CHAPTER II
BRAND MANAGEMENT: A CONCEPTUAL PERSPECTIVE

This chapter put together the entire theoretical framework that forms the foundation of the study. It also highlights what others have written about the topic that is been addressed in the research work and try to bring out our thoughts about what is found in the literature especially in relation to our subject

2.1 BRAND

Brand has become a distinguishing factor for the customers as well as company. It has become a powerful tool in identifying and differentiating a brand form various brands available in today’s competitive environment. It has become an asset or property which only the owner has the right to use. Many people are becoming brand consciousness and have started demanding for branded products in each product category. And for a particular brand, many are ready to even pay premium prices.

2.1.1 Brand- Meaning and Definition

Kotler et al (2005 p.549) defined a brand as “a name, term, sign, symbol, design or a combination of these that identifies the makers or seller of the product or
services”. This definition is based on the use of a brand name, symbols and signs to distinguish a product from its competitor. Prasad and dev (2000) noted that a brand can also be said to include all tangible and intangible attributes that the business stands for. According to Keller (2003 p.3), the American market association (AMA) defines a brand as 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 competitor”.

A brand is different from a product. According to Kotler (2000), a product is anything which can be presented to a market for purchase, use or consumption that is possible of satisfying need or want. He went further to say that a product is made up of goods that have physical appearance, service, events, experiences, places, persons, organisation, properties, information and ideas. According to De Chernatony and MacDonald (2003), a brand goes beyond physical constituents and what it stands for, it has some additional attributes which although maybe intangible but are still important to consumers consideration. A brand has added value which differentiate it from a product [Doyle (2002), De Chernatony and MacDonald (2003), Jones and Slater (2003)]. Jones and Slater (2003) sum up these added values as those that develop from experiences of the brand; those that arise as a result of usage of the brand, which could be as a result of consumers association with the brand; those that arise from an assumption that the brand is powerful; and those that arise from the appearance of the brand i.e. packaging the product. According to Doyle (2002), these added values play a vital role in many consumers buying decisions, as brands are
purchased from emotional motivation as well as functional motivation. Many researchers have adopted this added value concept into their brand definition. For example, De Chernatony and MacDonald (2003, pg 25) established the following definition. “In identifiable product; service, person or place augmented in such a way that the buyer or user perceives relevant, unique added value which match their needs most closely. Furthermore, its success results from being able to sustain these added values in the face of competition”.

One of the functions of a brand is that it serves as an identifier of product and services so that it can be differentiated from other products and services of the same class. Aaker (1991) said that brand knowledge serves as a protector for both the manufacturer and consumer. Schmitt (1999) said that a brand should not just be an identifier, he went further to say that a good image and name is insufficient; delivered experience is also important. Schmitt (1999) recommended two ways to branding:

- The brand has to be viewed as an identifier where the logo, slogan, names forms a particular image and awareness for the consumer.
- The brand has to be viewed as an experience provider where the logo, slogan, names, event and contacts by consumer provides consumers affective, sensory, lifestyle and create relation with the brand.

Kotler and Armstrong (2004) also see brand to be beyond an identifier. It represents consumer’s sensitivity and emotional attachment to the product. According to Feldwick, (2002), a brand is a distinguishable symbol of origin and an
assurance of performance. A brand name is used by the marketers because of the roles it can perform. It identifies the product or service. This helps consumers to specify, reject or recommend brands. This is how string brands help in communication. Brands communicate either overtly or subconsciously. For instance, the brand ‘Fair & Lovely’ communicates what the product does. Similarly, a brand like Johnson & Johnson is a symbolic of motherly love. Finally a brand becomes an asset or property which only the owner has the right to use. The brand property is legally protected. All the registered names are valuable assets of the owners.

Conventionally, brands are viewed myopically. They were seen to perform identification and differentiation functions. But mere identification may not be sufficient condition for survival in a competitive marketplace. For instance, the brand name ‘Premier’ clearly identified the automobiles made by Premier Automobiles Limited, but it didn’t save it from collapsing. At the same time the ‘Premier’ brand distinguished these cars from rest of the competitors like Hindustan Motor’s, Maruti and others. Yet the brand went out of the market. The value dimension is key to any kind of brand to be there in the marketplace. Branding must not be confined to the process of passively a name or symbol to a product. Branding done in this manner may not be able to lift the product onto a higher plane. The product may be equal to brand and a brand may be equal to a product. The purpose of the branding is to transform the product. It must add value that consumers cover. Transforming a commodity like product into customer satisfying value added propositions is the essence of branding. Conclusively, a brand can be said to be a symbol of all facts
associated with a product and service. A brand commonly includes a logo, a name and any other visible elements such as symbols and images. It also consists of other sets of expectation related to a product or service which normally arise in people’s mind.

2.1.2 Benefits of a strong brand

According to Dave Dolak (2003), a strong brand will create the following benefits amongst others:

- Build name recognition for your product/company.
- Influence the consumer’s buying decision.
- Build trust and emotional attachment to a firm’s product/service.
- Make purchase decision easier. For example in a commodity market where product and services are indistinguishable, it will enable customers trust and create a set of belief about your product even without knowing the uniqueness of your products and characteristics.
- A strong brand increases the consumer’s attitude towards a particular brand’s product and services and the strength of such attitude is developed through experience with such brand.
- Consumers experience help to increased perceived qualities, inferred attributes and eventually leads to brand loyalty which are not easy to evaluate except before purchase.
• A strong brand enjoy benefit such as reduced competitive advantage, premium price greater customer loyalty, profitability, reduce the perceived risk of consumers who are not so sure of their decision.

2.1.3 Branding Challenges and Opportunities

Although brands may be as important as ever to consumers, in reality brand management may be more difficult than ever. Some of the challenges to brand builders are:

• Savvy customers
• More complex brand families and portfolio
• Maturing markets
• More sophisticated and increasing competition
• Difficulty in differentiating
• Decreasing brand loyalty in many categories
• Growth of private labels
• Increasing trade power
• Fragmenting media coverage
• Eroding traditional media effectiveness
• Emerging new communication options
• Increasing promotional expenditures
• Decreasing advertising expenditures
- Increasing costs of product introduction and support
- Short-term performance orientation
- Increasing job turnover.

2.1.4 Strategic Brand Management Process

Strategic brand management involves the design and implementation of marketing programs and activities to build measure and manage brand equity. The strategic brand management process has four main steps:

i) Identifying and establishing brand positioning

ii) Planning and implementing brand marketing programs

iii) Measuring and interpreting brand performance

iv) Growing and sustaining brand equity.

The strategic brand management process starts with a clear understanding of what the brand is to represent and how it should be positioned with respect to competitors. Competitive brand positioning is all about creating brand superiority in the minds of the consumers. Fundamentally positioning convinces the consumers of the advantages or points of difference a brand has over its competitors, while at the same time alleviating concerns about any possible disadvantaged (establishing points of parity). Positioning also often specifies the appropriate core brand associations and brand mantra. A mental map is a visual depiction of the different types of associations linked to the brand in the mind of consumers. Core brand associations are the subset of associations that best characterize a brand. To further focus what a
brand represents, it is often useful to define a brand mantra also known as a brand
essence or core brand promise. Building brand equity requires creating a brand that
consumers are sufficiently aware of and with which they have strong, favourable and
unique brand associations. In general, this knowledge building process will depend
on three factors: (i) the initial choices of the brand elements or identifies making up
the brand and how they are mixed and matched. (ii) the marketing activities and
supporting marketing program and the way the brand is integrated into them (iii)
Other associations indirectly transferred to or leveraged by the brand as a result of
linking it to some other entity (such as company, country of origin, channel of
distribution or another brand). Some other important considerations of each of these
tree factors are choosing brand elements, integrating the brand into marketing
activities and the supporting marketing program and finally the leveraging secondary
associations. The task of determining or evaluating a brand’s positioning often
benefits from a brand audit. A brand audit is a comprehensive examination of a
brand to assess its health, uncover its sources of equity and suggest ways to improve
and leverage that equity. A brand audit requires understanding sources of brand
equity from the perspective of both the firm and the consumer. Once the marketer
have determined the brand positioning strategy, they are ready to put into place the
actual marketing program to create, strengthen or maintain brand associations. To
understand the effects of these marketing programs, marketers should measure and
interpret brand performance through marketing research. To manage their brands
profitably, managers must successfully design and implement a brand equity
measurement system. Managing and expanding on brand equity can be quite challenging. Brand equity management activities take a broader and more diverse perspective of the brand’s equity understanding how branding strategies should reflect corporate concerns and be adjusted, if at all, over time or over geographical boundaries or market segments. Managing brand equity can mean managing brands within the context of other brands, as well as over multiple categories over time and across multiple market segments.

2.2 BRAND EQUITY

2.2.1 Meaning and Importance

Since the development of brand equity in 1980’s, there have been rapid developments in the subject. This is due to the fact that branding has been recognized as an important factor for the success of a firm especially in a very competitive business environment. In the literatures, different definitions of brand equity have been proposed. According to Park and Srinivasan (1994), brand equity has no acceptable definition. Farquhar (1989) defined brand equity as the value which the brand adds to the product. Similar definitions were provided by researchers such as Aaker 1991, Keller 1993, Leuthesser 1998, Yoo and Donthun 2001. Keller (1993 p.8) sees brand equity as “the differential effect of a brand knowledge on consumer response to the marketing of a brand”. This is based on the assumption that the power of a brand lies on what have been learned, heard, seen and felt by the customer about the brand over time. Aaker (1991,p.15) provided the most precise
definition of brand equity, he defined brand equity “as a set of brand assets and liabilities linked to a brand, its name and symbol, that add to or subtract from the value provided by a product or service to a firm and/or to that firm’s customers”.

Simon and Sullivan (1993) used the word “incremental utility” to refer to brand equity. Park and Srinivasan (1994) refer to brand equity as the distinction between the overall brand preference and the multi attribute preference depending on the objectively measured attribute level. Agarwal and Rao (1996) also refer to brand equity as the total quality and choice intention. From the above it is clear that brand equity is viewed in different ways by different researchers. In other word, brand equity can be said to be any asset or liability connected to a brand name that adds or subtract value to a product. The definition of brand equity can be widely classified into three perspectives i.e. it could be based on financial perspective which stress the value of a brand to a firm, customer perspective which sees brand equity as the value of a brand to consumers and a combination of the two.

There are at least three perspectives from which to view brand equity:

1. **Financial** - One way to measure brand equity is to determine the price premium that a brand commands over a generic product. For example, if consumers are willing to pay $100 more for a branded television over the same unbranded television, this premium provides important information about the value of the brand. However, expenses such as promotional costs must be taken into account when using this method to measure brand equity.
2. **Brand extensions** - A successful brand can be used as a platform to launch related products. The benefits of brand extensions are the leveraging of existing brand awareness thus reducing advertising expenditures, and a lower risk from the perspective of the consumer. Furthermore, appropriate brand extensions can enhance the core brand. However, the value of brand extensions is more difficult to quantify than are direct financial measures of brand equity.

3. **Consumer-based** - A strong brand increases the consumer's attitude strength toward the product associated with the brand. Attitude strength is built by experience with a product. This importance of actual experience by the customer implies that trial samples are more effective than advertising in the early stages of building a strong brand. The consumer's awareness and associations lead to perceived quality, inferred attributes, and eventually, brand loyalty.

