Introduction to Marketing Essentials

Prof. Zillur Rahman
Department of Management Studies
Indian Institute of Technology, Roorkee

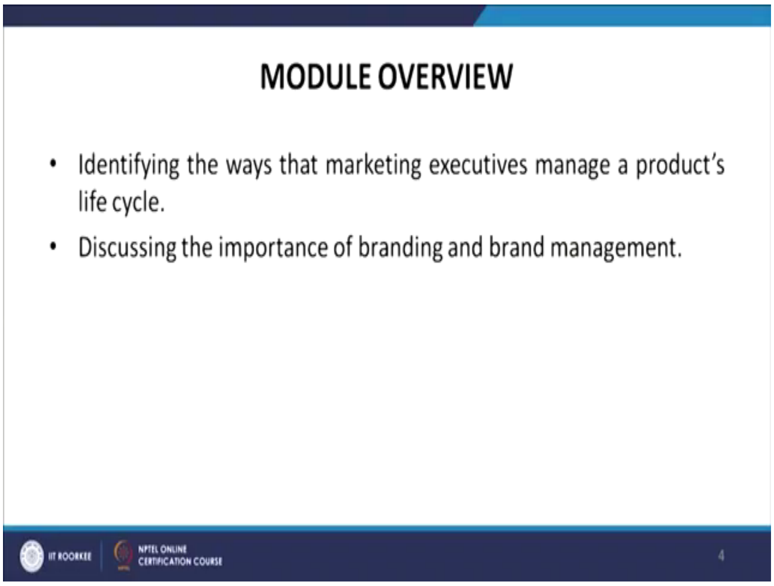
Lecture – 23
Managing Successful Products, Services, and Brands – II

Welcome to Introduction to Marketing Essentials. Now, we will talk about module 23. Now, as you can see on this slide module 22, 23, and 24 will be covering Managing Successful Products, Services and Brands.

(Refer Slide Time: 00:40)

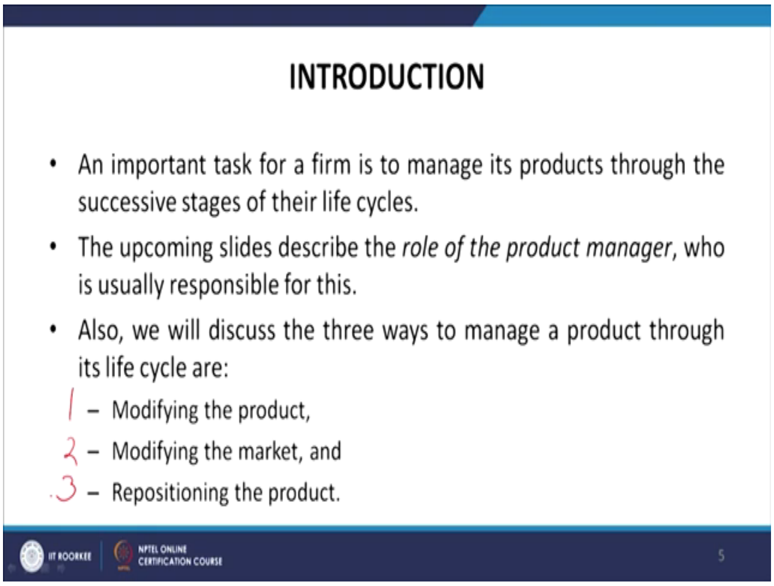
And now, today we will talk about module 23 and let us see what are the things that will be covered in this module.

(Refer Slide Time: 00:51)



So, the first thing that we will cover here is to identify the ways that marketing executives manage a product's life cycle. We have talked about product life cycle in module 22nd and the next thing that we will discuss today is the importance of branding and brand management. To introduce an important task for a firm is to manage its product through the successive stages of their life cycle.

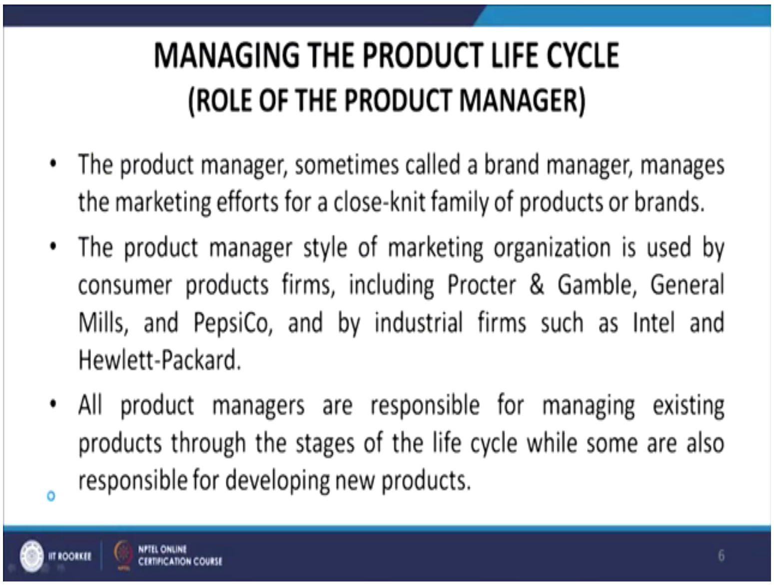
(Refer Slide Time: 01:01)



Now, you see that different products will be at different stages of the life cycle. So, the same company will be managing many life cycles at the same time. So, in the upcoming slides, we will describe the role of product manager who is usually responsible for managing the various stages of the product in their life cycles.

We will also discuss the three ways to manage a product through its lifecycle which are: first is to modify the product, the second is to modify the market, and the third is to reposition the product. These are the three ways in which a product is managed through its various life cycle stages. Now, let us talk about managing the product life cycle and the role of the product manager in that.

(Refer Slide Time: 02:06)

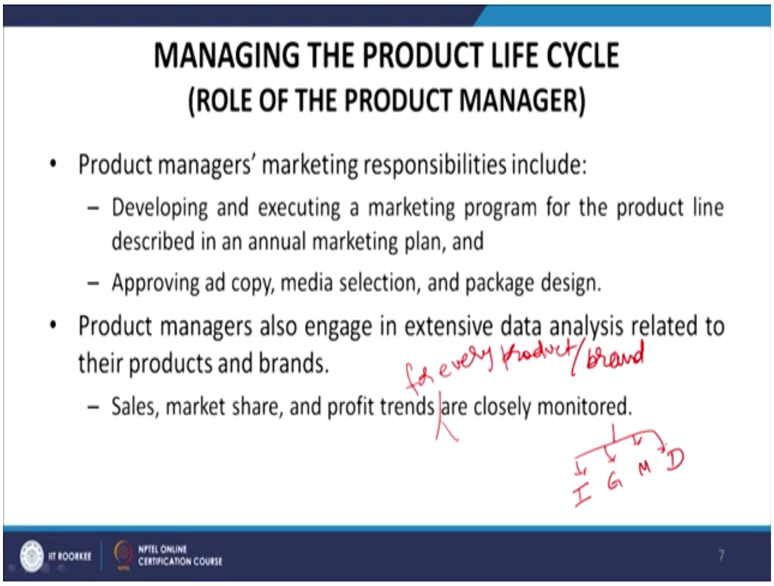


So, the product manager, sometimes called as a brand manager, manages the marketing efforts for a close knit family of products or brands. The brand manager style of marketing organization is used by consumer product firms, that includes Procter and Gamble, General Mills and PepsiCo, and by industrial firms such as Intel and HP.

