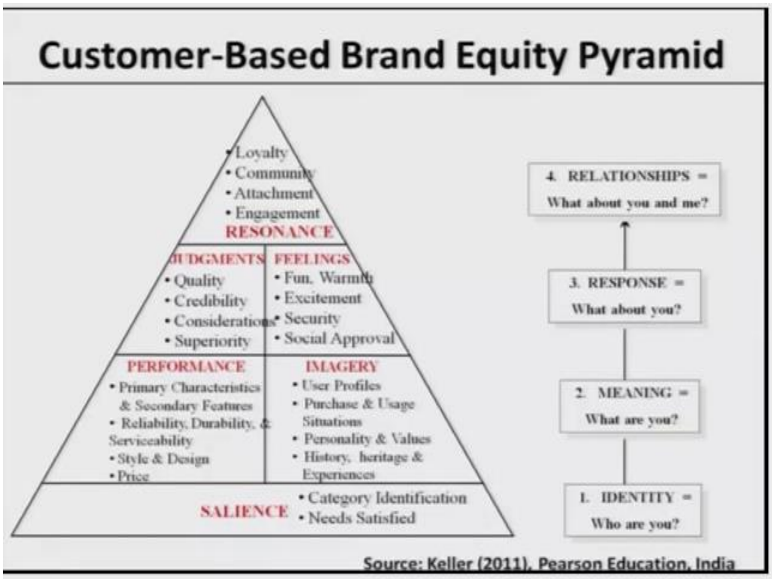
Marketing Management - II
Prof. Jayanta Chatterjee
Dr. Shashi Shekhar Mishra
Department of Industrial and Management Engineering
Indian Institute of Technology - Kanpur

Lecture No. W3-L6
Measuring Brand Equity and other brand related constructs

Hello and welcome to our course marketing management part two. I am Shashi Shekar Mishra and we are discussing about brand management. We have this is week three and this is a last session of this week three wherein we are talking about the basic concepts of the band management. So, in the last class we have looked in to the remaining part of that brand building tools, where I have talked about the brand associations secondary associations that can be leveraged to create a certain kind of brand image that is being intended image from the company's side.

So, there we have looked into the types of secondary associations like the company, the country of origin, the channel of distribution. Then we have looked into this endorsement or the celebrity use and then we have also look into this that the events and the these are basically some of the secondary association which can be used for creation of the brand image then I have started talking about the brand equity model and then I have looked into the first model which was a brand business model.

(Refer Slide Time 01:37)



And then I have talked about how the brand equity gets build at the consumer end. So if you look into this brand resonance model, there are four stages or the four phases of the brand building. It starts with the answering the customers that who are use what is the identity of the brand. And then the next stage is What are you? so what is the meaning of that brand? And then the third stage is in this with respect to this the identity and meaning what is be the response of the customer with respect to this. Thus, identity and meaning of the brand
and the last thing is that what is the connect that gets created between the the customer and the brand.

(Refer Slide Time 02:34)

So, this was about this brand resonance model. In that case, the very a similar kind of model which is also works on this brand building steps that one has to ensure identification. And then once you create the identification then you have to clear clearly establish the meaning of the brand in the mind of the consumer. The third thing is that once you create these two things see the next thing is that you need to elicit the proper customer response.

If the customer gets to know or he is trained to basically understand the identity and the meaning of the brand and now What is the next thing? What is the response of the customer? How we should react so What is the proper response of this understanding is in the form of the purchase? or in the form of creation of positive word of mouth towards the brand are recommending the brand to their near and dear ones.

These are basically the proper customer response and the last thing is that convert brand response to create an intense active and loyalty. A loyal relationship between the brand and the customer.

(Refer Slide Time: 03:45)

In similar to this brand resonance model is this Millward brown consulting forms this brandz model where you will find out that instead of four steps of this brand resonance model you have five stages in the brandz model.

And you will see that these five stages are presence relevance performance advantage and bonding in the first step where the presence is very similar to what was a silence or the identity part of that the brand resonance model where you basically say like do I know about you.

So, the customer answers the question like do I know this brand and once he answers that the second part of this model is that relevance. that is does, it offers me something. So, whether I know about the particular brand is Does it really offer me something? Is it really meaningful to me?