Brand equity provides several benefits not only to companies but also to the customers. It provides a means of information to customers which help them to identify the brands and differentiate from others. It provides a distinct image in the minds of the customers thereby avoiding confusion among various similar brands. It also helps in the customer’s buying process. It builds up as sense of confidence to the customer because of the distinctive image that has been created by the brand in the market. It also provides values in the form of satisfaction to the final customers. For satisfaction of the brand many customers are even ready to pay premium prices for
same category products. Not all brand equity is positive; therefore most companies invest on building strong brand equity. After all, it provides several benefits to the company. Below are just some of the helpful benefits that a company can derive of good brand equity:

- **Facilitates a more predictable income stream**: Through a strong brand equity a company can generate a reasonable amount of income in various forms.
- **Increases cash flow**: By increasing brand equity, companies are also able to increase their profits through increased market share and premium pricing for less promotional costs.
- Brand equity is an asset that can be sold or leased.
- Brand equity helps in increased customer loyalty thereby reducing expenditures that will be incurred for retaining the existing customers of a particular brand.
- Brand equity provides growth opportunities for a brand. Many brands because of its brand equity have been quite successful in adopting growth strategies. Lux, Maruti, Videocon etc. are few that can be named.
- Brand equity provides a competitive advantage thereby reducing the level of competition in the industry.

However, brand equity is not always positive in value. Some brands acquire a bad reputation that results in negative brand equity. Negative brand equity can be
measured by surveys in which consumers indicate that a discount is needed to purchase the brand over a generic product.

2.2.2 Assets and Liabilities of brand equity

David Aaker defines brand equity as “a set of brand assets and liabilities linked to a brand, its name and symbol that adds to (or subtracts from) the value provided by a product or service to a firm and/or that firm’s customers. The brand equity in this definition can take the form of an asset or a liability. An asset is something that enhances the value, while liability decreases the value. They are all embodied in the brand name or symbol. In other words, the equity is the value differential that is created when a brand name or symbol is added to a product. The following are the assets and liabilities on which the brand equity is based:

- Brand loyalty
- Brand Awareness
- Perceived Quality
- Brand Associations
- Other Proprietary Brand Assets like patents, trademark etc.
Aaker’s Brand Equity Model

Brand equity assets can add or subtract value for the customer and the firm. They add value to customers by providing help in information interpretation, processing and storage. The customers are able to process brand information faster and store a greater quantity. Brand equity assets can boosts confidence in a buying decision and provide user satisfaction. Brand equity assets also provide value to firm by way of their ability to charge premium, leverage brands into extensions, channel support and corporation, customer brand loyalty benefits etc. Brands are valued
depending upon the kind of assets and liabilities they represent. Many companies are able to generate wealth not because of conventional assets but for the brands they own. Their source-of-revenue stream lies not in factories or the machines; rather, it is the name and/or symbol that they put on their products.

2.2.3 Conceptualization of consumer based- brand equity

Different conceptualisations of brand equity have been measured by various researchers. Aaker (1991) view brand equity as a multidimensional concept which is made up of perceived qualities, brand loyalty, brand awareness, brand association and other propriety assets. According to him, Brand loyalty has to do with the level of devotion a consumer has to a brand. Brand awareness has to do with the ability of a potential buyer to identify a brand among a product category. Perceived quality deals with the consumer’s perception of the brands total quality or superiority. Brand association is anything that is connected in a consumer’s memory of a brand. The other proprietary brand asset has to do with patents and trademarks.

A similar conceptualization was proposed by Keller (1993). According to Keller (1993), consumer based brand equity consist of two dimensions, brand knowledge and brand awareness. Cob-walgren et al (1995) based their study on customer based perceptual measure of brand equity. Their study adopted three of Aaker (1991) perceptual component of brand equity i.e. brand awareness, brand association and perceived quality. They tested whether brand equity has an affect on brand perception, intention and attitude. The result of their study found out that
brand equity has effect on perception, intention and attitude. Low and Lamb Jr (2000) and Prasad and Dev (2000) also adopted four of Aaker (1991) component i.e. brand awareness, perceived quality, brand loyalty and brand association.

Yoo et al (2000) adopted three of Aaker (1991) component i.e. perceived quality, brand association and brand loyalty. Their study suggested and tested a model and the result revealed that these dimensions contribute to brand equity. Yoo and Donthun (2001) employed four of Aaker’s component of brand equity i.e. brand awareness, brand loyalty, perceived quality and brand association excluding proprietary assets dimension as it is not important in the measurement of customer based brand equity. Despite the large number of alternative proposed in the literature, no single measure is ideal. There is no concession on the strengths or weakness of each. Simon and Sullivan (1993) claim that the best method for measuring brand equity depends on the objective market based data which give room for comparison overtime and across firm. According to them, using preferences and consumers attitude is wrong as a result of their individual subjectivity. Farquhar 1989 and Criminis (1992) stated that some marketers also concluded that while brands do add values to various components, it is the consumers who first determine brand equity.

2.3.4 How brand equity creates value to customers and marketers?

Brand Equity assets can enhance value for customers. A brand’s equity is valuable to customers because:
• It helps in information processing. A brand is useful in aiding customers in interpreting, processing and storing information about products and brands. It simplifies this process. Brands are taken by customers as chunks of information which are easily decoded and stored in a proper order. It considerably reducing chaos possibilities that may occur in the absences of branding. Brands allow customers to store the great quantities of information about brands without getting confused.

• A brand’s assets enhance customer confidence in the purchase decision. One feels more confident in purchasing a brand. It happens because of familiarity with a brand. Familiarity creates confidence. Brand stands for consistency and assurance. It provides guarantee of promised delivery.

• The final value to the customer comes in the form of usage satisfaction. For instance, satisfaction from drinking Nescafé’ is different from drinking an unbranded coffee. Brands transform customer experience. The brand associations and quality move the product beyond its ‘thingness’ boundary enveloping it with images that customers value and identity with.

Brand equity also plays a critical role in enhancing value for the marketer. A firm benefits from the equity in the following ways:

• The effectiveness and efficiency of marketing programmes is increased by brand equity assets. The expenditure associated with a brand to achieve a goal generally tends to be less than an unbranded product aiming to achieve the same goal. For instance, retaining a customer is much less costly than retention
when a product is unbranded, it may partially happen due to lack of brand loyalty and preference. Similarly, launching of a new product with extension may be much simpler, easy and less costly.

• Brand equity dimensions allow a firm to have greater customer loyalty. The customers can exhibit preference and commitment to a brand only. A greater number of loyal customers in the basket automatically reduces the expenditures that need to be incurred in maintaining a customer base. Fewer customers would need to be replaced. Accordingly, the expenditure would be lesser.

• Brand equity allows a firm to charge premium. That is, a customer may willingly support a brand in spite of greater sacrifice that needs to be made. In fact, brands with premium pricing are the ones which enjoy strong equity in the market.

• Brand equity provides greater opportunities for growth. In fact, most firms now rely on brand extensions to achieve growth rather than launch new brands. Brand equity makes growth easier for the firms. It is how the value is added.

• Brand equity is a good source of achieving leverage in distribution channels. It is easier to get access in the distribution chain when the brand has equity. Trade partners exhibit skepticism in dealing with a brand without equity because of the uncertainties it brings along with it. Brand equity is an implicit assurance of success. Therefore channel welcome brands with equity and give access to point of purchase displays, shelf space, etc. Channel cooperation is achieved easily when the brand enjoys equity.
Finally brand equity is a provider of competitive advantage. It imposes barriers on the entry of competitors. Brands can build equity occupying positions and attribute associations in a preemptive fashion. Once these become proprietary to a brand, other brands are at a disadvantage.

Brand equity holds immense potential to create economic value for the markets. The advantages listed above make compelling reasons in favour of creation, protection and enhancement of equity of a brand. It can only be done once it is understood what drives brand equity.

2.3 BRAND IDENTITY

2.3.1 Definition & Importance

Brand identity is a unique set of brand associations that brand strategist aspires to create or maintain. These associations represent what brand stands for and imply a promise to customers form the organization members. Brand identity should help establish a relationship between the brand and the customer by generating a value proposition involving functional, emotional or self-expressive benefits. Brand identity consists of twelve dimensions organized around four perspectives-the brand as product (product scope, product attributes, quality/value, uses, users, country of origin), brand-as-organisation (organizational attributes, local versus global), brand-as-person (brand personality, brand-customer relationships) and brand-as-symbol (visual imagery/metaphors and brand heritage).
2.3.2 Brand Identity Traps

An examination of four all-too-common identity traps demonstrates the value of expanding the concept of a brand and provides substantial insight into what a brand identity is and is not. These four traps represent approaches to creating an identity that are excessively limiting or tactical and that can lead to ineffective and often dysfunctional brand strategies. After these traps have been analysed, a broader identity concept will be developed, its scope and structure discussed, and the value proposition and credibility that flow from it examines.

2.3.2.1 The brand image trap

Knowledge of the brand image provides useful and even necessary background information when developing a brand identity. In the brand image trap, however the patience, resources, or expertise to go beyond the brand image is lacking and the brand image becomes the brand identity rather than just one input to be considered. The brand image trap does not tend to occur when a brand image is obviously negative or inappropriate. When there are only subtle image inadequacies caused by the customers’ past brand experiences or by changes in their needs, however, the use of the brand image as an identity statement often goes unchallenged. While the brand image is usually passive and look to the future, reflecting the associations that are aspired for the brand. While the brand image tends to be tactical, brand identity should be strategic, reflecting a business strategy that will lead to a sustainable advantage. The brand identity should also reflect the brand’s enduring qualities, even if they are not salient in the brand image. Likely any
identity, it represents the basic characteristics that will persist over time. A brand identity is to brand strategy what ‘strategic intent’ is to a business strategy. Strategic intent involves an obsession with winning, real innovation, stretching the current strategy and a forward looking dynamic perspective; it is very different from accepting or even refining past strategy. Similarly, a brand identity should not accept existing perceptions but instead should be willing to consider creating changes.

2.3.2.2 The brand position trap

A brand position is the part of brand identity and value proposition that is to be actively communicated to the target audience and that demonstrates an advantage over competing brands. Thus the brand position guides the current communication programs and is distinct from the more general brand identity construct. Some elements of brand identity may not be actively communicated and other elements will recede in visibility as the brand matures. The brand position trap occurs when the search for a brand identity becomes a search for a brand position, stimulated by a practical need to provide objectives to those developing the communication programs. The goal then becomes an advertising tag line rather than a brand identity. This trap inhibits the evolution of a full-fledged brand identity, because strategists continuously weed out those aspects that they feel are not worth communicating. The tendency to focus on product attributes is intensified and there is often no room to consider brand personality, organizational associations or brand symbols because they simply do not make the cut when developing a three word phrase. Further a compact phrase is unlikely to provide much guidance to brand building activities. A
brand position does not usually have the texture and depth needed to guide the brand building effort—which event to sponsor, which package is superior, or what store display supports the brand. There is a need for a richer, more complete understanding of what the brand stands for.

2.3.2.3 The external perspective trap

The external perspective trap occurs when firms fail to realize the role that a brand identity can play in helping an organization understand its basic values and purpose. Because an effective identity is based in part on a disciplined effort to specify the strengths, values, and vision of the brand, it can provide a vehicle to communicate internally what a brand is about. It is hard to expect employees to make a vision happen if they do not understand and buy into that vision. In most organizations, employees have a difficult time answering the question, ‘What does your brand stands for?’ ‘Achieving a 10 percent increase in sales’ – an all too typical response- is hardly inspiring. In firms with strong brands, the response comes faster and with more substance from motivated, even inspired employees.