All product managers are responsible for managing existing products through the stages of the life cycle while some are also responsible for developing new products. So, the problem is that one product may be in the decline stage, another product may be at maturity, and the third maybe in the growth stage, and, the fourth one is in the introduction stage, but then this product which is in introduction stage will very soon move on to the growth stage.

So, what remains? So, for that company in the product line there will be no product in the introduction stage of the product life cycle. So, that is why these product managers, they are several times also responsible for developing new products so that one or the other product it always remain in the introduction stage.

(Refer Slide Time: 03:08)



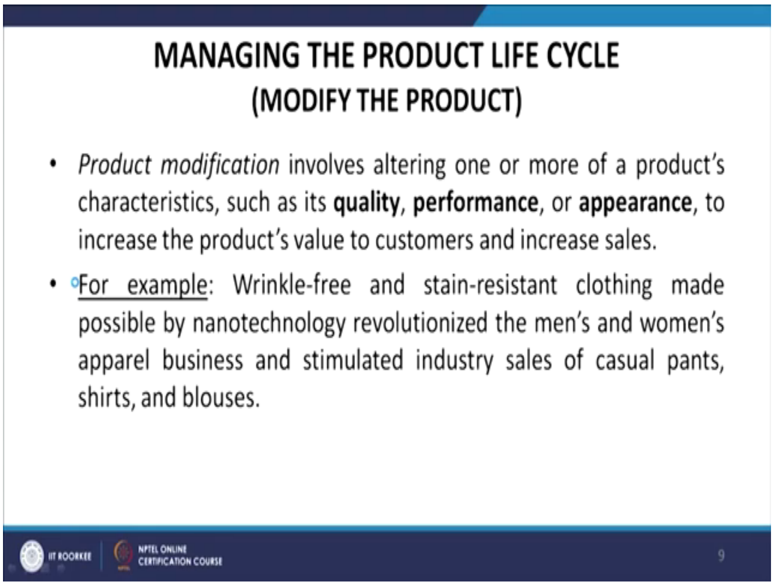
So, product managers marketing responsibilities include: developing and executing a marketing program for the product line described in an annual marketing plan, and also approving ad copy, media selection, and packaging design.

Product managers also engage in extensive data analysis related to their products and brands. Sales, market share, and profit trends for every product and brand are closely monitored, that is for every product and brand are closely monitored, because that will give a picture about which stage of the product life cycle a product is in. Is it in introduction, growth, maturity or decline.

(Refer Slide Time: 04:12)

So, managers often supplement the data related to their products and brands with two measures: one is the Category Development Index, and the second is Brand Development Index. So, these are the two indexes available to a brand manager to understand how their products and brands are doing. These indexes help to identify a strong and weak market segments, usually demographic or geographic segments for specific consumer products and brands and provide direction for marketing efforts.

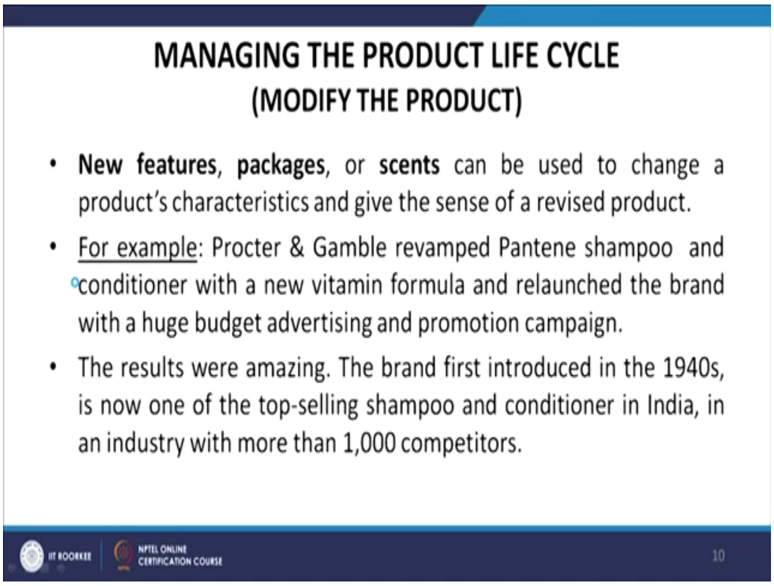
(Refer Slide Time: 04:48)



Now, for one thing that the product managers do while managing the product line is to modify the product. So, what does this means? Product modification involves altering one or more of product characteristics such as its quality, performance, or appearance, to increase the product's value to customers and increase sales.

For example, wrinkle free and stain resistance clothing made possible by nanotechnology revolutionized the men's and women's apparel business and stimulated industry sales of casual pants, shirts, and blouses.

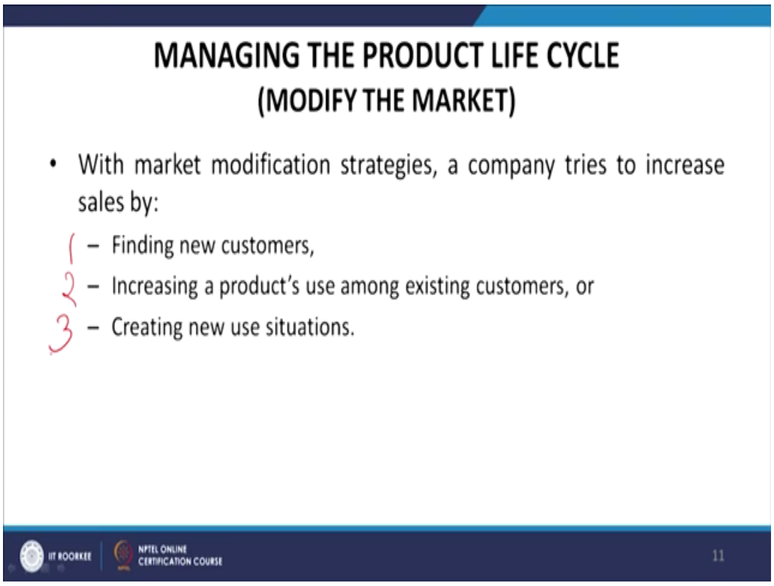
(Refer Slide Time: 05:28)



Another thing that can be done is to add new features, packaging, or scents they can be used to change a product characteristic and give the sense of a revised product.