So that is what that relevance is then the third thing is that performance. Can it deliver on am I expected level or the other as promised by the brand? And the fourth stage of this model is about advantage, whether the brand offers me something different or unique from the other brand. Is it is really different from the other brands in that category?

And the last thing is the bonding when you are able to basically the customer. So, these steps are the stages the final step of this stage is model is that the final stage of this the relationship between the customer and the brand, is that customer will start believing that nothing be else beats.

It like this kind of things you will see in the and the customer of probably Harley Davidson or the commuter of Singapore Airlines or many other brands which have great fan following. So, you can go back and just look into some of the brands and the responses of their customers with respect to the these brands.

You will see there is a clear-cut bonding between the brand and the customers and they will hold the believe that there is no other brand which come close to this or this brand is very distinctive. It serves basically all the steps of the brand building process. Now you will see that one thing which exists here is that as a market here you can use this tool to see.

Basically, what is the stage, what is the state of your brand like to existing customers, how many know about your brand, how many feel that your brand is relevant to them? Then on the performance advantage in bonding. Now the challenge in front of a market here is that he has to lead the customers migrate from the bottom of this pyramid to the top most level and the more you take from the customer to the from the bottom to the upside.

The more probably you will do good to your firm so that's what basically the utility of this tool is then we have talked about brand awareness or sale ends or recognition.

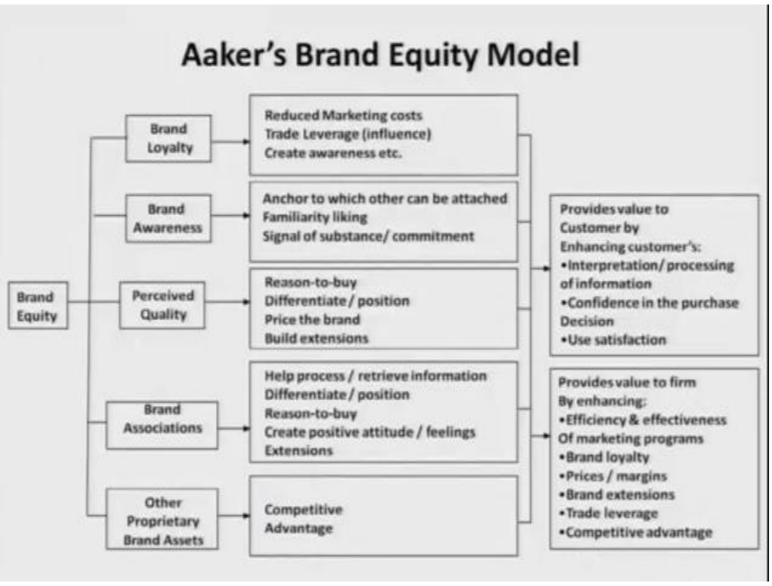
(Refer Slide Time 07:19)

So basically, what is brand awareness how it gets measured in the real terms is you will see that the brand awareness have a different level, when we talk about the measurement of the brand. So, you will see there are the basic more the lowest level of this brand awareness is the customer is not aware or the target market is not aware of about the brand. Which is not a basically a good thing for an existing brand.

Now the next level of the brand awareness is aided recall of that brand, when you provide certain kind of cues, when you provide that the name of the product category of which brand is part are you. Basically, talk about the celebrity or you talk about some other cues then customer can recall about the brand so that is basically the added recall and the next level is the basically the brand awareness is unaided recall is a customer can recall the brand without basically any cues.

If you talk about something a product category or need they will they can recall the brand or if you talk about this in general, they can talk about the brand and the highest stage of the brand awareness is the brand is at the top of the mind in that product category or in the minds of the customer.

(Refer Slide Time 8:54)



So, you will see that, as you go up the better it is for the organization and the job of the marketer is to reuse the top of the mind level. Now I am coming to the third type of the brand equity model a famous model given by a professor and the consultant processor David Aaker. The brand equity is having five sources.

So, there are five sources of brand equity this five sources of brand equity or brand loyalty, brand awareness that is why I was talking about brand awareness. So, brand awareness perceived quality, brand association and other proprietary brand I said.

So, you will see that each of the sources of brand equity have certain benefits to the brand in the form of like, brand loyalty has a benefit of creating, a reducing the marketing cost because you will see that if a customer is loyal to you, you will find out that you will have a constant stream of revenue. On the other side, your cost of acquisition is zero and the cost of serving the customer is less.

