help extend the advertising season and reach of its iced tea campaign in top markets during its off-season, on a limited budget of under $250K. The AOL solution included an online banner ad and sweepstakes campaign, which ran exclusively on AOL with no additional advertising online or offline. The campaign's effectiveness was tested by three degrees of online advertising weight in top markets. Conducted by Digital Marketing Services (DMS) via survey, the results were then measured against each other:

1. No online advertising
2. Light online advertising
3. Heavy online advertising

Campaign Results

AOL maximized Lipton's limited budget, extended Lipton's selling season in major markets, and drove key advertising metrics in the off-season:

- "Purchase intent" increased nine percent in heavy online advertising markets, while decreasing one percent in no online advertising markets
- "Aided Lipton online recall" increased 81 percent in heavy online advertising markets, while only nine percent in no online advertising markets
- "Unaided brand association" increased 207 percent in heavy online advertising markets, while decreasing 61 percent in no online advertising markets

Campaign Methodology

The three surveys were conducted by DMS in the following markets:

1. No online advertising – Cincinnati, Cleveland, Houston, and North New Jersey
2. Light online advertising – Denver, Phoenix, Pittsburgh, and Washington, D.C.
3. Heavy online advertising – Boston, Detroit, Indianapolis, and San Diego

Based on Media Metrix numbers, DMS conducted the surveys among a sample similar in gender and age composition to that of the AOL member base: 1,000 adults 18+ with 473 males and 527 females.

Keys to Success

J. Walter Thompson maximized the impact of the campaign by successfully extending the look and feel of the offline creative online. Additionally, a targeted media plan followed Lipton's offline summer campaign on AOL Local to increase reach.

Market Overview

Online ads alone can boost brand awareness by 6%.

- Integrating online ads can increase brand metrics by 14%.

Analysis

New tools overcome online ad buying hurdles.

- A new metric -- impact points -- will allow marketers to compare cross-media branding effectiveness.

Action

- Use online frequency controls with third-party ad servers.

Background

- Clickthrough rates are seen by many advertisers as the key success metric for online campaigns
- With clickthrough rates declining, advertisers are questioning the brand building value of internet advertising
- eBrands@DLKW and Dynamic Logic have set out to provide unequivocal proof that online advertising builds brands

Does Online Advertising Build Brands?

[ebrands/@dlkw]

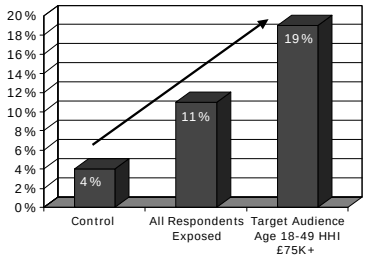
Dynamic Logic

How Did We Go About It?

- Create a new brand
- Launch it with online ads exclusively
- Measure the impact on:
  - Brand Awareness
  - Message Association

It Worked!

428% change in in Brand Awareness between those unexposed (control) and the target audience who were exposed to the ads



Campaign Details

- The campaign launched on May 1, 2001 and ran for 6 weeks
- Multiple formats and multiple copies were run
- A total of 1.5 million impressions were served
- The campaign generated a 0.4% CTR and more than 534 highly qualified leads (534 people registered at www.yessirnosir.net)

YesSirNoSir.net
THE ONLINE CONCIERGE SERVICE

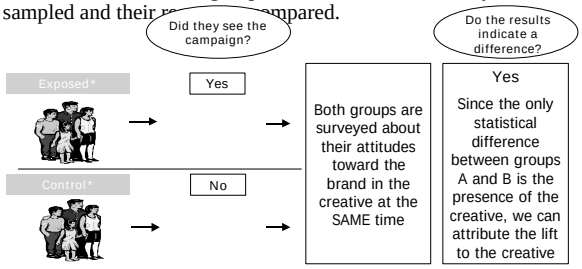
- YesSirNoSir is a personal concierge service created by eBrands@DLKW
- A campaign was created to build awareness and generate trial
  - *'we do things so you don't have to'*
- Inventory was donated by:
  - www.ivillage.co.uk
- DynamicLogic's AdIndex was used to measure the branding impact of the online advertising campaign

Sample of the Creative Units

- The creatives used in the campaign included animated standard size banners, skyscrapers and buttons
- iVillage used a standard banner and button
- The campaign was POS on

AdIndex Methodology

AdIndex uses a control-exposed methodology that measures the branding value of online ad campaigns as they run across a site or set of sites. The two groups below are simultaneously sampled and their responses compared.



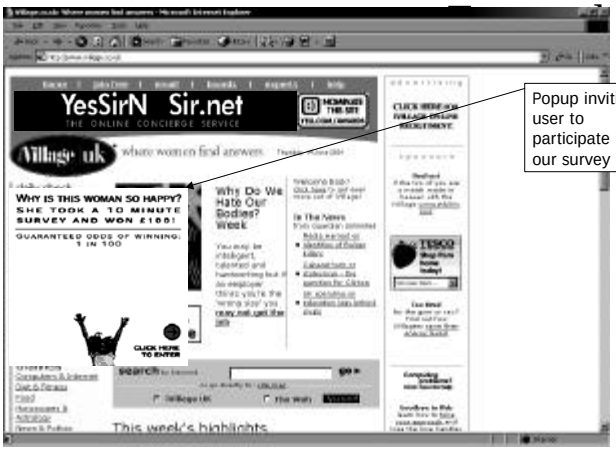
Overall Campaign Results

- Both test and control groups were favourable to the brand/concept
- Awareness jumped from 4% (noise) among the non exposed group to 11% among the exposed

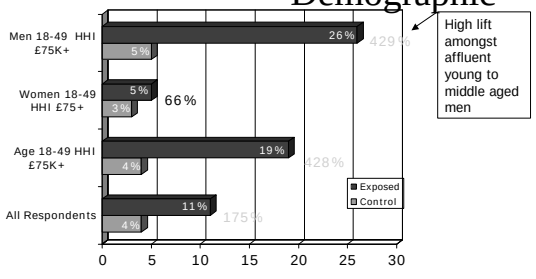
	Exposed	Control	Difference	Lift
Brand Awareness	11%	4%	+7%	175%*
Brand Favorability	51%	50%	+1%	2%
Purchase Intent	40%	40%	0%	1%
Message Association	20%	15%	+5%	34%*
Sample Size	**473**	**200**		

*Statistically significant difference between control and exposed group at a 90% confidence level

Recruiting Methodology -

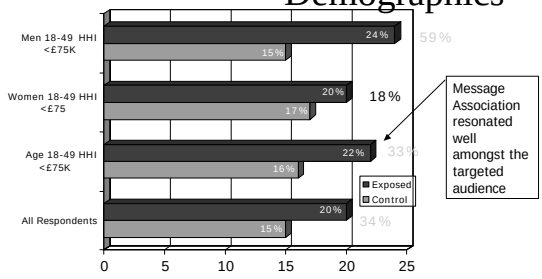


Brand Awareness by Demographic



*Statistically significant difference between control and exposed group at a 90% confidence level

Message Association by Demographics

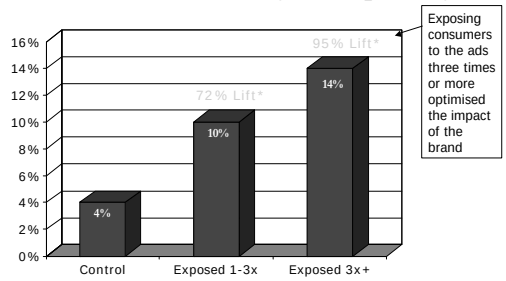


*Statistically significant difference between control and exposed group at a 90% confidence level

Conclusions

- Online advertising builds brands!
  - This campaign was able to increase Brand Awareness for YesSirNoSir, a fictitious brand, from virtually 0 to 11% in just 6 weeks
- Click-Through alone sells online advertising short - way short!
  - Brand Awareness 175%
  - Message Association 34%

