THEORETICAL FRAMEWORK-
BRANDING OF CONSUMER PRODUCTS

“A brand is a set of differentiating promises that link a product to its customers.” -
Stuart Agres, Young & Rubicam

3.1 Introduction

Branding began much before the term entered the lexicon of modern marketing thought. It can be traced to the days of ancient civilisation. Naming individuals was the branding practice followed to differentiate one person from another. In the early twentieth century, agriculturists employed a variety of tools to brand their produces. Branding becomes imperative when identity is lost due to homogeneity; branding, in its simplest form, is a differentiator. One can trace the etymology of the word 'brand' to its origin in the old Norse word 'brandr'. It means 'to burn' (Inter brand Group, 1912) In early times, farmers used to burn a mark or a symbol on their animals to identify their livestock from that of others - a process called branding. This practice is common even today.

Branding in the modern context has always been an important aspect of marketing. In the sixteenth century, distillers used branding in their own way. They burned or branded their name on the wooden containers, called kegs or casks. It also prevented tavern owners from substituting cheaper versions. Consumer identification with the product and protection continues to guide branding practices even today. The brand concept evolved further in the eighteenth century. Earlier the producers' names identified the products. It was a kind of corporate umbrella branding. In fact the identity of the producer used to be the brand name.

The real boost to branding came in the middle of the twentieth century. Originally, production was craft based and localised. Since craft
was producer specific, the output was automatically differentiated. Also, because craft was time consuming, it limited production to a low level. Hence, markets were small and localized. But the dawning industrial wave altered production methodologies, industrialization brought assembly lines, large corporations, and standardization. There was a distinct move towards mass production and homogenisation. Manufacturing plants began to use similar technology, churning out similar products. This resulted in one product being virtually indistinguishable from another in its category. Consumer goods industries, especially the non durables, were the first ones to be influenced by this phenomenon. This created branding compulsions for the manufacturers. “Mass production and wider distribution led manufacturers to brand their merchandise in a recognisable way, so as to offer a promise of consistent quality” (Don 1996).

3.2 Product

A product is any tangible or intangible offering that might satisfy the needs or aspirations of a consumer. At the time of visualising any product, the marketer thinks of it at three levels as shown in Figure 3.1. The most fundamental aspect is the core product which tries to answer the question of why the buyer should have it. That is, every product tries to offer some core benefits or purposes. The marketer's job is to reveal the underlying motives behind buying the same product, that is, to ascertain from the buyer whether he is really satisfied by having the same product or not.

![Figure 3.1- Levels of Product](image-url)
1. **Core benefits**: What does the product mean to the customer? For example, a refrigerator offers the generic benefits of storing, preserving and cooling a food or similar items.

2. **Tangible specifications**: Features like colour, design, quality, size, weight, materials used in making the product, durability, operating resource (say. diesel, petrol or electricity) and price.

3. **Augmented features**: Company name, brand image, warranty/guarantee for the whole machine or specific parts. It may include dimensions like delivery, easy accessibility, credit, packaging, and repair / service facilities.

   Alternatively, one may call it the 'generic' requirement. This is what Theodore Levit pointed out when he said: "purchasing agents do not buy drills; they actually buy its ability to make the same size holes". Similarly, people do not buy shoes to cover their feet; they derive a satisfaction of some feeling - masculine, feminine, rugged, young, and glamorous - so the generic need may be excitement rather than sheer feet coverage.

   When applying the generic product concept, two key issues should be kept in mind. First, it is the consumer's view of what a given product represents. Thus, a marketer should determine what that product means to the consumer before designing the product. Secondly, aspirations of consumers differ from place to place and from time to time. Thus the same product (such as a car) may satisfy different generic requirements (such as a means of basic transportation, comfort in driving, and a symbol of success in life, etc). The marketer should design the product after considering the impact of different possible generic requirements.

   At the next level, a marketer usually tries to identify many tangible aspects in the form of features, style, packaging, quality, etc. In the above example of cars, the marketer could offer particular features like fuel
economy, elegant design of the machine, driving comfort, external appearance, colour, size, etc., depending on the nature of the buyers.

Finally, consumers are attracted by diverse augmented services. For example, marketers may use their corporate image or brand name, delivery, warranty, credit terms, after sales support programmes, etc. The augmented facilities of a computer may be its popular name, the availability of software packages, the services, the warranty, etc. If a company could customize the various types of augmented service in a product and it stands the best chance to succeed in the long run.

3.3 Product Classifications

Marketers have traditionally classified products on the basis of characteristics: 1. durability, 2. tangibility and 3. use (consumer or industrial). Each product type has an appropriate marketing mix strategy.

According to durability and tangibility, products are further classified as non durable goods, durable goods, and services (Kotler 2004).

1. Non durable goods are tangible goods normally consumed in one or a few uses, like beer and soap. Because these goods are consumed quickly and purchased frequently, the appropriate strategy is to make them available in many locations, charge only a small markup, and advertise heavily to induce trial and build preference.

2. Durable goods are tangible goods that normally serve many uses: refrigerators, machine tools and clothing. Durable products normally require more personal selling and service, command a higher margin, and require more seller guarantees.

3. Services are intangible, inseparable, variable, and perishable products. As a result, they normally require more quality control, supplier credibility, and adaptability.
3.4 Goods

Goods are those tangible things which are described by human beings and for which they are willing to pay a price. That is, goods may be defined as any commodity, product or services which are useful for people and have monetary value. Again, goods may be tangible or intangible. Tangible goods should have the characteristics of tangibility, i.e., the goods must be touched, seen, felt, for example, car, scooter, soap, fan, cloth, etc. Intangible goods may be in the form of services, such as repairing, services of banks and insurances etc. Goods are also known as commodities or products. They may mean any property or wares which are transferable. Goods have been classified in various ways; but for our sake of study, we primarily divide the goods into three categories on the basis of consumer needs: (1) manufactured goods, (2) agricultural goods and (3) natural raw materials.

1. Manufactured goods are those goods that are semi finished or finished goods used by producers and consumers. Manufactured goods are of two types- a) Consumer goods and b) Industrial goods.

a). Consumer goods are those goods which are meant for direct consumption by ultimate consumers and households. For example car, television, radio, cycle, shoe, furniture, toys, packaged goods, etc.

b). Industrial goods are those goods which are used in the process of manufacturing other goods and services. For example, raw materials, machines, computers, maintenance supplies, etc., and the best example is semi manufactured goods.

2. Agricultural goods, in a narrow sense, refer to the produces of cultivation, for example, vegetables, grain, fruit, etc., and in a broader sense, include produces out of cultivation, dairy farming, poultry farming, egg, meat, etc. Of these agricultural goods, wheat, rice, pulses, etc., are food products for human consumption, whereas oilseeds, tobacco, cotton, etc., are
raw materials for industry. That is, these agricultural products are also classified into two categories-industrial goods and consumer goods.

3. **Natural raw materials** are the gifts of nature, for example, mines, forests etc., and these are raw materials which need further operation before use. In this study, we have focused on the consumer goods/products for measuring the effect of branding.

### 3.5 Consumer Products

Consumer products are those goods which are meant for direct consumption by ultimate consumers and households. For example, car, television, radio, cycle, shoe, furniture, toys, packaged goods, etc.

**Table 3.1 Differences between Consumer Goods and Industrial Goods**

<table>
<thead>
<tr>
<th></th>
<th>Consumer Goods</th>
<th>Industrial Goods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods bought</td>
<td>are meant for consumption</td>
<td>are meant for further processing</td>
</tr>
<tr>
<td>There is a direct</td>
<td>demand.</td>
<td>There is derived demand.</td>
</tr>
<tr>
<td>The demand is</td>
<td>elastic.</td>
<td>The demand is inelastic.</td>
</tr>
<tr>
<td>Purchase is made</td>
<td>in small lots.</td>
<td>Purchase is made in bulk.</td>
</tr>
<tr>
<td>To make purchases</td>
<td>, ordinary knowledge is enough.</td>
<td>To make purchases, expert knowledge is needed.</td>
</tr>
</tbody>
</table>

Goods which are used for manufacturing other products or services are called industrial goods and the goods sold to consumers for direct consumption are consumer goods. But it is important to note that certain goods fall under both the categories-industrial and consumer goods. Therefore, the purpose for which goods are bought decides their
classification. For example, paper, typewriters, kerosene, etc., are bought for the use of industrial consumptions and individual consumptions.

3.6 Characteristics of Consumer Goods

Manufactured consumer goods are sold to the consumers for consumption purposes. Further processing is not required before consumption. It is defined thus “Manufactured consumer goods or products include all those which are destined for use by ultimate consumers or households in such a form that they can be used without commercial processing.” Manufactured consumer goods are purchased by the consumers, in small quantities, that too, without any pre intimation to the manufacturers. The following are the features of manufactured consumer goods:

1. Customers are Numerous: Where there is a population, there exists market for these commodities. People of the whole world are buyers. Goods are manufactured to meet the day to day needs of the public. The buyers of consumer goods are scattered and the markets are widespread. Because of the numerous buyers, it is not possible for the manufacturers to deal directly with the buyers individually. Hence the producers of manufactured goods employ middlemen services, wholesalers and retailers, through whom the distribution of goods is done.

2. Purchase in Small Lots: Generally, the unit cost of consumer goods is low. People buy in small quantities, for instance, paste, tooth brush, soaps, hair oil, etc. Such goods are available easily in any quantity. This is because (1) The goods are available at convenient places, (2) Most of the consumers are financially poor; (3) The goods can be purchased at frequent intervals in any quantity; (4) Locking up of capital is avoided; (5) Deterioration of quality is avoided. The manufacturers of consumer goods generally adopt mass method of selling. They advertise their products in radio, newspapers,
television, etc. They also adopt distribution of free samples, display of the products in various retail shops, etc.

3. **Mass Production**: Consumer goods are manufactured large scale. There are only a few customers for industrial goods. The demand for the consumer goods is greater and as such large scale production is essential. Because of the non durability nature of the goods, continuous supply is needed. Moreover markets are wide spread and the demand is regular.