2.3.2.4 The product-attribute fixation trap

The most common trap of all is the product-attribute fixation trap, in which the strategic and tactical management of the brand is focused solely on product attributes. Based in part on the erroneous assumption that those attributes are the only relevant bases for customer decisions and competitive dynamics, the product-attribute fixation trap usually leads to less than optimal strategies and sometimes to damaging blunders.
2.3.3 Four Brand Identity Perspectives

The brand identity has texture and depth. A firm should consider its brand as: (1) a product, (2) an organization, (3) a person and (4) a symbol. The perspectives are very different. Their goal is to help the strategist consider different brand elements and patterns that can help clarify, enrich and differentiate an identity. A more detailed identity will also help guide implementation decisions. Not every brand identity needs to employ all or even several of these perspectives. For some brands, only one will be viable and appropriate. Each brand should, however, consider all of the perspectives and use those that are helpful in articulating what the brand should stand for in the customer’s mind.

The following briefly characterizes each of the four perspectives Aaker recommends firms take into account in formulating their brand strategy:

The **brand-as-product**: A core element of a brand’s identity is usually its product thrust, which will affect the type of associations that are desirable and feasible. Attributes directly related to the purchase or use of a product can provide functional benefits and sometimes emotional benefits for customers. A product-related attribute can create a value proposition by offering something extra like features or services, or by offering something better. Aaker argues, however, that the goal of linking a brand with a product class is not to gain recall of a product class when a brand is mentioned. It’s more important, he posits, for customers to remember the brand when there’s a need relevant to the product class.
The **brand-as-organization**: This perspective focuses on attributes of the organization rather than on those of the product or service. Such organizational attributes as innovation, a drive for quality and concern for the environment are created by the people, culture, values and programs of the company. (Some brand aspects can be described as product attributes in some contexts and organizational attributes in others.) Aaker notes that organizational attributes are more enduring and resistant to competitive claims than product attributes.

The **brand-as-person**: Like a person, a brand can be perceived as having a unique personality. The brand-as-person perspective suggests a brand identity that is richer and more interesting than one based on product attributes. Aaker cites three ways a brand personality can create a stronger brand: 1) create a self-expressive benefit that becomes a vehicle for customers to express their own personalities; 2) form the basis of a relationship between customers and the brand (in the same way human personalities affect relationships between people); and 3) help communicate a product attribute and thus, contribute to a functional benefit.

The **brand-as-symbol**: A strong symbol can provide cohesion and structure to an identity and make it much easier to gain recognition and recall. Its presence can be a key ingredient of brand development and its absence can be a substantial handicap. Elevating symbols to the status of being part of the identity reflects their potential power. Aaker highlights three types of symbols: visual imagery, metaphors and the brand heritage.
As suggested by Aaker’s elaborate brand taxonomy, brand identity consists of a core identity and an extended identity. The former represents the timeless essence of the brand. It’s central to both the meaning and success of the brand, and contains the associations that are most likely to remain constant as the brand encompasses new products and travels to new markets. The extended identity, on the other hand, includes elements that provide texture and completeness. It fills in the picture, adding details that help portray what the brand stands for. A reasonable hypothesis, Aaker states, is that within a product class, a larger extended identity means a stronger brand—one that is more memorable, interesting and connected to customers’ lives.

2.3.4 Identity Structure

Aaker divides his brand identity framework into a two-tier structure that can be viewed as two concentric circles. In the inner circle is the core identity while the outer section represents the extended identity.

Core identity

These are the elements and associations which are inherent to the brand and tend not to change even if the brand is extended to new markets or products. Chanel will always be about premium luxury and sophistication no matter what product it decides to make – perfume, clothes, bags, etc. The core identity should reflect the values and principles of the organization as a whole but also add to the value proposition and uniqueness of the brand.
Extended identity

Where the core identity is a succinct, fundamental representation of the soul of the brand, the extended identity is much broader and incorporates details to help further connect the consumers with the brand. This might be communication methods or sales practices that reinforce the core identity. A good example (from Aaker’s earlier case study on Saturn) is the “no-haggle” pricing used by their dealerships.

2.3.5 Value Proposition provided by brand identity

Aaker stresses the importance of a value proposition and states that it has two primary goals:

- forming a connection with the customer
- driving purchases

The value proposition is a function of three types of benefits.

Functional benefits

These benefits are directly tied to the product attributes and they deliver a tangible value utility to the consumer. A large network of ATMs for example could be a functional benefit for a banking product. With functional benefits it is important to meet customers’ requirements while also differentiating the brand from competitors – and of course being able to communicate this benefit to consumers. However, if brands rely too heavily on functional benefits they can fall into the product-attribute fixation trap
Emotional Benefits

The less tangible benefits of a brand that evoke emotions or feelings among customers. Emotional benefits can often provide the strongest brand connection and identity. For example, when moms buy Progresso soup get a sense of satisfaction in knowing that they are making good food choices for their family.

Self-Expressive Benefits

A self-expressive benefit is where the consumer feels that the brand enables them to express a personality trait or validate a feeling about oneself. This is one of the ultimate benefits of a brand and when there is a self-expressive connection with a consumer, it can create lasting loyalty. One example would be wearing Sperry topsiders because they visibly express your laid-back, preppy yet casual side. Or Nike soccer shoes because they validate your feeling as more than just a soccer player.

2.4 BRAND AWARENESS

Brand awareness is an important and sometimes undervalued component of brand equity. Awareness can affect perceptions and attitudes. It can make peanut butter taste better and instill confidence in a retailer. In some contexts, it can be a driver of brand choice and even loyalty.

Brand awareness reflects the salience of the brand in the customers mind. There are levels of awareness, of course, which include:

- Recognition (Have you heard of the Buick Roadmaster?)
- Recall (What brands of cars can you recall?)
Top-of-Mind (the first-named brand in a recall task)

Brand Dominance (the only brand recalled)

Brand Knowledge (I know what the brand stands for)

Brand Opinion (I have an opinion about the brand)

For new or niche brands, recognition can be important. For well-known brands such as Budweiser, Cheerios, and Chevrolet, recall and top-of-mind are more sensitive and meaningful. Recall questions can be inconvenient to use in a survey. An alternative to employing recall is the use of brand knowledge (I know what this brand stands for) and brand opinion (I have an opinion about the brand) variables. Similar measures are used by the Y&R and Total Research efforts, in part to avoid recall questions.

2.4.1 Brand Recognition- Familiarity and Liking

Recognition reflects familiarity gained from past exposure. Recognition does not necessarily involve remembering where the brand was encountered before, why it differs from other brands, or even what the brand's product class is. It is simply remembering that there was a past exposure to the brand. Research in psychology has shown that recognition alone can result in more positive feelings toward nearly anything, whether it is music, people, words, or brands. Studies have demonstrated that, even with nonsense words (like "postryna" vs. "potastin" for example), consumers instinctively prefer an item they have previously seen to one that is new.
to them. Thus, when a brand choice is made— even when the decision involves
products like computers or advertising agencies— the familiar brand will have an edge.

In a study that dramatically demonstrated the power of a recognized brand
name, respondents were asked to taste each of three samples of peanut butter. One of
these samples contained an unnamed superior (preferred in blind taste tests 70
percent of the time) peanut butter. Another contained an inferior (not preferred in
taste tests) peanut butter labeled with a brand name known to the respondents but
neither purchased nor used by them before. Remarkably, 73 percent of the
respondents selected the brand-name (inferior) option as being the best-tasting
peanut butter. Thus the fact that a name was recognized affected what should have
been a very objective taste test, making the peanut butter with a known brand name
seem to taste better. Economists tell us that consumer affinity for the familiar brand
is not just an instinctive response. When consumers see a brand and remember that
they have seen it before (perhaps even several times), they realize that the company
is spending money to support the brand. Since it is generally believed that companies
will not spend money on bad products, consumers take their recognition as a "signal"
that the brand is good.

The familiarity factor can be especially important to the brand that has a
familiarity handicap with respect to more visible and established competitors. In
such a case, awareness building may be necessary to reduce this liability.

2.4.2 Brand Recall and the Graveyard
A brand (for example, MetLife) is said to have recall if it comes to consumers' minds when its product class (for example, life insurance companies) is mentioned. Whether or not a customer recalls your brand can be the deciding factor in getting on a shopping list or receiving a chance to bid on a contract. The relative power of recall (versus recognition) is shown in figure below, which depicts the "graveyard model" developed by Young and Rubicam Europe under the guidance of Jim Williams. In this model, brands in a product class are plotted on the recognition versus recall graph. For example, the recall and recognition of each of twenty automobile brands could be measured, and these measurements could be used to position each brand on the graph.

**The Graveyard Model (Recognition versus Recall)**

One finding consistent across dozens of product classes is that brands tend to follow the curved line shown in the figure. There are two exceptions, each of which reveals the importance of recall. One exception is healthy niche brands, which fall below the line because they are not known to a substantial group of consumers, and therefore have relatively low overall recognition. But because they do have high recall among their respective loyal customer groups, their low recognition is not necessarily an indication of poor performance. And healthy niche players sometimes have the potential to expand recognition and thus the scope of their customer base.

The second exception is the graveyard, an area in the upper left-hand corner populated by brands with high recognition but low recall. Being in the graveyard can be deadly: Customers know about the brand, but it will not come to mind when
considering a purchase. Breaking out of the graveyard can actually be hindered by high recognition, because there is little reason for people to listen to a story (however new) about a familiar brand. One point of the graveyard model is that high recognition is not necessarily the mark of a strong brand—it is associated with weak ones as well.

The dynamics of brands located in the upper-middle or upper-right part of the figure can be important predictors of future brand health. Movement toward the graveyard is associated with sliding sales and market share. If, however, the brand is moving away from the graveyard, sales and market share can be expected to increase. Thus the graveyard model provides evidence that recall is as important as recognition.

2.4.3 Brand Name Dominance (Top of the Mind)

The ultimate awareness level is brand name dominance where, in a recall task, most customers can only provide the name of a single brand. Ironically, this ultimate success can be tragic if the brand name becomes such a common label for the product that it is not legally protectable and is lost. Such a fate occurred with Aspirin, Cellophane, Escalator, and Windsurfer. In order to avoid losing a trademark, a firm should begin protecting it early in its life, starting with the selection of the name itself. Beware of descriptive names such as Windows because they become harder to distinguish from the generic product and thus harder to protect. Sometimes it is helpful and even necessary to create a generic name so that the brand does not
become one. The generic name "copier" helped Xerox protect its trademark. Windsurfer belatedly attempted to create the term "sailboard" to mean the generic product. It is also important to be rigorous about how the brand name is used. Chrysler states that "Jeep is a registered trademark of Chrysler" and never allows the use of Jeep to describe a type of product.

2.4.4 Creating Awareness

Because consumers are bombarded every day by more and more marketing messages, the challenge of establishing recall and recognition-and doing so economically-is considerable. Two factors are likely to be increasingly important as firms struggle with this challenge.

First, given the resources required to create healthy awareness levels, a broad sales base is usually an enormous asset. It is expensive and often impossible to support brands with relatively small unit sales and a life measured in years instead of decades. For this reason, corporate brands such as General Electric, Hewlett-Packard, Honda, or Siemens have an advantage when it comes to building presence and awareness, because multiple businesses support the brand name. Firms are thus attempting to reduce the number of their brands in order to provide focus to brand-building efforts.

