CHAPTER 2:
BRANDING AND BRAND EQUITY- THE CONCEPTUAL FRAME
Branding is an art of capturing the niche market for a product or service and creating confidence in the current and prospective consumer’s mind. Branding began much before the term entered the lexicon of modern marketing thought. In fact, the word brand has been derived from the Old Norse word “brandr” which means “to burn”, as brands were and are still the means by which owners of livestock mark their animals to identify them.

One of the most valuable assets that companies have are the brands that they have created, invested in, and nurtured. Gone are the days when firms believed that their factories and other physical assets like land and machinery were their most valuable assets. Brands are rising in the value hierarchy of assets. According to the HUL annual report 2014-2015 it’s physical assets are worth around Rs 3724 crores, revenue is Rs 32,086 crores and net profit Rs 3842 crores. However, its market value is much higher at approximately Rs 1, 88,849 crores (BSE India website, August 2015). This high market value is mainly due to the contribution made by its strong brands Wheel, Lux, Lifebuoy, Surf, Kissan, Lipton, Liril, Fair & Lovely, CloseUp, Pepsodent, Sunsilk, Denim, Axe and Rin. The same is true for companies like Parle, Godrej, Pepsico, Marico, L&T, ITC and Coca Cola. Companies are willing to pay much larger sums to buy brands than to buy physical assets. HUL paid Rs 110 crores for Lakme’s brands and only Rs 29 crores for their two manufacturing plants. Creating (or buying) and developing brands over a period of time is invaluable due to the enormous returns that brands provide companies. This is due to the ability of brands to simplify consumer purchase decision process, reduce the risk they perceive, and satisfy their needs and wants resulting in consumers preferring brands to unbranded alternatives.

2.1 Concept of Brand

The American Marketing Association defines a brand as “a name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers. The legal term for brand is trademark. A brand may identify one item, a family of items, or all items of that seller. Essentially, a brand represents the holistic sum of all information about
a product or group of products. As a binding force in a complex chain exchange in marketing⁴, a brand can be conceptualized as the factor which aligns expectations and actions of stakeholders - from suppliers and producers, to distribution channels, to the consumers - it represents everything that makes up the total experience a customer has with a company.

A brand is more than a name or label or symbol employed by a manufacturer to distinguish its products in the eyes of their consumers. Brands are images that reside in the minds of the consumers. Brands are a consumer’s perception of the product. A brand is not the producer’s, but the consumer’s idea of a product.⁵ Consumers do not react to reality, but to what they perceive as reality. Both Nike and Adidas make sneakers or sports shoes in addition to a lot of other products. However to a consumer, these brands are not merely sports shoes, nor they are viewed as similar competing products. Whilst Adidas is about sports and performance, Nike is about bringing out the best in the user (irrespective of whether you are playing a sport, running, walking or merely competing) and it also intended to make the user feel more flamboyant, stylish and having achieved up to their potential. Brands are not always what the producer thinks they are, they are what the consumer perceives them to be.

Brand is a complex symbol and can communicate up to six levels of meanings.

- **Attributes**: Brand attributes are a bundle of features that highlight the physical and personality aspects of the brand. Attributes are developed through images, actions, or presumptions. Brand attributes help in creating brand identity. Eg: Mercedes suggests expensive, well-built, etc.

- **Benefits**: Attributes must be translated into functional and emotional benefits. Functional benefits are based on a product attribute that provides the customer with functional utility. Examples of functional benefits include the phone capability of an iPhone, durability of car and the warmth of a wool sweater. Emotional benefits provide consumers with a positive feeling when they purchase or use a particular brand. They add richness and depth to the experience of owning and using the brand. Examples of
emotional benefits include the “feel-good” factor when purchasing organic food or when donating to charities such as the orphanages etc.

- **Values:** Brand also says something about the producer’s value. Eg: Mercedes stands for high performance, safety and prestige.

- **Culture:** The Brand represents certain culture. Eg: Mercedes represents German culture - organized, efficient, high quality.

