CHAPTER 1

INTRODUCTION

1.1. Background

Many of us have an abiding fascination for tales from the war front, and chronicles of market battles are more riveting. The companies in combat are usually those making products or creating brands that touch our lives. And though we are not there on the battlefield, as consumers, our choices tilt the balance between the warring sides. Though a bloodless battle, the price of strategic blundering can be extinction in the marketplace. Be it war to establish supremacy over territory or gain a commanding market share, the cardinal principle is the same: the larger the booty, the harder the fight. And: Kill or get killed.

Business markets have transited from closed ones to a virtual free for all. The global orientation of businesses, in the context of the emergence of the “postmodern” era of marketing for brands has necessitated customer focus. The emphasis is towards the emergence of the concept of “customization”. The task of brand managers, here is to translate the business strategy into a brand expression. Understanding which lenses affect the consumer perception of a particular type of brand helps brand management to determine the brand’s potential among consumers in a particular market.

Market maturity is forcing firms to gain a greater customer orientation to retain customers in the home markets and to attract them in emerging markets. It empowers them with choice. It ensures that they keep getting the better end of the bargain. What may be called the brand battle ground is actually brands competing for more shares in the customer mind. And, mastering the art of building the relationship with the customer is at the heart of any successful business strategy.

The core concept in marketing has always been that of transaction, whereby an exchange of values takes place. However, in parallel with changes in cultures, lifestyles, and technologies, the emphasis in marketing has shifted from individual transactions: the new focus is on
establishing long-term relationships. Marketing and branding are inextricably linked. To meet demand and facilitate transaction, the objectives that a good brand achieves are to deliver the message clearly, confirm credibility, connect emotionally to the targeted prospects, motivate the end users, and concretize user loyalty. Having a strong brand is invaluable as competition intensifies. Brand management—that is, the art of creating and maintaining a brand—now requires that the whole organization support its brand with integrated marketing. The stronger the brand, the greater the loyalty of the end users.

One underlying attribute of brand management is the ability to react to changes in societal and market dynamics to communicate the brand message better. Key variables affecting brand management are changes in business environments (market complexities, competitive pressures, and global forces), information processes, and societal forces (Huber 1984; Aaker 2000). The core value of brand management is communicating a message that reacts to these variables.

In broad strokes, organizations are moving from product-centric brands to customer-centric brands. Product-centric brands represent promises about products (or retailers) – “buy this product from us because you can trust that it will be a quality product at good value.” Customer-centric brands offer a radically different promise – “buy from us because we know and understand you as an individual customer and we can tailor an appropriate bundle of products and services to meet your individual needs better than anyone else.” In other words, customer-centric brands promise that, if organizations give them their attention, they yield greater marketing profitability.

1.2. The concept of the Corporate Brand

Corporate branding goes far beyond the well-established tradition of product branding as the shift from product branding to corporate branding (Aaker, 1996; Keller, 2003) gains momentum. While not exactly dealing with the product features, it rather transports a well-defined set of corporate values, (Aaker and Joachimsthaler, 2000). The general aim of corporate branding is to build a sustainable bond between the branded company and its customers through a clear value proposition, (Schultz and de Chernatony, 2002).
Consumers need to be able to relate a product or specific brand to the parent organization supporting it. This can be achieved through appropriate brand management.

By definition, a brand is a name, term, sign, symbol, association, trademark or design which is intended to identify the products or services of one provider or group of providers, and to differentiate them from those of competitors. A brand has functional and emotional elements which create a relationship between customers and the product or service.

While brands and branding have been with us, in one form or another, since the dawn of the commercial enterprise, it is only within the past 20 years or so that organizations have shown so much interest and perceived value in their brands. While brands historically have been within the purview of manufacturers, today all levels of distributors, intellectual property holders, value-adding organizations, and the like, are attempting to apply branding principles to distinguish themselves from competitors. Thus, brands and branding have taken on broad new meanings in the emerging interactive information age that we are entering.

Never before has so much emphasis been placed on the contributions of the brand in establishing and maintaining a competitive advantage. In this context, there arises a need to build brand awareness. Brand awareness is measured as the proportion of target customers which have prior knowledge of the brand. It is measured by two distinct measures; brand recognition and brand recall.