For example, Procter and Gamble revamped Pantene shampoo and conditioner with a new vitamin formula and re-launched the brand with a huge budget advertising and promotion campaign. The results were amazing. The brand first introduced 1940s, is now one of the top selling shampoos and conditioners in India, in an industry where more than 1000 competitors are there.

(Refer Slide Time: 06:05)



Another thing that can be done now is to modify the market. So, first we have modified the product now we are talking of modifying the market with market modification strategies, a company tries to increase sales by: first is to find new customers, the second is increasing the product's use among existing customers, or creating new use situations.

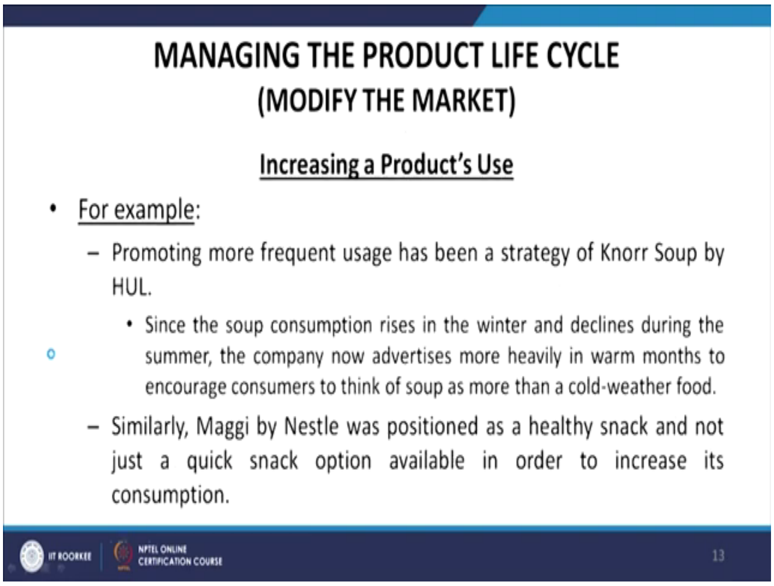
So, these are the three things that are done in this option that is modifying the market. So, finding new customers and increasing a product's use in the existing customers and then creating new use situations for those existing products.

(Refer Slide Time: 06:46)

Now, when we are looking at finding new customers. So, the example is that the advertising by laundry brands in India has evolved to drive behavioral change, both among kids as well as adults reflecting laundry as central to the household, affecting every individual and not simply as a woman's job.

Procter and Gambles award winning 'Share the load' campaign for Ariel Matic detergent is a manifestation of this trend. Harley Davidson has tailored a marketing program to encourage women to take up biking, thus doubling the number of potential customers for its motorcycles.

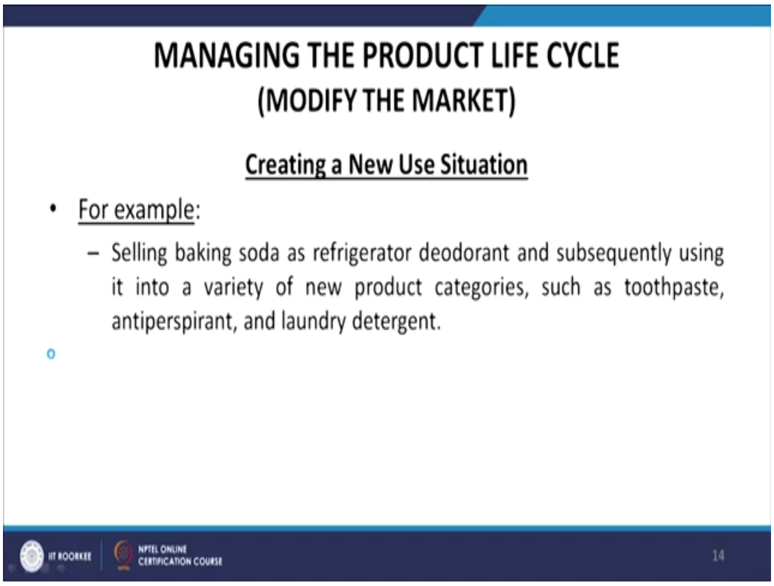
(Refer Slide Time: 07:28)



Another thing that can be done is to increase the product usage. So, we are talking of modifying the market, the first thing was finding new customers, the second is to increase a products usage. For example, promoting more frequent usage has been a strategy of Knorr Soup by HUL.

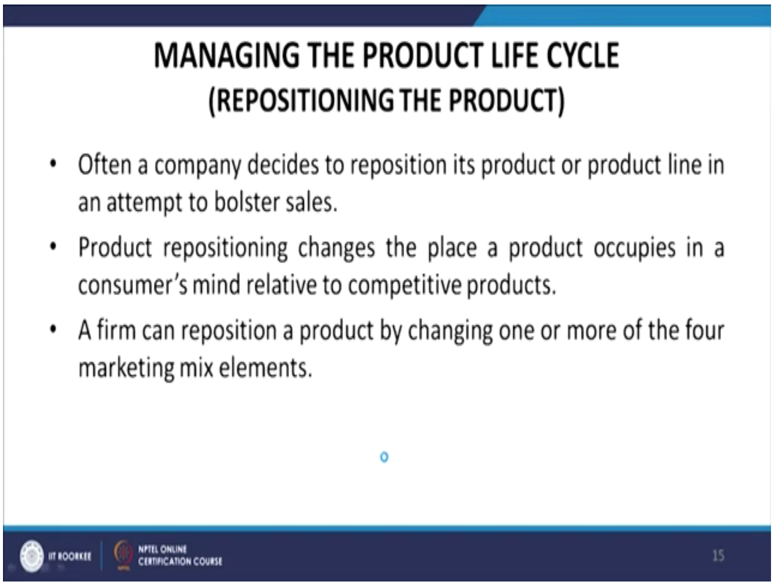
Since the soup consumption rises in the winter and declines during the summer, the company now advertisers more heavily in warm months to encourage consumers to think of soup as more than a cold weather food. Similarly, Maggi by Nestle was positioned as a healthy snack and not just a quick snack option available in order to increase its consumption.