- **Personality:** Brand personality is a set of human characteristics that are attributed to a brand name. A brand personality is something to which the consumer can relate; an effective brand increases its brand equity by having a consistent set of traits that a specific consumer segment enjoys. Eg: Pepsi is considered to be cool and Mercedes is considered to be sophisticated.

- **User:** The brand suggests the kind of consumer who buys or uses the product. Eg: We would expect to see a 55-year-old top executive behind the wheel of a Mercedes, not a 20-year-old secretary.

A brand is a promise to the consumer that it offers more value than any competing product – the kind of value that is aligned with their functional, emotional and self-expressive needs. Whilst a product offers functional utility to the consumer, the brand promises the consumer that it will meet their needs and wants, make them feel good emotionally and in some instances allow them to express their values. The consumer perceives competing brands representing products from the same category and price range to be different and unique from each other.

Even though Coca Cola, Pepsi Cola and Thums Up are very similar to each other in terms of tangibles such as color, taste, effervescence and flavor, loyal consumers of each of these brands are convinced that the brand he or she uses is unique and has no substitute. Examples of
the ‘brand as a promise’ to the consumer are: Apple’s brand promise is Think different, BMW’s brand promise is **the ultimate driving machine**.

## 2.2 Brand-Consumer Relationship

Successful marketing of brands requires a good relationship with consumers. Gaining a thorough and in-depth knowledge of customer behavior enables the firm to reach the right consumers in a cost effective manner. The difference between brand and product is that while product is a physical entity that lives in the real world, brand is a perception residing in the consumer’s mind. A brand relationship with its consumers can be of various types, namely, social bonds, psychological bonds, financial bonds, and structural bonds. Brand resides in the minds of consumers.

Consumers' relationships with brands are not all that different than relationships with people. Some you genuinely care about, others are in your life because you need them. For marketers, understanding the difference between the two kinds of relationships is essential to making sure you know how to deal with customers. Marketers who realize this will be in a better position to retain customers and improve the perceptions of consumers who are unhappy with a brand’s service or product, according to researchers who recently studied the phenomenon. In one kind of consumer/brand relationship, people relate to the brand based primarily on economic factors. Walmart, for example, attracts customers based on price and value. In what the researchers call a "communal relationship," consumers relate to the brand based on caring, trust, and partnership. Dettol sells itself as a trusted and genuine antiseptic soap.

Brand equity is typically the result of brand loyalty, and with brand loyalty comes increased market share. In fact, there are 5 stages of brand experience that lead to positive brand equity:

1. **Brand awareness**: Consumers are aware of the brand.
2. **Brand recognition**: Consumers recognize the brand and know what it offers versus competitors.
3. **Brand trial**: Consumers have tried the brand.
4. **Brand preference**: Consumers like the brand and become repeat purchasers. They begin to develop emotional connections to the brand.

5. **Brand loyalty**: Consumers demand the brand and will travel distances to find it. As loyalty increases so do emotional connections until there is no adequate substitute for the brand in the consumer’s mind.

Today, brands are competing within crowded markets to win consumer affinity and awareness, and to do that in an era of heightened digital communication, it’s necessary to connect. Consumers have endless choices and only open their wallets for the brands they really love, ones they feel they can relate to, and ones they feel care about them. With this in mind, it’s important for marketers to start thinking less as big companies and more as friends of their customers. Formal language is long gone, ads are featuring 'normal people' and in-store employees are working with shoppers by name. This is a transition that consumers are welcoming, and more and more brands are jumping on board.

### 2.3 Why Branding?

**Consumer Perspective of Brand**

Brands allow the consumer to identify the maker or seller of a product and protect them by enabling them to assign responsibility of product performance on the producer. More importantly, brand names help consumers to shop more efficiently by relying on their past experiences with the brand and through the advertising and promotion program of the brand over the years. Due to this exposure and experience to the brand, consumers have some knowledge about the brand (attributes, benefits, quality, price and so on), this saves them the trouble (and cost) of searching for and processing information to make a purchase decision. This knowledge helps them to find out which brands are likely to satisfy their needs and wants and which brands will not.
When a consumer buys an unbranded product, like unbranded salt, the consumer needs to engage into more information search and processing in order to ascertain its quality, reliability, taste and other relevant features. In the case of branded products such as Tata salt, the consumer associates the brand name with trust and quality. Brands simplify the purchase decision thereby providing the consumer a shorthand device for making purchase decisions.\textsuperscript{6}

Well-known brands can reduce perceived risk of buying complex products and services where the prospective consumer finds it difficult to evaluate the attributes of the product. Hence, transnational brands such as McDonalds, Dominos, Nike, Coke, Pepsi, Sony, and Mercedes get customer patronage across geographical boundaries from consumers for whom these brands are well known and who associate lower risk with the purchase and consumption of these brands.

