Product Development And Brand Management

CHAPTER SIX

IDENTIFYING AND ESTABLISHING BRAND POSITIONING

By

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- **Introduction**
- **Building a strong brand with significant equity is seen as providing a host of possible benefits to a firm, including**
  - **Greater customer loyalty and less vulnerability to competitive marketing actions and marketing crises,**
  - **Larger margins as well as more favorable customer response to price increases and decreases,**
  - **Greater trade or intermediary cooperation and support,**
  - **Increased marketing communication effectiveness, and**
  - **Licensing and brand-extension opportunities.**

- **With this keen interest in brand building, two questions often arise:**
  1. **What makes a brand strong?**
  2. **How do you build a strong brand?**

- **CUSTOMER-BASED BRAND EQUITY MODEL provides a unique perspective on**
  - **What brand equity is and**
  - **How it should best be built, measured, and managed.**

The Four Steps of Brand Building

- **Building a strong brand, according to the Customer-Based Brand Equity model,**
  - **Can be thought of in terms of a sequence of steps,**
  - **Each step is contingent upon the successful completion of the previous step.**
  - **Each steps involve accomplishing certain objectives with customers, both existing and potential.**

The Four Steps of Brand Building

- **Steps of brand building**

1. to ensure **brand identification** with customers and an association of the brand in customers' minds with a specific product class or customer need.

2. to firmly establish the **brand meaning** in the minds of customers by strategically linking a host of **tangible** and **intangible** brand associations.

3. to elicit the proper **customer responses** to this brand **identity** and **brand meaning.**

4. to convert brand response to create an **intense, active loyalty relationship** between customers and the brand.

The Four Steps of Brand Building

- **These four steps represent a set of fundamental questions that customers invariably ask about brands, implicitly if not explicitly:**
  1. **Who are you? (brand identity)**
  2. **What are you? (brand meaning)**
  3. **What about you? What do I think or feel about you? (brand responses)**
  4. **What about you and me?**
  5. **What kind of association and how much of a connection would I like to have with you? (brand relationships)**

The Four Steps of Brand Building

- There is an obvious sequence in this "branding ladder," that is,
  - Meaning cannot be established unless Identity has been created;
  - Responses cannot occur unless the right meaning has been developed; and
  - Relationship cannot be forged unless the proper responses have been elicited.

Brand-Building Blocks

- **Enacting the four steps to create strong complicated and difficult process.**
- **To provide some structure, it is useful to think of six "brand-building blocks" to accomplish the four steps necessary to create a strong brand.**
- **Creating significant brand equity involves reaching the pinnacle of the pyramid and will only occur if the right brand-building blocks are in place.**