For the most part, the modern marketplace is characterized by intense price competition between products with few distinguishing features, attributes, or distribution advantages. Many marketers have seemingly moved beyond tangible advantages to embrace the intangible but powerful advantages that can stem from brands and branding. Thus, the brand becomes the latest focal point of competition, and the one area where an organization can achieve meaningful and sustainable differentiation among target customers and prospects. A fundamental assumption of this study is that a strong brand is far more than a recognizable name, a memorable mark or logo, or a catchy tag line. In fact, a brand is also more than a distinguishable product with practical physical advantages for the purchaser.
A Brand identity comprises a unique set of functional and mental associations that the brand aspires to create or maintain. These associations represent what the brand should ideally stand for, in the minds of customers, and imply a potential promise to customers. It is important to keep in mind that the brand identity refers to the strategic goal for a brand while the brand image is what currently resides in the minds of consumers.

A corporate brand tries to establish a coherent perception of the company for its different stakeholders and reflects a good corporate reputation in the eyes of the general public (Hatch and Schultz, 2003). Nevertheless, the single most important public of a corporate brand is its end consumers, who are drowning in the overwhelming abundance of brands and brand communication.

While a brand is crafted with much effort, it is the customer who attaches meaning to these visible cues based on his or her own experience and perceptions. Ultimately, it is the customer who determines the true value of the brand. This value is derived from his or her knowledge of the brand’s functional and emotional attributes from the associations he or she makes about the product, its category, and its parent organization and from the interactions that customers have with the brand’s representatives, such as employees, franchisees, channel customers, and other brand owners and users. The modern organization is faced with the challenge of finding ways to invest its brand with a rich and vibrant identity that resonates with customers and to align its internal operations, including employees and channels, with the core promises it makes to external customers. In addition, the modern organization must then support those identities and promises throughout the value chain.

It would be significant here to say that individual product brands, under the aegis of one corporate appear to contribute to the corporate brand equity. The brand equity concept stresses the importance of a brand and has become a leading indicator in measuring the strength and value of a brand. Brand equity can be measured across different dimensions like brand awareness, brand loyalty, perceived quality, brand associations etc. This is where the need arises for a corporate to develop the right brand image, which is a unique set of associations within the minds of target customers which represent what the brand currently stands for, and implies the current promise to its customers.
Introduction

Brand management comprises the process of managing an organisation's brand or portfolio of brands in order to maintain and increase long-term brand equity and financial value. Brand management is applied by corporates for designing brand identities, aligning them for maximum effectiveness, ensuring that they are not compromised by tactical actions, evaluating effectiveness of brand communication programs, valuing financial brand value, and designing appropriate brand crisis management plans among many other strategic and tactical tasks.

Corporate branding draws on the traditions of product branding, in that it shares the same objective of creating differentiation and preference. However, this activity is rendered more complex by managers conducting these practices at the level of the organization, rather than the individual product or service, and the requirement to manage interactions with multiple stakeholder audiences. The differences between a corporate brand and a product brand are that the audiences go beyond a primary focus on customers to include all other stakeholders. The points of contact with these stakeholders are more diverse, and stakeholder audiences' discriminators are more complex, extending beyond products and services to include intangibles such as people and policies (King, 1991).

Corporate brand equity gains when the consumer has a high level of awareness and familiarity with all the brands in the corporate portfolio and holds some strong, favourable, and unique brand association memory. Brand associations can be recalled in customer’s mind as emotional impressions (Fiske and Taylor, 1995). Brand awareness influences consumer decision making by affecting the strength of the brand associations in their mind (Keller, 1993). They further indicated that brand associations of the product can be stored in consumer’s minds after the brand awareness of the product is already in their memory. Brand awareness and brand associations were found to be correlated (Atilgan et al 2005). Moreover, high levels of brand awareness positively affect the formation of the product’s brand image (association) (Ramos and Franco, 2005). The brand image is what is currently in the minds of consumers, whereas brand identity is aspirational from the brand owners' point of view. Further, corporate brand identity is a function of Brand Image and Brand personality. Brand image is a function of perceived value by a consumer which results in brand association. Amongst other parameters, Corporate Brand Identity is also a function of the ability of the consumers to associate all other brands in the corporate portfolio with the parent brand.
1.3. Need of the study

