

Brand Management
Professor Abhishek Kumar
Dept. Of Management
Army Institute of Management, Kolkata
Week - 07
Lecture – 35

Welcome to another lecture on brand management. Today we will look at the concept of brand equity. Now when you look at this term brand equity, of course you are familiar with the term brand and you perhaps is also familiar with the term equity. But equity may remind you of something very different. It may remind you of share market, it may remind you of shares and stocks and so on so forth. So when we say brand equity are we trying to say that it has something to do with share market and purchase and sale of brand or brand equity or is it something like that or it is something different from that.

Well that is what we are going to discover today. But before we go further we must look at this term equity and what does it mean in this context. First equity means like you have guessed that it belongs to the domain of share market or the world of finance. And in the world of finance equity is considered as stake, it is considered as shares.

So you may recollect that there is something called debt and equity. If you have studied finance and accounting you would know that there are two terms in finance, one is debt and other is equity. Debt is nothing but loan. So if you have to say buy say a car or a house you may take loan and if you take a loan you are in debt and you have to repay that debt. So that is what debt is whereas equity is not really a debt.

It is your stake in that business or your stake in that company. So it is in the form of shares. So for example if you have say 1 share or 1000 share of a listed company it means that you own a percentage of that company. So equity means that in the world of finance. Now what does it mean in the world of marketing and particularly in the world of brands.

Now that is what we are going to see today. So as we were discussing that brand equity is of two types in the context of brand management and these two types are marketing brand equity and financial brand equity. While they are called equity or brand equity and the nature of brand equity remains more or less the same in both marketing and in finance but the nature of ownership is different. In financial brand equity ownership can be expressed in terms of numbers. When I say that my brand is 100 crore or 1000 crore I am saying that this is the value of my brand and if today if I want to sell my brand and if someone is willing to buy my brand we will negotiate at this price point.

So that is financial brand equity. Ownership is expressed in terms of money. In marketing brand equity there is again an ownership but this ownership is more psychological in nature. It is not from the perspective of money or finance. It is psychological ownership of the brand and who has this psychological ownership? It is the customers who have this psychological ownership.

See the brand manager can also have psychological ownership. The company, the CEO, the other employees, the marketing team all of them can have psychological ownership of the brand but that is not counted here as brand equity. They are supposed to have psychological ownership because they own the brand. They are working on it but here when we say brand equity or here when we say psychological ownership here the ownership means the ownership of the brand by the customers. So that is why when we say marketing brand equity it means psychological ownership of the brand by the consumers and when we say financial brand equity, financial brand equity means the value of the brand in terms of money in financial or monetary terms for the marketplace.

Here it is for the firm, for the organization, for the owner or for the CEO. So financial brand equity is for the organization whereas marketing brand equity is for the customers. Let us look at it in little more detail. Now first let us look at the marketing brand equity and then we will look at the financial brand equity. Now marketing brand equity is called customer based brand equity.

Customer based which we were discussing just now that marketing brand equity is an equity owned by the customers. So this brand equity is based on the customers and based on customers means what? It means that customers value the brand, customers own the brand, customers like the brand, customers like the brand and customers remember the brand, customers use the brand, customers recommend the brand and so on so forth. And because customers are doing all of this the brand loyalty people who are buying this brand is ever increasing because the word is spreading through word of mouth of customers and it requires relatively less advertising because it is owned by customers and customers push its consumption. So that is why brand equity in the marketing sense is called customer based brand equity based on customers recommendation, their response. Often it is also called CBBE.

So in marketing text if you come across this acronym somewhere CBBE you may understand it as customer based brand equity. Now what do we have to do? Since we are brand managers, we are CEOs, we are marketing managers, we are working in these companies and we are owner of these brands, we are working on these brands only thing that we have to do is we have to build customer based brand equity because that is our task, that is our job, there is no other job that we have as a part of the marketing

department. So we have to build customer based brand equity. Now how will we build customer based brand equity? We will do it by making many brand interventions. Now in this whole lecture series of now nearly 15 sessions what we have seen is a large number of interventions that a brand manager can make that will build this customer based brand equity.