4. **Primary Demand**: As the world is progressing, human beings are also raising their standard of life. A scooter, which was formerly a luxury item, has now become a comfort item. People have more income, more advertising and other promotional methods, which induce them to raise their standard, accepting luxuries as if they are necessities.

5. **Buyers Are Poorly Informed**: Consumers may buy varieties of goods, though they are generally not interested in studying their characteristics. Manufacturers also do not inform the buyer-consumers about the characteristics of the product. Consumers may not be experts in buying the goods. They depend on the advice of the seller. Advertising and other promotional tools influence the consumer’s choice. Varieties of similar goods are available in the market. Persuasive communication and advertising of a product satisfy many consumers, often with unrecognised wants.

6. **Competition**: When similar consumer goods are marketed, there arises competition. Competition may be with regard to price, quality, substitute products etc. To overcome stiff competitions, manufacturers adopt various methods through branding, packaging, etc.

7. **Changes in Fashion**: We may generally come across occasions of ‘clearance sales’. This is because of fashion change. New developments arrive and new fashion comes in as a threat to the existing fashion. Many
products disappear before they reach the maturity stage. Thus manufacturers adopt methods of introducing some changes in the existing products or they go for clearance sales.

8. **Personal Considerations Guide Purchases:** Consumer goods must give satisfaction to the consumer. Conditions of sales-home delivery, repair facility, fitting, guarantee installation etc., have influence on the buying decisions. When a person purchases a durable product, he makes an enquiry as to the facilities, such as service after sales etc., available to him.

9. **Manufacturer Exercises Control over the Price:** The manufacturer has complete control over the price of his products, through the controls of quality or quantity. The demand for the products depends upon economic conditions, size of population, fashion, taste etc., of the consumers. A producer can produce goods that the buyers need. Thus the manufacturer exercises a good degree of control on the prices of his products.

10. **Buying Motives:** Consumer goods are bought by consumers because of emotional motives for buying. This emotional motive may be of pride, imitation, prestige, comfort, social status, affection, etc. For instance, we get a colour television with the remote control, and to a great extent our status is raised by possessing such a latest and costly product.

3.7 **Consumer Goods Classification**

Goods can be classified on the basis of the shopping habits of the customers. We can distinguish them as convenience, shopping, and specialty goods (Kotler 2004).

1. **Convenience goods** are those the customer usually purchases frequently, immediately, and with a minimum of effort. Examples include tobacco products, soaps, and newspapers. Convenience goods can be further divided. Staples are goods consumers purchase on a regular basis.
Impulse goods are purchased without any planning or search effort. Candy bars and magazines are impulse goods. Emergency goods are purchased when a need is urgent; umbrellas during a rainstorm; boots and shovels, during the first winter snowstorm. Manufacturers of emergency goods will place them in many cutlets to capture the sale.

2. **Shopping goods** are goods that the customer, in the process of selection and purchase, characteristically compares on such bases as suitability, quality, price, and style. Examples include furniture, clothing, used cars, and major appliances. Shopping goods can be further divided. Homogeneous shopping goods are similar in quality but different enough in price to justify shopping comparisons. Heterogeneous shopping goods differ in product features and services that may be more important than price. The seller of heterogeneous shopping goods carries a wide assortment to satisfy individual tastes and must have well-trained salespeople to inform and advise customers.

3. **Specialty goods** have unique characteristics or brand identification for which a sufficient number of buyers are willing to make a special purchasing effort. Examples include automobiles, stereo components, photographic equipment, and men's suits. A car is a specialty good because interested buyers will travel far to buy one. Buyers invest time only to reach dealers carrying the wanted products. Dealers do not need convenient locations; however, they must let prospective buyers know their locations.
### Table 3.2 Convenience, Shopping, and Specialty Goods - Comparison

<table>
<thead>
<tr>
<th>Character</th>
<th>Convenience Goods</th>
<th>Shopping Goods</th>
<th>Specialty Goods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit price</td>
<td>Low</td>
<td>Medium-high</td>
<td>High</td>
</tr>
<tr>
<td>Selection time</td>
<td>Little</td>
<td>Considerable</td>
<td>Depends on nature of goods</td>
</tr>
<tr>
<td>Purchase frequency</td>
<td>Very often</td>
<td>Infrequent</td>
<td>Infrequent</td>
</tr>
<tr>
<td>Comparison of price and quality</td>
<td>No comparison is made</td>
<td>Comparison is made</td>
<td>Not much comparison is made</td>
</tr>
<tr>
<td>Importance to buyer</td>
<td>Unimportant</td>
<td>Usually very important</td>
<td>No generalisation</td>
</tr>
<tr>
<td>Purchase plan to buy</td>
<td>Very little</td>
<td>Considerable time is spent for purchase</td>
<td>Considerable, often long time is spent for purchase.</td>
</tr>
<tr>
<td>Purchase time taken for want-satisfaction</td>
<td>No time taken</td>
<td>Medium time taken</td>
<td>Long time taken</td>
</tr>
<tr>
<td>Availability</td>
<td>Nearest shop</td>
<td>Shopping around</td>
<td>Speciality shop</td>
</tr>
<tr>
<td>Examples</td>
<td>Soap, cigarettes, Pastes, cold drink, bakery products, milk etc.</td>
<td>Furniture, fridge sewing machines jewellery, shoes</td>
<td>Television, car, watches, goggles bikes, photograph items</td>
</tr>
<tr>
<td>Turnover</td>
<td>Quick</td>
<td>Medium</td>
<td>Low</td>
</tr>
<tr>
<td>No. of outlets</td>
<td>Many</td>
<td>A few</td>
<td>Very few</td>
</tr>
</tbody>
</table>
A comprehensive classification of goods

**Fig. 3.2 Classification of goods (Adapted from Kotler 2004)**
3.8 Consumer Products Market - An Overview

Consumer product market is a market for convenience goods, shopping goods and speciality goods, which is usually categorised as fast moving consumer goods market, and market for consumer durable goods including automobiles.

3.8.1 Fast Moving Consumer Goods (FMCG) and the Market

Products which have a quick turnover, and relatively low cost are known as Fast-Moving Consumer Goods (FMCG). FMCG products are those that get replaced within a year. These products are purchased by the customers in small quantities as per the need of the individual or family. These items are purchased repeatedly as these are daily used products. The price or value of the products is not very high. Besides, these products have a short life. They include perishable and non perishable products, durable and non durable goods. Examples of FMCG generally include a wide range of frequently purchased consumer products, such as toiletries, soap, cosmetics, tooth-cleaning products, shaving products and detergents, as well as other non-durables such as glassware, bulbs, batteries, paper products, and plastic goods. FMCG may also include pharmaceuticals, consumer electronics, packaged food products, soft drinks, tissue paper, and chocolate bars. The Indian FMCG sector is described below in detail.

(a) Fast-Growing Sector

In 2005, the Rs. 48,000 crore FMCG segment was one of the fast-growing industries in India. According to the AC Nielsen India study, the industry grew 5.3% in value between 2004 and 2005. The Indian FMCG sector is the fourth largest in the economy and has a market size of US$13.1 billion. Well established distribution networks, as well as intense competition between the organised and unorganised segments are the characteristics of this sector. FMCG in India has a strong and competitive MNC presence across the entire value chain. The middle class and rural segments of the
Indian population offer the most promising market for FMCG, and give brand makers the opportunity to convert them to branded products. Most of the product categories like jams, toothpaste, and skin care products, shampoos, etc, in India, have low per capita consumption as well as low penetration level, but the potential for growth is huge. Indian economy is surging ahead by leaps and bounds, keeping pace with rapid urbanisation, increased literacy levels, and rising per capita income. The big firms are growing bigger and small time companies are catching up as well. According to the study conducted by AC Nielsen, 62 of the top 100 brands are owned by MNCs, and the rest by Indian companies. Fifteen companies own these 62 brands, and 27 of these are owned by Hindustan Lever.

There is a huge growth potential for all the FMCG companies as the per capita consumption of almost all products in the country, which is amongst the lowest in the world. Again, the demand or prospect could be increased further if these companies can change the consumer's mindset and offer new generation products. Earlier, consumers were using non-branded apparel, but today, clothes of different brands are available and the same consumers are willing to pay more.
(b) Scope of the Sector

The Indian FMCG sector with a market size of US$13.1 billion is the fourth largest sector in the economy. A well established distribution network as well as intense competition between the organized and unorganized segments characterizes the sector. Hair care, household care, male grooming, female hygiene, and the chocolates and confectionery categories are estimated to be the fastest growing segments, says an HSBC report. Though the sector witnessed a slower growth in 2002-2004, it has been able to make a fine recovery since then. For example, Hindustan Lever Limited (HLL) has shown a healthy growth in the last quarter. An estimated double digit growth over the next few years shows that the good times are likely to continue.

(c) Growth Prospects

The Indian FMCG market is something which no one can overlook, particularly the rural market. Increased focus on the farm sector will boost rural incomes, thus providing better growth prospects to the FMCG companies. Better infrastructure facilities will improve their supply chain. The FMCG sector is also likely to benefit from growing demand in the market. Because of the low per capita consumption for almost all the products in the country, the FMCG companies have immense possibilities for growth. And if the companies are able to change the mindset of the consumers, i.e., if they are able to take the consumers to branded products and offer new generation products, they would be able to generate higher growth in the near future. There is a huge growth potential for all the FMCG companies as the per capita consumption of almost all products in the country is amongst the lowest in the world. Again, the demand or prospect could be increased further if these companies can change the consumers’ mindset and offer new generation products. Earlier, consumers were using non-branded apparel, but today, clothes of different brands are available and the same consumers are willing to pay more.
3.8.2 Consumer Durables and the Market

Before the liberalization of the Indian economy, only a few companies like Kelvinator, Godrej, Alwyn and Voltas were the major players in the consumer durables market, accounting for not less than 90% of the market. Then, after the liberalization, foreign players like LG, Sony, Samsung, Whirlpool, Daewoo, and Aiwa came into the picture. These players control the major share of the consumer durables market in the present day.

