Academic Script

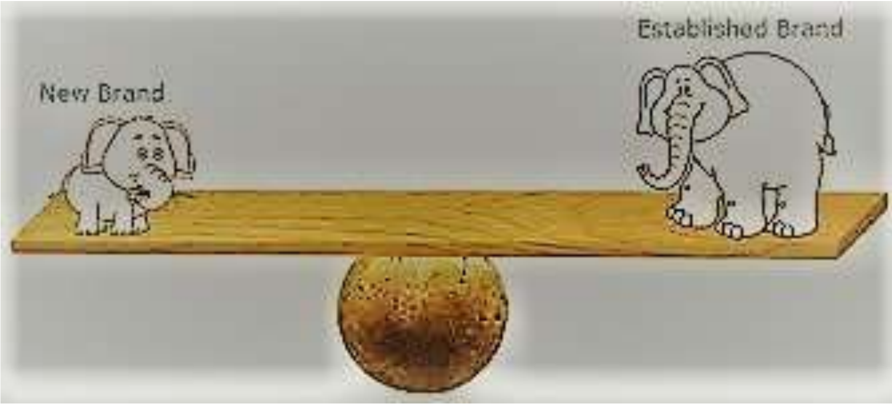
Introduction:

Today's session on Brand Management discusses different ways to leverage measure and analyze the effectiveness of a brand. The understanding of these terms will reveal the actual significance of branding and its impact on the performance of the product. The understanding process is made easy by answering common questions like: How useful is brand leveraging to the firm? State the different ways of leveraging a brand? What is co-branding, explain with examples? Why is celebrity endorsement popular? What is brand performance? How is a brand equity system established? State and explain the brand equity models.

In order to understand these concepts, one has to have a clear comprehension of different ways of leveraging a brand.

Every brand is associated with certain brand elements and this association with the brand links a favorable or an unfavorable image in the consumer minds on the basis of brand associations or responses. This is an indirect approach to building brand equity by leveraging secondary brand associations for the brands. Brands work for the managers and the customers as it simplifies the everyday buying decision. Strong brands leveraging gives the customers a sense of familiarity due to the favorable brand element associations.
Brand leveraging is therefore explained as the extension of the brand name to support a new product in the same product category of the firm.

This strategy supports the new product with the supremacy of the existing brand name.
As for eg. Nestle supports its newly launched products like Atta noodles, Cuppa noodles and Cadbury likewise supports dairy milk silk and, Pond's too supports its talc, cold cream products.



The leveraging process:

Whenever, a brand is linked to another entity which could be a place, person or thing to the existing brand it creates new brand associations.

1. Creation of new brand associations:

The new brand association made leads to the linking of some or all the associations to the new entity like judgements, feelings etc. These associations are a benefit to both the customer and the firm. Whenever, the existing brand association are not enough to motivate and make a decision for the product, the secondary associations like the origin of the country and the characteristics of the store help to decide and buy the product.

