

Brand Management
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Week - 01
Lecture - 01

Good morning friends, this is Professor Abhishek Kumar presenting to you a course on Brand Management. I work with Army Institute of Management as its principal. I teach courses related to marketing, organizational behavior, leadership and product design. My PhD topic was also related to brand management. My doctoral thesis was on the topic of measuring these brand personality of media brands. Today, we are going to begin a very interesting course titled Brand Management.

The title of today's lecture is Brands and Marketplace. Now, the first thing that comes to our mind, when we think of man as an economic being is the marketplace. If we have to buy a product, a commodity or even an idea, where do we go? We go to a marketplace. Now, what really is a marketplace? If we try to remember history of mankind, we will see that people are not able to produce all that they want.

For example, when I am say a farmer, I also need clothes, I also need electricity and it is not possible for me to either produce clothes or electricity. For these two or for many other products, I need to depend on various other producers. It could be government, it could be large corporations or it could be the neighborhood farmer or my neighbor who is producing probably a handicraft material. So, there is an idea called marketplace and that gets developed as we developed as a economic entity. Now, marketplace is a place where we can buy and sell goods.

The very idea of goods is problematic because it is not very simple. What we generally buy is commodities. For example, in our daily life, we need rice, We need dal, we need various utilitarian items like utensils, clothes and so on so forth. And for all that, we go to a marketplace called bazaar. It could be a physical place, it could also be today an online place like an Amazon or Flipkart.

So, now there is an idea called e-marketplace. And this e-marketplace is also an idea which is nothing but another form of marketplace. Now, what are we really buying when we go to a marketplace? We are buying goods, we are buying commodities, we are buying services. If we think a little more, we will realize we are also buying ideas. Now, what are these ideas? These ideas are not the ideas of isms like religion or capitalism, communism, it could be that also but since we are talking about a commercial marketplace, we will restrict our definition of marketplace to an economic idea where

economic products and services are bought and sold.

Now, if we look at the history, marketplace involved in early on a barter system where people would exchange their goods produced by them with something that they want and this way the marketplace got established. As we progress, the development of money took place and with money, it became easier to exchange goods and services. Now, what is money? Money is store of value and money is also an item that facilitates exchange. Now, with this money, with this currency, we were able to buy products and services at the marketplace. Now, if we look at the products and services little more carefully, we will see that they are undifferentiated, they are also differentiated.

So, products and services in the marketplace are both differentiated and also undifferentiated. The journey begins with an undifferentiated product where we cannot distinguish between one product and the other. For example, rice is rice, dal is dal, Iron Ore is Iron Ore, service rendered by a servant is similar to the service rendered by another servant. So, these are undifferentiated products and services. However, this creates confusion because we do not really know which one is good or which one is not so good.

That is why if you can look at this slide, you will see that the process of differentiation began and it began very early. If you remember human civilization, it began with shepherds. In the human civilization, shepherds will take their cattle out for grazing and later on they will sell the products emerging out of that cattle to people at the marketplace to their consumers. Now, what are these branded animals? These branded animals could be sheep, could be horses, could be cows and so on so forth. Now, what they did was the shepherds who were the owners of these animals, they used to brand them with an iron rod.

So, they will burn the mark on the skin of the animal, so that even others who do not know them can also identify the animal with their owner. Now what really happened when the branding of animal took place? Since the owner was defined, what happened was, 1. Theft became a little difficult because nobody can hide the animal and therefore, since nobody can hide the mark on the animal, so they cannot hide the animal itself. That is one. Second, the owners treated their animal in a certain way.

That certain way became synonymous with the mark that they had put on the animal skin. So ownership and a certain kind of rearing got established when the name was burnt on the skin of the animal. Now, this was the beginning of the process of branding. What really people understood was that if they buy animals of this farmer or animals of this farm, they are assured of a certain quality of meat or wool or milk or a certain health

standards of the animal. That is considered to be the beginning of the branding process.

Another development in the marketplace that helped the brand management discipline or branding process was invention of paper. As all of us know, it happened in China. So invention of paper, how did it help? It allowed us or it allowed people to print their name, print their mark, it could be name, it could be a symbol, it could be a number, it could be printed on the paper and that paper can be pasted on the product. Now, that paper need not be only pasted on the product, but it can also be replicated today what we call Xerox or photocopied that can also be done and distributed among the intended consumer. So suddenly what became possible was replication at a very large scale.

And this invention of paper suddenly made people realize that people far away from the actual place of production can also buy your products and services because paper was not really connected to the actual product. It can be dissociated from the product and taken far and wide. Another development that happened at the same time was block printing. This block printing helped in creation of advertisement, paper advertisement, which could again be taken to faraway places. Another event that happened in the early 20th century, rather early late 19th century was industrial revolution.

Now, most of us would associate industrial revolution with steam engine because steam engine facilitated development of trains. But James Watt who invented steam engine did not think of only train as the ultimate outcome. Steam engine became the engine or became the powerhouse of many new innovations during the industrial revolution. And because of that, because of steam engine and various other forms of engine, what happened was mass production of goods started taking place. Now imagine, say steel plates are being manufactured.

Earlier, since it was related to handicrafts, one person could produce at the most one or two or five steel plates in a day. But with the help of engine or mass production or production through machines, in a day, lakhs and lakhs of steel plates can be manufactured. And because of this, suddenly there was a flood of products in the marketplace. Now, you as a consumer, when you visit a marketplace, you suddenly see all the shops full of products displayed in the racks. Now you are confused as to which one should you really buy, because all of them look shiny, all of them look beautiful, and all of them serve your purpose.