The market share of MNCs in the consumer durables sector is 65 per cent. Their major target is the growing middleclass of India. They offer superior technology to the consumers whereas the Indian companies compete for firm grasp of the local market, their well-acknowledged brands, and hold over wide distribution network.

Various analysis and review reports have shown that the market for consumer durables has expanded over the years. The household income of Indian houses has experienced significant improvement in the past decades and as a result the demand for durables has also risen. The current projection shows that the household income of the population in top 20 cities of India is expected to grow by 10 per cent in the coming years. This is likely to increase the demand for consumer products as well. The middle income group section (household with disposable income between 200,000 to 1,000,000 per annum) which currently constitutes 5 per cent of the population is expected to swell to 41 per cent by 2025. Rural poverty is expected to decline to 26 per cent by 2025. All these factors are expected to contribute towards improving the market scenario for consumer durables. The market has recently experienced around 30 per cent growth rate in demand for electronics and home appliances. Categories like Flat panel TVs, Microwave ovens, Air Conditioners and Refrigerators are likely to post strong growth. Urban growth is likely to be driven by new technology/innovative products, lifestyle products and replacement demand such as LED TVs, Laptops, Split ACs, etc. Rural markets
are likely to outpace growth in the urban markets led by increasing penetration across categories such as Refrigerators and Washing machines.

Fig. 3.4 Size of the Consumer Durable Market

Source- A brief report on consumer durable market in India by Corporate Catalyst India p.3

Table 3.3 Composition of Consumer Durable Market in India

<table>
<thead>
<tr>
<th>Penetration of Consumer Durables</th>
<th>1995-58</th>
<th>2001-02</th>
<th>2005-06</th>
<th>2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Durables</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cars</td>
<td>16.1</td>
<td>30.0</td>
<td>50.2</td>
<td>91.4</td>
</tr>
<tr>
<td>Motorcycles</td>
<td>29.3</td>
<td>70.8</td>
<td>147.6</td>
<td>282.6</td>
</tr>
<tr>
<td>TVs</td>
<td>720</td>
<td>145.6</td>
<td>213.0</td>
<td>314.0</td>
</tr>
<tr>
<td>Refrigerators</td>
<td>86.1</td>
<td>134.0</td>
<td>160.7</td>
<td>224.9</td>
</tr>
<tr>
<td>Other White Goods</td>
<td>149.4</td>
<td>247.1</td>
<td>319.1</td>
<td>451.7</td>
</tr>
</tbody>
</table>

Source NCAER’s Market information Survey of Households
Table 3.4 Number of Vehicles Sold in India from 2006 to 2011

<table>
<thead>
<tr>
<th>Year</th>
<th>Cars</th>
<th>Scooter/Bikes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>1505149</td>
<td>9629809</td>
</tr>
<tr>
<td>2007</td>
<td>2668437</td>
<td>10931260</td>
</tr>
<tr>
<td>2008</td>
<td>3850909</td>
<td>12459643</td>
</tr>
<tr>
<td>2009</td>
<td>4055040</td>
<td>19255455</td>
</tr>
<tr>
<td>2010</td>
<td>5283659</td>
<td>24366462</td>
</tr>
<tr>
<td>2011</td>
<td>6539997</td>
<td>25849003</td>
</tr>
</tbody>
</table>

Source: Association of Indian Automobiles in India (AIAI)

From the table given above, it is obvious that the market undergoing enormous growth.

3.8.3 Factors of Enormous Growth of the Consumer Product Market

Some of the factors that are said to have promoted the growth of the industry are:

- Changed lifestyle
- Higher disposable income
- Changed taste
- Affordable prices
- Boom in housing and real estate industry
- Widened market- expansion of rural market
- Increased scope for advertising
- Easy financing- zero interest EMI
- Easy loans and credit card purchases
- Festival deals and discounts
3.8.4. **Key Growth Drivers of the Market** - The following are observed as the key drivers that make the markets more vibrant;

- Continued economic growth demonstrated through 8.4% CAGR growth in GDP over last 5 years
- Favourable demographics; 64% of the population in working-age category,
- Increasing Urbanization, nuclear families,
- Increase in disposable incomes, which drives consumption,
- Increasing affordability coupled with declining prices of products,
- Lower consumer product penetration,
- Availability of new products and technologies,
- Easy financing schemes, and
- Increase in organized retail.

3.8.5 **Key Challenges of Consumer Products Market**

- Intense competition among players - leading to higher ad spends and lesser pricing power, thereby lowering margins,
- Increase in raw material prices - major raw materials (metals) are exhibiting increasing trend posing margin pressures; however, shift in product mix to partially offset increase in input costs over the medium term,
- Changes in technology - making product lifecycles short,
- Rural distribution - availability of products to masses is difficult as 68 per cent of India’s population still lives in rural areas,
- Entry of cheap products - as private labels in organized retail.
3.9. Consumer and Customer

A customer is the individual or organization that actually makes a purchase decision, while consumer is the individual or organisational unit that uses or consumes a product. In many cases the customer is also the consumer when buying for his own consumption. Further, the term customer is typically used to refer to someone who regularly purchases from a particular store or company. Therefore, ‘customer’ is defined in terms of a specific firm while a consumer is not. This study uses the term ‘customer’ broadly to encompass all types of consumers including individuals as well as organisations.

3.10. Categories of Customers or Buyers

There are two categories of buyers - the individual and the business buyer. While the individual buyer buys things for his own personal and family consumption, the business buyer is a commercial buyer who buys things for manufacturing other products or for reselling or for use in running his enterprise. This distinction is substantial and it separates the two categories into different entities. The motivation attitude, purchase behaviour, etc. of the two categories are different.

3.11 Customer Behaviour

Customer behaviour can be defined as the decision making process and physical activity involved in acquiring, evaluating, using and disposing of goods and services. This definition clearly brings out that it is not just the buying of goods/services that receives attention in consumer behaviour, the process starts much before the goods have been acquired or bought. A process of buying starts in the minds of the consumer, which leads to the finding of alternatives between products that can be acquired with their relative advantages and disadvantages. This leads to internal and external research. Then follows a process of decision making for purchasing and using the goods, and then the post purchase behaviour which is also very important,
because it gives a clue to the marketers whether his product has been a success or not.

The GDP in a country makes our economy strong. All the products, which are available to buyers, have a number of sub-products are available to consumers, who make a decision to buy the products. Therefore, most of the time, the seller seeks buyers and tries to please them. In order to be successful, a seller has to understand the customer and his purchasing behaviour in detail.

A customer makes a purchase of a particular product or a particular brand and this can be termed “product buying motives”. And the reason behind the purchase from a particular seller is “patronage motives”.

In the modern marketing scenario, mostly the sellers markets have disappeared and buyers markets have come up. It means that the manufacturer’s attention has switched over from the products to the consumers and has specially concentrated on their behaviour. The manufacturer possesses no control over the behaviour of consumers. A modern marketer first tries to understand the customers and their response, and then he studies the basic characteristics of their behaviour. It can be said that the consumer is the pivot around which the whole marketing system revolves. The selection or choice of products or services by consumers greatly determines the fate of the producers. As such, the marketer must know the consumers, more and more, in order to manufacture the products, which give them satisfaction, in the way the customers need. The marketing programmes and policies depend upon the consumer behaviour. If one makes out the marketing programme, neglecting the consumer behaviour, one will naturally invite failure. A careful study of consumer behaviour will facilitate the marketer in determining the size, form, style, colour, package, brand, etc.
When a person intends to make a purchase, so many factors may come into consideration such as, brand image, perceived quality of the brand, amount available, arrival of new products, better display of products, credit-facilities, attractive advertisements, sales promotion offers, behaviour of salesmen, competitive price, influence of favourites, the new needs, etc. New needs may arise because the son has a friend’s shoe in his mind, the daughter has a friend’s dress in her mind, the wife has been thinking about a particular sari or the consumer himself has been thinking about the design of the drawing hall at his friend’s house, etc. All the behaviour of human beings during the purchase may be termed “customer behaviour.” The process whereby individuals decide whether, what, when, how and from whom to purchase goods and services can be termed as the customer’s or the buyer’s behaviour.

The buyer may take a decision whether to save or spend the money. When he decides to spend, then there are many problems as to what to purchase, because needs are numerous, which leads to ranking the needs in terms of priority. Then, the problems are purchasing problems - where to buy, how to buy, from whom to buy, etc.

Marketing concept starts with the consumer needs and behaviour. Every action of a person is based on needs. The real problem is to learn what a customer takes into consideration when he chooses a particular brand. Such a study is concerned with consumer behaviour. Consumer or buyer behaviour is that subset of human behaviour that is concerned with decisions and acts of individuals in purchasing and using products. Consumer behaviour, a subset of customer’s behaviour, is concerned with decisions that up to the act of purchase.

### 3.12 Kotler’s Model of Purchase Behaviour - An Overview

The consumer market is defined as an end-user market, also called Business to Consumer market, or B2C market; the product and service offering is bought by the consumer for his personal use. The decision-making
process in consumer markets is different from the one that takes place in business or industrial markets.

According to Kotler and Armstrong, the basic model of consumer decision making process comprises three major components, viz., marketing and other stimuli (these act as influences), the buyer’s black box (these are related to the consumer) and the buyer responses (this is the response part). The components/processes as well as the working dynamics are explained as follows:

1. **Marketing and other stimuli:** A consumer is confronted with a stimulus in the environment. This stimulus could be of two kinds:
   a) One that is presented by the marketer through the marketing mix or the 4Ps, product, price, place and promotion:
      - Product: attributes, features, appearance, packaging etc.
      - Price: cost, value, esteem (prestige)
      - Place: location and convenience, accessibility
      - Promotion: advertising, sales promotion, personal selling, publicity, direct marketing.
   b) The other that is presented by the environment, and could be economic, technological, political and cultural.

