

Academic Script

Introduction:

Today's session on Brand Management is considered to be the backbone of any marketing activity. The process of brand management is made easy to comprehend by appreciating the basic concepts and terms in this session like: what does a brand mean? How is a brand developed? What are brand elements? Branding: its importance and its role. What are the challenges and opportunities of branding?

In order to understand these terms and processes, one needs to first fully understand the importance of branding, the differences between

- a. a product and a brand and
- b. goods and services.

In the below image, do you recognize what the letters, signs, symbols stand for?



In the above picture, the most popular and iconic brands of Apple, Google, Yahoo, Master card, Adidas, Amazon, Coca colaYou may recall the various products and organizations based on these names, terms, letters, signs or symbols. In other words the organizations, firms and products or services are represented by names, terms, letters, signs or symbols.

American Marketing Management Association (AMA) has rightly defined brand as the name, term, sign, symbol or design or a combination of them intended to identify goods and services of one seller or group of sellers and to distinguish them from those of competitors.

Brand Elements are the diverse, dissimilar components or devices such as a name, term, sign, symbol, design or some other characteristics like the slogans and characters that identify a product and differentiate it from the other products in the same category. For eg. McDonald, Nike.



Nike



Source: Marketing Strategy
<http://www.slideshare.net/MKTGatHPU/nike-by-herman-jopia>

The term brand means different for the marketers and the academicians, the term brand (with small b) is about creating a distinction in their product, services or processes from the competitors. On the other hand, the industry views brand as Brand (with a capital B), the industry views the brand to be standing out as a mark of reputation, prestige and awareness in addition to creating a distinction.

Let us know understand how the big organizations use brands to its advantage and how old is branding?

Branding is a very old concept used by different individuals and organizations to differentiate between their products.

For example Proctor and Gamble, a conglomerate, had started their family business in 1837 by selling candles and soaps in Connecticut, Ohio in United States of America. Despite the tough prevailing economic conditions, the products were selling. The people liked the products and came back to buy more. They were able to differentiate the soaps and candles by the name of its availability in a specific store. Slowly, these products made inroads to other cities and other stores. In order to distinguish their products, the company drew a moon and 13 stars on their packaging.



The moon and stars symbolized the star candles, a distinguishing factor representing its products. People learnt to distinguish the product of their choice, and started asking for star candles. This then officially became the logo of the company which appeared on their official papers and packaging. This process of differentiating your products from the competitors is branding to create a separate identity of its own.

Similarly, decades ago in Australia, herds of cattle reared on farms often strayed to other's farms. There was no fool proof way to identify the owner of the strayed animals. In order to identify and distinguish between the similar looking cattle, the farm owners marked their animals by burning letters or symbols on the animal bodies. Hence you can say



the farm owners practiced branding.

The above examples must have clarified the meaning of the term brand. Let us now try and understand the role and process of branding and its importance to the marketers.

Importance of Branding:

The next question that comes to the mind is: Why do brands matter? What is the importance of branding? Does the importance of branding mean alike to both consumers and manufacturers?

Importance of Branding for Consumers:



This can be explained further through the given example:

1. Do you know what this figure represents?

Ans. Yes! This represents the products made by the company Apple

2. What does Apple stand for you?

Ans. The Apple product stands for Innovation, latest technology, superior products, image and status.

The brand tells the consumer, what the product is about and what benefits are attached to the product. In this process of branding, the marketers have helped slot the information in the consumer's minds to link the term, sign or symbol with the product and the promise attached to it in terms of quality, performance, service, image or status. This, in turn, reduces the perceived functional, social and financial, psychological, physical and time risk in choosing an unknown product and simplifies the process of decision making.

Importance of brands for the Firms:

The value of a brand spells differently for the firms and manufacturers. Besides serving as a distinguishing trait in the identification process of the product, product handling gets simplified for the firm and it also assists organize the inventory and accounting records.

The uniqueness of the brand has an intellectual property attached to it which adds value for the firms. The brand and its elements is protected by a registered trademark, the manufacturing processes are patented and the packaging is protected through copyrights which have a legal enforcement. For example: the coke bottles have a different and specific bottle design packaging used. This bottle design is patented which implies that any other product packaging design with similar design and shape can be punished. Similarly, many easy to copy processes and designs like a wine glass hanger designed by Samsung is patented in their name. Bata has trademarked the Bata font and Cadbury has trademarked the Cadbury font. It has attempted to patent the purple color used in its outer wrappings as well.

