

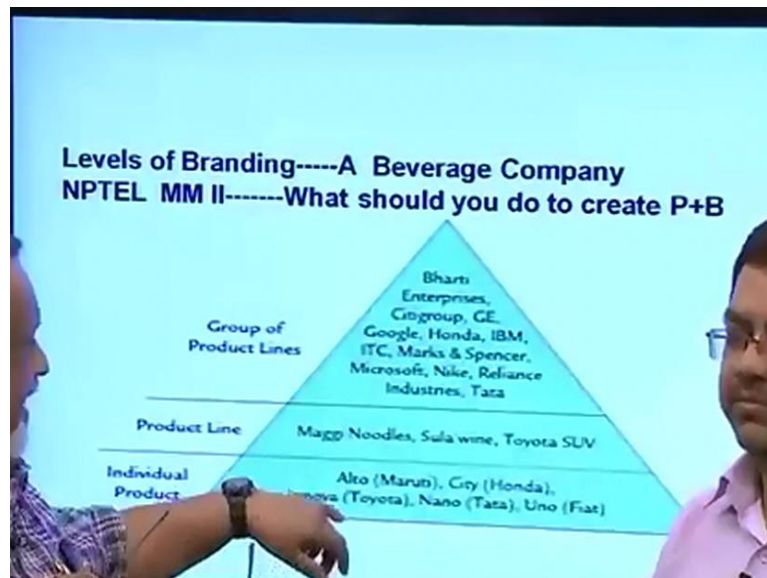
Marketing Management - II
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Lecture No. W4-L2

Brand Message and Advantages of Brand

Hello welcome to this second session of week 4 of our course on marketing management II. Where we are discussing brands and different strategies related to brands and we are this week discussing some of the advanced concepts beyond that fundamentals that were introduced on branding last week by my colleague Dr. Shashi Shekar Mishra and we conclude it on last session on this particular exercise where you have to select the new brand manager of a food and beverage company.

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That where you want to position a new beverage brand which you are responsible for whether you want to focus it on individual products like we have here alto or innova or some of these or car companies or you want to position it like as a product line. So that means you have relate it to the product line of the existing food and beverage brands in your company. Where you are the new brand manger or you want to actually combine that also with the corporate branding exercise.

Now I am sure in the forum you will be giving your choices and giving your suggestions explaining your submission but today I would like to then provide you with some inputs as to how to do this and some of the important new thoughts in this area. The first important point

is consider always is that who is your audience and this is a very important slide remember that you may be think you were creating the brand message for the consumers. Which is the usual thing or customers in case of B2B?

But in reality, whatever message you are beaming out will be also affecting your suppliers your employees your current customers or potential customers even your competitors are government regulators.

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or investors or investment advisors and all the people in the ecosystem or what we call as stakeholders. All the stakeholders so which means that remember that the brand message must keep this in mind. That means you should never say something in your brand message or bring it out anything that adversely affect another constitute of the stakeholder ecosystem.

So, this it will still be focused on the customer because ultimately the brand equity is measured as, we have discussed all thing about cbb that customer based or consumer based brand equity. But it has to be understood that whatever you are doing in the branding exercise. We will be equally affecting or in certain ways may be differently affecting the other stakeholders.

So, you have to be conscious about that and here I want to clarify this thing that I was just now taking about cbb that in the traditional definition on bad branding available in some of the text books. It sometimes creates a confusing situation that the brand is for whom.

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Traditional view may confuse :

A set of brand assets and liabilities linked to a brand, its name, and its symbol that add to (or subtract from) the value provided by a product or service to a firm and/or that firm's customers.

Issues

- Not to mix value to the firm with value to the customer
- Need to distinguish value that customers receive – *customer brand equity* – from value that firms receive – *firm brand equity*

So today these days therefore actually, we distinguish between the customer brand equity and the firm brand equity or organization brand equity. It is important that the brand equity is important for both definitions in customer brand equity what we are focusing on is the brand value to the customers.