(Refer Slide Time: 08:15)



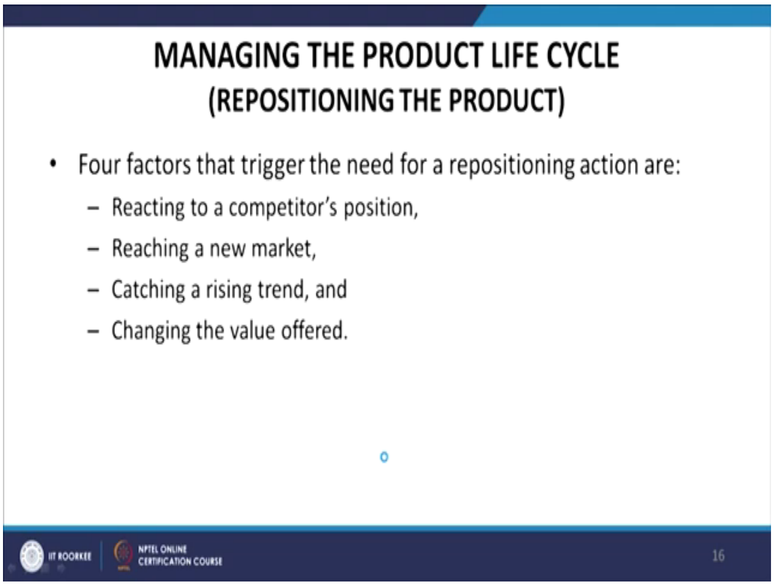
Now, how to create a new use situation? Selling baking soda as a refrigerator deodorant and subsequently using it into a variety of new product categories, such as a toothpaste, antiperspirant, and laundry detergent. Another option that we have seen earlier, from the slide number 5 so, we have talked about modifying the product and modifying the market. Now, we will talk about the new positioning of this product.

(Refer Slide Time: 08:45)



Often a company decides to reposition its product or product line in an attempt to bolster sales, in an attempt to increase sales. Product repositioning changes the place a product occupies in the consumer's mind relative to competitive products. A firm can reposition a product by changing one or more of the four marketing mix elements.

(Refer Slide Time: 09:12)



So, four factors that trigger the need for a repositioning action are: first is reacting to a competitive position, second is reaching a new market, the third is catching a rising trend, and the fourth one is to change the value offered. So, these are the four factors that trigger the need for reposition.

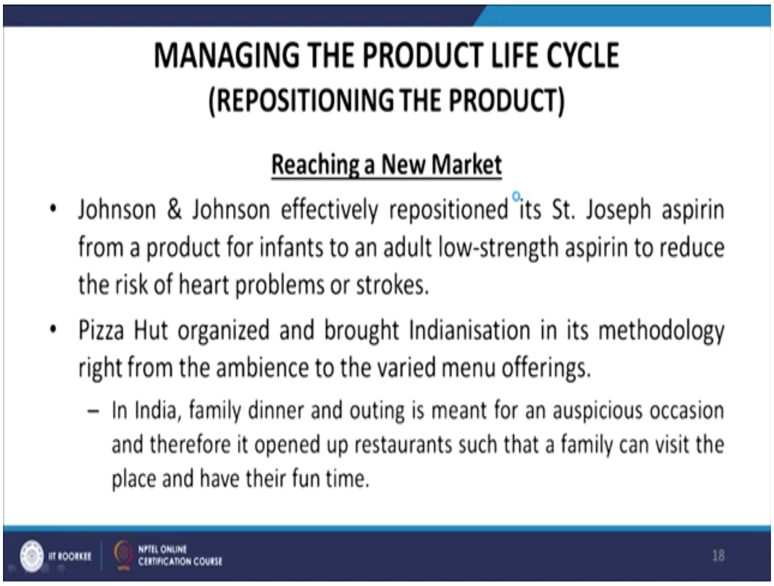
So, there can be more than one factor or there can be one factor out of these or there can be two, three, or all four that may trigger this repositioning.

(Refer Slide Time: 09:53)

So, what happens in this first one that is reacting to a competitor's position? One reason to reposition a product is because the competitor's entrenched position is adversely affecting sales and market share.

For example, decathlon has low end price positioning and targets consumers who see value for money as more important than the brand image. In doing so, it appeals to a wide range of age groups and more to participants in sporting and outdoor activities, as opposed to consumers buying sportswear as a fashion statement.

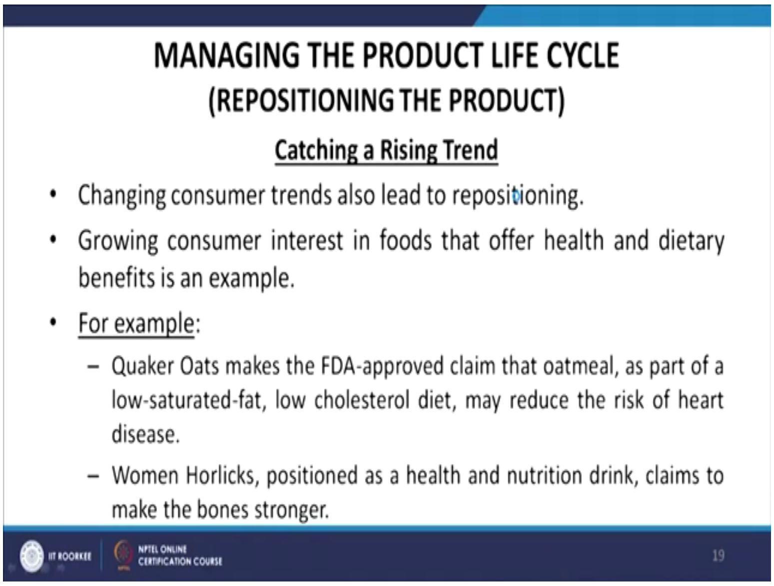
(Refer Slide Time: 10:25)



Reaching a new market, so that is another option that is reaching a new market. So, Johnson and Johnson effectively repositioned its Saint Joseph aspirin from a product for infants to an adults low strength aspirin to reduce the risk of heart problems or strokes. Pizza Hut organized and brought Indianisation in its methodology right from the ambience to the varied menu offering.

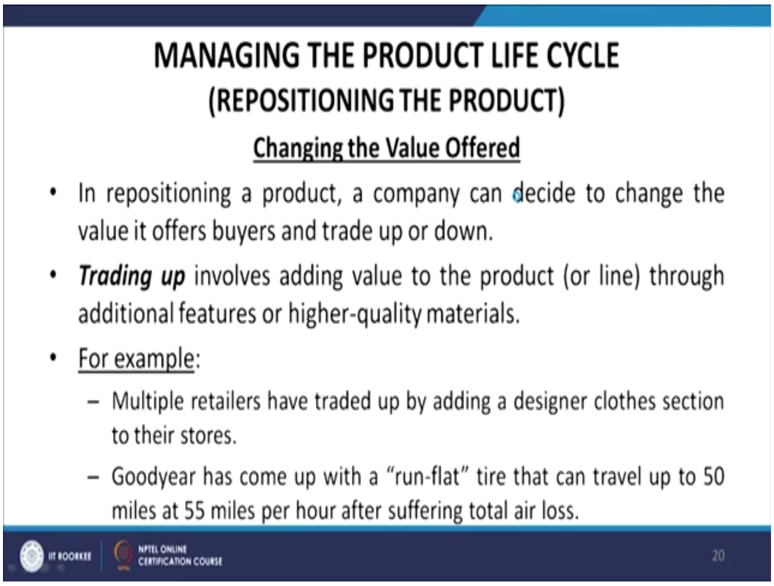
In India, family dinner and outing is meant for an auspicious occasion and therefore, it opened up restaurants such that a family can visit the place and have their fun time. Another thing to do is to catch a rising trend. Changing consumer trends also lead to repositioning. Growing consumer interests in food that offer healthy and dietary benefits is an example.

