Uttarakhand Open University, Haldwani

MS 510

School of Management Studies and Commerce

Brand Management

Block I Brand Management

Block II Brand Evolution

MS 510

Brand Management

Block – I
Block Title- Brand Management
Block – II
Block Title- Brand Evolution

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Cover Page Image & Design Dr. Manjari Agarwal

Cover Page Image
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Source: https://www.thebluediamondgallery.com/tablet/b/brand.htmllast accesed 28/11/2024

ISBN : 978-93-85740-42-8

Edition : 2024 (Restricted Circulation)
Draft Copy: Subject to Final Edition

Published by : Uttarakhand Open University, Haldwani, Nainital – 263139
Printed at : (Name of the Printer)
Printed Year : 2024

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Course Code-MS 510

Course Objective: To acquaint the students with planning, technique and branding strategies of the organization

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Suggested Readings:

1. Product management – Donal R. Lehmann, Russel S. Winer
2. Strategic Brand Management – Kevin Lane Keller
3. Branding Concepts & Process – Debashish Pati
4. Marketing Management – Philip Kotler
5. Successful Branding – Pran K Choudhary
6. Brand Positioning Strategies for Competitive Advantage -Subrato Sen Gupta
7. Strategic Brand Management -Caperer
8. Behind Powerful Brands – Jones

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Block I
Brand Management

UNIT 1 PRODUCT MANAGEMENT

1.1 INTRODUCTION

Product management is a vital function in any organization that seeks to create, develop, and market products that meet the needs of customers. In today's competitive business environment, the success of a company often hinges on its ability to manage its products effectively. Product management encompasses a range of activities, from understanding customer needs to developing new products, managing existing ones, and retiring those that are no longer viable. It involves cross-functional collaboration and requires a deep understanding of both the market and the product lifecycle. This unit provides a comprehensive overview of product management, its significance, and the various concepts and functions associated with it.

1.2 OBJECTIVES

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

- Understand the fundamental concepts and significance of product management.
- Identify the various classifications of products.
- Differentiate between product lines and product mixes.
- identify the key functions of product management.
- Develop an understanding of the strategic role of product management in organizational success.

1.3 INTRODUCTION TO PRODUCT MANAGEMENT

Product management is the strategic function within an organization responsible for the planning, development, and execution of the product lifecycle. It acts as a bridge between various departments, including marketing, sales, engineering, and finance, ensuring that the product meets customer needs while achieving business goals.

Product managers are tasked with understanding the market landscape, identifying opportunities, and making informed decisions about the development and positioning of products. They must balance the needs of customers with the resources and capabilities of the organization. Product management is not just about managing existing products; it also involves innovation and the development of new products that can provide a competitive edge.

1.3.1 The Evolution of Brand Management

The concept of product management has evolved significantly over the past century. Originally rooted in marketing, the role has expanded to encompass a broad range of responsibilities that touch nearly every aspect of a business. Understanding the historical context of product management helps to appreciate its current scope and importance.

1.3.1.1 The Early Days: Marketing-Centric Beginnings

The origins of product management can be traced back to the early 20th century, particularly in the consumer goods industry. One of the earliest documented cases is that of Neil H. McElroy, a manager at Procter & Gamble (P&G), who in 1931, wrote a memo outlining the need for "brand men." These brand men were essentially early product managers, responsible for managing a brand's marketing, including advertising, promotions, and sales. McElroy's memo led to the creation of the brand management system, which became the foundation of modern product management.

This marketing-centric approach focused on understanding consumer needs and ensuring that the brand's message resonated with the target audience. The role primarily revolved around marketing activities, with an emphasis on brand positioning and customer communication.

1.3.1.2 The Shift to a More Strategic Role

The introduction of the "Product Life Cycle" concept in the 1960s further broadened the scope of product management. This model, which outlines the stages a product goes through from introduction to decline, highlighted the need for continuous management and strategic planning throughout a product's life. Product managers became essential in guiding products through these stages, making decisions about when to invest in growth, when to optimize profitability, and when to retire a product

1.3.1.3 The Rise of Technology and Agile Methodologies

The late 20th and early 21st centuries saw the rise of the technology industry, which brought about significant changes in product management. The rapid pace of technological innovation, coupled with the increasing importance of software, required a more agile and iterative approach to product development.

Agile methodologies, which emphasize flexibility, customer feedback, and iterative development, became popular in software development. This shift had a profound impact on product management, as product managers needed to adapt to shorter development cycles and more frequent product releases. The role became more cross-functional, requiring collaboration with engineering, design, and marketing teams to ensure that products were developed and launched in alignment with customer needs and market demands.

1.3.1.4 The Modern Product Manager: A Cross-Functional Leader

Today, product management is recognized as a critical function in virtually every industry, from technology and finance to healthcare and consumer goods. The modern product manager is expected to be a cross-functional leader, with responsibilities that span strategy, development, marketing, and customer engagement.

The evolution of product management has led to the development of specialized roles, such as technical product managers, growth product managers, and product operations managers. Despite these specializations, the core objective remains the same: to deliver products that meet customer needs and drive business success.

1.3.2 The Role and Responsibilities of a Product Manager

At its core, product management is about making strategic decisions that ensure a product's success in the market. The product manager is the central figure in this process, responsible for guiding the product from concept to completion. To understand the full scope of product management, it's important to explore the key responsibilities and challenges faced by product managers.

1.3.2.1 Defining the Product Vision and Strategy

One of the most critical responsibilities of a product manager is defining the product vision. This involves setting a long-term goal for the product and articulating what it aims to achieve. The product vision serves as a guiding star for the entire team, providing direction and purpose.

Once the vision is established, the product manager develops a product strategy that outlines how the vision will be realized. This strategy includes defining target markets, identifying key features, determining the product's unique value proposition, and setting goals for market penetration and revenue growth. The product strategy is often encapsulated in a product roadmap, which provides a high-level overview of the product's development timeline and major milestones.

1.3.2.2 Conducting Market Research and Analysis

Understanding the market is a fundamental aspect of product management. Product managers must conduct thorough market research to identify customer needs, preferences, and pain points. This research often involves analyzing market trends, studying competitors, and gathering feedback from current and potential customers.

Market research provides the insights necessary to make informed decisions about product features, pricing, and positioning. It helps product managers identify opportunities for innovation and differentiation, ensuring that the product stands out in a crowded market.

1.3.2.3 Collaborating with Cross-Functional Teams

Product management is inherently cross-functional, requiring collaboration with various departments within the organization. Product managers work closely with engineering teams to translate product requirements into technical specifications. They also collaborate with design teams to ensure that the product's user experience aligns with customer expectations. In addition to development teams, product managers engage with marketing, sales, and customer support teams. They ensure that the product's value proposition is effectively communicated to the market and that sales teams are equipped with the necessary tools and information to sell the product. This cross-functional collaboration is essential for delivering a cohesive product experience that meets both customer needs and business objectives.

1.3.2.4 Managing the Product Development Process

The product development process is where the product manager's strategic vision comes to life. Managing this process involves overseeing the development of the product from initial concept to final release. Product managers are responsible for defining product requirements, setting development priorities, and ensuring that the product is delivered on time and within budget.

In an agile development environment, product managers work closely with scrum teams to manage backlogs, prioritize features, and plan sprints. They play a key role in decision-making during the development process, balancing the need for innovation with practical considerations such as resource constraints and technical feasibility.

1.3.2.5 Launching the Product and Driving Adoption

A successful product launch is a culmination of months, if not years, of planning and development. Product managers are responsible for coordinating the launch, which involves working with marketing teams to create promotional campaigns, sales teams to develop selling strategies, and customer support teams to prepare for potential inquiries and issues.

Driving product adoption is a critical aspect of the post-launch phase. Product managers monitor the product's performance, gather feedback from early users, and make necessary adjustments to improve the product's appeal and usability. This may involve iterating on features, addressing bugs, or enhancing the product's user experience based on customer feedback.

1.3.2.6 Managing the Product Lifecycle

Once the product is in the market, the product manager's role shifts to managing its lifecycle. This involves tracking the product's performance, analyzing sales data, and identifying opportunities for growth or improvement. Product managers must be vigilant in identifying when a product reaches maturity and begins to decline, at which point they may need to make decisions about whether to update, reposition, or retire the product.

Lifecycle management also includes planning for new product introductions and ensuring that they complement or enhance the existing product portfolio. This strategic planning helps maintain a balanced product mix that meets the needs of the market while supporting the company's long-term goals.

1.3.3 Essential Skills for Product Management

Product management requires a unique blend of skills that enable product managers to navigate the complexities of the role. While the specific skills may vary depending on the industry and product type, several core competencies are essential for success in product management.

1.3.3.1 Strategic Thinking

Product managers must be able to think strategically, understanding both the big picture and the details that contribute to it. Strategic thinking involves setting long-term goals, identifying opportunities and threats, and making decisions that align with the company's overall business objectives. This skill is crucial for defining the product vision, developing the product strategy, and making informed trade-offs during the development process.

1.3.3.2 Customer Empathy

Understanding the customer is at the heart of product management. Product managers must be able to empathize with customers, understanding their needs, pain points, and desires. This empathy enables product managers to design products that truly resonate with the target audience and address real-world problems. Customer empathy is developed through direct interactions with customers, market research, and feedback analysis.

1.3.3.3 Communication and Collaboration

Effective communication is a cornerstone of product management. Product managers must be able to articulate their vision, strategy, and requirements clearly to cross-functional teams, stakeholders, and customers. They need to facilitate collaboration between different departments, ensuring that everyone is aligned and working towards the same goals.

Collaboration skills are equally important, as product managers often act as the bridge between diverse teams with different perspectives and priorities. The ability to navigate these dynamics and foster a collaborative environment is essential for successful product management

1.3.3.4 Technical Knowledge

While not all product managers need to be experts in coding or engineering, having a solid understanding of the technical aspects of product development is highly beneficial. Technical knowledge allows product managers to communicate effectively with engineering teams, make informed decisions about product feasibility, and understand the implications of technical trade-offs.

In technology-driven industries, technical skills are increasingly becoming a prerequisite for product management roles. Product managers with a strong technical background are better equipped to manage complex products.

1.4 CONCEPT OF PRODUCT MANAGEMENT

Product management is the discipline of managing a product through its entire lifecycle, from ideation and development to market introduction, growth, maturity, and eventual decline. It involves strategic decision-making and a deep understanding of the market, customer needs, and the competitive landscape.

1.4.1 Defining Product Management

Product management can be defined as the process of guiding a product through its entire lifecycle. This lifecycle typically includes stages such as product conception, development, market introduction, growth, maturity, and eventually decline or retirement. The role of product management is to ensure that a product is not only viable but also competitive and aligned with the business's strategic goals.

The central objective of product management is to maximize the value that a product delivers to both customers and the company. This involves understanding market dynamics, customer needs, and competitive pressures, and then using this knowledge to make informed decisions about the product's features, pricing, positioning, and marketing strategy.

Key components of product management include:

- **Market Research**: Gathering insights into customer needs, market trends, and competitive dynamics.
- **Product Development:** Collaborating with engineering and design teams to create a product that meets market demands.
- **Product Strategy:** Defining the product's vision, goals, and roadmap to guide its development and market positioning.
- **Product Marketing**: Positioning the product in the market and communicating its value to customers.
- **Product Launch:** Planning and executing a successful product introduction to the market.
- **Product Lifecycle Management:** Monitoring the product's performance and making adjustments as necessary to ensure its long-term success.

1.5 PRODUCT MANAGEMENT - AN OVERVIEW

Product management is a vital function within modern organizations that coordinates the development, launch, and ongoing success of products. It encompasses a range of activities and responsibilities aimed at ensuring that a product meets customer needs, achieves business objectives, and maintains competitiveness in the marketplace.

Product management is closely linked with several other functions within an organization, including

- **Marketing**: Product managers work closely with marketing teams to develop messaging, positioning, and promotional strategies.
- **Sales:** They collaborate with sales teams to provide the necessary tools and information to sell the product effectively.
- **Engineering:** Product managers work with engineering teams to define product requirements and ensure that the product is developed according to specifications.
- **Customer Support:** They interact with customer support teams to understand customer feedback and address any issues that arise.

The success of product management depends on the ability to balance these various functions and ensure that all stakeholders are aligned with the product's goals.

1.5.1 The Scope of Product Management

Product management is a multifaceted discipline that involves overseeing a product from its initial concept through its lifecycle, including development, launch, and eventual retirement. The scope of product management extends beyond simply managing the product's features; it involves strategic planning, market analysis, cross-functional coordination, and continuous improvement.

1.5.2 Key Aspects of Product Management

1.5.2.1 Product Strategy and Vision

Defining the product's vision and strategy is a critical component of product management. This involves setting long-term goals for the product, understanding market needs, and aligning the product's direction with the company's overall business strategy. The product vision serves as a guiding principle for all product-related decisions, ensuring that the product remains focused on delivering value to customers.

1.5.2.2 Market Research and Customer Insights

Effective product management requires a deep understanding of the market and customer needs. Product managers conduct market research to gather insights into customer preferences, pain points, and trends. This information is used to inform product decisions, prioritize features, and identify opportunities for differentiation.

1.5.2.3 Product Development

The product development phase involves translating the product vision into actionable requirements and working closely with engineering and design teams to build the product. Product managers are responsible for defining product features, creating specifications, and ensuring that the development process stays on track. They must also address any technical challenges and make trade-offs between competing priorities.

1.5.2.4 Product Launch and Marketing

Once the product is developed, the focus shifts to launching and marketing it effectively. Product managers work with marketing teams to create go-to-market strategies, develop promotional materials, and coordinate product launches. They also monitor the product's performance in the market, gather customer feedback, and make adjustments as needed.

1.5.2.5 Lifecycle Management

Managing the product throughout its lifecycle involves monitoring its performance, addressing any issues, and making continuous improvements. Product managers track key metrics such as sales, customer satisfaction, and usage patterns to identify areas for enhancement. They may also oversee product updates, feature additions, or eventual retirement when the product is no longer viable.

1.5.3 The Product Management Process

The product management process is a structured approach that guides the product from inception to market success. This process typically involves several key stages, each with its own set of activities and objectives.

1.5.3.1 Product Discovery

The discovery phase involves identifying and validating product opportunities. This includes conducting market research, analyzing customer needs, and assessing the competitive landscape. The goal is to uncover opportunities for new products or improvements to existing products that align with market demands.

1.5.3.2 Product Planning

During the planning phase, product managers define the product's vision, strategy, and roadmap. This involves setting clear objectives, prioritizing features, and creating a timeline for development. The product roadmap outlines the planned features and milestones, providing a clear path for the product's development and launch.

1.5.3.3 Product Development

The development phase involves turning the product concept into a tangible product. This includes working with engineering and design teams to build and test the product, addressing any technical challenges, and ensuring that the product meets the defined requirements. Product managers are responsible for managing the development process, making trade-offs, and ensuring that the product is delivered on time and within budget.

1.5.3.4 Product Launch

The launch phase focuses on introducing the product to the market. This involves coordinating with marketing and sales teams to create and execute go-to-market strategies, develop promotional materials, and plan launch events. Product managers also monitor the product's performance post-launch, gathering customer feedback and making any necessary adjustments.

1.5.3.5 Product Evaluation and Optimization

After the product is launched, the evaluation phase involves monitoring its performance and collecting feedback from customers. Product managers analyze key metrics such as sales, user engagement, and customer satisfaction to assess the product's success. Based on this analysis, they may implement updates, enhance features, or make changes to improve the product's performance and address any issues.

1.5.3.6 Product Retirement

Eventually, every product reaches the end of its lifecycle. The retirement phase involves planning and executing the process of phasing out the product. This includes communicating with customers, managing inventory, and transitioning to new products or solutions. Product managers must ensure a smooth transition and minimize any negative impact on customers and the business.

1.5.4 Key Responsibilities of a Product Manager

Product managers play a central role in the product management process, serving as the primary point of contact for all product-related activities. Their responsibilities span a wide range of activities, from strategic planning to tactical execution.

1.5.4.1 Setting the Product Vision and Strategy

Product managers are responsible for defining the product's vision and strategy. This involves understanding market needs, setting clear objectives, and developing a roadmap that outlines the product's direction. The product vision provides a clear goal for the product and guides decision-making throughout its lifecycle.

1.5.4.2 Conducting Market Research

Product managers conduct market research to gather insights into customer needs, market trends, and competitive dynamics. This research helps inform product decisions, prioritize features, and identify opportunities for differentiation. By understanding the market, product managers can make data-driven decisions that align with customer expectations.

1.5.4.3 Defining Product Requirements

Product managers work with cross-functional teams to define product requirements and create detailed specifications. This includes outlining the product's features, functionality, and user experience. Product managers must ensure that the product meets customer needs and aligns with the company's goals.

1.5.4.4 Managing Product Development

During the development phase, product managers oversee the product's progress, working closely with engineering and design teams. They are responsible for managing the development process, addressing any issues or delays, and ensuring that the product is delivered on time and within budget. Product managers must also make trade-offs between competing priorities and manage stakeholder expectations.

1.5.4.5 Coordinating Product Launches

Product managers play a key role in planning and executing product launches. This involves working with marketing and sales teams to develop go-to-market strategies, create promotional materials, and coordinate launch events. Product managers must ensure that the product is effectively introduced to the market and that all stakeholders are aligned with the launch plan.

1.5.4.6 Monitoring Product Performance

After the product is launched, product managers monitor its performance and gather customer feedback. They analyze key metrics such as sales, user engagement, and customer satisfaction to assess the product's success. Based on this analysis, product managers may implement updates, enhance features, or make changes to improve the product's performance.

1.5.4.7 Managing Product Lifecycle

Product managers oversee the product throughout its lifecycle, from development to retirement. This includes managing updates, addressing issues, and making decisions about the product's future. Product managers must ensure that the product remains competitive and continues to deliver value to customers.

1.5.5 The Strategic Importance of Product Management

Product management is a strategic function that significantly impacts a company's success. By ensuring that products meet market demands and align with business goals, product managers contribute directly to the company's growth and profitability.

1.5.5.1 Driving Innovation

Product managers are often at the forefront of innovation, identifying new market opportunities and customer needs. By fostering a culture of innovation and experimentation, product managers can drive the development of new products and features that set the company apart from competitors.

1.5.5.2 Enhancing Competitive Position

Effective product management helps companies maintain a competitive edge by ensuring that products are well-positioned in the market. Product managers analyze competitive dynamics and market trends to identify opportunities for differentiation and make strategic decisions that enhance the product's value proposition.

1.5.5.3 Maximizing Customer Value

At its core, product management is about delivering value to customers. By understanding customer needs and continuously improving the product based on feedback, product managers can ensure high levels of customer satisfaction and loyalty. Satisfied customers are more likely to become repeat buyers and advocates for the product, contributing to long-term business success.

1.5.5.4 Aligning with Business Goals

Product managers ensure that the product strategy aligns with the company's overall business goals. This alignment is crucial for achieving objectives related to market expansion, revenue growth, and brand positioning. By working closely with senior leadership, product managers can translate business strategy into actionable product goals and drive the company's success.

1.5.6 Challenges in Product Management

Product management is a complex discipline that involves navigating various challenges and obstacles. Understanding these challenges is essential for effective product management and achieving product success.

1.5.6.1 Balancing Competing Priorities

Product managers often face the challenge of balancing competing priorities, such as feature requests, budget constraints, and time limitations. Making trade-offs between these priorities requires careful consideration and decision-making to ensure that the product delivers maximum value.

1.5.6.2 Managing Cross-Functional Teams

Coordinating and managing cross-functional teams can be challenging, particularly when different departments have conflicting goals or priorities. Product managers must effectively communicate and collaborate with engineering, design, marketing, and sales teams to ensure that everyone is aligned with the product vision and goals.

1.5.6.3 Adapting to Market Changes

The market landscape is constantly evolving, and product managers must be able to adapt to changes in customer needs, competitive dynamics, and technological advancements. Staying ahead of market trends and adjusting the product strategy accordingly is crucial for maintaining competitiveness.

1.5.6.4 Gathering and Interpreting Data

Product managers rely on data to make informed decisions, but gathering and interpreting data can be challenging. Ensuring that data is accurate, relevant, and actionable requires effective data collection and analysis practices. Product managers must also be able to translate data insights into practical product improvements.

1.5.6.5 Managing Stakeholder Expectations

Product managers must manage expectations from various stakeholders, including customers, senior leadership, and team members. Balancing these expectations while making decisions that align with the product vision and strategy can be challenging.

1.5.7 Essential Skills for Product Managers

Given the complexity and strategic importance of product management, product managers need a diverse set of skills to be successful. These skills can be broadly categorized into strategic, technical, and interpersonal skills.

1.5.7.1 Strategic Skills

1.5.7.1.1 Visionary Thinking:

Product managers must be able to think long-term and set a clear vision for their products. This requires the ability to see the big picture and understand how the product fits into the company's overall strategy.

1.5.7.1.2 Market Analysis:

A deep understanding of the market is essential for making informed product decisions. Product managers must be able to analyze market trends, customer needs, and competitive dynamics to identify opportunities and threats.

1.5.7.1.3 Decision-Making:

Product management often involves making difficult trade-offs between competing priorities. Product managers must be able to make decisions that balance the needs of the market with the capabilities of the organization.

1.5.7.2 Technical Skills

1.5.7.2.1 Product Development Knowledge:

While product managers do not need to be engineers, they should have a solid understanding of the product development process. This includes knowledge of the technologies and methodologies used in product development, such as agile and lean practices.

1.5.7.2.1 Data Analysis:

The ability to analyze data is increasingly important in product management. Product managers must be able to interpret sales data, user behavior metrics, and other performance indicators to make data-driven decisions.

1.5.7.2.2 Technical Communication:

Product managers must be able to communicate effectively with engineering teams. This requires the ability to translate business requirements into technical specifications and to understand the technical implications of product decisions.

1.5.7.3 Interpersonal Skills

1.5.7.3.1 Leadership:

Product managers often lead cross-functional teams, including members from engineering, design, marketing, and sales. Effective leadership skills are essential for motivating and aligning these teams around the product vision and strategy.

1.5.7.3.2 Collaboration:

Product management is a highly collaborative role, requiring close cooperation with various stakeholders across the organization. Product managers must be skilled at building relationships and facilitating communication between different teams.

1.5.7.3.3 Customer Empathy:

Understanding and empathizing with customers is critical for developing products that meet their needs. Product managers must be able to listen to customer feedback, understand their pain points, and incorporate this understanding into the product development process.

1.5.8 The Product Lifecycle

The product lifecycle model outlines the stages a product goes through from introduction to decline. Understanding these stages helps businesses manage products effectively and make informed decisions.

1.5.8.1 Introduction

The introduction stage begins when a product is launched into the market. The focus is on building awareness, generating interest, and establishing distribution channels. Sales are typically low, and marketing efforts are centered on educating consumers about the product's benefits.

1.5.8.2 Growth

During the growth stage, the product experiences increasing sales and market acceptance. This phase is characterized by expanding distribution, growing customer demand, and rising profitability. Companies often invest in marketing and promotional activities to capitalize on the product's success.

1.5.8.3 Maturity

The maturity stage is marked by a plateau in sales growth as the product reaches widespread acceptance. Competition becomes more intense, and the focus shifts to maintaining market share and maximizing profitability. Companies may introduce product variations or enhancements to differentiate themselves from competitors.

1.5.8.4 Decline

The decline stage occurs when sales and profitability begin to decrease due to factors such as changing consumer preferences, technological advancements, or increased competition. Companies may decide to discontinue the product, phase it out gradually, or explore new markets or uses. how it will reach the target audience.

Check Your Progress-A

Q1. State True or False.

1. The product life cycle has three stages.
2. The decline stage occurs when sales and profitability begin to decrease due to changing consumer preferences etc.
3. Product management is a complex discipline that involves navigating various challenges and obstacles.

Q2. Fill in the blanks.

1. The --------------- phase focuses on introducing the product to the market.
2. ------------------is a vital function in organizations that coordinates the development, launch, and ongoing success of products.
3. The concept of Product Life Cycle was introduced in ---------------.

1.6 WHAT IS A PRODUCT?

A product is anything that can be offered to a market to satisfy a need or want. It can be a physical good, a service, an idea, or a combination of these. Products are the central focus of product management, and understanding what constitutes a product is essential for managing it effectively. The concept of a product is central to many fields, including marketing, management, and economics. Understanding what constitutes a product is essential for product managers, marketers, and business leaders. A product is not simply an item or service but a complex offering designed to meet specific needs or desires of consumers.

1.6.1 Definition

The term "product" encompasses a broad range of offerings, from physical goods to intangible services. Different authors and scholars have provided various definitions to capture the essence of a product in different contexts.

Philip Kotler, a leading marketing expert, defines a product as "anything that can be offered to a market to satisfy a want or need" (Kotler & Keller, 2016). Kotler’s definition emphasizes that a product's value is derived from its ability to fulfil customer demands and provide solutions.

David A. Aaker, a renowned branding expert, defines a product as "a bundle of attributes that fulfil a need or want" (Aaker, 1991). Aaker’s perspective focuses on the attributes that make up a product and how they combine to deliver value to the consumer.

Peter Drucker, a pioneer in management theory, views a product as "a unit of economic value designed to meet the needs of a target market" (Drucker, 2006). Drucker’s definition highlights the economic aspect of products and their role in satisfying specific market needs.

Michael Porter, known for his work on competitive strategy, defines a product as "a deliverable that provides a competitive advantage in the market by fulfilling customer requirements more effectively than alternatives" (Porter, 1985). Porter’s definition underscores the importance of differentiation and competitive advantage in defining a successful product.

Clayton Christensen, an expert on innovation, describes a product as "an offering that represents a solution to a customer’s problem or an improvement in their situation" (Christensen, 1997). Christensen’s definition emphasizes the problem-solving aspect of products and their role in innovation.

1.6.2 Components of a Product

Understanding a product involves examining its core components. These components contribute to the overall value proposition and customer experience.

1.6.2.1 Core Product

The core product represents the fundamental benefit or need that the product addresses. According to Kotler, it is "the basic service or benefit that the customer is really buying" (Kotler & Keller, 2016). For example, the core product of a smartphone is its ability to facilitate communication and provide access to information.

1.6.2.2 Actual Product

The actual product includes the tangible attributes that deliver the core benefit. This encompasses the design, brand, features, and packaging. Kotler and Keller describe the actual product as "the physical product or service that provides the core benefit" (Kotler & Keller, 2016). For instance, the actual product of a smart phone includes its physical design, operating system, screen resolution, and battery life.

1.6.2.3 Augmented Product

The augmented product consists of additional elements that enhance the overall customer experience and differentiate the product from competitors. These elements include after-sales services, warranties, customer support, and brand reputation. Kotler notes that the augmented product includes "extra features or services that add value to the core and actual product" (Kotler & Keller, 2016). For example, an augmented product for a Smartphone might include a free extended warranty, dedicated customer support, or access to exclusive software updates.

1.7 CLASSIFICATION OF PRODUCTS

Products can be classified into several categories based on various criteria, such as consumer behaviour, usage, and purchasing patterns. The classification of products helps in understanding the market dynamics and developing appropriate marketing strategies.

Product classification involves categorizing products based on specific characteristics and criteria. This process allows businesses to tailor their marketing strategies, optimize product management, and better meet customer needs. The classification of products can be approached from multiple perspectives, including their use, consumer behaviour, and market context.

1.7.1 Classification Based on Consumer Use (Consumer Products)

Products can be classified based on their intended use by consumers. This classification helps businesses understand how consumers interact with their products and develop targeted marketing strategies.

Consumer products are goods and services purchased by individuals for personal use. They can be further classified into several categories:

1.7.1.1 Convenience Products

These are items that consumers buy frequently with minimal effort. They are typically low-cost and widely available. Examples include groceries, personal care items, and household cleaning products. Convenience products are characterized by their high turnover rate and low involvement in the purchasing process.

1.7.1.2 Shopping Products

Shopping products require more effort and consideration before purchase. Consumers compare these products based on attributes such as quality, price, and style. Examples include electronics, clothing, and furniture. Shopping products are generally more expensive than convenience products and involve higher consumer involvement in the decision-making process.

1.7.1.3 Specialty Products

Specialty products are unique items for which consumers are willing to make a special effort to obtain. These products often have distinctive features or brand appeal. Examples include luxury watches, high-end automobiles, and designer fashion. Consumers are often willing to travel or wait for these products, and they are less likely to be swayed by price comparisons.

1.7.1.4 Unsought Products

Unsought products are those that consumers do not actively seek out until a specific need arises. These products often require proactive marketing efforts. Examples include insurance policies, emergency repair services, and funeral arrangements. Unsought products typically involve a lower level of consumer awareness and demand until an immediate need emerges.

1.7.2 Industrial Products

Industrial products are goods and services purchased by businesses for use in production or operations. They are classified based on their role in the production process:

1.7.2.1 Raw Materials

Raw materials are basic substances used in the manufacturing process. These include natural resources such as metals, minerals, and agricultural products. Raw materials are essential for creating finished goods and are often sourced from suppliers.

1.7.2.2 Capital Goods

Capital goods are durable items used in the production of other goods and services. Examples include machinery, equipment, and buildings. Capital goods typically have a long lifespan and are significant investments for businesses.

1.7.2.3 Supplies and Services

Supplies are items used in the day-to-day operations of a business, such as office supplies, cleaning products, and maintenance tools. Services include consulting, maintenance, and repair services that support business functions. These products are crucial for maintaining operational efficiency.

1.7.2.4 Component Parts
Component parts are finished goods used as inputs in the production of other products. Examples include computer chips, automotive parts, and electrical components. Component parts are integrated into larger products to complete the manufacturing process.

1.7.3 Classification Based on Product Attributes
Another way to classify products is based on their attributes, which can include features, quality, and design. This classification helps businesses position their products in the market and differentiate them from competitors.

Products can be classified based on specific features that distinguish them from other offerings. These features may include:

1.7.3.1 Functional Features
Functional features relate to the practical use and performance of the product. For example, a smart phone's functional features may include its camera quality, battery life, and processing speed.

1.7.3.2 Aesthetic Features

Aesthetic features pertain to the visual appeal and design of the product. This includes aspects such as colour, shape, and overall appearance. For example, a designer handbag may be distinguished by its unique design and craftsmanship.

1.7.3.3 Technical Features
Technical features refer to the advanced specifications and capabilities of a product. For example, a high-end gaming computer may include specialized graphics cards, advanced cooling systems, and high-speed processors.

1.7.4 Product Quality
Products can also be classified based on their quality, which can influence pricing and market positioning. Quality classifications include:

1.7.4.1 Premium Products
Premium products are characterized by high quality, superior performance, and exclusivity. These products often command higher prices and are targeted at affluent consumers. Examples include luxury cars and high-end electronics.

1.7.4.2 Standard Products
Standard products offer reliable quality and performance at a moderate price. They are designed to meet the needs of the average consumer without excessive features or luxury elements. Examples include mid-range smart phones and household appliances.

1.7.4.3 Economy Products

Economy products are characterized by lower quality and affordability. They are targeted at cost-conscious consumers and are often produced with minimal features. Examples include budget-friendly groceries and basic household items.

1.7.5 Classification Based on Market Context

Products can also be classified based on their market context, including their role in the market and competitive landscape. Products can be categorized based on their market positioning and competitive strategy:

1.7.5.1 Market Leaders

Market leaders are products that hold a dominant position in the market. They often set industry standards and have significant market share. Examples include well-established brands such as Coca-Cola and Apple.

1.7.5.2 Market Challengers

Market challengers are products that compete directly with market leaders and seek to gain market share. They often employ aggressive marketing strategies and differentiation tactics. Examples include emerging brands and new market entrants.

1.7.5.3 Market Followers

Market followers are products that adapt to existing market trends and standards set by leaders. They typically focus on maintaining market share and achieving steady growth. Examples include established but less innovative brands.

1.7.5.4 Niche Products

Niche products target specific market segments with unique needs or preferences. These products often cater to specialized markets and may offer tailored features or benefits. Examples include custom-made furniture and specialty foods.

1.7.6 Lifecycle-Based Classification

Products can also be classified based on their stage in the product lifecycle:

1.7.6.1 New Products

New products are those recently introduced to the market. They may include innovative offerings or modifications of existing products. New products often require significant marketing efforts to build awareness and generate demand.

1.7.6.2 Mature Products

Mature products are those that have reached a stable position in the market. They typically experience steady sales and profitability, with established customer bases and competition. Mature products may benefit from incremental improvements or updates.

1.7.6.3 Declining Products

Declining products are those experiencing a decrease in sales and market demand. Factors such as changing consumer preferences, technological advancements, or increased competition can contribute to the decline. Companies may choose to phase out or replace these products.

1.8 PRODUCT LINE AND PRODUCT MIX

Understanding the concepts of product line and product mix is essential for effective product management. These concepts help in analyzing the breadth and depth of a company's product offerings and making strategic decisions about product development and marketing.

The concepts of product line and product mix are crucial in the field of product management and marketing. They help businesses organize and manage their offerings to meet customer needs effectively, enhance brand strategy, and achieve competitive advantage.

1.8.1 Product Line

A product line refers to a group of related products offered by a company that share common characteristics and are targeted toward similar market segments. These products typically have similar functions or fulfil similar needs, allowing companies to market them under a cohesive brand or category.

1.8.1.1 Definitions of Product Line

Philip Kotler (Marketing Management): Philip Kotler defines a product line as "a group of products that are closely related because they perform similar functions, are sold to the same customer groups, or are marketed through the same channels." Kotler emphasizes the importance of understanding the relationships within a product line to develop effective marketing strategies.

Michael Porter (Competitive Advantage): Michael Porter describes a product line as "a set of related products that a company offers to its customers, designed to meet a range of needs or preferences within a specific market segment." Porter's definition highlights the strategic role of product lines in achieving competitive advantage by catering to varied customer demands.

David Aaker (Building Strong Brands): David Aaker defines a product line as "a collection of related products that are marketed and sold under a single brand name, aimed at achieving consistency and reinforcing the brand's value proposition." Aaker's perspective focuses on the branding and strategic benefits of managing a product line effectively.

1.8.1.2 Characteristics of Product Lines

- **Common Characteristics**: Products within a line often share attributes such as functionality, design, or target market. This commonality allows for cohesive branding and marketing strategies.

- **Consistency**: A product line maintains a level of consistency in branding, quality, and design, which reinforces a unified brand image.
- **Target Market**: Products in a line are designed to appeal to a specific customer segment, allowing companies to tailor their marketing efforts and product features.
- **Range of Variations**: Within a product line, there may be different models or versions that vary in features, sizes, or prices, offering customers multiple choices.

Examples of Product Lines

- **Consumer Electronics**: A company may have product lines for smart phones, tablets, and laptops, each with various models tailored to different customer preferences and budgets.
- **Apparel**: A fashion brand might offer product lines for casual wear, formal wear, and sportswear, each designed to cater to specific occasions and style preferences.

1.8.2 Product Mix

The product mix (or product assortment) encompasses the total range of products that a company offers for sale. It includes all product lines and individual products within those lines, representing the overall variety of a company's offerings.

1.8.2.1 Definitions of Product Mix

Philip Kotler (Marketing Management): Kotler defines the product mix as "the total collection of products that a company offers to its customers, including all product lines and individual items. It reflects the company's breadth and depth of offerings." Kotler's definition underscores the comprehensive nature of the product mix and its role in reflecting a company's overall market strategy.

David Aaker (Building Strong Brands): According to Aaker, the product mix is "the full range of products and services that a company provides to its customers, encompassing all product lines and variations." Aaker emphasizes the strategic significance of managing a diverse product mix to align with brand positioning and market needs.

Michael Porter (Competitive Advantage): Porter describes the product mix as "the aggregate of all product lines and individual products offered by a company, which determines its competitive positioning and market presence." Porter's definition highlights the role of the product mix in shaping competitive strategy and market differentiation.

1.8.2.2 Components of Product Mix

- **Product Width**: The number of different product lines offered by a company. A broad product mix includes various product lines, while a narrow mix focuses on fewer lines.
- **Product Length**: The total number of individual products within the product mix. This includes all products across different lines.

- **Product Depth**: The number of variations or versions of a single product within a product line. For example, a product line for smart phones may include different models with varying features.
- **Product Consistency**: The degree to which product lines are related in terms of end use, production requirements, or distribution channels.

Examples of Product Mix

- **Retail Stores**: A department store's product mix includes a wide range of product lines such as clothing, electronics, home goods, and beauty products.
- **Food and Beverage Companies**: A food manufacturer's product mix may include lines for snacks, beverages, and frozen foods, each with multiple product variations.

1.8.3 Strategic Implications

1.8.3.1Product Line Strategies

- **Line Extensions**: Adding new products to an existing product line to leverage the brand and target existing customers with new variations.
- **Line Filling**: Introducing more products within a specific line to fill gaps and address unmet needs.
- **Line Modernization**: Updating or refreshing an existing product line to maintain relevance and competitiveness.
- **Line Pruning**: Eliminating underperforming or obsolete products to streamline the product offering and focus resources.

1.8.3.2 Product Mix Strategies

- **Product Mix Expansion**: Adding new product lines to reach new markets or customer segments.
- **Product Mix Diversification**: Offering products in different categories unrelated to the company's core business to mitigate risk and explore new revenue streams.
- **Product Mix Optimization**: Analyzing and adjusting the product mix to align with market demand and business objectives.
- **Product Mix Harmonization**: Ensuring consistency and coherence across product lines and categories to maintain a unified brand imag

1.9 PRODUCT MANAGEMENT FUNCTION

Product management is a comprehensive function that involves overseeing the entire lifecycle of a product, from initial concept to market introduction and eventual retirement.

1.9.1 Key Functions of Product Management

- **Market Research and Analysis**

Conducting research to understand customer needs, market trends, and the competitive landscape. This information is crucial for making informed decisions about product development and positioning.

- **Product Development**

Working closely with engineering and design teams to develop a product that meets customer needs. This includes defining product requirements, creating prototypes, and conducting testing to ensure the product meets quality standards.

- **Product Strategy and Road Mapping**

Developing a product strategy that outlines the vision, goals, and roadmap for the product. The roadmap provides a timeline for product development and launch, ensuring that the product is delivered on time and within budget.

- **Go-to-Market Strategy**

Planning and executing the product launch, including developing marketing campaigns, creating sales materials, and coordinating with sales teams. The go-to-market strategy ensures that the product reaches the target market effectively and generates the desired impact.

- **Product Lifecycle Management**
  Continuously monitoring the product's performance and making necessary adjustments to ensure its long-term success. This includes tracking sales, customer feedback, and market trends, as well as making decisions about product updates, enhancements, or discontinuation.
- **Cross-Functional Collaboration**
  Product management requires close collaboration with various departments, including marketing, sales, engineering, and customer support. Effective cross-functional collaboration ensures that all stakeholders are aligned with the product's goals and contribute to its success.
- **Customer Engagement**
  Engaging with customers to understand their needs and gather feedback on the product. Customer engagement is crucial for identifying areas for improvement and ensuring that the product continues to meet customer expectations.

1.9.2 Key Responsibilities of Product Management

- **Product Strategy**
  Establishing a vision and strategic direction for the product, including market positioning, competitive differentiation, and business goals.
- **Market Research**
  Gathering and analyzing data on market trends, customer needs, and competitive landscape to inform product decisions.
- **Product Development**

Managing the design, development, and testing phases to ensure that the product meets specified requirements and quality standards.

- **Product Launch**
  Planning and executing the introduction of the product to the market, including marketing, sales, and distribution strategies.
- **Lifecycle Management**
  Overseeing the product throughout its lifecycle, including updates, enhancements, and eventual phase-out.

Check Your Progress-B

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Q1. What is the role of product management in an organization?

Ans. --

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Q2. What are the key components of product management?

Ans. --

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Q3. What is the difference between a product line and a product mix?

Ans. --

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1.10 SUMMARY

Product management is a dynamic and strategic function that plays a crucial role in the success of an organization. It involves managing the entire lifecycle of a product, from ideation and development to market introduction and retirement. Key concepts such as product classification, product line, and product mix are central to product management, helping organizations optimize their product offerings and meet customer needs. The functions of product management, including market research, product development, and lifecycle management and a deep understanding of both the market and the product.

1.11 GLOSSARY

Product: Anything that can be offered to a market to satisfy a need or want, including physical goods, services, and ideas.

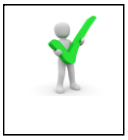
Product Line: A group of related products marketed under a single brand name.

Product Mix: The total range of products that a company offers for sale, including all product lines and individual items.

Market Research: The process of gathering and analyzing information about customer needs, market trends, and the competitive landscape.

Product Lifecycle: The stages a product goes through from development and market introduction to growth, maturity, and decline.

Go-to-Market Strategy: A plan for how a product will be introduced to the market and how it will reach the target audience.



1.12 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress-A

Q1.

i)False
ii) True
iii) True

Q2. i) Product Launch **ii)** Product Management **iii)** 1960's

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1.15 TERMINAL QUESTIONS

1. Explain the concept of product management and its importance in the modern business environment.
2. Discuss the different classifications of products and how they influence product management strategies.
3. What is the role of a product manager in the development and lifecycle management of a product?
4. How does the concept of a product mix help organizations in achieving their business objectives?
5. Describe the key functions of product management and how they contribute to a product's success in the market.

UNIT 2 PRODUCT DEVELOPMENT

2.1 INTRODUCTION

One of the major challenges in marketing is to develop ideas for new products and to launch them successfully. The company will have to find a replacement for its products that have entered the declining stage. Because of changes in the customer's tastes, technology and competition, there is a need for marketing companies to develop new products. In most industries, competition pressures require a constant flow of technologically new products or improvements in the existing ones if the corporate sales and profits are to be sustained and enhanced. Corporate health depends on a continuous flow of new products and improvements in the existing one. Survival and growth depend on incessant development of acceptable new and improved products.

Product development is the structured process of transforming an idea into a tangible product or service that meets customer needs and market demands. It begins with idea generation, where concepts are brainstormed and refined. This is followed by research and feasibility analysis to ensure the idea is viable from both a market and technical standpoint. The product then undergoes design and development, where detailed plans and prototypes are created and tested. This iterative process involves continuous refinement based on feedback and testing results. Once the product is fully developed, it is launched into the market, where its performance is closely monitored. The ultimate goal of product development is to create products that provide value to customers, differentiate the business in the marketplace, and drive growth and profitability.

2.2 OBJECTIVES

After reading this unit you will be able to understand

(i) Meaning and definition of new product
(ii) What are the various steps involved in new product development
(iii) Reasons because of new product fails.
(iv) Ways to achieve success in new product development.

2.3 MEANING AND DEFINITION OF NEW PRODUCT

- A new product refers to a product that is introduced to the market for the first time or is significantly improved in terms of design, function, or performance. This can include entirely new inventions, innovations in existing products, or products introduced to a new market. New products are those whose degree of change for customers is sufficient to require the design or redesign of marketing strategies.
- According to Philip Kotler," A product is anything that can be offered to a market for attention, acquisition, use or consumption. It includes physical objects, services, personalities, place, organization and ideas.
- A new product is any good or service that is perceived as novel by potential customers due to its unique features, performance enhancements, or technological advancements. It can also be an existing product that is newly introduced to a different market segment or geographic region
- Any product that consumer treats an as addition to the available choices could be considered as a new product. However, from the firm's point of view, the new products are those that are new to the company and may include major modifications to the existing products.

  Indian Examples of New Products:

1.**Jio Phone (by Reliance Jio):**

o The Jio Phone was introduced as a low-cost, feature-rich mobile phone that brought internet access to millions of Indians, especially in rural areas. It was a new product in the sense that it offered 4G connectivity and smart features at an extremely affordable price, targeting a segment that was previously underserved.

2. Tata Nano (by Tata Motors):

o The Tata Nano was introduced as the world's cheapest car, aiming to provide affordable transportation to the Indian middle class. While it was a new product in terms of price point and design, it also opened up a new market segment for car buyers in India.

3.Maggi Noodles (by Nestlé India):

o While instant noodles were not a new concept globally, Maggi introduced the concept to the Indian market, effectively creating a new product category in India. It became a staple in Indian households, leading to the brand's immense popularity.

4.Paytm (by One97 Communications):

o Initially launched as a mobile recharge platform, Paytm evolved into a comprehensive digital wallet and financial services provider. It was one of the first platforms in India to offer a wide range of digital payments and financial services, marking it as a new product in the Indian financial landscape.

These examples illustrate how new products can be defined not just by their novelty but also by their impact on the market and consumers.

2.4 IMPORTANCE OF NEW PRODUCTS

Examining the fundamental elements that impact a security's risk and return characteristics is known as fundamental analysis. This method is predicated on the idea that a security's intrinsic worth may be ascertained by the examination of multiple fundamental factors, including the state of the issuing company's finances, the general state of the economy, and conditions unique to the industry.

The importance of a new product in a business context can be understood through several key factors:

1. **Market Differentiation**: A new product can help a company stand out from competitors by offering something unique that meets customer needs better or differently.
2. **Revenue Growth**: Introducing a new product can create additional revenue streams, expanding the company's market share and contributing to overall financial growth.
3. **Customer Satisfaction**: New products can address unmet needs, solve existing problems, or improve on current solutions, leading to higher customer satisfaction and loyalty.

4. **Innovation and Brand Image**: Launching new products showcases a company's innovation capabilities, enhancing its reputation and making it more attractive to customers and investors.
5. **Adaptation to Market Changes**: The market is constantly evolving, and new products allow companies to adapt to changes in consumer preferences, technology, and competition.
6. **Risk Diversification**: By diversifying its product portfolio, a company can reduce dependence on a single product or market, spreading risk and potentially stabilizing revenue streams.
7. **Economic Contribution**: New products can drive economic growth by creating jobs, stimulating demand in related industries, and fostering technological advancements.

In summary, the introduction of new products is crucial for maintaining a competitive edge, driving growth, and ensuring long-term success in a dynamic market environment.

2. 5 DIFFERENT TYPES OF NEW PRODUCTS

It is necessary to understand the different types of new products before going into the modalities of new product development. The development, marketing and launch strategies will be influenced by the type of new products. The different types of new products are given below:

1. **New Products for Mankind:** These are new products which are the result of new discoveries, or inventions. They come out only once in the lifetime of an individual. Examples for an earlier period are telephones, television, aeroplane and computers. Examples for the modern era are Mobile Phone, Bluetooth, MP3/Mp4, LED TV, the internet, video conferencing, induction cooker etc.
2. **New Products for the country:** These are the products which have been marketed in other countries but introduced for the first time in our home country. Air Fibre, GPS, 5G telephony have been used in many advanced countries but are being introduced in India only now. E books and Kindle have also come to India only recently.
3. **New Products for the Industry**: This Type includes products which are totally new for any industry. Examples are laptops and notebooks launched in the computer industry, cars with power steering, power windows and automatic gear systems introduced in automobile industry.
4. **New Products in a Product Category**: These are the products which represent an innovation in an already existing product category. Introductions of men's cosmetics like Garnier face cream. Fair and Handsome and Colgate Total are examples.
5. **New Products for the Country:** This consists of products which are new only to a particular company. There is nothing new in terms of an innovation for the country, for industry and for the product category. A company launches the same product which is already available in the market under a new brand name. To differentiate the product,

the company comes out with innovative marketing strategies and marketing communications to ensure the success of the brand.

2.6 PRODUCT INNOVATION

Product innovation in marketing involves creating and introducing new or improved products that meet customer needs more effectively or offer unique value propositions. An innovation is the adoption of a new idea, product or process which is prospectively useful. Though innovation means change, every change is not innovation. Innovation is present only when the innovator is required to engage in productive problem solving. This type of innovation is crucial for businesses to stay competitive, drive growth, and maintain relevance in the market. Here's how product innovation intersects with marketing:

1. Understanding Consumer Needs

- **Market Research**: Effective product innovation starts with understanding customer needs, preferences, and pain points. This is achieved through market research, surveys, and data analysis.
- **Customer Feedback**: Regularly gathering feedback from customers helps identify gaps in the market or areas where existing products could be improved.

2. Differentiation

- **Unique Value Proposition (UVP)**: Product innovation allows a company to create a UVP, making the product stand out from competitors. This could be through new features, improved design, or better performance.
- **Brand Positioning**: Innovative products help in positioning the brand as a leader in the market, reinforcing the brand's image as cutting-edge or customer focused.

3. Enhancing the Customer Experience

- **User Experience (UX)**: Innovations that improve the usability or functionality of a product can significantly enhance the customer experience, leading to higher satisfaction and loyalty.
- **Customization and Personalization**: Introducing products that can be personalized or customized to individual preferences can be a strong differentiator.

4. Marketing Strategies

- **Launch Campaigns**: Innovative products often require well-planned launch campaigns that highlight the product's new features and benefits.

- **Content Marketing**: Educating potential customers through blogs, videos, and social media about the innovative aspects of the product helps generate interest and drive adoption.
- **Influencer Marketing**: Leveraging influencers to showcase the innovative features of a product can accelerate its acceptance in the market.

5. Adoption of New Technologies

- **Digital Innovation**: Incorporating the latest technology into products (e.g., AI, IoT) can create entirely new product categories or significantly enhance existing ones.
- **Sustainability**: Innovating products to be more eco-friendly can attract a growing segment of environmentally conscious consumers.

6. Risk Management

- **Testing and Prototyping**: Before a full market launch, products often go through rigorous testing and prototyping to minimize the risk of failure.
- **Iteration**: Innovative products are frequently iterated upon after launch based on customer feedback and market response, ensuring continuous improvement.

7. Product Lifecycle Management

- **Innovation Across the Lifecycle**: Companies innovate not only in the introduction phase but throughout the product lifecycle, including growth, maturity, and even decline phases.
- **Rebranding and Extensions**: When products reach maturity, innovations can breathe new life into them through rebranding or extensions, such as new versions or complementary products.

8. Cross-Functional Collaboration

- **Marketing and R&D Alignment**: Successful product innovation requires close collaboration between marketing teams and research and development (R&D) to ensure that innovations meet market demands.
- **Agile Methodologies**: Many companies adopt agile methodologies to ensure rapid and flexible product development, allowing them to respond quickly to changing market conditions.

In summary, product innovation in marketing is about more than just creating new products; it's about strategically integrating innovation into the marketing process to drive customer engagement, satisfaction, and brand loyalty.

Check Your Progress-A

Q1. What does product innovation mean?

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Q2. What are the various types of new product?

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Q3. What does new product mean?

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2.7 RISK INVOLVED IN NEW PRODUCT DEVELOPMENT

Following is the main reason for high cost and deepened risk of new product development:

1. **High attrition rate of new product ideas:** A pretty large number of products and product ideas that cost the firm good deal of talent, time and treasure, never reach the marketplace. They die a premature death in innovation process. Companies discover such failure very late, and the postmortem analysis may indicate the cause of failure as technical feasibility 'high cost of development', 'over-estimation of marketability' and so on. It is really very difficult to say as to how many new ideas must a company generate to have eventual culmination in a successful new product.
2. **High rate of market failure:** The primary risk is whether there is sufficient demand for the new product. Misjudging market needs or customer preferences can lead to a product

that doesn't sell. Introducing a product too early or too late can significantly affect its success. Being first on the market doesn't always guarantee success, especially if the market isn't ready. Competitors may react aggressively to a new product, either by launching their own innovations or by cutting prices, which can erode the new product's market potential.

3. **Shorter life Span of successful products:** This is a different kind of risk associated. Even when a new product turns out to be a commercial success, rivals are so quick to follow suit that a new product is typically fated or destined for a shorter life. It is quite natural in this competitive world where everyone is free to try out his ability for his success. Whenever a new product becomes a success, there will be many to introduce identical products with certain plus points. These competitive forces are having an inflicting impact on original calculations of product innovations.

2.8 STEPS IN NEW PRODUCT DEVELOPMENT

New product development is a growth strategy, because of the heavy role that marketing plays in finding, developing and launching successful new products. New products can be original products, product improvements, product modifications, and new brands that the company develops through its own R& D efforts. A key factor in effective new product development process is to establish workable organization structures. Companies handle this through the product managers, new product committee and new product departments. The product development process involves following stages:

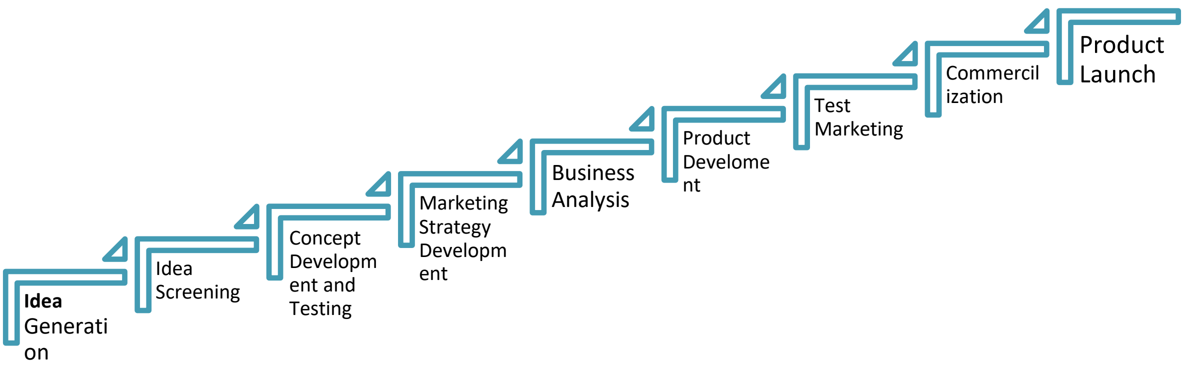


Figure: Stages in Product Development Process

1. **Idea Generation:** The first vital step is to generate ideas, for new products are from new ideas. Product idea generation means fusion of perceived need with the recognition of a technical opportunity. That is, the perceived need may be new or old-apparent or latent-currently partly fulfilled or unfulfilled, however when a technical opportunity is recognized to satisfy this need, a product idea is generated. New product ideas can be derived from

many sources: customers, scientists, competitors, company salespeople, dealers and top management. Idea generating techniques like Attribute Listing, Forced Relationships, Morphological Analysis, Problem Analysis, Brainstorming and Synectic help generate better ideas.

2. **Idea Screening:** The second stage is idea pruning or reducing by screening. In this stage, the company must avoid the 'Drop error i.e., permitting a poor idea to move into development and commercialization or dropping a good idea. The purpose of screening is to spot and drop poor ideas as early as possible. Idea rating is done by describing the product, the target market and the competition, and making some rough guesses as to market size, product price, development time and cost, manufacturing costs and rate of return. Even if the idea looks good, the question arises it, Is it appropriate for the company? Does it match well with the company's objectives, strategies and resources? Ideas that do not satisfy one or more of these questions are dropped.

3. **Concept Development and Testing:** Surviving ideas must now be developed into product concepts. A 'Product idea is an idea for possible product that the company can see itself offering to the market. A product concept is an elaborated version of the idea expressed in meaningful consumer items. For example, producing a powder to add to milk to increase its nutritional level and taste is a product idea. Who is to use the product? What primary benefits can be built into this product? What is the primary occasion for this drink? By asking such questions, the company can form several product concepts like an instant breakfast drink for adults, a tasty drink for children, a health supplement for elders, etc. The concepts must be tested with an appropriate group of consumers. The Concepts may be presented symbolically or physically. The consumers are asked to react to each concept with some standard questions. The consumers will help the company determine which concept has the strongest appeal.

4. **Marketing Strategy Development:** The new product manager will have to develop a preliminary marketing strategy statement for introducing this new product into the market. This will be refined in subsequent stages. The marketing strategy statement consists of three parts. The first part describes the size, structure and behaviour of the target market, intended positioning of the new product in this market, sales, market share and profit goals sought. The second part of the statement outlines the product's intended price, distribution strategy and marketing budget for the first year. The third part describes the intended long run sales and profit goals and marketing mix strategies.

5. **Business Analysis:** Management must review the future sales, cost and profit estimates as to whether they satisfy the company's objectives. If they do, the product concept can be moved to the product development stage. A new information comes in, some revision will probably have to take place in the product concept and marketing strategy, called for revised estimates of sales, costs and profits.

6. **Product Development:** Until the product development stage, the existence of the product is entirely theoretical. Product development stage marks the making up of planned. During the development stage, the product idea is converted into the tangible

physical product. Product development involves developing the product itself and further development of manufacturing, packing and distribution overestimates. The research and development department will develop one or more physical versions of the product concept. It hopes to find a prototype that satisfies the following criteria:

a. Consumers see it as embodying the key attributes described in the product concept statement
b. The prototype performs safely under normal use and conditions
c. The prototype can be produced for the budgeted manufacturing costs

When the prototypes are ready, they must be put through rigorous functional and consumer tests. The functional tests are conducted under laboratory and field conditions to make sure that the product performs safely and effectively. Consumer tests can take a variety of forms. From bringing consumers into a lab to test the product versions to giving them samples to use in their houses.

7. **Test Marketing**: This is the stage where the marketing and product programmes are introduced into a more authentic consumer setting to learn how well the product will do before making a final decision to launch it in the market place. The purpose of consumer good market testing is to find out how consumers and trade react to handling, using and repurchasing the product and how the large market is. Test marketing is expected to yield several benefits. The primary motive is to achieve a more reliable forecast of further sales. A second motive is to pretest alternative marketing plans. For test marketing consumer goods, the methodology involves sales wave research, simulated store techniques, controlled test marketing and test markets.
   New Industrial products typically undergo extensive product testing in the labs to measure performance, reliability, design and operating costs. The next most common method is a product use test whether the manufacturer selects some potential customers who agrees to use the new product for a limited period. A second common market test is to introduce the new industrial product at trade shows, Testing can be done in distribution and dealer display rooms.
8. **Commercialization:** Commercialization is the actual introduction of the product into the marketplace, with all of the related decisions and resources commitments. Commercialization is to implement decision taken at earlier stage and committing to resources to implement new ne product strategy.
   In launching a new product, the company must make four decisions:
   i. **When:** The first decision is whether it is the right time to introduce the product.
   ii. **Where:** Secondly, the company must decide whether to launch the new product in a single locality, a region, the national market. Normally companies develop a market rollout over time.
   iii. **To whom**: Within the rollout markets the company must target its distribution and promotion to the best prospect groups, like early adopters, heavy users, opinion leaders and so on.

iv. **How:** The company must develop an action plan for introducing the new product into the rollout markets. It must allocate the marketing budget among the marketing mix elements and sequence the various activities.

9. **Product Launch:** Introducing a new product into the market is known as product launch. The new product launch is a challenging activity for marketing people. It offers an opportunity for the marketing people to apply their theoretical and practical knowledge in their jobs and watch their plans succeed. A lot of planning must go into the product launch. Hasty and illogical actions will result in the new products failing in the market. A new product will generally succeed only if the target customers are offered a clear advantage, or it meets some unmet need or at least the customer perceives it as totally different and unique.

2.9 WHY NEW PRODUCT FAILS

New products often fail in marketing for several reasons, which can be grouped into the following key areas:

1. Poor Market Research

- Misunderstanding Customer Needs: If the product doesn't address a real need or problem that consumers have, it is unlikely to succeed. Sometimes companies assume what customers want without thorough research.
- Incorrect Target Market: Targeting the wrong audience or failing to clearly define the target market can lead to ineffective marketing efforts.

2. Lack of Differentiation

- No Unique Value Proposition: If the product doesn't stand out from competitors, customers have little incentive to switch or try something new. A product that isn't significantly better, different, or cheaper than existing alternatives is likely to struggle.
- Weak Branding: Without a strong brand identity, it can be difficult for the product to resonate with consumers and build trust.

3. Poor Timing

- **Market Readiness:** Launching a product too early or too late can lead to failure. If the market isn't ready, customers may not understand or need the product yet. Conversely, entering a market too late means facing established competitors.
- **Economic Conditions:** Economic downturns or shifts in consumer spending can negatively impact a product launch.

4. Inadequate Marketing Strategy

- Insufficient Promotion: If a product isn't adequately promoted, potential customers may never become aware of it. Even a great product can fail without effective advertising, social media presence, and public relations efforts.
- Pricing Errors: Setting the wrong price can alienate customers. Pricing too high can deter buyers, while pricing too low can hurt profitability and brand perception.

5. Product Quality Issues

- Inferior Quality: Products that don't meet consumer expectations in terms of quality, functionality, or reliability are likely to fail, as negative reviews and word-of-mouth can quickly damage reputation.
- Technical Problems: Products that are buggy, difficult to use, or have unresolved issues can frustrate customers, leading to returns and loss of brand credibility.

6. Poor Distribution and Accessibility

- Limited Availability: If a product is not widely available in places where customers expect to find it, sales will suffer. Effective distribution channels are crucial for reaching the target market.
- Supply Chain Issues: Problems with supply chain management can lead to stockouts, delays, or high production costs, all of which can impact the product's success.

7. Internal Organizational Issues

- Lack of Alignment: If there is a lack of alignment between different departments (e.g., marketing, sales, product development), it can lead to disjointed strategies and poor execution.
- Insufficient Resources: A product launch may fail if the company doesn't allocate enough budget, personnel, or time to support the marketing and development efforts.

2.10 HOW TO ACHIEVE SUCCESS IN NEW PRODUCT DEVELOPMENT

Though the process of product development is very complex. It is possible to come to certain broad success facilitating factors. Following can be general guidelines for product success in this area:

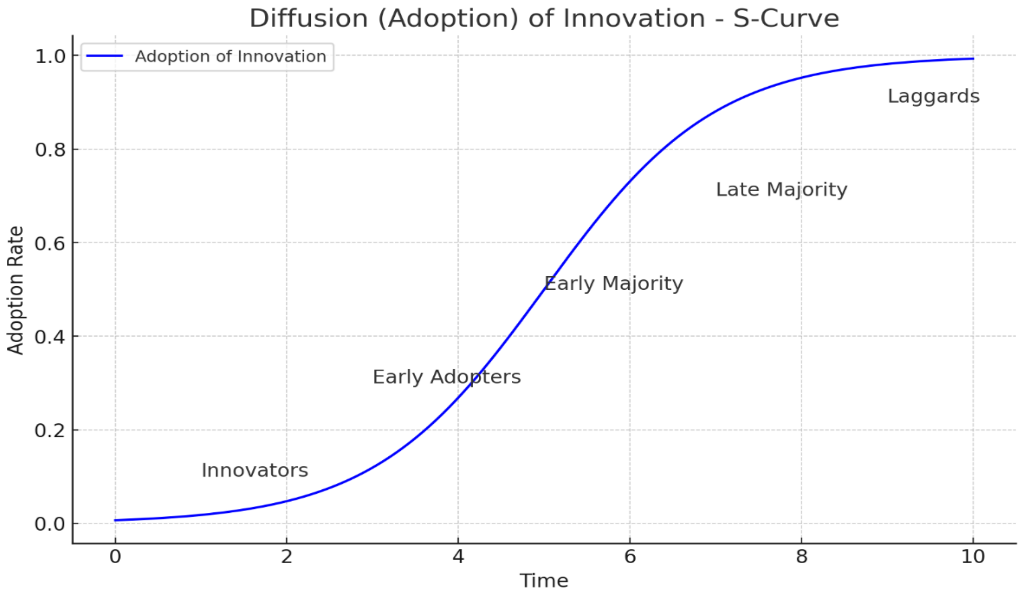
1. **Market Requirements:** Successful innovators pay close attention to the requirements of the market. They undertake extensive and intensive market research to identify market wants and needs and maintain close liaison with potential users during the development.
2. **Market research:** Market research is critical for successful new product development. It involves identifying customer needs, preferences, and pain points to ensure the product solves a real problem. Research helps in understanding market trends, competitor strategies, and potential demand, which guides product design and positioning. By segmenting the target audience and gathering feedback through surveys, focus groups, and pilot tests, companies can refine the product to better fit market expectations. Effective market research reduces risks, informs pricing and marketing strategies, and increases the likelihood of a successful product launch.

3. **Top Management Support:** Successful innovators have the whole hearted support of the people at the top in the corporate hierarchy. These product champions are more likely to have the power to overcome organizational inertia and other impeding factors of new product development.
4. **Good External Communications:** Good external communication in new product development (NPD) involves clearly conveying the product's value and progress to customers, partners, and the market. It builds anticipation and awareness through targeted messaging and pre-launch campaigns. Engaging with customers and partners for feedback ensures the product meets market needs. Transparent updates manage expectations and maintain trust, while collaboration with media and influencers enhances visibility. Overall, effective communication fosters strong relationships, aligns stakeholders, and supports a successful product launch.
5. **Diligent development work:** Diligent development work in new product development (NPD) involves a thorough, methodical approach to designing, testing, and refining the product. It includes rigorous research to understand customer needs, careful planning to ensure each development phase aligns with overall goals, and meticulous attention to detail in execution. Continuous testing and iteration help identify and resolve issues early, ensuring high quality and reliability. Diligence also means staying adaptable, incorporating feedback, and making necessary adjustments to meet market demands. This careful and focused effort leads to a well-crafted product that meets or exceeds customer expectations.

2.11 DIFFUSION (ADOPTION) OF INNOVATION

The diffusion (adoption) of innovation in new product development describes how a new product or innovation spreads across a market over time, from initial introduction to widespread acceptance. The process typically follows an "S-curve" model, where adoption occurs in distinct stages:

1. **Innovators:** The first group to adopt the innovation, often risk-takers and tech enthusiasts who are eager to try new products.
2. **Early Adopters**: Influential in shaping the perception of the product, this group adopts the innovation soon after the innovators and often includes opinion leaders.
3. **Early Majority:** More cautious, this group adopts the innovation once it has gained some traction and is perceived as beneficial.
4. **Late Majority:** Skeptical and more resistant to change, this group adopts the innovation only after it has become more established and widely accepted.
5. **Laggards**: The last group to adopt, often due to resistance to change or economic constraints, typically adopting the product when it has already become mainstream or even outdated.



Here's the S-curve representing the diffusion (adoption) of innovation in new product development. The curve illustrates how different groups of adopters (Innovators, Early Adopters, Early Majority, Late Majority, and Laggards) adopt a new product over time. As the product gains acceptance, the adoption rate accelerates, eventually leveling off as the market becomes saturated.

The success of diffusion depends on factors such as the product's relative advantage over existing solutions, compatibility with existing values and practices, simplicity, trialability, and observable benefits. Effective marketing strategies, social influence, and communication channels also play crucial roles in accelerating the adoption process. Understanding the diffusion process helps companies tailor their strategies to different adopter groups and maximize the product's market penetration.

Check Your Progress-B

1. Which stage of the New Product Development process involves creating prototypes and testing product functionality?

a) Idea generation
b) Concept development
c) Product Development

d) Market testing

2. What is the primary purpose of the Business Analysis stage in NPD?
   a) To develop a marketing plan
   b) To assess the financial viability and market potential of the product
   c) To brainstorm new product ideas
   d) To create and test product porotypes
3. Which phase of New Product Development involves evaluating and selecting the most promising product ideas based on feasibility and alignment with company goals?
   a) Screening
   b) Concept Development
   c) Commercialization
   d) Feasibility Study
4. In the Stage -Gate Process, what is the purpose of a gate?
   a) To develop marketing strategies
   b) To evaluate the project's progress and decide whether to continue, modify or halt the project
   c) To Create product prototypes
   d) To Conduct consumer surveys

2 .12 SUMMARY

New Product Development (NPD) is the process of bringing a new product to market, from the initial idea through to its launch. It typically involves several stages: **idea generation**, where new concepts are brainstormed; **screening**, where ideas are evaluated for feasibility and potential; **concept development and testing**, where selected ideas are developed into detailed concepts and tested with target markets; **business analysis**, where financial viability is assessed; **product development**, where the product is designed and prototypes are created; **market testing**, where the product is introduced on a limited scale to gather feedback; and finally, **commercialization**, where the product is launched to the full market. Effective NPD requires cross-functional collaboration, consumer insights, and strategic planning to ensure the product meets market needs, is profitable, and aligns with the company's goals. Continuous iteration and adaptation are often key to successful new product launches.

2.13 GLOSSARY

1. **Business Analysis:** The process of assessing the financial viability, market

potential, and risk factors of a new product idea before moving forward with development.

2. **Commercialization:** The final stage of NPD where the product is launched into the market, including production ramp-up, marketing, sales strategy, and distribution.
3. **Concept Development:** The process of refining and detailing product ideas into concrete concepts, which can be evaluated and tested with target consumers.
4. **Feasibility Study:** An analysis conducted to assess the practicality and potential success of a new product idea, considering factors such as technical requirements, market demand, and financial costs.
5. **Idea Generation:** The initial phase in NPD where new product ideas are created, often through brainstorming sessions, market research, and consumer feedback.
6. **Market Testing:** The process of introducing the product on a limited basis to test consumer response, gather feedback, and identify potential issues before a full-scale launch.
7. **Prototyping:** Creating a working model or version of the product during the development stage to test functionality, design, and usability.
8. **Screening:** The process of evaluating new product ideas to determine which are worth pursuing, based on criteria like market potential, alignment with company goals, and feasibility.
9. **Value Proposition:** A clear statement that explains how the new product solves a problem or fulfills a need better than existing alternatives, and why it is valuable to the target customer.

2. 14 ANSWERS TO CHECK YOUR PROGRESS-

Part - B

Answer to 1 is (c), 2 (b), 3 (a), 4 (b)

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2.17 TERMINAL QUESTIONS

1. What is “new product”? Why should one go for new products?
2. What is product development? Explain the process of product development.
3. How to manage new product development successfully?
4. What do you mean by diffusion (adoption) of innovation? Discuss the stages involved in the process of adoption.

2.18 CASE STUDY

"The Rise of Swiggy: Transforming Food Delivery in India"

Swiggy, founded in 2014, is a prominent example of successful new product development in India. Initially launched as a food delivery service in Bengaluru, Swiggy's innovation lay in its technology-driven approach and customer-centric model. By developing a user-friendly app, leveraging real-time tracking, and ensuring quick delivery, Swiggy addressed key pain points in the food delivery market. The company continuously expanded its offerings, including grocery delivery and Swiggy Genie for parcel services, adapting to market demands. Swiggy's strategic partnerships with local restaurants and its focus on logistical efficiency propelled its growth. The company’s success highlights the significance of integrating technology and understanding local consumer needs in new product development.

UNIT 3 NEW PRODUCT DEVELOPMENT

3.1 INTRODUCTION

In the previous unit you learnt you have learnt the meaning of product and various other related terms associated with it. Brand Management Uttarakhand Open University Unit 3 New Product Development Page 2 In this unit, you will study about new product development process. For every company an innovative product programme is essential for the survival and growth. However, a new product just does not happen. It has to be contrived and the company has to plan it. In this unit we will discuss the meaning and importance of innovation, process of developing a new product, the concept, tools and techniques of each stage of NPD stages in detail and the reasons for failure of newly launched products.

3.2 OBJECTIVES

After reading this unit you will be able to:

- Understand meaning and importance of product innovation.
- Describe the new product development process
- Explain the concept and stages of NPD
- Explain the causes of NPD failures.

3.3 IMPORTANCE OF INNOVATION

To innovate means to introduce something new - to introduce novelties or to make changes. When we apply this meaning to a product, an innovated product may be construed as an entirely new product or an existing product being offered with some change or modification. A new product is, therefore, titled as a product & that opens up an entirely new market, replaces an existing product or significantly broadens the market for an existing product. Need for an entirely new or an innovated existing product is obvious. No company can completely rely on the same product mix indefinitely. Competitors are always keen to grab-a share on others' market. It is for this reason that developing new is considered to be one of the most important activities of any business.

Importance of Innovation

Innovation is the major driver of success and growth for any organization in this fast moving and highly competitive world. It is the process through which new ideas are generated and thereafter transformed into products, processes, and services that offer value to customers and set an organization apart from its competition. Here are some major reasons why innovation is important:

1. **Competitive Advantage**: Innovation helps an organization to develop a competitive advantage over its competitors by aiding it in the creation and offering of unique and innovative products or services. It assists companies in differentiating themselves in the marketplace and winning more customers compared with their rivals. Only those organizations that constantly innovate stand much more of a chance to maintain their lead ahead of competition and achieve long-term success.

2. **Business Growth**: Innovation is strongly linked with business growth. With the introduction of new products or services, organizations expand their customer base, thus

entering new markets and increasing revenues. In other words, innovation opens up options for diversification, partnering, and market expansion, culminating in the growth and profitability of business.

3. **Adaptability to Change:** Organizations, in today's fast-moving and rapidly changing business environment, have to be adaptive. Innovation empowers an organization with capabilities and makes it dynamic about the forecast on market disruption, technology advancement, and changing customer needs. This helps them stay agile, resilient, and future-ready.
4. **Increased Productivity and Efficiency:** Innovation is mostly concerned with the discovery of easier and better ways of doing things. A firm adopting innovative processes, technologies, or systems will manage to simplify operations, reduce costs, and increase productivity. It might lead to higher efficiency, whereby firms are able to do more with less.
5. **Innovation and Customer Experience:** Innovation plays a big role in enhancing customer experience. Development of innovative solutions to solve problems or offer unique value to the customers will help the business organization create a positive, memorable customer experience. This may increase customer satisfaction, loyalty, and eventually their advocacy.
6. **Employee Engagement and Motivation:** Innovation within an organization enhances employee engagement and motivation. Employees feel valued and motivated if they have the chance to come up with their ideas, take risks, and engage in the innovation process. This leads to high job satisfaction, improved teamwork, and a positive work culture.
7. **Sustainability and Social Impact:** It can be the means to drive positive change toward sustainability and social impact. The development of innovative solutions to environmental or social challenges lets organizations make a difference in society. It can bring about the development of sustainable products, processes, or business models that have fewer environmental impacts and turn in a positive social impact.

3.4 INTRODUCTION TO NEW PRODUCT DEVELOPMENT (NPD) PROCESS

For any organization to remain competitive and keep pace with the changing needs and demands of their customers, the critical process is new product development (NPD). This chapter discusses the approach made for a better understanding of NPD, its need, central stages involved in it, and the role of innovation. Further, it goes on to discuss an overview of the Indian market and its peculiar characteristics vis-à-vis NPD. Basically, new product development is the process used for developing and launching new products or services into the market. The activities may entail market research, generation of ideas, concept development, product design, testing, launching, and finally, post-launch evaluation. NPD is very essential to an organization. It offers an organization a clear lead over its competitors and gives it great exposure to the new customers while retaining the old customers. Innovation of new and improved products in a continuous manner helps companies meet the customer's changing requirements and hence gain market share, driving revenue growth. The typical NPD process usually encompasses just a few important stages, many activities, and a number of objectives. Although these stages may differ from one organization to another and even across industries, the core elements are pretty much alike. Very common stages of NPD include:

1. Idea Generation
2. Idea Screening
3. Concept Development and Testing
4. Business Analysis
5. Product Development and Marketing Strategy Development
6. Market Testing
7. Commercialisation

3.5 IDEA GENERATION

The idea generation stage is a crucial phase in the new product development process. It involves generating and collecting a wide range of ideas that have the potential to become successful new products or services. This stage sets the foundation for the entire innovation process and plays a significant role in determining the success of the final product.

Main Sources of ideas generation includes:

- Internal Sources
- Sales personnel
- Marketing personnel
- Research and Development
- Top management
- Operations department
- Outside Company Sources
- Purchase department
- Customer service division
- Employee feedback system

External Sources Customers

- Competitors' products
- Global products
- Consultants
- Advertising agencies
- Researchers/Inventors
- Distribution channels
- Publics-unexpressed ideas

- Crowd Sourcing

  Crowdsourcing means inviting the Internet community to help create content or software, often with prize money or a moment of glory as an incentive. This strategy has helped create new products and companies such as Wikipedia, YouTube (which was eventually purchased by Google), and iStockphoto, a “microstock” company.

Idea Generation Techniques

Idea generation is the central stage of the process of innovation, and there are several techniques applied to provoke creative thinking and come up with a myriad of ideas. Some common techniques of idea generation include:

Brainstorming: Brainstorming is one of the most popular techniques through which a wide array of ideas is generated by a large group of people. The underlying principle of brainstorming is to free the mind from any judgment. Individuals are allowed to contribute any ideas which come into their minds, however wild or unconventional these ideas may be. The main concern here is not the quality of the responses but their variety; the intention is to generate many ideas that at later stages can be filtered and assessed.

Mind Mapping: It is a visual technique for the organization of an interlink of ideas. It flows from a central concept or problem statement to related ideas and then to sub-ideas. Mind mapping is able to handle non-linear thinking and thus can explore different dimensions and connections between ideas. This can be done individually or in a group. It provides a diagrammatic representation of the process of idea generation.

SCAMPER Technique: SCAMPER stands for Substitute, Combine, Adapt, Modify, put to another use, Eliminate, and Reverse. The basic role of this technique is to provide stimuli that would elicit the user or a group of people to come up with creative ideas through a series of questions based on each SCAMPER element. For example, "How can we substitute a component of the product with something else?" or "How can we modify the existing process to make it more efficient?" SCAMPER helps to stimulate idea generation by encouraging different perspectives and approaches.

Reverse Thinking: Turning around the problem or challenge and approaching it from the opposite side. Instead of thinking about how to solve a problem, people or teams will think about how to create one or make it worse. This serves to break conditioned thinking patterns and may spur innovative solutions. As the opposite or reverse of what an individual wants are considered, new ideas and possibilities begin to strike. Word/

Picture Association: This consists of the random selection of a word or picture and relating them to the problem. The picked word or picture acts as a stimulus to come up with new ideas and relations. Participants, therefore, brainstorm on ideas from associations and links they come up with. This helps break psychological locks and fosters out-of-box thinking.

Idea Box: It is a physical or virtual repository into which various people can contribute their ideas without revealing their identity. This technique is applied to come up with ideas from various sources, thereby gaining the attraction of those who are too weak to express their ideas openly. The idea box can be reviewed periodically, and promising ideas can be selected for further elaboration.

Customer Co-creation: Involving customers in generating ideas can be a potential technique. This can be realized through surveys, focus groups, interviews, or online platforms. It is one way for organizations to directly engage customers - listening to their needs, preferences, and pain points - to come up with ideas that are customer-centric, increasing the chances of succeeding in the market.

Increasingly, new-product ideas arise from lateral marketing that combines two product concepts or ideas to create a new offering. Here are some successful examples:

Gas station stores = gas stations + food

Cybercafés = cafeteria + Internet

Cereal bars = cereal + snacking

Kinder Surprise = candy + toy

Sony Walkman = audio + portable

3.6 IDEA SCREENING

Idea screening is a critical stage believed to be very important for the NPD process. It means the evaluation and sorting of different ideas that result from an ideation process, whether it is feasible for further pursuit or not. This stage accommodates screening out those ideas which turn out not to be feasible, viable, or pertinent to the strategic goals of the company. Here’s a detailed look at the idea screening process.

Objectives of Idea Screening

Feasibility: Assess how 'realistic' it is to develop the idea with available resources, technology, and in the time frame.

Viability: 'Market opportunity and profit potential.

Alignment: It should be aligned with the strategic goals, brand, and the positioning in the market.

Risk Assessment: Identify potential risks and challenges associated with the idea.

Idea Screening Stages

1. **Initial evaluation**
   Criteria Development: Criteria should be developed against which each idea is to be evaluated. Criteria may include elements such as technical feasibility, market demand, competitive advantage, cost, and alignment with strategic objectives.
   Preliminary Screening: An initial review will entail eliminating ideas that obviously do not meet the basic criteria or have other obvious flaws.

2. **Detailed Analysis:**
   Technical Feasibility: Determine if the concept can be built using existing technology or a new technology must be developed. The technical difficulties should be measured, and the development resources should be calculated.
   Market Potential: Research the size of the target market and its potential for growth. Also, the needs of the consumers have to be identified. To know whether the product demanded, research in the market has to be conducted.
   Financial feasibility: Estimate the development and launch costs of the product associated with production, marketing, and distribution. Assess how high it could bring in ROI and what its profitability is.
   Competitive Analysis: Do research on competition about how the idea matches up against existing products in the market and look for USPs/competitive advantages.

3. **Risk Assessment:**
   Risk Identification: The risks can be evaluated with regard to technological uncertainties, market acceptance issues, regulatory hurdles, and financial risks.
   Mitigation Strategies: Devise the mitigation strategies for identified risks and address potential challenges.

4. **Strategic Fit**:
   Goals Alignment: The idea must align with the company's strategic objectives, its brand values, and its long-term vision.
   Resources Allocation: The company should have, or be able to acquire, all resources which will be required to support the development and launch of an idea.

5. **Decision Making:**
   Scoring Models: Rank ideas against the evaluation criteria by using scoring models or decision matrices, which involve assigning scores for different factors and then summing them up to compare different ideas.

Review and Approval: The ideas that are screened are then presented to a review committee or a final approval team comprising senior management and other key stakeholders who contribute based on the strategic directions and availability of resources
.

6. **Feedback and Refining:**
   Feedback Loop: Inform the generators of ideas of why their ideas were or were not chosen. This could be an effective tool for sharpening ideas or creating new ones. **Refinement:** In case an idea passes the screening stage, then further develop and refine it into more elaborated concepts or prototypes.

Tools and Techniques

Idea Screening Matrix: Used for evaluating and comparing ideas against predefined criteria.
SWOT Analysis: Examine the ideas for their strengths, weaknesses, opportunities, and threats.
Financial models: Break-even analysis, profitability analysis, ROI calculations**.**
Market Analysis Tools: These would be the means that would assist in undertaking the market research and assessing the market potential.
The idea screening stage acts as a filter in the NPD process, where only the most promising and feasible ideas will ever retain the focus of resources, meaning those with little chance of success may be canned. The process of systematic evaluation of ideas on feasibility, viability, strategic fit, and risk enables firms to maximize their chances of developing successful new products and hence achieve business objectives.

3.7 CONCEPT DEVELOPMENT AND TESTING

In the New Product Development process, two of the major stages are Concept Development and Concept Testing. It is the stage where product ideas are transformed into detailed concepts, and then these concepts are evaluated for their possible success in the market. Let us understand these stages with examples:

Concept Development

The process of converting a broad idea into a more detailed and structured product concept is called Concept Development. This would comprise of the following:

1. **Detailed Concepts Development:**
   Product Definition: A product definition clarifies what the product is, what its features are, and how it differs from other existing products in the market.
   Design Specification: Details of technical and functional specifications of the product.
   Value Proposition: The product will bring benefits and USPs to the target market.
2. **Prototyping:** Develop prototypes or mock-ups of the concept to visualize and test this. They can be physical models or digital simulations.

3. **Market Fit**: Also, align it with the needs of the market and consumer preference. The concept needs to resolve certain problems or meet certain needs.

Examples in Concept Development.

- **HUL's Dove Soap Concept**:

Dove was developed as a soap with a moisturizing formula, positioned as a gentler soap on the skin than regular soaps.

Product Development: The concept needed loads of research in skincare and consumer preference in India. A number of prototypes were made and tested to fine tune the product formulation.

Outcome: It was able to position the brand in the market as a premium, moisturizing soap for consumers who look for a mild skincare product.

- **Zomato's Gold Membership Concept:**

Zomato Gold was conceptualized as a subscription service where subscribers get discounts and other benefits at partner restaurants.

Service Development: The concept was developed based on consumer insights regarding dining preferences and the need for savings. Prototypes included pilot programs and feedback sessions with initial users.

Outcome: The concept tested well, thus there was wide adoption and expansion of the service across India.

Concept Testing

Concept Testing is testing the developed concepts for their potential success, before fully developing them. This step consists of:

1. **Market Testing**:

Consumer Feedback: Test the concept on a small section of the target market to get feedback on the likeability of the idea, features and whether it might suffer from any problems.

Focus Groups: Form focus groups in order to further tap consumer perception and refine the concept accordingly. The feedback from these groups will be integral in fine-tuning the concept.

2. **Feasibility Analysis**:

Technical Feasibility: Whether or not the concept can be practically designed and produced.

Market Feasibility: Determining whether an adequate demand exists and whether or not the product will effectively compete in the market place.

3. **Refinement Iteration:**

Refine the concept based on feedback and search for feasibility studies. Any betterment, needed for enhancing the chance of success of the concept, shall be made.

4. **Testing Variants:**

   A/B Testing: Different versions of the concept are tested to identify which features or configuration are most promising.

   Examples of Concept Testing

- **Ola's Ola Electric Scooter: Concept:**
  Ola developed an electric scooter targeted at offering an eco-friendly, pocket friendly transportation mode.
  Testing: Tested the concept initially by doing market research and pilot programs in some cities. Took consumer feedback to improvise the design and its features. **Outcome:** With positive consumer feedback and successful tests, Ola launched the scooter widely. It created much traction in the Indian market.
- **Patanjali's Herbal Products:**

  Concept: Developed a range of herbal and Ayurvedic products such as shampoos, toothpaste, and dietary supplements.

  Testing: This herbal concept and the resultant key product attributes were tested through extensive market research and focus groups for their acceptance by consumers.

  Outcome: The concept resonated very well with Indian consumers seeking natural and traditional alternatives. Growth was rapid, and the product gained significant market penetration.

Concept development and testing thus become crucial components of the NPD process so, that new products are need-based, and their success can be guaranteed to a very high extent in the marketplace. Proper concept development and testing will minimize risks and optimize product offering.

Check Your Progress-A

Q1. State the meaning of innovation?

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Q2. List the sources of new product ideas.

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Q3. MCQs

1. Determining whether an adequate demand exists and whether or not the product will effectively compete in the market place
   a. Market feasibility b. Technical feasibility
2. The process of converting a broad idea into a more detailed and structured product concept is called
   a. Concept testing b. Concept Development.
3. It is a physical or virtual repository into which various people can contribute their ideas without revealing their identity.
   a. Idea Box b. Out of box

4. **Fill in the Blanks with appropriate word or words.**
   A. SCAMPER stands for ___________.
   B. _____________ means inviting the Internet community to help create content or software, often with prize money or a moment of glory as an incentive

3.8 MARKETING STRATEGY DEVELOPMENT

In this stage of a New Product Development process, a detailed marketing strategy is developed for the introduction of the new product to the target market and its effective promotion. This step ensures that the product will reach the appropriate target, clearly communicate to customers the value proposition inherent in the product, and meet the desired targets of market penetration and sales. The following describes the development of the marketing strategy stage in the NPD process, using an example.

Marketing Strategy Stages

1. **Market Segmentation**
   Segment Identification: Divide the larger market into distinct, smaller groups. These are based on demographic, psychographic, geographic and behavioral characteristics. Example: Bajaj Auto segments the markets for its new eco-friendly scooter as the urban young professional, the environmentally conscious consumer and the college student.
2. **Target Market Selection**
   Segment Evaluation: The attractiveness of each of these identified segments has to be evaluated with respect to size, growth potential, competition and fit with company objectives.
   Choosing Target Markets: Choose one or more segments to target. Example: Bajaj Auto targets urban young professionals and environmentally conscious customers who seek sustainable, yet affordable, modes of transportation.
3. **Positioning**

Defining Positioning: Formulate a unique value proposition and position the product in the minds of the target customers.

Example: Bajaj Auto positions the eco-friendly scooter as a stylish, pocket-friendly, and pollution-reducing way of commuting within cities.

4. **Marketing Mix (4 Ps)**

Product: Mention clearly the features, quality, design, and even the packaging of the product.

Example: The eco-friendly scooter would be sleek in look, with a long-lasting battery, and smart in features like GPS and connectivity to mobile applications.

Price: Formulate a pricing strategy based on value, competitive landscape, and willingness-to-pay for the target market.

Example: Bajaj Auto prices the green scooter very competitively to let young professionals and green consumers be able to buy it. This may further be supplemented by financing options or subsidies for old vehicle owners for trading in their vehicles.

Place: Decide on channels to be used and where products will be available.

Example: Bajaj Auto makes scooters available at its vast dealership network across major cities, online sales platforms, and ride-sharing services.

Promotion: Plan the promotional activities to create awareness and generate interest in the product.

Example: Finally, Bajaj Auto rolls out a multi-channel marketing campaign covering social media promotions, influencer collaboration, digital advertisement, and eco-friendly events across urban areas.

5. **Sales and Distribution Strategy**

Channel Selection: Identify the proper sales and distribution channels that would effectively tap the target market.

Logistic and Supply: Identify how logistic and supply chain would ensure the accessibility of products

Example: Bajaj Auto uses its network of dealerships already in place also sells online through e-commerce websites. It ensures a robust system for supply chain management to capture the urban demand.

6. **Communication Strategy**

Messaging: Develop key messages that truly will resonate with the target audience, focusing on the benefits unique to the product.

Example: Underpin the eco-friendliness of the scooter, cost in terms of fuel saving, and its contribution towards alleviating the urban environment from pollution.

Promotion Tools: Apply a mix of promotional tools, comprising advertising, public relations, and direct marketing.

3.9 BUSINESS ANALYSIS

Business analysis in the process of NPD details the evaluation and assessment of potential for a new product idea against the company's strategic goals, with a view on commercial success. This step is very critical to making an informed decision on whether to go ahead with developing the new product. The following provides an overview of major components that make up business analysis during the NPD process:

1. **Market Analysis**

   Market Size and Growth: Analysis of the present and future size of the market for the new product, considering past trends in growth and its potential.

   Target Market: Based on that information, the main target audience will be recognized, along with its needs, preferences, and behaviour in buying patterns. **Segmentation:** It is dividing the market into very well-defined groups, such that individual needs are clearly understood and marketing efforts are appropriately structured.

2. **Competitive Analysis**

   Competitor Identification: To identify actual and potential competitors within that market.

   Competitive Landscape: Competitors' strengths, weaknesses, market share, pricing strategies, and product offerings.

   Competitive Advantage: How the new product will stand out from competitors and what advantages it will have.

3. **Financial Analysis**

   Cost Analysis: Development, production, and marketing of the new product - in short, it involves costs related to research and development, production, marketing, distribution, and support after launching.

   Revenue Projections: The sales revenues that may be accrued, forecast based on market analysis and pricing strategy.

   Profitability Analysis: Determination of the expected profit margins, break-even point, and return on investment.

4. **Risk Analysis**

   Market Risks: Identify some risks related to market acceptance, changes in customer preference, and market dynamics.

   Technical Risks: Product development risks, technology feasibility, and process production risks

   Financial Risks: Financial risks like cost overrun, funding availability, and financial stability.

5. **Strategic Fit**

   Company objectives: The new product must align with the overall company strategy and mission and support long-term objectives.

Availability of Resources: Availability of resources, such as technology, requisite skills, and capital, needs to be assessed.

6. **Regulatory and Compliance Analysis**

   Regulatory Requirements: If there are any regulatory requirements and industry standards that the new product has to comply with then these need to be identified and understood.

   Costs of Compliance: Compliance costs to maintain the standards imposed by such regulatory requirements must be estimated.

7. **Customer Analysis**

   Customer Needs: The importance of the customer needs to be understood and the degree to which the new product satisfies such needs.

   Customer Value Proposition: The description of the value proposition to be offered and how the new product will deliver value to customers relative to existing alternatives.

8. **SWOT Analysis**

   Strengths and Weaknesses: List out the internal strengths and weaknesses of the new product and the firm.

   Opportunities and Threats: Opportunities and threats in the external environment.

9. **Sales and Marketing Strategy**

   Pricing Strategy: To work out a price determinant strategy in perfect sync with the market situation while maximizing profitability.

   Distribution Channels: Determine which distribution channel would be most effective in delivering the product to the targeted market.

   Marketing Plan: Extensive planning in the marketing of a new product and generating demand for it.

   Business analysis in the NPD process is a multidimensional approach that involves rigorous examination and assessment of various dimensions with the view of ensuring that the new product has the highest probability of success. Firms, through detailed business analysis, can make an informed decision on a case-by-case basis by minimizing potential risks involved in the launch of new products and strategic positioning of such in the market.

3.10 PRODUCT DEVELOPMENT

The product development stage is a critical phase in the New Product Development (NPD) process where the conceptualized product is transformed into a tangible reality. It's the bridge between the theoretical and the practical.

It is a set of methods that involves the Quality Function Deployment, used to translate required features, as defined by target customers, into a working prototype. This methodology takes the list of desired customer attributes developed through market research and translates them into a list of engineering attributes that engineers can work with. For example, customers of a proposed truck may want a certain acceleration rate.

This can then be translated into the engineering equivalents, such as the equivalent needed horsepower. Major QFD contribution is better communication between marketers, engineers, and manufacturing people.

Key Activities in Product Development Stage:

- **Product Design and Engineering:**
  - Development of detailed product specifications and blueprints.
  - Prototyping and testing for functionality, usability, and performance.
  - Design For Manufacturing (DFM) addresses how to efficiently and cost-effectively produce the product.
- **Prototyping**

It is an essential part of product development. It is where ideas start taking physical form, hence making them testable, workable on refinements, and valid.

Types of Prototypes

1. Low-Fidelity Prototypes:

- Simple, inexpensive early-stage models for testing.

Examples are sketches, wireframes, simple mock-ups. The focus is on the user interface and workflow.

2. High-Fidelity Prototypes:

- Thorough, lifelike mock-ups of the final product.
- Mostly active and functional.
- Usability testing and collection of user feedback.

3. Functional Prototypes:

- Emphasize the main functionality of a product.
- Used to test key features and performance.

4. Visual Prototypes:

- Focus on the appearance and esthetics of the product.
- Used for design evaluation and marketing purposes.

Significance of Prototyping

Iterative Design: Prototype enables testing and refinement rapidly to come up with a better product design.

User Feedback: Get real insights from your potential users on how to improve it.

Risk Mitigation: Issues are detected at the beginning of the development process, reducing cost and delays.

Communication: Communicate clearly the concepts of your products to all stakeholders.
Investor Confidence: Physical prototypes can attract investment and collaboration.

Prototyping Techniques

- **3D Printing:** This is a rapid generation of physical models from digital design.

- **Computer-Aided Design:** The creation of a prototype in a virtual environment to be tested and simulated**.**
- **Rapid Prototyping:** A variety of techniques that create physical prototypes at an extremely fast pace.

➢ **Material Selection:**
  - Material selection based on cost, durability, sustainability, and performance requirements.
  - Testing of materials for quality and compatibility.

➢ **Process Development:**
  - Manufacturing processes are defined and optimized.
  - Procurement or development of production equipment and tooling.

➢ **Supply Chain Establishment:**
  - Developing or improving relations with suppliers
  - Supply chain logistics and inventory management system are designed.

➢ **Quality Assurance:**
  - Design and implementation of quality control procedures and standards.
  - Testing and inspection protocols are designed.

➢ **Focus of Product Development Stage:**

- Design a product that suits the needs and expectations of customers.
- Ascertain the quality and reliability of the products.
- Minimize time-to-market
- Optimize production cost and efficiency.
- Protecting intellectual property with patents or copyright.

➢ **Product Development Challenges**
  - Balancing product performance with cost
  - Tight deadlines and budgets
  - Complex technical problems
  - Assuring the safety and compliance of products with regulations
  - Coordinating multiple teams and stakeholders

In a nutshell, this is where the rubber meets the road. The stage of product development is a collaborative effort of engineers, designers, manufacturing experts, and quality control professionals coming together to bring a product to life.

3.11 MARKET TESTING

Marketing testing is a significant stage of the NPD process as it serves a number of objectives. Market testing helps a firm to estimate the consumers' or customers' reaction to a new product before its full launch. There are several empirical methods of market testing given as under with their examples in the Indian context for consumer goods as well as B2B products.

Market Testing Methods

1. Concept Testing

Concept testing is a methodology where a proposed product idea or concept is tested on prospective customers or consumers to measure their first impressions, interest, and purchase intention.

Example (Consumer Goods): A FMCG company like Patanjali can test a new concept of an Ayurvedic toothpaste through consumer perception and willingness-to pay surveys and focus group discussions.

Example (B2B Goods): An IT services company can test a new cloud-based ERP solution concept with probable enterprise clients to know their needs and willingness to adopt the product.

2. Test Marketing

The introduction of a new product into the market in a limited geographic area in order to measure consumer response, distribution effectiveness, and pricing strategies before a nation-wide roll-out.

Example (Consumer Goods): A new snack brand might test-market a uniquely flavored potato chip in a specific region in India so as to understand the acceptance by consumers, challenges in the area of distribution, and reactions from competition.

Example (B2B Goods): For example, a pharmaceutical company may use a few selected hospitals to test-market a new drug to determine its efficacy, level of safety, and market estimate.

3. Alpha and Beta Testing

It is the practice of firstly carrying out a trial within the company (alpha testing), and then the product is displayed to a limited external audience (beta testing) for to identify bugs, usability issues, and gather feedback.

Example (Consumer Goods): A company that is into manufacturing smartphones would, hence do an initial alpha test in the company level to find out the flaws in the technology and then beta test with a small segment of its customers to get an idea of the manner in which the product is likely to be perceived apart from discovering any failings.

Example (B2B Goods): A software company which has done alpha testing in-house to check for the deliverables would beta test with a few key clients to get feedback regarding the manner in which the software is doing vis-à-vis expectations and the ease or difficulty to use.

4. Simulated Test Market Meaning:

An artificial setup to test a product without actually introducing it in the market. It basically involves the use of data and models to predict consumer behaviour.