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Definitions

Customer Brand Equity – brand value to customers

Value received by individual customers from a branded product or service, over and above the value received from an unbranded version of the same product or service.

Firm Brand Equity – brand value to the firm

Ultimately measured by the cash flow streams resulting from the brand's ability to attract, retain, and grow customers, over and above an unbranded alternative.

And this is the value receive by the individual customers from a branded product as a service over and above the value received from an unbranded version of the same product or service. Which means we are highlighting here the brand value goes beyond the cognitive factual evaluation of functions and properties. There are lot of emotional and lot of feelings free links oriented effective part of the brand.

So, it is more of a perception that part is highlighted here and we saw that how important this intangible element this perception is for tangible result. Where we saw that how preference is swung in favor of coke from Pepsi when the brands were revealed of course that happened in 1992 today people may but still the coca cola is the brand leader in the area so well that may be contested by Pepsi.

I do not know exactly any Indian situation whether we have a recent study. Which shows that whether the how strong is this preferences because in terms of the market share. It is like same 55 to 35, because in India. I think Pepsi entered earlier and a sensation of coke was here earlier then coke had to go out due to some regulatory reasons or political reasons then coke Pepsi came in.

And for many years and for many years that has won the international cola brand available so they have they was in fact only one of the few market there Pepsi was a head of Coca-Cola and that is where we have to discussed in with the coca cola has taken this thumps up and by taking thumps up. They initially thought they will kill the brand run but eventually thumps up as help them to overcome the challenge the Pepsi and India.

And today if we see the market share it is like most other development so I think we will discuss in more detail in one of the later sessions. And what we were saying he just like you have the customer brand equity we have the firm brand equity that is the brand brings to the organization. So, this could be better cash flow this could be better margin and this is what you are just now taking about that brands ability to attract and retain and grow customer base and over an unbranded alternative you know these definitions.

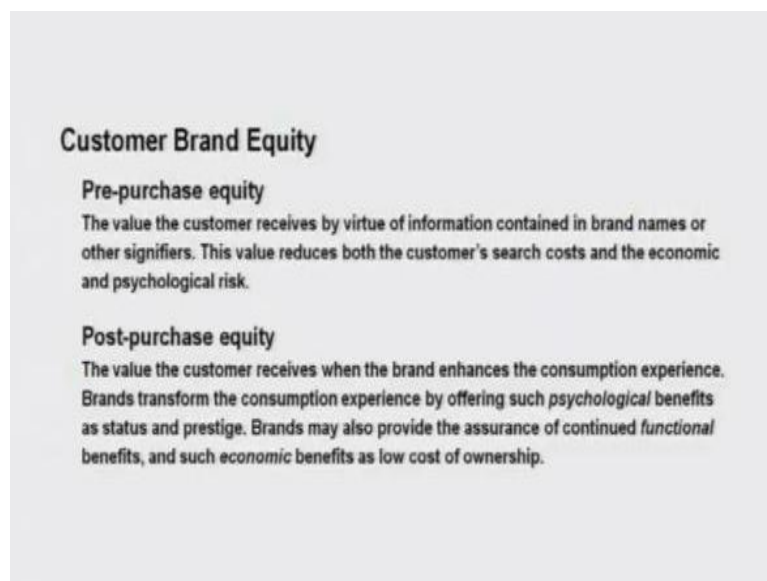
I just like to point make one cautionary remark that many times these definitions change due to modern day economic compulsions like I was reading recently that in Japan which had always been a very brand conscious market and brands always commanded a premium under the continuing economic pressure in I think it started somewhere in two thousand five or seven that there are number of large stores who are deliberately putting products on the shelf saying no logo or no brand.

So they are not even saying it is not it is a store brand they are highlighting I forgot the Japanese there is a Japanese term that has been devolved it basically indicates that this is a

good product that is a meaning of the Japanese term. So, they are trying to bring in the cognitive part or the logic part in the buying process and try to focus on that and people are listening to it because they are now challenging their own emotional perceptions. because of economic reasons. because of the cash flow constraint in the hands of the consumer the lowering of the disposable income.