1. A picture of the design of the patented coca cola bottle.



2. Trademarked Bata font



3. Trademarked Cadbury font



Branding also gives the firms a competitive advantage over the others as it acts as a suggestive indicator of the expected quality from the products of the firm leading to repeated purchases. It also acts as a barrier to entry, as the people, who are used to a certain brand are unwilling to switch and try new things for eg. Colgate toothpaste is still the market leader compared to Pepsodent, another popular toothpaste brand and Cheerios Cereal still is the favorite cereal from the bouquet of cereals. This brand loyalty acts as a security cover and helps forecast the secured future revenues for the firm. In FMCG products (fast moving consumer goods) the net tangible revenues account to only 10% whereas the brand value- non tangible revenues accounts to 70%. The value of the company is also valued based on the net valuation of the brand value. Strong brands fetch a good valuation during mergers and acquisitions as they have a high market share whereas the undervalued brands do not perform so well and are not competent in the long run. Hence, we can conclude that branding helps create corporate image.

The importance and the role of the brands is summarized in the table given

Table 1: Roles of the Brands:

	For Consumers
1	Identification of source of the product
2	Assignment of responsibility to product maker

3	Risk reducer
4	Search cost reducer
5	Promise, bond or pact with maker of product
6	Symbolic device
7	Signal of quality
	For Manufacturers
1	Means of identification to simplify handling or tracing
2	Means of legally protecting unique features
3	Signal of quality level to satisfied customers
4	Means of endowing products with unique association
5	Sources of competitive advantage
6	Sources of financial returns

Source: As adapted from Ch 1, Strategic Brand Management. 4th edition, Keller, Parameswaran and Jacob.

Branding: Products Vs Brands

A product is defined as anything we can offer to a market for attention, acquisition, use or consumption that might satisfy a need or want. Thus, a product may be a physical good like cereal, tennis racquet or automobile, services like airline, bank or insurance companies, a retail outlet like a department store, specialty store or supermarket; a person such as a political figure or professional athlete; an organization like a non-profit organization, trade organization or arts group; a place including a city, state or country or even an idea like a political or social cause.

It was observed that the competition of the products with similar functional use gives satisfaction not on just what the factory/manufacturer's produce but on what is added to the finished product to differentiate and make it unique through its packaging, services, advertising, customer advice, financing, delivery arrangements, warehousing and other facilities to customize as per the customer's choice and requirement. These differences may be tangible and related to brand performance or the brand may be more symbolic and emotional representing the intangible relations of what the brand represents. Hence a brand is said to be more than a product.

As we discussed earlier, brands give a competitive advantage to the products. Brand performance through continuous innovations, has been used by some products to be able to remain as the top brands in the consumers list. Its example Gillette, Merck etc. Some other product brands have focused on the intangible assets or attributes of the brand - the brand associations. The image and the brand associations is enhanced by understanding consumer motivations and desires and puts across those appealing images as desired by the people. For strong brands, the brand images of all features have to be accounted for during the changes of the product.

For example Coca cola in 1985 was facing a tough competition from Pepsi. Afraid of losing the market share, coca cola changed its formulae to much sweeter and similar taste to that of Pepsi. Unfortunately, though the blind tests had a positive response, the same formulae in the coke bottles brought out a lot of angry Americans condemning the company's decision to change the formulae. The company had to re-launch the old coke as classic coke along with the new coke. The learning from this episode was that people had attached an emotional value to the product. The brand is not just about the product taste or features but in addition to it are attached nostalgia, heritage, feelings and relationship with the brand.

Branding: Goods Vs Services

Branding was traditionally adopted by physical and tangible products. The brands Mercedes-Benz, Nescafe, Colgate, Sony are the most well known and reputed. Business to business product category at large has also realized the importance of branding. The advantage listed is about having a better image and reputation and goodwill amongst their clients leading to better and larger selling opportunities.

Similarly, branding is slowly being adopted by technology products as well. High -tech products so far believed that innovation in products increases the sales and profits. Now, there is change in the role of marketing in hi-tech products also, where in there is an emphasis on branding of these products. Eg. Branding of a technology firm like Tata Consultancy Services (TCS), IBM etc.