Example (Consumer Goods): Simulated Test Market data can be taken by a new beverage brand to check the potential of market share, elasticity in pricing, and distribution effectiveness before embarking upon full-scale launch investments.

Example (B2B Goods): A seller for industrial machinery can employ the simulated test market data to estimate probable demand for a new machine, alternative pricing policies, and the effectiveness of different sales cases.

5. Online Testing

This is the test of the market through online media, like surveys, social network listening, and online focus groups.

Example (Consumer Goods): An apparels brand could conduct online surveys to get an understanding of the consumer's taste and preference for new designs and colors.

Example (B2B Goods): A B2B software company can use online webinars and demos to get feedback on new feature releases from the potential customers.

6. Sales wave market testing

It is a specific type of market research used to evaluate consumer behaviour and product acceptance over multiple exposures. It's particularly effective for consumer goods.

Process: Multiple product offerings:

The product is offered to consumers multiple times, usually for free.

Tracking consumer response:

The researcher observes how consumer behaviour changes with each offer.

Data analysis:

The data collected is analyzed to determine factors like trial rate, repeat purchase rate, and adoption rate.

Key metrics:

Trial rate: The percentage of consumers who try the product at least once.

Repeat purchase rate: The percentage of consumers who buy the product again after the initial trial.

Adoption rate: The percentage of consumers who become regular users of the product.

Challenges in Market Testing

Market testing in India has diverse consumer preferences, regional differences, and highly competitive intensity, leading to some specific challenges.

Competitor reactions: Competitors may try to sabotage the test market.

Representative Sample: Ensuring the test market or test sample is a true representation of the target market.

Accuracy: Test markets may not accurately represent the entire target market. Time and cost: This may take time and becomes very costly to test the market.

Ethical considerations: They must ensure consumer privacy and give everyone a level playing field for competition.

Indian business can be more secure in product launch and reduce risk by optimize marketing strategies, and ensure that the product meets consumer demands.

3.12 COMMERCIALIZATION

The process of commercialization in NPD refers to the last step of detailed preparation and activities that would ensure the launch of the new product to the market. This stage is important in the sense that it involves the full-scale launch, along with the constant monitoring of the product towards its successful sustenance.
Following is a detailed description of the commercialization stage:

1. **Timing of Introduction**

   • **Market Readiness**: The market should be ready for the product. This would mean examining the trends, economic conditions, and the competitive landscape.

   • **Internal Readiness:** The company must be ready for the launch with respect to its production capacity, supply chain, and logistics.

   • **Example**: A technology company coming out with a new smartphone may launch it during India's festive season, like Diwali, when consumer spending is at its best.

2. **Geographical Strategy**

   • **National Launch**: Launch the product all over the country simultaneously.

   • **Regional Launch:** Launch in one region and then get rolled over to other places, depending upon the performance of the product.

   • **Global Launch:** When the company launches the product in more than one country simultaneously. This is usually done when the product is internationally much expected.

   • **Example:** A FMCG company could launch a new snack first in metro cities and then introduce it in smaller towns and rural areas.

3. **Target Marke t Prospects**

   • **Primary Target Marke t:** Identify the primary target market that has maximum chances of adopting the new product quickly.

   • **Secondary Target Market**: Plans are ready for secondary markets that will be penetrated once some credibility has been achieved in the primary market.

   • **Example**: Manufacturer of expensive cars will target affluent city consumers first before making advertisements in the suburbs.

4. **Implementation Plan**
   - **Launch Plan**: Formulate a comprehensive plan mentioning all the activities and timelines involved in the product launch.
   Example: A Critical Path Schedule (CPS) or Gantt chart mentioning production schedules, distribution timelines, marketing activities, and launch events.
   - **Coordination**: Ensure proper coordination among various departments like marketing, sales, production, and logistics.
   Example: Review meetings with the departments at regular intervals to track the progress and measure up any deviations.

5. **Monitoring and Control**
   - **Sales Tracking:** The sales performance shall be used regularly to assess the success of the launch.
   - **Market Feedback:** Obtain feedback from customers, distributors about problems or any area for improvement.
   Example: A feedback system where customers can provide their experience and give their suggestions on surveys, social media, etc.
   - **Adaptations:** Be willing to adapt product, price, promotion, or place according to the received feedback from the market.
   Example: If feedback is obtained that a feature in the product is not quite accepted then modify it or highlight other features.

   The commercialization stage is the final and most crucial stage of NPD, which actually puts the product into the market. This needs meticulous planning and coordination across functions so that the product gets a good launch. If attention is paid to the correct timing, geographical strategy, target market, and marketing mix, a company can maximize the chances of success for its new products. It is important to be monitoring and flexible to act on the feedback from the market in order to maintain growth and acceptance of the product.

3.13 WHY NPD FAILS?

There are many stages in the complex and multi-faceted NPD process each having risks inherently. Despite thoughtful planning and execution many new product development efforts fail. The following are some of the most common causes of failure in the NPD process:

1. **Poor Market Research**
   Lack of Understanding of Customer Needs:
   Inadequate identification and understanding of needs, preferences, and pain points of the target market.

Inadequate Market Analysis: Insufficient research into the size of the market, trends in the market, and the competition.

Example: A tech company might create an innovative gadget without realizing that the market demand for such a product is very minimum and so end up making poor sales.

2. **Ineffective Idea Screening**

Inadequate Filtering: Inability to screen out weak or non-viable ideas while still at an early stage.

Bias in Decision Making: The process is driven by internal biases or politics rather than based on objective criteria.

Example: A company may proceed to work on a product due to the idea suggested by a high-level executive despite overt signals from the market research that the product idea won't work.

3. **Poor Product Design and Development**

Technical Problems: The unforeseen technical problems which may occur during the development process

Low-Quality: Development of a product which does not achieve the required level of quality or meets the requirements of target customers.

Example: A new software application might be released that is full of bugs and usability issues, with corresponding poor reviews and low adoption rates.

4. **Misalignment with Company**

Strategy Strategic Misfit: Building products that do not align with core company strengths and capabilities, nor with strategic direction.

Resource Allocation: Pendulum resource allocation to a low-priority product at the expense of other more promising opportunities.

Example: when a luxury brand ventures into the budget market segment, it may deplete its brand value by confusing the customer's mindset.

5. **Poor Marketing and Promotion**

Poor Launch: The product does not get proper introduction with sufficient promotion and marketing behind it.

Confused Pricing: The price set for the product is wrong. Either the product is over-priced and hence beyond reach or underprice it, which erodes perceived value. **Example:** Unless the company clearly communicates the benefits of the innovative health drink and differentiates it from existing products, it might fail.

6. **Weak Distribution and Supply Chain**

Logistical Issues: Production, inventory, and distribution problems hold back product availability.

Channel Conflict: Inadequate coordination with the distribution partners is one of the reasons for this conflict and results in inefficiency.

Example: A fashion line may not do well if the products are not stocked when the customers are ready to purchase them because of disruptions in the supply chain.

7. **Failure to Adapt to Market Feedback**

Ignoring Customer Feedback: Not heeding initial feedback from the market and then acting accordingly

Slow Response: Being slow to address issues or capitalize on opportunities identified during market testing.

Example: A Smartphone with battery issues may completely flop if the Company doesn't pay attention to Customer grievances and improve the battery in time.

8. **Acts of Competitors**

   Competitive competitors: Competitors can replicate your product pretty fast, provide a substitute, or do aggressive marketing to blanket the new product.

   Market Saturation: Getting into a hugely competitive market saturated with similar products types makes it difficult to establish and presence.

   Example: if a streaming service is entering a market already dominated by Netflix and Amazon Prime Video, then it may get really tough.

9. **Economic and Environmental Factors**

   Economic Downturns: Unfavorable economic conditions reduce consumer spending and demand towards new products.

   Change in Regulations: New regulations can change the product's viability or legality.

   Example: A new automotive product would not function if its launch coincided with an economic recession when consumers are less willing to invest in non-essential purchases.

10. **Organizational Challenges**

    Lack of Cross-Functional Collaboration: Communication and coordination between the various functions at play, such as R&D, marketing, sales, and so on, are poor.

    Leadership Issues: When there is a lack of clear leadership and vision, the result is a fragmented development process that lacks effectiveness.

    Example: A technology start-up might fail to get a product to market if there is no proper communication between the engineering group developing the product and the marketing group charged with selling it.

Check Your Progress-B

Q1. **Explain the commercialization stages of NPD**.

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Q2. Write a short note on the Alpha Beta Testing.

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Q3. Explain key activities of Product development stage.

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Q4. Multiple Choice Questions

I. An artificial setup to test a product without actually introducing it in the market.

a. Sales wave testing b. Simulated testing

II. Formulate a unique value proposition and position the product in the minds of the target customers.

a. Positioning b. Targeting

III. The percentage of consumers who become regular users of the product.

a. Adoption rate b. Repeat purchase rate

3.14 SUMMARY

Product innovation means offering a new product or an existing product with some change or modification. New product development is important because of: Competitive Advantage, Business Growth, Adaptability to Change, Increased Productivity and Efficiency, Innovation and Customer Experience, Employee Engagement and Motivation, Sustainability and Social Impact.

The process of new product development consists of seven stages: 1) idea generation, 2) idea screening, 3) concept development and testing, 4) marketing strategy development, 5) product development 6) business analysis, 7) market testing, and 8) commercialization. The purpose of each stage is to decide whether the idea should be further developed or dropped. Even after careful screening at each and every stage of product development process, many products fail after introduction in to the market. This is mainly due to the problems associated with product, distribution channel, promotion, pricing, competition and timing of the launch

3.15 GLOSSARY

Adoption rate: The percentage of consumers who become regular users of the product

Alpha/Beta testing: It is the practice of firstly carrying out a trial within the company (alpha testing), and then the product is displayed to a limited external audience (beta testing) for to identify bugs, usability issues, and gather feedback **Brainstorming:** is one of the most popular techniques through which a wide array of ideas is generated by a large group of people.

Business analysis: In the process of NPD details the evaluation and assessment of potential for a new product idea against the company's strategic goals, with a view on commercial success.

Commercialization: the launch of the new product to the market.

Concept Development: The process of converting a broad idea into a more detailed and structured product concept.

Concept Testing: is testing the developed concepts for their potential success, before fully developing them.

Concept testing is a methodology where a proposed product idea or concept is tested on prospective customers or consumers to measure their first impressions, interest, and purchase intention

Crowdsourcing: means inviting the Internet community to help create content or software, often with prize money or a moment of glory as an incentive

Financial feasibility: Estimate the development and launch costs of the product associated with production, marketing, and distribution

Idea Box: It is a physical or virtual repository into which various people can contribute their ideas without revealing their identity

Idea Generation: It involves generating and collecting a wide range of ideas that have the potential to become successful new products or services.

Idea Screening Matrix: Used for evaluating and comparing ideas against predefined criteria.

Innovation: To innovate means to introduce something new - to introduce novelties or to make changes.

Market Segmentation: Divide the larger market into distinct, smaller groups.

Market Testing: A stage in the product development where the product is actually tested in the market, that is, introduced in a consumer setting with a view to ascertain the reactions of consumers and dealers before a final decision to market or launch the product is made.

Mind Mapping: It is a visual technique for the organization of an interlink of ideas

New Product: A product that opens up an entirely new market, replaces an existing product or significantly broadens the market for an existing product.

Positioning: Formulate a unique value proposition and position the product in the minds of the target customers.

Product development: The conceptualized product is transformed into a tangible reality.

Prototyping: Develop prototypes or mock-ups of the concept to visualize and test this. They can be physical models or digital simulations.

Repeat purchase rate: The percentage of consumers who buy the product again after the initial trial.

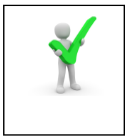
SCAMPER stands for Substitute, Combine, Adapt, Modify, put to another use, Eliminate, and Reverse. The basic role of this technique is to provide stimuli that would elicit the user or a group of people to come up with creative ideas through a series of questions based on each SCAMPER element. Simulated test marketing: An artificial setup to test a product without actually introducing it in the market.

SWOT Analysis: Examine the ideas for their strengths, weaknesses, opportunities, and threats.

Trial rate: The percentage of consumers who try the product at least once.

Technical Feasibility: Determine if the concept can be built using existing technology or a new technology must be developed

Test Marketing: The introduction of a new product into the market in a limited geographic area in order to measure consumer response, distribution effectiveness, and pricing strategies before a nation-wide roll-out.



3.16 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress-A

Q1 Refer 3.3

Q2 Refer 3.5

Q3 I a II b III a

Q4 A. Substitute, Combine, Adapt, Modify, Put to another use, Eliminate, and Reverse.

B. Crowdsourcing

Check Your Progress –B

Q1 Refer 3.12

Q2 Refer 3.11 (3rd Point)

Q3 Refer 3.10

Q4

I b

II a

III a

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3.19 TERMINAL QUESTIONS

1. What kind of criterion is likely to be taken into account during the idea screening stage?
2. What is concept testing and why is it a crucial stage in new product development?
3. What is marketing strategy development? Do you think it is appropriate to develop marketing strategy even before the product is ready?
4. How will you conduct business analysis for developing new products?
5. Discuss the process of converting idea or concept in physical shape
6. Differentiate between test marketing and market testing and discuss the process of test marketing.
7. How can a company launch a new product? Explain with the help of suitable example.
8. What are the various reasons for failure of new product developed?

3.20 CASE LETS/CASES

Caselet: Concept Testing of a New Room freshener

Product Description A consumer product company is considering the development and launch of a new room freshener. This product consists of a liquid dispenser, much like a deodorant container, you are familiar with. This freshener easily comes out from the nozzle and rapidly spreads in vapour when its push-button release is pressed lightly. Only a small amount of freshener is dispensed with each press and is mildly perfumed. The chemical used is completely non-toxic for humans and pets. Only 5 ml. of freshener is enough for a room measuring 13 × 11 sq. feet and its effect persists for two days after the room is sprayed just once.

Questions:

1. How do you feel about using this type of product in your home?
2. What major advantages do you see over existing products that you currently use to get perfumed your room?
3. What attributes of this product do you particularly like?
4. What suggestions do you have for improving this product?

UNIT 4: MARKET POTENTIAL ANALYSIS AND SALES FORECASTING

4.1 INTRODUCTION

Market potential analysis is one of the major parts of successful marketing planning. It requires assessing and analyzing the present and future market scenario with great deal of marketing research studies. Study of market potential helps the marketer to understand the competitive forces and to predict the potential sales for a period of time in the concerned market. Similarly, sales forecasting plays an important role in business decision for improving performance of the firm. Sales forecasting helps in planning and managing sales force, and the funds. This lesson will help the reader to understand the concept of market potential analysis and sales forecasting and the benefits of the same. It will also help to make a suitable choice with the help of competitive analysis for the growth of a business entity.

4.2 OBJECTIVES

After reading this unit you will be able to:

- Explain the meaning of market potential
- Discuss the process of market potential analysis
- Write advantages of market potential analysis
- Explain and define the meaning of sales forecasting
- List the steps in sales forecasting
- Describe elements of good sales forecasting
- Comment on factors influencing sales forecasting
- Explain the methods of sales forecasting

4 .3 MEANING

Before moving ahead with product into a specific segment it is important to determine the market potential. Market potential is the maximum estimated revenue of a product in a market during a certain period. It is the entire size of the market for a product at a specific time. Market potential is specifically measured either in terms of sales volume or sales value. E.g. Market potential for ten small cars may be worth Rs. 9,000,000 in a week. It is a measure of sales volume rather than sales value. It depends on the occurrences in external environment such as Government Policies, economic environment and so on. Financial factors such as rising and falling interest rates normally affect the demand of high involvement products such as automobiles, real estate etc.

A market analysis studies the attractiveness and the dynamics of market within an industry. It is a part of industry analysis through which strengths, weaknesses, opportunities, risks and threats (SWORT) of an organization can be identified. With the help of SWOT/ SWORT analysis a suitable business strategy can be framed. For example, a company may identify its potential and take a decision such as product line expansion or diversification on the basis of analysis of market. With the help of market/industry analysis, it would be easy for a firm to plan a suitable marketing strategy.

Definition

Market potential is the maximum demand for a specific product or service within a defined time period and for a given market environment. As illustrated in Figure 1, Market potential is the upper limit of total demand as industry marketing expenditure approach infinity. Market environment in the period of estimating the market potential plays a crucial role. For example, the market potential for passenger car will be higher during prosperity and lower during a recession.

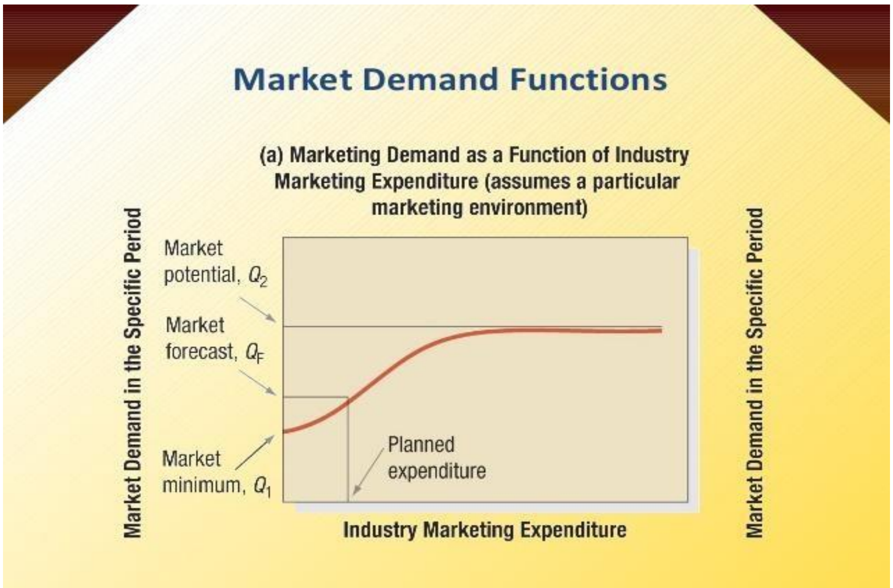


Figure 1: Marketing Demand as a Function of Industry Marketing Expenditure

Market potential of all firms in a particular industry contributes to the Total market potential. Total Market Potential can be defined as the maximum sales available to all firms in an industry during a specified period, under a given level of industry marketing effort and business environment conditions. Similarly, Area Market Potential can be estimated for different nations, states and cities. It helps the marketers to optimum allocation of marketing budget among their identified territories. Primarily two methods are practiced for estimating the area market potential – Market-Buildup Method and Multiple- factor Index method.

Market-buildup method is majorly used by industrial or business marketers. In this method potential buyers are first identified in the market then potential purchases are estimated. For example, If you want to estimate the area market potential of sewage water pumps, then all the industries which have application of sewage water transfer are your potentially buyers. Once you have prepared the list of users then the number of sewage water pumps can be estimated for that area based on industry requirements.

Multiple- factor Index Method is primarily used by consumer marketers, where customers are too many to list. For example, manufacturer of house appliances might assume the market potential for their products directly from population size in the concerned area. However, this market potential estimate of house appliances is also influenced by per capita income, family size etc. For this a multiple-factor index is developed by assigning specific weight to each factor under consideration.

4.4 DIMENSIONS OF MARKET POTENTIAL ANALYSIS

Following are the dimensions of a market analysis outlined by David Aaker. They are:

1. Market Size
2. Market Growth Rate
3. Market Profitability
4. Industry Cost Structure
5. Distribution Channels
6. Market Trends
7. Key Success Factors

1. Market Size

Market size is the total market sales potential of all firms in a particular Industry. For example, the market size for Hair Shampoo will be the combined sales of Hair Shampoo, including branded and non-branded product. Market size is very large at consumer level, whereas it is relatively small at Industrial level. For example, the market size for sewage water pump is very less in comparison to earlier example of Hair Shampoo market.

Market size can be evaluated on the basis of present and future sales potential. The data can be gathered from government record, customer surveys, reports of trade associations and other secondary sources that are published by financial institutions. KPMG, CII, Nielson, IMRB are some of the organizations who conduct the market research for various sectors and publish them in the form of reports that are readily available.

2. Market Growth Rate

Market growth rate assesses the future trend of products and services in the industry. For example, market trend analysis of Personal Computer, Laptop and Smart Phones may provide useful insight for finding relative market growth rate in these sectors. Market growth rate is influenced by demographic profile of customers, changing life style and income level, changes in preferences of customers, availability of similar functions in complementary product etc. For example many of the functions of PC and Laptop can now easily performed with smart phones. So, product diffusion curve based on adoption rate of similar products in the past can be used as a good indicator for the estimation of market growth.

Market growth rate can be calculated by analyzing past sales record and consumer survey reports that are available with the company in case of the use of product is expanded. Calculation of market growth rate is purely based on historical data. Sales department of the organizations track the record of past sales and use it for the purpose of calculation of growth rate in a segment for respective products and services.

3. **Market Profitability**
   Different firms in an industry can have a different level of profitability. To calculate market profitability, firms can consider average profit potential for a particular time period in a specific period. Michael Porter has devised a useful model of Industry Analysis for measuring attractiveness of industry and market which is based on five forces (Michael Porter's Five Forces Model) namely Supplier Bargaining Power, Buyer Bargaining Power, Threat of New Competition, Threat of Substitution and Intensity of Rivalry in Industry. Each dimension of such competitive forces has influence on profitability. For example, availability of substitutes will increase price competition in the market and profitability declines. Based on influence of these competitive forces and market potential the projected profitability can be calculated by these methods – Return on Investment (ROI), Return on Sales (ROS), Return on net assets (RONA), and Return on capital employed (ROCE).
4. **Industry Cost Structure**
   Every industry has its unique cost structure which determines its competitiveness. Industry cost structure more or less affects the entire cost structure of individual firm. Competitive forces provide an opportunity for value addition in product and service offerings of an organization and ultimately it has influence on industry cost structure. For example, value addition may result in improved products or services without change in cost of offerings; it can even decrease the cost and increase the customer satisfaction.

5. **Distribution Channels**
   The distribution channel consists of aspects of distribution system that are useful in market analysis such as existing distribution channels, trends in distribution system, channel functions and services, channel potential and so on. Advent of online marketing has drastically changed the distribution channel dynamics. So, its influence must be assessed while doing market analysis.

6. **Market Trends**
   Study of change in market trends is important because it is a source of identifying opportunities and threats. The analysis of market trends includes study of price sensitivity, demand for variety, level of services and support and so on.

7. **Key Success Factors-**
   Key success factors include access to unique resources, abilities to achieve economies of scale, access to services and distribution channels and technological progress**.**

Activity:

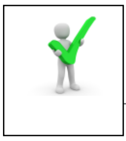
Situation Analysis: Launch of Fast-Food Restaurant Teena wants to open a fast-food restaurant in her locality. She has analyzed the market potential as follows:

1. Market Size – Population of the locality is 700,000 people with different demographics. The ratio to male to female is 67:33 with 70% population between the age group of 20 years to 50 years.
2. Market Growth Rate – The market has a potential of steady growth as it is a blend commercial as well as residential background.
3. Market Profitability – Competitive or penetration pricing strategy will be adopted to generate good margin along with profitability.
4. Competition – Local restaurants and food stalls. But there will be an additional advantage of ambiance and variety of cuisine over the competitors.
5. Distribution Channel: Being a food outlet, direct distribution channel is obvious method to meet customer requirements. There is a scope of franchisee once the outlet gets well established.

4.5 ADVANTAGES OF MARKET POTENTIAL ANALYSIS:

Market potential analysis is helpful in following:

1. To launch a new product/service
2. Startups/ expansion of a business activity
3. Market entry of exit decision
4. Segment, target and product analysis
5. Product design, development and alteration decision
6. Gaining competitive advantage
7. Marketing planning



Check Your Progress-A

Q1. State True or False.

A. Economic conditions have no impact on a firm's performance.
B. Understanding consumer buying habits is important for accurate sales forecasting.
C. The text suggests that political trends are irrelevant to business forecasts.
D. Consumer trends in fashion can influence sales predictions.
E. Competitors' future plans are not necessary to consider when assessing demand.

4.6 MEANING AND DEFINITION OF SALES FORECASTING:

The term forecast is an indicator of what is likely to happen in specific time frame. Sales forecasting is essential element of marketing planning. Sales forecast indicates the likely number of units to be sold in a particular product category and the potential revenue to be generated by an organization. A sales forecast is an estimation of sales volume that a company can expect to attain within the plan period. It is not just a sales predicting. It is the act of matching opportunities with the marketing efforts. Sales forecasting is defined as:

"Sales forecast is an estimate of sales during a specified future period, whose estimate is tied to a proposed marketing plan and which assumes a particular state of uncontrollable and competitive forces."

Cundiff and Still

"Sales forecast is an estimate of sales in dollars or physical unit for a specified future period under a proposed marketing plan or programme and under an assumed set of economic and other forces outside the unit for which the forecast is made. The forecast may be for a specified item of merchandise or for the entire line."

American Marketing Association

"A sales forecast is an estimate of sales of a company‟s product that are expected to be achieved during a given future period, in a given place".

- Matthew, Buzzles, Lovitt, Frank

Sales forecasting is the determination of a firm's share in the market under a specified future. Accurate sales forecasting is essential for every business so that they can produce the product well in time. It can further make the arrangements for certain requirements of raw materials, tools, equipment and labour etc. It is essential to forecast the sales so that a business house can maintain its production to meet the future demand. This forecast helps the management in determining as to how much revenue can be expected to be realized, how much to manufacture, and what shall be the requirement of men, machine and money.

4.7 IMPORTANCE OF SALES FORECASTING:

1. It acts as a basis for preparation of production schedules, sales, materials as well as production budget
2. It helps to determine production volume while considering the availabilities of facilities.

3. It supports in decision making such as expansion or diversification of production mix.
4. It helps to set targets for the field sales force for a time period.
5. Sales opportunities are searched out on the basis of forecast; mid thus discovery of selling success is made
6. Advertisement strategies can be formulated on the basis of the estimation of sales with full advantage to the firms.
7. It is an indicator to the department of finance as to how much and when finance is needed; and it helps to overcome difficult situations.
8. It regularizes productions through the vision of sales forecast and avoids overtime at high premium rates. It also reduces idle time in manufacturing.
9. As is the sales forecast, so is the progress of the firm. The master plan or budget of a firm is based on forecasts.

4.8 FACTORS INFLUENCING SALES FORECASTING*:*

Following factors should be considered while making the sales forecast:

1. **General Economic Condition:** General economic conditions such as business cycle, inflation-depression, external environment etc. have an influence on firm"s operations and may affect the firms performance favourably or adversely. It is essential to consider all economic conditions relating to the firm and the consumers. A thorough knowledge of the economic, political and the general trend of the business facilitate to build a forecast more accurately. Consumer buying history, past performance of market, consumption habits etc. affect the estimation to a great extent.

2. **Consumer:** Consumers play important role in sales forecasting. Products like cosmetics, clothing and apparel, luxury goods, automobiles, jewellery has a different consumption pattern as well as frequency. Trends in fashion, socio-cultural parameters, consumption habits, social influence as contribute significantly in forecasting the sales for a particular time period.

3. **Competition:** To assess the demand, it is important to know about the existing and new competitors and their future programme, quality of their products/services and entire sales record. Opinion of the customers about the competitive brands with reference to the product manufactured by the firm must also be considered in case of analysis of competitors.

4. **Technology:** Changing technology is bringing the advancements in technique of production. It has become difficult to control the advancement of product due to technical innovations which is in turn changing the taste and the likings of the consumers.

5. **Government Policies:** Sometimes the organizations have to make decisions under the supervision of government rules and regulations or entire process has the intervention of Government. Government policies may affect the entire cost structure of a firm which may have an impact on sales.

6. **Time Period:** Forecasts can be made for short term or long -term period. On the basis of time for which the forecasts are to be made the required information must be collected of the sales or marketing department.

7. **Internal Factors:** Internal factors such as human resource, inventory conditions, availability of working capital and production capabilities etc. may also affect organization sales creating the impact on the process of sales forecasting.

Global Beauty and Personal Care Products Market Forecast 2017-2024

The Global Beauty & Personal Care Products market is anticipated to grow from $ 432.7 billion in 2016 to $ 750 billion by 2024, at a CAGR of 7.15% between 2016 and 2024. Recent trends comprise amplified use of natural products to alleviate the effects of pollution as well as the harmful effects of chemicals used in manufacturing makeup. The Beauty & Personal Care Products market is primarily driven by following factors:

- *Innovative and eco-friendly designs*
- *Shifting demographics*
- *The e-commerce channel influencing sales*

https://www.inkwoodresearch.com/reports

The major market players in the global beauty & personal care products market are:

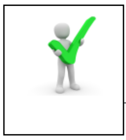
- *L'Oréal*
- *Unilever*
- *Procter & Gamble*
- *Johnson & Johnson*
- *Estee Lauder*

L'Oreal continues to reign over the market with a combination of new product launches and aggressive expansion strategies focused on gaining traction in new territories. Brand value plays a major role in driving the sales of beauty & personal care products because consumers develop an affinity towards cosmetic brands and beauty products over a period of time. Unilever is a multinational company that is one of the world's foremost consumer goods firms, which sells some of the best-known beverages, foods, cleaning agents and personal care products. In fact, the company owns more than 400 brands focused on health and well-being, 14 of which generate sales in excess of one billion euros a year. Some of the company's world-leading brands include Axe, Knorr, Dove, Lipton, Hellman's and Omo along with other trusted local brands such as Blue Pureit, Band, and Suave

The important driver increasing growth in the global beauty & personal care products market is innovative and eco-friendly designs. Consumers want more functionality and eco-friendliness in cosmetic design, which is leading exciting innovations in the packaging and design of the products. Packaging manufacturers are offering creative technology and a wide variety of innovative choices to serve the market. For example, years ago, tube products ranged from pigmented extruded colored tubes to process printing and hot-stamped caps. The choices today include multi-layered extruded barriers that can accommodate more aggressive products, soft-touch-feeling tubes, pearlescent and holographic extruded tubes, custom die-cut tubes and halftone printing to create a faded look.

4.9 ELEMENTS OF A GOOD SALES FORECASTING

1. **Accuracy:** The previous method must be checked for want of accuracy by observing that the predictions made in past are accurate or not.
2. **Simplicity**: The method must be simple and easily understandable. It should satisfy top management people.
3. **Economy:** For an undertaking, cost is a main factor so the method adopted should consider the minimum cost.
4. **Availability:** The technique must be able to produce meaningful results quickly. The technique which takes much time to produce useful information is of no use.



Check Your Progress-B

Q1. Multiple choice questions

1. What is the primary purpose of understanding market potential?

A To maximize market share

B. To optimally allocate marketing budget

C. To determine total industry sales

D To identify new market opportunities

2. Which method uses multiple factors to estimate the potential of a specific geographic area?

A Market-Buildup Method

B Multiple-factor Index method

C Both A and B

D Neither A nor B

3. How can marketers use the concept of Area Market Potential?

A To determine the best locations for opening new stores

B To identify the most profitable customer segments

C To forecast industry-wide sales trends

D To set sales quotas for team

4. Which of the following is NOT a key characteristic of Total Market Potential?

A. It represents the maximum sales available to all firms in an industry
B. It is influenced by the level of industry marketing effort
C. It is calculated for a specific time period
D. It is the sum of the market potential of individual firms

4.10 STEPS IN SALES FORECASTING:

Following points must be made clear before making a forecast:

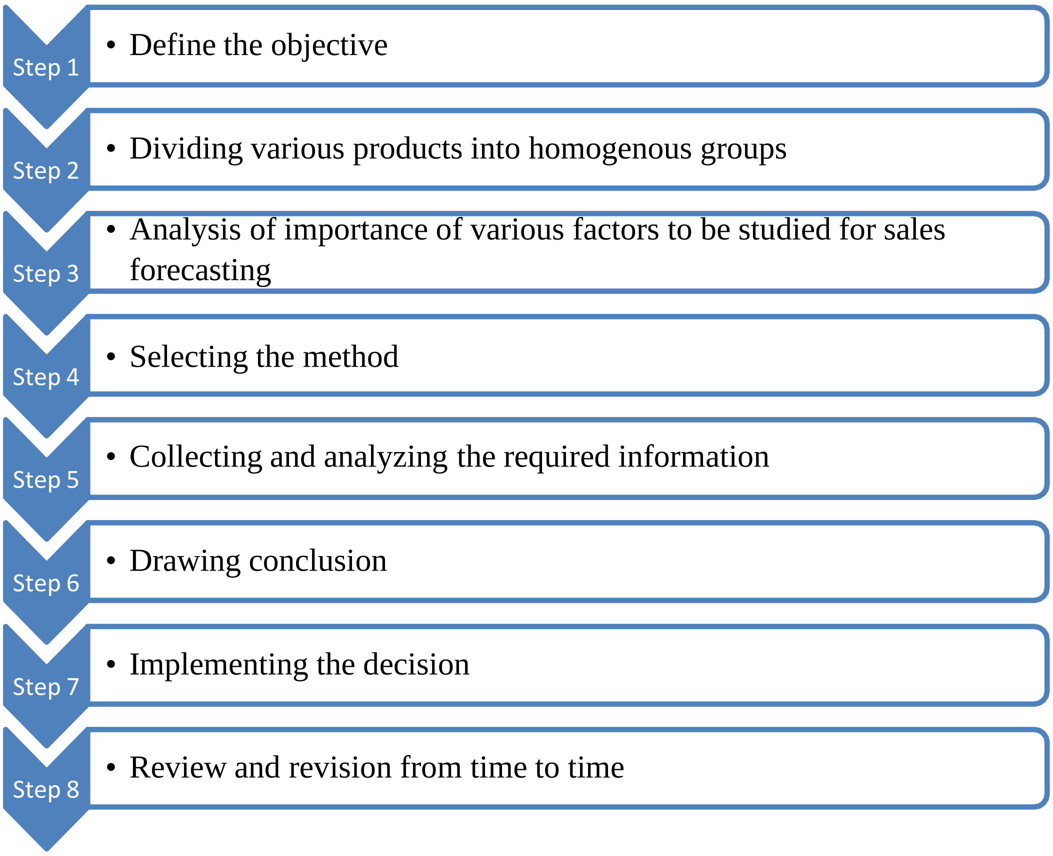


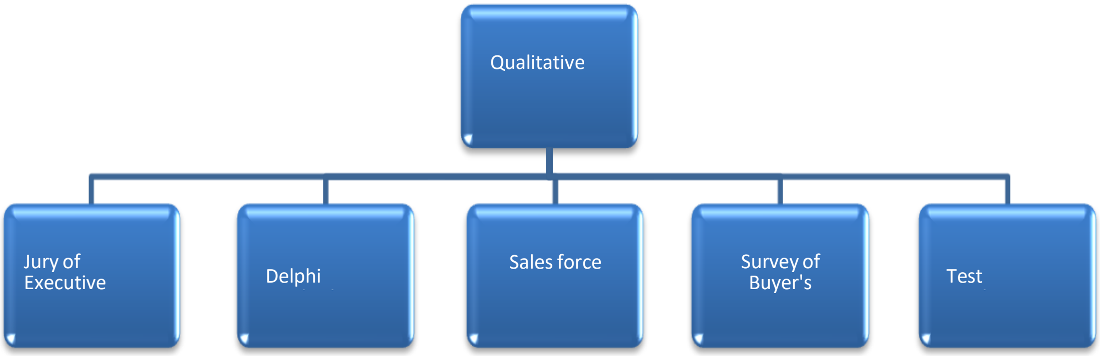
Fig:2 Steps in Sales Forecasting

1. Forecast must be made in terms of rupees of sale volume or in units.
2. Forecast must be made for a specific time i.e. weekly, monthly, half yearly and so on and can be divided further as per the requirement.
3. Depending on the product mix there can be a different set of forecasts for each product category.

4.11 SALES FORECASTING METHODS:

4.11 (A) Qualitative Techniques/ Methods:

Qualitative forecasting techniques are also referred as subjective techniques as they depend more on the opinions of the concerned. Sales forecast for new products are often based on executive judgments, sales force projection, surveys and user's expectation. Qualitative forecasting techniques include the following:

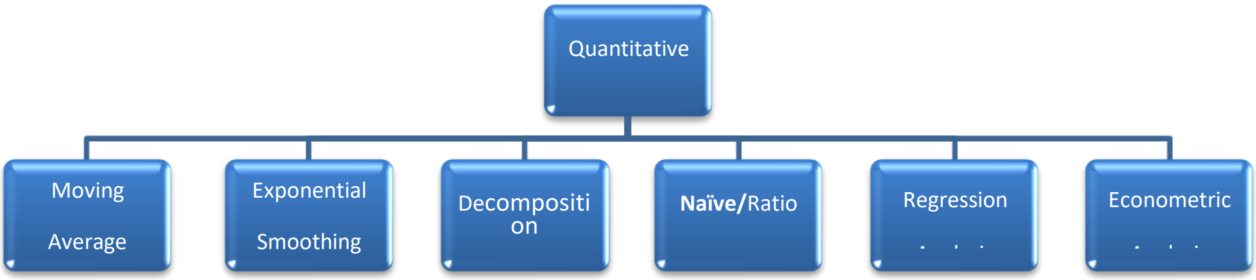


1. **Jury of Executive Opinion Method:** This method consists of combining top executives' views concerning future sales. This technique is termed as a „top down" technique whereby a forecast is produced for the industry. In the Jury of executive opinion method of Sales Forecasting, appropriate managers within the organization assemble to discuss their opinions on what will happen to sales in the future.
2. **Delphi Method**: Delphi method is similar to jury of executive opinion technique. Delphi Method also gathers, evaluates, and summarizes expert opinions as the basis for a forecast, but the procedure is more formal than that for the jury of executive opinion method. A project leader administers a questionnaire to each member of the team which asks questions usually of a behavioural nature. The questioning then proceeds to a more detailed second stage which asks questions about the individual company. Delphi Method has following steps:
   (a) Step 1- Experts are asked to answer the questions independently about the area where the forecast is to be made.
   (b) Step 2- A summary of all the answers is prepared.
   (c) Step 3- Copies of summary is given to experts to modify the answers if they think it necessary.
   (d) Step 4- Another summary is prepared on the basis of modified answers and copies again are distributed to the experts.
   (e) Step 5- A third summary is made of the opinions and justifications, and copies are once again distributed to the experts. Justification in writing for all answers is now required.
   (f) The forecast is generated from all of the opinions and justifications that arise from step 5.

3. **Sales Force Composite Method:** Sales force composite method compiles the forecast on the basis of analysis of the sales force as one group. Sales person continuously interact with customers and from this interaction develop the predictions about future sales. Resulting forecast is normally a blend of informed views of sales persons groups. Organizations can help their salespersons make better forecasts by training them to better interpret their interactions with the customers.
4. **Survey of Buyer's Intentions:** Consumers, as a source of information, are approached to know their likely purchases during the period under a given set of conditions. This method is suitable when there are few customers. This type of forecasting is generally adopted for industrial goods. It is suitable for industries, which produce costly goods to a limited number of buyers- wholesalers, retailers, potential consumers etc. This method is helpful as it gets first-hand information with the help of which user's intentions can be known.
5. **Test Marketing:** In test marketing method, products are introduced in a limited part of a segment or a geographical area to study the outcome. This outcome is taken as a base for making the forecast. This system is reliable as it is based on actual results. The organization can take corrective actions if the product fails to perform in segment.

4.11 (B) QUANTITATIVE TECHNIQUES/ METHODS:

Quantitative techniques are statistical techniques which rely more on figures than judgments. These techniques now days are used more sophisticatedly with the help of computer packages. Quantitative techniques include the following:



1. **Moving average:** Moving average method takes the average of company's previous year's sales as a basis of forecast. The name is taken as to new average of the sales is considered in the place of dropping sales figures of previous years. This method is simple and easy for calculation but tends to neglect the trends and ups and downs in market conditions that may affect sales.
2. **Exponential Smoothing:** It is a type of moving average in which most recent data is highly weighted. This method makes an exponentially smoothed weighted average of past sales, trend and seasonality to derive the forecast. The forecaster allows sales in certain periods to influence the sales forecast more than sales in other periods. The method is suitable for short term forecasts that use the knowledge of the forecaster more accurately. The forecasting equation is:

Nest year's sales = α (this year's sales) + (1-α) (this year's forecast)

The α in this equation is called the "smoothing constant" and is set between 0.0 and 1.0. If actual sales for this year came to 320 units of product, the sales forecast for this year was 350 units and the smoothing constant was 0.3 the forecast for next year's sales is

(0.30) (320) + (0.7) (350) = 341 units of products.

3. **Decomposition:** Decomposition technique includes breaking down company's previous period's sales data into seasonal, cyclical, trend and noise components. These components are recombined to project each into the forecast.

4. **Naïve/Ratio Analysis:** The is based on the assumption that what has happened in the immediate past will happen in immediate future. The simple formula used is:

$$\text{Sales forecast for the next year} = \text{Actual sales of this year} * \frac{\text{Actual sales of this year}}{\text{Actual sales of last year}}$$

The technique is conceptually sound but tends to ignore the fluctuations in sales occurred during past time period.

5. **Regression Analysis:** Regression analysis is a statistical technique that relates sales to one or more independent (explanatory) variables. It consists of identifying causal relationship between dependent and independent variables. Explanatory variables may be marketing decisions (price changes, for instance), competitive information, economic data on any other variable that can be related to sales. If one independent variable is used, it is called linear (or simple) regression, and the relationship is expressed with intercept „a‟ and slope of the trend line „b' as
y= a+bx, where „y‟ is the dependent variable and „x‟ is the independent variable. This method is technically complex where large historical data needed and a suitable software package for calculation is also required.

6. **Econometric Model Building:** This is a mathematical approach of study and is an ideal way to forecast sales. This method is more suitable for durable goods. The procedure includes developing many regression equations representing the relationship between sales and independent variables influencing sales and the interrelationship between the same. By analyzing the market factors (independent variable) and sales (dependent variable), sales are forecast. This system does not entirely depend upon correlation analysis. It has great scope, but adoption of this method depends upon availability of complete information. The market factors which are more accurate, quick and less costly may be selected for a sound forecasting.

Case Study:

AG Refrigerators Ltd- Developing Sales Forecast "Company's sales forecast for the year 2006-07 will be 880,000 numbers of refrigerators" said Satish Kumar, general Manger (Sales) of AG Refrigerators, in the budget meeting held on January 20, 2006 at the company's headquarter at Bangalore.

"For determining the company's sales budget, we also need the information about market segments, such as the share of household and institutional customers as well as that of rural and urban markets. Production function would like to know product type share between frost-free and direct-cool, as well as different sizes from 55 litres310 litre. These figures are absolutely essential for working out marketing and production plans, and thereafter, overall company's budget for the year 2006-07." Intervened Vinod Dhavan, President of AG Refrigerators, before Vice President, (Sales and Marketing) could say something.

Satish Kumar responded, "Yes, we can estimate the break-up of total numbers of refrigerators into product types and sizes, as well as market segments, but we have to first decide whether our sales budget would be equal to or lower than the sales forecast."

"I think, before we take that decision, we would like to know how accurate is your sales forecast, and which forecasting method have you used," asked Vice President (Sales and Marketing).

"Well, the method used by us was moving averages and the accuracy of our sales forecasting is good for short-term forecasting with stable market condition and availability of historical data." said a confident Satish Kumar

Questions:

1. What do you suggest to improve the accuracy of the sales forecast and to get the break-up of the sales forecast into product types and sizes and market segments?
2. Should the company"s sales budget be lower, higher, or equal to the sales forecast and why?

   (Case Source: Havaldar, K and Cavale, V. Sales and Distribution Management: Text and Cases, 2nd Ed. McGraw Hill Education, pp. 89)

4.12 SUMMARY

In this unit we have discussed the process and dimensions of market potential analysis. A market analysis studies the attractiveness and the dynamics of market within an industry. It is a part of industry analysis through which strengths, weaknesses, opportunities, risks and threats (SWORT) of an organization can be identified. We also learned the different definitions of sales forecasting and its various concepts. Further, we learnt different methods of sales forecasting. Generally, the factors affecting sales forecasting can be classified as those associated with consumer, general economic conditions, competition, technology, government policies, and internal factors such as inventory conditions and production capabilities etc. may also affect organization sales creating the impact on the process of sales forecasting.

4.13 GLOSSARY

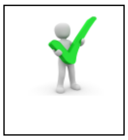
Decomposition: Decomposition technique includes breaking down company's previous period's sales data into seasonal, cyclical, trend and noise components.

Market Size- Market size is the total market sales potential of all firms in a particular Industry.

Moving average: Moving average method takes the average of company's previous year's sales as a basis of forecast.

Regression Analysis: Regression analysis is a statistical technique that relates sales to one or more independent (explanatory) variables. It consists of identifying causal relationship between dependent and independent variables.

Test Marketing: In test marketing method, products are introduced in a limited part of a segment or a geographical area to study the outcome.



4.14 ANSWERS TO CHECK YOUR PROGRESS

ANSWERS TO CHECK PROGRESS A

Q1

A. False

B. True

C. False

D. True

E. False

ANSWERS TO CHECK YOUR PROGRESS B

1. B
2. B
3. A

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4.17 TERMINAL QUESTIONS

Q1. Define Market Analysis? What are factors that you would consider for the market analysis of Indian Retail Industry?

Q. 2. How would you differentiate market potential with sales forecasting? Explain with suitable example.

Q. 3. Explain the significance of sales forecasting in today's environment? Which technique is suitable to predict the sales of seasonal products? Justify your answer.

Q.4. Briefly explain various techniques of sales forecasting.

Q.5. Which method would be suitable to forecast the sale of a new brand of tetra pack fruit juice for Indian Market? (Make your own assumptions and state them clearly.

UNIT 5 BRAND MANAGEMENT& BRAND V/S PRODUCT

5.1 INTRODUCTION

In today's competitive marketplace, brands have become more than just names or symbols; they represent the identity and values of companies, influencing consumer perceptions and decisions. Effective brand management is essential for establishing a brand's presence, ensuring customer loyalty, and driving long-term business success. This chapter delves into the fundamental aspects of brand management, exploring its significance, the processes involved, and strategies to build and sustain a strong brand.

5.2 OBJECTIVES

By the end of this chapter, you should be able to:

- Understand the concept and importance of brand management.
- Identify the key elements involved in branding and brand decisions.
- Comprehend the process of brand name selection and its impact on brand identity.
- Learn how to build and enhance brand image.

- Explore the unique challenges and strategies in branding commodities.
- Apply the knowledge of brand management in real-world scenarios.

5.3 INTRODUCTION TO BRAND MANAGEMENT

Brand management is the strategic approach to creating, maintaining, and growing a brand. It involves the continuous process of developing a brand's value proposition, positioning it effectively in the market, and ensuring consistency in messaging and customer experience. It can be explained as under:

5.3.1 The Evolving Role of Brands in the Modern Marketplace

In the dynamic and ever-changing landscape of today's global marketplace, the concept of a brand has transcended its traditional boundaries to become a vital cornerstone of business strategy. No longer is a brand merely a name, logo, or symbol that distinguishes a company's products or services from those of its competitors. Instead, it has evolved into a multifaceted entity that embodies the very essence of a company's identity, values, and promise to its customers. In this sense, brands have become living, breathing representations of what a company stands for, and they play a crucial role in shaping consumer perceptions, influencing purchasing decisions, and fostering long-term relationships with customers.

The significance of brands in the modern marketplace cannot be overstated. As consumers are bombarded with an overwhelming array of choices in almost every product and service category, they increasingly rely on brands as a means of navigating this complexity. Brands serve as shortcuts in the decision-making process, helping consumers to quickly identify products and services that align with their preferences, values, and needs. In this way, a strong brand can create a sense of trust and familiarity, reducing the perceived risk associated with a purchase and encouraging customer loyalty.

5.3.2 The Strategic Imperative of Brand Management

Given the pivotal role that brands play in today's competitive environment, the management of these brands has emerged as a critical strategic function within organizations. Brand management is the art and science of creating, maintaining, and enhancing a brand's value in the eyes of its customers and other stakeholders. It involves a comprehensive set of activities aimed at building a brand's equity, which refers to the added value that a brand brings to a product or service beyond its functional benefits. This equity is reflected in various dimensions, including brand awareness, brand associations, perceived quality, and brand loyalty.

Effective brand management is not just about creating a strong brand identity; it is also about ensuring that this identity remains consistent and relevant over time. In a rapidly changing world, where consumer preferences, market dynamics, and competitive landscapes are constantly evolving, brands must be carefully managed to adapt to these changes while staying true to their core values and positioning. This requires a deep understanding of the target audience, a clear articulation of the brand's value proposition, and a disciplined approach to brand communication and experience delivery.

One of the key challenges in brand management is striking the right balance between maintaining brand consistency and allowing for flexibility. On one hand, consistency is essential for reinforcing the brand's identity and ensuring that it is easily recognizable across different touch points. On the other hand, flexibility is necessary to keep the brand relevant in the face of changing market conditions and consumer expectations. Successful brand managers are those who can navigate this tension, ensuring that their brands remain strong and resonant over the long term.

5.3.3 The Components of Brand Management

At its core, brand management encompasses several interrelated components, each of which plays a crucial role in the overall strategy. These components include brand positioning, brand architecture, brand communication, brand experience, and brand equity management.

1. Brand Positioning

This refers to the strategic decision of how a brand is positioned in the minds of consumers relative to its competitors. It involves identifying the unique value proposition that the brand offers and communicating this effectively to the target audience. A well-positioned brand is one that occupies a distinct and desirable place in the market, making it easy for consumers to understand what the brand stands for and why they should choose it over alternatives.

2. Brand Architecture

Brand architecture is the organizational structure of a company's brands and how they relate to one another. It involves decisions about whether to use a single brand name across multiple products (a "branded house" strategy) or to create distinct brands for different products or product lines (a "house of brands" strategy). The choice of brand architecture has significant implications for brand equity, brand extension opportunities, and overall brand management.

3. Brand Communication

This encompasses all the ways in which a brand communicates with its audience, including advertising, public relations, social media, and other forms of marketing communication. Effective brand communication is consistent, clear, and aligned with the brand's positioning and values. It is also responsive to the needs and preferences of the target audience, ensuring that the brand remains relevant and engaging.

4. Brand Experience

Brand experience refers to the totality of interactions that consumers have with a brand across various touch points, including product usage, customer service, and online and offline experiences. Creating a positive and consistent brand experience is essential for building brand loyalty and advocacy. In today's digital age, where consumers have more control over their interactions with brands, delivering a seamless and satisfying brand experience has become more important than ever.

5. Brand Equity Management

This involves measuring and managing the value that a brand contributes to a company's products or services. Brand equity is a critical asset that can drive business growth, enhance profitability, and provide a competitive advantage. Effective brand equity management requires a deep understanding of the factors that influence brand equity, as well as the ability to track and respond to changes in consumer perceptions and market conditions.

5.3.4 The Role of Brand Management in Driving Business Success

The ultimate goal of brand management is to drive long-term business success by creating and sustaining a strong brand. A strong brand is one that is well-known, highly regarded, and trusted by consumers. It is a brand that commands a premium price, enjoys high levels of customer loyalty, and serves as a powerful driver of business growth.

Strong brands also provide a competitive advantage in the marketplace. They differentiate a company's products or services from those of competitors, making it easier to attract and retain customers. Moreover, strong brands can help to insulate a company from market fluctuations and competitive pressures, providing a buffer against economic downturns or changes in consumer behaviour.

In addition to driving sales and profitability, strong brands also contribute to other important business outcomes, such as employee engagement, investor confidence, and corporate reputation. Employees are more likely to feel proud of and committed to a company with a strong brand, which can lead to higher levels of productivity and retention. Investors, too, are more likely to invest in companies with strong brands, as they view them as less risky and more likely to deliver long-term value.

5.3.5 The Challenges of Brand Management in a Globalized World

Brand management in the 21st century is not without its challenges. One of the most significant challenges is the increasing globalization of markets, which has introduced new complexities to the task of managing brands. As companies expand into new geographic regions and cultures, they must navigate differences in consumer preferences, regulatory environments, and competitive landscapes.

Global brand management requires a delicate balance between maintaining a consistent global brand identity and adapting to local market conditions. This often involves making strategic decisions about which aspects of the brand should remain consistent across all markets and which should be tailored to meet the specific needs and preferences of local consumers. For example, while the core values and positioning of a brand may remain consistent, the brand's messaging, packaging, or product offerings may need to be adapted to align with local cultural norms and expectations.

Another challenge in global brand management is the rise of digital and social media, which has fundamentally changed the way that brands interact with consumers. In the digital age, consumers have more power and influence than ever before, and they expect brands to be transparent, responsive, and authentic in their communications. Managing a brand in this environment requires a new level of agility and responsiveness, as well as a deep understanding of the digital landscape and its impact on brand perception.

5.3.6 Building and Sustaining a Strong Brand

Building a strong brand is a long-term endeavour that requires careful planning, consistent execution, and continuous monitoring. The process begins with a clear understanding of the brand's mission, vision, and values, which serve as the foundation for all brand-related activities. From there, the brand's positioning is defined, its identity is crafted, and a comprehensive brand strategy is developed.

Once the brand is established, the focus shifts to sustaining and growing its equity over time. This involves ongoing efforts to maintain brand consistency, enhance brand experience, and stay relevant in the face of changing market conditions. It also requires regular monitoring of brand performance, including tracking key metrics such as brand awareness, brand associations, and customer loyalty.

In addition to these core activities, brand management also involves a proactive approach to managing brand risks. This includes anticipating and mitigating potential threats to the brand's reputation, such as negative publicity, product recalls, or competitive actions. It also involves being prepared to respond to crises in a way that protects and preserves the brand's integrity - Sarah J. Thompson.

5.4 WHY ARE INVESTMENTS IMPORTANT?

Branding is the process of creating a distinct identity for a product, service, or company through the use of names, logos, symbols, and other visual elements. It involves crafting a narrative around the brand that communicates its values, mission, and promise to the target audience. A successful branding strategy not only differentiates a brand from its competitors but also establishes an emotional connection with consumers, influencing their purchasing behaviour and fostering long-term loyalty.

5.4.1 The Elements of Branding

Branding involves several key elements that work together to create a cohesive and compelling identity. These elements include the brand name, logo, tagline, brand colours, typography, and overall visual style. Each of these components plays a critical role in shaping how consumers perceive the brand.

1. Brand Name

The brand name is often the first point of contact between the brand and the consumer. It should be memorable, easy to pronounce, and reflective of the brand’s identity and values. A strong brand name can evoke positive associations and convey the essence of what the brand stands for.

2. Logo

The logo is the visual symbol of the brand. It is a key part of the brand’s visual identity and serves as a recognizable mark that consumers can easily associate with the brand. A well-designed logo is simple, versatile, and timeless, making it adaptable across various media and platforms.

3. Tagline

The tagline is a short, catchy phrase that encapsulates the brand’s promise or value proposition. It should be memorable and convey the brand’s unique selling proposition (USP) in a few words. A great tagline reinforces the brand’s message and can become a powerful tool for brand recall.

4. Brand Colours

Colour plays a significant role in branding as it can evoke specific emotions and associations. The choice of brand colours should align with the brand’s identity and the message it wants to convey. For example, blue is often associated with trust and professionalism, while red can evoke excitement and energy.

5. Typography

Typography refers to the fonts and styles used in the brand's communications. The choice of typography should reflect the brand's personality and values. For example, a luxury brand might use elegant, serif fonts, while a tech company might opt for clean, sans-serif fonts that convey modernity and simplicity.

6. Visual Style

The overall visual style of the brand includes the design elements, imagery, and layout used in all brand communications. It should be consistent across all touchpoints, from the website to packaging to advertising, to create a cohesive brand experience.

5.4.2 The Role of Branding in Differentiation

In today's competitive marketplace, differentiation is key to a brand's success. Branding plays a critical role in helping a product, service, or company stand out from its competitors. A strong brand identity can make a significant difference in a consumer's decision-making process, often serving as the deciding factor between two otherwise similar products.

Differentiation through branding can be achieved in several ways:

1. Unique Value Proposition (UVP)

A brand's UVP is what sets it apart from the competition. It's the unique benefit or advantage that the brand offers to consumers that no one else does. This could be anything from superior quality, innovative features, exceptional customer service, or a commitment to sustainability. The UVP should be at the heart of the brand's messaging and consistently communicated across all channels.

2. Emotional Connection

Brands that can establish an emotional connection with their audience are more likely to build long-term loyalty. This connection can be based on shared values, experiences, or aspirations. For example, a brand that promotes environmental sustainability might connect with consumers who prioritize eco-friendly products. By aligning with the values and beliefs of its target audience, a brand can create a deeper, more meaningful relationship with its customers.

3. Consistency

Consistency is crucial in branding. A consistent brand experience across all touchpoints—from the logo and packaging to the website and customer service—reinforces the brand's identity and helps to build trust with consumers. Inconsistent branding, on the other hand, can confuse consumers and weaken the brand's impact.

4. Innovation

Brands that innovate are often able to differentiate themselves by offering something new and exciting. This could be a groundbreaking product, a new way of delivering services, or an innovative marketing campaign. Innovation helps to keep the brand relevant and can attract new customers while retaining existing ones.

5.4.3 Building a Brand Identity

Building a strong brand identity is a deliberate and strategic process that involves several steps. It starts with a deep understanding of the brand's mission, vision, and values, which serve as the foundation for all branding efforts. These elements define what the brand stands for and guide its actions and communications.

1. Define the Brand's Mission, Vision, and Values

The mission is the brand's purpose—why it exists and what it aims to achieve. The vision is the long-term aspiration of the brand, what it hopes to become in the future. The values are the principles and beliefs that guide the brand's behaviour and decisions. Together, these elements form the core of the brand's identity and should be clearly articulated before any branding efforts begin.

2. Understand the Target Audience

A brand's identity must resonate with its target audience. Understanding the demographics, psychographics, needs, and preferences of the target audience is essential for creating a brand that speaks to them. This understanding informs everything from the brand's messaging and tone of voice to its visual style and product offerings.

3. Develop a Brand Personality

A brand's personality is the set of human characteristics associated with the brand. It's how the brand would be perceived if it were a person. Is the brand serious or playful? Traditional or modern? Luxurious or accessible? The brand's personality should be reflected in all aspects of its identity, from the logo and colour scheme to the tone of voice and messaging.

4. Create a Visual Identity

The visual identity is the tangible representation of the brand's personality and values. It includes the logo, colour palette, typography, and overall design style. A strong visual identity is consistent, recognizable, and reflective of the brand's essence. It should be applied consistently across all brand touch points to create a cohesive brand experience.

5. Craft a Compelling Brand Story

A brand story is the narrative that communicates the brand's mission, vision, and values to the target audience. It should be authentic, engaging, and emotionally resonant. A compelling brand story can differentiate the brand from its competitors and create a strong emotional connection with consumers.

6. Implement and Communicate the Brand

Once the brand identity is developed, it needs to be implemented consistently across all touch points. This includes everything from product packaging and advertising to social media and customer service. The brand's messaging should be clear, consistent, and aligned with its identity. Regular communication and engagement with the target audience help to reinforce the brand's identity and build a strong brand presence in the market.

5.4.4 Branding in the Digital Age

The advent of the digital age has transformed the landscape of branding. Today, brands must navigate a complex and rapidly changing environment where consumers are more informed, connected, and empowered than ever before. Digital platforms, social media, and online communities have given consumers a greater voice and more control over their interactions with brands. Digital branding involves creating and maintaining a brand's presence across digital platforms such as websites, social media, and mobile apps. A strong digital brand is one that is consistent, engaging, and responsive. It requires a deep understanding of digital trends, consumer behaviour, and the unique opportunities and challenges presented by online platforms.

while Fiji Water emphasizes its exotic origin and premium status.

Check Your Progress-A

1. What is the primary purpose of brand management?

A. To increase profits
B. To create a strong brand reputation
C. To attract new customers
D. To drive long-term business success

2. Which of the following is NOT a benefit of having a strong brand mentioned in the passage?

A. It commands a premium price
B. It enjoys high levels of customer loyalty
C. It helps insulate a company from market fluctuations
D. It reduces the need for marketing expenses

3. How do strong brands contribute to employee engagement and investor confidence?

A. They make employees feel proud and committed, leading to higher productivity.
B. They are viewed as less risky investments that are more likely to deliver long-term value.
C. Both A and B
D. Neither A nor B

4. What is one of the key challenges in global brand management according to the passage?

A. Maintaining a consistent brand identity
B. Adapting to local market conditions
C. Navigating regulatory environments
D. All of the above

5. How do companies balance maintaining a consistent global brand identity and adapting to local markets?

A. They completely customize the brand for each local market.

B. They make strategic decisions about which aspects to keep consistent and which to adapt.

C. They maintain a one-size-fits-all approach to brand management.

D. They ignore local market conditions and focus solely on a global brand identity

5.5 BRANDING DECISION

Branding decisions are critical choices that organizations make regarding the development and management of their brands. These decisions include:

Each branding decision carries significant implications for the brand's identity, perception, and overall success.

5.5.1 Brand Positioning: Defining the Brand's Market Position

Brand positioning is the process of determining the place a brand occupies in the minds of consumers relative to its competitors. It is a strategic decision that involves identifying the brand's unique value proposition (UVP) and ensuring that it resonates with the target audience. Effective brand positioning differentiates the brand from its competitors and establishes a clear, compelling reason for consumers to choose it over others.

1. Understanding the Target Audience

The first step in brand positioning understands the target audience. This involves identifying the demographic and psychographic characteristics of the audience, their needs, preferences, and pain points. By understanding what the target audience values most, a brand can position itself in a way that aligns with those values and meets their needs better than the competition.

2. Identifying the Unique Value Proposition (UVP)

The UVP is the unique benefit that the brand offers to consumers that its competitors do not. It could be related to product quality, innovation, customer service, or any other aspect that sets the brand apart. The UVP should be the cornerstone of the brand's positioning strategy and should be communicated consistently across all marketing channels.

3. Competitive Analysis

To effectively position a brand, it's essential to conduct a thorough competitive analysis. This involves identifying the key competitors, understanding their strengths and weaknesses, and analyzing their positioning strategies. By understanding the competitive landscape, a brand can identify gaps in the market and opportunities for differentiation.

4. Crafting the Positioning Statement

A brand positioning statement is a concise description of the brand's unique position in the market. It should clearly articulate the target audience, the UVP, and the reasons why the brand is the best choice for consumers. The positioning statement serves as a guide for all branding and marketing activities, ensuring that the brand's messaging is consistent and aligned with its strategic goals.

5. Communicating the Brand Positioning

Once the brand's positioning is defined, it needs to be communicated effectively to the target audience. This involves developing a coherent messaging strategy that highlights the UVP and reinforces the brand's position in the market. The messaging should be consistent across all touch points, from advertising and social media to packaging and customer service.

5.5.2 Brand Architecture: Organizing the Brand Portfolio

Brand architecture refers to the organizational structure of a company's brands and how they are related to each other. It involves decisions about whether to use a single brand name across multiple products (a branded house strategy) or to create distinct brands for different products or product lines (a house of brands strategy). Brand architecture is a critical branding decision that affects the brand's equity, market presence, and overall business strategy.

1. Branded House Strategy

In a branded house strategy, a single master brand is used to cover a range of products or services. This approach allows the company to leverage the brand equity of the master brand across multiple offerings, creating a strong, unified brand presence in the market. Examples of companies that use a branded house strategy include Apple, which uses its brand name across all its products, from iPhones to MacBooks, and Google, which applies its brand to a wide range of services, including search, email, and cloud computing.

The branded house strategy offers several advantages, including cost efficiencies in marketing and brand management, as well as the ability to build a cohesive brand experience for consumers. However, it also comes with risks, as any negative impact on the master brand can affect all the products under its umbrella.

2. House of Brands Strategy

In a house of brands strategy, a company creates and manages multiple distinct brands, each with its own identity and target audience. This approach allows the company to tailor its branding and marketing strategies to the specific needs of different market segments. Examples of companies that use a house of brands strategy include Procter & Gamble, which owns a portfolio of distinct brands such as Tide, Pampers, and Gillette, and Unilever, which manages brands like Dove, Axe, and Lipton.

The house of brands strategy offers greater flexibility and allows each brand to establish its own identity and positioning in the market. However, it also requires more resources in terms of brand management and marketing, as each brand needs to be supported individually.

3. Hybrid Brand Architecture

Some companies use a hybrid brand architecture, which combines elements of both the branded house and house of brands strategies. In this approach, a master brand is used alongside sub-brands or endorsed brands. This allows the company to benefit from the equity of the master brand while also giving individual products or services their own distinct identity. An example of a hybrid brand architecture is Marriott International, which uses the Marriott master brand while also managing sub-brands such as Courtyard by Marriott and Ritz-Carlton.

The choice of brand architecture depends on several factors, including the company's business strategy, market conditions, and brand equity. It is a critical branding decision that can have a significant impact on the brand's success in the market.

5.5.3 Brand Extension

Brand extension is the practice of leveraging an existing brand name to enter new product categories or markets. It is a strategic branding decision that can help a company grow its business, increase brand awareness, and capitalize on the equity of the parent brand.

However, brand extension also carries risks, as it can dilute the brand's identity if not executed carefully.

- **Types of Brand Extension**

Brand extension can take several forms, including line extension, category extension, and market extension. Line extension involves introducing new products within the same category under the same brand name, such as a new flavour of a snack food or a new variant of a skincare product. Category extension involves using the brand name to enter a new product category, such as a clothing brand launching a line of accessories or a technology company introducing a line of home appliances. Market extension involves entering a new geographic market or targeting a new demographic segment with an existing brand.

- **Benefits of Brand Extension**

One of the main benefits of brand extension is that it allows a company to leverage the equity of an existing brand to launch new products or enter new markets. This can result in cost savings in terms of marketing and brand development, as the parent brand's reputation and customer loyalty can be transferred to the new offering. Brand extension can also help to increase brand awareness and visibility, as the new products or markets are associated with the existing brand.

- **Risks of Brand Extension**

While brand extension offers significant benefits, it also carries risks. If the new product or market is not aligned with the parent brand's identity or values, it can lead to brand dilution, where the strength and clarity of the brand's identity are weakened. For example, a luxury brand extending into a low-cost product category may undermine its premium positioning and erode customer trust. Additionally, if the new product or market fails, it can negatively impact the parent brand's reputation and equity.

- **Strategic Considerations for Brand Extension**

When considering a brand extension, it's essential to conduct a thorough analysis of the market, the competitive landscape, and the potential impact on the parent brand. The extension should be aligned with the brand's core values and identity, and there should be a clear value proposition for consumers. It's also important to ensure that the extension does not cannibalize existing products or dilute the brand's equity.

Successful brand extensions are those that stay true to the brand's identity while offering something new and valuable to consumers. Examples of successful brand extensions include Dove's expansion from soap to skincare and hair care products and Apple's entry into the wearable technology market with the Apple Watch.

- **Rebranding: Revitalizing the Brand's Identity**

Rebranding is the process of changing a brand's identity to better align with current market conditions, company goals, or consumer perceptions. It is a strategic branding decision that can involve changes to the brand name, logo, visual identity, messaging, or positioning.

Rebranding can be a powerful tool for revitalizing a brand, attracting new customers, and staying relevant in a changing market. However, it also carries risks and should be approached with caution.

5.6 BRAND NAME AND SELECTION PROCESS

The brand name is one of the most crucial elements of a brand's identity. It serves as the primary identifier and a key component of the brand's image. The selection process for a brand name typically involves:

5.6.1 Brainstorming and Creativity in Brand Name Selection

The first step in the brand name selection process is brainstorming and creativity. This stage involves generating a list of potential names that align with the brand’s values, mission, and positioning. It’s a creative and exploratory process that requires thinking outside the box and considering various naming strategies and approaches.

1. Understanding the Brand’s Essence

Before brainstorming potential names, it’s essential to have a clear understanding of the brand’s essence—its mission, vision, values, and personality. The brand essence serves as the foundation for the naming process, guiding the selection of names that are aligned with what the brand stands for. For example, a brand focused on sustainability and eco-friendliness might seek a name that conveys a connection to nature or environmental responsibility.

2. Naming Strategies

There are several naming strategies that can be employed during the brainstorming process, each with its own advantages and considerations:

- **Descriptive Names**

Descriptive names clearly communicate what the brand does or what it offers. Examples include General Motors, PayPal, and Whole Foods. While descriptive names are straightforward and informative, they may lack uniqueness and could be challenging to trademark.

- **Suggestive Names**

Suggestive names hint at the brand’s attributes, benefits, or values without being overly literal. Examples include Amazon, which suggests vastness and abundance, and Nike, which evokes the Greek goddess of victory. Suggestive names are often more memorable and distinctive than descriptive names.

- **Abstract Names**

Abstract names are entirely made-up words or combinations of letters with no inherent meaning. Examples include Google, Kodak, and Sony. Abstract names offer the advantage of being highly distinctive and flexible, allowing the brand to shape its meaning over time. However, they may require more effort in marketing to establish brand recognition.

- **Acronyms and Initials**

Some brands use acronyms or initials as their names, often derived from longer names or phrases. Examples include IBM (International Business Machines), IKEA (Ingvar

Kamprad Elmtaryd Agunnaryd), and BMW (Bayerische Motoren Werke). Acronyms can be effective if they are easy to remember and pronounce, but they may lack emotional resonance.

- **Eponymous Names**

Eponymous names are derived from the name of the brand's founder or a person associated with the brand. Examples include Ford (Henry Ford), Tesla (Nikola Tesla), and Disney (Walt)

- **Brainstorming Techniques**

Brainstorming potential brand names can be done individually or as part of a group session. Some effective brainstorming techniques include:

1. Mind Mapping

Start with the brand's essence or a key concept related to the brand and create a mind map of related words, ideas, and associations. This can help generate a wide range of potential names that are connected to the brand's core values.

2. Word Association

Begin with a keyword that reflects the brand's identity and generate a list of related words through free association. This technique can lead to unexpected and creative name ideas.

3. Inspiration from Language and Literature

Explore words from different languages, mythology, literature, and poetry that resonate with the brand's identity. This can lead to unique and meaningful names that have cultural or historical significance.

4. Combining Words

Experiment with combining two or more words to create a new name. This approach can result in distinctive names that capture multiple aspects of the brand.

5. Exploring Symbolism and Metaphors

Consider names that use symbolism or metaphors to represent the brand's values or mission. This approach can create a deeper emotional connection with consumers.

6. Narrowing Down the List

After generating a list of potential names, the next step is to narrow it down to a shortlist of names that best align with the brand's identity and objectives. This involves evaluating each name based on criteria such as memorability, distinctiveness, relevance, and ease of pronunciation. It's important to consider how the name will be perceived by the target audience and whether it effectively communicates the brand's essence.

5.6.2 Market Research in Brand Name Selection

Once a shortlist of potential brand names has been created, the next step is to conduct market research to test the names with target audiences and gauge their appeal and potential impact. Market research is a critical step in the brand name selection process, as it provides valuable insights into how the name will be received in the market and whether it aligns with consumer perceptions and expectations.

1. Understanding the Target Audience

Before conducting market research, it's important to clearly define the target audience. This includes understanding their demographics, psychographics, preferences, and behaviours. The target audience's perceptions and preferences should guide the selection of a brand name that resonates with them and meets their needs.

2. Testing Brand Names

There are several methods for testing potential brand names with target audiences:

A. Surveys and Questionnaires

Surveys and questionnaires can be used to gather feedback from a large sample of the target audience. Respondents can be asked to rate the potential names based on criteria such as memorability, appeal, relevance, and fit with the brand's identity. Open-ended questions can also be included to gather qualitative feedback on the names.

B. Focus Groups

Focus groups involve bringing together a small group of participants from the target audience to discuss and provide feedback on the potential brand names. This method allows for in-depth discussions and insights into the participants' perceptions, associations, and emotional responses to the names.

C. Online Communities and Social Media

Online communities and social media platforms can be valuable sources of feedback on potential brand names. Brands can engage with their followers and online communities to gather opinions, conduct polls, and observe discussions about the names.

D. A/B Testing

A/B testing involves presenting different versions of a name (or different names) to different segments of the target audience and measuring their responses. This method can be particularly useful for testing names

5.6.3 Legal Considerations

Ensuring that the name is legally available and does not infringe on existing trademarks.

5.6.4 Global Considerations

Assessing the name's appropriateness in different languages and cultures if the brand operates internationally.

A well-chosen brand name can significantly influence brand perception and market success.

5.7 BUILDING BRAND AND BRAND IMAGE

Building a brand is more than just creating a logo or picking a catchy name; it's about crafting a strong, positive perception of a company, its products, or services in the minds of consumers. A successful brand influences consumer behaviour, fosters loyalty, and differentiates itself from competitors. It is the culmination of consistent messaging, high-quality offerings, and positive customer experiences. Building a brand involves several key steps, each of which contributes to establishing a solid and enduring brand image.

A strong brand image is the result of continuous efforts to align the brand's identity with consumer expectations and experiences. It reflects not only what the brand says about itself but also how it is perceived by its audience. Key steps in building a brand include:

5.7.1 Defining the Brand's Mission and Values

1. Establishing the Brand's Purpose

The foundation of any strong brand is a clear and compelling mission statement. The brand's mission defines its core purpose and the value it aims to provide to its customers. It answers fundamental questions about why the brand exists, what it stands for, and what it promises to deliver. A well-defined mission helps to guide strategic decisions, align the team, and communicate the brand's essence to the audience.

- **Mission Statement**

Crafting a mission statement involves articulating the brand's purpose in a concise and inspiring way. It should reflect the brand's goals, aspirations, and commitment to its customers. For example, Patagonia's mission statement, "We're in business to save our home planet," clearly communicates its environmental focus and commitment to sustainability.

- **Core Values**

In addition to the mission, defining the brand's core values is crucial. These values represent the guiding principles and beliefs that drive the brand's actions and decisions. Core values help shape the brand's culture, influence its behaviour, and build trust with consumers. Values such as integrity, innovation, and customer-centricity should be integrated into every aspect of the brand's operations and communications.

2. Communicating the Mission and Values

Once the mission and values are defined, they must be communicated effectively to the target audience. This involves embedding them into all brand touch points, from marketing materials and product packaging to customer interactions and internal communications. Consistent messaging reinforces the brand's identity and helps to build a strong connection with consumers.

- **Brand Storytelling**

Incorporating the mission and values into the brand's storytelling is an effective way to engage consumers and convey the brand's purpose. Storytelling creates an emotional connection and makes the brand's mission and values more relatable and memorable.

- **Internal Alignment**

Ensuring that employees understand and embrace the brand's mission and values is also essential. When employees are aligned with the brand's purpose, they become brand ambassadors who can deliver a consistent and authentic brand experience to customers.

5.7.2 Creating a Visual Identity

1. Developing Visual Elements

A brand's visual identity is a crucial aspect of its overall image. It includes the design elements that represent the brand visually and help to create a cohesive and recognizable brand presence. Key visual elements include the logo, color scheme, typography, and imagery.

- **Logo Design**

The logo is the most recognizable element of a brand's visual identity. It should be simple, memorable, and reflective of the brand's mission and values. A well-designed logo can convey the brand's personality and create a strong visual impression.

- **Colour Scheme**

Colours play a significant role in brand recognition and emotional response. Different colors evoke different emotions and associations, so choosing a color scheme that aligns with the brand's personality and values is important. For example, blue is often associated with trust and reliability, while green is linked to nature and sustainability.

- **Typography**

The choice of fonts and typography contributes to the brand's visual identity and overall look and feel. Typography should be consistent with the brand's personality and used consistently across all brand materials.

- **Imagery and Visual Style**

Imagery and visual style include the types of images, graphics, and design elements used in brand communications. Consistent use of imagery and visual style helps to create a unified brand experience and reinforces the brand's identity.

2. **Ensuring Consistency**

Consistency in visual identity is key to building a strong and recognizable brand. All brand materials, including websites, social media profiles, advertising, and packaging, should adhere to the established visual identity guidelines. Consistent use of visual elements helps to reinforce the brand's image and make it easily identifiable to consumers.

- **Brand Guidelines**

Developing a set of brand guidelines that outline the rules for using visual elements is essential. Brand guidelines ensure that all stakeholders, including internal teams and external partners, adhere to the brand's visual standards and maintain consistency.

- **Brand Collateral**

Brand collateral refers to the various materials and assets that support the brand's communication efforts, such as business cards, brochures, and signage. Ensuring that all brand collateral adheres to the visual identity guidelines helps to maintain a cohesive brand presence.

5.7.3 Crafting a Brand Voice

1. Developing a Unique Tone

The brand voice is the unique tone and style of communication that the brand uses across all channels. It reflects the brand's personality, values, and how it interacts with its audience. Crafting a consistent and authentic brand voice helps to build a strong brand identity and establish a connection with consumers.

- **Tone of Voice**

The tone of voice should align with the brand's personality and resonate with the target audience. For example, a luxury brand might use a sophisticated and formal tone, while a tech start-up might adopt a casual and innovative tone.

- **Language and Messaging**

The choice of language and messaging should be consistent with the brand's voice and tailored to the preferences of the target audience. This includes the use of specific words, phrases, and messaging strategies that reflect the brand's identity and values.

2. Implementing Brand Voice across Channels

To build a strong brand image, the brand voice should be consistently applied across all communication channels and touch points. This includes marketing materials, social media, customer service interactions, and internal communications.

- **Content Creation**

When creating content for various channels, ensure that the brand voice is consistently reflected. This includes website copy, blog posts, social media updates, and advertising campaigns. A unified brand voice helps to reinforce the brand's identity and create a cohesive brand experience.

- **Training and Guidelines**

Providing training and guidelines for employees and external partners helps to ensure that the brand voice is consistently applied. Brand voice guidelines should outline the tone, language, and style to be used in all communications.

5.7.4 Engaging with Customers

1. Building Relationships

Engaging with customers is a crucial aspect of building a strong brand image. Effective engagement helps to foster relationships, build trust, and create positive experiences that reinforce the brand's identity.

- **Marketing and Advertising**

Marketing and advertising efforts should be aligned with the brand's identity and values. This includes creating campaigns that resonate with the target audience, highlight the brand's unique selling points, and deliver a consistent message.

- **Social Media**

Social media is a powerful tool for engaging with customers and building brand relationships. Use social media platforms to interact with customers, respond to their inquiries, share valuable content, and participate in conversations relevant to the brand. Engaging with customers on social media helps to humanize the brand and build a sense of community.

- **Customer Service**

Providing exceptional customer service is essential for building a positive brand image. Ensure that customer interactions are consistent with the brand's voice and values. Address customer concerns promptly and professionally to enhance their experience and reinforce the brand's commitment to customer satisfaction.

2. Creating Memorable Experiences

Creating memorable and positive experiences for customers helps to strengthen the brand's image and foster loyalty. Consider ways to enhance the customer experience through personalized interactions, innovative solutions, and value-added services.

- **Personalization**

Personalize interactions with customers to make them feel valued and understood. This can include tailored recommendations, personalized offers, and targeted communications based on customer preferences and behaviour.

- **Innovation**

Continuously seek opportunities to innovate and improve the brand's offerings. This can involve developing new products or services, enhancing existing ones, or finding creative ways to engage with customers. Innovation helps to keep the brand relevant and exciting.

5.7.5Monitoring Brand Perception

1. Assessing Brand Perception

Regularly monitoring and assessing how the brand is perceived in the market is essential for maintaining a strong brand image. This involves gathering feedback from customers, analyzing brand performance, and identifying areas for improvement.

- **Customer Feedback**

Collect feedback from customers through surveys, reviews, and social media. Understanding customer perceptions, preferences, and experiences helps to identify strengths and areas for improvement.

- **Brand Tracking Studies**

Conduct brand tracking studies to measure brand awareness, perception, and loyalty over time. These studies provide insights into how the brand is performing relative to competitors and whether it is meeting its objectives.

2. Making Adjustments

Based on the insights gained from monitoring brand perception, make necessary adjustments to align the brand's identity with consumer expectations and market conditions.

- **Addressing Issues**

Address any issues or concerns raised by customers to improve their experience and strengthen the brand's image. This may involve making changes to products, services, or communication strategies.

- **Evolving the Brand**

As market conditions and consumer preferences evolve, be prepared to adapt the brand's identity and strategies accordingly. This may involve updating the visual identity, refining the brand voice, or exploring new engagement opportunities.

5.8 BRANDING OF COMMODITIES

Branding commodities presents unique challenges, as these products are often perceived as interchangeable and lacking in differentiation. However, effective branding can transform a commodity into a distinct and valuable product.

1. Strategies for branding commodities

Strategies for branding commodities include:

- **Differentiation**

Highlighting unique qualities or benefits that set the product apart from competitors.

- **Value addition**

Enhancing the product with additional features, superior quality, or exceptional service.

- **Emotional branding**

Creating an emotional connection with consumers by associating the product with specific values, lifestyles, or experiences.

- **Sustainability and ethics**

Positioning the commodity as environmentally friendly or ethically produced to appeal to conscious consumers.

Successful branding of commodities can lead to premium pricing, customer loyalty, and a strong market presence.

2. Case Studies of Successful Branding of Commodities

To illustrate the effectiveness of these branding strategies, let's look at some examples of commodities that have been successfully branded.

A. Coffee

Coffee is a classic example of a commodity that has been effectively branded through differentiation, value addition, and emotional branding. Specialty coffee brands like Starbucks and Blue Bottle have transformed coffee from a simple commodity into a premium experience. These brands focus on unique sourcing practices, high-quality blends, and creating a distinctive customer experience.

- **Differentiation**

Starbucks differentiates itself through its emphasis on high-quality, ethically sourced coffee and its distinctive store experience. The brand's focus on creating a "third place" for customers to relax and socialize helps to set it apart from other coffee providers.

- **Value Addition**

Blue Bottle enhances the coffee experience by offering freshly roasted beans and providing detailed information about the coffee's origin and flavour profile. The brand's commitment to quality and freshness adds value to the commodity.

- **Emotional Branding**

Both Starbucks and Blue Bottle create emotional connections with consumers through their brand stories, imagery, and customer experiences. Starbucks positions itself as a community hub and a place to enjoy a personal ritual, while Blue Bottle emphasizes its artisanal approach and dedication to quality.

B. Bottled Water

Bottled water is another commodity that has successfully leveraged branding strategies to create a distinct market presence. Brands like Evian and Fiji have positioned their water as a premium product through differentiation and value addition.

- **Differentiation**

Evian differentiates itself by emphasizing its natural spring source and its association with purity and health. The brand's packaging and marketing materials highlight the pristine nature of the water.

- **Value Addition**

Fiji Water adds value through its distinctive packaging and its focus on the water's mineral content and health benefits. The brand's premium positioning is reinforced by its high-quality product and luxury packaging.

- **Emotional Branding**

Both Evian and Fiji Water use emotional branding to create a sense of exclusivity and sophistication. Evian's marketing often features imagery of natural beauty and health, while Fiji Water emphasizes its exotic origin and premium status.

Check Your Progress-B

Q1. State True or False

1. Brand management is only about creating a brand's logo and name.

2 Brands have become essential in forming a company's identity and values.

3 In the modern marketplace, brands are less important than they used to be.

4 Consumers use brands to help make decisions when faced with many choices.

5 A strong brand can increase the perceived risk of a purchase.

5.9 SUMMARY

Brand management is an essential discipline in contemporary business, pivotal for creating and sustaining a strong brand identity, fostering customer loyalty, and achieving long-term business success. This chapter has provided an overview of brand management, emphasizing the importance of strategic branding decisions, the process of brand name selection, and the challenges of branding commodities. Effective brand management is crucial for creating a strong brand identity, building customer loyalty, and achieving long-term business success. By understanding and applying the principles discussed in this chapter, businesses can navigate the complexities of branding and establish a powerful presence in the marketplace.

5.10 GLOSSARY

Brand Management: The strategic approach to developing, maintaining, and growing a brand.

Branding: The process of creating a distinct identity for a product, service, or company.

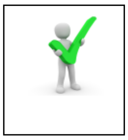
Brand Positioning: Determining the brand's place in the market relative to competitors.

Brand Architecture: The organizational structure of brands within a company.

Brand Extension: Expanding a brand into new product categories or markets.

Rebranding: Changing a brand's identity to better align with market conditions or company goals.

Brand Image: The perception of a brand in the minds of consumers.



5.11 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress-A

Q1. D

Q2. D

Q3. C

Q4.D

Q5.B

Check Your Progress-B

1. **False**

2. **True**
3. **False**
4. **True**
5. **False**

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5.14 TERMINAL QUESTIONS

1. Discuss the significance of brand management in modern business practices.
2. Explain the process of building a strong brand image and its impact on consumer behaviour.
3. Analyze the challenges and strategies involved in branding commodities.
4. How do branding decisions influence the overall success of a brand? Provide examples.
5. Evaluate the role of brand name selection in the branding process. How does it affect brand perception?

Block II

Brand Evolution

UNIT 6 BRAND EVOLUTION

6.1 INTRODUCTION

In this unit, you will study about historic evolution of branding from medieval period to 21st century technology driven era. The branding process and the concepts of brand values will be elaborated with various Indian context examples. The brand planning and its relevance is being discussed. The various factors affecting the brand potential is discussed in this unit. Further the eight dimensions to brand differentiation strategy is circle up with examples.

6.2 OBJECTIVES

After reading this unit you will be able to:

- Understand Brand Evolution
- The Branding Process

- What is the Value of Brands?
- What are the factors influencing Brand Potential?
- What is the importance of Brand Planning?
- What are Eight Dimensions of Brand differentiation?

6.3 UNDERSTANDING OF BRAND EVOLUTION

BRANDING

Branding is the process of assigning a unique identity to a product, service, or company. It refers to creating in consumers' minds an image of a brand through a combination of marketing, advertising, and design. Branding involves building a high level of recognition, driven mainly by recognizable and differentiable image that sets the offer clearly apart from the competition. It's about relational association and loyalty creation with your target audience. The key elements of branding include brand identity, brand positioning, brand messaging and brand experience.

HISTORIC EVOLUTION OF BRANDS

Factually, 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 any identification mark in form of symbol, logo, colour on them. These products were called commodity. The first step for branding a commodity is packaging it, e.g. rice, pickles, salt. Water, which was sold as commodity earlier is now sold as mineral waters with brand name. 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 branded their art works by signing it. Pharmaceutical companies were the foremost to label brand names on their products.

Today everything is branded. Look at yourself; you will find everything you have worn or carried is of a particular brand, some are successful brands and some are not.

Brands kick off as products made out of certain components. Over a period of time, brands are built through marketing activities and communications. They keep on acquiring attributes, core values and extended values as shown below:

Brand evolution dates back to ancient periods, many centuries ago, considering that it is very closely related to the different changes in society, economy, technology, and consumerbehaviour. Here is an overall perspective of brand evolution:

1. Ancient and Medieval Periods

Early Beginning

Mesopotamia and Ancient Egypt: The earliest proof of branding comes from about 2700 BCE. Craftsmen marked their goods with symbols or seals that indicated information about ownership and quality.

- **Ancient Greece and Rome**: The maker's mark, indicating its craftsmanship and origin, was usually stamped on pottery, weapons, and other goods.

Middle Ages

- **Guild Marks:** During the medieval period, craftsmen and merchants would form guilds whereby their goods bore the guild marks, signifying quality and trust. The marks served as early forms of brand identity.

2. 16 To 19 th Centuries

Industrial Revolution

- **Mass Production**: The Industrial Revolution, which took place during the late 18th and early 19th centuries, provided for mass production. This created a need for brands to make a distinction between goods from different manufacturers.
- **Trademark Laws**: Introduce trademark laws that protected brand names and logos under the law, further encouraging businesses to invest in branding.

Early Advertising

- **Print Media**: The invention of print media in the 19th century provided companies with avenues to acquire wide publicity for their brands. Brands like Coca-Cola, established in 1886, entered the market and began to advertise to create awareness and brand loyalty.

3. 20th Century

Brand Management

a. **Concept of Brand Management**: Brand management was formalized in the 20th century. Procter & Gamble began this in the 1930s by appointing individual brand managers who would directly report to the company executives on brand strategy.

b. **Ad Boom**: By the end of World War II, advertising boomed, as brands used radio, television, and print to reach the masses. Iconic brands like Marlboro, Kellogg's, and Levi's emerged at this point.

Globalization

Expansion: The brands were now hungry for expansion across geographies, evolving their strategies for entry into different markets. Organizations such as McDonald's andIBM had a strong international presence built in no time.

- **Standardization vs. Localization:** Establishing global identity while adhering to local needs was a challenge that brands were facing. For instance, Coca-Cola held on to its core brand identity but permitted its advertising to be culturally relevant in the region in which it was being marketed.

Brand Equity and Identity

- **Brand Equity:** The concept of brand equity was brought to the forefront—value derived from consumer perception. Strong brands represented an asset became knownas the notion of brand equity was renowned.
- **Visual Identity**: It became important to have consistency in visual identity through logos, color schemes, and packaging. This included big investments from companies like Nike and Apple in single-minded and recognizable visual identities.

4. Late 20 th and Early 21st Century

Digital Revolution

- **Internet and E-Commerce**: The rise of the internet and e-commerce revolutionized branding. Brands opened their online presence, and digital marketing became key.
- **Social Media**: Social media platforms like Facebook, Twitter, and Instagram blew open the doors for new channels of brand engagement and customer interaction. Influencer marketing became a powerful tool.

Brand Authenticity and Purpose

- **Authenticity**: Customers began demanding authenticity and transparency from brands. Brands like Patagonia and TOMS attracted loyalty by touting their ethical practices and social responsibility.
- **Brand Purpose**: The concept of brand purpose, wherein brands associate with social causes and values, picked up. Brands like Ben & Jerry's actively participated in social justice issues and deepened their bond with consumers.

5. Current and Future Trends

Personalization and Customer Experience

- **Personalization**: Because of the development in data analytics and artificial intelligence, today brands are able to provide customized experiences and targeted marketing.
- **Customer Experience**: Customer experience is now in the spotlight where brands are striving to make the customer experience smooth and memorable at every touch point.

Sustainability and Social Responsibility

- **Sustainability:** Environmental sustainability has become a very crucial element in the evolution of brands. Brands like Tesla and Unilever have been synonymous with sustainability.

- **Social Responsibility**: The brands today are expected to take positions, stand for social causes and return to society.

  Technological Innovations

- **AR and VR**: Brands are now entering the realm of application in augmented reality and virtual reality in order to create brand experiences. IKEA's AR application shows clients how furniture could look in a home before they buy it.
- **Block chain:** Block chain technology is applied to transparency in supply chains, improving brand trust.

History attests to the evolution of brands as an expression of the dynamism of branding, capturing changes in technology, consumption patterns, and values of society. From the oldest marks of craftsmen to the newest digital strategies, brands never stopped evolving in their quest for meaning and relevance to their audiences. Innovations will further be witnessed in the future of branding with a special focus on authenticity, personalization, and social responsibility.

Key Components of Brand Evolution:

Innovation: Innovate over time the line of products and services to keep up with dynamismin consumers' needs.

Marketing: Adapt to newer means of marketing that are more relevant and able to engage with target audiences.

Diversification: Diversification into new markets and new product categories to minimize risks and leverage new opportunities.

Sustainability: Sustainable practices and social responsibility for consumer appeal.

Technology: Technology can be used for better experience, better integration into operational efficacy, and bringing up product innovation.

Rebranding: Updating a brand identity after long periods to refresh and modernize it.

6.4 BRANDING PROCESS

The process of branding is a strategic exercise in creation and management for a strong, recognizable identity the target audience remembers and which differentiates it from its competitors. Let’s understand the process of branding:

1. **Research and Analysis**

   Market Research

   - **Understand the Market**: In-depth research in understanding market dynamics, trends, and opportunities.

- **Competitor Analysis**: It involves identification of competitors and analysis that givesan idea of where they stand in terms of strength, weakness, and positioning.
- **Customer Insights**: The needs, preferences, behaviors of the target audience are to beascertained through questionnaires, personal interviews, and focus groups.

2. Internal Analysis

- **Brand Audit**: The current status of brand concerning its strengths, weaknesses, andperception by the market has to be taken into account.
- **SWOT Analysis**: The internal strengths and weaknesses of the brand are assessedtogether with opportunities and threats in its external environment.

Brand Strategy DevelopmentBrand Positioning

- **Unique Value Proposition**: Explain what differentiates your brand and makes itvaluable to the target audience.
- **Positioning statement**: A statement which sums up the essence of the brand in a clear and concise manner and at the same time communicates its difference from that of competitors.

Brand Mission and Vision

- **Mission Statement**: This definition explains the purpose and what the brand wants to achieve now.
- **Vision Statement**: It defines the long-term aspirations or goals of the brand.

Brand Values

- **Core Values**: Identify the central set of beliefs and principles leading the activitiesand decisions taken by the brand.

3. Brand Identity CreationBrand Name

- **Naming Process:** Choose a memorable, meaningful, relevantly recognizable brandname that connects with the target audience.

Logo and Visual Identity

- **Logo Design**: An eye-catching and distinctive logo should be made, which provides visual identity to the brand.
- **Color Palette:** Five colors need to be chosen, and these should reflect the personalityof the brand and bring out precisely those feelings.
- **Typography:** Apply fonts that express the tone and character of a brand.
- **Imagery and Graphics**: Create visual elements in a uniform way, including images, icons, and other elements.

4. Brand Messaging

Tagline

- **Create Tagline**: Devise a memorable and engaging tagline which encapsulates theessential idea and the promise that a brand offers.

Key Messages

- **Messaging Framework:** Structure key messages articulating the value proposition, benefits, and unique character of a brand.

5. Brand Implementation Brand Guidelines

- **Brand Book**: Lay down clear brand guidelines to help recognize and outline the way the brand will be portrayed across channels and at touchpoints.
- **Consistency**: Make sure there is consistency regarding the use of brand elements, including a logo, colour palette, typography, and messaging, in all marketing pieces and platforms.

Marketing and Communication

- **Integrated Marketing Communications**: Establish a consistent approach to marketing by integrating a set of channels in order to effectively convey a brand message to the target audience.
- **Content Strategy**: Formulate a content strategy that speaks to the brand character andengages the target audience.

6. Brand Experience

Customer Experience

- **Touchpoints:** Identify and optimize all customer touchpoints from website, social media, customer service to packaging to ensure positive and consistent brand experience
- **Engagement**: Meaningful Interactions and Relationships with the Customers through Personalized Communication and Exceptional Service

Employee Advocacy

- **Internal Branding**: Ensuring that the employees understand and live the brand values, mission, and vision.
- **Employee Training**: Provide training and the necessary tools to the employees sothat they could equally and effectively represent the brand.

7. Brand Monitoring and Evaluation

Performance Metrics

- **KPIs:** Establish KPIs against which the performance of the brand must
- be measured on benchmarks such as brand awareness, customer loyalty, market share.
- **Feedback and Adjustments**: Take regular feedback from the customers and other stakeholders about the effectiveness of the branding campaign in order to make
- **Brand Equity Measurement**: Calculate the total value of the brand based on parameters like customer perception, brand loyalty, and financial performance.

6.5 BRAND VALUE

Brand value, simply referred to as brand equity, is the financial value and perceived value that a brand gives to a product or service. It is the premium a brand commands from its reputation and brand awareness, building an emotional connect between the consumer and itself. Elaborately, it will be seen as those components of brand value which follow:

6.5.1 Components of Brand Value

1. Brand Awareness

- **Recognition and Recall**: how well the consumers can recognize or recall a brand under various conditions. The more the brand awareness, the more it will be top of mind for consumers.

2. Brand Loyalty

- **Customer Retention**: Customer loyalty leads to repeat business and brand endorsements to others. The greater the loyalty, the more likely there will be continuous streams of revenue flow.
- **Advocacy**: Loyal customers act as brand ambassadors by positive words of mouth and social media recommendations.

3. Perceived Quality

- **Quality Perception**: It refers to the perceived quality about a brand's products or services against that of its competitors. This perception affects customer preferences and purchase decisions
- **Price Premium**: The products or services of brands with high perceived quality often have high prices

4. Brand Associations

- **Emotional Connections**: Associations that link or emotions consumers attach to a brand, such as trust, reliability, innovation, and luxury.

- **Imagery and Identity**: The visual and symbolic elements associated with the brand, such as logos, slogans, and advertising themes.

5. Proprietary Brand Assets

Trademarks and Patents: These are legal protections that establish an advantage for a brandand prevent its imitation by others.

Brand Symbols and Logos: These are also unique visual components that differentiate the brand in the marketplace, too.

6.5.2 Measuring Brand Value

1. Financial Metrics

- **Brand Value with respect to increased revenue and profit margins**: A higher brand value typically goes hand in hand with a premium price and loyal customer following.
- **Market Share**: For a strong brand, it may be expected that there is more market share, which means it directly and positively relates to the dominance and preference for such brands by consumers.

2. Market-Based Metrics

- **Customer Surveys and Feedback**: Data on perceptions, satisfaction level, and loyalty can be gathered using structured surveys or feedback mechanisms.
- **BS-NPS:** Is a metric that measures customer willingness to recommend the brand to others—thereby showing their willingness and hence overall satisfaction and loyalty.