Second, in the coming decades, the firms that become skilled at operating outside the normal media channels-by using event promotions, sponsorships, publicity, sampling, and other attention getting approaches-will be the most
successful in building brand awareness. For example, WordPerfect created instant visibility and credibility in Europe for its word processing software by sponsoring one of the top three bicycle racing teams. Media coverage of the team, both during and outside the races, established WordPerfect as a recognized brand. A yellow race car sponsored by Kodak similarly created over a billion individual impressions in 1993.

Getting consumers to recognize and recall your brand thus can considerably enhance brand equity. Simple recall, recognition, and familiarity are only part of the awareness challenge. "Just spell the name right," the classic dictum of old-time PR firms, will not suffice as a brand building strategy. The strongest brands are managed not for general awareness, but for strategic awareness. It is one thing to be remembered; it is quite another to be remembered for the right reasons (and to avoid being remembered for the wrong reasons).

2.5 BRAND IMAGE

2.5.1 Meaning & Definition

A brand image is how the consumers perceive the brand (Aaker 1996, 69). Aaker (1991, 109-10) explains that brand image is a set of associations which might not even reflect the objective reality. Arnold (1998, 94) says that brand image refers to the way in which certain groups decode all of the signals resonating from the product or service. Brand image can be reinforced by brand communications such as packaging, advertising, promotion, customer service, word-of-mouth and other
aspects of the brand experience. Brand images are usually evoked by asking consumers the first words/images that come to their mind when a certain brand is mentioned (sometimes called "top of mind"). When responses are highly variable, non-forthcoming, or refer to non-image attributes such as cost, it is an indicator of a weak brand image. The image of a brand is how it is perceived by the consumer. The totality of associations that are held in a consumer’s mind and connected to a brand is brand image. It is a perceptual construct. The associations are held in the memory as information nodes connected to the brand node. This total network contains the meaning of the brand. Consumers act upon images held by them of different brands. In fact these associations which differentiate one brand from another in the mind. Brands are distinguished in terms of knowledge structures they create. It is these knowledge structures that drive differential response of customers to marketing efforts and thereby create equity. The favourability , strength and uniqueness of brand associations are the dimensions distinguishing brand knowledge that play an important role in determining the differential response that makes up brand equity, especially in high involvement decision settings.

2.5.2 Brand Primary Associations

Keller (1993) considers brand image and brand awareness (brand recall and recognition) to be the two components of brand knowledge. He classifies brand associations (and therefore brand image) into three categories that fall along a continuum from concrete to abstract.
• **Attribute Associations:** Keller distinguishes between non-product-related attributes (price, packaging, user imagery, usage imagery; the last two can also produce brand personality attributes) and product-related attributes. Attributes are descriptive features which are used to characterize a product or service. For instance, how is refrigerator described? It can be described as a cooling machine, normally available in white colour, comes in different sizes, meant for homes or offices, expensive, runs on electricity, has a compressor etc. The attributes could be distinguished on the basis of how directly they are related to product or service performance. The product related attributes are ingredients necessary for a product’s performance. They relate to the physical make up of the product. For instance, compressor, shelves, body, condenser coils etc. are product related attributes in a fridge, while the external aspects are considered to be non-product related attributes Four types of non-product related attributes are price information, product appearance or packaging, user imagery and usage imagery.

• **Benefits Associations:** functional (often linked to physiological needs), experiential (what it feels like to use the product), and symbolic (one example: a need for social approval or self-esteem). Customers are not much as much interested in product attributes as they are in benefits. For instance, if an air-conditioner has four condenser coils instead of two, it matters little. But this attribute would become valuable once it is established what it would do for the consumer, e.g. faster cooling. Benefits are suggestions as to what a
product or service can do for them. The functional benefits are the outcomes of functions performed by a product or service. These are intrinsic advantages of consuming a product or service. For instance, the functional advantage of a fridge is that it prevents foods from getting spoilt. Functional benefits are fairly basic in nature and pertain to lower order motivations like physiological or safety needs. The second category of benefits is experiential benefits. These benefits accrue to the user in the form of feelings. Consumers have experiential needs for variety, sensation and cognitive stimulation. Participating in a game or eating a favourite dessert provides satisfaction of experiential needs. Participation in a game like chess may provide benefits of cognitive stimulation, while dessert provides sensory benefits. The last category of benefits is symbolic. These are not intrinsic to the product and correspond to non-product related attributes. The products or services often deliver sign value-symbolizing benefits like esteem, class or prestige. The products of conspicuous consumption are often branded to deliver strong symbolic benefits.

- **Attitude Associations:** Attitude is an important psychological construct. Attitude determines buying decisions. Attitude refers to overall evaluation of a concept like person, product, object or a brand. There are three components in attitude: the cognitive, affective and conative component. The cognitive component is the knowledge perception that a person has about the brand. These are acquired from direct experiences or
information from other sources. The knowledge and resulting perception take the form of beliefs. The affective component consists of emotions or feelings that someone has towards a brand. This is an evaluative component. Finally, the conative component is behavioural or action oriented. It refers to the intention to behave in a particular manner, e.g. the likelihood of buying the brand.

2.6 BRAND POSITIONING

2.6.1 Definition and illustrations

Positioning starts with a product; a piece of merchandise, a service, a company, an institution, or even a person. But positioning is not what you do to a product. Positioning is what you do to the mind of the prospect. That is, you position the product in the mind of the prospect not that positioning does not involve change. It does. But changes made in the name, the price and the package are really not changes in the product at all. They are basically cosmetic changes done for the purpose of securing a worthwhile position in the prospect’s mind. Positioning is also the first body of thought that comes to grips with the problems of getting heard in our over communicated society. The basic approach of positioning is not to create something new and different. But to manipulate what’s already up there in the mind. The position must take into consideration a company’s strengths and weaknesses along with that of competitors. Positioning is governed by the rule of first mover advantage. The brand must get into a prospect’s mind first. This does not imply
being physically or chronologically first; rather it means being perceptually first. Positioning is about building the image of a brand. It is about how the brand is going to be perceived in the market. Kotler defines positioning as ‘the act of designing the company’s offering: an image to occupy a distinct place in the mind of the target market’. Positioning must result in the creation of a customer focused value proposition. It must provide a cogent reason for buying the product. Most successful brands occupy distinct position that sets them apart from the competition and provides the target customer a reason to favour them.

2.6.2 3CS of Positioning

Brand image is about connecting a brand with a customer relevant and competitively different idea or proposition. It is important that a brand must stand for a clear idea. Brand must appropriate a distinct idea. Lack of clarity of the idea or concept makes a brand a ready recipe for disaster. For a brand to take part in the consumer decision process, it must clearly signal what it is all about. The search for a successful position must end with an idea becoming proprietary to a brand such that achieves valued differentiation in its target market. In this process of finding a concept that simultaneously bestows the brand with value and differentiation, an analysis of three sides to a marketing exchange is essential;

**Target Customer (Relevance)**

The first and the foremost consideration in search for a position is the concept of target market or customer. Customers are relevant for two reasons: first, they are
the targets for the positioning effort. Positioning is created in their minds. Second, they are the ultimate marketing targets. The positioning is done to elicit a positive purchase response from them. No marketer can hope to achieve success without a clear understanding of the target customers. The target needs to be identified in terms of both the demographic and psychological variables. Clear target market definition helps in efficient deployment of marketing efforts in cultivation of an image. The target customer, as the name suggests, is the target of the marketing efforts. Marketing is not about actual winning of these customers. Rather, what is at stake in marketing battles is their purchase vote. The potential buyer must voluntarily respond favourably to the brand in question. But what is essential for this to happen? When would a firm succeed in eliciting a positive purchase response? This gives rise to the concept of value space. Accordingly, customer expectations must be discovered. The value space imposes a boundary for successful positioning. The brand must appropriate a concept that is coveted by the target customers. Ries and Trout suggest in this regard that ‘to find a unique position, you must ignore conventional logic’. Accordingly to conventional logic you turn to yourself or the product to find a unique positioning concept. For positioning, you must turn to the prospect’s mind, not in the product or in the creative imagination of the marketer. How a product category is conceptualized by the customers serves an important starting point in brand positioning.

**Target Competition (Uniqueness)**
The best strategy in warfare is the one where the target is achieved without any conflict or bloodshed. If a brand enters in a pristine value space where it meets no competition, it is the best strategy. In a way, positioning is all about choosing one’s competition. Once the value space is identified, two types of competitors could be distinguished:

- The direct competitors.
- The second level of competition takes between two product categories competing to serve the same customer needs.

The importance of factoring competition in the positioning process is to discover the occupied and unoccupied brand positions. When a brand has already occupied a position in the prospect’s mind it enjoys first mover perceptual advantage. It is near impossible to dethrone a brand from its perceptual position. Objective dethroning is easier. For instance, if Lux toilet soap occupied the ‘beauty’ position, it is nearly impossible for another brand to occupy this position. Shifting perceptual position requires unlearning the current image and re-learning something new about a brand. Unlearning is one of the most difficult psychological processes. It is for this reason that the search for position must avoid confrontation with an existing brand; instead a new unoccupied position must be discovered. The study of the positions occupied by competitors is essential for discovering something that is unique in the current frame of competition.

**Company or Brand (Value Proposition)**
Brand represents value that a marketer packs for its target customer. Implied in a competitive setting is the process of outmaneuvering. The previous two analyses provide information on two accounts: the value space and the competitive space. Key to successful positioning requires simultaneous consideration of both of the above. Single minded focus on the customer value space creates customer focus and helps develop market relevant offerings. But this may lead to brands becoming undistinguished in the competitive space because other competitors may offer similar value. In the same vein, if concentration is limited to competitors. But differentiation so achieved may not be valued, because uniqueness so achieved may come at the cost of relevance. Combining the above two dimensions representing relevance and uniqueness enables the marketer to choose a path to create an image for the brand that is both relevant and unique. Relevant resources and competencies must back whatever is the position that a marketer intended to create for his brand. Positioning is often thought of, in a limited sense, as one of pure image creation on the basis of communication. Although positioning is about creation of an image in the prospect’s mind, all the necessary resources support must back it.

2.6.3 Competitive Positioning: POPs and PODs.

All marketing strategy is built on segmentation, targeting, and positioning (STP). A company discovers different needs and groups in the marketplace, targets those it can satisfy in a superior way, and then positions its offerings so the target market recognizes the company’s distinctive offerings and images. A good
positioning has a “foot in the present” and a “foot in the future.” It needs to be somewhat aspirational so the brand has room to grow and improve. Positioning on the basis of the current state of the market is not forward-looking enough, but, at the same time, the positioning cannot be so removed from reality that it is essentially unobtainable. The real trick in positioning is to strike just the right balance between what the brand is and what it could be. The result of positioning is the successful creation of a customer-focused value proposition, a cogent reason why the target market should buy the product. Positioning requires that marketers define and communicate similarities and differences between their brand and its competitors. Specifically, deciding on a positioning requires: (1) determining a frame of reference by identifying the target market and relevant competition, (2) identifying the optimal points of parity and points of difference brand associations given that frame of reference, and (3) creating a brand mantra to summarize the positioning and essence of the brand.

