1.1 INTRODUCTION

A large number of organizations and firms, world over have come to the realization that one of their most valuable assets is the brand name associated with their products or services. It has therefore become extremely vital for the marketer to understand the psychological principle at the individual or organizational level so as to improve managerial decision making with respect to brands. In an increasingly complex and globalize world with diminishing national boundaries in respect to trade and business, individuals and businesses are faced with more and more choices but have less contradiction and less time to make those choices. The ability of a strong brand to simplify consumer decision making, reduce risk, and set expectations is thus invaluable.

1.2 THE CONCEPT OF BRANDS:

According to the American Marketing Association (AMA), a brand is “a name, term, sign, symbol, or design, or a combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition.” Technically speaking, then, whenever a marketer creates a new name, logo or symbol for a new product, he or she has created a brand. The word brand is derived from the Old Norse (Scandinavian) word “Brand”, which means “to burn” as brands were and still are the means by which owners of livestock mark their animals to identify them. Many practicing managers, however, refer to a brand as more than that i.e. they define a brand in terms of having actually created a certain amount of awareness, reputation, prominence, and so on in the marketplace. Thus the key to creating a brand, according to AMA definition, is to be able to choose a name, logo, symbol, package design, or other attributes that identifies a product and distinguishes it from others. These different components of a brand that identify and differentiate it can be called BRAND ELEMENTS (Keller, Kevin Lane, 2000).

Brand elements come in different forms. In some cases, the company name is essentially used for all products (e.g. as with TATA, General Electric and Hewlett Packard). In other cases, manufacturers assign individual brand names to new products that are unrelated to the company name (e.g. as with Procter and Gamble and their Tide, Pampers, Pantene product brands, products of Hindustan Lever Ltd. Etc.) Retailers create
their own brands based on their store name or some other means (e.g. Pantaloons, Shopper’s Stop etc.) The names themselves given to products come in many different forms. There are brand names based on people (TATA, Birla Cement, Kirloskar Oil Engines, Bajaj etc.) Places (Air India, Taj Group of Hotels, Darjeeling Tea, Esteem Lauder Cosmetics etc.) animals or birds (e.g. Blue Robin fabric whitener, Dove Soap, King Fisher Beer, Grey Hound buses etc.) or other things or objects (e.g. Apple computers).

There are brand names that use words with inherent product meanings (e.g. Just juice), words that suggest important product attributes or benefits (Diehard auto batteries, Fair and Lovely beauty cream, Ralaxon mattresses etc.). There are brand names that are made up and include prefixes and suffixes that sound scientific, natural or prestigious (e.g. Intel microprocessors, Microsoft Software, Compaq Computers etc.) Similarly other brand elements, such as brand logos and symbols, may be based on people, places and things, abstract images and so on in different ways. In sum, in creating a brand, marketers have many choices over the number and nature of the brand elements they choose to identify their products.

1.3 BRAND AND A PRODUCT

Further, it is important to contrast between a brand and a product. According to Phillip Kotler, the most widely known marketing academic, a product is anything that can be offered to a market for attention, acquisition, use, or consumption, which might satisfy a need or want. Thus a product may be a physical good (e.g. a cricket bat, an automobile etc.) a service (e.g. an airline, bank or insurance company) retail store (e.g. a department store, specialty store, or supermarket), person (e.g. a political figure, entertainer, a professional sports person), organization (a nonprofit organization, trade organization, or arts group) place (a city, state or country) or idea (a political or social cause). Kotler also defines different product levels, namely, the core benefit level, the generic product level, the expected product level, the augmented product level, and the potential product level and goes on to suggest that the competition within many markets essentially takes place at the product augmentation level because most firms today can successfully build satisfactory products at the expected product level. Another well respected marketing academic, Harvard’s Theodore Levitt, concurs and argues that “the new competition is
not between what companies produce in their factories but between what they add to their factory output in the form of packaging, service, advertising, customer advice, financing, delivery arrangements, warehousing and other things that people value”. A brand is therefore a product, but one that adds other dimensions that differentiate it in some way from other products designed to satisfy the same need.

The key to branding, therefore, is that consumers perceive differences among brands in a product category. These differences may be rational and tangible i.e. related to product performance of the brand or more symbolic emotional and intangible i.e. related to what the brand represents. One marketing observer puts it this way More specifically, what distinguishes a brand from its unbranded commodity counterpart and gives it equity is the sum total of consumer’s perceptions and feelings about the product’s attributes and how they perform, about the brand name and what it stands for and about the company associated with the brand.

1.4 CREATING COMPETITIVE ADVANTAGE THROUGH BRANDS

Some brands create competitive advantages with product performance. For example, brands such as Gillette, Sony etc, have been leaders in their product categories for decades, due, in part, to continual innovation, steady investments in research and development have produced leading-edged products, and sophisticated mass marketing practices have ensured rapid adoption of new technologies in the consumer market. Other brands create competitive advantages through non-product-related means. For example, Coca Cola, Amul, Lijjat and others have become leaders in their product categories by understanding consumer motivations and desires and creating relevant and appealing images surrounding their products. Often these intangible associations may be the only way to distinguish different brands in a product category.