3. Brand Equity Models

- **Interbrand's Brand Valuation**: It's the standard tool that uses a combination of financial performance, the role of the brand in driving purchase decisions, and brand strength.
- **Brand Z and Brand Finance**: Other significant models of brand valuation where financial data is combined with consumer research to arrive at brand value.

6.5.3Factors That Impact Brand Value

1. Consistency

- **Consistent Messaging**: All touchpoints and communications share the same message,which resonates with brand identity and values.

- **Product Quality**: Uniform quality of the product or service to meet or exceed customer expectations.

2. **Innovation**

- **Product Innovation**: Companies continuously innovate and improve products or services in order to stay relevant and up-to-date with changing consumer requirements.

- **Marketing Innovation**: Adopting new marketing strategies and technologies that enable companies to reach consumers in new and engaging ways.

3. **Customer Experience**

- **Positive Interactions**: Create excellent customer service and positive experiences at all contact points.

- **Feedback and Adaptation**: Hear the customers' response and innovate further inlight of that to enhance customer experience time and again.

4. **Reputation Management**

- **Crisis Management**: Damage control in crisis and negative publicity to maintain trust and faith in the brand.
- **CSR:** Work on ethical activities for the betterment of society, which would enhance brand reputation and value.

Examples of High Brand Value

1. Apple

Innovation and Quality: Innovation in products and high quality in design with a seamlessuser experience.

Strong Brand Loyalty: Apple has a keen customer base who are excited about purchasing anew product or upgrading their existing ones from the brand.

2. Coca-Cola

Global Recognition: One of the most recognized brands across the globe due to always therebranding and marketing.

Emotional Connections: Coca-Cola branding is emotionally rich, filled with happiness andnostalgia, thereby strengthening consumer loyalty.

3. Nike

Brand Association: High performance, athleticism, and empowerment.

Effective Marketing: Iconic ad campaigns and endorsements by the world's best athleteshave sealed Nike's status as one of the biggest sports brands.

Check Your Progress-A

Q1. Explain the significance of brand planning?

Q2. Explain the various factors influencing the brand potential?

Q3. Explain the evolution of brands?

6.6 ROLE OF BRAND PLANNING

Brand planning is an intrinsic part of any successful business strategy. It combines the task of defining, developing, and giving a market position to the brand. Following are a few important areas from which one can realize the importance of brand planning:

1. **Strategic direction**

   Alignment of vision and mission: Brand planning ensures that the vision and mission of the brand are in tandem with the goals of the business. It creates an absolutely clear roadmap for the growth and development of the brand.

   Identification of the target audience: It is of prime importance to understand the target audience. Planning a brand helps identify and understand the needs, likes, and dislikes and behaviors of the target market so that the brand would exactly appeal to them.

2. **Differentiation and positioning**

Unique Selling Proposition (USP): It is very necessary to differentiate your brand from others in the crowded marketplace. Brand planning helps in identifying the unique qualities of the brand which help in differentiating it from competitors.

Market positioning: Effective brand planning positions the brand differently in the minds of consumers, thus securing a competitive edge

3. **Consistency and Cohesion**

Brand identity: It is where a well-planned brand shows up consistently from logo to messaging to customer interactions at all touchpoints. This builds trust and familiarity with consumers.

Cohesive communication: Brand planning ensures perfect harmony in all its communication, internal or external, with the set of values and goals that the brand upholds, giving way to a cohesive brand image.

4. **Emotional Connection**

Building loyalty: Brands which are very strong have the ability to evoke emotions in consumers and build a relationship with them. Brand planning focuses on creating emotional bonds between a brand and its customers that lead to customer loyalty and long-term engagement.

Brand storytelling: Companies can come up with influential brand stories through brand planning that really connect them with their audience, thereby strengthening the emotional bond.

5. **Adaptability and growth**

Market Adaptation: Markets evolve, and the brands are to evolve with them. This is what a brand planning activity comprises of; adaptation to the changing market conditions, consumer preference, and technological advancement.

Scalability: A well-planned brand can be scaled out to other markets, products, or services while maintaining its brand integrity.

6. **Long-term success**

Sustainable brand equity: It is focused on the development and maintenance of brand equity, typically referred to as the value a brand brings to a company. Influential brand equity is the way toward long-term business achievement.

Risk mitigation: A clear brand plan enables companies to anticipate possible difficulties and hazards early enough so that they could respond proactively to secure the reputation of the brand.

In essence, brand planning is not an exercise in logo or tagline production; rather, it is a comprehensive plan which guides the journey of a brand in a market, ensuring that it will be relevant and competitive, in line with the general goals, hence serving to succeed in the long run.

6.7 FACTORS INFLUENCING BRAND POTENTIAL

There are many issues that can immensely impact a brand's potential in the market. The realization and working on these factors are pretty crucial for developing a healthy, long-term brand. A few of such factors are discussed below:

1. Market competition

Intense rivalry: In overly competitive markets, brands have to strive for innovative differentiation constantly to be at par with other brands. Failure will result in the loss of market share.

New competitors: Entrants with radical products or business models can give stiff competition to established brands and force them to modify quickly.

2. Customer perception

Brand Image: Consumer perception about the brand can be its demise or success. Any negative publicity, lousy customer service, or spotty communication may all reflect a negative brand image and decrease the appeal of this brand.

Preference change: Consumer preferences change with time. If a brand does not keep up with changing tastes, trends, and expectations, it risks losing its relevance.

3. Economic conditions

Economic downturns: Recession or economic slowdown might contract consumer spending, which may reduce sales and profitability of a brand. Brands ought to be very strong and agile in their operations to face economic adversity.

Pricing pressures: Economic conditions can also result in pricing pressure, whereby consumers look for greater value for money, thus compelling brands to reassess their pricing strategies.

4. Technological advancements

Digital transformation: The rapid growth of digital technologies has set a new trend in how brands engage with consumers today. Any brand that is not thinking of using digital channels, such as social media and e-commerce, risks losing out tremendously.

Innovation lag: Those brands which fail to adopt new technologies with ease or innovate will be left behind by their more tech-savvy competitors.

5. Regulatory and legal factors

Compliance: Regulatory change in the laws concerning data protection, environmental, industry-specific, or other standards that may change the way a brand works and its reputation.

Legal: Intellectual property disputes, trademark-related issues, or other types of litigation can affect a brand's reputation and financial stability.

6. Cultural and social factors

Cultural sensitivity: Brands present in diverse markets must be culturally sensitive. Any misstep on the understanding of the cultural nuances can result in backlash and hurt the brand reputation**.**

Social movements: Social issues such as sustainability, diversity, and inclusion can increasingly be expected to motivate consumer behavior. The brands that do not stay aligned to such values are most likely to displease socially aware consumers.

7. Brand equity management

Brand dilution: Over expansion of a brand or stretching it to unrelated markets can result in the dilution of equity. A strong core identity is beneficial to hold on to brand value.

Inconsistency in brand experience: Inconsistency in all touchpoints of the customer leads to confusion and weakens the impact of the brand.

8. Supply chain issues

Supply chain disruptions caused by natural disasters, geopolitical tensions, or pandemics may impact the brand's potential for service and satisfaction of the customer about the delivered products.

Sustainability-related issues: Most customers nowadays want the brands they buy from to have sustainable and ethical supply chains. If the concerns are not addressed, they may dent the brand image.

9. Brand communications

Misinformation: Through social media, misinformation can quickly spread and harm the reputation of a brand. Hence, it has to be proactive in terms of managing its online presence and reacting to some piece of false information.

Crisis management: The potential of a brand can be drastically hampered because of mismanagement of any form of crisis. Therefore, crisis communication strategies play a very important role in containing the damage and rebuilding consumer trust.

10 Internal organizational issues

Leadership and vision: The direction set up by the leadership and clarity of the brand vision is very critical for brand success. In its absence, strategic misalignment can cause underperformance.

Employee engagement: Employees are brand ambassadors. Low morale or disengagement of employees can translate into poor interactions with the customers and hence hurt the image of the brand.

11. Globalization and localization

Global consistency vs. Local relevance: One of the most challenging aspects is to balance global brand identity with local market relevance. Brands will have to find ways of flexing the strategy because of local needs without giving away core identity.

Cross-border challenges: Another level of complexity resulting from operating in a number of countries is cultural differences, regulatory requirements, and market dynamics influencing a brand's potential.
In other words, everything from market dynamics and consumer behavior to technological changes and internal challenges will drive brand potential. Addressing these proactively is incumbent upon building a resilient and successful brand.

6.8 EIGHT DIMENSIONS OF BRAND DIFFERENTIATION

Brand differentiation gives a brand a distinct identity in the marketplace, thereby setting it apart from competing brands. The "Eight Dimensions of Brand Differentiation" identify the multiple dimensions within which a brand can differentiate itself and thereby offer value for which the customer will pay a premium. Listed below are the eight dimensions:

1. Product Differentiation

Features and Benefits: Offer features or benefits unique to the product that the competition cannot match. It can be innovation, better quality, or exclusive technology like Dyson's vacuum technology.

1. Service Differentiation

Customer Experience: Top-notch customer service, personalized experiences, or even after-sales service that truly differentiates a brand from others. For instance, Zappos is known for its customer service.

2. Price Differentiation

Pricing Strategy: Using price as a differentiator through premium pricing, cost leadership, or value-based pricing important to the target customers. Consider Walmart at low prices versus Apple at premium prices.

3. Brand Personality

Human Characteristics: Establishment of a well-defined brand personality that brings about emotional connection with the target audience. This would be the tone, voice, and even style the brand carries. Consider the adventurous, energetic personality of Red Bull.

4. Design Differentiation

Aesthetic Appeal: Differentiation by means of unique and aesthetically-pleasing design elements, such as packaging, product design, or even visual identity. Consider the sleek designs that Apple does for its products.

5. **Innovative Differentiation**
   Continuous Innovation: Be an innovation leader with new and innovative products or services continuously coming down the pipeline. For example, Tesla pioneering electric cars.

6. **Heritage and Authenticity**
   Brand Story: Drilling into its history, origin, or authenticity to engender trust in the brand and differentiate versus competitors who cannot match heritage or a strong story. For example, Levi's as an original denim brand.

7. **Emotional Differentiation**
   Emotional Connection: Developing an emotional connect with the consumers through storytelling, values of the brand, or social causes; making the brand more than just a product, like Dove's "Real Beauty" campaign.
   With the proper exploitation of all the dimensions mentioned above, a brand shall have the ability to build an identity within the market, attract certain customer segments, and thereby derive competitive advantage.

Check Your Progress-B

Q1. MCQs

(i) __________ differentiation by means of unique - pleasing design elements, such as packaging, product design, or even visual identity.

a. Product b. Aesthetic

(ii) ---------------- personalized experiences, or even after-sales service that truly differentiates a brand from others

a. Service differentiation b. Product differentiation

Q2. Fill in the blanks.

(i) By the end of World War II, _____________, as brands used radio, television, and print to reach the masses.

(ii) ________ these are legal protections that establish an advantage for a brand and prevent its imitation by others. 3. What are the various factors that impact the brand value

6.9 SUMMARY

We have learned that brands succeed when marketers consider them to be the outcome of a well-integrated marketing process. To consider branding as naming, design or advertising, is too myopic and such a perspective will shorten the brand's life expectancy.

Branding is about the communication of relevant added values for which buyers are prepared to pay a price premium and which competitors find difficult to emulate. We in this course discussed on the value of brands in which we covered the historical development of brands in this it has demonstrated that brands initially provided the functions of differentiation between competing products, symbolized continuity of quality as well as offered legal protection from copying. With the arrival of distributors' brands, more sophisticated purchasers and increasingly sophisticated marketing techniques, eight different types of brand differentiation strategies were identified: product, service, price, brand personality, design, heritage, innovation and emotional differentiation. Brand firms need to adopt strategic brand planning as a way of life. The model shows the five main factors that influence brand potential was reviewed. We even discussed about the brand planning and we have known that brand planning is an important but time-consuming activity, which, if undertaken in a thorough manner involving company-wide discussion, will result in a clear vision about how resources can be employed to sustain the brand's differential advantage. Unfortunately, it is only a minority of organizations who undertake thorough brand planning. So, after going through this detailed discussion the readers would have got a detailed insight of branding which is going to be of great help for them not only for them in curriculum but also in their career progression.

6.10 GLOSSARY

1. **Brand Planning:** An essential aspect of business strategy involving the definition, development, and market positioning of a brand to align with business goals and ensure long-term success**.**
2. **Strategic Direction:** The alignment of a brand's vision and mission with the overall business goals to create a clear roadmap for brand growth and development**.**
3. **Target Audience:** The specific group of consumers identified and understood during brand planning to tailor the brand's appeal and offerings.
4. **Unique Selling Proposition (USP):** A feature or characteristic that makes a brand stand out from its competitors, helping it to differentiate itself in the market.
5. **Market Positioning:** The process of positioning a brand in the minds of consumers in a way that secures a competitive edge.
6. **Brand Identity:** The consistent presentation of a brand across all touchpoints, including logo, messaging, and customer interactions, to build trust and familiarity.
7. **Cohesive Communication:** The alignment of all internal and external communications with the brand's values and goals, creating a unified brand image.
8. **Emotional Connection:** The emotional bond between a brand and its customers, fostering loyalty and long- term engagement.
9. **Brand Storytelling:** The practice of using narratives to connect with the audience emotionally, strengthening the brand's relationship with consumers.
10. **Market Adaptation:** The process of adjusting a brand to evolving market conditions, consumer preferences, and technological advancements.

11. **Scalability:** The ability of a brand to expand into new markets, products, or services while maintaining its core identity.
12. **Risk Mitigation:** The process of anticipating and addressing potential challenges or risks to protect the brand's reputation and success.
13. **Brand Potential:** The capacity of a brand to succeed in the market, influenced by factors such as competition, customer perception, economic conditions, and more.
14. **Market Competition:** The competitive environment in which a brand operates, requiring continuous innovation and differentiation to maintain market share.
15. **Customer Perception:** The way consumers view a brand, which can significantly impact its success or failure.
16. **Economic Conditions:** The state of the economy, including factors like recessions or pricing pressures, that can affect a brand's performance.
17. **Technological Advancements:** Innovations in technology that influence how brands engage with consumers and stay competitive.
18. **Regulatory and Legal Factors:** Laws and regulations that can impact a brand's operations, reputation, and compliance.
19. **Cultural and Social Factors:** The influence of cultural sensitivity and social movements on a brand's acceptance and success in different markets.
20. **Brand Equity Management:** The process of managing a brand's value, including avoiding brand dilution and ensuring consistency in brand experience.

6.11 ANSWERS TO CHECK YOUR PROGRESS

1. **(i) b (ii) a**
2. **(i) Advertising boomed (ii) Trademarks and Patents**

6.12 REFERENCES

- "Building Strong Brands" by David A. Aaker - This book provides insights into the development andmanagement of strong brands over time.
- "Branding: A Very Short Introduction" by Robert Jones
- "The Brand Gap: How to Bridge the Distance Between Business Strategy and Design" by MartyNeumeier.
- "Strategic Brand Management" by Kevin Lane Keller"Building Strong Brands" by David A. Aaker
- "The Brand Gap" by Marty Neumeier

6.13 SUGGESTED READINGS

Kotler, P. and Keller, K. L. (2018). Marketing Management, 15th Edition, India: Pearson India Education Services Pvt. Ltd.)

Keller, Kevin Lane. "Strategic Brand Management: Building, Measuring, and Managing Brand Equity"

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Kapferer, Jean-Noël. "The New Strategic Brand Management: Creating and Sustaining Brand Equity Across the Modern Organization"

6.14 TERMINAL QUESTIONS

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

2. What are the different types of brand differentiation strategies? Discuss with reference to examples.
3. What are the issues influencing the brand potential?

UNIT 7 BRAND AND CONSUMERS

7.1 INTRODUCTION

Brands are more than just logos or names; they are complex entities that evoke emotions, memories, and perceptions in the minds of consumers. In the modern marketplace, brands play a pivotal role in shaping consumer behaviour and preferences. The concept of branding has deep roots in the history of commerce, with early practices dating back to the use of symbols and marks by artisans to signify ownership and quality. However, the role of brands has expanded significantly in the digital age, where consumers are bombarded with choices and information. In this environment, brands serve as beacons of trust and reliability, guiding consumers in their decision-making processes. They provide consumers with a sense of familiarity and assurance, reducing the perceived risk associated with purchasing decisions.

Brands also play a crucial role in shaping consumer behaviour. Through strategic brand management, companies can influence how consumers perceive their products and services, driving purchasing decisions and fostering long-term loyalty. Effective branding requires a deep understanding of consumer psychology, market dynamics, and the competitive landscape. It involves making strategic decisions about brand positioning, identity, and communication, all of which must be carefully aligned with the needs and preferences of the target audience. Historically, branding was a straightforward practice, primarily serving as a means of identifying the source of goods. However, as David A. Aaker (1991) and Kevin Lane Keller (1993) have articulated, branding has since evolved into a complex strategic tool that plays a vital role in differentiating products, building consumer trust, and establishing emotional connections with audiences. Today, brands are not merely symbols or names; they are intricate entities embodying the perceptions, experiences, and expectations that consumers associate with a product or service.

The evolution of branding is closely tied to the broader development of marketing as a discipline. According to Jean-Noël Kapferer (2012), the concept of brand equity—introduced and popularized by scholars such as Aaker and Keller—has become central to understanding how brands function as intangible assets. These assets contribute significantly to a company's overall value by fostering customer loyalty, enhancing perceived quality, and strengthening brand associations. This paradigm shift, which emphasizes the intangible aspects of a brand, marked the beginning of an era where brand management became as critical as product innovation and market expansion.

Brands today are perceived as constructs existing in the minds of consumers, shaped by their experiences, emotions, and beliefs. As Keller (2013) explains through his Customer-Based Brand Equity (CBBE) model, the positive attitudes and associations consumers determine the strength of a brand hold, which are nurtured by consistent and meaningful brand interactions. This model underscores the importance of understanding the consumer's perspective in building and sustaining brand equity. This chapter explores the intricate relationship between brands and consumers, delving into how brands influence consumer decisions and how consumers, in turn, shape brand identities

7.2 OBJECTIVES

By the end of this chapter, you should be able to:

- Understand the concept of a brand and its significance.
- Comprehend the various decisions involved in brand management.
- Explore the concept and definition of a consumer.
- Analyze the functions of a brand from a consumer’s perspective.
- Recognize the importance of brands to consumers.
- Apply the knowledge to real-world scenarios in branding and consumer behaviour.

7.3 INTRODUCTION TO BRAND AND CONSUMERS

The interaction between brands and consumers is a dynamic and reciprocal relationship. Brands are crafted to appeal to specific consumer segments, while consumers are influenced by the brand's identity, values, and messaging. This relationship is at the heart of marketing, where the goal is to create a connection that transcends the mere transaction of goods or services and fosters brand loyalty. The relationship between brands and consumers is foundational to the field of marketing and critical to the success of any business. This relationship is not merely transactional but deeply intertwined with perceptions, emotions, and experiences. Understanding how brands interact with consumers helps businesses craft strategies that effectively meet customer needs and build lasting loyalty.

7.3.1 The Essence of Branding

Brands represent more than just a name or logo—they embody promises of quality, value, and trust. They are carefully crafted to convey specific messages and values to the consumer. A brand's promise includes:

7.3.1.1 Quality

The assurance that a product or service will consistently meet or exceed expectations. For instance, the Apple brand is synonymous with high-quality, innovative technology.

7.3.1.2 Value

The benefits that the brand offers relative to its cost. Brands like Patagonia promise environmental responsibility, appealing to consumers who value sustainability.

7.3.1.3 Trust

The reliability and consistency that a brand delivers over time. Trust is crucial in building long-term relationships with consumers, as seen with established brands like Johnson & Johnson.

7.3.2 Consumer Engagement

Consumers interact with brands through various touch points, including advertisements, social media, and customer service channels. These interactions shape their perceptions and influence their purchasing decisions. Key aspects include:

7.3.2.1 Meeting Needs and Preferences

Consumers are drawn to brands that address their specific needs and align with their personal values. For example, Nike targets athletes and fitness enthusiasts with products designed for performance.

7.3.2.2 Emotional Connection

Effective branding often creates an emotional connection with consumers, leading to stronger brand loyalty. Coca-Cola, for instance, uses nostalgic and emotional marketing to foster a positive brand image.

7.3.3 The Dynamics of Brand-Consumer Interaction

The interaction between brands and consumers is dynamic and multifaceted:

7.3.3.1 Influencing Buying Behaviour

A brand's image, reputation, and the emotional appeal it offers play a crucial role in influencing consumer choices. For example, Tesla's branding as a leader in innovation and sustainability attracts consumers interested in innovative technology and eco-friendly practices.

7.3.3.2 Shaping Brand Loyalty

Positive experiences and consistent quality contribute to brand loyalty. Brands that deliver exceptional customer service and reward loyal customers, like Starbucks with its rewards program, build strong, long-term relationships.

7.3.4 The Feedback Loop

Consumers' feedback and experiences create a feedback loop that impacts brand management:

7.3.4.1 Consumer Feedback

Reviews, ratings, and social media conversations provide valuable insights into how a brand is perceived and how it can improve. Companies often use this feedback to adapt their strategies and address any issues.

7.3.4.2 Brand Adaptation

Brands must be responsive and adapt to changing consumer preferences and market conditions. For example, Netflix continually adjusts its content offerings based on viewer preferences and ratings.

7.3.5 Strategic Implications

Understanding the relationship between brands and consumers informs various marketing strategies:

7.3.5.1 Consumer-Centric Approach

Market research and consumer insights help brands tailor their offerings to meet the specific needs and preferences of their target audience. Personalization and targeted marketing become essential in creating relevant brand experiences.

7.3.5.2 Alignment with Values

Brands that align their positioning with the values and beliefs of their consumers create a stronger appeal. For instance, a brand that emphasizes social responsibility may resonate more with socially conscious consumers.

7.4 WHAT IS A BRAND?

A brand is a unique identifier that distinguishes a product, service, or company from its competitors. It encompasses everything from the name, logo, and design to the overall perception held by consumers. Brands are built over time through consistent messaging, quality, and the experience they offer to consumers. A strong brand can command premium pricing, foster customer loyalty, and create a competitive advantage in the marketplace.

Brands are omnipresent in today’s world, influencing nearly every aspect of our lives. From the clothes we wear to the food we eat, the phones we use, and even the entertainment we consume, brands are deeply embedded in our daily routines. But what exactly is a brand? Is it merely a logo, a name, or a slogan? Or does it encompass something far more substantial?

7.4.1 Definition of Brand

At its core, a brand is a distinctive identity that represents a product, service, company, or individual. It is a combination of elements such as a name, logo, slogan, design, and other visual or verbal cues that create a unique image in the minds of consumers. However, a brand goes beyond just its visual elements; it encompasses the emotions, perceptions, and experiences that consumer’s associate with it.

A brand can be defined as a promise made by a company to its customers. This promise is communicated through various brand elements and is reinforced through the consistent delivery of the brand's value proposition. The strength of a brand lies in its ability to create a positive and lasting impression on consumers, leading to brand loyalty and advocacy.

According to the American Marketing Association (AMA), a brand is "a name, term, design, symbol, or any other feature that identifies one seller's goods or services as distinct from those of other sellers." This definition highlights the role of a brand in differentiating products and services in a competitive marketplace.

7.4.2 Key Elements of a Brand

A brand is composed of several key elements that work together to create a unique identity and image. These elements include:

7.4.2.1 Brand Name

The brand name is the verbal component of a brand that identifies and distinguishes it from others. A strong brand name is memorable, easy to pronounce, and resonates with the target audience. For example, Apple, Nike, and Coca-Cola are brand names that have become synonymous with their respective products and industries.

7.4.2.2 Logo

The logo is a visual symbol or design that represents the brand. It is often the most recognizable element of a brand and plays a crucial role in creating brand awareness and recall. A well-designed logo should be simple, versatile, and reflective of the brand's identity. For example, the swoosh logo of Nike and the golden arches of McDonald's are instantly recognizable around the world.

7.4.2.3 Slogan

A slogan is a short, memorable phrase that encapsulates the essence of the brand and its value proposition. Slogans are often used in advertising and marketing campaigns to reinforce the brand's message. For example, Nike's "Just Do It" and Apple's "Think Different" are slogans that have become synonymous with their respective brands.

7.4.2.4 Brand Colors and Typography

The use of specific colors and typography helps to create a consistent visual identity for the brand. Colors and fonts can evoke certain emotions and associations, and they play a crucial role in shaping the brand's image. For example, the red and white color scheme of Coca-Cola is instantly recognizable and evokes a sense of tradition and nostalgia.

7.4.2.5 Brand Voice and Tone

The brand voice and tone refer to the way a brand communicates with its audience. This includes the language, style, and personality used in all forms of communication, from advertising and social media to customer service interactions. A consistent brand voice helps to create a cohesive and authentic brand identity. For example, the playful and witty tone of Old Spice's advertising campaigns has become a defining characteristic of the brand.

7.4.2.6 Brand Story

The brand story is the narrative that communicates the history, mission, and values of the brand. It helps to create an emotional connection with consumers and gives them a reason to choose the brand over its competitors. A compelling brand story can differentiate a brand in a crowded marketplace and foster brand loyalty. For example, TOMS Shoes' brand story, which emphasizes its mission to improve lives through giving, has resonated with socially conscious consumers.

7.4.2.7 Brand Experience

The brand experience encompasses all the interactions and touch points that a consumer has with the brand. This includes everything from the product itself to the customer service, packaging, and online presence. A positive and consistent brand experience is essential for building brand trust and loyalty.

7.4.3 The Role of a Brand in Business

A strong brand plays a vital role in the success of a business. It serves as a powerful tool for differentiation, helping companies to stand out in a crowded marketplace. The key roles of a brand in business include:

7.4.3.1 Differentiation

In a competitive market, where many companies offer similar products or services, a strong brand helps to differentiate a company from its competitors. A well-defined brand identity allows consumers to recognize and choose a brand based on its unique value proposition, quality, and reputation.

7.4.3.2 Consumer Trust and Loyalty

A strong brand builds trust and credibility with consumers. When a brand consistently delivers on its promises and provides a positive experience, consumers are more likely to develop loyalty to the brand. Brand loyalty is a valuable asset for a company, as it leads to repeat purchases, positive word-of-mouth, and resistance to competitive offers.

7.4.3.3 Pricing Power

A strong brand can command premium pricing for its products or services. Consumers are often willing to pay more for a brand they trust and perceive as high quality. This pricing power allows companies to achieve higher profit margins and invest in further brand development.

7.4.3.4 Market Expansion and Brand Extension

A strong brand provides a solid foundation for market expansion and brand extension. Companies with well-established brands can leverage their brand equity to enter new markets or introduce new products under the same brand name. This reduces the risk associated with launching new products and increases the chances of success.

7.4.3.5 Employee Engagement and Recruitment

A strong brand not only attracts customers but also helps to attract and retain top talent. Employees are more likely to feel proud and motivated to work for a company with a strong brand reputation. A strong brand can also enhance the company's ability to recruit skilled professionals who align with the brand's values and culture.

7.4.3.6 Financial Performance

A strong brand has a positive impact on a company's financial performance. Brands with high brand equity tend to outperform their competitors in terms of sales, profitability, and market share. Additionally, strong brands have a higher valuation and can command a premium in mergers, acquisitions, or stock market performance.

7.4.4 The Psychological and Emotional Impact of Brands

Brands have a profound psychological and emotional impact on consumers. They are not just symbols of products or services; they represent a set of values, beliefs, and aspirations. The emotional connection that consumers have with a brand can significantly influence their purchasing decisions and brand loyalty.

7.4.4.1 Brand Perception and Identity

Consumers often use brands as a way to express their identity and align themselves with certain values or lifestyles. For example, a consumer who values innovation and creativity may be drawn to brands like Apple or Tesla. The perception of a brand is shaped by various factors, including the brand's messaging, visual identity, and the experiences consumers have with the brand.

7.4.4.2 Emotional Branding

Emotional branding is a strategy that focuses on creating an emotional connection between the brand and the consumer. By tapping into consumers' emotions, brands can create a deeper and more meaningful relationship with their audience. For example, brands like Coca-Cola and Disney have successfully used emotional branding to create positive associations with happiness, joy, and nostalgia.

7.4.4.3 Brand Loyalty and Advocacy

When consumers form an emotional bond with a brand, they are more likely to become loyal customers and brand advocates. Brand loyalty goes beyond repeat purchases; it involves a deep connection with the brand that leads consumers to choose it over competitors, even when alternatives are available. Brand advocates are consumers who actively promote the brand to others, further enhancing its reputation and reach.

7.5 BRAND DECISIONS

Brand decisions are critical choices that shape the identity, perception, and future trajectory of a brand in the marketplace. These decisions involve determining how a brand is positioned, structured, extended, and evolved over time. Effective brand decisions can enhance a company’s market presence, foster consumer loyalty, and drive long-term success. This chapter explores the key components of brand decisions, including brand positioning, brand architecture, brand extension, and rebranding.

7.5.1 Brand Positioning

Brand positioning refers to the process of defining how a brand is perceived in the minds of consumers relative to competitors. It involves identifying the unique value proposition that differentiates the brand and makes it appealing to the target audience. The goal of brand positioning is to establish a distinct and favorable place for the brand in the market.

To achieve effective brand positioning, companies must consider factors such as target market segmentation, customer needs and preferences, and competitor analysis. A well-positioned brand clearly communicates its benefits, values, and attributes, creating a compelling reason for consumers to choose it over others. For example, Volvo has successfully positioned itself as a brand synonymous with safety, which resonates strongly with consumers seeking reliable and secure vehicles.

7.5.2 Brand Architecture

Brand architecture is the organizational structure of a company’s brands, products, and services. It defines the relationship between the parent brand and its sub-brands, ensuring a cohesive and strategic alignment. There are three main types of brand architecture:

7.5.2.1 Branded House

In this structure, the parent brand serves as the umbrella brand for all products and services. For instance, Google operates under a branded house architecture, where all its products (Google Maps, Google Drive, etc.) carry the Google name.

7.5.2.2 House of Brands

Here, the parent company owns multiple brands, each with its own identity and target market. Procter & Gamble (P&G) is an example, owning diverse brands like Tide, Gillette, and Pampers.

7.5.2.3 Hybrid

This approach combines elements of both branded house and house of brands. An example is Coca-Cola, which has strong sub-brands (e.g., Sprite, Fanta) that maintain their own identities but are still associated with the Coca-Cola name.

Choosing the right brand architecture is crucial as it affects brand recognition, customer loyalty, and marketing efficiency.

7.5.3 Brand Extension

Brand extension is a strategy where a company uses an established brand name to launch new products or services in different categories. This approach leverages existing brand equity to reduce the risks associated with introducing new offerings. Successful brand extensions can drive growth and profitability by tapping into new markets and expanding the brand's reach.

However, brand extension must be approached with caution. It is essential to ensure that the new product aligns with the brand's core values and resonates with the target audience. Poorly executed brand extensions can dilute the brand's identity and confuse consumers. For instance, while Nike's extension from athletic shoes to apparel has been highly successful, other brands have failed by venturing into unrelated categories.

7.5.4 Rebranding

Rebranding involves changing the brand's identity, including its name, logo, visual elements, or overall strategy. This decision is typically driven by factors such as market shifts, mergers and acquisitions, or the need to overcome negative perceptions. Rebranding can revitalize a brand and align it with current market trends or new business objective

Check Your Progress-A

Q1. State True or False.

1. Brand is only about the logo and name of a product or company.
2. Brands can influence the types of food people choose to eat.

3. A strong brand can help a company charge higher prices for its products.
4. Brands are not very common in everyday life.
5. The text suggests that brands are important for creating customer loyalty.

7.6 BRAND STRATEGY DECISION

Brand strategy involves the long-term planning of a brand's direction and growth. Effective brand strategy decisions encompass several key components, including defining the brand's mission and values, determining brand positioning, selecting the right brand architecture, and managing brand equity.

7.6.1 Defining the Brand's Mission and Values

The foundation of any brand strategy lies in a clear understanding of the brand's mission and values. The brand mission articulates the brand's purpose. This mission should align with the company's broader business goals and reflect the needs and desires of the target audience.

Brand values, on the other hand, are the core principles that guide the brand's actions and decisions. These values should be authentic and resonate with both the internal team and the external audience. For example, Patagonia's mission to "build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis" is deeply rooted in its commitment to sustainability, a value that resonates strongly with its customers.

7.6.2 Determining Brand Positioning

Brand positioning is a strategic decision that defines how the brand is perceived in the marketplace relative to competitors. This involves identifying the brand's unique value proposition and the key benefits it offers to consumers. The objective of brand positioning is to carve out a distinct and favorable place in the minds of the target audience.

Effective brand positioning requires a deep understanding of the target market, including their needs, preferences, and pain points. It also involves analyzing the competitive landscape to identify gaps that the brand can fill. Once the brand's positioning is established, it should be consistently communicated across all touch points to reinforce the brand's identity and build consumer trust.

7.6.3 Selecting the Right Brand Architecture

Brand architecture is the structure that organizes the brand's portfolio and defines the relationships between the parent brand and its sub-brands or product lines. The choice of brand architecture is a strategic decision that impacts brand clarity, customer loyalty, and marketing efficiency.

There are several approaches to brand architecture, including a branded house, house of brands, and hybrid models. A branded house strategy, where the parent brand is the primary brand across all products (e.g., Virgin), can create strong brand equity and simplify marketing efforts.

7.6.4 Managing Brand Equity

Brand equity refers to the value that a brand adds to a product or service, based on consumer perceptions and experiences. Managing brand equity is a critical aspect of brand strategy, as strong brand equity leads to increased customer loyalty, premium pricing, and competitive advantage.

Brand strategy decisions must focus on building and maintaining brand equity by ensuring consistent brand messaging, delivering on brand promises, and fostering positive customer experiences. Companies should also regularly monitor brand equity through consumer feedback, market research, and performance metrics to identify areas for improvement and adapt their strategies accordingly.

7.7 CONCEPT AND DEFINITION OF CONSUMER

A consumer is an individual or group who purchases goods or services for personal use. Consumers are the end-users in the supply chain, and their preferences and behaviours are critical drivers of demand. Understanding consumers involves analyzing their needs, wants, preferences, and decision-making processes. In the context of branding, consumers are the primary audience, and their perceptions of the brand determine its success.

7.7.1 Definition of a Consumer

A consumer is any individual or entity that acquires goods, services, or experiences to satisfy personal needs or desires. This definition encompasses a wide range of activities, from purchasing household items to investing in luxury experiences. Consumers make decisions based on factors such as price, quality, brand reputation, and personal preferences. Unlike customers, who may purchase goods on behalf of someone else, consumers are the ultimate users of the products or services.

Consumers play a crucial role in the economic system as their purchasing choices directly impact the supply and demand dynamics within markets. Businesses, therefore, focus on understanding consumer behaviour to tailor their offerings, marketing strategies, and customer experiences to meet the expectations of their target audience.

7.7.2 Types of Consumers

Consumers can be categorized in various ways depending on their behaviour, preferences, and the context in which they make purchasing decisions. Some of the common classifications include:

7.7.2.1 Individual Consumers

These are private individuals or households purchasing goods and services for personal use. Individual consumers are driven by personal needs, tastes, and preferences. They make up the bulk of retail markets and influence trends across various industries.

7.7.2.2 Organizational Consumers

These include businesses, government agencies, and other organizations that purchase products or services for operational use, production processes, or resale. Organizational consumers typically engage in more complex decision-making processes, involving multiple stakeholders and longer buying cycles.

7.7.2.3 Loyal Consumers

Loyal consumers consistently choose a particular brand or product over others, often due to a positive past experience, strong brand affinity, or perceived value. Loyalty is highly sought after by companies as it leads to repeat business and can be more cost-effective than acquiring new customers.

7.7.2.4 Impulse Buyers

These consumers make unplanned purchases based on emotions or spur-of-the-moment decisions. Impulse buying is often triggered by factors like in-store promotions, attractive packaging, or immediate gratification needs.

7.7.2.5 Price-Sensitive Consumers

Price-sensitive consumers prioritize cost over other factors such as brand or quality. They are more likely to switch brands or products in search of better deals or discounts.

7.7.3 The Consumer Decision-Making Process

Understanding the consumer decision-making process is essential for marketers. This process typically involves several stages:

7.7.3.1 Need Recognition

The consumer identifies a need or problem that requires a solution, such as the desire for a new phone or the need for a vacation.

7.7.3.2 Information Search

Consumers gather information about potential solutions, evaluating different products, brands, and alternatives.

7.7.3.3 Evaluation of Alternatives

At this stage, consumers compare the available options based on criteria such as price, quality, and features.

7.7.3.4 Purchase Decision

The consumer makes a decision to purchase a particular product or service.

7.7.3.5 Post-Purchase Behaviour

After the purchase, consumers evaluate their satisfaction with the product, which can influence future buying decisions and brand loyalty.

7.8 FUNCTION OF BRAND TO CONSUMER

A brand serves multiple functions for consumers, acting as more than just a name or symbol for a product or service. In today's competitive marketplace, where countless options are available, brands play a crucial role in shaping consumer perceptions, guiding purchasing decisions, and fostering emotional connections. Understanding the functions of a brand from the consumer's perspective is essential for businesses aiming to create meaningful and lasting relationships with their target audience. The key functions a brand serves for consumers, including identification, assurance of quality, simplification of decision-making, emotional connection, and social identity.

7.8.1 Identification and Differentiation

One of the primary functions of a brand for consumers is to provide identification and differentiation. A brand helps consumers quickly identify a product or service among a sea of options, allowing them to distinguish it from competitors. The brand name, logo, packaging, and other brand elements serve as identifiers that make it easier for consumers to recognize and select the product they want.

For example, the distinct apple logo of Apple Inc. allows consumers to instantly recognize its products, whether it's a smart phone, laptop, or other electronic device. This identification function is crucial in crowded markets where consumers are bombarded with numerous choices and need a way to quickly differentiate between them.

7.8.2 Assurance of Quality

Brands also function as a signal of quality and reliability. When consumers are familiar with a brand, they associate it with a certain level of quality based on their past experiences or the brand's reputation. This assurance reduces the perceived risk associated with purchasing decisions, particularly in markets where the quality of products and services can vary widely.

For instance, consumers may choose a well-known brand like Nike for athletic shoes because they trust the brand to deliver high-quality, durable products. This trust in the brand's quality can lead to repeat purchases and long-term loyalty.

7.8.3 Simplification of Decision-Making

Another critical function of a brand is to simplify the decision-making process for consumers. In a world with endless product options, consumers often face decision fatigue. A strong brand can ease this burden by providing a shortcut in the decision-making process.

When consumers are loyal to a brand, they are more likely to choose it repeatedly, saving time and effort in evaluating alternatives.

For example, a consumer loyal to Starbucks might automatically choose it over other coffee shops, bypassing the need to consider different options each time they want coffee. This simplification enhances convenience and reinforces brand loyalty.

7.8.4 Emotional Connection

Brands also play a significant role in forming emotional connections with consumers. Beyond functional benefits, successful brands resonate with consumers on an emotional level by aligning with their values, aspirations, and lifestyle. This emotional connection can create a strong sense of brand attachment, making consumers more likely to choose the brand over others and remain loyal over time.

Take Coca-Cola, for example, which has positioned itself not just as a beverage brand but as a symbol of happiness, togetherness, and joy. This emotional branding strategy has helped Coca-Cola maintain a strong and loyal customer base worldwide.

7.8.5 Social Identity and Status

Brands contribute to the social identity and status of consumers. The brands that consumers choose often reflect their self-image, personality, and social aspirations. Owning or using certain brands can communicate a consumer's values, tastes, and social status to others.

For example, luxury brands like Rolex or Gucci are often associated with wealth, prestige, and exclusivity. Consumers who purchase these brands may do so not only for the product itself but also for the social status and recognition that comes with it.

7.9 IMPORTANCE OF BRAND TO CONSUMERS

In today's highly competitive and saturated marketplace, the importance of brands to consumers cannot be overstated. Brands play a pivotal role in influencing consumer behaviour, shaping perceptions, and creating lasting relationships between businesses and their target audiences. This chapter explores the key reasons why brands are so important to consumers, including the ease of identification, assurance of quality, emotional connection, social identity, and trust.

7.9.1 Ease of Identification and Differentiation

One of the primary reasons brands are important to consumers is their role in simplifying the decision-making process through ease of identification and differentiation. With an overwhelming number of choices available in nearly every product category, consumers rely on brands as a quick and reliable way to identify the products that meet their needs. A strong brand stands out in the marketplace, helping consumers quickly distinguish it from competitors.

For example, when a consumer walks down the aisle of a supermarket, familiar brands like Coca-Cola, Kellogg's, or Tide immediately catch their attention. These brands have established identities that make them easily recognizable, enabling consumers to make quick purchasing decisions without the need to evaluate every option on the shelf.

7.9.2 Assurance of Quality and Reliability

Another critical aspect of why brands matter to consumers is the assurance of quality and reliability they provide. A well-established brand represents a promise to the consumer, offering consistent quality across all products or services associated with it. This assurance reduces the perceived risk in purchasing decisions, especially for higher-cost items or products that consumers use frequently.

For instance, consumers who choose Apple products often do so because of the brand's strong reputation for innovation, design, and user experience. The brand's consistent delivery on these attributes builds trust, making consumers more confident in their purchasing decisions.

7.9.3 Emotional Connection and Loyalty

Brands also play a significant role in creating emotional connections with consumers. Beyond functional benefits, successful brands resonate with consumers on a personal level by aligning with their values, aspirations, and lifestyle. This emotional connection fosters brand loyalty, where consumers consistently choose a brand over others because of the emotional bond they have formed with it.

For example, brands like Nike and Patagonia have cultivated strong emotional connections with their customers by aligning their brand messaging with themes of empowerment, social responsibility, and environmental sustainability. These connections make consumers feel good about their purchases and reinforce their loyalty to the brand.

7.9.4 Social Identity and Status

Brands contribute to the social identity and status of consumers, serving as symbols of who they are and what they stand for. The brands that consumers choose can reflect their self-image, personality, and social status, allowing them to express themselves through their purchasing choices.

Luxury brands, such as Rolex or Louis Vuitton, are often associated with prestige and exclusivity. Consumers who purchase these brands do so not only for the quality of the product but also for the social recognition and status that comes with owning such a brand. In this way, brands become an extension of the consumer's identity, helping them communicate their values and aspirations to others.

7.9.5 Trust and Long-Term Relationships

Finally, brands are important to consumers because they build trust and facilitate long-term relationships. Trust is a key factor in consumer decision-making, as it reduces uncertainty and makes consumers more comfortable with their choices. A trusted brand is one that consistently meets or exceeds consumer expectations, leading to repeat purchases and strong customer loyalty.

For example, Amazon has built a reputation for reliability and customer service, which has earned it the trust of millions of consumers worldwide. This trust translates into repeat business, as consumers are more likely to return to a brand they trust for future purchases.

Check Your Progress-B

Multiple choice questions

1. What is the primary purpose of a brand for consumers?

A To identify the product or service

B To provide entertainment

C To offer a wide range of options

D To highlight the brand's history

2. Which of the following is NOT a common way for businesses to categorize consumers?

A Based on their purchasing behaviour

B Based on their income level

C Based on the context of their purchases

D Based on their preferred payment methods

3. Which function of a brand helps consumers make purchasing decisions more efficiently?

A. Emotional connection

B Social identity

C Assurance of quality

D Simplification of decision-making

4. How do brands help consumers express their social identity?

A By offering exclusive products

B By highlighting the brand's history

C By providing a sense of belonging to a group

D By simplifying the decision-making process

5. What is the primary role of a brand in a competitive marketplace?

A To create emotional connections with consumers

B To provide a wide range of product options

C To shape consumer perceptions and guide purchasing decisions

D To offer the lowest prices

7.10 SUMMARY

This chapter provided a comprehensive overview of what constitutes a brand, its evolution, key elements, and the role it plays in business. It also explored the intricate relationship between brands and consumers, emphasizing how brands influence consumer decisions and the critical role consumers play in shaping brand identity. It covered the concept of a brand, the various brand decisions and strategies, and the functions and importance of brands to consumers. Understanding this relationship is vital for effective brand management and marketing strategy.

7.11 GLOSSARY

- **Brand:** A unique identifier for a product, service, or company, encompassing its name, logo, and overall perception.
- **Brand Positioning:** The process of establishing a brand's unique value proposition in the market.
- **Consumer:** An individual or group who purchases goods or services for personal use.

- **Brand Strategy:** Long-term planning of a brand’s direction, growth, and market positioning.
- **Logo**: A visual symbol or design representing the brand, often the most recognizable element.
- **Slogan**: A short, memorable phrase encapsulating the essence of the brand.

- **Brand Voice**: The language, style, and personality used by a brand in its communications.
- **Emotional Branding**: A strategy focused on creating an emotional connection between the brand and the consumer.

7.12 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress-A

Q1.

(i) False

(ii) True

(iii) True

(iv) False

(v) True

Check Your Progress – B

1. A
2. D
3. D
4. C
5. C

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7.15 TERMINAL QUESTIONS

1. Define the term "brand" and explain its significance in the modern marketplace.
2. Discuss the key elements of a brand and how they contribute to brand identity.
3. Discuss the relationship between brand strategy and consumer behaviour.
4. How can a strong brand create a competitive advantage in the market?
5. Explain the role of brand architecture in managing a brand portfolio.
6. What are the key factors that influence brand loyalty among consumers?

UNIT 8 BRAND EQUITY

8.1 INTRODUCTION

One of the most valuable intangible assets of a firm is its brands and it is incumbent on marketing to properly manage their value. Building a strong brand is both an art and a science. It requires careful planning, a deep long-term commitment, and creatively designed and executed marketing. A Strong brand commands intense consumer loyalty at its heart is a great product or service.

Brand equity refers to the value that a brand adds to a product or service beyond its functional benefits. This value is built over time through various factors such as brand awareness, brand loyalty, perceived quality, and brand associations. In marketing, brand equity is a critical asset as it can significantly influence consumer behaviour, drive customer loyalty, and create competitive advantages.

Strong brand equity allows a company to charge premium prices, attract and retain customers, and expand into new markets more effectively. It also acts as a buffer during market fluctuations and competitive pressures. Companies with high brand equity typically enjoy better market performance, greater customer trust, and a stronger overall brand presence. Marketers work to build brand equity through consistent brand messaging, high-quality products, positive customer experiences, and effective communication strategies. Over time, this can lead to a powerful brand that resonates deeply with consumers, leading to long-term business success.

8.2 OBJECTIVES

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

- Understand the concept and significance of brand equity
- Identify different components of brand equity.
- Understand the various brand equity models.
- Analyze how to build brand equity.

8.3 MEANING AND DEFINITION OF BRAND EQUITY

Brands vary in the amount of power and value they have in the market. A powerful brand has high brand equity. Brand equity is the added value endowed on products and services. It may be reflected in the way consumers think, feel and act with respect to the brand, as well as in the prices, market shares and profitability the brand commands." Brand equity is the positive differential effect that knowing the brand name has on consumer response to the product or service. A measure of a brand's equity is the extent to which customers are willing to pay the more for the brand" (Phillip Kottler). For example, compared to price of Rs 1,000/- for unbranded shirt, a customer may be willing to pay Rs 2,200 for a shirt by Peter England.

Brand Equity is basically the value of a brand. It is an extension of brand recognition, but is much more comprehensive than recognition, it denotes the added value in a particular name. It denotes the added value in a particular name. Brand equity is one of the factors that can increase the financial value of a brand for a brand owner. Companies in the same industry or sector compete for brand equity.

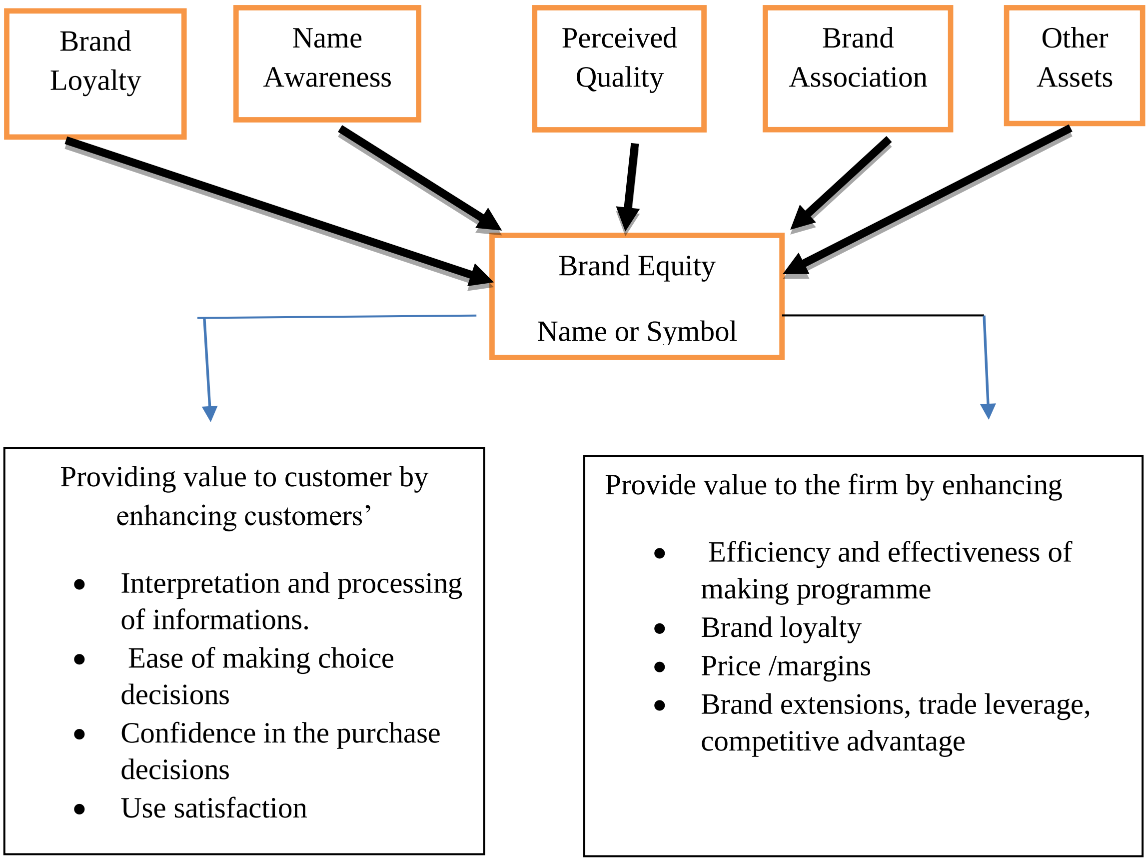
Definitions

"Brand equity" refers to a set of assets and liabilities linked to brand, its name and symbol that add to or to subtract from the value provided by the product or service to a form and /or that firm's competitions." (Professor David A. Aaker)

"Brand equity is the totality of brand's perception, unlending the relative quality of products and services, financial performance, customer loyalty satisfaction and overall esteem towards the brand. It is all about how consumers, customers, employees and all stakeholders feel about the brand." (Keller Kelvin Lane)

Brand Equity represents the revenue premium that a brand earns in the marketplace in comparison with an identical but unbranded, alternative. Brand equity is the value of a brand's overall, strength in the market. High brand equity provides many competitive advantages. A powerful brad enjoys a high level of consumer brand awareness and loyalty. Since the brand name carries high credibility, the company can more easily launch and brand extension. Example: Coca Cola launching Diet Coke and Tata launching Tata Salt. A powerful brand provides the company with some defense against fierce price competition in the market. The basic asset underlying brand equity is consumer equity, which is the value of the customer relationship that the brand creates. What a powerful brand really represents is a group of brand loyal customers. Marketing people's job is therefore to build customers' equity using brand management as a tool.

David A. Aaker has proposed a structure of five assets underlying brand equity which creates value for both customers and the marketer. (See Fig. 8.1). They are as follows:



1. **Brand Loyalty:** When customers perceive high value for a brand name or symbol and exhibit high loyalty to the brand, it is an important asset. It can be used for persuading the customers for additional purchase or for spreading goodwill through word of mouth.
2. **Name Awareness:** Awareness creation about a brand name among the target audience is a necessary precondition for trial of products of services. Customers rarely purchase an unknown brand.
3. **Perceived Quality**: A well-known brand always conveys an image of good quality, durability and dependability. Customers from their own judgement about quality and get induced into purchase decision (e.g., iPhone, Nike, Titan etc.)
4. **Brand Associations:** Customers have certain subjective and emotional attachments which form a part of the brand equity. These associations together form a part of the

brand equity. These associations form together a “brand personality” which suggests situations and customers for whom the particular brand is suitable.

5. **Other Assets:** Patents, trade mark etc. are other valuable assets of a brand.

8.4 CHARACTERSTICS OF BRAND EQUITY

1. **Brand Equity Signifies value:** Brand gives identity to products in the form of name or logo. Every brand comes to embody a promise about quality, performance and other dimensions of value which can influence customer choices among competing brands. When the customer trusts a brand and find it relevant, they are ready to pay higher price and prefer company brand over competitors.
2. **Intangible:** Brand equity is often reflected in the way customers see, feel and act towards the brand. The effect of this intangible asset is also visible in the financial books as the market share, prices, demand and profitability increase due to brand equity.
3. **Drivers**: Brand Equity is affected by various factors, but three key brand equity drivers are brand awareness, brand perspective and brand attachment.
4. **Calculation:** It is important to find the value of a brand. Brand equity metrics have been developed for the same by researchers. Marketers make use of various methods to determine the value of their brands.
5. **Difficult to quantify:** Brand equity is difficult to quantify. Various tools have been developed to analyze it but no one is fool proof. The reconciliation between quantitative and qualitative value is difficult. Quantitative brand equity includes numeric values such as profit margins, market share, and sales volume etc., but qualitative elements such as image, associations and prestige are difficult to be measured.

8.5 TYPES OF BRAND EQUITY

Brand equity can be categorized into different types based on the focus and the way it is measured or perceived. Here are the main types of brand equity:

1. **Customer-Based Brand Equity**
   - This type of brand equity is built from the consumer's perspective, focusing on how consumers perceive and feel about the brand. It includes elements like brand awareness, brand associations, brand loyalty, and perceived quality.
   - It reflects the strength of the brand in the minds of consumers and influences their purchasing decisions.

2. **Financial Brand Equity**

- Financial brand equity is the monetary value of a brand as an intangible asset. It considers factors like market share, revenue generated by the brand, and the brand’s ability to command premium pricing.

- This type of equity is crucial for evaluating the brand's contribution to the company's overall financial performance and is often used in mergers, acquisitions, and brand valuation.

3. Employee-Based Brand Equity

- This type of brand equity focuses on how the brand influences the attitudes and behaviours of employees. It includes factors like employee satisfaction, loyalty, and the brand's role in attracting and retaining talent. A strong brand can enhance employee motivation, productivity, and advocacy, thereby contributing to the overall brand strength.

4. Channel-Based Brand Equity

- Channel-based brand equity is related to the brand's relationships with its distribution channels, such as retailers, wholesalers, and other intermediaries. It includes factors like channel loyalty, support, and the brand's power in negotiating with channel partners.

5. Social Brand Equity

- Social brand equity reflects the brand's influence on society and its contribution to social causes. It includes aspects like corporate social responsibility (CSR), environmental impact, and the brand's reputation for ethical practices.
- Social brand equity can enhance consumer trust, loyalty, and brand advocacy, particularly among socially conscious consumers.

Each type of brand equity plays a unique role in shaping the overall strength and value of a brand, influencing both internal and external stakeholders.

8.6 BRAND EQUITY MODELS

Several models have been developed to understand, measure, and manage brand equity. These models provide frameworks for companies to assess the value of their brands and strategize for brand growth. Here are some of the most well-known brand equity models:

1. Aaker's Brand Equity Model

- It is developed by David Aaker
- Components:
  i. Brand Loyalty: Measures the attachment a customer has to a brand.
  ii. Brand Awareness: The ability of consumers to recognize or recall a brand.
  iii. Perceived Quality: The customer's perception of the overall quality or superiority of a brand.
  iv. Brand Associations: The mental connections and attributes associated with the brand.
  v. Other Proprietary Brand Assets: Includes trademarks, patents, and channel relationships.

- Aaker's model is widely used to assess the overall brand strength by evaluating these five dimensions.

2. Keller's Brand Equity Model (Customer-Based Brand Equity or CBBE Model)

- It is developed by Kevin Lane Keller
- Components:
  a) Brand Identity: Who are you? (Salience)
  b) Brand Meaning: What are you? (Performance and Imagery)
  c) Brand Responses: What about you? (Judgments and Feelings)
  d) Brand Resonance: What about you and me? (Loyalty and Attachment)
- Keller's model emphasizes building strong customer relationships through a pyramid structure, where brand identity forms the base, and brand resonance is at the top, representing the ultimate relationship with the customer.

3. Brand Asset Valuator (BAV) Model

- It is developed by Young & Rubicam (Y&R)
- Components:
  i. Differentiation: The degree to which the brand is seen as unique.
  ii. Relevance: How relevant the brand is to consumer needs.
  iii. Esteem: The regard or respect the brand has earned.
  iv. Knowledge: The level of consumer awareness and understanding of the brand.
- The BAV model evaluates brand equity by analyzing these four pillars, focusing on the brand's ability to differentiate itself while remaining relevant and respected in the market.

4. Brand Z Model

- It is developed by Milward Brown
- Components:
  i. Presence: The extent to which consumers are aware of the brand.
  ii. Relevance: The degree to which the brand meets consumer needs.
  iii. Performance: How well the brand delivers on its promise.
  iv. Advantage: The brand's perceived differentiation from competitors.
  v. Bonding: The strength of the emotional connection between the brand and its customers.
- The Brand Z model measures brand equity through these stages, culminating in the bonding stage where strong brands create deep, emotional connections with consumers.

5. The Brand Resonance Model

- It is developed by Kevin Lane Keller (as part of the CBBE Model)

  Components:
  I. Brand Salience: Ensuring the brand is top of mind.
  II. Brand Performance: How well the product or service meets consumer needs.

III. Brand Imagery: The intangible aspects of the brand, like personality and values.
IV. Brand Judgments: Personal opinions and evaluations about the brand.
V. Brand Feelings: Emotional responses to the brand.
VI. Brand Resonance: The ultimate level of connection, marked by strong loyalty and active engagement.

- The Brand Resonance Model is a customer-centric approach that focuses on building a deep, emotional bond with consumers, leading to long-term loyalty.

6. Interbrand's Brand Valuation Model

- It is developed by Interbrand
  Components:
  i. Financial Performance: The economic earnings the brand generates.
  ii. Role of Brand: The percentage of purchase decisions driven by the brand.
  iii. Brand Strength: The brand's ability to secure future earnings.
- This model is often used for brand valuation, particularly in financial contexts such as mergers and acquisitions, providing a monetary value to the brand.

These models offer different perspectives and methodologies for understanding and managing brand equity, allowing businesses to select the approach that best suits their objectives and market conditions.

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8.7 BUILDING BRAND EQUITY

Building brand is an important activity for marketers. Brand equity is the result of factors like brand awareness, brand loyalty, brand image (perceived quality) and brand associations. Brand equity evolves when the customers have high higher brand awareness, brand recognition and strong brand associations which are favourable and unique. The strength of brand association is determined by the levels of information search and processing by the consumers. The nature of information, quality and quantity of information sought will also affect the association. The more deeply a consumer thinks about a product, the more will be the brand association. Brand strength is also affected by the consistency of information. Favourable brand association is created when the company develops marketing strategies effectively to deliver product related and non-product related benefits that are expected, desired and preferred by the consumers. This process must be consistent over a period. The brand association should be unique.

Building brand equity requires careful consideration of the following:

i. Choice of brand elements that make up the brand
ii. Developing and implementing marketing support programmes
iii. Leveraging secondary associations by linking the brand to other benefits.
The marketer must consider the complementarity and consistency of different ways and means of building brand equity. The complementarity factors are choice of different brand elements and different marketing support programmes. It is necessary that the strength of some elements are

compensated for the weakness of other elements. Consistency refers to the fact that different brand elements and market activities share the same common meaning. It also implies that meaning is communicated to the consumer without much distortion.

8.7.1 GUIDELINES FOR BUILDING BRAND EQUITY

The following guidelines have been suggested by brand strategy experts like Aaker and Keller for building strong brand:

i. **Building Brand Identity:** consider brand as person or an organization or a product. Brand image is different from brand identity. Image refers to how the brand is perceived, and identity is how the company aspirations to be perceived.
ii. **Commit for a value proposition:** Each brand has a driving value proposition. Identify the driver and the functional emotional and self-expressive benefits that consumer expect. Build the brand relationship to strengthen the above.
iii. **Position the brand**: The positioning of the brand should consider necessary and desired points of parity and points of differentiation in the product category. Clear positioning will guide a clear communication strategy.
iv. **Implement with consistency:** The communication should be aimed at creating brand awareness and brand association. Also, it should be consistent and durable.
v. **Consistency over time**: Maintain logos, symbols and imagery without change. If there is need for change, understand the consumer's minds before making any modifications.
vi. **Brand System:** The brands in the product portfolio of a company should have synergy.
vii. **Leveraging the brand:** Plan for extensions carefully to increase the brand identity, image and other positive associations.
viii. **Monitoring Brand Equity:** Monitor the brand over time, including awareness, perceived quality, brand loyalty and brand associations. Communication channels and messages also need to be monitored regularly.
ix. **Brand Responsibility:** Assign responsibility of a brand to someone who can co-ordinate all the brand related activity in the company.
x. **Invest in Brands**: Continue to invest in brands to nurture them. It is important to enhance brand equity by continuous product innovation, new advertising messages and extensive distribution to sustain the consumer relevance and user and usage imagery.

8.8 FACTORS INFLUENCING BRAND EQUITY

I. **Brand Loyalty:** Brand loyalty is a measure of the attachment that a customer has to a specific brand. It depicts the chances that a customer may switch over to any other brand having similar offering, If the brand loyalty of customers is high, brand equity gets stronger. Loyal Customer base is a source of competitive advantage.

II. **Brand Awareness:** Customer awareness about the brand also affects its acceptability in the market. Customers prefer to buy products with which they are familiar and comfortable. The brands which spread wider awareness through marketing campaigns, promotional tools and advertisements are reliable. In simple terms, a known brand is always preferred over an unknown brand.

III. **Consumer's perception of quality:** A brand's value will also be affected by the perceptions of quality that its customers have; Purchase decisions are largely influenced by quality perceptions of customers. Some buyers prefer to do analysis before taking decisions, but the majority relies on their own perception. Customer perception is also shaped based on experience that customers have from earlier use of brand.

IV. **Brand Association:** The underlying value of a brand largely depends upon the specific associations that brand is linked to. Some brands are associated to social responsibility or sustainable development. When the customer can associate himself with the brand well, the loyalty levels increase tremendously. It results in stronger brand equity.

V. **Brand Strategies**: Branding strategies define the business a brand conducts as well as how the brand will enter the market, gain market share and maintain a competitive position in its target market. Brand equity is influenced by the complexity of strategies adopted by the organization.

VI. **Profit Margin:** The profit that a brand creates affects its brand equity. The companies with strong brand equity fetch higher profits than the ones with lower brand equity.

VII. **Other Considerations:** Patents, trademarks and channel relationships also influence the levels of brand equity. Patents and trademarks protect the brand equity from competitors.

Check Your Progress-A

1. Which of the following best describes brand equity?
   a) The financial value of a company's stock
   b) The added value a brand provides to a product or service based on consumer perception
   c) The number of products a company sells
   d) The total amount of investment a company has made in advertising.

2. What is a key component of brand equity that refers to how well consumers can identify a brand?
   a) Brand loyalty
   b) Perceived quality
   c) Brand Awareness
   d) Brand associations

3. Which term describes the emotional and psychological connections consumers have with a brand?

a) Brand Associations
b) Brand Name
c) Brand Positioning
d) Premium Pricing

4. Which of the following best measure the degree to which the consumers repeatedly purchase a brand?
a) Brand Awareness
b) Brand equity
c) Perceived quality
d) Brand Loyalty

8.9 IMPORTANCE OF BRAND EQUITY

Brand Equity is the major indicator of the strength and performance of an organization. Having brand equity means a company has successfully differentiated itself from its competitors.

Brand Equity offers the following results:

1. **Increased Sales:** Brand equity has a direct effect on sales volume because consumers gravitate towards products with greater reputations. For example, when Apple releases a new product, customers line up around the block to buy it even though it is usually priced higher than similar products of competitors.
2. **Higher Margins:** Strong brand equity not only increases sales, but also profit margins. When customers attach a level of quality or prestige to a brand, they perceive that brand 's products as being worth more than products made by other competitors so they are willing to pay more. In effect the market bears higher prices for brands that have high levels of brand equity. Customers are ready to pay a premium price to do business with the organization they know and admire.
3. **Competitive advantage:** Positive brand equity increases profit margin per customer because it allows a company to charge more for a product than competitors, even though it could be obtained at the same price. The firms having brand equity differentiate themselves in one or the other way. Whether it is superior product quality, excellent customer service or an effective marketing campaign, some aspects of the business have garnered enough recognition and respect from consumers. Therefore, such firms gain competitive advantage and customers prefer spending on their products than other similar products.
4. **Customer Retention:** Customer retention is another area in which brand equity matters. Brand equity leads to the creation of more loyal customers. Most of Apple's customers not only one Apple product; they own several and they eagerly wait for the next releases. The company's customer base is fiercely loyal. Apple enjoys high customer retention. Retaining existing customers increases profit margins.
5. **Acceptability of products line extensions:** Brand equity is important when a company wants to expand its product line. If the brand's equity is positive, the company can increase the likelihood that customers might buy its new products by

associating the new products with an existing successful brand. Customers trust the brand and follow any new product the company creates.

6. **Assets:** Brand Equity is one of the most crucial intangible assets of the company. Like any other assets, it can be sold, licensed or leased to others

Check Your Progress-B

State True and False:

1. Companies with strong brand equity can charge higher prices than their competitors.

2 Brand equity does not affect a company's ability to retain customers.

3 Apple customers often own multiple products from the brand.

4 A company with positive brand equity can easily expand its product line.

5 Brand equity is a tangible asset that can be physically measured.

8. 10 SUMMARY

Brand equity in marketing refers to the value a brand adds to a product or service, based on consumer perceptions, recognition, and loyalty. It encompasses elements like brand awareness, brand associations, perceived quality, and brand loyalty. High brand equity allows companies to charge premium prices, attract more customers, and have a competitive edge. To delve deeper, it's about how strong and favourable brand associations drive customer preference and ultimately business success.

Brand equity represents the added value a brand name provides to a product or service, influenced by consumer perceptions, recognition, and loyalty. It encompasses several key components:

1. **Brand Awareness:** The extent to which consumers recognize or recall a brand. High awareness increases the likelihood of choice and can drive initial purchases.
2. **Brand Associations:** The attributes, qualities, and emotional responses that consumers link to a brand. Positive associations can enhance perceived value and influence buying decisions.
3. **Perceived Quality:** How consumers view the overall quality or performance of a brand compared to competitors. Higher perceived quality can justify premium pricing and foster loyalty.
4. **Brand Loyalty:** The degree to which consumers repeatedly purchase or favour a brand. Loyal customers often provide consistent revenue and can act as brand advocates.

   Strong brand equity allows businesses to leverage their brand for competitive advantage, enabling higher pricing, easier market entry, and improved customer retention. It is built over time through consistent quality, effective marketing, and positive customer experiences. Brands with high equity can navigate market challenges more effectively and enjoy greater financial performance.

In essence, brand equity transforms a brand from a mere identifier into a significant asset, deeply influencing consumer behaviour and business outcomes.

8.11 GLOSSARY

1. **Awareness** - Recognition and recall of a brand by consumers.
2. **Brand Associations** - Attributes and emotions linked to a brand.
3. **Brand Loyalty** - Repeat purchase behaviour and preference for a brand.
4. **Brand Name -** The title or identifier of a brand.
5. **Brand Positioning -** The unique space a brand occupies in the market.
6. **Perceived Quality** - Consumer judgment of a brand's overall quality.
7. **Premium Pricing -** Higher price charged due to brand value.
8. **Recognition** - The ability of consumers to identify a brand.
9. **Reputation** - The overall perception of a brand's reliability and performance.
10. **Value Proposition** - The benefits and value a brand promises to deliver.

8.12 ANSWERS TO CHECK YOUR PROGRESS

Answers to Check Your Progress A 1 is (b), 2 (c), 3 (a), 4 (d)

Answers to Check Your Progress B 1. True 2. False 3. True 4. True 5. False

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8.15 TERMINAL QUESTIONS

1. What is the meaning of brand equity? Discuss the advantages of brand equity in detail.
2. Define brand equity. What are the components that design brand equity for a company?
3. Explain the process of brand equity development.
4. What do you mean by brand equity? What are the factors that influence brand equity of an organization?

UNIT 9 BRAND POSITIONING AND BRAND BUILDING

9.1 INTRODUCTION

In strategic product marketing popularly known as STP. The last step is Positioning. The concept of targeting is already discussed in the earlier units. After identifying and selecting the target market, it becomes very important for the brands to position their product in the mind of customers.

Positioning is a process of developing and creating a superior image of the brand in the mind of public. In positioning the brand tries to communicate to the target market that their product or service with particular features is best for the target market. Through positioning the marketers try to communicate how their brand differs from other brands, why consumers should buy their brand, special features their brand is offering. Basically, positioning distinguishes the marketer's brand from other brands. Customers can be attracted from successful positioning. Positioning also helps in identifying a particular brand from a slot of different brands. Positioning will help the marketers in creating an edge over the competitors and create a superior image over the competitors.

9.2 OBJECTIVES

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

- Understand the concept and significance brand positioning
- Identify different types brand positioning strategies
- Understand the concept of Brand repositioning.
- Hoe should brand position themselves in order to succeed in market.

9.3 CONCEPT OF POSITIONING

Positioning is a process in which a superior image is created in the minds of customers regarding a product in concerned target market. Positioning is a strategic process of presenting the product where it best fits and why it is superior or better than the other products available in the market. The basic goal of positioning is to identify which segment of market to target, identifying the needs of target market and satisfying their needs.

While creating brand positioning, brands must keep some important questions in mind which are as follows:

(i) Which segment of market the brand is targeting or who is target customer?
(ii) Which category your product or service belongs?
(iii) What is the utility or benefit of your product?
(iv) What is the proof of that utility or benefit?

By answering these questions, a brand will be able to deliver value proposition to the customers and will create a superior brand image over competitors.

Some reasons why positioning is important are as follows:

1. **Helps in brand differentiation** – Every company's brand has its identity. So, it becomes important to know the speciality of your brand in order to capture the attention of those who are interested enough to take action. Brand positioning creates an identity of your brand, helps in identifying the target market and why you are best for the target market.

2. **Cut throat competition-** There is cut throat competition in market. Positioning helps in beating competition as in positioning the brand tries to potray the superiority of their brand over other brands.

3. **Commercial message volume-** Generally, people see a lot of advertisements in a day, only few are remembered by them. In order to grab the customer's attention so that they remember the advertisement positioning plays an important role. Advertising must be done in such a way that it stands out from other brand's advertising along with clearly stating the message. It should not be vague.

9.4 STEPS IN POSITIONING

Brand positioning involves creating a unique impression in the customer's mind so they associate something specific and desirable with your brand. Here's a step-by-step procedure to position your brand effectively:

1. Identify Your Target Audience:

Firstly, the process starts with understanding who your customers are. If brands will know their target audience, then only, they can understand their taste and preferences and can accordingly target them. After identifying your target audience, segment your customer based on demographics, psychographics, behavior, and needs.

2. Analyze the Competitors:

After Identifying the target audience, the next step is to analyze the competitors. This step requires great attention and deep thinking because there are some brands with directly affect us whereas there are some brands which don't affect us directly but we need to identify both so, Identify the brands that directly or indirectly affect you. After identifying them evaluate the strengths, weaknesses, positioning strategies and market share of your competitors.

3. Define Your Unique Selling Proposition (USP)

Determine what makes your brand unique. Every brand has something unique in them. So, identify the USP of your brand and highlight the benefits and features that set your product or service apart from the competitors.

4. Determine Key Benefits and Value Propositions:

After defining the unique selling of your brand, the next step is to focus on the core benefits that resonate with your target audience and articulate the value your brand delivers to the customers.

5. Develop a Brand Positioning Statement:

For developing the brand positioning statement develop a concise statement that captures your brand's unique value and including the target audience, the category, the benefits, and what makes your brand different from other brands.

7. Design Your Brand Identity:

Develop visual elements such as logo, color scheme, typography, and packaging of your brand. Make it attractive and eye catchy and ensure all elements align with your brand positioning.

8. Implement Your Brand Positioning

Align all marketing and communication efforts with your positioning strategy.

Train employees to embody the brand values and promise.

9. Communicate Consistently:

Ensure all touchpoints (website, social media, advertising, customer service) reflect your brand positioning.

Maintain consistency in messaging and visual identity.

10. Monitor and Adjust:

Regularly evaluate the effectiveness of your brand positioning.

Gather feedback from customers and adapt your strategy as needed.

Effective brand positioning can help differentiate your brand, build customer loyalty, and create a strong market presence.

9.5 SIGNIFICANCE OF BRAND POSITIONING

Brand positioning is a critical aspect of marketing strategy that involves creating a unique impression in the customer's mind so that the customer associates something specific and desirable with your brand. Here are some effective strategies for brand positioning:

1. Differentiation:

Positioning helps to distinguish a brand from competitor’s brand. Positioning highlights unique features and benefits of a particular brand making that brand stand out from competitor’s brand. Positioning creates a differentiation among brands.

2. Customer Clarity:

Positioning clearly communicates what your brand stands for or specialty of brand and makes it easier for customers to understand and remember your brand. Positioning makes the task of customer easy by communicating the features of the brand so that customer doesn’t get confused as there are so many brands available in the market.

3. Market Focus.

Positioning defines your target market and focuses your marketing efforts. Positioning ensures that all branding and marketing activities are aligned with customer needs and preferences. So that customer satisfaction can be maximized and brand builds a value.

4. Value Proposition

Positioning establishes a clear value proposition, demonstrating the benefits and value your brand offers. Brand positioning helps customers understand why they should choose your brand over others.

5. Brand Loyalty

Positioning builds emotional connections with customers. Positioning encourages repeat purchases and fosters long-term loyalty. As in positioning the brand targets to create an image in the mind of the customers. It targets the customer by providing goods and services according to customer’s need. If the needs of the customer are satisfied, he will be loyal towards the brand.

6. Pricing Strategy

Positioning supports premium pricing by emphasizing unique qualities and superior value. It helps in justifying pricing strategies to customers based on perceived value. With the help of positioning if a brand is charging high prices, he can justify it.

7. Consistent Messaging

Positioning ensures consistent brand messaging across all channels and touchpoints. It strengthens brand recognition and reinforces brand identity.

8. Business Strategy Alignment

It aligns brand strategy with overall business objectives and guides in product development, developing marketing strategies, and customer service practices.

9. Competitive Advantage:

Provides a competitive edge over the competitors by clearly defining the brand objectives, purpose to the target audience. Therefore, brand positioning is important to stand out against your competitors.

9.6 STRATEGIES OF BRAND POSITIONING

Brand positioning is a critical aspect of marketing strategy that involves creating a unique impression in the customer's mind so that the customer associates something specific and desirable with your brand. Here are some effective strategies for brand positioning:

1. Differentiation Strategy

- **Unique Selling Proposition (USP):** Under this strategy brand tries to highlight what makes their brand unique compared to competitors. This could be based on product features, quality, innovation, or any other distinguishing factor.
- **Product Differentiation:** Under this, brand focuses on distinct features, design, or performance that sets brand apart from the competitors.
- **Service Differentiation:** In this strategy the focus is on exceptional customer service, personalized experiences, or after-sales support which brand provides against its competitors.

2. Cost Leadership Strategy

Under this strategy brands position their brand as the most cost-effective option in the market without compromising on quality. This, strategy appeals to price-sensitive customers looking for the best value. This strategy helps in gaining the attention of price sensitive customers. Brands need to make sure they don't compromise with the quality of the product.

3. Niche Positioning Strategy

Under this strategy brands focus on a specific market segment or demographic. Brands tailor their products, services, and marketing efforts to meet the unique needs of this niche audience. Under this only a particular segment gets targeted and products will be designed according to their needs.

4. Value-Based Positioning

Under this strategy brands communicate the value their brand provides in terms of benefits and price. Generally, brands highlight how their product offers more value for the price compared to competitors. This can be a good strategy to target the audience.

5. Quality Positioning Strategy

This this strategy brands position their brand as a provider of high-quality products or services. Brands emphasize on superior materials, craftsmanship, or performance standards. It tries to ensure a better-quality product as compared to the competitors.

6. Luxury/Prestige Positioning

Under this strategy the target is on high-end consumers by emphasizing exclusivity on premium quality, and luxury. This strategy uses high-end pricing, limited editions, and premium branding elements.

7. Innovative Positioning

Under this strategy brands position themself as a leader in innovation and cutting-edge technology. Brands try to highlight new features, advancements, and pioneering efforts.

8. Lifestyle Positioning

Under this strategy brands align themselves with a particular lifestyle or attitude. Create an emotional connection with consumers who identify with that lifestyle.

9. Repositioning Strategy

Under this brand adjust their brand's positioning to better meet market demands or to distance their brand from negative perceptions. This can involve changing the brand's message, target market, or even product features.

10. Benefit Positioning

Under this strategy the focus is on the benefits provided by brand’s product or service. This can include functional benefits (e.g., convenience, efficiency) or emotional benefits (e.g., happiness, security).

11. Problem-Solution Positioning

Under this brand identify a common problem faced by target audience and position their brand as the solution. Brand should try to clearly communicate their product or service resolves the issue.

12. Competitive Positioning

In this strategy brands position themselves directly against competitors. Brands highlight what makes their brand better or different in a direct comparison from their competitors.

Check Your Progress-A

Q1. State True of False.

1. Positioning involves creating a positive image of a product in the customer's mind**.**

2. Identifying the target market is not part of the positioning process.

3. Brands using problem-solution positioning focus on identifying issues their audience faces.

4. Competitive positioning does not involve direct comparisons with other brands.

9.7 DRAWBACKS OF BRAND POSITIONING

While brand positioning is essential for creating a distinct identity and competitive edge, there are several potential drawbacks:

1. Over-Specialization

Focusing too narrowly on a specific attribute or benefit can limit the brand's appeal to a broader audience. Brand can’t target the other audience. So, the target market becomes small. For example: A luxury car brand focusing solely on high-end features may alienate middle-income customers.

2. Inflexibility

A strong positioning can make it difficult for a brand to adapt to market changes or expand into new categories. It brings inflexibility for brand to change its strategy in accordance with the market changes. For example: A tech company known for affordable products might struggle to introduce a premium product line.

3. Risk of Alienation

Positioning that targets a specific group may alienate other potential customers. Like some brands target high income group so automatically the middle- and low-income groups get aliened. Example: A men’s grooming brand emphasizing masculinity might not appeal to a growing market of male consumers interested in gender-neutral products.

4. Intense Competition

Competitor brands may adopt similar positioning strategies which lead to market saturation and reduced differentiation. Effective brand positioning can also provoke strong responses from the competitors, leading to increased marketing battles and price wars. **Example:** Multiple brands positioning themselves as the healthiest option in the snack market can confuse consumers.

5. Consumer Perception Mismatch

If the brand’s intended positioning may not align with consumer perceptions, leading to dissatisfaction and loss of trust. **Example:** A fast-food chain trying to position itself as a healthy option may face skepticism from health-conscious consumers.

6. Repositioning Challenges

Sometimes, changing an established brand position can be difficult and risky, potentially it may lead to loss of loyal customers. Example: A budget friendly airline attempting to reposition as a premium service may lose its cost-conscious customer base.

7. High Costs

Generally developing and maintaining a strong brand position often requires significant investment in marketing and advertising. It is a costly program. If positioning is not executed properly, it may not give desired result and ultimately brand will suffer loss. Example-continuous campaigns and promotional activities to reinforce brand positioning can be costly.

8. Negative Associations

Positioning based on controversial or niche attributes can backfire if public perception shifts. Example: A brand associated with traditional practices might suffer if these practices fall out of favour. So, it is also a drawback of brand positioning.

9. Market Evolution

Rapid changes in consumer preferences and technology can make a brand's positioning obsolete. It is another drawback of positioning. So, brands need to keep an eye on market and analyse customers taste and preferences accordingly. Example: A brand positioned around a now-outdated technology may struggle to remain relevant.

10. Over-Promise

If the brand's promise does not match the actual customer experience, it can lead to dissatisfaction and damage the brand's reputation. **Example:** A skincare brand claiming immediate results but failing to deliver can lead to customer backlash.

Strategies to Mitigate Drawbacks:

1. **Regular Market Research:** Continuously monitor market trends and consumer preferences to stay relevant.
2. **Flexibility in Positioning:** Ensure the brand positioning allows room for adaptation and growth. The positioning strategy should be flexible.
3. **Transparent Communication:** The brands need to maintain honest and clear communication with consumers to build trust.
4. **Balanced Approach:** Avoid over-reliance on a single attribute; emphasize a mix of benefits.
5. **Risk Management:** Brands must develop contingency plans to address potential negative shifts in market perception.

By being aware of these potential drawbacks, brands can better navigate the challenges of positioning and create strategies that balance distinctiveness with flexibility and consumer alignment.

9.8 POSITIONING STATEMENT

A positioning statement is a concise description of your target market as well as a compelling picture of how you want that market to perceive your brand. It serves as an internal tool to guide marketing efforts and ensure consistent messaging. A strong positioning statement typically includes four key elements: target audience, market definition, brand promise, and the reason to believe (RTB).

Structure of a Positioning Statement

1. **For [target audience]**
2. **Who [need or problem]**
3. **[Brand] is the [market category]**
4. **That [brand promise/benefit]**
5. **Because [reason to believe]**

Example of a Positioning Statement

- **For** busy professionals
- **Who** need convenient, healthy meal options
- **[Brand]** is the **leading provider** of ready-to-eat meals
- **That** deliver balanced nutrition and gourmet taste
- **Because** our meals are crafted by top chefs using fresh, organic ingredients.

Tips for Crafting a Positioning Statement:

1. **Know Your Target Audience:** Clearly define who your ideal customers are.
2. **Understand Their Needs:** Identify the specific problems or needs your product or service addresses.
3. **Be Clear and Concise:** Keep it brief and straightforward; avoid jargon.
4. **Highlight Unique Value:** Emphasize what sets your brand apart from competitors.
5. **Provide Evidence:** Include a compelling reason why customers should believe your brand promise.

Sample Positioning Statements:

1. **Nike**
    - **For** athletes in every sport
    - **Who** want high-performance athletic wear
    - **Nike** is the **leading sports apparel brand**

- **That** inspires and equips athletes to achieve their best
- **Because** our products are innovatively designed and tested by professionals.

2. Apple

- **For** tech-savvy individuals
- **Who** seek innovative, high-quality technology products
- **Apple** is the **premier brand** in personal technology
- **That** delivers cutting-edge innovation and user-friendly design
- **Because** we prioritize craftsmanship and seamless user experiences.

3. Starbucks

- **For** coffee lovers
- **Who** crave a unique and premium coffee experience
- **Starbucks** is the **global leader** in coffee retail
- **That** offers a consistently high-quality and welcoming environment
- **Because** we source the finest beans and train our baristas to create the perfect cup every time.

Crafting Your Positioning Statement:

1. **Define Your Audience:** Who are they? What are their demographics and psychographics?
2. **Identify the Need:** What problem are you solving or what need are you fulfilling?
3. **Articulate Your Brand:** What category do you operate in? What is your brand's essence?
4. **Clarify the Promise:** What unique benefit do you offer?
5. **Support the Promise:** Why should your audience believe in your promise?

By following these guidelines, you can create a clear and compelling positioning statement that effectively communicates your brand's unique value to your target audience.

9 .9 DIFFERENTIATION

A product or service's effective positioning is predicated on its differentiating features, or the attributes that, in the eyes of the target market, set it apart from the competition. The process of creating a set of significant distinctions that set a company's offering apart from those of its rivals and aid in improving product positioning is known as differentiation. In order to position itself, the organization needs to

(I) The company has to identify any potential distinctions from the competitors.
(II) identify the most relevant variations; and
(III) inform or indicate to the intended audience how the business is different from the competition,

Effective Product Differentiation Objectives

Products ought to be unique only if they can accomplish the following objectives: **1) Create value for customers:** The majority of consumers in the target market should gain something from the unique offering. Adding value from the perspective of the consumer, not the business, is the secret to effective differentiation.

2) Persuasive and accessible to the target market's purchasers: It should be possible for the client to recognize the extra value. Customers may not have received the added value efficiently if they are unable to recognize it.

3**) The distinction shouldn't be simple for rivals to imitate**: Over an extended period of time, the organization should be the only one offering the added value.

9.10 AIM OF SUCESSFUL BRAND POSITIONING STRATEGY

Brand differentiation is having certain aims, some of the goals are discussed below.

1. **Creating customer value**

The aim of product differentiation is that the product must create value in the eye of customer. The value creation must be from customer's perception and not from marketer's perception as ultimately all efforts are carried for providing customer satisfaction and to create an image in the minds of customers

2. **Customers must not be able to intimate the differentiation easily.**

The difference must not be easily copied by the competitors because if competitors are also copying same then brand will not be able to get the benefit of differentiation. Brands must patent their ideas, values so that it cannot be copied.

3. **Convincing and communicable to the buyers.**

The effectiveness of the value can be measured by consumer's perception. If consumer has perceived the value, then it means that value have been communicated effectively.

4. **Affordable:**

The value added to the product must be affordable by the consumers. If the value added or feature added to the product is not affordable by the consumers then it is of no use.

Areas/ Scope for Successful Differentiation.

There are some particular areas where differentiation can be created. The following areas are discussed below.

1. **Product attributes include functionality, features, toughness, dependability, style and design**.
   Product differentiation focuses on the features of a product that set it apart from rival brands. Aside from its other attributes, like pricing, a product can be differentiated based on its physical form, features, and quality. The product's size and shape are part of its physical form. Product features are the attributes that enable a product to perform specific tasks. A company can add or remove aspects from its products to make them unique. Product quality refers to the general attributes that enable the product to function in accordance with customers' expectations and meet their demands.

2. **Services include easy purchase, delivery, installation, training, customer consultation, and repairs.**
   Email feedback from customers available around-the-clock and the capacity to address issues raised by customers faster are two ways that customer service can be enhanced. Online banking, grocery delivery to homes, and stock trading are all growing in popularity.

3. **Channel: coverage, proficiency, and output.**
   Businesses can gain a competitive edge by strategically designing their distribution network. There should be a proper distribution channel in order to create differentiation.

4 **Staff: proficiency, civility, trustworthiness, dependability, promptness, and correspondence.**
   Businesses can distribute things more effectively thanks to the internet in terms of personal distinction. Low-cost channels, automated procedures, less reliance on employees, and cheaper transaction costs are all present.

5. **Symbol, inventive, media, ambiance, sale, events, and sponsorships are all part of image**. A corporation can differentiate itself in the eyes of the public by producing extraordinary online experiences—a practice known as "experience branding." Branding companies may increase profitability, target important market segments, and improve client retention with experience.

Standards for Distinguishing

Customers' perceptions must be distinct for a product to be perceived different, regardless of how hard a firm attempts to differentiate it. The corporation incurs costs in adopting a differentiated product policy, which it hopes to recoup through higher sales. But until customers behave well, there's no assurance that sales will increase. Customers seek out features in a product that the seller claims make it unique in order to respond favourably. Thus, while choosing methods of differentiation, a business should exercise caution and ensure that its offer meets the following requirements:

(i) **Importance:** The majority of customers will view a product as important if it can provide them with a highly valued benefit. Brands must convey the importance of brand.

(ii) **Distinctive:** If a product offers something that rival brands do not, consumers will find it to be unique. Brands must try to convey that their brand is unique in comparison with the competitors then only consumers will prefer buying it.

(iii) **Superior:** Customers view a difference as superior if they believe it to be better than alternative methods of achieving the same goal. Brands must ensure that consumers prefer their brand as superior.

(iv) **Communicable:** Marketers should create a difference that the target audience can readily grasp and be terrified by.

(v) **Pre-emptive:** A difference is said to have the pre-emptive feature if it is difficult for rival companies to replicate.

9.11 BRAND POSITIONING MISTAKES AND REPOSITIONING

Even with a targeted marketing plan, it is feasible for a business to struggle with product positioning. Errors in positioning that a business should steer clear of if it places too much emphasis on certain aspects of its brand positioning and risks getting into difficulty. Putting too much emphasis on one feature or making broad claims to be the greatest in many areas confuses consumers, which breeds mistrust and disbelief. The marketing professionals refer to this as a "loss of clear positioning" problem. A business can guarantee that its product is positioned clearly by avoiding the following four significant positioning errors:

1. **Under-Positioning:** This occurs when consumers perceive a company's claim to be unclear, meaning they are unable to distinguish the product apart from that of rival firms. Because the product is regarded as being similar to some other brands in this scenario, consumers only have a hazy understanding of the brand's offering.
2. **Over-Positioning:** A brand is considered to be over-positioned when consumers form a limited perception of it. Here, customers find it hard to accept that the product comes with specific features or alternatives.
3. **Confused Positioning:** This occurs when purchasers are observed to be perplexed by the image, sometimes as a result of the seller's excessive claims or frequent adjustments made to the brand's positioning.

4. **Doubtful Positioning:** This type of positioning occurs when buyers show skepticism towards the sellers' assertions. The reasons for this are the price, the manufacturer's reputation, or the discrepancy between the product's physical attributes and its claims.

Repositioning

Repositioning refers to altering the product's perception in the marketplace. Errors in positioning and a dynamic market may force a business to reconsider its approaches and consider altering the way its goods are positioned. Repositioning is a significant shift in a brand's or product's positioning because, as a product goes through its life cycle, consumer perceptions of it alter. Marketers have occasionally repurposed even popular products. By appealing to a larger target demographic, this is done to broaden the product's reach and boost sales. Companies may also think about repositioning a product if its performance is deteriorating or if the environment has undergone significant changes. Repositioning, in general, aids a business in retaining current clients and drawing in new ones since it reassures them of the benefits and characteristics of the offering. Repositioning is the process of bringing about a significant shift in how the target market views the main characteristics and advantages of the product in comparison to those of rival products.

When a company's product finds itself in one of the following situations, it repositions itself:

1. When the product is in its product life cycle's decline stage (PLC).

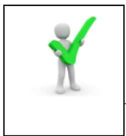
2. When a company's sales or profit margin are dropping as a result of being too close to a significant competition

3. When a better product is introduced by the business itself

4. The BCG matrix has categorized the brand/product as a dog.

5. To assist the company's overall strategic change.

6. To help while entering new marketplaces or pursue new segments.



Check Your Progress-B

QA. Multiple choice questions

(vi) Which positioning strategy aims to directly compare a brand to its competitors?

A Unique Positioning

B. Value Positioning

C. Competitive Positioning

D. Problem-Solution Positioning

2. What is the main objective of the "Problem-Solution Positioning" strategy?

A. To highlight the brand's unique features

B. To position the brand against its competitors

C. To emphasize the brand's pricing advantages

D. To identify a common problem and position the brand as the solution

3. Which positioning strategy focuses on communicating the brand's value proposition?

A. Competitive Positioning
B. Unique Positioning
C. Value Positioning
D. Problem-Solution Positioning

9.12 SUMMARY

Brand positioning is a way for companies to stand out in the market. It helps them show why their products or services are better or different from others. Imagine you want to open a store that sells shoes. There are many shoe stores already. How can you make your store special? This is where brand positioning comes in. It helps you find that special something about your brand and what makes it unique. For example, some brands focus on having the best quality. Others may offer the lowest prices. Some brands, like Nike, focus on being stylish and sporty. When you think about Nike, you might think of athletes and top sports performance. This is how they positioned their brand. They want people to feel inspired and energetic when they buy their products. In today's crowded market, it’s important to have a strong brand position so you can grab people's attention and make them choose your products over others. Remember, good brand positioning is about being clear and consistent with your message. This way, people will know what to expect when they see your brand. If you do it right, more and more customers will recognize and choose your brand.

9.13 GLOSSARY

- **Brand Management**: The ongoing process of analyzing and planning how a brand is perceived in the market, aiming to cultivate strong relationships with the target audience.
- **Brand Promise**: The commitment made by marketers regarding what the brand must represent and deliver to consumers.

- **Brand Personality**: The human-like traits associated with a brand that make it relatable and distinctive.
- **Differentiation**: The process of creating a set of significant distinctions that set a company's offering
- **Positioning**: process in which a superior image is created in the minds of customers regarding a product in concerned target market.
- **Repositioning**: to altering the product's perception in the marketplace.

9.14 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress-A

Q1.

i) True
ii) False
iii) True
iv) False

Check Your Progress- B

1. C 2. D 3. C

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9.17 TERMINAL QUESTIONS

1. Define Positioning.
2. What are different types of positioning strategies?
3. Discuss the overall purpose of brand repositioning.
4. Explain advantages of positioning.
5. What are the various mistakes that occur while positioning a brand?

UNIT 10 BRAND PORTFOLIOS

10.1 INTRODUCTION

In today's highly competitive and globalized marketplace, businesses often manage multiple brands under a single corporate umbrella to target different customer segments, meet diverse consumer needs, and optimize market coverage. This collection of brands, known as a brand portfolio, is a critical element of corporate strategy, enabling companies to strengthen their market position, minimize risk, and leverage synergies across their brands. Understanding the dynamics of brand portfolios and how to manage them effectively is crucial for maintaining brand equity and achieving long-term success.

10.2 OBJECTIVES

This chapter aims to:

- Define and explain the concept of a brand portfolio.
- Discuss the importance and strategic value of managing a brand portfolio.

- Explore the various roles that individual brands play within a portfolio.
- Analyze different models and frameworks for structuring a brand portfolio.
- Provide insights into the strategies for optimizing and managing brand portfolios.
- Present the challenges and best practices associated with brand portfolio management.

10.3 INTRODUCTION TO BRAND PORTFOLIO

In the competitive and multifaceted world of modern business, companies face the challenge of addressing diverse consumer needs, navigating varying market conditions, and staying ahead of competitors. A single brand is often insufficient to meet these demands, leading to the development of brand portfolios—an organized collection of multiple brands managed by a single company. Each brand within a portfolio serves distinct purposes, targeting different market segments, and contributing to the company's overall strategic goals.

The concept of a brand portfolio extends beyond merely offering a variety of products under different brand names. It involves a strategic approach to brand management, where each brand is carefully positioned to maximize its impact while complementing the others in the portfolio. This strategy enables companies to reach a broader audience, cater to specific consumer preferences, and maintain market relevance across different regions and demographics.

A well-managed brand portfolio not only helps in capturing market share but also mitigates risks associated with market fluctuations and shifts in consumer behaviour. By diversifying their brand offerings, companies can create a robust defence against competitors and foster stronger relationships with customers. As markets continue to evolve, the importance of understanding and managing brand portfolios becomes increasingly crucial for businesses aiming to achieve sustainable growth and long-term success.

10.3.1 The Evolution of Brand Portfolio

Historically, many companies relied on a single, dominant brand to represent their entire product or service offering. This approach was often effective in less fragmented markets, where consumer preferences were relatively homogeneous, and competition was limited. However, as markets became more complex and consumer demands more varied, the limitations of a single-brand strategy became apparent. Companies needed a more nuanced approach to address the different needs of various customer segments, which led to the evolution of brand portfolio management.

The concept of a brand portfolio allows companies to diversify their market presence by offering multiple brands, each with its own unique identity, positioning, and value proposition. This approach not only enables companies to reach a broader audience but also mitigates the risks associated with relying on a single brand. By spreading their market presence across multiple brands, companies can better navigate economic fluctuations, shifts in consumer preferences, and competitive pressures.

10.3.2 Tn he Strategic Importance of Brand Portfolios

A well-managed brand portfolio offers several strategic advantages. First, it allows companies to target different consumer segments more effectively. For example, a company might have a luxury brand aimed at high-income consumers, a mid-range brand targeting the mass market, and a budget brand for price-sensitive customers. Each brand is tailored to meet the specific needs and preferences of its target audience, ensuring that the company can capture a larger share of the market.

Second, a brand portfolio enables companies to enhance their market coverage. In industries where product categories are diverse, such as consumer goods, automotive, or technology, a single brand may struggle to cover all segments effectively. A portfolio of brands allows a company to have a presence in multiple categories, ensuring that it can compete across different market segments.

Third, managing a brand portfolio allows companies to leverage brand synergies. Brands within a portfolio can support and reinforce each other, creating a stronger overall market presence. For example, a company's premium brand might enhance the perceived quality of its mid-range brand, or a well-known brand might lend credibility to a newer, lesser-known brand through endorsement or co-branding strategies.