Brand Awareness by Frequency



*Statistically significant difference between control and exposed group at a 90% confidence level

Conclusions

- Among the primary target audience of professionals aged 18-49, Brand Awareness lift was 428%
  - Among affluent men in this group, the lift in Brand Awareness is an impressive 429%*
- Outside the target, Brand Awareness increased 140%* and Message Association 65%* among women aged 18-49 earning less than £40,000. This suggests that the product advertised had broader appeal

*Statistically significant difference between control and exposed group at a 90% confidence level

Conclusions

- Strong relationship between frequency of exposure and brand metrics
  - Brand Awareness shows a significant lift of 95%* for those exposed 3 or more times to an ad
  - Message Association is also influenced by the frequency of ads. Those who were exposed more than 3 times showed a lift of 44%*
- The message, "we do things, so you don't have to", resonates more, in general, with men
- Skyscrapers proved to be more effective than standard banners

*Statistically significant difference between control and exposed group at a 90% confidence level

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Definition of AdIndex Metrics

- **Brand Awareness** - Measures the level of familiarity respondents have with the YesSirNoSir brand
- **Brand Favourability** - Measures the extent to which respondents have a positive or favourable opinion of the YesSirNoSir brand
- **Purchase Intent** - Measures the likelihood of respondents to subscribe to the **YesSirNoSir** service in the future
- **Message Association** - Measures the extent to which respondents can match the copy or messages in the creative to the YesSirNoSir brand

CASE STUDY

E-Commerce in Action

Introduction

The adoption of the Internet can be beneficial for businesses that are ready to invest. However, many companies have failed to adapt to this new opportunity and have suffered as a result. Others have risen to the challenge of harnessing the Internet to achieve business objectives and have prospered. One such company is Amway UK, who, since 1999, has fully exploited the potential of the Internet by creating an e-commerce presence. It has seen over 30% of sales move from off-line to on-line ordering over the past two years.

E-Business, the Internet and Project Management

The Internet is revolutionising global communications. Business has benefited significantly from this revolution. Business conducted via the Internet, known as e-business, enables companies to conduct their activities more efficiently. It has also allowed them to customise and personalise customer offerings. A subset of e-business, known as e-commerce, enables the transaction and selling of products and services online. There are four main models of e-commerce. These are:

B2C

Business to Customer. This means a business sells a product or service directly to a customer via the Internet, for example Ryanair.com.

B2B

Business to Business. Businesses trading directly with one another via the Internet.This is used extensively by multinationals for dealing with their customers.

C2C

Customer to Customer. In this model, individuals arrange to buy and sell products and services with other individuals. The popular website eBay.com is an example of C2C.

C2B

Customer to Business. This model allows individuals to interact with business by offering personal information in return for services or product discounts.

P2P

Person to Person. This is very like C2C however individuals interact with each other in commercial as well as non-commercial ways.

As will be shown, Amway has developed a successful B2B website.

E-Business can be Risky Business

Over 75% percent of all Internet users want to buy something. This offers significant growth potential for any company wishing to go online. Therefore, before embarking on an e-commerce strategy, significant resources and project management must be invested into research, planning and marketing.

Amway and Direct Selling

Founded in 1959, Amway is one of the world's largest direct sales companies. It employs more than 6,000 people and has over 3.6 million Independent Business Owners spread over 80 countries. Over 23,000 people have their own Amway businesses within the UK, Ireland and the Channel Islands. Amway manufactures and markets own brand health and beauty products, including Artistry brand, one of the world's five largest-selling prestige brands of facial skin care and colour cosmetics* Others in the distingushed group include Clinique, Lancome, Estee Lauder and Sofinia. It also markets products from other manufacturers such as Phillips and Bosch.

*Based on a 2000 Euromonitor International study of global retail sales.

Direct Selling is based on person-to-person (P2P) relationships. The Amway business owner approaches the consumer in order to sell his/her goods rather than the consumer going to a shop. Being a Direct Sales company, Amway does not use the conventional distribution channels employed by traditional manufacturers. The term 'distribution channel' describes the sequence of ownership as a product goes from the manufacturer to the consumer.

In Amway the distributors are known as Independent Business Owners, as they own the distribution business through which they sell the goods. Independent Business Owners earn their income by making a profit on the goods they sell (a margin). They can supplement this income by receiving a commission from Amway based on both the sales they make and those made by their distributor network. Their distributor network is the group of people they introduce to Amway and with whom they work to help them build their own independent businesses. The working conditions for Amway's Independent Business Owners are very flexible. They can work full-time or part-time and can determine their own working hours. In fact, many have other jobs and use Amway to supplement their main income.

The Internet and Amway

In 2001, market research demonstrated that Internet usage among Amway's Independent Business Owners in the UK and Ireland was very high. It was decided that the time was right to introduce an e-commerce or e-business strategy which would offer a flexible 24-7 service to customers. Amway had already established a successful e-commerce strategy in the US with the development of the Quixtar website, so it already had best practice to follow. Best practice is defined as the development of performance standards based upon the most efficient practices within an industry and is also know as benchmarking.

The Right Time for Change?

Since 1959, Amway had used the traditional modes of communication with its customers – mail, telephone and more recently, the fax. These had proved very successful, so why rock the boat? Where was the justification for enhancing the Amway business model in order to incorporate e-commerce?

Let us compare the old and new modes of communication under the following criteria:

Speed of communication: how long it takes the information to reach its destination?

Accuracy of information: is there a possibility that information may be misunderstood?

Flexibility: can the data be accessed at any time?

Geographical spread: can the data be accessed anywhere e.g. when on holiday?

Cost: what was the cost of sending the information?

	Speed	Accuracy	Flexibility	Geography	Cost	= Efficiency
Post	G	X	O	G	O	O
Phone	A	O	O	O	O	O
Fax	X	X	O	O	X	O
Internet	X	X	X	X	X	X

Under these criteria it is clear that the adoption of an e-commerce strategy would be beneficial to Amway.
The only concern for Amway in implementing an e-commerce strategy was to enhance the relationship it had fostered with its Independent Business Owners. This was the key to Amway's success. Therefore during implementation, Amway had to focus on the customer's total experience, including the personalised nature of the service.

E-commerce Success Factors
Target the right customers
Own the customer's total experience
Streamline business processes that impact the customer
Provide a 360° view of the customer relationship
Let customers help themselves
Help customers do their jobs
Deliver personalised service
Foster community

Development of the Website

Amway wanted to create a website that would help its Independent Business Owners manage their businesses more efficiently. To ensure this website was implemented in a coherent and efficient manner, Amway engaged in extensive project research and planning prior to commencing site construction. A project is defined as a temporary effort undertaken to create a unique product or service. At this stage Amway was working towards an e-commerce service for Independent Business Owners. Therefore, in order to better understand the design requirements, market research had to be conducted amongst potential users. Market research is defined as the systematic design, collection, analysis, and reporting of data and findings relevant to the specific marketing situation facing a company.
Through the market research process the company will:

1. Define the problem and research objectives
2. Develop the research plan
3. Collect the information
4. Analyse that information
5. Present the findings
6. Make the decision

The market researchers ran focus groups with Independent Business Owners in Germany, Spain, Italy and the UK. A focus group consists of typical consumers who are asked to provide feedback about a new product or service. From these groups, a better understanding of the required functionality of the website emerged.
The marketers listened to Independent Business Owners and produced a report specifying the layout and design requirements of the website. This report was handed to the Internet team who had to design the website to meet their current and future requirements. Other criteria for this process included:

Technical feasibility study.