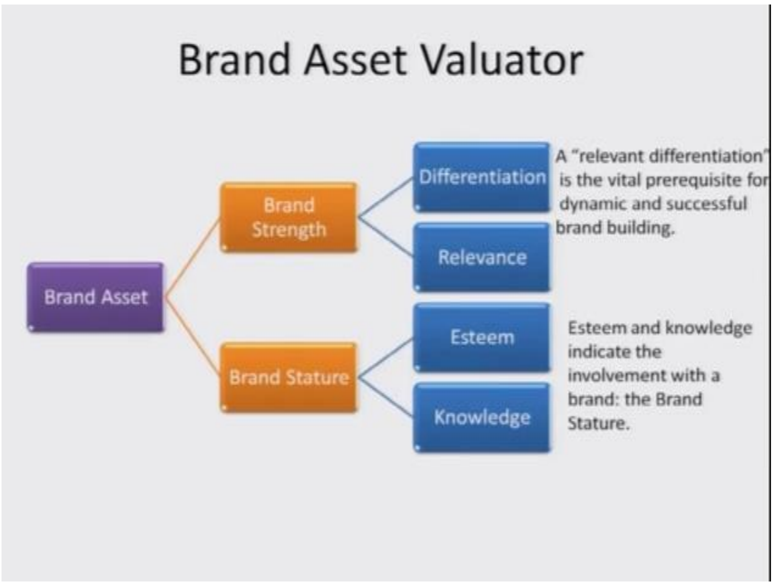
So, your marketing cost is less also the customer who are loyal customer they tend to show this tendency that there will be more receptive to the advertising from the firm. They will be more receptive to the new offering from the firm then you have a more trade leverage, you have a more basically influence on your channel partners.

And also, as I have talking about it helps in creating the awareness. Then brand awareness is basically anchored to each other can be attached familiarity liking signal of substance commitment these are the benefit of the brand awareness and then perceived quality. Basically, something which is a reason to buy or it differentiate a product form the other offerings and basically helps in creating an extension, then brand association.

We have also talked about in other proprietary I said they are also an important source of the brand equity in the form that when you have your trademark, your logo, your intellectual property rights with you these basically works on a competitive advantage. These are something which are legally protected for you and when they you are legally protected for you nobody else can use that and that basically is a sort of competitive advantage for you.

So, that you are unique by that thing that nobody else can copy the same thing. So, these things basically help you in creating a provides value to the customer and also creates a value to the firm this was basically about of this brand equity model. And the last model in this that I am going to discuss about in this brand equity model is this brand asset valuator from young and Rubicam and consulting forum and then you will see that brand is a seen as a very important intangible asset.

(Refer Slide Time 11:33)



And in this intangible asset when we treat a brand as an intangible asset, we basically see that brand asset is having two dimensions inside it. These two dimensions are brand strength and the brand stature and this each of this dimension have two different sub dimensions side it that brand strength is having differentiation and relevance inside and brand stature is having the stream and the knowledge.

So, the brand strength this differentiation is about the how this brand is different from the rest of the offerings and relevance is that you can be different from the other brand offering. But you might not be relevant to the particular customers need. So, or probably the not only about functional needs you might not be relevant to the customers psychological or social need also.

You may be a basically a car which provides you a good mileage but if you do not provide the social status, then you are not relevant. So that is these two are related with the brand strength dimensions then you have the brand stature. Now this brand stature is having two sub dimensions is esteem and knowledge. So, esteem is about how the customer perceive you.

I mean what is the sort of the respect that is are the certain kind of feeling that comes in the mind and the knowledge is the information that you hold about that particular brand. Now you will see that when we look into the brand strength and brand stature we can basically look into the brands and we can get it mapped on a two-dimensional map and any brand can be placed on this two-dimensional map.

(Refer Slide Time 13:20)

Now based on the generic things that happens in the market we have tried to plot what will be the characteristics of the different type of brands in the market. So now when looking into the brand strength versus brand stature a new brand will if it is launch generally, it will be launch with its intention that it has something very new or better than others so it has a differentiation and it has to be relevance. So, you will see the differentiation and relevance are high but since it is a new brand nobody knows about it.

So, esteem and knowledge are generally very low for the sake of basically visibility we have created but sometimes you will see that virtually there will be no esteem or the knowledge about the brand that will be there in the market. Then basically a brand which has a very high brand strength in the terms of it has a very strong differentiation and the relevance. A niche brand you will see that it will be something of this or that brand strength is very high.