Brand-Building Blocks

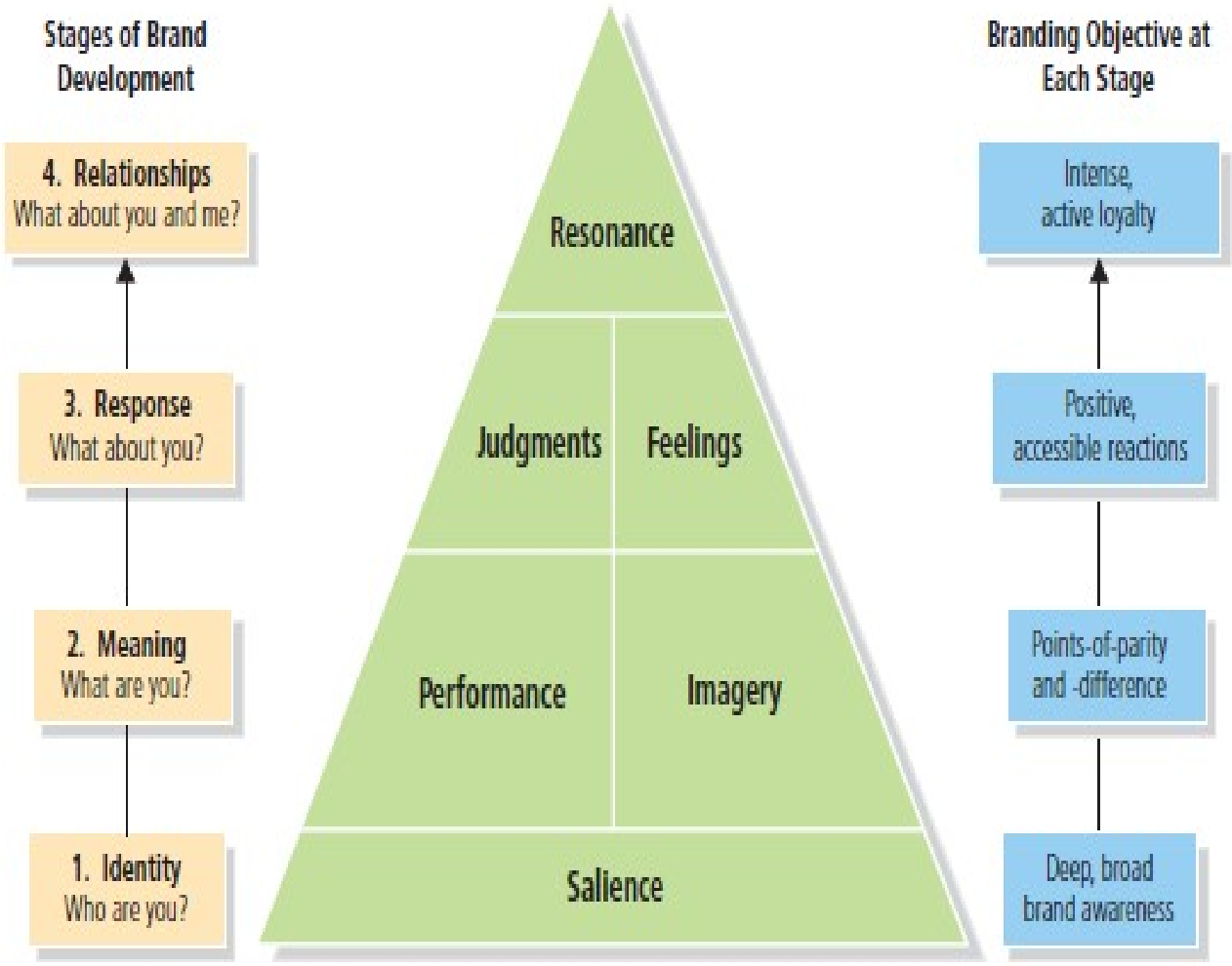


FIGURE 3-1

Brand Resonance Pyramid

Customer-Based Brand Equity Model

Brand-Building Blocks

Customer-Based Brand Equity Model

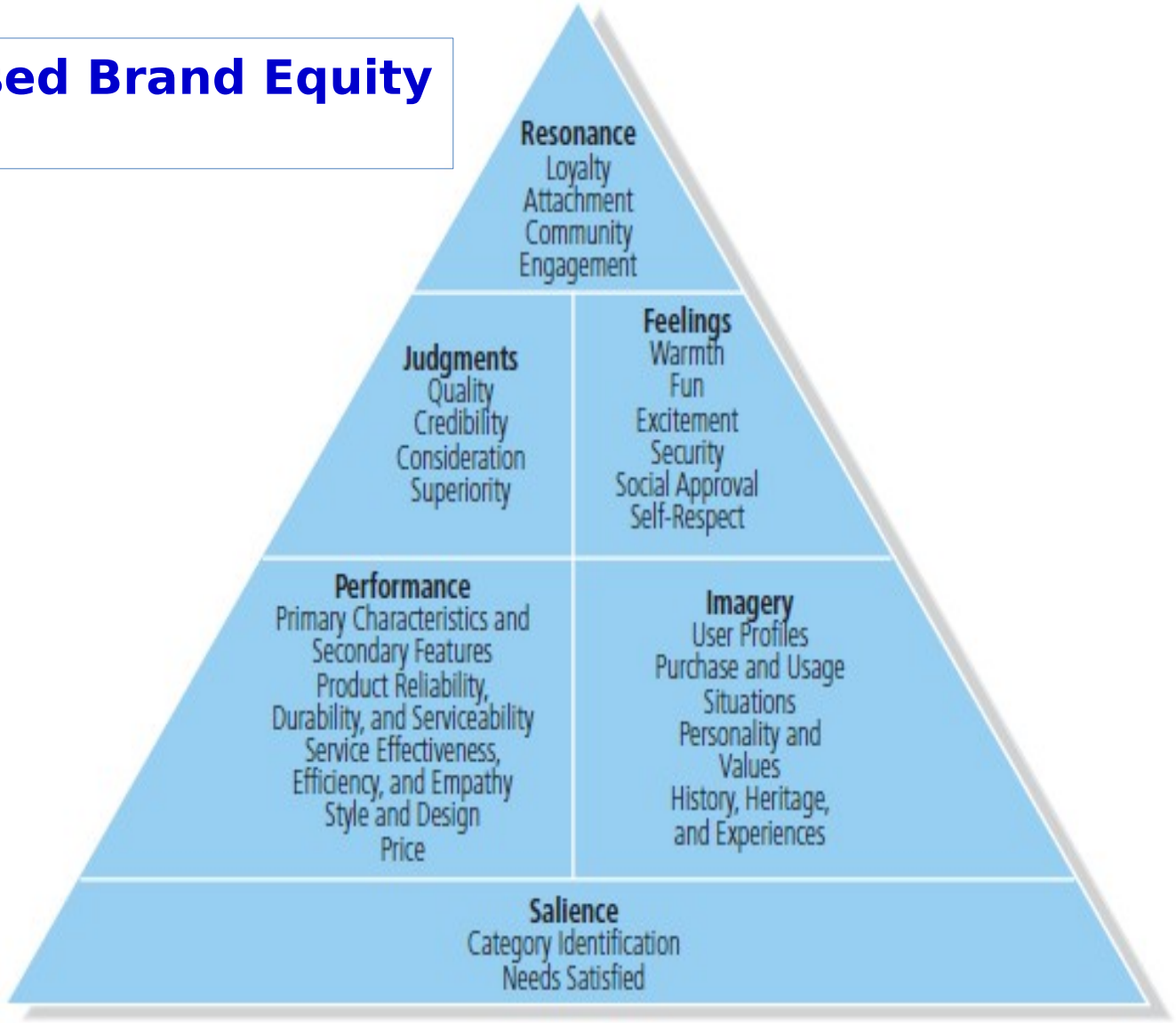


FIGURE 3-2
Subdimensions of Brand Building Blocks

Brand Identity/
Brand Salience

Brand Identity/ Brand Salience.