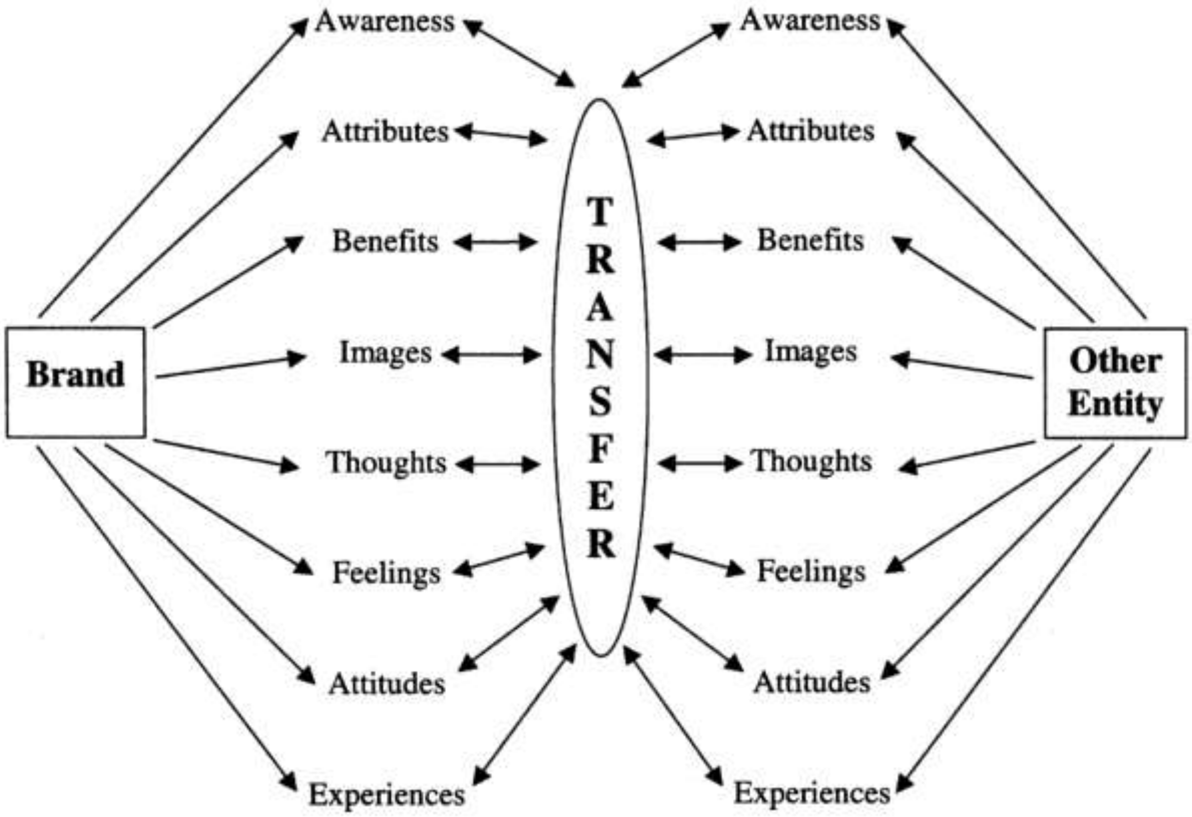
2. Effects of existing brand knowledge:

The new brand association to another unit results in either a transfer of brand associations or a transfer of knowledge of the new unit. When the new unit is linked to the existing brand, the scope of linking the new unit brand associations like consumer feelings and judgements of the brand is also extended to the existing brand.

The extent of leveraging the brand associations is determined to some important factors such as:

a. Awareness and knowledge of the entity
b. Meaningfulness of the knowledge of the entity
c. Transferability of the knowledge of the entity

Understanding the transfer of brand knowledge



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Here, the marketer creates a brand equity by borrowing the different attributes of the brand and links the brand with other information in memory that conveys meaning to the brand. These secondary brand associations also link the brand to

Other brands --- the company itself, to countries or geographical regions, Alliances and ingredients(ingredient or co branding)