1.5 BRAND ASSOCIATIONS

Brands especially strong ones have a number of different types of associations, and marketers must account for all of them in making marketing decisions. Best example of this case is that of the problems Coca-Cola encountered in the introduction of “New Coke” when they failed to account for all of the different aspects of the Coca-Cola brand image.
Not only are there many different types of associations to link to the brand, there are also many different means to create them. The entire marketing programme can contribute to consumer’s understanding of the brand and how they value it. As Interbrand’s John Murphy puts it- “Creating a successful brand entails blending all these various elements together in a unique way-the product or service has to be of high quality and appropriate to consumer needs, the brand name must be appealing and in tune with the consumer’s perceptions of the product, the packaging, promotion, pricing, and all other elements must similarly meet the tests of appropriateness appeal and differentiation.” By creating perceived differences among products through branding and developing a loyal consumer franchise, marketers create value that can translate to financial profits for the firm. Why do customers really buy a product? Not because the product is a collection of attributes but because those attributes together with the brand’s image. The service and many other tangible and intangible factors, create an attractive whole. If the brand excels at delivering the benefits to customers truly desire, the brand gets more advantages in terms of preferred brand (Keller, Kevin Lane, 2000).

1.6 IMPORTANCE OF BRANDS

Why are brands important? What functions do they perform that make them so valuable to marketers? To consumers, brands provide important functions. Brands identify the source or maker of a product and allow consumers to assign responsibility to a particular manufacturer or marketer. Most important, brands take on special meaning to consumers. Because of consumers past experiences with the product and its marketing program over the years, consumers learn about brands. They find out which brands satisfy their needs and which ones do not. As a result, brands provide a shorthand device or means of simplification for their product decisions. If consumers recognize a brand and have some knowledge about it, then they do not have to engage in a lot of additional thought or processing of information to make a product decision. Thus, form an economic point of view, brands allow consumers to lower search costs for products both internally (in terms of how much they have to think) and externally (in terms of how much they have to look around). Based on what they already know about the brand- its quality, product characteristics, and so forth – consumers can make assumptions and form reasonable expectations about what they may not know about the brand. The meaning hidden in brands can be quite profound. The relationship between a brand and the
consumer can be seen as a type of bond or pact. Consumers offer their trust and loyalty, with the implicit understanding that the brand will behave in certain ways and provide them utility through consistent product performance and appropriate pricing, promotion, and distribution programmes and marketing actions. To the extent that consumers realize advantages and benefits from purchasing the brand, and as long as they derive satisfaction from product consumption, they are likely to continue to buy it. The benefits from brands may not be purely functional in nature. Brands can serve as symbolic devices, allowing consumers to project their self image. Certain brands are associated with being used by certain types of people and thus reflect different values or traits. Consuming such products is a means by which consumers can communicate to others or even to themselves – the type of person they are or would like to be (for example the owners of Mercedes or Ferrari cars). Pulitzer-prize winning author Daniel Boorstein asserts that, for many people, brands serve the same function that fraternal, religious and service organizations used to serve to help people define who they are and then help people communicate that definition to others. Brands can also play a significant role in signaling certain product characteristics to consumers. Researchers have classified products and their associated attributes or benefits into three major categories: search goods, experience goods and credence goods. With search goods, product attributes can be evaluated by visual inspection (e.g. the sturdiness, size, colour, style, and weight and ingredient composition of a product). With experience goods, product attributes - potentially equally important - cannot be assessed so easily by inspection, and actual product trial and experience is necessary (e.g. as with durability, service quality, safety, and ease of handling or use). With credence goods, product attributes may be rarely learned (insurance coverage). Because of the difficulty in assessing and interpreting product attributes and benefits with experience and credence goods, brands may be particularly important signals of quality and other characteristics to consumers for these types of products. Furthermore, brands can reduce the risks in product decisions. Consumers perceive many kinds of risks (e.g. functional risks, physical risks, financial risks, social risks, psychological risks, time risk etc.) in buying and consuming a product. Although there are a number of different means by which consumers handle these risks, certainly one way consumers have had favorable past experiences. Thus, brands can be a very important risk handling device. Brands also provide a number of valuable functions to firms or marketers. Fundamentally, they serve an identification purpose to simplify
product handling or tracing for the firm. Operationally, brands help to organize inventory and accounting records. A brand also offers the firm legal protection for unique features or aspects of the product. A brand can retain intellectual property rights, giving legal title to the brand owner. The brand name can be protected through registered trademarks, manufacturing processes can be protected through patents, and packaging can be protected through copyrights and designs. These intellectual property rights ensure that the firm can safely invest in the brand and reap the benefits of a valuable asset. Further, investments in the brand can endow a product with unique associations and meanings that differentiate it from other products. Brands can signal a certain level of quality so that satisfied buyers can easily choose the product again. This brand loyalty provides predictability and security of demand for the firm and creates barriers of entry that make it different for other firms to enter the market. Although manufacturing processes and product designs may be easily duplicated, lasting impressions in the minds of individuals and organizations from years of marketing activity and product experience may not be so easily reproduced. In this sense, branding can be seen as a powerful means of securing competitive advantage.