So, customer brand equity which I think you have discussed this in your in your last week session but again it is good to bring out that this customer brand equity there is a pre-purchase equity.

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Which is actually sort of embedded in the in the pre-purchase image created in the customers mind which has information and fact base part as well as many emotional parts or triggers that are created due to the branding exercise and ultimate purpose of the pre-purchase equities to reduce the such cost and then in the post purchase. We want to enhance the customers sense of people says that there is a dissonance you know after purchase we feel a little sad because maybe we have parted with our money.

So, some reinforcement it has been found very important that then new feel good that's why when people come back from a shopping trip as soon as they reach home they open the packets and at that stage when you relook that particular packet and you look at the price tag it is important this is what as recognized that's why this whole post purchase brand equity issues have been developed.

That then the customer should feel good. Even if he is or she is looking at it higher than or expected price level you say okay but this is Tarnish or you will say okay this is from you know Unilever or something they should feel good about having made that purchase so this fill feel good factor creation is the a role of the post purchasing activity.

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The high customer brand equity is important because in today scenario it is becoming increasing the more difficult. To compare the alternative products because there are so many of them that's why it is the zero sometimes you just may do not have time I was myself I was you know I am going to planning to buy a new laptop my older laptop is almost six years old and I thought I will buy a lighter laptop.

But when I looked at the scenario of what should I buy as a like your left function of lighter might change no I mean you know the other whether they will say this lighter that lighter no I going by the kgs. But then I am finding that there is a one kind of kg applied to what at the traditional laptop design then some people are saying why do you want to go to a traditional laptop by this new format two in one so which is like a tablet and it I can attach it to a keyboard when you want it when you actually doing something lot of writing or you need that keyboard.

Otherwise most of the time you carry you know that tablet may be then the weight kg reduces and it and but the laptop people will say cannot compare so when I am talking to the venders I am finding their for today so there is a whole pleasure of ultimately I may just make my decision no its okay I think should buy hp or I may say no Lenovo is also a good brand so

ultimately, I will make my decision. Even though I started with kgs which is a cognitive logical point that I want to carry less on my shoulder.

But then ultimately, I might make a decision just based on the brand perception in my mind because brands are helping you in simplifying your design making process. It relates to the kind of the way of competition is turning up tomorrow. You can have another form of laptop where you have this battery are one of the major constituent of the weight you can if you understand that wherever you are moving or you have most of the time in the vehicle have the adaptor can be put.

So you don't need a battery actually along with your along with your machine so in that case if you purchase something which is without battery it could be a probably actually somebody one of the vendor talk to me about this and this side you can have a power pack now a days you can have this stored power tower or power bank or power pack whatever it is called so you say that you can keep in your suitcase and check in suitcase and in your carryon luggage you only have the this tablet.

Because the tablet doesn't have this high power that is where the vehicle came here and also don't have those drive etc., They have solid state memory that also reduces the tablet weight and but the thing is that I can also have a tablet with the you know where I can attach a drive like it will still not be a moving drive. But it will have a larger a external device so this whole point is that in these types of high tech purchases. I won't know the value till late it is only using after six months.

I will say okay I really like this new model but I will not say this immediately. After two days, because I still be grappling with some complexities of the new stuffs. So that is why here the role of brand comes influencing my pre-purchase decision as well as my post purchase comfort. I think both of this issue and even you know product quality now has new dimension quality one qualities its fitness for use.

But now we are also looking at some of the product quality in terms of its social display value. You know if I am carrying and I mean sitting in a meeting or in the class and I have a device which is you know very sleek and very modern and make me look technologically

suave. Those displays are also important and there if I have a device which you know nobody knows on the other hand.

If I have zero this is the new yoga something like that people will talk about it even these factors are now becoming aspects of brand building. And so, these brands are often therefore built on modernist and technological sophistication and so on forth depending on what kind of product

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So there are obvious advantages as we were discussing as it is displayed on the screen the high customer brand equity and advantages for the firm first traditional thing about you can charge perhaps higher price and earn better margins. But you know here again I know some interesting cases like Sony before they entered in India with their TV they were already commanding a premium going by these brand strength in Thailand market.