2. **Buyer’s black box:** The stimuli that are presented to the consumer by the marketer and the environment are then dealt with by the buyer’s black box. The buyer’s black box comprises two sub-components, viz., the buyers’ characteristics and the buyer’s decision process. The buyer’s characteristics could be personal, psychological, cultural and social.
a) **Personal:**
- Age & life-cycle stage (family life cycle: single, newly married couples, full nest I, full nest II, full nest III, empty nest I, empty nest II, solitary survivor).
- Occupation (occupation affects consumption patterns).
- Economic situation.
- Lifestyle (pattern of living as Activities, Interest, Opinions, AIOs).
- Personality (personality is defined in terms of traits; these are psychological characteristics which lead to relatively consistent patterns of behaviour towards the environment) & self-concept (self-concept is reflective of identity; how a person perceives himself including attitudes, perceptions, beliefs etc). Products and brands also have a personality; consumers are likely to choose such brands whose personalities match their own self.

b) **Psychological:**
- Motivation (motives; urge to act to fulfil a goal or satisfy a need/want)
- Perception (ability to sense the environment and give meaning to it through the mechanisms of selection, organization and interpretation).
- Learning (a relatively permanent change in behaviour as a result of one’s experience; relates to memory; learning could be experiential, based on direct experience or conceptual based on indirect experience;
consumer learning could be based on marketing communication/seller-provided information, personal word of mouth and/or experiential).

- **Beliefs** (thoughts that a person holds about something; these are subjective perceptions about how a person feels towards an object/person/situation) and **attitudes** (a favourable or unfavourable disposition/feeling towards an object, person or a situation).

c) **Cultural:**

- **Culture** (a sum total of values, knowledge, beliefs, myths, language, customs, rituals and traditions that govern a society). Culture exerts the broadest and the deepest influence, e.g., influences on our eating patterns, clothing, day to day living, etc. Cultural influences are handed down from one generation to the next and are learned and acquired.

- **Sub-culture** (subset of culture: smaller groups of people within a culture with shared value systems within the group but different from other groups; identifiable through demographics).

- **Social class:** ordered and relatively permanent divisions/stratifications in the society into upper, middle and lower classes; members in a class share similar values, interests, lifestyles and behaviours; the division is based on combination of occupation, income, education, wealth, and other variables.

d) **Social:**

- **Family**: The most important influence; (there occurs in a family what is referred to as socialization; family of orientation: parents and siblings; family of procreation: spouse and children; further some decisions are husband-dominated, some are wife dominated and some are joint; roles played by family members), family life cycle (stages through which a family evolves; People’s consumption priorities change and they buy different goods and services over a lifetime).
• Friends and peers, colleagues.

• Groups: reference groups {these are people to whom an individual looks as a basis for personal standards; they are formal and informal groups that influence buying behaviour; reference groups could be direct (membership groups) or indirect (aspirational groups); reference groups serve as information sources, influence perceptions, affect an individual’s aspiration levels; they could stimulate or constrain a person’s behaviour}.

• Opinion leaders (they influence the opinion of others based on skills, expertise, status or personality).

• Roles & status: ‘role’ refers to the expected activities and ‘status’ is the esteem given to role by society.

3.13 Brand

The concept of brand in its present form is of recent popularity. Creating a brand is the ultimate aim of marketing endeavour. The AMA defines it thus: "A brand is a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors". At a very basic level, a brand is merely a trademark or a symbol that helps consumer identity of the product of a manufacturer. A brand mark refers to that part of brand which is not made up of words, but can be a symbol or design. A trade mark is a legal registration indicating the owner's exclusive right to use a brand or some part of brand. A trade name is the full and legal name of a firm and not the specific name of a product.

A brand is a complex symbol that can convey up to six levels of meanings (Kotler 2004)

• Attributes: A brand brings to mind certain attributes.
Theoretical Framework: Branding of Consumer Products

- Benefits: Attributes must be translated into functional and emotional benefits.
- Values: The brand also says something about the producer's value.
- Culture: The brand may represent a certain culture.
- Personality: The brand can project a certain personality.
- User: The brand suggests the kind of consumer who buys or uses the product.

3.14 Brands Vs Product

It is important to contrast a brand and a product. According to Phillip Kotler, a product is anything that can be offered to a market for attention acquisition, use or consumption that might satisfy a need or want. Thus, a product may be a physical good (cereal), service (airline), retail store (department store), person (professional), organization (trade organization), place (a city) or idea (political or social cause). A brand is a product, but one that adds other dimensions that differentiate it in some way from other products designed to satisfy the same need. These differences may be rational and tangible - related to product performance of the brand - or more symbolic, emotional, and intangible - related to what the brand represents. From that point of view, a branded product may be a physical good (Kellogg's Corn flake), service (Indian Airlines), retail store (Spencers), person (Sachin Tendulkar), organization (American Marketing Association), place (Agra), or idea (free trade). Hence, a product is a physical entity that lives in the real world. A brand is a perceptual entity that lives in the consumer's mind. The brand is a set of differentiating promises that link a product to its customers. The brand assures the customers of consistent quality plus superior value for which the customer is willing to give loyalty and pay a price that results in a reasonable return to the brand. Accordingly, the brand does not reside on the shelf even if the product does, but rather, it rests in the mind of the consumer. Brands today are seen not
as a source of identification but as strategic assets which are a source of competitive advantage. An unbranded product is a commodity that does not have identities.

3.15 Brand Perspectives

The views of brands are differing. There is no single universally accepted perspective on brand. However, some commonality is observable across all perspectives. In order to appreciate the larger reality, an understanding of these perspectives is essential (Verma 2006). The following are some of the major perspectives of brand.

- **Visual/Verbal Perspective:** In this view, the focus is on the logo, trademark or packaging design. The visual and verbal aspects of brand serve important functions of identification and differentiation. Symbols enhance brand recognition and brand recall, while visual images leave imprints in the visual memory of the prospect even at the pre processing level.

- **Positioning Perspective:** The brand must hold a position in the consumer's mind that sets it apart from the host of the players in the category. Positioning is creating a unique position in the customers’ mind. The brand is nothing more than a position occupied in the perceptual space of the consumer.

- **Value Perspective:** The value perspective sees brand as a three-tier value system. The functional value refers to performance aspects of the brand. The expressive values reflect the customer side or brand. They state more about the customer and less about the product. The central values, at their purest are embodied in religious, national or political persuasion.

- **Added Value Perspective:** This perspective's thrust is on the value added by the brand in making the product more satisfying. Added values help match the offerings with what the consumer wants and desires.

- **Perceptual Appeal Perspective:** This perspective views the buyer from the consumer behaviour perspective. The focus here is on the brand's
anatomy and appeal. Depending upon the consumer, a brand could be developed combining these aspects.

- **Personality Perspective:** The personality of an individual is likely to influence his product and brand choices. The basis of this concept is the view that personality is an inner characteristic or traits that distinguishes one person from another.

### 3.16 Brand Equity

The concept of brand equity has emerged as the central concept in marketing over the past 20 years. Much attention has been devoted recently to the concept of brand equity. The concept of "brand equity" is generally considered to refer to that part of the value of a product that is attributable to the brand name. From a managerial point of view, Farquhar (1989) defines brand equity as the "added value" with which a brand name endows a product. Aaker (1991) defines brand equity as a set of brand assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customers. For assets or liabilities to underlie brand equity they must be linked to the name and/or symbol of the brand. More generally, it has been suggested that brand equity be considered from the perspective of three separate entities: firm, trade and consumer. From the firm perspective, brand equity is incremental cash flow arising from use of the brand name. From the trade perspective, brand equity is leverage (in terms of acceptance and distribution) arising from using the brand name. From the consumer perspective, brand equity is generally considered to be something to do with "value". In today's competitive marketing environment, brand equity has to be an important source of strategic insights for marketers. It represents the marketing efforts uniquely attributable to the brand and the added value endowed to a product or service as a result of past investments in the marketing activity for a brand. Thus, brand equity serves as a bridge between
what has happened to the brand in the past and what will happen to the brand in the future.

3.16.1 Measuring Brand Equity

Equity of a brand is an asset (intangible), and it depends on how you associate with the consumer. To measure this, we have three levels on which we measure it.

1. **Financial/Firm Level**: At this level, one analyses the price premium of the brand that it holds on a standard product. For instance, if a consumer agrees to pay Rs.500 more for a branded television when compared to non-branded one, this premium off 500 is crucial to know the value of the brand. Apart from this, we need to consider the promotional cost as well, while measuring equity.

2. **Brand Extension/ Product Level**: When a brand gets successful, then it serves as a platform to launch other related products. It works in extension of brands and thus leverages the existing brand and therefore, reduces the cost involved in the advertisement, and results in risk reduction from the consumer point of view. In addition to that, brand extension can improve the core brand. Nevertheless, a brand value extension is not easy to quantify when compared to direct measures of equity of a brand.

3. **Customer-based Level**: Customer attitude strength builds around a strong brand and the products which are associated with that brand. Experience of a product builds the attitude strength of a customer towards the brand. This lays the importance of an actual experience, so, trial samples are more successful in comparison with an advertisement in the initial stages for building a strong brand. The level of awareness which a consumer is having works for perceived quality, which finally converts into loyalty towards a brand.
3.16.2 Aaker’s Brand Equity Approach

Among the best known theoretically oriented concepts in this field is that of Aaker. Aaker (1991) regards ‘brand’ as a symbol associated with a large number of mental assets and liabilities that serve to identify and differentiate products. He defines brand equity as “a set of assets and liabilities linked to a brand, its name and symbol that add value or subtract from the value provided by a product or service to a firm and/or to that firm’s customer”. Aker identifies five determinants of brand equity: brand loyalty, name awareness, perceived quality, brand associations, other brand assets—patents, trademarks, channel relationships, etc.

- Brand loyalty lies at the heart of the brand value. This loyalty shows through repeat purchasing and hence in relatively stable brand revenue.

- Awareness of brand name may be a precondition for the product even entering into the frame for purchasing decision. What is more, people tend to feel happier with things that are familiar to them, so they are more likely to associate quality with names they know than with others they don’t.

- Aaker’s next determinant is the customer’s perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives. From the customer’s viewpoint, high perceived quality may be a precondition for making the purchase, while for the producer, it may mean being able to command a price premium for the branded product.