10.3.3 Strategic Role of Brand Portfolios

The strategic management of a brand portfolio involves making decisions about which brands to maintain, grow, or retire, and how each brand fits into the overall corporate strategy. Key activities include:

10.3.3.1 Market Segmentation

A brand portfolio allows a company to cater to different market segments by offering brands tailored to specific consumer needs and preferences.

10.3.3.2 Risk Diversification

By spreading investments across multiple brands, companies can reduce their reliance on a single brand, thereby mitigating risks associated with market volatility or shifts in consumer behaviour.

10.3.3.3 Brand Synergies

Brands within a portfolio can complement and reinforce each other, creating synergies that enhance the overall performance of the portfolio. For example, a luxury brand can elevate the prestige of other brands within the portfolio.

10.3.3.4 Resource Allocation

Effective brand portfolio management involves allocating resources to brands based on their strategic importance, market potential, and contribution to the overall goals of the company.

10.3.3.5 Brand Architecture

The structure of the brand portfolio, or brand architecture, defines how the brands are related to each other and to the parent company. This structure is crucial for maintaining clarity and coherence in the market.

10.4 CONCEPT OF PORTFOLIO

The concept of a portfolio is rooted in financial management, where it refers to a collection of investments aimed at optimizing returns while minimizing risk. This idea has been adapted to brand management, where a brand portfolio represents the collection of brands managed by a company to achieve optimal market coverage, brand equity, and profitability.

Managing a portfolio involves making strategic decisions about which brands to invest in, which to divest or phase out, and how to position each brand relative to others in the portfolio. The goal is to create a balanced portfolio that leverages the strengths of each brand while compensating for any weaknesses, ensuring that the company can effectively compete across different market segments. A portfolio can be defined as ‘A carefully curetted collection of brands, products, or services that are managed together by a company to achieve specific business objectives such as market coverage, risk diversification, and brand equity optimization.’

In the context of brand management, a portfolio typically refers to a brand portfolio—a collection of all brands owned and managed by a company. Each brand within the portfolio is strategically positioned to serve different market segments, fulfil distinct customer needs, and contribute to the company's overall goals.

10.5 WHAT IS BRAND PORTFOLIO?

A brand portfolio is the complete collection of brands, sub-brands, and brand extensions owned by a company. These brands can vary widely in terms of target market, price point, and positioning, and may include product brands, service brands, corporate brands, and endorsed brands.

Each brand within the portfolio is designed to fulfil a specific role and contribute to the company's overall objectives. For instance, some brands may target high-end consumers with premium products, while others may focus on the mass market with more affordable offerings. The key to successful brand portfolio management is ensuring that each brand is clearly differentiated, serves its intended purpose, and complements the other brands in the portfolio.

Several prominent scholars and experts in the field of brand management have defined the concept of a brand portfolio:

David A. Aaker (2004) defines a brand portfolio as, "The brand portfolio is the set of all brands and brand lines that a particular firm offers for sale in a particular category or market segment. The purpose of the portfolio is to maximize brand equity by exploiting synergies between brands while minimizing the risk of cannibalization." Aaker emphasizes the strategic organization and management of multiple brands within a company, where each brand plays a defined role to optimize the overall brand equity. The focus is on creating synergies between brands, thereby enhancing the collective value of the portfolio while avoiding competition among the brands themselves.

Jean-Noël Kapferer (2012) in *The New Strategic Brand Management* describes a brand portfolio as, "A brand portfolio is the range of brands a company owns and manages, with the intention of addressing different needs in a market, reaching various consumer segments, and exploiting market opportunities while ensuring that the brands complement and support each other." Kapferer’s definition highlights the importance of managing a brand portfolio with a clear strategy to address various market needs and segments. He stresses that the brands within a portfolio should not only target different consumer groups but also work together in a way that reinforces the overall strength of the portfolio.

Philip Kotler and Kevin Lane Keller (2016) in *Marketing Management* define a brand portfolio as, "A brand portfolio is the set of all brands and brand lines a particular firm offers for sale to buyers in a particular category or market segment. Each brand is positioned to reach a particular segment and fulfil distinct customer needs, while collectively; they ensure full market coverage and minimize overlap." Kotler and Keller focus on the role of a brand portfolio in providing full market coverage. They emphasize that each brand within the portfolio should be carefully positioned to target specific segments, ensuring that the portfolio as a whole covers the entire market without significant overlap between the brands.

A brand portfolio is a strategic collection of all the brands owned and managed by a single company, designed to maximize market reach, enhance brand equity, and fulfil the company’s overall objectives. This collection of brands is carefully curetted to address different market segments, meet diverse consumer needs, and mitigate risks associated with market fluctuations. Each brand within the portfolio serves a specific role, contributing to the company's broader strategy while supporting and complementing other brands in the portfolio.

10.6 BRAND PORTFOLIO ROLES

In the context of brand portfolio management, understanding the specific roles that different brands play within the portfolio is crucial for maximizing their overall value and effectiveness. Each brand within a portfolio has a distinct role, contributing to the company's strategic objectives and market positioning. Properly defining and managing these roles helps in achieving a balanced and coherent brand portfolio that supports the company’s goals, mitigates risks, and leverages brand synergies.

Brands within a portfolio can play different roles, each contributing uniquely to the company's overall brand strategy. These roles include:

10.6.1 Master Brand

The master brand, also known as the parent brand, is the flagship brand that often represents the core identity of the company. It is typically the most prominent brand in the portfolio and carries significant brand equity. The master brand serves as a foundation upon which other brands are built or endorsed.

10.6.1.1 Role and Importance

1. Core Identity: Represents the company’s core values and vision.

2. Endorsement: Supports and lends credibility to other brands in the portfolio through endorsement or co-branding.

3. Market Leadership: Often positioned as a leader in its category, influencing the perception and reputation of the entire portfolio.

Example: Procter & Gamble (P&G) is a master brand that oversees a wide range of product brands like Tide, Pampers, and Gillette. Each of these brand benefits from the overarching credibility and trust associated with P&G.

10.6.2 Flanker Brands

Flanker brands are introduced to capture specific market segments that are not effectively addressed by the master brand or other existing brands in the portfolio. These brands are positioned to compete with competitors' offerings and fill gaps in the market without cannibalizing the sales of the master brand.

1.6.2.1 Role and Importance

1. Segment Targeting: Addresses specific consumer needs or preferences that are not met by the master brand.

2. Competitive Positioning: Provides an alternative for consumers who might not be attracted to the master brand.

3. Market Coverage: Expands the company's reach by targeting new or niche segments.

Example: Unilever's Dove and Axe (Lynx in some regions) serve different market segments in the personal care category. Dove targets a more mature, female audience with a focus on gentle skincare, while Axe appeals to a younger male audience with bold, distinctive products.

10.6.3 Cash Cows

Cash cows are well-established brands that generate consistent revenue with minimal investment. These brands typically have a strong market presence and loyal customer base, providing steady cash flow that can be reinvested into other areas of the business.

10.6.3.1 Role and Importance

1. Revenue Generation: Provides a stable source of income.

2. Resource Allocation: Funds generated from cash cows can be used to support new initiatives or brands in the portfolio.

3. Market Stability: Offers a reliable base for the company's financial health.

Example: Coca-Cola's classic Coke is a cash cow for the company, generating substantial revenue that supports other ventures and new product developments.

10.6.4 Niche Brands

Niche brands cater to specific, often underserved, market segments. These brands are designed to meet the unique needs of a particular group of consumers, allowing the company to capture value from specialized areas of the market.

10.6.4.1 Role and Importance

1. Specialization: Focuses on niche markets that are not addressed by broader brands.

2. Customer Loyalty: Builds strong loyalty among a targeted consumer base.

3. Differentiation: Provides unique offerings that differentiate the company from competitors.

Example: The brand "Dr. Martens" focuses on a specific niche within the footwear market, catering to consumers looking for durable and fashionable boots, which helps the company capture a dedicated segment of the market.

10.6.5 Endorsed Brands

Endorsed brands carry the endorsement of a more established brand or the parent company. This endorsement helps build credibility and trust while allowing the endorsed brand to maintain its unique identity and positioning.

10.6.5.1 Role and Importance

1. Credibility: Gains trust and legitimacy from association with a well-known parent brand.
2. Market Entry: Facilitates entry into new markets or product categories with the back in of an established name.
3. Brand Support: Benefits from the parent brand's reputation while catering to specific consumer needs.
Example: Nestlé's various product lines, such as Nespresso, benefit from the endorsement of the Nestlé brand, which adds credibility and reinforces quality perceptions.

10.6.6 New Brands

New brands are introduced to enter emerging markets, address unmet consumer needs, or capitalize on new trends. These brands are designed to build equity from the ground up and often target untapped or rapidly growing segments.

10.6.6.1 Role and Importance

1. Innovation: Represents the company's response to new market opportunities or consumer trends.

2. Growth Potential: Aims for high growth potential by entering new markets or categories.

3. Adaptability: Allows the company to stay relevant and competitive in a changing market landscape.

Example: Tesla, as a relatively new brand in the automotive industry, represents innovation and growth, focusing on electric vehicles and sustainable technology to capture a modern, eco-conscious consumer base.

10.7 BRAND PORTFOLIO MODELS

Understanding and implementing effective brand portfolio models is crucial for managing a company's collection of brands. These models provide a framework for organizing and strategizing the brands within a portfolio to achieve various business objectives such as market coverage, brand equity enhancement, and strategic alignment. Each model offers different approaches and insights into how brands can be managed and positioned to maximize their collective value. Several models exist to help companies structure and manage their brand portfolios effectively. Each model offers a different approach to organizing and positioning brands within the portfolio, depending on the company's strategic objectives and market conditions.

10.7.1 House of Brands Model

The House of Brands model, also known as the "Branded House" model, is characterized by a company owning a collection of distinct brands, each operating independently of the others. In this model, each brand maintains its own identity, target market, and marketing strategies.

10.7.1.1 Characteristics

- **Brand Independence**: Each brand in the portfolio has its own name, identity, and positioning.
- **Separate Marketing**: Marketing and advertising efforts are tailored to the individual brand, rather than leveraging the parent company’s brand equity.
- **Flexibility**: Allows for targeting different market segments and consumer needs without being constrained by a single brand’s identity.

10.7.1.2 Advantages

- **Market Penetration**: Enables a company to penetrate various market segments with tailored brands.
- **Risk Management**: Risks associated with one brand do not affect the others, as they operate independently.
- **Specialization**: Brands can focus on specific niches or consumer preferences.

10.7.1.3 Disadvantages

- **Higher Costs**: Managing multiple brands requires more resources for marketing, research, and development.
- **Complex Management**: Maintaining separate brand identities can complicate brand management and strategic alignment.

Example: Procter & Gamble (P&G) employs a House of Brands model with brands like Tide, Pampers, and Gillette, each targeting different consumer needs and segments.

10.7.2 Branded House Model

The Branded House model, also known as the “Umbrella Brand” model, is where a single master brand is used to endorse and support multiple sub-brands or product lines. In this model, the master brand’s equity is leveraged to boost the visibility and credibility of the sub-brands.

10.7.2.1 Characteristics

- **Unified Brand Identity**: The master brand provides a consistent identity and credibility for all sub-brands.
- **Endorsement**: Sub-brands are closely tied to the master brand and benefit from its reputation.
- **Marketing Synergies**: Marketing efforts for sub-brands often incorporate the master brand's image and values.

10.7.2.2 Advantages

- **Brand Leverage**: Sub-brands benefit from the master brand's established equity and recognition.
- **Cost Efficiency**: Reduces marketing and branding costs by leveraging a single brand's identity.
- **Consistency**: Ensures a coherent brand message and identity across the portfolio.

10.7.2.3 Disadvantages

- **Risk of Dilution**: Negative performance or perception of one sub-brand can impact the master brand.
- **Limited Differentiation**: Sub-brands may struggle to differentiate themselves if too closely aligned with the master brand.

Example: The Virgin Group is a prime example of the Branded House model, with Virgin Airlines, Virgin Atlantic, Virgin Mobile, and Virgin Galactic all leveraging the Virgin brand's strong identity.

10.7.3 Endorsed Brands Model

In the Endorsed Brands model, sub-brands carry their own unique identity but are endorsed by a parent brand. The parent brand provides credibility and quality assurance, while each sub-brand retains its distinct positioning and marketing strategies.

10.7.3.1 Characteristics

- **Endorsement**: Sub-brands are endorsed by the parent brand, benefiting from its reputation.
- **Distinct Identities**: Sub-brands have their own identities, but they are linked to the parent brand for credibility.
- **Co-Branding**: Marketing efforts often highlight the relationship between the parent brand and the sub-brands.

10.7.3.2 Advantages

- **Brand Support**: Sub-brands gain credibility and consumer trust through the endorsement of the parent brand.
- **Flexibility**: Allows sub-brands to target specific segments while maintaining a connection to the parent brand.
- **Market Segmentation**: Facilitates targeting different market segments with tailored sub-brands.

10.7.3.3 Disadvantages

- **Complexity**: Managing the relationship between the parent brand and sub-brands can be complex.
- **Potential Confusion**: Consumers might be confused about the relationship between the parent brand and the sub-brands.

Example: The Marriott International portfolio uses the Endorsed Brands model, with sub-brands like Marriott Hotels, Courtyard by Marriott, and Residence Inn, each endorsed by the Marriott name but maintaining distinct identities.

10.7.4 Hybrid Model

The Hybrid Model combines elements of both the House of Brands and Branded House models. It involves a mix of independent brands and endorsed brands within a single portfolio. This model allows companies to leverage the strengths of both approaches, adapting their strategy to different market needs and brand roles.

10.7.4.1 Characteristics

- **Mixed Structure**: Includes both independent brands and those endorsed by a master brand.
- **Strategic Flexibility**: Provides flexibility to manage brands based on their role and market position.
- **Brand Alignment**: Allows for both individual brand identities and synergies with the master brand.

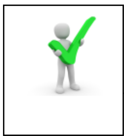
10.7.4.2 Advantages

- **Comprehensive Coverage**: Can address a wide range of market segments and needs.
- **Balanced Risk**: Balances the risks associated with independent brands and those endorsed by the master brand.
- **Strategic Versatility**: Adapts to different market conditions and strategic goals.

10.7.4.3 Disadvantages

- **Management Complexity**: Requires careful coordination to manage the relationship between independent and endorsed brands.
- **Resource Allocation**: May involve higher costs for managing a diverse brand structure.

Example: The Unilever portfolio exemplifies the Hybrid Model, with both independent brands like Dove and Lipton (House of Brands) and endorsed brands like Magnum (endorsed by the larger Unilever brand).



Check Your Progress- A

Ques 1. What is the primary function of brand portfolio models?

A. To increase brand awareness
B. B To manage a company's collection of brands
C. To expand into new markets
D. D To reduce marketing costs

2. Which of the following is identified as a key benefit of using brand portfolio models?
A. Improving brand recognition
B. Enhancing market share
C. Achieving strategic alignment
D. Increasing production efficiency

3. What is True regarding the different brand portfolio models?

A. They all use the same strategies

B. They are suitable for large companies only

C They offer varying approaches and insights

D They are difficult to implement in practice

3. Which of the following is NOT mentioned as an objective of brand portfolio models?

A. Enhancing brand equity
B. Improving market coverage
C. C Strengthening brand reputation
D. D Reducing operating costs

5. What is the importance of brand portfolio models for companies?

A They are optional management tools

B. They are only relevant for certain industries

C. They are crucial for managing brand collections

D. They are primarily used by marketing specialists

10.8 BRAND PORTFOLIO STRATEGY

A brand portfolio strategy involves making key decisions about how to manage and position the brands within the portfolio to achieve the company's overall objectives. A well-defined strategy ensures that each brand contributes to the company's goals while maintaining a clear and distinct identity.

10.8.1 Brand Portfolio Architecture

Brand portfolio architecture refers to the structure and organization of the brands within the portfolio. It defines the relationships between the brands and the parent company, as well as how the brands are positioned in the market. The architecture should align with the company's overall business strategy and market positioning.

10.8.2 Brand Positioning

Brand positioning involves defining the unique value proposition of each brand within the portfolio and how it is perceived by customers. Effective positioning ensures that each brand occupies a distinct place in the market and appeals to its target audience.

10.8.3 Brand Extension

Brand extension involves leveraging an existing brand's equity to introduce new products or services. This strategy can help companies enter new markets or expand their offerings while minimizing the risk associated with launching a new brand. However, brand extensions must be carefully managed to avoid diluting the brand's equity or confusing customers.

10.8.4 Managing Brand Overlap

One of the challenges of managing a brand portfolio is avoiding overlap between brands that could lead to cannibalization or customer confusion. It's essential to ensure that each brand serves a specific purpose and targets a distinct customer segment.

10.8.5 Brand Portfolio Optimization

Brand portfolio optimization involves regularly reviewing and adjusting the portfolio to ensure it aligns with the company's strategic goals. This may include phasing out underperforming brands, introducing new brands, or repositioning existing brands to better meet market needs.

10.8.6 Global Brand Portfolio Management

For companies operating in multiple countries, managing a global brand portfolio adds another layer of complexity. It requires balancing the need for global consistency with the need to adapt brands to local markets. Global brand portfolio management involves coordinating brand strategies across different regions while respecting cultural differences and market dynamics.

Check Your Progress- B

Sate True or False.

1. Companies use brand portfolios to address different consumer needs and market conditions.
2. A brand portfolio is simply a collection of various products under one brand name.
3. Each brand in a portfolio is designed to target the same market segment.
4. Managing a brand portfolio strategically can help a company reach a wider audience.
5. A well-managed brand portfolio can protect a company from market changes

10.9 SUMMARY

Brand portfolios are essential for companies looking to maximize their market coverage, minimize risk, and capitalize on growth opportunities. By managing a diverse set of brands, companies can cater to various consumer segments and respond to changing market conditions. The key to successful brand portfolio management lies in understanding the roles of different brands, choosing the appropriate portfolio model, and implementing a well-defined strategy that aligns with the company's overall objectives

10.10 GLOSSARY

- **Brand Portfolio:** A collection of all brands owned and managed by a single company, each serving a specific market segment or strategic purpose.
- **Flanker Brand:** A brand introduced to compete with a competitor's offering without cannibalizing the company's main brand.
- **Cash Cow:** A brand that generates steady revenue with minimal investment, often due to strong customer loyalty.

- **Low-End Entry-Level Brand:** A brand positioned at the lower end of the market to attract price-sensitive consumers.
- **High-End Prestige Brand:** A premium brand that appeals to affluent customers seeking quality and exclusivity.
- **Niche Brand:** A brand that targets a specific, often underserved, market segment with specialized offerings.
- **Endorsed Brand:** A brand that is supported by the credibility of another established brand within the portfolio.
- **Brand Portfolio Architecture:** The structure and organization of brands within a portfolio.
- **Brand Positioning:** The process of defining a brand's unique value proposition and place in the market.
- **Brand Extension:** The strategy of using an existing brand name to launch new products or services.

10.11 ANSWERS TO CHECK YOUR PROGRESS

Answers to Check Your Progress - A

1. **b**
2. **c**
3. **c**
4. **d**
5. **c**

Answers to Check Your Progress- B

1. **True 2. False 3. False 4. True 5. True**

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10.14 TERMINAL QUESTIONS

1. Discuss the strategic benefits of managing a brand portfolio.
2. How can companies avoid brand overlap and cannibalization within their portfolios?
3. Explain the role of brand portfolio optimization in maintaining brand equity and market relevance.
4. Define a brand portfolio and explain its strategic importance for a company.
5. Discuss the role of flanker brands in a brand portfolio. How do they contribute to market coverage and competitive positioning?
6. Explain the concept of cash cows in brand portfolio management. How can companies effectively manage and utilize cash cows to support other brands or initiatives?

UNIT 11 BRAND INSIDE AND BRAND OUTSIDE

11.1 INTRODUCTION

This unit explores the concepts of "Brand Inside" and "Brand Outside," emphasizing the internal branding strategy into workplace and its contrary face aimed at customers outside the company. It then illustrates how in-house cultivation is important not only for giving employees ownership of the corporate culture and vision, but also creating proactive brand ambassadors from them one and all. All these efforts add up to solid internal branding alignment with corporate culture and at the same time external branding stakeholder management on its part. Both are essentially seeking to protect -- and even to enhance -- the public face of a brand.

This unit underscores the need for internal culture to be consistent with outside brand experience. It emphasizes that employee behaviour has a big effect on outside perceptions, and that consistent brand messages at various? touch points with your customers are very important. At the same time, it sets forth the strategic benefits of aligning internal employee engagement with external brand reputation: together they create a strong position in the marketplace and contribute directly to a brand's ultimate success.

This integration of internal and external branding is presented as a strategic cornerstone for organizations aiming to sustain and enhance their market positions, providing a comprehensive overview of how to manage these elements effectively to support long-term brand resonance and success.

11.2 OBJECTIVES

After reading this unit, the learners will be able to: -

- Understand the concepts of "Brand Inside" (internal branding) and "Brand Outside" (external branding).
- Examine how internal branding influences employee engagement and brand ambassadorship.
- Analyze the impact of external branding on customer perception and market positioning.
- Explore strategies to integrate and enhance both internal and external branding efforts.

11.3 UNDERSTANDING BRAND INSIDE AND BRAND OUTSIDE

It is crucial to begin by defining and clarifying these concepts to establish a clear understanding of how they differ and intersect within the broader scope of brand management.

Brand Inside: Internal Branding

"Brand Inside," or internal branding, refers to the strategies and processes used to engage employees with the company’s brand. Internal branding aims to ensure that the company's values, culture, and missions are not only communicated to the employees but also ingrained in their daily work life. The core idea is to transform employees into brand ambassadors who embody and promote the brand values in every interaction, internally and externally.

Key aspects of internal branding include:

- **Organizational Culture**: The set of shared values, beliefs, and behaviors within the company that shapes the internal environment and how employees interact.
- **Employee Engagement**: Activities and strategies designed to align employees’ goals and behaviors with the organization's brand identity.

- **Communication**: Effective and continuous communication mechanisms that help in reinforcing the brand message internally, ensuring every member of the organization understands and represents the brand accurately.
- **Training and Development**: Programs that help employees understand their role in brand representation and equip them with the skills needed to convey the brand message effectively.

Brand Outside: External Branding

"Brand Outside" refers to the actions and tactics that a company does to manage external stakeholders' perceptions and attitudes regarding the firm's brand. This includes customers, partners, media, and the broader public. External branding is often seen as the traditional face of a company's marketing and public relations operations.

Components of external branding include:

- **Brand Identity**: The visual characteristics of a brand (such as colors, design, and logo) that set it apart in customers' thoughts.
- **Brand Image**: The actual outcome of these branding activities, indicating how customers view the company based on their interactions and experiences.
- **Customer Experience**: All elements of a consumer's engagement with the brand, including website navigation, customer service interactions, and product/service quality.
- **Advertising and Promotion**: Digital marketing, traditional advertising, and promotional activities are all strategies for communicating the brand's message to the target audience.

11.4 INTERRELATION BETWEEN INTERNAL AND EXTERNAL BRANDING

The strategic orientation in the expansion of a company's network is how its internal branding relates to its external branding. Otherwise, this relationship guarantees that the basic values of the brand will be faithfully and uniformly transmitted both inside and outside the company, giving people an intergrated impression that is strong enough to leave even deep-rooted mark on their hearts.

Influence of Internal Branding on External Perceptions

- **Employee Behavior as Brand Ambassadorship**: Employees are the initial point of contact with clients and other stakeholders. When employees reflect the brand's values and goals, they naturally project these characteristics in all interactions. For example, a firm that promotes customer service as part of its brand would be more successful if its staff are truly dedicated to providing outstanding service.

- **Consistency Across Touchpoints**: A brand that is strongly rooted internally is often characterized by consistent messaging across all external touchpoints. This consistency builds trust with customers, as they receive the same brand message and quality of interaction whether they are engaging online, in person, or through traditional media.

- **Innovative Spirit**: Engaged and well-informed employees are more likely to innovate ways to improve the customer experience and to develop new products that align with brand values. This internal innovation drives the brand forward and enhances its reputation externally.

- **Quality Control and Brand Consistency**: Internally ingrained brand values directly influence the quality of products and services offered. Employees who are deeply aligned with the brand's commitment to quality are more likely to maintain high standards in their work, which in turn positively affects customer perceptions and satisfaction.

- **Crisis Management**: Employees who understand and are committed to their brand’s values are better equipped to handle crises in ways that uphold the brand's reputation. Their actions during such times can mitigate damage to the brand's external image and can even enhance customer trust by demonstrating reliability and responsibility.

- **Enhanced Collaboration**: A well-branded internal environment fosters a sense of unity and purpose, leading to enhanced collaboration among employees. This collaborative spirit often results in innovative customer solutions and improved service delivery, strengthening the brand's external image.

Impact of External Brand Reputation on Internal Dynamics

- ✓ **Employee Motivation and Retention**: A strong external brand reputation can make employees feel proud to be part of the organization, which enhances motivation and can significantly reduce turnover rates. High employee morale is often reflected in higher productivity and better customer interactions, which further solidify the external brand image.

- ✓ **Attraction of Talent**: Organizations with a great brand image have an easier time attracting top personnel. Prospective workers are drawn to brands that they value as consumers, and a strong external brand can influence their hiring decision. This infusion of exceptional people boosts the internal competencies and, as a result, the external brand.

- ✓ **Strategic Feedback Loop**: Customer feedback on the external brand frequently contains crucial information that may be utilized to improve internal procedures and personnel training. This feedback loop helps to match the brand more closely with customer expectations, resulting in a better overall brand experience both internally and externally.
- ✓ **Market Position and Competitive Advantage**: A strong exterior brand image attracts customers while also increasing internal confidence, providing staff a sense of pride and a competitive advantage. Knowing they are part of a market leader or a well-known brand might inspire staff to maintain these standards and strive for ongoing development.
- ✓ **Resource Allocation**: Positive brand reputation can lead to increased business opportunities and financial gains, which allow for better resources to be allocated toward employee benefits, development programs, and workplace enhancements. These improvements can further boost internal morale and productivity.
- ✓ **Adaptation to Market Changes**: Organizations with favorable external branding are more likely to withstand market volatility. Employees in such firms are more adaptive, motivated by external trust in their brand, and take proactive steps to retain the brand's market position.

Strategies to Enhance the Interrelation

- **Integrated Communication Strategies**: Organizations should strive for seamless communication strategies that bridge internal and external messaging. This might involve internal campaigns that mirror external advertising campaigns, helping employees understand how they contribute to the brand’s market position.
- **Leadership Role Modeling**: Leaders play a crucial role in bridging the internal and external aspects of the brand. By embodying the brand’s values and consistently communicating them, leaders can inspire similar behavior in employees, which translates into positive external interactions.
- **Regular Training and Development**: Continuous training programs that focus on the brand’s core values and desired market position can help ensure that all employees are aligned with the brand’s external goals. This alignment is crucial for maintaining the integrity of customer interactions and the overall brand promise.
- **Measurement and Adjustment**: Organizations should regularly measure how well their internal branding efforts are supporting their external brand goals. This can involve employee surveys, customer satisfaction metrics, and brand audits. Insights gained from these measurements can guide adjustments in internal or external strategies as needed.

- **Employee Involvement in Brand Development**: Involving employees in the development of brand strategies and campaigns can ensure that internal perceptions are aligned with external messages. This involvement can also make employees feel more connected and responsible for the brand’s success.

- **Cross-departmental Initiatives**: Initiatives that involve multiple departments can help disseminate the brand’s core messages across different areas of the company. For example, joint projects between the marketing and human resources departments can synchronize external promotional campaigns with internal engagement activities.

- **Celebrating Successes**: Publicly celebrating the achievements that contribute to the brand’s success can bridge internal pride and external perceptions. Celebrating these successes internally and externally, through social media for instance, showcases the brand’s commitment to excellence and its appreciation for its workforce.

- **Utilizing Technology**: Implementing digital solutions that assist in monitoring and managing brand consistency might be critical. Brand management software, for example, helps guarantee that all internal and external communications are consistent, lowering the danger of confused signals, which can dilute brand effectiveness.

The relationship between internal and external branding is dynamic, necessitating continual monitoring and adjustment. Organizations that successfully blend these two aspects of branding are in a better position to establish a strong brand that is respected and appreciated by both workers and the marketplace. Companies may build a strong internal culture that supports and reflects the outward brand promise, resulting in tremendous brand resonance that promotes long-term success.

11.5 CULTURAL IMPACT ON BRAND PERCEPTION

Cultural influence on brand perception is how the internal culture of an organization influences its external brand image and customer relations. In this context 'culture' refers to shared values, beliefs, norms, and practices instilled within a business that shape its entire approach. It dictates the behaviour and attitude of employees. This internal culture directly affects how the brand is seen by external stakeholders in turn affecting from customer loyalty stakeholders to brand worth.

Understanding Organizational Culture

Organizational culture is a company's DNA, guiding decision-making and how workers interact with one another and with consumers. It generally manifests in:

- **Core Values**: What the firm values, such as innovation, customer attention, or sustainability.
- **Norms and Practices**: The everyday behaviours and operational procedures seen within the organisation.
- **Leadership Style**: The way leaders communicate and engage with workers sets the tone for the rest of the business.
- **Communication Flow**: How information is shared within the organization, which can affect transparency and trust.

Impact of Culture on External Brand Perception

a) **Brand Authenticity**: A strong and positive organizational culture enhances brand authenticity. When employees genuinely embody the brand's values, this authenticity is communicated to customers through interactions and services, reinforcing the brand's image and promises.

b) **Customer Experience**: The behaviors and attitudes of employees can significantly impact the customer experience. For example, a culture that emphasizes respect and customer satisfaction will likely result in superior customer service, enhancing brand perception and loyalty.

c) **Brand Differentiation**: Organizational culture can serve as a point of differentiation that sets a brand apart from competitors. A unique culture that is visibly reflected in the way a business operates can attract customers who share similar values or who are attracted to the brand's distinctive character.

d) **Adaptability and Resilience**: Cultural traits such as flexibility and innovation can enhance a brand's adaptability to market changes and challenges, thereby maintaining a positive brand perception even in difficult times.

e) **Employee Satisfaction and External Advocacy**: A positive internal culture that prioritizes employee satisfaction can lead to employees becoming advocates for the brand outside the workplace. Satisfied employees are likely to share positive experiences and sentiments on social media and with friends and family, which can enhance the brand's reputation.

f) **Consistency Across Customer Touchpoints**: A unified culture ensures consistency in customer interactions across various touchpoints. Whether it's in a physical store, through customer service, or via digital platforms, a strong culture provides a consistent, high-quality customer experience that reinforces the brand's external perception.

g) **Cultural Responsiveness to Market Diversity**: A culture that embraces diversity and inclusion can positively impact brand perception, especially in global markets.

Brands that are seen as culturally competent are better positioned to resonate with diverse customer bases, enhancing their appeal and accessibility.

Strategies to Leverage Cultural Impact

1) **Cultural Assessment and Alignment**: Conduct regular assessments to ensure that the internal culture aligns with the desired brand image. This might involve employee surveys, culture audits, and feedback mechanisms that help understand and shape the organizational culture.

2) **Cultural Integration in Branding Strategies**: Integrate cultural elements into branding strategies. This can involve highlighting cultural aspects in marketing campaigns or storytelling that showcases the company's values, mission, and internal practices.

3) **Employee Engagement and Involvement**: Enhance employee engagement by involving them in brand-related decisions and initiatives. Engaged employees are more likely to represent the brand positively to external stakeholders.

4) **Training and Development**: Invest in training programs that not only focus on skills development but also on imparting the brand's values and cultural norms. This ensures that all employees are equipped to reflect the brand's culture in their roles.

5) **Leadership Development**: Develop leaders who are not only skilled in management but are also adept at fostering a positive culture that supports the brand's goals. Leaders should be ambassadors of the brand's values internally and externally.

6) **Cultural Storytelling in Marketing**: Use cultural elements as a key part of storytelling in marketing campaigns. Highlight stories of employee initiatives, cultural events, or community involvement that reflect the brand's core values. This not only enhances brand image but also makes the brand more relatable and genuine to consumers.

7) **Aligning HR Policies with Brand Values**: Ensure that human resources policies (such as recruitment, onboarding, and rewards) are aligned with the brand's values. For instance, if innovation is a core brand value, HR policies should support creative thinking and provide platforms for innovation.

8) **Leveraging Internal Champions**: Identify and nurture internal champions who are influential within the organization and can advocate for the integration of core cultural values into all aspects of the business. These champions can lead by example, influencing others and reinforcing the brand's cultural and external image.

Monitoring and Enhancing Cultural Impact

a. **Feedback Systems**: Implement robust internal and external feedback systems to gauge how well the organizational culture supports the brand perception. This includes customer feedback on their experiences and employee feedback on the internal environment.

b. **Continuous Improvement**: Culture is dynamic, so continuous efforts are needed to nurture and develop it in alignment with the evolving brand strategy. This involves regularly updating training programs, reassessing core values, and adapting to new market demands.

c. **Cultural Audits and Benchmarking**: Conduct comprehensive cultural audits to assess how well the internal culture aligns with the desired external brand image. Compare findings with industry benchmarks to identify areas of strength and opportunities for improvement.

d. **Dynamic Adaptation to Cultural Shifts**: Monitor cultural trends within the industry and among consumers to ensure that the organizational culture remains relevant and responsive. This includes adapting to changes in societal values, consumer expectations, and market conditions.

e. **Integrated Feedback Loops**: Create integrated feedback loops that include both internal and external feedback mechanisms. This could involve regular surveys, focus groups, and online reviews that provide insights into how both employees and customers perceive the brand. Use this feedback to make informed decisions about cultural and branding strategies.

f. **Transparency and Communication**: Maintain transparency in how cultural values are implemented and how they impact both internal operations and external branding. Regular communication about cultural initiatives and their outcomes can foster trust and buy-in from both employees and external stakeholders.

The relevance of cultural background to the image of a brand should be understood as a matter profound and many-sided. A corporate culture which has been well cultivated improves not only employee feelings and work performance, but also greatly determines how the brand is viewed by people outside company walls. The organization of cultural elements which organizations both strategically align and manage actively can directly influence brand perception: such 'soft' factors are capable of winning over stakeholders to some extent.

Check Your Progress-A

Q1. What do you mean by brand inside and brand outside?

Q2. What are the main strategies to leverage cultural impact in branding?

11.6 BRAND COMMUNICATION STRATEGIES

Brand communication strategy refers to the methods and approaches your company uses to transmit its message internally and externally. These strategies are essential in establishing brand awareness, trend formation and maintenance of a pictural uniformity across different frontiers. Effective brand communication not only enhances customer attraction and retention, but also plays an important role in interfacing employees and other related parties.

Key Elements of Brand Communication

a) **Consistency**: Maintaining a consistent tone, style, and message across all communication channels is critical. Consistency helps to strengthen brand identification and fosters trust and awareness among target consumers.

b) **Clarity**: Clear, succinct, and persuasive communication is essential. Whether in marketing materials, internal memos, or social media postings, the brand message should be simple to comprehend and consistent with the company's values and aims.

c) **Relevance**: Messages should be customized to match the interests and demands of the intended audience. Understanding the demographics, tastes, and habits of various target segments may help you create messages that resonate and engage successfully.

External Brand Communication Strategies

1) **Integrated Marketing Communications**: Utilize a mix of marketing tools such as advertising, public relations, social media, and direct marketing to create a

seamless experience for the consumer. Each channel should complement the others to ensure a unified brand narrative.

2) **Digital and Social Media Marketing**: Leverage digital platforms to reach a broader audience. Use social media for engaging with customers directly, gathering feedback, and promoting brand content interactively.
3) **Content Marketing**: Develop valuable and relevant content that attracts and retains a clearly defined audience. This could include blogs, videos, whitepapers, and infographics that help in educating the customer and strengthening the brand's thought leadership.
4) **Customer Relationship Management (CRM)**: Implement CRM strategies to manage and analyze customer interactions and data throughout the customer lifecycle. CRM helps in enhancing customer service, improving customer retention, and driving sales growth.

Internal Brand Communication Strategies

1. **Internal Brand Campaigns**: Run internal campaigns that mirror external marketing efforts to ensure employees are aware of and aligned with the external brand messages. This helps in ensuring that employees can accurately represent the brand in any external interactions.
2. **Training and Development**: Regular training sessions should be conducted to keep employees informed about the brand's values, the latest marketing campaigns, and how they can contribute to conveying the brand's message.
3. **Employee Engagement Platforms**: Utilize platforms like intranets or internal social networks to share brand stories, celebrate successes, and encourage employees to share their own stories and experiences related to the brand.

Measuring Effectiveness of Brand Communication

1. **Analytics and Metrics**: Use tools to measure the effectiveness of various communication strategies. For external communications, metrics might include web traffic, social media engagement rates, and conversion rates. For internal communications, engagement surveys and feedback forms can provide insights.
2. **Feedback Loops**: Create systems for obtaining feedback from consumers and workers. This input should be evaluated and used to fine-tune and improve communication techniques.
3. **Brand Audits**: Conduct frequent brand audits to determine the consistency and effectiveness of brand communication across all media. This entails examining both public-facing documents and internal communications to ensure alignment.

Crucial to create effective brand communication strategies if you want to build up a strong brand that lasts. From the consistency through clarity and relevance of each message to uniformity in external as well as internal communications efforts, companies can increase their corporate image, connect better with their audiences at all stages and reach planned business objectives. In the long term, keeping an eye on all performance-based development feedback and continually adapting communication strategies will help to maintain the effectiveness of such efforts.

11.7 MEASUREMENT AND EVALUATION

Measurement and evaluation are essential components of brand management since they serve as the foundation for analyzing the efficacy of branding tactics and influencing future choices. They give significant information regarding the effectiveness of internal and external branding activities, helping businesses to fine-tune their strategies and improve overall brand health.

Importance of Measurement and Evaluation

These methods are critical for determining how successfully a brand's values and messaging resonate with both internal and external stakeholders (workers, partners, investors). They aid in recognizing brand strengths and flaws, maintaining responsibility, and showing the ROI of branding efforts.

Key Metrics for Brand Evaluation

a) **Brand Awareness**: Measures how familiar your target audience is with your brand. This can be assessed through surveys that ask respondents if they recognize or recall your brand.

b) **Brand Equity**: Reflects the value of the brand in the marketplace, often assessed through metrics such as brand loyalty, perceived quality, and associations that customers hold regarding the brand.

c) **Brand Loyalty**: Evaluates the strength of the relationship between customers and the brand, often indicated by repeat purchase rates and the likelihood of customers recommending the brand to others.

d) **Employee Engagement**: For internal branding, measure engagement levels through regular surveys, turnover rates, and participation in brand advocacy programs.

e) **Customer Satisfaction**: Assesses how satisfied customers are with your products or services, typically through customer satisfaction surveys, Net Promoter Scores (NPS), or customer service feedback.

Techniques for Measuring Brand Performance

1) **Surveys and Questionnaires**: These are foundational tools in gauging both customer perceptions and employee feedback regarding a brand. By regularly polling various segments, companies can track changes in brand awareness, measure customer loyalty, and understand the effectiveness of their marketing strategies over time. For instance, questions might probe how often consumers recognize a brand in different contexts or their feelings towards the brand after specific campaigns.

2) **Focus Groups**: It offers a deeper dive into customer perceptions, providing a qualitative complement to the quantitative data from surveys. These discussions can reveal nuanced insights about customer experiences and expectations, allowing companies to gather detailed feedback on their products and marketing messages. This method is particularly valuable for exploring new market trends or product concepts before a broader rollout.

3) **Social Media Monitoring**: It has become an essential technique for real-time brand performance tracking. Tools that analyze mentions, sentiment, and engagement levels can help brands quickly gauge public perception and react promptly to both positive buzz and potential crises. This continuous feedback loop is invaluable for adjusting marketing strategies and maintaining brand health.

4) **Market Analysis**: It involves reviewing industry reports and competitor activities to maintain a competitive edge. By understanding where a brand stands relative to competitors, companies can strategically position their brand to capitalize on market opportunities and address potential threats.

5) **Web Analytics**: It is critical for evaluating the effectiveness of online content and digital marketing efforts. Analyzing data like traffic sources, page views, user engagement, and conversion rates helps brands refine their web presence and optimize user experiences to better meet business objectives.

Evaluating Internal Branding Efforts

i) **Internal Brand Audits**: It is vital for ensuring that all internal communications reflect the brand's core messages and values consistently. An audit might review everything from email templates and internal newsletters to training materials, ensuring that every piece of internal communication reinforces the brand ethos and supports strategic brand objectives.

ii) **Employee Feedback Systems**: It is crucial for understanding how well employees connect with the brand and how effectively internal brand values are communicated. Regular surveys, feedback mechanisms, and forums can help gather insights directly from employees, highlighting areas where the internal brand may need strengthening or where communication could be improved.

iii) **Cultural Assessments**: help measure the alignment between the brand's intended image and the actual organizational culture as experienced by employees. These assessments can diagnose disconnects between stated values and real-world behaviors, guiding efforts to foster a workplace culture that truly reflects the brand's values.

Enhancing the Evaluation Process

a. **Integrated Dashboard**: An Integrated Dashboard that consolidates data from diverse sources can provide a holistic view of brand health. This dashboard should pull together insights from customer feedback, social media, market analytics, and internal evaluations, allowing decision-makers to see patterns and trends at a glance and make informed strategic decisions.

b. **Continuous Improvement**: It should be a core principle of the brand management strategy. Insights gained from various measurement and evaluation techniques should be used to continuously refine branding efforts. This iterative process helps a brand stay relevant and responsive to both market and internal changes.

c. **Stakeholder Involvement**: Stakeholder Involvement in the evaluation process ensures that diverse perspectives are considered, enriching the analysis and helping to create more comprehensive improvements. Engaging with customers, employees, and even partners when reviewing brand strategies can provide new insights and foster a sense of shared ownership and commitment to the brand's success.

Hence, measurement and evaluation are not just about tracking performance but are integral to strategic brand management. By effectively measuring and evaluating the impact of branding efforts, organizations can make informed decisions that enhance brand strength, foster loyalty among customers and employees, and achieve sustained business success. This comprehensive approach ensures that the brand remains dynamic and responsive to both internal and external changes.

11.8 CHALLENGES IN MANAGING BRAND INSIDE AND OUTSIDE

Managing both internal (Brand Inside) and external (Brand Outside) branding is a complex task that involves balancing various elements to ensure consistency and authenticity across all touchpoints. While internal branding focuses on engaging employees to live the brand's values, external branding targets customers and the general public. Here are detailed challenges involved in managing these aspects:

Misalignment Between Internal Perceptions and External Expectations

One of the foremost challenges is ensuring that the internal brand perceptions align with external expectations. Often, there can be a disconnect where employees do not fully understand or embrace the brand values that are communicated to the external audience. This misalignment can lead to inconsistencies in customer service or the overall customer experience, potentially damaging the brand’s reputation.

Communication Barriers

Effective communication is essential for successful branding, both inside and outside the organization. Internally, barriers such as hierarchical structures, departmental silos, and geographic disparities can hinder effective communication of brand values and strategies. Externally, the challenge lies in conveying a clear and consistent message across diverse platforms and to a varied audience, which may interpret messages differently based on cultural or social contexts.

Maintaining Brand Consistency Across Channels

With the proliferation of digital media and the rapid pace of content creation, maintaining consistency in brand messaging can be daunting. Each channel, from social media to traditional advertising, interacts with different segments of the audience and requires tailored communications that still need to maintain the overall brand voice and identity. Ensuring this consistency while being responsive and innovative presents a significant challenge.

Employee Engagement and Advocacy

Fostering a strong brand culture internally that encourages employees to become brand advocates is another significant challenge. Employees must feel genuinely connected to the brand’s values and motivated to embody these in their everyday work. Lack of engagement or a misunderstanding of the brand’s goals can lead to poor customer interactions and a weak internal culture that negatively impacts the external brand image.

Change Management

Organizations frequently undergo changes—whether due to growth, restructuring, or shifts in strategy. Managing these changes while keeping the brand’s core identity intact is a complex challenge. Changes need to be communicated effectively to ensure that all employees are on board and that the external brand image remains consistent.

Measuring Effectiveness

Determining the effectiveness of branding strategies, both internally and externally, is inherently challenging. The impact of a strong brand culture on productivity and employee satisfaction can be difficult to quantify. Similarly, measuring the direct impact of branding on customer loyalty and company performance involves complex analytics and can be influenced by external variables beyond the company's control.

Cultural Sensitivities

For global brands, cultural sensitivities pose a significant challenge. A brand message that resonates well in one country may not be effective or might even be offensive in another. Understanding and integrating cultural nuances while maintaining a cohesive brand identity across borders is a complex and ongoing challenge.

Legal and Ethical Considerations

Brands must navigate various legal and ethical landscapes, especially concerning privacy, data protection, and marketing ethics. Missteps in these areas can damage a brand’s reputation and lead to legal consequences. Ensuring compliance and ethical marketing practices while being competitive is a challenging balance to maintain.

Hence, managing brand inside and outside requires a strategic approach that considers the dynamic interplay between internal culture and external market conditions. Overcoming these challenges involves continuous effort in aligning internal practices with external promises, effective communication, and a responsive strategy that can adapt to changing environments and expectations. By addressing these challenges proactively, organizations can build a robust brand that resonates well both internally among employees and externally in the marketplace.

Check Your Progress-B

Q1. Answer the following MCQs: -

1) **What is the primary goal of 'Brand Inside' or internal branding?**
   A) To maximize profit margins
   B) To engage employees with the company’s brand values
   C) To enhance only the CEO's vision
   D) To focus solely on external advertising
2) **Which of the following is NOT a component of 'Brand Outside' or external branding?**
   A) Customer Experience
   B) Employee Engagement
   C) Advertising and Promotion
   D) Brand Identity
3) **How does internal branding impact external perceptions of the brand?**
   A) Through increased production efficiency

B) By employees acting as brand ambassadors

C) Solely through leadership directives

D) None of the above

4) **Which strategy is critical for ensuring consistency across internal and external branding?**

A) Reducing investment in branding

B) Ignoring customer feedback

C) Integrated communication strategies

D) Decreasing employee training

5) **What role does 'Brand Identity' play in external branding?**

A) Determines the operational procedures internally

B) Has no impact on external branding

C) Distinguishes the brand in consumers' minds through visible elements

D) Only affects the digital marketing aspects

Q2. What do you understand by brand communication strategies?

11.9 SUMMARY

This unit explores the dynamics between "Brand Inside" (internal branding) and "Brand Outside" (external branding), elucidating their crucial roles within corporate brand management. Internal branding focuses on ingraining the company's core values and culture into employees, transforming them into brand ambassadors. This internal alignment is critical for ensuring that employees reflect the brand positively in every external interaction. Conversely, external branding deals with shaping the perceptions and attitudes of external stakeholders like customers and partners, utilizing tools such as advertising and customer experience strategies. The unit highlights the symbiotic relationship between these branding approaches, emphasizing that a strong internal culture enhances external brand perceptions, thereby fostering consistency across all interactions with the brand. Strategies for integrating and enhancing both internal and external branding are discussed to ensure a unified brand experience, ultimately contributing to the company's success in the marketplace.

11.10 GLOSSARY

- **Brand Inside (Internal Branding)**: Strategies and processes used within a company to align employees with the brand's core values and culture, fostering a workforce that acts as brand ambassadors.
- **Brand Outside (External Branding)**: The activities and strategies employed to manage and shape the perceptions and attitudes of external stakeholders, such as customers and partners, towards the company's brand.
- **Organizational Culture**: The set of shared values, beliefs, and behaviors within a company that shapes the internal environment and influences how employees interact.
- **Employee Engagement**: Activities and strategies designed to align employees' goals and behaviors with the organization's brand identity.
- **Brand Identity**: The visible elements of a brand, such as colors, design, and logo, that distinguish the brand in consumers' minds.
- **Brand Image**: The actual result of branding efforts, reflecting how customers perceive the brand based on their interactions and experiences.
- **Customer Experience**: All aspects of a customer's interaction with the brand, from navigating the website to customer service interactions and the quality of the product or service itself.
- **Advertising and Promotion**: Strategies used to communicate the brand's message to the target audience, including digital marketing, traditional advertising, and promotional activities.
- **Integrated Communication Strategies**: Seamless communication strategies that bridge internal and external messaging to ensure consistency and reinforce the brand message across all platforms.
- **Employee Advocacy**: The promotion of a company or its products or services by the people who work for it, reflecting the internal adoption of the brand's values in external interactions.

11.11 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress –B

Q1. Answers of MCQs: -

1) Answer: B) To engage employees with the company's brand values
2) Answer: B) Employee Engagement
3) Answer: B) By employees acting as brand ambassadors

4) Answer: C) Integrated communication strategies
5) Answer: C) Distinguishes the brand in consumers' minds through visible elements

11.12 REFERENCES

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- https://dialoguereview.com/getting-grip-global-reputation/

11.13 SUGGESTED READINGS

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- https://tompeters.com/wp-content/uploads/2014/02/BrandInside.pdf

11.14 TERMINAL QUESTIONS

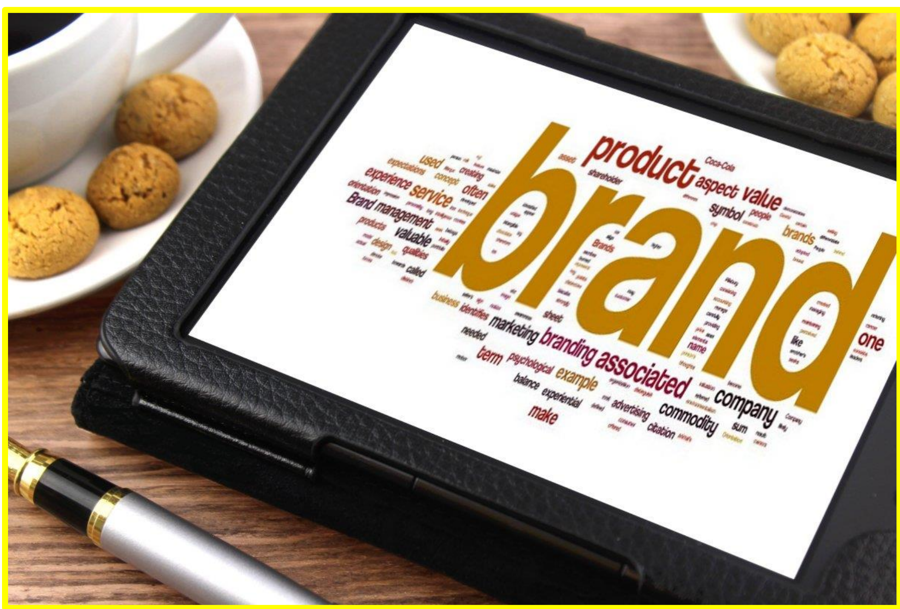
1. What is the main objective of internal branding within an organization?
2. How does external branding differ from internal branding in its target audience and goals?
3. What role does organizational culture play in internal branding?
4. Describe how employee engagement contributes to a successful internal branding strategy.
5. What are the key components of a company's brand identity as part of external branding?
6. How can a positive customer experience influence the external perception of a brand?
7. What strategies can be used to ensure consistency between internal and external branding messages?
8. How does employee behavior serve as a form of brand ambassadorship in external interactions?
9. Why is it important to have integrated communication strategies that align internal and external branding?
10. What impact does a strong brand identity have on customer perceptions and market positioning?

Uttarakhand Open University, Haldwani

MS 510

School of Management Studies and Commerce

Brand Management



Block I Brand Management

Block II Brand Evolution

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MS 510

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Brand Management

BLOCK III BRANDING DECISIONS

BLOCK IV GLOBAL BRANDING

MS 510

Brand Management

Block – III

Block Title- Branding Decisions

Block – IV

Block Title- Global Branding

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Source: https://www.thebluediamondgallery.com/tablet/b/brand.htmllast accesed 28/11/2024

ISBN : **978-93-85740-42-8**

Edition : **2024 (Restricted Circulation)**
Draft Copy: Subject to Final Edition
Published by : **Uttarakhand Open University, Haldwani, Nainital – 263139**
Printed at : **(Name of the Printer)**
Printed Year : **2024**

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Course Code-MS 510

Course Objective: To acquaint the students with planning, technique and branding strategies of the organization

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Unit XXIII New trends in Brand Management in India

Suggested Readings:

1. Product management – Donal R. Lehmann, Russel S. Winer
2. Strategic Brand Management – Kevin Lane Keller
3. Branding Concepts & Process – Debashish Pati
4. Marketing Management – Philip Kotler
5. Successful Branding – Pran K Choudhary
6. Brand Positioning Strategies for Competitive Advantage -Subrato Sen Gupta
7. Strategic Brand Management -Caperer
8. Behind Powerful Brands – Jones

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Block III
Branding Decisions

UNIT 12 BRAND EXTENSION

12.1 INTRODUCTION

Brand extension is a strategy adopted by a company to use an existing brand name to launch a product in a different category. Brand extension is when a company uses its well-known name to introduce new products. This strategy allows a company to expand its market and reach new customers without starting from scratch. For example, if a popular sneaker brand decides to make clothing, this would be a brand extension. The brand already has a strong reputation, which helps the new products gain attention and trust from consumers. Brand extension can be successful if done correctly. Many companies can benefit by sticking to products that are related to their original offerings. For instance, a brand known for its delicious cookies might create a line of cookie-flavoured ice creams. Customers who love the cookies may be curious to try the ice cream too. This can lead to increased sales and customer loyalty.

12 .2 OBJECTIVES

After completion of this chapter the learner will be able to:

- Understand the concept of brand extension
- Gain insight to line Extension and brand extension
- Understand the various types of brand extensions.
- Get better understanding of various factors for success of brand extension.

12.3 DEFINITION

Brand extension is the use of a brand name established in one product class to enter another product class. **David A. Aakar**

Brand category refers to a situation when the parent brand is employed to make an entry into a different product category. **Peter Farquhar**

Thus, the intention of the marketer is to reap the maximum benefit of the brand name established in the market and launch a different product. Since, the brand name is already cemented in the minds of the consumers they would definitely have a positive set of minds when a new product is launched under the same brand name.

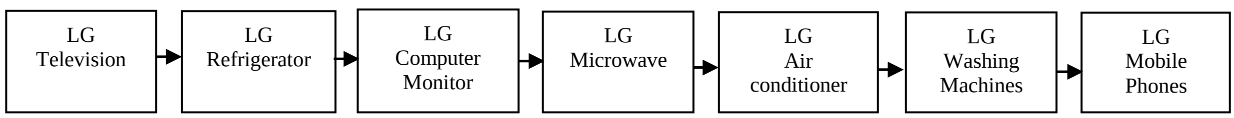
12.4 BRAND EXTENSION VS LINE EXTENSION

Line extension is different from brand extension because in brand extension the product category remains variable whereas in line extension the product category remains constant. So, brand extension essentially involves leveraging an existing brand to promote a product into a different category.

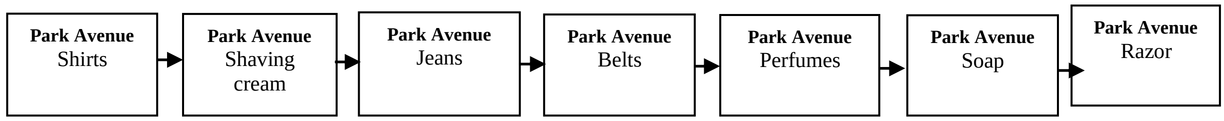
- **Brand Extension Strategy:**

  In the following examples LG and Park Avenue the companies employ brand extension strategy to get the benefit of existing brand image to launch a product in a different category.

LG



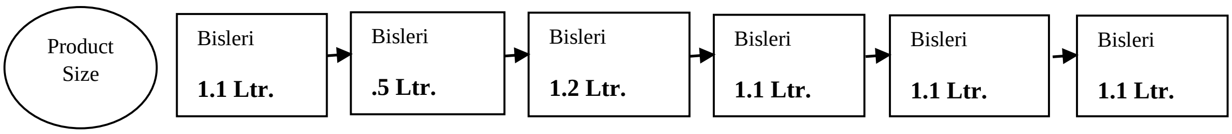
Park Avenue



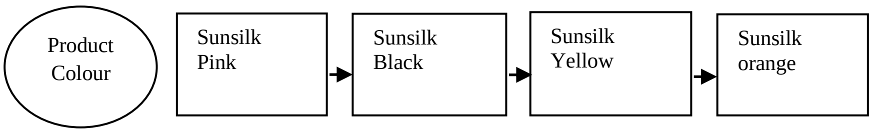
Line Extension Strategy:

The following examples of Bisleri and Sunsilk suggest that the company has been vigorously pursuing the line extension strategy which involves making entries into a brand's existing product category by using the same brand. The entries can come in the form of varying product sizes, colours, flavours, ingredients etc.

Bisleri



Sunsilk



12.5 OBJECTIVES OF BRAND EXTENSION

There are following reasons for brand extension:

1. To energize a brand:

A company's existing brand requires increasing visibility therefore it is extended into more variants. Example: Pond's Dream Flower Talk extends to Pond's Magic

2. To expand core promise to new users:

When a company wants to expand brand name known for its salient feature or core promise to the new users the brand extension is done.

Example: Godrej shaving Cream was extended into a shaving cake to accommodate the price-sensitive buyers.

3. To block or Inhibit competition:

The company wishes to extend when the competition is intense it becomes necessary to cover every niche. This can be seen in the detergent powder market:

Example: Surf has been extended to Surf, Easy Wash and Surf Ultra & Ariel into Ariel Supersoaker.

4. To manage a dynamic environment:

In a dynamic market environment when a new trend brought in by competition, if ignored, might fundamentally alter the market. When such an outcome is feared, a product similar to the competitor's is launched as a brand extension.

Example: Close-Up created a new segment in the toothpaste market namely the gel segment. Colgate had to launch Colgate Gel to protect its turf

Example: Close-Up created a new segment in the toothpaste market namely the gel segment. Colgate had to launch Colgate Gel to protect its turf

12.6 TYPES OF BRAND EXTENSION

Brand extension can be in many forms:

1. Product Form Extension:

When a different product form constitutes an entirely different product category, it is product form extension from a customer's behavior perspective.

Example:

Amul milk and Amul condensed milk are examples of product extension. It may not be perceived as members of the same product category.

Amul Milk → Amul Condensed Milk

2. Companion Product

Companion product is launched to capitalize on product complementarily. The consumer sees both the product as companion product.

Example:

Brand extension of this type is very common and as consumers may view both the products jointly therefore this provides scope for brand extensions.

Colgate Dental Cream → Colgate Tooth Brush

3. Consumer Franchise:

When a marketer extends a product range in order to meet the needs of a specific customer group such extension is referred to customer franchise.

Example:

Here the company's focus is to meet the specific requirements of nursery school children, in this way company's aim is not customer base but the diverse need of customers.

Johnson and Johnson Baby Shampoo → Johnson and Johnson Baby talk → Johnson and Johnson Baby Oil → Johnson and Johnson Baby Diapers

4. Company Expertise

When a company's expertise pool plays a key role in the introduction of different product category using a common name, this is company expertise brand extension emanating from company's common expertise pool.

Example:

This strategy is particularly seen in the Japanese companies.

Honda Cars → Honda Gensets → Honda Scooters → Honda Lawnmovers

5. Brand Distinction

When a company's brand achieves a rare distinction in terms of its unique attributes, benefits or features which are uniquely associated with the brand, then in such a situation a company makes effort to work backwards and launch different products in order to cash on the uniqueness of this brand distinction.

Example:

Marico Industries launched variety of products exploiting the distinction of Parachute brand which has the expertise of coconut nourishment in customer's minds over a long period of time.

Parachute Coconut Expertise → Parachute Hair Oil → Parachute Shampoo → Parachute Cream → Parachute Cooking Oil

6. Brand Distinction

The exclusiveness and prestige of a brand gives great extension opportunities to a company. In this way a brand extension may involve a foray into unrelated product categories based on the brand's image value.

Example:

The perfect example in this type is designer and haute couture brands i.e. Cartier.

Cartier Jewellery → Cartier Watches → Cartier Purses → Cartier Pens

7. Brand Extension based on Distinctive Taste, Ingredient or component:

Sometimes a brand is recognized in the market on the basis of any and/or combination of taste, ingredient or component. When such a close association develops, it motivates the marketer to make entries into unrelated product categories to capitalize on these properties.

Example:

Nescafe is brand that enjoys proprietary association of distinctive taste. Accordingly, the brand could be leveraged in other product fields:

Nescafe Coffee → Nescafe Chocolate → Nescafe Biscuits → Nescafe Supplement → Nescafe Cold Coffee (bottled)

8. Brand Extension Determined by Good, better, Bad and Ugly Extensions

The primary purpose of using a well-established brand name is to promote a product of different category to take the maximum advantage of the positive image of the brand name that exists in the minds of the customers. The main logic behind such brand extension is to transfer these associations in the extension context to get the desired outcome which is brand equity. But brand extension does not always give desired results. Five possibilities that exist are:

a. The Good Extensions

b. The More-Good Extensions

c. The Bad Extensions

d. The Ugly Extensions

A. The Good Extensions

When the parent brand contributes positively to the extended product, it is called good extension. In this way the company takes the advantage of the good market image of the parent brand which eventually helps the extension by providing the brand associations, quality associations and recognitions and awareness to the extended brand.

Example:

Dettol’s extension into toilet saps shows how the extension acquired Dettol’s association and became a successful soap. Similarly, the Tata name in India stands for a fairly acceptable level of quality, so extending the Tata name to its small car, Indica or Nano, meant that the car benefitted from a quality rub off.

B. The More Good Extensions

Sometimes it is not just that the parent brand helps the extension of a new product but the new extension also helps the parent brand to strengthen and enhance its visibility and image in the market by the positive feedback. This definitely is reaping more benefits by the company from not only the parent brand but also from the extended product.

Example:

In case of Dettol brand the core association of this brand are strengthened and enhanced by launching products which are antiseptic oriented like plaster, shaving cream and toilet soap.

C. The Bad Extensions:

Sometimes the existing brand name does not help the extension. This can happen firstly because the existing brand name does not add value and secondly the name passes on negative associations to the extension.

Example:

The Pierre Carding name does not add value to its range of wring instruments. The Ponds name also failed to add any value to its toothpaste extensions. The value addition did not take place because these names do not have any expertise and credibility the extension context.

D. The Ugly Extensions:

When the extension succeeds but its success comes at a cost as the extension hurts the brand name by creating undesirable attribute associations damaging quality perception and altering its existing associations. All these illustrate negative feedback to the parent brand by an extension which succeeds in the marketplace.

Example:

If a premium brand like Rolex enters into the mid-priced clothing line, it creates undesirable associations and hurts the parent brand. However, the reverse transfer of associations is less likely if the parent brand associations are very strong and there is a marked difference between the parent brand and the extension. Brand extension may weaken the associations making the associations blurred. This problem can arise particularly when the brand’s core associations are class related like Bisleri’s water or Amul’s milk products. So, when the brand is extended beyond its product class its core brand associations may get weakened or damaged. Imagine Amul launching aerated soft drinks.

12.7 SUCCESS FACTORS OF BRAND EXTENSION

There are many factors that go on to make the brand extension strategy successful for the company and add to the strength of the brand. Some of the factors are as following:

- **Positive attitude of customers towards the parent brand:**

If the parent brand enjoys positive beliefs and favorable attitude in customers' memory then the extension would be successful. Therefore, the role of brand beliefs and attitude is crucial in determining the brand extension.

- **Transferability of Distinctiveness of the Parent Brand:**

The transferability of skills and assets of the parent brand is key to the success of brand extension. The transferability implies perceived ability of the brand manufacturer in making the extension product (i.e. can HLL, the maker of Lux also makes Rexona).

- **The concept of fit between the brand and the extension:**

The proposed brand extension must fit with the parent brand. And if the fit is perceived to be poor, the probability that the associations would not get transferred is very high. The fit between the brand and the extension must be firmly established.

- **The concept of Complementarity:**

The complementarity between the parent brand and the extension influences the reputation of the image of the brand. The complementarity indicates the extent to which consumers view brands and the extension as complements i.e. toothbrush and toothpaste.

- **The concept of Substitutability:**

The success of the brand extension depends on the fact as to how and to what extent the customers perceive the two products within the same brand name as substitute. The positive feedback of the customers would definitely yield better results to the brand.

12.8 ADVANTAGES OF BRAND EXTENSION

Brand extension strategy has been instrumental in helping the marketers gain advantage over the other new product launch options. Therefore, companies in the modern marketing world employ brand extension strategy to reap the maximum benefits. Following are the advantages of brand extension:

- **Cost Effectiveness:**

In the modern marketing environment characterized by the ups and downs there is a great risk and cost involved in the launch of a new product. In such fluctuating nature of market brand extension is an irresistible option for a company. The companies use the reputation of the parent brand to launch the new product. By using brand extension strategy, the marketer can effectively bring down the cost of introducing a new product i.e. cost related with advertisement and establishment of the new product in the market. In this way brand extension strategy can be cost effective and at the same time increasing the probability of success.

- **Enhancement in Promotional Efficiency:**

When a company promotes a large number of individual brands the promotional cost of the company increases. The investment to promote in one brand may not help the other brands. But in brand extension strategy when the company advertises a particular product of a brand it indirectly benefits other products which share the same brand name.

- **Existing Brand Name Awareness:**

When a new product is launched in the market the company's task is reduced because the brand name awareness already exists among the consumers and they easily identify themselves with the new product of the same brand name This brand awareness enables the company to have an easy access to the minds of the consumers whereas if the company launches a product with a new brand name, the task to reach the consumer's mind is more difficult and complex.

- **Advantage to Consumers:**

When a customer is familiar with a particular brand then there is a kind of brand image that is formed in the psyche of the customer. The customer knows what to expect from the brand and can easily conclude the likely make up and performance delivery of the brand. So, when a new product with the same brand name is launched customers are more comfortable in the context of information, expectations and inferences.

- **Customer Feedback Effects:**

Brand extension helps the parent brand in many ways. It broadens the product meaning which establishes the brand's image like IBM once claimed that it is not in the computers business but in the customer solutions business. The feedback of customers contributes to the strengthening of the parent brand.

- **Healthy Returns on Investment:**

Brands that have evolved into a diversified structure from being mono product have been able to generate healthy returns to the shareholders as compared to the focused brand. So, brand extension definitely is of great advantage to the company.

Check Your Progress-A

Q1. Explain the concept of Brand Extension

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Q2. Compare and contrast the difference brand extension and line extension.

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Q3. What are the advantages of brand extension?

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Q4. What benefits does consumers get by brand extension?

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12.9 RISKS OF BRAND EXTENSION

Though brand extension is a popular strategy among the markets yet it has its own pitfalls. There are many dangers associated with brand extensions:

- **Draining Financial Resources:**

When the brand extension fails or is unable to deliver the desired results it drains a lot of financial resources of the company.

- **Damaging Brand Image:**

Sometimes, when the brand extension is not successful it causes greater damage by hurting the parent brand. It happens when the extension sends negative feedback from the customers.

- **Losing Customer Loyalty:**

The success of the brand depends on the positive mindset of the customers towards it, but when the brand extension causes the existing loyal customers to distance themselves from the brand then the company suffers a great setback. This was experienced by General Motors, when they launched Cadillac Cimarron. The car was aimed at customers lower in the hierarchy of car buyers who could not afford Cadillacs. The Cadillac name which was used to promote Cimarron failed to give it much needed boost. Not only did the product fail but it also frustrated the typical Cadillac buyer. Moreover, by associating with Cimarron, the brand suffered in terms of its equity and image. Many Cadillac buyers distanced themselves from the brand. The brand franchise was hurt.

- **Fear of Future Brand Extension:**

The company always wishes to get better results from the brand extension both for the parent brand and for the extended product but when the results are contrary to the expectations the future ventures of the company suffer because an element of apprehension creeps into the minds of the strategists. Therefore, a great deal of planning and market research are needed to enable the marketers confident about their proposed extension.

12.10 SUMMARY

In the modern competitive environment brand extension strategy is very significant for the success of the companies. Brand extension strategy is pursued very meticulously by the marketers these days. It involves using an existing parent brand name and image to launch a product in different category. In this way the brand remains constant but product category tends to be variable. There are various justifications given for the brand extension like it is done on the basis of cost effectiveness, exploiting the brand image and reputation, promotional efficiency, savings on product launches, consumer benefits and returns etc. The brand extension can be effective when the extended product succeeds and if the parent brand gets benefitted by the extension. But if the extension fails to lift off it is referred as bad extension, while an ugly extension is the one that not only fails to lift of, but it also damages the parent brand. Therefore, brand extension strategy requires careful planning before the launch of a new product. It requires careful judging of the brand extendibility and a perfect fit between the parent brand and the extension to ensure the success of the brand extension.

Check Your Progress-B

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QA. Multiple choice questions:

1. What is the primary difference between line extension and brand extension?

(a) Line extension involves changing the product category, while brand extension does not.
(b) Brand extension involves changing the product category, while line extension does not.
(c) Line extension involves leveraging an existing brand, while brand extension does not.

(d) Brand extension involves leveraging an existing brand, while line extension does not.

2. In a brand extension, the new product is typically launched in a:

(a) Completely unrelated category.

(b) Slightly different but related category.

(c) Completely different but still relevant category.

(d) Identical product category as the original.

3 Which of the following best describes the product category in a line extension

(a) The product category is constantly changing.

(b) The product category remains the same as the original.

(c) The product category is completely different from the original.

(d) The product category is somewhat related to the original.

4 When a company uses an existing brand name to launch a new product in a different category, this is known as:

(a) Line extension.

(b) Brand extension.

(c) Product diversification.

(d) Market expansion.

5 Which of the following statements best captures the relationship between line extension and brand extension?

(a) Line extension and brand extension are the same concept.

(b) Line extension is a subcategory of brand extension.

(c) Brand extension is a subcategory of line extension.

(d) Line extension and brand extension are completely separate concepts.

Q.B. State True and False.

1 Brand extension involves using a new brand name for a new product category.

2 A successful brand extension can benefit the parent brand.

3 Brand extension is always cost-effective for companies.

4 An ugly extension can harm the parent brand's reputation.

5 Careful planning is not necessary for a successful brand extension.

12 .11 GLOSSARY

Product	**:**	A product is a physical entity that lives in the real world.
Brand		A brand is a perceptual entity that lives in the consumer's mind.
Brand Image	**:**	How a brand is perceived by the customers in its totality.
Dynamic	**:**	Changing constantly
Perspective	**:**	A way of regarding situations or topics etc.
Capitalize	**:**	Draw advantages from
Pitfalls	**:**	An unforeseen, unexpected or surprising difficulty
Emanating	**:**	Give out
Franchise	**:**	An authorization to sell a company's goods or services in a particular place**.**
Diverse	**:**	Many and different
Expertise	**:**	Skillfulness by virtue of possessing special knowledge
Exclusiveness	**:**	Tendency to associate with only a select group
Distinct	**:**	Different in nature or quality

12.12 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress-B

Ans.1 Correct Answers:

1 d **2** b **3** b **4** b **5** b

Ans. 2 Correct Answers

1. False **2.** True **3**. False **4.** True **5**. False

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12. 15 TERMINAL QUESTIONS

1 Why brand extension is a crucial management decision?
2 Discuss pros and cons of brand extension?
3 How the risks in brand extension can be overcome?

UNIT 13 BRAND AND FIRMS

13.1 INTRODUCTION

This unit focuses on the multi-faceted processes that underpin brand development within business contexts and theoretical frameworks behind it. It examines branding from numerous angles and underscores its critical role in setting products apart on competitive markets, as well as creating customer loyalty. The key to this inquiry follow is the constituent elements of branding--brand name, motto, figurehead or mark, color scheme, and so forth--all combine and fashion a particular character for some product or service. The unit then goes on to discuss the role of branding in strategy, attracting and retaining market presence and attracting and keeping customers, as well as sustaining competitive added-value pricing strategies.

It also discusses a number of important theoretical frameworks that guide understanding the implementation of branding strategies. These include brand owner self-theory, delegated brand positioning theory, as well as numerous models purporting to measure such variables as "brand equity" and 'resonance'. Every framework provides its own brand of insight into creating brands, marketing of perceptions and strategic placement in the public mind. They show how significant brands are in determining consumer behavior and how critical they can also play as key factors which establish company performance.

By integrating these frameworks, the unit not only enhances the understanding of branding's impact but also equips readers with the knowledge to assess and apply these concepts practically in the field of marketing. Through a comprehensive discussion of brand identity, image, and the alignment of both, the document prepares individuals to manage and maneuver the complexities of branding effectively in their professional endeavors.

13.2 OBJECTIVES

After reading this unit, the learners will be able to: -

- ✓ Understand the definition and importance of branding in competitive markets.
- ✓ Explore core elements and theoretical frameworks of branding.
- ✓ Examine strategies for effective brand identity creation and management.
- ✓ Analyze the impact of branding on consumer behavior and firm performance

13.3 DEFINITION AND IMPORTANCE OF BRANDING

Definition of Branding

Branding is the process by which a company develops a distinctive identity for its products or services in the marketplace. It encompasses the creation of a name, symbol, or design that identifies and differentiates a product from other products. An effective brand transcends the physical attributes of a product to become a psychological trigger or a promise of value in the mind of the consumer.

Branding has been defined by various authors and organizations in several ways, each emphasizing different aspects of the concept. Here are some definitions that highlight the breadth of branding as understood across different perspectives:

- ❖ **American Marketing Association (AMA)**: Defines a brand as "A name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers."
- ❖ **David Aaker**: In his book, "Building Strong Brands," Aaker defines branding as "The process of developing a set of distinctive associations in the mind of the consumer that a company can create and maintain for its products."

- **Kevin Lane Keller**: In "Strategic Brand Management," Keller describes a brand as "A set of mental associations, held by the consumer, which add to the perceived value of a product or service."
- **Philip Kotler**: Kotler defines a brand in "Marketing Management" as "A name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors."
- **Interbrand**: This global brand consultancy defines branding as "The process of endowing products and services with the power of a brand. It’s all about creating differences between products."
- **Seth Godin**: A contemporary marketing guru, Godin states, "A brand is the set of expectations, memories, stories, and relationships that, taken together, account for a consumer's decision to choose one product or service over another."

These definitions encapsulate the multifaceted nature of branding, emphasizing its role in creating a unique identity, fostering consumer relationships, and enhancing perceived value.

Core Elements of Branding

1. **Brand Name**: The verbal component that conveys the essence, image, and underlying ethos of the brand.
2. **Logo**: A visual symbol that serves as the face of the brand, designed for easy recognition.
3. **Tagline**: A memorable phrase that summarizes the tone and premise of the brand.
4. **Design Scheme**: Includes the color palette, typography, and overall visual aesthetics that provide a consistent image across all marketing and operational platforms.

Importance of Branding

Branding is pivotal in establishing a significant and differentiated presence in the market that attracts and retains loyal customers. Here are key reasons why branding is essential:

1. **Differentiation**: Branding helps to distinguish a company's products from its competitors, highlighting unique features and benefits. In markets flooded with similar products, a strong brand helps a product stand out, thereby capturing greater consumer attention and market share.
2. **Customer Recognition**: A strong brand is immediately recognizable. This recognition can create customer loyalty, as familiarity and dependability are

comforting to consumers. When faced with a choice, customers are more likely to choose a brand they recognize over something unfamiliar.

3. **Customer Loyalty**: Beyond recognition, a good brand evokes emotions and creates a connection with consumers, who may feel a certain pride or ownership over the brand's philosophy, which can lead to repeat purchases and loyalty. For instance, brands like Apple have cultivated customer loyalty through innovative design and high-tech features, aligning with consumers' self-image and lifestyle.

4. **Consistency**: Branding promotes consistency across marketing efforts, which reinforces the brand's identity and message. A consistent brand is easily recognizable and appears more dependable and trustworthy to consumers.

5. **Premium Pricing**: Powerful branding enables companies to demand higher prices for their products or services, as consumers are prepared to pay more for brands they trust and view as superior in quality. For instance, Nike is able to set premium prices for its athletic wear because of its esteemed reputation for quality and innovation.

6. **Strategic Tool**: Branding serves as a strategic, long-term investment that builds significant assets by securing a competitive edge. Effective branding fosters customer loyalty, a prestigious reputation, and various intangible advantages.

7. **Cultural Icon**: Some brands evolve into cultural symbols, embodying specific societal values and ideologies. For instance, Coca-Cola is often viewed as a symbol of American culture and lifestyle.

8. **Employee Pride and Satisfaction**: Employees often take pride in being associated with a well-known brand, which enhances their engagement and connection to the company. This pride can translate into greater job satisfaction and improved performance.

9. **Market Protection**: Strong brands provide a buffer against market competition and economic fluctuations. Brand loyalty and recognition help maintain sales volumes even during challenging times.

Effective branding helps businesses cultivate strong customer relationships and secure a stable market position, paving the way for sustained success. The advantages of branding reach beyond mere consumer engagement, impacting the company's overall reputation, operational efficiency, and business performance.

13.4 THEORETICAL FRAMEWORKS IN BRANDING

Understanding the theoretical underpinnings of branding is essential for both academic research and practical application in marketing. These frameworks offer insights into the processes and impacts of branding on consumer behavior and firm performance. Here are some of the key theoretical frameworks that dominate the study of branding:

1. Brand Identity Theory

Brand identity encompasses the elements a company crafts to project an appropriate image to consumers. Jean-Noel Kapferer's Brand Identity Prism, a fundamental framework in branding theory, encapsulates six critical dimensions:

- **Physique**: This refers to the visible aspects and symbols of the brand, such as logos, packaging, and colors, which make the brand instantly recognizable.
- **Personality**: This dimension imagines the brand as a person, describing its character and demeanor, which can range from youthful and energetic to sophisticated and serene.
- **Culture**: This represents the underlying values and ethics of the brand, which shape its narrative and interactions within the market.
- **Relationship**: This pertains to the nature of the connection that the brand seeks to establish with its customers, which could be advisory, friendly, authoritative, etc.
- **Reflection**: This is the portrayal of the customer's ideal self as seen through the brand, essentially reflecting who the customer aspires to be when they use the brand.
- **Self-image**: This dimension explores how the brand influences the consumer's self-perception and internal self-reflection.

The Brand Identity Prism aids in dissecting how a brand is strategically positioned and perceived in the marketplace, highlighting the importance of alignment between how the brand sees itself and how it is seen by consumers.

2. Brand Positioning Theory

Brand positioning is the planned efforts to put a brand in the mind of consumers and consumers. Making it the goal is to optimize its image and itself moving relative to others. Originally proposed by Al Ries and Jack Trout in their pioneering work "Positioning: The Battle for Your Mind," this concept suggests that competition begins in consumers' minds, if not earlier. Crucial components of the brand positioning system are:

- **Target Audience**: This entails defining and fully understanding the precise customer category that the company wishes to target, which will inform all future branding decisions.
- **Differentiation**: This is the process of differentiating a brand from its rivals by including distinctive characteristics that resonate strongly with the target audience. Product characteristics, customer experience, pricing, or emotional connection can all serve as differentiators.
- **Value Proposition**: This clearly explains what distinguishes the brand and why customers should select it over rivals. It explains the physical and intangible benefits that the brand claims to provide.

Effective brand positioning not only establishes a company's position in the market, but it also communicates its promises and values in a way that best meets customer expectations and demands.

3. Brand Equity Model

Brand equity is the additional value added to a product by its brand name. David Aaker's Model of Brand Equity divides this notion into five key components that jointly form a brand's market strength and customer perception:

- **Brand Loyalty**: This component assesses consumers' commitment to a brand, as seen by recurring purchases and reluctance to transition to competitors. High brand loyalty serves as a barrier to entrance for competitors, lowering marketing expenses.
- **Brand Awareness**: This relates to customers' familiarity with the brand and their ability to recall or recognize it. Brand recognition is critical since it is frequently the first stage in the customer decision-making cycle.
- **Perceived Quality**: This dimension assesses consumer perceptions of a brand’s quality relative to its competitors. It influences purchasing decisions and can justify a price premium.
- **Brand Associations**: These are the attributes, benefits, activities, and values that consumers connect to the brand. Strong, positive brand associations enhance brand equity by promoting a distinctive brand image that resonates with consumers.
- **Other Proprietary Brand Assets**: This includes legal protections and exclusive assets such as patents, trademarks, and unique channel relationships that provide competitive advantages and safeguard the brand’s market position.

Aaker’s model provides a framework for businesses to assess their brand’s equity, highlighting areas of strength and potential vulnerabilities. Understanding these components allows marketers to develop strategies that either capitalize on strong points or address weaknesses, ultimately enhancing the overall equity of the brand.

4. Keller's Brand Equity Model (Customer-Based Brand Equity Model)

Kevin Lane Keller's Customer-Based Brand Equity Model is centered on the premise that a brand's strength is derived from customer experiences and perceptions over time. This model divides into two primary components:

- **Brand Knowledge**: This element measures the familiarity and understanding that consumers have about a brand, encompassing both Brand Awareness—how well the brand is recognized in the market—and Brand Image—the specific perceptions and attributes consumers associate with the brand.
- **Brand Image**: This refers to consumers' perceptions and mental associations regarding the brand. These associations are built through experiences with the brand, advertising, and word-of-mouth, forming a composite mental picture of the brand in the consumer's mind.

Keller suggests that to enhance brand equity, companies need to increase both the range (breadth) and specificity (depth) of brand awareness while fostering strong, positive, and distinct brand associations in the minds of consumers.

5. Brand Resonance Model

Also conceptualized by Kevin Lane Keller, the Brand Resonance Model outlines a process for developing deep, meaningful relationships with consumers that lead to loyal and active brand engagement. The model includes four interconnected levels:

- **Brand Salience**: This level gauges how often and how easily the brand is thought of under different circumstances. It reflects the brand’s prominence and relevance in the consumer's mind.
- **Brand Performance and Brand Imagery**: These elements address the functional needs and the psychological/emotional needs met by the brand. Brand Performance relates to the way the product or service meets utilitarian expectations, while Brand Imagery deals with the experiential and social aspects that the brand embodies.
- **Brand Judgments and Brand Feelings**: This level considers the rational and emotional responses consumers have toward the brand. Brand Judgments are consumers' personal evaluations of the brand, including its credibility and quality, whereas Brand Feelings are the emotional reactions triggered by the brand.
- **Brand Resonance**: The pinnacle of the model, Brand Resonance, represents the ultimate relationship and level of identification that the customer has with the brand. It measures the extent of the psychological connection and the sense of community among brand aficionados.

The Brand Resonance Model illustrates how brands can cultivate loyalty and a strong emotional bond with customers by moving them through these progressive stages, from awareness and performance to deep emotional connection and resonance.

These theoretical frameworks offer powerful lenses through which the complexities of branding can be understood and strategically managed. They provide a structured approach to developing strong brands that resonate with consumers and stand out in competitive markets. Each framework can be utilized to assess different aspects of branding, from creation and positioning to consumer perception and value creation.

13.5 BRAND IDENTITY AND IMAGE

Understanding the nuances of brand identity and brand image is essential for effective market perception management. These components are central to a branding strategy, playing critical roles in cultivating robust consumer relationships.

Brand Identity: Definition and Elements

Brand identity encompasses all the elements crafted by a company to present a particular image to its consumers. It represents how the brand describes itself, its underlying values, and what it offers. This identity guides the representation and communication of the brand across various platforms. The fundamental elements of brand identity include:

1. **Logo and Visual Style**: This refers to the visual components of the brand, such as its logo, color palette, and typography. These elements ensure visual consistency and recognizability across all brand touchpoints, enhancing brand recall.
2. **Voice and Tone**: This aspect defines the manner in which the brand communicates, whether in writing or speech. It could range from professional to casual, or from friendly to authoritative, depending on the brand's target audience and industry norms.
3. **Mission and Values**: These are the core principles that drive the company's actions and define the brand's promise to its customers. The mission and values not only guide internal decisions and strategies but also help in communicating a coherent image to the public.
4. **Taglines and Slogans**: These are succinct, memorable phrases that capture the essence and the primary benefits of the brand. Effective taglines and slogans resonate with the audience, reinforcing the brand's identity and its market position.

Together, these components of brand identity work to shape how the brand is perceived, ensuring that it communicates a clear, consistent message to its audience.

Building a Strong Brand Identity

Creating a strong brand identity involves deep strategic thinking about what the company stands for and how it wants to be perceived. It requires consistency in application across all consumer touchpoints, from product design and packaging to marketing materials and customer service. A coherent and well-executed brand identity builds recognition and trust among consumers, differentiating the brand from competitors.

Brand Image

Definition and Influence

Brand image, on the other hand, is the perception of the brand as formed by customers based on their interactions and experiences. It is the reflection of the brand identity and is influenced by the promises made and delivered through brand interactions. Key influences on brand image include:

1. **Customer Experiences**: Direct interactions with the product or service that shape perceptions and satisfaction levels.
2. **Advertising and Communications**: How the brand portrays itself in media and advertising campaigns.
3. **Word of Mouth**: Opinions and reviews shared by other consumers, which can significantly impact the perceived image of the brand.
4. **Cultural Influence**: The broader societal perceptions and values that can shape how a brand is viewed.

Aligning Brand Identity and Image

The alignment of brand identity and brand image is critical for building a successful brand. This alignment ensures that the perception of the brand by the public matches the company's vision and values as closely as possible, creating consistency and trust. Here’s a detailed exploration of how to achieve and maintain this alignment:

1. Consistency Across All Touchpoints: It is essential that every point of contact with the brand—from customer service and product packaging to marketing campaigns and online presence—reflects the brand's identity consistently. This uniformity strengthens the brand's message and values, making it more recognizable and relatable to customers. For example, Apple exemplifies this through its consistent use of minimalist design and cutting-edge technology in all its products and marketing efforts, solidifying its identity as a leader in innovation within the technology sector.

2. Effective Communication: The strategies employed in communicating the brand must accurately mirror its identity and values. This involves ensuring that the tone, style, and content of all communications align with the brand’s core principles and resonate with its target audience. For instance, luxury brands often use high-quality imagery and a refined tone in their messaging to project an image of exclusivity and premium quality.

3. Employee Training and Engagement: Employees are ambassadors of the brand and are integral to shaping how it is perceived by the public. Effective training programs are necessary to ensure that employees are well-versed in the brand's identity and can effectively communicate this through their interactions with customers. Employees who are engaged and embody the brand's values can significantly boost the brand's image as perceived by consumers.

4. Monitoring and Feedback: Regular monitoring of how the brand is perceived through customer feedback, social media monitoring, and market research is essential. This feedback provides valuable insights into whether the brand identity aligns with the brand image and highlights areas where adjustments might be necessary.

Tools and Techniques for Managing Brand Image

Managing brand image effectively involves a combination of strategic actions and tools designed to monitor and influence how the brand is perceived in the market. Here are some detailed strategies:

1. Brand Audits: Conducting regular brand audits is essential for evaluating the brand's overall health. These audits thoroughly examine both the internal aspects (brand identity) and external perceptions (brand image) of the brand. They are instrumental in identifying discrepancies between the intended brand identity and how it is perceived by the public, thereby providing a foundation for making strategic improvements.

2. Market Research: Implementing various market research techniques, including surveys, focus groups, and sentiment analysis, is crucial for capturing consumer insights. This information is vital for gauging public sentiment and refining brand strategies to better align with consumer expectations and enhance the overall brand image.

3. Integrated Marketing Communications (IMC): Implementing an IMC strategy ensures that all marketing efforts are coordinated and consistent, reinforcing the brand identity at every point of consumer contact. This approach integrates traditional and digital marketing channels to deliver a uniform message that solidifies the brand image.

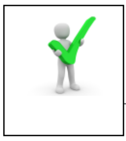
4. Social Media Management: In today's digital age, managing a brand's online presence is essential. Proactive social media management, including regular posting, engaging with users, and managing online reputation, helps shape the brand image. Tools like Hootsuite or Sprout Social can assist in scheduling posts, monitoring brand mentions, and analyzing social media engagement to maintain a positive brand image.

5. Crisis Management: Having a robust crisis management plan is crucial for mitigating the impact of potential negative publicity, which can significantly affect the brand image. Quick, transparent, and effective responses to any crisis help maintain public trust and reinforce a positive image.

6. Customer Experience Management: Improving customer experiences at every touchpoint is vital for a positive brand image. Techniques such as customer journey mapping and experience analytics help identify pain points and areas for enhancement in the customer experience.

By employing these tools and techniques, brands can effectively manage their image, ensuring that it aligns with their identity and resonates positively with their target audience. This alignment is crucial not just for customer retention but also for attracting new customers and achieving long-term business success.

Ultimately, brand identity is about crafting and controlling the messages sent out into the market, whereas brand image is more about managing and responding to the perceptions that come back. Both are equally important and must be developed and nurtured with strategic precision. When done effectively, they lead to a strong brand equity and a loyal customer base, driving long-term business success.



Check Your Progress-A

Q1. What is branding?

Q2. How can brand identity be aligned with brand image?

13.6 BRAND POSITIONING

Brand positioning is a strategic endeavor aimed at crafting a brand's offerings and image to secure a unique and valued position in the minds of target consumers. Successful brand positioning sets a brand apart from its competitors by aligning its strengths and values with the needs and desires of its audience. This section delves into the critical facets of brand positioning, covering its significance, various strategies, and how it is effectively implemented.

Importance of Brand Positioning

1. Differentiation: Brand positioning distinguishes a brand in a crowded market by emphasizing its distinct qualities and benefits. This distinction is critical for capturing attention and building customer preference.

2. Clarity of Brand's Offer: Clear positioning enables customers to grasp exactly what the brand promises and why it matters to them. This clarity enables more effective marketing messaging and increases brand memory.

3. Competitive Advantage: Effective positioning may help a brand gain a competitive edge by connecting its strengths with market possibilities. It raises difficulties for rivals that want to service the same client niche.

4. Customer Loyalty and Retention: By continuously delivering on its positioning promises, a company may foster stronger emotional ties with its customers, resulting in increased loyalty and repeat purchases.

Strategies for Brand Positioning

1. Identifying Competitive Advantages: The first stage in positioning is identifying the characteristics that distinguish the brand or product as distinctive and appealing. This might be greater quality, new features, excellent service, or cost savings.

2. Understanding the Target Audience: Positioning must be appropriate for the target audience's needs, desires, and preferences. Detailed market research may provide valuable insights into customer behavior, preferences, and pain issues.

3. Creating a Positioning Statement: A positioning statement succinctly describes the target market, the unique value the brand offers, and how it differentiates itself from competitors. This statement guides all marketing and operational decisions.

4. Communicating the Positioning: The brand's positioning should be consistently communicated across all marketing channels, including advertising, public relations, and digital marketing, to reinforce the brand's identity and value proposition.

Execution of Brand Positioning

1. Visual Identity and Messaging: Establish a visual identity—including logo, color palette, and typography—that mirrors the brand's positioning strategy. This identity should be consistently implemented across all marketing channels and customer touchpoints to ensure coherence and recognition.

2. Product and Service Alignment: Confirm that the product or service meets the expectations set by your brand positioning. This involves aligning product features, quality, customer service, and the overall consumer experience with the brand's promises.

3. Market Segmentation: Focus marketing initiatives on specific market segments that are most likely to resonate with the brand’s positioning. This targeted strategy enhances both the efficiency and impact of marketing efforts.

4. Adjusting Positioning Over Time: As market dynamics shift, consumer tastes change, and competitors adjust their strategies, it becomes crucial to periodically reassess and refine the brand’s positioning. Ongoing market research and competitive analysis are vital to ensure the brand remains relevant and appealing.

Examples of Successful Brand Positioning

1. **Volvo**: Positioned as a leader in automotive safety, Volvo’s marketing consistently focuses on its advanced safety features and the brand’s commitment to "protecting what’s important to you."
2. **Apple**: Positioned as an innovator in technology and design, Apple differentiates itself through a focus on user-friendly products with high-end aesthetic design and a premium user experience.
3. **Nike**: Positioned as a brand for athletes, Nike emphasizes high performance, innovation, and motivational messaging that appeals to people who view sports as a way of life.

Successful brand positioning demands an in-depth grasp of the competitive environment, precise identification of the target audience, and continuous, strategic marketing initiatives. By solidly securing a distinctive market position, a brand can generate enduring value and a robust competitive advantage.

13.7 CONSUMER PERCEPTION AND BEHAVIOR

Understanding consumer perception and behavior is crucial for effective branding and marketing strategies. Consumer perception refers to how potential buyers view a brand and its products or services, while consumer behavior involves the actions individuals take towards choosing, purchasing, using, and disposing of products and services. This section will explore key concepts, factors influencing perception and behavior, and the implications for marketers.

Key Concepts in Consumer Perception and Behavior

1. Perception Process: This involves how consumers select, organize, and interpret sensory information to create a coherent understanding of their surroundings. Brands often play a significant role in influencing this process through strategic marketing and branding efforts, which are designed to shape how consumers perceive them.

2. Attitudes and Beliefs: Consumers form specific attitudes and beliefs towards brands based on their past interactions, advertising messages, and the influence of word-of-mouth. These perceptions can significantly impact purchasing decisions and foster brand loyalty.

3. Learning and Memory: The behaviors of consumers are heavily influenced by their previous experiences and the information they remember. Brands that consistently deliver positive experiences are more likely to become the preferred options, remaining prominent in consumer memory.

Factors Influencing Consumer Perception and Behavior

1. Psychological Factors: Include motivations, perceptions, attitudes, and beliefs. Brands often tap into basic human drives—such as the need for achievement, belonging, or self-expression—to resonate emotionally with consumers.

2. Social Factors: Consumer behavior is influenced by social factors such as family, social groups, and culture. For example, peer influence can play a significant role in the adoption of new products or brands among groups.

3. Personal Factors: These include demographics (age, gender, income), lifestyle, and personality traits. Marketers use this information to create targeted marketing strategies that appeal to specific consumer profiles.

4. Cultural Factors: Cultural values and norms can deeply influence consumer perception and behavior. Understanding these can help brands avoid cultural missteps and tailor their offerings to resonate well within specific markets.

Implications for Marketers

1. Market Segmentation: Understanding diverse consumer behaviors allows marketers to segment the market more effectively and tailor their strategies to meet the specific needs of different groups.

2. Product Positioning: Marketers can position their products in a way that appeals to the desired target audience by aligning product attributes with consumer expectations and desires.

3. Promotion Strategies: Effective communication strategies can be developed based on an understanding of how different consumers perceive information and make purchasing decisions.

4. Customer Experience Management: Enhancing the customer journey at every touchpoint is crucial. Brands need to ensure that all interactions contribute positively to the overall perception and experience of the brand.

Techniques for Understanding Consumer Perception and Behavior

Gaining insights into consumer perception and behavior is pivotal for crafting effective marketing strategies. Several techniques, ranging from traditional surveys to advanced neuro-marketing, help marketers understand what drives consumer decisions. Here's a detailed look at these techniques with relevant examples:

1. Consumer Research

Consumer research is the foundation of understanding consumer behavior. It involves collecting data directly from consumers to get insights into their preferences, motivations, and buying behavior.

- **Surveys and Questionnaires**: These are widely used to gather quantitative data from a large audience. For example, a company like Coca-Cola might use surveys to determine consumer preferences between its different products or flavors.
- **Focus Groups**: In focus groups, a moderator leads a discussion with a small group of participants to gather more in-depth qualitative data. This technique can reveal insights into consumer feelings and attitudes towards a product or brand. For instance, a beauty brand might use focus groups to test reactions to a new skincare line before launch.
- **In-depth Interviews**: These are one-on-one interviews that allow for a deep dive into individual consumer perspectives. They are particularly useful for exploring complex behaviors and decisions. A car manufacturer, for example, might conduct in-depth interviews with customers to understand the factors influencing their choices in luxury car features.

2. Behavioral Data Analysis

The analysis of behavioral data involves examining actual consumer behavior through data collected from various touchpoints. This data-driven approach can reveal patterns and trends that surveys might miss.

- **Transaction Data Analysis**: Reviewing purchase histories to identify buying patterns and preferences. Retail giants like Amazon use transaction data to recommend products that align with a customer's previous purchases.
- **Website and Mobile Analytics**: Tracking how users interact with websites and apps can provide insights into user preferences and the effectiveness of different design elements. Google Analytics is a widely used tool for this purpose, helping businesses optimize their online consumer journeys.

3. Psychographic Analysis

Psychographic analysis involves studying consumers' lifestyles, activities, interests, and opinions to understand their psychological traits and how these influence their buying behaviors.

- **Lifestyle Segmentation**: Companies like BMW and Lexus segment their markets based on lifestyle choices and values, targeting premium segments with high disposable incomes and a preference for luxury and status.

- **Values and Attitudes Studies**: Understanding consumer values can help brands align their products with the ethical, social, or environmental values of their target market. For example, Patagonia uses values-based marketing to appeal to consumers who prioritize environmental sustainability.

4. Neuro-marketing

Neuro-marketing employs cutting-edge technology to investigate how the brain reacts to marketing stimuli, delivering insights that go beyond self-reported data.