(Refer Slide Time: 11:16)



Quaker oats make the FDA-approved claims that oatmeal, as part of a low-saturated fat, low cholesterol diet, may reduce the risk of heart disease. Women Horlicks, positioned as a health and nutrition drink, claims to make the bones stronger.

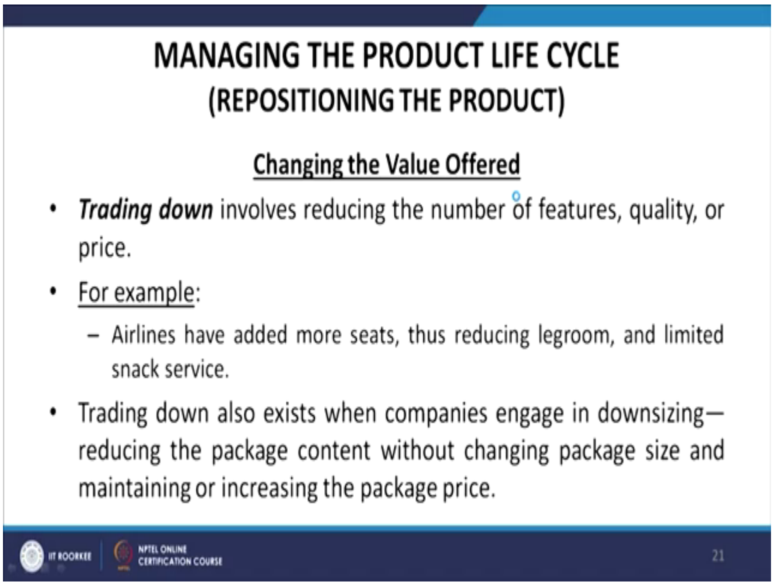
(Refer Slide Time: 11:36)



The next option is to change the value offered. In repositioning a product, a company can decide to change the value it offers buyers and trade up or down. Trading up involves adding value to the product or line through additional features or higher quality material. For example, multiple retailers have traded up by adding a designer clothes section to their stores.

Goodyear has come up with a "run flat" tire that can travel up to 50 miles at 55 miles per hour after suffering total air loss. Another option is changing the value offered. So, we are still continuing with changing the value offered. So, we have talked about trading up, now we will talk about trading down.

(Refer Slide Time: 12:25)



It involves reducing the number of features, quality, or the price. For example, airlines have added more seats, thus reducing legroom, and limited snack service. Trading down also exist when companies engage in downsizing that is reducing the package content without changing package size and maintaining or increasing the package price. Another important thing that we will talk about is branding and brand management.

(Refer Slide Time: 13:00)

The American Marketing Association defines a brand as, “a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of the competitors.”

Now, these differences may be functional, rational, or tangible - related to the product performance of the brand. They may be symbolic, emotional, or intangible - related to what the brand represents or mean in a more abstract sense. So, these differences can come from rational, emotion, or tangible or they may come from symbolic, emotional, and intangible. So, here we are talking of product performance here, we are talking of the more abstract sense.

(Refer Slide Time: 13:50)

Now, what is the brands role for firms? So, firms may benefit most from branding in the following ways: first is branding simplifies product handling by helping organize inventory and accounting records, the second is a brand also offers the firm legal protection for unique features or aspects of the product, the third is a credible brand results in brand loyalty which provides predictability and security of demand for the firm, the fourth is branding can be a powerful means to secure a competitive advantage.

So, in addition to all the first three the most important is that these brands they provide a powerful means of a competitive advantage. Now, what does brand do for a consumer?

(Refer Slide Time: 14:54)

So, consumer may benefit most from branding in the following ways: the first is recognizing competing products by distinct trademarks allow them to be more efficient shoppers.

The second is consumers can recognize and avoid products with which they are dissatisfied, while becoming loyal to other more satisfying brands. And moreover, brand loyalty often eases consumer decision making by eliminating the need for an external search. So, as soon as the consumer has a need he goes and buys a brand, because he is brand loyal.

(Refer Slide Time: 15:27)

So, branding is the process of endowing products and services with the power of a brand. It is all about creating differences between products. So, we are talking of creating differences. So, that is important. So, when we are doing branding we are creating differences between products. Marketers need to teach consumers "who" the product is, "what" the product does and "why" consumer should care about that product.

So, these are the three functions that it does; who is the product, what it does and why the consumer should be worried about it. So, marketers can apply a branding virtually anywhere a consumer has a choice. It is possible to brand a physical good, a service, a store, a person, a place, an organization, or an idea.

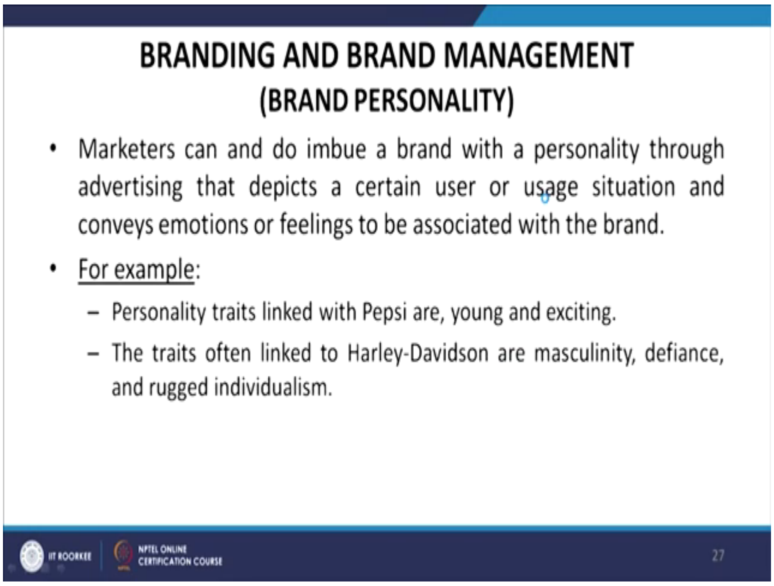
(Refer Slide Time: 16:26)

Now, with this branding and brand management comes brand personality. Product managers they recognize that branch offer more than product identification and a means to distinguish their products from those of the competitors. Successful and established brands take on a brand personality.