Consumers can evaluate tangible product characteristics like size, shape, color, weight, sturdiness, composition, and style by physical inspection of the product. However, evaluating equally important intangibles like reliability, compatibility, quality of service, image, social acceptability, and status is a rather difficult task for the prospective buyer. In these cases, the prospective buyer relies on the brand image and advertising of the brand. The advertisements and the brand image enables the consumer to perceive that Coke is ‘the real thing’ (the original cola), Louis Philippe is for ‘the upper crest’ (successful white collared professionals), and driving a Mercedes is perceived to be more prestigious than driving a Hyundai.

When deciding on the purchase of an automobile, a consumer can assess style, physical features and price before purchase. However, characteristics like pleasure of driving ease of handling, reliability and quality can only be partially assessed by experiencing a test drive. The test drive experience when supplemented by a reassurance through word of mouth and advertising exposure allows the consumer to make a complete evaluation of the product. This is where brands play a role.

Brands also allow consumers to project their self-concept. By associating with such brands, consumers can communicate to others the kind of person they are (actual self-concept) or
the type of person they aspire to become (their ideal self-concept). This is illustrated by this 40 year old man’s view of the importance of his Porsche 928 car (Stein 1985):

“When I pass by teenage girls (in my Porsche 928) on suburban streets, they stare and smile. When I pull up next to a snooty beauty in a black Rolls convertible, she winks. When I am out of the car in my own skin, the same women look at me, look through me, and virtually scream ‘who is this geek with the gray hair and the glasses’

The following exhibit lists down the benefits of branding for consumers.

### Exhibit 2.1
Benefits of Branding for Consumers

<table>
<thead>
<tr>
<th>FUNCTION</th>
<th>BENEFIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identification of producer or seller of</td>
<td>Protects consumers by allowing them to assign responsibility for product performance</td>
</tr>
<tr>
<td>Product</td>
<td></td>
</tr>
<tr>
<td>Shorthand device for decision Making</td>
<td>Allow savings of time and energy through reduced information search and processing</td>
</tr>
<tr>
<td>Promise of consistent quality</td>
<td>Consumer is sure of same quality irrespective of when and where the brand is purchased</td>
</tr>
<tr>
<td>Risk reducer</td>
<td>Choosing brands reduces perceived risk when evaluation of features and benefits of the product is difficult</td>
</tr>
<tr>
<td>Relationship with the consumer</td>
<td>Satisfaction as a result of familiarity, intimacy and identifiability of the consumer with the brand</td>
</tr>
<tr>
<td>Symbolic device</td>
<td>Enables the consumers to express their self-concept</td>
</tr>
</tbody>
</table>
**Marketers Perspective of Brand**

Branding provides firms several valuable advantages. Brands serve an identification function, thereby making it easier for the producer, seller or distributor to process and track the product, help organize inventory and maintain accounting records. For example, Coca Cola India markets more than 35 different types of beverage SKUs (Stock Keeping Units) across the country. These SKUs cater to the needs and wants of different consumers, for example, Diet Coke is consumed by weight or calorie conscious consumers and the 2 litre bottles of Coke, Limca, Sprite and other soft drinks are bought for consumption at parties and for family consumption. As these numerous SKUs are marketed under various brand names (Coke, Diet Coke, Thums Up, Fanta, Limca, Sprite, and Kinley), it becomes a lot easier for the company to organize inventory, track an individual SKU, and manage accounting records.