1.7 BRANDS AS THE MOST VALUABLE CORPORATE ASSET

Brands represent enormously valuable paces of legal property, capable of influencing consumer behavior, being bought and sold, and providing the security of sustained future revenues to their owner. For these reasons, large earning multiples have been paid for brands in mergers or acquisitions, starting with the boom years of the mid-1980. The merger and acquisition frenzy during this time resulted in Wall Street financers seeking out undervalued companies from which investment or takeover profits could be made. One of the primary undervalued assets of these firms was their brands, given that they were off balance-sheet items. Implicit in this Wall Street interest was a belief that strong brands resulted in better earnings and profit performance for firms, which in turn, created greater value for shareholders. For example, over the course of a short period of time in 1988, almost US$ 50 billion changed hands in exchange for some well known brands. American food, tobacco, and drink manufacturer RJR Nabisco sold to buy-out specialists Kohlberg, Kravis, and Roberts for $30 billion. American food and tobacco manufacturing Phillip Morris bought Kraft (Kraft Cheese fame) for $11:6 billion was for goodwill. Nestle, a multinational powerhouse acquired U.K. Row tree (home to Kit Kat,
after eight and Polo mints and other confectioneries) for $4.5 billion or more than 5 times its book value. These examples illustrate that the price premium paid for companies was often clearly justified on the basis of assumptions regarding the extra profits that could be extracted and sustained from their brands, as well as the tremendous difficulty and expense of creating similar brands from scratch. For a typical fast-moving-consumer-goods (FMCG) company, the vast majority of its corporate value is made up by intangible assets and goodwill net tangible assets may be as little as 10% of the total value as shown in the accompanying graph. Moreover as much as 70% of their intangible assets can be made up by brands.

1.8 BRAND KNOWLEDGE

If consumers recognize a brand and have some knowledge about it, then they do not have to engage in a lot of additional thinking or processing of information to make a product decision. Thus, from an economic point of view, brands allow consumers to lower search costs for products both internally (in terms of how much they have to think) and externally (in terms of how much they have to look around). Based on what they already know about the brand- its quality, product characteristics, and so forth consumers can make assumptions and form reasonable expectations about what they may not know about the brand. The meaning hidden in brands can be quite profound. The relationship between a brand and the consumer can be seen as a type of bond or pact. Consumers offer their trust and loyalty, with the implicit understanding that the brand will behave in certain ways and provide them utility through consistent product performance and appropriate pricing, promotion, and distribution programmers and marketing actions. To the extent that consumers realize advantages and benefits from purchasing the brand, and as long as they derive satisfaction from product consumption. They are likely to continue to buy it.

1.9 CUSTOMER BASED BRAND EQUITY (CBBE)

One of the most comprehensive and accepted models of new millennium brand management is the model proposed by Kevin Lane Keller and is known as “Customer Based Brand Equity” (CBBE). This model incorporates recent theoretical advances and managerial practices in understanding and influencing consumer Behaviour – whether it is an individual or an organization. Understanding the needs and wants of consumers and
devising products and programmes to satisfy them are at the heart of successful marketing. In particular, two fundamentally important questions faced by marketers are: what do different brands mean to the consumers? And how does the brand knowledge of consumers affect their response to the marketing activity? The basic premise of the CBBE model is that the power of a brand as a result of their experiences over time. In other words, power of a brand lies in what resides in the minds of customers.

Customer-based brand equity is, therefore, defined as the differential effect that brand knowledge has on consumer response to the marketing of that brand. A brand is said to have 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 (e.g. when the product is attributed to a fictitious name or is unnamed). Thus, a brand with positive customer-based brand equity might result in consumers being more accepting of a new brand extension, less sensitive to price increases and withdrawal of advertising support or more willing 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 favorably to marketing activity for the brand compared with an unnamed or fictitiously named version of the product. There are three key ingredients to this definition: (1) “Differential Effect” (2) “Brand Knowledge” (3) “Consumer response to marketing”.

First, brand equity arises from differences in consumer response. If no differences occur, then the brand name product can essentially be classified as a commodity or generic version of the product, Competition, most likely, would then just be based on price. Second, these differences in response are a result of consumer’s knowledge about the brand, that is, what customers have learned, felt, seen, and heard about the brand as a result of their experiences over time. Thus, although strongly influenced by the marketing activity of the firm, brand equity ultimately depends on what resides in the minds of the consumers. Third the differential response by consumers that makes up the brand equity is reflected in perceptions, preferences and behavior related to all aspects of the marketing of a brand. (E.g. choice of a brand, recall of copy points from an ad, actions in response to a sales promotion, or evaluations of a proposed brand extension.
The simplest way to illustrate what is meant by the concept of customer based brand equity is to consider some of the typically observed results of product sampling or comparison tests. For example, with blind taste tests, one group of consumers samples a product without knowing which brand it is. Invariably differences arise in the opinions of the two groups despite the fact that the two groups are consuming the same product. It is therefore quite evident that from the perspective of CBBE model, brand knowledge is the key to creating brand equity, because it creates the differential effect that drives brand equity.

1.10 BRAND AWARENESS AND BRAND IMAGE

Brand knowledge can be characterized 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 consumer’s ability to identify the brand under different conditions. Brand awareness consists of brand recognition and brand recall performance.

Brand recognition relates to consumer’s ability to confirm prior exposure to the brand when given the brand as a cue. In other words, brand recognition requires that consumers can correctly discriminate the brand as having been previously seen or heard. For example, when consumers go to the store, is it the case that they will be able to recognize the brand as one to which they have already been exposed? Brand recall relates to consumer’s ability to retrieve the brand from memory when given the product category, the needs fulfilled by the category, or a purchase or usage situation as a cue. Brand awareness is a necessary, but not always sufficient, step in building brand equity. Other considerations, such as the image of the brand, come into play. Brand image has long been recognized as an important concept in marketing. Although there has not always been agreement on how to measure brand image, one generally accepted view is that, consistent with an associative network memory model, brand image can be defined as perceptions about a brand as reflected by the brand associations held in consumer memory. Brand associations come in all forms and may reflect characteristics of the product or aspects independent of the product itself (e.g. brand ambassadors). A positive brand image is created by marketing programmes that link strong, favourable, and unique associations to the brand in memory. Making sure that associations are linked sufficiently
strongly to the brand will depend on how the marketing programme and other factors affect consumer’s brand experiences. Associations will vary in the strength of their connection to the brand node. Strength is a function of both the amount, and quantity of processing that information receives as well as the nature or quantity of that processing. The more deeply a person thinks about product information and relates it to existing brand knowledge, the stronger the resulting brand associations. Two factors facilitating the strength of association to any piece of information are the personal relevance of the information and the consistency with which this information is presented over time. Consumer beliefs about brand attributes and benefits can be formed in different ways. Brand attributes are those descriptive features that characterize a product or service. Brand benefits are the personal value and meaning that consumers attach to the product or service attributes. In general, the source of information creating the strongest brand attribute and benefit associations is direct experience. This type of information can be particularly influential in consumer’s product decisions, as long as consumers are able to accurately interpret their experiences.