- Brand associations are characteristics that consumers attribute to the brand. These are primarily conveyed by advertising, but need not be related to the product itself. These associations may enrich the brand with new perceived characteristics to generate additional benefit,
providing customers with a positive feeling of, say, security, confidence or exclusivity, which in turn will boost brand equity.

- The other brand assets consist in legal and institutional benefits which a brand can offer and which protect its value. These include the protection of the trademark, markets and distribution channels afforded by legislation covering property rights.

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**Fig. 3.6 Akers’ Brand Equity Model**

*Adapted from Aker David. A (1991)*

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Aaker’s model is a conceptual approach seeking to highlight the determinants that build brand equity from a consumer’s perspective. From a measurement point of view, though, the approach is problematical insofar as the determinants are not mutually independent. Quality, for example, is partly also a function of awareness, associations and loyalty. Moreover, the factors Aaker has identified are not only determinants but also outcomes of brand equity, so in this respect they inter-mix the input and output stages of brand equity production function. Aaker’s approach also takes no account of the requirement posed by sound measurement techniques, and information is lacking to place any numerical value on particular dimensions of the model. Although high profit margins are implicitly postulated as outcomes of positive brand equity; the phenomenon is not transformed into any monetary equivalent.

3.16.3 The Keller’s Brand Equity Approach

Keller operates on the assumption that consumer-oriented brand value, which he calls “customer-based brand equity”, is tied to knowledge of the brand and based on comparison with an unbranded product from the same category. Keller (1993) defines brand value as the differential effect of brand knowledge on consumer response to the marketing of the brand. That is, customer-based brand equity involves consumers’ response to an element of the marketing mix for the brand in comparison with their reaction to the same marketing mix element attributed to a fictitiously named or unnamed version of the product or service.

According to Keller, brand knowledge comprises brand awareness and brand image. Brand awareness can involve either brand recall (unaided) or brand recognition (aided). Numerous associations made with a brand shape and brand image that are interconnected via a semantic network. Keller characterised these associations in terms of type, advantage (i.e. consumer satisfaction with and positive overall image of a brand), strength and
uniqueness. Distinctions can be made between the various types of associations as regards brand properties, brand benefits and overall impression. Brand properties encompass product related properties (for instance, price and packaging) as well as those with an indirect relationship to a product. Depending on specific user needs, the benefits of a brand can be functional, emotional or symbolic. Ultimately, the overall impression by a brand is determined by consumer attitudes.

Keller’s approach has drawbacks similar to those directed at Aaker’s concept. Though Keller does offer an analytical and conceptual description of brand equity development, the approach lacks a firm theoretical foundation. Moreover, in view of the 14 identified drivers, the interdependence problem grows considerably. In addition, it remains unclear how qualitatively based brand evaluation can be converted into monetary units. Above all, it must be noted that Keller’s system is a conceptual strategy for brand appraisal that remains as yet unconfirmed by empirical evidence. Upon examination of Farquhar’s and Keller’s notions of brand equity, it appears they believe that brand equity is influenced by favourable evaluation of the brand.

3.16.4 Brand Equity Model by Brandt and Johnson (1997)

As per the traditional point of view, a brand building process can be best defined by a model known as the Brand Equity Model given by Brandt and Johnson (1997), which is depicted in the Figure 3.7.

As explained by Brandt and Johnson, “equity of a brand is the rare set of perceived or actual differentiation, which is attached to a brand by customers”. Equity of a brand survives only in the heart and mind of the consumers. According to the Brand Equity model, a brand is only strong when it can be associated with the attributes. As per the diagram shown above, to have a strong brand, people must be aware of its existence and must be familiar with it. The brand must have a personality and must be a preferred
choice over competing brands. Also, the brand should be able to generate a strong sense of loyalty from its users to the extent that they will be unwilling to accept closer substitutes.

Fig. 3.7 Brand Equity Model given by Brandt and Johnson (1997)

3.16.5 Experts’ Views on Brand Equity

"Brand equity can be measured by “incremental cash flow from associating the brand with product" (Farquhar, 1989) "Broadly stated, brand equity refers to the residual assets resulting from the effects of past marketing activities associated with a brand (Arvind, Burke and Silva, 1990).”Brand equity subsumes brand strength and brand value. Brand strength is the set of associations and behaviours on the part of a brand's customers, channel members and Parent Corporation that permits the brand to enjoy sustainable and differentiated competitive advantages. Brand value is “the financial outcome of the management's ability to leverage brand strength via tactical and strategic actions in providing superior current and future profits and lowered risks" (Srivastava and Shocker, 1991). "Brand
equity is the added value that is attributable to the brand name itself which is not captured by the brand's performance on functional attributes" (Sameer and Ramaswami, 1992). "Brand equity can be thought of as the additional cash flow achieved by associating a brand with the underlying product or service" (Biel 1992). "Brand equity is the totality of the brand's perception, including the relative quality of products and services, financial performance, customer loyalty, satisfaction and overall esteem towards the brand. It is all about how consumers, customers, employees and all stakeholders feel about the brand" (Konapp, 2000). “Brand equity is the total accumulated value or worth of a brand; the tangible and intangible assets that the brand contributes to its corporate parent, both financially and in terms of selling leverage" (Upshaw, 1995).

3.17 Customer-based Brand Equity

Brand equity is conceptualised from the perspective of the individual customer and customer-based brand equity occurs when the customer is familiar with the brand and holds some favourable, strong, and unique brand associations in the memory (Kamakura and Russell, 1991). Customer-based brand equity can be defined as the differential effect that brand knowledge has on consumer response to the marketing of that brand. There are three key ingredients to this definition "differential effect", "brand knowledge", and "consumer response to marketing". First, brand equity arises from differences in consumer response. If no differences occur, then the brand can essentially be classified as a commodity or generic version of the product. Second, these differences in response are a result of consumers' knowledge about the brand. Thus, although strongly influenced by the marketing activity of the firm, brand equity ultimately depends on what resides in the minds of consumers. Third, the differential response by consumers that makes up the brand equity is reflected in perceptions, preferences, and behaviour related to all aspects of the marketing of a brand.
Conceptualising brand equity from the consumer's perspective is useful because it suggests both specific guidelines for marketing strategies and tactics and areas where research can be useful in assisting managerial decision making. Two important points emerge from this conceptualisation. First, marketers should take a broad view of marketing activity for a brand and recognise the various effects it has on brand knowledge, as well as how changes in brand knowledge affect more traditional outcome measures such as sales. Second, markets must realise that the long term success of all future marketing programs for a brand is greatly affected by the knowledge about the brand in memory that has been established by the firm's short term marketing efforts. In short, because the content and structure of memory for the brand will influence the effectiveness of future brand strategies, it is critical that managers understand how their marketing programs affect consumer learning and thus subsequent recall for brand related information (Keller 1993). A brand is said to have positive customer-based brand equity when consumers react more favourably to a product and the way it is marketed when the brand is identified than when it is not (Keller 2004). Thus, a brand with positive customer-based brand equity might result in the consumers' acceptance of a new brand extension, less sensitiveness to price increases and withdrawal of advertising support, or willingness to seek the brand in a new distribution channel. On the other hand, a brand is said to have negative customer-based brand equity if consumers react less favourably to marketing activity for the brand compared with an unnamed or fictitiously named version of the product.

3.18 Brand Advertisement

Advertising is a form of promotion. As one of the four pillars of marketing (along with product, place, and price), promotion encompasses the variety of techniques an advertiser uses to communicate with current and potential consumers. The goal of advertisement promotion is to ensure that
targeted customers know and like a company’s products or brands. Advertisements work because they make an effective appeal to some need or desire in the people who view, read or listen to them. The advertising appeal is an attempt to draw a connection between the product or brand and the audience. At the broadest level, there are two main types of appeals: logical and emotional. Logical appeals aim for the buyer’s head, while emotional appeals aim for the buyer’s heart.

The hierarchy-of-effects model has shown that consumers tend to believe advertising statements and envision the product’s likely performance on the basis of the claims (Richins 1995).

Hence, as consumers are exposed to a brand’s advertising more frequently, they develop not only higher brand awareness and associations but also a more positive perception of brand quality, which leads to brand purchase and in turn to strong brand equity. One of the major reasons for a decrease in consumer loyalty is the decrease in advertising spending. By reinforcing the consumer’s brand-related beliefs and attitudes, advertising contributes to strong brand loyalty (Shimp 1997). Brand image is complicated, based on multiple experiences, facts, episodes, and exposures to
brand information, and therefore takes a long time to develop. Advertising is a common way to develop, to shape, and to manage that image. Managers should invest in advertising with a clear objective of increasing brand equity.

3.19 Brand Sales Promotion

A typical sales promotion budget covers almost 70% of the total consumer sales promotional budget. It is also considered as a brand differentiator by many big players in the industry. For many business experts and academics, sales promotion is regarded as typical marketing techniques that add value to a product in order to achieve specific marketing goals. The primary purpose of sales promotion is to induce the consumers to make a quick buying decision in order to create increases in sales. A typical example of sales promotion is to offer customers to take chance of winning a prize or offering some extra products with the same price. Sales promotion and marketing are interrelated but not have the same purpose. It is advertising which makes a platform for sales promotion where customers can see the direct added value of buying a product. On the other hand, advertising facilitates promotion of your products to send the marketing message to the customer-base.