*Brand-The ultimate success symbol*

In today’s business lexicon, the word ‘brand’ is being used most heavily. (Miller & Muir, 2004) Geoffrey Randall, has mentioned in the very beginning of his book, ‘The Art of Marketing – Branding’ that ‘No one ever got fired for buying IBM’ (Randall, 2001). A brand can create value for a business, by enhancing business performance and providing a source of competitive advantage. But what exactly does this ‘brand’ mean? We take our starting point with the definitions of a brand as given by various authors. David Ogilvy described a brand as ‘the intangible sum of a product’s attributes: its name, packaging, and price, its history, its reputation, and the way it is advertised’ (Randall, 2001). Stephen King has said, ‘a product is something that is made in a factory; a brand is something that is bought by a consumer’ (Miller & Muir, 2004). Charles Revson, the founder of Revlon, made a similar point when he said that in the factory, he made cosmetics; in the store, his customers bought hope. What do all these mean? Is it that a brand is a ‘holistic combination of product and added values’? (Randall, 2001). Instead it is better to say, a brand supports volume and price, it is a symbol of continuity and trust between an organization and its stakeholders, it is an impact of total efforts an organization puts in, it is a perception in the mind of consumers and also it is a source of providing motivation and interest for stakeholders (Sydney, J. (1991), Randall, 2001; Nicholas, 2003; Clark, McNeilly, 2004; Lindstrom, 2005; Roll, 2006).

Beginning from product quality, price, packaging, distribution, promotion and target segment, marketers try to sell an offering supported by attitude of consumers towards the product. Along with many other aspects one of the major attributes to evaluate a product and its performance in the market is through measuring its brand performance. This raises a set of questions; what is a brand? What is its importance for an organization from a consumer standpoint? What functions does a brand perform in a consumer mind space? Why do organizations need to concentrate on the brand?

During the past two decades research has shown that brands are among a company’s most valuable assets, and something that plays an important part in everyday life-being the core
focus of most marketing strategies (Kapferer, 2001; Klink and Smith, 2001; Keller, 2003; Schroeder and Salzer-Morling, 2006; and Arvidsson, 2006).

Recent research in marketing has adopted relationship specific concepts and successfully applied them to the consumer-brand domain: Paulssen and Fournier found that, similar to the interpersonal domain, consumers develop different attachment styles in relationships with their brands. Based on their work they concluded that “although the existential reality of the commercial relationship may never be proven, empirical results such as ours, which demonstrate that consumer brand engagements behave in an ‘as if’ fashion to personal relationships, provide reasons to continue development of the relationship paradigm in consumer research” (Paulssen & Fournier, under review). Furthermore, Aggarwal and colleagues (Aggarwal, 2004; Aggarwal & Law, 2005; Aggarwal & Zhang, 2006) have provided first indications that norms may govern consumer-brand relationships and influence consumers’ acceptance of certain marketing tactics, perceived as ‘brand behavior’. However, by and large, research on consumer-brand relationships remains scarce: “The study of relationships is increasingly important to marketing theory and practice, yet research on consumer product and brand relationships has been limited” (Fournier & Brasel, 2002). It is the aim of this dissertation to fill several important lacks in consumer-brand relationship research, thereby advancing the field as a whole and providing further evidence for the relationship metaphor in consumer research.

