

MODULE 1

PRODUCT MANAGEMENT

PRODUCT



A product is any good, service, or idea that can be offered to a market to satisfy a want or need

In general, a product is defined as a “thing produced by labor or effort” or the “result of an act or a process.” The word “product” stems from the verb “produce”, from the Latin produce(re) “(to) lead or bring forth.” Since 1575, the word “product” has referred to anything produced.

In marketing, a product is anything that can be offered to a market that might satisfy a want or need. In retail, products are called merchandise. In manufacturing, products are purchased as raw materials and sold as finished goods. Commodities are usually raw materials such as metals and agricultural products, but the term can also refer to anything widely available in the open

market. In project management, products are the formal definition of the project deliverables that form the objectives of the project.

OBJECTIVES OF PRODUCT MANAGEMENT-

1. Customers

Product managers must ensure that products meet or exceed customer needs.

According to Pragmatic Marketing, enhancing user experience is an important objective for product management. That means working with customers and utilizing their feedback to ensure that products are easy to use, simple to maintain and capable of delivering value to customers.

Enhancing the user experience helps product managers to meet the important objective of maximizing customer satisfaction.

2. Success

The ultimate measure of product management is commercial success, according to Innovation Process Management including product development teams, marketing executives, quality managers and sales representatives.

3. Delivery

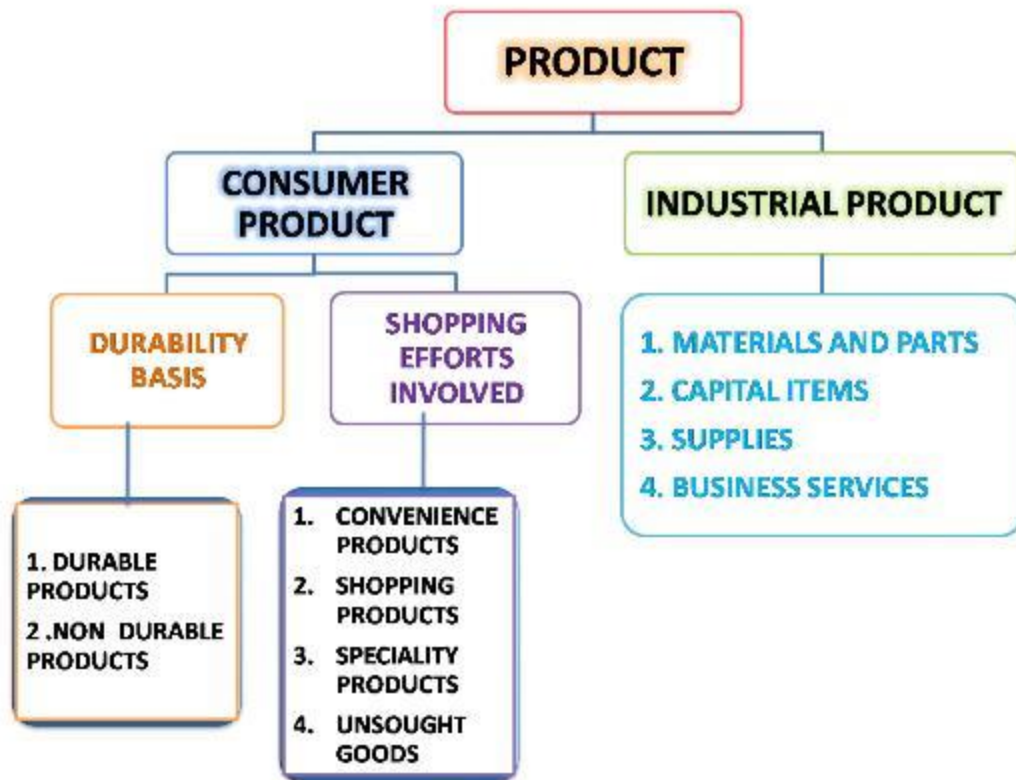
Product managers have to meet time and budget objectives. To meet the demands of the market and counter competitive pressures, they must be able to conclude product development programs on time and on budget. That

enables the company to reduce the time to bring new or improved products to market and stay ahead of the competitors.

4. Marketing

Product management maximizes revenue and profit by meeting customer needs. Some companies combine the role of product manager and marketing manager. In others, product managers work closely with marketing managers, using research from the marketplace to plan and prioritize product development programs, and briefing marketing teams on the benefits of new products so that they can develop effective customer communications.

PRODUCT CLASSIFICATION



I. CONSUMER PRODUCTS :

Products which are purchased by the ultimate final consumer for personal consumption and satisfying their needs and desires.

A. BASED ON SHOPPING EFFORTS :

1. Convenience Goods

Those products customers buy often and without much thought or planning are classified as convenience goods.

Consumers typically make a choice once on their brand preference for these products and repeat that choice over many purchases.

EXAMPLES -

Soap, condiments and toothpaste , Medicines , Toothpaste.

CHARACTERISTICS -

1. Products purchased at convenient locations , with least efforts and time .
2. These are products that appeal to a very large market segment. They are generally consumed regularly and purchased frequently.
3. DEMAND - Regular and continuous , as the products are essential products .

4. PRICING-

Price per item tends to be relatively :

Low- Because of the high purchase volume by consumers .

Standardised -As most of the consumer products are branded .

5. MARKETING - Short term incentives such as discount offers , contests etc .

From the marketer's perspective the low price of convenience products means that profit per unit sold is very low. In order to make high profits marketers must sell in large volumes. Consequently, marketers attempt to distribute these products in mass through as many retail outlets as possible.

2 .Shopping Goods

Consumer goods in which buying decisions are detailed considerations of price, quality, suitability and value for products are classified as shopping goods.

Example - Laptop, Jewellery, Furniture, Shoes, Television.

CHARACTERISTICS -

1. Durable in nature-survive many uses.
2. Profit margin is high.
3. High unit Price - So consumers compare the products of different companies before making a selection.
4. Purchases of shopping products are generally pre-planned and there is a little degree of impulse buying in these products.
5. Retailers generally play an important role in the sale of shopping products as a lot of persuasive effort is needed to convince the buyers to purchase them.

Generally durable Generally high price in contrast with convenience goods. Comparison is the main factor in making purchase decisions. Purchase is generally pre-planned Retailers have a very important role to play.

3. Specialty Products

Consumer goods which have certain special features because of which consumers make special efforts to purchase.

EXAMPLE - Collection of artwork or antiques.

CHARACTERISTICS -

1. Tend to promote very strong brand identities, often resulting in strong brand loyalty among consumers.
2. DEMAND- Limited to a relatively small number of people. It is relatively inelastic demand i.e , even if the price is increased , the demand does not come down .
3. PRICE - Products are generally costly .
4. These products are available for sale at few places as the number of customers is small to make extra efforts in the purchase of these products.
5. An aggressive promotion is required .
6. After sales services are very important for many of many of the speciality products.

4. Unsought Goods

The products classified as unsought goods are those that consumers don't put much thought into and generally don't have a compelling impulse to buy. Examples include batteries or life insurance.

Consumers essentially buy unsought goods when they have to, almost as an inconvenience rather than the newest, latest, greatest product they can't wait to purchase.

Marketing unsought goods will likely be most effective with lots of advertising and salespeople promoting the idea of unresolved needed .

B. BASED ON DURABILITY OF PRODUCTS :

1. Durable goods

A category of consumer products that do not need to be purchased frequently because they are made to last for a long time . They are also called consumer durables or durables.

Durables have an extended product life and are not typically worn out or consumed quickly when you use them.

EXAMPLES -

Refrigerator , Kitchen equipment , Cars , TV etc .

CHARACTERISTICS :

1. More expensive than non-durable goods .
2. Higher per unit margin .
3. Require greater personal selling efforts , after sales services.

2. Non Durable Goods :

They may be defined either as goods that are immediately consumed in one use or ones that have a lifespan of less than 3 years.

EXAMPLES- Soaps , Detergents , Toothpaste , stationary products .

CHARACTERISTICS :

1. Small margin .
2. Made available in many locations .
3. Needs heavy advertising .

II. INDUSTRIAL PRODUCTS:

Industrial products are mainly used for further production.

According to Philip Kotler "Industrial products are products bought by individuals and organizations for further processing or for use in conducting a business".

CHARACTERISTICS OF INDUSTRIAL PRODUCTS :

1. Number of Buyers-Limited .

Example : Sugar Cane is purchased by few producers of sugar , but sugar which is a consumer product , purchased by many consumers .

2. Channel Levels - Shorter : Direct selling or one level channel .

3. Geographic Concentration : Highly Concentrated .

4. Derived Demand : The demand for industrial products is derived from the demand for consumer products .

EXAMPLE - The demand for leather will be derived from demand for shoes and other leather products in the market .

5. Role of Technical Considerations- Greater significance in the purchase of industrial products as they are complex .
6. Reciprocal Buying - Some big companies from basic industries like oil , steel , rubber and medicines resort to the practice of reciprocal buying .Reciprocal buying is simply the practice of giving preference to suppliers who are also customers.
7. Leasing Out rather than purchasing industrial products is the trend because of the heavy price of the products .

TYPES OF INDUSTRIAL PRODUCTS :

1. **Materials and parts:** Raw materials are the basic materials that actually become part of the product and that enter the manufacturer's product completely.

They are provided from mines, forests, oceans, farms and recycled solid wastes.

It has two types:-

- a) Raw materials- Includes farm products like cotton , sugar cane , oil seed and natural products like minerals (Iron ore , Crude petroleum) .
- b) Manufactured materials and parts - Includes
 - Component materials : grass , iron , plastic .
 - Component Parts : Tyre Bulb , Steering , Battery .

2. Capital Items: Capital items consist of goods that are used in the production of finished goods like office accessories and operating materials.

It has two types:

- a). Accessory equipment
- b). Installations

3. Supplies: Supplies facilitate productions, but they do not become part of the finished product.

EXAMPLES -Paper, pencils, oils, cleaning agents and paints .

4. Industrial Services: Industrial services include maintenance and repair services such as machinery repair and business advisory services such as legal, management, consulting, advertising, marketing research services.

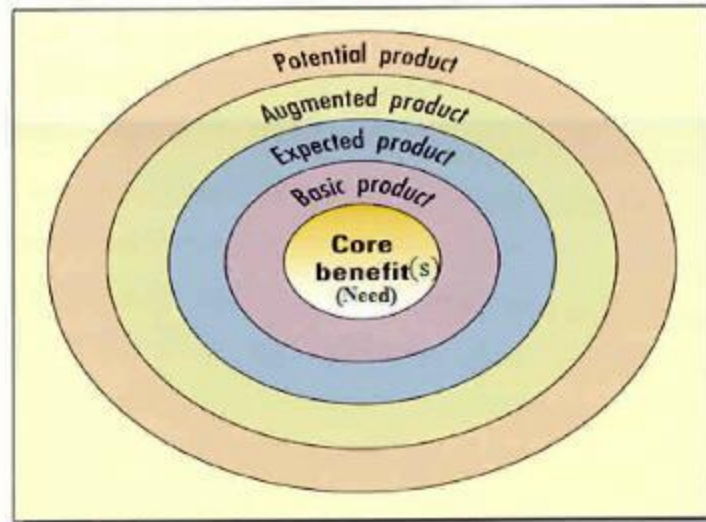
These services can be acquired internally as well as externally .

LEVELS OF PRODUCT

Customers will choose a product based on their perceived value of it. Satisfaction is the degree to which the actual use of a product matches the perceived value at the time of the purchase. A customer is satisfied only if the actual value is the same or exceeds the perceived value.

Kotler defined five levels to a product:

Levels of a Product Offering



1. Core Product

This is the basic product and the focus is on the purpose for which the product is intended.

For example, a warm coat will protect from the cold and the rain.

2. Generic Product

This represents all the qualities of the product. For a warm coat this is about fit, material, rain repellent ability, high-quality fasteners, etc.

3. Expected Product

This is about all aspects the consumer expects to get when they purchase a product. That coat should be really warm and protect from the weather and the wind and be comfortable when riding a bicycle.

4. Augmented Product

This refers to all additional factors which sets the product apart from that of the competition. And this particularly involves brand identity and image.

EXAMPLE- The warm coat is in style, its colour trendy and made by a well-known fashion brand . But factors like service, warranty and good value for money play a major role in this.

5. Potential Product

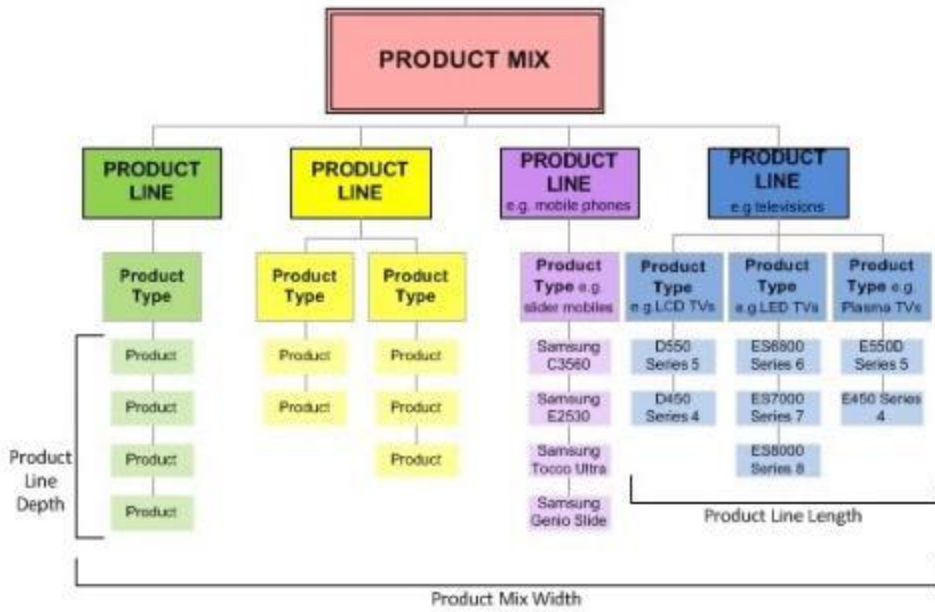
This is about augmentations and transformations that the product may undergo in the future.

EXAMPLE- A warm coat that is made of a fabric that is as thin as paper and therefore light as a feather that allows rain to automatically slide down.

PRODUCT MIX

Product mix or product assortment refers to the number of product lines that an organisation offers to its customers. Product line is a group of related products manufactured or marketed by a single company. Such products function in a similar manner, sold to the same customer group, sold through the same type of outlets, and fall within the same price range.

Product mix consists of various product lines that an organisation offers, an organisation may have just one product line in its product mix and it may also have multiple product lines. These product lines may be fairly similar or totally different, for example - Dishwashing detergent liquid and Powder are two similar product lines, both are used for cleaning and based on same technology; whereas Deodorants and Laundry are totally different product lines.



Organisation's product mix has following four dimensions :-

1. Width,
2. Length,
3. Depth, and
4. Consistency.

Width

The width of an organisation's product mix pertains to the number of product lines that the organisation is offering. For **example**, Hindustan UniLever offers a wide width of its home care, personal care and beverage products. Width of HUL product mix includes Personal wash, Laundry, Skin care, Hair care, Oral care, Deodorants, Tea, and Coffee.

Length

The length of an organisation's product mix pertains to the total number of products or items in the product mix. As in the given diagram of Hindustan UniLever product mix, there are 23 products, hence, the length of product mix is 23.

Depth

The depth of an organisation's product mix pertains to the total number of variants of each product offered in the line. Variants include size, colour, flavors, and other distinguishing characteristics. For **example**, Close-up, a brand of HUL is available in three formations and in three sizes. Hence, the depth of Close-up brand is $3 \times 3 = 9$.

Consistency

The consistency of an organisation's product mix refers to how closely related the various product lines are in use, production, distribution, or in any other manner.

Product Mix Decision

Product mix decision refers to the decisions regarding adding a new or eliminating any existing product from the product mix, adding a new product line, lengthening any existing line, or bringing new variants of a brand to expand the business and to increase the profitability.

- Product Line Decision - Product line managers take product line decisions considering the sales and profit of each item in the line and comparing their product line with the competitors' product lines in the same markets. Marketing managers have to decide the optimal length of the product line by adding new items or dropping existing items from the line.
- Line Stretching Decision - Line stretching means lengthening a product line beyond its current range. An organisation can stretch its product line downward, upward, or both ways.
 1. Downward Stretching means adding low-end items in the product line, for example in Indian car market, watching the success of Maruti-Suzuki in the small car segment, Toyota and Honda also entered the segment.
 2. Upward Stretching means adding high-end items in the product line, for example Maruti-Suzuki initially entered the small car segment, but later entered the higher end segment.
 3. Two-way Stretching means stretching the line in both directions if an organisation is in the middle range of the market.
- Line Filling Decision - It means adding more items within the present range of the product line. Line filling can be done to reach for incremental profits, or to utilise excess capacity.

Product Mix Strategies

→ **Expansion Strategy:** A firm may decide to expand its present mix by increasing the number of lines or the depth within the lines. New lines may be related or unrelated to the present products. The company may also increase the number of items in its product mix.

→ **Contraction Strategy:** Another product strategy is to narrow the product mix, either by eliminating the entire line or by simplifying the assortment within a line. The objective is to eliminate low-profit products and to get more profit from fewer products.

→ **Alteration of existing products:** Sometimes organization instead of developing a complete new product improves and establishes a product that can be more profitable and less risky than developing completely new one.

For material goods, especially, redesigning is often the key to products, and renaissance packaging has been a very popular area for product alteration, particularly in consumer products.

→ **Positioning Strategy:** Positioning of product in the market is a major determinant of company profits. A product position is the image that the product projects in relation to competitive products and to other products marketed by the same company.

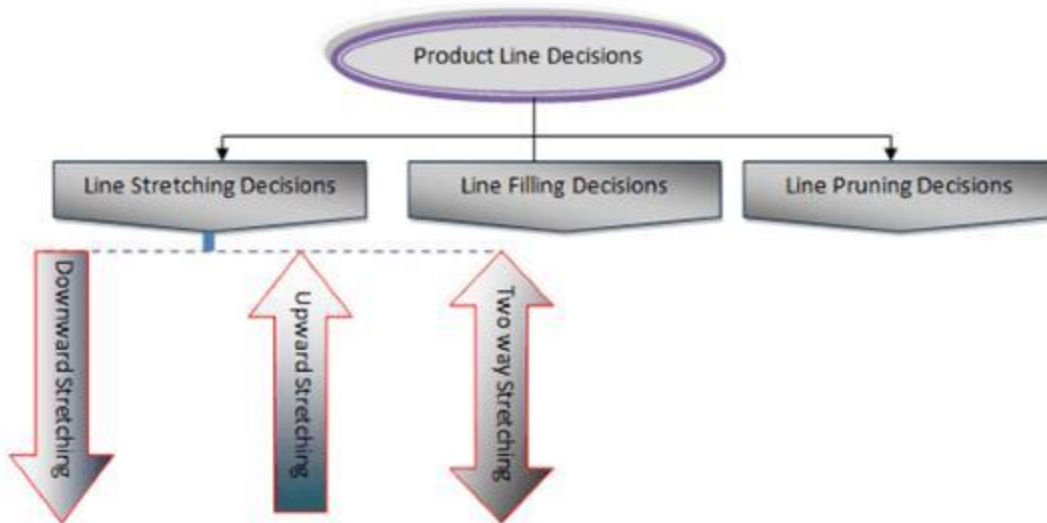
Product Line Decisions:

→ Line stretching decisions

◆ Downward Stretching

◆ Upward stretching

- ◆ Two Way Stretching
- ◆ Line Filling Decisions



Product Line Decisions:

Product line refers to a group of the same products. Product line decisions refer to decisions relating to addition or deletion of product from the existing product line. Addition and deletions in product can be explained as follows:

Line Stretching Decisions:

Line stretching implies increasing the length of the product line. It can take place in three directions.

→ Downward Stretching:

- ◆ Downward stretching refers to the addition of a new product into an existing product line but at a lesser price. For example; TATA introduced the low cost car "Nano" in the market.



→ Upward Stretching:

- ◆ Upward stretching is the opposite of downward stretching. When an organization adds a new product in the current product line but at higher price than the existing one, it is called upward stretching. For example; Parle started with low cost biscuits like Parle G then introduced high cost products of the same category like Hide and Seek.



→ Two-way Stretching:

- ◆ Two way stretching refers to addition of product in product line in both the directions. So, a low priced as well as a high priced product are added at the same time in the product line. Marriott- Hotels & Resorts started Renaissance Hotels to serve the upper end of the market and Town Place suites to serve the lower section of the market.



Line Filling Decisions:

Product line filling involves adding a new product in the existing product line to face competition and increase consumer base. Under product line filling price of the new product is normally the same. For example, Maruti Suzuki introduced Alto when Maruti Zen was already available in the same range.

Line Pruning Decisions:

Line pruning decisions refer to removal of unprofitable products from the product line. For example Pepsi launched Pepsi Gold but the product was not successful in the market. So after some time it was removed from the market.

Product Planning and development**1. Product Planning and development:**

Meaning: - Product Planning is the on-going process of identifying and articulating market requirements that define a product's feature set. Product planning serves as the basis for decisions about price, distribution and promotion.

Product planning is the process of creating a product idea and following through on it until the product is introduced to the market. Additionally, a small company must have an exit strategy for its product in case the product does not sell. Product planning entails managing the product throughout its life using various marketing strategies, including product extensions or improvements, increased distribution, price changes and promotions.

Characteristics of Product Planning**Product investigation**

The process of product planning starts with the systematic and scientific investigation undertaken by the business enterprise with a view to know the needs and preferences of consumers regarding quality, size, design, colour, brand, packaging, shape and price etc.,

Product modification

The product planning of a business enterprise ensures the modification of existing products to meet the changing demands of consumers, which in return increases the customer satisfaction and maximizes the profit of an enterprise.

Product elimination

When a product reaches at the decline stage of its life-cycle or there may be acute competition in case of some product or its cost of production is rising and profits are declining, then it becomes necessary for the enterprise to take a decision of modification of existing products or elimination of such products and to divert the resources of the enterprise in producing some new products.

Possibility of the production of product

The marketing manager has to determine the production possibility of the product and has to decide whether the production is possible or not. If possible then whether it suits the business or not.

Importance of Product Planning

The importance of Product Planning can be understood by the following facts:

Starting point of Marketing Planning

The product planning involves decision-making regarding the products to be produced by the enterprise and accordingly prepares the marketing programmes for it. **According to William J. Stanton, "Product Planning is the Starting point for the entire marketing programme of the firm"**. Thus, it is

necessary that product planning must be completed before preparing a marketing programme.

Indicator of managerial ability

Product planning is the centre of all marketing activities. It is a process which adopts all the efforts of an enterprise to forecast different aspects of product planning viz. can the product satisfy the needs and wants of consumers? Can the product face the competition? Can the consumers pay the price for the product? Can the enterprise earn desired profits? If the reply to all the questions is affirmative, the decision is taken to produce the product.

Importance from social viewpoint

The product planning is an important means to fulfil the social responsibilities of the business. It can be achieved by providing employment opportunities to the local public, by providing higher standard of living, by fulfilling social expectations of consumers, etc. These are all possible through proper planning.

Helpful in facing competition

Product planning is regarded as a competitive weapon by making effective decisions regarding product attributes, price, customer service, promotional techniques, etc. The success of marketing efforts depends upon the extent to which the products of the firm can face the competition in the market.

Product mix strategies:-

Also known as product assortment refers to the total number of product lines that a company offers to its customers. For example, a small company may sell multiple lines of products. For ex: - PATHANJALI, HUL, SAMSUNG, SONY, ECT..

Many strategic decisions must be made to manage a company's assortment of products effectively. To start, a firm must select strategies regarding its product mix. One decision is how to position the product relative to competing products and other products sold by the firm.

Another strategic decision is whether or how to expand the product mix by adding items to a line and/or introducing new lines. Altering the design, packaging, or other features of existing products is still another option among the strategies of selecting the best mix. The product mix also can be changed by eliminating an entire line or by simplifying the assortment within a line. Alternatively, management may elect to trade up or trade down relative to existing products.

Major Types of Product Mix Strategies

- 1) Expansion Strategy:** A firm may decide to expand its present mix by increasing the number of lines or the depth within the lines. New lines may be related or unrelated to the present products. The company may also increase the number of items in its product mix.
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New product development (NPD) covers the complete process of bringing a new product to market. New product development is described in the literature as the transformation of a market opportunity into a product available for sale.

The product can be tangible (something physical which one can touch) or intangible (like a service, experience, or belief). A good understanding of customer needs and wants, of the competitive environment and of the nature of the market represents the top required factor for the success of a new product.

Eight Simple Steps For New Product Development

1. Idea Generation

The development of a product will start with the concept. The rest of the process will ensure that ideas are tested for their viability, so in the beginning all ideas are good ideas.

Ideas can, and will come, from many different directions. The best place to start is with a SWOT analysis, (Strengths, Weaknesses, Opportunities and Threats), which incorporates current market trends. This can be used to analyse your company's position and find a direction that is in line with your business strategy.

In addition to this business-centred activity, are methods that focus on the customer's needs and wants. This could be:

- Under-taking market research
- Listening to suggestions from your target audience – including feedback on your current products' strengths and weaknesses.
- Encouraging suggestions from employees and partners
- Looking at your competitor's successes and failures

2. Idea Screening

This step is crucial to ensure that unsuitable ideas, for whatever reason, are rejected as soon as possible. Ideas need to be considered objectively, ideally by a group or committee.

Specific screening criteria need to be set for this stage, looking at ROI, affordability and market potential. These questions need to be considered carefully, to avoid product failure after considerable investment down the line.

3. Concept Development & Testing

You have an idea and it's passed the screening stage. However, internal opinion isn't the most important. You need to ask the people that matter – your customers.

Using a small group of your true customer base – those that convert – the idea needs to be tested to see their reaction. The idea should now be a concept, with enough in-depth information that the consumer can visualise it.

4. Business Analysis

Once the concept has been tested and finalised, a business case needs to be put together to assess whether the new product/service will be profitable. This should include a detailed marketing strategy, highlighting the target market, product positioning and the marketing mix that will be used.

5. Product Development

If the new product is approved, it will be passed to the technical and marketing development stage. This is when a prototype or a limited production model will be created. This means you can investigate exact design & specifications and any manufacturing methods, but also gives something tangible for consumer testing, for feedback on specifics like look, feel and packaging for example.