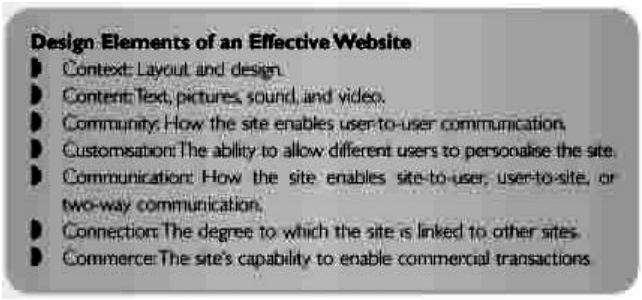
This assessed the functionality of the website and verified if it could be achieved within current technology guidelines.

Budget

This outlined the amount of money that could be spent on the website. It also included procedures to ensure the website did not end up costing more than expected. Budgets are often planned on an annual basis or, as in this case, on a project basis.

Schedule

This determined when the work of building the website could begin and when it should end. It also highlighted who was responsible for doing the work during each phase of the project. Scheduling is most common in the manufacturing industry, though the same techniques are now used in many other areas



At this stage, with the research and planning complete, the site design was handed over to the web-designers, who were commissioned to encode the site and run rigorous testing to ensure its stability.

Branding of the Website

Research also had to be conducted into the branding of the website. A brand is a name, term, sign, symbol or design that is intended to identify the goods or services of a seller, and to differentiate them from those of competitors. Because the website was intended for Amway's Independent Business Owners across Europe, the website's brand had to be pan-European so that it would be acceptable to everyone. Added to this, the brand also had to be a unique Internet domain name so that it wouldn't infringe on any copyright. Copyright is defined as legal protection for authors, composers and artists from having their work copied or reproduced without permission.

After much research Amway came up with the brand Amivo. The 'Ami' signifies 'friendship' and the 'vo', taken from 'vivo', signifies 'life'.

Amway could now provide its Independent Business Owners with an e-commerce resource that would help them manage their businesses on a 24-7 basis. The website would help them to find products, place orders, repeat previous orders and check all the information about their businesses, such as income level and bonus status.

Going Online- The Launch

The launch of a website can expose a company to positive publicity. A user that clicks on a poor website may not make a repeat visit. Therefore, everything has to be right first time. In order to minimise the exposure to any potential problems, Amway opted to do a soft launch of the Amivo website. A soft launch is a rolling launch of a product to selected groups of customers. It is a form of test marketing. In this case the selected group of customers were the longer established Independent Business Owners. This soft launch provided valuable feedback to the website designers in preparation for a full or 'hard' launch.

In order to ensure high uptake of the website by the Independent Business Owners, Amway offered a number of small launch promotions and additional bonuses to encourage them to come online. Each Independant Business Owner received a password, log-on details, navigation details via direct mailings, as well as training and support.

Conclusion

The advent of a new technology will always present a challenge to business. Success depends on an enterprise's ability to turn this technological challenge into an opportunity for growth. Many enterprises could not rise to the challenge of the Internet and became casualties of the dot.com era. The success of Amway in turning the Internet challenge into an e-commerce opportunity was due to its extensive research, marketing and planning.

Tasks and Activities

1. he use of new technologies allows companies to attract customers in different ways. In your opinion, what is the importance of e-business?
   How has it helped Amway attract new customers and attain Leadership in the market?
2. Explain the following terms;
   a. Business-to-Business
   b. Project Management
   c. Direct Selling
   d. Distribution Channel
   e. Market Research Process
   f. IBO
3. Outline the steps you should go through when conducting market research.
4. Before you start designing a website, what issues would you consider when trying to target the correct audience?
5. What issues would you consider when designing an effective website?
6. Why is it important for a company to be aware of new technologies?
   How does a new technology impact on issues such as managing change?

Notes

LESSON 36:
BUSINESS TO BUSINESS BRANDING

Objectives

On completion of this lesson you should know:

a. What is B 2 B Branding

b. How it works and its importance

Business to business branding is for when you offer services or products to other businesses. The branding part comes in with the same role as it does in regular product or business branding. The idea is for you to get other businesses to think of your company first, before they turn to anyone else.

In a sense, this is easier, because your target market will probably be somewhat smaller. But that's not always the case. Of course, it really depends on your product or service.

Business To Business Branding - Ideal For Your Business When Done Correctly

To make sure you're able to have business-to-business branding that is as effective as possible, you may want to consider branding consultants. It's the job of a branding consultant to get to know your company and your product and/or service well, in order to determine how to best help you. From there, they can help you create solid business to business branding.

The important thing is that you do concern yourself with it. You don't want to sit around and just wait for your advertising to take effect. You have to get out there and make sure your customers know you are the best place to go for your product.

Business Branding

Business branding is just part of the entire branding process, but an important one, nonetheless. Branding in general is when you get your customers to connect your product with your company instead of any other company that might also produce your product. But what if you have many products? What then?

That's where business branding comes in. If you've got many products, like say, Amazon.com does, you need to concentrate on creating an identity for your business over all. This isn't always a more difficult task than simply product branding. But it can be depending on your product.

For Business Branding, Get A Branding Agency

The best way to assure that you can be certain your company ends up with strong business branding is by hiring a branding consultant or agency. It's their job to get to know you and your product so they can help you help your potential customers get to know you and your products and services better. You can try doing it on your own, but it is their specialty.

Clearly, it's important for people to know your company for more than just the products you provide. Business branding will help your customers, potential and otherwise, understand who your company is for it's other qualities. It's history, it's customer service, it's identity.

B-to-B Branding: Building the Brand Powerhouse

For many business-to-business organizations, branding historically has been an uncomfortable subject. Such firms traditionally have been managed on the basis of the four "P's" of marketing: product, price, place, and promotion.

Organizations felt that if they built superior products at a low cost, managed the sales and distribution channel well, and promoted the product line, they would achieve marketplace success. Indeed, this has been the hallmark of marketing management for nearly 50 years. Senior management in business-to-business organizations apparently believed that all business purchasing decisions are rationally based. They feared that brand building was a topic suitable only for makers of toothpaste, automobiles, or luxury apparel; it was too emotional, too soft, or too squishy for products that sold through a buying process considered rational.

In recent years, however, a number of factors have contributed to changing this traditional point of view. Firms find it difficult to stand out among a crowded field of companies offering similar and increasingly commodified products and services. In many cases, the four "P's" are no longer the key to sustainable competitive advantage. In fact, they now are simply the table stakes every company must leverage to simply stay in business. Furthermore, the advent of interaction and the Internet encourage a recognized name that is linked to specific capabilities, values, and competencies. And there has been considerable interest in how brand strength translates into increased shareholder value through enhanced cash flows, reduced costs, increased customer retention, and enhanced asset value.

Focus Areas

This study sought to examine five key areas of business-to-business branding.

1. **Brand architecture**-how best-practice organizations balance and manage corporate,

   divisional, and product brands and leverage brand equities across the organization

2. **Cobranding**-how business-to-business organizations build brand value through

   initiatives such as ingredient branding, licensing, composite branding, and sponsorships

3. **Development of the brand-value proposition or brand promise**-how business-to-business firms use tools and processes to distill the brand to its essential values and articulate a memorable and compelling brand promise to external and internal audiences

4. **Integrated brand communication**-how leading practitioners plan, budget, and execute brand communication programs across the full spectrum of

communication venues to customers, prospects, employees, investors, and other relevant stakeholders

5. **Measuring success**-how organizations monitor brand equity and determine the return on investment of their branding activities

Overview of B 2B Branding

Business-to-business organizations face a variety of challenges that distinguish their marketing activities from those of their consumer counterparts. They often face long buy-in periods and complex buying processes in which purchasing decisions are ostensibly made using only rational, objective criteria. Furthermore, rapidly changing technology means that products may be obsolete within a few weeks or months of leaving the factory floor. Perhaps most daunting of all, some firms have a traditional managerial mind-set focused on products, production, and distribution rather than creating perceptual value in the minds of customers.