We may not have used this term customer based brand equity, we may have used many other terms. For example, we have used brand associations, we have used brand iceberg, we have used brand personality, brand identity, brand loyalty, so many other terms we have used. Essentially what we are saying is we want to build customer psychological ownership of my brand because only if they psychologically own my brand they will be invested in it, invested in its success because they will associate their own success to that brand's success. So that is what we have to cultivate, that is what we have to build. Now how to build that? Again we have seen many examples in past 10-15 lectures.

Today again we will see some methods by which we can build customer based brand equity. Now here more than talking about interventions I would like to talk about elements because we have spoken a lot about interventions. Today let us try and focus on elements. Now what are these brand elements? Something very simple and all of you can guess when I say brand elements it means something that is obvious like logo, like color, like shape, like packaging, like tagline, like the brand ambassador. These are the brand elements that one can easily associate with any brand.

So for example like say Tata immediately will think of blue or we will think of Ratan Tata as a person synonymous with Tata or for that matter any brand we see we will have some brand elements that we will be familiar with. For example if we say Indigo which is an airline again we will think of 6E probably which is also used in many exciting ways by the brand. So these are the brand elements that go on to build customer based brand equity. So today we will see how these brand elements must be selected and used in the marketplace to build this CBBE. Now if you see on the slide there are 6 criteria mentioned which we should use to select these brand elements.

The first 3 we are saying is our offensive part of offensive strategy in the marketplace and the next 3 are defensive strategy. So as marketers as brand managers you have to use both these strategies. Sometimes you may be offensive, sometimes you may be defensive depending on the situation, depending on the occasion, depending on at what stage your brand is in its brand life cycle, at what stage your organization is, what kind of funds you have at your disposal. So all of this you can keep in mind and then choose you want to be offensive or you want to be defensive. Now under the offensive strategy the 3 criteria that comes are memorability, meaningfulness and likability.

Now these 3 means what? These 3 mean what? Means that when you select brand elements, all right, again let me repeat when we say brand elements it means that you are selecting the color, the logo, the shape, the packaging, the brand ambassador, the advertisement campaign, the theme and so on so forth. So you have to select these elements in such a manner that people memorability means people remember it, you are making it easier for people to remember your logo, your brand element. Same thing for meaningfulness and likability. So both all 3 are offensive strategy and the next 3 are defensive strategy. Let us look at them in detail.

Now memorability, this is what we were talking about just now. So brand elements should inherently be memorable and tension getting and therefore facilitate recall or recognition, all right. So when you are thinking of brand elements, all right, so say Indigo 6E. Now those of you who have traveled by Indigo Airlines, you will see that 6E is the code given to Indigo Airlines by the Airport Authority of India or Civil Aviation Department or so on, whosoever has given, but the term, the code that they have got is 6E. But how are they using it? They are using it as if it is, it reminds you of the word sexy.

So you can see that the way 6E is being operationalized in the context of Indigo Airlines, they have tried to make it memorable. So 6E is quite a simple ordinary code, but then the way they have started using it, and especially their, its association with the idea sexy, it has become memorable. So you see the brand elements, see I am sure when Civil Aviation Department gave them these codes, there may have been 2, 3 choices, and they must have chosen that we will use 6E, and they must have seen some branding potential in it, and today they have used it in such a manner that Indigo has become very big airline, it is one of the largest airline in the world, and India it is definitely the largest airline, and it is also very successful. So what I am trying to say is by choosing the right brand element, Indigo was able to create or it has gone, it has made significant contribution towards Indigo becoming a very large airline. So memorability plays an important role.

Today when we try to travel somewhere, almost default option is Indigo, because it is so big and we have all become very familiar with the way Indigo operates. So this term 6E facilitates both recall and recognition. So this is on memorability. Let us see meaningfulness. Now what is this meaningfulness? Let us look at what is written on the slide.

So brand elements may take on all kinds of meaning with either descriptive or persuasive content. Two particularly important criteria, general information about the

nature of the product category and specific information about particular attributes and benefits of the brand. And then the first dimension is an important determinant of brand awareness and salience, the second of brand image and positioning. What are we really saying? See brand elements and all that we have said so far, they are all meaningful content.

They convey some meaning. There is a meaning formation that is happening at the back of the mind when someone engages with your brand element. Now for example, you look at the logo of Nike, which is a tick mark kind of a thing. It is also called Swoosh. Now see, because Swoosh is not an Indian name. It does not remind us of anything from our history or mythology or something because it does not belong to India.