- **Brand Identity/ Brand Salience.**
  - **Achieving the right brand identity involves creating brand salience.**
- **Brand salience relates to aspects of customer awareness of the brand.**

1. How easily and often is the brand REMINDED under various situations or circumstances?

2. To what extent is the brand top-of-mind and easily RECALLED OR RECOGNIZED?

3. What types of cues or reminders are necessary?

4. How pervasive is brand awareness?

Brand Identity/ Brand Salience.....CONTD.

- Brand awareness
  - Refers to customers' ability to recall and recognize a brand.
  - is more than just the fact that customers know a brand name and the fact that they have previously seen it, perhaps even many times.
  - Also involves linking the brand—
    - brand name,
    - logo,
    - symbol, and so forth—to certain associations in memory.

Brand Identity/ Brand Salience.....CONTD.

- To Building brand awareness involves
  - Making sure that customers understand the product or service category in which the brand competes.
  - Creating clear links to other products or services sold under the brand name.
  - Ensuring that customers know which of their needs the brand is designed to satisfy—through these products.

- In other words, what basic functions does the brand provide for customers?

Brand Identity/ Brand Salience.....CONTD.

- **Key Criteria for Brand Identity**
- **Brand awareness can be distinguished in terms of two key dimensions—depth and breadth.**
  1. **Depth of brand awareness refers to how easily customers can recall or recognize the brand.**
  2. **Breadth of brand awareness refers to the range of purchase and consumption situations in which the brand comes to mind.**

Brand Identity/ Brand Salience.....CONTD.

- A highly salient brand is one that possesses both depth and breadth of brand awareness, so that customers always make sufficient purchases as well as always thinks of the brand in a variety of settings in which the brand could be employed or consumed.
- Thus, in terms of creating brand salience, in many cases it is not only the depth of brand awareness that matters, but also the breadth of brand awareness and the proper linkage of the brand to various categories and cues in the minds of customers.

Brand Identity/ Brand Salience.....CONTD.

- In other words, it is important that the brand not only be "top-of-mind" and have sufficient "mind share," but it must also do so at the right times and right places.

- With many brands, the key question is not whether customers can recall the brand, but rather,
  - *Where do they think of the brand,*
  - *When do they think of the brand, and*
  - *How easily and often do they think of the brand?*

Brand Identity/ Brand Salience.....CONTD.

- In particular, many brands and products are ignored or forgotten in possible usage situations.
- Increasing the salience of the brand in those settings can be an effective means to drive consumption and increase sales volume.
- For example, a potentially effective strategy for market leader Campbell's Soup might be to ensure that its customers think of the soup during possibly overlooked consumption opportunities (e.g., as a side dish at dinner).

BRAND MEANING

Brand Meaning

- **Creating brand meaning involves establishing a brand image…….**
  - ***what the brand is characterized by and should stand for in the minds of customers.***
- **Although different types of brand associations are possible, brand meaning can broadly be distinguished in terms of**
  - **Functional, performance-related considerations**

    VS.
  - **Abstract, imagery-related considerations.**

Brand Meaning.....CONTD.

- **Thus, brand meaning is made up of two major categories of brand associations that exist in customers' minds**
  1. **Performance And**
  2. **Imagery**
- **These brand associations can be formed**
  1. ***Directly-----from a customer's own experiences and contact with the brand—or***
  2. ***Indirectly-----through the depiction of the brand in advertising or by some other source of information (e.G., Word-of-mouth).***

2-Brand Meaning

- **Brand Performance.**

Brand Meaning.....CONTD.

- **Brand Performance.**
- **The product itself is at the heart of brand equity, as it is the primary influence of**
  - **what consumers experience with a brand,**
  - **what they hear about a brand from others, and**
  - **what the firm can tell customers about the brand in their communications.**

- **To create brand loyalty and resonance, consumers' experiences with the product must at least meet, if not actually surpass, their expectations.**

Brand Meaning.....CONTD.

- **Studies have shown that high quality brands tend to perform better financially (yielding higher ROI).**

- **Brand performance relates to the ways in which the product or service attempts to meet customers' more functional needs.**

- **Thus, brand performance refers to the intrinsic properties of the brand in terms of inherent product or service characteristics.**

Brand Meaning.....CONTD.

- How well does the brand rate on objective assessments of quality?
- To what extent does the brand satisfy the utilitarian, aesthetic, and economic needs and wants of customers in its product or service category?

Brand Meaning.....CONTD.

- **There are five important types of attributes and benefits that often underlie brand performance:**
  1. ***Primary characteristics and secondary features.***
  2. ***Product reliability, durability, and serviceability.***
  3. ***Service effectiveness, efficiency, and empathy.***
  4. ***Style and design.***
  5. ***Price.***

Brand Meaning.....CONTD.