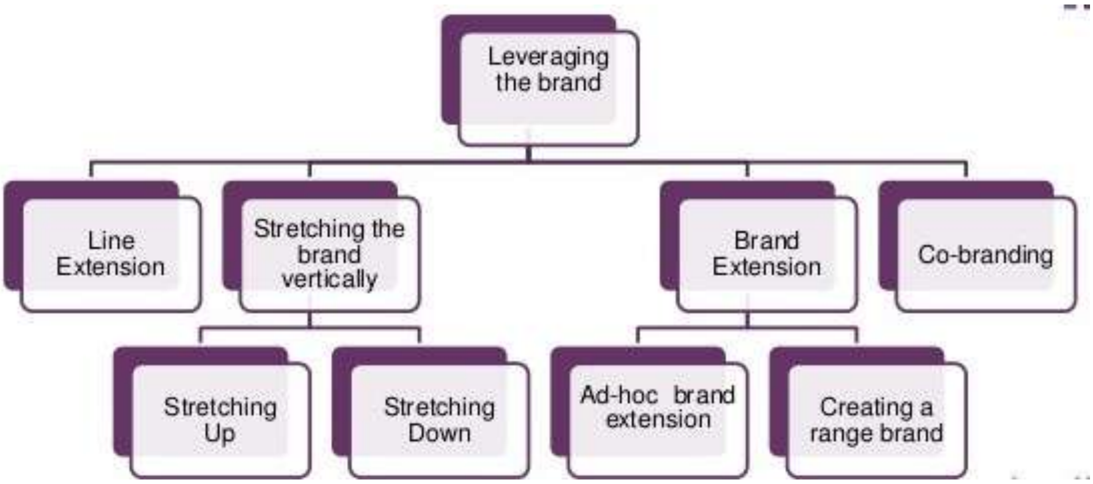
Places like the country of origin, or through distribution channels(channels of distribution, such as Quality Value Convenience or specialized stores

People like spokes people (endorsements such as celebrities for soap, perfumes and home care Lux), sporting or cultural events (sponsorships like Nike, Pepsi and ITC

Things such as third party sources third part sources (reviews or awards like Femina Miss India, Jio Filmfare awards), Causes like the HIV aid initiatives, polio eradication by the government.

Characters (licensing), through spokespeople endorsements or other brands (ingredient or co branding), sporting or cultural events (sponsorships by corporate entities, third part sources (reviews or awards ceremonies.

Importance of Brand Leveraging



Brand Leveraging is of equal importance to the marketer as it introduces a new product in the market. In comparison, the process of brand leverage stands a notch higher amongst the customers in terms of familiarity with the brand associations, brand knowledge, brand attitudes and brand feelings and experiences when compared to new product introduction, which is more like a plain canvas, with no experiences or associations. Brand Leverage also reduces the risk of purchasing complicated products like technology (for example Apple, Dell) or high value products (like Tanishq, Tiffany). The marketers too endorse brand leveraging to new product introductions for reduced cost incurred, higher market share and larger market shelf space generating more opportunities for sales. Brands like Britannia and Cadbury are full line brand extension which has product categories complimenting each other like bread, butter, cheese, chocolates, pies etc.

Leveraging a brand is clearly sub-divided into Line brand extensions are another popular type of brand leverage where the marketers introduce new variants, flavours, and colours to keep up with the variety seeking behaviour of the customer and at the same time, grab larger shelf life for their products. Line extensions also cater to different sub segments of customers in terms of their choice or price. It increases profitability, increases capacity utilizations and fights competition.

The brand is extended upwards when the company decides to cater to people in the luxury market or it can be said that the brand is stretched downwards when the company decides to introduce new products to cater to the price sensitive and lower price markets.

Brand Extension is subdivided into Adhoc branding and creation of a range brand.

Adhoc branding is branding a product based on sentiments or has a monetary value attached to it for a short period of time. This is more like an intern goal based strategy. For eg. One of the soft drinks sub category was introduced during the 2003, Cricket World Cup.

Co-Branding, another important type of branding which is an alliance of two strong brands where the strengths of two brands are combined together and marketed as one. Co branding is also known as Brand bundling and Brand alliance.

There are various forms of Co Branding practiced by the companies.

Co branding is done i.) within the same company or brand for eg. Maggie and Kitkat were bundled and sold, both products are Nestle products.ii) Joint Venture co branding where two different brands are bundled for eg. A person holding bank credit card along with card holders of an oil refilling company are given an additional 5% discount at an apparel store .iii) multiple co branding where a number of brands are promoted together to form an alliance and this is common during promotions and events.iv) Retail co branding where two retail outlets utilize resources or are mutually beneficial to set up a good marketing destination for the customers forEg. Big Bazaar and McDonalds. Both the stores are opened together in the same complex, to bring convenience of shopping to the customers, sometimes stores/ restaurants belonging to the same group, also have a common alliance to share resources.