A brand can be legally protected against copying of unique aspects of the product and the brand (such as the name, logo, unique product attributes, jingle and various other brand elements). This protection is available in the form of trademarks (for the brand name, logo, symbol), copyrights (for packaging, design, taglines), and patents (for the manufacturing process or product attributes). This allows the firm to safely invest in the future of the brand – in research, innovation and brand building, without the fear of copying by competitors. Firms can also earn substantial royalties by granting licenses of these legally protected assets to partnering firms, thereby enabling entry into newer markets where the brand is well known but the firm doesn’t have a presence. Honda entered the Indian market through a partnership with Kinetic engineering for marketing scooters (Kinetic Honda) and Hero motors for motorcycles (Hero Honda). The association with the Honda brand resulted in the consumers preferring and willing to pay a premium for the two-wheelers of Kinetic engineering and Hero motors.

Brands fetch a price premium over unbranded products as consumers are willing to pay higher prices for the perceived unique benefits that it provides them. Pillsbury wheat flour costs a customer more than unbranded wheat flour. It is also the case with Tanishq jewelry that costs a consumer at least 20 per cent more than a comparable item at a family jeweler.
Since brands are a basis for identification and a promise of consistent quality for consumers, in most cases satisfied buyers of the brand choose the brand repeatedly, leading to creation of brand loyalty. The company does not need to constantly woo the customer through advertising thereby resulting in savings and increased profitability for the company. Moreover, these brand resonant consumers function as ambassadors for the brand by positively influencing a large number of prospective buyers through word-of-mouth. Brand loyalty results in cost efficiency due to lower customer acquisition and retention costs, and lower production and inventory costs.

Brands are a source of competitive advantage for the firm. Strong brands have the resilience to endure difficult situations like economic downturn and product mishaps. Coca-Cola survived product quality problems in Europe in mid 1990s. In 2003, Pepsi and Coca-Cola survived reports of the presence of pesticides above limits in their bottles and cans. Even if strong brands are not promoted for a short period of time, they do not immediately lose out on consumer patronage. In 1993, Coca Cola bought the leading cola brand Thums Up from Parle Industries with the objective of reducing competition in the cola market. However, in spite of not being advertised and promoted for a couple of months, consumers still continued to patronize the brand. Although the visibility for the Coca-Cola brand is higher than that for Thums Up, Thumbs Up still manages to outsell Coke.

Brands find easier acceptance by the distributors, wholesalers and retailers resulting in wider product availability, lower slotting allowances and more shelf space. Strong brands have the ability to pull consumers into the stores that carry them. This is because of the uniqueness of the brands which prevents the retailer from finding a substitute that is acceptable. Whilst at a product level Lux and Nirma offer the consumer a beauty soap, the consumer perceives each of these brands to be distinct from one another – Lux being the soap that film actresses use and Nirma being an affordable and efficient beauty soap but not premium enough for a budding film actress. Hence, supermarkets and convenience stores need to carry the brand (Lux) even if HUL doesn’t agree to pay slotting fees or give higher margins.
Marketers can do segmentation of markets by introducing a number of products from the same category, each under a different brand name and image that caters to a specific market segment. Hindustan Unilever use its brands Active Wheel, Rin, Surf and Surf Excel to segment its detergent buyers into distinct segments.

Today brands are one of the most valuable assets of firms. Brands can be bought and sold by companies, thereby providing firms security of sustained earnings in the future. It is for the same reason that the most valuable assets of companies today are their brands rather than their fixed assets like factories, equipment and offices. The value of all the brands of Hindustan Lever is far greater than either their annual turnover or the book value of all their offices, godowns and manufacturing facilities. The exhibit below summarizes the benefits of branding for marketers.