Linked to this gap are observations that many management executives and brand managers are finding it increasingly difficult to cope with the reality of an increasingly dynamic market (Guild, 2003; Balmer and Greyser, 2003). The literature review showed that not enough work has been done in the domain of branding from the consumer perspective. However when I commenced this research, I explored the concept of corporate brand identity and a thorough and detailed combing of the literature review revealed that many studies have been conducted from various stakeholders’ perspectives but nothing much has been done from the consumer viewpoint in the domain of branding. This inspired me to position my research in the domain of the “Consumer –Brand” relationship.
Figure 1.1: Dimensions of Brand Identity proposed by Aaker

<table>
<thead>
<tr>
<th>Dimensions of Brand Identity proposed by Aaker (D.A., 1996)</th>
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<tbody>
<tr>
<td><strong>Brand-as-Product</strong></td>
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<tr>
<td>- Product scope</td>
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<tr>
<td>- Product attributes</td>
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<td>- Quality/value</td>
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<td>- Uses</td>
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<tr>
<td>- Users</td>
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<tr>
<td>- Country of origin</td>
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<tr>
<td><strong>Brand-as-Organization</strong></td>
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<tr>
<td>- Organizational attributes</td>
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<tr>
<td>- Local vs. Global</td>
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<tr>
<td>- Brand personality</td>
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<tr>
<td><strong>Brand-as-Person</strong></td>
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<tr>
<td>- Consumer - Brand relationships</td>
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<tr>
<td>- Visual imagery/metaphors</td>
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<tr>
<td>- Brand heritage</td>
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Nevertheless, in today’s competitive landscape, it is not enough to just create strong brands. There is also a need to develop a strong connect with the consumer for future developments and innovations. The focus lies not just in constructing intangible assets (brands), but instead in building an aura for the consumers to find their thought type of association or connection with the brand. However as I will subsequently argue in this research study, the majority of today’s established brand concepts do not adequately take into account the myriad types of relationships, sub-strategies and developing customer centricity in a brand that is hugely required today. Instead, the organizations in present times tend to be based on dichotomies and simplifications, focusing on specific leverage strategies and therefore missing out on a more holistic perspective of giving a brand a competitive advantage in the wake multiple brands mushrooming, across all industry verticals.

Moreover it is necessary that brand culture moves beyond simplistic notions of branding, commits to its own journey and moves away from one dimensional thinking into a more multifaceted understanding of brands and brand management, grounded in the minds of the consumers.
1.4. Aim of the research

This research aims to explore the “consumer-brand” relationship, as a strategic dimension from (David Aaker’s, 1995) twelve dimensions organized around four perspectives—the brand-as-product (product scope, product attributes, quality/value, uses, users, country of origin), brand-as-organization (organizational attributes, local versus global), brand-as-person (brand personality, customer-brand relationships), and brand-as-symbol (visual imagery/metaphors and brand heritage).

The study aims to explore the “consumer-brand” relationship in the context of the six brand functions from a consumer perspective.

Further, I attempt to establish the differential effect that brand knowledge has on consumer response to the marketing of that brand. A brand has positive customer-based brand equity when customers react more favorably to a product and the way it is marketed when the brand is identified than when it is not.

The research aims to explore consumer brand knowledge in terms of two components: brand awareness and brand image. Brand awareness is as reflected by consumers’ ability to recall or recognize the brand under different conditions. Brand awareness can be characterized by breadth and depth. The depth of brand awareness relates to the likelihood that the brand can be recognized or recalled. The breadth of the brand awareness relates to the variety of purchase and consumption situations in which the brand comes to mind. Brand image is defined as consumer perceptions of a brand as reflected by the brand association held in consumers’ memory.

The most valuable brand building block, brand resonance, occurs when all other core brand values are completely “in sync” with respect to customer needs, wants and desires. In other words, brand resonance reflects a completely harmonious relationship between customers and the brand. Achieving brand resonance requires eliciting the proper cognitive appraisals and emotional reactions to the brand from customers. That, in turn, necessitates establishing brand identity and creating the right meaning in terms of brand performance and brand imagery associations. A brand with the right identity and meaning can result in a customer
believing that the brand is relevant and “my kind of product”. The strongest brands will be those brands for which consumers become so attached and passionate that they, in effect, become evangelists or missionaries and attempt to share their beliefs and spread the word about the brand.

1.5. Research Objectives

1. Identification of the brand identity attributes from a consumer perspective for streamlining brand functions.
2. Studying the level of Customer Centricity of a brand by developing a Brand Customer Centricity Calculator to identify specific areas of improvement for making brands more customer centric.
3. Designing an experiment to study the use of corporate blogs by organizations for enhancing Consumer Brand Knowledge and Consumer Brand Emotion levels.
   3a. Study the variation in the pre and post levels of Consumer Brand Knowledge and Consumer Brand Emotion before and after consumer exposure to corporate blogs.
   3b. Studying the relationship between the Consumer Brand Knowledge levels and Consumer Brand Emotion levels of the consumers.