- ***Primary characteristics and secondary features.***
  - **Customers often hold beliefs about the LEVELS at which the primary characteristics of a product operate**
    - **(e.g., low, medium, high, or very high).**
  - **They may also hold beliefs about special, perhaps even**
    - **patented,**
    - **features or secondary elements of a product that complement these primary characteristics.**

Brand Meaning.....CONTD.

- **Product reliability, durability, and serviceability.**
  - ***Reliability refers to the consistency of performance over time and from purchase to purchase.***
  - ***Durability refers to the expected economic life of the product.***
  - ***Serviceability refers to the ease of servicing the product if it needs repair.***
- ***Thus, perceptions of product performance are impacted by factors such as***
  - **the speed, accuracy, and care of product delivery and installation;**
  - **the promptness, courtesy, and helpfulness of customer service and training;**
  - **the quality of repair service and the time involved; and so on.**

Brand Meaning.....CONTD.

- ***Service effectiveness, efficiency, and empathy.***
- **Customers often have performance related associations with the service interactions they have with brands. Along those lines,**
  1. ***Service effectiveness*** **refers to how completely the brand satisfies customers' service requirements.**
  2. ***Service efficiency*** **refers to the manner in which these services are delivered in terms of speed, responsiveness, and so forth.**
  3. ***Service empathy*** **refers to the extent to which service providers are seen as trusting, caring, and having the customer's interests in mind.**

Brand Meaning.....CONTD.

- ***Style and design.***
  - Consumers may have associations with a product that go beyond its functional aspects to more aesthetic considerations such as its
    - Size,
    - Shape,
    - Materials, and
    - Color.
  - Thus, performance may also depend on sensory aspects —how a product looks and feels and perhaps even what it sounds or smells like.

Brand Meaning.....CONTD.

- ***Price*.**
  - **The pricing policy for the brand can create associations in consumers' minds to the relevant price tier or level for the brand in the category, as well as to its corresponding price volatility or variance (in terms of the frequency or magnitude of discounts, etc.).**
  - **In other words, the pricing strategy adopted for a brand can dictate how consumers categorize the price of the brand (e.g., low, medium, or high) and how firm or flexible that price is perceived to be (e.g., as frequently or infrequently discounted).**

Brand Meaning.....CONTD.

- **Brand performance thus transcends the "ingredients" that make up the product or service to encompass aspects of the brand that augment these ingredients.**

- **Any of these different performance dimensions can serve as a means by which the brand is differentiated.**

2-Brand Meaning

- **Brand Imagery**

Brand Meaning.....CONTD.

- **Brand Imagery.**
  - Brand imagery deals with the extrinsic properties of the product or service, including the ways in which the brand attempts to meet customers' psychological or social needs.
  - Brand imagery is how people think about a brand abstractly rather than what they think the brand actually does.
  - Thus, imagery refers to more intangible aspects of the brand.

Brand Meaning.....CONTD.

- **Many different kinds of intangibles can be linked to a brand, but four categories can be highlighted:**

  1. ***User profiles.***
  2. ***Purchase and usage situations.***
  3. ***Personality and values.***
  4. ***History, heritage, and experiences.***

Brand Meaning.....CONTD.

1-User profiles.

- One set of brand imagery associations involves the type of person or organization who uses the brand.
- This imagery may result in a profile or mental image by customers of actual users or more aspirational, idealized users.
- Associations of a typical or idealized brand user may be based on
  - Demographic factors might include gender, age, race, income, and marital status.
  - Psychographic factors might include attitudes toward life, careers, possessions, social issues, or political institutions.

Brand Meaning.....CONTD.

- **In a B-2-B setting, user imagery might relate to the size or type of the organization.**
- **User imagery may focus on the characteristics of more than just one type of individual and center on broader issues in terms of perceptions of a group as a whole.**
- **For example,**
  - **customers may believe that a brand is used by numerous people and therefore view the brand as "popular" or a "market leader."**

Brand Meaning.....CONTD.

- **Purchase and usage situations.**
- **Similarly, associations of a typical usage situation may be based on a number of different considerations, such as:**
  - **time of the day, week, month, or year when the brand is used;**
  - **place where the brand is used (e.g., inside or outside the home); and**
  - **type of activity for which the brand is used (e.g., formal or informal).**

Brand Meaning.....CONTD.

- **Personality and values.**
  - **Brand personality is often related to the more descriptive usage imagery but involves much richer, more contextual information.**
- **Five dimensions of brand personality**
  - **Sincerity (e.g., Down-to-earth, honest, wholesome, and cheerful);**
  - **Excitement (e.g., Daring, spirited, imaginative, and up-to-date);**
  - **Competence (e.g., Reliable, intelligent, and successful);**
  - **Sophistication (e.g., Upper-class and charming); and**
  - **Ruggedness (e.g., Outdoorsy and tough).**

Brand Meaning.....CONTD.

- **History, heritage, and experiences.**
  - **Brands may take on associations with their past and with certain noteworthy events in the brand history.**
  - **These types of associations may involve distinctly personal experiences and episodes or be related to past behaviors and experiences of friends, family, or others.**
  - **Consequently, these types of associations may be fairly idiosyncratic, although they sometimes exhibit certain commonalties. Alternatively, these associations may be more public and broad-based and therefore will be shared to a larger degree.**
  - **In either case, associations with history, heritage, and experiences involve more specific, concrete examples that transcend the generalizations that make up the usage imagery.**

Brand Meaning.....CONTD.