A set of human characteristics associated with a brand name. Research shows that consumer assign personality traits to products. So, they think of brands as traditional or romantic or rugged or sophisticated or rebellious and choose brands that are consistent with their own or desired self image.

So, this is important. This is the means why consumer should, why to care, because it is like me. So, that is why I will buy this.

(Refer Slide Time: 17:31)



Marketers can and do imbue a brand with a personality through advertising that depicts a certain user or usage situation and conveys emotions or feelings to be associated with the brand. For example, personality traits linked with Pepsi are, young and exciting. The traits often linked to Harley Davidson are masculinity, defiance and rugged individualism.

(Refer Slide Time: 17:55)

Brand equity is the added value. So, now, you see that we have talked about brand, branding, brand personality, and now we are talking of brand equity. Brand equity is the added value; a brand name gives to a product beyond the functional benefits provided. This added value has two distinct advantages; the first is the brand equity provides the competitive advantage. For example, Disney name defines children's entertainment.

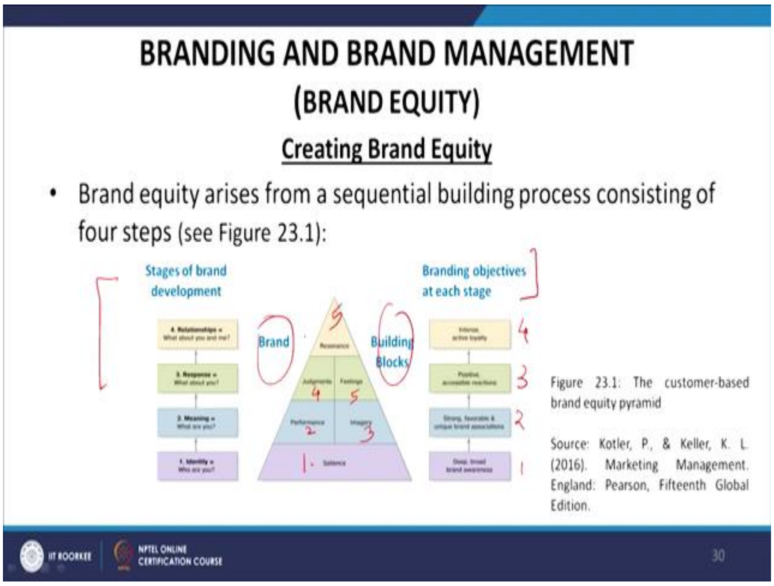
The second advantage is that consumers are often willing to pay a higher price for a product with brand equity. For example, Gillette razors and blades, Bose audio systems, and Duracell batteries, all enjoy a price premium arising from their respective brand equity.

(Refer Slide Time: 18:50)

Now, how to go about creating brand equity? Brand equity does not just happen. It is carefully crafted and nurtured by marketing programs that forge strong, favorable, and unique customer associations and experiences with the brand. Brand equity resides in the minds of the consumers. So, it resides in the mind of the consumers and results from what they have learned, felt, seen, and heard about a brand over a period of time.

So, how this brand equity is formed in the mind of the consumers, because of what they have learned, they have felt, seen, and heard about a brand over a period of time. Brand equity is reflected in perceptions, preferences, and behavior related to all aspect of marketing a brand. Now, how to go about creating brand equity? So, that was about how to go about creating brand equity. Now, we will talk about certain models for creating brand equity.

(Refer Slide Time: 19:58)



So, brand equity arises from a sequential building process consisting of four steps. So, these are given in this figure 23.1. So, that is a customer based brand equity pyramid.

Now, you see that on the right hand side, we have branding objective at each stage. On the left hand side, we have stages of the brand development. So, the first stage of brand development is to identify, which is who you are? The second is meaning, what you are? The third stage is response, what about you? And the fourth stage is relationships that is, what about you and me?

Now, branding objective at each stage is, at the first level it is the deep broad brand awareness, at the second stage it is strong favorable and unique brand associations, at the third stage is positive accessible reactions, and at the fourth stage is intense active loyalty. So, now, here we have brands and here we have the building blocks. So, at the bottom is salience.

So, when we are talking of stage of brand development, it is identify who you are? The branding objective is deep broad brand awareness and in this model that is the first step that is salience. Now, as we move on to the second stage meaning what you are and building a strong favorable unique brand associations so, that will come from performance and imagery.

Now, let us move on to the next step that is response, what about you? The branding objective is positive accessible reactions. Now, here there are two things judgment and feeling and at the top, what about you and me? Intense active loyalty so that is resonance.

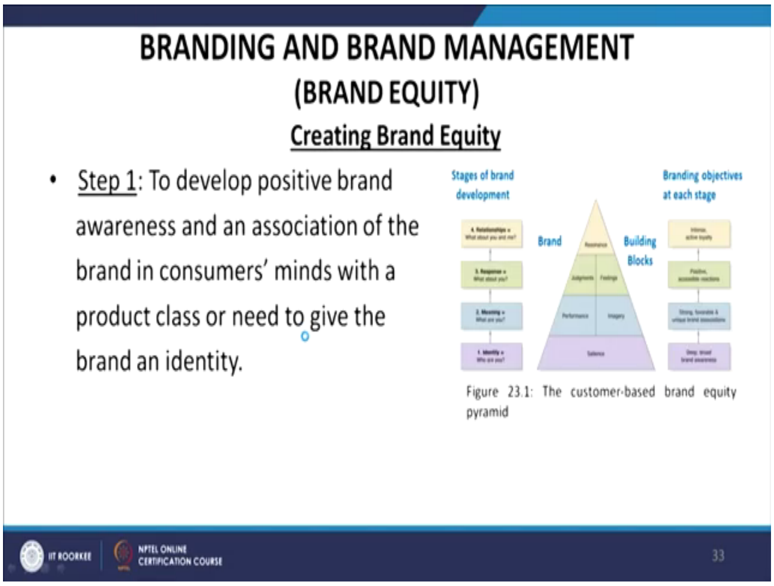
(Refer Slide Time: 22:07)

Now, let us see about all of them. So, what is brand salience? Brand salience is how often and how easily customers think of the brand under various purchase or consumption situations - the depth and breadth of brand awareness brand performance is how well the product or service meets customer functional needs and brand imagery describes the extensive property of a product or service including the ways in which the brand attempts to meet customer psychological or social needs.