6. Test Marketing

Test marketing (or market testing) is different to concept or consumer testing, in that it introduces the prototype product following the proposed marketing plan as whole rather than individual elements.

This process is required to validate the whole concept and is used for further refinement of all elements, from product to marketing message.

7. Commercialisation

When the concept has been developed and tested, final decisions need to be made to move the product to its launch into the market. Pricing and marketing plans need to be finalised and the sales teams and distribution briefed, so that the product and company is ready for the final stage.

8. Product Launch

A detailed launch plan is needed for this stage to run smoothly and to have maximum impact. It should include decisions surrounding when and where to launch to target your primary consumer group. Finally in order to learn from any mistakes made, a review of the market performance is needed to assess the success of the project.

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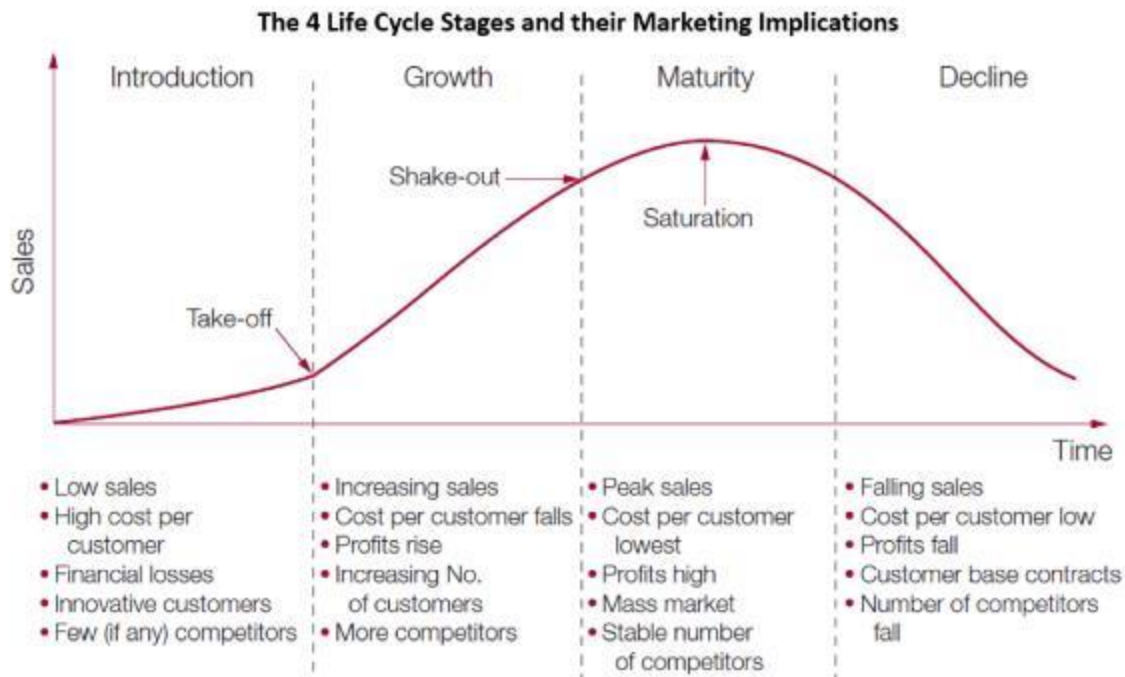
PRODUCT LIFE CYCLE

We have a life cycle, we are born, we grow, we mature, and finally we pass away. Similarly, products also have a life cycle, from their introduction to decline they progresses through a sequence of stages. The major stages of the product life cycle are - introduction, growth, maturity, and decline. Product life cycle describes transition of a product from its development to decline.

The time period of product life cycle and the length of each stage varies from product to product. Life cycle of one product can be over in a few months, and of another product may last for many years. One product reaches maturity in years and another can reach it in a few months. One product stays at maturity for years and another just for a few months. Hence, it is true to say that the length of each stage varies from product to product.

Product life cycle is associated with variation in the marketing situation, level of competition, product demand, consumer understanding, etc., thus marketing managers have to change the marketing strategy and the marketing mix accordingly.

Product life cycle can be defined as "the change in sales volume of a specific product offered by an organisation, over the expected life of the product."



Stages of the Product Life Cycle

The four major stages of the product life cycle are as follows :-

1. Introduction,
2. Growth,
3. Maturity, and
4. Decline.

Introduction Stage

At this stage the product is new to the market and few potential customers are aware of the existence of the product. The price is generally high. The sales of the product is low or may be restricted to early adopters. Profits are often low or losses are being made, this is because of the high advertising cost and repayment of developmental cost. At the introductory stage :-

- The product is unknown,
- The price is generally high,

- The placement is selective, and
- The promotion is informative and personalised.

Growth Stage

At this stage the product is becoming more widely known and acceptable in the market. Marketing is done to strengthen a brand and develop an image for the product. Prices may start to fall as competitors enter the market. With the increase in sales, profit may start to be earned, but advertising cost remains high.

At the growth stage :-

- The product is more widely known and consumed,
- The sales volume increases,
- The price begin to decline with the entry of new players,
- The placement becomes more widely spread, and
- The promotion is focused on brand development and product image formation.

Maturity Stage

At this stage the product is competing with alternatives. Sales and profits are at their peak. Product range may be extended, by adding both width and depth. With the increase in competition the price reaches its lowest point. Advertising is done to reinforce the product image in the consumer's minds to increase repeat purchases. At maturity stage :-

- The product is competing with alternatives,
- The sales are at their peak,
- The prices reaches to its lowest point,
- The placement is intense, and
- The promotion is focused on repeat purchasing.

Decline Stage

At this stage sales start to fall fast as a result product range is reduced. The product faces reduced competition as many players have left the market and it is expected that no new competitor will enter the market. Advertising cost is also reduced. Concentration is on remaining market niches as some price stability is expected there. Each product sold could be profitable as developmental costs have been paid at an earlier stage. With the reduction in sales volume overall profit will also reduce. At decline stage :-

- The product faces reduced competition,
- The sales volume reduces,
- The price is likely to fall,
- The placement is selective, and
- The promotion is focused on reminding.

Market Attractiveness

Market attractiveness is used to describe the various possibilities of the profitability that any firm or organization can obtain a competitive market place. Now it is generally preferred to have a better market attractiveness, because the better the market attractiveness is, the more are the chances of obtaining potential profitability from that market by making investments in it.

Thus a better market attractiveness means that it can attract more investors to make investments in one particular market because it has higher chances of giving back profitability. Thus the market attractiveness is generally the measurement of the opportunities that a specific market promises.

Now, whenever a new startup is being launched, that is a new company is being started, the companies try to enter the new market after first analyzing the market potential. This way they can determine whether the market is beneficial for them or not, whether it will be generating profit, what kind of seller and buyer relations persist.

Thus, in general, they try to find out whether the new market they will be entering will be beneficial to their company or not and what obstacles can the company face as they go ahead with that particular market. In this way, several factors can end up influencing the marketing and its potential to attract investors to make investments in them.

Now the market attractiveness is in general a concept which evaluates many different factors to determine whether a particular kind of market will be able to give back profit on investment or not.

It is a measure of the opportunities a market offers to an organization, with an acknowledgment of various factors within the market, including growth rate and market size, as well as outside factors such as access to raw materials, competition, and industry capacity.

Factors Influencing the Attractiveness of International Markets

Size & growth of the market (e.g. population)

One of the most important factors. Does the size of the target market justify the investment and risk involved with selling internationally? Which key market segments the business wants to target? How large are they and how fast are they growing?

Economic growth & levels of disposable income

An important indicator of the underlying strength of an international market. Emerging economies have experienced faster rates of economic growth than developed economies. This has created a growing "middle class" with rising disposable incomes that have fuelled demand for the products and services of international and domestic businesses.

Ease of doing business / political environment

An intangible, but still important factor. How reliable are the legal systems in the target country? Can the intellectual property of the business be protected? How volatile is the political environment?

Exchange rates

Trading in international markets is very likely to result in greater exposure of a business to exchange rate fluctuations. For example, profits may be earned inside the international market - but will exchange rate volatility reduce the value of those profits?

Domestic competition

If an international market is attractive, chances are that a business will have to compete effectively against local or domestic competition. What advantages do domestic competitors enjoy? Do they have control of, or better access to key distribution channels? How important is their more detailed understanding of customer needs and wants?

Infrastructure

The physical infrastructure of the target market is also likely to be a factor. This covers aspects such as the ease of transportation (into, out of and inside); strength and reliability of data systems (e.g. broadband).

PRODUCT PORTFOLIO ANALYSIS

Every business needs to be constantly assessing and evaluating the performance of their marketing. This is done by monitoring how well each individual product within the product portfolio (product mix) is doing. This process should tell the business whether the money being set aside for the marketing budget is being used effectively or not. Product portfolio analysis is a technique used by firms which identifies the position of each product within its market.

THE BOSTON MATRIX

BCG Matrix | Boston Matrix



The Boston Matrix is a business model which analyses the goods or services of a business in terms of their share of the market, which takes into

consideration the rate of growth the market is currently experiencing. Using this method, a business can quickly assess where each of their individual products lies in their own market. A star (named after "rising star") has both high market share and is in high market growth.

A star product enjoys increasing sales revenue, but because it's a growing market, competitors are attracted. The result is the company spends a great deal on promotional spending, and might involve the business in high capital investment to increase the capacity. In the short term, stars may cause cash flow problems since expenditure exceeds income. However, they usually generate profits that can support other products

Cash cows (with high market share in a low market growth market) often exist in established markets that have reached maturity. The low rate of growth discourages competition, so it is possible to spend less on advertising. A high proportion of cash cows is ideal for companies seeking high profits, but firms with cash cows will want to develop new products in order to enter high-growth markets

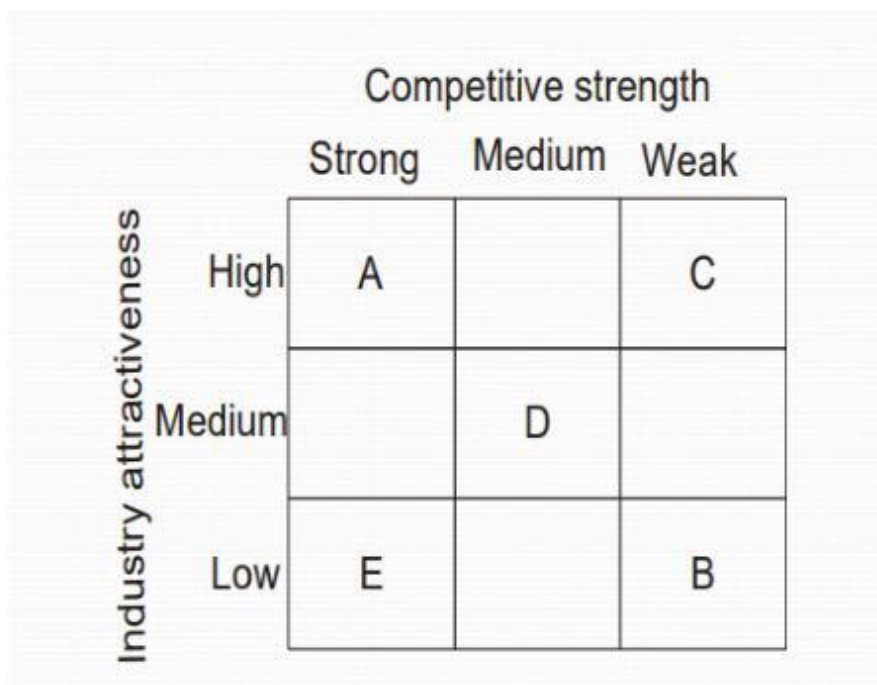
Question marks (or problem children) are competing in a competitive market, with a low market share and high market growth. Because the market is growing, there is a possibility for future sales increases, even if the product does not increase its market share. Many new products are problem children at first. They tend to need large amounts of market research and promotion in order to succeed. If successful, they become stars or cash cows.

A dog has a low market share and is in a low-growth market. Businesses need to think carefully about retaining such products, as they offer little scope for

profit-making. In a recession, these products will be dropped. However, these products should not be so simply written off.

GE Nine Cell Matrix

GE Matrix also called McKinsey Matrix is a strategic management tool for conducting portfolio analysis. The portfolio which is analyzed with the matrix may include products, services or entire SBUs (strategic business units) owned by the company. This tool is very similar to the BCG Matrix and you can actually view the GE or McKinsey Matrix as a kind of extension of the BCG Matrix (the multifactor portfolio analysis tool).



The Vertical Axis: Industry Attractiveness

It represents industry attractiveness which weighs composite rating based on eight different factors. These factors are:

- Market size and growth rate.
- Industry profit margin
- Competitive intensity

- Seasonality.
- Cyclicity
- Economics of scale
- Technology and
- Social, environmental, legal and human impacts.

The Horizontal Axis: Business Strength:

It represents a business strength competitive position which is again a weighted composite rating based on seven factors. They are:

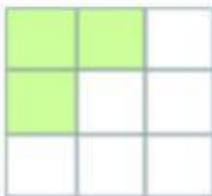
- Relative market share
- Profit margins
- Ability to compete on price and quality
- Knowledge of customer
- Competitive strengths and weaknesses
- Technological capability and
- Calibre of management

GE Matrix Positions and Strategy:

The GE / McKinsey Matrix are actually divided into nine cells. These 9 cells represent the nine alternatives for positioning of any SBU or product / service offering. Based on clear understanding of all of these factors decision makers are able to develop effective strategies.

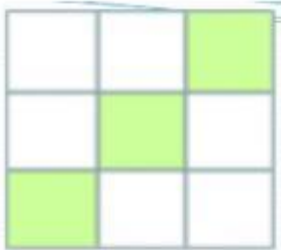
The nine cells in the matrix grouped into 3 major segments:

Segment 1



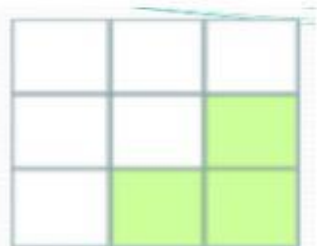
This is mostly the best segment. The business in this position is strong and the market is attractive. In this case the company should allocate resources in this business and focus on growing the business and increase its current market share.

Segment 2:



The business is either strong but the market is not attractive or the market is strong and the business is not strong enough to pursue potential opportunities. Decision makers should make judgment on how to further deal with these SBUs or products. Some of them may consume too much resources and are not really promising any strong potential while others may need additional resources and better strategies for growth.

Segment 3:



This is the worst positioning segment. Businesses or products and services in this segment are very weak and their market is not attractive. Decision makers should consider either repositioning these SBUs into a different

market segment, develop better cost-effective offering, or get rid of these SBUs and invest the resources into more promising and attractive SBUs.

Advantages of Portfolio Analysis:

- Encourages Management for Evaluation: It encourages management to evaluate each of the organization's businesses individually and to set objectives and allocate resources for each.
- Stimulates Use of Externally Oriented Data: It stimulates the use of externally oriented data to supplement management's intuitive judgment.
- Key Areas: These models highlight certain aspects of business that are considered essential to success or failure.
- Cash Flows : They focus on cash flow requirements of the SBU's and help identify the different cash flow implications and requirements of different business activities. This helps management to carry out its resource allocation function.
- Balance Portfolio : They help identify strengths and weaknesses in the portfolio, the gaps that need to be filled; when a new SBU needs to be added or when one needs to be removed; and the duplicative businesses in the portfolio.
- Diverse Perspective : The diverse activities of a multi-business company are analyzed in a systematic manner and enterprise diversity highlighted.
- Flexible Comparisons : Some matrices, like the McKinsey Matrix, are highly flexible in being able to select different factors for different industries. This kind of analysis can provide coverage of a wide number of strategically relevant variables.

Disadvantages of Portfolio Analysis:

- Too Simple: Matrix models are simplistic. The important factors are reduced to only two dimensions (e.g. market share and business

attractiveness) other factors are necessarily excluded or lose their distinctiveness in the collapsed dimensions.

- Market Share: Market share, though used widely, may not be the best measure of a company's success. For example, product differentiation for a particular market segment may have low market share but produce high success within a market segment.
- Market Share and Cash Flow Mismatch : High market share in a low-growth industry does not necessarily result in large positive cash flow characteristics of a "cash cow" business
- Market Share and Cost Savings Mismatch : The connection between relative market share and economics of scale may also not be a direct relationship.
- Subjective Numbers : The numerical format of some matrices may lead the user to place greater confidence in them than is warranted. The numbers from most ratings are subjectively derived, subject to personal biases, political pressure, and budgetary needs
- Static Pictures : The analyses most often provide a static picture of SBUs. They are not projective, they do not account adequately for changes due industry evolution, technological change, and other environmental forces, etc
- Multiple SBUs : There is a limit to the number of SBUs that can be examined; otherwise the resulting analysis becomes increasingly superficial. Such problems can occur when the volume exceeds 40-50 SBUs
- Conflict of Interests : When a SBU contains several different but related business conflicts of interest can occur between the cash flow priorities of a SBU and the priorities of the company as a whole.

- Inappropriate divesting : Improper application of portfolio techniques may result in inappropriate divesting of useful information between the cash flow priorities of a SBU and the priorities of the company as a whole.

COMPETITOR ANALYSIS

Competitor analysis aims at determining and understanding the sources of competition in a market, as well as the ways in which companies interact with each other while seeking to develop their competitive position (Chen, 1996, 100-101). A competitor analysis observes the operating habits, objectives, and strategies of current and potential competitors. The analysis also tries to reveal the strengths, weaknesses, market shares and sizes of a company's rivals. In the short run, the key competitors for a company are the ones that are the most similar to the company itself (Aaltonen, 2013, 12).

If a company wishes to succeed, it has to outperform its competitors. That is why the competitive landscape and other factors affecting competition have to be analysed every once in a while. Factors that especially need analysing are the points connected to the regulation and freedom of competition (Laitinen & Isoviita, 1998, 58). Laitinen and Isoviita (1998, 58) state that the names and the amount of competitors, competing products, the nature of competition, that is foreign and domestic competition, the threat of potential entrants in the market as well as the competitive roles of companies are factors that should be investigated in a competitor analysis. Moreover, the authors stress out that a company's competitive position is based on neither coincidence nor bad luck. It follows from a long-term purposeful process and keeps changing constantly (Laitinen & Isoviita, 1998, 58).

The Components of Competitor Analysis

Competitor analysis can be considered to consist of four different components: future goals, assumptions, current strategy and capabilities. By going deep into these factors a company can gain some insight on the response profiles of its rivals (Porter, 2004, 48). Next, all the four components are analysed in detail.

→ Future Goals

- ◆ Competitors' future goals can act as signals of how happy the competitors are with their current state as regards to their position in the market and the profit they have made. These factors, on the other hand, can be seen to imply the likeliness of the fact that a competitor will decide to shift its strategy to another direction. Moreover, awareness of the goals of one's rivals helps in forecasting how a competitor might react to strategic changes (Porter, 2004, 50) Despite the fact that it is common to focus on analysing the competitor's financial goals, in order to be able to comprise a proper and thorough picture of a competitor's goals, also objectives concerning market leadership and technological position as well as a competitor's goals to carry out its social mission should be investigated (Porter, 2004, 51)
- ◆ Competitors' goals can take several forms. Business unit goals, such as contracts made with other firms, may restrict the actions a competitor can take. In addition some debt agreements may act as limits to a company's goals (Porter, 2004, 53). When investigating a competitor's goals one should also find out whether the competitor has created a certain pattern which it follows when it comes to its strategy or the way the company is operated. Furthermore, if it can be seen that a competitor has indicated special interest towards certain locations or has presented strong point of views of product characteristics, such as design and quality of its offering, such

factors should be taken into account when trying to determine a competitor's future moves (Porter, 2004, 51). Examining competitors' future objectives is vital for the success of a firm. By having a clue of how a competitor is likely to act in the future a company can avert making strategic moves that may hamper its competitors from achieving their goals which might cause tensions between the two companies (Porter, 2004, 58)

→ Assumptions

- ◆ Recognising the assumptions competitors possess can be separated into two sections, the competitor's assumptions about itself and the assumptions it has about the industry and other companies that compete on it (Porter, 2004, 58).
- ◆ The competitor's assumptions concerning itself, such as the way it perceives its current state, act as guidance to its behaviour. A firm can, for instance, consider itself as an industry leader or a low-cost producer (Porter, 2004, 58). According to Porter (2004, 58), "If it sees itself as a low-cost producer, for example, it may try to discipline a price cutter with price cuts of its own".
- ◆ The importance of investigating different kinds of assumptions is advantageous for a firm since it can reveal a competitor's so called blind spots. Blind spots consist of zones in which the competitor misses to realise important events, such as a strategic move, doesn't understand them correctly, or their understanding takes a long time (Porter, 2004, 59). As Porter (2004, 59) puts it, identifying such areas "...will help the firm identify moves with a lower probability of immediate retaliation and identify moves where retaliation, once it comes, is not effective."

→ Current Strategy

- ◆ The third component that should be analysed when familiarising one with a competitor's operations is the strategy the competitor is currently following. The most benefit it can give to a firm if it is considered as the main operating principle the company follows in all of the functional areas it operates in. What should also be considered is how the company intends to connect those with each other (Porter, 2004, 63).

→ Capabilities

- ◆ All the three aforementioned components of competitor analysis, a competitor's goals, assumptions, and current strategy, will have an effect on the competitor's counteractions, for instance, the characteristics and probability of such actions (Porter, 2004, 63). The section of competitors' capabilities contains several different subsections that help an analyst determine the strengths of a competitor. Core capabilities refer to main strengths and weaknesses of a company and its abilities in each operational area. Ability to grow, on the other hand, deals with the competitor's capabilities when it comes to labour, talent and plant throughput as well as whether a rival will gain more or lose some of its capabilities if it grows its operations (Porter, 2004, 65). The quick response capability measures the competitor's ability to fast react to other firms' strategic moves. The answer the quick response capability gives is dependent on factors, such as whether the company has excess cash on its disposal, whether it is able to borrow money and whether it can easily modify its levels of production and start to produce more. The competitor's ability to adopt to change reflects the competitor's possibilities to reply to changes in the surrounding environment. Such changes include, for example rises in wage levels, new technology that leads to a need to customise production

processes, and a high inflation. Also the competitor's cost composition has an impact on its reactions (Porter, 2004, 66).

Porter's Competitor Analysis

The structure of an industry firmly affects the strategies a firm can utilise when competing in a market as well as the competitive rules that take place. In addition to competitive forces inside an industry also forces outside it can oftentimes have remarkable effects on a company's operations. As it is typical for such forces to affect all the companies operating in a certain industry, what really matters is what kinds of different actions firms take in order to handle them (Porter, 2004, 3).

Porter has identified five components that all affect firms' operations in a market; threat of entry, threat of substitution, bargaining power of buyers, bargaining power of suppliers, and rivalry among current competitors, and out of these five forces constructed a model known as the five forces framework. Together the five forces have an effect on the components of return on investment, such as industry pricing, costs, and the investments needed in order to compete in a market, and therefore the forces can be seen to determine the profitability of an industry (Porter, 1998, 5).

Porter's model suggests that competition in an industry is not restricted to the competitive actions rivalries within it take, but instead other stakeholders, such as vendors and companies showing interest in the industry also act as competitors. This kind of an extensive view to competition is often referred to as extended rivalry (Porter, 2004, 6). The five forces framework makes it possible for a firm to identify issues that strongly affect the competition in the industry it operates in. Moreover, it helps indicate the strategic choices a company can make, that would be likely to lead to an improvement in the profitability of the

overall industry and more importantly, the profitability of the company (Porter, 1998, 7) Porter's five forces framework is presented in Picture



The main objectives of doing competitor analysis can be summarized as follows:

- ✓ To study the market;
- ✓ To predict and forecast organization's demand and supply;
- ✓ To formulate strategy;
- ✓ To increase the market share;

- ✓ To study the market trend and pattern;

- ✓ To develop strategy for organizational growth;

- ✓ When the organization is planning for the diversification and expansion plan;

- ✓ To study forthcoming trends in the industry;

- ✓ Understanding the current strategy strengths and weaknesses of a competitor can suggest opportunities and threats that will merit a response;

- ✓ Insight into future competitor strategies may help in predicting upcoming threats and opportunities.

MODULE 2

INTRODUCTION TO BRAND MANAGEMENT

BRAND

A brand is a name, term, design, symbol or any other feature that identifies one seller's good or service as distinct from those of other sellers.

Naming a brand: A name is the basic core differentiator of your brand. It helps to build awareness and convey meaning.



Importance of Branding

→ Reducing the Risks in Product Decisions

A brand can reduce the risks in product decisions:

1. **Functional risk:** The product does not perform up to expectations.
2. **Physical risk:** The product poses a threat to the physical well-being or health of the user or others.

3. **Financial risk:** The product is not worth the price paid.
4. **Social risk:** The product results in embarrassment from others.
5. **Psychological risk:** The product affects the mental well-being of the user.
6. **Time risk:** The failure of the product results in an opportunity cost of finding another satisfactory product

→ Branding Gets Recognition

- ◆ Branding is important because it helps the consumer to identify the source of the product and because of the past experience and its marketing program over the time, consumers find out which brands satisfy their needs and which ones do not.

→ Branding Increases Business Value

- ◆ Branding is important in generating future business by establishing the brand and give the company more leverage in the industry

→ Branding Generates New Customers

- ◆ Strong brand value reflects that the company really provide the customer value which helps in word of mouth and referral to other customers. Brands may be particularly important signals of quality and other characteristics to consumers for these types of products.

→ Improves Employee Pride and Satisfaction

- ◆ An employee will be more satisfied with their job and have a higher degree of pride in the work when they associate themselves with a strong branded company and truly stands behind the brand.

→ Creates Trust Within the Marketplace

- ◆ Brands can reduce the risks in product decisions and build trust in the marketplace. A company with well-strategized branding and with a professional appearance will help the company build trust with consumers, potential clients and customers.

→ Branding Supports Advertising

- ◆ Advertising strategies will directly reflect the brand and its desired portrayal. Advertisement is one the component of branding.
- Source of competitive advantage
 - ◆ Brand loyalty provides security and predictability of demand for the firm and creates barriers of entry for other firms in the market.

There are four primary categories of brand names

Descriptive brand names are the oldest class of brand names. John Deere, for example, is the brand name for Deere & Company. The company was founded in 1837 and the name is derived from its founder.