According to the consumer survey conducted by the Roper organization, knowing what to expect from a product because of past experience was the most common reason for buying a particular brand. The next strongest associations are likely to be formed on the basis of word of mouth (friends, family etc.) or other non-commercial sources of information (consumer forums, the popular press etc.) Company influenced sources of information such as advertising, is often likely to create the weakest associations and thus may be the most easily changed. Further, choosing which favourable and unique association to link to the brand requires careful analysis of the consumer and competition to determine the optimal positioning for the brand, in terms of desirability, how important or valued is the image association to the brand attitudes and decisions made by consumers? Desirability depends on three factors: (1) how relevant consumers find the brand association. (2) How distinctive consumers find the brand association. (3) How believable consumers find the brand association. Moreover, brand associations may or may not be shared with other competing brands. The essence of brand positioning is that the brand has a sustainable competitive advantage or “unique selling preposition” that gives consumers a compelling reason why they should buy that particular brand. The existence of strongly held, favorably evaluated associations that are unique to the brand
and imply superiority over other brands is critical to a brand’s success. Note that the strength of the brand associations to the product category is an important determinant of brand awareness.

1.11 BUILDING A STRONG BRAND

Building a strong brand, according to the CBBE model, can be thought of in terms of sequence of four steps, in which each step is contingent on successfully achieving the previous step. All the steps involve accomplishing certain objectives with customers both existing and potential. The steps are as follows-

1. Ensure identification of the brand with customers and an association of the brand in customer’s minds with a specific product class or customer need.

2. Firmly establish the totality of the brand meaning in the minds of customers by strategically linking a host of tangible and intangible brand associations with certain properties.

3. Elicit the proper customer responses to this brand identification and brand meaning.

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

These four steps represent a set of fundamental questions that customers invariably ask about brands – at least implicitly if not explicitly – as follows (with corresponding brand steps in parentheses-

1. Who are you? (Brand Identity)
2. What are you? (Brand Meaning)
3. What about you? What do I think or feel about you? (Brand responses)
4. What about you and me? What kind of association and how much of a connection would I like to have with you? (Brand relationships)

There is an obvious ordering of steps in this “Brand Ladder”, from identity to meaning to response to relationships. That is, meaning cannot be established unless identity has been created; and a relationship cannot be forged unless the proper response has been elicited.
1.12 BRAND PYRAMID AND BRAND BUILDING BLOCKS

However performing these 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 Blocks” with customers. To connote the sequencing involved, these brand building blocks can be assembled in terms of a brand pyramid. Creating significant brand equity involves reaching the pinnacle of the CBBE brand pyramid and will only occur if the right building blocks are put into place. The six brand building blocks as shown in the accompanying figure are – Brand Salience, Brand performance, Brand Imagery, Brand judgments, Brand feelings, and Brand resonance. Brand Salience – Achieving the right Brand Identity involves creating brand salience with customers. Brand Salience relates to aspects of the awareness of the brand, for example, how often and easily the brand is evoked under various situations or circumstances. To what extent the brand is top-of-mind and easily recalled or recognized. What types of cues or reminders are necessary? How pervasive is this brand awareness. Further, brand awareness can be characterized according to depth and breath. The depth of brand awareness concerns the likelihood that a brand element will come to mind and the ease with which it does so, for example, a brand that can be easily recalled has a deeper level of brand awareness than one that can only be recognize

The breadth of brand awareness concerns the range of purchase and usage situations in which the brand element comes to mind. The breadth of brand awareness depends to a large extent on the organization of the brand and product knowledge in memory. Brand Performance – the product itself is at the heart of brand equity, because it is the primary influence on what consumers experience with a brand, what they hear about a brand from others and what the firm can tell customers about the brand in their communications. Designing and delivering a product that fully satisfy consumer needs and wants is a prerequisite for successful marketing, regardless of whether the product is a tangible good, service, organization, or person. To create brand loyalty and resonance, consumer’s experiences with the product must at least meet, if not actually surpass, their expectations. Brand performance relates to the ways in which the product or service attempts meet customer’s more functional needs. Thus, brand performance refers to the intrinsic properties of the brand in terms of inherent product or service characteristics.
How well does the brand rate on objective assessment of quality? To what extent does the brand satisfy utilitarian, aesthetic, and economic customer needs and wants in the product or service category. Nevertheless there are five important types of attributes and benefits that often underlie brand performance, as follows:

1. Primary ingredients and supplementary features.
2. Product reliability, durability, and serviceability.
4. Style and design.
5. Price.