In spite of the unique nature of commercial and industrial marketing, brands are built in the business-to-business arena in much the same way as they are established in the consumer marketplace. Branding is about establishing trust and creditability. Strong business-to-business brands create an intellectual and emotional bond with customers, prospects, end users, channel partners, employees, and other stakeholders. And strong business-to-business brands are clearly delineated from their competitors. The best-practice partners detailed in this report have established unique and distinctive presences in their respective markets. In most cases, these brands have successfully extended their reach from the bricks-and-mortar world to the Internet. Partner firms are far more likely than sponsors to report they have a clearly differentiated brand identity, report much higher levels of immediate recall, and believe they have achieved higher rates of customer retention than have their competitors. Furthermore, most are able to command a premium price for their products and services.

Brand Architecture

Traditionally, business-to-business organizations have highly product-focused, with less focus on brand identity. In such organizations, marketing activity is often spread across a wide, disparate line of products and services, with little forethought given to creating a unifying or enduring identity in the minds of customers. As was mentioned earlier, in recent years a number of leading business-to-business marketers have begun to reconsider the importance of branding in commercial and industrial markets.

At the same time, they have recognized the critical link that must be maintained between the firm's branding strategy and its overall business strategies. Frequently this has led to redefining the relationship among corporate, divisional, and product level brands (brand architecture). Such changes have important implications for the roles and responsibilities of those who are tasked with brand identity management. Additionally, brand architecture policies and standards must be developed in a way that fosters the firm's future growth, its entry into e-commerce, and its ability to adapt rapidly to changing market conditions and organizational forms.

The report explores three key findings related to issues of brand architecture.

1. Effective business-to-business branding establishes a strong corporate or competency

   platform that supports multiple products and audiences and links to the organization's business strategies.
2. Business-to-business brands need high-level champions.
3. Brand architecture provides a solid but flexible framework for future growth, easing the introduction of new offerings and the absorption of acquisitions.

Cobranding

Business-to-business marketers increasingly are joining with other organizations to leverage the value of their brands. This might be done through joint marketing alliances, market development partnerships, or cobranding relationships. This section examines practices in the latter category by focusing on four primary types of cobranding relationships: licensing, ingredient branding, composite branding, and sponsorships. Best-practice organizations have pursued cobranding relationships of all types more aggressively and successfully than have the sponsor firms.

Two key findings related to cobranding programsare-

1. Strong business-to-business brands leverage their strength through cobranding relationships.
2. Cobranding relationships must be carefully developed and managed to ensure consistent and appropriate portrayal of the brand.

Development of Brand-Value Proposition or Brand Promise

In the 1998 study Brand Building & Communication: Power Strategies for the 21st Century, one of the most important characteristics that differentiated best-practice organizations from sponsors was the extent to which the partners had articulated a clear, concise, and compelling statement of the brand's essential value proposition or promise. The goal of the current study is to examine how business-to-business organizations successfully create industrial, commercial, or technology brands. What processes are used? What research is conducted? Who is involved? And what outside resources provide guidance or assistance? Partner organizations invest significant resources in understanding the brand from the standpoint of its many customer segments, as well as from the perspective of employees, channel customers, and even the financial community.

Two major key findings are used as the basis for understanding how organizations determine and express the heart of the brand.

1. The brand promise is not a catchy slogan or tag line. It must be grounded in customer needs and linked to value delivery.
2. Powerful brands create an enduring and compelling aura of leadership, authority, and uniqueness.

Integrated Brand Communication

A key challenge facing branding organizations is how to project a consistent, coherent, and compelling brand identity using an expanding list of offline and online communication tools. Such firms are faced with coordinating brand messages across different communication functions and venues (advertising, public relations, trade exhibits, sales literature, online efforts, etc.) and must ensure that messages from different levels and divisions portray the brand appropriately and consistently. Increasingly, smart business-to-business marketers are not stopping at communicating the brand's values and attributes only to customers and prospects. Rather, they recognize the importance of internal brand communication. They align the promises to customers with the internal policies and rocedures that enable employees to meet their commitments.

Best practices regarding brand communication are grouped under four primary key findings.

1. The most important characteristics of brand communication are: sufficiency, consistency, stability, and focus.
2. Strong brands adapt and refine external communication elements over time but remain true to their heritage.
3. External brand communication must portray the brand's strength, image, and leadership across a variety of vehicles and audiences.
4. Great brands are built from the inside out.

Difference Between Consumer and B 2 B Marketing

- Consumer marketing is concerned with matching the resources of the selling organization with the needs of consumers.
- It focuses on end users
- Organisational marketing is concerned with provision of products and services to the organizations.

Key Issues In B 2 B Branding

Budgets for B 2 B campaigns are often smaller

When Do B2B Customers Want a Close Relationship?

by Allen Weiss

Given all the talk these days about relationship marketing, B-to-B auctions, and eWebs of all sorts, one might get the impression business relationships are changing in a fundamental way. This view, however, is likely to be misguided. This is because it is based on the idea that the Internet will do away with all social aspects of business relationships.

One central idea throughout current discussions is the challenge of building close relationships with customers. While this is a reasonable goal, it begs the question as to whether all business customers want a close relationship.

Here we will try to examine the conditions under which a customer might want such a relationship. More importantly, a good understanding of this will help you to appreciate when the efforts of building a close relationship are not warranted (just think how much time you can save if you stop trying to build close relationships with a customesr who don't want one!).

Dependence is The Key

Academics in marketing and sociology have, based on several years of close observation, pointed out the importance of "dependence" in understanding close relationships.

In short, business customers want a close relationship with a seller when they are buying something that makes them dependent on the seller. If you think about it, this makes perfect sense.

When a customer is dependent on a seller, they need a close relationship. For example, imagine the customer is putting their entire Internet business in the hands of a Internet consulting company. The customer is now dependent on the consulting company. Can you see how the customer might now want a close relationship? Won't they need the consulting company to be their in case anything happens?

We've written about this in some previous articles (**Is CRM really about Relationships?** and **Customer Loyalty is Underwater**), but we never really mentioned what makes a customer dependent. So, here we will try to fill out the story.

What Makes A Customer Dependent?

Essentially you can think of a few things that would make a customer dependent. We will list those below along with some short discussion.

Strategic Importance of the Product – when a customer is purchasing something that is strategically important to them, it makes the customer more dependent on the seller – and therefore more close relationship-oriented.

What do we mean by strategically important? Well, essentially it means something that allows the customer to differentiate what it sells or how develops and sells in the market. Here is a simple, but realistic example.

MS2.com sells a software product known as Product Lifecycle Automation. Without going into the specifics, the software essentially allows companies to develop and market their own products faster. By so doing, these customer companies are able to differentiate themselves in the market. This make customers who purchase the software dependent on MS2.com.

Now, before concluding that it must be complex (like fancy software) to be strategic, here's another example.

When NutraSweet (a sweetener) first entered the market, it sold its formula to Coca-Cola. This allowed Coke to differentiate its cola from all competitors in the market. Thus, NutraSweet was strategically important to Coke. NutraSweet, however, is not complex.

Thus, you don't have to sell something that is complex for it to be strategically important!!

So, ask yourself: Is what you sell strategically important to your customers?

Downside Risks – when a customer is purchasing something for which there are large downside risks (i.e., if it doesn't work, the customer is out of business), this obviously makes a customer more close relationship-oriented.

Note how similar this is to the so-called "Mission Criticality" of the product or service they're buying. If you're selling something that is mission critical to a customer, they are close relationship-oriented.

So, ask yourself: Does what you sell have big downside risks for your customers?

Switching Costs – when a customer must build up high switching costs in order to buy and use your product or service, they become more close relationship oriented. What types of switching costs are there?

We typically think of switching costs in terms of obvious things like equipment or software. So, if you have to change software in order to buy a seller's product, you incur high switching costs. While this true, it is a limited view of switching costs.