Branding in services, which was not so popular earlier is gaining ground because of the nature of the services, branding helps concrete the intangible and variable nature of the services. A brand symbol also

brings a perspective to the abstract nature of the services and allows organizing and labeling new product offerings in financial services. Popular branded services firms are Federal express, British Airways and American Express.

Retailers Vs Distributors



The above image portrays that the brand can generate consumer interest, patronage and loyalty and also helps the retailers create an image and aids in brand positioning. The retail outlets also contribute to the brand image development by extending special delivery facilities, financing and credit options resulting in higher profit margins, increased sales volumes and greater profits.

The store image created can be further used to promote the store brands or the private label brands. The private label brands are catching up in the retailer outlets. More than 17% of the grocery purchases are private label brands. Eg. Retailers like Marks & Spencer sell their own label St. Michael unlike Shoppers Stop which sells both, their private label brands and other branded goods.

Online retailers have also realized the importance of brand building. In the brick and click media, the marketers realized how there was a need

for setting unique features or unique selling proposition (USP) to establish the brand. The uniqueness was expected both when visiting the website for services or products followed by their offline activity. The online activity demanded components like convenience, price and variety to be able to distinguish and stand out as a strong brand. The following offline activity desired to maintain the position as a strong brand were components like credibility, customer services and personality. Such strong online brands are in themselves so powerful to attract customer attention that marketers do not need to spend on advertising nor marketing campaigns. Good word of mouth and publicity is enough to feed the fuel for the strong brands online.



For example Google is a major online search engine known for simplifying the data to be consumed in a useful way. It is known for its fast, effective and reliable services.

Another example is Wikipedia

Wikipedia



Wikipedia an online encyclopedia which provides consumers with wide-ranging information generated by the users and updated by them on a regular basis.

One more example is Hulu

Hulu an American online subscription video service, giving the viewers an opportunity to view the current and past TV programs at their own convenience.



People Vs Organizations

The people or organizations are categories, which stand out as favorable or unfavorable images in the people's mind. The marketers therefore aim to brand the people based on their virtues. These people are those who stand out as role models for example Narendra Modi, Mahatma Gandhi (politicians), Lata Mangeshkar, A.R.Rehman (singers), Sachin Tendulkar, Christiana Ronaldo (sportsmen), Sanjeev Kapoor (Chef).



Similarly, Organizations can also stand out amongst other organization in terms of employee engagement, other training programs, activities and promotions like in Red Cross Society and UNICEF (non-profit organizations) and Microsoft, Tata & Co (profit – making organizations).

Non-profit Organizations



Strong Global Brands:

Valuable Global Brands:



Global Ranking of Brands in 2016

Global Ranking	Name of the Brand
01	Apple
02	Google

03	Coca Cola
04	Microsoft
05	Toyota
06	IBM
07	Samsung
08	Amazon
09	Mercedes Benz
10	GE
11	BMW
12	McDonald
13	Disney
14	Intel
15	Facebook
16	Cisco
17	Oracle
18	Nike
19	Louis Vuitton
20	H&M
21	Honda
22	SAP
23	Pepsi
24	Gillette
25	American Express

Source: Interbrand 2016

Branding Challenges and Opportunities

Though branding is considered as an essential and important marketing activity for the marketers, the process of branding has become more complicated than the traditional process. Some of the challenges faced in the process of branding are:

Table 2: Branding Challenges and Opportunities

1	Savvy customers
2	Economic downturns
3	Brand proliferations
4	Media transformation
5	Increased competition

6	Increased costs
7	Greater accountability
8	Emerging new communication channels
9	Increasing trade power
10	Fragmenting media coverage
11	Maturing markets
12	Growth of private labels
13	Increasing promotional expenditures
14	Decreasing advertising expenditures
15	Short term performance orientation
16	Short term performance orientation
17	Increased job turnover

Source: As adapted from Ch 1, Strategic Brand Management. 4th edition, Keller, Parameswaran and Jacob

Let us understand some major challenges listed in the table that impacts branding:

a. Savvy customers

The customers have the facility to access product and brand information from sources other than the company websites and catalogues. This information from the company reports, websites, and influential blogs empowers the customer but it gets difficult for the marketer to handle them. This informed customer is well aware of the nuances of the product features, functions besides the brand image and associations.