But below Nike, what the tagline is, just do it. Now just do it is something that all of us understand. So our association with that Swoosh mark and just do it is similar. So when perhaps we look at it as a tick mark or whatever, but what I am trying to say is that because of that tagline just do it, Nike has become a very meaningful brand for the consumers in India.

So it is a persuasive content. It is not just a descriptive content, it is a persuasive content. Just do it. Whatever you are doing, just do it. So because it is persuasive, Nike has become a powerful brand in India and it runs a large business. So that is one example of persuasive content where brand element becomes that.

Look at the second point, specific information about particular attributes and benefits of the brand. Now if you remember, say a Chavanprash by Imami, I think it is called Sonachandi. Now Sonachandi Chavanprash, if you look at the tagline, it says Sonachandi khatah to hojata. Kya hojata? You would have stood first in the class, you would have won the race, you would have done well in the exam and so on so forth. So the tagline itself shows very clearly that if you eat this Chavanprash, if you consume this Chavanprash, you are going to win the race.

No matter what you do, you are going to win. So in the case of Sonachandi, which is run by Imami, what they do is they are communicating the attribute and benefits of the brand. So this is also a very persuasive content and it is also descriptive content because it says Sonachandi Chavanprash. So what I am trying to say is that this meaning formation, meaning creation process happens in the mind of the consumer and it is originated, it is instigated by the selection of the brand element that you make. So you choose a certain color, you choose a certain tagline, you use certain words, you choose certain brand ambassador, all of them go on to contribute towards persuading your consumer to buying your product.

So remember both the two that we have discussed so far, memorability and meaningfulness, both of them come under the offensive category. So you are attacking the market, you are going with full confidence into the marketplace and demanding the consumer's attention, say please look at me and take me. Third one is under the offensive category likeability. Now it is important and especially when you are trying to be aggressive in the marketplace, you are likeable.

People should like you. People who decide to buy you, decide to consume you, they should also like you. Now this like can be at the emotional level, they like your brand, you are a likeable person or it can be like from the aesthetic perspective that they like your looks, they like the way you appear, they like the style that you have with which you conduct yourself. So look at say the brand elements of luxury brands. You will see that they are all very smooth, the kind of color, the softness, the curves that they use whether it is in the packaging or it is in the naming or it is the way the logo is designed or the way the product description is made, the way you are presented the product or when you enter a showroom, the way it is displayed before you, the way it is sold by the salesperson, they are all very aesthetically pleasing, aesthetically determined. So the brand elements in luxury product especially are very carefully curated and constructed so that you naturally like them.

I remember when I went into luxury mall called DLF Chanakya in Delhi. You can also think of other luxury malls in India which have similar, which promise similar experiences whether it is DLF Chanakya in Delhi or DLF Emporio also in Delhi or you can think of UB city in Bangalore or Kader Nawaz Khan road in Chennai. In Calcutta you may think of a mall like Quest mall or in Bombay you can think of a mall like Palladium mall. So these are malls, they offer luxurious experience and the kind of experience you will have as you enter these malls, they will all be very likeable. The perfumed atmosphere that you will see, the well dressed people whom you will encounter, the kind of chairs and furnitures and sofas that are laid out in the atrium, all of them will be aesthetically very appealing.

So you will naturally like the experience and these things have not happened by default, they have not happened automatically. They have happened because they have been planned very well and planned by the marketing at the brand managers. So they are designed to be likeable and that is what you are expected to do if you want your brand to be liked by people. Next point, descriptive and persuasive elements reduce the burden on marketing communications to build awareness. So if in the elements itself, so for example in the tagline or in the packaging or in the colors, you have used descriptive elements or persuasive elements.

So already just by looking at your product or just by knowing the tagline of your product, people will know that it is about chavanprasa or it is about shoes or it is about shirts or it is about flowers or it is about gifting services. People will automatically know if you say here ferns and petals, all of us know that it is about gifting. So descriptive and persuasive element if you incorporate in your brand elements itself, then later on when you have to do marketing communication, you do not have to focus on descriptive and persuasive element. You do not have to define who you are, you do not have to say buy me, buy me or what is the benefit. You will have to go beyond that, you will have to say something more and that creates an opportunity for you to go at a higher level because the basic level you have already covered by including descriptive and persuasive parts in your brand elements.