So, they had about twenty percent premium or twenty five percent when they came to India their initial pricing was based on the same strategy that is Sony so people will pay twenty percent more but the Indian market did not do that so for long time Sony their TV was doing not at all as good as their competitor's lesser known competitors internationally Samsung LG at that time talking about something that happened ten years back.

And then Sony had to come finally revise their pricing strategy because they understood that in Indian market the brand does not fetch that much of a premium as it does in Singapore or in Thailand in fact Singapore market is very well known that they will happily pay thirty

percent more between unbranded and branded or lesser brand and the premium brand but we see often that not happening in India.

That is why in India we see premium brands very carefully nurturing also the so-called economy brands or even sometimes bringing the prices so close that may be there may be some cannibalization going on I see it often between Samsonite and American tourister.

You know that two brands from same stable or vip or Carlton and so on or vip and alpha so they make the brands of often overlapping to avoid this gap in where you know they may lose some business so they always want to present a continuity so always want to because in india ultimately these questions are very strong kitna dita hi you know that's why this was humorously developed in some of car campaigns.

That even if somebody is buying a car which cost two million rupees they will ask what is its their mileage as if it matters because you know the few rupees you will be paying in fuel cost has nothing to compare with the initial fifteen lakhs extra which you might have paid for that car but anyway this point are still remain and I think the most important benefit you get from the firm perspective with brand is today as we see that it allows you to leverage that brand strength.

To bring in new products for cross selling as well as up selling particularly I think in the b2b business and we see increasing examples of this that people are leveraging at great company in that is hovels in india is a very indian company and they created over the last fifteen twenty years a strong brand.

They have even created a new category in the market people tell me if it called fmeg just like you know fast moving consumer goods and fast moving electrical goods. And they took this as supposed to traditional approach in the very sort of the strike this B2B market they took almost the consumers approach and today they are getting huge benefits in terms of revenue in terms of their profitability and they have been able to leverage once they got this confidence and trust from the customer.

And I mean they have now be able to launch it into a premiumness in very mundane products like ceiling fans or various kinds of light fixtures systems.

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Type of Measure	Measure	Description of Measure
Purchasing and sales	Market breadth	Number and type of customers purchasing the brand
	Market depth	Extent of repeat purchase
	Market share	Brand sales as a percentage of total market sales (units and/or dollars)
Perceptual	Awareness	Degree of brand awareness
	Brand image	Brand associations, congruence with brand identity
	Quality	Perception of brand quality (from blind tests)
	Uniqueness	Extent of differentiation from competition
	Value	Extent to which the brand provides good value for money
Marketing support	Advertising	Market share/advertising share
		Advertising/total marketing spend
	Distribution	Extent of distribution coverage in target outlets
		For retail goods, quality of display, especially key accounts
Relative price	Price compared to competitive brands	
Profitability	Profit	Gross margin earned from the brand
		Economic value added (EVA) of the brand

So, I think having discussed this I would now like to summarize this particular slide to need to study in a detail. You can find this brand health check in any of the popular books or like kellers book on brand management or any book for that matter you will find this kind of a chart there in some form of the other that what is that what is the way we measure the health of a particular brand.

So, there are it is not so important whether you remember every part of this but mainly you have to remember that the perceptual part as well as the numbers part both are important. So, you have to measure the market break the market depth market share you have discussed this in some other way in your last week decision so fundamentally whether the brand is helping marketing is contributing to profitability.

These are important the market size it is allowing you to address the depth that is the extent of the repeat purchase. That it is helping you with or market share expansion these are important as well as this awareness the image. These are very difficult to measure but this can be accessed in some way that how it is the emerge and I think this is this we discuss in a later session where we will sort of bring out this whole may be in the next session itself brand portfolio brand portfolio management.

We will develop towards this particular diagram and that's where we will end today Thank You Thank you.