For example, switching costs can come in the form of training or replacing people, or even new procedures that are geared to work with a specific seller (such as information links or administrative controls).

When a buyer must build up any of these switching costs in order to buy a seller's product, the buyer becomes close relationship oriented.

Finally, we should note that switching costs might take the form of psychological switching costs. These arise due, in part, to the comfort a customer may derive from purchasing from a seller with a strong brand name.

So, ask yourself: Does what you sell require large switching costs for your customers?

Modularity – when a customer is buying something that is easy to mix and match within their usage system, it makes them less (not more) close relationship-oriented.

To understand this, first understand the concept of a "usage system". Most products are purchased as part of an overall system. A "usage system" is simply a set of products that must be used together to be useful to a customer. An example would be an Internet connection. By itself, and Internet connection is worthless. Its value becomes apparent only within the context of its usage system (a computer, browser, and the Internet connection).

Many things that firms sell are in fact part of a larger usage system (databases and applications, WAP-enabled cell phones and WML coded content, etc.).

To the extent that what a customer is buying is easily mix and matched inside the usage system, they become less relationship-oriented. Thus, if any database can be used with a given application, then the customer for databases becomes less relationship oriented towards a database vendor. You can readily see how industry standards and the open source movement has a profound impact on modularity when it comes to technology and the Internet.

So, ask yourself: Is what you sell highly modular for your customers?

The Bottom Line

As you can see there are various forces acting on customers to make them more or less close relationship-oriented. It's the combination of these different forces that will inform you whether your customer is really close relationship-oriented, or simply looking for transaction.

The important point to remember is this. Not all customers want a close relationship. It depends on what they're buying.

In my experience, the answer to this question typically is immediately apparent. For example, if what you sell is 1) not strategically important to a customer, 2) is not mission critical, 3) requires very little switching costs, and 4) is modular, then you are likely dealing with customers who don't want or need a close relationship. They want a transaction...and the driving force of choice will likely be the best price.

But if these factors point to a customer who wants a close relationship, well you must be prepared for being a great partner in that relationship.

Now you might be able to understand the limitations of these auctions for all business transactions. Customers buying products and services that make them close relationship-oriented are not going to be interested in an auction. Auctions put the emphasis on price, but that's not what close relationship oriented customers are interested in.

What they want is a partner who is willing to be there with them (remember they are now dependent on the seller), and such customers are typically willing to pay more for a good partner.

The follow-up question, is what it takes to be a great partner of a relationship oriented customer, and this we will discuss in a future tutorial.

Notes

LESSON 37:
LIVE INDUSTRY PROJECTS

Objectives

This assignment is based on the basics of Brand Management. As you must have studied this as a chapter in Marketing course, based on that knowledge background we will discuss following cases in groups of 4-5 students each. With this exercise you will realize how well you know branding.

Methodology

Here are given summary of cases of 4 popular brands. You are required to collect detail of each from industry or from Internet. Go through the questions given below the case summary and answer the same following the guidelines.

(CASE I) MTV – Building Brand Resonance

Summary

MTV was established in 1981 as a maverick pioneer in the burgeoning cable television industry. Over the next 20 years, MTV moved from the fringe of television culture in America to the core of pop culture in countries all over the world. The key to MTV's success in each market was its ability to connect with the young consumer. As young consumers grew older, the challenge for MTV was to establish connections with new groups of young consumers. This led to a constant cycle of reinvention. With a few exceptions, at each crossroads MTV was able to find the right mix of music and culture to capture the viewership of successive generations of young people, both domestically and internationally. This case examines the key decisions and factors that enabled MTV to accomplish its rise as a global media network from its humble origins. The following questions will be useful as a guide for class discussion:

1. Describe the current sources of MTV's brand equity. How have they changed over time?
2. Discuss the role of the Internet in MTV's programming. How should MTV best integrate the Internet into its brand?
3. How have MTV's sister networks affected the parent channel's brand equity? What changes, if any, would you make in the positioning of the sister networks

   in order to create more sources of equity for MTV?

Objectives

1. To analyze the components and key issues of building a media entertainment brand
2. To examine the value of awareness-building advertising
3. To overview establishing points-of-parity and points-of-difference
4. To examine corporate branding strategies vs. product branding strategies
5. To analyze managing a brand portfolio

Guidelines

The MTV case, as the title indicates, details the process by which MTV built brand resonance with consumers. The brand includes a lot of historical detail that you may or may not be familiar with. The case also addresses many contemporary issues that may not be familiar to you. Yet, most you would have heard of and watched MTV and will therefore be able to participate in the discussion. This is a good case to use in the beginning of the term, since it reinforces many of the points about building brand equity from Chapter 1 and Chapter 2.

The case begins by recounting the early history of MTV. At the time of its launch, the concept of music videos was relatively novel and certainly the idea of an all-music video channel had not be seriously considered by many television executives. You can list the elements of the brand, including the music videos, the "VJs," the logo, the studio from which broadcasts were taped, and so forth. According to company employees, the name itself was selected for lack of better alternatives, but the visual look of the channel, from the videos themselves to the "VJ loft" to the moon landing logo, were carefully designed and/or selected to reflect the core values and key associations of the channel. You can enumerate these values and associations, which include music, youth culture, subverting established culture, fun, no rules, no parents, creativity, excitement, and so forth. A mental map is a fruitful way to capture this input. Further you can identify how each element of the MTV brand reinforced these values and associations.

MTV's decision to make the channel the star over the individual artists was key. It enabled the channel to reinvent itself numerous times over the next 20 years without sacrificing equity built up in artists or genres. While MTV did have strong associations with certain genres – such as 80s pop, 90s gansta rap and grunge – that hurt the image of the brand when these genres fell out of favor, the channel was able to capitalize on the next trend. This is analogous to pursuing a corporate brand strategy over a product branding strategy. You can discuss the advantages and drawbacks of a corporate brand.. The videos and the stars MTV broadcast can be thought of entities that provided secondary associations for the channel to leverage in order to build brand equity. You can consider what associations this channel content provided and what contributions to equity it made.

MTV's initial marketing program was an integral part of its success nationally. You can search whether MTV needed to concentrate on image or awareness in the early stages of brand building. So the marketing strategy was designed to elicit customer demands from the cable companies that they carry MTV. Your discussion can evaluate the strategy of using

celebrity endorsers in the advertising as well as the media buy schedule that attacked key markets for a few weeks at a time until demand was high enough that cable providers adopted the channel.

The large part of the discussion can center on how MTV achieved brand resonance in its first era of growth in the early 1980s. Your group can apply each of the six brand building blocks to understand how MTV viewers took the steps from brand salience to brand resonance. In terms of the first step, brand salience, MTV was able to establish deep awareness in its category because of the lack of competitors and broad awareness because of the richness of the programming available to viewers of the channel. With the second step, brand performance, MTV's stylish and artistic videos and design features, as well as the programming of hot videos its viewers wanted to hear, led to a high perception of brand performance among consumers. The next step, brand imagery, is one area where MTV excelled above most other cable networks. The television medium consists of images, which made it easy for MTV to convey a variety of imagery components and personality traits. Students can be asked to list MTV imagery associations and personality traits, both historically and currently.

Next, consumers brand judgments of MTV were typically positive based on the following four components: brand quality, brand credibility, brand consideration, and brand superiority. Students can discuss how MTV achieved each of these four components. The quality production values of the videos and other programs led to consumer perceptions of quality. The down-to-earth VJs lent credibility to the brand, as did the exclusive world premier videos and studio visits from the major stars. MTV had high levels of brand consideration due to the high awareness and the uniqueness of the product. For similar reasons, and for the favorable consumer response to the brand, MTV also achieved brand superiority. As a result, MTV attained brand resonance.