**Frame of Reference**

The competitive frame of reference defines which other brands a brand competes with and therefore which brands should be the focus of competitive analysis. Decisions about the competitive frame of reference are closely linked to target market decisions. Deciding to target a certain type of consumer can define the nature of competition, because certain firms have decided to target that segment in the past (or plan to do so in the future), or because consumers in that segment may already
look to certain products or brands in their purchase decisions. Two types of frame of references could be identified:

- When the frame of reference of a brand is other brands in the same category. It must be understood in these cases that the brand is benchmarked against other brands in a given product category.
- But many times, a brand may seek to establish a point of reference in a different product category. That is, the brand jumps the product category by making customers think about the brand in a different category context.

For a brand to be taken as a serious participant in a particular context, it must establish convincing points of parity. Each category is uniquely characterized in a customer’s mind. To seek entry, the brand must develop points of parity with that category. For instance, bathing soaps are predefined in the customer’s minds. If a brand wants to take part in this category, it must develop its share of commonality with the category or else it would fail to be thought of as a bathing solution.

**Points-of-Parity**

Points-of-parity (POPs) are attributes or benefit associations that are not necessarily unique to the brand but may in fact be shared with other brands. Examples in the automobile market are Volvo (safety), Toyota (quality and dependability), and Mercedes-Benz (quality and prestige). These types of associations come in two basic forms: category and competitive.

Category points-of-parity are attributes or benefits that consumers view as essential to a legitimate and credible offering within a certain product or service.
category. In other words, they represent necessary—but not sufficient—conditions for brand choice. Consumers might not consider a travel agency truly a travel agency unless it is able to make air and hotel reservations, provide advice about leisure packages, and offer various ticket payment and delivery options. Category points-of-parity may change over time due to technological advances, legal developments, or consumer trends, but to use a golfing analogy, they are the “greens fees” necessary to play the marketing game.

Competitive points-of-parity are associations designed to overcome perceived weaknesses of the brand. A competitive point-of-parity may be required to either (1) negate competitors’ perceived points-of-difference or (2) negate a perceived vulnerability of the brand as a result of its own points-of-difference. The latter consideration, which we discuss in more detail later in this chapter, arises when consumers feel that if a brand is good at one thing (easy to use), it must not be good at something else (having advanced features).

One good way to uncover key competitive points-of-parity is to role-play competitors’ positioning and infer their intended points-of-difference. Competitor’s PODs will, in turn, suggest the brand’s POPs. Consumer research into the trade-offs consumers make in their purchasing decisions can also be informative. Regardless of the source of perceived weaknesses, if, in the eyes of consumers, a brand can “break even” in those areas where it appears to be at a disadvantage and achieve advantages in other areas, the brand should be in a strong—and perhaps unbeatable—
competitive position. Consider the introduction of Miller Lite beer—the first major light beer in North America.

**Points-of-Difference**

Points-of-difference (PODs) are attributes or benefits that consumers strongly associate with a brand, positively evaluate, and believe they could not find to the same extent with a competitive brand. Associations that make up points-of-difference may be based on virtually any type of attribute or benefit. Strong brands may have multiple points-of-difference. Some examples are Apple (design, ease-of-use, and irreverent attitude), Nike (performance, innovative technology, and winning), and Southwest Airlines (value, reliability, and fun personality). Creating strong, favorable, and unique associations is a real challenge, but an essential one for competitive brand positioning. Three criteria determine whether a brand association can truly function as a point-of-difference—desirability, deliverability, and differentiability. Some key considerations follow.

- **Desirable to consumer.** Consumers must see the brand association as personally relevant to them. The Westin Stamford hotel in Singapore advertised that it was the world’s tallest hotel, but a hotel’s height is not important to many tourists. Consumers must also be given a compelling reason to believe and an understandable rationale for why the brand can deliver the desired benefit. Mountain Dew may argue that it is more energizing than other soft drinks and support this claim by noting that it has a higher level of caffeine. Chanel No. 5 perfume may claim to be the
quintessentially elegant French perfume and support this claim by noting the long association between Chanel and haute couture. Substantiators can also come in the form of patented, branded ingredients, such as NIVEA Wrinkle Control Crème with Q10 co-enzyme or Herbal Essences hair conditioner with Hawafena.

- **Deliverable by the company.** The company must have the internal resources and commitment to feasibly and profitably create and maintain the brand association in the minds of consumers. The product design and marketing offering must support the desired association. Does communicating the desired association require real changes to the product itself, or just perceptual shifts in the way the consumer thinks of the product or brand? Creating the latter is typically easier. General Motors has had to work to overcome public perceptions that Cadillac is not a youthful, modern brand and has done so through bold designs and contemporary images. The ideal brand association is preemptive, defensible, and difficult to attack. It is generally easier for market leaders such as ADM, Visa, and SAP to sustain their positioning, based as it is on demonstrable product or service performance, than it is for market leaders such as Fendi, Prada, and Hermès, whose positioning is based on fashion and is thus subject to the whims of a more fickle market.

- **Differentiating from competitors.** Finally, consumers must see the brand association as distinctive and superior to relevant competitors. Splenda
sugar substitute overtook Equal and Sweet’N Low to become the leader in its category in 2003 by differentiating itself on its authenticity as a product derived from sugar, without any of the associated drawbacks.

Any attribute or benefit associated with a product or service can function as a point-of-difference for a brand as long as it is sufficiently desirable, deliverable, and differentiating. The brand must demonstrate clear superiority on an attribute or benefit, however, for it to function as a true point-of-difference. Consumers must be convinced, for example, that Louis Vuitton has the most stylish handbags, Energizer is the longest-lasting battery, and Fidelity Investments offers the best financial advice and planning.

**Brand Mantras**

To further focus the intent of the brand positioning and the way firms would like consumers to think about the brand, it is often useful to define a brand mantra. A brand mantra is an articulation of the heart and soul of the brand and is closely related to other branding concepts like “brand essence” and “core brand promise.” Brand mantras are short, three- to five-word phrases that capture the irrefutable essence or spirit of the brand positioning. Their purpose is to ensure that all employees within the organization and all external marketing partners understand what the brand is most fundamentally to represent with consumers so they can adjust their actions accordingly. Brand mantras are powerful devices. They can provide guidance about what products to introduce under the brand, what ad campaigns to run, and where and how to sell the brand. Their influence, however, can extend
beyond these tactical concerns. Brand mantras may even guide the most seemingly unrelated or mundane decisions, such as the look of a reception area and the way phones are answered. In effect, they create a mental filter to screen out brand-inappropriate marketing activities or actions of any type that may have a negative bearing on customers’ impressions of a brand. Brand mantras must economically communicate what the brand is and what it is not. What makes for a good brand mantra? McDonald’s brand philosophy of “Food, Folks, and Fun” captures its brand essence and core brand promise. Two high-profile and successful examples—Nike and Disney—show the power and utility of a well-designed brand mantra.

2.6.4 Positioning Strategies

Positioning strategy is aimed at building brand differentiation within the value frame of the target market. The need for competitive positioning is primarily triggered by emergence of intense competition in most of the product categories. The competition implies imminent product similarity and loss of identity. This loss of identity robs the marketer of his power over customers. Positioning is increasingly seen as a device to gain control over markets by means of customer pulling brand differentiation. A brand can choose from a number of paths or strategies to position itself against competition. Sengupta suggests that positioning strategies revolve around different aspects of the brand. Four questions about the brand can draw attention to possible ways in which a brand could be positioned. The four questions that can reveal the totality of a brand are: Who am I? For Whom am I? Why me?
Answers to these questions provide the marketer with an inventory of strategies to position a brand.

Boyd et al. (1998) proposed seven market-positioning strategies which are relevant to a large number of situations:

1. Mono-segment positioning (positioning to a single market segment).
2. Multi-segment positioning (to attract consumers from different segments).
3. Standby positioning (is used to minimize respond time switching from multi-segment to mono-segment positioning).
4. Imitative positioning (position similar to existing successful brand).
5. Anticipatory positioning (position of a new brand in anticipation of the evolution of the segment’s needs).
6. Adaptive positioning (periodical repositioning a brand to follow the evolution of the segment’s needs).
7. Defensive positioning (introducing additional brand in a similar position for the same segment to defend itself against competitors) (Boyd, Walker, & Larreche, 1998)

Similar to imitative and adaptive positioning strategies, Cockburn et al. (2000) talked about creation and imitation processes in achieving competitive advantage. Creation means developing and exploiting new techniques or strategies; and imitation appears whereby laggard firms respond to their unfavorable positions and move to imitate market leaders. Those who are positioned most unfavorably
respond more aggressively to environmental changes to reposition themselves and re-level the playing field (Cockburn, Henderson, & Stern, 2000).

2.7 BRAND LOYALTY

2.7.1 Brand loyalty and brand value

The American Marketing Association defines brand loyalty as “the situation in which a consumer generally buys the same manufacturer-originated product or service repeatedly over time rather than buying from multiple suppliers within the category” or “the degree to which a consumer consistently purchases the same brand within a product class”. Trying to define the term, David A. Aaker considers that brand loyalty “reflects how likely a customer will be to switch to another brand, especially when that brand makes a change in price, product features, its communication or distribution programs” (Aaker, 1992). Brand loyalty represents the core of a brand’s equity. Daryl Travis considers that “creating customer loyalty is neither strategic nor tactic”, but rather “the ultimate objective and meaning of brand equity”, adding that “brand loyalty is brand equity” (Travis, 2000). A successful brand strategy must be based on creating brand loyalty. For achieving this goal, consumers must be classified on a loyalty basis and then the marketing mix must be shaped according to this classification. A first approach of classifying consumers considering their degree of loyalty is that of George H. Brown (Kotler, 2002), according to whom buyers can be divided into four groups: hard-core loyals (always buy the same brand), split loyals (loyal to two or three brands), shifting loyals (loyal
to one brand for a period of time, but easily shifting from one brand to another, due to certain advantages offered by the new brand), and switchers (show no loyalty to any brand, switching the brand with almost any buying situation). Each market consists of a different number of these four types of buyers. For example, a brand-loyal market has a high percentage of hard-core loyals. In such markets, entering or increasing market share are very difficult tasks. Still, brand loyalty must be carefully interpreted as it may actually reflect habit, indifference, a low price, a high switching cost, or the non-availability of other brands. A high degree of loyalty among customers provides the firm with a series of specific competitive advantages, loyalty having a strong positive effect in two main directions, reducing marketing cost and increasing the brand’s revenue. Customers can manifest their loyalty to a brand in several ways: they may choose to stay with a provider, and they may increase the number of purchases or the frequency of their purchases or even both, thus generating higher revenues for the brand. They may also become advocates of the brand, concerned by playing a powerful role in the decision making of others, thus reducing the brand’s marketing communication costs.

It is well known that it is much more expensive to gain new customers than to keep existing ones, especially when the existing customer base is satisfied and loyal. Even if there are very low switching costs and low customer brand commitment, there is a substantial inertia among customers. Still, brand loyalty must not be confounded to brand inertia. According to Bloemer and Kasper, brand loyalty implies a deep-seated commitment to brands and there is a sharp distinction between
repeat purchases and actual brand loyalty. In their published research, they assert that a repeat purchase behavior is the actual re-buying of a brand whereas loyalty includes antecedents or a reason or fact occurring before the behavior. Bloemer and Kasper further delineate brand loyalty into “spurious” and “true” loyalty. Spurious loyalty represents biased behavioral response expressed over time by some decision-making unit, with respect to one or more alternate brands, as a function of inertia. True brand loyalty includes the above, but replaces inertia with a psychological process resulting in brand commitment. The loyalty of the customer base reduces the vulnerability to competitive attacks. Loyal customers perceive very little incentive to try other brands and even if they do, there is a substantial time gap between they receive the information about the new alternative and their decision to try it. Thus, the firm has a significant time to respond to competitive threats and knowing this, competitors are discouraged from spending resources to attract other brands’ loyal customers. Loyalty also generates trade leverage, as loyal customers expect the brand to be always available generating incentives for distribution channels to reference the brand.