- **Eye Tracking**: Used to research where people glance when they see commercials, packaging, or navigate a website. This strategy can assist improve layout and design to highlight the most critical information.

- **Brain Imaging (fMRI, EEG)**: These techniques assess brain activity in reaction to certain marketing cues. For example, Pepsi may utilize fMRI to study how customers' brains react to various advertising campaigns, determining which emotions are produced.

5. Ethnographic Research

Ethnographic research is studying customers in their natural context to provide real-world insights into how products and services are utilized in daily life.

- **Participant Observation**: To better understand customers' decision-making processes and how they traverse the retail environment, researchers may observe them while shopping.

- **Home Visits**: Companies may perform house visits for items used largely in the home, like kitchen appliances, to see how people interact with them in their natural environment. This can result in design enhancements that better satisfy user demands.

By combining these methodologies, marketers may gain a full understanding of customer perception and behavior. This insight is critical for developing goods and marketing tactics that successfully correspond with the preferences of target audiences, resulting in increased customer happiness and brand loyalty.

13.8 ETHICS AND SOCIAL RESPONSIBILITY IN BRANDING

Ethics and social responsibility in branding involve the integration of moral principles and a commitment to positive societal impact into a brand's operations and strategies. As consumers become more aware and concerned about social and environmental issues, brands that prioritize ethics and social responsibility can strengthen their reputation, build consumer trust, and achieve a competitive advantage. This section explores the significance, strategies, and challenges associated with implementing ethics and social responsibility in branding.

Significance of Ethics and Social Responsibility

1. **Building Trust and Credibility**: Brands that consistently demonstrate ethical behaviors and social responsibility tend to earn greater trust from consumers, investors, and other stakeholders. This trust is foundational to building strong relationships and customer loyalty.

2. **Enhancing Brand Image**: Ethical branding and responsible business practices can significantly enhance a brand's image, making it more attractive to consumers who prioritize these values in the brands they support.

3. **Attracting and Retaining Talent**: Many employees seek to work for companies that reflect their values. Brands that are committed to ethical practices and social responsibility are likely to attract and retain motivated, high-quality employees.

4. **Long-Term Viability**: Engaging in ethical practices and social responsibility can help brands address risks and take advantage of opportunities, contributing to long-term business viability and success.

Strategies for Integrating Ethics and Social Responsibility

1. **Transparent Communication**: Brands should be open about their practices, goals, and progress in areas related to ethics and social responsibility. Transparency helps build trust and accountability. For example, Patagonia's commitment to environmental sustainability is deeply integrated into its branding and is communicated transparently to its customers.

2. **Sustainable Practices**: Implementing environmentally friendly practices in product design, packaging, and production processes is crucial. Brands like Adidas have introduced products made from recycled materials, promoting sustainability while still providing high-quality goods.

3. **Fair Labor Practices**: Ensuring fair labor practices across the supply chain is essential. This includes fair wages, safe working conditions, and respect for

workers' rights. Companies like Ben & Jerry's have been pioneers in advocating for fair trade practices and demonstrating commitment to ethical labor practices.

4. **Community Engagement**: Brands can engage in social responsibility by actively participating in community improvement initiatives. This might involve charitable contributions, volunteer efforts, or programs that address specific community needs.

5. **Responsible Marketing**: Ethical marketing is about avoiding deception and ensuring that all advertising messages are honest and substantiated. It also involves respecting consumer privacy and avoiding manipulative practices.

Challenges in Ethical Branding and Social Responsibility

1. **Cost Implications**: Integrating sustainability and ethical practices often involves higher costs. Small and medium enterprises might find it particularly challenging to bear these costs while remaining competitive.

2. **Balancing Stakeholder Interests**: Brands frequently encounter the challenge of harmonizing the interests of diverse stakeholders, such as shareholders, employees, customers, and the community. Each group may hold distinct expectations concerning ethical practices and social responsibility.

3. **Maintaining Consistency**: Consistently applying ethical and socially responsible principles across all areas of operation, especially in global markets with varying norms and regulations, can be challenging.

4. **Risk of Greenwashing**: There is a risk that efforts to look socially responsible will deteriorate into greenwashing, which involves making false statements about how environmentally good a company's products or operations are. This can harm a brand's reputation if detected.

Examples of Ethical Branding

- **TOMS Shoes**: TOMS has built a strong brand identity around social responsibility through its One for One contribution concept. TOMS distributes one pair of shoes for every pair sold, combining commercial operations with a dedication to assisting communities across the world.

- **Lush Cosmetics**: Lush Cosmetics promotes ethical sourcing and cruelty-free cosmetics. The firm meticulously verifies that its supply chain is free of animal experimentation and follows fair trade standards, demonstrating its commitment to ethical practices throughout all stages of manufacturing and distribution.

Thus, including ethics and social responsibility into branding improves society while also increasing the brand's value and connection with its customers. As society expectations shift, businesses that prioritize ethical behavior and social responsibility are likely to enjoy increased market loyalty and success

13.9 FUTURE TRENDS IN BRANDING

The branding environment is always changing, owing to technological advancements, customer behavior, and global market trends. Understanding future branding trends is critical for organizations seeking to remain competitive and connect with their target customers.

1. Personalization and Customization

As technology enables more data-driven insights, brands are moving towards offering personalized experiences and products to meet individual customer preferences and needs.

Example: Coca-Cola's "Share a Coke" campaign, which personalized bottle labels with common names and phrases, demonstrated a powerful connection through personalization, significantly boosting sales and customer engagement.

Impact: Personalization enhances customer satisfaction and loyalty by making consumers feel uniquely valued. It also allows brands to differentiate themselves in crowded markets.

2. Sustainability and Ethical Branding

Increasing consumer awareness about environmental and social issues is pushing brands to prioritize sustainability and ethics not just in their corporate social responsibility initiatives but as core components of their brand identity.

Example: Adidas has made strides with its sustainable products, such as the UltraBoost Uncaged Parley shoes, made from recycled ocean plastic, reflecting a strong commitment to environmental sustainability.

Impact: Sustainable branding not only appeals to environmentally conscious consumers but also builds long-term brand loyalty and trust by aligning with the values of a growing segment of the market.

3. Digital and Social Media Proliferation

The digital landscape is integral to modern branding strategies. Brands are leveraging digital tools and platforms, especially social media, to create more engaging and interactive customer experiences.

Example: Nike’s use of Instagram and Twitter for launching products through influencers and direct consumer engagement campaigns has successfully generated both hype and a broader reach.

Impact: Digital branding strategies enable real-time engagement and feedback, broader reach, and dynamic content delivery that keeps consumers engaged and informed.

4. Authenticity and Transparency

Today's consumers are more skeptical and demand authenticity and transparency from brands. This trend is about being open about business practices, product ingredients, and the behind-the-scenes processes.

Example: Everlane, a clothing brand, uses radical transparency, showing customers the cost and production process behind each item, which builds trust and loyalty.

Impact: Brands that invest in authenticity are likely to see a deeper consumer trust and loyalty, as customers prefer brands that are honest and forthright about their operations.

5. Technological Integration

Advancements in AI, AR/VR, and IoT are creating new opportunities for brands to interact with consumers in innovative ways.

Example: IKEA's AR app, IKEA Place, allows customers to visualize how furniture would look in their home before making a purchase, enhancing the customer experience and satisfaction.

Impact: Technology not only improves the customer experience but also enables brands to streamline operations and gather valuable consumer data for further personalization.

6. Experience and Lifestyle Branding

Brands are increasingly focusing on selling experiences rather than just products. This involves creating and marketing lifestyles that resonate with the brand’s identity.

Example: Red Bull has excelled at this by branding itself not just as an energy drink but as a lifestyle choice associated with extreme sports and adventure.

Impact: Experience-led branding creates more immersive brand relationships and can transform customers into brand advocates, enhancing word-of-mouth marketing and brand loyalty.

7. Neuro-marketing

Neuro-marketing is emerging as a field that uses neuroscience to understand consumer responses to brands and advertisements at a deeper, subconscious level.

Example: Large corporations like Frito-Lay have used neuro-marketing to test consumer responses to their products and advertisements, adjusting flavors and marketing strategies based on these insights.

Impact: By understanding the deep psychological triggers of their consumers, brands can craft more effective marketing strategies that directly appeal to the emotions and subconscious desires of their audiences.

Hence, the future of branding is being shaped by a blend of technology, personalized consumer experiences, ethical practices, and strategic use of digital platforms. Brands that can navigate these trends effectively will be well-positioned to succeed in an increasingly complex and competitive

Check Your Progress-B

Q1. Answer the following MCQs: -

1) **What is the primary purpose of branding?**

   A) To reduce production costs

   B) To ensure product quality

   C) To differentiate a product from its competitors

   D) To simplify product manufacturing

2) **Which model is a framework for understanding brand identity?**

   A) Porter's Five Forces

   B) The Brand Identity Prism

   C) The Maslow's Hierarchy of Needs

   D) The PEST Analysis

3) W**hat is a crucial element of a brand's identity?**

   A) Price

   B) Tagline

   C) Distribution channels

   D) Production techniques

4) **Which of the following is a component of Brand Equity?**

   A) Brand Revitalization

   B) Brand Associations

   C) Brand Dissonance

   D) Brand Diversification

5) **What does the Brand Resonance Model focus on?**

   A) Decreasing the cost of marketing

B) Increasing product distribution channels

C) Creating intense, activity-based loyalty relationships with customers

D) Simplifying the product portfolio

Q2. State some challenges in ethical branding.

13.10 SUMMARY

This unit comprehensively explores the concept of branding, highlighting its pivotal role in distinguishing products in a competitive market and enhancing consumer loyalty. The document outlines the core elements of branding, such as brand name, logo, tagline, and design scheme, emphasizing their collective importance in building a recognizable and cohesive brand identity. It also delves into essential theoretical frameworks that inform branding strategies, including Brand Identity Theory, Brand Positioning Theory, and various models that address brand equity and resonance. These frameworks facilitate a deeper understanding of how brands influence consumer perception and behavior, thereby affecting firm performance. The unit stresses the strategic value of branding in establishing a market presence, attracting and retaining customers, enabling premium pricing, and ultimately securing a long-term competitive advantage. Through this exploration, the document equips readers with the knowledge to effectively manage and leverage branding in their professional endeavors.

13.11 GLOSSARY

- **Branding**: The development of a distinctive name, symbol, or design that sets a product apart from others in the market.
- **Brand Identity**: The combination of visible elements such as color, design, logo, name, and symbol that collectively differentiate a brand in the consumer's mind.
- **Brand Equity**: The value attributed to a brand, determined by factors such as strong brand loyalty, widespread name recognition, perceived quality, robust brand associations, and proprietary assets like patents and trademarks.
- **Brand Resonance**: The degree to which a consumer feels a deep connection with a brand, marked by significant loyalty and emotional attachment.
- **Brand Positioning**: The strategic process of shaping the company's offerings and image to secure a unique position within the minds of the target audience.

- **Brand Awareness**: The degree to which consumers recognize and are aware of a brand and its characteristics.
- **Brand Loyalty**: The propensity of consumers to repeatedly purchase the same brand over its competitors.
- **Brand Image**: The collective perceptions and beliefs held by individuals about a particular brand.
- **Brand Management**: The ongoing process of analyzing and planning how a brand is perceived in the market, aiming to cultivate strong relationships with the target audience.
- **Brand Promise**: The commitment made by marketers regarding what the brand must represent and deliver to consumers.
- **Brand Personality**: The human-like traits associated with a brand that make it relatable and distinctive.
- **Brand Differentiation**: The strategy of distinguishing a brand from its competitors by linking unique performance aspects of the brand with multiple consumer benefits.
- **Tagline**: A memorable line that encapsulates the essence and positioning of the brand, commonly utilized in marketing communications.
- **Logo**: A distinctive graphic symbol or emblem that helps in the immediate identification and branding of businesses, organizations, or individuals.

13.12 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress –B

Q1. Answers of MCQs:

1) Answer: C) To differentiate a product from its competitors
2) Answer: B) The Brand Identity Prism
3) Answer: B) Tagline
4) Answer: B) Brand Associations
5) Answer: C) Creating intense, activity-based loyalty relationships with customers

13.13 REFERENCES

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13.14 SUGGESTED READINGS

Harvard Business Review on Brand Management Harvard Business Review Paperback Series. (1999). Harvard Business School Press, Cambridge, USA

13.15 TERMINAL QUESTIONS

1) What is branding and why is it important in the marketplace?
2) List the core elements of branding.
3) Explain the significance of brand loyalty as discussed in the document.
4) Describe the Brand Identity Prism and its components.
5) What role does brand positioning play in the success of a product?
6) Identify and explain the components of David Aaker's Brand Equity model.
7) How does Kevin Lane Keller's Brand Resonance Model describe the creation of customer loyalty?
8) What are the key reasons for conducting a brand audit?
9) Discuss how effective communication affects brand image.
10) What are the challenges associated with maintaining brand consistency across various market platforms?

UNIT 14 BRANDING STRATEGIES

14.1 INTRODUCTION

This course offers a complete overview of valid brand strategies while underscoring how necessary it is to have a coordinated brand strategy which can make or break brand identity and consumer loyalty. The course addresses brand strategy at its core and distinguishes itself by creating a brand identity that has resonance among the audience through its consistent message and visual embodiment. In addition, it points out why developing a strong brand strategy is so critical. Lee & Ubbel argue that without this framework, brands run the risk of transform-ing into diluted nothingness even after they're launched with remarkable products.

This content will take you through how to lay a solid foundation for a brand strategy: clarify brand purposes; thoroughly analyze markets and pinpoint target markets. While it has been emphasized here that the brand must remain consistent, it is also allowed to be more flexible as market conditions or trends change. Also, in order to have a forceful brand strategy Unit 14 gives a step-by-step road map. It explains--from chorus to kiwi fruit cake recipe--how to build an engaging band calling itself "Carter Productions," how go find out if your own message is not translated with hate speech (and indeed need get all messages from the moment they arrive), how give a unique and outstanding futurist look that will make everyone notice the "JP" on your laptop but hardly anything more.

By integrating these elements, businesses can foster a strong connection with their audience, leading to increased loyalty and sustainable business growth. This unit is essential for entrepreneurs and marketing professionals aiming to craft a brand strategy that not only captures but also retains customer interest in a competitive marketplace.

14.2 OBJECTIVES

After reading this unit, the learners will be able to: -

- ❖ Understand the key elements of a brand strategy and its significance.
- ❖ Learn to explain a brand's mission, voice, identity, values, and feel.
- ❖ Develop methods for maintaining brand consistency and adaptability.
- ❖ Develop and implement a successful brand strategy through practical methods.

14.3 BRAND STRATEGY

A brand strategy is a comprehensive plan that outlines how a brand establishes recognition and favor with both existing and potential customers. It integrates various components of branding, such as brand voice, narrative, identity, values, and overall aesthetic, to present a unified image to the public. Essentially, if the brand is the face of your company, the brand strategy is the framework that supports and defines it.

This strategy serves as a critical guidebook for company founders, their teams, and representatives, providing clear directions on the brand's conduct in various scenarios and helping to delineate the essence of what the brand represents as well as what it does not embody. For example, Apple's brand strategy focuses on innovation, simplicity, and premium user experience, which is reflected in everything from their product design to marketing campaigns. In contrast, a brand like Walmart focuses on affordability and accessibility, shaping customer perceptions through pricing strategies and store locations.

By establishing a coherent brand strategy, businesses can ensure consistency in how they are perceived in the market, which in turn can foster customer loyalty and enhance competitive advantage.

Brand strategy is a complex and multifaceted concept that has been defined by various authors and organizations. Here are a few notable definitions that highlight different aspects of brand strategy:

- ❖ **American Marketing Association (AMA)**:

The AMA defines brand strategy as "A plan for the systematic development of a brand in order to meet business objectives." This definition emphasises the planned, strategic part of branding that is consistent with the broader corporate aims.

- **Kevin Lane Keller, author of 'Strategic Brand Management'**:

Keller describes brand strategy as "Shaping the perceptions of the brand in order to build and maintain its equity effectively in the long term." His focus is on the management of public perception and the maintenance of brand equity over time.

- **David Aaker, author and brand consultant**:

Aaker defines brand strategy as “A plan that encompasses specific, long-term goals that can be achieved with the evolution of a successful brand—the combined components of your company's character that make it identifiable.” This definition highlights the holistic and evolving nature of brand strategy.

- **Interbrand, a leading brand consultancy**:

Interbrand explains brand strategy as "The articulation of the heart and soul of the brand—brand purpose, brand promise, and brand personality. A strategy that captures and communicates the brand’s unique identity and differentiates it from competitors." This definition focuses on the emotional and psychological elements that distinguish a brand.

- **Marty Neumeier, author of 'The Brand Gap'**:

Neumeier presents brand strategy as "A plan for the systematic development of brand identity in the face of competitors to achieve distinctive competencies, positioning, and market advantage." This definition underscores the competitive aspect of branding and its role in positioning.

These definitions demonstrate that brand strategy is more than just what a company sells; it is also about how it differentiates itself in the market, engages with consumers, and aligns its brand identity with its business goals.

14.4 IMPORTANCE OF BRAND STRATEGY DEVELOPMENT

Creating a branding plan is critical for every firm looking to establish its presence and maintain its durability in the market. Even firms with excellent goods risk becoming unclear or obsolete if they do not have a strong branding strategy, since customers may swiftly change their loyalties to other brands.

1) **Prevents Brand Dilution**: Without a solid brand strategy, even the finest items might get forgotten, and buyers may not return. Starbucks, for example, might be simply another coffee shop among others if it did not have a distinguishing brand.

2) **Improves Customer Loyalty**: A well-defined brand strategy, such as Amazon's customer-centric approach, provides strong customer retention and loyalty by providing constant service quality and advantages.

3) **Increases Brand Awareness and Recognition**: Brands such as Coca-Cola and Nike have employed memorable logos and advertising campaigns to establish a distinct brand that is instantly identifiable internationally.

4) **Encourages Repeat Business**: Companies like Apple retain customers by providing a dependable and emotionally engaging brand experience.

5) **Attracts Target Customers**: A concentrated brand strategy aids in recruiting the appropriate population. For example, Red Bull's marketing focuses on young, energetic people who appreciate extreme sports and adventures.

6) **Aligns Organizational Efforts**: A clear brand strategy provides a common direction for all team members, ensuring everyone is working towards the same goals, much like Google's mission to organize the world's information.

7) **Promotes Word-of-Mouth Marketing**: Satisfied customers become brand advocates. Tesla's minimal spend on advertising, relying heavily on word-of-mouth, is a testament to the power of strong branding.

8) **Ensures Brand Consistency**: Consistent branding across all touch points builds trust and reliability. McDonald's global consistency in food quality and service is a prime example.

9) **Guides Hiring and Training**: A brand strategy helps in selecting and training employees who fit the brand's culture and values, crucial for maintaining service standards as seen in luxury hotels like The Ritz-Carlton.

10) **Facilitates Scalability**: As businesses grow, a scalable brand strategy allows for expansion while keeping the core brand intact. Amazon's expansion from books to a wide array of products and services showcases this effectively.

11) **Builds Brand Equity**: Over time, a strong brand strategy contributes to building substantial brand equity. Brands like Rolex have accrued immense value through consistent quality and prestigious positioning.

Each of these elements demonstrates how a well-crafted brand strategy not only provides a competitive advantage, but also strengthens the brand's market position and operational coherence over time.

14.5 ELEMENTS OF BRAND STRATEGY

When developing a brand strategy, many critical components must be addressed to ensure its success and durability in a competitive environment. Here's an explanation of these components, including instances and reasons for their importance:

1. **Brand Purpose**: The guiding principle of any brand strategy is that: What are you here for? This idea not only expresses itself in customer interaction and product design but also how the business operates. Patagonia has a well-defined brand purpose as example of this approach; its environmental sustainability focus has worked its way into product design lines, marketing strategies and corporate decisions. Even in difficult times, this purpose becomes the motivation for the company, while it is also particularly resonant with a rising constituency of green sympathisers.

2. **Market Analysis and Target Audience**: Market dynamics can be understood by studying its evolution over time. The target audience is essential to clearly define. By finding gaps in the market and observing competitors, you can keep ahead of the game. For example, Netflix spotted that the world was moving to streaming and then found a technological savvy crowd who cherished convenience. In this way noam has attracted much enthusiasm from indie music fans Critically, comprehensive market research helps to develop a unique selling proposition (USP) that differentiates your brand within a given sector.

3. **Brand Consistency**: Consistency across all brand representations ensures that the message remains coherent, strengthening brand recognition and trust. McDonald's, with its consistent menu, branding, and customer service across the globe, provides a reliable experience that customers have come to expect. This consistency is key to maintaining a strong brand identity and should be adhered to in messaging, visual elements, and customer interactions.

4. **Flexibility**: While consistency is vital, flexibility within the brand strategy allows for adaptation to changing trends, market conditions, and customer demographics. Apple’s evolution in product design and technology offers a prime example of this balance. The brand maintains its core identity focused on innovation and quality while continuously adapting to new technological trends and consumer preferences.

5. **Customer Engagement**: Engaging with customers actively through various channels such as social media, customer service, and community involvement is essential. This engagement helps gather feedback and understand customer needs and preferences, which can guide product development and marketing strategies. For instance, LEGO has mastered this through its IDEAS platform, where

customers can submit and vote on new LEGO set ideas, fostering a strong community and ensuring product relevance.

6. **Digital Presence**: In today's technology-driven market, having a robust digital presence is crucial. This includes a user-friendly website, active social media profiles, and digital marketing strategies tailored to the brand’s audience. A strong example is Nike’s use of online platforms for exclusive releases and engaging marketing campaigns that leverage influencers and athletes to reach and expand their audience effectively.
7. **Emotional Connection**: Brands that successfully establish an emotional connection with their audience often see enhanced loyalty and advocacy. This can be achieved by aligning the brand's values with those of its customers and communicating in a way that resonates on a personal level. For example, Dove’s campaigns focusing on real beauty and self-esteem have created a powerful emotional link by promoting positivity rather than conventional beauty standards.
8. **Innovation and Adaptability**: Continuously innovating and adapting products or services to meet current trends and customer demands is a vital element of a brand strategy. Apple is a notable example, continually evolving its product lineup and technology while maintaining a consistent brand image that emphasizes innovation, quality, and user-friendliness.
9. **Sustainability and Corporate Responsibility**: More than ever, consumers are looking to associate with brands that demonstrate responsibility towards society and the environment. Incorporating sustainable practices and corporate social responsibility into the brand strategy can significantly enhance brand perception. Patagonia’s commitment to environmental causes has not only defined its brand purpose but also attracted a loyal customer base that values sustainability.

These elements form the pillars of a robust brand strategy, guiding the brand's growth and adaptation in a changing environment. They ensure that the brand remains relevant and continues to resonate with its intended audience, all while staying true to its core values and objectives.

14.6 STEPS TO BUILDING EFFECTIVE STRATEGY

Building an effective brand strategy involves integrating key elements such as brand voice, design, values, story, and vibe, each crucial for crafting a memorable and impactful brand experience. Here’s a detailed look at these elements, illustrating their importance with an example of a brand that exemplifies them well.

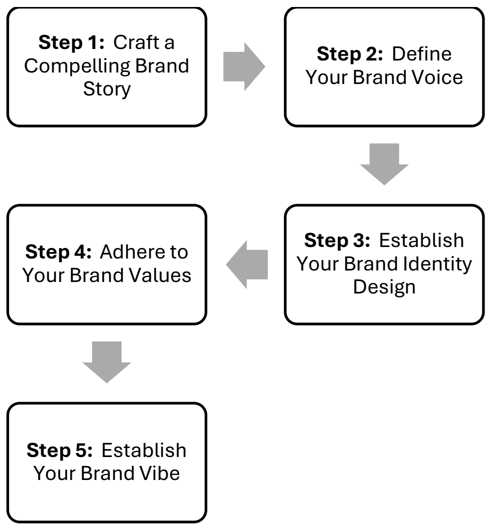

Figure 14.1. Steps to building effective strategy

Step 1: Craft a Compelling Brand Story: A brand story is more than just a narrative; it's the heart of your brand's identity, encapsulating its origins, core values, and mission. This type of content is very effective as it gives your target audience a deeper bond with you by giving them the chance to understand the "why" behind what you are doing. An excellent example of this is Fly by Jing. Its brand story alone is sufficient to boost customer loyalty and engagement. The story of how founder Jing Gao took inspiration from the lively flavors mingled with local "fly restaurants" in Chengdu is prominently featured on Fly by Jing's website. Not only does this narrative convey the authenticity and cultural heritage of that brand. But it also aligns with values like "power to empower." Each product is a small part of Jing's story. This makes for a unique, individual touch that resonates with customers, prompting them to taste the depth of flavor and loving care in every item. This strategy is not only bringing in new customers, moreover it is creating a lasting relationship with them.

Step 2: Define Your Brand Voice: Brand voice refers to the unique way in which a brand interacts with audiences by taking into account various occasions on marketing materials and therefore its own website. Its role as a reflection of the brand's style and values is crucial to developing real human relationships between herself and her customers. A brand voice, carefully crafted, can be a humorous friend; a sympathizing guide; or an expert who speaks to the point of being trusted. It determines what kind of brand customer expectations will be and over time which customers will come counter each other.

Neglecting to develop a distinctive and engaging brand voice can lead to a disconnection with the audience or mixed messages that don't align with the brand's true intent. Implementing a detailed internal style guide for brand communication can help maintain consistency in the brand's voice across all channels.

Example of Brand Voice: Sun Bum

Sun Bum, originating from Cocoa Beach, Florida, extends beyond just being a product line—it's a community for enthusiasts who cherish outdoor lifestyles. The brand's voice perfectly encapsulates a relaxed and active culture with catchy slogans like "Work Less, Live More," effectively blending a casual tone with crucial information about sun safety. This approach not only fosters a connection with their community but also builds trust, demonstrating how a powerful brand voice can turn simple interactions into lasting customer relationships.

Step 3: Establish Your Brand Identity Design: Brand identity design encapsulates the visual aspects that define how a business presents itself across various platforms, including its products, website, and marketing materials. This encompasses everything from the color schemes and fonts used to the style of photography. For many consumers, the visual design of a brand is their first and most immediate connection, providing a clear insight into what the brand represents.

A well-designed brand's visual elements embody the essence of what that brand stands for. It also implies a certain view in design that adds flavor and feeling into how the product looks. From a customer's standpoint, a well-designed product or marketing piece can provoke a strong emotional response like a painting can, as illustrated especially in pop artist Andy Warhol's Hallmark signature work of art, his use of Campbell's soup cans.

Without a consistent design strategy, a brand risks being blurred to potential customers and weakening itself within the marketplace. All visual elements created, from packaging to website design. A coherent visual language should not only strengthen a brand's position in the market but also improve the customer's understanding of it. And the most important thing: establish eye-catching looks that make it impossible for anyone1s to forget who you are another way of differentiating yourself completely and completely from competitors.

Brand Identity Design Examples:

- **Acid League:** As a condiment brand full of innovations, Acid League is also famous for its "living vinegars". These are matched with vivid, nouny labels that reflect the boldness of the flavors. Once in production it could not be dropped--not only did this brand promise to revitalize traditional vinegars by infusing them with both bold flavors and health benefits, but also ensured that they stood tall both online and off-store.

- **Salt & Stone:** In contrast, Salt & Stone opts for minimalistic and sleek design elements that resonate with the serenity and effectiveness its skincare products aim to provide. This clean and potent imagery mirrors the purity and strength of the ingredients used, further emphasizing the brand's commitment to simple, effective skin care solutions.

These examples highlight how strategic brand identity design can powerfully reflect and amplify a brand's core values and market appeal.

Step 4: Adhere to Your Brand Values: Understanding and defining your company's core values are essential. These values answer crucial questions about your brand's purpose, what it stands for, and the challenges it aims to address. Brand values act as a compass for making decisions and forging partnerships that align with your business goals. They are fundamental in building a connection with your community and attracting customers who share similar values, effectively setting your brand apart in the marketplace.

These values are typically detailed in brand guidelines, which work alongside the style guide to ensure consistency across all forms of communication. These guidelines encompass everything from your brand's tone of voice and visual identity to its mission statement, outlining the core values and providing clear dos and don'ts for engaging on social media and other marketing channels.

Example of Brand Values: Saie

A clean makeup brand, Saie considers brand values to be a list of good feelings. This framework is behind everything they make and it helps to communicate the company's high standards and principles to its customers. By setting out its values, Saie can enable customers to realize the care and respect which goes into each product -- which makes them feel all line up, grow in confidence about. Such transparency not only allows customers to identify with a brand, it also fosters loyalty on their part -- for lack of another word, The result represents the customer relationship that you are trying to build nowadays for example. To communicate and maintain your brand values is by no means solely to preach; it is also telling both customers and society as a whole that these are all essential ingredients behind each and every decision you make. This kind of commitment will not only bring you a group of customers who will never leave, but also lift your standing overall as a brand.

Step 5: Establish Your Brand Vibe: Through its websites, social media, and product packaging, it transmits the general emotion and ambiance that it tentatively (or most commonly) "vibes." This attitude may range from lighthearted and sardonic toward the end of 2016 to dead serious, even comical. It combines the brand's personality, values, and visual aesthetics.

Think of the unique atmosphere you experience when entering a chic boutique hotel or a cozy local café; that distinct feel is analogous to the vibe a brand conveys online. Even in a digital era, it’s crucial to infuse your brand interactions with a specific energy that resonates with your audience, enhancing the overall customer experience and ensuring a memorable impact.

Brand Vibe Example: Baggu

Baggu is a prime example of a brand that effectively utilizes its vibe. Known for its array of colorful and creatively designed bags, from reusable shopping totes to stylish everyday carryalls, Baggu’s digital presence exudes a fun and light-hearted spirit. Its website and marketing materials are infused with playful language and whimsical puns, such as “Keep those socks from floating off into the ether,” which align perfectly with the vibrant and playful design of their products. This deliberate crafting of a cheerful and inviting vibe not only draws customers in but also helps to create a lasting impression that aligns with the youthful and eco-friendly ethos of the brand.

Cultivating a distinct brand vibe is about more than simply visual appeal; it's about providing an engaging and unified experience that captures and holds your audience's attention, making your brand memorable.

14.7 BRAND STRATEGY PLAYING AS CORE OF SUCCESSFUL BUSINESSES

A good brand strategy is an organization's core—a soul that reflects its identity and values in the market. It helps bridge the emotional distance between a company and its customers, turning abstract business values into heartfelt experiences. A brand as deeply resonating, like a shadow faithfully following its source, can be felt by people in their hearts and minds as well as seen. This strategy raises the Apple brand, for example, from a cold and abstract concept to something that is felt in the hearts and minds of its dedicated users. Apple's approach turns customers into brand ambassadors, unaware that they are promoting at all; this organic advocating increases the brand's influence far beyond what can be achieved with traditional marketing. This common ground with customers on the subject of environmental sustainability has served Patagonia well. This shared value not only supports transactions but also creates community from people who keep coming back for more and those who are attracted anew by the company's ethos. Such on-going relationships then provide both immediate sales plus long-term business support. The Nike brand is another example of how a business integrates into cultural fabric. It raises the social status of its customer and is something around which they can rally, continually engagement and market leadership. Nike's strategy goes beyond the sheer appeal of celebrity endorsements, embedding the brand deeply into the lives and value systems of its customers, thereby retaining the relevance that is necessary for a brand to survive in an intensely competitive market. In short, a brand strategy is more than a marketing tool. It's an investment in the future. It's about creating a living, breathing identity that grows and lives together with its customers, and adjusts with their needs even as they change.

Check Your Progress-A

Q1. Answer the following MCQs: -

1) **What is the primary purpose of a brand strategy?**

   A) To reduce costs

   B) To build brand identification and favorability

   C) To limit marketing channels

   D) To simplify product designs

2) **Which element is not a part of developing a brand strategy?**

   A) Market analysis

   B) Brand consistency

   C) Competitor pricing strategies

   D) Target audience

3) **What role does brand voice play in a brand strategy?**

   A) It determines the financial planning for the business.

   B) It forms connections with the customer base by integrating the brand's personality and core values.

   C) It specifies the legal framework for business operations.

   D) It manages the supply chain logistics.

4) **Why is flexibility important in a brand strategy?**

   A) It allows the brand to remain unchanged over time.

   B) It helps in reducing marketing costs.

   C) It permits the brand to evolve with trends, market changes, and technology advancements.

   D) It encourages stricter brand guidelines.

5) **Which of the following is a potential outcome of a well-executed brand strategy?**

   A) Decreased brand awareness

B) Lowered team morale

C) Improved customer loyalty

D) Reduced product quality

Q2. What do you understand by brand strategy?

14.8 SUMMARY

This unit focuses on the critical aspects of developing effective branding strategies, essential for businesses aiming to establish a robust presence in the market. It defines a brand strategy as a comprehensive plan that encompasses various elements like brand voice, identity, values, and the overall vibe that collectively shape how a brand is perceived by customers. The unit emphasizes the importance of a brand strategy in building strong customer connections, enhancing brand recognition, and fostering loyalty. Key components of a successful brand strategy include defining the brand's purpose, conducting market analysis, understanding the target audience, ensuring brand consistency, and maintaining flexibility to adapt to market changes. Practical steps for crafting a brand strategy are also detailed, guiding learners through creating compelling brand stories, identifying unique brand voices, and designing visually appealing brand identities. Overall, the unit equips learners with the tools to create and implement a powerful brand strategy that resonates with and retains customers.

14.9 GLOSSARY

- **Brand Strategy**: A comprehensive plan outlining how a brand will build identification and favorability among customers, encompassing elements like brand voice, identity, and values.
- **Brand Identity**: The visual and verbal elements that collectively represent how a brand portrays itself to the world, including logos, color schemes, and typography.
- **Brand Voice**: The specific style and tone of communication a brand uses across all marketing channels, reflecting its personality and core values.
- **Brand Values**: The core principles and beliefs that guide a brand's decisions and behaviors, helping to connect with like-minded customers and distinguish the brand in the market.

- **Brand Consistency**: The practice of ensuring all brand elements are uniform across various platforms and interactions, helping to build a cohesive brand image.
- **Market Analysis**: The process of researching and analyzing the market to understand customer needs, competitors, and potential opportunities for the brand.
- **Target Audience**: The specific group of people a brand aims to reach with its products and marketing efforts, often defined by demographics, interests, or behaviors.
- **Flexibility**: The ability of a brand strategy to adapt to changes in the market, trends, or customer preferences while maintaining core brand elements.
- **Brand Equity**: The value a brand adds to its products or services, as perceived by consumers, based on brand recognition and reputation.
- **Mission Statement**: A concise declaration of a brand's purpose and core values, guiding its strategic decisions and actions.

14 .10 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress –A

Q1. Answers of MCQs:

1) Correct Answer: B
2) Correct Answer: C
3) Correct Answer: B
4) Correct Answer: C
5) Correct Answer: C

14.11 REFERENCES

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- Rajagopal (2007). Brand Management: Strategy, Measurement and Yield Analysis. Nova Science Publishers, Inc. New York, USA.
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14.12 SUGGESTED READINGS

- Harvard Business Review on Brand Management Harvard Business Review Paperback Series. (1999). Harvard Business School Press, Cambridge, USA.

14.13 TERMINAL QUESTIONS

1) What is the main purpose of a brand strategy?
2) How does a strong brand strategy contribute to customer loyalty?
3) What are the key elements included in a brand strategy?
4) Why is brand consistency important for a business?
5) How can flexibility within a brand strategy benefit a business?
6) In what ways can market analysis influence the development of a brand strategy?
7) What role does defining a target audience play in creating a brand strategy?
8) How does a brand voice influence customer perceptions and connections?
9) What is the significance of brand values in shaping business decisions and customer relationships?
10) How can a brand's visual identity impact customer experience and recognition?

UNIT 15 BRAND VALUE CHAIN

15.1 INTRODUCTION

Developing a strong positioning and building brand resonance are crucial marketing goals. To better understand the return on investment of marketing investments, knowledge of brand value chain is necessary. It recognizes that many different people within an organization can affect brand equity and need to be aware of relevant branding effects. The brand value chain thus provides insights to support brand managers, chief marketing officers, managing directors, and chief executive officers, all of whom may need different types of information.

15.2 OBJECTIVES

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

- Understand the concept and significance of brand value chain.
- Discuss the stages of brand value chain
- Describe multipliers in brand value chain
- Discuss implications of brand value chain

15.3 MEANING

Brand value can be defined as what a brand is worth. Brand value is referred as the financial asset of the company and the importance of the brand to the customer is referred to as brand equity. It is possible for a company to have positive brand value in their books but still lack brand equity.

Brand Value Chain is a structured approach to assessing the sources and outcomes of brand equity and the manner by which marketing activities create brand value. Brand value creation begins when the firm targets actual or potential customers by investing in marketing program to develop the brand. The process may begin during test marketing, product research, design and development or marketing communications.

Brand Value Chain Model was constructed by Keller and Lehmann in 2003. The brand value chain has several basic premises. Consistent with the brand resonance model, it assumes that the value of a brand ultimately resides with customers. Based on this insight, the model next assumes that the brand value creation process begins when the firm invests in a marketing program targeting actual or potential customers (stage 1). The associated marketing activity then affects the customer mind-set—what customers know and feel about the brand—as reflected by the brand resonance model (stage 2). This mind-set, across a broad group of customers, produces the brand's performance in the marketplace—how much and when customers purchase, the price that they pay, and so forth (stage 3). Finally, the investment community considers this market performance—and other factors such as replacement cost and purchase price in acquisitions—to arrive at an assessment of shareholder value in general and a value of the brand in particular (stage 4).

The model also assumes that a number of linking factors intervene between these stages. These linking factors determine the extent to which value created at one stage transfers or multiplies‖ to the next stage. Three sets of multipliers moderate the transfer between the marketing program and the three value stages: the program quality multiplier, the marketplace conditions multiplier, and the investor sentiment multiplier. The brand value chain model is summarized below in Figure 1. The Brand Value Chain helps marketers to track brand value during each stage of marketing programme. The models believe in the philosophy that the ultimate brand value resides with customers. It provides support to various decision makers with a belief that every member of the company contribute to branding effort.

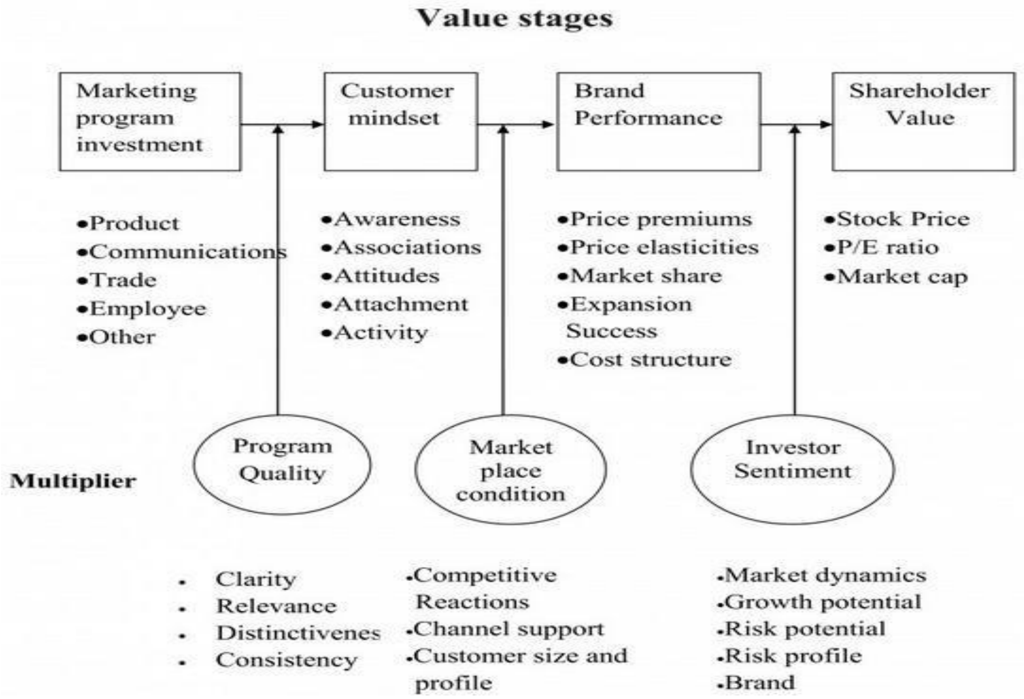


Fig.1 Brand Value Chain Model

15.4 STAGES OF BRAND VALUE CHAIN:

1. MARKETING PROGRAM INVESTMENT

Marketing Program Investment is any marketing program investment that potentially can impact brand value, intentionally or unintentionally? Marketing programme element deals with the efforts of the firm that influence their brand. Marketing programme may deal with the products/services that are offered by a firm under a specific brand name. It also deals with pricing, place or distribution decision and promotional plans. This link in the model includes product research and development as well as product design. Secondly, all investments in communications are included, such as advertising, promotion, sponsorships, publicity and public relations and thirdly, investments in trade or intermediary support. Another aspect of marketing program investment that can affect brand value are all investments in employees i.e. recruitment, selection and training of human resources.

MULTIPLIERS:

A. Program Quality Multiplier– The First Multiplier:

The ability of the marketing program to affect the customer mind-set will depend on its quality. Throughout the book, we review a number of different means to judge the quality of a marketing program. One handy way to remember some key considerations is through the acronym DRIVE, as follows:

1. Distinctiveness: How unique is the marketing program? How creative or differentiating is it?

2. Relevance: How meaningful is the marketing program to customers? Do consumers feel the brand is one they should seriously consider?

3. Integrated: How well integrated is the marketing program at one point in time and over time? Do all aspects combine to create the biggest impact with customers as possible? Does the marketing program relate effectively to past marketing programs and properly balance continuity and change, evolving the brand in the right direction?

4. Value: How much short-run and long-run value does the marketing program create? Will it profitably drive sales in the short run? Will it build brand equity in the long run?

5. Excellence: Is the individual marketing activity designed to satisfy the highest standards? Does it reflect state-of-the art thinking and corporate wisdom as success factors for that particular type of marketing activity? Not surprisingly, a well-integrated marketing program, carefully designed and implemented to be highly relevant and unique, is likely to achieve a greater return on investment from marketing program expenditures. For example, despite being outspent by such beverage brand giants as Coca-Cola, Pepsi, the California Milk Processor Board was able to reverse a decades-long decline in consumption of milk in California through the well-designed and executed ―Got Milk? ‖

On the other hand, numerous marketers have found that expensive marketing programs do not necessarily produce sales unless they are well conceived. For example, through the years,brands such as Minute Maid, 7UP, and others have seen their sales slide despite sizable marketing expenditures because of poorly targeted and delivered marketing campaigns.

1. **Customer Mind-Set**

Customer mindset is the second stage and includes everything that happens in the minds of the consumers in respect to the brand. It reflects their thought process, their attitudes, values, beliefs, feelings and experiences that they have about a specific brand. The importance of brand for the customers is known as brand equity. Their mindset includes the associations of brand with their memory. Because brand value ultimately relies with the customers, this stage focuses on study of consumer behavior for the purpose of measuring brand equity. This stage focuses on study of consumer behavior where brand equity is created and measured. The primary measure of customer mindset can be calculated on five dimensions. These are: awareness, associations, attitudes, attachment and activity. Awareness supports associations, which drive attitudes that lead to attachment and activity. Brand awareness is about how well customer can recognize the brand. Brand recognition can also take place by means of some of the elements of brands such as brand name, logo, symbol, slogan etc.

- **Brand Awareness:** Brand Awareness features depth and breadth. The depth of brand awareness relates to what extend a brand is recognized or recalled. The breadth of brand awareness relates to the variety of situations a brand comes to mind when purchasing a product.

- **Brand Association:** Brand Association considers the strength and uniqueness of perceived attributes and benefits for the brand. For example, consumer have brand associations for Apple such as ―Mac and iPod,‖ ―Cool and Awesome,‖ ―Design and Innovative,‖ and ―Expensive and Computer‖. Brand associations are formed with advertisements, word of mouth publicity, and quality of the product, celebrity associations, and point of purchase displays.

- **Brand Attitude:** Brand Attitude is overall evaluations of the brand in terms of quality and satisfaction that brand generates. Brand equity is not essentially affiliated only with high-quality products. Equity depends on the credibility of the quality claims.

- **Brand Attachment:** Brand Attachment is associated with the loyalty of customers. How likely are consumers to continue to choose/repurchase the brand? How likely are consumers to recommend the brand to a friend/associate? High customer retention indicates a more stable customer base with assured revenue in future.

- **Brand Activity:** Brand Activity represents the extent to which customers purchase and use the brand and talk to others about it. It also includes their information search for brand itself, promotional programme and events.

B. Marketplace Conditions Multiplier- The second multiplier:

The extent to which value created in the minds of customers affects market performance depends on factors beyond the individual customer. Three such factors are:

1. **Competitive superiority:** How effective are the marketing investments of competing brands?
2. **Channel and other intermediary support:** How much brand reinforcement and selling effort is being put forth by various marketing partners?
3. **Customer size and profile:** How many and what types of customers are attracted to the brand? Are they profitable? The value created in the minds of customers will translate to favorable market performance when competitors fail to provide a significant threat, when channel members and other intermediaries provide strong support, and when a sizable number of profitable customers are attracted to the brand. The competitive context faced by a brand can have a profound effect on its fortunes. For example, Nike and McDonald‗s have benefited in the past from the prolonged marketing woes of their main rivals, Reebok and Burger King, which both have suffered from numerous repositioning and management changes. On the other hand, MasterCard has had to contend for the past decade with two strong, well-marketed brands in Visa and American Express and consequently has faced an uphill battle gaining market share despite its well-received ―Priceless‖ ad campaign.
4. **Brand Performance**: Brand performance can be defined as how customers react or respond at the market place towards the brand. Brand performance can be measured in terms of market

share, sales, growth rate, market penetration and price premium or share-of wallet. These responses decide the cash flow that a brand generates for a firm. Neither 100% link between customer mindset and brand performance is present at a market place nor a brand's market performance is solely influenced by its status in the customer's mindset. How the market responds to customer mindset depends on six aspects of that response.

- The first is **Price Premium**. How much is the customer willing to pay more for the brand, compared to a similar competitive product?
- Second is **Price Elasticity**. How much do the customers demand increase or decrease when the price rises or declines?
- The third dimension is **Market Share**. This dimension measures the impact of the marketing program investment on product sales.

Together, these three dimensions determine the direct revenue stream for the brand over a time.

- The fourth dimension is **Expansion Success**. This dimension shows the potential that brand expansions have for the brand.

- The fifth dimension is **Cost Structure**. How well can companies reduce the cost of the marketing program investment for the brand? When a company has an effective marketing program, it can lower the total costs of the marketing investment.
- These five dimensions combined lead to **Brand Profitability**, the sixth dimension.

C. Investor Sentiment Multiplier – The Third Multiplier:

Financial analysts and investors consider a host of factors in arriving at their brand valuations and investment decisions. Among them are the following:

- **Market dynamics**: What are the dynamics of the financial markets as a whole (interest rates, investor sentiment, supply of capital)?
- **Growth potential:** What is the growth potential or prospects for the brand and the industry in which it operates? For example, how helpful are the facilitating factors and how inhibiting are the hindering external factors that make up the firm's economic, social, physical, and legal environment?
- **Risk profile:** What is the risk profile for the brand? How vulnerable is the brand to those facilitating and inhibiting factors?
- **Brand contribution:** How important is the brand to the firm's brand portfolio? The value the brand creates in the marketplace is most likely fully reflected in shareholder value when the firm is operating in a healthy industry without serious environmental hindrances or barriers, and when the brand contributes a significant portion of the firm's revenues and appears to have bright prospects. The obvious examples of brands that benefited from a strong market

multiplier—at least for a while—were the numerous dot-com brands at the turn of the century, such as Pets.com, e Toys, Boo.com, and Web van. The huge premium placed on their (actually negative) market performance, however, quickly disappeared—and in some cases so did the whole company!

On the other hand, many firms have lamented what they perceive as undervaluation by the market. For example, repositioned companies such as Corning have found it difficult to realize what they viewed as their true market value due to lingering investor perceptions from their past. Corning's heritage was in dishes and cookware; its more recent emphasis is on telecommunications, flat panel displays, and the environmental, life sciences, and semiconductor industries.

- **Shareholder Value**

Shareholders value is created by the firm and it reflects in the stock prices and dividend disbursed by the company. The fundamental assumption of shareholder value is that the true value of a company is the based on future cash flows, discounted by the cost of capital. A company that fails to deliver value to customers is acting against long-term interest of shareholders. Brand value reacts positively on high and stable stock prices, a high price/earnings ratio, and large market capitalization

Check Your Progress-A

State True of False

1. Marketing program investment can influence brand value in both positive and negative ways.
2. The quality of a marketing program does not affect customer perception.
3. The acronym DRIVE helps to remember key aspects of marketing program quality.
4. Brand equity is defined as the importance of a brand to the customers
5. All marketing programs guarantee an increase in sales regardless of their design

15.5 IMPLICATIONS AND APPLICATIONS OF BRAND VALUE CHAIN:

According to the brand value chain, marketers create value first by making shrewd investments in their marketing program and then by maximizing, as much as possible, the program, customer, and market multipliers that translate that investment into bottom-line financial benefits. The brand value chain thus provides a structured means for managers to understand where and how value is created and where to look to improve that process. Certain stages will be of greater interest to different members of the organization. Brand and category marketing managers are likely to be interested in the customer mindset and the impact of the marketing program on customers. Chief marketing officers (CMOs), on the other hand, are likely to be more interested in market performance and the impact of customer mind-set on actual market behaviors. Finally, a managing director or CEO is likely to focus on shareholder value and the impact of market performance on investment decisions.

The brand value chain has a number of implications.

1. Value creation begins with the marketing program investment. Therefore, a necessary—but not sufficient—condition for value creation is a well-funded, well-designed, and well-implemented marketing program. It is rare that marketers can get something for nothing.
2. Value creation requires more than the initial marketing investment. Each of the three multipliers can increase or decrease market value as it moves from stage to stage. In other words, value creation also means ensuring that value transfers from stage to stage. Unfortunately, many factors that can inhibit value creation may be largely out of the marketer's hands, like investors' industry sentiment. Recognizing the uncontrollable nature of these factors is important to help put in perspective the relative success or failure of a marketing program to create brand value. Just as sports coaches cannot be held accountable for unforeseen circumstances such as injuries to key players and financial constraints that make it difficult to attract top talent, so marketers cannot necessarily be held accountable for certain market forces and dynamics.
3. The brand value chain provides a detailed road map for tracking value creation that can make marketing research and intelligence efforts easier. Each of the stages and multipliers has a set of measures by which we can assess it. In general, there are three main sources of information, and each tap into one value stage and one multiplier. The first stage, the marketing program investment, is straightforward and can come from the marketing plan and budget. We can assess both customer mind-set and the program quality multiplier with quantitative and qualitative customer research. Market performance and the marketplace conditions multiplier appear in market scans and internal accounting records.

Finally, we can estimate shareholder value and the investor sentiment multiplier through investor analysis and interviews. Modifications to the brand value chain can expand its relevance and applicability. First, there are a number of feedback loops. For example, stock prices can have an important effect on employee morale and motivation. Second, in some cases, the value creation may not occur sequentially. For example, stock analysts may react to an ad campaign for the brand—either personally or in recognition of public acceptance—and factor those reactions directly into their investment assessments. Third, some marketing activities may have only very diffuse effects that manifest over the long term. For example, cause-related or social responsibility marketing activity might affect customer or investor sentiment slowly over time. Fourth, both the mean and the variance of some brand value chain measures could matter.

For example, a niche brand may receive very high marks but only across a very narrow range of customers.

Case Study: Value Creation through Brands

- *Unni Krishnan*

Across a wide range of industry sectors, it is companies that are adept at developing and managing brand and intangible asset value that reap sustainable and superior rewards. Contrary to conventional orthodoxies, these potent business assets exert their economic influence not only in traditional packaged goods companies but also in the case of IT, consumer durables, cement and steel, luxury hotels and banking sectors.

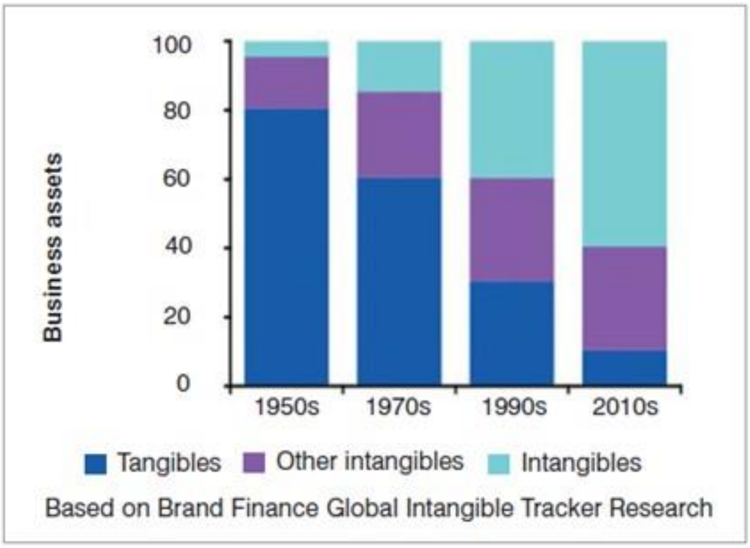
Over the years, there has been a dramatic shift in the source of value creation — from tangible assets (such as property, plant, equipment and inventory) to intangible assets (such as brands, stakeholder relationships, IP, skilled employees, corporate culture, etc) that don't show up on the balance sheets. Consequently, brands and related intangible assets make up a large part of the value of many successful companies. Yet, barring a few honorable exceptions, managing these precious assets remains more a dark art based on guesswork and hunches, deficient of a disciplined framework which the board or senior management can access and debate in an objective way. Most senior executive team members realise this, although many still do not appreciate the financial significance of getting it right. It is hardly surprising that many senior leaders grappling with brand and customer value issues have found the experience frustrating.

Yet, in today's economic scenario, brand and intangible values cannot be left unaccounted for as they profoundly bear upon the very destiny and survival of a firm.

Why Do Brands Count?

Words such as 'marketing' and 'brand' have been misused and misunderstood, sometimes conjuring up non-positive associations such as image, perception, or worse, pulling a fast one on the customer. But the reality is that brands stand for a much bigger and sophisticated world of dynamic applications. Brand value in economic terms represents real capital because it enables firms to maintain long-term relationships with customers and various stakeholders. The concept of added value is the very basis of the capitalist system, and creation capability. Brand Finance's Global Intangible Finance Tracker (GIFT™) (tracking across 53 national stock markets and covering more than 37,000 companies) shows that brands add to a third of the world's wealth (see Figure 1). Like it or not, brands have become a principal economic lever of companies across sectors. In this more holistic and intelligent sense, brands act as a shorthand of business strategy and as the glue which holds all functions together to deliver customer value and secure future earnings (see Figure 2).

Figure 1: Value you can't see



The brand is the single unbroken red thread which runs through all functions and stakeholders. There is an economic reward / penalty that every firm enjoys or pays by objectively managing it. Unfortunately, due to the narrow definition of marketing / brand today, there is no formal mechanism to connect the pieces of the jigsaw, check for internal alignment to the brand and stress test its full value creation potential.

Figure 2: Pivot of dynamic value exchange

The Challenge of Managing Brands for Value

Most managers 'feel' that they need to act on brands and intangible assets, and many have an intuitive sense of 'what' companies need to do to leverage value from these potent assets. However, few appreciate the huge organizational barriers that prevent them from purposeful action and nimbleness to do so. Behind each brand valuation we conducted over the last 14 years, we found that the shared hinge assumptions of the senior executive team about the future economic impact of brand and customer assets are dangerously incorrect. They are often unaware of the scale of economic consequences and drifting into an 'inflection point' — a moment of great opportunity as well as high risk to corporate sustainability.

The challenge to the senior executive teams is to demonstrate that brands are business assets capable of generating superior economic returns for their owners and worthy of multi-year investment commitments in new product development, R&D and people. One major reason why even senior managers do not, as a rule, understand this fact is their mistaken identification of conventional accounting data and financial analysis with brand and intangible value economics and business impact analysis.

Brand Finance's global experience shows that a large majority of the 3,000 branded businesses studied in depth in India and across the world are overbalanced towards short-term firefighting priorities because they have little or no visibility into directing costs or investments into future value-producing activities driven by brands and intangible assets. Instead they tend to drift into 'nothing producing' activities and fail to realize it until it is often too late.

Real Information for Wealth Creation from Brands

Enterprises are paid to create wealth from business assets, not simply control costs. But that obvious fact is not reflected in financial and MIS systems available. Due to the legacy of past practices from the tangible-asset-heavy era, information required to make informed judgments about how brands, customers and employees add economic value remains hazy at best. Our experience across a wide range of companies shows that transparency of information to gain visibility into brand and customer value economics can be significantly improved and requires three sets of diagnostic tools:

1. **Foundational information**: This is basic information pertaining to brands / products / stock keeping units (SKUs) / services / customer segments / key accounts to construct a true and comprehensive financial position of the economic value creating unit.
2. **Productivity information**: This is the business output information derived from foundational information across brands / products / SKUs / services / customer segments / key accounts.
3. **Resource allocation sensitivity**: This acts as a decision making tool for allocation of precious resources, with better clarity as to where the future value is resident in brands / products / SKUs / services / customer segments / key accounts.

This kind of an in-depth granular analysis of brand and intangible asset economics, which conducts a pressure test on future earnings of the branded business, can be applied in any business across sectors from B2C to B2B. The following points will reveal more about them in an objective value-based manner:

- Visibility into which brands / products / SKUs / services / customer segments / key accounts are generating economic profit / loss and the reasons for this.
- Analysis of whether or not a particular brand / product / SKU / service / customer segment / key account is performing as per market opportunities on a defined set of parameters to assess return on investments.
- Generation of strategic scenarios to visualize whether brands / products / SKUs / services / customer segments / key accounts will deliver full potential value if resource allocation composition and magnitude are recalibrated.
- Determination of what will be the overall impact from releasing the full potential of brands / products / SKUs / services / customer segments / key accounts on the company's performance as a whole.
- Identifying the resource allocation framework that is most sensitive towards the hidden potential across brands / products / SKUs / services / customer segments / key accounts.

A Framework for Demonstrating the Value of Brands and Intangible Assets

Our analysis of why so many of today's iconic branded businesses have hit an inflection point and suddenly fractured in value provides the basis of the framework below. The most common factors are failure of the senior executive team's direction and sheer inertia of action. The reason:

shared mental models of the senior executive team, which have hardened and not adapted to new market and strategic realities.

Step 1: Understand Management's Strategic Assumptions— Branded Business Hinge Assumptions (BHA®): The first step is therefore to unearth and stress test the strategic assumptions visualized by the senior executive team about the future of their branded business, customer segments, pricing, channel strategy, alignment of people and other key variables. Brand Finance conducts an internal expedition to identify the firm's most deeply held assumptions about itself, the markets it operates in and the customers it serves to generate long-term value for the branded business.

Step 2: Pressure Test BHA™ and Identify Brand Value Added (BVA®) Drivers:
Brand Finance puts these strategic assumptions under a microscope and conducts a pressure test on each of them from a bottom-up and outside-in perspective, to check if the strategic assumptions of the senior executive team are in line with market opportunities, value chain sensitivity, customer experience expectations and competition dynamics. This is supported by factual analysis so that an objective set of cause-effect relationship factors can be arrived at.
Specific drivers would be identified, which can turn the firm's blind spots in the market, customer, product, pricing and service opportunity area into value-creating zones with attached risk and reward scenarios. These drivers, called BVA drivers, act as credible, timely, challenge mechanisms that can make the senior executive team aware of economic risks / opportunities when their closely held assumptions are under duress.

Step 3: Estimation of Sustainability of Market Performance in the Form of Brand Beta® Metrics:
The outside-in BVA review can be distilled into a focused set of market and customer metrics that will determine the strength of the branded business in the market place, which will show improvements when there is a discipline in execution behind each BVA driver. These are highly specific to a branded business and need to be urgently monitored for sustainable business performance. Lack of improvement in these factors / metrics over two consecutive quarters should immediately raise a red flag at the board level. These Brand Beta factors are extremely useful to carry out dipstick assessments and to calibrate progress of BVA driver execution or its relapse into the orthodoxy of management hinge assumptions.

Step 4: Brand Value Governance:
Brand valuation is able to articulate these future scenarios and their drivers in a holistic and objective manner with economic rewards / penalties attached to them. Often, it is only when the full scale of economic opportunity at stake is completely understood and internalized that organizational function galvanize around the customer and brand value axis. Our view is that boards need to have a deep engagement with these brand valuation scenarios. Their deepest responsibility is to ensure that the company's most valuable assets are held together by a coherent, well-tested, outside-in strategy. The next most important responsibility is to ensure that performance management systems and compensation for the senior executive team are aligned to the long-term sustainable value of the business, rather than just short-term financial results.

Boards are inescapably about risk management, and the risk to brand, customer and stakeholder value should surely rise to the top of their agenda. Locating the stewardship of these precious assets to secure corporate sustainability of India's finest companies cannot and should not be postponed.

Source: brandfinance.com Tata Review May 2010

Check Your Progress-B

1. Which of the following is the MAIN way a company invests in its brand?

A. Conducting market research

B Spending money on advertising

C Improving product quality

D Providing excellent customer service

2. Developing a positive feeling towa rds a brand is a result of:

A Strong brand recognition

B. Effective marketing efforts

C. Creating new products

D. Protecting the brand

3 Which step in the brand value chain is described as helping people recognize the brand?

A. Brand investment
B. Brand awareness
C. Brand growth
D. Brand protection

4. What is the key to growing and protecting a brand?

A. Increasing brand loyalty
B. Conducting competitor analysis
C. Enhancing brand recognition
D. Improving product quality

5. The company's marketing efforts are aimed at:

A. Developing new products
B. Conducting market research
C. C Increasing brand awareness
D. Protecting the brand

15.6 SUMMARY

The brand value chain is a way of understanding how a brand becomes valuable. It describes the steps a company takes to grow and protect its brand. First, a company invests in its brand by spending money on advertising, creating new products, and ensuring they have great customer service. All of these efforts are known as marketing and can help people recognize the brand and develop a positive feeling toward it. Once people start to recognize the brand, it can create strong brand awareness. This means when people think about a certain type of product, they think about this brand first. For example, when you think of a refreshing soda, maybe Coca-Cola pops into your mind. This kind of recognition helps the brand stand out from its competitors.

15.7 GLOSSARY

1. **Marketing Program** It is any marketing program investment that potentially can impact brand value, intentionally or unintentionally
2. **Market Program Investment**

Marketing Program Investment is any marketing program investment potentially can impact brand value, intentionally or unintentionally.

15. 8 ANSWERS TO CHECK YOUR PROGRESS

Answers to Check Your Progress – A

1. True
2. False
3. True
4. True
5. False

Answers to Check Your Progress- B

1. B
2. B
3. B
4. **C**
5. **C**

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15.10 SUGGESTED READINGS:

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15.11 TERMINAL QUESTIONS:

Q.1. Explain the concept of brand value. How is it different or similar with monetary value of a brand?

2. Is there any association between brand vale creation and marketing promotion? Justify your answer with suitable example.

UNIT 16 BRAND PERSONALITY AND BRAND IMITATION

16.1 INTRODUCTION

Competition forces the marketers to move beyond the product and explore customer needs to achieve differentiation. When brands in the category become similar in terms of product offered, for instance, in product categories like detergent, rice and many more then the importance of brand personality arises prominently. The need arises to discover and attend to non-functional needs of the customer; brands need to develop sharply defined personalities to create connection with the prospects.

The brands are given a personality to satisfy the emotional carvings of the customer. For example, if all marketers offer similar quality of rice, then only differentiation in some form can give them a separate identity. Creating the user personality as a „caring host" or loving mother for exclusive or sophisticated buyers can differentiate a brand. Brand personality represents the human dimensions of the brand. Personality has acquired greater importance in the current product parity marketing situation. It is often the key driver behind customer attraction and retention, especially in product categories of visible consumption.

16.2 OBJECTIVES

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

- Explain and define the meaning of brand personality
- Describe the dimensions of brand personality
- Explain that how brand personality is created
- Reflect the advantages of brand personality
- Explain the concept of brand imitation
- Describe strategies of brand imitation
- Explain the types of brand Imitation

16.3 MEANING

Brand personality is the visualization of brand in human terms, i.e., brand personification. Either by design or by default, a brand develops a character of its own. People tend to describe brands in terms of traits as if they were living persons. The brands may be perceived as "masculine", "sophisticated", "dependable" or "friendly". It is visualization of brand as a person. For instance, marketers of Mr. Coffee wanted to personify their brand as practical inventor.

The fundamental assumption governing the personality perspective is that a brand could be made to have personality characteristics which would attract customers in the target market. Coke and Pepsi differ in their brand personalities in a major way. The personification of Pepsi brand would reveal traits like "young", "anti-establishment", "cool", and "extrovert", whereas Coke's personality would not be same as Pepsi. Marketers often use celebrities to create brand personalities. Lux soap is promoted by cine stars in India. Accordingly, certain traits of the star would get associated with Honda City. Brand personality distinguishes one brand from another or a particular brand from a product. In this module two important concepts- Brand Personality and Brand Imitation are discussed.

As we human beings have a personality, a brand also has a personality. The personality approach in brand management focuses on how and why people choose brands with certain personalities and how it brand is associated with their personality. Just as two persons can have relationship, a person can have a relationship with a brand as a person. Consumers find it easy to deal with brands that have strong personalities because it is easy to remember them on basis of trusted and proven experiences. Parle-G has carved a niche for itself in biscuit category because it is seen as a heritage brand enjoyed by grandchildren, youths and grandparents. To illustrate VIVO and OPPO are considered new brands in Mobile handset in India, Nokia is an old brand.

16.4 DEFINITIONS

Christine Restall of McCann Erickson has given emotion-centered definition of brand personality and perceives brand personality as, "*Emotional link between the consumer and the brand*". Restall asserts that it is because of an emotional predisposition that people choose one brand instead of the other though there is no evident difference between them. Irrespective of product category where ever Tata appears as a brand, it tends to get favored. This is because Tata‟s brand personality portrays "Trust".

Upshaw defines „Strategic Personality‟ of a brand. It is the "Outward Face‟ of a brand. It's tonal characteristics is most closely associated with human traits. Strategic personality is the brand brought to life by providing attractiveness and emotional linkage that cements a relationship with customers.

Southgate and Aaker have given human-centered definitions of brand personality. Southgate defines personality as "The human characteristics of the brand in question, whilst taking special care that it is the brand that is being described and not the target customer." **Aaker** has defined brand personality as "The set of human characteristics associated with a brand." For instance, Harley Davidson motorcycle is seen as a macho, freedom-seeking person. This is its personality. Similarly, Coke's personality is "REAL" (the real thing), Pepsi is "young, spirited, exciting."

Human characteristics might have demographic traits such as gender, age, socio-economic class besides subtle personality traits like warmth, concern and sentimentality. Brand personality can thus have demographic characteristics, for instance Feminine (Sunsilk) Vs Masculine (Head & Shoulder) and old (Mysore Sandal) vs young (Liril). It could have psychographic characteristics like upper class (Surf Excel) Vs. blue collar (Ghari Detergent) and sophisticated (Ciaz of Maruti Suzuki) vs rugged (KUV 100 of Mahindra).

Aaker made an extensive investigation with the aim of identifying which personality traits people associate with a wide range of brands. Aaker came to the conclusion that it ispossible to transfer the idea of personality dimensions from human personality psychology to brands and brand management. The study resulted in the five dimensions of brand personality.

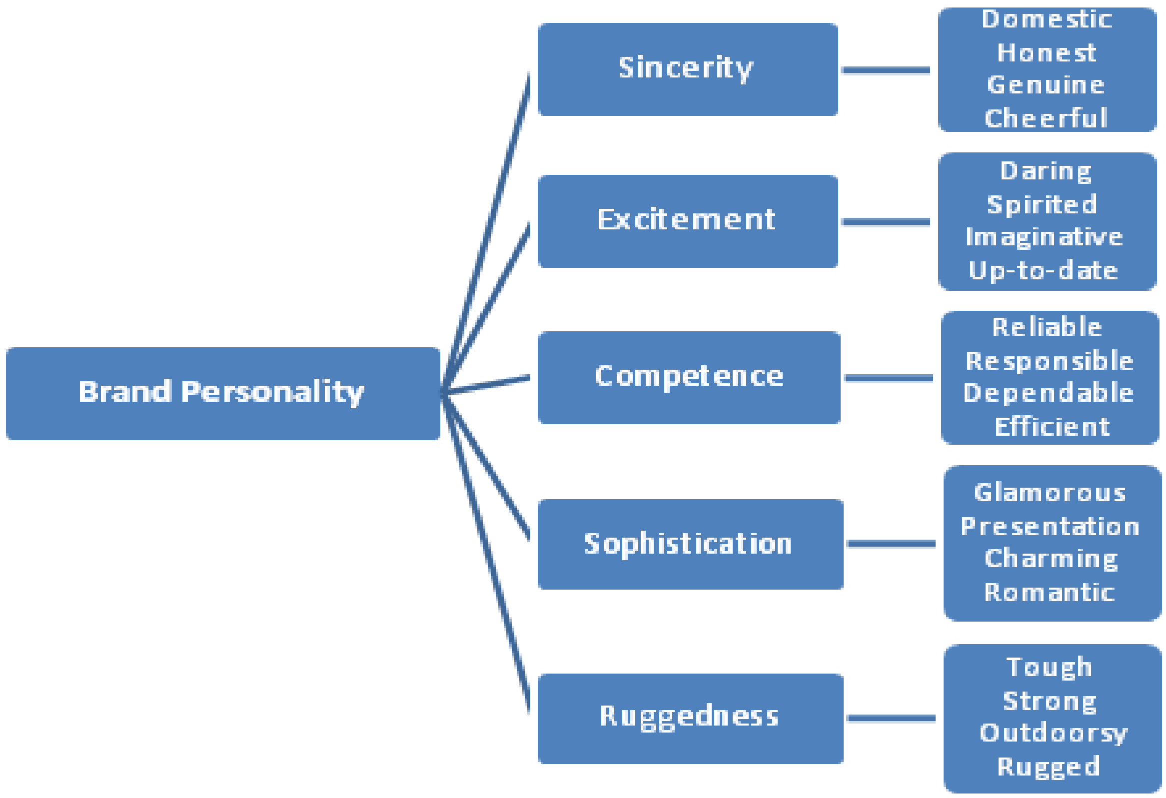


Fig: 1 Dimensions of Brand Personality of Aaker (19)

Though brands can be put on this scale anywhere, they can have a complex personality that spread cut across different factors.

The personality traits describe the characteristics that people associate with each brand personality dimension. These traits should ideally be reflected in the attributes of the brand or/and in the behaviour of the brand. From the consumer perspective, the brand personality can be uncovered by exploring what consumers associate with the brand. From the company perspective, it can be uncovered by analyzing the product-related attributes like brand name, logo, communication style, price, distribution, etc. All these elements add up to the brand personality. Apart from the more product-specific attributes, the brand personality is also reflected in the characteristics attributed to the brand and in the associations, symbolic values and emotional responses to the brand or the emotional relationship with the brand. For a brand personality to be successful, it must be consistent and durable.

A strong and consistent brand personality can lure people to consume that brand because they feel personally associated with the brand personality. If the attributes or behaviour of the brand (marketing activities) are not consistent with the brand personality, consumers are likely to abandon the brand because the personality loses credibility. From the marketing perspective, brand personality is closely related to and an important driver of brand identity and is a useful management tool that can be used to benchmark brand personality within or across product categories. The brand personality framework can be used to materialize abstract, intangible brand ideas and provide direction for the implementation of the brand idea in the user imagery, advertising and more product-related aspects like packaging.

A key reason why brand personality can be such an effective tool for brand management is that consumers consume brands as a means in their identity construction projects – brands are important for consumers‟ construction and expression of self. The brand personality construct and consumers‟ expression of self are hence closely related. The framework of Aaker is the most up-to-date conceptualization of a personality framework for brand management, because it reflects the most recent insights into the mechanisms of human personality and brand personalities.

16.5 BRAND PERSONALITY AND HOW IT IS CREATED?

Any human's personality is affected by the factors associated with human beings such as friends, family and relatives. Similarly various factors influence the formation of a brand. personality – they are either product related or non-product related factors. A brand personality can be conceptualized based on the fact that usually the observers attribute different personality characteristics of people every time they interact. David Aaker suggest three approaches to develop brand personality, namely:

1) Self expression
2) Relationship
3) Functional benefit

Self-expression can be seen as the motives behind the consumption of certain products and services. For example, young people prefer to ride Yamaha sports bike or Bullet in India because these are power bikes and because he is considered as masculine when he rides a power-bike. A Mercedes-Benz car is owned as much for its status conferring nature as to its utility. The need for self- expression is paramount in the consumption of many lifestyle products like Tanishq, a jewellary brand by Titan. On the other hand, Surf, Parle –G, Colgate Dental Cream has a steady dependable image. Here the brands are more useful as vehicle for association or emotional links rather than self-expression.

The functional benefit is suitable for certain product categories. For example, the detergent powder market in India is looked at in a very functional manner. This is why price is used very effectively in this product category (e.g. Nirma, Wheel, Ariel)

16.6 THREE LEVELS OF PERSONALITY

A brand strategist can get important insights for brand building by considering brand personality along three dimensions: Corporate Personality, Product-Derived Personality and Aspiration Based Personality.

Corporate Personality*:* This is made up of perceptions about the source of the brand. Many brands flourish on the strength of corporate brand personality. Car buyers place huge faith on German and Japanese car makers like Mercedes, BMW, Toyota and Honda. This level of personality is especially relevant for technology products and high-risk services. Indica received record booking from potential buyers for being a car venture from the House of Tata known for trust, heritage and good corporate citizenship.

Product-Derived Personality: This is an expression of a product’s functional and tangible attributes in humanoid terms. It is a metaphorical extension of a brand’s performance. Diesel bran „Turbo Jet‟ derives its personality from the powerful „bull‟ metaphor. That is what brand is supposed to provide to a car driver. Soap brand „Doy‟ targeted at young girls gets its personality connotations from the fairy analogy. The brand is functionally aimed to make the little girls as beautiful as a fairy. Dettol provides protection against germs, hence its personality metaphor could be a sentinel meant to protect one from potential harm.

Aspiration Based Personality: Some brands are bought primarily for self expression and to become what one aspires for. This personality concept is widely employed in the sphere of conspicuous consumption. Some products are typically called „badge‟ products. The badge is what one wears to signify. Brands in this category become signifying devices. They do a lot of talking for the consumer in a social situation. The Armani name is means to express sophistication, and BMW connotes „arrival‟. Cosmetic brands like Lakmé and Ponds embody personality that women crave and aspire for.

Adopted from: Subroto Sengupta, 'Brand Persona and Value', Business Today, Jan, 1

Check Your Progress-A

Multiple Choice Questions

1. **The fundamental assumption governing the personality perspective on brands is that:**

A. Brands should be made to have personality characteristics that will attract customers
B. Brands should be personified as practical inventors
C. Brands should use celebrities to create their personalities
D. Brands should differentiate themselves from one another

2. **What does the passage say about how Coke and Pepsi differ in their brand personalities?**
A. Coke's personality would be "young" and "cool," while Pepsi's would be "dependable" and "friendly"
B. Coke's personality would be "anti-establishment" and "extrovert," while Pepsi's would be "sophisticated" and "masculine"
C. Pepsi's personality would be "young," "anti-establishment," "cool," and "extrovert," while Coke's would not be the same
D. Coke's personality would be "masculine" and "sophisticated," while Pepsi's would be "friendly" and "practical"
3. **Which of the following is NOT mentioned in the passage as an example of how a brand personality can be described?**
A. "Masculine"
B. "Sophisticated"
C. "Dependable"
D. "Introverted"
4. **What is the key purpose of creating a brand personality, according to the passage?**
A. To differentiate one brand from another
B. To promote the brand using celebrities
C. To personify the brand as a practical inventor
D. To make the brand appear "young" and "cool".

16.7 BRAND PERSONALITY DIMENSIONS OF CHRIS MCRAE

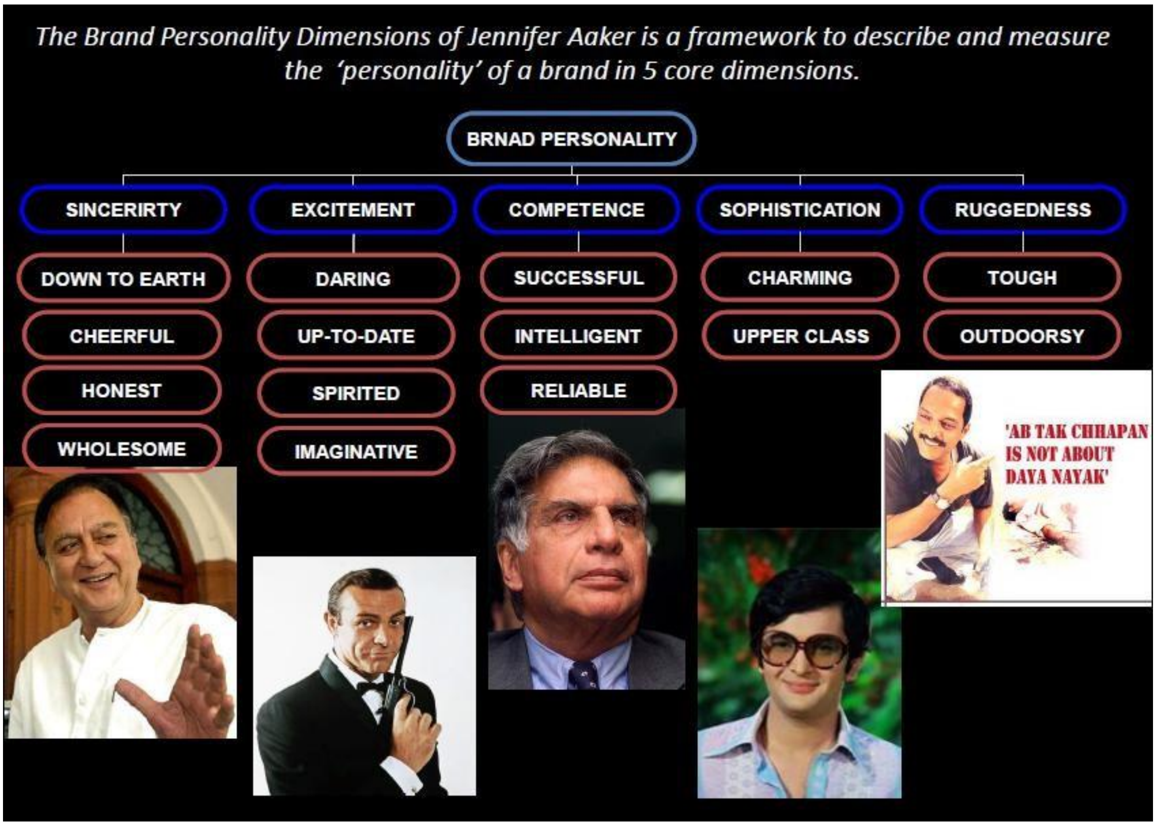
Chris Mcrae has divided brand personalities into six types:

1) Ritualistic Brands
2) Symbol Brands
3) Heritage Brands
4) Exclusive Brands
5) Belonging Brands
6) Legendary Brands

1. **Ritualistic Brands:** Ritualistic brands are brands associated with particular occasion e.g. Crackers are associated with Diwali and Archies greeting cards with birthdays and anniversary. Also, Britannia Marie is a tea time brand associated with the ritual of the consumption and Titan is for celebration/gift for special people.
2. **Symbol Brand:** In case of symbol brands, the logo or the name of the brand is more important than what it contains. E.g. Chivas Regal is strongly identified with the eagle shaped container; Onida is strongly identified with the Envy of Devil.
3. **Heritage Brands:** These are the brands that have pioneer advantage. Philips has a strong position in the audio system market because of its reputation whereas Sony shares visual experience. Dabur has a strong reputation in *ayurveda*
4. **Exclusive Brands:** These are termed “Äloof” or “Snobbish” brands. BMW 650 cc bikes, Maybach /Rolls Royce are meant for an exclusive clientele in India. Not everyone can buy them.
5. **Belonging Brands:** Human beings are always in need of being socially accepted. Brands which make the consumer a part of a larger family are belonging brands. A Levi Strauss jean puts a youth at par with youth in the rest of the world and Ray-Ban sunglasses means a lot to the user.
6. **Legendary Brands**: Legendary brands are more than a brand. These brands have a great deal of history or a set of standards for the era behind them. Coke, Marlboro, Lifebuoy, Lux. From the corporate brands- TATA and Godrej are termed as legendary brands.

ACTIVITY:

It is easier to intuitively understand brand personality rather than define it. For example, someone can be associated with Dabur brand and define this relationship as “Dabur is like my grandfather”. This expression can reveal personality of Dabur brand as – strong heritage, natural and ayurvedic benefit, nurturing, healthy, dependable etc. Similarly identify any other Indian companies and define relationship and its personality traits.
Note down what all brands you are wearing or are otherwise you’re favourite and discuss what relationship you have with these brands.


The Brand Personality Dimensions of Jennifer Aaker is a framework to describe and measure the 'personality' of a brand in 5 core dimensions.
BRNAD PERSONALITY
SINCERIRTY
EXCITEMENT
COMPETENCE
SOPHISTICATION
RUGGEDNESS
DOWN TO EARTH
CHEERFUL
HONEST
WHOLESOME
DARING
UP-TO-DATE
SPIRITED
IMAGINATIVE
SUCCESSFUL
INTELLIGENT
RELIABLE
CHARMING
UPPER CLASS
TOUGH
OUTDOORSY
'AB TAK CHHAPAN IS NOT ABOUT DAYA NAYAK'

CASE STUDY: L'OREAL - BUILDING A GLOBAL COSMETIC BRAND:

"It is a strategy based on buying local cosmetics brands, giving them a facelift and exporting them around the world."

-- One Brand at a Time: The Secret of L'Oreal's Global Makeover, August 12, 2002.

L'Oreal Makes Waves

In November 2002, L'Oreal, the France-based leading global cosmetics major, received the 'Global Corporate Achievement Award 2002', for Europe by 'The Economist Group'. Awarded by the publisher of the world's leading weekly business and current affairs journal The Economist, the honor was given in appreciation and recognition of the 'depth, breadth, and diversity of L'Oreal's management team. In the same month, L'Oreal's Chairman and CEO, Lindsey Owen Jones (Jones) was honored with the 'Best Manager of the Last 20 Years' title by the French Minister of Finance and Economy, Francis Mer. This award instituted by the leading French business publication, Challenges, was in recognition of Jone's outstanding achievements in transforming L'Oreal from a French company into a global powerhouse. Jones also received the prestigious 'Manager of the Year 2002' award from the French Prime Minister, Jean-Pierre Raffarin. Jones was the first foreign head of any French company to receive this award, which was sponsored by the leading French business publication, Le Nouvel Economiste. These honours were not just a 'cosmetic' eulogy; L'Oreal deserved them, for it was the only company in its industry to post a double-digit profit for 18 consecutive years (refer Exhibit 1 for L'Oreal's key financials). L'Oreal, which had operations in 130 countries in the world, posted a turnover of € 13.7 billion in 2001. The company recorded a 19.6% and 26% growth in profit in 2001 and 2002 (half-yearly results), respectively. Commenting on L'Oreal's performance, Jones said, "At L'Oreal, we are 50,000 people who share the same desire; because it is not just about business but about a dream we have to realize, perfection."

Known for its diverse mix of brands (from Europe, America, and Asia), like L'Oreal Paris, Maybelline, Garnier, Soft Sheen Carson, Matfix, Redken, L'Oreal Professionnel, Vichy, La Roche-Posay, Lancome, Helena Rubinstein, Biotherm, Kiehl's, Shu Uemura, Armani, Cacharel, and Ralph Lauren, L'Oreal was the only cosmetics company in the world to own more than one brand franchise and have a presence in all the distribution channels of the industry (refer Exhibit C.8.2 for a note on the global cosmetics industry).

Background

In 1907, Eugene Schueller (Schueller), a French chemist, developed an innovative hair colour formula. The uniqueness of this formula, named Aureole, was that it did not damage hair while colouring it, unlike other hair colour products that used relatively harsh chemicals. Schueller formulated and manufactured his products on his own and sold them to Parisian hairdressers. Two years later, in 1909, Schueller set up a company and named it 'Societe Francaise de Teintures in offensives pour Cheveux'. From the very beginning, Schueller gave a lot of importance to research and innovation to develop new and better beauty care products. By 1920, the company employed three in-house chemists and made brisk business selling hair colour in various countries like Holland, Austria, and Italy. Schueller used advertising in a major way to market his products. He used promotional posters made by famous graphic artists like Paul Colin, Charles Loupot, and Raymond to promote his company's products.

In 1933, Schueller, created and launched a beauty magazine for women named, Votre Beaute. In 1937, he started the 'clean children' campaign and created a jingle 'Be nice and clean, smell good' for Dop shampoo, which went on to become one of the most famous jingles in France. In the early 1940s, the company's name was changed to L'Oreal, which was an adaptation of one of the brands 'L' Aureole' (the halo). In 1957, after Schueller's death, Francois Dalle (Dalle), Shueller's deputy, took over as the company's Chairman and CEO. During the 1950s, the company pioneered the concept of advertising products through film commercials screened at movie theaters. The first movie advertisement was for L'Oreal's 'Amber Solaire' (sun care cream) with the tagline, "Just as it was before the war, Amber Solaire is back".

In 1963, L'Oreal became a publicly traded company. This posed a threat to its existence as it could easily come under the state's control,2 which in turn could affect its international growth plans. Dalle, therefore, began taking steps to internationalize L'Oreal's ownership structure to prevent it from coming under the control of the government. His efforts bore fruit a decade later in 1973, when he persuaded Liliane Bettencourt (Bettencourt), Schueller's daughter and the company's main shareholder, to dilute her majority stake. Later, half of L'Oreal's stock was sold to Gesparal, a France-based manufacturer of personal care products, while the other half was publicly traded. Later, 49% of Gesparal's stock was sold to Nestle, the Swiss food products giant, while the remaining 51 % was held by Bettencourt.

In 1972, the company launched the legendry advertisement campaign 'Because I'm worth it' to promote the 'Preference' line of hair colour. The slogan summed up the company's philosophy of providing the most innovative, high-quality, and advanced products at an affordable price. The campaign was considered as brilliant by many marketing gurus. The slogan seemed to cleverly differentiate L'Oreal's products from others and proved to be a 'winning' factor.

On The Road to Fame

By the 1970s, L'Oreal's products had become quite popular in many countries outside France. Jones' entry in the late-1970s marked the beginning of a new era of growth for the company. During 1978-81 Jones functioned as the head of L'Oreal's Italian business. Due to his exceptional -performance, Jones was given the responsibility of looking after L'Oreal's US operations (the company's most important overseas operation) during 1981-4. Managing the company's US operations was not an easy task. Jones' colleagues argued that European brands such as Lancome (in the luxury cosmetics segment) could never compete with established American brands like Estee Lauder and Revlon. In spite of their doubts and the reluctance of retailers to carry European brands, Jones persuaded Macy's, one of the leading retail stores in the US, to give Lancome the same shelf space that it gave to Estee Lauder. Not surprisingly, Lancome's sales increased by 25% in the US in 1983.

Jones, a company insider with good management skills, succeeded Dalle as L'Oreal's Chairman in 1988. He was aware that Dalle had begun the work of internationalizing L'Oreal to prevent it from remaining as 'just a French cosmetics company'. As he tried to continue Dalle's work, he realized that he had to tackle the situation created by L'Oreal's image. During the late 1980s and early 1990s, almost 75% of the company's sales were in Europe, mainly in France. L'Oreal's image was so closely tied to Parisian sophistication, it was difficult to market its brands internationally. Jones thus decided to take a series of concrete steps to make L'Oreal a globally recognized brand and the leading cosmetics company in the world. In what proved to be a major advantage later on, he decided to acquire brands of different origins.

In the cosmetics business, profit margins tend to be generally low as there was not much differentiation between the products offered by various companies. L'Oreal's decision to differentiate its products by attaching an emotional quality to its brands thus worked very well. The emotional pitch, "Because I'm worth it", indirectly conveyed the message that "I'm willing to pay more". According to a article, it conveyed that, "I will prove that I value myself by paying more than I have to." This translated directly into profits for the company. Commenting on the campaign, an analyst stated, "The extra 50% L'Oreal charges for nothing other than your warm glow of self-satisfaction, goes from your pocket right to theirs, and everyone's happy. Genius."

Over the next few years, the company's business expanded considerably. It started distributing its products through agents and consignments to the U.S., South America, Russia, and the Far East. L'Oreal soon emerged as the only cosmetics brand in the world that had products in all segments of the Industry, that is, Consumer, Luxury, Professional, and Pharmaceutical. Although the company started as a hair colour manufacturer, over the decades it had branched out into a wide range of beauty products such as permanents, styling aids, body and skincare cosmetics, and cleansers and fragrances over the decades.

In the cosmetics industry, companies did not acquire diverse brands; they generally homogenized their brands to make them acceptable across different cultures. By choosing to work with brands from different cultures, Jones deliberately took L'Oreal down a different road. Commenting on his decision, Jones said, "We have made a conscious effort to diversify the cultural origins of our

This revamp was very successful: Maybelline's market share in the US increased to 15% in 1997 from just 3% in 1996. In addition, Maybelline's sales rose steeply from just over $320 million in 1996 to $ 600 million in 1999. In 1999, buoyed by the success of Maybelline in the US, L'Oreal acquired the Maybelline brand in Japan from Kose Corporation, the brand's Japanese distributor, thus gaining world rights to Maybelline.

L'Oreal introduced its new line of Maybelline lipsticks and nail polishes in the Japanese market. However, Maybelline's 'Moisture Whip' (a wet look lipstick) did not do well in Japanese markets as it dried quickly after application. L'Oreal gave the lipstick a makeover by adding more moisturizers to it. The new Japanese version of 'Moisture Whip' was given a new name-'Water Shine Diamond'. Water Shine-Diamonds became a runaway success in Japan. Commenting on the success of the brand, Yoshitsugu Kaketa, L'Oreal's Consumer-Products General Manager (Japan), said, "It was so successful in Japan that we started to sell Water Shine in Asia and then around the world."

By the end of 1999, Maybelline was being sold in more than 70 countries around the world. While in 1999 50% of the brand's total revenues came from outside the US, by 2000 the figure increased to 56%. Maybelline became the leading brand in the medium priced makeup segment in Western Europe with a 20% market share. Commenting on the company's superior brand

brands." The rationale for the above decision was to 'make the brands embody their country of origin'. The reason Jones had so much conviction in this philosophy was his own multicultural background (he was born in Wale, studied at Oxford and Paris, married an Italian, and had a French-born daughter). Many analysts were of the opinion that Jones had turned what many marketing gurus had considered a 'narrowing factor' into a 'marketing virtue'. May Be? No, It 'Is' Maybelline. One of the first brands that L'Oreal bought in line with the above strategy was the Memphis (US) based Maybelline.3 The company acquired Maybelline in 1996 for $ 758 million. Buying Maybelline was a risky decision because the brand was well known for bringing out ordinary, staid colour lipsticks and nail polishes. In 1996, Maybelline had a 3% share in the US nail enamel market. Maybelline was not a well-known brand outside the US. In 1995-6, only 7% of its revenues ($350 million) came from outside the US. L'Oreal decided to overcome this problem by giving Maybelline a complete makeover and turning it into a global mass-market brand while retaining its American image.

The first thing that L'Oreal did was to move Maybelline's headquarters to New York, a city known for fast and sophisticated lifestyles. Commenting on this decision, Jones said, "Memphis just did not quite fit the sort of profile for finding some of the key people we needed." Then L'Oreal aggressiveness promoted the US origins of Maybelline by attaching the tagline 'Urban American Chic' to it. The company also attached 'New York' to the brand name in order to associate Maybelline with 'American street smart'.

In 1997, the company launched Maybelline's new make-up line called 'Miami Chill' with bold colours like yellow and green. This gave the brand a new look and targeted it at spirited and lively teenagers and middle-aged women. It also renamed Maybelline's 'Great Finish' line of nail polish 'Express Finish,' because the nail enamel dried within one minute of application. The company positioned it as a product used by the 'urban woman on the go'.

management framework, an August 2000 article stated, "L'Oreal achieved sales growth of nearly 20% by developing new products, expanding into key international markets, and investing in new facilities, all the while concentrating on increasing the reach of the group's top 10 brands."

Cashing in on the Maybelline Formula Maynelline's success proved Jones' philosophy of creating successful cosmetic brands by embracing two different yet prominent beauty cultures (French and American). Commenting on this, Guy Peyrelongue, head of Maybelline, Cosmair Inc., 4 US Division, said, "It is a cross-fertilization." L'Oreal followed this strategy for the other brands it acquired over the years, such as Redken (hair care), Ralph Lauren (fragrances), Caron (skin care and cosmetics), SoftSheen (skincare and cosmetics), Helena Rubenstein (luxury cosmetics), and Kheil's (skin care). L'Oreal acquired the above relatively unknown brands, gave them a face lift, and repackaged and marketed them aggressively. The US-based hair care firms Soft Sheen and Carson were acquired in 1998 and 2000 respectively. Both these brands catered to African-American women. Jones merged these two brands as SoftSheen-Carson and used them as a launch pad to aggressively promote itself outside the US - specifically Africa. As a result, the brand derived over 30% of its $ 200 million revenues in 2002 from outside the US, most of it from South Africa.

L'Oreal firmly believed in the strategy of promoting all its brands in different nations. Even though it had brands originating in different cultures, it sold all its different lines in all countries. However, L'Oreal promoted only one brand aggressively in a country. The brand to be promoted was selected on the basis of the local culture. Thus, for people who preferred 'American products, L'Oreal promoted Maybelline, and for those who preferred 'French' products, the L'Oreal brand was promoted. Similarly, the company promoted Asian and Italian brands for customers who preferred them.

Jones also encouraged competition between the different brands of the company. For instance, L'Oreal acquired Redken, a US-based hair care brand in 1998, and introduced it in the French market, where it would have to compete with L'Oreal's Preference line of hair care products. Analysts were skeptical of this move as they thought introducing new brands in the same category would cannibalize L'Oreal's own established brands. However, Jones took a different point of view; he argued that the competition would inspire both the Redken and Preference marketing teams to work harder. Since self-competition was encouraged at L'Oreal, teams had ample freedom to innovate and develop better products. This kind of competitive spirit from within allowed L'Oreal to beat competition from other players in the market. Commenting on this, Jones said, "The only way to favour creativity in large corporations is to favour multiple brands in different places which compete with each other."

To encourage competition and nurture creativity, L'Oreal operated two research centres - one in Paris and the other in New York. These centres helped Jones maintain L'Oreal's image as the 'scientific' beauty company. The company spent around 3% of its revenues on research every year, which was more than the industry average of less than 2%. L'Oreal employed 2700 researchers from all over the world and had 493 patents registered in its name in 2001, the largest ever for any cosmetic company in one year.

L'Oreal made sure that each of its brands had its own image and took care that the image of one product did not overlap with the image of another product. A cosmetics industry analyst, Marlene Eskin, said; "That is a big challenge for this company-to add brands, yet keep the differentiation." One of L'Oreal's most radical experiments was the makeover and re-launch of the Helena Rubinstein skin care and cosmetics brand. Originally positioned in the luxury segment, Helena Rubinstein had the image of a product used by middle aged-women. In 1999, L'Oreal relaunched the brand and targeted it at a much younger and trendier audience than the brand's typical luxury customers (middle-aged women). Now, the target users were women aged between 20-30 years, living in urban centres like London, Paris, New York, and Tokyo. The company also opened a Spa 5 in New York to promote the brand (the first instance of a company attempting to run a retail operation as part of a promotional package).

L'Oreal also made use of 'dramatic' advertisements to promote the brand. In one of its advertisements, the model sported a green lipstick and white eye shadow. Many analysts even thought that such advertising for a traditional luxury brand was incoherent. L'Oreal attached a tinge of glamour to its brands to make them more appealing to customers. The company liberally used celebrities from various fields of life, from all parts of the world, for promoting its brands. Some of the well-known personalities featured in L'Oreal's promotional campaigns included Claudia Schiffer, Gong Li, Kate Moss, Jennifer Aniston, Heather Locklear, Vanessa Williams, Milla Jovovich, Diana Hayden and many famous celebrities.

L'Oreal's brand management strategists believed that good brand management was all about hitting the right audience with the right product. Commenting on the company's brand portfolio management strategies, Jones said, "It is a very carefully crafted portfolio. Each brand is positioned on a very precise segment, which overlaps as little as possible with the others."