The discussion can now move on to the four components of brand resonance: behavioral loyalty, attitudinal attachment, sense of community, and active engagement. Again, you can solicit examples of how MTV achieved each component. In the early years, MTV built loyalty and attitudinal attachment primarily with the music videos and the general look and feel of the channel. To build a sense of community and active engagement, MTV used VJs, held contests, hosted award shows, and ran some long-form programming. MTV improved the sense of community and active engagement of its viewers in the early 1990s by developing long-form programming such as the Real World, Road Rules, and Beavis & Butthead. Further developments in the 1990s included the live call-in show Total Request Live (TRL), the Tom Green Show, and Undressed. With the exception of TRL, none of the long-form programs mentioned above were explicitly music-based. Instead, they were "musically-infused." This can lead to discussion of where MTV is headed and how it can maintain resonance as it added new long-form programming such as The Osbournes and MTV Cribs that did not expressly focus on music.

Naming New Products and Brand Extensions. MTV's growth on the Internet, as well as competition from Internet music sources, is another area for discussion. Another topic is MTV's global expansion, which can be related to the ideas from. Finally, the group can conclude with discussion of MTV's longevity and the future challenges of remaining relevant and reinventing the brand repeatedly.

Key Lessons

- MTV used an innovative idea combined with brand management to build a strong brand
- Building awareness is the vital first step in the customer-based brand equity model
- MTV designed its brand to be more powerful than the stars featured in the content
- MTV found new ways to build brand resonance, including long-form programming and interactive viewing
- MTV used constant reinvention and changed the tastes of its viewers to establish long-term brand resonance

(CASE II) Nike: Building a Global Brand

Summary

This case concerns the development of Nike's international marketing program. Although Nike met with great success in thwarting Reebok's competitive thrust in the U.S., overseas markets posed many challenges. The case concentrates on the European and Asian markets and provides some historical marketing perspectives. The issue faced by Nike is how to best build global brand equity. The case focuses on some key marketing decisions in 1992 and 1993. Group discussion can revolve around the following sets of questions that you should answer and submit:

1. What is the brand image and sources of equity for the Nike brand? How transferable are these associations?
2. How might Nike's effort to become a global corporation affect its sources of brand equity and brand image in the U.S., Europe, and Asia?
3. Are sponsorships and endorsements vital to Nike's business? For instance, what effect would Nike becoming an official sponsor for the Olympics have on the company's relationship with consumers?
4. Why did Nike become a target for critics of globalization? Do you think Nike's response to allegations of unfair global labor practices was appropriate and/or effective?

Objectives

1. To examine issues in global branding
2. To demonstrate the value of integrated marketing
3. To consider how to manage a strong brand
4. To explore PR issues for established brands

Guidelines

Nike is a brand with which each one of you will have no doubt having experiences and opinions. The value to the case discussion is that you can still learn some valuable lessons about Nike and their marketing expertise. A good place to start

the case discussion, after a quick summary of the historical origins of the brand, is in 1988, a time when Reebok held a sizable market share lead (30% to Nike's 18%). In fact, some of you may have already been exposed to the HBR case that deals with Reebok's integrated marketing communication program from that time. You can identify Reebok's and Nike's brand image at that time. Essentially, Reebok has concentrated on creating associations to "comfortable," "fashionable," and "for women." Reebok's growth was driven by aerobics shoes and now you can find out what associations might have followed. Prior to 1988, Reebok was also seen as a hip, cool brand but, by this time, they were seen as a much more mainstream brand.

The Nike brand image should be easier for you to elicit. Key brand associations were created to "performance," "high tech," "top athletes (e.g., Michael Jordan)," and "sports." You should find out how consistent, cohesive, and reinforcing this brand image was (and still is). It is important to know how this brand image was created to provide a point of reference for the discussion about Europe and other areas of international expansion. Basically, the brand was built from the "ground up" in a "grass roots" effort. It is worthwhile to note the duality of the brand image and how this characterizes strong brands. Nike has strong product performance associations (remind students what an innovation air technology was) as well as user and usage imagery. Nike's advertising in general, and the "Just Do It" campaign in particular, can be analyzed some in terms of its contribution to brand equity. The power of the slogan – a three word summary of the self-empowerment that the brand represents – can be emphasized.

After analyzing the Reebok and Nike brand images, their respective positionings can be considered, time permitting. Nike's point-of-difference is clearly performance. Reebok's point-of-difference was style. Their respective points-of-parity follow from there. You can judge the two positionings in terms of desirability and deliverability. The former is a question of how strongly the "pyramid of influence" operates in this market. At the top of the pyramid is the competitive athlete, which makes up roughly 5 percent of shoe buyers. Next, the "weekend warrior" or casual athlete makes up the next 15 percent. Since the vast majority of athletic shoes are never used for anything more athletic than walking, the base of the pyramid – 80 percent of the total – is the non-user. Some of you might argue for Nike's high-end trickle down approach of using top athletes to represent the brand, while others will endorse Reebok's mass-market approach. Deliverability is less controversial however as Reebok's UBU is a huge misstep as compared to the focused, well-executed Just Do It campaign.

The depth of the analysis of the U.S. experience will depend on the time available. To address the challenge of building a global brand, you must appreciate how the brand was built in the U.S. In particular, it is important to point out Nike's internal brand mantra, "authentic athletic performance," and how it helped to guide brand-building efforts. Once the American experience has been covered to the degree desired, discussion can switch to the European market. A good opening question here is to know how brands should be built in a different geographical market. The answer, of course, is that they must be built from the "bottom up" just as had been the case in the original domestic market. The actual means by which they will built, however, may differ. In other words, the strategy will be the same – awareness first and image next – but the actual tactics in terms of the three main ways to build brand equity may differ. With this backdrop, you can find out what challenges existed for building brand equity in the European market in 1992. Perhaps the most important challenges were that: 1) the brand did not have the history nor heritage in the market and was starting more from scratch and 2) European consumers may vary in significant ways from Americans in terms of their sports experience.

The case discussion can be extended with a look at Nike's image problems in India. Students can identify the various contributors to these problems, such as labor relations, swoosh ubiquity, endorsement proliferation, and aggressive marketing. Nike became a lighting rod for criticism from various citizens groups, both domestically and abroad. Here, a discussion of the challenges of becoming a global brand in the 21st century can be useful. A global economy enables brands to vastly expand their reach geographically, yet at the same time accountability increases as well. You can discuss Nike's steps to remedy its various image problems, evaluating them for their effectiveness. Also, the topic of global marketing can be addressed here. You should enumerate the pros (e.g., economies of scale in production and distribution, lower marketing costs, consistency in brand image, scope, etc.) and cons (e.g., differences in: consumer behavior, consumer response to marketing, brand and product development, competitive environment, legal environment, etc.) of global marketing. Nike's marketing activities can be evaluated in terms of how they dealt with these benefits and drawbacks.

Complicating Nike's ability to grow its brand was a global economic downturn in the late 1990s. Regardless of the prevailing economic conditions, Nike faced many challenges achieving growth with its brand. In many markets, demand for its footwear was not as high as it had historically been. Nike made successful moves into apparel, but its equipment business was still a small piece of the business. You can also find out the benefits and hazards of leveraging Nike brand equity over a wide range of non-footwear products. International growth continued to be strong, however, particularly in Europe. Discussion can include an evaluation of Nike's future prospects for growth in international markets. Latin America, Africa, and Asia still had huge untapped market segments.

As a high profile brand, Nike is always in the news, and youngsters always like to talk about the brand. The key to guiding this case is to make sure you are applying course concepts to do so.