Exhibit 2.2

Benefits of Branding for Marketers

<table>
<thead>
<tr>
<th>Benefits of Branding for Marketers</th>
</tr>
</thead>
<tbody>
<tr>
<td>□ Means of identification to simplify operations</td>
</tr>
<tr>
<td>□ Brands command a price premium</td>
</tr>
<tr>
<td>□ Branding can be used to segment markets</td>
</tr>
<tr>
<td>□ Source of competitive advantage</td>
</tr>
<tr>
<td>□ Brands can create entry barriers for competitors</td>
</tr>
<tr>
<td>□ Means of legal protection of product uniqueness</td>
</tr>
<tr>
<td>□ Create customer loyalty</td>
</tr>
<tr>
<td>□ Better bargaining power over trade partners</td>
</tr>
<tr>
<td>□ Brands can be bought or sold</td>
</tr>
<tr>
<td>□ Resilience to endure crisis</td>
</tr>
<tr>
<td>□ Easier trade acceptance and wider product availability</td>
</tr>
</tbody>
</table>
2.4 Brand Equity

Brands vary in the amount of power and value they have in the market. A powerful brand has high brand equity. Brand Equity is the positive differential effect that knowing the brand name has on consumer response to the product or service. The measure of a brand’s equity is the extent to which consumers are willing to pay more for the brand. Brand Equity has been described as “the unique set of brand assets and liabilities linked to a brand”\(^\text{13}\). The intangible assets of brands create the basis of brand equity. These assets include 1) brand loyalty, 2) brand awareness, 3) perceived quality, 4) brand association, and 5) other proprietary assets such as patents, trademarks and channel relationships. If managed well, these assets add value to the product or service and create additional customer satisfaction, which, in turn, provide a number of benefits to the firm.

David Aaker’s Brand Equity Model defines the five following brand equity components:

1. **Brand Loyalty**

   Brand loyalty represents a favorable attitude toward a brand resulting in consistent purchase of the brand over time. It is the result of consumers’ learning that only the particular brand can satisfy their needs. The 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 a change, either in price or in product features. As brand loyalty increases, the vulnerability of the customer base to competitive action is reduced.

2. **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. Brand awareness involves a continuum ranging from an uncertain feeling that the brand is recognized to a belief that it is the only one in the product category.

3. **Perceived Quality**

Perceived quality can be defined as the customer’s perception of the overall quality or superiority of a product or service relative to alternatives. Perceived quality cannot necessarily be objectively determined, because perceived quality itself is a summary construct.

4. **Brand Associations**

Brand association is any mental linkage to the brand. Brand associations may include, e.g., 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. The 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.

5. **Other assets**

This includes patents, trademarks, intellectual property rights, relations with trade partners, etc. These assets provide greater competitive advantage to the brand.

Aaker determines the five categories as the main determinants of brand equity which deliver positive or negative value to the customer and organization. See exhibit 2.4. Each category can be seen as a brand asset that creates value. It’s of vital importance to understand the source that creates value and the way it creates value, these are the indicators/ effect as displayed in exhibit 2.3.
Apart from the five components, the model also reflects indicators (and/or consequences) of the pursued branding policy. It goes without saying that brand equity will rise as brand loyalty increases, brand name awareness increases, perceived quality increases, brand associations become stronger (and more positive), and the number of brand-related proprietary assets increase. The model also provides insight into the criteria that indicate to what degree actual value is created with both consumer and company due the pursued branding policy.
Aaker has set 10 brand equity measurement variables, based on the first four primarily categories of the equity model in exhibit 2.3.

Exhibit 2.4
The Brand Equity Ten


The measures highlighted in the above exhibit should reflect brand equity and forces that drive the market. Next to that, the measures should be sensitive and it should be applicable across brands, product lines and markets.

2.5 Levels of Brand Equity Measures

The extant literature has proposed brand equity measures at three levels: individual, product and firm. One approach is to measure consumer’s state of mind with regard to a brand, i.e. consumer-based brand equity (CBBE). This family of mindset measures includes awareness,
attitude, attachments, associations, loyalty toward a brand, etc. These measures demonstrate the basic underlying dimensions of brand equity. They have good diagnostic power by signaling the change of a brand’s value and providing the reasons for the change. Another approach involves measuring product level outcomes. These measures of brand equity include loyalty, price premium, market share, revenue, net profit, etc. Since these metrics can be obtained and computed through sales information, they maintain the desirable features of being accessible and objective. Moreover, because these measures are closely related to financial returns, they provide a valuable reference for brand valuation.

Finally, some researchers focus on firm financial returns associated with a brand. These measures involve the consideration of discounted future cash flows or projected future earnings associated with a brand. Because this approach puts a brand’s future potential into the formula, it treats brand as a long-term intangible financial asset.