Descriptive names are also effective for describing the business. PayPal is a payment company. Subway serves submarine sandwiches. These names clearly position the brands and make it easier for consumers to identify their products and services and when to choose them

The pitfall of a descriptive name is it can be constraining. For example, Salesforce.com was founded as a CRM software provider focused on salesforce automation. The company has evolved dramatically into a cloud computing company. It offers a variety of applications that reach well beyond sales teams.

Acronyms: An abbreviation of a descriptive name

Many of the world's most recognized brands are acronyms: GE, UPS, IBM, SAP, HP, and TD, to name a few.

Most acronyms evolve out of functional names. Either deliberately or organically, descriptive names can be paired down into bite size chunks. For example, it's easier to say AFLAC than American Family Life Assurance Company, or GEICO than Government Employees Insurance Company. An acronym can be quick to say, easy to remember, and easier to trademark. But, and this is a big but, they lack a soul. The primary pitfall of acronyms is they are empty vessels. They don't

draw from any other words in our lexicon, and even with a lot of use acronyms don't absorb much meaning. They are just a grouping of letters.

Invented Names: A made-up word.

Some of the most iconic brands are invented words: Kodak, Xerox, Acura, and Google. They are names created specifically to represent a brand. Invented words are very powerful, because they don't come with any baggage. They are empty vessels designed to represent a brand. The best invented brand names are based on poetically constructed names. Twitter evokes the experience of communicating rapidly in 140 characters. Google resonates with the act of searching and discovering. Kodak demonstrates strength and being in the moment. Manning explains, "By design, the target audience likes saying these [poetically constructed] names, which helps propel and saturate them throughout the target audience."

Experiential Names: Build upon what the feeling or experience the brand delivers

Experiential names are the most powerful class of names. This is where the most iconic brands stand: Apple, Virgin, Caterpillar, and Oracle. These names are positioning statements. They help a company stand out in their marketplace by setting an expectation of what it's like to choose them. The biggest obstacle of generating an experiential name is connecting meaning to the brand. This requires a deep understanding of your business and what it stands for before the naming process begins. If the name is out of sync with the positioning of the business it loses impact.

What Makes a Good Brand Name

- Meaningful: It communicates your brand essence, conjures an image, and cultivates a positive emotional connection.
- Distinctive: It is unique, memorable, and stands out from your competitors.
- Accessible: People can easily interpret it, say it, spell it, or Google it. (Even if you have an unusual or bizarre name, it must be understandable.)
- Protectable: You can trademark it, get the domain, and “own” it, both legally and in the general consciousness. Future-proof: It can grow with the company and maintain relevance—and be adapted for different products and brand extensions.
- Visual: You can translate/communicate it through design, including icons, logos, colors, etc

Brand association is all about how people perceive a brand. Brands associations are usually brand's qualities and characteristics that deliver the business message and objectives over to the targeted audience and potential business prospects. Brands nurture these associations and improve the audience's perceptions through innovative marketing tactics and business activities. The brand association assists the customers and targeted audience to remember the brands and recall its characteristics which are the key differentiating factors. Better product quality, a higher standard of customer service, word of mouth marketing are some of the primary examples as to how brands stand out in the crowded business world. All you need is a heedful brand manager and a strategic marketer to build a strong brand perception and brand association.

A positive brand association is formed on these bases:

- Quality of the offered products and services.
- Targeted advertisements.
- Celebrity association.

- Customer's relationship with the company and its employees.
- Point of purchase displays.
- Word of mouth marketing.

Types of brand associations

Attributes :

An excellent quality, a distinguishing feature and innovative service or product, a brand association based on such characteristics fall in this category. Any such feature gets directly associated with the company's products which later helps the potential prospects in recalling the brand via such features and characteristics.

Benefits:

The name suggests it all, a brand association built on the offered benefits provided by the developed product or service. These benefits can be functional which refers to the nature and functionality of the product.

Attitudes:

Customer feedback and customer experience are critical factors in determining the character and attitude of any brand.

Take the example of one of the biggest apparel brands Nike, which uses celebrity endorsements and works with rising sports stars and known athletes. This strategy has made Nike a brand the choice of sports celebrities while reflecting the true values and the winning attitude of the company.

Interest :

Customers usually buy a product solely because of two reasons, either it's their need, or they are interested in it.

Interest is the core factor that determines the intellect and consciousness of customers. The chief objective of the brand association based on the interest of the potential customers is to pique the curiosity while generating the attention of the offered products and services in customers' minds.

Celebrity :

One of the most effective and widely-practiced brand association methods is to hire a well-known face of the industry and get your product endorsed by them. The face of a celebrity is enough to imprint the product and the brand's name in the minds of the targeted audience and potential business prospects.

Brand image:

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

reflecting organization's image, slogan describing organization's business in brief and brand identifier supporting the key values.

Brand identity stems from an organization, i.e., an organization is responsible for creating a distinguished product with unique characteristics. It is how an organization seeks to identify itself. It represents how an organization wants to be perceived in the market. An organization communicates its identity to the consumers through its branding and marketing strategies. A brand is unique due to its identity. Brand identity includes following elements - Brand vision, brand culture, positioning, personality, relationships, and presentations. Brand identity is a bundle of mental and functional associations with the brand. Associations are not "reasons-to-buy" but provide familiarity and differentiation that's not replicable. These associations can include signature tune (for example - Britannia "ting-ting-ta-ding"), trademark colours (for example - Blue colour with Pepsi), logo (for example - Nike), tagline (for example - Apple's tagline is "Think different"), etc. Brand identity is the total proposal/promise that an organization makes to consumers. The brand can be perceived as a product, a personality, a set of values, and a position it occupies in consumer's minds. Brand identity is all that an organization wants the brand to be considered as. It is a feature linked with a specific company, product, service or individual. It is a way of externally expressing a brand to the world. Brand identity is the noticeable elements of a brand (for instance - Trademark colour, logo, name, symbol) that identify and differentiates a brand in target audience mind. It is a crucial means to grow your company's brand.

Sources of brand identity

Symbol- Symbols help customers memorize the organization's products and services. They help us correlate positive attributes that bring us closer and

make it convenient for us to purchase those products and services. Symbols emphasize our brand expectations and shape corporate images. Symbols become a key component of brand equity and help in differentiating the brand characteristics. Symbols are easier to memorize than the brand names as they are visual images. These can include logos, people, geometric shapes, cartoon images, anything. **For instance**, Marlboro has its famous cowboy, Pillsbury has its Poppin' Fresh doughboy, Duracell has its bunny rabbit, Mc Donald has Ronald, FedEx has an arrow, and Nike's swoosh. All these symbols help us remember the brands associated with them.

Brand symbols are strong means to attract attention and enhance brand personalities by making customers like them. It is possible to learn the relationship between symbol and brand if the symbol is reflective/representative of the brand. For instance, the symbol of LG symbolizes the world, future, youth, humanity, and technology. Also, it represents LG's efforts to keep close relationships with their customers.

LOGOS- A logo is a unique graphic or symbol that represents a company, product, service, or other entity. It represents an organization very well and make the customers well-acquainted with the company. It is due to logo that customers form an image for the product/service in mind. Adidas's "Three Stripes" is a famous brand identified by its corporate logo.

Features of a good logo are :

- It should be simple.
- It should be distinguished/unique. It should differentiate itself.
- It should be functional so that it can be used widely.

- It should be effective, i.e., it must have an impact on the intended audience.
- It should be memorable.
- It should be easily identifiable in full colours, limited colour palettes, or in black and white.
- It should be a perfect reflection/representation of the organization.
- It should be easy to correlate by the customers and should develop customers' trust in the organization.
- It should not lose its integrity when transferred on fabric or any other material.
- It should portray the company's values, mission and objectives.

The elements of a logo are:

- Logotype - It can be a simple or expanded name. Examples of logotypes including only the name are Kellogg's, Hyatt, etc.
- Icon - It is a name or visual symbol that communicates a market position. For example-LIC 'hands', UTI 'kalash'.
- Slogan - It is the best way of conveying a company's message to the consumers. For instance- Nike's slogan "Just Do It".

TRADEMARKS- Trademark is a unique symbol, design, or any form of identification that helps people recognize a brand. A renowned brand has a popular trademark and that helps consumers purchase quality products. The goodwill of the dealer/maker of the product is also enhanced by use of trademarks. Trademark totally indicates the commercial source of product/service. Trademarks contribute to brand equity formation of a brand.

Trademark names should be original. A trademark is chosen by the following symbols:

™ (denotes unregistered trademark, that is, a mark used to promote or brand goods);

SM (denotes unregistered service mark)

® (denotes registered trademark).

Registration of trademarks is essential in some countries to give exclusive rights to it. Without adequate trademark protection, brand names can become legally declared generic. Generic names are never protectable as was the case with Vaseline, escalator and thermos.

Some guidelines for trademark protection are as follows:

Go for formal trademark registration.

- Never use a trademark as a noun or verb. Always use it as an adjective.
- Use correct trademark spelling.
- Challenge each misuse of a trademark, specifically by competitors in the market.
- Capitalize the first letter of trademark. If a trademark appears in point, ensure that it stands out from surrounding text.

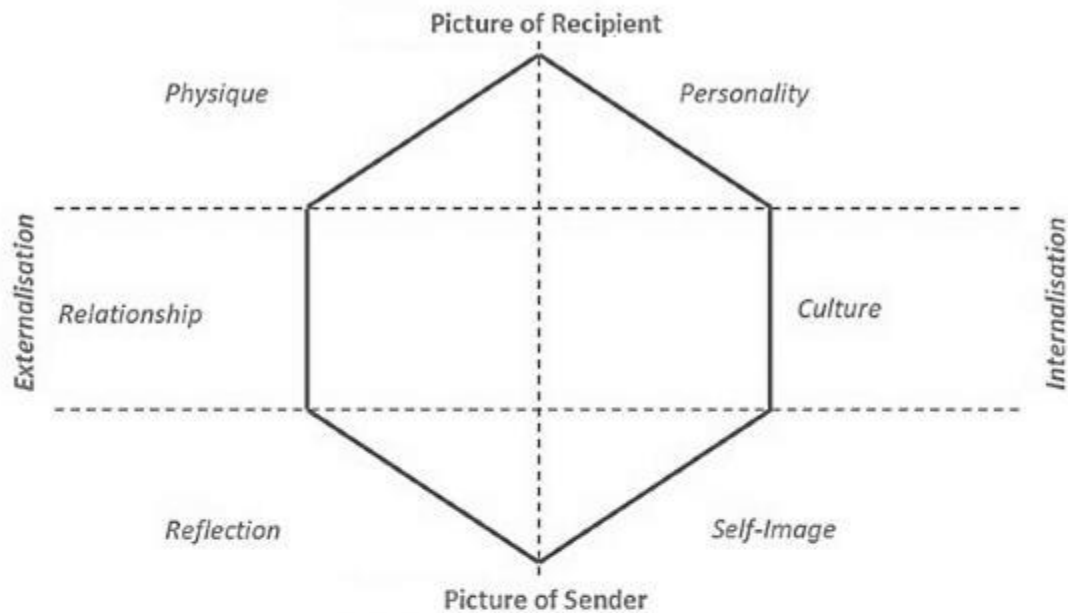
Brand Identity Prism

The **Brand Identity Prism** is a concept coined by J. Kapferer in 1986. According to him, any brand can be identified by its characteristics. The Brand Prism is represented by a hexagonal prism which defines 6 characters of a

brand. Just like a person is known by his name, job, education, physical and emotional traits, a brand can be identified by the following:-

- **Physical Facet:-** Salient physical qualities which are seen by the target audience - like its color, shape, logo or anything that brings an image in the mind of the consumer when thinking or talking about the brand.
- **Brand Personality:-** This defines the brand's personality or character. Here the brand is personified and its traits are perceived in the eyes of the consumer in a particular way. It can be related to calling a person shy or stylish or philanthropic.
- **Brand Culture:-** This represents the values and principles a brand stand for. For example, a brand that has a 'Go Green' motto will be eco friendly in all its aspects- from manufacturing to marketing.
- **Brand Relationships:-** The relationship a brand has, with its customers, the way each communication relates to its target audience or how brands influence and provide a particular service to its customers.
- **Customer Reflection:-** How a customer reflects with a particular brand. This is different with how customers perceive the brand. This talks more about the consumers who use the brand as opposed to the brand itself.
- **Customer Self Image:-** This explains how a customer perceives himself by using the brand. For example:- how men and women differentiate certain brands as being masculine or feminine

Brand Identity Prism



Essentially, the prism has the style and themes of the marketer (sender) on one side which are being received by the consumer (recipient) on the other side. The other axes of the prism define the level of internalization or externalization of the activities. When flipped over, the brand identity prism is an integral part of the **brand identity pyramid** – which has 3 parts – (i) The **Brand Kernel** which is the ultimate essence or core of the brand (ii) The **brand style** – Which brings about the brand personality from the essence and (iii) **Brand themes** – or executions of the styles. While more elaborate tools (eg. brand keys) are being put to use today, this is still a favorite (especially when we need to quickly understand a new brand or a competitor). For any brand to succeed, it needs to present a coherent image in the minds of the consumer. All the 6 facets of the brand need to tie in with the central brand essence. As soon as all the elements come into place, it just clicks ! Let's take the example of Marlboro – developed as a ladies brand (in 1924, with "Mild as may" !!! as

the tagline), and later re-positioned in 1954 using a 'mythical cowboy' – The new campaign raised sales by 3241 % within the year !!. Many other similar masculine platforms were tried, later returning to the cowboy theme – lasting till today and becoming one of the most quoted examples in Positioning. Here in lies the power of brand coherence or a consistent positioning of all these elements. Here's the Coca Cola example of how multiple facets come together in the prism – all to deliver happiness to the consumer making him feel a strong bond with the bottle



Brand Loyalty is a scenario where the consumer fears purchasing and consuming a product from another brand which he does not trust. It is measured through methods like word of mouth publicity, repetitive buying, price sensitivity, commitment, brand trust, customer satisfaction, etc. Brand loyalty is the extent to which a consumer constantly buys the same brand within a product category. The consumers remain loyal to a specific brand as long as it is available. They do not buy from other suppliers within the product category. Brand loyalty exists when the consumer feels that the brand consists of right product characteristics and quality at the right price. Even if the other brands are available at cheaper price or superior quality, the brand loyal consumer will stick to his brand.

Brand loyalty is always developed post purchase. To develop brand loyalty, an organization should know their niche market, target them, support their product, ensure easy access of their product, provide customer satisfaction, bring constant innovation in their product and offer schemes on their product so as to ensure that customers repeatedly purchase the product.

Brand personality is a set of human characteristics that are attributed to a **brand** name.

A **brand personality** is something to which the consumer can relate; an effective **brand** increases its **brand** equity by having a consistent set of traits that a specific consumer segment enjoys. Brand personality is the way a brand speaks and behaves. It means assigning human personality traits/characteristics to a brand so as to achieve differentiation. These characteristics signify brand behaviour through both individuals representing the brand's employees) as well as through advertising, packaging, etc. When brand image or brand identity is expressed in terms of human traits, it is called brand personality. For instance - **Allen Solley** brand speaks to the personality and makes the individual who wears it stand apart from the crowd. **Infosys** represents uniqueness, value, and intellectualism.

Brand personality is nothing but personification of brand. A brand is expressed either as a personality who embodies these personality traits (For instance - Shahrukh Khan and Airtel, John Abraham and Castrol) or distinct personality traits (For instance - **Dove** as honest, feminist and optimist; **Hewlett Packard** brand represents accomplishment, competency and influence). Brand personality is the result of all the consumer's experiences with the brand. It is unique and long lasting.

Brand personality must be differentiated from brand image, in sense that, while brand image denotes the tangible (physical and functional) benefits and attributes of a brand, brand personality indicates emotional associations of the brand. If a brand image is a comprehensive brand according to consumers' opinion, brand personality is that aspect of a comprehensive brand which generates its emotional character and associations in consumers' mind.

Five key dimensions of brand personality include **Brand Competence**, **Brand Sincerity**, **Brand Excitement**, **Brand Sophistication**, and **Brand Toughness**. Many brands choose to use a brand character as a vehicle to express their brand personality and facilitate their brand storytelling process.

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

Brand positioning must make sure that:

- Is it unique/distinctive vs. competitors ?
- Is it significant and encouraging to the niche market ?
- Is it appropriate to all major geographic markets and businesses ?
- Is the proposition validated with unique, appropriate and original products ?
- Is it sustainable - can it be delivered consistently across all points of contact with the consumer ?
- Is it helpful for an organization to achieve its financial goals ?
- Is it able to support and boost up the organization ?

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

Brand Positioning can be defined as an activity of creating a brand offer in such a manner that it occupies a distinctive place and value in the target customer's mind. For instance-Kotak Mahindra positions itself in the customer's mind as one entity- "Kotak "- which can provide customized and one-stop solutions for all their financial services needs. It has an unaided top of mind recall. It intends to stay with the proposition of "Think Investments, Think Kotak ". The positioning you choose for your brand will be influenced by the competitive stance you want to adopt. Brand Positioning involves identifying and determining points of similarity and difference to ascertain the right brand identity and to create a proper brand image. Brand Positioning is the key of marketing strategy. A strong brand positioning directs marketing strategy by explaining the brand details, the uniqueness of the brand and its similarity with the competitive brands, as well as the reasons for buying and using that specific brand. Positioning is the base for developing and increasing the required knowledge and perceptions of the customers. It is the single feature that sets your service apart from your competitors. For instance- Kingfisher stands for youth and excitement. It represents the brand in full flight.

There are various positioning errors, such as-

- **Under positioning-** This is a scenario in which the customer's have a blurred and unclear idea of the brand.
- **Over positioning-** This is a scenario in which the customers have too limited an awareness of the brand.

- **Confused positioning-** This is a scenario in which the customers have a confused opinion of the brand.
- **Double Positioning-** This is a scenario in which customers do not accept the claims of a brand.

Significance of Branding

- Brand identifies the seller or maker of the product. (E.g. Tata Steel, Bajaj Pulsar, Nestle Maggi)
- Easier for the seller to process orders & track problems.
- Legal protection to the seller through registered patent or trademark.
- Brand loyalty gives the seller some protection from competition.
- Strong brands help build the corporate image.
- Brands make the product easier to handle, hold

Branding Challenges and Opportunities

- Considering branding as an asset - The pressure on branding to deliver short-term financial gains tempt most of the organizational decision-makers to focus more on such measurable tactics. However, often this means by neglecting the objectives of building assets like a brand.
- Bringing up breakthrough brand concepts - The need for excellent ideas and perfect execution is on a peak to bring a brand vision to life.
- Financial challenges - A sensible budget should be allocated to branding, along with marketing, which is a significant consideration to make. In fact, when business finances come into the picture, many fail to do budgeting efficiently.

Brand Building Opportunities

- Define your persona - To create a better value proposition, it becomes essential for the sellers to replicate your buyer persona perfectly. Understand the needs, behaviour, and goals of the target group to convey the core brand values.
- Having a strong internet presence, especially social media – Once if you build a social media branding strategy, it is essential to be persistent and consistent regarding branding efforts to keep on top of the competition. 3 – Blogging for branding - Along with social media, blogging is also an ideal branding strategy. A blog not only to promote the products but to share information which the target group consumers value. This approach will create situations over time, where the users search for you individually based on the unique brand elements you have formed and stayed loyal.
- Customer service as a priority - In fact, making customer service a key focus of brand building and succeeding in it can unquestionably save money regarding advertising and marketing. Branding is more of a general word-of mouth recognition among the potential consumers, which will not fade quickly.

BRAND MANAGEMENT

Brand management is a function of marketing that makes use of strategies and techniques to analyse and plan how the brand is perceived in the market. It aims to increase the overall perceived value of the brand in the long run and build a loyal customer base through positive brand associations.

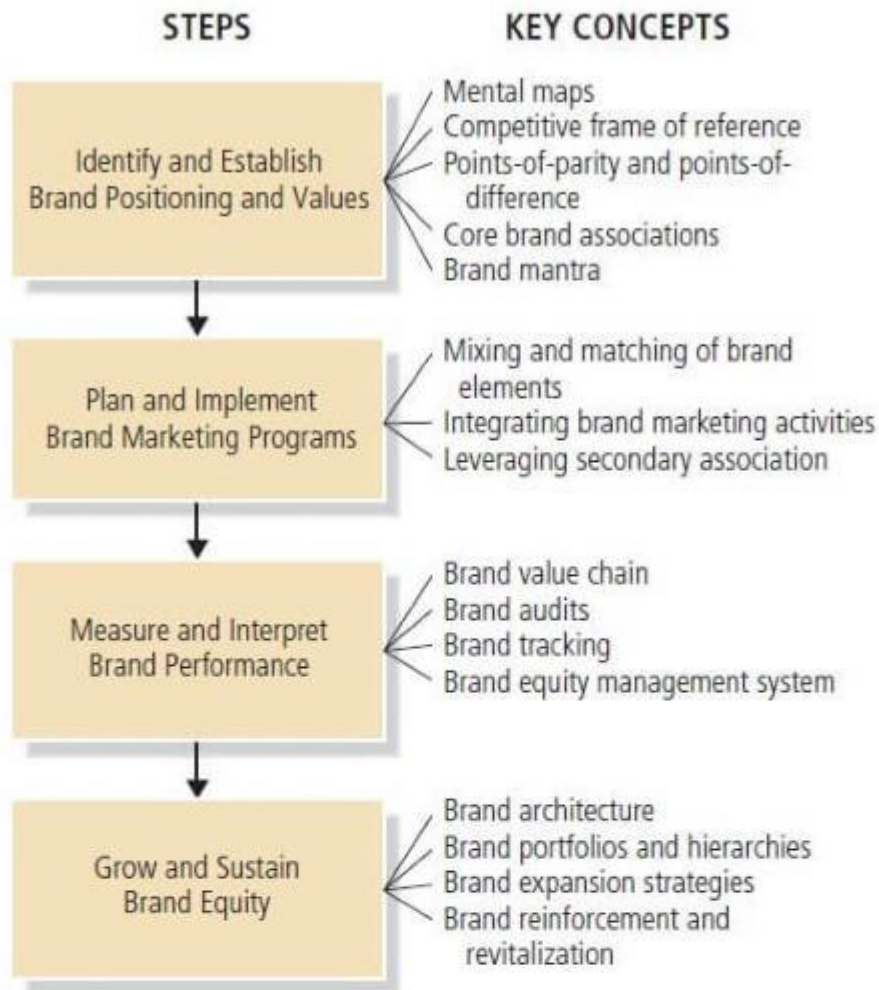
Strategic brand management process is important for creating and sustaining brand equity. Developing a strategy that successfully sustains or

improves brand awareness, strengthens brand associations, emphasizes brand quality and utilization, is a part of brand management.



Strategic Brand Management Process has four main steps:

1. Identify and Establish Brand Positioning and Values
2. Designing and implementing brand marketing programs
3. Measuring and interpreting brand performance
4. Growing and sustaining brand equity



Functions of Brand Managers

Long-term Strategy

Develop a long-range competitive strategy for the success of the brand. All tactical moves that form part of the strategy are formulated for execution by relevant personnel of the company.

Sales forecast budget

Prepare in coordination with the sales personnel sales forecast and dovetail the same into marketing plans and budgets.

Work with Ad Agencies

Work with the advertising and other related agencies (promotional, research) to develop advertising copy, communication strategy and plans for execution of advertising and promotional campaigns.

Support from SalesForce and Trade

Stimulate support of the brand among the sales force and trade members (distributors, wholesaler and retailers) through communicating lucidly all the rationale for brand plans.

Gather intelligence on brand performance

Gather intelligence on the brand's performance to see how the brand stacks up against the competition, customer and trade attitude develop and change and new problems and the opportunity arises.

Identify opportunities to improve

Meet changing market needs to improving and initiating new product you brand this function is an extension of preceding pressed proceeding one and as mentioned cannot form convincingly unless problem problems are identified and changing need pinpointed

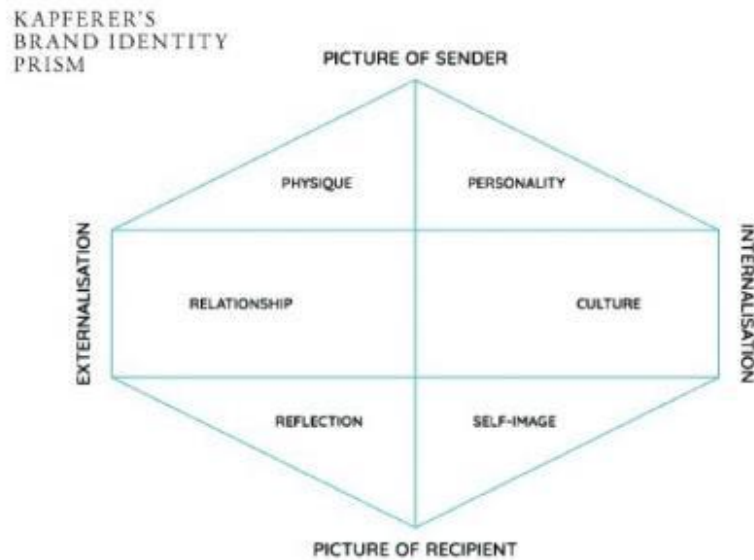
Types of branding strategies

- Brand name recognition– a strong brand name depends on the range of products and subsidiary brands that the company deals with. A

well-established company utilises its brand name to earn global recognition and popularity through its logo, slogan or colours.

- Individual branding – this requires every brand to have a separate name to avoid competition against other brands that are run by a parent company. Individual brand names help in establishing a unique identity for a brand that results in greater flexibility in marketing similar products with different quality.
- Attitude branding – this sort of branding strategy is not confined to the quality of a product or its consumption but represents a larger brand personality. Attitude branding involves appealing to a particular feeling that does not necessarily have a direct connection to the brand. A great example of this is the branding strategy employed by Nike with their tagline “Just Do It”.
- Brand extension and dilution – utilisation of an existing strong brand name to create new or modified products is referred to as brand extension. This allows flagship brands to enter a new market, wherein the latest version of a product is similar to the original product, excepting the altered brand name.
- Private labels – some retailers may possess strong brand identity, also known as store brands, which enable them to compete against other brands in the market. Private labels have become increasingly popular at supermarkets and allow their products to outperform other well-established brands in the market.
- Crowdsourcing – these brands are created by common people for brand promotion, allowing the public to be a part of the brand’s naming process. This process minimises the chances of risk from brand failure as the products involve the personal interests of individuals participating in the branding process

THE KAPFERER BRAND IDENTITY PRISM



Inscribed on the hearts of marketing graduates worldwide, Jean-Noel Kapferer's Brand Identity Prism is a model that helps businesses build strong, enduring brand identities that reflect their core values. It proposes that a brand's success is driven by a company-wide utilisation of the following elements:

→ **Physique**

The physical characteristics and iconography of your brand. Think of the dynamic Nike swoosh, the sleek styling of Apple or the bold orange pantone of easyJet. Kapferer said the physique should be considered the basis of the brand;

it is the clearest visual representation of your brand's aspirations and how you wish it to be perceived.