Key Lessons

- Importance of creating a strong foundation for brand equity
- depth/breadth, rich, cohesive brand image
- Advantages of brand mantra for brand focus
- Importance of proper positioning
- Value of strong corporate brand

- Dangers in taking short-cuts in building a strong global brand

(CASE III) Nivea: Managing a Brand Portfolio

Summary

This case concerns the marketing program for Beiersdorf's flagship Nivea brand. The case addresses the issue of how to manage the brand image for a brand associated with different products. How can Nivea continue to add new customers to their brand franchise without harming their brand equity? Further, how can Nivea maintain its brand equity in its core skin crème product while also leveraging that equity into new product categories? A number of issues are raised concerning the coordination of a branding and communication program across existing and new products. Class discussion can revolve around the following sets of questions that students should consider before class:

1. What is the brand image and sources of equity for the Nivea brand? Does it vary across product classes? How would you evaluate or rate Nivea's brand extension strategy? How would you characterize the brand hierarchy?
2. What is the role of the Nivea Crème advertising? Should it be changed?
3. What would you do now? Provide recommendations to Nivea concerning next steps in their marketing program.

Objectives

1. To examine issues in managing a brand hierarchy and brand portfolio
2. To review possible roles of brands and communication strategies for a brand hierarchy and brand portfolio
3. To consider how to best manage a mature brand over time
4. To analyze brand extension strategies for appropriateness
5. To demonstrate proper communication strategies with a brand extension

Guidelines

This case is the one with which you may be the quite familiar. Nevertheless, it can be an excellent means to examine brand extensions and brand hierarchies. A good way to begin the case is to know what is the brand image of Nivea crème, the flagship product, in Europe, e.g., if you were to stop someone in the streets of Paris, London, or Hamburg and asked what came to mind when they thought of Nivea, what would they say? Nivea crème has a rich brand image, so students typically are able to elicit a number of different brand associations, such as:

- Care
- Protection
- Mildness/Gentleness
- Reliable/Trustworthy
- Natural/Pure/Basic/Simple/Honest
- Family/Shared Experiences/Maternal
- Multi-Purpose
- Classic/Heritage/Timeless
- Good Value/Quality
- Blue/White

A number of specific points can be made about the brand image. The association of care and protection is an important one as it works at both the product-level as well as a more symbolic, non-product level. This duality is one that characterizes strong brands. Mildness and gentleness associations are also critical as they represent a key point-of-difference. Classic and heritage associations present an opportunity and a threat. In terms of the latter, a worry is that the brand will not be seen as contemporary and up-to-date, a point we will return to. Finally, the blue and white associations are the foundation for brand awareness and can be leveraged in that way.

After some discussion of the brand image of Nivea crème, analysis can turn to the sub-brands and brand extensions. As is usually the case, it helps to elicit the brand hierarchy and put it on the board. A few preliminary comments can be made concerning the range and scope of the Nivea brand (e.g., Which associations are most transferable? Relevant? Unique?). It is necessary to individually analyze each major sub-brand, starting with ones under skin care and moving to ones under personal care. A good way to do this is to identify, one by one, the points-of-parity and points-of-difference for each sub-brand. Students may put together a list somewhat like the following:

	POP	POD
Crème	All-Purpose Application	Mildness/Gentleness
Body	Texture/Application	Mildness/Gentleness
Soft	Pleasurable usage/Texture	Mildness/Gentleness/ Lighter crème
Visage	Beauty	Scientific & Technology
Vital	Beauty/Anti-aging	Scientific/Gentleness
Baby	Safety/Caring/Mildness	Heritage
Sun	Protection/Safety Beach/Fun	Mildness/Gentleness
For Men	Sensual image/ Soothing	Mildness/Gentleness
Bath Care	Convenience/ Cleansing	Mildness/Gentleness
Deodorant	Efficacy	Mildness/Gentleness
Beauté	Beauty/Color	Mildness/Gentleness
Hair Care	Cleansing/	Mildness/Gentleness/ Appearance/Hold

There are a number of specific issues for each sub-brand that can be considered in the process, time permitting. For example, Visage is a very different type of sub-brand that deserves closer scrutiny. One role it can play is to contribute to the perceptions of the Nivea brand as a whole (e.g., as innovative, contemporary, etc.). Of course, the transfer of associations is not one-way, so a legitimate question is the effects of the Nivea parent brand on Visage. This topic can be used to illustrate the flow of equity, which describes how sources of equity are transferred between a parent brand and a sub-brand, and vice-versa. Although Nivea presumably communicates credibility, quality, and mildness, the transfer may not be all positive. For example, Nivea Deo raises an interesting dilemma faced by many brands: how can a brand be effective and therefore by implication, strong - and mild? The challenge of negatively correlated

attributes can be addressed in this context. Another example: Nivea's positioning as a mass-market, family brand of skin care products complicated its extension into color cosmetics, which is a more sophisticated and image-conscious category.

After listing the positionings of the sub-brand, you can step back and critique their extension strategy. Has BDF management done a good job extending the Nivea brand? You will admit that the current brand portfolio is generally cohesive and well put together. It is also worth considering whether Nivea's leveraging of its brand across an array of diverse brand extensions could have adverse consequences for the image of the umbrella brand. Two important points to emphasize about their sub-brands is that: 1) gentleness and mildness are key points-of-difference in almost every category; and 2) as Nivea moves farther away from their core crème brand, points-of-parity become critical. It is worth noting that these two observations characterize many brand extension strategies. These two observations have important implications for the brand hierarchy as will be developed further.

At this point, it makes sense to return back to the brand hierarchy to get the "big picture." For the sub-brands to be successful, with the exception of Visage, they all need to create a POD on the basis of mildness and gentleness. BDF management has four basic options to do so:

1. Create mildness and gentleness associations to the Nivea brand as a whole (perhaps reinforced through a family brand ad) and assume they trickle down to the sub-brands
2. Create mildness and gentleness associations to the collection of sub-brands through a product umbrella ad that showcased all the various products and assume that each one would pick up the associations
3. Create mildness and gentleness associations at the skin care and/or personal care level through a family brand/product umbrella ad at that level and assume they trickle down
4. Create mildness and gentleness associations at the Nivea crème level and assume they go "up and over" to the sub-brands

Nivea chose the fourth option by implementing the Blue Harmony campaign, which was essentially an image campaign for Nivea Crème. This fourth option was the most cost-effective but, as with the first option, it is not clear that a different type of ad will be necessary. To make this point, the Blue Harmony ad campaign should be analyzed. The campaign certainly modernizes the brand and gives it a more contemporary look. A number of key associations were not, however, being reinforced initially, especially care, protection, mildness, gentleness. These associations are only very implicitly dealt with as the ads are more of a life style variety and lack product exposure. Later Blue Harmony ads focused more on specific attributes of Nivea Crème, while keeping the style of the ads consistent.

The discussion can conclude by knowing what would you do next – both short-term and long-term. The key for Nivea is to reinforce equity in the corporate umbrella brand while at the same time using it to support extensions. If your suggestions are based on the analysis described above, changing the ads, you should be able to tell how. There are many good things about the ad that probably should be preserved. BDF's solution was to add phrases to capture key associations to the ad (e.g., "Care," "Protection") while essentially keeping the same visual style. Although seemingly small and subtle, such changes may help to provide the proper brand foundation on which the extensions can build.

Longer-term, a key question becomes what new product categories should Nivea enter and how. You can generate some candidate categories and react to some actual categories in which Nivea entered. You can also discuss the challenges of the entering the U.S. market. One useful point to consider is whether BDF should attempt to leverage their European (although not necessarily German) heritage in marketing Nivea (e.g., "the European skin care leader"). They have not done so – is that wise?