1. Ingredient Branding

Ingredient Branding is another popular form of Co branding, where the brand of the ingredient has equal importance as the product itself. This concept can be better explained with slogans like ‘Intel Inside’ or ‘think different’. In the first one the company uses its chips in the manufacture of computers and assures the customer of the quality of the computer based on the usage of the quality of the main ingredient: the computer chip. Similarly, Dolby digital theatres, Kevlar fibre, Stain master fabric in carpets and Teflon coated non-stick cookware are some examples.

2. Composite Branding

Composite branding is another form of co branding, where two known and popular brands need not necessarily be from the same category of products together they form a new product or service beneficial to the customers. For Eg. Sea World and Southwest Airlines, Virgin and Mastercard, Starbucks wifi service from AT&T, Samsonite and McLaren Sports

There are numerous advantages associated with Co branding. These alliances of brands encourages sharing of expertise which reduces the cost of product introduction and brings forth additional sources of revenues with an increased access point and broadens the related categories. In the process of bundling brands, there is risk of brand equity dilution due to effects of negative feedback, loss of brand focus, clarity and reduced control and organizational distraction.

Summarizing the advantages and disadvantages of Co Branding:

Advantages
Borrowing and sharing specialized expertise of the other successful brand.
Leveraging equity
Reduced cost of product introduction
Increased access points
Sources of additional revenues
Broaden the meaning and expand into related categories.

Disadvantages
Loss of control
Risk of brand equity dilution
Negative feedback effects
Lack of brand focus and clarity
Organizational distraction

Celebrity Endorsements

A celebrity endorsement is a common advertising and branding strategy where a popular, distinguished and respected celebrity in his field of expertise such as an actor, athlete and musician endorse and appear in any form of advertisements to promote a product or service. The celebrities are admired by the people and when they are seen in an advertisement promoting a product or service the people associate the product with their favourite celebrity characteristics and prompts them to buy.

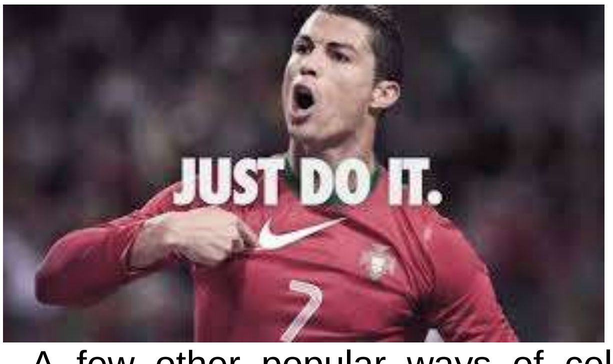
The rationale behind the celebrity promoting a product or service lies with the fact that the most liked and popular celebrities can influence people's perception towards a product or brand by virtue of the knowledge they have about the celebrity. The product endorsed by the celebrity is generally linked to some useful associations, feelings and judgements. To induce higher sales, the celebrities should be wisely chosen:

- Well known celebrity with a huge fan following to be able to successfully create awareness, through their positive image invokes and encourages a favourable response to the brand.
-high visibility of the celebrity
-Few constructive and functional associations such as likability, attractiveness and trustworthiness for purchase decisions.

For Eg. One of the Indian actor who is known for his zeal for perfection and therefore, he endorses a well known brand of Watches which reflects the precision and perfection of the time by the watches.

he also endorses an e-retailer, a mobile brand, a DTH service priovider and a soft drink . and promoted it well. He has been the face of India's National Tourism campaign too in the past. He was chosen for promoting this category because of his credibility, popularity and influence on the people. (pls consult SE)

Similarly, a few Internationsl football players, have had a huge fan following from teenagers. These players have endorsed brands like Adidas, Nike, reebok and his fans prefer to buy the company T-shirts shoes and other sports accessories .