Brand Imagery – deals with the extrinsic properties of the product or service, including the ways in which the brand attempts to meet the customer’s psychological or social needs. Brand imagery is how people think about a brand abstractly, rather than what they think the brand actually does. Thus, imagery refers to more intangible aspects of the brand. Imagery associations can be formed directly (from a consumer’s own experiences and contact with the product, brand, target market, or usage situation) or indirectly (through the depiction of these same considerations as communicated in brand advertising or by some other source of information, such as word of mouth) Many Kinds of intangibles can be linked to a brand but four categories can be highlighted:

1. User Profiles
2. Purchase and usage situations.
3. Personality and values.
4. History, heritage, and experience.

One set of brand imagery associations is the type of person or organization who uses the brand. This imagery may result in a profile or mental image by customers of actual users or more aspirational, idealized users. Besides, brands may also take on what is known as Personality traits. A brand, like a person, can be characterized as being “modern”, “old fashioned”, “lively”, “exotic”. Brand personality reflects how people feel about a brand as a result of what they think the brand is or does the manner by which the brand is marketed, and so on. Brands may also take on values. Five dimensions of brand
personality (with corresponding sub-dimension) that have been identified are sincerity (e.g. down to earth, honest, wholesome, and cheerful) excitement (e.g. daring, spirited, imaginative, and up-to-date) competence (reliable, intelligent, successful), sophistication (e.g. upper class and charming) and ruggedness (e.g. outdoorsy and tough). Moreover, brand personality and user imagery are more likely to be related (e.g. for cars, beer, liquor, cigarettes and cosmetics) thus, consumers often choose and use brands that have a brand personality that is consistent with their self concept, although in some cases the match may be based on consumer’s desired self image rather than their actual image. These effects may also be more pronounced for publicly consumed products than for privately consumed goods. On the other hand, consumer’s who are high “self monitors” (i.e. sensitive to how others see them) are more likely to choose brands whose personalities fit the consumption situation. Brand judgments- focus on customer’s personal opinions and evaluations with regard to the brand. Brand judgments involve how customers put together all the performance and imagery associations of the brand to form different kinds of opinions. Customers may make all types of judgments with respect to a brand, but in terms of creating a strong brand, four types of summary brand judgments are particularly important: quality, credibility, consideration and superiority. Brand Quality – Brand attitudes are defined in terms of consumer’s evaluations of a brand. There are a host of attitudes that the consumer may hold towards brands, but most important relate in various ways to the perceived quality of the brand. Other notable attitudes related to quality pertain to perceptions of value and satisfaction. Brand Credibility Customers may form judgments with respect to the company or organization behind the brand. Brand credibility refers to the extent to which the brand as a whole is seen as credible in three dimensions: perceived expertise, trustworthiness, and likeability. Is the brand seen as (1) competent, innovative and a market leader (Brand Expertise); (2) dependable; and keeping customer’s interest in mind (Brand trustworthiness); and (3) fun, interesting and worth spending time with (Brand Likeability)? Brand Consideration – Consideration is more than mere awareness and deals with the likelihood that customers will include the brand in the set of possible options of brands they might buy or use. Consideration depends in part on how personally relevant customers find the brand, that is, the extent to which customers view the brand as being appropriate and meaningful to themselves. No matter how highly regarded or credible a brand may be, unless the brand also receives serious consideration and is deemed relevant, customers will keep a brand at
a distance and never closely embrace it. Brand consideration depends in large part on the extent to which strong and favorable associations can be created as part of the brand image.

Brand Superiority – relates to the extent to which customers view the brand as unique as and better than other brands. In other words, do customers believe that the brand offers advantages that other brands cannot? Superiority is absolutely critical in terms of building intense and active relationships with customers and depends to a great degree on the number and nature of unique brand associations that make up the brand image.

Brand Feelings – are customer’s emotional responses and reactions with respect to the brand. Brand feelings also relate to the social currency evoked by the brand. What feelings are evoked by the marketing programme for the brand or by other means? How does the brand affect customer’s feelings about themselves and their relationship with others? These feelings can be mild or intense and can be positive or negative. The following are the six important types of brand building feelings – Warmth, Fun, Excitement, Security, Social approval, and Self respect. The first three types of feelings are experiential and immediate, increasing in level of intensity. The latter three types of feelings are private and enduring, increasing in level of gravity.

1.13 BRAND RESONANCE

The final step of the CBBE model focuses on the ultimate relationship and level of identification that the customer has with the brand. Brand resonance refers to the nature of this relationship and the extent to which customer’s feel that they are “synchronized” with the brand. Resonance is characterized in terms of intensity, or the depth of the psychological bond that customers have with the brand, as well as the level of activity engendered by this loyalty (e.g. repeat purchase rates and the extent to which customers seek out brand information, events and other loyal customers) Specifically brand resonance can be broken down into four categories – Behavioral loyalty, attitudinal attachment, sense of community, active engagement. The life time value of behaviorallys loyal consumers can be enormous. However, behavioral loyalty is necessary but not sufficient for resonance to occur. Further, prior research has shown that mere satisfaction may not be enough. Similarly, loyalty guru Frederick Reichheld points out that although
more than 90% of car buyers are satisfied or very satisfied when they drive away from
the dealer’s showroom, fewer than half buy the same brand of automobile the next time.
On a different plane, brand may also take on broader meaning to the customer in terms of
a sense of community. Finally, perhaps the strongest affirmation of brand loyalty is when
customers are willing to invest time, energy, money, or other resources in the brand
beyond those expended during purchase or consumption of the brand. In summary, brand
relationship can be usefully characterized in terms of two dimensions intensity and
activity.