In determining your brand's physique you should consider what your products or services look like, what emotions they inspire and how that might look like in their physical form.

→ Personality

How a brand communicates with the outside world, which is expressed through its tone of voice, its design and its copywriting. Coca-Cola's happy and playful persona is expressed through its bold colour choices, scripted font and brand messaging that centres on having a great time with friends and family.

A brand needs to define its tone of voice and its design assets and then integrate this into all communication touchpoints: website, apps, direct mail, emails, internal comms and so on.

→ Culture

The value system and the principles on which a brand bases its behaviour. Tesla's culture, for example, encourages its workforce to innovate and throw in ideas to keep the brand at the forefront of technological change. Google's culture, recently voted as the best in the tech industry, promotes flexibility, creativity and a fun environment – all things that it wants to be known for outside of its colourful and inspirational offices.

→ Relationship

The relationship between the brand and its customers, and what the customer hopes they are getting from the brand beyond the actual product or service. John Lewis are famed for their product warranties and after-sales service, which has helped them foster a relationship of trust and mutual respect between buyer and seller.

→ Reflection

The stereotypical user of the brand. A brand is likely to have several buyer personas but they will have a go-to subset of their target market that they use in their messaging. Apple, for example, appeal to all kinds, but associate their products with vibrant, adventurous and energetic people, irrespective of age, weight, race, etc.

→ Self-image

How the customer sees their ideal self. By understanding a customer's 'ideal identity' – how they want to look and behave; what they aspire to – brands can target their messaging accordingly. Is your customer's ideal self outgoing, intellectual, extroverted, refined, cheap-and-cheerful, rich-and-also-cheerful-on-account-of-how-rich-they-are? Work out what your customer wants to look like and make your brand's aspirations reflect theirs.

MODULE 3

BRAND EQUITY

BRAND



Brand may be defined from the brand owner's perspective or the consumer's perspective. There are various popular definitions of a brand:

- "A name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers. The legal term for brand is trademark. A brand may identify one item, a family of items, or all items of that seller. If used for the firm as a whole, the preferred term is trade name." - American Marketing Association
- "A type of product manufactured by a particular company under a particular name." - Oxford English dictionary

- “A name, term, sign, symbol, design, or a combination of these used to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.” – A product-oriented definition
- “The promise of the bundles of attributes that someone buys and provide satisfaction . . .” – A consumer-oriented definition

The fundamental purpose of branding is differentiation. A brand is a means of differentiating the seller's product from other competing products.

Objectives of a Brand

Here are some important objectives of a brand:

- To establish an identity for the product or a group of products.
- To protect the product or service legally for its unique features.
- To acquire a place for the product in consumers' minds for high and consistent quality.
- To persuade the consumer to buy the product by promising to serve their needs in a unique way.
- To create and send the message of strong reliable business among consumers.


BRAND MANAGEMENT

Brand management is an art of creating a brand and maintaining it. It is nothing but developing a promise to the consumer, materializing that promise, and maintaining the same for a product, a group of products, or services. Brand management helps to manage the tangible and intangible characteristics of a brand. A competent Brand Management includes building brand identity, launching the brand, and maintaining the brand position in the market. Brand management builds and maintains the corporate image of a business.


History of Branding

The concept of branding exists since approximately hundred years


1300 – The word 'Brand' meant a torch or a burning piece of wood.



1500 – Brand Meaning = Marking the cattle by burnt wood to indicate their ownership to a particular ranch.



19th Century –

- * Railways emerged, possibility to travel and distribute products over long distance.
 - Knowledge of products outside the local market. Brands only limited to logos associated with the products.
 - 1890 – Coca Cola's first Ad
- Brand meaning = Mark of ownership + Mark of quality.
- 

20th Century–

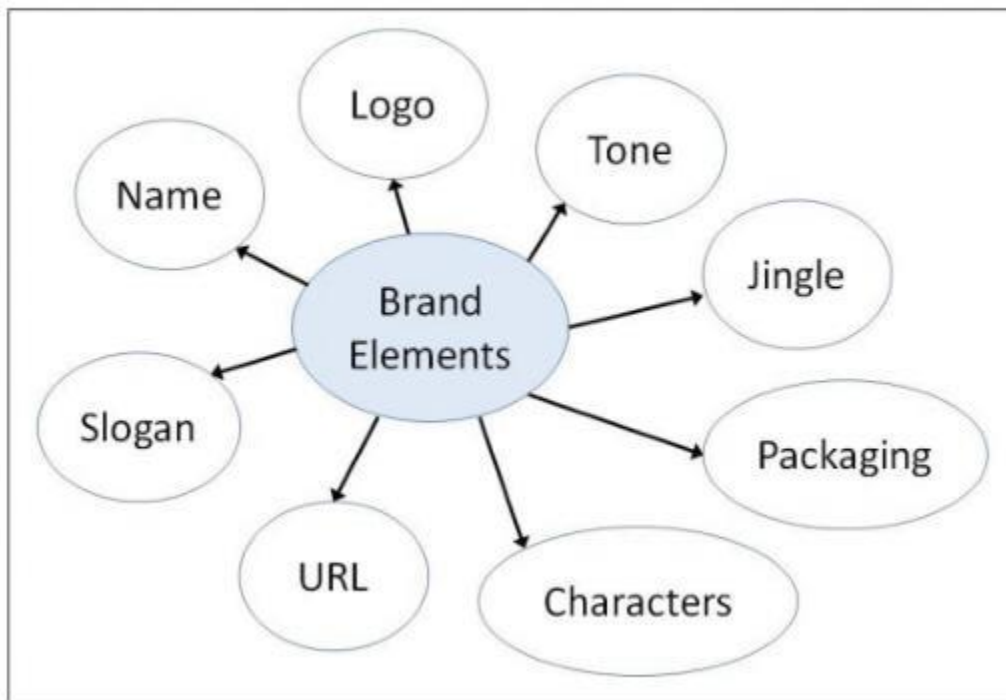
- * Industrial revolution, change in consumer life style.
- * Availability of automobiles, electronic appliances, communication devices.
- * Wide choice of products for consumers.
- * Sellers reach to wide audience, create demand, and focus their product's reliability.

1960 - Sellers use mass media to change the consumer behavior, work on the emotional than functional benefits of products.

1984 - Apple Computers launched Macintosh.

Elements of a Brand

There are eight essential elements of a brand as given below:



1. **Brand Name:** This is what the people get to see everywhere. It must be as simple and memorable as possible, meaningful, easy to pronounce, and unique.
2. **Logo:** This can be anything from a piece of text to the abstract designs. It may be entirely unrelated to the corporate activities. It must be relevant to the product or service, iconic, and attractive.
3. **Tone:** This is how the seller communicates with the consumer. It can be professional, friendly, or formal. It builds consumer's perception about the brand.
4. **Jingle:** It must be pleasant to hear and hum, relevant to the product, easy to remember, and easy to understand over a large age group to connect consumers with the brand.
5. **Slogan:** It summarizes the overall value proposition. It should be short, easy to remember, and catchy. For example, KFC's slogan is "Finger Lickin' Good" and Britannia's is "Eat Healthy, Think Better".

6. **Packaging:** It needs to be catchy and advertising, drawing people to see the product inside. Also, it needs to be compact, yet attractive.
7. **Universal Resource Locator (URL):** It forms the domain name on the internet. A seller can register all prospective variations of brand name URLs or can buy the existing URL of a business.
8. **Characters/Mascots:** It is a special symbol, either still, animated, or real life entity such as an animal or a human character. For example, Vodafone's Zoozoo characters are played in its various advertisements by humans wearing special white bodysuits.

Types Of Branding

Branding isn't limited to products. Today we witness the branding of organisations, products, services, places, and even people. Here are 4 types of brandings one should know about –

Product Branding

Product branding is one of the most common types of branding where the offering is given an identity and a personality to make it identifiable and differentiable in the market. Even though it is called product branding, it isn't limited to just products. Product branding refers to the branding of any offering be it product or service.

An example of product branding could be Mountain Dew. Mountain Dew has its own name, colour, voice, and personality. One can recognize the brand even when the generic product is not even there. Another example of product branding when it comes to services is Game of Thrones. Similar to tangible

branded products, this TV show has its own identity, characteristics, and properties which differentiates it from others.

Personal Branding

Personal branding is very common among politicians, celebrities, athletes and other people who have niche followership. This type of branding makes it easier for these people to create an image for themselves among their followers. This brand image not only helps them in creating new business opportunities for themselves but also benefits the brand associated with them. Michael Jordan is a perfect example of personal branding who, because of his niche followership, was not only able to benefit himself by launching his own apparel line but also benefited Nike which partnered with him to launch the same.

Corporate Branding

Branding the organisation is as important as branding the offering it's selling. Corporate branding gives an identity to the offering provider and opens new opportunities for him to extend his offerings portfolio easily.

Corporate branding is also of vital importance when it comes to hiring as employees always desire to work with a company with a known brand.

PepsiCo is a good example of corporate branding. The company has several products lines in its product mix including Frito-Lay, Pepsi, Diet Pepsi, Mountain Dew, Lay's, Gatorade, Tropicana, etc. all of which are owned and operated by the parent brand- PepsiCo.

Geographical Branding

Geographical or regional branding is often used by the tourism industry who create a brand out of a geographical location by assigning it certain characteristics and experience to attract more visitors.

For example, Hawaii is being marketed as the perfect destination to visit if you want to go to beautiful islands lined with beaches of warm, white sand and verdant, lush flora. The state is also marketed as the only place to experience Hawaiian cuisine, Hawaiian art, and the Native Hawaiian religion.

BRAND EQUITY



There are many different definitions of Brand Equity, but they do have several factors in common:

Monetary Value. The amount of additional income expected from a branded product over and above what might be expected from an identical, but unbranded product. For example, grocery stores frequently sell unbranded versions of name brand products. The same companies produce the branded and unbranded

products, but they carry a generic brand or store brand label like Hawkins. Store brands sell for significantly less than their name brand counterparts, even when the contents are identical. This price differential is the monetary value of the brand name.

Intangible. The intangible value associated with a product that cannot be accounted for by price or features. Pepsi and Coke have created many intangible benefits for its products by associating them with film stars. Children and adults want to consume their products to feel some association with these stars. It is not the ingredients or the features that drive demand for their products, but the marketing image that has been created. Buyers are willing to pay extremely high price premiums over lesser-known brands, which may offer the same, or better, product quality and features.

Perceived Quality. The overall perceptions of quality and image attributed to a product, independent of its physical features. Mercedes and BMW have established their brand names as synonymous with high-quality, luxurious automobiles. Years of marketing, image building, brand nurturing and quality manufacturing has lead consumers to assume a high level of quality in everything they produce. Consumers are likely to perceive Mercedes and BMW as providing superior quality to other brand name automobiles, even when such a perception is unwarranted.

In short, Brand Equity is a set of assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by the product or service to a firm and/or to that of firm's customers

"Brand equity is a set of assets linked to a brand's name and symbol that adds to the value provided by a product or service to a firm. Brand equity is a set of assets and the brand manager's job is to create and enhance these assets. The major asset categories are: Brand awareness is the strength of a brand's

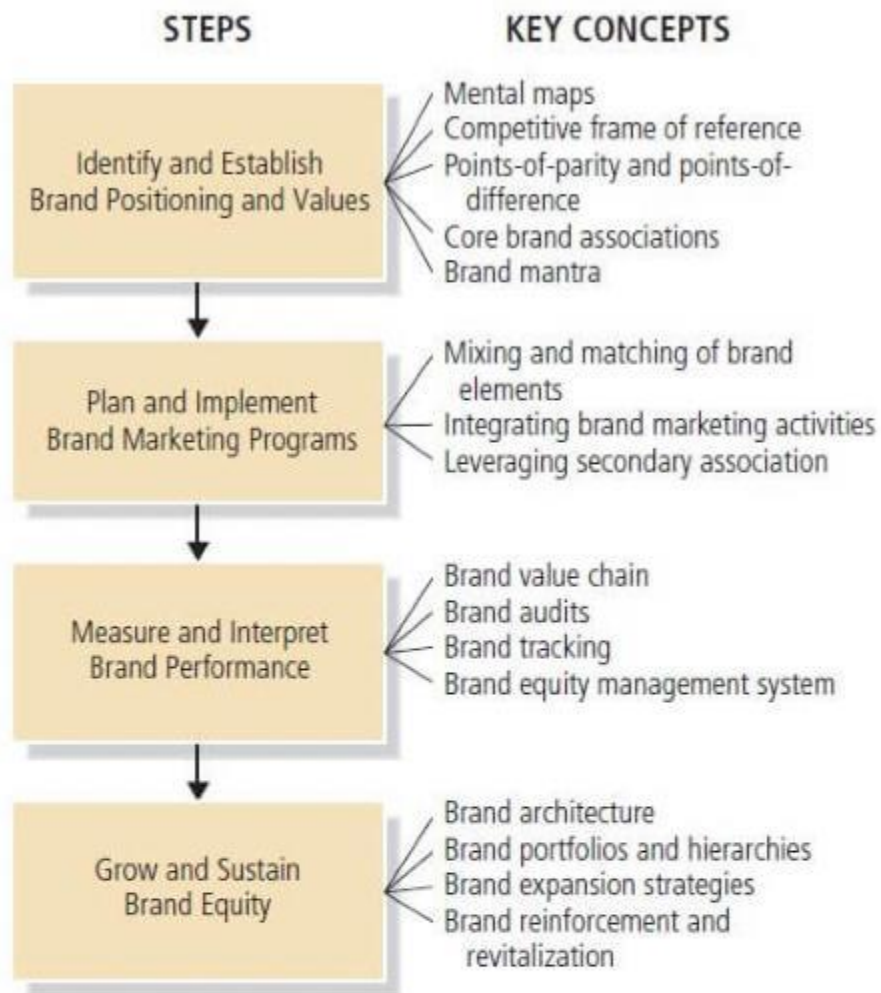
presence in the consumer's mind. Brand Loyalty refers to the commitment of consumers towards the brand. Perceived quality reflects the quantum of goodness felt by the consumer on buying it. Associations that consumers make with the brand support brand equity. These associations may be product attributes, a particular symbol, or even a celebrity spokesperson"

STRATEGIC BRAND MANAGEMENT PROCESS

Strategic brand management process is important for creating and sustaining brand equity. Developing a strategy that successfully sustains or improves brand awareness, strengthens brand associations, emphasizes brand quality and utilization, is a part of brand management.

Strategic Brand Management Process has four main steps:

- 1. Identify and Establish Brand Positioning and Values**
- 2. Designing and implementing brand marketing programs**
- 3. Measuring and interpreting brand performance**
- 4. Growing and sustaining brand equity**



Strategic Brand Management Process

Identify and Establish Brand Positioning and Values

The first step of the strategic brand management process starts with a clear and concise understanding of what the brand is to represent and how it should be positioned with respect to competitors.

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

Brand planning uses the following three interlocking models

1. **Brand positioning model:** describes how to guide integrated marketing to maximize competitive advantages.
2. **Brand resonance model:** describes how to create intense, activity loyalty relationships with customers.
3. **Brand value chain:** means to trace the value creation process for brands, to better understand the financial impact of brand marketing expenditures and investments.

Key Concepts

Mental Map

A **mental map** is a visual depiction or point-of-view perception of the various associations linked to the brand in the consumer's mind.

Points of difference

It convinces consumers about the attributes or benefits that consumers strongly associate with a brand and believe that they could not find the same in a competitor's brand.

Points of parity

A product offering that is largely similar to the offerings of like competitors, leading consumers to believe that brand is "good enough" to be included in the category.

Core Brand Associations

Subset of associations i.e. both benefits and attributes which best characterize the brand.

Brand Mantra

Brand mantra is a short, three to five-word phrase that captures the irrefutable essence or spirit, of the brand positioning. It's similar to the brand essence or the core brand promise also known as the Brand DNA.

Frame of reference

Identifying the target market and the nature of competition.

Plan and Implement Brand Marketing Programs

Building brand equity requires creating a brand that consumers are acceptable aware of and with which they have favourable, strong and unique brand associations.

Key Concepts

Mixing and matching of brand elements

Brand elements, also known as brand identities, are those trademark that serves to identify and differentiate the brand from its competitors. Different brand

elements here are brand names, URLs, logos, symbols, logos, images, packaging, slogans, etc.

Brand elements help to facilitate the formation of strong, favourable, and unique brand associations, enhancing brand awareness and elicit positive judgments and feelings about a brand.

Integrating brand marketing activities

Marketing program activities and product, price, distribution, and marketing communication strategies make the biggest contributions and can create strong, unique and favourable brand associations in a variety of ways.

Leveraging Secondary Associations

Marketer tries to associate a brand with certain source factors such as countries, characters, sporting or cultural events in the mind of the consumer and leveraging these associations for the brand to improve its brand equity.

Different source to leverage secondary brand associations by linking the brand are:

- **Companies** (through branding strategies)
- **Countries** (through the identification of product origin)
- **Channels of distribution** (through channel strategy)
- **Other brands** (through co-branding)
- **Characters** (through licensing)
- **Spokespersons** (through endorsements)
- **Events** (through sponsorship)
- **Other third-party sources** (through awards or reviews)

Measure and Interpret Brand Performance

To understand the effects of brand marketing programs, it is important to measure and interpret brand performance.

Key Concepts

Brand Audit

Brand Audit is a comprehensive examination of the brand and uncovers its sources of equity to suggest ways to improve and leverage it.

- **Brand inventory** (supply side): A current comprehensive profile of how all the products and services sold by a company are branded and marketed.
- **Brand exploratory** (demand side): Provides detailed information as to how consumers perceive the brand.

Brand tracking studies

Collect information from the customer about brand performance on a number of key dimensions marketers can identify in the brand audit or other means.

Brand Value chain

A **brand value chain** is a structured approach to assessing the sources and outcomes of brand equity and the way marketing activities create brand value. It helps to better understand the financial impacts of brand marketing investments and expenditures.

Brand Equity Measurement System

A Marketer's tools or set of research procedures designed to provide, accurate, actionable and timely information to make the best possible tactical decisions in the short and long run.

- **Brand equity charter:** It formalizes the company view of brand equity into a document and provides general guidelines to marketing managers within the company as well as key marketing partners outside the company.
- **Brand equity report:** Assembles the results of the tracking survey and other relevant performance measures.
- **Brand equity responsibilities:** Senior management must be assigned to oversee how brand equity is treated within the organization.

Growing and Sustaining Brand Equity

The next step involves growing and sustaining brand equity. Maintaining and expanding brand equity can be quite challenging.

Key Concepts

Defining the brand Architecture

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

- **Brand portfolio** is the set of different brands that a particular firm offers for sale to buyers in a particular category.

- **Brand hierarchy** displays the number and nature of common and distinctive brand components across the firm's set of brands.

Managing Brand Equity over time

Marketer's ability to take a long -term perspective as well as a short-term perspective of marketing decisions as they will affect the success of future marketing programs.

- **Reinforcing Brands:** Brand equity is reinforced by marketing actions that consistently convey the meaning of the brand to consumers in terms of brand awareness and brand image.
- **Revitalizing Brands:** Revitalizing a brand requires either that lost sources of brand equity are recaptured or new sources of brand equity are identified and established.

Managing Brand Equity over Geographic boundaries, Market segments and Cultures

Marketers need to take into account international factors, different types of consumers and need to build equity by relying on the specific knowledge about the experience and behaviours of the new geographies or market segments when expanding the brand overseas or into new market segments.

BRAND ATTRIBUTES

Brand Attributes portray a company's brand characteristics. They signify the basic nature of brand. Brand attributes are a bundle of features that highlight the physical and personality aspects of the brand. Attributes are developed through images, actions, or presumptions. Brand attributes help in creating brand identity.

A strong brand must have following attributes:

1. **Relevancy-** A strong brand must be relevant. It must meet people's expectations and should perform the way they want it to. A good job must be done to persuade consumers to buy the product; else inspite of your product being unique, people will not buy it.
2. **Consistency-** A consistent brand signifies what the brand stands for and builds customers trust in brand. A consistent brand is where the company communicates message in a way that does not deviate from the core brand proposition.
3. **Proper positioning-** A strong brand should be positioned so that it makes a place in target audience mind and they prefer it over other brands.
4. **Sustainable-** A strong brand makes a business competitive. A sustainable brand drives an organization towards innovation and success. Example of sustainable brand is Marks and Spencer's.
5. **Credibility-** A strong brand should do what it promises. The way you communicate your brand to the audience/ customers should be realistic. It should not fail to deliver what it promises. Do not exaggerate as customers want to believe in the promises you make to them.
6. **Inspirational-** A strong brand should transcend/ inspire the category it is famous for. For example- Nike transcendent Jersey Polo Shirt.
7. **Uniqueness-** A strong brand should be different and unique. It should set you apart from other competitors in market.
8. **Appealing-** A strong brand should be attractive. Customers should be attracted by the promise you make and by the value you deliver.

BRAND ARCHITECTURE

It is the structure of the brand in an organizational entity that defines how various brands and sub-brands in a company's portfolio are related to each other or are different from one another.

Brand architecture provides a hierarchy that depicts the roles and relationships within the products and services that make a company's portfolio and makes sure that the external stakeholders understand the value of what the brands offer.

Types of Brand Architectures

They can be varied from pure to hybrid. However, generally brand architecture is distinguished into two categories – House of brands and Branded house.

House of Brands	Branded House
Product Brand	Source brand
Range Brand	Master brand
Line Brand	
Endorsing Brand	
Umbrella brand	

Multiple brands or activities are brought together under a single name. There is complete freedom for the management of divisions, activities and the brands.

For example,

Mitsubishi Motors division and Mitsubishi Electricals division are completely unrelated except the fact that they come under Mitsubishi business. Both divisions manage their own advertising, and brand values, and obtain separate profits.

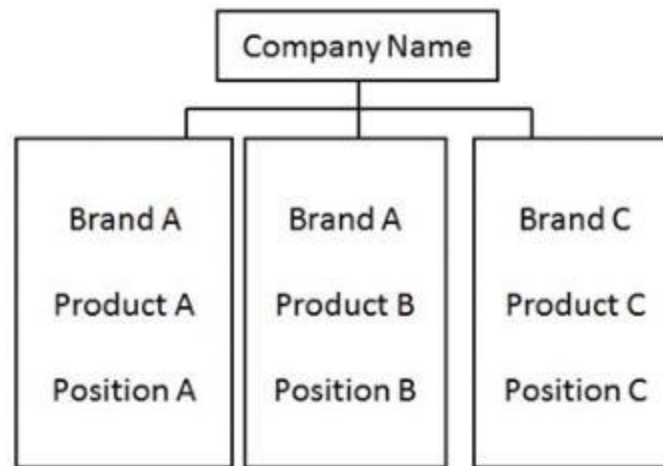
It is a family of brands with high degree of unity. Here, the master brand structures the child brands in such a manner that they are capable of expressing the value of a parent brand. Master brand is the single brand acting as a driving force.

For example, Google.

Google books, Google maps, Google Translate, Google Mail, etc., all come under the master brand Google and only differentiate in their descriptions.

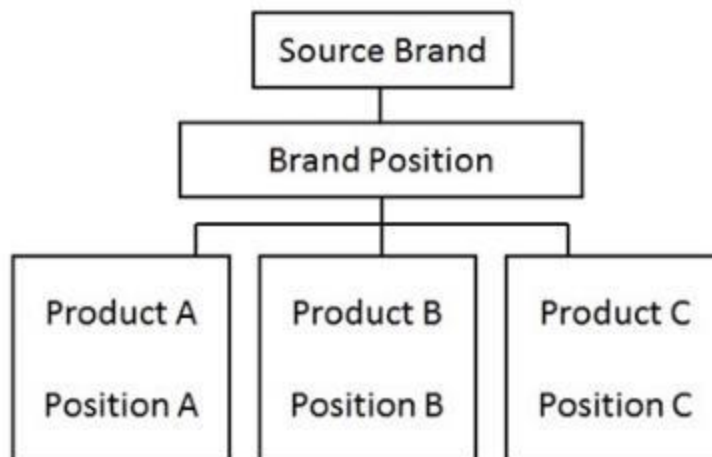
Product Brand Architecture

The brand is a kind of product brand, if the corporate brand name is hidden and every product is assigned a different name and one single positioning. Each new product is a new brand.



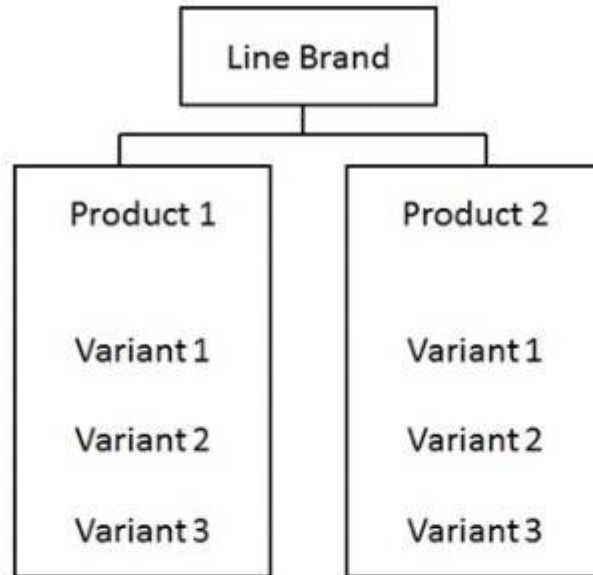
Source Brand Architecture

In this type, the company name is well known and guarantees the quality of the products. For source brand, the products are on the forefront, while the company name remains in the background.



Line Brand Architecture

When a variant is added to the existing brand, it is called line extension. The variant can be anything from color, packaging, nutritional value addition, or a new shape. Line brand targets a subset of the consumers.



For example, Cadbury Bournville comes in three flavors – Raisin & Nut, Rich Cocoa, and Cranberry. Likewise Dairy Milk Silk comes in Orange Peel, Roast Almond, and Fruit & Nut variants.