Key Lessons

1. Strong brands have rich, cohesive brand images and well-entrenched brand values
2. An effective brand hierarchy creates relevance, differentiation and the proper awareness and image at each level
3. Properly extending a brand can broaden its meaning & scope
4. Creating a strong family or "power" brand involves choosing categories that "fit" and developing consistent, well-positioned marketing programs
5. Sub-brands can create unique identities and enhance the image of the parent brand
6. The role of flagship brands must be carefully managed to balance deposits and withdrawals

Yahoo!: Managing an Internet Brand

Summary

The Yahoo! case details the rise of one of the Internet economy's most visible brands. The case focuses on managing

an Internet brand, which entails numerous topics such as Internet advertising, branding a technology product, and managing a brand in a highly competitive category. Yahoo! was the poster-child and bellwether of the Internet economy during the second half of the 1990s, and managed to remain independent as many search engine and portal competitors were purchased by media companies. The company encountered obstacles, however, as the economy worsened in the early 2000s. After management changes and strategic business restructuring, Yahoo! looked to capitalize on its position as a leading Internet brand moving forward. Students can consider the following questions before class:

1. Describe the sources of equity for the Yahoo! brand. Did these sources change during Yahoo!'s history? If so, how?
2. How did Yahoo!'s marketing program contribute to the company's success? What changes, if any, would you recommend for the future?
3. What do you think of Yahoo!'s new strategy of selling services? What impact, if any, will it have on consumers' perceptions of the brand?

Objectives

1. To examine the selection of brand elements and creation of a marketing program
2. To analyze the decisions and factors involved in starting an Internet brand
3. To observe the branding issues facing technology companies
4. To review new marketing techniques, particularly Internet advertising
5. To analyze the process of developing new products and new markets
6. To examine the issues of global branding

Guidelines

Yahoo! should be a very familiar brand to everyone in the class, and most students should have first-hand experience with the brand. You should certainly be encouraged, as with most cases, to go on-line and check out the brand before the class session to increase their familiarity if need be. With this level of familiarity, it should be easy to construct a mental map of the Yahoo! brand at the beginning of class and use this to start your discussion. An obvious place to start its with the origins of the brand, which can be used to illustrate selecting brand elements and devising marketing strategy. In vintage dot-com style, Yahoo! was conceived by graduate students and started from a trailer. These roots informed the fun and user-friendly image that lay at the core of the brand. The name Yahoo! is an acronym standing for "Yet Another Hierarchical Officious Oracle," which is a tongue-in-cheek definition of the search engine in technology jargon. The name was meant to convey the fun and excitement of using the Internet, without any complicated technological associations that would dissuade the casual consumer.

Yahoo!'s advertising was also designed to make technology novices, termed "near surfers" because they considered getting on the Internet but hadn't yet, feel comfortable using the brand. By Yahoo!'s way of thinking, these near surfers were more loyal and comprised a large segment of the population. Yahoo!'s advertising can be analyzed by you for its brand equity building. Yahoo! had the advantage of being one of the first Internet companies to use mainstream media buys, which further contributed to awareness and image. Yahoo! also developed the "Yahoo! yodel," the signature audio cue designed to reinforce awareness of the brand and add to its image of fun and excitement. The "Do you Yahoo!?" slogan was used consistently, which the company felt helped it stand out from competition that was changing their names, taglines, and positionings.

Another topic for discussion is the Yahoo! business model, which was initially built almost exclusively on revenue from selling advertising space on its site. The percentage of visitors to an ad-sponsored site who clicked on the advertisement to follow its link was called the "click-through rate." When Internet advertising first emerged, click-through rates were above 20 percent, but rapidly fell to two or three percent in 1996. Currently, click-through rates are less than one percent. Students can be asked about their Web surfing habits and the frequency with which they click on ads to illustrate this point. Once click-through rates bottomed out in the early 2000s, the business model using online advertising as the primary source of revenue came into question. Yahoo! had been expanding its business in product, market, and geographic terms since it was launched, but the need for further expansion and less reliance on advertising revenue was imperative. Therefore, the next area to consider is Yahoo!'s brand expansion.

Yahoo!'s product expansion is a good place to start, because many students will be familiar with the brand's numerous brand extensions. Early on, Yahoo! management noticed that Web surfers typically used Yahoo! to conduct an Internet search and then left the site to visit the non-proprietary sites generated by the search. In order to keep "eyeballs" glued to Yahoo! sites for longer, the company added homegrown content and vastly expanded onsite offerings, such as Yahoo! Finance, Yahoo! Travel, or the Yahoo!ligans kids' directory. These sites attracted new users and kept them on Yahoo! pages. For all its brand extensions, Yahoo! used a sub-branding strategy. Students can compare the benefits of this strategy vs. other types of brand extension strategies from Chapter 12. Yahoo! also made a number of acquisitions, including free e-mail provider Four11 Corp., which became Yahoo! Mail, and Broadcast.com, which enabled Yahoo! to provide streaming media content. You can weigh the merits of Yahoo!'s acquisition strategy, in terms of its product expansion strategy and in terms of valuation methodology . It might be interesting to share your experience with the brand, to see who uses Yahoo! for a search engine, for a entertainment and streaming-media source, for an information and news source, for a shopping and e-commerce site, and for any of its other numerous product and service offerings. Yahoo! licensing is another product development topic that student may be interested in discussing.

Yahoo!'s product expansion strategy paralleled its market expansion strategy, which can be discussed next. From the start, the brand expanded rapidly into new geographical segments.

Yahoo! Europe and Yahoo!'s first Asian site – Yahoo! Japan – were developed in 1996. Over the next five years, Yahoo! added more country and regional sites in many languages. Yahoo! was the leading portal in many of the countries in which it established a site, including Japan, Great Britain, and was in the top three in every market it entered. It had established a global brand in a short five years. Students can discuss the advantages and drawbacks of global branding, as detailed in Chapter 14. The fact that it was an Internet company was central to Yahoo!'s development of a global brand, because the medium was itself a global network. The fact that Yahoo! surpassed local competition in many markets and always led big players like AOL and MSN indicates that Yahoo!'s marketing program was better designed for global marketing. Students can discuss how the company's brand elements, its advertising, its grassroots strategy, and its early geographic expansion all contributed to this effect.

As the Internet economy foundered, however, Yahoo!'s expansion grew more aggressive, particularly in the product dimension. In 2000, 90 percent of Yahoo!'s revenues came from advertising. This figure was reduced to 80 percent in 2001, but advertising revenues decreased by almost 40 percent that year. Yahoo! sought to achieve a 50-50 split between ad revenues and revenues from other sources by 2004. Yahoo!'s big initiative was expanding its corporate services by establishing offerings such as Yahoo! Portal Solutions, which specialized in building website portals for corporations such as McDonald's, Pfizer, and the state of North Carolina; Yahoo! Enterprise Solutions (YES), which offered a customized version of the Yahoo! portal for corporate clients; and on-line conference hosting. In another move to boost revenues from non-advertising sources, Yahoo! began charging for services that had traditionally been free, such as e-mail forwarding, responding to personal ads, and Web phone applications. Yahoo! also raised commission rates for sellers on its auction site. Students can discuss the potential affects on brand equity of these moves. For example, most mass-market consumers would not know about Yahoo!'s corporate offerings and their perception of the company might not be affected. Mass-market consumers might balk, however, at being asked to pay for traditionally-free services. Corporate clients, on the other hand, would be familiar with Yahoo!'s mass-market appeal and might not perceive the company as a powerful corporate solutions provider.

The discussion can end by soliciting thoughts on Yahoo!'s future strategy. Some industry analysts foresaw a future merger with or acquisition by a large media company. Others recommended that Yahoo! start charging its users a fee for all services. These options can be analyzed for their viability and their consequences for Yahoo!'s brand equity. You may also have different ideas for Yahoo! It should be emphasized that Yahoo! was one of the most recognized and oft-used Internet brands, and possessed a great deal of equity that could be leveraged as the brand sought new sources of revenue.

Key Lessons

- Yahoo! achieved success in the highly competitive Internet portal market with the help of an innovative product and the implementation of branding strategies
- Yahoo! built awareness and image with a creative and integrated marketing program
- Over-reliance on the Internet advertising model adversely affected the company's financial fortunes
- Diversification and brand extensions were and are critical to Yahoo!'s past and future success
- Yahoo! has accumulated significant brand equity in its category, must find new ways to capitalize on it

Notes

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