Research has shown that loyal customers are less price sensitive and the expense of pursuing new customers is reduced, while organizational profitability is positively affected by the level of brand loyalty. Brand loyalty can enhance marginal cash flow and profitability, as loyal customers often accept to pay a price premium for their favorite brands, are easily stimulated to new usage situations and tend to increase intensively and extensively their spending on the brand. The marketing
communication spending is also reduced as loyal customers are already confident in the purchase decision and process information rapidly, instruments like sales promotions or advertising being less intensive needed in this case in comparison to brands with low loyalty degree. Loyalty also enhances the process of attracting new customers. Satisfied and loyal clients tend to provide brand exposure and reassurance to new customers, through “mouth to mouth” communication. On the other hand, a potential customer has a better evaluation of a brand if that brand is perceived as having a loyal customer base.

2.7.2 Brand Loyalty Pyramid

![Aaker’s Brand loyalty Pyramid](image-url)

**Fig: Aaker’s Brand loyalty Pyramid,**
In his Brand Loyalty pyramid, Aaker identifies five levels of brand loyalty, ranging from not loyal to very loyal (the lowest level is depicted at the bottom of the pyramid). He describes the customer behaviour for each level, and pinpoints challenges faced by marketing professionals in their efforts to lift a customer/consumer to a higher level. The greater the number of customers/consumers in the higher sections of the pyramid, the more effective the pursued branding policy.

Aaker’s Brand Loyalty pyramid describes five types of consumer behaviour on the brand loyalty scale: (1) switchers, (2) satisfied/habitual buyers, (3) satisfied buyers with switching costs, (4) brand likers and (5) committed buyers. We will further go into these five types in the following:

1. Switchers: these are buyers that are not loyal to the brand in question. This kind of customer/consumer does not look at the brand at all in his/her purchase behaviour. They tend to buy a brand in the sale, or that they happen to stumble upon. This type of customer/consumer has no qualms about switching brands. Marketing will be most effective in targeting these consumers by focusing on raising brand name awareness, as that is a precondition for moving up on the pyramid (a brand will, after all, have to be known to people first, before they can even start considering to buy it).

2. Satisfied/habitual buyer: these are customers/consumers that buy a brand out of habit. These tend to be reasonably satisfied customers, who basically don’t see any reason to change their purchase behaviour (and are therefore not on the lookout for alternatives). When such a customer has to go to some trouble to get his usual
brand, he/she will relatively easily buy another brand (instead of going to another shop to get the brand he/she usually buys). Marketing efforts will here have to raise the thresholds between the brand and other brands, which will create opportunities to make a customer more loyal to the brand.

3. Satisfied buyer with switching costs: these are satisfied buyers that are reluctant to switch to a competing brand due to existing thresholds (switching costs). Such thresholds can come in the form of: expenses incurred in terms of time (the time it takes to go to another shop to find the usual brand), financial expenses (when switching costs money), and the feeling of making concessions to quality. If marketing efforts look to entice satisfied buyers of another brand into switching to a brand, the brand will have to offer major benefits compensating the switching costs (such as a free iPod when signing up for a credit card). Retaining buyers or attracting new ones at this level of brand loyalty requires a marketing strategy based on increasing perceived quality.

4. Brand likers: these buyers can be typified as true brand enthusiasts. Their brand preference is mostly engendered by an experience of emotional benefits – alongside more rational benefits, such as price, time and quality. Emotional benefits can be pursued by linking certain associations (through TV ads) and/or experiences (such as the shopping experience) to a brand. This highly positive attitude towards a brand can be seen as a kind of friendship. This is further reflected by the fact that brand likers are generally unable to state why exactly they have such a strong
preference for the brand in question (which is normal for people with an emotional bond with a brand).

5. Committed buyer: these are the proud users of a brand, in whose (daily) lives the brand in question actually plays an important role. Committed buyers buy this brand because it closely ties in with their personal values. Examples of committed buyers can be found in the customer bases of brands like Harley-Davidson and Apple. Retention of customers/consumers at this level of brand loyalty can best be realized by rewarding their loyalty. This can be done through loyalty cards, reward programs enabling customers to earn points, preferential treatment when issuing limited editions, etc.

2.7.3 Managing and assessing brand loyalty

Generally speaking, customers do not like to change or to admit that they were wrong by choosing a particular brand. Moreover, an enormous inertia exists in customer choice, the familiar being comfortable and reassuring. Still, without a clear strategy for creating and maintaining loyalty, no firm can build a loyal customer base. Scott Davis asserts that a brand loyalty can only be achieved through a strong brand positioning which means creating and managing a brand’s “unique, credible, sustainable, and valued place in the customer’s minds” and “it revolves around a benefit that helps the product or service stand apart from the competition”.

David Aaker suggests some basic rules when it comes to managing and enhancing brand loyalty like it follows:
- The customer must be treated with respect in the sense that the interaction between the firm and its personnel, on one hand, and the customers, on the other hand, should be positive and any rude, uncaring, or unresponsive behavior should be avoided.

- The firm must stay close to the customers. For that, focus groups should be used to see real customers’ problems, account managers should meet with customers to find out their concerns, and customer contact must be encouraged so that signals be send to both the organization and the customers that the latter is valued.

- Regular, timely, sensitive, comprehensive, and integrated into day-to-day management surveys of customer satisfaction / dissatisfaction must be conducted in order to understand customers’ feelings, identify the reasons of overall satisfaction change, and adjust products and services.

- Switching costs must be created by providing unique and valuable solutions for customers’ problems or rewarding loyalty directly through specific incentives and advantages.

- Customers must be provided with extra unexpected services so as their behavior be changed from brand tolerance and acceptance to brand enthusiasm.

- Irritations and problems causing people to switch brands must be deeply analyzed. The interaction with a lost customer must be kept in order to clearly identify his negative motivations and all possible actions that could help regain him as a customer and avoid others to follow his action.
Martin Lindstrom asserts that the ultimate bond between the customer and the brand derives from our five human senses. Lindstrom’s “brand sense” concept lies in three components which combined build both loyalty and what he terms “smash ability”. The constructs of his theory reside in that the sensory branding stimulates the relationship with the brand and allows emotional response to dominate the rationale thinking. The goal is a strong and positive bond between the brand and the consumer so that the consumer will turn to the brand repeatedly. An emotional engagement, through matching subjective perception and reality, is established. The essence of Lindstrom’s theory lies in what he terms the “six sensory steps”. These include sensory audit, brand staging, brand drama, brand signature, implementation, and evaluation. Through this discovery method, an organization can unveil aspects of their current offering or new avenues to exploit. This process, according to the author, will enhance brand loyalty and deepen existing relationships. This approach to brand loyalty stems from the use of our five senses. In order to understand any brand, a sensory audit must be conducted to assess the brand’s leveraging of sensory touch points. This is comprised of examining a brand’s stimuli, enhancement, and bonding capabilities. Lindstrom’s points out that the more sensory components, the stronger the foundation of your brand, and suggests that consumers use many senses when evaluating brands: visual (like an unique logo on building, cups, and bags etc.), visual/auditory (like an uniform and the way sales people approach customers), visual/auditory/touch (like the interior aesthetics: sofa, colors, wall paper, music etc.), smell/taste (like the distinct aroma released by the product).
Innis and La Londe proved that marketing mix’s distribution element and especially customer service are essential elements that influence brand loyalty and thus must be separately analyzed when managing brand loyalty. Innis and La Londe’s research showed that customer service performance contributes to the satisfaction of a firm's customers, the attitudes toward the firm as held by the firm's customers (and one's attitude toward a firm or a product affects how a person will respond toward that product or firm in the future - there are both antecedents and consequences to an attitude), and the purchase/repurchase intentions of a firm's customers. Customer service, one of the key outputs of the physical distribution function, can influence demand in the market. Attaining a high level of market share is one of the key objectives of most business organizations. A relatively high market share is strongly related to ROI and profitability, with higher market share leading to better performance. Also, customer service may in fact be the best method for many firms to gain competitive advantage, determining customers’ satisfaction that is one of the primary goals of marketing activities and may lead to increased purchases by customers and increased profits for the firm.

In spite of the emphasis many firms place on the marketing mix, the role of "place" in the marketing mix has been somewhat neglected both in practice and in the literature. In many firms, the "place" function of physical distribution is performed apart from the marketing department for reasons related to the structure of the physical distribution function. However, it is likely that physical distribution, through the provision of customer service, can contribute to the success of the firm.
and, like marketing, can work to enhance customer satisfaction and repurchase intentions. While it is true that customer satisfaction is the result of the total marketing effort, industry has generally failed to recognize the importance of customer service as provided by physical distribution to customer satisfaction and has not effectively integrated customer service with the other components of the marketing mix.

Based on their research, Innis and La Londe suggest that several specific issues/actions must be considered when managing brand loyalty:

1. Understand the customer service attributes that the customers view as important and focus on improving service levels on these attributes and work to maintain acceptable service levels on less important attributes while reducing the cost of providing these services.

2. Recognize and emphasize the importance of logistics to the overall goals of the company: the retention of current customers, the recruitment of new customers, and the building of market share.

3. Use the results of this research to support the elevation of logistics in the company, during the strategic planning process, or, operationally and tactically.

4. Encourage inter-functional coordination to allow marketing and logistics to work together during planning and implementation in an effort to provide the optimal combination of customer service and marketing service to the customer.

5. Use customer service as an element of strategy to help the company gain a differential advantage in the marketplace.
Contributors to loyalty research have warned that methods of creating and managing brand loyalty may have been oversimplified. They point out, for example, that most loyalty schemes don’t fundamentally alter market structure. Their introduction may just cost money to those companies who operate in competitive markets with low differentiation. In order to manage brand loyalty efficiently, it is necessary to consider approaches to its measurement, as a practical tool in using the construct and linking it to profitability. Probably the most popularize methods for the assessments of brand loyalty are those structured by David Aaker in two major groups:

1. Behavior based loyalty assessments which consider the actual purchase patterns of the customer base using measures like repurchase rates of the brand, percents of purchases which went to each brand purchased considering the last acquisitions, or the number of brands purchased by a customer during a recent given period. Although objective, behavior data has limitations as it may be inconvenient or expensive to obtain, provides limited diagnostics about the future, and it is difficult to discriminate between customers who switched brands and the purchase of multiple brands by different members of a family or an organization.

2. Loyalty constructs based assessments which consist of evaluating:

a) Customers’ objective switching costs and their subjective perceived risks involved by a potential brand switch.

b) Customers’ level of satisfaction and dissatisfaction (problems they have, sources of irritation, reasons for brand switching). For a brand to have a loyalty
potential, its customers’ dissatisfaction must be absent or low enough to avoid a switch decision. Satisfaction measurement must be current, representative and sensitive.

c) The liking degree customers have regarding the firm and the brand. General overall liking can be scaled in a variety of ways: liking, respect, friendship, trust. Liking the brand is not reflected by customers’ perceptions and beliefs about the brand’s attributes, but rather by general statements of liking, such as those listed above. The measure of liking can also be reflected by the additional price customers would pay to obtain their brand (price premium) and the price advantage that competitors would have to generate before they could attract a loyal buyer.

d) Customers’ level of commitment to the brand. Commitment can be assessed through the amount of interaction and communication involved with the brand and the extent to which the brand is important in terms of customers’ activities and personality. It is important to evaluate not only if the customers recommend the brand but also if they sustain this recommendation with strongly sustained arguments.