Masterbrand or Monolithic or Umbrella Architecture

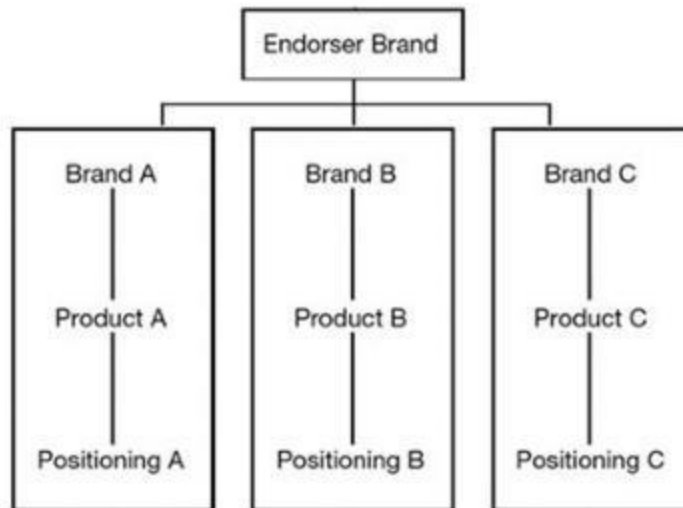
This is the simplest type, where all units and divisions of a business share the same brand. The brand name is used for different but related products. It involves creating a brand equity for a single brand. It is also referred to as Corporate, Umbrella, or Parent brand. In this type, the product or service benefits are less important than brand promise. It drives purchase decisions and defines consumer experience.

Monolithic Brand				
 BMW		Corporation		
		Master Brand		
 BMW (GB) Ltd.	 BMW Motorcycles	Divisions		
 Dealer		Retail		
 3 Series	 5 Series	 X Series	Sub Brands	
 335i	 530d	 Z4	 X5	Products

Endorser Brand Architecture

Here, a parent brand consists of various operating units which are identified by their own brands. The parent endorses the products or services under itself and has a clear market presence. There is a synergy between the product name and the parent name. This architecture provides credibility, approval, and guarantee to another brand.

For example, Marriott Residence Inn, Courtyard, and Fairfield Inn.



Portfolio Brand Architecture

In this type, all or many brands are kept with separate identities, names, and life cycles of their own. They often compete with each other. The parent does not provide any brand equity to benefit the sub-brands. This structure is found in FMCG companies.

Portfolio Brand					
 Procter & Gamble					Corporation
					Master Brand
 Asia	 North America	 Middle East	 Europe		Divisions
Shaving	Hair Care	Hair Color	Soap	Dish Wash	Categories
					Brands
Nice n Easy	Tide	Pringles	BALSAM	Herbal Essence	Products

Ingredient Brand Architecture

In this architecture, a principle brand supports to qualify other brands. The idea is, if the ingredient is good, it amplifies the brands better than they would have amplified independently without the ingredient. Thus, the ingredient brands turn out as energizer.



For example, Intel Inc. Any computer brand's ad says "Intel Inside", depicting Intel processor enabled motherboard that comes with high power and speed of execution.

Hybrid Brand Architecture

It is a combination of monolithic, endorsement, and portfolio architectures. These are the most common solutions.

Brand architecture needs to be revised when the companies change their strategies or the business has added important features which are beyond the existing brand structure.

Choosing Appropriate Branding Strategy

The following parameters should be considered while choosing an appropriate branding strategy –

- Marketing strategy
- Business model
- Culture
- Speed of innovation
- Added-value lever on which the product is based

→ Brand vision

Internationalizing the Architecture of the Brand

Since most of the brand architectures are built over a substantial period of time in the domestic market, there are some all-time questions while launching the brand on the global canvas –

- Should the brand architecture be globalized?
- Can the present brand architecture be taken to the new potential countries?
- How to handle internationalizing of brand architecture in different countries when there is difference in their respective infrastructure, civic rules and regulations, media costs, to name a few?

For instance, it is definite that taking a brand architecture to Russia could be smoother than taking it to the US as the media and distribution costs are higher in the US.

Classic Branding Dysfunctions

If a brand architecture is not proper, it can lead to unwelcome consequences. Few instances are as follows –

Daughter Brand Swallows Parent Brand

When there are too many daughter brands, the parent brand loses the focus. In the bargain of achieving recognition for the daughter brand, the parent brand takes a backstep. While launching a daughter brand, it gets people's attention and the daughter brand attracts all the investment on the advertisement. It gets remarkably successful thereby taking over the image of the parent brand. The solution to this is, turn daughter brand into a simple product.

For example, Golf, the daughter brand of Volkswagen swallowed it up in image. Amul Lite, a daughter brand is swallowing parent brand Amul butter due to increased health-consciousness of consumers.

Weakening of Company - Product Connection

The company makes innovative products or makes improvements in the existing product. When a superior product comes up, it is time to decide for the brand managers whether to extend the new product as a part of the original brand or launch it as a new product with a potential of becoming a brand in itself.

While branding the new product out of innovation, the connection between the product and the company that develops it should not be weakened.

How to Name a New Product?

The company grows by bringing out the best in its product. Every time a research and development team comes up with the innovative product, the brand managers have to decide on what to name that 'new' product.

For example, a cement manufacturing company came up with an innovative cement that provides extremely smooth surface. Before introducing it into the market, brand managers need to be decide what to name the product. Is it fine to extend the name just as 'new ultra smooth cement from...'? Or should it be given a name that can stand as a brand in itself later?

Brand name is the mightiest form of its identity. It tells the objective of the program and reveals brand intentions. Some brand names and products apparently seem irrelevant.

As in case of 'Apple', the microcomputers brand, Steve Jobs and the co-founder Steve Wozniak chose this name with the logo of a munched apple as they intended to give a new look to the conventional human-machine relationship. The apple logo tells that a computer machine is something to enjoy,

rather than to fear about. Similarly, Amazon logo with a directed arrow from a-to-z depicts range, continuity, strength, and uninterrupted flow.



Thus, to make a strong brand, almost any name can be chosen, with the fact that the brand managers need to put consistent efforts in making the brand name meaningful.

Brand name is not a product. Hence while selecting brand name for a new product, the names which differentiate the product among its competitors must be chosen instead of those that describe what the product does.

Group and Corporate Brands

Instead of working behind a logo or a brand name, the companies have started coming up as brands themselves called corporate brands. They are choosing to become as widely visible as possible out of the consumer's demand of responsibility and transparency.

By presenting itself under corporate brand profile, the companies can attract students and executives in the employment market. In Asia, at the end of Procter and Gamble television ad, company signature is displayed for a few seconds as it is already visible and established as a corporate brand. In the US the P&G experience is different and it needs efforts to make itself more visible.

Corporate Brands over Product Brands

Few companies have preferred to keep their own names separate from their brand names for the reason of getting affected in case of brand failure.

There are other reasons of corporate visibility over product visibility. The multi-brand retailers, hyper chains are interested in corporate visibility of a company rather than product brands they sell as their basic B2B relation is with companies and not with brands.

Brand Extension and Brand Stretching

Marketers have long recognised that strong brand names that deliver higher sales and profits (i.e. those that have brand equity) have the potential to work their magic on other products. The two options for doing this are usually called "brand extension" and "brand stretching".

Brand extension Brand extension refers to the use of a successful brand name to launch a new or modified product in a same broad market. A successful brand helps a company enter new product categories more easily.

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

When done successfully, brand extension can have several advantages:

- Distributors may perceive there is less risk with a new product if it carries a familiar brand name. If a new food product carries the KISSAN brand, it is likely that customers will buy it
- Customers will associate the quality of the established brand name with the new product. They will be more likely to trust the new product.
- The new product will attract quicker customer awareness and willingness to trial or sample the product
- Promotional launch costs (particularly advertising) are likely to be substantially lower.

Four Step Process For Building A Brand

Four Step Model

- 1. WHO** – The first step is to define your target audience. Who do you want to convince that your community is the ideal location choice for capital investment? There are two types of targets to consider. The first is your overall strategic target. In many cases this will be the CEO audience since CEOs tend to be the decision makers for location choices. The second type is Prime Prospects. These are subsets of your strategic target and are identified for special effort. For example, you may define the CEOs in a particular industry as a Prime Prospect target for your communication efforts.
- 2. WHAT** – Once you know WHO you are going to talk to, you need to determine what you will say about your community. This is your Promise. Your promise needs to be relevant, competitive and authentic. You also have to think through the reasons to believe your promise. These tend to be the tangible features you can point to in your community that act as business success enablers. One of the more difficult challenges you will face is to be disciplined in sticking to communicating your Promise. You will get pressure from a lot of corners to communicate the latest news whether it has any connection to your Promise at all. Resist the pressure, it may be the right political thing to do, but it is absolutely the wrong branding choice.
- 3. WHEN** – Your target audience is not always receptive to listening to your message. Sometimes they are preoccupied, or just too busy. You need to understand how your target audience truly makes a capital investment decision. This understanding will give you insight into what information to provide when in the decision process. Overwhelming a CEO with information early when it won't be considered is a waste of your time and taxpayer dollars. Delivering the right type of information in just the right

amount at exactly the right time dramatically increases the probability your target will actually listen to and hear your message.

- 4. WHERE** – It is important to know where your target gets information for making a site selection decision. You want to create a communication plan that ensures your message is delivered in the manner your target wants to receive it. If peer recommendations are key, then you have to have a plan in place to deliver your community promise via other CEOs. If industry journals are key, then you need to find a way to have your community featured in them. The mix of tactics in your communication plan will be affected by how well you know your target audience's sources of information and the size of your promotional budget.

Aaker's Brand Equity Model

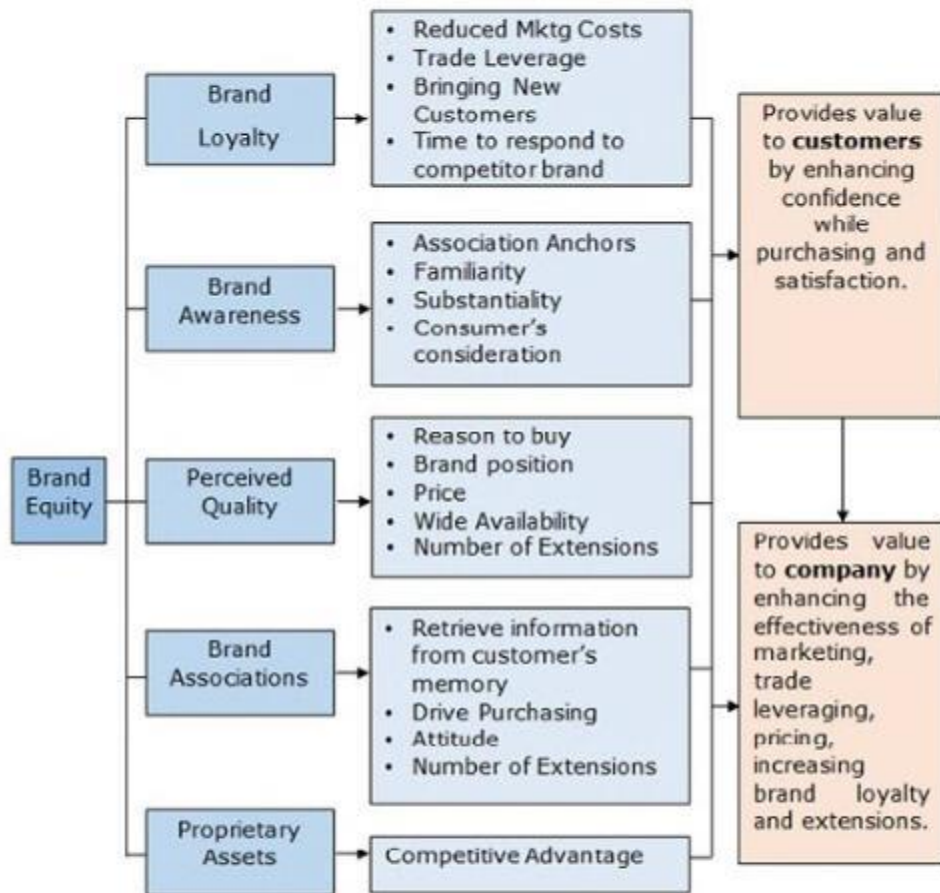
David Aaker defines brand equity as a set of assets and liabilities linked to a brand that add value to or subtract value from the product or service under that brand. He developed a brand equity model (also called Five Assets Model) in which he identifies five brand equity components –

Brand Loyalty

The following factors depict the extent to which customers are loyal to a brand –

- Reduced Costs – Maintaining loyal customers is cheaper than charming new ones.
- Trade Leverage – The loyal customers generate steady source of revenue.
- Bringing New Customers – Existing customers boost brand awareness and can bring new customers.

→ Competitive Threats Response Time – Loyal customers take time to switch to a new product or service offered by other brand. Hence this buys time for the company to respond to competitive threats.



Brand Awareness

The following measures depict the extent to which a brand is widely known among consumers –

- Association Anchors – Depending upon the brand strength, associations can be attached to the brand which influence brand awareness.
- Familiarity – The consumers familiar with a brand will speak more about it and thus, influence brand awareness.

- Substantiality – Consumers' review on brand brings substantial and strong commitment towards the brand.
- Consumer's Consideration – At the time of purchasing, consumer looks for a particular brand.

Perceived Quality

It is the extent to which a brand is believed to provide quality products. It can be measured on the following criteria –

- Quality – The quality itself is the reason to buy.
- Brand Position – This is a level of differentiation as compared to competing brands. Higher the position, higher is the perceived quality.
- Price – When quality of the product is too complex to assess and consumer's status comes into picture, the consumer takes price as a quality indicator.
- Wide Availability – Consumers take widely available product as a reliable one.
- Number of Brand Extensions – The consumers tend to take a brand with more extensions as a measure of product guarantee.

Brand Associations

It is the degree to which a specific product/service is recognized within its product or service category. For example, a person asking for Xerox wants to actually make true copies of a paper document.

- Information Retrieval – It is the extent to which the brand name is able to retrieve or process the associations from consumer's memory.
- Drive Purchasing – This is the extent to which brand associations drive consumers to purchase.

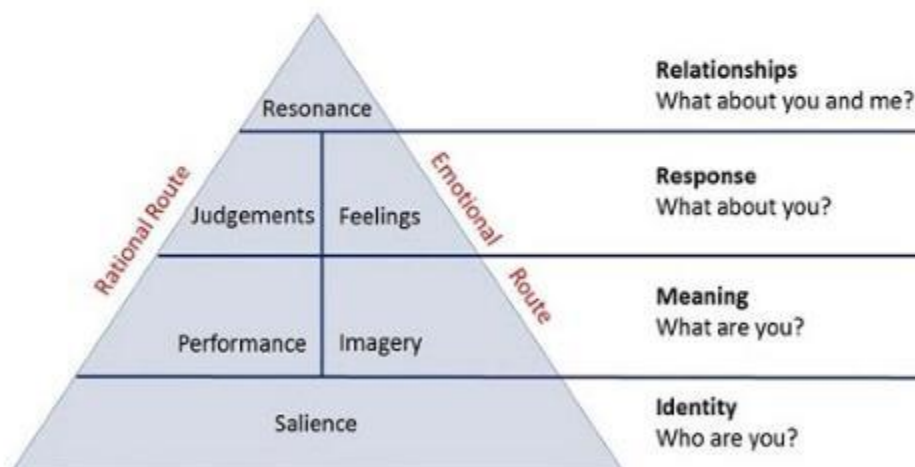
- Attitude – This is the extent to which brand associations create positive attitude in the consumer's mind.
- Number of Brand Extensions – More the extensions, more the opportunity to add brand associations.

Proprietary Assets

They are patents, copyrights, trademarks, trade secrets, and other intellectual property rights. More the number of proprietary assets a brand has, greater is the brand's competency in the market.

Keller's Brand Equity Model

This model is developed by Kelvin Lane Keller, a marketing professor at Dartmouth College. It is based on the idea that the power of a brand lies in what the consumer has heard, learnt, felt, and seen as a brand over time. Hence this model is also termed as Customer Based Brand Equity (CBBE) model.



According to CBBE model, it takes answers to four basic questions for building brand equity starting from the base of the pyramid shown above –

- Who are you? (Brand Identity)

- What are you? (Brand Meaning)
- What do I feel or think about you? (Brand Responses)
- What type and extent of association I would like to have with you? (Brand Relationships)

Brand Identity

It is not only how often and easily the consumer can recall or recognize the brand but also where and when he thinks of the brand. The key is to create brand salience to acquiring correct brand identity.

Brand Meaning

According to Keller, to make the brand meaningful it is essential to create a brand image and characteristics. Brand meaning arises out of brand associations, which can be imagery-related or function-related.

The imagery-related associations depict how well the brand meets social and psychological needs of the consumer. The function-related association such as product or service performance is what the consumer looks for primarily.

Regardless of the type of product or service, developing and delivering the product that completely satisfies the customer's needs and demands is the prime objective of making the brand meaningful. A brand with the right identity and meaning creates a sense of relevance in the consumer's mind.

Brand Responses

The companies must cater for the consumer's response. Keller segregates these responses into consumer's judgments and consumer's feelings.

- Consumer Judgments – They are consumer's personal opinions regarding the brand and how he has put imagery-related and performance-related

associations together. There are four types of judgments crucial for creating a strong brand –

- ◆ Quality
- ◆ Credibility
- ◆ Consideration
- ◆ Superiority

→ Consumer Feelings – They are consumer's emotional reactions to the brand. They can be mild, intense, positive, negative, driven from heart or head. There are six important feelings crucial in brand building –

- ◆ Warmth
- ◆ Fun
- ◆ Excitement
- ◆ Security
- ◆ Social approval
- ◆ Self-respect

Brand Relationships

It is the level of personal identification the consumer has with the brand. It is also called brand resonance, when a consumer has a deep psychological bonding with the brand. Brand resonance is the most difficult and highly desirable level to achieve. Keller categorizes this into four types –

- Behavioral Loyalty – Consumers may purchase a brand repeatedly or in high volume.
- Attitudinal Attachment – Some consumers may buy a brand because it is their favorite possession or out of some pleasure.
- Sense of Community – Being identified with a brand community develops kinship in the consumer's mind towards representatives, employees, or other people associated with the brand.

- Active Engagement – Consumers invests time, money, energy, or other resources and participates actively in brand chat rooms, blogs, etc., beyond mere consumption of brand. Thus, the consumers strengthen the brand.

Brand leveraging

Brand leveraging is the strategy to use the power of an existing brand name to support a company's entry into a new but related product category by communicating valuable product information to the consumer.

For example, the manufacturer of tea maker uses its brand name strength to launch tea vending machine. Here, in spite of tea and tea-vending machine belonging to different product categories, there is a strong correlation between the two items that the brand name has a mighty impact on consumers of both categories.

Importance of Brand Leveraging

Brand leveraging is an important form of new product introduction because –

- Strong brand leveraging provides consumers with a sense of familiarity.
- It carries positive brand characteristics and attitudes into a new product category.
- Strong leveraging perceives instant recognition to the brand. Consumers are more likely to try leveraged product.
- As the products belong to the different categories, they do not compete for market share.
- More products mean greater shelf space for the brand and in turn more opportunities for sale.

- The cost of introducing a brand-leveraged product is less than introducing an independent new product.
- A full line permits coordination of product offerings, such as bagels and cream cheese, potato chips and ranch dip, peanut butter and jelly, etc.
- A greater number of products increase efficiency of manufacturing facilities and raw materials.

Brand Loyalty

Brand loyalty is the loyalty or faithfulness which a customer develops for a brand. Brand loyalty is developed in the mind of a consumer after find the product or service useful. Brand loyalty is an important aspect of marketing as it helps companies build a strong brand and get the customers again. Brand loyalty is not simply rebuying the products but creating a positive brand image in the consumer's mind, who becomes a positive brand advocate.

Brand Loyalty Factors

Brand loyalty is the positive probability that a satisfied customer would buy the same products or services repeatedly. Certain factors which influence brand loyalty amongst customers is as follows



1. **Product Quality:** High quality products ensure high customer satisfaction which helps induce brand loyalty amongst customers.
2. **Brand Image:** A customer-friendly brand image which offers a consistent brand equity is a positive driver for making customers loyal towards a brand.
3. **Perceived Value:** The value offered by the brand versus the price paid is of importance. If the customer feels it has value, it creates brand loyalty in the consumers mind. Value can be increased by a loyalty discount or a loyalty program by companies.
4. **Switching Cost:** If a cheaper option is available with a similar product quality, customers can switch their brand, and hence it is an important factor.
5. **Availability & Service:** Good products must be available when a customer requires it for creating customer loyalty. Also, good after sales service also adds value to a positive mindset.

6. **Customer Psychology:** Sometime brand loyalty is totally depended on customer psychology, where good products can have no loyalists and poor products can have a following.

Types of Brand Loyalty

Customers use products and tend to create an image in their minds. There are different types of brand loyalty amongst consumers about a particular product of service.

1. **Hard-Core Loyals** are those customers who buy the same brand over and over again & are strong brand advocates.
2. **Spilt loyals** is the type of brand loyalty where customers have a strong product preference and are loyal to 2 or 3 companies or brands only.
3. **Shifting Loyals** are those customers who keep moving from one brand to others
4. **Switchers** is the type of brand loyalty where customers are not loyal towards any brand. They simply look for the cheapest or best or most effective product irrespective of the brand or company.

Advantages of Brand Loyalty

There are several benefits of brand loyalty, which works in the favor of both the companies and customers. Some of them are:

1. Brand loyalty gives an edge over competitors by a higher brand recall.
2. Creates positive brand value and word of mouth helps in positive marketing.
3. Customers are willing to pay a premium also for their brand.
4. Saves costs on customer retention and helps get new customers onboard.

5. More products under the same brand get popular with loyal customers.

Thus, brand loyalty is an important and integral part of brand management & marketing for any business.

Disadvantages of Brand Loyalty

Despite being a positive factor for a business, there are certain drawbacks of brand loyalty.

1. Sometimes companies become overconfident and start developing flaws in products or services, which impacts them later.
2. Too much brand loyalty amongst customers makes them blind towards better products at a cheaper price which are present in the market.
3. Companies with strong brand loyalty amongst customers often escape legal action for scandals.

MODULE 4

BRAND POSITIONING

Brand positioning is the unique space a brand occupies in the brains of the customers. It makes customers view a specific brand in a unique way by associating emotions, traits, feelings, and sentiments with it. These associations make it stand out from the competition. Positioning is usually the reason why customers buy a specific brand whose product doesn't necessarily differ from the competitors.

Brand positioning is an act of designing the company's offering and image to occupy a distinct place in the mind of the target market. – Philip Kotler

Positioning creates a bond between the customer and the business. It's that friend of the customer who'll always stay in their subconscious mind and will make them recall about the company whenever they hear about the any of its product or a particular feature which makes it stand out

Characteristics Of A Good Brand Positioning Strategy

→ Relevant

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

→ Clear

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

→ **Unique**

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

→ **Desirable**

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

→ **Deliverable**

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

→ **Points Of Difference**

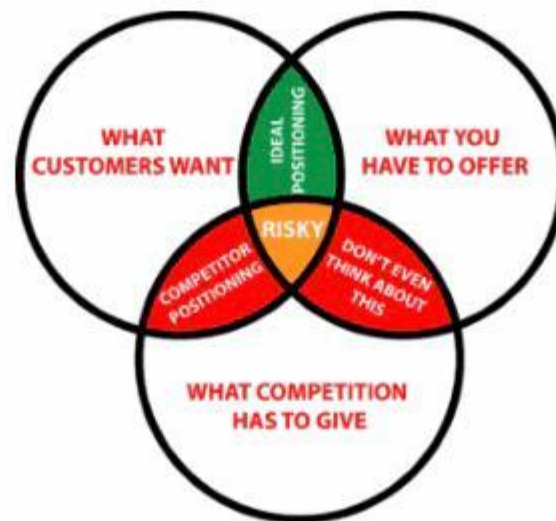
- ◆ The customer should be able to tell the difference between your and your competitor's brand.

→ **Recognizable Feature**

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

→ **Validated By The Customer**

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



Types Of Positioning

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

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

→ Value-Based Positioning

- ◆ Value-based brand positioning strategy positions the brand based on the value the customers get on buying or consuming the brand's offerings.
- ◆ In simple terms, this type of brand positioning is chosen to position the brand based on its value proposition.

→ Experience-Based Positioning

- ◆ Experience-based positioning refers to positioning the offering based on the experience the customer gets while buying or consuming it.
- ◆ The main focus is on developing a unique experience for the customer which differentiates the offering from the competition.
- ◆ Restaurants, hotels, and other service-based operators use this type of brand positioning strategy.

PERCEPTUAL MAPPING

Marketing research technique in which consumer's views about a product are traced or plotted (mapped) on a chart. Respondents are asked questions about their experience with the product in terms of its performance, packaging, price, size, etc. These qualitative answers are transferred to a chart (called a perceptual map) using a suitable scale (such as the Likert scale), and the results are employed in improving the product or in developing a new one.

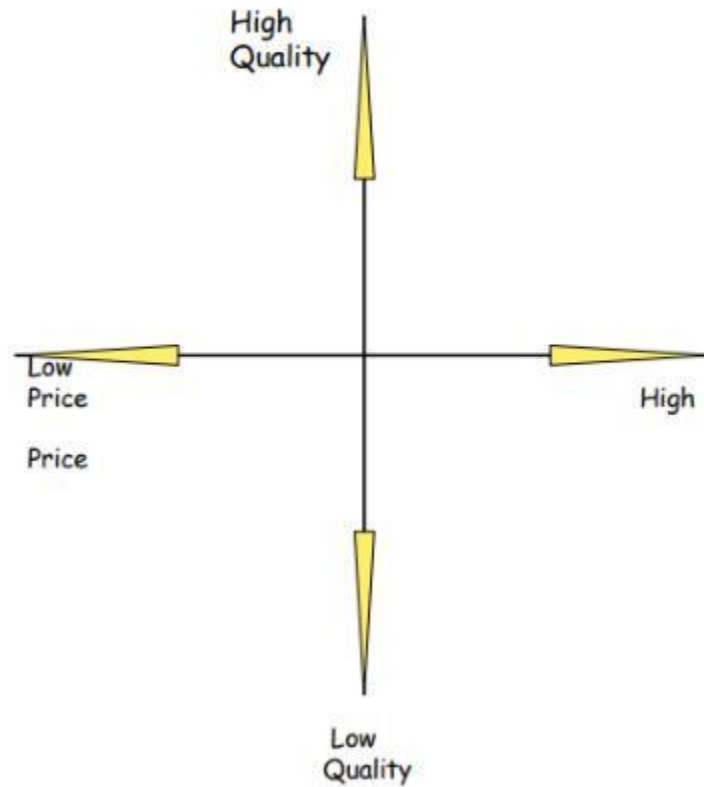
Perceptual Mapping/Positioning Map

- Perceptual mapping is also called positioning map which helps you to develop a marketing positioning strategy for your product or services.
- perceptual maps or positioning maps as they are sometimes referred to, are often used to help the organization identify a positioning strategy

PLOTTING OF PERCEPTUAL MAP

- When plotting a perceptual map two dimensions are commonly used. Any more is a challenge to draw and confusing to interpret
- Below is a very basic perceptual map
- If we plot the INDIAN chocolate market we can identify those brands which are high price and high quality. Once completed the perceptual map could

help identify where an organization could launch a new brand perhaps at the medium price and quality range.