The main advantages associated with promotional sales are - an easy way to learn customer response and it works fast. It is also an inexpensive marketing technique. Sales promotion does not always bring a positive impact to business; sometimes this type of promotion causes negative brand impact to customers’ mind in the long term. So, a promotional campaign needs to be designed taking into account the consequences of losing brand value. PIMS (The Profit Impact of Market Strategy) study of 1991 suggests that overuse of sales promotion brings low ROI, almost 15% less, in comparison to balanced and calculated promotional offers. It is advisable not to use sales promotion as a tool of brand imaging; advertising is always the best way as far as branding is concerned. Therefore marketers need to be careful and must understand the difference between sales promotion and advertising.
Before designing a promotional campaign, one must identify the target groups. This is done by breaking up the product markets and identification of small groups of consumers whose wants and needs are not the same as in the mass market as a whole. This is one of the keys to success in sales promotion. Finding the target group needs to take a qualitative research on the market to determine the groups of customers. If the target group exists, then the marketer has to find out their needs and wants, and what drives them to buy his product. After learning about the target groups, must set the objectives of sales promotion which is all about what he wants to achieve in sales promotion campaign and how his customers will be benefited. Other aspects of sales objectives are: budget of the promotion and duration of the promotional offer. Some examples are given:

1. Many marketers use promotional sales as a tool to learn the response of the first time users, by offering reduced price, sales coupons, or money back guarantees.

2. To increase the repeat purchase from the existing users.

3. It can work as an introductory platform for a new product.

4. Sales promotion is a vehicle to defend one’s business against his competitors. By giving his users free coupons upon buying every product so that they can get considerable discount on the next purchase with a specified time will certainly bind one’s customers with his products and it will be unlikely that they will switch on a new brand, even if it is highly competitive.

5. To target and find a new segment in the market by focusing geographic factors and psychology of users, such as users with high and low purchasing needs. Normally, arranging a competition of contents is very helpful for targeting a specific interest group.
3.19.1 Consumer Sales Promotions

1. **Samples** - If the objective is to trial the product then sampling is an effective sales promotion method. Usually sampling is involved with low value products and products having highly visible features of benefits. For delivery of sample products, marketers use either door to door or mailing approach.

2. **Couponing** - It is one of the oldest sales promotion strategies and sometimes couponing makes the product problematic by cheapening the brand name. Coupon is mainly used for attracting new customers as well as to increase instant sales with price reduction of a product.

3. **Contests and Sweepstakes** - These are very popular low cost methods of sales promotion used and viable in almost any demographic location on earth. These techniques help people to learn a product more and help them pay more attention to the product. For instance if one arranges a competition about providing the accurate information of his product, then certainly interested customers will learn about the product and this is why it is an effective way of educating customers.

4. **Money Refunds** - Instant cash back, refunds and rebates are very attractive ways to promote sales in cellphone service providers and web hosting companies. For any product sales promotion, money back offers give a sense of security to all customers.

5. **Premiums and Bonus Packs** - A premium offer means an extra item at a low price or totally. Premiums are one of the effective sales promotions in targeting the brand switching users and also to increase sales rate among the existing users.

6. **Loyalty Schemes** - This is great way to hold the loyalty of customers. It is basically a point based system, where each customer gets some points on each purchase and later he can use these points for buying the same product.
products or other products at a reduced price. To many marketers, loyalty schemes are also known as frequent purchasing schemes.

7. **Exhibitions** - This is not like trade show. The purpose of an exhibition is to interact with the customers, answer their queries, and not to merchandise any products. Generally exhibitions are held to develop consumer interests on products. It is a very powerful and efficient vehicle to reach the customers and to educate them about your products. An example of exhibition is motor show.

8. **Packaging** - Many marketers do not pay much attention to the quality of packaging, because they simply do not understand the psychological and brand image aspects of packaging. An attractive and innovative packaging can work as a salient salesman. Packaging does the hooking function to buyers. A well packaged product carries not only the brand values but also create an emotional link to its prospects. Not that it is only important for packaging to be eye catching and aesthetic, but it needs to protect the product inside in the proper manner.

### 3.20 Brand Awareness

Brand awareness is the ability of a potential buyer to recognize or recall that a brand is a member of a certain product category. A link between product class and brand is involved in brand awareness. Brand awareness involves a continuum ranging from an uncertain feeling that the brand is recognised to a belief that it is one in the product category (Aaker 1991). Brand awareness makes it easier for consumers to identify products with the well known brand names (Sullivan 1998). Brand awareness is created by increasing the familiarity of the brand through repeated exposure for brand recognition and strong association with the appropriate product category or other relevant purchase or consumption cues for brand recall (Alba and Hutchinson 1987). Thus, anything that causes consumers to experience a brand name, symbol, logo, character, packaging or slogan, can potentially increase familiarity and awareness of that brand element.
Brand awareness consists of brand recognition and brand recall. Brand recognition relates to the consumers' ability to confirm prior exposure to the brand when given the brand as a cue. In other words, brand recognition requires that consumers correctly discriminate the brand as having been seen or heard previously. Brand recognition is the minimal level of brand awareness. It is based upon an aided recall test. Brand recognition is particularly important when a buyer chooses a brand at the point of purchase. The next level of brand awareness is brand recall. It relates to the consumers' ability to retrieve the brand when given the product category, the needs fulfilled by the category, or some other type of probe as a cue. In other words, brand recall requires that consumers can correctly generate the brand from memory. Brand recall is based on unaided recall, which is a substantially more difficult task than recognition. The first-named brand in an unaided recall task has achieved top of mind awareness. The relative importance of brand recognition and recall depends on the extent to which consumers make decisions in the store versus outside the store. Brand recognition may be more important to the extent that product decisions are made in the store. Brand awareness can be characterised according to depth and breadth. The depth of brand awareness concerns the likelihood that a brand element will come to mind and the ease with which it does so. A brand that can be easily recalled has a deeper level of brand awareness than one that can only be recognised. The breadth of brand awareness concerns the range of purchase and usage situations where the brand element comes to mind. The breadth of brand awareness depends to a large extent on the organisation of brand and product knowledge in memory (Keller 1998).

Brand awareness creates value in different ways. Brand awareness provides the anchor to which other associations can be linked. Recognition provides the brand with a sense of familiarity and people like the familiar. In the absence of motivation to engage in attribute evaluation, familiarity may
be enough. Brand awareness can be a signal of substance. The first set in the buying process often is to select a group of brands to consider. Brand awareness can be crucial to getting into this group.

Brand awareness plays an important role in consumer decision making for three major reasons. First, it is important that consumers think of the brand when they think about the product category. Raising brand awareness increases the likelihood that the brand will be a member of the consideration set. Second, brand awareness can affect decisions about a brand in the consideration set. For example, some consumers have been shown to adopt a decision rule to buy only familiar, well established brands. In low involvement decision settings, a minimum level of brand awareness may be sufficient for product choice, even in the absence of a well formed attitude. Finally, brand awareness affects consumer decision making by influencing the formation and strength of brand associations in the brand image (Keller 1993).

**Fig.3.9 Brand Awareness Pyramid**

*Source- Aker David A (1991), Managing Brand Equity, p.62*
3.21 Brand Knowledge

From the perspective of the customer-based brand equity model, brand knowledge is the key to creating brand equity, because it creates the differential effect that drives brand equity. What marketers need, then, is an insightful way to represent how brand knowledge exists in consumer memory. The associative network memory model views memory as consisting of network nodes and connecting links, in which nodes represent stored information or concepts and links represent the strength association between this information or concepts. Any type of information can be stored in the memory network, including information that is verbal, visual, abstract or contextual in nature. Consistent with the associative network memory model, brand knowledge is conceptualised here as consisting of a brand node in memory with a variety of associations linked to it. In particular, brand knowledge can be characterised in terms of two components: brand awareness and brand image. Brand awareness is related to the strength of the brand node or trace in memory, as reflected by the consumers’ ability to identify the brand under different conditions (Rossiter and Piercy 1987). Brand image can be defined as perceptions about a brand as reflected by the brand association held in consumer memory. A positive brand image is created by marketing programmes that link strong, favourable, and unique associations to the brand in memory (Herzog 1963). The brand knowledge effects through brand awareness and brand association; the benefits of brand are underlined as outcomes. Brand knowledge can be understood through easy brand recognition and recall is made with the number of purchases and consumption situations for which the brand comes to mind; the extent of marketing programme that conveys relevant information to consumers; the delivery of product-related and non-product-related benefits that are desired by consumers and creating points of difference that distinguish the brand from other brands. Therefore, brand knowledge entails significant activities leading to brand loyalty and equity. In
brief brand knowledge encompasses the consumer's ability relating to the awareness of the product, product features, where the product is available, the company that makes the product, how the product is used and for what purpose and the specific and distinctive features of the product.

Fig. 3.10 Dimensions of Brand Knowledge

Adapted from Kevin Lane Keller (1993)

Brand knowledge is an unequivocal corner-stone of the brand equity concept. It is referred to as the breadth and depth of brand awareness, strength, favourability and uniqueness of brand association and brand...
responses held in consumer memory and the nature of consumer brand relationships. Brand knowledge also reveals what the customers have learned, felt, seen and heard about the brand as a result of their experiences over time. Thus, brand knowledge can be expressed as a sum of brand awareness and brand image. It facilitates the consumers to have familiarity with a brand, have a better encoding ability and better developed procedural knowledge (Johnsson and Russo 1984). More elaborate memory structures can facilitate the information of linkages of new association (Alba and Hutchinson 1987). Consumers can also develop a greater number of stronger links for familiar brands (Kent and Allen 1994). (Fig3.10)

3.22 Perceived Quality

Perceived quality can be defined as the customer's perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives (Zeithaml 1988). Perceived quality is, first, a perception by customers. It thus differs from several related concepts, such as actual or objective quality—the extent to which the product or service delivers superior service, product based quality, the nature and quantity of ingredients, features or services included, manufacturing quality, conformance to specification, the "Zero defect" goal. Perceived quality cannot necessarily be objectively determined in part because it is a perception and also because judgments about what is important to customers are involved. Perceived quality is defined relative to an intended purpose and a set of alternatives. Perceived quality is an intangible, overall feeling about a brand. However, it usually will be based on underlying dimensions which include characteristics of the products to which the brand is attached such as reliability and performance. To understand perceived quality, the identification and measurement of the underlying dimension will be useful.