So because of this, what happened was that people started demanding or people started realizing that some kind of distinguishing mark is necessary. Why it is necessary? Because that will help the consumers to decide what really they want, what kind of product actually satisfies their need. So the need for branding also started with the

industrial revolution facilitated movement, where a large number of products became available in the market. Another aspect that happened during the industrial revolution was a rapid development of middle class. Now, because the industrial revolution took place, because a large number of people were required as labor in the factories, they all started getting work, unemployment rate went down, employment rate went up, people started working in factories and companies and so on.

They started earning wages, and therefore, their living standards, their level of income went up. And because of that, they also had disposable income. What does disposable income mean? It means that after spending your income on the basic necessities, the portion of the income that remains is your disposable income. And that disposable income people wanted to spend in the marketplace so that they can raise their living standards. They should be able to buy products and services that they actually want.

So development of middle class also became a very powerful reason for brands to appear at the marketplace. And remember, the brands as we understand today is slightly different from the brands as they were understood then. At that time, they were merely proprietary marks and proprietary marks that emphasized collective identity. If you can see the pictures on the slide, you will be able to see one horse on whom the number is burnt indicating the owner owner's identity. You can also see cookies being manufactured through machine.

And you can see that you cannot really differentiate one cookie from the other. However, when those cookies will be packed, and the name of the brand, whether it is Britania or ITC is marked, you will be able to understand that what really is the taste and the promise of these cookies. You can also see the advertisement copy, which indicates towards the way advertisement started playing a role in development of brands. If we go further, as we were discussing earlier, that the newspaper, the paper rather, and the block printing, these two invention of paper and block printing contributed towards development of brands. Now, Gutenberg invented printing technology in 1448.

And with the printing technology earlier it was block printing, which was still slower, but with printing technology developed or invented by Gutenberg in 1448, advertising became very, very powerful, not only powerful, it became easy to reach to millions and millions of people across the world with the advertising. Now, you can see the pictures on the slide, you can see boxes marked with the flag of the country. You can also see a sachet of a shampoo, which announces what really is inside that sachet. And you also see the picture of a clock, which is telling us what do we do in a day as a part of the normal routine. Now, the history of branding began with something as simple as putting the map of the country on the packaging or on the boxes.

Now, if you receive a box of say tea leaves, which is packed in a box like this with perhaps the map of England or map of China or map of Sri Lanka or even map of India, it would announce to you that these tea leaves are originated in the country like England or Sri Lanka or India. What does this assure? It assures one of course the origin, but more importantly, it assures quality, it assures a certain taste, it assures a certain character of the product. When you go out in the market and buy a box of tea leaves, which has the flag of UK printed on it, what you are actually buying? Are you just buying tea leaves or you are buying tea leaves that have their origin in United Kingdom? So, what are you really buying? Are you buying the taste of tea? Are you buying mere tea leaves or you are buying tea culture, which is associated with United Kingdom? So, I would like you to think about this fact that when you are buying a branded product, are you really buying just the product or you are also buying a brand? Another aspect that started developing in the process of developing of brands was packaging with product features. When you look at the product, nowadays, you see that the packaging actually gives out a large number of details on its pack. You can see what is the content, you can see the date of manufacture, sometimes you can see the date of expiry, you can see the manufacturing place, you may also see the address and the name of the company which has manufactured it.

In some cases, you may also see the details of the customer care. In case you have some problem with the product, you can go and inform the company that there is a problem. So many companies started putting the product features on the packaging. This is to assure people that yes, you need not worry, all these products, all these ingredients are actually inside the packaging. Later on, as the legal system developed in different countries, it became a legal requirement that the ingredients are displayed on the packaging material.

Of course, the name of manufacturer is a part of it. The last point which you can see in this slide is habit formation as the key objective. Now, why is habit formation the key objective? If you think about yourself at the marketplace, what would you really buy? Suppose you go out to buy fizzy drink. Now, you may like Coca Cola, for example, and you enter a market store and there you see that the Coca Cola is not available. Now, what would you do? You would either buy a rival brand, perhaps a Pepsi or a thumbs up or you would exit that departmental store and go to another store where you may actually get your preferred brand.

Now, what is really happening when you do this? You are demonstrating something like a brand loyalty. But what is at the bottom of brand loyalty? At the bottom lies what we call habit. Habit means what? We are habituated. A person who prefers Coca Cola as

the fizzy drink is habituated to the taste of Coca Cola, so much so that he is not willing to experiment with another brand which offers a similar taste. So, habit formation is an idea that brands leverage very heavily upon and they try to instill habits among its consumers so that they make repeated purchase of their brands.

Let us look at it a little more deeply. Now, when we think of habits, what really comes to our mind? Habit means we wake up in the morning, we brush our teeth, we take bath, we have breakfast and then we go to office. In the office if you are working, you go to office. If you are a student, you would go to your college or school. Now, what happens there in office or in college? You attend your classes, you probably have lunch and you interact with your colleagues, your friends and then in the evening, you come back home. At home again, you probably play a little, you study a bit, you interact with your friends, you have dinner, you watch perhaps a movie and then you go off to sleep.

Now, this is a very simple daily routine that all of us have. And we are very acclimatized to this that we do not think twice when we go through our day, day by day, year after year and so on. However, if we look at this whole idea little more deeply, why are we accustomed to what we are doing every day? Thank you very much.