(Refer Slide Time: 22:45)

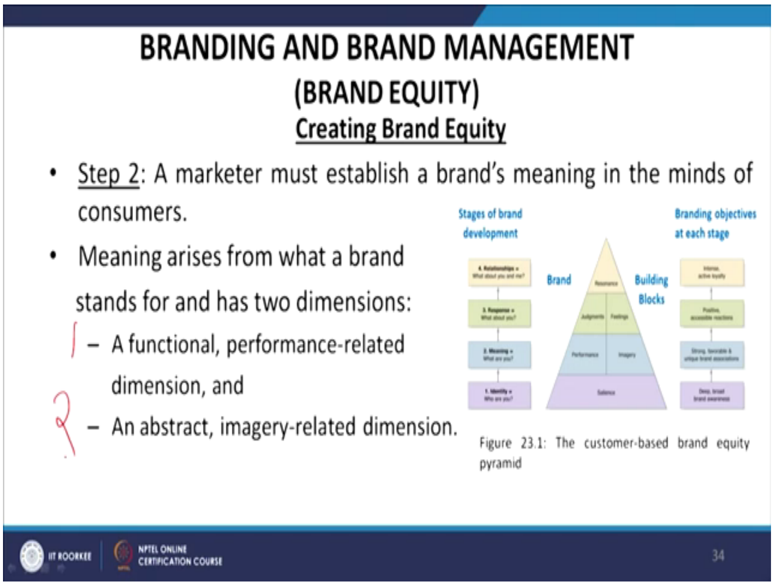
Brand judgments are focused on customers' own personal opinion and evaluations. Brand feelings are customers' emotional responses and reactions with respect to the brand and brand resonance describes the relationship customers have with the brand and the extent to which they feel they are "in sync" with it.

(Refer Slide Time: 23:09)



So, in this model the first step is to develop positive brand awareness and an association of the brands in the consumers' minds with a product class or need to give the brand an identity.

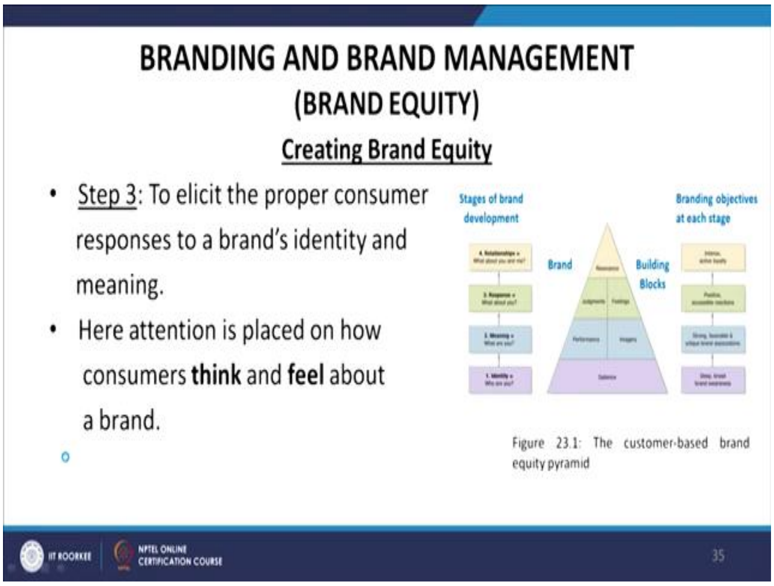
(Refer Slide Time: 23:25)



The second step is marketers must establish a brands meaning in the mind of the consumer. Now, this meaning arises from what a brand stands for and has two dimensions to it.

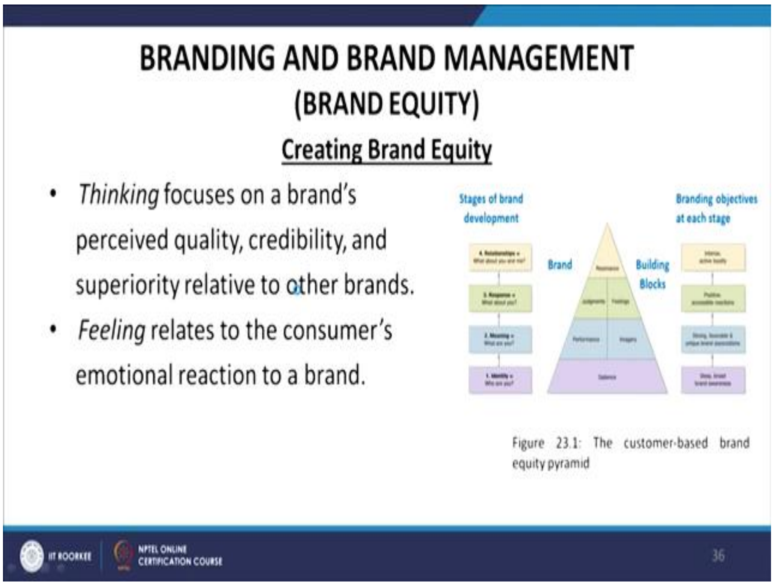
The first is the functional performance related dimension, and the second is an abstract imagery related dimension that we have talked about earlier also. So, these are the two meanings that come with the brand.

(Refer Slide Time: 23:53)



The third step is to elicit the proper consumer response to a brand's identity and meaning. Here attention is placed on how consumers think and feel about a brand. Think and feel here, it is about what the brand stands for on the functional and abstract dimension. Now, here the attention is on how consumer thinks and feels about a brand.

(Refer Slide Time: 24:18)

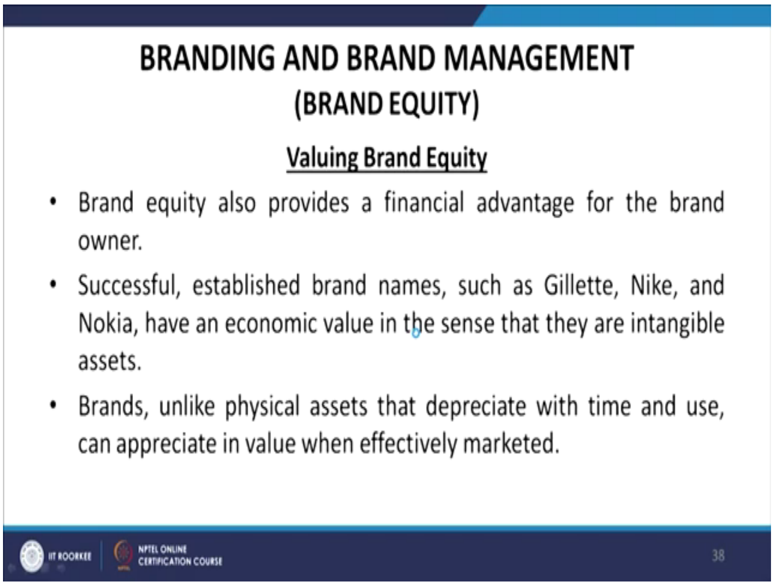


Thinking focuses on a brand's perceived quality, credibility, and superiority relative to other brands while feeling relates to the consumers emotional reactions to a brand.

(Refer Slide Time: 24:36)

The fourth step is to develop a strong and sustainable relationship with the consumer. The focus is on developing resonance. The intensity of customer's psychological bond with the brand and the level of activity it engenders.