- **Key Criteria for Brand Meaning**
- **The brand associations that make up the brand image and meaning can be characterized and profiled according to three important dimensions:**
  1. ***Strength*-------how strongly is the brand identified with a brand association?**
  2. ***Favorability*----How important or valuable is the brand association to customers?**
  3. ***Uniqueness*----how distinctively is the brand identified with the brand association?**

Brand Meaning.....CONTD.

- **Successful results in these three dimensions produce the most positive brand responses, the underpinning of intense and active brand loyalty.**
- **To create brand equity, it is important that the brand have strong, favorable, and unique brand associations, *in that order*.**
- **In other words, it does not matter how unique a brand association is unless customers evaluate the association favorably, and it does not matter how desirable a brand association is unless it is sufficiently strong so that customers actually recall it and link it to the brand.**
- **At the same time, it should be recognized that not all strong associations are favorable and not all favorable associations are unique.**

Brand Meaning.....CONTD.

- Creating strong, favorable, and unique associations is a real challenge for marketers, but it is essential to build customer-based brand equity.
- Strong brands typically have firmly established strong, favorable, and unique brand associations with consumers—for example,
  - Volvo and Michelin (safety),
  - Intel (performance and compatibility),
  - Marlboro (western imagery),
  - Coke (Americana and refreshment),
  - Disney (fun, magical, family entertainment),
  - Nike (innovative products and peak athletic performance),
  - BMW (styling and driving performance), and so on.

3-Brand Responses

III-Brand Response

- **Brand Responses**
  - **Brand responses refer to how customers respond to the brand, its marketing activity, and other sources of information, that is, what customers ……..**
    - **THINK or FEEL about the brand.**
  - **Brand responses can be distinguished according to brand judgments and brand feelings, that is, in terms of whether they arise more from the "head" or from the "heart."**

III-Brand Response

- **BRAND JUDGMENTS**
  - **Involve how customers put together all the different performance and imagery associations for the brand to form different *KINDS OF OPINIONS AND EVALUATIONS***

- **BRAND FEELINGS**
  - **Are customers' emotional responses** and **reactions with respect to the brand.**

3-Brand Responses

3.1.Brand Judgments

Brand Judgments

- **Brand Judgments.**
  - **Brand judgments**
    - **focus upon customers' personal opinions and evaluations with regard to the brand.**
  - **Brand judgments**
    - **involve how customers put together all the different performance and imagery associations for the brand *to Form Different Kinds Of Opinions.***

Brand Judgments .....CONTD.

- Customers may make types of brand judgments important (cited in ascending order of importance):

1. **Brand quality**.
   - the perceived quality of the brand./perceptions of value and satisfaction.
2. **Brand credibility**
   - the extent to which the company or organization making the product as a whole is seen as credible
3. **Brand consideration**
   - the extent to which customer consider the brand for possible purchase or usage.
4. **Brand superiority**.
   - the extent to which customers view the brand as unique as and better than other brands.

Brand Judgments .....CONTD.

1-Brand quality

- There are a host of attitudes that customers may hold toward brands, but the most important relate in various ways to the perceived quality of the brand.

- Other notable attitudes related to quality pertain to perceptions of value and satisfaction.

Brand Judgments .....CONTD.

2-Brand credibility.

- Customers may form judgments that transcend specific brand quality concerns to consider broader issues related to the company or organization making the product or providing the service associated with the brand.

- In other words, customers may form judgments with respect to the company or organization behind the brand.

Brand Judgments .....CONTD.

- **Brand credibility**
  - refers to the extent to which the brand as a whole is seen as credible in terms of three dimensions.

- In other words, to what extent is the brand seen as:
  - **Brand Expertise:** Competent, innovative, and a market leader;
  - **Brand Trustworthiness**: Dependable and sensitive to the interests of customers; and
  - **Brand Likability:** Fun, interesting, and worth spending time with.

Brand Judgments .....CONTD.

3.Brand Consideration

- Consideration is more than mere awareness of a brand; it suggests the likelihood that customers will actually include the brand in the set of brands they might buy or use.

- Eliciting favorable brand attitudes & perceptions of credibility is important but may be insufficient if customers do not actually seriously consider the brand for possible purchase or usage.

Brand Judgments .....CONTD.

- Brand consideration is a crucial filter in terms of building brand equity.

- Brand consideration will depend in large part on the extent to which strong and favorable brand associations can be created as part of the brand image.

Brand Judgments .....CONTD.

4.Brand Superiority

- Superiority relates to the extent to which customers view the brand as unique as and better than other brands.
- Do customers believe that the brand offers advantages that other brands do not?
- Superiority
  - is absolutely critical in terms of building intense and active relationships with customers and will depend to a great degree on the number and nature of unique brand associations that make up the brand image.

3-Brand Responses

3.2.Brand Feelings

Brand Feelings

- **Brand Feelings**
  - **Are customers' emotional responses and reactions with respect to the brand.**
    1. ***What feelings are aroused by the marketing program for the brand or by other means?***
    2. ***How does the brand affect customers' feelings about themselves and their relationship with others?***
  - **These feelings can be mild or intense, positive or negative, in nature.**

Brand Feelings.....CONTD.