2.8 BRANDING STRATEGIES

2.8.1 Branding Strategy and its importance

The term ‘branding strategy’ is used for decisions on:

- the number of brand levels to be implemented (one, two or even three?);
• the role of the corporate in the product value communication: should it be absent, strongly present, or hardly present?
• the relative weight of these brands, and the graphic arrangement of their coexistence on all the documents, packaging, and products, but also industrial sites, offices, and business cards of salespersons and managers;
• the degree of globalisation of the architecture.

There are a few typical responses to these questions: these models are called branding strategies. They are discussed in detail below. First of all it is necessary to return to the key questions of brand architecture. Brand architecture is therefore a strategy: it may be ideal, or may lead to losses of efficiency, even to paralysis. In any case, what is expected is a coherent and well-founded response, even if it must change as competitive conditions evolve, rendering the previous choice of architecture null and void, or inefficient and too expensive. In fact, groups never cease to change their brand architecture, as the examples below illustrate.

In 1990, l’Oréal Paris, which had previously limited itself to endorsing its brand ranges worldwide (Elnett, Elsève, Studio Line, etc) by discreetly signing them, overturned this state of affairs, henceforth giving l’Oréal Paris a key role, under which all these so-called star brands had to fall into line, thereby displaying a community of values and communications style. Most companies have evolved from being single product companies. Over time, firms cumulate manufacturing and marketing capabilities. The desire to grow, coupled with capabilities, fuels the ambition to venture into uncharted markets or purvey untried products or services.
The result is obvious. A single product company from being a rule once upon a time has become an exception. It is difficult to spot a company that offers a single product. The growth pattern followed by the marketers takes either horizontal or vertical or both directions. As the number of products handled by a company increases, the obvious question it raises is: what kind of branding relations would they enjoy. That is how products and brands would be related. The product-brand relationship as it exists in the current marketing environment can be observed with the help of branding strategies that are followed by the different companies. Companies differ in their approaches to branding. A cursory look at the branding practices followed by the companies in the East and West reveals polarity in strategies. Companies in the West favour product branding strategies. The champions of product branding include P&G, HUL from among the FMCG companies operating in India. Why do companies vary significantly in terms of their branding strategies? Many factors seem responsible. On the whole, the trade off seems to be two sided. On the other hand, cost oriented logic influences thinking in favour of a ‘one brand, many products’ policy, while the customer or market oriented rationale creates forces in the direction of a ‘one product, one brand ‘approach. Given the trade-off between the economic logic and market reality, the choice amongst the branding strategies is not easy. The difficulty of choice gets manifested in the variety of strategies that firm use to organize their brands. Had there been one universally superior way of pursuing branding, most companies would have converged on that. In reality, however, that is not the case.
2.8.2 Different branding strategies

Product branding

Product branding is one extreme of the branding continuum. It is fiercely driven by consumer logic. In terms of customer perception and information processing, the most effective way to designate a product is to give it an exclusive name, which would not be available to any other product. This way, the brand is able to acquire a distinct position in the customer’s mind. What the brand represents is clearly understood and internalized by the market. The purpose of branding is to differentiate your cow from other cattle on the ranch. The reality is that cattle on the ranch do look almost like clones. A successful branding programme is based on the basis of singularity. It creates on the market quite like your product. A brand must singularly represent a product. Hanging multiple products on a name is likely to cause confusion. A brand represents a position, an idea, a concept and a product. That is the way it should be.

In a product branding strategy, the brand is promoted exclusively so that it acquires its own identity and image. The thrust is on making the brand acquire its own set of associations and a stand of its own. Product branding allows a brand to acquire differentiation and exclusivity. The brand does not share other products and does not take on company associations. The company’s name is relegated to the back seat to fulfill the legal compulsions which make it mandatory to identify the manufacturer. The product does not get benefits from the company name. The identity is not shared. The greatest advantage in favour of product branding is that a
brand can be targeted accurately to a distinct target market or customers because its positioning can be precise and unambiguous. Customers connect easily with the product brands since what the brand represents to them tends to be clear. Product branding delivers a number of benefits to the firm following it. First, with an identifiable brand uniquely positioned and directed at a segment, the firm is able to cover an entire market spectrum by making multiple brand entries. For instance, HUL’s detergent brands-Surf Excel, Rin and Wheel- offer all possible price points, benefits and utilities linked to different sub-markets. With exclusive brand creation, the firm leaves very little scope for market confusion. It is a customer-friendly approach. Customers know what to look for when a specific need is triggered. For instance, what do you do when you need stain removal- ‘Surf Excel hain na’. And when the need is to find an economical solution, the customer knows to look for ‘Wheel’. Contrast it with Henko’s policy. Finding differences between Henko Stain Champion and Henko Compact is not easy. Does it mean that Henko Compact do not offer effective stain removal? Or is it that Henko Stain Champion is technologically an inferior product? These are the thoughts that would crop up in the mind of a customer who considers buying Henko. Appreciating brand differences is much easier when product branding is followed, especially when the products are similar, e.g. detergents. No particular difference is immediately discernible. Shared branding has an effect of making the firm less innovative and risk averse. When a new product takes on an existing brand’s reputation and image, the firm would like to launch it only when it is hundred percent sure. Doubts would discourage experimentation
because at stake is not only the new product but an existing well established brand. In this regard, product branding is a superior position. A new product is not likely to send negative feedback and associate the brand with the burden of failure. The drawbacks of product branding are essentially cost based. Creating individual brands is a costly exercise. A successful brand launched in India costs anywhere between Rs 5 crores to Rs 50 crores. The new brands do not exploit existing strengths of a company or its brands; the demand for funds for investment tends to be high. Only the firms with deep pockets and staying power can adopt this strategy. It is not meant for everyone in the marketing game. In order to recoup the investments, the brand must capture some minimal threshold of the market so that break even is achieved. Capturing market is much easier in introducing and growth stage of product like cycle. Launching a brand in a product category which has already hit the end of the growth or maturity curve is not a good proposition. This is so because the market tends to be already divided among existing players, and no growth in the forthcoming. Displacement of players which have firm roots is difficult but is not impossible. The additional investments needs to achieve the same would send the break-even point even higher.

**Line Branding**

Line- in the context of product mix-refers to various product lines that a firm may have in its total portfolio. For instance, Philips has product lines like television, video and audio, personal care, communication and household appliances. Gillette India has three product lines- oral care, batteries and personal care. The basic idea in
line branding is how the firm organizes its product portfolio. Each line is headed by a
line manager whose primary responsibility is to constantly monitor health,
profitability and performance of the line. This organization simply reflects some
similarity among the products- either marketing or manufacturing-on the basis of this
structure. Line branding in the context of a branding organization does not have the
same meaning. Sometimes, a brand is launched with a distinct concept, e.g. Lakme
(“source of radiant beauty”) Winter Care Lotion. The brand appeals to a distinct
market segment who appreciate and like the brand concept. The core idea is that
brand connects with a consumer group. Today, customers do not tend to be
contended with one product which the brand offers. Rather, they want additional
products which go hand in hand with the brand concept or application. For instance,
the Lakme users want the brand to offer all complementary products which enhance
beauty-body lotion, deep pore cleansing lotion, lipsticks, nail enamels, eye make-up
etc. Line brands start with a product but later extend to other complementary
products. Complementary products combine to form a complete whole. The products
in the line draw their identity from the main brand. They enhance the brand by
reinforcing each other. Marketing products as a line under a common brand improves
the brand improves the brand’s marketing power rather than selling them as
individual brands. Line branding strategy illustrates how a well cultivated brand can
be extended to include a host of related products under a common concept. This
strategy seeks to penetrate the customer rather than penetrating the market. It seeks
to fulfill all complimentary needs that surround a basic need. The clues to extend the
brand come from the customers’ side as they wish the brand to take care of their total needs rather than serving them in a fragmentary manner. The chief motivation behind such moves is the ratio between marginal cost and marginal gain. The firm only promotes the main product and its concept; the complimentary products do not require additional investment. They just ride piggyback on the original brand’s concept and marketing. The complementary products are not supposed to become standalone brands. Hence, the brand could be extended without much cost. Line brands, as a complete team, reinforce and strengthen the brand concept among its users. Sometimes, the lure of line branding can be so tempting that firms may fall victims to its trap. The ease with which complementary products permit their launch may force over extension of the line. This may potentially weaken the brand instead of strengthening it. The bottom-line for line branding is to stick to the narrow immediate space of a brand. How would it influence new product activity in the firm? It may dampen the firm’s inclination to make a non-linear jump. Sticking closely to a brand may affect a firm’s fortune in the long run.

**Range branding**

Line branding restricts the brand’s expansion into nearby territories of complementary products, which complement or support the main product’s usage. Range branding, on the other hand, is not restrictive in this sense. Brands can move beyond product complimentarity. However, the bottom-line is that products must emanate from some area over time. The same expertise could be used by the firm in launching different products. The nature and façade of products may differ from the
outside, but they all share some common competence. Range brands encompass many products under a single banner. All the products share a common promise which stems from the firm’s or range brand’s area of competence. The products are tied together by a single concept. One of the benefits of the range brand strategy is the formation of brand equity. Many products under range branding share a common name. Accordingly, one brand is promoted as in the case of Ayurvedic concepts. This helps in preventing brand building efforts from getting dissipated in different directions. Secondly, the brand can easily embrace other new products which are consistent with the brand. This reduces the cost of introducing a brand in the marketplace. The ayurvedic concept can be passed on to new products which shares its idea without much additional expenditure. On the flip side, once a brand tends to hang a large number of products on it, it has a tendency to become weak due to overstretching. Its meaning may get diffused in the perception of the market.

**Umbrella branding**

Umbrella branding has been particularly favoured by the companies of the East. For instance, Japanese and Korean companies enjoy the distinction of pursuing umbrella branding. For instance, the Korean Giant LG uses its name on products like microwave ovens, refrigerators, computer monitors, television sets, DVD players, and air conditioners. Hyundai’s business interest extends into areas like microprocessors, telecommunication satellites, cars, commercial vehicles, subways, construction projects, LNG carriers and turnkey engineering. All these diverse businesses are conducted under the common banner of Hyundai. The other followers
of umbrella branding include Philips, GE and Canon. Indian houses like Tata, Bajaj and Bharti also follow umbrella branding. Umbrella branding scores well on the dimension of economics. Investing in a single brand is less costly than trying to build a number of brands. By leveraging a common name across a variety of products, the brand distributes its investment. Hence umbrella branding works out to be an economical strategy. Using an umbrella brands to enter into new markets allows considerable savings. The brand bestows the new product advantages of brand awareness, associations and instant goodwill. That is, the product inherits all these from the brand pool simply by incorporating the umbrella name.

Umbrella branding may make even more sense in the current marketing environment, characterized by information overload and brand proliferation. The brand and media scenes have become cluttered to the extent that most consumers suffer from excessive bombardment of information. In a situation of information explosion, registering a brand in a consumer’s mind may be nearly impossible. Building brand awareness would be difficult, because the customers, in order to cope with the information assault, would shut their receptors. Consumers filter a great deal of information directed at them. In this context, umbrella branding makes sense, because the brand already enjoys awareness and image advantage over new brands. The product can get these awareness and image associations simply by sheltering under the umbrella brand. Umbrella branding appears to be an ideal branding practice, but it is not. Umbrella branding suffers from a number of disadvantages. The strongest criticism against umbrella branding is that it is not a market or
consumer consistent strategy. Despite the numerous cost advantages that a single brand allows a company to reap, umbrella brands do not earn better profits. If it is a low cost strategy, it also is a low revenue earning model.