It has a very clear-cut differentiation in the mind of the customer they perceive it to be very different and it is relevant. But still it is, since it is not of much relevance to the mass market something a brand like Harley Davidson, if you talk about a daily commuter, they this brand might be very old differentiating in fact its esteem might be higher, but it may not be very relevant to the customers.

So, all something a brand which in the niche market could be about which most of the people don’t know. So, you will see that the esteem in the knowledge is low on that brand then you have the market leader brand which is high on all the aspects. So, differentiation relevance esteem and knowledge all are very high. This is basically a brand which holds a leadership position and then you have a mass market brand but brand which is basically slowly lose will eventually lose its market relevance also.

Because you will see that it has a high mark. It is relevant to basically most of the people in that target market but you will. So, its esteem and the knowledge is high but you will also see that the differentiation has gone down. Differentiation or that competitive advantage or the that superior value has been eroded by the competitive offerings so it has been match by the competitors. So, the differentiation and relevance has gone down and what will happen is eventually it will be basically become a commodity.

So, in the case of commodity, you will see that differentiation and relevance are very low but though it might happen that esteem and the knowledge are very high. So, you can also think of certain example from the past where the product has a very high esteem and the knowledge certain brands. You can recall where you still know about those past gold days where in your childhood you used to see certain kind of brands which you have used in the past but they are no more relevant today or they will not be purchased today.

By basically the utility of these two lists that by continuously looking into that this brand strength and brand stature you can check the health of your brand and you can also see how your brand is doing with the respect to the other brands in the market. Now this was about the different kind of brand equity models. So, the next concepts I am going to discuss about is this inter brands steps in calculating brand equity so you have created a brand equity.

(Refer Slide Time 17:17)

It's a intangible asset but what is the valuation because many a times it is accounted. This intangible asset is accounted or if a firm wants to acquire a brand from another organization, it has to pay a monitory value. So, corresponding to that monitory value a valuation has to be done for a particular brand. Now I will tell you that there is no full proof method of creating or knowing the exact valuation of a brand, there are different method inter brands is one of the most popular method of calculating the brand valuation.

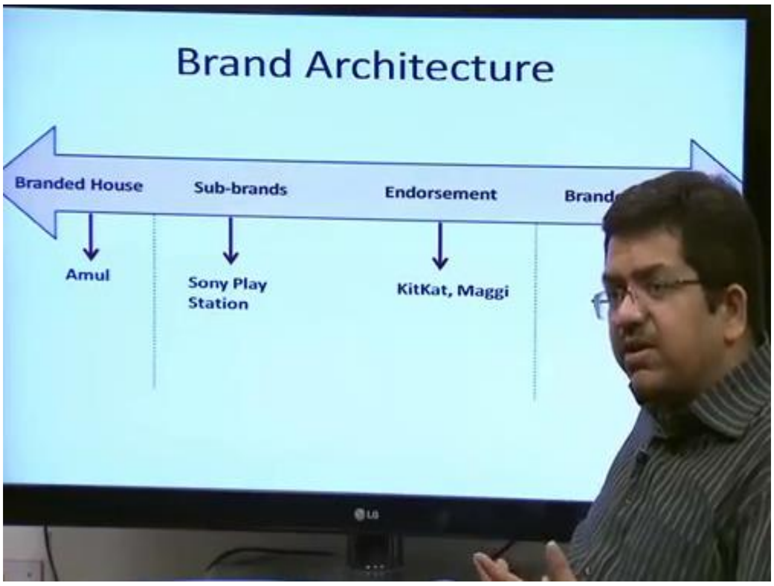
But all these brand valuation methods actually differs and the sometimes the value that basically comes out from the different method varies a lot. So, when you do this kind of valuation you have to understand that there could be a large variant from the different method. So, in this inter brands step in calculating the brand equity first thing that is being done is that market is segmented.

So first you do the segmentation in the market and within each segment of the market that you do is that of financial analysis that what are the earnings from the brand and then you also look into the demand drivers that helps you in getting the understanding the role of the branding. So, these basically helps in calculating the brand earnings. So, what are the earnings are the future cash value of the brand that comes out from this side.