In many contexts, the perceived quality of a brand provides pivotal reason to buy, influencing which brands are included and excluded from
consideration, and the brand that is to be selected. Because the perceived quality is linked to purchase decisions, it can make all elements of the marketing program more effective. If the perceived quality is high, the job of advertising and promotion is more likely to be effective. A perceived quality advantage provides the option of charging a premium price. The price premium can increase profits and/or provide resources with which to reinvest in the brand. These resources can be used in brand building activities such as enhancing awareness or associations or in research and development to improve the product. A price premium not only provides resources, but can also reinforce the perceived quality. Perceived quality can also be meaningful to retailers, distributors and other channel members and thus aid in gaining distribution. In addition, the perceived quality can be exploited by introducing brand extensions using the brand name to enter new product categories. A strong brand with respect to perceived quality will be able to extend further, and will find a higher success probability than a weaker brand. A detailed examination of the relationship of perceived quality and other key strategic variables in addition to return of investment, (Jacobson and Aaker 1987), provides insights on how perceived quality does create profitability.

a. Perceived quality affects market share. After controlling other factors, products of higher quality are favoured and will receive a higher share of the market. Perceived quality affects prices. Higher perceived quality allows a business to charge higher price. The higher price can directly improve profitability or allow the business to improve quality further to create high competitive barriers. Further, a higher price tends to enhance perceived quality by acting as a quality cue.

b. Perceived quality has a direct impact on profitability in addition to its effect on market share and price. Improved perceived quality will, on an average, increase profitability even when price and market share are not affected. Perhaps the cost of retaining existing customers declines
with higher quality, or competitive pressures are reduced when quality is improved. In any case, there is a direct link between quality and return on investment.

c. Perceived quality does not affect cost negatively. In fact, it does not affect cost at all. The image that there is a natural association between a quality, prestige niche, strategy and high cost is not reflected in the data. The concept that "Quality is free" may be part of the reason enhanced quality leading to reduced defects and lowered manufacturing costs.

The perceived quality is the most important determinant of building customer-based brand equity. The perceived quality is closely attached with functional benefits; so, by using the products, customers easily access the quality variables. If the quality of the product is up to the expected level of satisfaction, it is a major strength for brand. If a brand has strength in quality aspects, it will be reflected positively in all the aspects of customer-based brand equity (Figure - 3.5).

![Fig.3.11-The Value of Perceived Quality](Adapted from Aker David A (1991))
3.23 Brand Image

Consumers have positive feelings about the reactions of others (i.e., when consumers feel others look favourably on their appearance or behaviour) to the brand. Approval may occur when others directly acknowledge the consumer using the brand or when the product itself if attributed to consumers. The notion that inanimate objects such as brands can be associated with a set of human characteristics is well accepted by social psychologists (Snyder and Gangestad, 1986). Little progress has been made in understanding how brands are used for self expressive purposes, despite research that shows that self-expression can be an important driver of consumer preference and choice (Richins, 1994). The personal identification function is related to the fact that consumers can identify themselves with some brands and develop feelings of affinity towards them (Rio, Vazquez, Victor, 2001).

In the literature of brand influence, a basic theory refers to the congruence between the consumer’s behaviour, his self-image and the brand image. This theory is based on the idea that individuals can enrich their self-image through the images of the brand they buy and use (Graeff, 1996; Hogg, 2000). In the past two decades, a considerable amount of research in social psychology has shown that the self is a malleable construct (Markus and Kunda, 1986; Tetlock and Manstead, 1985) and that people act in different situations, are influenced by social roles and cues, and have a need for self-presentation. Therefore, it may not be surprising that empirical support for the self-expressive use brands has remained elusive.

3.24 Brand Association

Brand association is any mental linkage to the brand. Brand associations may include product attributes, customer benefits, uses, life styles, product classes, competitors and countries of origins. The association
not only exists but also has a level of strength. Brand position is based upon associations and how they differ from the competition. An association can affect the processing and recall of information, provide a point of differentiation, provide a reason to buy, create positive attitudes and feelings and serve as the basis of extensions. The associations that a well established brand name provides can influence purchase behaviour and affect user satisfaction. Even when the associations are not important for brand choices, they can reassure, reducing the incentive to try other brands.

Brand associations may take different forms. One way to distinguish among brand associations is the level of abstraction, that is, how much information is summarised or subsumed in the association. Within this dimension, the types of brand associations can be classified into three major types of increasing scope such as attributes, benefits, and attitudes. Several additional distinctions can be made within these types according to the qualitative nature of the association (Dickson1994).

The first types of brand associations are brand attributes. Attributes are those descriptive features that characterise a product or service. Attributes can be distinguished according to how directly they relate to product or service performance. Along these lines, attributes can be classified into product-related and non product related attributes. Product related attributes are defined as the ingredients necessary for performing the primary product or service function sought by consumers. Hence, they relate to a product's physical composition or a service's requirements. Product-related attributes determine the nature and level of product performance. Product related attributes can be further distinguished according to essential ingredients and optional features, either necessary for a product to work, or allowing for customisation and more versatile, personalized usage.

Non product related attributes are defined as external aspects of the product or service that relate to its purchase or consumption. Non product
related attributes may affect the purchase or consumption processes but do not directly affect the product performance. The four main types of non product related attributes are price information, packaging or product appearance information, user imagery i.e., what kind of a person uses the product or service, and usage imagery i.e., where and in which situations the product or service is used. The price of the product or service is considered a non product related attribute because it represents a necessary step in the purchase process but is not intrinsic, related to the product performance or service function. Price is a particularly important attribute, because consumers often have strong beliefs about the price and quality. In most cases, packaging does not directly relate to the necessary ingredients for product performance. User and usage imagery attributes can be formed directly from a consumer's own experiences and contact with brand users or indirectly through the depiction of the target market as communicated, e.g., in brand advertising. Associations of a typical brand user may be based on, e.g., demographic factors or psychographic factors. Association of a typical usage situation may be based on the time of day, week, or year, the location (inside or outside the home), or the type of activity (formal or informal), among other aspects. The second types of brand associations are brand benefits. Benefits are the personal value and meaning that consumers attach to the product or service. Benefits can be further distinguished into three categories according to the underlying motivations to which they relate: functional benefits, experiential benefits, and symbolic benefits. Functional benefits are the more intrinsic advantages of product or service consumption and usually correspond to the product-related attributes. These benefits often are linked to fairly basic motivations, such as physiological and safety needs, and may involve a desire for problem removal or avoidance. Experiential benefits relate to what is felt when the product or service is used and they usually also correspond to both product-related
attributes as well as non-product-related attributes such as usage imagery. These benefits satisfy experiential needs such as sensory pleasure, variety, and cognitive stimulation. Symbolic benefits are the more extrinsic advantages of product or service consumption. They usually correspond to non-product-related attributes and relate to underlying needs for social approval or personal expression. Symbolic benefits are especially relevant for socially visible products. Thus, consumers may value the prestige, exclusivity, or fashionability of a brand because of how it relates to their self-concepts.

The third and the most abstract types of brand associations are brand attitudes. Brand attitudes are defined in terms of the consumers' overall evaluation of a brand. Brand attitudes are important because they often form the basis of actions and behaviour that consumers take with the brand (e.g., brand choice). Consumers' brand attitudes generally depend on specific considerations concerning the attributes and benefits of the brand. It is important to note that brand attitudes can be formed on the basis of benefits about product-related attributes and functional benefits and/or beliefs about non-product-related attributes and symbolic and experiential benefits. (Fig. -3.12)

![Fig.3.12- The Value of Brand Association](image)

Adapted from Aker David A (1991)
The different types of brand associations can vary according to their favourability, strength, and uniqueness. Brand associations differ according to how favourably they are evaluated. The success of a marketing program is reflected in the creation of favourable brand associations, i.e., consumers believe the brand has attributes and benefits that satisfy their needs and wants, so that a positive overall brand attitude is formed. The strength of brand associations depends on how the information enters consumer memory and how it is maintained as a part of the brand image. Thus, the more actively a consumer thinks about and elaborates on the significance of product or service information, the stronger the associations created in memory. This strength, in turn, increases both the likelihood that information will be accessible and the ease with which it can be recalled. The presence of strongly held, favourably evaluated associations that are unique to the brand and imply superiority over other brands is crucial to a brand's success. Yet, unless the brand has no competitors, the brand will most likely share some associations with other brands. Shared associations can help to establish a category membership and define the scope of competition with other products and services. The favourability and strength of a brand association can be affected by other brand associations in memory. Congruence is defined as the extent to which a brand association shares content and meaning with another brand association. In general, information that is consistent in meaning with existing brand associations should be more easily learned and remembered than unrelated information. Secondary brand association occurs when the brand association itself is linked to other memorized information that is not directly related to the product or service. Because the brand becomes identified with this other entity, consumers may infer that the brand shares associations with that entity, thus producing indirect links for the brand. The first three types of secondary associations involve factual sources for the brand. First, the brand may vary by the extent to which it is identified with a particular company.
Similarly, a brand may be associated with its "country of origin" in such a way that consumers infer specific beliefs and evaluations. Finally, the distribution channels for a product may also create secondary associations. The last two types of secondary associations occur when the primary brand associations are linked to user and usage situation attributes, especially when they are for a particular person or event. Consider the case in which a well-known person lends credibility to product or service claims because of his or her expertise, trustworthiness, or attractiveness. Similarly, when a brand becomes linked with an event, some of the associations with the event may become indirectly associated with the brand. Secondary brand associations may be important if existing brand associations are deficient in some way. In other words, secondary associations can be leveraged to create favourable, strong, and unique associations that otherwise may not be present (Keller 1998). To create brand equity, it is important that the brand has some strong, favourable and unique brand association. Creating strong, favourable and unique association is a real challenge to marketers but essential in terms of building customer-based brand equity. (Figure-3.13)
3.25 Brand Satisfaction

The product is the heart of brand equity. It is the primary influence of what consumers’ experience, what they hear about, and what the firm tells customers about the brand. According to Keller (2001), designing and delivering a product that fully satisfies consumer needs and wants is a prerequisite for successful market regardless of whether the product is tangible good, service, or organization. Performance is the way the product or service attempts to meet customers’ more functional needs (Keller, 1993). Engel (1990) defined brand satisfaction as the result of consumers’ subjective evaluation is that they are satisfied with the brands they selected or those brands exceed their expectation. Brand satisfaction can be divided into the transaction-specific satisfaction and accumulative satisfaction. Transaction-specific satisfaction refers to the evaluation and emotional reaction after the customers’ making a recent transaction, and it is to seize the evaluation or feeling of the short term and a particular experience. However, the accumulative satisfaction is an overall evaluation of the experience of purchasing or consuming a product or service. This thesis defines brand satisfaction as subjective evaluation of the brands which the consumers selected, achieving or surpassing their own expectation in certain specific transactions. The reason for using this definition is that the effect that the satisfaction of specific transaction plays a non centralised status in the process of the formation of customer loyalty. So, it helps us further to explore the nonlinear impact of brand satisfaction on brand equity.