Future Prospects

L'Oreal's efforts paid off handsomely. The company posted a profit of € 1464 million for the financial year 2002, as against € 1236 million for the financial year 2001. Its overall sales grew by 10% in 2002, and much of this increase was attributed to impressive growth rates achieved in emerging markets like Asia (of the 21 % increase in sales volume, China contributed 61 %), Latin America (sales grew by 22% with sales in Brazil increasing to 50%), and Eastern Europe (sales grew by 30% with sales in Russia increasing by 61 %). Industry observers noted that L'Oreal was much ahead of its competitors in terms of profitability and growth rate. L'Oreal's rival in the luxury segment, Estee Lauder, had reportedly posted a 22% drop in profits in August 2002. The company had also announced a cost-cutting programme. Even Revlon, L'Oreal's competitor in the mass-market segment, had posted nine consecutive quarterly losses since late-2001. Not all competitors were in such bad shape though; rival companies like Beiersdmf (a Germany based company that owns the globally popular brand Nivea), Avon, and Procter & Gamble had been performing quite well. However, industry analysts agreed that no other cosmetics player matched L'Oreal's combination of 'strong brands, global reach, and narrow product focus'.

In March 2003, L'Oreal ventured into new businesses that were closely related to its core activities. One such initiative was Laboratoires Inneov, L'Oreal's joint venture with Nestle. Through Inneov, L'Oreal entered the market of cosmetic nutritional supplements. Analysts observed that this would mark the beginning of 'neutraceutical6 development. A research analyst at Frost and Sullivan (US based leading provider of strategic market and technical information), commented, "The Inneov business will draw on both the growing demand for skin products designed to retain youthfulness and the growing market for dietary supplements."

L'Oreal expected the cosmetics market to grow at 4-5% per annum in the future. Looking at the future with optimism, Jones said, "No other consumer products group has grown as quickly as we have. The prospects for the next three to four years seem promising to me. L'Oreal has the good fortune of being involved in a business that is a bit less sensitive than others to economic cycles. When, the economic climate is bleak, you might put off buying a new car, but you will still buy a tube of lipstick that lets you 'take a different sort of trip' for a much smaller price.

In March 2003, the company entered the prestigious list of the world's fifty most admired companies compiled by leading business magazine, Fortune, for the first time. This was yet another indicator of the fact that L'Oreal seemed to be going from strength to strength each year. If the strategists at the helm of affairs continued focusing on enhancing stakeholder value year after year, the future would continue to be rosy for the company that sold millions of women the dream of living a 'beautiful' life.

16.8 BRAND IMITATION

Brands serve their owners by allowing them to cultivate customer loyalty for, and recognition of their offerings. Brands also serve the consumer; they supply information pertaining to factors such as the quality, origin, and value of goods and services. Without brands to guide buying decisions, the free market would become a confusing, faceless crowd of consumables. However, Many companies which use branding as their major key for marketing are facing the problem of imitators which makes them lose a possible high profit and potential customers. Many companies which use branding as their major key for marketing are facing the problem of imitators which makes them lose a possible high profit and potential customers who will prefer to buy the cheaper alternative even though it is just an imitation. Brands are often some of the most valuable assets a company possesses. A brand is a unique marketing identity created for a product, product line, company, or even industry. Brands are associated with trademarks, trade names, service marks, and the like; however, many marketing experts insist that the concept of branding encompasses much more than a unique name or logo.

It is becoming a common experience for the consumers, who are duped into believing that the products they are buying are genuine, but which are actually fake. The plethora of counterfeits and pass off(look alike) products have posed a serious problem before leading Fast Moving Consumer Goods (FMGC) companies such as Hindustan Unilever, Proctor & Gamble, Tata and so on. Companies have already initiated a major mass awareness campaign against the counterfeits of their brands, apart from a legal action against the violators of their trademarks and copyright. Counterfeiting can kill a brand and cripple a company‟s distribution system. The losses of the industry and the government are the gain of faker. Counterfeit products are sold at the same price as the originals, but the production and marketing cost are usually less than a fourth of the real‟s price. The use of cheap ingredients, zero expenses on advertising and minimal distribution costs enables a faker to recover his investment within three months, after that it is cream.

16.9 DEFINITIONS- BRAND IMITATIONS:

A brand imitation is a product that borrows or copies some special attributes of a famous or leading brand, such as a name, shape, logo, designer colour. Brand imitations are also known as "Knock-offs" and "are not identical to the original but are similar in substance, name, form, meaning or intent to an acknowledged and widely known product or service". Brand imitation also relates to "Passing-off" which describes "the situations in which people confuse one business or one product with another." In fact, the more popular a brand, the more it gets copied. For example, Nokia becomes NOKAI/NQKAI, Ponds may be Poland, Fair & Lovely becomes Four &Lovely, Saridon could be Silidon, and Zincovit Syrup become Zinkovit Syrup, etc.

Technically, fake products are those that are identical to the original in looks, colors, name-down to the last detail on packaging, including the manufacturer's address. Not every producer of the phony goods goes to such lengths. Some make a slight change in the name and copy the rest of the design to pass it off as the original. In most cases, a consumer is not able to notice the subtle change. 80percent of those who purchased lookalike brands thought they were buying the original. Besides, under Trade Mark Act, imitation of label, words, letter, shapes of goods, packing, combination of colors and even signature is also an offence. In most cases, a consumer is not able to notice the subtle change.

A brand is backed by an intangible agreement between a consumer and the company selling the products or services under the brand name. A consumer who prefers a particular brand basically agrees to select that brand over others based primarily on the brand's reputation. He or she may stray from the brand occasionally because of price, accessibility, or other determinants, but some degree of allegiance will exist until a different brand is accepted and then preferred by the buyer.

Thus, in the brand owner's perception, brand imitation is an infringement of the core value of the original brand. In the eyes of the imitated brand owners, brand imitation is an infringement of the original brand's equity. A copycat or a simulation is a copy of a product in form or substance with no attempt to actually duplicate the brand name. Shops sell look- alike Rolex and other famous watches, the watch just mimics the look of a Rolex. However, they are attempting to profit from association with a brand and may face other legal challenges.

16.10 IMITATION STRATEGIES:

Imitation strategy is the strategy that mimics the strategy of other companies. Imitation strategy can be classified into four types.

1. Counterfeit or Piracy Strategy: Companies that perform this kind of imitation strategy sell products with the brand and product design exactly the same. Counterfeit products are fake products, just like fake currency notes, and bear identical name of product/packaging/graphics/colour scheme and even same name and address as the genuine manufacturer products by someone other than the legal owner of the real products, trademarks and product packaging. Counterfeits are the least creative attempt at imitation. What sets them apart from other forms of imitative products is their illegality. It is becoming more and more difficult to tell which is the real "Ariel" detergent powder, "Lifebuoy" soap, "Colgate" toothpaste, and "Ponds" talcum powder from the fake products.

Piracy is counterfeiting. However, the intention is not always to deceive the customer. The customer is aware that the product he is buying is an unauthorized copy of the original product (McDonald and Roberts 1994). The consumer consciously seeks out and purchases the fake product through purchase location, pricing, obvious differences in design, quality, or other features realized by the customer. Examples are pirated CD's, video games, and computer software sold at low prices, often with poor packaging.

2. Knock Off, Pass –Off Product or Cloning Strategy: Companies using this strategy are really imitating an existing product, but give other brands. Pass-off or Knock-off products are look-alikes, which use names, which are similar sounding or are similar in spelling, for example "Cliric" for "clinic", "Head & Showers" for "Head & Shoulders", "Bala" for "Bata", "Vix" or "Vikes" for "Vicks",Durbar Amla for Dabur Amla, Paile-G and Parag-G for Parle-G etc. Here the product or service, though not identical, is viewed as similar in substance, name, shape, form, meaning or intent to an acknowledged and widely known product or service currently in the market place. Pass-off products cleverly use similar looking packaging or colour schemes or designs. These products are meant to deliberately mislead and cheat consumers.

Pass-off product manufacturers make slight changes to avoid being categorized legally as counterfeits. In most cases these products are also illegal because they violate trademark and trade dress laws. Clones are often legal products in their own right. The absence or expiration of patents, copyrights and trademarks makes many of them legal. Clones sell the same basic product as the innovator but at a lower price and without the prestigious brand name. For example, personal computer was introduced in 1981 by the IBM, it became an immediate success. The success and the open architecture of the PC, created a secondary market for IBM-PC Clones. The clones were close copies of the IBM product but carried their own brand names, not the brand name of the original. Eventually the copies surpassed the original.

3. Mimics the Design or Trade Dress Mentioned: Companies copy the design of competitive brands and use it for their own brands. Design copies trade on the style, design, or fashion of a competitor's popular product in such instances where fashion or design is the most important part of the product. But in instances where design plays a lesser role, design copies maybe based on a unique and innovative technology. Design copies then combine aspects of innovation and imitation. For e.g. the case of Japanese luxury cars, in the late 1980s the Japanese auto sellers moved up-market to challenge the German luxury auto makers Mercedes and BMW with prestige models of their own: Lexus (Toyota), Infiniti (Nissan), and Acura (Honda). Here the Product carries its own brand name and possesses its own unique engineering specifications. It merely mimics the design of the market leader.

4. Creative Adaptation Strategies: This includes copying existing products and developing or adapting to apply to the new environment. This strategy is also referred to as a strategy of camouflage or disguise strategies. Creative adaptations are the most innovative kind of copy. They take an existing product and either improve upon it or adapt it to a new arena of competition. They are what Theodore Levitt calls "Innovative imitations." Creative adaptations often take the form of either copying and then making incremental improvements on existing products or adapting existing products to new situations.

Article: Samsung told to Stop Copying iPhone

David Goldman CNN September 17, 2015: 3:32 PM ET

After a years-long court battle, Apple finally got what it wanted: A federal appeals court ruled Thursday that Samsung smartphones can no longer copy certain iPhone features.

In a 2-1 decision, a federal appeals court in Washington ruled that Samsung has to update its smart phones' software to remove slide-to-unlock, autocorrect and quick link software that directly mimic Apple's similar features on the iPhone. But the ruling comes long after Samsung has changed the way those features work on its smart phones. For example, you no longer need to slide a button to unlock Galaxy phones -- you can just swipe your finger anywhere on the screen. Samsung's keyboard has also been updated several times since the

Samsung said in a statement that its Galaxy smart phones will continue to be sold and supported by the company. It also said it is looking for further review of Thursday's decision. The court said it had granted Apple a "narrow" ruling, saying it did not want to take Samsung's devices off the shelves. Rather, it instructed Samsung to remove the infringing features -- if there are any remaining on customers' devices -- without recalling its smart phones.

Apple (AAPL, Tech30) first filed its lawsuit in February 2012 -- ages ago in technology terms. (The Galaxy S II was the newest Samsung smart phone to be listed in the lawsuit when the case was filed -- Samsung released the Galaxy S6 earlier this year).

So Apple won -- but not much more than a Pyrrhic victory.

In the initial district court decision, Samsung was ordered to pay Apple $120 million for violating its patents -- less than a tenth of what Apple had initially asked for. It's just one of several patent cases currently being fought in courts between the two smartphone giants. In a separate case, Apple was granted $980 million in damages after a court ruled that Samsung copied the iPhone. But an appeals court ruled that Apple could not patent the basic design of the iPhone, putting some of that award in jeopardy. The companies said last year that they will call off their patent disputes going forward -- outside the United States.

Source: CNN Money (New York) First published September 17, 2015: 3:32 PM ET

16.11 WHY ARE IMITATOR BRANDS LAUNCHED?: FACTORS FOR BRAND IMITATION:

A) Consumer Factors:

a) ***Desirability of Top and Western Brands:*** *B*rand names, especially well known/top and foreign brands are appealing to the consumers for the status, these gives to them. These brands typically costs two to three times as much as the imitator, but they are snapped up by status-conscious consumers who want to show off that they can afford to spend.

b) ***Little Knowledge of Authentic Brands:*** When consumers do not have much knowledge about various alternatives. The situation is worse in rural areas where people do not know to distinguish among different brands.

c) ***Unavailability of Top Brands:*** Consumer brand awareness and choices among brands are inhibited by the country's limited retail distribution network. The top brands are available at limited location and in some places due to lower margin, retailers patronize imitated products. Imitated products fulfill the needs of a group of customers looking for cheaper products, notably where genuine article manufacturers or their distributors fail to adequately service the market place.

d) ***Low Income:*** The financial position of the majority of the population is not sound. The imitator caters the needs of these class with a reasonably lesser priced product.

B) Company Factors:

a) ***Economic Factors:*** The copying of imitated product are a low-cost phenomenon. Moreover, the Company has the advantage of advertising and other strategy adopted by the genuine manufacturer/marketer (or both). Hence there is a great opportunity for profit.

b) ***Lack of Infrastructural Support:*** Most of the companies in India doesn't have the infrastructural support to 'makes their dream comes true'. They have the skill but not the money to build the infrastructure strong enough to stand with the big companies. So, they resort to copying.

C) Cultural Factors:

Moral Aspects: There is a cultural difference in morality and perspective between people in the East and the West. Copyright and patent protection reflects a characteristic value of the western world in general. Asian nations 'traditionally believe that copyright is a western concept created to maintain a monopoly over the distribution and production of knowledge and knowledge- based products' (Kauetal. 1993). In our country, the highest form of flattery is represented by a student who faithfully reproduces the work of teacher. In contrast, Western students are taught never to copy and encouraged to be Original

.

Check Your Progress-B

State True or False

1. Brand imitations are always identical to the original products.
2. The more popular a brand is, the more likely it is to be copied.
3. Consumers often notice the differences between imitation and original products.
4. Passing-off" refers to confusing one product with another.
5. Fake products usually have some differences from the original in their design.

16.12 SUMMARY

Brand personality refers to the set of human characteristics or traits associated with a brand. It helps brands connect with their target audience emotionally, shaping how consumers perceive and relate to the brand. A well-defined brand personality makes the brand memorable and helps differentiate it from competitors. Brand imitation involves designing products, packaging, or marketing strategies to resemble a successful brand in order to capitalize on its goodwill and consumer recognition. It is often seen as a shortcut to gaining market share but may risk legal and ethical consequences.

16.13 GLOSSARY

Corporate Personality*:* This is made up of perceptions about the source of the brand. Many brands flourish on the strength of corporate brand personality.

Product-Derived Personality: It is an expression of a product’s functional and tangible attributes in humanoid term

16.14 ANSWERS TO CHECK YOUR PROGRESS

Answers to check your progress- A

1. A 2. D 3. C 4. A

Answers to check your progress- B

1. False
2. True
3. False
4. True
5. True

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16. 17 TERMINAL QUESTIONS:

Q1. Do you agree that celebrities reflect the personality of the brand they endorse? Justify your answer with suitable examples.

Q.1 Explain the personality dimensions of Chris Mcrae in context of Indian FMCG Brands.

Q.3. „Imitated brands have a strong market share compared to initiator brands‟. Do you agree? Justify your answer.

UNIT 17 CORPORATE BRANDING

17.1 INTRODUCTION

The corporate brand is a central idea in modern business strategy that transcends mere logo recognition to represent a company's core values, mission and method of operation. It is invariably the fate of a company whose business environment is becoming more highly competitive that corporate branding is used to differentiate the company from the rest in the market. At the same time, it is an essential tool for maintaining a good reputation over time and forging long-lasting links of trust with customers, employees, and stakeholders. By covering the multiple aspects of corporate branding, this unit demonstrates how it affects the public image of an enterprise today along with helping to achieve certain strategic targets at strategic level. Here, the article points out that corporate branding is not geared solely to the market and its aesthetic appeal; it demands of companies a comprehensive approach encompassing all aspects of business from product development through client service to marketing communication and even staff commitments carried out within these goals. This holistic approach guarantees consistency in branding through different media, from the company's products to customers purchasing them. It also enhances the company's market position and ensures its long-term success. The unit uses examples from successful brands such as Apple, Tesla, and Nike to demonstrate how effective corporate branding can lead to increased customer loyalty, increased market share, and elevated corporate stature, ultimately making corporate branding a critical component of strategic business planning.

17.2 OBJECTIVES

After reading this unit, the learners will be able to: -

- Understand the definition and significance of corporate branding in modern business.
- Explore various types of corporate branding and their applications.
- Learn to develop and implement effective corporate branding strategies.
- Analyze successful corporate branding examples from leading global companies.

17.3 CORPORATE BRANDING

Corporate branding can be understood by first clarifying what a "brand" entails Essentially, a brand is not merely a logo or slogan but a broader business concept designed to represent a company’s core values and mission, thereby setting it apart in a competitive market.

Defining Corporate Branding

Corporate branding is the strategic practice of marketing a business so that its identity—encompassing its values, culture, and offerings—is consistently communicated across all channels. This practice extends beyond mere advertising; it involves a holistic approach that encompasses all interactions with consumers, partners, and even employees. The goal is to forge a recognizable and respected corporate identity that resonates deeply with all stakeholders.

For example, Apple Inc.’s corporate branding goes beyond its products to emphasize innovation, simplicity, and aesthetic design, traits that are mirrored in its product design, customer service, and marketing strategies. This comprehensive approach not only differentiates Apple from its competitors but also cultivates a loyal customer base that appreciates and resonates with its values.

Corporate branding is a complex and multifaceted concept that has been defined by various authors and organizations. Here are some definitions that elucidate different perspectives on what corporate branding entails:

- ✓ **American Marketing Association (AMA)**: According to the American Marketing Association, corporate branding is "the process of developing a name, symbol, or design that identifies and distinguishes a company from its competitors." A corporate brand unifies all of an organization's goods and services under a single name.
- ✓ **David Aaker**: David Aaker, a pioneer among author of books on building business brands says that "a corporate brand is the collective identity of any organization that stands behind and delivers its products. The actual more specific definition of a Corporate Brand is primarily defined by organizational associations."Of course, a corporate brand can have many things going for it.And corporate branding implies reliability, people, values and priorities, a local or global reference frame, good records of performance.
- ✓ **Kapferer**: According to Jean-Noël Kapferer, a well-known branding expert, corporate branding refers to the firm's offering and the symbols used to express it. Organizational associations, such as innovation and customer orientation, play a significant role in defining the corporate brand.
- ✓ **Balmer and Gray**: They define corporate branding as "the management process by which an organization aims to communicate its identity towards building a favorable image among stakeholders, in order to establish a fit in the customers' mind between the corporate brand and their needs."
- ✓ **Harvard Business Review**: According to the Harvard Business Review, corporate branding is "not just about the company name and product brands; it's also a reflection of your company's culture, how you treat your employees, how you manage your operations, and how you achieve your business objectives."

These definitions highlight the breadth and depth of corporate branding, stressing not just the visual and communication components, but also the strategic and integrated management of a company's reputation and identity. Each viewpoint emphasizes distinct aspects, ranging from company culture and tradition to customer interactions and market differentiation.

17.4 OBJECTIVES OF CORPORATE BRANDING

Corporate branding serves multiple strategic objectives, each aimed at bolstering the company's market position and operational success. Here’s a restructured presentation of these objectives, integrating examples and arguments where pertinent:

1. **Distinguishing the Company**: Corporate branding seeks to make the company recognizable and unique in a crowded marketplace. For instance, Coca-Cola's distinctive branding not only differentiates it from competitors but also elevates its products in the global beverage market.

2. **Strengthening Market Position**: By consistently reinforcing its brand identity, a company can solidify its standing in the industry. Apple’s consistent emphasis on innovation and quality has helped it maintain a leading position in technology sectors.

3. **Supporting Marketing Initiatives**: Effective branding enhances all forms of communication, from advertising and public relations to sales strategies, thereby increasing the efficacy of promotional activities. Nike’s branding campaigns, for example, do more than just advertise products; they also engage and inspire their audience.

4. **Enhancing Reputation and Prestige**: A strong corporate brand can elevate a company's stature in its sector and beyond, making it a preferred choice for customers and partners. Google’s reputation for innovation and a positive work environment enhances its prestige, attracting top talent and customer trust.

5. **Building and Maintaining Customer Loyalty**: Through consistent quality and customer service, corporate branding fosters customer loyalty. Amazon has built immense brand loyalty through reliable customer service and its Prime loyalty program, encouraging repeat business.

6. **Achieving Legal Compliance**: Branding can also include maintaining compliance with regulatory standards in each market where the firm operates, protecting the company from any legal troubles. This is critical for organizations like HSBC, which operates in several regulatory regimes throughout the world.

7. **Legal Protection**: Strong corporate branding safeguards the company's identity and intellectual property, discouraging infringement and illegal usage. Adidas fiercely defends its trademarks, which are crucial to its brand identity.

8. **Establishing Market Leadership**: Companies may establish industry domination by portraying a strong, consistent brand image. Samsung's strategic branding initiatives in the electronics industry have propelled the company to the forefront of various product categories worldwide.

These goals work together to strengthen a company's competitive advantage and long-term survival, transforming corporate branding from a marketing tool to a critical component of strategic business management

17.5 TYPES OF CORPORATE BRANDING

Corporate branding is classified into several forms, each of which plays a critical part in developing corporate strategies and identifying the most effective ways to engage target customers, reinforce identity, and accelerate growth. Here is a more sophisticated overview of various categories, with important instances and strategic insights:

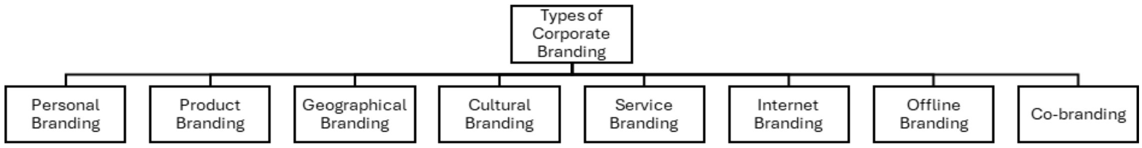

Figure 17.1. Types of Corporate Branding

1. **Personal Branding**: This entails branding around a certain person, usually a founder or important executive, in order to gain trust and recognition. For example, Elon Musk's personal brand is inextricably tied to Tesla and SpaceX, increasing customer trust and interest in these businesses.

2. **Product Branding**: This focuses on creating a unique identity for a single product. Apple's iPhone enjoys its own sub-branding, which differentiates it within the marketplace and highlights its unique features.

3. **Geographical Branding**: Companies use this type to leverage the unique characteristics of a region to enhance their brand. Swiss watches, such as Rolex, benefit from Switzerland's reputation for precision and quality in watchmaking.

4. **Cultural Branding**: This type utilizes cultural traits to align the company with specific cultural values. Disney's branding strategies often incorporate themes of magic, family-friendly entertainment, and universal morals, resonating deeply with global audiences.

5. **Service Branding**: Focuses on enhancing the customer experience to create a strong brand. The Ritz-Carlton hotels are renowned for their exceptional customer service, forming the core of their brand identity.

6. **Internet Branding**: Also known as digital branding, it involves strategies aimed at strengthening a company's presence online. Amazon's branding strategy maximizes the use of digital tools to position itself as the top e-commerce site, known for convenience and variety.

7. **Offline Branding**: This relates to traditional marketing methods to enhance brand visibility and engagement in the physical world. Coca-Cola's extensive use of billboards, print media, and physical sponsorships ensures strong brand recognition and presence.

8. **Co-branding**: This strategy involves partnerships between companies to leverage each other's strengths. A classic example is the partnership between Nike and Apple for the Nike+ product line, which combines Nike's athletic expertise with Apple's technological innovations.

Each type of corporate branding addresses specific strategic needs and goals, helping businesses effectively communicate their value proposition, connect with various demographics, and ultimately, expand their market share. The choice of branding type will depend on the company's overall objectives, target audience, and the unique qualities of their products or services.

17.6 BENEFITS OF CORPORATE BRANDING

Corporate branding provides a multitude of strategic advantages that are essential for any business aiming to establish a strong market presence and foster long-term growth. Each benefit plays a critical role in enhancing the business's operations, reputation, and market position:

1. **Creating a Strong First Impression**: A well-crafted business brand may attract potential consumers by creating a pleasant tone that invites further participation. For example, Apple's clean and inventive design cues clearly express the company's culture of simplicity and cutting-edge technology.

2. **Building a Lasting Impression**: Effective branding makes the organization memorable. Starbucks' consistent branding across its cafés globally guarantees that customers enjoy a consistent experience, promoting the brand with every visit.

3. **Clarifying Business Identity**: A clear corporate brand reduces market uncertainty and defines consumer expectations, ensuring people understand what the firm stands for. FedEx's emphasis on speed and dependability in its branding effectively communicates its service promise, setting it apart from competitors.

4. **Demonstrating Community Role**: A corporate brand may highlight a company's commitment to social responsibility, improving its local or worldwide image. Google's branding combines its sustainable development activities, highlighting its involvement in tackling global concerns.

5. **Differentiating in a Saturated Market**: In crowded markets, a distinct brand may help a firm stand out from its competition. Tesla's distinct branding has set it apart in the automotive sector, stressing innovation and sustainability.

6. **Enhancing Company Awareness**: Branding increases awareness of a company's goods, beliefs, and mission. Nike's branding not only advertises its products, but also its devotion to athletic inspiration and innovation.

7. **Aligning with Company Values**: Consistent branding helps maintain alignment with the company's core values and mission, guiding product development and service delivery. Patagonia's branding revolves around environmental activism, influencing its product lines and business practices.

8. **Maintaining Consistency in Market Fluctuations**: A strong brand remains steady even when market conditions change, providing a reliable anchor. During

economic downturns, McDonald's maintained its brand image of providing affordable, quick meals, helping it to sustain customer loyalty.

9. **Building Customer Value and Trust**: Branding that emphasizes quality and reliability can enhance customer trust and perceive professionalism. This trust is crucial for companies like IBM, which rely on portraying a professional image to maintain client confidence in their IT services.

10. **Influencing Decisions and Enhancing Loyalty**: A trusted brand can influence buying decisions and foster loyalty, reducing the need for extensive marketing efforts. Amazon’s branding as a one-stop-shop with quick delivery influences buyer decisions regularly.

11. **Facilitating Employee Acquisition and Retention**: A strong corporate brand attracts not just customers but also talent who are eager to work for reputable, well-regarded companies. Google's brand as an innovative and employee-friendly company helps it attract and retain top tech talent.

12. **Boosting Productivity and Satisfaction**: When employees understand and align with the organizational purpose through branding, it can lead to higher productivity and job satisfaction. Employees of companies like Zappos, which brands itself around company culture and customer service, often demonstrate high engagement and productivity due to a clear understanding of the company’s mission.

13. **Generating Positive Media Coverage**: Effective branding can lead to favorable media exposure, enhancing the company's public image. Positive coverage of Tesla’s innovations in electric cars has bolstered its brand significantly.

14. **Increasing Conversions and Revenue**: Ultimately, all these branding efforts contribute to higher conversion rates and increased revenue by attracting ideal clients and reducing the need for hefty promotional investments.

These benefits underscore why corporate branding is more than just a marketing tactic—it’s a foundational business strategy that influences almost every aspect of a company’s operations and public perception.

Check Your Progress-A

Q1. What do you understand by corporate branding?

Q2. What are the various types of corporate branding?

17.7 SIGNIFICANCE OF CORPORATE BRANDING

Corporate branding is critical as it shapes the company's personality and communicates the correct vision and values to customers. Beyond this, its significance permeates various aspects of an organization including organizational development, human resources, marketing, sales, portfolio value, stakeholder relationships, and community engagement. Here's an expanded discussion on the importance of corporate branding, incorporating examples and arguments to underline its benefits:

1. **Extending Product and Company Longevity**: Corporate branding helps sustain the lifecycle of products and the company itself by keeping the brand relevant and resonant with consumers. For example, the continual brand evolution of Coca-Cola has helped it remain a market leader for over a century.

2. **Cost Efficiency in Marketing**: Operating under a unified corporate brand allows for the use of a shared promotional toolkit across products, reducing the cost and effort required in marketing each product individually. Procter & Gamble leverage their corporate brand to efficiently market a diverse product range.

3. **Building Sustainable Customer Relationships**: A strong corporate brand fosters trust and loyalty, encouraging long-term relationships with customers. Apple’s brand consistency across all touchpoints creates a loyal customer base that trusts and stays with the brand through product evolutions.

4. **Strategic Direction and Goal Achievement**: A well-defined corporate brand provides a clear roadmap for strategic decision-making and achieving business success. Amazon's clear brand strategy has guided it from a bookseller to a global e-commerce behemoth.

5. **Pricing Confidence**: Corporate branding instills confidence in the value offered, empowering businesses to charge appropriately for their products or services. Luxury brands like Rolex utilize their brand prestige to command high prices.

6. **Expansion into New Markets**: A robust corporate brand can facilitate entry into new markets and niches, as seen with Google's expansion from search engines into hardware, cloud computing, and more.

7. **Cost Control**: Consistent branding helps in maintaining cost efficiency across operations.

8. **Brand Equity Enhancement**: Corporate branding can enhance brand equity, making it easier to launch new products. For instance, Sony leverages its reputation for quality electronics to introduce new products under the same trusted brand umbrella.

9. **Reduced Decision-Making Ambiguity**: A strong corporate brand provides a framework that guides decision-making, reducing uncertainty especially in critical business junctures.

10. **Improved Marketing and Advertising Terms**: Established brands often receive more favorable terms in marketing and advertising ventures due to their proven market presence.

11. **Strengthened Market Position**: Corporate branding strengthens a company's bargaining position in various business negotiations, enhancing its ability to secure advantageous terms.

12. **Resilience in Economic Downturns**: Strong brands are better positioned to weather economic crises by retaining customer trust and quickly adapting to market changes.

13. **Marketplace Differentiation**: Effective branding helps carve out unique market positions, distinguishing a company from its competitors in meaningful ways.

14. **Increased Stakeholder Trust**: A credible corporate brand increases trust among all stakeholders, including employees, investors, and partners, as they align with the brand's values and promises.

15. **Community Integration and Protection**: A corporate brand helps a company establish a strong community presence, which can provide support during uncertain times, such as economic downturns or public relations crises.

Investing in a strong corporate brand is critical for any firm seeking sustainability and success across several disciplines. The next stage for organizations is to create, develop, and implement a smart corporate branding strategy that will serve as a blueprint for putting the brand's fundamental values and vision into action.

17.8 STRATEGIES FOR CORPORATE BRANDING

As companies look to strengthen their market position and lay down lasting success, corporate branding becomes fundamental. A successful corporate brand strategy requires disciplined thinking about what the company wants to stand for and how its identity should be communicated or protected. This message is then adjusted for different audiences (perhaps one type of listener gets an article—another a book) and tailored as necessary to keep it relevant no matter when or where it appears. Given this, here are the steps companies must take to develop and carry out a corporate branding plan.

1. **Define the Company’s Core Values, Mission, and Goals**: Starting with understanding based coordinates of everyone from inside to outside, above all those who work with the customer know what the company stands for. This strategic alignment is essential because it helps direct decision-making and what paths your business will follow. For example, Google's commitment to "organize the world's information and make it universally accessible and useful" determines all of the company's innovations and services.

2. **Identify a Unique Selling Proposition (USP)**: The USP should emphasize what distinguishes the firm from rivals while also aligning with the brand's messaging to offer value to the customer. Apple's emphasis on elegant design and user-friendly technology serves as a unique selling point, distinguishing its products in the tech market.

3. **Articulate the Brand’s Message and Key Features**: It is critical to clearly define what makes the company stand out from its competition. This difference should be seen in all elements of the digital presence, from the website to social media, therefore improving the brand's image and consumer connection. Amazon's promise of ease and speedy delivery is presented consistently across all of its platforms.

4. **Conduct Thorough Audience Research**: Understanding the target market is critical to tailoring products and marketing efforts that meet their expectations. Spotify’s use of data analytics to understand listening habits helps tailor its music recommendations and marketing strategies, enhancing user engagement.

5. **Perform a Brand Audit**: A comprehensive brand audit, including a SWOT analysis, helps evaluate the company’s current position relative to its goals and the competition. It's also a time to gather feedback from employees and customers to refine strategies. Coca-Cola periodically reviews its brand strategy to stay relevant and competitive.

6. **Research the Competition**: Knowing the competition helps in benchmarking and identifying areas of opportunity and threat. This analysis can reveal what competitors are doing differently or better and what strategies your brand might adopt or adapt.

7. **Establish Corporate Brand Guidelines**: These guidelines ensure consistency across all marketing materials and communications. They detail everything from logo placement to font style and color scheme, ensuring the brand is represented consistently. McDonald’s strict brand guidelines help maintain its iconic brand identity across global markets.

8. **Develop a Strong Visual Identity**: This involves creating design elements that convey the brand’s personality and values effectively. This includes logos, color schemes, typography, and other visual elements that make the brand recognizable and relatable. Nike’s swoosh and "Just Do It" slogan are instantly recognizable worldwide, symbolizing athletic excellence and motivation.

9. **Optimize Marketing Channels**: A systematic approach to choosing and implementing marketing channels, whether digital like SEO and social media or conventional like print and TV, maximizes reach and effect. BMW's blend of traditional advertising and digital marketing tactics boosts brand esteem and market reach.

10. **Monitor and Adjust Brand Performance**: Continuously measuring key performance metrics enables firms to assess the efficacy of their branding strategy and make required changes. This agility is critical for responding to market developments and changing customer demands.

11. **Iterate and Innovate**: The branding strategy must be refined in response to market input and performance metrics to ensure the brand stays relevant and competitive. This might involve implementing new technology, researching new market sectors, or redesigning product lines.

These stages provide a methodical approach to developing a corporate branding strategy that not only represents the company's identity but also propels its growth and success in a competitive environment.

17.9 IMPACT AND SUCCESS OF CORPORATE BRANDING

Corporate branding is more than simply a visual identity; it is an integrated strategy that may have a substantial impact on a company's performance and market position. Here's a full examination of the primary benefits that excellent corporate branding provides to a corporation, along with relevant examples and reasoning:

1. **Enhanced Customer Loyalty and Increased Repeat Business**: Emotional bonding with customers is a secret tool to gain trust and build up loyalties, which is the most dependable way of modern enterprise operation. This extra link may even create future business since people who are used to brand names that suit their taste get it no matter what. For example, Apple's continuous innovations and insistence on quality have generated a stable customer base with very high customer loyalty which in turn guarantees that each new product release is eagerly anticipated by millions. This loyalty not only raises immediate sales volume but also builds a steady stream of earnings over time, and stable customer groups.

2. **Improved Employee Satisfaction and Retention**: A robust corporate brand attracts not just customers but also top talent. Being associated with a reputable and well-regarded brand can be a significant draw for potential employees and can enhance job satisfaction among existing staff. Companies like Google, known for their corporate culture and innovative environment, attract and retain employees who are proud and motivated to work there. This pride in the workplace leads to higher productivity and lower turnover rates, ultimately saving costs related to recruitment and training.

3. **Increased Market Share Through Distinct Brand Recognition**: A distinctive corporate brand helps differentiate a company’s products or services from those of competitors, making it easier for consumers to recognize and select the brand they trust. Starbucks, for example, has built a strong brand around quality coffee and consistent customer experience, helping it to stand out in a saturated market. This brand recognition has been pivotal in achieving and maintaining a significant share of the market.

4. **Amplified Brand Influence via Digital and Social Media**: In the digital era, a company's brand can be significantly amplified through social media and other online platforms, where customer opinions and experiences are widely shared. Positive reviews and social media endorsements can enhance a brand's visibility and credibility. Brands like Nike leverage social media effectively to engage with audiences, showcasing their commitment to social issues alongside their products. This not only strengthens their brand image but also influences consumer behavior and preferences, leading to increased sales and brand loyalty.

5. **Boosted Investor Confidence**: A strong corporate brand can significantly influence investor perceptions and confidence. Investors are more likely to support a company with a clear, well-articulated brand that demonstrates market leadership and stability. For example, Tesla’s robust brand around innovation and sustainability attracts considerable investment, as stakeholders perceive it as a forward-thinking leader in the automotive and energy sectors. This brand perception helps secure funding for new projects and supports the company's long-term financial health.

6. **Enhanced Brand Equity and Value**: Corporate branding can lead to increased brand equity, which refers to the value derived from consumer perception of the brand name itself, beyond the tangible products or services offered. Brands like Coca-Cola and McDonald's have such strong brand equity that their identity alone adds significant value, allowing them to command premium pricing and achieve better market positioning.

7. **Facilitated Brand Extension**: When a company enjoys a strong corporate brand, it can more easily extend its brand into new product lines or markets. A well-regarded brand like Disney, for example, successfully extends its brand from animated films to theme parks and merchandise, each new venture benefiting from the established trust and love that consumers have for the brand. This facilitates a lower risk of failure for new products or services and can significantly speed up their acceptance in the market.

8. **Increased Competitive Advantage**: A compelling corporate brand can create a substantial competitive advantage by distinguishing a company’s offerings in a crowded market. This advantage is especially critical in industries where products are similar, and choices are plentiful. Brands like Amazon, with their emphasis on

customer service, convenience, and fast shipping, have set new industry standards that others strive to match, thus maintaining a lead over competitors.

9. **Supports Premium Pricing Strategies**: Companies with strong brands can often command premium prices because of the perceived higher value associated with their brand. Apple is a prime example, where the brand's reputation for innovation, quality, and user experience allows it to set higher price points than many competitors without diminishing consumer demand.

10. **Crisis Management and Resilience**: A robust corporate brand can also serve as a buffer in times of crisis. Brands with established goodwill and positive public perception can recover more quickly from negative events. For instance, Johnson & Johnson’s handling of the Tylenol crisis in the 1980s is often cited as a benchmark of effective crisis management, largely possible due to the strong trust and loyalty it had cultivated among its customers.

Hence, effective corporate branding is a powerful tool that extends beyond mere aesthetics to impact various aspects of a business, from customer loyalty and employee satisfaction to market share and digital presence. The success of a corporate brand is measured not just by immediate financial results but also by its ability to sustain these outcomes through continuous engagement and adaptation to market dynamics.

17.10 TOP CORPORATE BRANDING EXAMPLES

Corporate branding plays a pivotal role in how companies are perceived in the global marketplace. Here, we explore detailed case studies of some of the most successful corporate branding examples across various industries, highlighting the strategies and outcomes that have set these companies apart.

Apple

Since Apple first came on stage, it has been synonymous with corporate branding success. That brand strategy Apple products embody: innovation, integration, and user experience is their priority--not only does it define them as a technology provider but also seeks to realize the whole life network strategy. No doubt the approach has made Apple a guide in industry trends. Products like its IOS Kindle reader and Mac computers are now almost class names unto themselves. For Apple, its strong brand reputation and loyal base of customers allow it to command such high prices for its items while still managing relatively great markups. Put on those iconic white earbuds and belt a song out to your friends. Apple events are important times for the brand. They provide forums where Apple's dominance in the market is demonstrated yet again, as well new images of innovation spring to mind to freshen up with oxygen.

Tesla

By branding itself as a defender of the earth and with top-notch technology, Tesla takes its writings into every sector of life. Although Tesla was not initially an entrant in electric vehicles, the company came to be identified with them. It managed this by creating a branding strategy that was bipartisan politically, incorporating both exclusiveness and innovative application CEO Musk's conspicuity on social media and at public events has given Telsa a unique position in the market. This led to revenue growth from consumer's wallets or purses and also created a strong brand image of remaking both automotive and power solutions. The tactics that Tesla used gained it market position. Thanks to them, its revenue achieved remarkable growth. The brand enjoyed national prestige due mainly to its role in influencing energy patterns post oil crisis.

Nike

The Nike brand building strategy captures the essence of sport, and the gold ring that athletes dream about. Its one-liner 'Just Do It' as well as the Swoosh logo all stand for inspiration and getting there. This captures well an audience ranging from ardent athletes to casual sports fans. Through sponsorships of high-profile athletes and sports teams, Nike has honed the technique of association. This helps to reinforce its identity as a leader of the apparel and footwear business for sports. A concerted drive to keep building up market presence since then has made Nike stand taller in its arena. And all of it has driven decent revenue growth for the corporation.

Microsoft

Microsoft has effectively maintained its relevance in the consumer and corporate sectors for decades by letting go of old guises and adapting new branding strategies. It is yet better known for productivity software and operating systems; recently, however, it has been actively getting into cloud computing. Microsoft’s rebirth as a dual-driven enterprise is completely changes things. The consistent message they have applied to all of their products that they are facilitators in technology and innovators for everything combined with a truly unified brand experience means that they have achieved considerable financial rewards as well as a long-lasting market presence.

Amazon

The way in which Amazon developed from a humble starting point as a small cyber bookshop into globally powerful e-center is remarkable testifies its extraordinarily dynamic insight in branding. The world famous shop where its interaction with customers never stops, Amazon has come to stand for electronic shopping. When it comes to ecological cloud computing, digital streaming and AI, the same firm merely seeks new products time after time without having to innovate at all! The branding strategy of Amazon is based on convenience; it's the go-to place for anything and everything. Additionally, quick delivery makes up where varied selection does not, appealing well beyond a mass market customer base. Its relevance today stems from regular refreshing updates and timely additions to the brand. And that alone leads to truly eye-popping annual revenues.

These examples show how these organizations not only created powerful brand identities, but also maintained them via ongoing innovation and clever marketing. Each brand has used its corporate identity to increase consumer loyalty, attract top talent, charge premium pricing, and eventually dominate the market.

Check Your Progress-B

Q1. Answer the following MCQs:

1) What is the primary goal of corporate branding?

   A) To reduce operational costs

   B) To enhance visual identity only

   C) To establish a unique identity across all channels

   D) To increase product inventory

2) Which of the following is NOT a type of corporate branding?

   A) Product Branding

   B) Personal Branding

   C) Reactive Branding

   D) Geographical Branding

3) What does USP stand for in the context of corporate branding?

   A) Unique Selling Proposition

   B) Universal Strategic Plan

   C) Unified Service Provision

   D) Ultimate Sales Performance

4) Which company is cited as an example of effective use of personal branding?

   A) Apple

   B) Coca-Cola

   C) Tesla, linked to Elon Musk

   D) Amazon

5) What is a brand audit primarily used for?

   A) Checking the legal compliance of a brand

   B) Evaluating the brand’s strengths and weaknesses in the marketplace

C) Calculating the financial value of a brand

D) Reviewing the brand's color scheme and logo design

Q2. What do you understand by corporate branding?

17.11 SUMMARY

This unit provides an overall examination of corporate branding. It focuses on why corporate branding can not only improve the presence of a company in the market, but also help to sustain its operational success. The text Table a whole range of advantages that strong corporate branding brings to businesses, such as differentiating a company in a crowded market, strengthening its market position, supporting marketing initiatives, and building customer loyalty. It breaks down the various types of corporate branding--personal branding, product grafting and geographical branding--and so forth, with each classic case elaborated like real-life corporate cultural transformers: Dell Computer in Silicon Valley; Apple Inc., or Tesla Motors. These stories make clear also how this strategy contributes to a brand's unique culture and position in the market. In addition, it describes the necessary steps for creating a strong corporate brand strategy--from determining our company s core values, and doing audience research together with competitor intelligence reports, to developing a visual image and seeking out marketing channels. All in all, it draws the title corporate branding as an essential business strategy that develops long term business goals and thereby maintains a competitive edge.

17.12 GLOSSARY

- ✓ **Corporate Branding**: The strategic practice of marketing a company to build a distinct identity that includes its values, culture, and offers across all channels, with the goal of appealing to stakeholders and distinguishing itself from rivals.
- ✓ **Brand**: A larger corporate idea that symbolizes a firm's underlying principles and mission, rather than merely a logo or slogan, and serves as the overall image that distinguishes the organization in the market.
- ✓ **Unique Selling Proposition (USP)**: A distinct feature or benefit that sets a company apart from its competitors, crucial for attracting and retaining customers.

- ✓ **Brand Audit**: An evaluation process that assesses the strength and weaknesses of a brand within the marketplace, often including a SWOT analysis (Strengths, Weaknesses, Opportunities, Threats).
- ✓ **Brand Equity**: The value derived from consumer perception of the brand name itself, beyond the tangible products or services provided.
- ✓ **Digital Branding**: Also known as internet branding, it involves strategies to enhance a company's presence online and is critical for digital marketplaces.
- ✓ **Personal Branding**: Branding centered around a specific individual, often a founder or key executive, to build recognition and trust.
- ✓ **Product Branding**: The process of creating a unique identity for a specific product to differentiate it in the marketplace.
- ✓ **Geographical Branding**: A type of branding that leverages the unique characteristics or reputation of a region to enhance a brand's identity.
- ✓ **Cultural Branding**: Branding that incorporates specific cultural traits to align the company with particular cultural values.
- ✓ **Service Branding**: Focused on enhancing the customer service experience to strengthen the overall brand.
- ✓ **Offline Branding**: Traditional marketing methods employed to enhance brand visibility and engagement outside the digital space.
- ✓ **Co-branding**: A strategic partnership between two companies to leverage each other's strengths and maximize market presence.
- ✓ **Visual Identity**: The visual aspects of a brand, including logos, color schemes, typography, and other design elements that represent the brand visually.
- ✓ **Marketing Channels**: Various platforms or mediums through which a company promotes its brand, products, and services to its target audience.

17.13 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress –B

Q1. Answers of MCQs:

1) Answer: C) To establish a unique identity across all channels
2) Answer: C) Reactive Branding
3) Answer: A) Unique Selling Proposition
4) Answer: C) Tesla, linked to Elon Musk
5) Answer: B) Evaluating the brand's strengths and weaknesses in the marketplace

17.14 REFERENCES

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17.15 SUGGESTED READINGS

- Harvard Business Review on Brand Management Harvard Business Review Paperback Series. (1999). Harvard Business School Press, Cambridge, USA.

17.16 TERMINAL QUESTIONS

1) What is corporate branding, and why is it essential for businesses today?
2) How does corporate branding differ from simple product or logo branding?
3) Can you explain the concept of a Unique Selling Proposition (USP) and its importance in corporate branding?
4) Why is it important for a company to conduct a brand audit, and what does it typically involve?
5) How does Apple utilize its corporate branding to enhance its market position?
6) Discuss how geographical branding can benefit a company like Rolex.
7) What role does cultural branding play in a company like Disney's global marketing strategy?
8) How do digital and offline branding complement each other in a company's overall branding strategy?
9) Explain the significance of co-branding using the partnership between Nike and Apple as an example.
10) What are the long-term benefits of maintaining a strong and consistent corporate brand identity?

Block IV
Global Branding

UNIT 18 BRAND REINFORCEMENT, BRAND REVITALIZATION AND BRAND CRISIS

18.1 INTRODUCTION

This unit delves into the critical aspects of brand management, focusing on brand reinforcement, revitalization, and crisis management. These concepts are essential for maintaining and enhancing a brand's equity, which is the perceived value of a brand in the minds of consumers. Brand equity is a vital intangible asset that gives companies a competitive edge, enabling them to command premium pricing, foster customer loyalty, and sustain market dominance.

The unit first explores brand reinforcement, a proactive strategy aimed at consistently strengthening a brand's market position through continuous innovation, marketing, and customer engagement. It highlights how established brands like Apple and Nike use reinforcement strategies to maintain their market leadership.

Next, the unit discusses brand revitalization, a reactive strategy employed when a brand's growth stagnates or declines. It involves updating products, services, or marketing approaches to reconnect with consumers, as seen in successful revitalization efforts by brands like Old Spice and Marlboro.

Finally, the unit addresses brand crises, significant events that can severely damage a brand's reputation and financial stability. Effective crisis management strategies, including transparent communication and stakeholder engagement, are emphasized as crucial for mitigating damage and rebuilding trust in the aftermath of a crisis.

18.2 OBJECTIVES

After reading this unit, the learners will be able to: -

- ✓ Understand the concepts of brand equity, brand reinforcement, and brand revitalization.
- ✓ Analyze the similarities and differences between brand reinforcement and brand revitalization.
- ✓ Identify the types and impacts of brand crises on businesses.
- ✓ Explore effective crisis management strategies, including stakeholder engagement and communication.
- ✓ Develop strategies for proactive reputation management to prevent future brand crises.

18.3 BRAND REINFORCEMENT AND BRAND REVITALIZATION : AN OVERVIEW

Before delving into the concepts of brand reinforcement and brand revitalization, it's essential to first understand brand equity, as it serves as the foundation for these strategies.

Understanding Brand Equity

Brand equity refers to the value a brand holds in the minds of consumers, often translating into a competitive advantage in the market. It is the intangible asset that arises when customers develop a strong attachment to a brand due to its reputation, reliability, and recognition. This equity enables a brand to command a premium price, foster customer loyalty, and sustain its market position. For example, a well-established brand like Coca-Cola benefits from high brand equity; consumers are more likely to choose it over lesser-known brands, even when alternative products are available at lower prices.

Brand Reinforcement

Brand reinforcement is the strategic process of consistently strengthening the awareness and perception of a brand among both existing customers and potential new ones. The primary objective of brand reinforcement is to maintain and enhance brand equity over time. This involves various activities, such as continuous advertising, product innovation, customer engagement, and maintaining a consistent brand message. Brands that have endured for decades, such as Nike, have consistently invested in reinforcing their brand equity through innovative marketing campaigns and maintaining a strong brand presence across different platforms. This approach ensures that the brand remains relevant and desirable in the eyes of consumers, thereby sustaining its market position.

Brand Revitalization

Brand revitalization, on the other hand, is a strategy employed when a brand’s growth has stagnated or its market share has declined. This typically occurs when a product or service reaches maturity in its lifecycle, leading to diminishing returns and reduced consumer interest. Brand revitalization aims to rejuvenate the brand by updating its products, services, or marketing strategies to align with current market trends and consumer preferences. For example, Old Spice, a brand traditionally associated with older generations, successfully revitalized its image by launching a humorous and contemporary marketing campaign that appealed to a younger audience. This not only revived the brand’s fortunes but also expanded its market share significantly.

Hence, both brand reinforcement and brand revitalization are crucial strategies in maintaining and enhancing a brand’s equity. While brand reinforcement focuses on sustaining and building upon existing brand equity, brand revitalization is concerned with reinvigorating a brand that has lost its appeal. By understanding and effectively applying these strategies, companies can ensure their brands remain competitive and relevant in an ever-evolving market.

18.4 ADVANTAGES AND DISADVANTAGES OF BRAND REINFORCEMENT

Advantages

1. **Enhances Profitability**: A well-executed brand reinforcement strategy can significantly boost profitability by cultivating a loyal customer base. As customers develop a deep trust and attachment to the brand, they are more likely to continue purchasing its products or services, even in the face of competing alternatives. For instance, Apple's consistent reinforcement of its brand through innovation and a strong brand identity has led to a highly loyal customer base, which in turn drives its high profitability.

2. **Strategic Preparedness**: Implementing a brand reinforcement strategy prepares a company for potential downturns in product demand. By continuously engaging with customers and adapting to market changes, the brand remains proactive, creating a safety net that can mitigate the impact of a decline in product popularity. This foresight is crucial in industries with rapidly changing consumer preferences, such as the fashion industry, where brands like Zara thrive by constantly reinforcing their brand through quick adaptations to trends.

3. **Improvement of Brand Equity**: Brand reinforcement plays a critical role in preserving and enhancing brand equity. By continuously promoting the brand and ensuring a positive customer experience, the brand remains relevant and appealing to both existing and new customers. For example, Coca-Cola consistently reinforces its brand equity through global marketing campaigns and product innovation, ensuring that it remains one of the most recognized and valued brands in the world.

4. **Competitive Advantage**: In highly competitive markets, brand reinforcement is essential for maintaining a competitive edge. By consistently reminding consumers of the brand's unique value proposition, companies can secure their position as market leaders. For instance, Nike's "Just Do It" campaign is a classic example of brand reinforcement that has helped the company maintain its dominance in the athletic apparel industry.

Disadvantages

While brand reinforcement is largely beneficial, it is not without its challenges and potential drawbacks.

1. **Cost**: Embarking on a brand reinforcement strategy often requires significant financial investment. While the process may not always be prohibitively expensive, it does necessitate careful planning and budget management to ensure that resources are allocated effectively. If the strategy is not executed correctly, the company risks wasting money without achieving the desired outcomes. For example, a poorly timed or poorly executed advertising campaign could fail to resonate with the target audience, leading to a waste of marketing dollars.

2. **Resistance to Change**: Change can be met with resistance from various stakeholders, including employees, customers, and investors. When a brand undergoes significant reinforcement efforts, such as rebranding or altering its messaging, some individuals may be skeptical or resistant to these changes. This resistance could lead to a temporary or even permanent loss of customers or investors, which could negatively impact the brand. For example, when Gap attempted to change its logo in 2010, the backlash from customers was so intense that the company reverted to its original logo within a week.

3. **Potential for Confusion**: During the process of brand reinforcement, changes to the brand's physical representation, such as logo, packaging, or overall design, can lead to confusion among consumers. If not managed carefully, these changes could cause consumers to mistake the brand for a different company or believe that the product has fundamentally changed. For instance, when Tropicana redesigned its packaging in 2009, the new look was so radically different that sales dropped significantly, as customers struggled to recognize the brand on store shelves.

Hence, while brand reinforcement is a vital strategy for maintaining and enhancing a brand's market position, it is not without its challenges. The potential for high costs, resistance to change, and consumer confusion must be carefully managed to ensure that the benefits of brand reinforcement are fully realized. When done correctly, however, brand reinforcement can lead to long-term profitability, improved brand equity, and a strong competitive advantage.

18.5 SIMILARITIES BETWEEN BRAND REINFORCEMENT AND BRAND REVITALIZATION

While brand reinforcement and brand revitalization serve distinct purposes, they share several key similarities that are crucial for maintaining and enhancing a brand's market position. These similarities are outlined below:

1. **Utilization of Marketing Strategies**: Both brand reinforcement and brand revitalization heavily rely on strategic marketing efforts. These strategies may include advertising campaigns, updating logos, redesigning packaging, and other forms of visual and communicative brand representation. For example, when Pepsi undertakes brand reinforcement, it may launch a new ad campaign to solidify its market position. Conversely, a brand like Old Spice, which engaged in brand revitalization, also employed innovative marketing strategies, such as humorous and memorable commercials, to rejuvenate its image and appeal to a younger audience.

2. **Customer Growth Objectives**: Both strategies aim to expand the customer base, albeit in different contexts. Brand reinforcement focuses on attracting new customers while retaining existing ones for an already successful brand. For

example, Apple consistently reinforces its brand to maintain its customer base and attract new users to its ecosystem. On the other hand, brand revitalization seeks to breathe new life into a brand that may be struggling to attract customers or facing declining sales. An example of this is how McDonald’s revitalized its brand by introducing healthier menu options and modernizing its restaurants to attract health-conscious consumers.

3. **Emphasis on Brand Equity**: Brand equity is a critical factor for both brand reinforcement and revitalization. In both cases, the goal is to leverage and enhance brand equity to achieve strategic objectives. For instance, Nike's brand reinforcement efforts consistently build on its strong brand equity to maintain customer loyalty and market dominance. Similarly, when a brand like Burberry underwent revitalization in the early 2000s, it aimed to restore and enhance its brand equity by repositioning itself as a luxury fashion brand, thereby regaining its lost prestige and customer base.

4. **Competitive Strategy**: Both strategies are employed to stay competitive in the market. Brand reinforcement helps a company maintain or extend its lead over competitors by continuously engaging customers and enhancing the brand's appeal. For example, Coca-Cola's brand reinforcement efforts keep it ahead in the global beverage market. On the other hand, brand revitalization is often necessary when a brand is losing ground to competitors. For instance, the revitalization of Marvel Comics in the early 2000s, through the launch of the Marvel Cinematic Universe, helped it regain market leadership in the entertainment industry.

5. **Promotion of Innovation**: Innovation is a common thread in both brand reinforcement and revitalization strategies. These strategies often require the brand to introduce new products, services, or marketing approaches to stay relevant and appealing to consumers. For instance, Starbucks continually reinforces its brand by innovating with new beverage offerings and store designs. Similarly, LEGO revitalized its brand by expanding into new markets and product lines, such as digital games and movies, which rejuvenated its appeal to a broader audience.

Hence, while brand reinforcement and brand revitalization are distinct strategies with different primary objectives, they share several similarities. Both rely on strategic marketing, aim to grow the customer base, emphasize brand equity, are used to stay competitive, and promote innovation within the company. Understanding these similarities helps in recognizing how both strategies contribute to a brand's long-term success.

18.6 DIFFERENCES BETWEEN BRAND REINFORCEMENT AND BRAND REVITALIZATION

While brand reinforcement and brand revitalization both aim to strengthen a brand's market position, they serve different purposes and are implemented in distinct circumstances. The primary difference lies in their application: brand reinforcement is used to enhance and sustain a thriving brand, whereas brand revitalization is deployed to revive a brand that is experiencing a decline. However, beyond this fundamental distinction, there are other nuanced differences between the two strategies.

1. **Purpose and Context**: Brand reinforcement is typically employed when a brand is already performing well in the market and seeks to maintain or expand its success. This strategy is proactive, aiming to build on existing strengths and prevent potential decline. For example, Amazon continuously reinforces its brand by expanding into new markets, such as cloud computing and entertainment, thereby sustaining its growth and dominance. In contrast, brand revitalization is a reactive strategy used when a brand is struggling, often due to declining sales, market relevance, or customer interest. The goal of revitalization is to turn around the brand’s fortunes and restore its former success. A classic example is the revitalization of Harley-Davidson in the 1980s, when the company reinvented its image to appeal to a new generation of motorcycle enthusiasts, ultimately saving the brand from near-collapse.

2. **Strategic Focus**: The focus of brand reinforcement is on maintaining and enhancing what already works. This might involve deepening customer engagement, innovating within the brand's existing framework, or expanding into new markets while preserving the brand’s core identity. For instance, Disney reinforces its brand by continually producing new content that aligns with its family-friendly image, while also expanding its theme parks and media networks. On the other hand, brand revitalization often requires a more radical approach, involving significant changes to the brand’s image, product offerings, or target market. This could mean rebranding, updating the brand’s mission or values, or even changing the product line. An example of this is the revitalization of Domino’s Pizza, which overhauled its recipe, improved customer service, and launched a transparent marketing campaign to win back customers and improve its reputation.

3. **Expansion vs. Survival**: Brand reinforcement can be seen as a form of expansion, where the brand leverages its existing equity to grow further. This expansion might involve entering new geographical markets, introducing new products, or diversifying offerings. For example, Google has reinforced its brand by expanding beyond search engines into areas like artificial intelligence, hardware, and autonomous vehicles. In contrast, brand revitalization is more about survival. It is often a last-ditch effort to save a brand from irrelevance or failure. The focus is on

identifying and fixing the issues that caused the decline, which might involve significant restructuring or repositioning of the brand. A case in point is Burberry's revitalization in the early 2000s, where the brand shifted from a tired, outdated image to a modern, luxury fashion icon.

4. **Innovation Approach**: While both strategies involve innovation, the type and intensity differ. In brand reinforcement, innovation tends to be evolutionary—refining and improving existing products or services to stay competitive. For example, Apple's incremental updates to its iPhone line reinforce its brand by consistently offering improved versions of a successful product. Brand revitalization, however, often requires revolutionary innovation, where the brand needs to reinvent itself to stay relevant. This might involve launching entirely new product lines, rebranding, or drastically altering the customer experience. A notable example is the transformation of Nokia, which attempted to revitalize its brand by shifting focus from mobile phones to telecommunications infrastructure after losing its dominant market position in the smartphone industry.

Hence, while brand reinforcement and brand revitalization share common goals of strengthening a brand's market position, they differ significantly in their application, strategic focus, and approach to innovation. Brand reinforcement is about building on existing success and expanding, whereas brand revitalization is about rescuing a brand from decline and ensuring its survival. Understanding these differences is crucial for companies when deciding which strategy to implement based on their specific circumstances.

18.7 REAL-LIFE EXAMPLES OF BRAND REINFORCEMENT AND REVITALIZATION

Understanding the practical application of brand reinforcement and brand revitalization can be greatly enhanced by examining real-world examples. Below are two prominent cases that illustrate these strategies effectively.

1) Marlboro: A Case of Brand Revitalization

Marlboro, now the best-selling cigarette brand in the world, was once on the brink of collapse. In the 1950s, the brand faced significant challenges due to increasing advertising restrictions and growing public health concerns about smoking. These factors led to a sharp decline in sales, and Marlboro needed a strategic intervention to revitalize its brand and secure its future.

To address the issue of advertising restrictions, Marlboro began sponsoring other brands that faced fewer limitations, thereby keeping its name in the public eye indirectly. However, this alone was not enough to reverse their fortunes. Marlboro then made a strategic move to distribute its products in nightclubs, directly targeting their ideal customers in a setting that aligned with their brand image. This tactic effectively brought their product closer to the consumers who were most likely to purchase it.

Moreover, Marlboro responded to the growing health concerns by developing electronically heated cigarettes aimed at smokers worried about the health risks associated with traditional cigarettes. This innovation not only addressed consumer fears but also expanded Marlboro's customer base by attracting health-conscious smokers.

Additionally, Marlboro diversified its brand by licensing its name to a clothing line, which not only reinforced the cigarette brand but also helped grow the clothing brand. These deliberate and well-executed strategies revitalized Marlboro’s brand equity, ensuring its longevity and leading to sustained high sales.

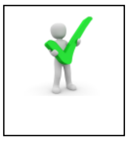
2) Apple: A Model of Brand Reinforcement

Apple is a prime example of a company that excels at brand reinforcement. Every new iOS update or product launch serves as a reinforcement strategy, consistently reminding customers of Apple’s commitment to innovation and quality. This ongoing process helps Apple maintain its position as a market leader and ensures that both existing and potential customers are always aware of the latest offerings.

For instance, the regular release of new iPhones, each with incremental improvements and new features, reinforces the brand’s image as a pioneer in technology. These launches are typically accompanied by high-profile marketing campaigns, further solidifying Apple’s brand presence in the minds of consumers. The result is a strong, loyal customer base that eagerly anticipates each new product release, as well as heightened brand awareness among those who may not yet be customers.

Apple also employs brand extension as part of its reinforcement strategy. By expanding into new product categories such as wearable technology with the Apple Watch and services like Apple Music and Apple TV+, the company not only reinforces its brand but also diversifies its offerings, ensuring continued relevance in an ever-changing market.

Both Marlboro and Apple provide valuable lessons in the application of brand revitalization and reinforcement strategies. Marlboro’s approach demonstrates how a struggling brand can be revitalized through targeted innovations and strategic distribution, while Apple exemplifies how consistent product updates and brand extensions can reinforce and sustain a brand’s market dominance. These examples highlight the importance of adapting to market conditions and consumer needs to maintain and grow brand equity over time.



Check Your Progress-A

Q1. What do you understand by brand reinforcement and revitalization?

Q2. What are the similarities between brand reinforcement and revitalization?

18.8 BRAND CRISIS

A brand crisis is a significant event or series of events that negatively impact the reputation, integrity, or financial stability of a brand, potentially causing long-lasting damage to its public image and relationships with customers, stakeholders, and the broader market.

Definitions from Various Perspectives

1. **Marketing Perspective**: A situation where a brand faces a severe threat that can lead to a loss of consumer trust and confidence, significantly affecting its market performance and equity. It typically stems from incidents such as public scandals, ethical misconduct, product failures, or external factors beyond the brand's control.
2. **Corporate Communication Perspective**: A critical, unplanned event that poses a significant threat to a brand's reputation or survival, requiring immediate response and management. This could involve legal issues, customer backlash, or media scrutiny that negatively affects the brand's public image and requires direct engagement with the media and stakeholders to mitigate damage.
3. **Public Relations Perspective**: An event or series of events that result in widespread negative publicity for a brand, potentially leading to a decline in customer base, investor confidence, and financial performance. Effective crisis management involves strategic communication with the public and stakeholders to restore confidence and trust in the brand.
4. **Consumer Behavior Perspective**: Events or actions by a brand that result in severe disappointment or betrayal felt by its customers, often leading to a mass shift in consumer loyalty and perception. Examples include misleading advertising, safety recalls, or actions that contradict the values important to the customer base.

Characteristics of a Brand Crisis

- **Sudden and Unpredictable**: Crises often arise without warning, leaving little time for brands to prepare.
- **Severe Impact**: The repercussions of a brand crisis can be extensive, affecting various aspects of business operations, from sales to stock prices.
- **Requires Immediate Action**: A brand crisis demands swift, decisive action to prevent further damage and begin the recovery process.
- **Public Visibility**: Crises typically attract significant media attention and public scrutiny, amplifying their impact.
- **Potential for Long-Term Damage**: If not managed effectively, a brand crisis can have lasting effects on a brand's reputation and customer relationships.

Understanding the definition and scope of a brand crisis is crucial for businesses to prepare and respond effectively. Recognizing the early signs of a crisis and having a robust crisis management plan can help mitigate the impact and potentially turn a negative situation into an opportunity to demonstrate the brand's commitment to its values and customers.

18.9 TYPES OF BRAND CRISES AND THEIR IMPACT ON BUSINESS AND STAKEHOLDERS

A brand crisis is a critical event that poses a substantial threat to a company's reputation, credibility, and profitability. These crises can stem from a variety of sources and can range in severity, potentially causing minor damage or leading to irreversible harm to a brand's image and customer loyalty. Here, we explore several common types of brand crises, their triggers, and the implications for businesses and stakeholders involved.

1. Product-Related Crises

These crises occur when there are defects, malfunctions, safety issues, or recalls associated with a brand's products or services. A notable instance is the 2016 crisis faced by Samsung due to the Galaxy Note 7 smartphones catching fire or exploding because of faulty batteries. The situation necessitated a global recall and discontinuation of the product, resulting in billions of dollars in losses and significant reputational damage to Samsung, which previously held a strong position as a leading innovator in the smartphone industry.

2. Ethical Crises

Ethical crises arise from actions considered unethical, illegal, or immoral by the brand or its representatives. Volkswagen's 2015 emissions scandal is a poignant example. The automotive giant admitted to installing software in diesel engines to manipulate emissions tests falsely, portraying their cars as more environmentally friendly than they were. This deception led to massive fines, legal settlements, and a severely tarnished reputation, undermining Volkswagen's credibility as a responsible and trustworthy manufacturer.

3. Social Media Crises

Social media crises involve negative feedback or backlash from online communities, including customers, influencers, or activists. This was exemplified in 2017 when United Airlines faced immense public outrage after a video surfaced online showing a passenger being forcibly removed from an overbooked flight. The viral spread of the video and subsequent social media uproar highlighted issues with the airline's customer service policies, significantly damaging United's brand reputation and leading to a reevaluation of their customer engagement strategies.

4. Natural Disaster Crises

A brand may be faced with these sorts of crises if unforeseeable natural events intervene. It might be an earthquake, and the brand will have total losses to overcome; or else some flood, which will either ruin everything with water damage or else bring about other problems. Finally there are instances like this pitless Sunday lunch at noon last year juxtaposed between larger company days that should make us all shudder: such as a world-wide epidemic. It was Japan's 2011 great earthquake and the resulting tsunami, which badly hit its neck and production bases. The disaster brought huge major disruptions to Toyota’s supply chain and production lines. In the end global sales were one of several aspects of this tsunami-linked catastrophe. This crisis not only impacted Toyota’s financial business, and affected the image it projected about what was possible in car manufacture.

Every brand crisis requires different approaches to management, and each type of challenge needs its own management strategy. Effective handling of crises does not stop at simply making good the immediate loss, it also means that a brand's image and trust with the people can strategically still be restored. Zero-tolerance and quick decision making will make companies that weather these storms emerge stronger, better able to conduct risk assessment in future, unyielding in the future. For stakeholders and businesses alike, understanding the nature of different crises and preparing for potential risks is essential to not only maintaining brand integrity over the long term but also retaining customer loyalty.

18.10 THE IMPACT OF A BRAND CRISIS: A COMPREHENSIVE OVERVIEW

A brand crisis can have far-reaching implications, which vary widely depending on its form, intensity, duration, and the brand's response. These crises can have a considerable impact on a company's financial performance, reputation, staff morale, and legal status. Below, we look at the probable consequences of a brand crisis, accompanied by relevant cases and insights.

Loss of Revenue and Market Share

A brand crisis often leads to a decline in sales, profits, and market share as consumers lose trust and confidence in the brand. This shift can prompt customers to turn to competitors or seek alternatives. A prime example occurred in 2016 during the Samsung Galaxy Note 7 crisis, where battery fires led to a global recall and cessation of production. This incident caused Samsung to lose its status as the world's top smartphone seller to Apple, with a significant 17% drop in market share in the third quarter of the year. This scenario illustrates how quickly a brand crisis can alter market dynamics and consumer preferences.

Deterioration of Reputation and Goodwill

Brand crises can severely damage a company's image, reducing its perceived value and trustworthiness among consumers, investors, and other stakeholders. For instance, Volkswagen's emissions scandal in 2015, where the company admitted to cheating on emissions tests, led to a significant decline in brand value and reputation. According to Interbrand, Volkswagen's brand value decreased by 9% in 2016, and its reputation score plummeted by 28 points according to the Reputation Institute. This illustrates how ethical breaches can erode consumer and investor confidence, casting long shadows over future brand interactions.

Loss of Employees and Partners

The fallout from a brand crisis can also affect internal morale and external partnerships. Employees may feel demoralized or concerned about their association with the brand, leading to resignations or decreased productivity. After the 2017 incident where a passenger was forcibly removed from an overbooked United Airlines flight, the company not only faced public backlash but also internal dissatisfaction. Reports indicated that many employees felt embarrassed or fearful of association with United's practices, affecting morale and in some cases leading to resignations. Additionally, the crisis impacted business partnerships, with some travel agencies reducing or ceasing bookings with United, showcasing how operational missteps can damage professional relationships and company culture.

Legal and Regulatory Consequences

Brand crises often lead to significant legal and regulatory repercussions. These can include fines, penalties, lawsuits, and heightened scrutiny from regulatory bodies. Following the natural disasters in Japan in 2011, Toyota confronted numerous challenges including recalls and lawsuits related to safety issues such as faulty airbags and unintended acceleration. These issues were exacerbated by delayed reporting and compliance failures, leading to legal battles and fines. This example highlights the complex web of legal responsibilities that companies must navigate during and after a crisis, which can complicate recovery efforts and lead to substantial financial and reputational losses.

The impact of a brand crisis can be profound and multidimensional, affecting everything from market performance and brand perception to employee morale and legal standing. Companies must be prepared not only to manage these crises effectively when they occur but also to implement strategies that mitigate potential risks beforehand. Proactive crisis management and ethical business practices can help minimize the frequency and severity of such incidents, preserving brand integrity and stakeholder trust over the long term.

18.11 DEFINING THE CRISIS MANAGEMENT TEAM (CMT): ROLES AND RESPONSIBILITIES

Effective crisis management is crucial for any organization, and having a well-prepared Crisis Management Team (CMT) is central to navigating a brand crisis successfully. This team is comprised of individuals equipped with the authority, expertise, and resources necessary to handle a crisis adeptly while maintaining communication with all relevant stakeholders. Below, we explore the key roles within a CMT and discuss how these roles collaborate to safeguard a brand's reputation during a crisis.

Key Roles in a Crisis Management Team

1. **Crisis Leader**: The crisis leader oversees the entire crisis response, making pivotal decisions, coordinating team activities, and ensuring effective communication both internally and externally. This role requires a high level of decisiveness, leadership, and communication skills. In a major corporation, the CEO often takes on the role of the crisis leader. However, in situations where the CEO may not be the best spokesperson, a senior executive, such as the Chief Risk Officer, might be appointed to manage the crisis due to their expertise in risk management and strategic decision-making.

2. **Crisis Spokesperson**: This individual is the face and voice of the company during a crisis, handling all communications with the media and public. They must provide clear, consistent, and accurate information to maintain credibility and manage public perception. Typically, the head of public relations serves as the crisis spokesperson, but in certain scenarios, a company might select a subject matter expert, especially if technical details need to be communicated accurately during a technical or product-related crisis.

3. **Crisis Manager**: The crisis manager is in charge of the logistical and operational response to a crisis, which includes resource management and plan implementation. They guarantee that the action plan is carried out efficiently and adaptively. The function might be allocated to the Chief Operations Officer or a dedicated crisis management director, particularly in industries such as manufacturing where operational disturbances necessitate fast action.

4. **Crisis Analyst**: This team member examines the crisis scenario, its ongoing consequences, and stakeholder comments. They give data-driven insights to help the CMT make choices and measure the performance of crisis response methods. This post might be filled by a senior analyst or a strategy officer, who will use technologies like social media monitoring, sentiment analysis, and real-time data analytics to guide the team's approach.

5. **Crisis Supporter**: This function is responsible for providing emotional and practical assistance to impacted workers and stakeholders, with an emphasis on preserving morale, trust, and loyalty during and after the crisis. This function is often carried out by the head of human resources, who ensures that internal communication is compassionate and effective, and that employee well-being is prioritized.

Collaboration and Communication within the CMT

Effective crisis management necessitates continuous collaboration and communication across all CMT members. Regular updates, open communication lines, and clear reporting mechanisms are critical. For example, during a crisis, the CMT may use specific communication channels such as Slack for real-time updates and Zoom for daily briefings to ensure that all members are in sync and aware.

Continuous Improvement

The CMT should not only be active during emergencies, but also conduct regular training and simulated exercises to improve their preparation. Periodic assessments of the crisis management strategy, which include lessons gained from previous crises, ensure that the team's reaction techniques are still effective and current.

The establishment of a CMT with clearly defined roles and responsibilities is fundamental to any organization's ability to manage brand crises effectively. Each member's role is interconnected, requiring coordination and collaboration to navigate the complexities of a crisis and minimize damage to the brand's reputation. By continuously refining their strategies and processes, a CMT can improve their readiness for future challenges, protecting the brand's integrity and stakeholder relationships.

18. 12 KEY ELEMENTS AND STRATEGIES FOR DEVELOPING A CRISIS COMMUNICATION PLAN

A robust crisis communication plan is essential for any brand aiming to navigate through potential threats to its reputation, operations, or profitability effectively. This plan serves as a blueprint for communicating with various stakeholders during critical times and is crucial in minimizing damage and rebuilding trust. Below, we outline the fundamental elements and strategies to construct an effective crisis communication plan, supplemented with real-world examples.

1. Risk Identification and Prioritization

The first step in crafting a crisis communication plan is to identify and prioritize potential crises. These can be internal, such as employee misconduct or product failures, or external, such as natural disasters or regulatory changes. Assessing the likelihood and severity of these scenarios helps in preparing proportionate responses. For instance, a pharmaceutical company might prioritize addressing potential drug side effects over other risks due to the high impact on patient safety and regulatory compliance.

2. Crisis Communication Team Formation

A dedicated crisis communication team should be established, comprising senior leaders, PR experts, legal counsel, and representatives from key departments like marketing and IT. This team should have clearly defined roles, including a designated spokesperson who communicates with external stakeholders. For example, during the data breach crisis, Target's spokesperson effectively communicated with the media and customers, helping to manage the situation more transparently.

3. Development of Key Messages and Communication Channels

For each identified risk, develop key messages that are clear, consistent, and address critical questions about the event's nature, the company's response, and steps taken to prevent future occurrences. Choose communication channels based on the crisis type, urgency, and the stakeholder group being addressed. For example, during a product recall, a company might use direct emails to reach affected customers while using press releases and social media to communicate with the broader public and media.

4. Creation of a Crisis Communication Toolkit

A well-prepared toolkit should be ready before any crisis occurs. This includes a crisis manual, a comprehensive contact list of all key stakeholders, media kits with ready-to-publish facts and FAQs, and a crisis dashboard to monitor media coverage and public sentiment. This toolkit ensures that the team can act swiftly and efficiently. For instance, during the BP oil spill, having a comprehensive media kit with detailed environmental impact assessments and cleanup plans might have helped in managing public relations more effectively.

5. Regular Testing and Updating of the Plan

The effectiveness of a crisis communication plan is contingent on its currency and relevance. Regular drills and simulations should be conducted to test the team's preparedness and the plan's adequacy. Additionally, the plan should be reviewed and updated to reflect any changes in the business landscape or past crisis feedback. An example here would be airlines updating their crisis plans following incidents like the volcanic ash cloud that disrupted flights across Europe, incorporating lessons learned about dealing with widespread travel disruptions.

Developing and maintaining a comprehensive crisis communication plan is not just about preparing for the worst; it's also about ensuring that the brand can withstand and recover from crises with minimal damage to its reputation and stakeholder trust. Each element of the plan, from team roles to communication channels, must be meticulously crafted and regularly refined to respond to an ever-evolving business environment effectively. Companies that do this well turn potential disasters into demonstrations of their resilience and commitment to stakeholders.

18.13 IDENTIFYING POTENTIAL BRAND CRISES IN THE DIGITAL AGE

In today's rapidly evolving digital landscape, the ability to swiftly identify and respond to potential brand crises is crucial for maintaining a company's reputation. Effective monitoring and early detection are key strategies that enable companies to take proactive steps to mitigate the impact of such crises. Here's how organizations can leverage various monitoring tools and techniques to stay ahead of potential threats:

1. Social Media Listening

Social media platforms are the ideal spots for every brand to promote themselves. They can also be amplifiers of negative messages. With the help of social media monitoring tools, companies can keep track of mentions, hashtags and keywords related to their brand status. By monitoring these things proactively, they are able to catch any problems that arise in the bud--before they become full-fledged crises. If, for example, people start leaving a lot of negativities online about how a product performs on social media, that could indicate an underlying quality problem. It needs urgent attention to stop this from developing into a full-scale crisis.

2. Online Reputation Management

Having a positive online presence is essential for building any brand. Online reputation management (ORM) software helps track consumer reviews, ratings, and feedback across platforms of all kinds. This making it possible to monitor the big picture instead of just one piece at a time. Yet these same tracking tools are useful in detecting patterns or changes in sentiment among users. They catch early warning signals for potential crises and should be sought out wherever possible. One example can be found in the wave of negative feedback on a company's way of treating customers. It indicates a problem that must be quickly fixed before it becomes too serious; if the brand is to remain healthy and hole its shape.

3. Media Monitoring

Media monitoring tools are essential for tracking a brand's coverage across news outlets, blogs, and other media forms. This kind of monitoring allows you to catch negative press early and respond before it becomes even more negative. For example, if a news outlet publishes a report about potential safety issues with a company's product, then being the first to know means that you can change facts on the ground by addressing problem head on and openly before masses draw their own conclusion.

4. Customer Feedback Analysis

Feedback from customers, whether through surveys, help tickets or on line forums, can give some unprecedented clues totally outstripping that which staid text mining methods provide. The assessment of feedback like this on a regular basis records common grievances and other operational failures. With regard to a product if five or six customers all report the same problem, chances are it may be a serious defect that should be solved right now in order to avoid great dissatisfaction and perhaps even lawsuit.

5. Competitor Monitoring

Understanding competitors’ activities can also help in identifying potential threats to a brand’s reputation. Monitoring competitor movements helps businesses anticipate and prepare for possible negative campaigns or comparisons that could affect their brand. For example, if a competitor launches a negative advertising campaign, a company can quickly counteract with factual information and positive messaging to protect its standing.

Effective brand crisis management hinges on the ability to detect and respond to issues swiftly. By integrating comprehensive monitoring strategies—spanning social media, online reputation, media coverage, customer feedback, and competitor activities—companies can not only identify potential crises early but also deploy preemptive measures to protect their brand’s reputation. Staying vigilant and responsive in the face of potential threats is essential for maintaining a positive brand image in the digital era.

18.14 IMMEDIATE STEPS AND DAMAGE CONTROL DURING A BRAND CRISIS

A brand crisis can severely impact a company's reputation, customer loyalty, and stakeholder trust. Effective management and quick action are critical to mitigate the damage and start the recovery process. Here, we outline some essential steps a company should take when navigating a brand crisis, with relevant examples to illustrate how these strategies can be effectively implemented.

1. Acknowledge the Issue and Apologize

Immediate acknowledgment of the issue is crucial. The company must take responsibility and express sincere apologies for any harm caused. This initial response should convey empathy and understanding of the stakeholders' concerns. For instance, when KFC ran out of chicken at many of its UK outlets in 2018, it responded with humor and humility by rearranging its name to "FCK" in an apology ad in newspapers. This clever and heartfelt apology was well-received, showing KFC's accountability and helping to defuse customer frustration.

2. Gather Facts and Communicate Transparently

Once the crisis is acknowledged, it's important to gather all pertinent facts and share these with the public transparently. This communication should clarify what happened, the steps the company is taking to address the issue, and what measures are being implemented to prevent future occurrences. For instance, in 2017, when Equifax experienced a massive data breach affecting millions, it set up a dedicated website where affected users could check if they were impacted and provided steps they could take to protect themselves. Although Equifax faced criticism for its initial handling of the crisis, this transparent communication was a crucial step in rebuilding trust.

3. Engage with Stakeholders and Listen to Feedback

Engaging with all stakeholders is essential. This means actively responding to inquiries, addressing complaints, and welcoming suggestions across various communication channels. Such engagement demonstrates that the company values its stakeholders' input and is committed to resolving the crisis collaboratively. For instance, following a racially charged incident in one of its stores in 2018, Starbucks not only apologized but also took significant steps by closing 8,000 stores for an afternoon to conduct racial-bias education for its employees. Furthermore, Starbucks encouraged feedback from customers and the public on improving its policies and practices.

4. Implement Immediate Corrective Measures

Taking corrective actions immediately can help prevent the crisis from escalating. This may involve recalling a faulty product, upgrading security protocols to prevent data breaches, or reviewing and changing internal policies. For instance, Toyota, after facing public backlash due to safety concerns with its vehicles leading to accidents, initiated one of the largest cars recalls in history. This immediate action helped control the damage to its reputation by showing Toyota's commitment to customer safety and product quality.

5. Monitor Progress and Update Public Regularly

Continuous monitoring of the situation and regular updates to the public are important to keep stakeholders informed of the progress being made in resolving the crisis. This helps maintain a dialogue and rebuilds trust over time. For instance, during the Deepwater Horizon oil spill, BP faced widespread criticism for its response. However, the company regularly updated the public about cleanup efforts and recovery plans through press releases and a dedicated section on its website, which was crucial for maintaining stakeholder engagement during the recovery phase.

Handling a brand crisis effectively requires a combination of empathy, transparency, responsiveness, and decisive action. Companies that follow these steps can not only mitigate the damage caused by the crisis but also potentially emerge stronger, with improved practices and a better understanding of their stakeholders' needs and expectations

18.15 COMMUNICATION CHANNELS AND MESSAGING: REBUILDING TRUST AND TRANSPARENCY IN BRAND CRISIS MANAGEMENT

In managing a brand crisis, communication is of paramount importance for re-establishing trust and maintaining an open and transparent attitude toward this matter.For a brand, how it speaks publicly throughout these periods can greatly affect both the public's view of recovery prospects as well as its own moral value to any stakeholders concerned. Here, we shall discuss effective strategies and communication channels that are important weapons in navigating a brand crisis successfully.

1. Leveraging Social Media Platforms

In times of crisis, social media can be a real-time tool to coordinate response. As such, brands must harness these sorts of platforms for their own use. They should make immediate responses, issue ongoing updates and talk directly with clients. Moreover, this method of carrying is not only a company pledge to play with an open hand. This very approach can also have beneficial effects on phrasing. For example, when a major airline's customer service problems caused a storm of complaint in its social media channels, the company used this each channel to talk plainly with customers. It apologised profusely, frequently updated the customer on what steps were being taken to get out of the tight spot with common sense as well strong public relation tactics; this meant that just mere days later people forgot all about their anger and began trusting them again.

2. Establishing a Dedicated Crisis Communication Team

To handle all communications at times of emergency necessitates a specialized crew. It should include people who are skilled in public relations, social media management and crisis communication. Their function is to guarantee that the content is constant on all channels and that replies are made consistently and skillfully. In this way, when there was a product recall, one of the world's largest consumer goods companies formed a crisis communication team; their work was not just to manage information flow and effectively coordinate with the media but also to prevent wrong leads from spreading while at same time ensuring unified messages out for public consumption.

3. Adopting a Multi-Channel Communication Approach

Reliance on a single communication channel can restrict the reach and impact of your message. A multi-channel strategy, incorporating email newsletters, official press releases, updates on the corporate website, and direct outreach to customers, ensures comprehensive coverage and accessibility of information to all stakeholders. For instance, in response to a data breach, a technology firm utilized email alerts, updated their website with detailed information, and held press conferences to address public concerns, ensuring stakeholders received consistent information through various channels.

4. Personalizing Communication

Personalization of communication can significantly enhance its effectiveness. Tailoring messages to meet the specific concerns and needs of different stakeholder groups shows a brand's dedication to addressing individual concerns, which can be crucial in restoring trust. For instance, after an environmental mishap, a company segmented its stakeholders into community members, customers, and regulatory bodies, providing customized updates that addressed specific concerns and legal requirements, thereby enhancing the effectiveness of its communication.

5. Providing Regular Updates

Keeping stakeholders informed with regular updates is vital during a crisis. Establishing a schedule for updates reassures the public and employees about the brand's commitment to resolving the issue and maintaining transparency throughout the process. For instance, a pharmaceutical company facing scrutiny over drug safety shared daily updates about the steps being taken to ensure product safety and compliance, which helped maintain public trust and investor confidence during the crisis.

Effective communication is pivotal in managing a brand crisis. By utilizing a strategic mix of social media, dedicated teams, multi-channel dissemination, personalized messaging, and regular updates, brands can navigate the challenges of a crisis more effectively. These strategies not only aid in immediate damage control but also lay the groundwork for long-term recovery and trust rebuilding. Adopting these approaches tailored to the unique circumstances and values of your brand will ensure resilience and transparency, key components in safeguarding and restoring your brand's reputation.

18.16 INTERNAL AND EXTERNAL COMMUNICATION STRATEGIES IN BRAND CRISIS MANAGEMENT

Effective stakeholder engagement is paramount in brand crisis management. Each stakeholder group, whether customers, employees, investors, media, regulators, or even competitors, has distinct concerns and expectations. Crafting tailored communication strategies for these groups is critical for restoring trust, mitigating damage, and preventing crisis escalation. Below, we explore best practices for both internal and external communications during a brand crisis, with practical examples to guide implementation.

1. Stakeholder Identification and Prioritization

Identifying and prioritizing stakeholders based on their influence and impact concerning the crisis is crucial. Understanding the specific concerns of different groups helps in crafting targeted messages. For instance, customers might be primarily concerned about product safety, while employees could be worried about job security. For instance, during a product recall, a company might first address regulators and investors to ensure compliance and financial transparency before publicly communicating with customers through media announcements and direct outreach.

2. Establishing Clear and Consistent Messaging

It is essential to develop a message that is clear, consistent, and aligns with the brand's values. This message should honestly address the crisis's causes, impacts, and the steps being taken to resolve it, ensuring it is delivered with empathy and transparency. For instance, after a data breach, a technology company might release a statement acknowledging the breach's extent, apologizing for the breach, and detailing the measures taken to secure user data and prevent future incidents. This approach helps maintain credibility and trust.

3. Selecting Appropriate Communication Channels and Formats

Choosing the right channels and formats for communication depends on the specific preferences and accessibility of each stakeholder group. Personalized channels like emails or phone calls may be appropriate for direct stakeholders like employees and investors, while broader channels like social media or press releases can be effective for reaching customers and the public. For instance, in response to negative coverage in the media, a company might choose a live video address to demonstrate transparency and allow for real-time interaction, showing stakeholders that the company is actively handling the situation.

4. Monitoring and Responding to Feedback

Active monitoring of stakeholder feedback and media outputs is essential. This involves not just listening but also responding appropriately to concerns, correcting misinformation, and acknowledging support from the community. For instance, during a crisis involving service failures, a telecommunications company might set up a dedicated hotline and online forum for customer feedback, allowing them to address concerns directly and update the public on restoration efforts and compensations being offered.

The strategies outlined above emphasize the need for a nuanced approach to communication during a brand crisis. By prioritizing stakeholders, ensuring message consistency, choosing the right communication channels, and actively engaging with feedback, companies can effectively navigate the complexities of a crisis. Tailoring these strategies to the unique characteristics of each crisis and stakeholder group can help restore and maintain trust, ultimately safeguarding the brand's reputation in the long term.

18. 17 LEARNING FROM THE CRISIS: EVALUATING AND IMPROVING CRISIS MANAGEMENT

In the realm of brand crisis management, the ability to learn from past incidents is pivotal. This not only helps in mitigating the impact of future crises but also plays a crucial role in strengthening a brand's resilience. "Learning from the Crisis: Evaluating and Improving Crisis Management" is a critical section of the blog "Brand Crisis Management: How to Prepare and Respond to a Brand Crisis and Protect Your Reputation." Here, we explore the process of post-crisis evaluation and the continuous improvement of crisis management strategies.

1. Analyzing Past Crises

Understanding and analyzing past crises are fundamental to improving future responses. By reviewing what went well and what didn't, brands can identify patterns and root causes of failures. This evaluation should be thorough, considering all aspects of the crisis management process, from initial detection to final resolution. For instance, after a major recall, a car manufacturer conducted a detailed analysis and found that slow internal communication delayed their response time. This insight led to the implementation of a more streamlined communication protocol for future crises.

2. Incorporating Expert Opinions

Gathering insights from industry experts, communication professionals, and experienced brand managers provides a broader perspective on crisis management. These experts can offer valuable advice on best practices and warn against common pitfalls. For instance, a technology firm regularly invites cybersecurity experts to review their crisis response plans for data breaches. This practice has helped them stay ahead of potential security threats and prepare more effective response strategies.

3. Learning from Diverse Perspectives

Incorporating diverse perspectives not only enriches the understanding of crisis dynamics but also enhances the robustness of crisis management strategies. This includes learning from different industries, cultural contexts, and unique crisis scenarios. For instance, a global beverage company analyzed crisis management strategies across different regions. This cross-cultural analysis helped them understand varied consumer expectations and improve their global crisis response strategies.

4. Regularly Updating Crisis Management Plans

Crisis management plans should not remain static. Regular updates are essential to incorporate new insights, technologies, and methodologies. This ongoing process ensures that the strategies remain relevant and effective. For instance, following an online backlash over an ad campaign, a retail brand updated their crisis management plan to include a more proactive social media monitoring system and faster response protocols for online crises.

5. Training and Drills

Frequent training sessions and drills are crucial for ensuring that all team members understand their roles during a crisis and can act swiftly and effectively. Practical drills help in identifying gaps in the plans and provide real-time feedback for improvement. For instance, a healthcare provider conducts bi-annual crisis drills involving simulated patient safety incidents. These drills help staff stay prepared and have led to significant improvements in their crisis response times and effectiveness.

By methodically learning from past crises, engaging with experts, embracing diverse viewpoints, regularly updating plans, and conducting training and drills, organizations can fortify their crisis management strategies. This proactive approach not only helps in effectively managing potential crises but also plays a significant role in safeguarding the brand's reputation over the long term.

18.18 PROACTIVE REPUTATION MANAGEMENT TO PREVENT FUTURE BRAND CRISIS

Proactive reputation management is essential for maintaining a strong brand image and preventing potential crises. In this section, we will explore various strategies that organizations can implement to safeguard their reputation and ensure long-term success.

1. Building a Strong Online Presence

Establishing and maintaining a robust online presence is fundamental. This involves active engagement on social media platforms, regular updates on your website, and consistent interaction with your audience. By sharing valuable content and promptly addressing customer feedback, brands can cultivate a positive online image that acts as a buffer against potential crises. For instance, a retail company regularly updates its blog and social media with helpful tips and engaging content, responding quickly to customer queries and complaints. This proactive engagement helped them quickly smooth over a pricing error by openly communicating and rectifying the issue promptly on the same platforms.

2. Monitoring Online Conversations

Utilizing social media listening tools and online reputation management software allows brands to keep a pulse on what is being said about them online. Early detection of negative sentiments or misinformation can help prevent these issues from escalating into larger crises. For instance, a food and beverage company uses social media listening tools to track mentions of their products online. When they noticed a series of negative comments about a product flavor, they addressed the feedback by inviting customers to help choose the next flavor, turning potential dissatisfaction into a positive engagement opportunity.

3. Proactive Crisis Planning

Developing a detailed crisis management plan prepares a brand to respond swiftly and effectively to potential crises. This plan should identify possible risks, outline response strategies, and assign clear roles and responsibilities within the organization. For instance, a technology firm has a crisis playbook that outlines specific steps for various scenarios, including data breaches and service disruptions. This preparation was instrumental in their swift response to a data leak, minimizing damage and maintaining customer trust.

4. Employee Training and Communication

Employees are often the first line of defense against brand crises. Comprehensive training in customer service, brand values, and specific crisis management protocols is vital. Additionally, establishing clear internal communication channels ensures that potential issues are reported and addressed promptly. For instance, a hospitality brand conducts regular training sessions for its staff on handling customer complaints and reports of facility issues, which has proven effective in resolving small issues before they become significant problems.

5. Customer Feedback and Satisfaction

Actively pursuing and handling customer feedback - so first of all approaches are crucial. Not only does this nip potential problems in the bud, it also boosts customer satisfaction and loyalty - both of which will help to keep bad press away from your doorstep. For example, an e-commerce business has set up such a system: it conducts a consumer satisfaction survey following any purchase. This pro-active approach allows the company to sort out problems before they even happen; in many cases it turns would-be moaners into loyal fans who recommend others to buy their products.

6. Collaborating with Influencers and Brand Ambassadors

Actively pursuing and handling customer feedback - so first of all approaches are crucial. Not only does this nip potential problems in the bud, it also boosts customer satisfaction and loyalty - both of which will help to keep bad press away from your doorstep. For example, an e-commerce business has set up such a system: it conducts a consumer satisfaction survey following any purchase. This pro-active approach allows the company to sort out problems before they even happen; in many cases it turns would-be moaners into loyal fans who recommend others to buy their products.

Proactive reputation management necessitates consistent work. Brands can avoid many potential crises by effectively managing their online presence, monitoring conversations, planning for crises, training employees, prioritizing customer feedback, and leveraging positive influencer relationships.

Check Your Progress- B

Q1. Answer the following MCQs: -

1) **What is the primary objective of brand reinforcement?**
   - A) To reduce the marketing costs
   - B) To maintain and enhance brand equity
   - C) To change the target market
   - D) To reposition the brand
2) **Which brand is cited as an example of successful brand revitalization by targeting a younger audience with a new marketing strategy?**
   - A) Coca-Cola
   - B) Nike
   - C) Old Spice
   - D) Apple
3) **What key strategy did Marlboro use to tackle the challenge of advertising restrictions?**
   - A) Launching a new product line
   - B) Sponsoring other brands with fewer restrictions
   - C) Creating an entirely online campaign
   - D) Reducing product prices
4) **Which aspect is crucial when managing a brand crisis?**
   - A) Increasing product prices
   - B) Ignoring media inquiries
   - C) Immediate and transparent communication
   - D) Limiting information shared with the public
5) **What was a major impact of the Samsung Galaxy Note 7 crisis?**
   - A) Increased market share
   - B) Global recall and significant reputational damage
   - C) Introduction of new product features
   - D) Expansion into new markets

6) **What kind of crises involves unethical actions by the brand or its representatives?**
   A) Natural disaster crisis
   B) Ethical crisis
   C) Product-related crisis
   D) Social media crisis

Q2. What do you mean by brand crisis?

18.19 SUMMARY

This unit focuses on the crucial aspects of brand management, specifically brand reinforcement, revitalization, and crisis management. It begins by explaining brand equity as the foundation for these strategies, emphasizing its importance in maintaining a competitive advantage. Brand reinforcement involves continuous efforts to sustain and enhance a brand’s equity through consistent marketing, innovation, and customer engagement. In contrast, brand revitalization is necessary when a brand's growth stagnates, requiring updates to its image or offerings to regain market relevance. The unit also discusses the types of brand crises, such as product failures, ethical issues, and social media backlash, and their significant impact on a brand’s reputation and financial stability. Effective crisis management strategies, including clear communication, stakeholder engagement, and proactive reputation management, are essential for mitigating damage and restoring trust. The unit concludes with the importance of learning from past crises to improve future responses.

18 .20 GLOSSARY

Brand Equity: The value a brand holds in the minds of consumers, often translating into a competitive advantage. It reflects customer loyalty, brand recognition, and the ability to command a premium price.

Brand Reinforcement: A strategic process aimed at maintaining and enhancing a brand’s equity by consistently strengthening brand awareness and perception among both existing and potential customers.

Brand Revitalization: A strategy employed to rejuvenate a brand that has experienced stagnation or decline in market share by updating its image, products, or marketing strategies.

Brand Crisis: A significant event or series of events that negatively impact a brand's reputation, integrity, or financial stability, potentially causing long-lasting damage to its public image and stakeholder relationships.

Crisis Management Team (CMT): A group of individuals within an organization responsible for managing and responding to crises, ensuring effective communication, decision-making, and resolution of issues.

Crisis Communication: The process of managing and disseminating information during a crisis to maintain transparency, address stakeholder concerns, and mitigate damage to the brand's reputation.

Social Media Listening: The practice of monitoring social media platforms for mentions, keywords, and discussions related to a brand, used to identify emerging issues and manage public perception.