### 2.6 Leveraging Brand Equity

There are three ways to leverage brand equity: firstly building it, secondly borrowing it, or thirdly buying it. Increasingly, “building” brand equity is not easy – given the proliferation of brands and the intense competition that is prevalent in many industries. Within a given industry, there typically exist many high quality products and high levels of advertising, making it difficult to introduce superior quality brand and shape perceptions through advertising. Thus, the alternative to building brand equity is by borrowing or buying it.

1. **Building brand equity**

   Brand equity is built firstly, by creating positive brand evaluations with a quality product, secondly, by fostering accessible brand attitudes to have the most impact on consumer purchase behavior, and thirdly, by developing a consistent brand image to form a relationship with the consumer. Of these three elements, positive brand evaluation may be considered the most important, and it is based on a quality product that delivers superior performance.
2. **Borrowing brand equity**

Many firms borrow on the brand equity in their brand names by extending existing brand names to other products. Two types of extensions can be distinguished: a line and a category extension. The latter is frequently also called brand extension. A line extension is when a current brand name is used to enter new market segment in the existing product class. A category extension is when the current brand name is used to enter a different product class.

3. **Buying Brand Equity**

A final method to enhance brand equity is to buy it through acquisition or licensing. Given the potential difficulties associated with building brand equity, there is a trend toward acquiring well-established brands. Acquisition of a firm, its brands and products is obviously one way leveraging brand equity. A more common approach is licensing brands. However, licensing brands can be counter-productive, if the extended products have little or no association with the original product category. The same requirements of perceptual fit, competitive leverage and the benefit transfer apply to all category extensions, whether licensed or not.

2.7 **Customer – Based Brand Equity Model**

Customer –based brand equity refers to the differential effect that brand knowledge has on consumer response to the marketing of that brand. A brand has positive customer- based brand equity when consumers react more favorably to a product and the way it is marketed when the brand is identified than when it is not. From the perspective of CBBE model, brand knowledge is the key to creating brand equity, because it causes differential effect that drives brand equity. There are two basic approaches to measuring customer- based brand equity. The ‘indirect’ approach attempts to assess potential sources of customer-based brand equity by measuring brand knowledge (i.e. brand awareness and brand image). The ‘direct’ approach attempts to measure customer- based brand equity more directly by assessing the impact of brand knowledge on consumer response to different elements of the firm’s marketing program.
According to Customer-Based Brand Equity model, building a strong brand involves four steps:\(^{14}\):

- Ensuring identification of the brand with consumers and an association of the brand in the consumers’ minds with a specific product class or need.
- Establishing the totality of brand meaning through strong and favorable brand associations.
- Eliciting proper customer responses to this brand identification and brand meaning.
- Forging brand relationships with consumers that are characterized by intense, active loyalty.

Enacting the four steps to create the right brand identity, brand meaning, brand responses, and brand relationship is a complicated and difficult process. To provide some structure, it is useful to think of sequentially establishing six “brand building blocks” with consumers. That is, constructing a strong brand can be seen as establishing a logically constructed set of six “building blocks” to accomplish the four steps necessary to create a strong brand. To connote the sequencing involved, these building blocks can be assembled in terms of a brand pyramid. Creating significant brand equity involves reaching the top or pinnacle of the pyramid and will only occur if the right brand building blocks are put into place. The corresponding brand steps represent different levels of the pyramid as illustrated in exhibit below.
The different levels of pyramid are:

- **Brand salience**: Brand Salience is the degree to which a brand is thought about or noticed when a customer is in a buying situation. Strong brands have high Brand Salience and weak brands have little or none. Salience forms the foundational building block in developing brand equity and provides three important functions. First, salience influences the formation and strength of brand associations that make up the brand image and gives the brand meaning. Second, creating a high level of brand salience in terms of category identification and needs satisfied is of crucial importance during possible purchase or consumption opportunities. Third, when consumers have “low involvement” with a product category, they may make choices based on brand salience alone.
• **Brand meaning**: Creating brand meaning involves establishing a brand image and what the brand is characterized by and should stand for in the minds of consumers. Brand meaning is made up of two major categories of brand associations that exist in consumers’ minds – related to performance and imagery – with a set of specific sub-categories within each. These brand associations can be formed directly – from a customer’s own experiences and contact with the brand – or indirectly – through the depiction of the brand in advertising or by some other source of information (e.g., word-of-mouth).