And on the other side the you basically calculate this you first you do the competitive benchmarking of your brand with respective to the other brands. And you find out the brand strength from that bench marking exercise that basically helps you in getting the understanding the strength of the brand and ultimately that helps in calculating the brand discount rate.

The discount rate with respect to which you can this future cash values can be discounted when you basically discount the future cash values with respect to this discount rate, you can calculate the net present value of that brand. And that is how you get the brand valuation.

(Refer Slide Time 19:31)



One more important concepts are the last concept, I will talk about in this brand management is that how generally you will see that many organization will have set of brands or they will be operating in different product category or within a product category they will be serving different segments they will be coming out from the different brands.

Now here how do you manage different brands and how do you name the brands and how the portfolio should be management managed is important. Now in this is called basically the brand architecture where the different brands basically exists, they basically reinforce each other, they help each other and in doing that, they also help the corporate brand and they also leverage the association from the corporate brand.

Now you will see that there are two ends to this brand architecture one is basically the branded house something like Amul or Apple where all the products comes with the name of that corporate house like Amul Butter, Amul Ghee, Amul Milk all they are having that one corporate brand name attached to them. On the on the other side you will have a branded house sorry this there is a typographical error.

Here it should be the house of the brand where every brand is coming with the different brand name so png basically follows that kind of what you say that is strategy of brand naming where they come out with each name being a different. Each brand is having a different brand name and the that is why this is called house of brand and in between you will see that branded house versus house of brand you have in between different variants of the brand naming or the brand architecture.

Like, from this branded house you can go for sub brands where you have one corporate brand but you also have the sub brands attach with that like Sony play station is one thing Patanjali in India also uses that sub brands where Patanjali Dhant Khanti or Kesh Khanti, all those are basically the sub brands attached with the Patanjali. So, they use the corporate name also in a coming out with the product then you have in endorsement brand in the same instance.

Some brands are promoted very explicit endorsement of the corporate brand, some are basically promoted with implicit in endorsement of the corporate brand and like Kit Kat Maggie are something coming from the nestle which are these are some of the brands which are endorse brands which are the you have this brand. But the prominent brand is basically the Kit Kat or the Maggie, nestle is the basically on back side of this.

So, you will see that why company question comes why a company go for different kind of naming now? In case of Amul or any example of branded have where you want to leverage that one corporate name across all the different offerings that we will basically one thing where you will like do a corporate branding in b2b market. You will see that corporate branding is very common because there are so many offering from one organization that customer will not remember and the pace of the technological of salons is also very high.

So, because of that customer will like to remember that one branded house like they will remember the Microsoft or Cisco those are some of the branded house in the case of b2b domination and then on the other side you have P&G which comes out with which probably have more than 50 block buster brands in its product portfolio.

In this P&G when they do basically this kind of individual brands branding is that. If the benefit is that the risk of one brand, don't get transfer to basically the or the if something wrong happens to one brand it don't get transfer to the corporate brand or to any other brand by the way.

So that is basically the advantage of individual branding but the cons of this are probably the hindsight of this house of branding is that creation of each individual brand is a very costly affair that an organization has to put a lot of resources monitory resources as well as time in the people in creation of that brand. Now the reason for brand portfolios are that why you have multiple brands in your portfolios also an important question.

So, a company like to have a brand portfolio because they want to increase their shelf space and retailer's dependence on their store. So basically, having a portfolio of brand create larger presence of an organization in that product category also basically it helps in creating. Basically, creating options for the customers who are variety seeking. So, the customers who basically choose who are not loyal to one particular brand but you will see that they will be loyal to two I mean like they will they will not be going in their choices beyond two three brand.

So, you basically afford them all those different kinds of varieties in your offering and that is how to retain the customer also. Basically, this brand portfolio in helps in increasing the internal competition within the form and one big advantage of this brand portfolio is that it helps you in attaining the economics of its scale in advertising sales merchandising and distribution.

So, in all this places of channel of distribution or the promotion is if you have an multiple branch you can buy TV advertising spot for yourself and according to your choice you can promote whichever brand you want to promote.

(Refer Slide Time 25:36)

So that actually helps you give the money as well as its gives you a flexibility in your marketing operation basically are the way you want to promote or distribute your product. So, this is how basically we have discussed about this basic concept in the brand management in this week three. And when will meet in the next week we will talk about some of the cases and some of the more important concepts and some of the basically examples in the case of brand. Thank you very much.