1.6. Research Methodology

This research thesis takes on the scientific method of exploring the concept of corporate brand identity in the minds of the consumers, thus identifying the determinants of corporate brand identity, the value of customer-centric branding and the need to improve consumer brand knowledge. An analysis of brand functions further helps devise a process for consumer segmentation. The use of methodologies like:

- Lexicographic Heuristic model
- Choice heuristics
- Weighted linear compensatory model
- Datamining
- Hierarchical Clustering
Introduction

- K-means Clustering
- Factor Analysis
- Adaptation of Unique Corporate Association Valence approach

All of the above mentioned methodologies and also the design of an experiment help formulate strategies for increasing consumer emotion for a brand by increasing the level of the consumer’s knowledge about the brand.

The study was conducted using 50 brands (Adopted from the PAN India survey of “100 Most Trusted Brands” conducted by Brand Equity and Neilsen,Sept’10), published by The Economic Times under the Brand Equity (supplement, dated September 1, 2010) was used as basis for brand selection.

The study was conducted using various research instruments intricately designed adhering to validity and reliability. Data collection was done in various phases. Statistical Package for the Social Sciences (SPSS) version 17.0 was religiously used for the statistical analysis.

1.7. Significance of the Study

The challenges and complexities of the modern marketplace make efficient and effective marketing an imperative. A particularly important concept for managing brand equity is that of brand systems. A key to managing brands in an environment of complexity is to consider them as not just individual performers but as members of a system of brands that must work together to support one another. The significance of the study lies in the detonation of the consumer-brand relationship spectrum, which is instrumental in developing a strong bond between the consumer and the company. A host of advertising and communication benefits may result from creating awareness of and a positive image for a brand. These benefits can be seen by considering the manner in which a consumer responds to marketing communications.

The study is an attempt to assess and analyze the relationship between the level of consumer brand knowledge and level of emotional connection of a consumer with respect to a brand. Thus, not only is it significant for academicians but also for professionals who can capitalize
on every tool at their disposal-and devise ones that are not- in their relentless pursuit of achieving consumer-brand preeminence.

1.8. Scope of the Study

This research work has been designed as a study employing quantitative and scientific methodology to the consumer-brand relationship across a diverse set of brands from amongst several verticals. The work traces the need for the concept of customer-centric branding, explores brand functionalities and proceeds to evaluate the degree of customer centricity of several brands. The study further designs an experiment to explore the usage of a corporate blog as a tool for enhancing consumer brand knowledge and consumer brand emotion.

Academics in marketing develop and test models and different theories in related areas of marketing. I hope to contribute to the literature by empirically testing how the inclusion of consumer knowledge level affects attitudinal judgement and recall when information is provided in a verbal or numerical mode and presented in a vivid or non-vivid form. In addition, the scope for examining the information mode and consumer knowledge literature is to attempt to demonstrate that consumers utilize their product knowledge to differentiate among attribute information in a manner consistent with the relative importance of the attributes. Theoretical implications of this research relate to how different consumers process and use numerical and verbal information in combination with a specific presentation form.

1.9. Limitations of the Study

The research study is limited to a few aspects. Firstly, it explores only one dimension of the customer-brand relationship perspective, out of the known twelve dimensions organized around four perspectives of brand identity. Further the data has been collected to explore brand customer centricity across 50 brands. The brand customer centricity calculator thus developed can be further strengthened and validated through voluminous data collection. It can be further developed into a standard copyrighted tool for corporates, allowing brands to calculate their degree of customer centricity.
Further the experiment has been conducted on a focus group. The scale of the experiment can further be enlarged. Some extraneous variables which were ignored in the present study can be further controlled and the experiment can be strengthened as a standardized research tool.