Umbrella branding may not be appropriate when market operate at a higher level of aggregation. With time, market fragment and get divided into smaller sub-segments. Each segment presents its own unique structure of needs and buyer preferences. The result- a host of specialists join the market with precise targeting. This creates a difficult situation for the umbrella brander-the generalist. A generalist may win the major battle but in niche fights what is needed is specialization. An umbrella brand represents ‘many things about many products’ but in this age of specialization, what is needed is ‘everything of something’. From the customer’s point of view a specialist brand makes more sense than a generalist brand. Another danger associated with the umbrella branding is that since many products share the common name, a debacle in one product category may influence the products because of shared identity. The product linkages tend to be stronger. Companies following umbrella branding must consider the limits of this strategy. Umbrella brands are difficult to stretch vertically. The firm following umbrella strategy must take vertical movements with utmost care and caution. Horizontal extensions are somewhat less threatening. Umbrella brands can easily adopt a variety of products in a category.

Source/Double branding
Source brand strategy combines the firm’s first name with the product brand name. It is a hybrid of umbrella brand and product brand strategy. The product is given a brand name and it is combined with the name of the firm. This is also called double branding. For instance, Chetak is the name of the scooter and Bajaj is the name of the company, the brand accordingly becomes Bajaj Chetak. Both the names enjoy equal importance and are given equal status in the brand’s communication. The brand names are two-tiered. Like cooperate umbrella branding, the name of the firm is common to all products. But beyond umbrella branding, each product also carries its own name or description to create a source or double brand. By combining a firm’s name with product name, source branding seeks to achieve two objectives. First, the firm’s name brings equity to the product. The product stands to benefit from what the company has been able to cultivate in terms of awareness, expertise, attribute and reputation associations. Secondly, the second name, the name of the product provides the opportunity to add something unique to the brand. This is an opportunity for customization or personalization. That is, the brand can stand for something over and above what the company stands for. The brand can acquire its own image within the broad framework of corporate image. This way, the brand can reach new customer groups or market segments.

Double branding is somewhat akin to extension of the umbrella branding. Each brand tends to share something common—the identity and the image of the source company behind the brands. The company image becomes the limiting factor in this branding approach. How far a double brand can go is restricted by the external
constraint imposed by the company’s field of experience, expertise and know-how. The brands need to be consistent with the activity or expertise domain of the firm. If a brand makes a bid to go beyond the limits imposed by the firm’s image, it would become a burden instead of gain. Furthermore when a brand wishes to ultimately vacate its original field of activity, the greater is the need to build an independent brand. It is important to note here that the activity distances need to be read from a customer’s perspective. The perceptions of managers and customer may be significantly different from one another.

**Endorsement branding**

Endorsement brand strategy is a modified version of double branding. It makes the product brand name more significant and the corporate brand name is relegated to a lesser status. The umbrella brand is made to play an indirect role of passing on certain generic associations. It is only mentioned as an endorsement to the product brand. By and large, the brand seeks to stand on its own. Unlike the product brand, where the brand is made an independent entity without any reference to its maker, making it a small part of the brand. The brand gets an endorsement that it belongs to a specified company. Though the brands enjoy their unique independent image, the maker’s association is subtly embossed somewhere in their image.

Endorsement branding strategy allows the brand the freedom to take an independent direction. Unlike the source brand strategy, where the corporate name is an integral and equal part of the brand, in endorsement strategy the firm’s name sits back as an assurance of quality. It rubs off on the brand in a positive and generic
way. The idea is not to pass on specific associations to the brand. The brand is expected to carve out its own image. It acts more or less as an independent entity. Endorsement brand strategy can be viewed as a step which is more in the direction of product branding. By taking the corporate name from the status of equality to minority, the product name is provided greater opportunity to be on its own. This strategy is less expensive in comparison to product branding. The endorser brand allows access to the repertoire of associations which it has accumulated over time. Creating a successful product brand would have needed more investment and time. Thus, endorsement branding strikes a delicate balance between umbrella and product branding. Marketers can subtly transfer the corporate brand’s equity and, at the same time, enjoy the freedom to venture beyond immediate product boundaries. Brand Stretchability in this strategy is not as good as in product branding. Therefore, while endorsing a product brand, care must be exercised in finding consistency. Otherwise the endorsement may just be perceived as hollow.

2.8.3 Choosing the appropriate branding strategy

Which is the best branding strategy? Procter & Gamble are firm supporters of product brands; are they right and l’Oréal, their more flexible competitor, wrong? Each type of brand strategy has its own advantages and disadvantages, as has been described. However, a simple list of the pros and cons does not provide a procedure for making a choice in a given company in a given market. The choice of brand policy is not a stylistic exercise, but more a strategic decision aimed at promoting
individual products and ranges as well as capitalising the brand in the long term. It should be considered in the light of three factors: the product or service, consumer behaviour, and the firm’s competitive position. Brand policy is a reflection of the strategy chosen by a particular company in a specific context.

What parameters should be taken into account when choosing a branding strategy?

The first is corporate strategy, of which branding strategy is in fact the symbol. For example, in 2003, Schneider Electric, one of the leaders in the field of electrical distribution and industrial control, decided to revitalise its Merlin Gerin and Telemecanique brands, which were well known to research departments and electrical integrators and installers throughout the world. In so doing, Schneider ended an initiative launched some 10 years previously with a different aim in mind, namely to replace individual brands with a single, group brand. The company’s new director, who had come from Steelcase, outlined the strategic positioning of Schneider Electric against GE, ABB and Siemens. Compared with these general electrical and electronic giants, Schneider Electric is not a small general electrical company but rather likes to see itself as a multi-specialist company. In fact, because it sells intermediate products, its customers are looking for a specialist company. On the other hand, when compared with its many single-specialist competitors, Schneider Electric is more of a general electrical company. So if it wants to position itself as a multi-specialist company, the specialities must be offered by specialist brands, united by a group brand, a single entity, which facilitates customer relations.
This is why it was decided not to follow the single-brand path, but to bring the range of 50 product brands together under three integrated international brands – Merlin Gerin, Telemecanique and the US Company Square D, in 130 countries. There is therefore a Schneider Electric front office and a Schneider Electric sales force organised by type of customer, and these customers are able to purchase products under different product brands. Another consequence is that distributors will once again become the official distributors of Merlin Gerin or Telemecanique without there being any obligation, as in the past, to automatically reference both brands.

Similarly, Group SEB, world leader in small household appliances, decided to form itself into a multi-brand group, with four international brands – Moulinex, Tefal, Krups and Rowenta. Why not follow the tempting single-brand path, like Philips? Precisely because of Philips. The strategy lies in the art of being different. The single brand is an advantage if you are already a single brand like Philips, one of the few international brands whose reputation is based on the fact that it is distributed throughout the world – even, via its light bulbs, in the depths of the Amazon basin. It is basically too late to try to emulate Philips. In today’s fragmented markets, with their aggressive distribution networks and consumer segments, it is far better to exploit the targeted reputation (in terms of product and values) of the brands that people have bought precisely because they were brands.

The second parameter is the business model. In this respect it is interesting to compare companies within the same sector, since their brand policy is often a reflection of their business model, the driving force of their competitive edge and
their profitability. This can be illustrated by comparing three giants of the European cheese industry – Bel, Bongrain and Lactalis. Bel develops range brands around a central innovative product, thereby giving rise to an entire range of products with The Laughing Cow, Kiri or Mini Babybel signature. Bongrain develops product brands – Chaumes, Vieux Pané, Caprices des Dieux, Haut Ségur – while Lactalis uses a single brand (Président) as an umbrella for all its cheeses and butter, and even milk in Russia and Spain. So why the different brand policies? In fact, the business models of these companies are not the same, hence the different brand strategies. Bel likes to see itself as the inventor of modernity, anti-traditionalism, accessibility and everyday values. It does not deal in those speciality cheeses bought as a weekend treat. As the inventor of modernity, it must therefore create brands, with their own particular shapes and characteristics, that can subsequently be offered in a variety of forms to capitalise on the investment in promotion. Bongrain decided to develop processed AOC (appellations d’origine contrôlées) cheeses to make them more accessible in terms of taste, price, preservability and usage. Vieux Pané is a processed version of the AOC cheese category called ‘Pont l’Evêque’ but, as such, does not have the right to use the name of the appellation. Bongrain therefore has to give each of the specialities it creates a new name – hence the product-brand policy. The disadvantage of this is that it has to promote each new brand, meanwhile supporting through advertising many small volume brands. The business model of Lactalis is to segment generic categories in order to bring them up to date and into line with everyday life and the modern life-style. This model gives rise to an
umbrella-brand policy – under a single brand (Président), there are descriptive names for each of the varieties, each of the various forms, with low-fat butter remaining a quality butter, Emmental a real Emmental, and Brie a real Brie.

The third parameter for choosing brand architecture is cultural. The United States has developed the culture of the product brand – a brand that produces a single product. Ivory, the founder brand of Procter & Gamble, is and continues to remain a soap, which explains the company’s reluctance to extend the brand and even the ideological opposition of such authors as Trout and Ries who have berated it in their work for the past 20 years. But the US domestic market favoured this product-brand policy. On the other hand, it also explains why Europe and Japan have been the main exponents of the umbrella-brand policy. Nivea and Nestlé are just two of the many European examples. In Japan, apart from the size of the domestic market, the concept of the company has also counted for a lot in the sense that, the more products and sectors a company covers, the greater its reputation. It would simply not occur to the director of a Japanese company not to use the corporate name to promote all kinds of brand extensions. Yamaha is a typical example, putting its name to such widely diverse products as motorcycles and pianos.

The fourth parameter is the pace of innovation. How do you develop product brands in a sector that updates its offer on an annual basis? In this instance, a single-brand policy covering the entire range is preferable, as in the case of Nokia, Sony-Ericsson, Alcatel, Samsung and even Whirlpool and GE.
A fifth parameter is the added-value lever on which a product is based. When the added value in a particular market is linked to reassurance, reputation and scale, a single brand umbrella strategy is recommended (in the world of industry, this is often the corporate brand), although a source-branding strategy with two levels – a real ‘branded house’ like Garnier or l’Oréal Paris – can work equally well. However, the more segmented the market, with top-quality, personalized products, the more one has to favour either a portfolio of l’Oréal product brands or an endorsing brand strategy that sanctions the sub-brands (the logic of Danone or Nestlé in dairy products). Next there is the problem of resources. In the absence of sufficient funding, a company should concentrate its efforts on a single brand, especially if it is international. The need to achieve a visibility threshold comes before all other considerations. However, in case of co-branding, it is impossible to do so: this is why Philips and Douwe Egberts (a leading coffee company) created a separate name (Senseo) to designate their joint innovation in coffee machines.

Finally the brand vision impacts the choice of architecture. In the cosmetic market there are thousands of products and many scientific terms, and innovations are essential. This is what leads to an opacity in the market. Brands serve as milestones and a question that is frequently asked is which naming strategy should be used? There is no single answer to such a general question: it depends a lot on the brand’s conception of itself.
References (Chapter-II)