Some popular multiple consumer information sources are:

SNo.	Sources of Information	Usage % of teen girls aged 13-18 yrs.
	Friends/peers	81
	Fashion magazines	68
	Advertisements	58
	Company websites	44
	Consumer reviews	36
	Celebrities	33
	Parents/adults	25
	Bloggers	14

Source: Varsity brands/ Ketchum Global Research Network. “ ADWEEK MEDIA, 15 November 2010

Example: Converse shoes, strategic practice is to-” shut up and listen.” The creative people on the online sites took the liberty to take photos of the shoes, design them and post them on the walls of the shoes facebook page. In this product, the creative customers are the ones pushing the brand and therefore the marketing budget is minimal due to such digitally user-generated content.



Economic Downturn

The marketers have observed that the consumer attitudes and behavior changes during economic downturn. This change in behavior has left the marketers in jitters to decide the percent of investment in building brands or reinvent the brand. One of the consumer research studies at the end of the year 2009 concluded that

- a. 18% of consumers reported having bought lower-priced brands
- b. 46% of consumers switched to less expensive products for its better performance and preferred to continue with it.

- c. 34% of the consumers no longer preferred to buy expensive or higher – priced products.

Hence the marketers were advised to communicate clearly and more frequently the value of the benefits of the brand from the functional, financial, logistical and psychological perspective. The marketer must also make effort to differentiate between the brand and the sub- brand, identify and target the appropriate segment. The most important decision to be made is to decide the expenditure budget for advertising or to invest in propagating new products. At the same time, it is treated as an idle time to understand the customer more closely.

c. Brand Proliferation

The branding environment is now found to have abundance of similar type of products which are burdening the marketing channels and the distribution system which is heavily loaded due to the numerous brand extensions of the existing brands.

d. Media Transformation

Another important change observed in the marketing environment was the fragmentation and wearing away of marketing or advertising investments in the traditional media. Online, digital and social media generally termed as the non-traditional media has dramatically become the focus of all marketing campaigns launched. This has led to a more engaging and interactive connect with the customers.

Eg. Pampers diapers, Old spice etc.
Old Spice: Campaign



'The man you would smell like ' was a very popular 'Old Spice' campaign in 2010 which went viral with 1.8 billion impressions on the social media with 140 million You Tube views and around 2700 % increase in Twitter followers and 800% increase in facebook followers and 300% increase to its website. The ad struck a chord with the people when it was released just before the 2010 Superbowl event. The ex NFL player Isaiah Mustafa featured in the advertisement which immediately became the sensation. To add to the buzz, a web application was developed and people were invited to ask questions and interact. More than 2000 responses were received, which shows how it made a significant impact through its non-traditional digital campaign resulting in increased sales and strengthening market position month over month.

e. Increased competition

The market is crowded with new and existing brands resulting in increased competition from both the demand and supply side. The demand side consumptions have hit a flat as the products have reached the maturity or decline stages. The brands can come out of this stage by gaining the competitor's market share. On the supply side, the competition is attributed to factors like globalization, low-priced competitors, brand extensions and deregulations.

f. Increased costs

Increased competition has resulted in increased costs in maintaining the existing product or in introducing a new product. Hence, when the new product fails to meet the requirement of the people, the losses are expected to be in billions dollars.

g. Greater accountability

Lastly but most importantly, the marketers find themselves to choose between short- term gains versus the long term costs. The manager is in pressure to bring in short term profits due to market pressures, whereas the financial health is determined by the stock values. However, the tenure of the CMO is three and half years which is an insufficient time to make an impact.

Summary

So friends summing up today's introductory session on branding, we have gained an insight into the meaning of the term brand. Branding, the backbone of marketing activities answers the consumers query on who, why and what the product is about and how it gives the product a memorable distinction and differentiation from the other products in the same category with the help of brand elements which could be a logo, symbol, slogan, images or words. Branding is applicable to all tangible and intangible products, services, people, organizations, retailers and places. In the latter part of the session, the other roles of the brand have been elaborated and its importance has been explained. To the end of the session, we focused on the need for a strong brand and the various challenges faced by the brands. Some important challenges and opportunities have been elaborated which stand challenged due to the change in consumer attitudes, savvy customers, media transformation, economic downturn, brand proliferation, increased costs and competition greater accountability and advancing technology.

Hope you found the session interesting and insightful.