Intensity refers to the strength of the attitudinal attachment and sense of
community. In other words, how deeply felt is the loyalty? Activity refers to how
frequently the consumer buys and uses the brand, as well as engages in other activities
not related to purchase and consumption. The basic premise of the CBBE model is that
the true measure of the strength of a brand depends on how consumers think, feel and act
with respect to that brand. In particular, the strongest brands will be those for which
consumers become so attached and passionate that they, in effect, become evangelists or
missionaries an attempt to share their beliefs and spread the word about the brand. The
key point to recognize is that the power of the brand and its ultimate value to the firm
resides with customers. The CBBE model also reinforces the fact that there are no
shortcuts in building a brand. A great brand is not built by accident but is the product of
carefully accomplishing-either explicitly or implicitly – a series of logically linked steps
with consumers. The length of time to build a strong brand will therefore be directly
proportional to the amount of time it takes to create sufficient awareness and
understanding so that firmly held and felt beliefs and attitudes about the brand are formed
that can serve as the foundation for brand equity. Another important point reinforced by
the model is that a strong brand has a duality i.e. a strong brand appeals to both head and
the heart. Strong brands blend product performance and imagery to create a rich, varied
but complementary set of consumer responses to the brand. By appealing to both rational
and emotional concerns, a strong brand provides consumers with multiple access points
to the brand while reducing competitive vulnerability. Rational concerns can satisfy
utilitarian needs, whereas emotional concerns can satisfy psychological or emotional
needs. Combining the two allows brands to create a formidable brand position. Strong
brands thus, have both breadth (in terms of duality) and depth (in terms of richness).
the final analysis, the CBBE model maintains that building a strong brand involves a series of logical steps:

1. Establishing the proper brand identity.
2. Creating the appropriate brand meaning.
3. Eliciting the right brand responses.
4. Forging appropriate brand relationships with the customers.

Achieving these four steps, in turn, involves establishing six brand building blocks: brand salience, brand performance, brand imagery, brand judgments, brand feelings and brand resonance.

The strongest brands excel on all six of these dimensions and thus fully execute all four steps of building a brand. In the CBBE model, the most valuable brand building block, brand resonance, occurs when all the other core brand values completely synchronize with respect to customer’s needs, wants and desires. In other words, brand resonance reflects a completely harmonious relationship between customers and brands.

1.14 MULTIPLE DIMENSIONS OF BRAND KNOWLEDGE

The reality that emerges from the varied research activity in Branding through the years is that all different kinds of information may become linked to a brand including the following:-

1. Awareness – category identification and needs satisfied by the brand.
2. Attributes – descriptive features that characterize the brand name product either intrinsically (e.g. related to product performance) or extrinsically (e.g. related to Brand Personality).
3. Benefits – personal value and meaning that consumers attach to the brand’s product attributes (e.g. functional, symbolic, or experiential consequences from the Brand’s purchase or consumption).
4. Images – visual information, either concrete or abstract in nature.
5. Thoughts – personal cognitive response to any brand related information.
6. Feelings – personal affective responses to any brand related information.
7. Attitudes – summary judgments and overall evaluations to any brand related information.

8. Experiences – purchase and consumption behaviours and any other brand related episodes.

Broadly, these different kinds of information can be seen as some of the key dimensions of Brand Knowledge. These dimensions of brand knowledge vary on all sorts of considerations beyond their content per se, for example, abstractness, valence, strength, uniqueness, and so on. Importantly, all of these different kinds of information may become a party of consumer memory and affect consumer response to marketing activities. By creating differential consumer responses and affecting the success of brand building marketing programmes, brand knowledge is the source of Brand Equity, (Kevin Lane Keller “Brand Synthesis: The multidimensionality of Brand Knowledge, Journal of Consumer Research, Vol.29, March 2003 pp 4-5). Developing broader perspectives toward Brand Knowledge is important given the reality (1) that marketing activity creates or affects multiple dimensions of brand knowledge and (2) that multiple dimensions of Brand Knowledge, in turn, influence consumer response to marketing activity. Integrating the different dimensions of Brand Knowledge could improve the ability of the researchers to model consumer response and of marketers to focus their marketing programmes better.

1.15 BRAND LEVERAGING

Brand Knowledge can be created in a variety of ways. Any potential encounter with a brand – marketing initiated or not – has the opportunity to change the mental representation of the brand and the kinds of information that can appear in consumer memory. In increasingly competitive marketplaces, however, marketers often must link or associate their brands with other people, places, things, or brands as a means of building or leveraging knowledge that might otherwise be difficult to achieve more directly through product marketing programmes. Linking the brand to some other person, place thing or brand affects brand knowledge by (1) Creating new Brand Knowledge or (2) affecting existing Brand knowledge. Much research has examined these transfer effects in terms of country-of-origin effects (Li and Wyer, 1994), Celebrity source effects (McCracken 1986), co branding or ingredient Brand effects (Park, Jun and Shocker
1996), corporate branding effects (Brown and Dacin, 1997) and so on. Further, a number of theories and processes have been proposed to explain how brand leveraging effects might be manifested, for example, source credibility, affect transfer, cognitive consistency, categorization models, and so on. A deeper understanding of how knowledge for a brand and other linked entities interact is thus of paramount importance. Ideally, to provide comparable insight and guidance, an abstract model could be developed that encompassed all the different means of leveraging brand knowledge. Along those lines, three factors would seem to be particularly important in predicting the extent of leveraging that might result from linking a brand to another entity in some manner:

1. Knowledge of the entity – the same dimensions identified for brand knowledge could be applied to these other entities; in this case, what knowledge exists about the entity and has the potential to transfer to the brand?