In a competitive environment, customers choose one firm over another on the basis of their perceived knowledge of the firm’s ability to offer the best service in the marketplace (Berry, 1995) which, from a customer’s point of view, is the one that exhibits a commitment to consistent superior service. Researchers have demonstrated that breaking the service promise is the single most important way in which service companies fail their customers’ satisfaction (Berry et al., 1990).
3.26 Brand Attachment (Post Purchase Behaviour)

After purchasing the product, the consumer will experience some level of satisfaction or dissatisfaction. The consumer will also engage in post purchase action and product uses of interest to the marketer. The consumer's satisfaction or dissatisfaction with the product will influence subsequent behaviour. If the consumer is satisfied, then he/she will exhibit a higher probability of purchasing the product on the next occasion. The satisfied consumer will also tend to say good things about the product and the company to others. The post purchase behaviour depends upon the extent of the consumers' set of experience stored in memory, how well they select products and stores, and the type of feedback they received. Understanding consumer needs and buying processes is essential for building effective marketing strategies. By understanding how buyers go through problem recognition, information search, evaluation of alternatives, the purchase decision and post purchase behaviour, the marketers can identify the effective marketing strategy.

The post purchase evaluation involves comparison between the expectations and actual performance of the product or brand. There are three possibilities at this stage. First, there is no discrepancy between expectations and actual performance. It leaves the consumer with neutral feelings. Second, performance exceeds expectations; in this situation, the consumer feels satisfied. Third, performance falls below expectations; this leaves the consumer dissatisfied (Emet, Woodruff and Jenkins 1987). The interaction between expectations and actual product performance produces either satisfaction or dissatisfaction. However, there does not appear to be merely a direct relationship between the level of expectations and the level of satisfaction. Instead, a modifying variable known as "disconfirmation of expectations" is thought to be a significant mediator of this situation. The disconfirmation can be of two varieties: a positive disconfirmation occurs when what is received is better than expected, and a negative disconfirmation occurs when things turn out worse than
anticipated. Thus, any situation in which the consumer's judgment is proven wrong is a disconfirmation (Bension 1980). The desire to study the behaviour of consumers after the purchase has been made is a 'true' marketing orientation, identification with the consumers and seeing things from their perspective. Purchases are purposive and motivated. Post purchase behaviour indicates to what extent these purposes have been met and motives achieved. Post purchase activity gives an indication as to whether the customers are going to again patronise a firm in future, and also whether they will be in a mood to recommend a product to potential customers. The theoretical background relating to sources of customer-based brand equity clearly explore various elements and insights into it. In the present research study, it is identified that brand loyalty is a major influencing factor of customer-based brand equity. The remaining things discussed in this chapter are brand awareness, brand knowledge, perceived quality, brand association, purchase decision and post-purchase behaviour which leads to accomplish customer-based brand equity. The following chapter brings out the results secured through statistical analysis based upon the responses of respondents.

3.27 Brand Trust

Trust turned out to be the most important attitudinal construct. Young and Wilkinson (1989), in the context of Australian firms, found trust to correlate with the size and power of firms, the larger being more trusted and trusting. This is consistent with the use of trust as a proxy for brand equity. According to Boulding (1993), trust is part of the brand consumer relationship and therefore of brand equity. Trust is, however, both an antecedent and a consequence of success and should appear on both sides of any performance equation or otherwise be treated in the same manner as other relationship brand equity variable (Ambler, 1997).

Chaudhuri and Holbrook (2001) define brand trust as “the wish that the common consumer trust brand fulfills the ability of its declared function”. Lau and Lee (1999) cited in the work of Zhang Yueli, LI (2007) define brand trust as
“the wish that consumers rely on the brand, in the situation of facing risks, as they expect the brand will bring positive outcomes”. These definitions reflect two different dimensions: (1) brand reliability, which implies that consumers not only believe this brand can fulfil the value it had declared, but also it can satisfy individual needs in a continual positive way, and bring positive results to the consumers. Therefore, this dimension means a pledge to the brand performance; (2) brand benevolence, which shows the degree that the brand maintains the benefits of its consumers. Band trust is defined as the degree to which customers trust a certain brand and implement the agreed functions and maintain the benefits of consumers under the risk situation, including customer trust to the brand ability and brand benevolence, so that it helps consumers reduce the perception risk. Therefore brand ability and benevolence are both important factors of brand trust.

3.28 Brand Loyalty

This is a major component of brand equity. Brand loyalty, a long and central construct in marketing, is a measure of the attachment that a customer has to a brand. The customers continue to purchase one particular brand even in the face of competitors with superior features, price and convenience, where we can find the brand loyalty. It reflects how likely a customer will be to switch to another brand, especially when that brand makes a change, either in price or in product features. It is one indicator of brand equity which is demonstrably linked to future profits. Brand loyalty is qualitatively different from the other major dimensions of brand equity in that it is tied more closely to the use of experience. Brand loyalty cannot exist without prior purchase and use experience. It is a basis of brand equity that is created by many factors, chief among them being the use experience. Brown (1953) defines brand loyalty according to the sequence of purchasing a specific brand and classifies it as undivided loyalty, divided loyalty, unstable loyalty and no loyalty. Gunningham (1956) measured brand loyalty as the proportion of total purchases within a given product category restored to the most
frequently purchased brand or set of brands. Aaker (1991) defines loyalty as "the attachment that a customer has to a brand", and considers it to be a primary dimension of brand equity. Keller (1993) views loyalty as a consequence of brand equity, i.e., when favourable attributes result in repeated purchase. A loyal customer base offers several benefits; it creates entry barriers for potential competitors, makes it possible to charge higher prices, gives the company time to react to competitors' innovations and also function as a buffer in times of intensive price competition (Aaker 1996). Oliver (1997) defines brand loyalty as "a deeply held commitment to re-buy or re-patronise a preferred product or service consistently in the future, despite situational influences and marketing efforts having potential to cause switching behaviour". Brand loyalty is a complex phenomenon. At least seven different types of brand loyalty can be distinguished.

- In emotional loyalty, unique, memorable, reinforcing experiences create a strong emotional bond with a brand. Positive word by mouth is likely to be very high.
- In identity loyalty, the brand is used as an expression of self, to bolster self esteem and manage impressions.
- In differentiated loyalty, brand loyalty is based on perceived superior features and attributes. Here demonstrations and trials are very important tools of marketing tactics.
- In contract loyalty, a consumer believes that continued loyalty earns him or her special treatment, but a competitor can question whether the consumer's trust is being exploited.
- In switching cost loyalty, a consumer is loyal because the effort involved in considering alternatives and adapting to a new alternative is not worth the expected return.
- In familiarity loyalty, brand loyalty is the result of top of mind brand awareness. This kind of loyalty is defended and attacked by constant
attention arising from advertising that builds top of mind brand awareness.

- In convenience loyalty, brand loyalty is based on buying convenience. This type of loyalty may be attacked by the expansion of a competitor into convenience channels.

Brand loyalty of the customer base is often the core of a brand's equity. It reflects how likely a customer will be ready to switch to another brand, especially when that brand makes change, either in price or in product features. There are at least five potential levels of loyalty. These five levels, however, provide a feeling for the variety of forms that loyalty can take and how it impacts upon brand equity (Aaker 1991).

![Brand Loyalty Pyramid](image)

**Fig.3.14-Brand Loyalty Pyramid**

*Adapted from Aker David A (1991)*
The bottom loyalty level is that of the non-loyal buyer who is completely indifferent to the brand. Each brand is perceived to be adequate, and the brand name plays only a small role in the purchase decision. This buyer might be termed a switcher. The second level includes buyers who are satisfied with the product or at least not dissatisfied. These buyers might be termed habitual buyers. The third level consists of those who are also satisfied and, in addition, have switching costs, e.g., costs in time or money associated with switching. This group might be called switching-cost loyal. At the fourth level buyers truly like the brand. Their preference may be based upon a symbol, a set of use experiences or a perceived high quality. Segments at this fourth level might be termed friends of the brand, because there is an emotional/feeling attachment. At the top level are committed customers. They feel pride in being users of a brand. The brand is very important to them either functionally or as an expression of who they are. Their confidence in the brand is such that they will recommend it to others.

3.29 Background of the Study

This study is designed in such a way that the impact of branding in the modern marketing scenario of consumer goods is examined according to the response of the different categories of consumer goods customers. The impact of branding on the customer behaviour is analysed for this purpose, based on the type of customers or the type of products they purchase. Therefore, the purpose of this study is mainly to analyse the branding practices of the consumer products and their impact on the customer behaviour and brand equity, which in turn affects brand extension i.e., how it will affect the brand association, brand satisfaction, brand trust, brand loyalty, brand equity and the brand extension.

Against this theoretical framework, the model applied for analyzing the customer behaviour of branded consumer products in this study is displayed below:
Theoretical Framework: Branding of Consumer Products

Brand Extension

BRAND EQUITY

Brand Loyalty
Brand Trust

Brand Attachment
Brand Satisfaction
Brand Association

BRAND PURCHASE BEHAVIOUR

Brand Image
Perceived Quality
Brand Pricing
Brand Knowledge
Brand Awareness
Brand Sales Promotion
Brand Advertisement

Fig. 3.15 - Analytical model of the study
References

Theoretical Framework: Branding of Consumer Products


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Theoretical Framework: Branding of Consumer Products