→

THE NATURE OF DIMENSIONS

- Consumers in most product categories try to evaluate brands using the least amount of time and energy as indicated by a research.
- By first identifying and then using a relatively few broad dimensions to compare brands or products the goal is accomplished by the consumer.
- The brands and products are evaluated in terms of broad dimensions by a consumer as they save time and energy.
- Consumer refer to and use a smaller number of broad dimensions instead of having to perform much more complex evaluations based on a larger set of narrower individual attributes
- Thus it is easier to remember and act upon 2 or 3 broader dimensions instead of remembering 20 to 30 attributes.

- Perceptual Mapping is used to make these dimensions explicit.
- According to the type of perpetual map and the corresponding differences in underlying data the approach to dimension creation is different.
- By doing an analysis of the underlying brand and product attributes the dimensions of attribute based perceptual mapping is created.
- Let's take the example of gasoline. The dimensions that the consumer uses to evaluate alternative brands of gasoline are "performance" and "convenience".
- Each dimension is made up of a number of individual brands of product attributes.
- Dimensions of gasoline "performance" include attributes like no knock, no run or smooth acceleration and quick acceleration.
- Dimensions of convenience may contain the attributes like many locations, location have many pumps, can pay by cash, change or ATM., easy to pull in and out.
- The dimensions which are created from an analysis of customer evaluation of brand and product similarities or attributes is based on a non-attribute perceptual map.
- These dimensions reflect the implicit criteria which the customer uses to determine the similarities across brands and overall brand preference.

BRAND LICENSING

The leasing of a brand name to a company other than the owner of that particular brand. As an example, a beer company located in Europe could lease its brand name to an American brewer.

The process of creating and managing contracts between the owner of a brand and a company or individual who wants to use the brand in association with a product, for an agreed period of time, within an agreed territory.



Licensing includes:

- It grants the licensee permission to use the property. Limitations are normally established on how partners can make use of the brand name, and for how long they retain the right of usage. This protects the brand owner in a couple of ways. The time limit allows the owner to consider terminating the agreement and going with a different partner if the relationship does not prove to be as beneficial as originally anticipated. In addition, placing limits on how the brand name can be used in labeling and marketing products helps to prevent the brand from being identified with products that are unrelated to the main brand or are perhaps of lower quality.
- The licensor receives financial remuneration – normally in the form of a guaranteed fee and/or royalty on a percentage of sales in exchange of usage of his property.
- This approach often makes it possible for the brand owner to receive a portion of the revenue generated by these ancillary products, without having to incur the expense necessary to actually manufacture those

goods or services. Assuming that the products manufactured and sold by the entity leasing the brand name are of high quality and meet the standards set by the brand owner.

Licensed product process steps:

- Licensors choose the product categories to be licensed
- Licensors find and negotiate a license with the best licensees
- Licensees develop concepts, prototypes and final production samples and submit for approval
- Licensors approve licensed products for sale
- Licensees sell licensed products to authorized retailers

Celebrity Endorsement

Celebrities are people who enjoy public recognition by a large share of a certain group of people and can influence the life of people.

Celebrities are :

- Actors
- Models
- Sports figure
- Entertainer
- Pop star
- Business man
- Politician
- Fictional celebrities

"A form of brand or advertising campaign that involves a well known person using their fame to help promote a product or service." Manufacturers of

most products use classic celebrity endorsement techniques, such as television ads and launch event appearances, in the marketing of their products.

As our obsession with celebrities has reached unhealthy levels, fuelled by media, gobbled up by the masses, marketers have dialed up the idea that consumers are prepared to buy into the celebrity lifestyle more than the product itself.

Basic purpose of celebrity endorsement

- Generally increase sale
- Attract more attention of customer

Celebrity Endorsement Required for products

Markets in which advertising coordinates consumer purchases, celebrity endorsements are more likely chosen for products that have either of the following: -

- High price-cost margins
- Large potential customer pools
- The need to coordinate across diverse sets of customers
- Specially for young age product as young ages take impulsive decision to buy a product as their need changes continuously as per trend.

Models giving insight of CE

1. Source credibility and attractiveness
 - a. Source attractiveness refers to endorsers physical approach, personality, likeability to receiver
 - b. Endorser must be trustworthy enough to modify people attitudes toward brand
2. Match up hypothesis

- a. Effectiveness depend on the existence of fit between celebrity spoke man and endorsed brand
 - b. It say that CE will only change buying behavior if characteristics of product match-up with the image conveyed by celebrity
- 3. Model of meaning transfer
 - a. Meaning attributed to celebrity become associated with the brand in the consumer
 - b. Consumer acquire brand meaning
- 4. Multiple brand and celebrity endorsement
 - a. specific brand is endorsed by the different spokesman to attract diverse set of target customer .But it may confuse the customer about brand identity so it should assure that each and every celebrity must possess compatible meanings that are sought for brand .Some celebrity endorse several brand or Preeti zenta endorses Cadbury Godrej TVS Scooty , Maggie, head and shoulder

Benefits Of Using Celebrity Endorsements

- Attract New Users: Finding and keeping new customers is hard for some organizations. Using a celebrity to endorse an organization's product or service can entice new customers.
- Breathe Life Into A Failing Brand: Celebrity endorsements can help revive a product or service that is losing market share. Celebrities can tout the benefits of the brand and help create new interest from consumers.
- Build Awareness: Brand awareness is an indicator that measures how familiar people are with a particular product or service. Celebrities advertising can build brand awareness, according to Supermarket News, a

publication covering the food distribution industry. Benefits of using celebrity endorsement

- Influence Consumer Purchases: Celebrities who are well respected can instantly add credibility to a product or service. Consumers may have the attitude, 'If this celebrity is backing the product or service, it must be good.' Consumers might also think 'If the product is good enough for him or her, it is good enough for me.'
- Position a Brand: Celebrities can be used to position a brand. Product positioning is a process of convincing the consumers that the product being advertised is the best on the market and all other products are inferior.
- Recall brand People recall brands in mind which are associated with a celebrity.
- Connect emotionally and quickly As people are emotionally connected with the celebrities so they connect with the product sometimes they endorse

Disadvantages

- Multiple endorsements Pretty in vatika and head n shoulder
- Brand shifting e.g. when aishwarya rai and Amir khan shifted to the coke from Pepsi
- Overshadowing
- Negative image of celebrity Veena malik
- Influence of celebrity scandal and moral violation on brand (salman khan scandal Thumbs up drink take akshaya face hard)
- Celebrity trap Once into a celebrity its hard to get rid of it

Positioning Guidelines

Two key issues in arriving at the optimal competitive brand positioning are:

→ Defining and communicating the competitive frame of reference

- ◆ Defining a competitive frame of reference for a brand positioning is to determine category membership.
- ◆ The preferred approach to positioning is to inform consumers of a brand's membership before stating its point of difference in relationship to other category members

→ Choosing and establishing points-of-parity and points-of-difference

- ◆ Desirability criteria (consumer perspective)
 - Personally relevant
 - Distinctive and superior
 - Believable and credible
- ◆ Deliverability criteria (firm perspective)
 - Feasible
 - Profitable
 - Pre-emptive, defensible, and difficult to attack

MODULE 5

BRAND AUDIT

Brand Audit is a meticulous and careful study and an examination of the brand's current position in the market, customer's mind, and the industry as a whole as compared to its competitors. It is the review of the brand's effectiveness and helps to determine its strengths, weaknesses, opportunities for further development and evolution and come up with the corrective measures if there are any inconsistencies that can harm the brand in future.

The main aim of Brand Audit is to understand and get the fundamental insights of where the brand currently stands in the market. It is one of the significant parts of the overall brand management and is a valuable exercise with an agenda of a long-term **strategy**. It is like to take a step back and look at the overall picture and the scenario from the third party perspective as many a time the brand promoters and cynosures tend to get biased towards the brand strategies and operations that may or may not be good for the brand and the overall **company**.

It is conducted when the brand is facing any issues on the front of positioning, sales, profits, and the way the customers and the market perceive the brand and corrective measures need to be taken to iron out the flaws if any. It is also conducted when the **company** wishes to rebrand itself with the new offerings of the products and services or due to the changing market dynamics or the evolving tastes and preferences of the customers.

The Brand Audit allows:

-
- To establish the performance of the brand in the market as compared to its arch competitors.
 - Ascertain the strengths, weaknesses, opportunities, and the strengths of the brand.
 - Develop and align the business strategies more closely to match the expectations of the customers.
 - Determine the place of the brand in the market and from the customer's point of view

Marketing Factors that come under the fulcrum of Brand Audit:

Intrinsic Factors of the Brand:

- Values
- Objectives
- Fundamentals
- Tone of voice
- Logo and mascot
- Creative artworks
- Copy

Extrinsic Factors of the Brand:

- Marketing and sales collaterals
 - Customer Relationship Management
 - Employee welfare and motivation
 - Sales figures
 - Marketing plan and budgets
-

→ Nature of products and services offered

The importance of Company And Brand Audit

Brand Audit helps the brand and the **company** to focus on the existing as well the prospective customers to meet their demands and expectations. It helps defining that why the customer is loyal to the brand or not, what are the factors that acts as a pull factor and makes the new customers reach out to the brand, and what steps need to be taken to devise a **strategy** or a plan to keep the customers loyal to the brand amidst the tough competition in the market.

It helps the brand promoters and the cynosures to figure out the potential attributes and differences of the brand that makes it stand apart and carve a distinctive identity in the market and command a premium for its products and services offered.

As we all know that there are quite many brands in the market that offer similar lines of products and services but there are a few crucial elements of some brands that set them apart from the competition giving a potential edge and the process of **Brand Audit** helps the company to define that edge that works as a competitive difference.

It helps the company to rebrand itself with the refined and revalued set of values, ethos, and objectives along with the renewed corporate identity with the catchy logo, tagline, vision, mission, and creative's that are aligned with the nature, values, and objectives of the brand.

6 Steps to conduct a Brand Audit:

1. Create a brand summary and framework

The first step of the **Brand Audit** is to create a brand summary and the framework that encompasses the intrinsic factors such as values, objectives, the tone of voice, logo, tagline, and mascot amongst other along with the extrinsic factors such as marketing collaterals, sales figures, marketing plans, and others. The entire history of the brand architecture and its important elements needs to be studied in depth and figure out if it is working for the benefit of the brand or not.

2. Determine the survey methods

For the Brand Audit results to be effective and of the optimum level, it is very important to determine and select the survey methods that will bring the measurable results. The methods vary from the email surveys, telephonic surveys, one-to-one meetings, and social media surveys with the existing and prospective customers along with the crucial members of the industry related to the brand. There are many agencies that help to conduct the brand audit and survey in a successful manner.

The questions asked in the survey should always be related to the brand and the offerings along with the open-ended questions such as what do the customers expect from the brand, does it need any improvisations, and are they happy with its offerings and way the brand conducts itself in the market.

3. Competition check

Having a closer look at the competition by figuring out what they are offering, their target audience, the quantum of customers, marketing and sales

strategies, brand values, fundamentals, and objectives is an imperative step of the Brand Audit.

4. Review sales data

There has to be a thorough review of the sales data and figures over a period of time determining the profit ratios and proper filtration of the customer data with the parameters such as age, gender, location, income levels, and the nature of the purchase. The fluctuation of sale prices also needs to be considered with the perspective of market cycles.

5. Review web and social analytics

Web analytics also needs to be reviewed by getting the number of hits and visits that has been on the company website from the domestic and international markets as it results in the level of brand value and awareness in the target markets. The same applies to the social media handles of the brand.

6. Analyze the results

Once the brand audit is successfully completed with the measurable results in hand, it is important to analyze the results without being biased towards the brand and work on the facets that are inconsistent and need improvement.

BRAND VALUATION – APPROACHES AND METHODS

Evaluating Brands:

Before evaluating brands, two essential questions need to be answered i.e. what is being valued, the trademarks, the brand or the branded business and secondly, the purpose for such valuation. This brings us to answering what the

utility of undertaking brand valuation is. The process of brand valuation is of primal importance not only for the brand and the respective owning company to improve upon the same but also for the purposes to increase the market value and ascertain accuracy in instances of mergers and acquisitions. In other words, brand valuation would comprise of technical valuation which can be utilized for balance sheet reporting, tax planning, litigation, securitization, licensing, mergers and acquisitions and investor relations purposes and commercial valuation which is operational for the purpose of brand architecture, portfolio management, market strategy, budget allocation and brand scorecards. Thus, the application of brand valuation would be for strategic brand management and financial transactions.

Prior Approach:

Earlier research with respect to Brand Valuation was limited to two areas: Marketing measurement of brand equity and financial treatment of brands. The former was used by Keller and included subsequent studies by Lassar et al on the measure of brand strength, by Park and Srinivasan on the evaluation of the equity of brand extension, Kamakura and Russell on single source scanner panel data to estimate brand equity and Aaker and Montameni and Shahrokhi on the issue of valuing brand equity across local and global markets. The financial treatment of brands has traditionally stemmed from the recognition of brands on the balance sheet (Barwise et.al., 1989, Oldroyd, 1994, 1998), which presents problems to the accounting profession due to the uncertainty of dealing with the future nature of the benefits associated with brands, and hence the reliability of the information presented. Tollington (1989) has debated the distinction between goodwill and intangible brand assets. Further studies investigated the impact on the stock price of customer perceptions of perceived quality, a component of brand equity (Aaker and Jacobson, 1994), and on the linkage between

shareholder value and the financial value of a company's brands (Kerin and Sethuraman, 1998).

Current Trend/Practices in Brand Evaluation:

However, Brand Valuation is no longer limited to these two areas anymore. International Organization for Standardization (ISO) came up with ISO 10668 – Monetary Brand Valuation in 2010, which laid down principles which should be adopted when valuing any brand and is popularly followed by most firms indulging in valuation of brands like Interbrand, Finance World and Brand Equity Ten. ISO 10668 is a 'meta standard' which succinctly specifies the principles to be followed and the types of work to be conducted in any brand valuation. It is a summary of existing best practice and intentionally avoids detailed methodological work steps and requirements. As per ISO 10668, each brand is subjected to an analysis on three levels – Legal analysis, Behavioral analysis and Financial Analysis. Keeping in mind that the nature and concept of value is difficult to grasp on account of being subjective in nature, these three methods of analysis objectify the valuing of brands.

Legal Analysis is the method that draws a distinction between the trademarks, the brands and the intangible assets involved and defines them as separate entities. After the brand valuer has clearly determined the intangible assets and Intellectual Property rights included in the definition of the 'brand' in concern, (s)he is required to assess the legal protection afforded to the brand by identifying each of the legal rights that protect it, the legal owner of each relevant legal right and the legal parameters influencing negatively or positively the value of the brand. Extensive Risk analysis and due diligence is required in the legal analysis and the analysis must be segmented by type of IPR, territory and business category. In other words, the valuer needs to observe and assess the legal protection afforded to the brand by identifying each of the legal rights that

protect the brand, the legal owner of each of those legal rights and the legal parameters positively or negatively influencing the value of the brand.

Behavioral analysis involves understanding and forming an opinion on likely stakeholder behavior specific to geography, product and customer segments where the brand is operational. For perusal using this method, it is necessary to understand the market size and trends, contribution of the brand to the purchase decision, attitude of all stakeholder groups to the brand and all economic benefits conferred on the branded business by the brand. Here, the brand value must also look into why a possible stakeholder would prefer the brand in comparison to that of the competitors' and the concept of brand strength which consists of future sales volumes, revenues and risks.

Financial Analysis is the most frequently used brand valuation method and uses four approaches – Cost, Market, Economic and Formulary approach. Often, a fifth approach is also considered. Special situation approach recognizes that in some instances brand valuation can be related to particular circumstances that are not necessarily consistent with external or internal valuations. Each case has to be evaluated on individual merit, based on how much value the strategic buyer can extract from the market as a result of this purchase, and how much of this value the seller will be able to obtain from this strategic buyer.

COST BASED APPROACH:

Cost Based approach is the approach more often used by Aaker and Keller and is primarily concerned with the cost in creating or replacing the brand. The cost approach can be further divided into the following methods:

1. Accumulated Cost or Historical cost method:

It aggregates all the historical marketing costs as the value (Keller 1998). In other words, the method involves the historical cost of creating the brand as the

actual brand value. It is often used at the initial stages of brand creation when specific market application and benefits cannot yet be identified. However, the shortfalls of this method are that there exists difficulties as to what would classify as marketing costs and subsequent amortization of marketing cost as percentage of sales over the brand's expected life. In addition to that, it is sometimes difficult to recapture all the historical development costs and this method does not consider long term investments that do not involve cash outlay such as quality controls, specific expertise and involvement of personnel, opportunity costs of launching the upgraded products without any price premium over competitors' prices. The cost of creating the brand might actually have little to do with its present value. Most alternatives suggested suffer from the same shortcomings but there is one as proposed by Reilly and Schweih's which may be effective. They propose to adjust the actual cost of launching the brand by inflation every year where this inflation adjusted launch cost would be the brand's value.

2. Replacement Cost Method:

The Replacement Cost Method values the brand considering the expenditures and investments necessary to replace the brand with a new one that has an equivalent utility to the company. Aaker (1991) proposes that the cost of launching a new brand is divided by its probability of success. Although this method is easy in terms of calculation, it neglects the success of an established brand. The first brand in the market has a natural advantage over the other brands as they avoid clutter and with each new attempt, the probability of success diminishes.

3. Use of Conversion Model:

Using the method here, one estimates the amount of awareness that needs to be generated in order to achieve the current level of sales. This approach would be based on conversion models, i.e., taking the level of

awareness that induces trial that further induces regular repurchase (Aaker, 1991). The output so generated can be used for two purposes: to determine the cost of acquiring new customers and would be the replacement cost of brand equity. The major flaw in this system is that the differential in the purchase patterns of a generic and a branded product is needed and the conversion ratio between awareness and purchase is higher for an unbranded generic than the branded product and this indicates that awareness is not a key driver of sales.

4. Customer Preference Model:

Aaker (1991) proposed that the value of the brand can be calculated by observing the increase in awareness and comparing it to the corresponding increase in the market share. But he had identified the problem with this being how much of the increased market share is attributable to the brand's awareness increase and how much to other factors. A further issue is that one would not expect a linear function between awareness and market share.

In alternative, another method is the Recreation method which is similar to the replacement method but involves costs involved in creating the brand again, rather than simply the costs of replacement. Another distinction that exists between the two is that the value computed through the replacement cost method excludes obsolescent intangible assets. Another method is the residual value method states that the value of the brand is the discounted residual value obtained subtracting the cumulative brand costs from cumulative revenues attributable to the brand.

MARKET BASED APPROACH:

Market based approach basically deals with the amount at which a brand is sold and is related to the highest value that a "willing buyer & seller" are

prepared to pay for an asset. This approach is most commonly used when one wishes to sell the brand and consists of methods herein stated:

1. Comparable Approach or the Brand Sale Comparison Method

This method involves valuation of the brand by looking at recent transactions involving similar brands in the same industry and referring to comparable multiples. In other words, this method takes the premium (or some other measure) that has been paid for similar brands and applies this to brand that the company owns. The advantage of this approach is that it looks at a third party perspective that is, what the third party is willing to pay and is easy to calculate but the flaw in this method is that the data for comparable brands is rare and the price paid for a similar brand includes the synergies and the specific objectives of the buyer and it may not be applicable to the value of the brand as an issue.

2. Brand Equity based on Equity Evaluation method

Simon and Sullivan (1993) believe that brand equity can be divided into two parts:

- The "demand-enhancing" component, which includes advertising and results in price premium profits,
- The cost advantage component, which is obtained due to the brand during new product introductions and through economies of scale in distribution.

Hence, they basically estimated the value of brand equity using the financial market value and the advantage of this approach is that it is based on empirical evidence but shortfalls of this approach is that it assumes a very strong state of efficient market hypothesis and that all **information is included in the share price.**

3. Residual Method

Keller has proposed the valuation of the brand by means of residual value which would be when the market capitalization is subtracted from the net asset value. It would be the value of the "intangibles" one of which is the brand.

Another alternative approach that is suggested is that of usage of real options as proposed by Damodaran (1996). The variables that need to be calculated are: risk free interest rate, implied volatility (variance) of the underlying asset, the current exercise price, the value of the underlying asset and the time of expiration of the option. This method is useful in calculating the potential value of line extensions but the inherent assumptions in this approach make any practical application difficult.

Income Based Approach:

Income Based or Economic Use approach is the valuation of future net earnings directly attributable to the brand to determine the value of the brand in its current use (Keller, 1998; Reilly and Schweih, 1999; Cravens and Guilding, 1999). This method is extremely effective as it shows the future potential of a brand that the owner currently enjoys and the value is useful when compared to the open market valuation as the owner can determine the benefit foregone by pursuing the current course of action.

The methods used under the approach are as follows:

1. Royalty Relief Method:

The Royalty Relief method is the most popular in practice. It is premised on the royalty that a company would have to pay for the use of the trademark if they had to license it (Aaker 1991).

The methodology that needs to be followed here is that the valuer must firstly determine the underlying base for the calculation (percentage of turnover, net sales or another base, or number of units), determine the appropriate royalty rate and determine a growth rate, expected life and discount rate for the brand. Valuers usually rely on databases that publish international royalty rates for the specific industry and the product. This investigation results in a variety and range of appropriate royalty rates and the final royalty rate is decided after looking at the qualitative aspects around the brand, like strength of the brand team and management. This method has an edge of being industry specific and accepted by tax authorities but this method loses out as there are really few brands that are truly comparable and usually the royalty rate encompasses more than just the brand.

2. Differential of Price to sale ratios method:

The Differential of Price to Sale ratios Method calculates brand value as the difference between the estimated price to sales ratio for a branded company and the price to sales ratio for an unbranded company and multiplies it by the sales of the branded company. Why this method can be used is because information is readily available and it is easy to conceptualize but the drawback is that the comparable firms are a limited few and there exists no distinction between the brand and other intangible assets such as good customer relationships.

3. Price Premium Method

The premise of the price premium approach is that a branded product should sell for a premium over a generic product (Aaker, 1991). The Price Premium Method calculates the brand value by multiplying the price differential of the branded product with respect to a generic product by the total volume of branded sales. It assumes that the brand generates an additional benefit for

consumers, for which they are willing to pay a little extra. The fault in this method is that where a branded product does not command a price premium, the benefit arises on the cost and market share dimensions.

4. Brand Equity based on discounted cash flow:

The problem faced by this method is the same as when trying to determine the cash flows (profit) attributable to the brand. From a pure finance perspective it is better to use Free Cash Flows as this is not affected by accounting anomalies; cash flow is ultimately the key variable in determining the value of any asset (Reilly and Schweih, 1999). Furthermore Discounted Cash Flow do not adequately consider assets that do not produce cash flows currently (an option pricing approach will need to be followed) (Damodaran, 1996). The advantage of this model is that it takes increased working capital and fixed asset investments into account.

5. Brand Equity based on differences in return on investment, return on assets and economic value added.

These models are based on the premise that branded products deliver superior returns, therefore if we value the "excess" returns into the future we would derive a value for the brand (Aaker, 1991). This method is easy to apply and the information is readily available, but there is no separation between brand and other intangible assets and does not adjust, by their volatility, the earnings of the two companies compared, including discount rate.

Other methods also include conjoint analysis, income split method, brand value based on future earnings, competitive equilibrium analysis model, etc. The very fact that there are so many methods worth discussing under the income or economic approach show how accurate and sought after this approach is.

FORMULARY APPROACH:

The Formulary approaches are those that are extensively used commercially by consulting other organizations. This approach is similar to the income or economic use approach differing in the magnitude of commercial usage and employing multiple criteria to determine the value of the brand. Within formulary approaches are the following approaches:

1. Interbrand Approach

Interbrand is a brand consultancy firm, specializing in areas such as brand strategy, brand analytics, brand valuation, etc. It determines the earning from the brand and capitalizes them by making suitable adjustments. (Keller, 1998) The firm bases its brand valuation on financial analysis, role of the brand and brand strength.

The firm attempts at determination of brand earnings by means of using a brand index which is based on 7 factors namely –leadership, internationalization/geography, stability, market, trend, support and protection in the descending order of weightage. This approach is popular and widely appreciated because of its ability to take all aspects of branding into account. The difficulty in this approach is that it is difficult to determine the appropriate discount rate because parts of the risks usually included in the discount rate factored into the Brand Index score. In addition to that, even the capital charge is difficult to ascertain. Aaker reveals that "...the Interbrand system does not consider the potential of the brand to support extensions into other product classes. Brand support may be ineffective; spending money on advertising does not necessarily indicate effective brand building. Trademark protection, although necessary, does not of itself create brand value."

2. Finance World Method

The Financial World magazine method utilizes the "brand index", comprising the same seven factors and weightings. The premium profit attributable to the brand is calculated differently. This premium is determined by estimating the operating profit attributable to a brand, and then deducting the earnings of a comparable unbranded product from this. This latter value could be determined, for example, by assuming that a generic version of the product would generate a 5% net return on capital employed (Keller, 1998). The resulting premium profit is adjusted for taxes, and multiplied by the brand strength multiplier.
internal

3. Brand Equity Ten

As stated by Aaker, the Brand Equity Ten Method measures brand equity through 5 dimensions – loyalty, perceived quality or leadership measures, other customer oriented association or differentiation measures like brand personality, awareness measures and market behavior measures like market share, market price and distribution coverage. Brand Equity ten, thus, looks at the customer loyalty dimension of brand equity and the measures to create a measurement instrument.