- There are six important types of brand-building *FEELINGS*:

- The first three are experiential and immediate, increasing in level of intensity.
  1. Warmth
  2. Fun
  3. Excitement
- The latter three are more private and enduring, increasing in level of gravity
  4. Security
  5. Social approval
  6. Self-respect

Brand Feelings. .....CONTD.

- **Warmth**
  - Warmth refers to soothing/ comforting types of feelings--the extent to which the brand makes consumers feels a sense of calm or peacefulness.

- Consumers may feel
  - *Sentimental*,
  - *Warmhearted*, *or*
  - *Affectionate about the brand.*

Brand Feelings. .....CONTD.

- **Fun**
  - **Feelings of fun are also upbeat types of feelings.**
  - **Consumers may feel**
    - **Amused,**
    - **Lighthearted,**
    - **Joyous,**
    - **Playful,**
    - **Cheerful,** and **so on.**

Brand Feelings. .....CONTD.

- **Excitement**

- The extent to which the brand makes consumers feel that they are
  - energized, and
  - experiencing something special.

  - Brands that evoke feelings of excitement may result in a sense of delight or "being alive"; the customer may feel cool, sexy, and so forth.

Brand Feelings. .....CONTD.

- **Security**
  - Security feelings occur when the brand produces a customer feeling of
    - ***Safety*,**
    - ***Comfort*, and**
    - ***Self-assurance***
  - Who associates the brand with the **elimination of worries** or **concerns** they might otherwise have felt.

Brand Feelings. .....CONTD.

- **Social approval**
  - **Brand results in consumers' feeling positively about the reactions of others to them;**
  - **that is, when consumers feel that others look favorably on their appearance, behavior, and so forth.**
  - **This approval may result from others' direct acknowledgement of the consumer using the brand or, less overtly, from attributing the product itself to consumers.**

Brand Feelings. .....CONTD.

- **Self-respect**
  - Self-respect occurs when the brand makes consumers feel better about themselves,
  - for example, when consumers feel a sense of
    - *Pride,*
    - *Accomplishment, or*
    - *Fulfillment.*

Brand Feelings. .....CONTD.

- **Key Criteria for Brand Responses**
  - **Although different types of customer responses—both "head" and "heart"—are possible, ultimately what matters is how positive these responses are.**
  - **Additionally, it is important that they are accessible and readily come to mind when consumers think of the brand.**
  - **Brand judgments and feelings can favorably impact consumer behavior only if consumers internalize or think of positive responses in their encounters with the brand.**

4-Brand Relationships/ Brand Resonance.

4-Brand Relationships

- **Brand Relationships/ Brand Resonance**
  - **Focuses upon the ULTIMATE RELATIONSHIP and LEVEL OF IDENTIFICATION that the customer has with the brand.**
  - **Brand resonance refers to**
    - **the Nature Of The Relationship that customers have with the brand and**
    - **the Extent To Which They Feel that they are "in synch" with the brand.**

4-Brand Relationships . .....CONTD.

- **Brand resonance**
- **is characterized in terms of intensity or the depth of**
  - **the psychological bond that customers have with the brand**
  - **the level of activity engendered by this loyalty (e.g., repeat purchase rates, the extent to which customers seek out brand information, events, other loyal customers, and so on).**

4-Brand Relationships . .....CONTD.

- Specifically, brand resonance can be broken down into four categories:
  1. Behavioral loyalty-
     - Frequency and amount of purchase
  2. Attitudinal attachment
     - A strong personal attachment
  3. Sense of community
  4. Active engagement
     - willing to invest time, energy, money, or other resources

4-Brand Relationships .
.....CONTD.

1.Behavioral Loyalty

- **The behavioral loyalty in terms of repeat purchases and the amount, or share, of category volume attributed to the brand.**
  - ***How often do customers purchase a brand and***
  - ***How much do they purchase?***
- **For bottom-line profit results, the brand must generate sufficient purchase frequencies and volumes.**

4-Brand Relationships .
.....CONTD.

2. Attitudinal attachment

- **Refers to a strong personal attachment with the brand.**
- **Customers go beyond simply having a positive attitude to view the brand as being something special in a broader context.**

- **For example, *Customers with a great deal of attitudinal attachment to a brand may state that***
  - ***Really love the brand.***
  - ***Really miss the brand if it went away.***
  - ***The brand is special to the customer.***
  - ***The brand is more than a product to customer.***

4-Brand Relationships .
.....CONTD.

3. Sense of community

- The brand may also take on broader meaning to the customer in terms of a sense of community.
- Identification with a brand community may reflect an important social phenomenon whereby customers feel a relationship or affiliation with other people associated with the brand.
- These connections may involve fellow brand users or customers or, instead, employees or representatives of the company.

4-Brand Relationships . .....CONTD.

- **Building Brand Communities**
  - Apple encourages owners of its computers to form local Apple user groups.
  - Over 800 groups exist worldwide, ranging in size from fewer than 25 members to over 1,000 members.
- Many groups offer
  - *Monthly meetings,*
  - *An informative newsletter,*
  - *Member discounts,*
  - *Special interest groups, classes, and*
  - *One-on-one support.*

4-Brand Relationships . .....CONTD.