Online Reputation Management (ORM): Strategies and tools used to monitor, analyze, and influence a brand's online reputation across various platforms, aiming to prevent or mitigate potential crises.

Ethical Crisis: A type of brand crisis that arises from unethical or illegal actions by a brand or its representatives, leading to severe reputational damage and loss of trust.

Product-Related Crisis: A crisis triggered by defects, malfunctions, or safety issues associated with a brand's products or services, often leading to recalls and significant financial losses.

Stakeholder Engagement: The process of communicating and interacting with individuals or groups that have an interest or influence in a brand, particularly important during a crisis to restore trust and manage relationships.

Proactive Reputation Management: Ongoing efforts to maintain and protect a brand's image and reputation, involving regular monitoring, customer engagement, and crisis planning to prevent potential crises.

Media Monitoring: The practice of tracking media coverage, including news articles, blogs, and other forms of media, to identify and address any negative publicity or emerging stories that could affect a brand's reputation.

Crisis Communication Plan: A comprehensive strategy outlining how a brand will communicate with its stakeholders during a crisis, including risk identification, key messaging, and communication channels.

Competitive Advantage: The ability of a brand to outperform its competitors by lev eraging unique strengths, such as strong brand equity, innovation, or customer loyalty

18 .21 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress –B

Q1. Answers of MCQs

1) Answer: B) To maintain and enhance brand equity
2) Answer: C) Old Spice
3) Answer: B) Sponsoring other brands with fewer restrictions
4) Answer: C) Immediate and transparent communication
5) Answer: B) Global recall and significant reputational damage
6) Answer: B) Ethical crisis

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- https://fastercapital.com/content/Brand-Crisis-Management--How-to-Prepare-and-Respond-to-a-Brand-Crisis-and-Protect-Your-Reputation.html

18.23 SUGGESTED READINGS

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18.24 TERMINAL QUESTIONS

1) What is brand equity, and why is it important for a brand's competitive advantage?
2) How does brand reinforcement help in maintaining a brand's market position?
3) What are the key differences between brand reinforcement and brand revitalization?
4) Can you provide an example of a successful brand revitalization strategy and explain why it worked?
5) What are some potential disadvantages of brand reinforcement?
6) What constitutes a brand crisis, and what are the possible long-term effects on a brand?
7) How can social media listening tools help in preventing a brand crisis?
8) What are the primary responsibilities of a Crisis Management Team (CMT) during a brand crisis?
9) Why is proactive reputation management crucial in preventing brand crises?
10) What role does stakeholder engagement play during a brand crisis, and how can it affect the outcome?

UNIT 19 BRAND OVER THE TIME AND BRAND PERFORMANCE

19.1 INTRODUCTION

This unit delves into the crucial aspects of managing a brand's lifecycle and its performance across various market phases. This unit explores the dynamics of sustained brand management and the strategies needed to ensure long-term success. It emphasizes the importance of adapting brand strategies in response to changing market conditions, technological advancements, and evolving consumer preferences. The unit also highlights the critical role of consistently measuring brand performance to maintain competitive advantage and meet consumer expectations. Through examples from leading companies like Apple and Coca-Cola, the unit provides insights into how effective brand management can foster loyalty, enhance profitability, and ensure a brand remains relevant. Overall, this unit equips learners with the knowledge to strategically manage brand performance, ensuring longevity and success in a dynamic business environment.

19.2 OBJECTIVES

After reading this unit, learners will be able to: -

- Understand the importance of sustained brand management and its impact on long-term success.
- Learn effective strategies for managing a brand over time.
- Master the assessment and measurement of brand performance in a dynamic market environment.

19.3 OVERVIEW OF BRAND OVER THE TIME

The dynamic nature of markets necessitates that companies continually adapt their marketing and branding strategies. This involves a complex interplay between evolving product offerings, technological advancements, regulatory changes, and shifting consumer preferences. To navigate this, companies must not only react to changes but also proactively anticipate future consumer behaviors to maintain and enhance consumer-based brand equity. For instance, a promotional strategy offering 20% extra product might initially boost sales, but it could also inadvertently set new consumer expectations for value, affecting future purchasing behaviors. Hence, it's crucial for firms to manage consumer expectations through consistent marketing communications that reinforce brand knowledge without causing confusion. Consider Apple, which has successfully managed its brand by consistently aligning its marketing programs with its brand promise of delivering top-tier entertainment and communication devices. The launch of the iPhone, for example, was met with enthusiasm due to Apple’s established reputation for innovation and quality in its product categories.

Similarly, market leaders like Coca-Cola continuously innovate their marketing strategies to stay relevant and maintain brand leadership, despite already having a dominant market position. This involves refreshing their campaigns to reinforce brand attributes and associations continuously, which are critical components of brand knowledge.

However, altering these fundamental elements of brand equity can lead to significant risks. Intel’s experience in the early 1990s serves as a cautionary tale. A technical flaw in their microprocessors and the initial slow response damaged their brand's reputation for reliability and safety. It was only through quick corrective action and transparent communication that Intel managed to restore its brand equity. Moreover, leveraging brand equity effectively is another challenge. While it is tempting to use brand equity to command a price premium, this must not come at the cost of the brand's long-term value. Brands must innovate to stay ahead of competitors, particularly in product-driven sectors like technology and insurance. For example, Apple's introduction of the iPod allowed it to outpace competitors like Sony in the digital music space.

In highly competitive markets, like the carbonated drinks sector where Pepsi operates, marketing campaigns that resonate with specific demographic segments—such as youth—can sustain a brand. Similarly, when a brand reaches the saturation phase in its life cycle, it is imperative to explore strategies to expand brand awareness and encourage increased usage, as seen with toothpaste brands promoting the benefits of twice-daily usage. Repositioning can also rejuvenate a brand. Federal Express, for instance, rebranded to FedEx to rejuvenate interest and stay competitive against rivals like UPS, showcasing the importance of evolving brand elements like logos and symbols to maintain relevance. Thus, effective brand management in a volatile market environment requires a strategic approach that continuously evaluates and responds to consumer perceptions. Flexible and innovative strategies are essential to sustain and enhance brand performance over time, ensuring the brand's longevity and success.

19.4 THE IMPORTANCE OF SUSTAINED BRAND MANAGEMENT

Managing a brand over time is vital for several compelling reasons:

- **Brand Loyalty**: Effective brand management cultivates customer loyalty, ensuring that consumers repeatedly choose your products and advocate for them within their circles. For example, Apple's loyal customer base regularly upgrades to the latest devices, largely due to the consistent quality and innovation associated with the brand.

- **Relevance**: As market dynamics and consumer preferences evolve, it is critical to manage your brand to adapt to these changes, ensuring it remains pertinent and appealing to your audience. Coca-Cola, for instance, has remained a dominant market player by continuously updating its products and marketing strategies to align with current consumer trends and tastes.

- **Profitability**: A well-managed brand that stands the test of time often sees enhanced profitability. Such brands gain a premium positioning in the market, allowing them to command higher prices. Rolex watches, for example, are prized for their enduring quality and have become symbols of status, which allows the brand to maintain high profit margins.

- **Consistency**: Consistent brand management helps to establish a reliable image and message that consumers come to trust. This consistency is crucial in a cluttered market where consumers are bombarded with choices. McDonald's has mastered this through uniform global branding and customer experience, making it a dependable choice for consumers worldwide.

In essence, maintaining a brand over time requires strategic foresight, adaptability, and a commitment to consistency, all of which contribute to sustaining long-term customer relationships, market relevance, and financial success.

19.5 EFFECTIVE LONG-TERM BRAND MANAGEMENT STRATEGIES

Managing a brand successfully over time requires a thoughtful and dynamic approach. Here are essential strategies to ensure your brand's enduring success:

Figure 19.1. Effective Long-Term Brand Management Strategies

1. **Proactive Market Trend Analysis**: Stay competitive by constantly monitoring and analyzing market trends. This vigilance helps you anticipate shifts and adapt your strategies effectively. For instance, Netflix's transition from DVD rentals to streaming was a strategic response to technological advancements and changing consumer preferences.
2. **Adaptive Brand Strategy**: Continuously refine your brand strategy to reflect changing market conditions and consumer preferences. This may involve updating your brand's messaging, visuals, or product offerings. Apple's periodic refresh of its brand aesthetics and technology offerings keeps it relevant and appealing.

3. **Enhancing Customer Experience**: A superior customer experience is crucial for brand success. Prioritize understanding and meeting your customers' expectations to ensure they have positive interactions with your brand. Amazon excels in this area by offering fast shipping, an easy return policy, and excellent customer service, enhancing customer satisfaction and retention.
4. **Cultivating Brand Loyalty**: Building a loyal customer base is vital for sustained success. Develop deep emotional connections with customers by consistently delivering on your brand's promise and engaging them meaningfully. Coca-Cola, for example, fosters loyalty through nostalgic marketing that emphasizes happiness and togetherness.
5. **Consistent Investment in Brand Building**: Brand building is a continuous effort that requires resources, time, and strategic investment. Engaging in comprehensive branding activities like advertising, public relations, and social media campaigns can enhance brand visibility and strength over time. Nike's ongoing investment in inspirational advertising campaigns has successfully solidified its brand's association with athleticism and perseverance.

By implementing these strategies, brands can maintain relevance, adapt to consumer needs, and achieve long-term profitability and growth.

19. 6 UNDERSTANDING BRAND PERFORMANCE IN MODERN BUSINESS

In today's dynamic business landscape, understanding the health and impact of your brand is more than just beneficial—it's critical for survival and growth. Brand performance serves as a crucial indicator of a company's market presence and its ability to attract and retain customers.

Brand performance represents the effectiveness of a company's branding initiatives. It is a comprehensive measure that reflects how a brand resonates with its audience, influences consumer decisions, and ultimately contributes to the company's financial outcomes. The assessment of brand performance involves several key components including brand awareness, customer loyalty, and the perceived quality of the brand's offerings. For example, a brand like Starbucks measures performance not just by sales figures but also by how well it maintains customer loyalty through its rewards programs and sustains high brand awareness through consistent and appealing marketing efforts.

Monitoring brand performance is vital because it provides actionable insights into how consumers perceive the brand. This ongoing evaluation helps businesses identify successful strategies and pinpoint areas needing improvement. For instance, if a brand notices a decline in customer loyalty, it might prompt a review of customer service practices or product quality. Thus, brand performance is an integral part of strategic management that allows businesses to stay competitive and responsive in ever-changing markets. By actively monitoring their brand's impact, companies can strategically navigate challenges and capitalize on opportunities to enhance their market position.

19.7 THE NECESSITY OF MEASURING BRAND PERFORMANCE

1) **Strategic Advantage in Competitive Markets:** Measuring brand performance is crucial for companies aiming to secure a competitive edge. Regular assessments allow businesses to understand how they are perceived by their target audience. For example, a consumer goods company might use brand tracking studies to evaluate how their branding activities influence consumer perceptions and purchase decisions over time.

2) **Data-Driven Insights for Brand Enhancement:** A systematic approach to measuring brand performance provides actionable insights that guide strategic decisions. Companies can identify strengths to leverage and weaknesses to address, ensuring their branding resonates well with the intended market. For instance, if a technology firm finds that its brand is perceived as outdated, it might invest in a rebranding initiative to rejuvenate its image and attract a younger demographic.

3) **Increased Customer Loyalty and Brand Equity:** By continuously monitoring and refining their brand strategy based on performance metrics, companies can enhance customer satisfaction and loyalty. This ongoing improvement often leads to increased brand equity, as a loyal customer base is more likely to recommend the brand to others. A classic example is Apple, which, through consistent innovation and effective marketing, maintains a loyal customer base that values the brand highly.

4) **Enhanced Business Growth:** Understanding brand performance helps businesses align their marketing strategies with customer expectations and market trends, fostering growth. For example, a retail chain analyzing brand performance might discover that an emphasis on sustainability in its marketing campaigns leads to increased sales, indicating that their market values eco-friendly practices.

5) **Long-Term Success Through Optimization:** Keeping a pulse on brand performance enables companies to make informed, strategic decisions that contribute to long-lasting success. This involves adapting to changing market conditions and evolving consumer preferences, ensuring the brand remains relevant and competitive. For example, Netflix’s shift from DVD rentals to streaming services was a strategic move informed by customer behavior and market trends,

illustrating the importance of adaptive strategies based on brand performance metrics.

6) **Feedback for Product and Service Innovation:** Regular measurement of brand performance can highlight areas where a company's products or services may need improvement or innovation. For example, if customer feedback collected during brand assessments points to dissatisfaction with certain features of a product, the company can prioritize enhancements in these areas. This proactive response to consumer needs not only improves the product but also strengthens the brand's market position.

7) **Effective Resource Allocation:** Understanding which aspects of a brand are performing well allows a company to allocate resources more effectively. By channeling investments into high-performing areas or those with the most significant potential for return, businesses can optimize their expenditures for maximum impact. For instance, if a fashion retailer identifies through brand performance metrics that online campaigns yield higher ROI than traditional advertising, it might shift its marketing budget to digital channels.

8) **Benchmarking Against Competitors:** Measuring brand performance helps in benchmarking against competitors, providing insights into where a brand stands in the market relative to its peers. This comparison can motivate improvements and innovation to stay ahead. For example, if a beverage company finds that its brand recall is lower than that of its main competitor, it may implement aggressive marketing strategies to increase visibility and recall.

9) **Enhancing Customer Experience:** Monitoring brand performance frequently helps in continually refining the customer experience. This adjustment is based on real-time data about customer interactions and satisfaction levels. By consistently improving the customer experience, a brand can build a stronger reputation and increase customer retention. For instance, Amazon continually assesses customer feedback to tweak and enhance its user interface and delivery services, thereby improving customer satisfaction and loyalty.

10) **Risk Management:** Regular measurement of brand performance can also serve as an effective risk management tool. By keeping track of how brand perception changes over time, companies can identify potential risks before they become problematic. For example, if a brand notices a gradual decline in customer sentiment, it can take early action to address issues, preventing further damage to its reputation and financial performance.

Thus, measuring brand performance is not just about tracking metrics but interpreting them to make informed decisions that drive business success. It requires a commitment to understanding the market and responding proactively to the insights gained, thereby ensuring the brand's relevance and resilience in a dynamic market environment.

19.8 DECIPHERING BRAND PERFORMANCE METRICS

To effectively monitor your brand's health and its resonance with the target audience, understanding crucial performance metrics is indispensable. This section delves into the pivotal metrics that illuminate various facets of your brand, influencing factors, and their integration into enhancing marketing strategies.

Critical Metrics for Brand Evaluation

Evaluating your brand's impact necessitates a comprehensive approach, integrating diverse key performance indicators (KPIs) that reflect the multifaceted nature of brand engagement:

1. **Brand Familiarity:** Brand familiarity assesses how well consumers recognize and recall your brand. A high level of familiarity typically signifies that your marketing efforts have successfully permeated consumer consciousness. For instance, when a consumer instantly recognizes the Nike swoosh or the Apple logo, it reflects strong brand familiarity built through consistent and pervasive marketing.

2. **Brand Sentiment:** This metric captures the emotional response of the public towards your brand, whether positive, negative, or neutral. Analyzing brand sentiment is crucial for understanding the brand's standing in the public eye and tailoring communication strategies. For example, if sentiment analysis reveals negative perceptions due to an unfavorable incident, a company might launch a public relations campaign to repair and improve public perception.

3. **Customer Experience:** This indicator measures the satisfaction level of customers interacting with your brand across various touchpoints. Positive customer experiences are instrumental in fostering loyalty and enhancing word-of-mouth referrals, which are gold in marketing. An example of optimizing customer experience could be Amazon's one-click ordering system, which enhances convenience and satisfaction by simplifying the purchase process.

4. **Marketing Activity Performance:** Monitoring the outcomes of specific marketing initiatives like advertising campaigns, social media activity, and content marketing efforts is vital. This metric helps identify what strategies are working and which ones need refinement. For instance, if a digital campaign results in a significant increase in website traffic and conversions, it indicates effective strategy execution, whereas poor performance might necessitate a strategic pivot.

Understanding and applying these metrics allows businesses to not only track their brand's current standing but also strategically adjust their marketing efforts to better align with consumer expectations and market dynamics. This targeted approach ensures that marketing investments are maximized, contributing to the overall strength and longevity of the brand.

Check Your Progress-A

Q1. How long-term brand management can be done?

Q2. Write significance of brand management.

19.9 FACTORS INFLUENCING BRAND PERFORMANCE

Brand performance is shaped by a multitude of elements, each playing a crucial role in how effectively a brand engages with its target audience and achieves its business objectives. Below, we delve into these factors, providing examples and arguments to illustrate their impact.

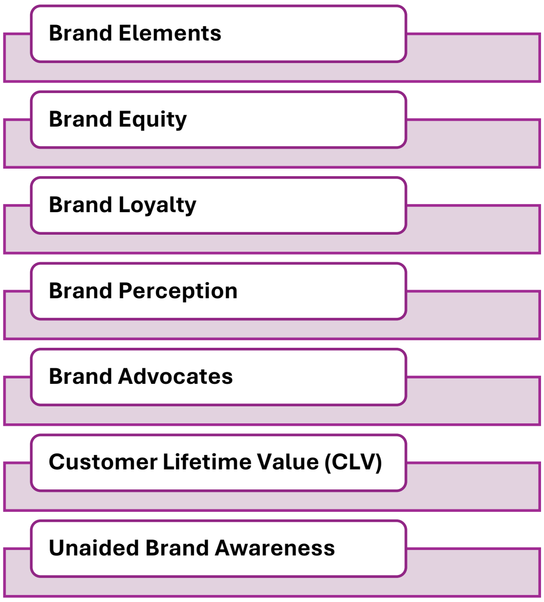

Figure 19.2. Factors influencing Brand Performance

1) **Brand Elements:** The visual and verbal identity of a brand, including its logo, color palette, typography, and messaging, significantly influences public perception. A well-designed logo and consistent messaging ensure that the brand is easily recognizable and memorable. For example, Coca-Cola's distinctive red and white color scheme and cursive typography have made it one of the most recognized brands globally, aiding in instant consumer recognition and association.

2) **Brand Equity:** This refers to the value added to your business by consumer perceptions of the brand name. High brand equity typically translates into customer loyalty, greater market share, and superior financial performance, as seen with Apple. Apple's brand equity allows it to set premium prices for its products, which consumers are willing to pay due to the perceived higher quality and status associated with the brand.

3) **Brand Loyalty:** Loyal customers are more likely to make repeat purchases, advocate for the brand, and recommend it to others. Building and maintaining brand loyalty is essential for sustainable business growth. Amazon Prime is a prime example of brand loyalty through its subscription model, offering benefits that ensure customer retention, such as free shipping, which encourages repeated purchases.

4) **Brand Perception:** The way a target audience perceives a brand significantly influences their purchasing decisions. A positive perception can boost sales and enhance customer loyalty, while negative perceptions can deter potential customers. Tesla's commitment to innovation and sustainability positively influences consumer perception, making it a desirable brand for environmentally conscious consumers.

5) **Brand Advocates:** These are individuals who actively promote your brand through word-of-mouth and social media, significantly influencing your brand's reputation and performance. Successful brands often engage influencers as brand advocates to reach broader audiences. For instance, Nike's collaboration with high-profile athletes and celebrities has helped amplify its market presence and credibility.

6) **Customer Lifetime Value (CLV):** CLV measures the total revenue a business can expect from a single customer over the course of their relationship. A higher CLV suggests effective customer retention strategies and the development of repeat business. Subscription-based services like Netflix demonstrate high CLV by continuously providing value that keeps subscribers engaged month after month.

7) **Unaided Brand Awareness:** This metric assesses the percentage of people who can recall your brand spontaneously. High unaided brand awareness indicates that the brand remains top-of-mind for consumers, often a result of effective marketing strategies and strong brand presence. For example, when people think of fast food,

brands like McDonald’s often come to mind first due to strong unaided brand awareness driven by extensive global marketing and branding efforts.

Each of these factors not only affects how a brand is perceived but also directly impacts its operational success and strategic positioning in the marketplace. Addressing these areas with strategic planning and consistent execution can lead to significant improvements in brand performance.

19.10 STRATEGIC APPLICATION OF METRICS AND KPIS IN BRAND PERFORMANCE MARKETING

Implementing a data-driven approach in marketing is crucial for enhancing brand performance. Understanding the critical metrics and factors influencing your brand allows you to craft a marketing strategy that is both effective and aligned with your business objectives. Here’s how you can apply this knowledge in detail:

Aligning Marketing Channels: Ensure that all marketing channels, including social media, email marketing, and search engine marketing, are synchronized to deliver a consistent brand message. This coherence helps reinforce brand identity and strengthens brand recall. For example, a company like Zara utilizes its social media platforms to echo the style and tone presented on its website and email campaigns, creating a seamless customer experience that reinforces the brand’s fashionable and accessible image.

Tailoring Marketing Campaigns: Leverage insights from your brand performance metrics to design marketing campaigns that resonate deeply with your target audience and encourage desired actions. This might involve segmenting your audience based on their responses to previous campaigns and tailoring messages to these segments. For instance, if analytics reveal that a particular demographic responds positively to video content, a digital marketing campaign focusing on high-quality video presentations can be developed to target this group.

Collaborating with the Marketing Team: Sharing detailed brand performance data with your marketing team is essential for informed decision-making. This collaborative approach ensures that everyone involved is aligned and can contribute to the refinement of strategies based on shared insights. For example, if the data shows a decline in customer engagement, a brainstorming session with the marketing team might lead to innovative engagement strategies like interactive content or loyalty rewards.

Refining Marketing Messages: Continually analyze the impact of your marketing messages and adjust them to ensure they not only reflect your brand’s values but also resonate with your target audience. This might mean revising your content to emphasize sustainability if your brand values eco-friendly practices and your audience shows high engagement with this message. For instance, Patagonia frequently adjusts its messaging to focus on environmental conservation, aligning with its brand values and resonating with its customer base.

Continuously Optimizing Marketing Efforts: Regularly reviewing brand performance metrics is vital for ongoing optimization. This process includes not just tweaking existing campaigns but also experimenting with new marketing tactics. This continuous optimization might involve A/B testing different versions of a campaign to determine which performs better or reallocating budget towards the most effective channels. For example, Netflix constantly analyzes viewer data to optimize its content recommendations and marketing messages, ensuring high engagement and subscriber retention.

Integrating Customer Feedback into Strategy Development: Actively incorporating customer feedback into marketing strategies can significantly enhance the relevance and effectiveness of your campaigns. By using tools like surveys, social media listening, and customer reviews, brands can gather direct insights from their audience and adjust their strategies accordingly. For example, a tech company might use feedback on user interface issues to prioritize UI/UX improvements in their product development and marketing, directly addressing customer concerns and enhancing satisfaction.

Leveraging Competitive Analysis: Regular analysis of competitors' strategies and performance can provide valuable insights that help in refining your own marketing tactics. This includes monitoring competitors' brand positioning, marketing campaigns, and customer engagement. Understanding what works well for competitors and identifying gaps in their strategies can offer opportunities to differentiate your brand and capture additional market share. For instance, if a competitor's promotional strategy is heavily discounted pricing, your brand could differentiate by emphasizing superior quality or customer service, targeting a more premium market segment.

Fostering Innovation in Marketing Approaches: Embracing innovation based on performance metrics can lead to more creative and effective marketing strategies. This might involve experimenting with new marketing technologies, such as augmented reality (AR) experiences, or novel content formats like interactive videos or gamification. These innovative approaches can significantly increase engagement and brand recall. For example, PepsiCo used AR filters on Snapchat to create a unique brand experience that drove higher engagement and increased brand awareness among younger demographics.

Enhancing Personalization in Marketing: Using data analytics to understand customer preferences and behaviors allows for deeper personalization of marketing messages and offers. Brands that master personalization can deliver content that resonates more effectively with each segment of their audience, thereby increasing the relevance and impact of their communications. Amazon excels in this area by offering personalized product recommendations based on previous purchases and browsing history, significantly enhancing the shopping experience and increasing sales.

Implementing Dynamic Budget Allocation: Dynamic allocation of marketing budgets based on real-time performance data ensures that resources are spent on the most impactful activities. By continuously analyzing the ROI of various marketing channels and campaigns, companies can shift budgets towards higher-performing initiatives, optimizing overall marketing spend. For instance, if real-time data shows that social media advertising is generating more leads than expected, a company might increase its budget allocation to these channels to maximize impact.

By systematically tracking key performance indicators, understanding the factors that affect brand performance, and applying these insights, marketers can make strategic decisions that propel the brand forward and achieve sustained success. This approach not only improves the efficiency of marketing efforts but also enhances the overall brand experience for consumers.

19.11 THE CRUCIAL ROLE OF MEASURING BRAND PERFORMANCE

Measuring brand performance is a pivotal practice for organizations, serving multiple strategic functions that can fundamentally enhance business operations and market positioning. Here’s a detailed exploration of why it is so vital:

- ✓ **Identification of Strengths and Areas for Improvement:** Regular monitoring of brand performance enables businesses to pinpoint both their strengths and weaknesses. This comprehensive understanding is crucial for continuous improvement, helping brands to refine their offerings and enhance the overall customer experience. For example, if a luxury car brand finds that customers praise their vehicle's performance but criticize the customer service, the company can focus resources on improving these interactions. By addressing weak points and capitalizing on strengths, companies can build more robust relationships with their customers, fostering loyalty and encouraging positive word-of-mouth that attracts new customers.

- ✓ **In-depth Understanding of Customer Needs and Preferences:** By measuring brand performance, companies gain valuable insights into the preferences, needs, and behaviors of their target audience. This data is instrumental in tailoring marketing strategies to better align with consumer expectations and enhance engagement. For instance, if a consumer electronics company discovers through feedback that their customers are increasingly interested in sustainable products, they could pivot their product development to focus on eco-friendly materials and highlight this commitment in their marketing campaigns. This alignment not only meets customer expectations but also strengthens the brand's market relevance and appeal.

- ✓ **Tracking Progress and Adapting Strategies Over Time:** Continual measurement of brand performance is essential for tracking a brand's progress against its strategic goals. This ongoing assessment helps in recognizing trends and patterns that could influence future marketing decisions and business strategies. For example, a retail brand analyzing seasonal sales patterns may notice that certain promotions or products perform exceptionally well during specific times of the year. Armed with this knowledge, the brand can strategically plan similar promotions in the future, optimizing marketing efforts for maximum impact. Moreover, in response to long-term trends, such as a gradual shift in consumer preference towards online shopping, a brand might decide to enhance its e-commerce platform and digital marketing efforts.
- ✓ **Optimizing Marketing Investments:** Measuring brand performance helps organizations determine the return on investment (ROI) of their marketing activities, enabling them to allocate their budget more effectively. By understanding which strategies yield the best outcomes, companies can focus their spending on high-performing initiatives and reduce or eliminate expenditure on less effective ones. For example, if a fashion retailer finds that influencer marketing campaigns drive more engagement and conversions compared to traditional advertising, it can reallocate more of its marketing budget to influencer collaborations, thereby optimizing its marketing spend.
- ✓ **Enhancing Competitive Edge:** In a crowded market, staying ahead of competitors is crucial for business survival and growth. Regular measurement of brand performance allows companies to assess how they stack up against competitors and identify unique selling propositions or areas needing improvement. For instance, if a beverage company realizes through brand performance metrics that its competitor's products are perceived as more innovative, it might invest in research and development to create new product lines that can surpass competitors, thus maintaining or gaining a competitive edge.
- ✓ **Facilitating Strategic Planning and Forecasting:** Measuring brand performance is not only about assessing past and current performance but also about forecasting future trends. This information is vital for strategic planning, helping businesses anticipate market shifts and adjust their strategies accordingly. For instance, if a tech company observes a consistent increase in demand for cloud-based services, it can forecast future growth in this area and plan its investments and resources to capture this expanding market segment.
- ✓ **Improving Stakeholder Confidence:** Consistent measurement and reporting of brand performance can increase transparency and build trust with stakeholders, including investors, shareholders, and partners. Demonstrating a clear understanding of brand metrics and market dynamics reassures stakeholders of the company's managerial competence and strategic direction. For example, if a startup

regularly reports positive growth in brand awareness and customer loyalty metrics, it can build more confidence among its investors, potentially leading to increased funding and support.

- ✓ **Driving Product Innovation:** Insights from brand performance metrics can lead directly to product innovation. Understanding customer preferences and market trends enables companies to develop new products or improve existing ones that meet or exceed market expectations. For instance, if data shows that customers are increasingly concerned about health and wellness, a food company might innovate by introducing a new line of organic or low-calorie options, directly responding to consumer demand.

By consistently measuring brand performance, companies can ensure that their strategies remain relevant and effective, adapting to changes in consumer preferences and market dynamics. This proactive approach allows businesses to stay competitive and continue growing in an ever-evolving marketplace.

19.12 ASSESSMENT OF BRAND PERFORMANCE ACROSS THE BUYER JOURNEY

Understanding and measuring brand performance at various stages of the buyer journey is pivotal for optimizing engagement and fostering long-term customer relationships. Here's a comprehensive breakdown of how brand tracking data can be utilized across different touchpoints of the buyer journey:

a) **Brand Loyalty Across Touchpoints:** Assessing brand loyalty at multiple stages of the buyer journey allows companies to gauge how effectively they are retaining customers and encouraging repeat business. For example, a retail brand might track customer purchase frequency and feedback at the point of sale, post-purchase follow-ups, and through loyalty program engagement. This multi-faceted view helps identify whether customers feel consistently supported and valued across all interactions, or if there are specific stages where improvements are necessary to enhance loyalty.

b) **Customer Experience Measurement:** Analyzing customer experience at different phases—from initial awareness and consideration to purchase and post-purchase support—provides valuable insights into how well a brand meets customer needs and fulfills its brand promises. For instance, a software company might measure user satisfaction through onboarding, regular usage, and during customer service interactions. This approach helps pinpoint specific areas where the customer experience may falter, such as complex navigation or inadequate customer support, and provides clear directives for improvement.

c) **Evaluating Customer Loyalty:** Tracking customer loyalty throughout the buyer journey helps in identifying key moments where customer engagement either strengthens or weakens. By understanding these dynamics, brands can implement targeted interventions to build stronger relationships and increase retention. For example, if analysis reveals that customers tend to disengage after the initial purchase, a company might introduce engaging after-sale communication, loyalty rewards, or customer education programs to maintain interest and commitment.

d) **Understanding the Target Audience:** Monitoring the preferences and behaviors of the target audience at each stage of the buyer journey enables brands to tailor their marketing efforts more effectively. This could involve adjusting messaging during the awareness stage to attract more prospects or tweaking the conversion tactics to better resonate with the audience's buying triggers. For example, if a car manufacturer notices that safety features are a significant concern during the decision-making stage, it might highlight safety awards and innovations in its promotions to align more closely with customer priorities.

e) **Comprehensive Impact Assessment:** By measuring brand performance at various touchpoints, businesses gain a holistic view of their brand's impact. This comprehensive understanding allows for more informed strategic decisions that can enhance overall marketing effectiveness. For instance, a comprehensive analysis might reveal that while brand awareness is high, conversion rates are low, prompting a strategic shift to focus more on conversion optimization strategies such as personalized offers or improved user experiences.

f) **Monitoring Brand Perception Over Time:** It's essential to track how brand perception shifts throughout the buyer journey to ensure that marketing messages are consistently aligning with customer expectations and brand values. For instance, a health and wellness brand could assess perceptions at the initial discovery phase, after first purchases, and following engagement with loyalty programs. If the brand discovers a discrepancy in how it's perceived versus its intended image, particularly after purchase, it might need to reassess its communication or product delivery to align more closely with its branding.

g) **Analyzing Conversion Points:** Identifying and analyzing key conversion points along the buyer journey helps pinpoint where prospects turn into customers and where potential sales are lost. This data is crucial for optimizing the sales funnel and marketing strategies. For example, if an e-commerce store finds that many users abandon their shopping carts, it could implement targeted strategies such as cart abandonment emails or flash sales to recover these lost opportunities.

h) **Feedback Loop Integration:** Creating a feedback loop that captures insights at each stage of the buyer journey can drive continuous improvement. This involves not only collecting feedback but also actively implementing changes based on this feedback to enhance the customer experience. For instance, if feedback from the post-purchase phase indicates that customers find product setup challenging, a tech company might develop online tutorials or enhanced customer support to address these issues.

i) **Segmentation and Personalization Strategies:** Using data from different stages of the buyer journey to segment the audience and personalize marketing efforts can significantly enhance effectiveness. For example, a financial services firm might notice that younger clients engage more during the consideration phase through digital channels. In response, it could tailor its digital marketing efforts to feature mobile banking solutions and online financial planning tools that appeal specifically to this demographic.

j) **Predictive Analytics for Future Behavior:** Employing predictive analytics based on brand performance data at different stages of the buyer journey allows companies to anticipate future customer behaviors and market trends. This forward-looking approach can help in adjusting marketing strategies proactively. For instance, if predictive analysis shows an increasing trend in customers prioritizing sustainability, a fashion retailer could shift its future collections to include more eco-friendly materials and highlight this in its marketing campaigns.

Thus, measuring brand performance across the buyer journey is not just about collecting data but about interpreting it to craft a more effective and customer-centric marketing strategy. By understanding how the brand performs at every stage, companies can ensure they are not only meeting but exceeding customer expectations, thereby securing their loyalty and fostering sustainable business growth.

19.13 IN-DEPTH EXAMINATION OF EXEMPLARY BRAND PERFORMANCE

To grasp the significance of brand performance and its profound impact on business success, it is instructive to study examples of companies renowned for their robust brand strategies. These companies have excelled in creating high brand awareness, fostering positive perceptions, and nurturing a dedicated customer base, thereby cementing their status as leaders within their respective industries.

Apple: A Model of Innovation and Customer-Centricity

Apple stands as a paragon of exceptional brand performance, distinguished by its innovative products and a relentless focus on user experience. Apple’s marketing strategy is deeply integrated with its product design philosophy—simplicity, elegance, and functionality. Each product release is accompanied by a carefully crafted marketing narrative that highlights innovative features and how they make users’ lives better, rather than just focusing on technical specifications. For example, the introduction of the iPhone revolutionized mobile technology, not just through its features but through a marketing campaign that positioned the iPhone as an essential lifestyle accessory, indispensable for modern living. Apple's consistent emphasis on quality and innovation has fostered a loyal customer base willing to pay premium prices, ensuring sustained revenue growth and brand prestige.

Nike: Synthesizing Product Innovation with Inspirational Marketing

Nike exemplifies strong brand performance through its synthesis of innovative product design and potent brand marketing strategies. Nike invests heavily in research and development to create high-performance sportswear but pairs this with inspirational marketing campaigns that resonate deeply with consumers. Campaigns like "Just Do It" go beyond selling products to inspire a lifestyle of athleticism and perseverance, making the brand synonymous with sports excellence worldwide. Nike's strategic partnership with high-profile athletes and celebrities to endorse its products reinforces this image, enhancing its visibility and appeal. Moreover, Nike's adept use of digital platforms for direct consumer engagement has enabled it to maintain its relevance and leadership in the sportswear industry, demonstrating the power of combining product innovation with dynamic marketing.

Coca-Cola: Cultivating Global Brand Recognition through Consistent Messaging

Coca-Cola's iconic status and enduring success are products of its consistent brand messaging and ability to adapt to global consumer trends. Known for campaigns that emphasize positivity and unity, Coca-Cola harnesses universal themes that appeal to a diverse global audience. Its "Share a Coke" campaign, which personalized bottles with common names from various countries, exemplified how the brand could foster personal connections while maintaining global appeal. Coca-Cola's commitment to providing a consistent product experience worldwide, coupled with its ability to innovate in response to changing tastes—such as introducing healthier options like Coke Zero—has enabled it to remain a top contender in the beverage industry despite intense competition and shifting consumer preferences.

These examples underscore that successful brand performance hinges not just on the quality of products or services but equally on how effectively a company can engage with its customers and adapt to evolving market dynamics. Companies like Apple, Nike, and Coca-Cola succeed by ensuring that every aspect of their brand strategy—from product development to marketing and customer engagement—is meticulously aligned with their core brand values and customer expectations. This holistic approach to brand management is what distinguishes top-performing brands in the global marketplace.

19.14 EXPLORING EFFECTIVE BRAND PURPOSE MARKETING STRATEGIES

Brand purpose marketing is about aligning a company's core values, messaging, and actions with a meaningful cause, thereby resonating deeply with its target audience. This approach not only enhances customer loyalty but also differentiates the brand in a saturated market. Here's a detailed look at how some companies have successfully implemented brand purpose marketing:

Dove: Championing Real Beauty

Dove's "Real Beauty" campaign is a pioneering example of brand purpose marketing that goes beyond traditional beauty standards to promote self-acceptance and individuality. This campaign strategically shifted focus from aesthetic appeal to inner beauty, featuring women of all shapes, sizes, and ethnicities, which starkly contrasted with the often unattainable beauty standards prevalent in the industry. The campaign's powerful message, "You are more beautiful than you think," was not just a slogan but a social movement, encouraging women to redefine beauty on their own terms. This resonated strongly with a broad audience, significantly boosting Dove's brand perception and loyalty. By fostering an emotional connection and starting meaningful conversations around beauty, Dove strengthened its market position and set a new standard in the beauty industry.

Patagonia: Advocating Environmental Responsibility

Patagonia's dedication to environmental sustainability is authentically woven into its brand narrative. The "Don't Buy This Jacket" campaign, launched to highlight the environmental costs of consumerism, urged customers to rethink their purchasing habits and consider the environmental impact. This bold move, advocating reduced consumption, reinforced Patagonia's commitment to sustainability and attracted consumers who share similar values. The campaign not only bolstered Patagonia's reputation as an eco-conscious brand but also demonstrated that profitability could coexist with ethical business practices. Through initiatives like these, Patagonia has not just sold products but has inspired a community of environmentally conscious consumers, driving both brand loyalty and social change.

TOMS Shoes: Pioneering the One for One Model

TOMS Shoes has effectively differentiated itself through its "One for One" model, where each purchase triggers a donation—a pair of shoes to a child in need. This model provided a clear, tangible benefit linked directly to the consumer's purchase, making the social impact feel personal and immediate. The initiative has not only helped millions of children but has also positioned TOMS as a leader in social entrepreneurship. Consumers are increasingly looking to support brands that contribute positively to society, and TOMS' transparent and impactful giving model has engendered strong customer loyalty and advocacy, driving the brand’s growth and visibility.

LUSH Cosmetics: Leading with Cruelty-Free Convictions

LUSH Cosmetics has built its brand around ethical practices, including a staunch commitment to cruelty-free and environmentally friendly products. By using fresh, organic ingredients and refusing to test on animals, LUSH appeals to ethical consumers who prioritize these values in their purchasing decisions. The brand amplifies its purpose through vigorous campaigns, engaging storytelling, and community-driven initiatives, effectively using social media and influencer partnerships to spread its message. This transparent alignment with ethical practices has not only nurtured a loyal customer base but has also set LUSH apart from competitors in the cosmetics industry.

These examples illustrate that when a brand sincerely commits to a purpose that aligns with its consumers’ values, it can achieve more than just financial success; it can also drive meaningful change and build a lasting connection with its audience. Brand purpose marketing, therefore, is not just a strategy but a comprehensive approach to business that can lead to enduring success and differentiation in the market.

Check Your Progress- B

Q1. Answer the following true-false questions: -

a) Brand equity refers to the immediate financial performance of a brand's products.
b) Consistent marketing communications are crucial for managing consumer expectations and reinforcing brand knowledge.
c) Apple's launch of the iPhone was poorly received due to inconsistent marketing strategies.
d) Brand repositioning can be used to rejuvenate interest and help a brand stay competitive against rivals.
e) High brand loyalty automatically ensures a brand's profitability without the need for ongoing management.
f) Enhancing customer experience is not a priority in long-term brand management strategies.

Q2. What are the metrices of brand evaluation?

19.15 SUMMARY

This unit explores the intricacies of brand management over time and the factors affecting brand performance. It underscores the necessity for companies to adapt their marketing and branding strategies continuously due to evolving product offerings, technological advancements, regulatory changes, and shifting consumer preferences. Effective brand management involves not only reacting to changes but also proactively anticipating future consumer behaviors to enhance brand equity. The text highlights examples like Apple, which has successfully managed its brand by consistently aligning marketing programs with its brand promise, and Coca-Cola, which innovates marketing strategies to maintain leadership. It warns against the risks of altering fundamental elements of brand equity through examples like Intel's microprocessor flaw in the early 1990s, demonstrating the consequences of poor brand management. Furthermore, the document stresses the importance of leveraging brand equity carefully, avoiding short-term gains that could diminish long-term value. It discusses strategies for maintaining brand relevance, like repositioning, to rejuvenate interest and remain competitive. In highly competitive markets, targeting specific demographics and promoting increased usage can sustain a brand. Overall, the document presents a comprehensive view on sustaining and enhancing brand performance through proactive market trend analysis, adaptive brand strategies, enhancing customer experience, and consistent investment in brand building, illustrating these concepts with practical examples and strategies for effective long-term brand management.

19 .16 GLOSSARY

- **Brand Equity**: The value added to a product or service by having a well-known brand name, which can influence consumer buying habits and perceptions significantly.
- **Consumer-Based Brand Equity**: A reflection of the consumer's attitudes, perceptions, and beliefs about a brand, which can drive their purchasing behavior.
- **Marketing Strategies**: Plans and actions implemented by a company to promote its products or services, aiming to enhance its market presence and consumer engagement.
- **Brand Knowledge**: The awareness and understanding that consumers have about a brand, including its attributes, benefits, and values.
- **Repositioning**: The strategy of changing a brand's marketing mix to target new markets or change the brand's identity in the mind of consumers.
- **Brand Loyalty**: The tendency of some consumers to continue buying the same brand of goods rather than competing brands.

- **Brand Advocates**: Customers who are not only loyal but also actively promote the brand to others, enhancing the brand's visibility and credibility.
- **Brand Performance**: A measure of the effectiveness of a brand's marketing strategies, reflecting how well it resonates with its audience and influences consumer decisions.
- **Customer Lifetime Value (CLV)**: A prediction of the net profit attributed to the entire future relationship with a customer.
- **Unaided Brand Awareness**: A measure of brand recall where respondents are asked to recall brand names from a product category without any prompting, reflecting true top-of-mind awareness.
- **Brand Perception**: The way a target audience perceives a brand, which significantly influences their purchasing decisions.
- **Customer Experience**: The overall quality of all the interactions a consumer has with a brand throughout their relationship, which can influence loyalty and satisfaction.
- **Marketing Activity Performance**: The analysis of specific marketing initiatives to evaluate their success and determine which strategies are most effective.
- **Strategic Advantage**: The leverage a company holds over its competitors, often achieved through effective brand performance and distinct marketing strategies.
- **Dynamic Market Environment**: A business context characterized by rapid or continuous changes in consumer preferences, technological advancements, and competitive actions.

19.17 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress –B

Q1. Answers of True-False statements: -

a) False.
b) True.
c) False.
d) True.
e) False.

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19.19 SUGGESTED READINGS

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19.20 TERMINAL QUESTIONS

1) What is the significance of sustained brand management for long-term success?
2) How does effective long-term brand management influence brand loyalty and market relevance?
3) Why is it necessary to continuously measure brand performance in a dynamic market environment?
4) What are the potential risks of altering fundamental elements of brand equity based on historical examples?
5) How can repositioning rejuvenate a brand and help it stay competitive?
6) Describe how companies can use brand equity to maintain a leadership position in competitive markets.
7) What are some strategies for maintaining brand relevance over time?
8) Explain the role of consumer perception in sustaining brand performance.
9) How does enhancing customer experience contribute to brand success?
10) Discuss the strategic applications of metrics and KPIs in brand performance marketing.

UNIT 20 BRAND VALUATION BRAND AUDITS AND BRAND TRACKING

20.1 INTRODUCTION

This unit explores the intricate methodologies and significant importance of understanding a brand's financial worth within the marketplace. This unit is designed to provide a comprehensive insight into the various approaches for valuing a brand—cost, market, and income—each tailored to different scenarios based on the brand's lifecycle and the availability of data. It delves into brand audits, a critical examination that assesses a brand's market position and coherence with business objectives, and brand tracking, a continuous monitoring process that measures a brand's performance over time using specific key performance indicators. These tools are pivotal for businesses to navigate their strategic decisions, enhance market positioning, and maintain competitiveness in a dynamic economic environment. This introduction sets the stage for a deeper understanding of each topic's relevance and application in real-world business contexts, emphasizing the transition from theoretical concepts to practical tools in brand management.

20.2 OBJECTIVES

After reading this unit, learners will be able to: -

- Understand and apply different methods of brand valuation: cost, market, and income approaches.
- Learn how to conduct comprehensive brand audits to assess and enhance brand positioning and effectiveness.
- Master the techniques of brand tracking to monitor and adapt brand strategy based on market feedback and performance metrics.

20.3 MEANING AND COMPONENTS OF BRAND EVALUTION

Brand Valuation refers to the process of estimating the total financial value of a brand. It is a crucial assessment in various contexts, such as financial reporting, mergers and acquisitions, licensing, and marketing strategy development. Understanding the value of a brand helps companies make informed decisions regarding brand strategy, budget allocation, and overall business management.

Brand valuation is defined as:

"The process of quantifying the financial value of a brand, considering its market position, strength, and potential to generate future earnings."

Components of Brand Valuation

- ✓ **Financial Analysis**: This includes estimating the current and future revenue specifically attributable to the brand, discounting those earnings to present value using an appropriate discount rate.
- ✓ **Role of Brand**: Assessing the role that the brand plays in purchase decisions. This involves understanding the proportion of the decision to purchase that is driven by brand identity and image.
- ✓ **Brand Strength**: This involves measuring the brand's strength in the market through various indicators like market share, customer loyalty, brand awareness, and other competitive metrics. It helps in assessing the brand's stability and potential for sustained earnings.
- ✓ **Competitive Benchmarking**: Comparing the brand against its competitors to assess its relative positioning and value in the market.
- ✓ **Legal and IP Analysis**: Evaluating the legal status of the brand, such as trademark registrations, and the robustness of intellectual property rights which protect its exclusive use.

Brand valuation methodologies may vary based on the purpose of the valuation and the specifics of the brand being evaluated. Common approaches include the income approach, market approach, and cost approach, each providing a different perspective on the brand’s financial value.

20.4 TYPES OF BRAND VALUATION METHODS

The valuation of a brand involves assessing its financial worth, which is crucial for various strategic decisions such as mergers, acquisitions, and financial reporting. The complexity of this process arises from the integration of both tangible and intangible elements that constitute a brand. To address this complexity, several methods have been developed, each suited to different scenarios and based on distinct financial principles. Here, we will delve deeper into the three primary types of brand valuation methods: the cost approach, the market approach, and the income approach.

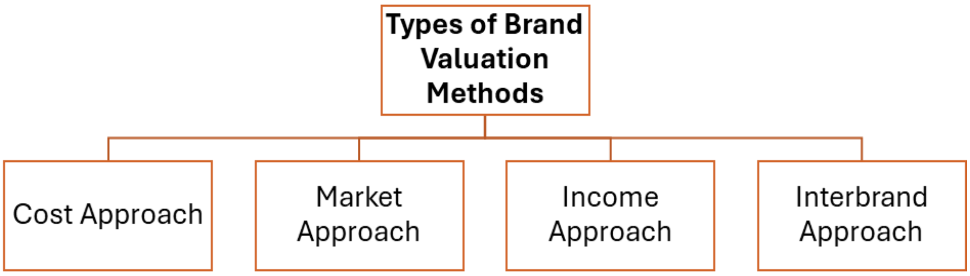

Figure 20.1. Types of Brand Valuation Methods

1. Cost Approach

The **Cost Approach** to brand valuation is based on the principle of substitution, which posits that a rational investor would not pay more for an asset than the cost to replace it with an equivalent one. This method calculates the brand's value by summing up all costs incurred in creating or re-creating the brand. These costs can include:

- **Development Costs:** All expenses related to the initial creation and development of the brand, such as market research, product development, and initial marketing campaigns.
- **Replacement Costs:** The hypothetical cost of building a similar brand from scratch with the same market position and recognition as the existing brand.
- **Reproduction Costs:** This includes the expenses that would be incurred to reproduce the brand's assets in their current form, reflecting historical costs adjusted for inflation.

This approach is particularly useful for newly established brands or those without a significant market presence, where future earnings or market comparisons are difficult to estimate. However, it may not fully capture the future potential or current market perceptions of more established brands.

2. Market Approach

The **Market Approach** assesses a brand's value based on the selling prices of comparable brands in the market. This method relies heavily on the availability of data regarding recent transactions involving similar brands. The key steps involved are:

- **Identifying Comparables:** Select brands that are similar in terms of industry, market share, customer base, growth potential, and other relevant characteristics.
- **Adjustment for Differences:** Since no two brands are exactly alike, adjustments must be made for differences in market conditions, geographic reach, brand maturity, and other factors.
- **Benchmarking:** Using ratios such as price-to-sales or price-to-earnings derived from comparable brand transactions to estimate the value of the brand being assessed.

This approach is widely used when there are sufficient market data available and offers the advantage of being grounded in actual market transactions, providing a market-driven valuation that is understandable and justifiable.

3. Income Approach

The **Income Approach** is the most comprehensive and commonly used method for brand valuation. It involves estimating the net economic benefits that a brand is expected to generate for its owners in the future, and discounting these to their present value. The steps include:

- **Forecasting Future Earnings:** Projecting future revenues attributable to the brand and then determining the portion of these revenues that constitutes brand-specific earnings.
- **Determining the Royalty Rate:** Applying a hypothetical royalty rate that could be charged for licensing the brand, which reflects the brand's ability to generate profits relative to other brands.
- **Discounting to Present Value:** Applying a discount rate that reflects the risk associated with the brand's future earnings. This rate considers factors such as market volatility and competitive environment.

This method captures the present value of future income streams and is particularly effective for well-established brands with a stable earnings history and a clear competitive advantage.

4. Interbrand Approach

Developed by the consultancy Interbrand, this method combines elements of both income-based and market-based valuations. It evaluates a brand's current financial performance, its ability to retain and attract customers, and its overall strength in driving consumer choice. For example, the Interbrand method would assess a global fashion brand by analyzing its financial records, market positioning, customer loyalty, and its influence on consumer purchasing decisions.

The Interbrand method is comprehensive as it not only considers financial metrics but also factors in brand strength and market dynamics. This makes it a particularly robust tool for evaluating brands that play a significant role in influencing consumer behavior.

Each of these methods offers distinct perspectives on brand value, making them suitable for different scenarios and types of brands. Understanding these methods allows brand managers to make informed decisions that align with their strategic goals, ensuring the brand's growth and sustainability in the competitive market landscape.

20.5 EVOLUTION OF BRAND VALUATION

The evolution of brand valuation is a compelling narrative of shifting paradigms in business and accounting practices, reflecting the growing recognition of intangible assets' value over time. This transformation is pivotal for understanding how brands—once considered mere marketing tools—have become significant financial assets on corporate balance sheets. Here's a detailed exploration of the stages and key developments in the evolution of brand valuation:

Early Recognition of Brand Value

Historically, brand value was often overlooked in financial assessments, primarily because early accounting systems focused almost exclusively on tangible assets like land, buildings, and machinery. Brands, being intangible and difficult to quantify, were not considered in asset valuations. However, as markets evolved and competition increased, companies began to recognize the power of brands in creating customer loyalty and differentiating products in the marketplace.

1980s: Initial Steps Toward Formal Valuation

The 1980s marked a significant turning point when businesses started to appreciate the substantial value that brands could contribute to overall corporate worth. This realization came about as more companies observed significant disparities between their market capitalizations and the book values of their tangible assets. The excess value was increasingly attributed to intangible assets like brands.

1988: Recognition in Mergers and Acquisitions

In 1988, the purchase of RJR Nabisco by Kohlberg Kravis Roberts & Co. for $25 billion—far above its book value—highlighted the importance of brand valuation. This transaction, among others, demonstrated that brands could command premium values and were crucial in strategic corporate decisions, particularly in mergers and acquisitions.

1990s: Standardization and Methodology Development

Throughout the 1990s, as the focus on brand value intensified, there was a concerted effort to develop standardized methods for brand valuation. Organizations such as the International Organization for Standardization (ISO) and professional services firms began publishing guidelines and methodologies for valuing brands. These methodologies often encompassed variations of the cost, market, and income approaches, adapting traditional asset valuation techniques to suit the unique characteristics of brands.

2000s: Regulatory Changes and Financial Reporting

A landmark development came in 2005 with the adoption of the International Financial Reporting Standards (IFRS), particularly IFRS 3, which mandated the recognition of intangible assets acquired in a business combination at their fair value. This standard required companies to include brands on their balance sheets and depreciate them over time, similar to tangible assets.

Post-2005: Expanding Applications

Since the implementation of IFRS 3, brand valuation has not only been essential for compliance in financial reporting but has also become a strategic tool for internal management. Companies now regularly assess the value of their brands for purposes such as investment analysis, brand management, and even internal performance measurement.

Brand valuation has also become critical in legal contexts, such as in the calculation of damages in cases of trademark infringement.

Contemporary Views and Future Directions

Today, brand valuation is recognized as a sophisticated area of both finance and marketing, reflecting a brand's potential to generate future profits. The valuation techniques continue to evolve with advancements in analytics and the increasing availability of big data, which allows for more precise and dynamic assessments of brand value. Looking ahead, the importance of digital branding and the impact of social media metrics are likely to further refine brand valuation methodologies.

The evolution of brand valuation underscores a broader shift towards recognizing and quantifying the value of intangible assets. From being virtually ignored in early financial analyses to becoming a central asset in strategic corporate decisions, the journey of brand valuation mirrors the changing landscape of global business and accounting practices. As businesses continue to operate in increasingly brand-driven markets, the relevance and sophistication of brand valuation are expected to grow, making it a critical area of expertise in both finance and marketing.

20.6 PRACTICAL APPLICATIONS AND CHALLENGE

Brand valuation is a multifaceted financial tool that has practical applications across various domains of business. It serves as a strategic asset in financial reporting, mergers and acquisitions, marketing strategy development, and more. Each application, however, brings its own set of challenges, making the practice of brand valuation both crucial and complex.

Practical Applications of Brand Valuation

1. Mergers and Acquisitions (M&A):

an M&A, brand valuation is crucial as it helps determine the financial worth of a brand, which is essential for accurately pricing the transaction. When a company is acquired, its brand can often represent a significant portion of the acquisition value. For instance, when Disney acquired Marvel Entertainment, a substantial part of the acquisition cost was attributed to the Marvel brand and its associated intellectual property. Accurate brand valuation ensures that the buyer pays a fair price and understands the premium over tangible assets, which represents the value of customer loyalty, brand recognition, and potential future earnings tied to the brand.

2. Financial Reporting:

For companies listed on stock exchanges, transparent financial reporting is mandatory. According to IFRS 3 (International Financial Reporting Standards), acquired brands must be recognized separately from goodwill and reported on the balance sheet. This not only enhances transparency but also ensures that stakeholders have a clear understanding of the company’s assets. For example, when Kraft Foods acquired Cadbury, it was required to report the value of the Cadbury brand separately on its balance sheet, providing a clearer picture of the transaction's financial impact and helping investors understand the true value of the new asset.

3. Brand Management and Strategy:

Brand valuation plays a pivotal role in managing a brand's strategy. It helps companies decide how much to invest in marketing campaigns, rebranding efforts, or brand extensions. By understanding the value of different brands within their portfolio, companies can allocate resources more effectively. For example, a beverage company with multiple brands might use brand valuation to determine which brand to prioritize for a global marketing campaign, based on their respective values and market influence.

4. Litigation Support:

In legal disputes, especially those involving intellectual property such as trademark infringement, brand valuation is used to quantify damages. This can be critical in determining compensation. For instance, if a lesser-known brand infringes on the trademark of a more established brand, the valuation of the established brand can help in quantifying the financial damage caused by the infringement, guiding the legal strategy and potential settlement negotiations.

5. Secured Lending:

Brands can act as collateral for loans, providing an alternative form of security besides physical assets. This is particularly beneficial for companies that might not have significant physical assets but possess valuable brands. For example, a fashion company known more for its iconic branding than its physical assets could leverage its brand valuation to secure necessary funding for expansion.

6. Taxation:

In the realm of taxation, brand valuation is essential for determining the correct amount of taxes payable when intangible assets are involved. This is particularly relevant in transfer pricing, where multinational companies need to allocate revenues and expenses across different jurisdictions. Proper brand valuation ensures that profit allocation is in line with economic activity, thereby adhering to global tax compliance standards. For example, if a multinational company licenses its brand to a subsidiary in another country, the brand valuation helps in setting an arm’s length price for the licensing fees, ensuring that the transaction meets international tax compliance standards.

7. Strategic Partnerships and Licensing:

Brand valuation is essential when negotiating licensing agreements or strategic partnerships. Companies often license their brands to other businesses to expand into new markets or product categories without directly investing in operations. The brand valuation helps in setting appropriate licensing fees and royalty rates, which are commensurate with the brand's perceived market value. For instance, a well-known sports apparel brand may license its name to a manufacturer of sports equipment; the brand valuation helps ensure that the terms of the licensing agreement reflect the true worth of the brand.

8. Corporate Restructuring:

During corporate restructuring or divestitures, understanding the value of different business units and their associated brands is crucial. Brand valuation helps management decide which divisions to sell, merge, or retain. It provides a clear picture of which entities bring the most value to the corporation and which might be underperforming. For example, if a conglomerate plans to spin off a subsidiary, a robust valuation of the subsidiary's brand can attract potential buyers and justify a higher selling price.

9. Investor Relations:

Brand valuation impacts how investors perceive a company's value and potential for growth. A strong brand can signal market leadership and stability, attracting more investment. By regularly valuing their brands, companies can effectively communicate their assets' worth to investors and analysts, potentially enhancing stock prices. For example, tech companies with iconic brands often enjoy high investor confidence, which is reflected in their market valuations.

10. Marketing Budget Allocation:

Determining the allocation of marketing budgets across various brands in a portfolio can be guided by insights from brand valuation. Brands that show higher returns on brand value might warrant more investment in marketing efforts compared to those with diminishing brand value. This ensures that marketing budgets are spent efficiently, maximizing return on investment. For instance, a consumer goods company might allocate a larger portion of its marketing budget to a brand that holds significant value and market potential compared to others with less strategic importance.

11. Brand Extension Decisions:

Brand valuation can influence decisions regarding brand extensions, where existing brand equity is leveraged to launch products in new categories. A high brand valuation provides the confidence to invest in extending the brand, knowing that the brand's strength will likely carry over to new products. This strategy reduces risk and capital investment compared to building new brands from scratch. For example, a luxury car brand with a high valuation might extend into luxury lifestyle products, capitalizing on its established brand equity.

By providing a quantifiable measure of a brand's financial value, brand valuation supports strategic planning, enhances financial reporting accuracy, assists in litigation, and aids in securing financing, among other applications. It is a critical tool in the arsenal of corporate management and financial analysts.

Challenges in Brand Valuation

1. Subjectivity in Measurement:

Brand valuation is often subject to subjectivity due to the various methods available—each with its own assumptions and criteria. The choice between cost, market, and income approaches can result in significantly different valuations. For instance, using a royalty relief method (a form of the income approach) relies heavily on estimating appropriate royalty rates, which can vary based on industry standards and negotiation power. This subjectivity can lead to debates about the true value of a brand, especially in contexts like mergers or legal disputes.

2. Data Availability:

The accuracy of brand valuation heavily relies on the availability of robust and relevant data. For brands with unique positions or those operating in niche markets, comparable market data may be scarce, complicating the use of the market approach. Additionally, forecasting future earnings, crucial for the income approach, demands extensive data on market trends, competitive positioning, and internal performance metrics, which may not always be readily available or reliable.

3. Changing Market Dynamics:

Brands operate in dynamic environments where consumer preferences, competitive landscapes, and economic conditions can shift rapidly. A brand's value can fluctuate due to factors like technological advancements, regulatory changes, or shifts in consumer behavior. For example, a technology brand might be highly valued during a period of innovation but could quickly lose value if a new invention renders its products obsolete.

4. Integration with Corporate Strategy:

Aligning brand valuation with corporate strategy is complex. The valuation should anticipate strategic moves such as entering new markets or introducing new products. For example, if a company plans to expand internationally, the brand valuation should consider the brand's adaptability and potential reception in new markets, which can be challenging to predict accurately.

5. Legal and Compliance Issues:

Legal and compliance aspects pose significant challenges in brand valuation, especially for companies operating across multiple jurisdictions. Different countries have different laws regarding how brands and other intangible assets are valued, reported, and taxed. For example, in transfer pricing—where multinational companies must price transactions between their own subsidiaries to comply with local tax laws—accurate brand valuation is critical. Missteps in this area can lead to significant tax penalties and legal disputes.

For instance, consider a multinational corporation that owns a well-known beverage brand and operates factories in several countries. The brand's valuation not only affects its asset sheet but also impacts how it reports income in different countries for tax purposes. If this company underestimates the value of its brand in a high-tax country to save on taxes, it may face legal challenges from local tax authorities. Similarly, overvaluing the brand in a lower-tax jurisdiction could lead to accusations of tax evasion or manipulation.

These challenges underscore the importance of a thorough, transparent, and adaptable approach to brand valuation, one that considers both quantitative metrics and qualitative adjustments to align with overall business operations and strategic aims.

Brand valuation's practical applications highlight its importance in contemporary business operations, offering crucial insights for strategic decision-making and financial management. However, the challenges it presents, from data collection and methodological selection to keeping pace with market changes, require rigorous analytical processes and continuous refinement. As businesses increasingly rely on intangible assets, the sophistication and accuracy of brand valuation methods will continue to evolve, underscoring its significance in the global economic landscape.

20.7 BRAND VALUATION EXAMPLES

Brand valuation is a critical financial analysis that assigns a monetary value to a brand, reflecting its strength in the market relative to competitors. This valuation is influenced by factors such as customer loyalty, brand awareness, and the company's profit margins. Two prominent examples from 2018 elucidate the process and outcomes of brand valuation.

Firstly, Amazon's brand was valued at approximately $150.8 billion in 2018. This staggering valuation positioned Amazon as the most valuable brand globally at the time, surpassing many traditional and digital competitors. The valuation was primarily driven by Amazon's dominance in the e-commerce sector, which was bolstered by its innovative business strategies such as Amazon Prime and its expansion into new markets like groceries and pharmaceuticals. Additionally, Amazon's robust market capitalization and its ability to generate substantial revenues underscored its market strength, further elevating its brand value.

Secondly, Apple's brand value in 2018 was estimated at $146.3 billion, securing the second spot in global brand rankings. This represented a significant 37% increase from the previous year. Apple's brand strength is largely attributable to its iconic product designs and the cohesive ecosystem it has developed, which encourages customer loyalty and increases the lifetime value of its consumers. Apple's consistent focus on innovation, coupled with effective marketing strategies, also plays a crucial role in enhancing its brand equity. The brand's ability to maintain high profit margins, despite the highly competitive technology market, underscores its effective management and esteemed brand reputation.

These examples demonstrate that brand valuation is not merely about quantifying the financial worth of a company's name but also involves a deeper analysis of its market position, strategic innovations, and the overall impact of its products and services on consumers. The valuations of Amazon and Apple highlight how integral brand strength is to overall business success and competitive advantage in the global market.

Check Your Progress-A

Q1. What do you mean by brand valuation?

Q2. What are the basic challenges involved in brand valuation?

20.8 BRAND AUDIT

A brand audit is a thorough examination of a brand's position in the marketplace, its consistency, and its effectiveness in achieving the business objectives it sets out to meet. This process involves assessing various aspects of the brand, including its internal and external messaging, market presence, customer perceptions, and overall influence against its competitors. By evaluating these components, a brand audit reveals insights into the brand's strengths, weaknesses, opportunities, and threats, providing a clear snapshot of its current health and performance.

The primary purpose of conducting a brand audit is to gather actionable data that can guide strategic decision-making, ensuring that the brand remains aligned with its core values and business goals. This comprehensive approach helps to pinpoint discrepancies between the brand's intended image and public perception, uncover inconsistencies across different markets or platforms, and identify new areas for growth and improvement. Moreover, a brand audit serves as a critical tool for maintaining a brand's relevance in a rapidly changing market, allowing businesses to adapt their strategies in response to evolving consumer preferences and competitive pressures.

The process of a brand audit typically unfolds in several structured steps, starting from the preparation and planning phase, where the goals and scope of the audit are defined, to the collection and analysis of data, and finally, the implementation of strategies based on the audit's findings. Through this meticulous approach, organizations can develop a deeper understanding of their brand's impact, enhance their market positioning, and effectively communicate their value proposition to both new and existing customers.

Thus, a brand audit is not just a diagnostic tool, but a strategic framework that enables businesses to refine their brand strategy, optimize customer experiences, and ultimately, drive greater business success. It provides the insights needed to build a stronger, more cohesive brand that resonates with consumers and stands out in the competitive landscape

20.9 PURPOSE/ IMPORTANCE OF BRAND AUDIT

The purpose of a brand audit is multifaceted, encompassing a comprehensive assessment of a brand's current position in the marketplace, its alignment with strategic business objectives, and its overall impact and perception among stakeholders. Here is a detailed exploration of the key purposes of conducting a brand audit, with relevant examples and arguments:

1. Assess Brand Health

The primary purpose of a brand audit is to evaluate the health of the brand across various dimensions such as visibility, reputation, and market share. A healthy brand is typically characterized by high levels of customer recognition and a positive reputation. For example, a brand like Coca-Cola conducts regular brand audits to assess its global brand image, ensuring it remains favorable and consistent across different markets. The argument here is that consistent brand health monitoring allows for early detection of potential issues before they escalate, enabling timely corrective measures.

2. Alignment with Business Objectives

A brand audit ensures that every facet of the brand is in alignment with the overarching business goals. For instance, if a company sets a new objective to become the market leader in sustainability within its industry, a brand audit can help determine how well the brand’s current positioning supports this goal. Patagonia, known for its environmental activism, regularly reviews its brand to ensure that all marketing efforts and company policies reinforce its eco-friendly mission. This alignment not only enhances brand credibility but also ensures cohesive messaging that resonates with target audiences.

3. Identify Discrepancies

Another critical purpose of a brand audit is to identify any discrepancies between how the brand wishes to be perceived and how it is actually perceived by consumers and other stakeholders. For example, if a luxury car brand like Mercedes-Benz finds through an audit that customers perceive their vehicles as less reliable compared to competitors, this discrepancy signals a need for strategic interventions in marketing or product quality improvements. The argument for regularly identifying and addressing such discrepancies is that it helps maintain the brand's integrity and customer loyalty.

4. Strategic Insight

Brand audits provide strategic insights that guide future branding decisions and marketing strategies. By analyzing the data gathered, companies can pinpoint effective strategies and areas that require more attention. For instance, a brand audit might reveal that a technology company like Apple has strong brand loyalty but is losing market share in emerging markets. This insight allows Apple to tailor its strategies, perhaps by introducing more cost-effective models or enhancing local marketing campaigns, to better capture these markets.

5. Enhance Competitive Advantage

Conducting a brand audit helps a company understand its position relative to competitors, which is crucial for maintaining or enhancing its competitive advantage. By thoroughly understanding both its strengths and weaknesses compared to competitors, a company can formulate strategies to capitalize on market opportunities and mitigate threats. For example, Netflix might conduct a brand audit to assess how its brand is performing against new streaming services. Insights from such an audit could lead to strategic decisions aimed at innovation in content creation or improvements in user experience to stay ahead of the competition.

6. Drive Organizational Learning and Improvement

A brand audit fosters a culture of continuous improvement and learning within an organization. By regularly evaluating the brand, companies can keep their strategies fresh and responsive to market changes. The ongoing process of learning from audit findings and implementing changes not only keeps the brand dynamic but also engages and aligns internal teams towards common objectives.

7. Facilitate Innovation and Adaptation

A brand audit can serve as a catalyst for innovation by identifying new trends and consumer preferences that may not be currently addressed by the brand's offerings. By understanding these gaps, companies can innovate or adapt their products, services, and marketing strategies to meet evolving market demands. For example, if a brand audit for a technology firm reveals a growing consumer interest in AI-driven devices, the company might consider investing in this area to capture new growth opportunities. The underlying argument here is that brand audits not only help maintain relevance but also push the company toward innovation and adaptation in response to shifting consumer landscapes.

8. Optimize Customer Experience

Through a brand audit, companies can gain detailed insights into the customer journey and experience, identifying touchpoints that are effective and those that are lacking. This understanding enables businesses to fine-tune interactions, streamline processes, and enhance overall customer satisfaction. For instance, if a retail brand finds through an audit that customers experience frustration due to slow checkout processes, targeted improvements can be implemented to enhance efficiency and, consequently, customer satisfaction. The rationale is that optimized customer experiences directly contribute to increased loyalty and positive word-of-mouth, which are critical components of brand success.

9. Ensure Legal and Ethical Compliance

Brand audits often include a review of the company's adherence to legal and ethical standards. This is crucial in maintaining a brand's integrity and public trust. For instance, an audit might check for compliance with data protection laws or ethical advertising practices. A company like Facebook, facing scrutiny over data privacy issues, would benefit from regular audits to ensure compliance with global data protection regulations. The argument for including legal and ethical reviews in brand audits is compelling as it not only protects the company from legal risks but also boosts consumer confidence in the brand.

10. Benchmarking Performance

A brand audit allows companies to benchmark their performance against industry standards and best practices. This benchmarking is crucial for setting realistic goals and understanding where the brand stands in terms of industry leadership. For example, a consumer electronics manufacturer might use a brand audit to compare its product quality and innovation pace against leading competitors. This benchmarking informs strategic planning and helps in setting actionable goals for improvement.

11. Sustainability and Corporate Social Responsibility (CSR)

In today's eco-conscious market, a brand audit can evaluate how well a company's sustainability efforts and CSR initiatives are being communicated to and perceived by the public. This assessment helps companies adjust their strategies to better meet their social and environmental responsibilities, which can significantly enhance their brand image. For instance, a company like Patagonia, known for its environmental efforts, might use an audit to measure the impact of its CSR initiatives on brand perception and loyalty.

Thus, a brand audit serves as an essential tool for strategic brand management, providing a clear and detailed analysis of a brand's current market position, alignment with business objectives, and effectiveness in meeting those goals. The arguments for conducting such audits are strong: they not only help in maintaining brand health and alignment with strategic goals but also enhance competitive positioning and facilitate organizational learning. Each of these elements is crucial for the long-term success and sustainability of a brand in the competitive business landscape.

20.10 PROCESS OF BRAND AUDIT

The process of conducting a brand audit is systematic and methodical, designed to comprehensively assess a brand's position and effectiveness in the market. Below, I've detailed each step in the process, including practical examples to illustrate these steps in action.

1. Preparation and Planning

The initial phase involves setting clear objectives for the audit, defining the scope, and determining the metrics for assessment. This planning stage also requires identifying the resources and tools necessary for conducting the audit. For instance, a company like Starbucks might begin its brand audit by setting objectives to assess brand consistency across global markets and the effectiveness of its recent sustainability initiatives. They would plan to gather data from customer feedback, social media, and internal reports.

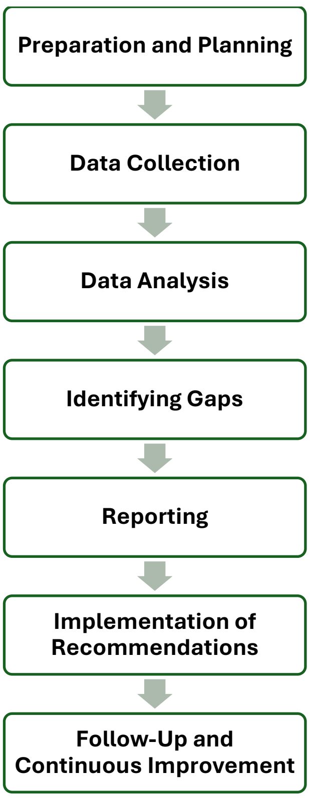

Figure 20.2. Process of Brand Audit

2. Data Collection

Data collection is critical and needs to be both quantitative and qualitative to provide a full picture. This can include internal data (sales data, marketing materials, employee surveys) and external data (customer reviews, market trends, competitor analysis). For instance, for a brand like Nike, data collection would involve gathering sales performance data, analyzing social media engagement rates, customer satisfaction surveys, and reviews, as well as competitor marketing strategies and market share data.

3. Data Analysis

This step involves analyzing the collected data to derive actionable insights. The analysis should look at trends, patterns, and anomalies within the data, comparing these findings against the set objectives and industry benchmarks. For instance, during the data analysis phase, Netflix might analyze viewer engagement data to understand which genres or original programming are most effective in retaining subscribers, comparing these findings with competitor offerings like Amazon Prime.

4. Identifying Gaps

Based on the analysis, the audit team identifies gaps between the current brand positioning and the desired positioning. This includes discrepancies in customer perception versus the intended brand image, inconsistencies in messaging across different platforms, and potential areas for improvement. For instance, a luxury car brand such as BMW might find gaps in customer perception around technological innovation compared to Tesla, which is perceived as more cutting-edge in electric vehicle technology.

5. Reporting

The findings from the audit are compiled into a detailed report that outlines the current state of the brand, the discrepancies identified, the successes, and the areas needing improvement. This report should also include actionable recommendations for addressing identified issues. For instance, after completing its audit, a company like McDonald's might produce a report showing areas where its brand image aligns with consumer expectations of fast service and convenience but falls short in health-conscious segments.

6. Implementation of Recommendations

The final step involves developing strategic plans to implement the recommendations from the audit. This could involve rebranding efforts, marketing campaigns, operational changes, or new product development. For instance, based on audit findings, a software company like Adobe might implement a new marketing strategy focused on cloud services to better meet the needs of remote workers, a segment that has shown significant growth.

7. Follow-Up and Continuous Improvement

Post-implementation, it's important to monitor the effects of any changes made and continuously adjust the strategy based on ongoing feedback and market developments. For instance, after implementing changes, a retailer like Zara might conduct follow-up mini-audits quarterly to monitor the impact of alterations in its supply chain management on brand perception regarding sustainability.

The brand audit process is dynamic and requires an ongoing commitment to adapting and refining strategies based on the audit's findings. It serves not only as a checkpoint but also as a strategic tool to guide continuous improvement and help businesses stay relevant and competitive in their markets. Each example illustrates how tailored the audit process can be to address specific brand challenges and opportunities.

20.11 COMPREHENSIVE ANALYSIS OF BRAND AUDIT

A brand audit is an invaluable tool for assessing the positioning and performance of a brand across multiple dimensions. It systematically examines three core areas—internal branding, external branding, and customer experience—to identify strengths, uncover weaknesses, and pinpoint opportunities for enhancement. Below is a detailed exploration of each area, supplemented with examples and reasoned arguments for their significance.

1. Internal Branding

Internal branding focuses on ensuring that the brand's values and goals are deeply embedded within the organizational culture and communicated effectively to all employees. This internal alignment is crucial as it ensures that employees, who are the primary ambassadors of the brand, fully understand and embody the brand in their daily activities and interactions.

Key Components:

- **Company Culture:** The foundational attitudes, behaviors, and values that characterize an organization. For example, Google emphasizes a culture of innovation and openness, encouraging employees to take risks and experiment, which aligns with its brand as a leader in technological innovation.
- **Employee Education:** Regular training and development programs that help employees understand the brand's mission and values. For instance, Starbucks provides extensive training on customer service and corporate social responsibility, reinforcing its brand ethos of community and quality.
- **Internal Surveys:** These collect feedback from employees about their understanding and acceptance of the brand values, identifying gaps and areas for improvement.

- **Communication Channels:** Effective internal communication systems ensure that brand-related messages are consistently delivered and understood across the organization. This might include internal newsletters, intranets, and regular meetings.

Internal branding is essential because it ensures that every employee, regardless of their role, becomes a custodian of the brand, directly influencing how the brand is perceived externally.

2. External Branding

External branding pertains to how the brand presents itself to the outside world, primarily through marketing efforts and its visual identity. This dimension is critical as it shapes public perception and brand recognition.

Key Components:

- **Advertisements:** These are crafted messages designed to reach a broad audience to inform and influence perceptions about the brand. For example, Nike’s advertising campaigns often emphasize perseverance and inclusivity, reinforcing its brand identity.
- **Logos and Visual Identity:** The visual elements that represent the company. Apple’s apple logo, known for its simplicity and elegance, effectively communicates the brand’s focus on design and user-friendly technology.
- **Websites and Digital Presence:** A brand's website is often the first point of contact for many customers, making it a crucial component of external branding. Amazon’s website, for example, is designed for ease of use, mirroring its brand promise of customer convenience.
- **Email Campaigns and Social Media Presence:** These tools allow for direct interaction with the consumer and play a significant role in shaping the brand’s narrative and community engagement.

External branding is vital for establishing a strong brand presence and ensuring that the brand's visual and communicative expressions align with its values and appeal effectively to its target audience.

3. Customer Experience

Customer experience encompasses every interaction a customer has with the brand, from the initial contact through to post-purchase support. This area is pivotal as it directly affects customer satisfaction, loyalty, and advocacy.

Key Components:

- **Customer Service Interactions:** These are opportunities to build strong relationships with customers. Zappos, for instance, is renowned for its exceptional customer service, which significantly enhances its brand reputation.
- **Content Engagement:** Involves how customers interact with the brand’s content across various platforms, which can influence their purchasing decisions and brand loyalty.
- **Sales Processes:** The efficiency and effectiveness of the sales process can profoundly impact the customer’s perception of the brand. A seamless and user-friendly buying process on platforms like Shopify exemplifies this.
- **Customer Support and Feedback Systems:** After-sales support and how a brand handles feedback are crucial in maintaining customer trust and satisfaction.

Focusing on customer experience is crucial as it directly influences customer retention and loyalty, which are significant determinants of a brand’s long-term success and profitability.

Hence, a brand audit that meticulously examines these three areas allows a company to craft a more coherent and effective brand strategy. By aligning internal practices with external perceptions and refining customer interactions, a brand can enhance its market positioning and foster deeper connections with both employees and customers.

20.12 BRAND TRACKING

In today's fiercely competitive business environment, maintaining a vigilant watch over brand performance is not just beneficial—it's imperative. Brand tracking stands out as a critical tool that enables organizations to continuously assess the health of their brand, seize emerging opportunities, and proactively address potential threats. As highlighted by Hanover Research, the consistent monitoring of a brand is the definitive approach to accurately gauge its success. This guide provides a systematic approach to mastering brand tracking, ensuring that your brand remains competitive and responsive to market dynamics.

Brand tracking is a systematic approach to assessing a brand's performance over time by regularly collecting data on key performance indicators (KPIs). These KPIs typically include metrics related to brand awareness, perception, and preference within a target audience. By systematically gathering and analyzing these metrics, companies can obtain critical insights into their brand's market performance and pinpoint areas needing improvement.

Brand tracking is distinct from other brand measurement techniques due to its emphasis on ongoing monitoring. This method enables companies to observe fluctuations in their brand’s metrics, allowing for timely adjustments in marketing strategies to address these changes. This is in contrast to other measurement methods such as brand equity or brand lift studies, which often focus on evaluating the impact of specific marketing initiatives or assessing the cumulative value of a brand at a point in time. For instance, a company like Coca-Cola uses brand tracking to monitor how its brand perception shifts in response to global marketing campaigns and changes in consumer preferences. This continuous data collection allows Coca-Cola to adjust its strategies proactively, ensuring its brand remains relevant and resonant with its target audience.

The argument for regular brand tracking lies in its ability to provide a real-time pulse on brand health, which is crucial for maintaining a competitive edge. In a landscape where consumer preferences can shift rapidly and market conditions can change unexpectedly, having a continuous stream of data about brand performance equips businesses with the knowledge to make informed, strategic decisions. By integrating brand tracking into their overall brand management strategy, companies can maintain a dynamic marketing approach that adapts to market changes and consumer trends. This ongoing process not only helps in fine-tuning marketing communications but also enhances the overall strategic agility of the business.

20.13 ESSENTIAL OBJECTIVES OF BRAND TRACKING

The principal goals of brand tracking are as follows:

(1). **Monitoring Brand Health and Performance Over Time**: This involves consistently measuring key indicators such as brand awareness, market share, and consumer loyalty. For example, a company might use surveys to assess brand recognition before and after a marketing campaign, helping them understand the campaign's impact on brand visibility.

(2). **Identifying Trends and Changes in Consumer Perceptions**: By analyzing consumer feedback and sentiment, businesses can detect shifts in attitudes towards their brand. This could be critical in adjusting to consumer needs, as seen when a technology firm identifies a growing demand for privacy features and adjusts its product development accordingly.

(3). **Uncovering Potential Threats and Opportunities in the Market**: Brand tracking helps identify external factors that could impact the brand, such as emerging competitors or changes in consumer behavior. For instance, a beverage company may notice a trend towards health-conscious drinking and consider this an opportunity to introduce low-sugar options.

(4). **Informing Data-Driven Marketing Decisions to Optimize Brand Strategy**: The insights gained from brand tracking allow companies to make informed decisions about where to allocate resources for maximum impact. An apparel brand, noticing a surge in online sales from a specific demographic, might increase digital advertising spend to capitalize on this trend.

In the subsequent section, we will delve deeper into the benefits of brand tracking, illustrating how these objectives contribute to a robust and adaptive marketing strategy.

20.14 THE ADVANTAGES OF BRAND TRACKING

Continuous Monitoring of Brand Performance

A key advantage of brand tracking is its capability to continually monitor brand performance. This is achieved through the consistent collection of data on vital brand metrics, allowing businesses to observe shifts in consumer perceptions and emerging trends that could influence their brand's success. For instance, a cosmetics company may utilize brand tracking to evaluate the effectiveness of a new advertising campaign on brand awareness and purchase intent. This ongoing vigilance enables organizations to implement timely modifications to their marketing tactics, thereby maintaining a competitive edge.

Detection of Potential Threats and Opportunities

Brand tracking also plays a crucial role in identifying potential market threats and opportunities. By meticulously analyzing variations in consumer sentiment, preferences, and brand awareness, companies can pinpoint trends and competitive dynamics that may pose risks or present opportunities. For example, a technology firm might detect a growing consumer interest in sustainable products, prompting it to innovate greener solutions. This proactive approach helps companies not only to mitigate risks but also to capitalize on new market prospects and safeguard their market position.

Refinement of Marketing Strategies and Budget Efficiency

The insights derived from brand tracking empower businesses to refine their marketing strategies and optimize budget allocation. By discerning which marketing initiatives yield the most significant impact on brand metrics, organizations can allocate resources towards the most effective campaigns. Consider a scenario where an automotive company finds that social media campaigns have a higher impact on customer engagement compared to traditional advertising. This discovery would allow the company to allocate more budget to social media, enhancing the overall return on investment and achieving optimal resource utilization.

Enhancing Customer Loyalty and Retention

Brand tracking provides valuable insights into customer loyalty and retention trends, enabling companies to devise strategies that enhance customer engagement and satisfaction. For example, by analyzing brand loyalty metrics, a retail company might discover that personalized promotions significantly increase repeat purchases. This insight allows the company to tailor its loyalty programs and communication strategies to foster a stronger connection with its customer base, thereby boosting retention rates.

Facilitating Market Segmentation and Targeting

Brand tracking helps companies better understand the nuances within their market segments, allowing for more precise targeting. By segmenting consumers based on their responses and preferences captured through brand tracking, businesses can customize their offerings and marketing messages to cater specifically to the needs of different demographic groups. For instance, a streaming service might use brand tracking data to identify which genres or types of content are favored by various age groups, thus tailoring their content acquisition strategies and marketing messages to appeal to these distinct audiences.

Supporting Product Development and Innovation

Insights from brand tracking can significantly influence product development and innovation strategies. By keeping a pulse on consumer feedback and brand perception related to product features and usability, companies can innovate or improve their products to meet evolving consumer demands. Consider a smartphone manufacturer that uses brand tracking to gauge consumer reactions to battery life. If feedback indicates dissatisfaction, this could prompt the company to prioritize battery improvements in future models.

Providing Competitive Benchmarking

Brand tracking also allows companies to benchmark themselves against competitors to understand relative brand position and performance in the market. By evaluating how their brand metrics stack up against those of their competitors, companies can identify areas where they excel or need improvement. This benchmarking process can inspire strategic adjustments, such as enhancing customer service or revamping product features to gain a competitive advantage.

Predicting Future Trends

Lastly, brand tracking can serve as a predictive tool, helping companies forecast future market trends based on current and historical brand data. By identifying patterns and correlations in consumer behavior and brand performance over time, businesses can anticipate market shifts and strategically position themselves to meet future demands. For example, a beverage company might notice a gradual increase in consumer preference for non-alcoholic drinks and, predicting a trend, could begin developing a new line of premium non-alcoholic beverages.

Thus, brand tracking offers substantial benefits by enabling continuous performance monitoring, identifying market dynamics, and optimizing marketing investments, all of which are critical for maintaining a strong and adaptive brand strategy.

20.15 KEY BRAND TRACKING METRICS

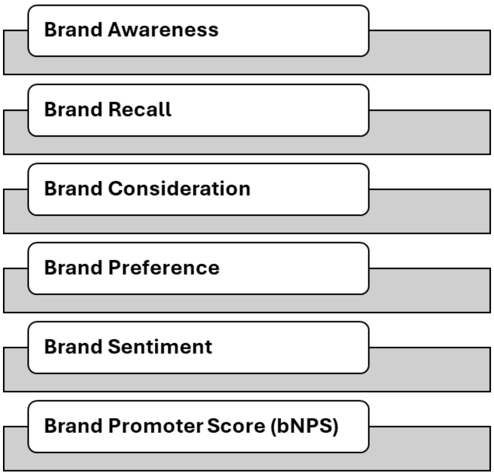

Figure 20.3. Key Brand Tracking Metrics

Brand Awareness

Brand awareness quantifies how well consumers recognize a brand along with its products or services. It is a pivotal metric in brand tracking, signaling the reach and impact of a company's marketing initiatives. For instance, a new beverage company measures brand awareness to gauge whether their advertising campaigns are effectively informing potential customers about their launch. Elevated brand awareness often translates to heightened consumer interest and trust, culminating in increased sales.

Brand Recall

Brand recall represents the ability of consumers to remember a brand when prompted or when considering a particular product category. This metric is vital for understanding the prominence of a brand in consumer minds and the retention of marketing communications. For example, if consumers consistently recall a specific sneaker brand when thinking about sports footwear, it signifies effective brand positioning and can lead to higher sales through top-of-mind awareness.

Brand Consideration

Brand consideration is the probability that consumers will think of a particular brand during their purchase decisions. Monitoring this metric helps companies evaluate their brand's attractiveness to potential buyers and pinpoint where enhancements in marketing strategies might boost consideration levels. For instance, an electronics manufacturer tracks brand consideration to determine if potential customers consider their smartphones as a viable option alongside major competitors.

Brand Preference

Brand preference assesses how much consumers favor one brand over its competitors. This metric is crucial for gauging a brand's competitive stance and can elucidate what drives consumer choices—be it quality, price, or features. Enhancing brand preference can lead a company to gain a larger market share. A car manufacturer may analyze brand preference to understand why consumers might favor their vehicles over others, aiming to leverage these insights for product improvements and targeted marketing.

Brand Sentiment

Brand sentiment analyzes the general perceptions and emotions consumers harbor towards a brand. Tracking sentiment is essential for evaluating the resonance of a company's marketing strategies, products, or services with its audience. Monitoring shifts in brand sentiment can alert companies to emerging problems or highlight successful strategies. For example, a fashion retailer monitors social media sentiment after launching a new line to quickly address any negative feedback or capitalize on positive trends.

Brand Promoter Score (bNPS)

The Brand Promoter Score (bNPS) measures how likely consumers are to recommend a brand to others. This metric reflects customer satisfaction and loyalty, where a high bNPS is indicative of a strong brand reputation and can enhance word-of-mouth marketing and retention. A software company, for example, may use bNPS to evaluate the success of its customer service and support initiatives, crucial for retaining long-term users and attracting new ones through recommendations.

Each of these metrics provides vital insights into different aspects of brand health and market performance, allowing companies to make informed, strategic decisions that foster growth and improve competitive positioning.

20.16 STEPS TO ESTABLISH A BRAND TRACKING STUDY

Step 1: Define Your Objectives

Initiate your brand tracking study by precisely defining your objectives. Consider what you aim to accomplish with this study. Are you monitoring your brand’s health, evaluating the impact of a marketing initiative, or pinpointing market opportunities and risks? Clear objectives shape the focus of your research, guiding you towards insights that are directly applicable to your strategic goals. For instance, if a new product launch is forthcoming, your objective might be to track changes in brand perception post-launch.

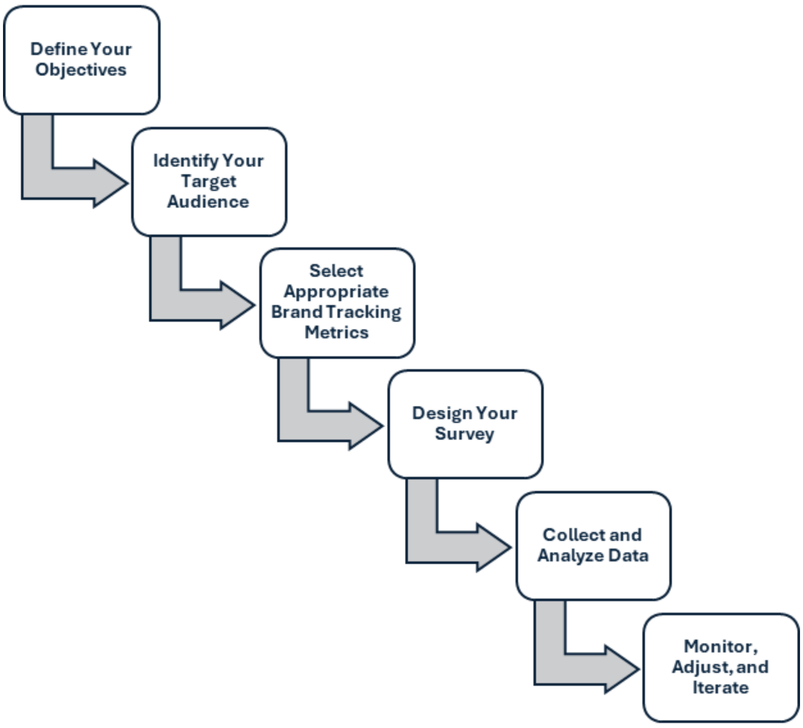

Figure 20.4. Process of Brand Tracking

Step 2: Identify Your Target Audience

Determine who your target audience is for the study. This group should directly align with your brand's strategic interests, encompassing potential customers, existing customers, and possibly even competitors' clientele. Specificity in defining your target audience enhances the effectiveness of your study, leading to more precise insights. For example, a luxury car brand may focus on affluent individuals interested in high-end vehicles.

Step 3: Select Appropriate Brand Tracking Metrics

Choose the metrics that will best help you meet your objectives from the brand tracking study. Depending on what you need to ascertain, you might select from metrics such as brand awareness, recall, consideration, preference, sentiment, and brand promoter score (bNPS). Your choice should mirror the aims of your study—for instance, if increasing visibility is your goal, brand awareness and recall would be pertinent metrics.

Step 4: Design Your Survey

Craft a survey that will gather the necessary data, aligning with your selected metrics and study objectives. Ensure your questions are direct and relevant to avoid overwhelming respondents, thereby maintaining the quality of your data. For instance, if assessing brand sentiment, include questions that probe feelings and perceptions about your brand.

Step 5: Collect and Analyze Data

Distribute your survey to the identified target audience and begin data collection. Choose a collection frequency—like monthly or quarterly—that suits your study's purpose, or opt for a one-time survey depending on your goals. Once the data is gathered, analyze it to discern trends, shifts, and actionable insights. For example, an increase in brand preference might indicate a successful recent advertising campaign.

Step 6: Monitor, Adjust, and Iterate

Brand tracking is not a static process but one that requires ongoing adjustment and refinement. Utilize the insights obtained to tweak your marketing strategies and make informed, data-driven decisions. It's vital to periodically reassess and update your study's design to keep it relevant to your evolving business objectives. For example, if entering a new market segment, you might adjust your study to include metrics specific to that segment.

Implementing these steps will ensure your brand tracking study is robust and tailored to provide strategic insights that drive meaningful business decisions.

20.17 OVERCOMING CHALLENGES IN BRAND TRACKING

Mitigating Survey Biases

Survey biases such as social desirability or response bias can distort the outcomes of brand tracking studies. To combat these, it's crucial to design survey questions that are neutral and straightforward. Employing a mix of question types and response scales can also help in capturing a broader spectrum of insights. For instance, integrating a Likert scale alongside open-ended questions may provide a balanced view that minimizes biases. Additionally, ensuring that your survey sample mirrors your target demographic and is sufficiently large is fundamental for generating statistically robust conclusions.

Ensuring Data Accuracy

The accuracy of data collected through brand tracking is vital for deriving meaningful insights. To safeguard data integrity, it's important to regularly revise your survey questions to align with any changes in your brand, product line, or market dynamics. Data validation practices like data cleansing and verification play a key role in spotting and amending any discrepancies in your data. For example, running consistency checks on data entries can highlight anomalies that, once corrected, enhance data reliability.

Maintaining Measurement Consistency

Consistency in data collection over time is essential for accurate tracking of brand metrics. Employing the same survey instruments, targeting the same audience, and adhering to consistent data collection methods across different periods ensures that variations in data reflect true changes in brand perception rather than methodological discrepancies. This approach helps in isolating real shifts in consumer attitudes from potential noise in the data.

Addressing Survey Fatigue

Survey fatigue can undermine the quality of your data due to diminishing respondent engagement and rising dropout rates. To minimize this issue, streamline your surveys to include only essential questions and eliminate any redundancy. Utilizing survey logic such as skip patterns can make the survey experience more dynamic and less tedious for participants. For example, respondents could skip entire sections that are not relevant to them, making the survey more engaging and improving the quality of the responses received.

Interpreting Complex Data

The complexity of data from brand tracking studies can pose significant analytical challenges. Effective data visualization tools are indispensable for distilling complex data into comprehensible formats. Charts and graphs can elucidate trends and patterns, making it easier to grasp the implications of the data. Advanced statistical methods, such as regression analysis, can further delineate the relationships between variables, providing deeper insights into consumer behavior and preferences. For instance, cluster analysis might reveal distinct consumer segments based on brand perception, guiding targeted marketing strategies.

By proactively addressing these challenges with strategic measures, marketers can enhance the efficacy of brand tracking studies, ensuring they yield reliable, insightful, and actionable results that propel brand growth and strategic decision-making.

20.18 INTEGRATING COMPETITOR ANALYSIS INTO BRAND TRACKING

Identifying Key Competitors

The first step in conducting a comprehensive competitor analysis is to identify your main competitors. This includes both direct competitors, who offer similar products or services, and indirect competitors, who may satisfy the same customer needs with different solutions. Analyze factors like market share, product range, target demographics, and brand positioning. For example, a small coffee shop would consider major coffee chains as direct competitors, while local tea houses might represent indirect competition.

Monitoring Competitor Brand Metrics

To thoroughly understand competitive dynamics, track the same brand metrics for competitors as you do for your own brand. Metrics such as brand awareness, equity, and sentiment are essential. For instance, a smartphone manufacturer might track the brand awareness of competitors to gauge how their marketing reach compares, providing insights into areas where they might need to boost their advertising efforts.

Analyzing Competitor Marketing Strategies

Delve into the marketing strategies employed by your competitors. Scrutinize their advertising channels, messaging, and promotional tactics. Understanding what works for them can reveal valuable strategies that might be applicable to your brand. For instance, if a competitor's social media campaign is particularly successful at engaging young adults, you might consider similar tactics to capture this demographic.

Assessing Competitor Product Offerings

Evaluating the products or services offered by competitors is crucial. Look at features, pricing, and customer feedback. This analysis can highlight market gaps or opportunities for your brand to differentiate itself by offering unique benefits. For example, if competitors in the skincare industry are not offering eco-friendly products, there might be an opportunity to fill this niche.

Benchmarking Your Brand Against Competitors

Use the data collected from your analysis to benchmark your brand's performance against competitors. This benchmarking will help set realistic performance goals and identify areas needing improvement or where your brand already excels. If your brand's customer service ratings are higher than those of your competitors, this strength can be emphasized in your marketing.

Leveraging Insights for Differentiation

Utilize the insights from your competitor analysis to refine your brand strategy and marketing. This may involve adjusting your brand positioning, enhancing your messaging, or innovating new products or services. If competitor analysis reveals that your brand lags in digital engagement, for example, you might focus on improving online customer interactions or expanding your digital presence.

Incorporating competitor analysis into brand tracking not only gives you a clearer view of the market landscape but also aids in identifying growth opportunities and sharpening your competitive edge, ultimately leading to a more robust and distinct brand.