4. Brand Finance Ltd.

Brand Finance Ltd. is a UK based consulting organization which undertakes brand valuation by means of identifying the position of the brand in the competitive marketplace, the total business earnings from the brand, the added value of total earnings attributed specifically to the brand and beta risk factor associated with the earnings. On the value so obtained, it discounts the brand added value after tax at a rate that reflects the brand risk profile.

Internal Branding



Internal Branding is a corporate strategy measure to enable and motivate employees to not only keep the brand promise but to "live" it. To do this, companies involve employees in the process of brand development, inform them about the brand, and inspire them to feel enthusiastic about the brand in order to ultimately influence their behavior to support the brand. Internal branding is particularly important because brands grow from the inside out and in fact contribute to increased sales. The "internal brand" and the "external brand" must relate to one another

MODULE 6

BUILDING ONLINE BRANDS

INTRODUCTION

Online branding (also referred to as Internet branding) is a brand management technique that uses the World Wide Web as a medium for positioning a brand in the marketplace. Building a strong brand is a complex task. It is about creating value through the provision of a compelling and consistent customer experience that satisfies customers and keeps them coming back. When a company creates this type of preferential choice and loyalty, it can build a strong market share, maintain good price levels and generate strong cash flows.

The internet will ultimately become an integrated component of business and strategy of all firms to some extent, and as customer expectations are influenced by their purchase experiences in both the online and offline environments, understanding how to harness the reach and interactivity of the internet to build and maintain brands is becoming critical. In light of this, there is growing recognition that traditional methods are inadequate in this interactive environment, and companies lack a coherent framework and concrete methods to build their online brands

Brands may be even more important on the internet, particularly for pure online players, who are essentially intangible, and therefore customers have little to go on other than a recognised brand name. Furthermore, given the tremendous clutter in today's e-commerce marketplace, and the high cost of acquiring online customers, the most successful sites will be those that can attract customers and build brand loyalty and enthusiasm that extends the brand-customer relationship beyond a single transaction. Therefore, building awareness, attracting traffic to the site, turning these browsers into buyers, and

turning first-time buyers into loyal repeat customers has become the Holy Grail of online brand strategies. However, with the emerging realisation that brand loyalty is vital for online success, traditional methods are no longer sufficient in this interactive environment.

The internet is changing the mental model from the traditional 'enticing' proposition to the new economy 'problem-solving' proposition by empowering customers with more options and more information to make informed decisions.

The internet also represents a fundamental shift in how buyers and sellers interact, as they face each other through an electronic connection. This allows companies to have greater control over their interactions with customers. Therefore, with customers holding all the power, brand building must focus on ensuring a completely satisfying end to end customer experience. In maximising the customer experience, companies have to find innovative ways of leveraging the information and relationship building characteristics of the internet.

Need of Building Online Brands

- 1. To Increase Direct Sales:** The annual turnover of the business has increased and is mainly attributable to the new website. The high profile launch aimed at existing customers, the greater visibility in search engines, and the greater usability of the site have all contributed to this.
- 2. To Improve Promotion of the whole Range of Stock:** The changes in navigation, particularly division into two market segments (military and outdoors) and greater use of sub-categories, meant that products were easier to find and hence easier to buy, leading to increased sales of products that had previously been slow sellers.
- 3. For new Customs:** The better performance of the site in search engines has led to an increase in orders from new customers and from abroad. The

company now has regular sales to Canada, Australia, New Zealand, and various European States.

- 4. To adding Value to the Brand:** Improvements to the design have raised confidence levels in visitors and this has led to increased sales. But perhaps more significantly, the professional image of the site was a good boost to confidence for potential business partners in the emerging business-to-business division that started to trade.

Components of Online Brands

The key components that add value and differentiate an online brand experience from an offline experience are as follows:

- 1. Convenience:** It goes beyond the ability to conduct transactions around the clock. The customers' ability to access and display information rapidly is extremely important. Sites that are difficult to use can cause frustration, making customers 'click-off to another site. In fact, 30% of potential customers leave sites because they cannot find what they are looking for, and 66% of people who start a 'shopping basket' fail to complete the transaction. A study by Business Week revealed that consumers identified ease-of-use, ease- of-navigation familiarity, fast response times, and accurate information as key factors in establishing web brand loyalty.
- 2. Content:** It is relevant and useful information directed at the needs and interests of the targeted users. With almost infinite display space, online companies have the opportunity to provide rich, up-to- date information, expert insights, and a wide range of products, which can enhance the company's value proposition. Content is considered to be a 'sticky' application as it entices visitors to spend longer periods of time on the site, increasing the probability of purchase. A certain amount of 'commerce

content' is important to support the purchase decision. According to Forrester Research, 31% of online consumers use the internet for obtaining product information, even if they purchase offline, and nearly 20% use it for post-sales support. Good content can help to educate buyers and sellers and create a greater sense of control over the transaction. On the other hand, visitors should not be engulfed with too much information. Additional content includes community-generated content, and advertising (if it is relevant and useful).

- 3. Customisation:** It involves tailoring the presentation of a website to individuals, based on profile information, demographics, or prior transactions. Online sites can track a customer's purchase history and modify its service accordingly. Often, sites allow 'surfers' to customise their experience by choosing what type of information they view through personalised sites (e.g., My Yahoo!, My eBay). Some companies have taken this a step further and customise the product or service on offer (Dell offers 'made-to-order' computers through Dell Online). Customisation creates the feeling and sense of a one-to-one relationship, which enhances the user's brand experience.

- 4. Community:** Online communities are emerging as new gathering places for consumers with similar interests (e.g., iVillage and Geocities). These sites allow members to interact with one another, share information, and access a wide range of services. An important contribution of these communities is that they provide members with a medium to communicate with each other. Members can interact in chat rooms, use bulletin boards, and organise live events. A unique characteristic of an online community is that the site includes both editorial content (determined by the site owner) and member-driven content. An online community offers a compelling way

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7. Communication (Two-way): The internet provides the opportunity to establish dialogue with customers through email, live chat, and online surveys. Communication can be tailored to specific user interests and should allow for two-way interaction. It is important in building relationships, as well as informing and reminding customers of special offers, news updates activities, events, and subjects of interest to the customer.

8. Consent: It is concerned with obtaining customers' permission to participate in a dialogue, or to receive promotional messages and updates. This is becoming increasingly important on the internet, as online consumers are being bombarded by unsolicited (junk) e-mail and marketing messages. Traditionally, this form of "interruption advertising" may have been acceptable, however, today's consumers no longer have the patience or attention span. Furthermore, junk e-mail can have a significant negative impact and can actually turn customers away. If sites want to grab someone's attention, they first need to get the customer's approval, possibly with an inducement - a gift voucher, a free sample, a contest, a 08(X) number, or even just an opinion survey. Once a customer gives consent and volunteers his or her time, this can form the basis of a trusting long-term relationship. By talking only to volunteers, consent guarantees that consumers will pay more attention to the marketing message. It serves both customers and marketers in a symbiotic exchange.

Building Online Brands

There are five essential stages of brand development, all of which directly relate to building a brand with a powerful web element. Furthermore, the stages

all tie in with one another, and everyone involved in each stage of the process must have strong exposure and involvement in the other stages to ensure seamless brand development, efficiency, and a high degree of brand consistency across any medium. These five stages are given below

- 1. Discovery:** This stage involves ensuring that everyone on the team understands the brand challenge and issues; the timelines involve market/brand research; business plan analysis and its relationship branding; competitive differentiation; visual brand analysis (log web design, etc.); and name analysis (including taglines). Here core messaging is evaluated, the "elevator speech" is tested, and overall brand strategy is examined and developed. Many CEOs do not even realise they need a new name, tag line, or website until they have gone through at least an abbreviated form of this stage. It is not that they lack awareness or education; rather, once they understand how to clearly evaluate their brand, comprehend how vital it is to the success of their business model, place it into real context in the marketplace, and get a full grasp of the market opportunity a strong brand can garner, they experience an awakening. It is also in this stage that a focused effort is made to characterise the problem, not the solution. Too many companies eagerly jump to explain how what they have created will solve some vaguely defined global problem and forget to place it in the context of an already recognised problem.
- 2. Framework:** This is the time for building the brand structure; brain mapping; understanding the parent brands as well as sub-brand* laying the foundation for future brands to be added; understanding the specific naming and design challenges; beginning to develop the site map for the website as well as analysing any current site(s). At this stage the core message is finalised.

3. Verbal Articulation: Here, the creative process kicks in - content development for the website, including outline and writing; content development for other marketing materials (brochures, advertising white papers, etc.); naming of the URL, the company name, the products and services, and any other naming needs identified in stages 1 and 2; legal name acquisition; tag-line development. The seeds of design begin to sprout.

4. Visual, Physical, and Sensory Articulation: In this stage, the creative process continues to flower. The look and feel of the brand, and the logo, are developed. Web design; collateral design; corporate colours; advertising design and development (including selection of media); and trade show booth design take place. Non Visual sensory elements — such as sounds are developed and put into use. For example, “You have Got Mail” is one of the strongest auditory brand labels on the web today, as strong as the NBC three- bell chime was to television in the 1960s and 1970s. Increasingly, the web is featuring sound as part of brand identity. Over time, other sensory tools will be put into play, beginning with tactile feedback (touch) and, even further in the future, taste and smell. Certainly, today a challenge for companies producing foods with great tastes, products that “feel” good, or brands relying on smell as part of their selling proposition (colognes, leather goods, etc.) is how to accentuate some of their strongest marketing points when building a brand on the web. Industrial design, or “physical branding”, ranging from product design to packaging, also plays an extensive role at this stage.

5. Execution: In this stage, the developed brand is launched and presented to its target audiences. The URL and website “go live”; the advertising

appears; collateral development is completed; business packages (stationery, business cards, logo, etc.) are completed; partner links are integrated into the web; PR begins in earnest, educating the press and analysts; the trade show schedule begins, and so on. This stage fulfils the development of the first four, and, ultimately, becomes a lead-in to circle back to the beginning because at some point everyone wants to know how well the newly developed brand succeeded and has penetrated the market - which puts things back to "discovery." That is not to say the company is renamed, but there must be accountability for all the marketing activity that led to the launch of a major brand.

MANAGING ONLINE BRANDS

Online brand management needs to be a central focus for marketers. It has far-reaching business consequences that tie directly into the success or failure of the business and can be critical when potential customers make their decisions.

Online brand management is monitoring and guiding the way a brand is viewed online. It is all-encompassing - including any and all avenues for public perception, such as website, social reach, third-party articles, online reviews, search engine results and anywhere one online conversations can be found.

Some of the guidelines for managing online brands are as follows:

- 1. Create Brand Guidelines:** Inconsistency can negatively impact branding. At best, inconsistency makes a brand unmemorable. Brand guidelines reinforce the company's differentiators and identity, allowing organisations to voice what sets them apart from competition. Define guidelines regarding messaging, design elements, fonts, colours, logos, imagery, etc., when developing and enforcing a brand.

- 2. Educate Brand Representatives:** Brand guidelines are imperative for strengthening the brand, but they go nowhere unless utilised. That means that anyone representing a brand - from employees to contractors - needs access to the most up-to-date version of this guide for consistency. It goes beyond direct customer interaction; every employee must realise that even their social networks have a huge impact on the brand, and they must be mindful about how the company brand is represented across all social channels
- 3. Monitor Online Brand:** Social media, forums, articles and all sorts of other online discussion venues - a brand can become the topic of conversation in many different places. What is being said about brands? More importantly, how is it affecting the brand's reputation? By digging up where the brand is being discussed, the marketers will be able to monitor the company's online mentions. In addition, it is a good idea to find sites related to industry and target audience, then establish a presence in the discussion. Finally, it never hurts to peek in on the competition to see how they are handling their online brand and what is working (or not working) for them.
- 4. Respond to and Lead Discussions:** Once it is found that where people are discussing the brand, it is time to join in. The goal is to positively interact with comments and questions while constructively responding to criticism. Negative feedback can turn into something positive if people demonstrate that the team is willing to promptly respond and make it right for the customer. Quality service reflects well on online brands, and marketers will find that making that extra effort can often smooth over any bumps in the road. In addition, actively contribute to the community by leading discussions about trends, challenges and solutions, thus showing that the brand offers both thought leadership and customer care.

- 5. Utilise Online Brand Management Tools:** Something as simple as Google Alerts (e-mail notifications when Google comes across a designated name or phrase) can build the foundation for brand monitoring. In addition, specialised applications such as Hootsuite, Social Mention and Sprout Social provide various monitoring tools across social media to track brand mentions and analyse social media traffic. Finally, an online brand portal like Brand Connect enables quick distribution of digital files, provides access to vital brand materials and improves consistency with branding and messaging across marketing, sales, customer service and PR teams.
- 6. Proactively do Content Marketing:** Content marketing is creating relevant and valuable information for prospects and customers as part of a brand's overall marketing mix. It is becoming a bigger and bigger part of the way many brands allocate their marketing budgets. In the same way that companies are using these techniques to improve their position in the marketplace, individuals need to think about speaking, writing, commenting and generally contributing their expertise online to improve and reinforce their brand.
- 7. Aggregate and Curate to Reinforce:** Finally, many people end up leveraging a tool to serve as the central place they aggregate and curate certain content to reinforce their brand. This can be everything from setting up a website to just creating a compelling page.

Key Factors for Building Online Brands

There is no one-size-fits-all solution for building a successful online brand, however, certain common underlying factors are evident, and can be summarised as shown in figure below:

- 1. Compelling Value Proposition:** Successful online brands are exploiting every capability offered by the internet to deliver compelling value propositions that appeal to customers, by offering more value than attainable through traditional 'bricks and mortar' establishments. They are providing greater convenience (24 x 7), lower prices, wider selections, and access to more information on the products or services being provided, and enhancing this with layers of added value through the '8Cs' — convenience, content, customisation, community, connectivity, customer care, communication, and consent. Successful brands recognise that the value proposition must more than compensate for the loss of in- person contact
- 2. High Quality Online Experience:** Strong internet brands are those that create a high quality engaging online customer experience. The 8Cs framework allows companies to deliver a tangible customer experience, while improving the flow rates through the customer pipeline. Successful online brands meet the demands inherent in each of the 8C categories, by ingraining convenience and making the site easy-to-use, quick-to-load, and easy-to-navigate, delivering compelling content, customising the experience, developing a community feel, making connectivity easy, integrating customer care, obtaining consent, and establishing two-way communication. By placing emphasis on different Cs', they are differentiating their experience from those of competitors. A well-executed customer experience that satisfies customers, results in higher brand equity.
- 3. Reputation for Excellence (Delivering on their E-Promises):** Fulfilment and delivering on e-promises is the acid test of online brands. The successful brands are those who are investing heavily in building supporting resources - logistics, distribution centre^ staff, and customer care at the appropriate rate to ensure they deliver a completely satisfying

end-to-end customer experience. In doing so, they are cultivating a reputation for excellence, which builds confidence and trust that not only entices customers to do repeat business with the company, but leads them to spread positive word-of-mouth, attracting other customers to the site.

- 4. Strong Communications Programme and Efficient Customer Acquisition Strategy:** The key internet brands have made major commitments to build awareness and drive customers through the pipeline, and have developed multifaceted, integrated customer acquisition strategies, ranging from online methods to traditional offline media. These companies have developed an in-depth understanding of where their potential consumers are located in the pipeline, and have targeted their promotions accordingly, in order to attract quality customers and to keep customer acquisition costs down. Quality customers who are heavy users of the brand are important as they not only offset the cost of customer acquisition, but also provide added value to the brand community. Properly orchestrated 'guerrilla marketing' ploys can also be effective in building awareness, attracting customers, and reinforcing the brand image.
- 5. Unique Positioning Concept and Distinct Brand Image:** Strong brands are developing unique positioning concepts, to distinguish themselves from competitors. Yahoo!'s success can be largely attributed to its unique positioning strategy and distinct image (a sense of irreverence, approachable nature, and inherent friendliness) that appeals to its target market, as opposed to characterising itself as a technology-oriented company. By distinguishing their offering, focusing on unique sources of added value, and aligning their resources and activities to deliver this added value, brands are harder for competitors to emulate. In addition, these companies must have an inherent understanding of their brand identity and core values, to maintain consistency, as well as determine how

far the brand can be meaningfully stretched to other products and market segments, before it fractures.

- 6. Strong Partnerships and Strategic Alliances:** Rather than doing everything on their own, leading brands have focused on building strong partnerships and alliances, particularly to secure content and widen reach to new customer segments and niches. As a result, these companies are creating even stronger value propositions, offering customers the best in quality, variety, content, and convenience. Alliances and partnerships play an important role in achieving speed and momentum, and by partnering with well-known brands, a company can leverage the partner's brand and reputation to reinforce its own. Alliances with leading portals and popular sites is important to generate traffic and brand visibility, and exclusive alliances can lock-out competitors from valuable content or online real estate. The most successful partnerships are symbiotic matches, whereby each party benefits from the other's expertise or skills, while ultimately benefiting the end-customers.
- 7. Intense Customer Focus:** Leading online brands have an intense customer focus, and develop a detailed understanding of their customers' needs. These brands are designing their offerings and online experiences around their customers. They are accumulating knowledge about customers, through past transactions and solicited input, and are leveraging this knowledge to nurture relationships through the provision of better services, customisation, and customer care. Customer focus builds trust and credibility that is central to developing a strong brand-customer relationship.
- 8. First-Mover and Early-Mover Advantage:** Most of the successful online brands identified a market opportunity early and moved quickly to capitalise on the potential they saw. A first-mover advantage is an important asset for an online brand. By getting to market early, the

company benefits from the excitement and traffic that comes with innovation. It locks-up important content and distribution partnerships, and it aligns itself with the most influential venture capital sources. Getting to market quickly can provide an internet company with significant momentum and a valuable boost over the competition. The challenge then lies in maintaining the momentum and retaining customers. Many strong online brands were also early-movers on the internet, and benefited from additional hype, and extensive word-of-mouth due to its novelty. As internet penetration exploded, these well-publicised brands also took-off.

- 9. Relentless Innovation:** Successful internet brands are continuously looking for new ways to wrap more value around their core service and offering, and are continuously adding new services and functionality to their sites. This type of relentless innovation is instrumental in ensuring brands develop traction and build momentum to keep ahead of competitors. In many cases, the innovations are the result of the company's ability to data-mine its vast database of customer information, to create new services and content that satisfy customer needs. By leveraging unique customer information, these innovations are difficult for competitors to reproduce, giving the brand an edge, and differentiating it from other brands.
- 10. Ability to Leverage Offline Brand and Assets:** Bricks-and-mortar brands are often well-positioned to succeed on the internet. They possess critical resources that give them an advantage over pure online start-ups. They have an established brand, established customer relationships, established fulfilment systems and infrastructure, and a physical presence (tangibility) - factors that clearly differentiate them from pure players. Strong clicks-and-mortar brands are integrating their online and offline activities to leverage the strengths of each other. In doing so, these brands must respect their core brand elements and maintain consistency in the

service quality that is expected, but at the same time, expand the brand experience to meet customers' expectations in the online world. Through extensive and seamless integration, clicks-and-mortar brands are providing customers with true added value, while reaping the benefits of lower customer acquisition costs and extended reach.

11. Utilise Cross-Selling and Cross-Promotion to Gain Competitive

Advantage: The notion of cross-selling entails attracting customers to the site and then marketing products that are related in some way to the primary product. When the website is attracting the wrong customer base, cross-selling suffers. If the website is selling some products at a loss in hopes of cross-selling the profitable products and it hits upon price-sensitive shoppers who will buy only at the lowest price, then the company might find that all cross-selling efforts may be in vain. In addition, a brand manager must try to develop online media relations with other websites. For example, hyperlinks to areas in his/her site on other web pages can be very useful. Combine this with the use of meta-tagging. This entails including keywords in the pages describing the content of his/her site. Words used should be related to his/her business and help to guide consumers to his/her website. Essentially, this is how a brand manager can drive traffic to his/her site. Other key elements for online promotions include submissions to online awards, online media relations, content-focused email, and online contests.

Benefits of Online Brands

Here are some intangible benefits they can expect to enjoy by properly implementing a brand development strategy online:

- 1. Increases Personal Security:** By being mindful of acting professionally during the brand development process one should be less inclined to

reveal personal information that could be compromising. Unfortunately internet predators are everywhere, even at the favourite social sites, and customers do not want to needlessly put themselves at risk. Who would have ever thought developing a positive online reputation could also place a protective blanket around them as well?

- 2. Commands More Respect:** People tend to have a higher regard for those who act in a courteous and professional manner. This leads to more trust and a willingness to listen to what these same people may say or suggest. Obviously their influence is greater as a result therefore helping to increase their marketing effectiveness.
- 3. Promotes Credibility:** Acting in a consistently professional manner projects an image of one more responsible and trustworthy. On the internet this helps to boost credibility which also breeds a sense of reliability amongst others and this is definitely something they want to project online. Would you do business with somebody you did not trust or felt was unreliable?
- 4. Higher Perceived Expertise, Status, Trust, and Influence:** If a person is easily found on social media and in the search engines and the content shows them in a good light and provide value, the audience will view that are credible, trustworthy, and consistent - not some fly-by-night who could take the money and disappear at any given moment. Kind of adds accountability.
- 5. Image Consciousness Builds Integrity:** Remaining mindful of keeping a positive image and an attitude of abundance by freely helping where they can tends to build their integrity in the eyes of others. Having an online reputation like this tends to spread like wildfire around the internet and will prove to be a very valuable business asset. Image is everything especially when their platform of operations is on the internet.

- 6. Helps to Maintain Professional Focus:** By sticking to business' a person is better able to maintain their focus which makes their efforts and use of time more efficient. This is especially useful when working within social sites since losing focus of their professional objectives can be easy to do. These sites can become like an online cocktail hour and it therefore becomes way too easy to 'bum' more time than intended. By maintaining their focus on brand development they can 'navigate' these sites in a more efficient and productive manner.

Limitations of Online Brands

It would be unrealistic not to acknowledge some of the limitations to what the internet can offer the brand-building process:

1. Bandwidth (connection speed) can be an issue, although this is a shrinking problem. However, campaigns should be planned around demographics in determining the richness (and investment) of interaction. For example, heart disease medication is likely to appeal to an older community with less money and slower connection speeds.
2. Brand building favours products that can be sold online. However, it is not economically feasible to sell certain products, especially in small quantities, due to high delivery and transaction costs (relative to the value of the product).
3. The internet does not have the penetration of other promotional mediums (e.g. TV., Radio).
4. The internet supports brand-building activities where there is a need to build a relationship. Certain product categories, such as groceries and convenience goods, do not lend themselves to a need for customers to build a relationship with the brand.

5. Not all product categories have a strong fit with interactive media as they still need real life interaction, and the need to stimulate the other senses (taste, touch, smell).
6. Technologically savvy consumers face problems due to various technological errors in building brands online.

E-commerce and Brands

One of the most important elements of building an e-commerce business is developing a long-standing and likable brand with the audience. However, many people outside of advertising and marketing still hold the notion that a brand is little more than a logo. A brand is in fact so much more.

The power of a brand name justifies higher margins and builds influence over distribution channels. The brand power is built slowly, over time by investing in mass-media advertising (T.V., print, radio, online banner advertisements, and transit advertisements such as billboards and bus shelter posters). The Internet is changing the meaning of a brand, the nature of brand loyalty, and the effectiveness of traditional branding investments made by marketers. Online branding approaches allow marketers to cut through past constraints of geography, timeliness, at reduced cost. Online advertising helps in creating a branding message that may be seen by millions of people in a single day. Access to online knowledge, especially through online marketplaces, provides a buyer with product choice. But most of the time, in a global business market, a potential customer who encounters the brand or product name first on the Internet may have no previous information to rely on. This lack of reliability is because the prospects have not seen the T.V. advertisement or they have not read product reviews. Because of these factors, brands on the Web must be equipped with all possible details so that prospects would be ready to acquire a new product:

1. Framework for Assessing Readiness of Existing Brands: The first step is a thoughtful assessment of the readiness of the existing brand for online marketing. To make this more than just a guess, it is useful to have a scorecard to guide the process. The following scorecard is based on the experience of market leaders and factors in several dimensions that make a real difference when moving a brand online

The products to be the first in e-commerce have the advantage that they are on the top of mind recall for everybody. The disadvantage is that there could be risks associated with the acceptance of the products and hence they might be ahead of their time. This might lead to rejection from prospects. This can be passed from assessment of prospects readiness for being Internet savvy. Some prospects have no problem being drawn to e-commerce channels. Buyers who deal with computer manufacturers such as Apple, Dell, and IBM tend to be more familiar with computer-enabled transactions. Others, say, prospects of Big Bazaar or Tesco, may be less adventurous technically or have fewer opportunities to use e-commerce media.

Brand equity for e-commerce will also depend on the reputation of the company as an innovator. If the company enjoys a reputation for marketing innovation and creativity, then e-commerce branding will be easier and faster. This also depends on information richness, viz., does the product offer high information value through e-commerce websites? The Web's search and interactive possibilities are ideal for setting data-heavy purchase decisions, such as financial services and travel planning, and for digitally rich products, such as software, music, books, and timely news. The brand readiness also determines whether the prospects are adaptable to an e-commerce channel. The products such as catalogue retailers help prospects with a high degree of self-service in product selection and purchase options. This makes the entire purchase process quite an

involved one. These types of products will make the brand equity higher through e-commerce marketing. Amazon.com's success through e-commerce marketing has increased its brand equity.

Organisations need to consider domain readiness issues, such as registering all variations of trademarked names into e-commerce websites. Companies like Maruti Suzuki, Hyundai have created domain names such as Swift and iO, respectively, and offer discounts if the products are purchased through websites.

- 2. E-Commerce Alignment with Changing Customer Behaviour:** Good branding on the Web should not be an accident. E-commerce strategists should not think of customers that would behave the same way in online channels as they do in the physical world. They assume that the tried-and-true media would work just as well to get the message across to online customers. The simple analysis of how customers and websites illustrates' an important point. Traditional marketing advertisement media, such as television advertising, print ads, bus shelter, and billboard blitzes - are often less effective in building long-term visibility and brand equity over the Web. It has been found that Web users have a better chance of finding a website "by search engine" than by T.V., print, and radio. Web banner ads on the most heavily visited Web pages of Yahoo and AOL, create the initial brand awareness. These advertisers also keep on changing their banner ads as the products move in their lifecycle. The change takes care of changing customer behaviour which goes in line with product maturity. For example, e-commerce websites for automobiles have been changing their advertisement based on the maturity of the cars. When Swift was launched, it started advertising on the experience of driving the Swift car, but as the product became a success but had a number of competitors; it

started advertising on the value for money concept in its e-commerce website.