A few other popular ways of celebrity endorsements is drawing the attention to the products or services by lending the celebrity's name to it. For Eg. Ranveer Ching was named after the Chinese flavoured noodles, Lady Gaga Fame, Lovely Sarah Jessica Parker, Glowing by J –Lo are perfumes named after the celebrity's. Celebrity endorsement on the social media is about praising the loved service or product or speaking from personal experience. It is all about drawing the large number of follower's attention to the product and service endorsed.

Potential Problems of Celebrity Endorsements:

1. Overexposure of the endorser

There is a fear of the celebrity's overexposure if the number of endorsements are too many. Let us understand this better with an example of NFL star quarterback player Peyton Manning. He was endorsing brands like Gatorade, Direct TV, Master Card, Oreo, Sprint and Reebok among others. During the football season, his matches run concurrently and there was a fear of over exposure.

2. Matching the celebrity's associations and the product

   The chosen celebrity should have a reasonable functional or emotional match with the product. For example, a bald celebrity endorsing a shampoo is a total misfit, a race car driver endorsing Web hosting Composite is a total miss-match of the product and the celebrity. On the other hand the popular talk show host (replace with an Indian name) was figured to be a perfect match for a makeup company cover girl as she was a popular host of the famous talk show with large number of followers captivated by her enchanting looks.

3. The Popularity Ups and Downs of the celebrity

The marketing value of the endorsers is lost when they get into controversies, loose popularity among masses and fail to live up to people’s expectations. For Eg., a professional golfer lost his market value when his image was shattered as he was found in the middle of a scandal and companies no longer wanted him to endorse their brand to avoid negative speculations.

4. Lack of Emotional Attachment

   There is a common belief that the celebrities do not use the brand nor believe in it but simply endorse it for commercial reasons.

5. Celebrity is a distracter in advertisements

   Celebrity endorsements in advertisements is believed to divert the message about the product as people remember the famous Indian cricketer, endorsing a motocycle but not all are able to recollect the band of the motorcycle .

The companies are advised to be careful in their choice of celebrities but the rewards are worth the efforts. Celebrity advertising reaches a broader base, than regular brand exercises as the celebrity has a large base of followers from all fields of life.

Brand Elements are the trade-markable devices that identify and differentiate a brand. It is therefore important to choose the brand elements such that are memorable, likable and meaningful. The brand element also help leverage a brand and preserves the brand equity by choosing such brand elements which are adaptable, transferable (to other products in the same or different category) and legally and competitively protected.

Brand Performance

Brand performance contributes to the top line growth of the brand. It is defined as the measure of meeting the functional product and service needs with customer expectations. Brand performance is the performance of the brand in the market and is an outcome of brand equity developed.

Brand Equity Models

Brand Equity as defined by KKKJ (2009) is the added value endowed on products and services. It may be reflected in the way consumers think, feel and act with respect to the brand as well as in the prices, market share and profitability the brand commands from the firm.

The various sources of brand equity are the causes of existence and creation of brand equity by the marketer. It is necessary for the customer to realise that all brands are different and are attached to different values. The meaningful differences are the strong associations-strength, favourability and uniqueness attached to the brand which helps in brand recognition and brand recall.

Customer Based Brand Equity (CBBE) is the differential effect of the brand knowledge that a customer has about the brand based on what the customer has heard, seen or learned about the brand and his reaction to the brand. This suggests the high levels of awareness and familiarity with some strong brand associations in the memory. It has been observed that in low involvement buying decisions, awareness of the brand is enough to evoke a favourable response.