20.19 HARNESSING TECHNOLOGY FOR EFFECTIVE BRAND TRACKING

Utilizing Survey Tools

Online survey platforms like Pollfish or Qualtrics revolutionize the creation and distribution of brand tracking surveys. These tools offer a variety of features including customizable templates, extensive question libraries, and advanced survey logic capabilities, which enhance the quality and relevance of the data collected. Additionally, their built-in analytics enable immediate analysis of responses, facilitating swift strategic adjustments. For instance, a retailer using these tools can quickly gauge consumer reactions to a new product launch, allowing for rapid marketing strategy tweaks based on real-time feedback.

Implementing Social Listening Tools

Platforms such as Brandwatch or Mention enable marketers to track mentions of their brand across social media and other digital platforms. This type of social listening provides direct insights into brand sentiment, emerging trends, and immediate consumer feedback. It is especially useful for monitoring real-time shifts in public perception, which can be pivotal during product crises or viral marketing campaigns. By keeping a pulse on these conversations, brands can proactively manage their online reputations and adjust communications to align with consumer sentiment.

Leveraging Web Analytics

Web analytics tools like Google Analytics and Adobe Analytics offer critical insights into user behavior on a brand’s digital platforms. By analyzing data on traffic flows, engagement rates, and conversion metrics, brands can refine their web strategies to better meet user needs and preferences. For example, if analytics reveal that a significant portion of website traffic abandons the cart page, the brand might investigate and rectify issues with checkout processes or page design.

Integrating Marketing Automation Platforms

Marketing automation tools such as HubSpot and Marketo streamline various marketing tasks, from email campaigns to social media postings. They integrate CRM systems and provide comprehensive analytics across all marketing channels, making it easier to assess the impact of marketing activities on brand perception. These platforms help in nurturing leads and improving customer journeys by providing personalized experiences based on the tracked interactions.

Deploying AI and Machine Learning

Artificial intelligence and machine learning technologies are transforming brand tracking by analyzing complex datasets to uncover deep insights. These tools can predict trends, consumer behaviors, and potential market shifts, allowing brands to stay ahead of competitors. AI algorithms can, for example, analyze customer sentiment across multiple languages and regions, providing global brands with nuanced insights into localized marketing strategies.

Utilizing Data Visualization Tools

Data visualization software like Tableau or Power BI helps translate complex data sets into clear, compelling visual representations. These tools allow marketers to construct interactive dashboards that highlight trends, correlations, and outliers within brand tracking data. Effective visualization aids in communicating results to stakeholders, ensuring that insights are understandable and actionable. For instance, dashboards could be used in board meetings to illustrate the success of recent marketing campaigns or to justify budget increases for upcoming projects.

By strategically employing these technologies, marketers not only enhance the efficiency of their brand tracking efforts but also deepen their understanding of market dynamics and consumer preferences, leading to more informed decisions and stronger brand positioning.

Check Your Progress- B

Q1. Answer the following true-false statements: -

a) The cost approach to brand valuation is most suitable for brands with a long history and a significant market presence.

b) The market approach to brand valuation uses data from similar brand transactions to estimate a brand's value.

c) Brand audits only focus on evaluating a brand’s financial performance.

d) The income approach to brand valuation involves forecasting future revenues attributable to the brand and discounting these to their present value.

e) Brand tracking is used to assess the impact of a specific marketing initiative at a single point in time.

f) International Financial Reporting Standards (IFRS) do not require brands to be included on balance sheets.

Q2. Write the process of brand tracking.

20.20 SUMMARY

This chapter delves into the complexities and methodologies of brand valuation, highlighting its significance for strategic decision-making in scenarios such as mergers and acquisitions, financial reporting, and brand strategy development. It outlines three primary valuation methods: the cost approach, which sums the expenses incurred in creating or recreating the brand; the market approach, which assesses brand value based on comparable market sales; and the income approach, which forecasts future earnings and discounts them to their present value. The text emphasizes the evolution of brand valuation from an overlooked element to a critical component in corporate finance, driven by the increasing recognition of intangible assets. Additionally, it discusses the practical applications of brand valuation across different business domains, addressing the challenges of subjectivity, data availability, and market dynamics. The document also covers brand audits and tracking, essential for maintaining a brand's health and competitive edge by regularly assessing and adjusting brand strategy based on market feedback and consumer behavior changes.

20 .21 GLOSSARY

- **Brand Valuation**: The process of estimating the financial worth of a brand, crucial for making informed strategic decisions in areas like mergers, acquisitions, and financial reporting.
- **Cost Approach**: A brand valuation method that calculates a brand's value by summing all costs incurred in creating or recreating the brand, including development, replacement, and reproduction costs.
- **Market Approach**: A valuation method that determines a brand's value based on the selling prices of comparable brands in the market, adjusting for differences to estimate the value of the assessed brand.

- **Income Approach**: A comprehensive brand valuation method that estimates the net economic benefits a brand is expected to generate in the future, discounting these benefits to their present value.
- **Brand Audit**: A thorough examination of a brand's position in the marketplace, its consistency, and its effectiveness in achieving business objectives, used to identify strengths, weaknesses, opportunities, and threats.
- **Brand Tracking**: The systematic approach to assessing a brand's performance over time by regularly collecting data on key performance indicators (KPIs) to monitor health and adjust strategies.
- **Brand Health**: A measure of a brand's current market performance and overall condition, assessed through metrics like visibility, reputation, and market share.
- **Brand Equity**: The added value a brand gives to a product beyond its functional benefits, typically reflected in consumer perception of the brand.
- **International Financial Reporting Standards (IFRS)**: Standards for financial reporting that include guidelines on how to report the value of intangible assets, such as brands, on corporate balance sheets.
- **Trademark Infringement**: An unauthorized use of a trademark that is owned by another, in a manner that may cause confusion, deception, or misunderstanding about the source of goods or services.

20.22 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress –B

Q1. Answers of true-false statements: -

a) False.
b) True.
c) False.
d) True.
e) False.
f) False.

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20.24 SUGGESTED READINGS

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20.25 TERMINAL QUESTIONS

1) What are the three primary methods of brand valuation?
2) How does the cost approach to brand valuation determine a brand's worth?
3) What is the principle of substitution as it relates to the cost approach in brand valuation?
4) Describe the market approach to brand valuation and explain how comparables are used in this method.
5) What are the steps involved in the income approach to brand valuation?
6) Explain the significance of brand audits in maintaining a brand's market position and coherence with business objectives.
7) What are the essential objectives of brand tracking?
8) How do companies use the information gathered from brand tracking to adapt their brand strategy?
9) Discuss some challenges mentioned in the unit that are associated with brand valuation.
10) What are the advantages of integrating competitor analysis into brand tracking?

UNIT 21 GLOBAL BRANDING GLOBAL BRANDING STRATEGIES AND GLOBALIZATION OF BRANDS

21.1 INTRODUCTION

Global branding represents a strategic approach that involves establishing and maintaining a consistent brand identity and message across international markets. This unit delves into the intricacies of creating a universal brand image that effectively engages diverse global audiences while fostering recognition and trust. The core aspects of global branding discussed include maintaining consistency in brand values and communication strategies across all geographical locations, and adapting to local preferences and cultural nuances to ensure relevance and appeal in various markets. The unit also explores the benefits and challenges associated with global branding efforts, providing insights on how to develop and implement successful global branding strategies that balance consistency with necessary localization. Through this comprehensive overview, learners will gain an understanding of the key components of global branding, analyze successful global brand strategies, and learn the importance of adaptability and global reach in cultivating a brand that resonates worldwide.

21.2 OBJECTIVES

After reading this unit, learners will be able to: -

- Understand the key components and importance of global branding in international markets.
- Learn how to develop and implement a global branding strategy that balances consistency and localization.
- Explore the benefits and challenges associated with global branding efforts.
- Analyze examples of successful global branding strategies and their impact.

21.3 GLOBAL BRANDING

Global branding refers to the strategy by which a company establishes and maintains a consistent brand identity and message across international markets. This approach involves creating a universal brand image that can effectively engage with diverse global audiences while fostering recognition and trust. Key aspects of global branding include:

1) **Consistency**: The core of global branding lies in presenting uniform values, aesthetics, and communication strategies across all geographical locations. This consistency helps in reinforcing brand recall and loyalty among consumers worldwide.

2) **Adaptability**: While consistency is crucial, global branding also requires adjustments to accommodate local preferences, cultural nuances, and language differences. For instance, McDonald’s maintains its global brand image of quick, convenient food, but adapts its menu to include items like McSpicy Paneer in India and Tarako Burger in Japan to cater to local tastes.

3) **Global Reach**: This involves capitalizing on international markets to enhance the brand’s scope and impact. Utilizing global platforms and media channels enables a brand to amplify its presence and accessibility across different regions.

The benefits of implementing a global branding strategy are manifold. A well-established global brand not only gains a competitive advantage but also builds a foundation of trust and reliability with its international customer base. This global recognition often translates into increased consumer preference and loyalty, which are critical in crowded and competitive markets.

However, it's important to distinguish between global branding and localization. While global branding focuses on creating a cohesive brand image, localization tailors products and promotional content to fit local markets and cultural contexts. A successful global branding strategy provides a framework within which localization can occur, ensuring that the brand's core message resonates locally without losing its global appeal.

In practice, companies like Apple exemplify successful global branding. Apple's minimalist design and innovative technology are universally recognized, yet the company localizes its product features, marketing campaigns, and customer service to meet the specific needs of different markets around the world.

Ultimately, global branding is not just about visibility or expansion but about strategically positioning a brand in a way that it becomes a trusted, familiar choice for consumers globally. This involves a careful balance of universal appeal and local relevance, ensuring that the brand's global narrative aligns well with local values and expectations.

21.4 GLOBAL BRANDING PROCESS

Developing a global branding strategy is essential for firms looking to establish a robust presence in the international market. This process involves detailed planning, understanding cultural diversities, and maintaining consistency across various regions. Here are the key steps involved in formulating an effective global branding strategy:

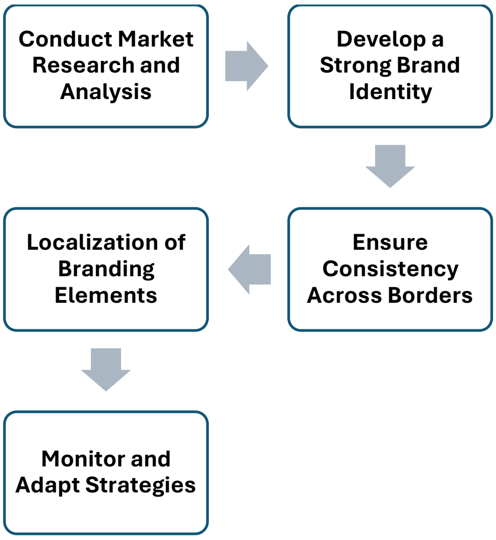

Figure 21.1. Steps involved in Global Branding

1) **Conduct Market Research and Analysis**: Comprehensive market research is the cornerstone of a successful global branding strategy. It involves understanding potential markets by examining cultural practices, consumer behavior, and demographic profiles. For instance, a company like Starbucks performs extensive market research before entering a new country, which allows them to adapt their offerings to local tastes without compromising their global brand identity.

2) **Develop a Strong Brand Identity**: A coherent brand identity includes visual elements (like logos and color schemes), emotional appeal, and the experiential part of the brand that customers interact with. For example, Nike maintains a consistent brand identity of empowerment and performance across all markets, yet it tailors products and marketing campaigns to local sports preferences and cultural icons. A Digital Asset Management (DAM) system can facilitate this by ensuring that all branding materials are accessible and consistent across different teams and regions.

3) **Ensure Consistency Across Borders**: Maintaining a consistent brand image is crucial for building trust and recognition. This requires creating detailed brand guidelines that cover everything from the tone of voice in marketing materials to the aesthetics of the product packaging. Coca-Cola, for example, uses consistent logo placement and bottle shape worldwide but adjusts its flavors and marketing campaigns to fit local preferences. Implementing a DAM system can help in managing these assets efficiently, ensuring that all materials adhere to the brand guidelines.

4) **Localization of Branding Elements**: While consistency forms the backbone of global branding, localization ensures relevance in diverse markets. This involves adapting marketing messages, product offerings, and customer interactions to align with local cultures and languages. For instance, McDonald's not only changes its menu to include local favorites but also adapts its advertising to reflect regional languages and cultural contexts.

5) **Monitor and Adapt Strategies**: Global branding is an ongoing process. Regularly monitoring brand performance across different markets and adapting strategies based on feedback and changing market conditions is crucial. This might include modifying marketing campaigns, introducing new products, or even adjusting the brand message to ensure it remains relevant and resonant.

By integrating these steps into their global branding initiatives, companies can enhance their market penetration and sustain a competitive edge in the global marketplace. The goal is not just to be visible globally but to resonate locally, creating a brand experience that is both universally appealing and locally relevant.

21.5 ADVANTAGES OF GLOBAL BRANDING

Global branding provides numerous strategic advantages, enhancing a company's reach and influence on an international scale. When effectively executed, global branding not only boosts a company's reputation but also significantly improves its profitability. Here are the main advantages of adopting a global branding strategy, supplemented with examples and supporting arguments:

1) **Access to a Larger Audience**: Global branding opens up access to vast, diverse consumer bases across different countries. By reaching an international audience, brands like Apple and Samsung have become household names worldwide, not just in their home countries. This broader reach allows these companies to tap into varied customer segments, increasing their market share and enhancing brand visibility.

2) **Expansion and Growth Opportunities**: Entering new markets provides businesses with significant growth potential. For example, when Netflix expanded globally, it not only increased its subscriber base but also diversified its revenue streams. This reduces reliance on any single market, minimizing risk and stabilizing income, especially in times of regional economic downturns.

3) **Enhanced Brand Value**: A successful global brand often enjoys a higher perceived value, which can lead to greater customer loyalty and the ability to command premium pricing. Coca-Cola, recognized worldwide, leverages its global brand status to maintain a premium image that transcends local and international markets. This perception of high value directly contributes to its overall brand equity.

4) **Increased Profit Potential**: With a larger market base and enhanced brand value, global brands often see a significant increase in profitability. This is not merely due to scale but also efficiency in marketing and distribution. Global branding allows for economies of scale in production and marketing, as companies like Nike have demonstrated by standardizing certain elements of their operations while localizing others to meet specific market demands.

5) **Competitive Advantage**: Global branding can provide a substantial competitive edge. A recognizable and respected brand can be a formidable barrier to entry for competitors, especially in saturated markets. A globally branded company like Starbucks, with its distinct coffee culture and strong brand identity, often outperforms local competitors who lack its brand recognition and loyalty.

6) **Standardization of Marketing Efforts**: Global branding allows for the standardization of marketing strategies and campaigns, which can lead to significant cost savings and more efficient use of resources. For instance, a single global advertising campaign, like Apple's "Shot on iPhone," can be utilized across multiple markets, reducing the need for individual market-based campaigns. This not only streamlines marketing efforts but also ensures a cohesive brand message worldwide.

7) **Cross-Market Learning and Innovation**: Operating across different markets enables a company to gather diverse consumer insights and best practices, which can be leveraged to innovate and improve products and services. For example, Procter & Gamble uses insights gathered from its global consumer base to develop new products that meet more universal needs, thus enhancing its product offerings globally.

8) **Resilience to Local Market Fluctuations**: By operating in multiple geographic markets, companies can mitigate risks associated with economic downturns or political instability in one region. This diversification allows for a more stable revenue stream, as losses in one market can be offset by gains in another. This was evident during the economic recession when companies with strong global brands, such as McDonald's, were able to withstand better than those reliant on a single market.

9) **Enhanced Employer Branding**: A strong global brand not only attracts consumers but also top talent from around the world. Being known as a global leader makes a company a desirable place to work, which can attract skilled employees and reduce recruitment costs. Google, known for its innovative culture and global reach, consistently attracts top talent, contributing to its ongoing success and innovation.

10) **Leveraging Global Partnerships**: Global branding can facilitate partnerships and alliances with other international entities, including suppliers, distributors, and co-marketers. These partnerships can provide logistical benefits, shared marketing expenses, and increased brand exposure. Coca-Cola’s numerous global partnerships have allowed it to reach more remote areas and tap into local distribution networks more effectively.

Thus, global branding is not just about international visibility; it's a strategic approach that, when managed well, leads to enhanced market penetration, diversified risks, and sustained competitive advantage. This strategic approach helps firms achieve not only short-term goals like increased sales but also long-term objectives such as brand legacy and influence.

21.6 CHALLENGES OF GLOBAL BRANDING

Navigating the world of global branding presents a series of challenges that can impact the success and integrity of a brand on the international stage. Understanding these challenges is crucial for any business aiming to expand globally. Here’s a deeper look into the key challenges accompanied by relevant examples and arguments:

(1) **Cultural Sensitivity**: The importance of cultural adaptation cannot be overstated. Brands must ensure that their messaging, imagery, and products are appropriate and appealing across different cultures. For example, when Pepsico launched Pepsi in Southeast Asia with the slogan "Come alive with Pepsi," it was translated in Taiwan as "Pepsi brings your ancestors back from the dead," which caused significant cultural offense. This highlights the need for culturally sensitive marketing that respects and understands local customs and sentiments.

(2) **Financial Risks**: Expanding globally involves substantial financial investment and exposure to economic variables outside a company's control, such as currency fluctuations and regional economic downturns. For instance, during the 2008 financial crisis, many companies found their overseas investments faltering as different markets reacted differently to the economic downturn. Effective financial risk management strategies are crucial to mitigate such impacts and ensure sustainable growth in new markets.

(3) **Brand Reputation Management**: A brand's reputation is easily jeopardized by mishaps in any market due to the interconnected nature of global media. A negative incident in one country can quickly spiral into a global crisis. For example, when a major automobile manufacturer faced a product recall due to safety issues in one country, the news spread globally, affecting customer trust worldwide. Maintaining a proactive approach to crisis management and having a robust global communication strategy is essential to manage such risks.

(4) **Regulatory and Legal Challenges**: Different countries come with different legal landscapes and regulatory requirements. Compliance with local laws and regulations is mandatory; failing to do so can lead to severe penalties and damage to the brand's reputation. For example, data protection regulations such as the EU's GDPR require brands to handle customer data differently, necessitating adjustments to global operations to ensure compliance.

(5) **Navigating the Competitive Landscape**: Entering new markets often means going head-to-head with established local and international competitors. Understanding and adapting to the competitive dynamics of each market is critical. A brand like Starbucks succeeds internationally by not just competing on coffee but also by integrating local cultural elements into their stores and product offerings, thereby differentiating itself from local competitors.

(6) **Language Barriers and Communication Issues**: Effective communication across different languages is crucial but challenging. Misinterpretations or incorrect translations can lead to miscommunication with customers or even become a source of embarrassment. For instance, KFC's famous slogan "Finger-lickin' good" was mistakenly translated in China as "Eat your fingers off," which obviously sent the wrong message. Companies need to invest in high-quality translation services and local consultants to ensure their communications are both clear and culturally appropriate.

(7) **Supply Chain Complexities**: Managing a global supply chain can be intricate and vulnerable to various risks including political changes, tariffs, and disruptions in logistics. These complexities can affect product availability and cost-efficiency. For example, sudden changes in trade regulations can disrupt supply chains, as seen

during trade tensions between the U.S. and China that impacted many businesses reliant on Chinese manufacturing.

(8) **Technology and Infrastructure Variances**: Technological capabilities and infrastructure can vary significantly from one country to another. This variance affects how products and services are delivered. A digital service that works seamlessly in one part of the world might be inefficient or even inoperable in another due to differences in technological infrastructure or user behavior. Netflix, for instance, adjusts streaming quality and technology to match the internet capabilities of different regions.

(9) **Adapting Marketing Strategies**: While a unified global marketing strategy has its benefits, it may not be effective across all regions. Local market conditions, media consumption habits, and marketing channels can vary widely. Adapting marketing strategies to fit local preferences is essential but requires deep market knowledge and flexibility. Coca-Cola, for example, while maintaining its global brand, runs region-specific campaigns that resonate with local audiences' tastes and cultural context.

(10) **Intellectual Property Protection**: Protecting intellectual property (IP) can be particularly challenging in a global marketplace. Different countries have different laws regarding IP which can make enforcement difficult. Companies like Disney need to be vigilant to protect their characters and trademarks from being copied or misused internationally.

(11) **Human Resource Management**: Managing a diverse workforce across various countries introduces challenges related to cultural sensitivities, labor laws, and communication styles. Effective international HR management requires understanding and respecting cultural differences while implementing fair and equitable HR practices globally.

Each of these challenges requires careful strategic planning and execution. By effectively addressing these areas, companies can enhance their likelihood of successful global branding, ensuring that they not only enter but also thrive in diverse international markets.

21.7 TOP GLOBAL BRAND STRATEGIES

As companies venture into the global market, a well-orchestrated branding strategy is crucial for establishing a strong international presence. Here are some refined global branding strategies, enhanced with examples and supporting arguments to illustrate their effectiveness:

- ✓ **Set Clear and Measurable Objectives**: Defining specific, achievable goals is fundamental for tracking the progress and success of your global branding efforts. For instance, Nike sets objectives not just for market penetration but also for brand recognition and customer loyalty across different regions. These goals guide their marketing efforts and product launches, ensuring they align with broader business objectives.

- ✓ **In-depth Analysis of Global Competitors**: A thorough understanding of both direct and indirect competitors on a global scale helps in identifying market gaps and opportunities for differentiation. For example, Adidas closely monitors competitors like Nike and Under Armour, allowing it to identify unique market trends and consumer preferences that inform its product innovations and marketing strategies.

- ✓ **Emphasize Social Responsibility**: Today's consumers are increasingly aware of and concerned about ethical practices and sustainability. Companies like Patagonia have successfully integrated social responsibility into their branding, gaining global recognition not just for their products but for their commitment to environmental causes. This strategy not only enhances brand credibility but also builds a strong, loyal customer base.

- ✓ **Develop a Robust Internal Global Communication Strategy**: Ensuring that all internal teams, regardless of their location, understand and embrace the brand’s core values and objectives is key to maintaining consistency across all markets. Microsoft, for example, uses comprehensive internal communication tools and training programs to ensure that every employee, no matter where they are in the world, is on the same page with the company’s mission and branding strategy.

- ✓ **Assess and Adapt Global Product Positioning**: The global marketplace is diverse, and successful brands must adapt their offerings to meet local needs and preferences while maintaining their overall brand identity. McDonald’s, for example, adjusts its menu items in different countries (like offering the McVeggie in India and beer in Germany) to cater to local tastes while keeping its core branding consistent.

- ✓ **Leverage Digital Platforms for Global Reach**: Utilizing digital marketing and social media platforms can greatly enhance a brand’s visibility and engagement across different regions. Brands like Netflix use social media to create localized content that resonates with specific audiences, while maintaining a consistent global brand image.

- ✓ **Cultural Adaptation and Localization**: Tailoring marketing messages and campaigns to fit cultural nuances without compromising the brand’s identity is crucial. Coca-Cola’s “Share a Coke” campaign, which personalized bottles with popular local names in various countries, is a prime example of effective localization that boosts both relevance and consumer connection.

By implementing these strategies, companies can enhance their global brand identity, resonate more deeply with international audiences, and achieve sustained global growth.

21.8 TOP GLOBAL BRANDS: BEST 3 EXAMPLES

Amazon

Amazon stands as a quintessential example of effective global branding, emerging as the world's most valuable brand by not only pioneering the online retail space but also by adapting strategically to diverse international markets. Here’s a detailed look at Amazon’s global branding approach:

Innovative Beginnings and Market Dominance: Amazon was founded in 1994 by Jeff Bezos, who capitalized on the nascent internet era to launch an online bookstore. This venture quickly evolved into a massive e-commerce platform that dominated the U.S. market by offering unmatched value, convenience, and product variety. Amazon’s early move into online retail, leveraging the expanding reach of the internet, set the stage for its global prominence.

Strategic International Expansion: After consolidating its leadership in the U.S., Amazon pursued aggressive international expansion. It maintained its core brand proposition—value, convenience, and broad selection—across global markets. However, Amazon didn't just replicate its U.S. strategy elsewhere; it meticulously tailored its approach to local market conditions. This strategy involved competitive pricing, rapid delivery services, and a vast array of products suited to local tastes and needs, demonstrating a deep understanding of and adaptation to each market it entered.

Beyond Retail: Diversifying into New Verticals: Amazon’s brand is synonymous not only with retail but also with technological innovation, as it has ventured into cloud services, artificial intelligence, digital streaming, and logistics. This diversification helps cement its reputation as a leader in multiple high-tech industries. For instance, Amazon Web Services (AWS) announced a significant investment in Brazil to expand its cloud infrastructure, showcasing its commitment to technological growth in international markets.

Localized Investments and Infrastructure: In countries like India, Amazon has invested in building extensive logistics networks, including over 60 distribution centers and 150 delivery stations. This investment ensures that Amazon’s promise of convenience and speed is met, enhancing customer satisfaction and loyalty. Such localized infrastructure investments are critical as they provide Amazon with a competitive edge over local players who may lack the resources to match Amazon's scale and efficiency.

Competitive Edge Through Global Branding: Amazon’s global branding strategy hinges on its ability to outperform local competitors by leveraging massive investments in technology and infrastructure. This approach not only helps Amazon dominate the markets it enters but also strengthens its global brand identity as a reliable and innovative entity.

Hence, Amazon’s global branding success is a product of its visionary beginnings, strategic market adaptations, expansion into diverse business verticals, and substantial local investments. This multifaceted strategy allows Amazon to maintain its brand strength and competitive advantage worldwide.

Heinz

Heinz, a globally recognized brand, has adeptly navigated the complexities of emerging markets by adhering to a strategic framework known as the "4 As": Applicability, Availability, Affordability, and Affinity. This approach has been instrumental in strengthening Heinz’s brand presence worldwide, particularly in culturally diverse markets.

Applicability to Local Cultures: Understanding and integrating into local cultures is crucial for any global brand. Heinz exemplifies this through its product adaptation strategy. In Indonesia, recognizing the local preference for banana-based ketchup, Heinz incorporated banana as an ingredient, thereby aligning its product with local tastes and competing effectively against domestic brands. This adaptability not only enhances the product's relevance but also strengthens consumer perception of the brand as culturally attuned and responsive.

Availability Across Varied Retail Landscapes: Heinz has strategically diversified its distribution channels to match the retail habits of different markets. While in the United States, Heinz products predominantly occupy supermarket shelves, the brand has adapted to the retail structure in India, where supermarkets account for only a small fraction of total sales. By tapping into the more prevalent small retail outlets, Heinz ensures its products are readily accessible to a broader segment of the population, thereby increasing market penetration.

Affordability in Diverse Economic Environments: Global brands must address economic disparities across markets. Heinz addresses this challenge by offering products in various packaging sizes, tailored to different spending capacities. For example, in Indonesia, Heinz offers small soy sauce packages at a low price point of 3 cents, making it affordable for a larger portion of the populace. This strategy not only boosts consumption but also builds brand loyalty among consumers with varying economic backgrounds.

Building Affinity Through Local Engagement: Heinz fosters close connections with local communities by employing local managers in its operations across emerging markets. These managers bring invaluable insights into consumer behavior and cultural nuances, which are crucial for shaping effective marketing strategies and product offerings. This local engagement ensures that the brand resonates more deeply with consumers and enhances Heinz's image as a community-involved brand.

By implementing these strategic guidelines, Heinz has successfully expanded its global footprint, particularly in emerging markets previously untapped by the brand. This methodical approach to global branding—ensuring product relevance, accessibility, affordability, and community connection—has not only amplified Heinz's market participation but also significantly elevated its brand awareness and loyalty among diverse consumer bases.

Samsung

Samsung, a South Korean multinational conglomerate, offers another compelling case of effective global branding. Known primarily for its electronics, Samsung has mastered the art of aligning its brand strategy with the "4 As" framework, similarly to Heinz, to solidify its position as a leading global brand.

Applicability to Local Cultures: Samsung's commitment to local culture applicability is evident in its product customization and technological innovations that cater to regional preferences. For instance, in India, Samsung introduced smartphones with 'S bike mode'—a feature designed to prevent distractions while riding a bike, addressing local concerns about road safety. This kind of tailored innovation helps the brand resonate with local consumers by addressing their specific lifestyle needs.

Availability Across Varied Retail Landscapes: Samsung ensures that its products are widely available, from high-end retail stores in metropolitan areas to smaller shops in rural regions. In Africa, Samsung has broadened its distribution by partnering with local telecom operators to reach remote areas, thus enhancing its market penetration. This widespread availability is crucial for maintaining its presence in diverse markets, ensuring that consumers in different geographical areas can easily access its products.

Affordability in Diverse Economic Environments: Understanding the economic diversity of its global market, Samsung offers a range of products at varying price points. In emerging markets, Samsung has introduced more affordable smartphone models, which maintain high-quality standards but at a lower cost. This strategy not only caters to budget-conscious consumers but also introduces them to the Samsung ecosystem, potentially leading to future upgrades as their financial situation improves.

Building Affinity Through Local Engagement: Samsung actively engages with local communities through various corporate social responsibility (CSR) initiatives. In Southeast Asia, Samsung has launched educational programs and tech training centers that enhance technology skills among the youth. These efforts not only contribute to community development but also build long-term brand loyalty and a positive brand image.

By effectively implementing these strategies, Samsung has not only expanded its global reach but has also cultivated a brand that is viewed as innovative, responsive, and committed to enhancing the lives of its customers worldwide. This approach has secured Samsung's position as a leader in the global electronics market and has established a strong foundation for continued growth and consumer engagement.

Check Your Progress-A

Q1. Answer the following true-false statements: -

a) Global branding only involves maintaining a consistent brand image and does not require adaptation to local markets.
b) Digital Asset Management (DAM) systems are crucial for ensuring consistent brand identity across various regions.
c) Localization is the same as global branding, focusing on creating a cohesive brand image worldwide.
d) Market research is unnecessary when a company decides to implement a global branding strategy.
e) A successful global brand can command premium pricing due to its perceived higher value.
f) Standardization of marketing efforts in global branding leads to increased costs and inefficiencies.

Q2. What do you understand about global branding?

21.9 SUMMARY

This unit explores the complexities and strategies behind establishing a consistent brand identity across international markets. It highlights the necessity for consistency in brand values and aesthetics worldwide, while emphasizing adaptability to accommodate local preferences and cultural nuances, such as McDonald's tailored menus in different countries. The text discusses the balance between maintaining a cohesive global brand image and effectively localizing to resonate within diverse markets. Key processes in global branding involve comprehensive market research, development of a strong brand identity, ensuring consistency, localization of branding elements, and continuous adaptation based on market feedback. Examples like Apple illustrate successful global branding, demonstrating how products and marketing strategies are customized for different regions without compromising the universal brand appeal. This approach not only increases global recognition and consumer loyalty but also significantly boosts a company's competitive advantage and profitability on the international stage

21.10 GLOSSARY

- **Global Branding**: The strategy of creating and maintaining a consistent brand identity and message across international markets to engage with global audiences effectively.
- **Consistency**: The practice of maintaining uniform brand values, aesthetics, and communication strategies across all geographical locations to reinforce brand recall and loyalty.
- **Adaptability**: The ability to adjust branding strategies to accommodate local preferences, cultural nuances, and language differences, essential for global branding success.
- **Global Reach**: Utilizing international markets and media channels to enhance a brand’s scope and impact globally.
- **Localization**: The adaptation of products, promotional content, and marketing strategies to fit local markets and cultural contexts, differentiating from global branding which focuses on a cohesive brand image.
- **Brand Identity**: The visible elements of a brand (such as logos and color schemes) that together create recognition and differentiation in the consumer's mind.
- **Digital Asset Management (DAM)**: Systems used to store, share, and manage digital assets such as logos and marketing materials to ensure consistency across different teams and regions.
- **Brand Guidelines**: Detailed instructions that dictate how all aspects of a brand are handled, from the tone of voice in marketing materials to the aesthetics of product packaging.

21.11 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress –A

Q1. Answers of true-false statements: -

a) False.
b) True.
c) False.
d) False.
e) True.

f) False

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21.13 SUGGESTED READINGS

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21.14 TERMINAL QUESTIONS

1) What defines global branding?
2) Why is consistency important in global branding?
3) How does adaptability enhance a global branding strategy?
4) Differentiate between global branding and localization.
5) What is the purpose of market research in global branding?
6) What constitutes a strong brand identity in a global context?
7) What role does a Digital Asset Management (DAM) system play in global branding?
8) Why is maintaining consistency across different markets crucial for global brands?
9) List the advantages of a global branding strategy.
10) How should global brands balance standardization and localization?

UNIT 22 CONSUMER BRAND KNOWLEDGE

22.1 INTRODUCTION

Consumer brand knowledge encompasses a consumer's understanding of a brand's attributes, benefits, and overall value proposition. This unit explores the crucial role that brand knowledge plays in shaping consumer behavior, influencing purchasing decisions, and reinforcing brand loyalty and market differentiation. Brand knowledge extends beyond mere recognition of a brand's logo or slogan; it involves a deep comprehension of a brand’s position within the market, its unique value propositions, and any potential drawbacks.

A key aspect of brand knowledge is the dual perception of a brand—both descriptively, as consumers recognize specific attributes of the product or service, and evaluatively, as they form judgments based on their interactions and experiences. For example, a brand like Apple is not only known for its distinctive logo and product design but is also perceived as providing high-quality, user-friendly technology at a premium price.

This unit delves into the various components of brand knowledge, including brand awareness, brand recall, and brand image, and discusses how these elements interact to enhance consumer understanding and loyalty. The text further illustrates how strategic branding and marketing efforts can significantly amplify this knowledge, thereby strengthening a brand's equity and competitive edge in the marketplace. Through detailed examples and a structured approach, learners will gain insights into how to effectively foster and leverage brand knowledge to achieve business success and sustain competitive advantage.

22.2 OBJECTIVES

After reading this unit, learners will be able to: -

- Understand the components and significance of brand knowledge in consumer behavior.
- Explore how brand knowledge influences purchasing decisions, brand loyalty, and market differentiation.
- Learn to enhance brand knowledge through strategic branding and marketing efforts.

22.3 MEANING OF BRAND KNOWLEDGE

Brand knowledge encompasses a consumer's comprehension of a brand's attributes, benefits, and the overall value it offers. This concept is instrumental in shaping customer expectations and facilitating informed purchasing decisions. Brand knowledge not only includes the ability of customers to recall and recognize elements like a brand's logo or slogan but also involves a deeper understanding of the brand's position in the market, its unique propositions, and potential drawbacks.

A critical aspect of brand knowledge is how consumers perceive a brand, both descriptively (e.g., "this car is fuel-efficient") and evaluatively (e.g., "I trust this brand's reliability"). Such perceptions are formed through interactions with the brand's marketing efforts, including advertising, customer service, and product experiences. This stored information aids consumers in answering queries about the brand and influences their buying behavior.

For instance, consider Apple Inc., known for its distinctive logo and innovative products. Apple's brand knowledge is profound, as customers not only recognize its products but also associate them with high quality, user-friendly design, and premium pricing. This knowledge contributes to strong brand equity, allowing Apple to maintain customer loyalty and charge premium prices.

Furthermore, brand knowledge involves understanding how a brand is distinguished from its competitors. It reflects the totality of a consumer's experiences and the resultant feelings towards the brand—whether positive or negative. For example, a brand like Tesla is associated with innovation in electric vehicles and sustainability, which appeals to environmentally conscious consumers, setting it apart from traditional automotive brands.

In essence, brand knowledge is a pivotal factor in building a brand’s identity and reputation. It is crucial for businesses to cultivate positive brand associations through consistent and positive consumer interactions, which in turn enhance brand equity and foster customer loyalty. Through strategic branding, companies can differentiate themselves in a competitive market and align their offerings with the expectations and values of their customers.

22.4 BRAND KNOWLEDGE PYRAMID

Figure 22.1 depicts the "Brand Knowledge Pyramid," a conceptual model illustrating the hierarchical structure of brand knowledge from the foundational level up to the pinnacle of brand loyalty. Here’s a breakdown of each level of the pyramid:

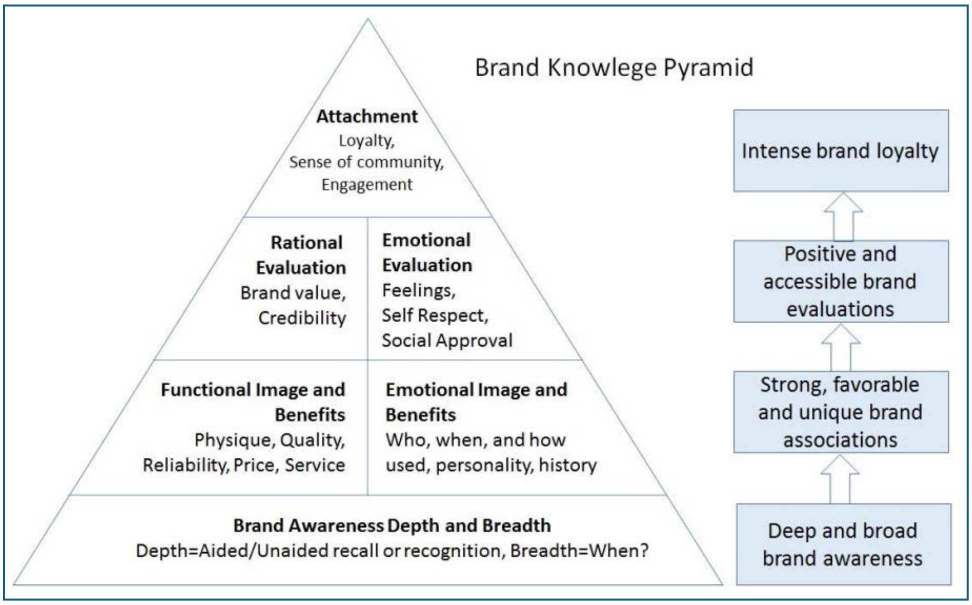

Figure 22.1. Brand Knowledge Pyramid [Source: Keller (1993)]

1) **Brand Awareness Depth and Breadth**: At the base of the pyramid, it addresses both the depth (aided/unaided recall or recognition of the brand) and breadth (context or situations in which the brand comes to mind) of brand awareness. This foundational level determines how well and in what contexts consumers remember and recognize the brand.

2) **Functional Image and Benefits**: The next layer up focuses on the tangible aspects of the brand such as quality, reliability, price, and service—the "Functional Image." These are the basic attributes that a consumer considers when evaluating a brand.

3) **Emotional Image and Benefits**: Parallel to functional aspects, this layer involves the emotional connections consumers have with the brand, including usage scenarios, the personality of the brand, its history, and how it impacts the consumer's identity and social status.

4) **Rational Evaluation**: This layer involves the consumer's critical assessment of the brand's value and credibility. It’s about how consumers perceive the practical benefits of the brand based on logical reasoning and evidence.

5) **Emotional Evaluation**: At the same level as Rational Evaluation, this involves the feelings and emotional responses triggered by the brand, such as respect, pride, and social approval from others.

6) **Attachment**: Moving towards the top, this level concerns deeper emotional connections, including loyalty, a sense of community, and active engagement with the brand. This stage is crucial for fostering long-term relationships between the brand and the consumer.

7) **Intense Brand Loyalty**: At the apex of the pyramid, intense brand loyalty is depicted as the ultimate goal of building brand knowledge. Here, loyalty is not only about repeat purchases but also about advocacy and a deep, enduring commitment to the brand.

The pyramid also shows a flow of consequences, starting from broad awareness at the bottom, moving up through increasingly personal and emotional connections, and culminating in intense loyalty. Each layer supports the subsequent one, illustrating how foundational awareness and functional benefits support emotional connections and evaluations, which in turn foster deep attachment and loyalty. This model helps in understanding how effective branding strategies can cultivate a holistic and robust relationship between consumers and the brand.

22.5 IMPORTANCE OF BRAND KNOWLEDGE

Brand knowledge is a vital asset for companies aiming to establish a robust and enduring brand presence. It not only helps customers recognize the intrinsic value of a company's offerings but also cultivates long-term customer loyalty. The significance of brand knowledge extends across various facets of business strategy and consumer engagement, influencing purchasing decisions and reinforcing brand identity in the competitive marketplace. Here are several key reasons elucidating the importance of brand knowledge:

1) **Differentiation in the Marketplace**: Brand knowledge empowers consumers to distinguish between competing products and services, guiding them in making informed choices that best suit their needs. For example, in the automotive industry, distinctive brand knowledge about safety and innovation sets Volvo apart, helping consumers who prioritize these features in their decision-making process.

2) **Cultivation of Brand Loyalty**: Brand loyalty is crucial for sustaining business success, leading to repeat purchases and sustained customer relationships. Effective brand knowledge fosters trust and reliability, which are pivotal in developing deep, enduring relationships with consumers. Apple’s consistent delivery of innovative technology and customer-centric design is a testament to how brand knowledge can enhance loyalty and encourage ongoing engagement with the brand.

3) **Enhancement of Brand Recognition**: Strong brand recognition increases a company’s visibility and aids in the familiarization of its products or services among consumers. This recognition is fueled by effective brand knowledge dissemination through marketing campaigns and consistent brand messaging. For instance, Nike’s distinctive swoosh and "Just Do It" slogan are globally recognized, thanks to robust brand knowledge that makes these elements synonymous with athletic excellence and motivation.

4) **Generation of Brand Equity**: Brand equity is a valuable intangible asset that can significantly boost a company's market share and competitive edge. It represents the added value brought to a company’s products or services as perceived by consumers. Brand knowledge plays a critical role in enhancing this perception, thereby driving market share and profitability. Coca-Cola’s brand equity, built on widespread recognition and positive associations of enjoyment and refreshment, exemplifies how strong brand knowledge can lead to superior market positioning and financial advantage.

5) **Facilitates Market Expansion**: Brand knowledge is crucial when entering new markets or launching new products. It helps reduce the uncertainty associated with new ventures by leveraging existing customer trust and brand familiarity. For instance, when Starbucks introduces a new coffee flavor, the strong brand knowledge about their quality and experience helps ensure acceptance and curiosity among their customer base.

6) **Supports Premium Pricing**: Well-established brand knowledge allows companies to command premium pricing for their products. Consumers are often willing to pay more for brands they associate with higher quality, reliability, or

status. Luxury brands like Rolex benefit from this, as customers perceive their watches as symbols of prestige and excellence, justifying higher price points.

7) **Enhances Consumer Advocacy**: Brand knowledge can transform satisfied customers into brand advocates. When consumers are well-informed and positively engaged, they are more likely to share their experiences with others, amplifying the brand's reach and credibility through word-of-mouth. Brands like Tesla have leveraged owner enthusiasm to boost their market presence significantly, with fans eagerly promoting the brand's innovation and environmental benefits.

8) **Reduces Marketing Costs**: Strong brand knowledge can lead to more efficient marketing spending. Brands with a solid knowledge base among consumers require less effort and resources to maintain awareness and can focus more on deepening customer relationships and expanding into new segments. Google, for example, spends relatively less on advertising its core search engine because of the strong brand knowledge that exists globally.

9) **Improves Crisis Management**: Effective brand knowledge can cushion a company during times of crisis. A strong brand foundation means that customers have a reservoir of goodwill to draw upon, which can mitigate the impact of negative incidents. Toyota's quick recovery from its 2010 recall crisis was aided by its longstanding reputation for quality and customer satisfaction, which helped retain customer trust even amid challenges.

10) **Drives Innovation and Improvement**: Brand knowledge provides valuable feedback mechanisms through which companies can understand consumer needs and perceptions, guiding product development and improvement. This dynamic interaction encourages continual innovation, ensuring that the brand remains relevant and competitive. Amazon continuously innovates its product offerings and service based on deep insights gained from its extensive customer interaction data, reflecting evolving consumer preferences and expectations.

Hence, brand knowledge is not merely about customer awareness but about shaping perceptions that lead to strategic advantages. By effectively managing brand knowledge, companies can ensure that their brand not only resonates with their target audience but also sustains a competitive position in the market.

22.6 BRAND KNOWLEDGE AND BRAND EQITY

Brand awareness and brand equity, though closely related under the broader umbrella of brand knowledge, serve distinct roles in the branding strategy. Brand awareness refers to the extent to which consumers are familiar with the presence of a brand and can recall it, often due to advertising and promotional activities. On the other hand, brand equity represents the additional value that accrues to a product or service due to the positive qualities associated with the brand, which is built over time through various marketing efforts.

Brand Knowledge as a Comprehensive Concept: Brand knowledge is a comprehensive concept that encompasses both brand awareness and brand equity but extends beyond these components to include the full range of consumer experiences, perceptions, attitudes, and feelings towards the brand. It is the sum of all that is known about a brand, and it influences how consumers interact with and respond to the brand's offerings.

Distinguishing Between the Concepts with Examples: For instance, consider Coca-Cola. The brand's widespread recognition (brand awareness) is incredibly high globally, thanks to consistent and penetrating marketing campaigns. However, Coca-Cola's brand equity is derived from more than just recognition—it includes consumer perceptions of taste, the emotional connections evoked by its advertising, the nostalgic value, and its positioning as an integral part of various cultural moments.

Importance and Interaction: While brand awareness is critical as a foundation—ensuring that consumers know the brand exists—brand equity is what differentiates a brand in meaningful ways and drives consumer preference and loyalty. Higher brand equity means that consumers believe there are qualitative differences between this brand and competitors, which can command higher prices, generate more substantial margins, and often, inspire more profound consumer loyalty.

Brand Equity as a Subset: Arguably, brand equity can be seen as a subset of the broader brand knowledge, which not only includes the practical value derived from consumer perceptions but also the aggregate of all associations and beliefs held by consumers. Brand knowledge, therefore, has a more extensive impact because it encompasses both the recognition (awareness) of the brand and the qualitative judgment (equity) that consumers attach to it based on their comprehensive experiences and interactions with the brand.

Thus, while brand awareness is about recognition and recall influenced by advertising, brand equity involves the value addition from positive consumer perceptions and experiences. Brand knowledge ties these elements together, providing a holistic view of how consumers perceive, interact with, and value a brand.

22.7 COMPONENTS OF BRAND KNOWLEDGE

Brand knowledge encompasses several critical components that collectively define a company's brand in the marketplace. This includes brand awareness, brand image, and brand recall, each playing a pivotal role in distinguishing a company from its competitors and fostering customer loyalty. Here's an in-depth look at these elements, enhanced with examples and arguments to underline their significance:

A. Brand Awareness

Brand awareness measures how familiar potential customers are with a brand and its products. This familiarity can stem from advertising, word-of-mouth, or direct experiences with the brand. High brand awareness is crucial as it lays the foundation for building strong customer relationships and acts as the initial step in the consumer's purchasing process. For instance, McDonald's leverages consistent branding across its global outlets, ensuring that the golden arches are universally recognized, which simplifies marketing efforts and builds a global customer base.

B. Brand Image

Brand image is the perception that consumers have of a brand based on their interactions, marketing communications, and the values the brand espouses. This image can be positive or negative and is shaped over time through customer experiences and targeted marketing campaigns. A positive brand image can differentiate a brand in saturated markets. For example, Tesla has cultivated a brand image centered around innovation and sustainability, which appeals to environmentally conscious consumers, setting it apart from traditional automakers.

C. Brand Recall

Brand recall is the ability of customers to remember a brand unaided, without any prompts such as seeing the logo or hearing the name. This form of recall is vital as it signifies a deep level of brand penetration into the consumer's psyche. Brands with strong recall are likely to be the first that consumers think of in a purchasing decision. For example, when someone thinks of buying running shoes, Nike is often one of the first brands that come to mind, thanks to effective branding that emphasizes performance and quality.

Interconnectedness and Strategic Importance

These elements of brand knowledge are interconnected; brand awareness leads to brand recall, and both are influenced by the brand image. Together, they form a robust framework that can significantly impact customer loyalty and competitive advantage. By strategically enhancing these elements, businesses can not only improve their immediate sales figures but also establish long-term relationships with their customers.

Effective management of brand knowledge involves a comprehensive strategy that aligns marketing efforts to reinforce the desired brand image, enhances brand awareness through consistent and memorable messaging, and fosters strong brand recall through frequent and engaging customer interactions. As businesses invest in these areas, they create a distinctive brand presence that can lead to increased consumer-based brand equity, ultimately boosting revenues and securing a sustainable competitive edge in the market.

22.8 BRAND AWARENESS EFFORTS FOR BRAND KNOWLEDGE

Brand awareness efforts are crucial for cultivating brand knowledge, as they directly influence a customer's likelihood to consider and ultimately choose a brand during purchase decisions. These efforts encompass various promotional strategies such as billboard advertising, television commercials, and digital campaigns on social media platforms. The primary goal of these campaigns is to enhance the visibility of the brand and familiarize the target audience with its products or services.

Significance of Brand Awareness in Building Brand Knowledge

Brand awareness is fundamentally important because it is the first step in the customer's journey towards establishing a relationship with a brand. For instance, a consumer exposed to repeated Nike advertisements showcasing innovative athletic gear is more likely to recognize Nike in a store and consider purchasing due to the familiarity and positive association created by the advertising.

Strategies for Effective Brand Awareness Campaigns

Effective brand awareness campaigns are meticulously planned and executed to resonate with the target demographic, thereby fostering a connection between the consumer and the brand. These campaigns are designed not just to inform but also to evoke emotions and create memorable experiences. For example, Coca-Cola’s “Share a Coke” campaign, which personalized bottles with names, tapped into personalization trends to create a more intimate connection with consumers, significantly boosting recognition and consumer engagement.

The Process of Building and Measuring Brand Awareness

Building brand awareness is an ongoing investment; it requires consistency in message and quality to ensure that customers’ initial impressions are reinforced over time. It involves not only promoting the brand but also engaging with customers, delivering on promises, and maintaining the quality that meets or exceeds customer expectations. To gauge the success of these efforts, measuring brand awareness is essential. This can be accomplished through various metrics such as brand recall, brand recognition, brand favorability, and purchase intent. Each of these indicators provides insights into the effectiveness of the marketing campaigns and their impact on consumer perception and behavior.

For example, if a new tech startup launches an online ad campaign and subsequently sees an increase in website traffic and direct inquiries, these metrics can suggest a successful increase in brand awareness. Similarly, survey data showing improvements in consumer recognition and favorability post-campaign can validate the effectiveness of the strategies employed.

Hence, brand awareness is not just about making a brand known to its potential customers but also about laying the groundwork for sustainable brand knowledge. This knowledge is critical as it underpins customer decision-making processes, influencing everything from initial interest to long-term loyalty. By effectively measuring and understanding the outcomes of brand awareness efforts, companies can fine-tune their strategies to better meet consumer needs and enhance their competitive edge in the market.

22.9 KEY QUALITIES FOR EFFECTIVE BRAND ELEMENTS

For brand knowledge to be optimized effectively, the elements that make up a brand must be carefully crafted. These elements—ranging from logos and slogans to colors and designs—play a crucial role in making a brand memorable, meaningful, transferable, adaptable, and protectable. Here’s a deeper look into each quality that brand elements should embody to enhance brand knowledge:

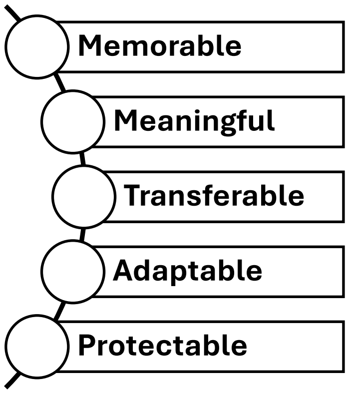

Figure 22.2. Key Qualities of Effective Brand Elements

1. Memorable:

Brand elements need to be striking and memorable to ensure that customers can easily recall the brand when making purchase decisions. For instance, the distinctive swoosh of Nike is immediately recognizable worldwide, aiding in quick brand recall. A memorable brand element not only enhances recognition but also reinforces customer recall, thereby increasing the likelihood of repeat purchases.

2. Meaningful:

Each element of a brand should carry meaning that resonates on an emotional level with customers. This connection is vital for fostering loyalty and affinity. For example, Apple's logo and minimalist design philosophy reflect sophistication and innovation, attributes that resonate deeply with its customer base. Meaningful brand elements help establish a bond between the brand and the consumer, making the relationship less about transaction and more about mutual values.

3. Transferable:

Brand elements should be versatile enough to be effective across various media and geographical markets without losing their impact. This quality ensures that a brand can expand its reach without diluting its identity. For instance, Coca-Cola's red and white color palette is recognizable and effective whether seen on a billboard, in a digital ad, or on packaging, regardless of the country.

4. Adaptable:

In a rapidly changing market landscape, brand elements must be adaptable to stay relevant. This means they should be designed to evolve over time while maintaining the core characteristics that define the brand. Google's logo, for example, has undergone several redesigns over the years to appear more modern and approachable while preserving its distinctive color sequence and clean typography.

5. Protectable:

Lastly, brand elements should be legally protectable to ensure exclusivity and prevent imitation. This involves securing trademarks and copyrights, which safeguard the brand's unique features. The unique bottle shape of Coca-Cola, known as the Contour Bottle, is trademarked, providing legal protection against imitation and reinforcing the brand's market position.

Strategic Implementation for Optimized Brand Knowledge

By embedding these qualities into brand elements, businesses can create a strong, cohesive brand identity that resonates with consumers and stands the test of time. Each quality contributes to a robust brand knowledge framework, which in turn fosters customer loyalty and supports long-term business success. Understanding and implementing these principles allows companies to not only attract customers but also build lasting relationships with them, ensuring sustained success in a competitive marketplace.

22.10 ILLUSTRATING BRAND KNOWLEDGE THROUGH

Apple's Iconic Logo

Apple exemplifies brand knowledge through its iconic logo, which is pivotal in boosting brand awareness. The simple, minimalist apple silhouette is not just recognizable but also evokes a sense of innovation and quality that is synonymous with the company’s products. This logo helps consumers instantly connect Apple's technological advancements and premium designs with the brand itself, reinforcing its position as a leader in the tech industry.

Starbucks' Holiday Campaigns

Starbucks effectively demonstrates brand knowledge through its seasonal marketing campaigns, particularly the famous red holiday cups. These cups do more than just hold coffee; they signal the arrival of the holiday season and position Starbucks as a warm, inviting brand that celebrates festive traditions with its customers. This clever use of seasonal branding enhances its brand image as a consumer-centric brand that values community and celebration, fostering a stronger emotional connection with its patrons.

Amazon's Strategic Discounting

Amazon leverages brand knowledge to build substantial brand equity by offering timely discounts and deals across a wide range of products. This strategy not only attracts a vast customer base but also establishes Amazon as a reliable and value-driven retailer. Customers come to associate Amazon with convenience, variety, and affordability, which bolsters brand recall and loyalty. The perception of getting value for money is a powerful element of Amazon's brand equity, making it one of the leading online marketplaces globally.

In each case, these companies have utilized brand knowledge not just to increase visibility but to create meaningful associations in the minds of consumers. By aligning their marketing strategies with the core values and expectations of their target audiences, they have successfully enhanced their brand equity and solidified their market positions.

Check Your Progress-A

Q1. Answer the following true-false questions: -

a) Brand knowledge only consists of a consumer's ability to recognize a brand's logo or slogan.
b) Effective brand knowledge can help a company charge premium prices for their products.
c) Brand image and brand attributes are the same thing.

d) Consumer perceptions are formed exclusively through direct interaction with a product.
e) Brand loyalty automatically results from high brand recognition.
f) Market differentiation involves making a product less distinguishable from its competitors.

Q2. What do you mean by brand knowledge?

22.11 SUMMARY

This unit examines the critical role of brand knowledge in influencing consumer perceptions and decision-making processes. It defines brand knowledge as a consumer's understanding of a brand’s attributes, benefits, and overall value, which shapes their expectations and purchasing behaviors. This knowledge includes recognizing a brand’s logo or slogan and a deeper comprehension of its market position, unique propositions, and potential drawbacks. The text emphasizes how brand knowledge forms through interactions with marketing efforts, customer service, and product experiences, and how it aids consumers in making informed choices. For example, brands like Apple and Tesla are highlighted for their strong brand knowledge, where Apple is associated with high-quality, user-friendly design and premium pricing, and Tesla is recognized for innovation and sustainability. These associations help these companies maintain strong brand equity and customer loyalty. Overall, the document stresses the importance of businesses cultivating positive brand associations through consistent and positive consumer interactions to enhance brand equity and ensure competitive market differentiation.

22.12 GLOSSARY

- **Brand Knowledge**: The awareness and understanding that consumers have about a brand, including its attributes, benefits, and overall value which influence their purchasing decisions.
- **Brand Attributes**: Features that describe and differentiate a brand's products, such as quality, usefulness, and reliability.
- **Brand Benefits**: The advantages or value that consumers perceive from using a brand’s products or services.

- **Brand Equity**: The additional value a brand adds to a product beyond its practical advantages, as demonstrated in customer perception of the brand.
- **Brand Recall**: The capacity of customers to recall a brand at the time of purchase or while discussing certain product categories.
- **Brand Recognition**: Consumers' capacity to recognize a brand when they see or hear it, rather than remembering it from memory.
- **Brand Image**: The consumer's total impression and sentiments about a brand's features and attributes, shaped over time by multiple encounters.
- **Brand Loyalty**: Some people choose to continue purchasing the same brand of products over rival brands.
- **Consumer Perceptions**: How consumers view a brand based on their direct and indirect interactions and experiences.
- **Market Differentiation**: The act of setting a product or service apart from competitors in order to attract a certain target audience.
- **Brand Positioning**: The process of crafting a brand and service that will make a lasting impression on the target market.
- **Customer Service**: Support and guidance given by a business to customers who purchase or utilise its goods or services.

22.13 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress –A

Q1. Answers of true-false statements: -

a) False.
b) True.
c) False.
d) False.
e) False.
f) False.

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22.15 SUGGESTED READINGS

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22.16 TERMINAL QUESTIONS

1) What is brand knowledge?
2) How does brand knowledge influence consumer purchasing decisions?
3) What are brand attributes?
4) Define brand benefits.
5) What is the difference between brand recall and brand recognition?
6) How does brand image develop?
7) Explain the role of brand loyalty in business success.
8) What factors contribute to consumer perceptions of a brand?
9) What is the purpose of market differentiation?
10) How does a company's customer service impact brand knowledge?

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UNIT 23 NEW TRENDS IN BRAND MANAGEMENT IN INDIA

23.1 INTRODUCTION

This unit explores the evolving landscape of brand management in India, highlighting the significant shifts influenced by digital transformation, sustainability, and evolving consumer expectations. It delves into how brands are adapting to these new trends to remain competitive and relevant in the dynamic Indian market.

The rise of digital platforms has revolutionized the way brands interact with consumers, offering new tools and strategies for engagement. This digital shift is accompanied by a growing emphasis on sustainability and ethical branding, reflecting a global trend towards environmental consciousness and social responsibility. Brands in India are increasingly expected to demonstrate these values in their operations and communications.

Furthermore, the unit covers the importance of localized content and regional outreach in a culturally diverse market like India, where tailored marketing strategies can significantly enhance consumer connection and brand loyalty. Another focal point is the impact of non-traditional media channels such as podcasts, blogs, and social media, which offer unique opportunities for brands to engage with audiences in innovative and intimate ways.

Direct-to-Consumer (D2C) brands are gaining traction, reshaping market dynamics by fostering direct relationships with consumers and bypassing traditional retail channels. This model highlights the shift towards more personalized, customer-focused business strategies.

Overall, the unit provides a comprehensive overview of the current trends in brand management within India, emphasizing the integration of digital technology, the commitment to sustainability, and the strategic use of localized and non-traditional media to build strong, resonant brands in today’s market.

23.2 OBJECTIVES

After reading this unit, learners will be able to: -

- Understand the impact of digital transformation on brand management strategies in India.
- Explore the integration of sustainability and ethical practices in branding.
- Examine the importance of localized content and customer engagement for Indian markets.
- Analyze the rise and influence of Direct-to-Consumer (D2C) brands and non-traditional media in branding.

23.3 DIGITAL TRANSFORMATION IN BRANDING

The landscape of branding is undergoing a profound transformation, driven largely by the advent and integration of digital technologies. This shift has fundamentally changed how brands engage with consumers, offering new platforms, tools, and strategies for interaction. Here, we explore the various facets of digital transformation in branding, particularly focusing on its impact and implementation in India.

Emergence of Digital Platforms

Digital platforms such as social media, mobile apps, and e-commerce websites have become pivotal in brand communication and sales strategies. These platforms allow brands to reach a broader audience more efficiently than traditional media. For example, platforms like Instagram and Facebook offer targeted advertising options based on user demographics, interests, and behaviors, enabling brands to tailor their messages more precisely than ever before.

Leveraging Data Analytics

One of the most significant advantages of digital transformation is the ability to harness data for better decision-making. Brands can now access vast amounts of data about their customers' purchasing behaviors, preferences, and feedback in real-time. This data is invaluable for understanding market trends, customer needs, and the effectiveness of marketing campaigns. Advanced analytics tools and AI can help parse this data to generate actionable insights, facilitating more personalized marketing strategies that can significantly enhance customer engagement and satisfaction.

For instance, an Indian e-commerce company might use data analytics to understand which products are most popular in different regions and adjust their inventory and marketing strategies accordingly. This targeted approach not only improves customer experience but also enhances operational efficiency.

The Role of Artificial Intelligence

AI is revolutionizing branding by enabling more personalized customer experiences through chatbots, personalized recommendations, and automated customer service. AI-powered chatbots can handle customer inquiries 24/7, providing instant responses to common questions and freeing human resources for more complex queries. Additionally, AI algorithms can analyze customer data to offer personalized product recommendations, significantly improving the shopping experience.

In India, brands like Flipkart have utilized AI to enhance user experiences by offering personalized shopping guides and product recommendations based on previous purchases and browsing behaviors.

Influencer Marketing

Digital transformation has also given rise to influencer marketing, which has become a powerful tool for brands to reach consumers in a more organic and engaging way. Influencers can sway the preferences of their followers significantly, making this a potent form of digital marketing. Indian brands are increasingly collaborating with influencers across various platforms to tap into their dedicated follower bases, creating authentic interactions and building trust.

Challenges and Considerations

While digital transformation offers numerous opportunities for branding, it also presents challenges. Cybersecurity is a major concern, as increased digital activity can lead to greater risks of data breaches and security threats. Brands must ensure robust security measures to protect both their own and their customers' information.

Moreover, the digital divide in India means that while urban and semi-urban areas may have good access to digital technologies, rural areas may not. Brands must navigate this divide thoughtfully, ensuring that their digital strategies are inclusive and consider the broad spectrum of access levels across different demographics.

Digital transformation in branding represents a paradigm shift in how brands interact with consumers and manage their operations. In India, with its vast and diverse market, the opportunities for leveraging digital technologies are immense. Brands that can effectively integrate digital tools into their branding strategies are likely to see significant advantages in terms of customer engagement, market reach, and operational efficiency. However, it's crucial for these brands to consider the security and inclusivity aspects of their digital strategies to fully realize the potential of their digital transformation efforts.

23.4 SUSTAINABILITY AND ETHICAL BRANDING

In an era increasingly defined by climate change and social responsibility, sustainability and ethical practices have become critical for brands aiming to maintain relevance and appeal to conscientious consumers. This shift towards responsible branding reflects a broader trend in which consumers, particularly in India, seek out brands that not only provide quality products and services but also demonstrate a commitment to environmental and social values.

The Growing Demand for Sustainable Practices

Consumer awareness and demand for sustainable products have surged, driven by global environmental concerns and a growing sense of social responsibility. In India, this trend is reinforced by the cultural emphasis on respecting nature and preserving resources for future generations. Brands that integrate sustainability into their core operations and marketing are finding a receptive audience among both young and older consumers who are increasingly making purchasing decisions based on ethical considerations.

Building a Sustainable Brand Image

Creating a sustainable brand image involves more than just occasional eco-friendly initiatives; it requires a fundamental integration of sustainability into the brand’s identity. This can be achieved through:

1. **Sustainable Sourcing**: Brands should ensure that their raw materials are sourced responsibly. For example, clothing brands can use organic cotton or recycled materials to minimize environmental impact. Indian brand Fabindia has gained

recognition for its use of traditional techniques and natural fibers, supporting both sustainability and local craftsmanship.

2. **Eco-friendly Manufacturing**: Reducing carbon footprints in manufacturing processes is another crucial step. Companies can invest in green technologies and optimize supply chains to reduce energy consumption and waste. Tata Motors, for example, has made significant strides in reducing the environmental impact of its manufacturing processes.

3. **Ethical Labor Practices**: Ethical branding also involves fair labor practices and ensuring that all workers in the supply chain are treated fairly. This is particularly relevant in countries like India, where labor rights have been a pressing issue. Brands like Chai Point have built their reputation on ethical sourcing and fair treatment of workers, which resonates well with ethically minded consumers.

4. **Product Lifecycle**: Brands should consider the entire lifecycle of their products, from design to disposal. This includes designing products for durability and recyclability, offering services for product returns and recycling, and encouraging consumers to participate in a circular economy.

Marketing Sustainability

Communicating sustainability efforts effectively is as important as the initiatives themselves. Brands must be transparent about their practices and the impact of their products. This transparency builds trust and strengthens the brand's image. However, it is crucial to avoid greenwashing — the practice of making misleading claims about the environmental benefits of a product. Authenticity in communications regarding sustainability can greatly enhance a brand's credibility and appeal.

Challenges in Implementing Sustainable Practices

Adopting sustainable and ethical practices presents several challenges, particularly in terms of cost and scalability. Sustainable materials and fair labor practices often come at a higher price, which can lead to increased product prices. Brands need to balance these costs while ensuring they remain competitive in the market. Education and communication play key roles here, as informed consumers are more likely to pay a premium for ethically produced goods.

Moreover, regulatory environments and the availability of sustainable technologies vary widely across India, presenting logistical and operational challenges for brands operating at a national level.

Hence, sustainability and ethical branding are no longer just niche trends but essential components of modern brand management. In India, with its rich heritage of ecological and social consciousness, these practices resonate deeply with consumers. Brands that commit to genuine sustainable practices and transparent communication are well-positioned to build strong, lasting relationships with their customers. This not only enhances brand loyalty but also contributes positively to the broader societal and environmental goals, aligning brand success with global sustainability efforts.

23.5 LOCALIZED CONTENT AND REGIONAL OUTREACH

In the diverse and culturally rich landscape of India, localized content and regional outreach are becoming increasingly crucial for brands seeking to connect with a broader audience. This approach allows brands to resonate more deeply with consumers by reflecting local languages, cultures, and preferences in their marketing strategies. The success of localization hinges on understanding and embracing the unique nuances of different regions, which can significantly enhance consumer engagement and brand loyalty.

The Importance of Localization

India's linguistic and cultural diversity presents both a challenge and an opportunity for brands. With over 22 officially recognized languages and a multitude of dialects, a one-size-fits-all approach to branding and marketing is often ineffective. Localization helps brands cater to the specific tastes and preferences of different regions, creating a more personal and relevant consumer experience. This approach not only increases the effectiveness of marketing campaigns but also builds trust and credibility among local consumers.

Strategies for Effective Localized Content

1. **Language Customization**: Adapting content to local languages is fundamental in localization. For instance, a brand like Amazon India provides its website and customer service in multiple regional languages such as Hindi, Tamil, and Bengali, making its platform more accessible and user-friendly for a diverse customer base.

2. **Cultural Adaptation**: Beyond language, understanding and integrating local cultural elements into branding efforts are crucial. This can involve aligning products and marketing materials with local festivals, traditions, and social norms. For example, during Diwali, many brands create special advertising campaigns that celebrate the festival's themes of light and joy, resonating strongly with Indian consumers.

3. **Regional Media Channels**: Utilizing local media channels, including regional TV stations, radio, and print media, can help amplify outreach in specific areas.

This strategy ensures that marketing messages are delivered through familiar and trusted channels, increasing their receptivity.

4. **Local Influencer Partnerships**: Collaborating with influencers who hail from or are popular in specific regions can significantly boost a brand's reach and authenticity. These influencers often have a strong local following and can provide valuable insights into local consumer behavior and preferences.

Benefits of Localized Marketing

1. **Enhanced Consumer Connection**: Localization enables brands to connect with consumers on a more personal level. This tailored approach makes consumers feel valued and understood, fostering stronger emotional connections with the brand.

2. **Increased Relevance and Engagement**: By addressing local needs and interests, localized content is often more engaging and relevant to the audience. This relevance can lead to higher conversion rates, as consumers are more likely to respond positively to content that reflects their own cultural context.

3. **Competitive Advantage**: Brands that successfully implement localized strategies often stand out in crowded markets. This differentiation can be a significant advantage, particularly in areas where global brands may not have as strong a presence.

Challenges and Considerations

While the benefits are substantial, localization also presents challenges. Creating and managing content across multiple languages and cultural contexts requires significant resources and a deep understanding of local markets. Additionally, brands must ensure that localized strategies are well-integrated with their overall brand identity to maintain consistency and coherence across different regions.

Hence, localized content and regional outreach are not merely optional extras but essential components of successful brand management in India's diverse market. By effectively tailoring their strategies to meet the unique needs and preferences of different regions, brands can build deeper relationships with consumers, enhancing brand loyalty and driving growth. This localized approach, when executed thoughtfully and authentically, not only enriches the consumer experience but also strengthens the overall brand equity.

23.6 CUSTOMEREXPERIENCE AND ENGAGEMENT

In the contemporary market landscape, customer experience and engagement are pivotal factors that determine a brand's success. More than ever, consumers seek not only quality products and services but also a seamless, personalized, and engaging experience throughout their journey with a brand. This paradigm shift towards customer-centricity requires brands to innovate continuously in how they interact and build relationships with their customers.

Defining Customer Experience and Engagement

Customer Experience (CX) refers to the total of all interactions a customer has with a brand, from initial awareness through the entire lifecycle of the relationship. This experience can be shaped by various touchpoints such as product quality, customer service, the purchasing process, and post-purchase support.

Customer Engagement (CE), on the other hand, is about fostering an ongoing, interactive relationship between a customer and a brand. Engagement can be driven by communication, promotions, and personalized experiences that encourage customers to interact with the brand frequently and meaningfully.

Enhancing Customer Experience

1. **Seamless Omnichannel Experience**: In today's digital age, consumers might interact with a brand through multiple channels — online, in-store, or via mobile apps. Providing a seamless experience across all these platforms is essential. For example, a customer might browse products on a mobile app, make a purchase online, and pick up the product in-store. Ensuring consistency and ease across all these touchpoints can significantly enhance the customer experience.
2. **Personalization**: Utilizing data analytics and AI, brands can offer personalized experiences tailored to the preferences and behaviors of individual customers. Personalization can range from recommending products based on past purchases to personalized emails and targeted advertisements. This not only improves the customer experience but also increases the effectiveness of marketing efforts.
3. **Quality Customer Service**: Responsive, helpful, and empathetic customer service is crucial in shaping positive customer experiences. This includes providing timely and effective solutions to problems, offering multiple channels for customer support (like chatbots, phone, email, and social media), and ensuring that the customer feels valued throughout their interactions with the brand.

Boosting Customer Engagement

1. **Interactive and Engaging Content**: Brands can engage customers by creating interactive content such as quizzes, polls, and contests on social media platforms.

This not only entertains the customer but also encourages them to interact more deeply with the brand.

2. **Loyalty Programs**: Developing loyalty programs that reward returning customers can greatly improve engagement. These programs may provide unique deals, early access to new offerings, or special points that can be exchanged for discounts. These incentives not only promote repeat business but also help customers feel valued.

3. **Community Building**: Brands can foster a sense of community among their customers by creating forums, user groups, or social media communities where customers can interact, share experiences, and provide feedback. This builds a stronger emotional connection between the brand and its customers.

The Impact of Enhanced CX and CE

Improving customer experience and engagement leads to numerous benefits for brands, including increased customer satisfaction, higher retention rates, enhanced brand loyalty, and ultimately, increased sales and profits. Moreover, customers who have positive experiences are more likely to become brand advocates, spreading word-of-mouth recommendations that can attract new customers.

Hence, customer experience and engagement are critical drivers of brand success in the modern marketplace. Brands that prioritize these aspects and continuously innovate to meet and exceed customer expectations are more likely to thrive and build lasting relationships with their customers. The key to successful customer experience and engagement lies in understanding and responding to customer needs, preferences, and feedback throughout the customer journey

23.7 THE RISE OF DIRECT -TO-CONSUMER (D2C) BRANDS

In recent years, the Direct-to-Consumer (D2C) model has transformed how products are marketed and sold, especially in dynamic markets like India. This model allows brands to bypass traditional retail channels, connect directly with consumers, and control every aspect of the branding, marketing, and customer service processes. The rise of D2C brands reflects a significant shift towards more personalized, customer-focused business strategies.

Understanding the D2C Model

The D2C model involves selling products directly to consumers, eliminating intermediaries such as wholesalers, distributors, and retailers. This direct interaction not only lowers costs but also increases brand control over customer experiences, pricing, and messaging.

Key Drivers of D2C Growth

1. **E-commerce and Technology Advancements**: The proliferation of e-commerce platforms and digital payment systems has significantly lowered the barrier to entry for starting a D2C brand. Advances in technology have also made it easier for brands to manage inventory, logistics, and customer data effectively.
2. **Demand for Personalization and Authenticity**: Modern consumers value personalized experiences and authentic brand interactions. D2C brands often leverage data analytics to understand customer preferences and tailor products and marketing efforts accordingly, enhancing customer satisfaction and loyalty.
3. **Increased Margin Control**: By cutting out the middleman, D2C brands retain more control over their margins. This allows for potentially higher profits and the flexibility to invest in product development and customer service improvements.

Challenges Faced by D2C Brands

Despite the advantages, D2C brands face significant challenges:

- **Scaling Operations**: As the brand grows, managing production, logistics, and customer service at scale can become increasingly complex.
- **Customer Acquisition Costs**: Without the built-in audience that retailers provide, D2C brands often incur high customer acquisition costs through digital advertising and promotional offers.
- **Competition**: The D2C space is becoming crowded, with many new brands vying for consumer attention in the same digital arenas.

Examples of Successful D2C Brands in India

1. **BoAt**: This homegrown electronics brand has achieved remarkable success by selling high-quality audio products directly to consumers. BoAt has effectively used social media marketing and celebrity endorsements to build a strong brand presence.
2. **Mamaearth**: Focused on providing toxin-free personal care products, Mamaearth has tapped into the growing consumer interest in sustainable and natural products. The brand's commitment to transparency and customer-centric innovations has helped it stand out in the competitive beauty and personal care industry.

Impact on the Market and Consumer Behavior

D2C brands are reshaping market dynamics by prioritizing customer relationships and agile business practices. They often react more quickly to market changes and consumer feedback, allowing for rapid innovation cycles. Moreover, D2C brands tend to cultivate a loyal customer base by offering unique products and a personalized shopping experience.

Hence, the rise of D2C brands represents a significant evolution in the consumer goods industry, driven by technological advancements and changing consumer expectations. As these brands continue to grow, they challenge traditional business models and offer valuable lessons in agility, customer engagement, and innovation. For new entrants and established companies alike, embracing the D2C model might be key to achieving competitive advantage and sustained growth in today's digital economy.

Check Your Progress-A

Q1. How to build sustainable brand?

Q2. What do you mean by customer experience and engagement?

23.8 INFLUENCE OF NON- TRADITIONAL MEDIA

In the contemporary media landscape, non-traditional media platforms such as podcasts, blogs, webinars, and social media channels are playing an increasingly pivotal role in brand communication and marketing strategies. These platforms provide unique opportunities for brands to connect with audiences in more personal, interactive, and creative ways, surpassing the capabilities of traditional media such as television and print.

Definition and Scope of Non-traditional Media

Non-traditional media refers to channels that do not fit into the standard framework of broadcast and print media. These platforms are typically digital and offer direct, often two-way communication between brands and consumers. They include:

- **Podcasts**: Audio programs available for download or streaming that cover a variety of topics. Brands either sponsor episodes, create branded podcasts, or place ads within popular podcasts.

- **Blogs and Vlogs**: Online journals or video blogs where content is regularly posted about specific topics. Brands can collaborate with bloggers for product reviews or create their own blogs to share insights and connect with customers.

- **Webinars**: Online seminars or presentations that allow for real-time interaction between presenters and participants. Brands use webinars for product demonstrations, training, or thought leadership.

- **Social Media Platforms**: Sites like Instagram, Twitter, and Facebook that facilitate community building and instant communication. Brands use these platforms for promotions, customer service, and community engagement.

Advantages of Non-traditional Media

1. **Targeted Reach**: Non-traditional media allows brands to target specific demographics more effectively. For instance, a podcast about fitness can be an ideal medium for a sports apparel brand to reach fitness enthusiasts.

2. **Cost-Effectiveness**: Compared to traditional media, these platforms often require lower investment and can offer a higher return on investment due to their targeted nature and direct engagement capabilities.

3. **Enhanced Engagement**: The interactive nature of non-traditional media fosters greater consumer engagement. Audiences can participate in discussions, give feedback, and share content easily, enhancing their connection with the brand.

4. **Flexibility and Agility**: These media allow brands to react quickly to market changes or consumer feedback. Content can be updated, modified, or expanded based on real-time interactions and analytics.

Challenges of Non-traditional Media

Despite its benefits, non-traditional media comes with its set of challenges:

- **Content Saturation**: The vast amount of content available can make it difficult for brands to stand out.

- **Measuring Impact**: While some platforms provide detailed analytics, measuring the direct impact of certain activities (like influencer collaborations) on sales or brand perception can be complex.

- **Maintaining Consistency**: Ensuring a consistent brand message across various platforms and types of content requires meticulous planning and execution.

Case Studies

1. **Spotify's Branded Podcasts**: Spotify has capitalized on the podcast trend by not only hosting third-party podcasts but also creating its own series that aligns with its brand as a leader in music and audio experiences.

2. **GoPro on YouTube**: GoPro has effectively used YouTube to showcase the capabilities of its cameras through user-generated content, turning its customers into brand ambassadors and providing authentic, engaging content that enhances brand appeal.

Hence, the influence of non-traditional media on brand management is profound and growing. These platforms provide brands with innovative ways to reach and engage with their audiences, offering personalization and interaction that traditional media cannot match. To harness the full potential of non-traditional media, brands need to be strategic in their approach, ensuring content is relevant, engaging, and effectively integrated into their overall marketing strategy. With thoughtful implementation, non-traditional media can significantly enhance brand visibility, engagement, and loyalty in an increasingly digital world.

23.9 BRAND ACTIVISM AND SOCIAL RESPONSIBILITY

In recent years, brand activism and social responsibility have emerged as critical components of corporate strategy. As consumers become more socially and environmentally conscious, they increasingly expect brands to go beyond profit-making and actively contribute to social and environmental causes. This shift has prompted companies to integrate activism and ethical practices into their brand identities, influencing consumer perceptions and business outcomes.

Understanding Brand Activism and Social Responsibility

Brand Activism involves brands taking stands on social, environmental, or political issues. It's about using a brand's resources, influence, and platform to advocate for change, support causes, or challenge injustices. This approach can enhance brand loyalty among consumers who share similar values.

Social Responsibility refers to the practices that businesses adopt to operate in an ethical manner, ensuring fairness and benefit not only to the owners and shareholders but also to employees, stakeholders, consumers, communities, and the environment. This encompasses a range of activities from sustainable sourcing and reducing environmental footprints to supporting community programs and ensuring fair labor practices.

The Role of Brand Activism Today

1. **Building Consumer Trust and Loyalty**: Consumers are more frequently seeking brands that mirror their own values. Through active participation in social issues, brands can forge stronger bonds with their audiences, enhancing trust and loyalty.

For instance, Ben & Jerry's longstanding commitment to social causes like climate change, racial justice, and refugee rights deeply resonates with its customers.

2. **Differentiation in the Market**: In crowded marketplaces, brand activism can help differentiate a brand from its competitors. This differentiation often goes beyond product features or pricing, involving deeper emotional and value-driven factors.

3. **Enhancing Brand Reputation**: Engaging in activism can significantly enhance a brand's reputation. It demonstrates a commitment to more than just economic gains, highlighting a willingness to contribute to societal well-being.

Implementing Social Responsibility Effectively

1. **Authentic Engagement**: For social responsibility initiatives to be effective, they must be genuine. Token gestures are easily recognized by consumers and can lead to accusations of greenwashing or social washing. Authenticity in these efforts involves long-term commitments and integration into the core business strategy.

2. **Stakeholder Involvement**: Engaging stakeholders, including employees, customers, and communities, in social responsibility efforts can enhance the impact and relevance of these initiatives. This inclusive approach ensures that the activities are well-aligned with the stakeholders' needs and expectations.

3. **Transparency and Communication**: Regularly communicating the goals, strategies, and outcomes of social responsibility initiatives is crucial. This transparency helps build trust and keeps consumers informed about the brand's efforts and progress.

Challenges of Brand Activism and Social Responsibility

Despite the benefits, there are challenges:

- **Risk of Backlash**: Taking a stand on contentious issues can lead to backlash from some customers or groups who have opposing views. Brands need to be prepared for and manage potential negative reactions carefully.

- **Consistency and Longevity**: It's important for brands to maintain consistency in their activism and social responsibility efforts. Failing to do so can lead to skepticism about the brand's motives and damage its reputation.

Hence, brand activism and social responsibility are no longer optional for brands; they are essential components of modern brand management. As societal expectations evolve, brands that proactively embrace these practices are likely to see enhanced loyalty, improved brand image, and greater competitive advantage. The key to success in this area lies in being genuine, consistent, and transparent, ensuring that the brand's actions align with its values and resonate with its consumers.

23.10 INTEGRATION OF TECHNOLOGY IN BRAND OPERATIONS

In today's digital age, the integration of technology into brand operations is not just advantageous but essential. Technology enhances various aspects of brand management, from improving customer experiences and optimizing supply chains to innovating product development and marketing strategies. Here's a detailed exploration of how technology is reshaping brand operations, creating more dynamic, efficient, and customer-centric businesses.

Key Technologies Transforming Brand Operations

1. **Artificial Intelligence (AI) and Machine Learning (ML)**:

   - **Customer Insights and Personalization**: AI algorithms analyze vast amounts of data to uncover insights about consumer behaviors, preferences, and trends. This enables brands to deliver highly personalized experiences, targeted marketing campaigns, and product recommendations.
   - **Chatbots and Customer Service**: AI-driven chatbots provide instant customer support, handling inquiries and resolving issues around the clock. This not only improves customer satisfaction but also reduces operational costs.

2. **Blockchain Technology**:

   - **Supply Chain Transparency**: Blockchain creates a transparent, unalterable record of every transaction along the supply chain. This helps brands ensure and demonstrate the authenticity and ethical sourcing of their products.
   - **Customer Trust and Loyalty**: By providing undeniable proof of product provenance and quality, blockchain technology helps build trust with consumers, especially in industries like luxury goods and organics where authenticity is crucial.

3. **Internet of Things (IoT)**:

   - **Enhanced Customer Interactions**: IoT devices can interact with consumers in real-time, providing tailored services and improving user experiences. For example, smart appliances can recommend recipes based on the ingredients available at home.

- **Operational Efficiency**: IoT devices monitor and optimize manufacturing processes, manage inventory, and predict maintenance needs, significantly improving operational efficiency and reducing downtime.

4. **Augmented Reality (AR) and Virtual Reality (VR)**:

- **Immersive Shopping Experiences**: AR and VR technologies allow customers to visualize products in their own space or simulate product use before purchasing, enhancing decision-making and boosting sales.

- **Training and Development**: VR can be used for training employees in a simulated 3D environment, which is particularly useful for complex operational tasks or customer service training.

Benefits of Technology Integration in Brand Operations

1. **Improved Customer Engagement**: Technologies like AR, VR, and AI personalize the shopping experience, making interactions more engaging and memorable.

2. **Operational Excellence**: Automation and real-time data facilitate smoother operations, predictive maintenance, and better resource management.

3. **Enhanced Data Security**: Advanced cybersecurity technologies protect sensitive customer data and company information, fostering trust and compliance with regulations.

4. **Innovation and Product Development**: Technology enables brands to rapidly prototype, test, and refine products using feedback gathered through digital channels.

Challenges of Technological Integration

While the benefits are substantial, integrating technology into brand operations also presents challenges:

- **High Initial Investment**: The cost of advanced technology systems and the infrastructure to support them can be significant.

- **Skill Gaps**: There may be a lack of necessary skills among existing employees, requiring training or new hires.

- **Keeping Pace with Rapid Technological Changes**: Technology evolves quickly, and staying current can be challenging for any organization.

Case Studies

1. **Nike and AR**: Nike uses AR tools on its app to allow customers to see how shoes would look on their feet, enhancing online shopping experiences and reducing return rates.
2. **Walmart and Blockchain**: Walmart uses blockchain technology to track the provenance of food products, significantly improving food safety standards and efficiency in dealing with food recalls.

Therefore, incorporating technology into brand operations marks a significant transformation in the way businesses function and engage with their customers. For brands aiming to remain competitive in a rapidly changing market, embracing these technologies is crucial. The successful adoption of technology not only improves efficiency and consumer satisfaction but also positions a brand as innovative and forward-thinking, key attributes in attracting modern consumers.

23.11 MOBILE-CENTRIC BRANDING STRATEGIES

In the digital era, where smartphone penetration continues to skyrocket, mobile-centric branding strategies have become crucial for reaching and engaging consumers effectively. Brands that prioritize mobile in their marketing and operations can tap into a vast, always-connected audience, offering personalized and convenient interactions that today's consumers expect.

Understanding Mobile-centric Branding

Mobile-centric branding involves designing marketing strategies and brand experiences primarily for mobile devices. This approach recognizes that a growing number of consumers use their smartphones as the primary means of online interaction, shopping, and media consumption. Therefore, brands must ensure that all touchpoints are optimized for mobile to create seamless, engaging, and user-friendly experiences.

Key Components of Mobile-centric Strategies

1. **Mobile-Optimized Websites and Apps**:

- **Responsiveness**: Websites must be responsive, meaning they automatically adjust to fit the screen of any device, whether a smartphone, tablet, or desktop.
- **Speed**: Mobile pages need to load quickly to reduce bounce rates and improve user satisfaction. Technologies like AMP (Accelerated Mobile Pages) are crucial for enhancing mobile website speed.
- **Mobile Apps**: For deeper engagement, brands often develop mobile apps that offer functionalities beyond what is available on a website, such as personalized notifications and offline accessibility.

2. **Mobile-First Content**:

- **Short, Engaging Content**: Mobile users typically seek quick, digestible content. Brands should focus on concise messaging, engaging visuals, and easy-to-navigate interfaces.

- **Vertical Content**: Since smartphones are primarily used in portrait mode, vertical videos and images ensure better usability and engagement.

3. **Mobile Marketing Techniques**:

- **SMS and Push Notifications**: These are powerful tools for direct communication and re-engagement, offering timely updates, offers, and reminders directly to a user's mobile device.

- **Location-Based Marketing**: Utilizing GPS technology, brands can send geo-targeted ads and offers to consumers based on their real-time location, enhancing relevance and effectiveness.

4. **Social Media Integration**:

- **Mobile-Optimized Social Media Campaigns**: Since most social media activity occurs on mobile devices, content should be optimized for mobile viewing and interaction.

- **Leveraging Social Media Features**: Features like Instagram Stories, Snapchat, and TikTok capitalize on mobile usage patterns and can significantly enhance brand visibility and engagement.

Benefits of Mobile-centric Branding

- **Increased Reach and Accessibility**: Mobile devices are widely used across various demographics, providing brands with broad and diverse market access.

- **Enhanced User Experience**: Mobile optimization ensures that customers have a positive interaction with the brand, which can lead to higher satisfaction and loyalty.

- **Real-Time Marketing**: Mobile devices allow brands to connect with consumers in real-time, providing immediate customer service and leveraging instant buying impulses.

Challenges in Implementing Mobile-centric Strategies

- **Maintaining Consistency**: Ensuring a consistent brand experience across mobile and other platforms can be challenging but is crucial for brand integrity.

- **Privacy Concerns**: Mobile marketing, especially location-based and personalized advertising, must be handled delicately to respect user privacy and comply with regulations like GDPR.

- **Adaptation to Rapid Technological Changes**: Mobile technology evolves quickly, requiring brands to continuously update and refine their strategies.

Successful Examples

- ✓ **Starbucks Mobile App**: Starbucks' mobile app integrates ordering, payment, reward tracking, and personalized recommendations, providing a seamless and engaging customer experience that drives sales and loyalty.

- ✓ **Zomato**: This food delivery and restaurant discovery platform is primarily mobile-centric, offering features like table booking, restaurant reviews, and real-time order tracking, all optimized for mobile usage.

Hence, as mobile devices continue to dominate digital interactions, adopting a mobile-centric branding strategy is not just advantageous—it's essential. Brands that successfully implement this approach will benefit from increased engagement, customer loyalty, and competitive advantage in the digital marketplace.

23.12 ADAPTING TO POST-COVID TRENDS

The COVID-19 pandemic has significantly reshaped consumer behavior, business operations, and the global market landscape, prompting brands to adapt swiftly to these changes. As the world gradually transitions into a post-COVID era, understanding and embracing new trends is crucial for businesses aiming to thrive in a transformed environment.

Key Post-COVID Trends in Brand Management

- **Increased Digital Adoption**: The pandemic accelerated the shift towards digital platforms for shopping, communication, and entertainment. Brands must enhance their digital presence and ensure seamless online experiences to meet the elevated expectations of consumers who now prefer online interactions for convenience and safety.

- **Health and Safety Focus**: Health and safety have become paramount concerns for consumers. Brands need to integrate these aspects not just into their products and services but also into their marketing messages. Clear communication about safety measures and health benefits can help reassure customers and build trust.

- **Remote Work and Its Implications**: With remote work becoming more common, there is a shift in how and when consumers engage with brands.

Flexible hours mean that shopping and media consumption habits have changed, requiring brands to adjust their marketing strategies and communication timing.

- **E-commerce and Contactless Solutions**: E-commerce has seen explosive growth, and contactless solutions like curbside pickups, digital payments, and virtual consultations have become the norm. Brands must continue to innovate in providing contactless and digital-first experiences to stay relevant.
- **Sustainability and Social Responsibility**: The pandemic heightened awareness of sustainability issues and social responsibilities. Consumers increasingly expect brands to demonstrate genuine commitment to environmental causes and social issues. Sustainability is no longer a nice-to-have but a must-have in brand strategies.

Strategies for Adapting to These Trends

- ✓ **Leverage Technology for Enhanced Digital Experiences**: Invest in technology to upgrade e-commerce platforms, optimize mobile experiences, and utilize AI for personalized customer interactions. For example, AI can be used to recommend products based on browsing behaviors or manage inventory more efficiently.
- ✓ **Integrate Health and Safety into Brand Messaging**: Brands should highlight their efforts in maintaining clean and safe environments or how their products help enhance health and safety. For instance, restaurants offering contactless delivery can emphasize packaging safety standards to reassure customers.
- ✓ **Flexible Marketing Strategies**: With the change in consumer routines due to remote work, marketing strategies need to be more flexible. Brands should consider data analytics to understand new consumer behavior patterns and adapt their advertising and promotional activities accordingly.
- ✓ **Sustainable Practices and Transparency**: Develop and communicate clear sustainability goals and progress. This can involve reducing carbon footprints, enhancing supply chain transparency, and engaging in fair trade practices. Transparency in these efforts builds trust and enhances brand loyalty.
- ✓ **Enhanced Customer Service and Support**: As online interactions increase, so do expectations for fast and reliable customer service. Brands need to ensure that their customer support is responsive and helpful, utilizing tools like chatbots and 24/7 service lines to enhance customer satisfaction.

Hence, the post-COVID world presents both challenges and opportunities for brands. By understanding and adapting to these emerging trends, companies can not only survive but thrive. The focus should be on enhancing digital capabilities, prioritizing health and safety, embracing sustainability, and staying flexible to the changing consumer landscape. This proactive approach will help brands maintain relevance and continue to grow in the new normal.

Check Your Progress- B

Q1. Answer the following true-false statements: -

a) Digital transformation in branding eliminates the need for traditional marketing channels.
b) Data analytics allows brands to understand customer preferences and market trends in real time.
c) Influencer marketing is losing its relevance in digital marketing strategies in India.
d) Sustainability in branding only involves environmental concerns.
e) The digital divide in India does not impact brand management strategies.
f) Artificial Intelligence in brand management is limited to customer service applications.

Q2. What is brand activism and its role today.

22.13 SUMMARY

This unit explores the dynamic shifts in brand management strategies driven by digital transformation and consumer behavior changes in India. It discusses the integration of digital platforms like social media and e-commerce, which are becoming central to brand communication and sales, allowing for more targeted and efficient consumer engagement. The role of data analytics and artificial intelligence in personalizing customer experiences and optimizing marketing strategies is highlighted as critical for contemporary brand management. Furthermore, the document delves into the significance of sustainability and ethical branding, noting an increasing consumer preference for brands that adopt environmentally friendly practices and demonstrate social responsibility. The trend towards localized content to cater to India's diverse cultural landscape is also emphasized, illustrating how regional outreach and tailored marketing strategies can enhance consumer connection and brand loyalty. In summary, this unit illustrates a significant shift toward digital, ethical, and localized branding strategies, which are crucial for contemporary brand management in India. This approach seeks to align with the changing preferences and values of consumers in a digitally connected world.

23.14 GLOSSARY

- **Digital Transformation**: The incorporation of digital technology across all business sectors fundamentally alters how brands function and provide value to their customers.
- **Data Analytics**: The practice of analyzing data sets to derive insights from the information they hold, often with the support of specialized systems and software.
- **Artificial Intelligence (AI)**: The emulation of human intelligence in machines programmed to think and act like humans, especially in areas such as customer service and personalized marketing.
- **Influencer Marketing**: A type of social media marketing that includes endorsements and product placements by influencers—individuals and organizations with expert knowledge or significant social influence in their field.
- **Cybersecurity**: The safeguarding of computer systems and networks against theft or damage to their hardware, software, or electronic data, as well as protection from disruptions or misdirection of the services they offer.
- **Digital Divide**: The disparity between demographics and regions with access to modern information and communications technology, and those with limited or no access.
- **Sustainability**: Fulfilling our current needs without hindering future generations from meeting theirs, especially concerning environmental, social, and economic aspects.
- **Ethical Branding**: A marketing strategy in which a company's brand reflects its ethical values and is used to attract consumers who share similar values.
- **Customer Experience (CX)**: Customer Experience (CX) encompasses all interactions between a company and a customer throughout their relationship, including stages such as the customer's attraction, awareness, discovery, cultivation, advocacy, purchasing, and service.
- **Customer Engagement (CE)**: Customer Engagement (CE) refers to the emotional bond between a customer and a brand. Customers who are highly engaged tend to purchase more, advocate more, and show greater loyalty.
- **Direct-to-Consumer (D2C)**: A sales model where products are sold directly to consumers, eliminating the need for third-party retailers, wholesalers, or any other intermediaries.
- **Non-traditional Media**: Media channels that do not fit into the standard framework of broadcast and print media, typically digital and offering direct communication between brands and consumers.
- **Brand Activism**: Corporate action that promotes social, economic, or environmental reform or awareness with the desire to promote overall welfare.

23 .15 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress –B

Q1. Answers of true-false statements: -

a) False.
b) True.
c) False.
d) False.
e) False.
f) False

23.16 REFERENCES

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23.17 SUGGESTED READINGS

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23.18 TERMINAL QUESTIONS

1) What is digital transformation in the context of brand management?
2) How do digital platforms enhance brand communication and sales strategies?
3) What role does data analytics play in modern brand management?
4) Describe how artificial intelligence can be utilized to improve customer experiences.
5) Explain the concept of influencer marketing and its significance in India.
6) What are the challenges associated with digital transformation in branding?
7) Why is sustainability considered important in contemporary brand management?
8) How do brands integrate ethical practices into their operations and marketing?

9) What benefits does localized content provide to brands operating in diverse markets like India?
10) How does customer experience and engagement influence brand success in today's market?

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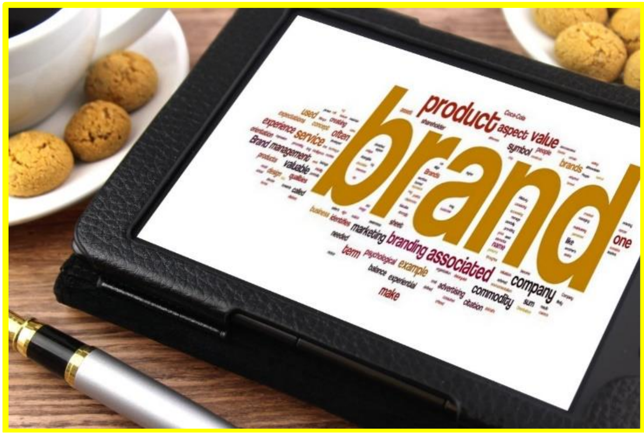

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ISBN:
978-93-85740-42-8