4-Active engagement

- **The strongest affirmation of brand loyalty occurs when customers are *engaged*, or willing to invest time, energy, money, or other resources into the brand beyond those expended during purchase or consumption of the brand.**

- **For example,**
  - **customers may choose to join a club centered on a brand, receive updates, and exchange correspondence with other brand users or formal or informal representatives of the brand itself.**

4-Brand Relationships . .....CONTD.

- They may choose to visit brand-related websites, participate in chat rooms, and so forth.
- In this case, customers themselves become brand evangelists and ambassadors on behalf of the brand, communicate about the brand, and strengthen the brand ties of others. Strong attitudinal attachment or senses of community are typically necessary for active engagement with the brand to occur.

4-Brand Relationships . .....CONTD.

- **Key Criteria for Brand Relationships**

- **Brand relationships can usefully be characterized in terms of two dimensions**
- **Intensity refers to the strength of the attitudinal attachment and sense of community.**
  - **How deeply felt is the loyalty?**
- **Activity refers to how frequently the consumer buys and uses the brand, as well as engages in other activities not related to purchase and consumption.**
  - **In how many different ways does brand loyalty manifest itself in day-to-day consumer behavior? Examples of brands with high resonance include Harley-Davidson, Apple, and eBay.**

BRAND-
BUILDING IMPLICATIONS

Brand-Building Implications

- **Brand building**
  1. **Drastically reduces marketing investment-**
  2. **Facilitates long range planning-**
  3. **Commands a premium-**
  4. **Builds entry barrier-**
  5. **Increases cash flow efficiency-**
  6. **Increases value of the business**

Implications

1-Brand building drastically reduces marketing investment

- A strong brand needs lower and lower levels of incremental investment to sustain itself over time.
- A new, unknown player will have to spend two or four times the market leader to achieve the same share of mind.
- Given the huge difference in business volumes, the pressure of the bottom line is much higher for an unestablished player.

Implications……CONTD.

2-Brand building facilitates long range planning

- Ask any business manager at Hindustan Liver (HLL), Nestle or even home grown organization like Wipro, Hero Cycle, or TVS Group.
- In an average year his ability to target and budget primary sales would be infinitely simpler than for someone responsible for a relatively un-established brand.
- The latter gentlemen would be targeting merely on desired volumes-almost always dictated by top management.
- Strong brand always account for more stable businesses.

Implications……CONTD.

3-Brand Building commands a premium price

- As long as there is a distinct value attach to your offering, the consumer will always be willing to pay more for it.
- That is the only reason why an unknown brand called Titan could command substantial premium over HMT.
- That is the same reason why a brand like BPL at a higher cost beat the stuffing out of companies like Akai in a T.V. wars last years.

Implications.....CONTD.

4.Brand Building builds entry barrier

- Human being as a species love status quo.
- Therefore, a brand, which is entrenched in the consumers mind, is very difficult to displace.
- If for nothing else, the sheer inertia will override any cooing and wooing noises that the *new entrant would create.*
- This consequently implies stability of business and therefore stability of revenue.

Implications……CONTD.

5-Brand Building increases cash flow efficiency

- Today, an HLL distributor leaves signed cheque-books with the company to be filled in on material dispatch.
- This is for most brands with strong franchises even if they be in the agarbatties or Hawaii chappal businesses.
- What more can a small business ask for?

Implications……CONTD.

6.Brand Building increases value of the business

- Examples abound internationally and today even in India of businesses, which were sold for several time their book value. Phillip Morris bought Kraft from General Force in 1991 for US $13 billion.
- More than its book value.
- A little later at home, Coca-Cola paid US $60 M to acquire Thumps-up from Parle's.
- Neither Buyer had any gaps in manufacturing, finance or human resources.
- They merely bought business with very powerful brand equities and therefore paid more than the net worth of the businesses.

End

of

Chapter 6

6.2. Designing Marketing Programs to Build Brand Equity

6.2. Designing Marketing Programs

- How do marketing activities in general—and product, pricing, and distribution strategies in particular—build brand equity?

- How can marketers integrate these activities to
  - enhance brand awareness,
  - improve the brand image,
  - elicit positive brand responses, and
  - increase brand resonance?

- **New Perspectives on Marketing**
- The strategy and tactics behind marketing programs have changed dramatically in recent years as firms have dealt with enormous shifts in their external marketing environments:
  - Digitalization and connectivity (through Internet, intranet, and mobile devices)
  - Disintermediation and reinter mediation (via new middlemen of various sorts)
  - Customization and customerization (through tailored products and ingredients provided to customers to make products themselves)
  - Industry convergence (through the blurring of industry boundaries)

- **Implications for the Practice of Brand Management**
- They have a number of implications for the practice of brand management.
- Marketers are increasingly abandoning the mass-market strategies that built brand powerhouses in the 1950s, 1960s, and 1970s to implement new approaches.
- Even marketers in staid, traditional industries are rethinking their practices and not doing business as usual.

- **Integrating Marketing Programs and Activities**
- Creative and original thinking is necessary to create fresh new marketing programs that break through the noise in the marketplace to connect with customers.
- Marketers are increasingly trying a host of unconventional means of building brand equity.