(Refer Slide Time: 24:52)



Now, after having build this brand equity. Now, it is time to value this brand equity. So, brand equity also provides a financial advantage for the brand owner. Successful, established brand names, such as Gillette, Nike, and Nokia, have an economic value in the sense that they are intangible assets. Brands, unlike physical assets that depreciate with time and use can appreciate in value when effectively marketed.

(Refer Slide Time: 25:26)

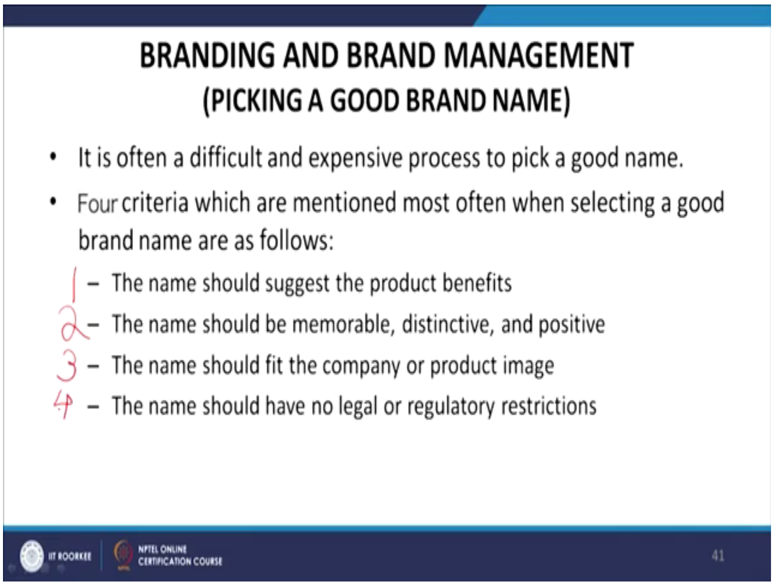
Financially lucrative brand licensing opportunities arise from brand equity. So, what is this brand licensing? It is a contractual agreement whereby, one company that is called as the licensor allows its brand names or trademarks to be used with products or services offered by another company that is licensee for a royalty or a fee. For example: Disney makes billions of dollars each year licensing its character for children's toys, apparels, and games. Winnie the Pooh fee alone exceeds 300 crores annually.

(Refer Slide Time: 26:02)

Successful brand licensing requires careful marketing analysis to ensure a proper fit between the licensor's brand and the licensee products. World renowned designer Ralph Lauren earns over dollar 140 million each year by licensing his Ralph Lauren, Polo and chaps brand for dozens of products.

Mistake, such as Dominos fruit flavored bubble gum, is an example of poor matches and licensing failures.

(Refer Slide Time: 26:32)

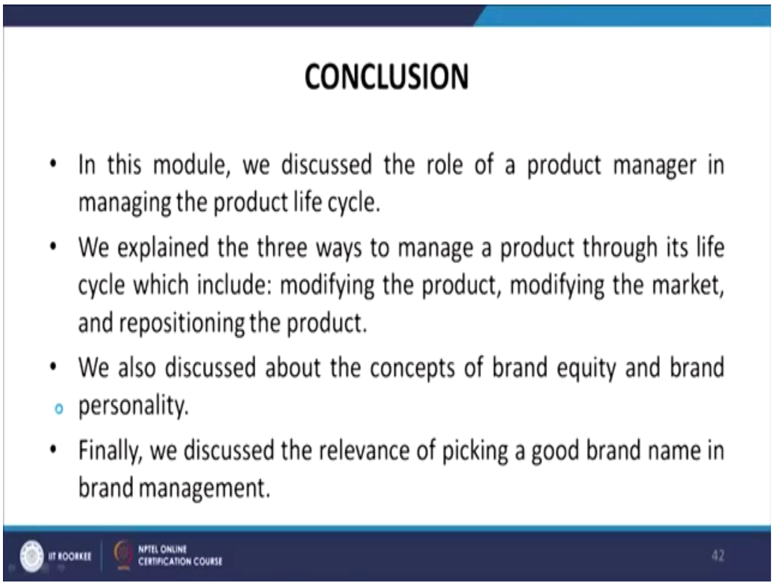


Another important thing is to understand, how to go about picking a good brand name. It is often difficult and expensive process to pick a good brand name. So, there are five criteria which are mentioned most often when selecting a good brand name and they are as follows: the first is the brand should suggest the product benefit.

The first criteria is the name should suggest the product benefits, the second criteria is the name should be memorable, distinctive, and positive, the third is the brand should fit the company or product image and the fourth is the name should have no legal or regulatory restriction.

So, now it is time for picking a good brand name. How to go about choosing a brand name? It is often a difficult and expensive process to pick a good brand name. So, there are four criteria which are mentioned most often when selecting a good brand name which are as follows: the first is the brand should suggest the product benefits, the second is the name should be memorable, distinctive, and positive, the third important criteria is the name should fit the company or product image, and the fourth is the name should have no legal or regulatory restriction.

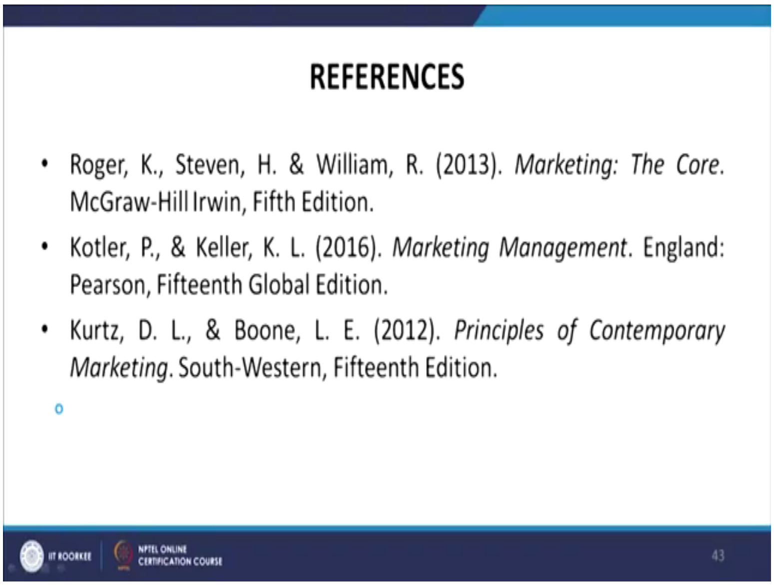
(Refer Slide Time: 28:01)



So, to conclude in this module, we have discussed the role of a product manager in managing the product life cycle and of various products and their life cycles. We explained the three ways to manage a product through its life cycle which includes: modifying the product, modifying the market, and repositioning the product.

We have also discussed about the concepts of brand equity and brand personality and then finally, we discussed the relevance of picking a good brand name, in brand management.

(Refer Slide Time: 28:31)



These are the three books used in this module.

Thank you.