Brand performance relates to the ways in which the product or service attempts to meet consumers’ more functional needs. How well does the brand rate on objective assessments of quality? To what extent does the brand satisfy utilitarian, aesthetic, and economic customer needs and wants in the product or service category?

The brand associations making up the brand image and meaning can be characterized and profiled according to three important dimensions that provide the key to building brand equity:

- **Strength** – How strongly is the brand identified with a brand association?
- **Favorability** – How important or valuable is the brand association to consumers?
- **Uniqueness** – How distinctively is the brand identified with the brand association?

Strong brands typically have firmly established strong, favorable, and unique brand associations with consumers, e.g., Volvo and Michelin (safety), Intel (performance and compatibility), Disney (fun, magical, family entertainment), Nike (innovative products and peak athletic performance), BMW (styling and driving performance), and so on.

• **Brand Response**: Brand response refers to how consumers respond to the brand and all its marketing activity and other sources of information, i.e., what consumers think or feel about the brand. Brand responses can be distinguished according to brand judgments and brand feelings, i.e., in terms of whether they arise more from the “head” or from the “heart.”

Brand judgments focus upon consumers’ own personal opinions and evaluations with regard to the brand. Brand judgments involve how consumers put together all the different performance and imagery associations for the brand to form different kinds of
opinions. Judgments relate to Brand quality, Brand credibility, Brand expertise, Brand trustworthiness, Brand consideration and Brand superiority.

Brand feelings are consumers’ emotional responses and reactions with respect to the brand. The six important types of brand-building feelings include warmth, security, fun, social appeal, excitement, and self-respect.

- **Brand Relationship:** The final step of the model, brand relationship, focuses upon the ultimate relationship and level of identification that the customer has with the brand. Brand resonance is characterized in terms of intensity or the depth of the psychological bond that consumers have with the brand as well as the level of activity engendered by this loyalty (e.g., repeat purchase rates, the extent to which consumers seek out brand information, events, other loyal consumers, and so on). Brand resonance can be broken down into four categories namely, behavioral loyalty, attitudinal loyalty, sense of community and active engagement. Brand resonance occurs when all other brand building blocks are completely synchronized with customer needs.

### 2.8 Brand Communication

Marketing communication is an important tool by which organizations inform, teach, persuade and remind stakeholders about their activities, added value and brands. Hence marketing communication can establish a dialogue and strengthen the relationship with and among stakeholders. Marketing communication is the voice of the brand.\(^{16}\)

Communicating brand values to stakeholders is a core activity of brand management. In general communicating to stakeholders starts with communicating to the brand ambassadors: the employees of the organization. By understanding the brand values employees can start a word of mouth epidemic of positive incentives and spread the brand message to differentiate the brand within the playing field.\(^ {17}\) The importance and power of communication is given by the fact that communication can reveal the brand’s tangible and intangible meaning rather than focusing on
visible product commodities. Marketing communication enhances brand equity which is in essence determined by brand experience and brand knowledge created in the mind of stakeholders. Brand managers and marketers need to evaluate marketing communication options strategically to determine how they can contribute to brand equity.

Keller has formed a short list of eight general marketing guidelines:

1. Be analytical - Communication programs should have a conceptual framework, based on theoretical and managerial guidelines.
2. Be curious - Communication based on curiosity, triggers the marketer to look for new customer insights and high level of customer understanding.
3. Be single-minded - Dedicated/custom communication to a specific target group will enhance the communication effectiveness.
4. Be integrative - Integrated and balanced communication across all communication interfaces uses all communication tools in a consistent manner.
5. Be creative - Communicate creative, using unique exposure techniques to create beneficial, strong, unique and sustainable brand associations.
6. Be observant - Maintain market and stakeholder knowledge on high level through monitoring and research.
7. Be patient - Building a strong brand and brand equity is investing in future returns, hence effective communication request patience and a long term view.
8. Be realistic - Marketing communication is a complex process and has several interdependent direct and indirect determinant factors. Marketing communication objectives should be specific and realistic (SMART) to avoid too much deviation.