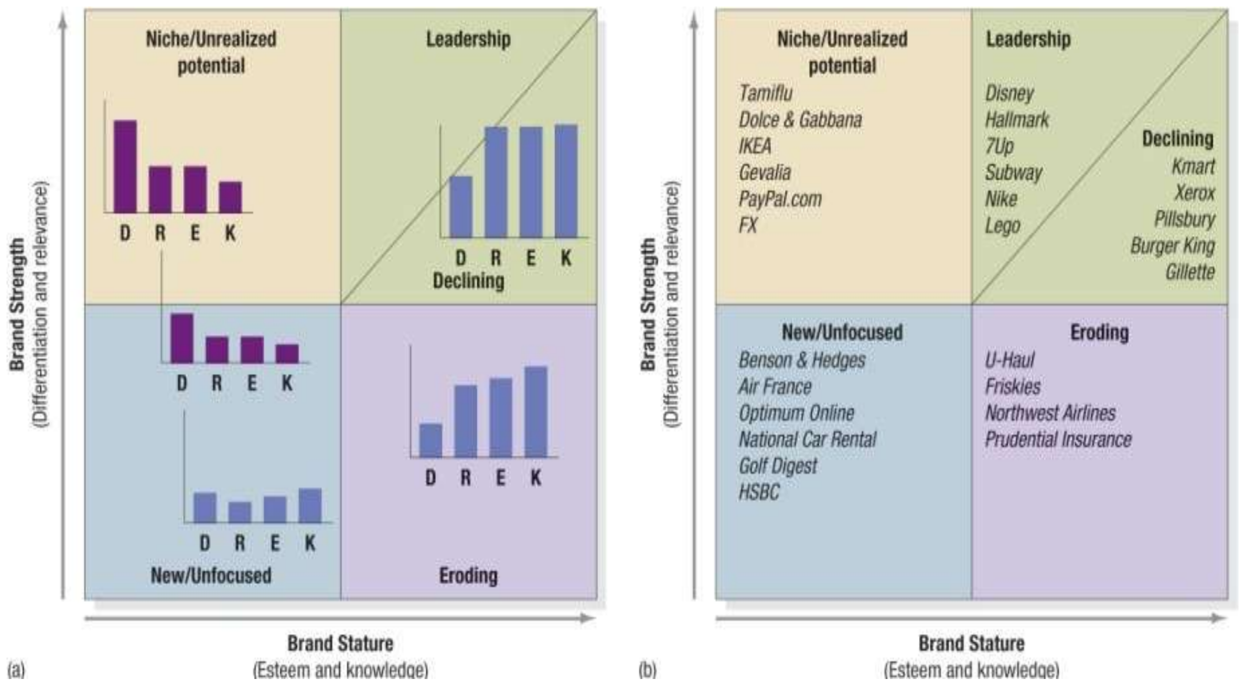
The various brand equity models have been developed and each of the model uses different measurement variables. The four important brand equity models considered for measuring brand equity are

1. Brand Asset Valuator
   In this brand equity model, developed by Young and Rubicam(Y&R), the brands were evaluated by the customers across countries on the basis of five key components.
   - Differentiation- the degree to which the brand is different from the other brands in the same category.
   - Energy-is the measure of the brand sense of momentum
   - Relevance is the measure of the extent of brand appeal
   - Esteem is a measure of the value and the respect given to a brand
   - Knowledge is a measure of the familiarity of a brand.

The variables Differentiation, Energy and Relevance determines the brand strength whereas factors Esteem and Knowledge together create an image of the stature of the brand. A power grid of brand stature against brand strength is formed as shown in Fig 1. The key components are represented by DEREK (Differentiation, Energy, Relevance, Esteem and Knowledge) which reflects the equity of the products and the market created for the product or service.

The variable Differentiation is highest for niche markets. In declining markets, the relevance, energy and knowledge have an equal representation but the differentiation is lower. In eroding markets the differentiation of the product or services are further eroded. The new and unfocussed segment of the power grid reflects the differentiation of the brand to be high but the relevance, energy and knowledge are quite low and hence the segment focuses on the need to develop these three variables.