### 1.10. Structure of the Thesis

Work presented in this thesis focuses on the study of the Corporate Brand identity and its determinants from a consumer perspective and subsequently the determinants of the brand identity. The distinctive determinants perform the 6 diverse functions with respect to a brand in the consumer mind space and accordingly the consumer associates with the brand. This kind of association has been proven statistically in the work done. The various brand functions identified and coined in this thesis, if used appropriately to develop a consumer-brand connect (emotionally or knowledge wise) can be very fruitful for the organizational brand. This has been the focal point of this research work, the results thus obtained are very encouraging. The study has been organized in five chapters. A brief outline of the various chapters is as follows.

**Chapter 1** is an exordium to the thesis. It establishes the opening discussion about developing marketing strategies which is vital for any business, discusses the importance and relevance of the brands in today’s consumers’ life and exhorts on the idea of making a brand insignificant for the consumer. Moves on identifying the need of this study. It also underlines the significance of the study and also emphasizes on the source of motivation for the present work. The chapter also throws light on the various research questions that have been addressed in the thesis and clearly delineates the objectives.

**Chapter 2** is embellished with an exhaustive and panoptic literature review with respect to the various concepts related to a brand and brand identity also focuses on the brand attributes that have been identified on the basis of the extensive literature review and various discussions with the focus groups. Moves on to the detailed explanation and well worded comprehension of the diverse brand functions. It also exemplifies the research work taking place globally with reference to the corporate brand identity and similar studies. The chapter talks in detail about the diverse functionalities and takes on the major functions that a brand can perform in the consumer mind space.
Chapter 1

Chapter 3 blankets the comprehensive and robust research methodologies used in the research work. The chapter moves on with the development and testing of the different studies and research tools created time to time as required in this research study. The chapter commences with the details of the pilot study and its findings, which leads to further major studies conducted as part of this detailed research work. It then moves on to research methodologies of the main study. In order to authenticate the attributes of the brand identity (revealed from the literature review and a discussion with the focus group), used in this study, brand attributes were used to create a research instrument and an exhaustive survey of the consumer was conducted on 50 National Brands pan India. The chapter then moves on to trace the various research instruments that were created in the course of the present research study viz., Brand Customer Centricity calculator (BCCCs), Evaluation Grids were developed using the attributes. It also highlights in details about the various research tools and methodologies and research experiments created and conducted very conscientiously. The use of methodologies like:

- Lexicographic Heuristic model
- Choice heuristics
- Weighted linear compensatory model
- Datamining
- Hierarchical Clustering
- K-means Clustering
- Factor Analysis
- Adaptation of UCAV
- Experiment Design

The chapter describes the use of each of the above mentioned methodologies vividly and takes on the data collection part. It also then explains the validity of the instrument and talks about the statistical analysis done for each of the research questions, using SPSS 17.0.

Chapter 4 deals with the elaborate findings of the various research studies conducted and the analysis of each of the research objectives of the present study. It begins with the detailed
findings of the pilot study conducted for identifying the specific niche area I could work in. The chapter also outlines the 57 attributes which were loaded on to the specific brand functions using a factor analysis, which helped streamline and organize the research instrument.

The eleven distinct consumer segments were extracted using K-means clustering. The detailed specification of each of the clusters extracted was done on the basis of the brand performance according to the consumer perception, across the various brand functions. This led to the identification of the two key functions that took the lead in occupying the consumer mind space.

Finally, the chapter demonstrates the results of the experiment designed to study the correlation between the two key strategic variables, Consumer Brand Knowledge (CBK) and Consumer Brand Emotion (CBE).

*Chapter 5* presents the comprehensive conclusions drawn from the research study and the implications of the same. This chapter also discusses the limitations and scope for further research in the domain of branding from the consumer perspective.
Chapter 1

Figure 1.2: Flow Chart of Research

Introduction

Branding Ecosystem

Frame of Reference

Brand Identity
Brand Image

Conceptual Framework

Intersectional Issues

Brand Functions

Consumer Brand Knowledge
Consumer Brand Emotion

Brand Customer Centricity

Research Methodology

Empirical Research

LHM
CH & WLCM
FA & DM
HC
KMC & UCAV
EXPT Design

Data Collection and Analysis

Conclusions and Future Research