2. Meaningfulness of the knowledge of the entity – given that the other entity has some potentially relevant knowledge, to what extent might this knowledge be deemed meaningful for a brand?

3. Transferability of the knowledge of the entity – assuming that some potentially meaningful knowledge exists for the other entity and could possibly be transferred to a brand, to what extent will this knowledge actually become linked to the brand or affect existing knowledge?

In other words, the basic questions with leveraging secondary knowledge of any type of other entity would seem to be (1) what do the consumers know about the other entity? (2) Does any of this knowledge affect what they think about a brand when it becomes linked to or associated in some fashion with this other entity? Theoretically, any aspect of knowledge may be inferred as a result of other entities being linked to the brand, although some types of entities are inherently more likely to create or affect certain kinds of brand knowledge than would other types of entities. For example, events may be especially conducive to the creation of experiences, people may be especially effective for the elicitation of feelings, for example, Aishwarya Rai being leveraged with the eye donation campaign, other brands may be especially well suited for establishing particular attributes and benefits, and so on. At the same time, any one entity may be
associated with multiple dimensions of brand knowledge, each of which may affect Brand Knowledge directly or indirectly. Understanding transferability, the third causal factor in the leveraging model, is especially critical. Congruity models or other attitude models may be useful, but regardless of which theoretical approach is adopted, a number of different moderating factors should be explored, such as the perceived similarity of the brand and other entity, the manner by which the other entity is linked to the brand (e.g. How explicit, temporal etc.) the uniqueness of the linkage (e.g. are other entities themselves linked to a few or many other entities), and so on. These moderating factors have many theoretical and practical implications. Conclusively therefore the multidimensional nature of consumer Brand Knowledge (in terms of different types of information in consumer memory) and leveraging (in terms of multiple sources of secondary meaning from a linked identity must be understood and accounted for to provide the right perspective and back drop to consumer research into branding.

1.16 BRANDING – THE INDIAN SCENARIO:

While very little systematic work has been attempted at evaluating the brand knowledge and brand valuation of Indian brands, a recent study by David Haigh, the group CEO and Unni Krishnan, M.D. of Brand Finance throws valuable light on brand valuation in Indian scenario. They have listed out 25 Indian Brand names and ranked them on brand value: the value of the asset at a point in time being assessed using the relief royalty method.

A prerequisite of the top Indian brands was that they were listed in the top 500 on the Bombay Stock Exchange – which is why brands like Hutch, Sahara India Pariwar and Kingfisher Airlines were not included. The top 500 by market capitalization were short listed to 50, of which the top 25 made the final ranking.

In some cases, the lack of information on the Indian businesses of certain major international brands (Coca-Cola, Pepsi and so on) meant they had to be left out. Holding companies that own a portfolio of branded businesses (Hindustan Lever, for instance) were excluded, since it isn’t possible to identify revenue streams for individual brands from publicly available sources. Not surprisingly, Indian Oil Corporation emerges as the most valuable brand with a trademark value of $5.6 billion.
This value accounts for 40% of IOC’s market value, representing the amount by which the brand is likely to enhance the company’s future cash flows. But despite its high value IOC is at risk of losing the brand revenues it currently enjoys to more powerful brands like Bharat Petroleum in the future. State Bank of India and Bharat Petroleum Corp follow in second and third place respectively, with brand values of just over $3 billion each. SBI has improved its brand power by engaging with consumers and developing products and services that are differentiated.

<table>
<thead>
<tr>
<th>Rank</th>
<th>Brand</th>
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<tbody>
<tr>
<td>01</td>
<td>Indian oil Corporation</td>
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<tr>
<td>02</td>
<td>State Bank of India</td>
</tr>
<tr>
<td>03</td>
<td>Bharat Petroleum Corporation Ltd.</td>
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<tr>
<td>04</td>
<td>Tata Consultancy Services</td>
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<tr>
<td>05</td>
<td>Reliance Industries Ltd.</td>
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<tr>
<td>06</td>
<td>Hindustan petroleum Corporation Ltd.</td>
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<tr>
<td>07</td>
<td>Oil and Natural Gas Corporation (ONGC)</td>
</tr>
<tr>
<td>08</td>
<td>Tata Motors Ltd.</td>
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<tr>
<td>09</td>
<td>ICICI Bank Ltd.</td>
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<tr>
<td>10</td>
<td>WIPRO</td>
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<td>11</td>
<td>ITC</td>
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<tr>
<td>12</td>
<td>Infosys Technologies Ltd.</td>
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<tr>
<td>13</td>
<td>Gas Authority of India Ltd. (GAIL)</td>
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<tr>
<td>14</td>
<td>Bharati Televentures</td>
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<tr>
<td>15</td>
<td>Tata Steel</td>
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<td>16</td>
<td>Larsen &amp; Toubro</td>
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<tr>
<td>17</td>
<td>Ranbaxy laboratories</td>
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<tr>
<td>18</td>
<td>Bajaj Auto</td>
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<tr>
<td>19</td>
<td>Satyam Computers Services</td>
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<tr>
<td>20</td>
<td>Hero Honda Motors</td>
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<td>21</td>
<td>Industrial Development bank of India</td>
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<tr>
<td>22</td>
<td>Housing Development Finance Corporation</td>
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<td>23</td>
<td>HDFC Bank</td>
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<tr>
<td>24</td>
<td>Jet Airways India</td>
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<tr>
<td>25</td>
<td>Grasim Industries</td>
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However, the bank still has enormous value potential and has only scratched the surface as of now. If SBI continues to invest in marketing and pushing up its service delivery, it will give other banks a run for their money.