Good e-commerce websites require an online environment that encourages customer-to-customer communications. For consumer companies, e-commerce capabilities can be built into the online sales engine - e.g., allowing users who have just completed a purchase to either post their opinions of the experience, or forward information about their experience to an email network of family and friends. Other methods to encourage passing along information to others include online wedding, baby, or gift registries, making gift certificates available electronically, and hosting issue-oriented bulletin boards or chat rooms. When creating e-commerce portals, the right motivating trigger points might evolve out of research into the most frequently asked customer questions, email responses, and customer complaints

E-commerce websites can thrive through repeat visits by customers. The previous focus on building brands fast and gaining new customers quickly often meant that important technology tools and interactive techniques for customer retention, such as personalised product offerings and automated customer care, were given less emphasis. Smart marketers have learned that sendee, relevance, and reliability are highly important to online brands. Brand response will not only permit marketers to measure and modulate brand impact; it will enable them to capitalise on the emotive aspect of the brand with unprecedented efficiency. Consider point-and-click television, which will make it possible to translate consumers' emotional reaction to an ad into an immediate purchase response through TV-commerce. The next generation of TV product placement, e.g., is likely to allow viewers to freeze frames during an

episode of Friends, learn details about Jennifer Aniston's wardrobe, and then buy a copy of her blouse directly from Calvin Klein. This sort of "emotional interactivity" will epitomise future branding strategies, drive profits, and garner customer loyalty. Traditional marketers must totally rethink branding strategies and investments if they want to remain relevant to customers that attend to new media

INTEGRATED MARKETING COMMUNICATIONS

Integrated marketing communications (IMC) is the use of marketing strategies to optimise the communication of a consistent message of the company's brands to stakeholders. Coupling methods together improves communication as it harnesses the benefits of each channel, which when combined together builds a clearer and vaster impact than if used individually. IMC requires marketers to identify the boundaries around the promotional mix elements and to consider the effectiveness of the campaign's message

In the mid to late 1980s, the marketing environment was undergoing profound environmental changes with implications for marketing communications. Media proliferation, audience fragmentation, globalisation of markets, the advent of new communications technologies, the widespread use of databases meant that the old methods, and practices used in mass marketing were no longer relevant. In particular, the rise of digital and interactive media meant that marketers were relying less on advertising as the dominant form of marketing communications. Amongst practitioners and scholars, there was an increasing recognition that new approaches to marketing communications were required. That new approach would become known as integrated marketing communications. A number of empirical studies, carried out in the early 1990s, found that the new IMC was far from a "short-lived managerial fad," but rather

was a very clear reaction by advertisers and marketers to the changing external environment.

Integrated marketing communications is a holistic planning process that focuses on integrating messages across communications disciplines, creative executions, media, timing and stakeholders. An integrated approach has emerged as the dominant approach used by companies to plan and execute their marketing communication programs and has been described as a paradigm shift.

IMC unifies and coordinates the organizations marketing communications to promote a consistent brand message. Coordinating the brands communications makes the brand seem more trustworthy and sound as it is seen as a 'whole' rather than a mixture of different messages being sent out.[58] The IMC perspective looks at the 'big picture' in marketing, advertising and promotions.

INTEGRATED MARKETING COMMUNICATION FOR BRANDS; BRAND PROMOTION

Introduction

Branding is ultimately about communication. Traditionally, the business world has thought of brand communication largely as a matter of creating eye-catching logos, a clever tag line, or a memorable jingle. In the past decade, however, the interest in brands has taken discussion on the subject to a higher level. Increasingly, the brand concerns all aspects of the relationship between the customer and the organisation. It also concerns how the organisation explains and portrays itself to its prospects, employees, channel partners, and other important stakeholders. And brand communication is an opportunity to create a unified and meaningful identity and image among a variety of audiences through a wide range of communication tools.

Brand communication can foster a common language and common understanding about the brand among a range of parties. For example, an organisation can use brand communication to - encourage employees to reach higher levels of service performance, provide suppliers with a better understanding of their role in helping the organisation deliver on its core promise, or give stockholders a clear concept of what an organisation represents and how well it can define its mission and future.

In short, brand communication is the channel through which the organisation declares its commitment to meeting the brand promise.

In order to accomplish the promotional objectives or goals that have been established, it is necessary to formulate ways of achieving them. Strategies are used to meet the goals that we seek to achieve.

Some people regard marketing communications strategy as simply the combination of activities in the communications mix. The key issues really concern the overall direction of the programme, how it fits in with marketing and corporate strategy, and the targeting of primary messages in order to establish effective positions.

From a 'customer perspective' it is possible to observe three different types of customer needs and from that deduce that there could be three different types of communication objective and strategy to meet those needs. There are customers who are end-users, there are those who do not consume the product or service but add value to it as part of the marketing channel and finally there are stakeholders whose focus is not the product or service but the organisation itself.

The first group of 'customers' requires product- and service-based messages that aim to increase levels of awareness, build and/or reinforce attitudes, and so motivate them to buy the offering. They expect it to be available when they decide to inquire, experiment or make a repeat purchase. This

approach is known as a pull strategy as it encourages consumers to pull the products through the channel network.

Members of the marketing channel require messages that encourage them (retailers, wholesalers and dealers) to take stock, to be motivated and committed to their partner organisations or participate in the movement of the product/service so as to make it available to end-user customers. Communication strategies in these circumstances are referred to as push strategies.

There are occasions when stakeholders need to understand how or what an organisation's position is regarding particular issues. This approach seeks to influence attitudes towards the company and is referred to as profile strategy

Therefore, the three main types of audience can be identified broadly as customers, members of the marketing channels and all other stakeholders who are connected to the organisation or the brand in question. Communication strategy may be referred to as the 3Ps:

1. Pull strategies to reach customers (consumers and businesses),
2. Push strategies to reach members of the marketing channel,
3. Profile strategies to reach all relevant stakeholders.

Marketing Communication Options: Brand Promotion Methods

The major brand promotion methods are as follows

1. **Advertising:** Advertising includes any informative or persuasive message carried by a non-personal medium and paid for by a sponsor whose product is in some way identified in the message. Traditional mass media, such as television and magazines, are most commonly used. However, the direct mailing of catalogues, electronic media advertisements featuring

computerised ordering, and other direct-response vehicles are becoming increasingly popular.

- 2. Sales Promotion:** It includes activities other than advertising, personal selling publicity and public relations which are used in promoting sales of the product or in persuading the customer to purchase the product. Distribution of samples, premium coupon, point of purchase display, off-price selling, etc. is the examples of sales promotion techniques.
- 3. Personal Selling:** Personal selling is a person-to-person dialogue between buyer and seller. The purpose of the interaction, whether face-to-face or over the phone, is to persuade the buyer to accept a point of view, to convince the buyer to take a specific course of action, or to develop a customer relationship.
- 4. Publicity:** Publicity is a non-personal not paid stimulation of demand of the products or services or business units by planting commercially significant news or editorial comment in the print media or by obtaining a favourable presentation of it upon radio, television or stage
- 5. Public Relations:** Most firms in today's environment are not only concerned with customers, suppliers and dealers but also concerned about the effect of their actions on people outside their target markets. It is a planned effort by an organisation to influence the attitudes and opinions of a specific group by developing a long term relationship. Their target may include a large number of interested public (customers, stockholders, government agencies, special interest groups).
- 6. Direct Marketing:** In Direct Marketing, organisations communicate directly with target customers to generate a response and/or a transaction. Traditionally, direct marketing has not been considered an element of the promotional mix. However, because it has become such an integral part of the IMC programme of many organisations and often involves separate

objectives, budgets, and strategies, marketers view direct marketing as a component of the promotional mix.

- 7. Word-of-Mouth:** Word of mouth is a reference to the passing of information from person to person. Originally the term referred specifically to oral communication but now includes any type of human communication, such as face to face, telephone, email, and text messaging. An organisation's image can be projected through channels other than the formal communication process. Of course, positive word-of-mouth recommendation is generally dependent on customers having good experiences with an organisation, and studies have shown how unexpectedly high standards of service from a company can promote recommendation.
- 8. Brand Loyalty Programmes:** Many businesses engage in brand loyalty programmes in order to create brand preference and insistence over the long-term. Through a loyalty programme, one has the opportunity to connect to the best customers. Loyalty programmes can also provide insight to the customers spending¹ behaviour. Once the marketers know who the best customers are, they can track their purchases and offer products that they are more likely to purchase based on past behaviours.
- 9. Brand Ambassadors:** A Brand Ambassador is an official representative of a brand, product or company. Brand Ambassadors assist customers, answer their questions and motivate them to purchase. Brand ambassadors contribute to building brand awareness, enhancing customer service and direct promotion.
- 10. Celebrities:** Celebrity endorsement is a channel of brand communication in which a celebrity acts as the brand's spokesperson and certifies the brand's claim and position by extending his/her personality, popularity, stature in the society or expertise in the field to the brand. In a market with a very high proliferation of local, regional and international

brands, celebrity endorsement was thought to provide a distinct differentiation.

11. Online Brand Promotions: Creating a specific brand identity for your business endeavor online is a significant step towards realising your primary business objective which is escalating profits. Online brand promotion should be an integral part of a business marketing plan since it promises infinite growth potential. Establishing credibility among the online users that the brand offers quality products and services increases the brand equity and reputation which creates a positive impact on the prospective clients and customers. Online brand promotion ensures a wider scope for your business venture with a wider accessibility to your target audience.

Importance of Brand Promotion

Brand promotion is beneficial to business houses, consumers and the society:

1. Benefits to Business Houses

- a. It enables a business firm to face competition in the market.
- b. It reminds the faithful customers that the brand has served them well over the years and they have no better choice in the market.
- c. Brand promotion helps business firms to maintain their existing sales and to increase their market share,

2. Benefits to Consumers

- a. Brand promotion provides information regarding quality, use: price and availability of the branded product. Such information helps consumers in making a choice from a wide range of competing brands. They have greater freedom of choice and dishonest traders cannot exploit them.
- b. Brand promotion saves valuable time and energy of consumers as they are well informed before making purchases.

- c. With the help of brand promotion consumers can maintain their standards of living and good lifestyles.

3. Benefits to Society

- a. Brand promotion activities facilitate mass production which leads to economies of scale and lower costs. As a result, more and more people can use branded products.
- b. Brand promotion also creates employment opportunities for a large number of persons.

Marketing Communication & Brand Equity

Marketing communications are the means by which firms attempt to inform, persuade, and remind consumers - directly or indirectly - about the brands that they sell. In a sense, marketing communications represent the voice of the brand and are a means by which the brand can establish a dialogue, build relationships with consumers, and contribute to brand equity. Thus, the simplest - but most useful way to judge advertising or any other communication options is by its ability to achieve the desired brand knowledge structures and elicit the differential response that makes-up brand equity.

In this new communication environment, although advertising is often a central element of a marketing communication program, it is usually not the only one - or even the most important one - in terms of building brand equity and driving sales. Consider how Mahindra & Mahindra chose to introduce their new vehicle Scorpio.

It should never be forgotten that, for brand building a 'good' product, effective communication and appropriate service and support are essential.

The role of marketing communications is to communicate the essence of brand personality and develop and continue a partnership between the consumer and the brand. Advertising is the key tool of marketing communications when it comes to building and keeping strong brands.

Marketing communications represent the voice of the company and its brands in building relationships with consumers. Marketing communications, such as advertising and celebrity endorsements, contribute to building brand equity through the memory and image it creates in the consumers' minds, which in turn drives sales and profits.

Marketing Communications ⇒ **Brand Equity** relationships. Brand equity is closely related to the number of customers who are devoted to a brand. Some brands have a higher degree of awareness, acceptability and preference than others. Although brand equity is not shown in ; company's financial statements, similar to human equity, it is reflected in the acquisition price of a company as a premium the brand command: in the market

The New Media Environment: Online Brand Promotion

The basic idea behind online brand promotion is that first of all identify the targeted keywords then start ranking for these keywords after that start getting targeted visitors then convert the visitors into buyers and finally count the profit. With the help of following signals individual can expand the web presence:

- 1. Website Design:** A website is a collection of web pages populated with text, images, audio, and video content that best describe a business, company or product. The primary aim of a website is to carry information, news and views to a wide audience, preferably a targeted group of people exclusively interested in receiving information about a particular company, business or product.

Some of the obvious advantages of having a website are its ability to reach people across geographical boundaries. The global market is enormous and websites primarily help businesses to reach its rich bank of consumers through the web. Furthermore, as a marketing technique, it lets the business stay in touch with its customers around the clock.

A website is the virtual face of any business. Hence, not only should the website be visually appealing, but also be able to clearly promote the company or products to its customers. A well-designed website is the foundation stone for business expansion in the web market. Hence, aesthetics, intelligent concepts, and an user-friendly interface are prime imperatives to follow for quality website designing.

- 2. Sales Page Designing:** A sales page, quite simply, is a web page that is written like an advertisement for the product. Sales pages usually urge positive customer action, i.e., by including a 'buy now' or 'visit now' button, it asks customers to buy the company's products, fill in surveys, etc.

Most product-based websites include sales pages to exclusively market their products. Sales page designs should be a reflection of the website so far as the color scheme and layout is concerned. It should be captivating, well-written, and include images and audio or video in controlled Frequency that will help to advertise the product without overdoing the sales pitch, or delaying page load time.

A good sales page design follows the basic rules of website designing:

- Attractive, but not too flashy.
- Simple without being sketchy.
- A business relevant theme.
- Includes a logo, product image; known aspects of the company /business/product.
- Strategically placed content, images, audio, video, 'buy now' button, etc.

- 3. Email Marketing Design:** E-mails are online pamphlets that talk about a business, which one can send-out to the prospective customers or dedicated buyers. Spam is universally hated and while conducting email marketing campaigns, the emails run the risk of negative association.

While one may want to continue association with an existing customer base, or build new contacts with targeted prospects, it is important to conduct e-mail marketing correctly.

Newsletters can be sent-out either in plain text or in html format. Plain text formats are usually safe; they take-up low bandwidth and there is the assurance that all recipients will be able to read it. Html formats on the contrary, while they are more attractive, may or may not load as desired due to a recipient's e-mail or computer configurations.

- 4. Banner Design:** Banners bearing the company logo, motto or product ads are excellent ways to advertise the business on other relevant sites. Needless to mention, a banner's design should follow along the lines of the website design. Note however, since banners are not direct extensions of the website like a sales page or newsletter, one may exercise creative liberties and come-up with fresh color schemes that will make the business stand-out among its competitors on other sites. Alternatively, one can play with color shades to make the banner similar, yet exclusive of the site's design.

Whatever chosen, banners must be attractive and appealing. Avoid overcrowding with too many images or text, or their combination. Usually, banners with creative images and witty texts have a better visitor click-rate than those without.

- 5. Social Media:** Social media advertising is one sales technique that rarely fails. If a promoter manages to find a slot for the business in social sites like twitter, facebook, myspace. etc., rest assured to see an increased traffic flow to his website. Social media helps in connecting the large! audience effectively. Developing Facebook applications that will promote business or placing ads on relevant pages, ensures a better visitor click-rate.

A quality post does not mean much if no one reads it or links to it. So, individuals must have access to a network of friends on Digg, StumbleUpon, Reddit, Twitter, Facebook, LinkedIn, and others to make sure that one has readers. Be sure that the posts also allow the reader to easily promote the posts to their network

6. **Blogging:** This is not new. Still today, however, some companies refuse to get into the blogging game for fear of what might be said about them" or that they would have to divulge company secrets. Successful blogging requires that individuals provide something of value to the readers. When individuals provide useful information, and promote it to the masses (social media marketing), others will gain links to the website in much the same manner as Wikipedia.
7. **Press Releases:** "Traditional" press releases were for the benefit of reaching journalists in the hopes that they might write an article in their magazines/newspapers or cover it on television news/radio. Today, these press releases can be found in Google's universal results (if anyone selects the proper method of distribution) and add quality links to the website (using quality anchor text within the press release; drive deep links to areas of the website that individuals would like to promote).

All of these help in gaining reach and frequency. More importantly, it will reach those who are interested in the products and services.

Using Social Media to Build Brands: Social Media Branding

Brand awareness is cited as the top priority for marketers in both business-to-business and business-to-consumer fields. Nearly 2.1 billion people (just over two thirds of active Internet users) have social media accounts. So, it is easy to understand why business and consumer marketers nearly unanimously believe that social media is crucial to building a brand.

So with that in mind, it is important to build a strong and consistent brand across all social media platforms. A brand's profile on Facebook, Twitter, Pinterest, Instagram, the company blog and everywhere else it has a presence online should be unified and then hue with the brand essence and style guide.

Social media branding is not about fancy logos or slick copy; it is quite simply about the company. First, people get to know the company, then, if they like the company information, they will check out the business activities of the company.

Strategies to Build Brands through Social Media

Following strategies should be followed while building brands through social media:

- 1. Blog Writing:** The idea of writing makes lots of small business owners break out in hives, but a blog is not required to be accurate in literature and grammar. According to Reed, "A great blogging strategy is to simply post a link to other content with a paragraph about why you think it is important. Do not be afraid you are driving people away from your own site. People who share information get the most benefit. You become an information broker."

For example, if someone is an accountant, link to information about changes in tax law or money management. "These are things people may not understand and would want him to decipher for them anyway."

- 2. Presence in Social Media:** Blogs are not obsolescent, but neither are they the primary destination that they used to be, Barone says. "Your blog is the hub, the spot you control, where you can put all your information," she says. But the satellite communities are where you should focus most of your efforts.

Every B2C company should have a Facebook page. But simply putting it up there and asking people to "like" it is not enough. A company should offer valuable content and resources that will encourage people to come back and also to tell their friends.

- 3. Share-Ability:** A small percentage of the customers may have an outsized effect on the social media presence. These super-sharers are different from regular site visitors. They are not motivated by entertainment or information so much as by building their own reputations. "Often, influencers are motivated by being the first or only person to discover something. They are rewarded by the fame and thanks they get," says Ben Straley, CEO of Meteor Solutions.

Encourage them by giving them what they crave - Exclusives, VIP treatment, setting them up with information or content that is not only easy to share but also has lots of value. **For example**, a company could place influencers on a special e-mail list, and then give them advance notice of a special sale or opportunity, and let them invite more people

- 4. Design a Logo that Displays the Brand Philosophy:** A success logo is the anchor of a brand and its design should represent the brand's philosophy. When designing a logo, an important point to consider is what the brand represents, and what the brand does not represent.

- 5. Use Colours that Make a Statement:** Colour can be used to give brand personality and meaning. Using colours with impact and meaning can help a brand appeal to its target audience. As in the first point, be consistent with colour across all media platforms - online and offline — to ensure a consistent, unified and professional look.
- 6. Know the Voice and Style of a Brand:** The product or service in the demographics of the target audience will determine the voice and style of a brand on social media.

Imagine the brand as a person and consider what type of language would use and what types of things it would share online. Try and describe this person in terms of age, gender, interests, and personality.
- 7. Quit Plugging, Start Conversing:** Along those same lines, real! focus on building a relationship with customers by conversing, interacting, engaging and caring. Do not solely plug products (services — broadcasting is dead. Genuine, two-way communication is key because at the end of the day, people need to inherently trust a brand and that takes time and effort.
- 8. Tell a Compelling Story:** Storytelling is central to human existence and, in fact, by telling someone a story it can have the powerful effect of getting them on board with an idea as it causes the listener to turn the story into their own idea and experience. In the same way, a brand - or the idea of a brand - can become more compelling by spinning a yarn about it. Involve customers in a brand story and they will engage with it.
- 9. Be Transparent:** Transparency is the bedrock of my tongue-lasting relationship, so in the same way, giving customers a glimpse behind the scenes of a brand can prove vital in establishing a healthy relationship Use social media platforms to publish information that will help consumers understand the mechanic of a brand better.
- 10. Post Relevant Content:** Do not post for the sake of posting. Keep social media posts relevant, meaningful and simple. Posting too frequently

and posting 'boring' content are the main reasons people will unfollow and unlike brands.

- 11. Make it Visual:** Users engage with social media posts that include images more than with posts that do not include images. Add infographics, photographs and other visual images to posts and take advantage of Pinterest and Tumblr, which can be used to store and share visual content.

Advantages of Social Media Branding

Some of the advantages of social media branding are as follows:

- 1. Problem Solving, Information Search and Feedback:** The evidence from the Facebook focus group and face-to-face interviews demonstrates that customers consider social media as a platform for addressing their problems when other communication channels such as emails or phones are unavailable, inconvenient or time or/and money consuming. Occasionally many customers contact, e.g., banks or Internet providers via Facebook and Twitter to solve emerging problems.
- 2. Prompt Action:** The feedback from customers shows that in social media, customers expect prompt actions from a service provider in response to their emerging requirements.

Throughout the transcripts, customers point to social media as a shortcut to address their emerging needs and to get a quick reply from the brand.

It seems fair to suggest that social media impacts to a certain extent on customers' expectations concerning service functionality. Moreover, customers' interactivity with a service is often driven by the idea that, in the public arena, businesses cannot allow themselves to be reluctant about responding to customers' inquiries.

- 3. Convenience and Accessibility:** From the customers' point of view, contacting brands via social media is more convenient than making phone calls or sending inquiries using websites. In this respect, consumption practices depend on how easily they can access the required information or reach the company's experts. The case evidence show that in some cases customers prefer interaction with businesses within social media rather than phone calls or offline meetings, as this type of communication suits their lifestyle From a customer perspective, social media make their communications with brands more convenient and accessible Essentially, it appears to be a distinctive feature of service consumption practices in social media.
- 4. Knowledge:** seem to be correlated with each other. Evidence shows that customers use the brand's social media channels to not only evaluate service offers and get an idea about a service provider but also to gain tacit knowledge through personal experiences before making a purchase decision. Contrary to expectations, the case evidence shows that being present in a brand's social media channel does not imply a purchase intention - to be engaged with a brand and purchase from the brand are two different stories in the social media context: "Personally I do not choose brands or follow products just because they advertise on social media".
- 5. Rewards:** It comes as no surprise that often the customers' interest in businesses within social media is dominated by a need to have access to a brand's specials, giveaways and gifts. This theme has been identified as rewards. In exchange for giveaways or discounts, customers are willing to participate in brand activities such as contests and opinion polls. The following supports this - "I only like what I actually like except if there is a good prize in it".

"If the company announces a contest via the app, I would definitely read it and depending on what it is I may participate, especially if there is a reward."

Engagement with brands in social media enables customers to stay informed about a company's deals and giveaways and participate in brand activities as soon as they become available on Facebook or Twitter. Interestingly, the findings show that such reward-for used communications with brands may lead to the beginning of a relationship.

- 6. Privilege:** The Five Sources Model shows that customers tend to believe that their relationship with a brand can create some sort of personal advantage and feelings of being privileged and recognised by a brand. This theme has been identified as privilege.

A need to feel privileged and recognised has become a part of a customer profile in a social media community. These emotional experiences make brands meaningful and tangible through turning the customer from being an invisible user to a visible individual.

Disadvantages of Social Media Branding

Social media branding also has some disadvantages, which are as follows:

- 1. Updation takes Time and Effort:** A lot of time and effort is involved in updating a social media account. To provide detailed information about the company and its product requires an in-depth knowledge, which can only be handled by an experienced person. It also involves a certain amount of cost as the internet and media are not absolutely free. In addition, it is a continuous task to post new and different information about a particular product.
- 2. Negative Influence on Workers:** Social media sites adversely affect the productivity of employees or workers. Many workers waste a lot of time

using Facebook, Twitter, etc. These sites can also be used negatively by the workers hampering the company's goodwill.

- 3. Risk of Negative Comments:** There are millions of people who are attached with social media sites. If someone posts a negative message for a particular company then this is viewed by everyone and cannot be overlooked. In this situation, if a company fails to respond or does not take a stand, then the company's reputation is at risk. A company can lose its goodwill online in front of a large number of audience, while offline this is between few people.
- 4. Fraud:** The number of online frauds is increasing day by day. It is very easy for anyone to create a fake profile on social media websites mainly on Facebook and Twitter. If someone is not having a social media account, then someone else can pretend to act the same and cause loss of money or harm the reputation, especially in the name of a company. Conversely, there are few online sites which take certain legal measures against the cases of online scams, cyberstalking, harassment and identity theft. Nevertheless, one must remain cautious and aware of such situations.
- 5. Social Media is Unclear:** The meaning of 'social media' is still unclear. It involves various media tools; usage of these tools varies on the basis of the company's objectives and functions to communicate their target audience. As a result, there is no well-defined or concrete definition of social media.
- 6. Not Easily Measurable:** One of the major disadvantages of social media is that it cannot be measured. The social activities applied by various companies remain unevaluated because it has numerous tools and sites. There is no common tool used for a particular activity.

Social media be used in building a brand

Social media is great news for businesses and brands and the best part is, both big and small brands can benefit. When you know the figures, it's easy to understand why business and consumer marketers almost unanimously believe that social media is crucial to building a brand. So, when it comes to your social media branding, it's important to invest some thought and resources into it.

- According to a 2020 report, social media users have passed the 3.8 billion mark. Impressive, when you consider there are 4.5 billion internet users worldwide.
- 80% of consumers are more likely to evaluate solutions from the brands they follow on social channels.

Brand awareness is cited as the top priority for marketers, and social media channels are a one-to-many solution for getting the word out about your products and services. By creating a strong brand presence on social media, you can reach a broader audience.

So where to begin? First, let's talk about social media branding, then we'll get into 10 easy ways you can build and enhance your brand.

It's human nature to want people to like you, but likeability doesn't always convert to sales. Be clear on your branding goals, as this can help you assess the success of building your brand later on.

Examples of brand goals include:

- Driving awareness of your product or service
- Generating business through new leads
- Increasing sales
- Increasing customer loyalty
- Providing a higher standard of customer service

Rules of social media branding

- You don't need to be on every channel. It's better to choose one and do it right. If you can do three, great, but don't water-down your reach because you're spread too thin.
- You don't need thousands of followers. 10 followers who buy your product is better than 1000 followers who don't buy your product. Don't get caught up in follower figures.
- Post frequently. If you're not posting, you're not visible, so focus on the frequency