Figure 1:



Source: KKKJ (2009).Marketing Management: A South Asian Perspective, Pearson Education, 13th edition

2. Brandz

Brandz is a popular model developed for measuring brand strength by the research consultants Millward Brown and WPP. This model specifies the need to carry out a series of steps to build a brand. The model is clearly indicative that relationships are developed through loyal and bonded customers at the top of the brand dynamics pyramid. The numbers of loyal customers at the top of the pyramid are few in numbers but the customers at the lower steps are large in numbers. The efforts of the marketers have ensured pushing the customers up the pyramid steps through various marketing programs designed.

Figure 2

Source: KKKJ (2009).Marketing Management: A South Asian Perspective, Pearson Education, 13th edition

3. Aaker Model

Aaker Model developed to measure brand equity was developed by a marketing professor David Aaker. According to Aaker, brand awareness, brand loyalty and brand associations together add and deduct the value of the equity of the brand. Aaker defined brand equity as a set of assets and liabilities linked to a brands name and symbol that adds the value provided by a product or service of the customers. Managing Brand

equity starts from the different and unique brand associations made levelling up to the brand identity. These unique associations of the brand stand out for the customers as a promise of the delivery of expected services or functional benefits of the product and services and an aspirational brand image. The brand identity has eight to twelve elements that symbolize perceptions of product scope, product attributes, quality, value, uses, users' country of origin, organizational attributes, brand personality and symbols.
According to Aaker, the differentiating element is based on some dimension, the core identity elements contributing to the differentiation and building a brand, the other elements are treated as the extended brand elements. These core differentiating elements reverberate with the customers and reflect the cultural strategy of the business.

In addition, the Brand Essence was able to capture the brand identity and convey in a compact and stimulating way. For Eg. Slogans like 'Confident and competent", Commitment to excellence –Anytime, Anywhere are able to communicate the core identity on which the brand stands on.

4. Brand Resonance Model

The fourth popular model used to measure brand equity is the Brand Resonance model (figure 3). This model is also developed with the core idea of developing the brand in a series of steps pushing it from the bottom to the top.

The four main series of steps ensuring the upward movement of the brand is

1. Ensuring identification of the brand with the customers need
2. Establishing the totality of the brand meaning in the minds of the customer by strategically linking a host of tangible and intangible brand associations
3. Eliciting proper customer responses in terms of brand related judgements and feelings
4. Converting brand responses to create an intense, active loyalty relationship between the customers and the brand. (KKKJ, 2009)

This model as given in the process of carrying out the four processes leads to the development of six brand building blocks namely

- **Brand Salience** indicates the frequency of remembering the brand during purchases and purchase considerations

- **Brand Performance** reflects how well the functional needs of the customers are met by the product or service.

- **Brand Imagery** is the general image or opinion of the customers. It describes the extrinsic properties or associations of the product or service, including the ways in which the brand attempts to meet customer psychological or social needs**.**