- **Personalizing Marketing**
- All of these approaches are a means to create deeper, richer, and more favorable brand associations.
- Relationship marketing has become a powerful brand-building force.
- It Can slip through consumer radar, May creatively create unique associations, May reinforce brand imagery and feelings.
- Nevertheless, there is still a need for the control and predictability of traditional marketing activities.
- Models of brand equity can help to provide direction and focus to the marketing programs.

- **Personalizing Marketing Concepts**
  - Experiential marketing
  - One-to-one marketing
  - Permission marketing
- **Reconciling the New Marketing Approaches**
- One-to-one, permission, and experiential marketing are all potentially effective means of getting consumers more actively involved with a brand.

- **Experiential Marketing**
  - Focuses on customer experience
  - Focuses on the consumption situation
  - Views customers as rational and emotional elements
  - Uses electric methods and tools

- **One-to-One Marketing: Competitive Rationale**
- Consumers help to add value by providing information.
- Firm adds value by generating rewarding experiences with consumers.
  - Creates switching costs for consumers
  - Reduces transaction costs for consumers
  - Maximizes utility for consumers
- Experiential marketing connects a product to unique and interesting experiences
- “The idea is not to sell something, but to demonstrate how a brand can enrich a customer’s life”

- **One-to-One Marketing: Consumer Differentiation**
- Treat different consumers differently because of different needs and different values to firm, it may be for current and future (lifetime value)
- Devote more marketing effort on most valuable consumers (and customers)
- The Fundamental Strategies of One-to-One Marketing:
- Focus on individual consumers through consumer databases, Respond to consumer dialogue via interactivity Customize products and services

- **One-to-One Marketing: Five Key Steps**
  - Identify consumers, individually and addressably.
  - Differentiate them by value and needs
  - Interact with them more cost-efficiently and effectively
  - Customize some aspect of the firm's behavior
  - Brand the relationship
- **Permission Marketing (Seth Godin)**
- "Encourages consumers to participate in a long-term interactive marketing campaign in which they are rewarded in some way for paying attention to increasingly relevant messages."
  - Anticipated
  - Personal
  - Relevant
- Permission marketing can be contrasted to interruption marketing.

- **Five Steps in Permission Marketing**
  1. Offer the prospect an incentive to volunteer.
  2. Offer the interested prospect a curriculum over time, teaching consumers about the product.
  3. Reinforce the incentive to guarantee that prospect maintains the permission.
  4. Offer additional incentives to get more permission from the consumer.
  5. Over time, leverage the permission to change consumer behavior toward profits

Designing Marketing Programs to Build Brand Equity

Product Strategy

- **Integrating the Brand into Supporting Marketing Programs**
- **Supporting marketing mix should be designed to enhance awareness and establish desired brand image.**
  1. **Product strategy;**
  2. **Pricing strategy;**
  3. **Channel strategy**
  4. **Communication Strategy**

Product Strategy

- **"At the heart of a great brand is invariably a great product"**
  - ***How do consumers form their opinions of the quality and value of a product?***
  - ***How can marketers use the relationship marketing perspective in formulating product strategy and offerings?***
- **Perceived quality and value**
  - **Brand intangibles**
  - **Total quality management and return on quality**
  - **Value chain**

Product Strategy

- **Relationship marketing**
  - **Mass customization**: Customization addresses the need for individuality NIKEiD
  - **After marketing**: Activities that occur after customer purchase (User Manuals, Complimentary Products). To achieve the desired brand image, product strategies should focus on both purchase and consumption
  - **Loyalty programs**: Loyalty programs offer different mixtures of services, newsletters, premiums and incentives for a firm’s “best” customer

Pricing Strategy

- **Price premiums** are among the most important brand equity benefits of building a strong brand.

- **Consumer price perceptions**: Consumers often rank brands according to price tiers in a category.

- Setting prices to build brand equity

Pricing Strategy

- **Setting prices to build brand equity**
- **Value pricing**
  - ***Product design and delivery:*** Innovations , improvements , and convenience
  - ***Product costs:*** Outsourcing , material substitution , technology, product reformulation , factory iimprovement, Cost reductions can’t sacrifice quality
  - ***Product price:*** Understand what consumers are willing to pay, if there are premiums and then adjust it for cost and competition
- **Everyday low pricing:**
  - **Everyday base prices; A strategy based on low pricing as well as discounts and promotions to consumers at regular intervals.**

Channel Strategy

- **Channel Strategy**
  - **The manner by which a product is sold or distributed can have a profound impact on the resulting equity and ultimate sales success of a brand.**
  - **Channel strategy includes the design and management of intermediaries such as wholesalers, distributors, brokers, and retailers.**
- **Channel Design**
  - **Direct channels**: Selling through personal contacts from the company to prospective customers by mail, phone, electronic means, in-person visits, and so forth
  - **Indirect channels**: Selling through third-party intermediaries such as agents or broker representatives, wholesalers or distributors, and retailers or dealers, Push and pull strategies

Push and Pull Strategies

- By devoting marketing efforts to the end consumer, a manufacturer is said to employ a pull strategy.
- Alternatively, marketers can devote their selling efforts to the channel members themselves, providing direct incentives for them to stock and sell products to the end consumer.
- This approach is called a push strategy.

End
Of
Chapter 6