So this is how it works when you try to be offensive in the marketplace with your brand. Now let us see what you will do if you want to be defensive. So you do not have to be offensive all the time because if you are offensive, it is not that others are always defensive, others can also be offensive and when everyone around you or a large number of brands around you are being offensive, then you have to prepare yourself to be defensive also. So how can you be defensive? And the first point that comes to our mind and that first point that is being told to us is that your brand elements should have transferability as its character. Now what does this mean transferability? Now it means how useful is the brand element for line or category extension.

Now this means what? This means that suppose you are using Dove as a brand for shampoo. Now for shampoo brand you have created the logo, you have created a tagline, you have created a brand personality, you have created brand positioning and so on so forth. Now you want to diversify from shampoo category to soap category. Now if you are moving into soap which is perhaps a new category from shampoo for you, will the same element the way you have created written the Dove logo, the way you have created tagline and so on so forth, can that also be transferred to soap category? If that is possible, if you have designed in such a manner that this transferability can actually happen, what you are doing is of great value to your brand because one you do not have to create everything once again and that costs money and that costs time and second thing is you immediately you create an association in the minds of the consumer that it is the same. The value that you get from Dove shampoo, the same brand elements is telling you that from Dove soap also you get the same value.

So this ability to transfer these brand elements gives you a lot of protection, protection from launching a new product and protection from dealing with the anxiety and uncertainty that the consumer may face if they have to look at your line or category

extension. So this is about transferability. Next one is to what extent does the brand element add to brand equity across geographic boundaries and market segments? Now this is something very important when you decide a brand element. So for example, Tata. Now today Tata is a global brand, but at one point of time when Tata bought Corus Steel or when Tata bought Tata Tetley, you remember Tetley was a much bigger brand than Tata in the world and it was like a very small company going and buying a very large company.

That is what had happened and the whole world was surprised. What is this company called Tata? We have never heard of it and how can it become so big that it will buy a brand called Tetley which is a globally very big brand. So that surprise occurred across the world. All business people who were in that industry thought that this Tata is an unknown brand name and how it can take on or buy such a big brand called Tetley. So what did Tata do? Did they remove Tetley brand and they replaced it with Tata? No, they did not do that.

What they did was they called it Tata Tetley. Alright, but today Tetley is not called just Tetley, it is called Tata Tetley and after that so Tata Tetley was the first acquisition of Tata. Later on they went on to buy many other brands like Corus which was a steel brand of Europe, then they also bought Jaguar Land Rover which is again a very prestigious brand from Ford Motors. So when they bought Corus, when they bought JLR or Jaguar Land Rover, they realized that they are facing much less resistance from the companies in Europe and in America because they are already aware of a brand called Tata which had taken over a brand called Tetley. So what I am trying to say is that when you use the brand, so Tata if you look at the logo, what is it? It is a simple T written in the color blue and it is like a spherical a part of this sphere.

It is very simple. Many people in Europe and America have said that it is such a simple logo and all of us like it. So that simplicity has made it a very likeable brand everywhere across the world like people are familiar, they are now familiar with Tata logo and therefore with Tata brand. So here if you look at this point, it is saying that only that if you choose brand element which are simple and which can be transferred easily. So Tata Tetley is a brand equity that you developed over a period of time and that helped you in making new acquisitions which has no relation with Tata Tetley.

So if you can do that, it helps you a lot. Another example I will give you is Mathoot Finance. Now Mathoot Finance, all of us know is that it is a company that belongs to the state of Kerala, Kerala and Tamil Nadu and South India. Now not many people were aware of Mathoot Finance. Now what did they do? When they launched All India service, they hired a brand ambassador who had an All India appeal.

Who was that brand ambassador? It was Amitabh Bachchan. So when they have chosen a brand element which is a brand ambassador, they have chosen such an element who has an All India appeal and because he has an All India appeal, Mathoot Finance suddenly became an All India brand. So it went beyond geographic boundaries of South India, it went beyond the market segment and it captured market share across the country. So this is how you by selecting appropriate brand elements, you can not only transfer brand elements from one product to another product, but also from one region to another region from one market segment to another market segment. So that is how transferability happens if you choose correct brand elements. Thank you very much. .