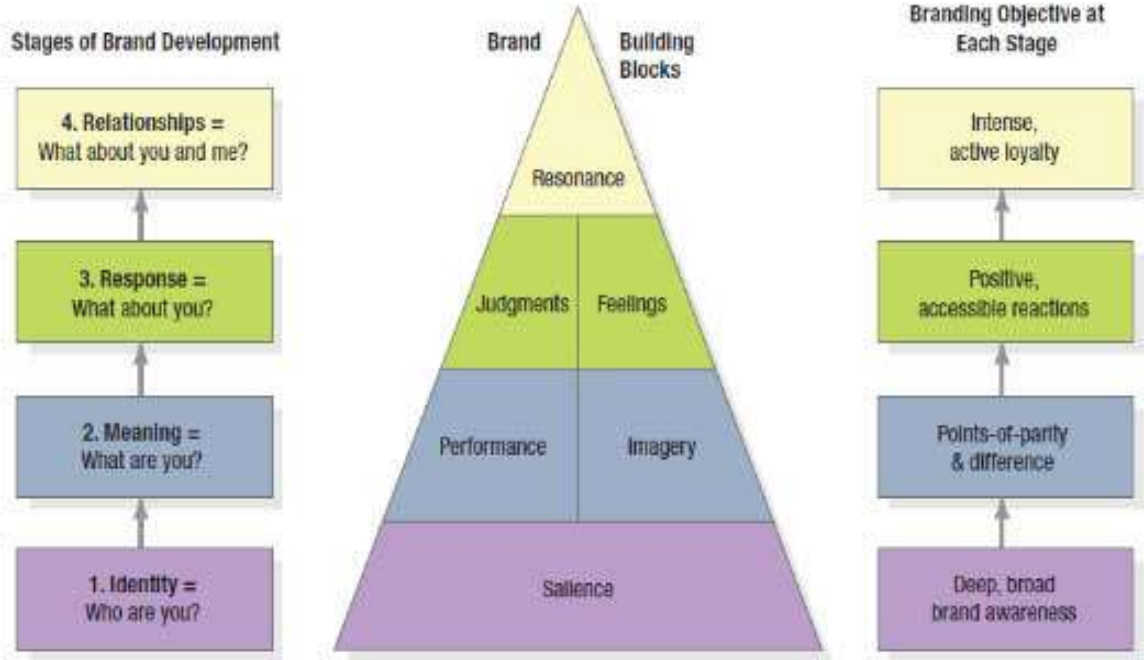
- **Brand Judgements** is the personal responses of the customers with respect to the product or brand. It is the customers' individual evaluations and opinions.

- **Brand Feelings** are the customer's emotional responses and reactions with respect to the brand.

- **Brand Resonance** is the reference of the nature of the relationship the brand develops with customers. It is also indicative of the synchronization of the customers with the brand in terms of image and feelings.

  Resonance is the intensity or depth of the psychological bond customers develop with the customers and resonate the loyalty of the customers through different activity levels.
  Some examples of brands with high resonance are Apple, Harley-Davidson etc. Higher engagement level of brands with customers results in higher recall of advertisements.

Figure 3



Source: KKKJ (2009).Marketing Management: A South Asian Perspective, Pearson Education, 13th edition

The brand equity built is based on the above six blocks placed in the right spots to be able to develop brand loyalty of the product or services. The left side of the model entails the rational route to build brands whereas the right side of the model shows the emotional route to developing brand equity.

Summary

So friends summing up today's session, we have been introduced to the concept of leveraging a brand and its importance to the marketer in comparison to introducing a new product. The preliminary discussions are on the process and extent of leveraging a brand. Awareness and knowledge of the brand, its meaningfulness and knowledge transferability are the factors determining the extent of leveraging. The next part of the session is an in-depth detail of different types of leveraging. There are several brand extensions like line extensions, brands stretched vertically upwards, downwards. Ad hoc and co branding are other forms of brand extensions. The possibilities of bundling two brands or co branding is discussed at length where it is emphasized that brands of the same company or brands in a joint venture are bundled to leverage the existing brand equity. Bundling multiple brands or retail co branding is also a common practice. The popularity and the high brand equity linked and encouraged companies to brand ingredients and promote it. The session also discusses various examples of ingredient and composite branding.

In the later part of the session there is an extensive discussion on celebrity endorsement, the significance in generating a broad base of followers to generate awareness and influence the perception and preference for the product. The measures and steps to be taken while deciding the celebrity are stated. Brand Performance and the measurement of brand performance

To the end of the session, there is an insightful and fascinating discussion on the success of branding which is measured through Brand Performance an outcome of brand equity. The various brand equity models discussed are namely the Brand Asset Valuator method, the Brandz, the Aaker model and the brand resonance equity model helps measure the brand equity of the product or service and the different variables involved in measuring the brand equity.