Meanwhile, BPCL’s pioneering efforts in retail marketing, including branded petrol, petrocards, fleet cards, convenience stores, one-stop shops and its “Pure for Sure” logo still give it the edge over other oil PSUs. It is aggressively looking at increasing non-fuel revenues by leveraging its brand.

The first set of private sector brands, Tata Consultancy Services and Reliance Industries, follow, both worth over $2.7 billion each. It will be interesting to see how the two brothers extract value from the Reliance brand in future, given that Reliance Communication Ventures is now listed and Mukesh Ambani’s retail plains are in overdrive. There are also some strategic issues that remain unresolved, including how the corporate brands of the two groups will be separated and yet at the same time keep the Reliance brand robust. The top echelons have some diversity in terms of Tata Motors, demonstrating the company’s focused strategy of cross-border acquisitions, strategic alliances and a steady stream of new product launches – Ace, Dicor, Starbus and Globus and its commitment to build the Rs1lakh car. This brand is ready to make a global mark. Smaller banks, such as ICICI Bank, are rapidly boosting their brand power by offering customers holistic financial services and a certain level of functional and service delivery.

While SBI and Bank of Baroda are waking up to the role of the brands inside their businesses, ICICI Bank is now trying to forge an emotional connection with its customers with its Hum hai na communication.

The benefits of ICICI leveraging its brand are visible – it has registered 95.61% five-year CAGR growth of fee income. Fee income is a good barometer to gauge a bank’s efficiency in using its brand and customer capital through cross selling. All other Indian Banks – including HDFC Bank – have a lot of catching up to do.

Despite the fact that TCS is smaller in terms of brand value than IOC, it is India’s most powerful brand in terms of its ability to sustain earnings into the future with the least risk. If TCS continues to build up intellectual property, create strategic alliances and extend its footprint into new services where it can extract volume and premium, its rise in the value table will not be surprising.
Wipro emerges as the second most valuable and powerful IT brand. This comes after year of acquiring firms, giving Wipro access to new skills and intellectual property, upping marketing spends and ramping up to the consultancy target.

Wipro’s product engineering and design services are especially pushing hard to deliver on innovation to create and sustain revenue streams for the future. The evidence towards a more IP and marketing driven model lies in the number of patent applications that have been by TCS and Wipro over the past three to four years.

For an industry caught between run-of-the-mill software services and high-end products, IP licensing and sales will not only boost financial returns but also build long-term competitive advantage. Infosys has made some inroads into high end consulting. However, it needs to urgently review its IP and marketing investments and come out victorious in the battle to protect its well-known trademark. Despite the fact that Indian IT companies have created some salience in the global IT market, they trail when it comes to intellectual property and brand building skills. As labour arbitrage slips away. It is only the exponential value created by intangible like the brand and IP that will propel them into the +$ 10 billion league of global players. Ranbaxy is the only pharmaceutical brand to make the cut in terms of brand value. While Ranbaxy leads the pack in terms of IP development and fillings, it is worth noting that Indian pharmaceutical companies are way ahead in IP development compared to their software peers.

Clearly, patents and brands will drive their business models in the medium term as their mainstay generics business is getting increasingly crowded and margins come under acute pressure. The only way forward is to develop a pipeline of new products backed by marketing and intellectual capital muscle.

There is an interesting story unfolding in the motorcycle industry and brands are at the centre of it. Hero Honda Motors has a spectacular track record; however, there is a tricky question facing the company. Is it Honda that is making it a Hero? Bajaj has evolved into a mature stand-alone brand post its divorce from Kawasaki and has even gone on to develop proprietary technology. As Honda Motorcycle and Scooter India aggressively invests in production capacity and sub brands like Unicorn and Shine, Hero Honda’s future brand earnings are far more at risk than Bajaj’s. the key takeaways Brand power is in your hands: As the constraints on capital, technology and regulatory
environment lifts, the heavy bias towards companies who enjoyed monopolistic markets is shifting to high octane, customer savvy companies. Who will customers turn to? Who will they award their loyalty to over time? The Brand Finance index of India’s most powerful brand’s is peppered with a set of diverse companies across various sectors, including airlines, steel, automotives, telecommunications, banking and FMCG. Clearly the economic role of the brand is not limited by the industry type or size; if leveraged it can be a great leveler. Brand power matters: Brands with the ability to cut through this highly competitive and maturing marketplace will determine who can secure the lucrative cash flows in the future.

This is partly about scale and technology: however, it is also about investing in and building brands that work – brands that matter more to customers and employees, and which effectively innovate to sustain relationships that ensure value creation.

Importantly, there is a mind shift required to delegate the supervision of tangible assets (land, buildings and factories, laying lines and towers) to operational managers and redirect top management attention and time to building value in intangible assets. To unlock this huge reservoir of value, boards and CEO’s have to insist on a governance framework that analyses the impact of brand and other intangible assets on shareholder value. The brand value is the value of the asset at a certain point of time. This, in fact, is the value that the brand is creating for its owners today from its current economic use. It is not an attempt to estimate the cost of replacing it, nor does it represent what has been expended to create it.

A four-step process was applied to arrive at the brand value. Obtain brand-specific financial and revenue data; establish royalty rate for each brand, calculate brand strength score and determine royalty rate range; calculate future royalty income stream; and lastly, discount future royalty stream to a net present value, which is the value of the brand.