2.9 Brand Equity of Top Ten Global Brands

There are several organizations involved in measuring Brand Equity of companies which include Interbrand, BrandZ, BusinessWeek, BrandFinance, etc. though the methodology adopted in measuring brand equity by these organizations vary, the resultant brand equity and ratings arrived at is more or less similar. According to BrandZ survey, in a year of economic turmoil
when every key financial indicator plummeted, the value of top 100 brands increased by 2% in the year 2010 over last year. This result affirms the resiliency of brands and the importance of quantifying the contribution of brand equity to a company’s market value.

The exhibit below highlights the brand value of top ten global brands as measured by Interbrand. Interbrand is a global brand agency, and publisher of the highly influential annual Best Global Brands and Breakthrough Brands reports, and Webby Award-winning brand channel.

Exhibit 2.6

Top Ten Global Brands

<table>
<thead>
<tr>
<th>S.No</th>
<th>BRAND</th>
<th>SECTOR</th>
<th>BRAND VALUE</th>
<th>CHANGE IN BRAND VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Apple</td>
<td>Technology</td>
<td>178119($m)</td>
<td>+5%</td>
</tr>
<tr>
<td>2</td>
<td>Google</td>
<td>Technology</td>
<td>133252($m)</td>
<td>+11%</td>
</tr>
<tr>
<td>3</td>
<td>Coca cola</td>
<td>Beverages</td>
<td>73102($m)</td>
<td>-7%</td>
</tr>
<tr>
<td>4</td>
<td>Microsoft</td>
<td>Technology</td>
<td>72795($m)</td>
<td>+8%</td>
</tr>
<tr>
<td>5</td>
<td>Toyota</td>
<td>Automotive</td>
<td>53580($m)</td>
<td>+9%</td>
</tr>
<tr>
<td>6</td>
<td>IBM</td>
<td>Business services</td>
<td>52500($m)</td>
<td>-19%</td>
</tr>
<tr>
<td>7</td>
<td>Samsung</td>
<td>Technology</td>
<td>51806($m)</td>
<td>+14%</td>
</tr>
<tr>
<td>8</td>
<td>Amazon</td>
<td>Retail</td>
<td>50338($m)</td>
<td>+33%</td>
</tr>
<tr>
<td>9</td>
<td>Mercedes Benz</td>
<td>Automobile</td>
<td>43490($m)</td>
<td>+18%</td>
</tr>
<tr>
<td>10</td>
<td>General motors</td>
<td>Diversified</td>
<td>42267($m)</td>
<td>-7%</td>
</tr>
</tbody>
</table>


The above mentioned brands have high brand value and thus high equity. These brands are consistent top performers in the global market.
In order to understand what matters most for brands today, let’s consider the brand as a wrapped candy. In the past what mattered the most was the ‘wrapper’- whether it was the actual packaging or metaphorical encompassing logo, colors, and key messaging. Those were the heady days of image building. The advertisers would help a brand create its identity, make great promises and attract consumers. No one cared what the brand delivered. The emphasis was on the visual. Enormous amount of time and money was spent on the perfect logo, the most important element in the ‘brand as image’ era.

Today, however, it is not sufficient to merely consider brands as image. The candy has been ‘unwrapped’. The internet has resulted in unprecedented level of scrutiny for brands, requiring them to absolutely transparent. Today the actual candy matters more than ever. How it tastes, how and where it was made, who made it, what the ingredients are - all drive consumer choice. Since digital and social technology have made communication faster, what consumers say about the brand is equally important. All aspects of operations from sourcing to sales, are under the microscope and any wrong step would lead to grave consequences. Given this shift it can be deduced that yes, the wrapper matters but experience matters more.

Businesses who succeed in understanding this are the ones moving ahead. Thus brand managers must look deeply into all elements of their product, considering user experience and presentation holistically.
REFERENCES


