

Product and Brand Management
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Lecture 39
Brand Proposition

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Different Outlooks of 'Brand'



- Visual
- Perceptual
- Positioning
- Added value
- Image
- Personality

Source: Hankinson, G., Cowking, P. (1995). What do you really mean by a brand?.
Journal of Brand Management, 3, 43–50.


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- To bring these strands together, a brand management checklist system has been put together based upon what the authors regard as a more all-embracing definition of a brand.

Source: Hankinson, G., Cowking, P. (1995). What do you really mean by a brand?.
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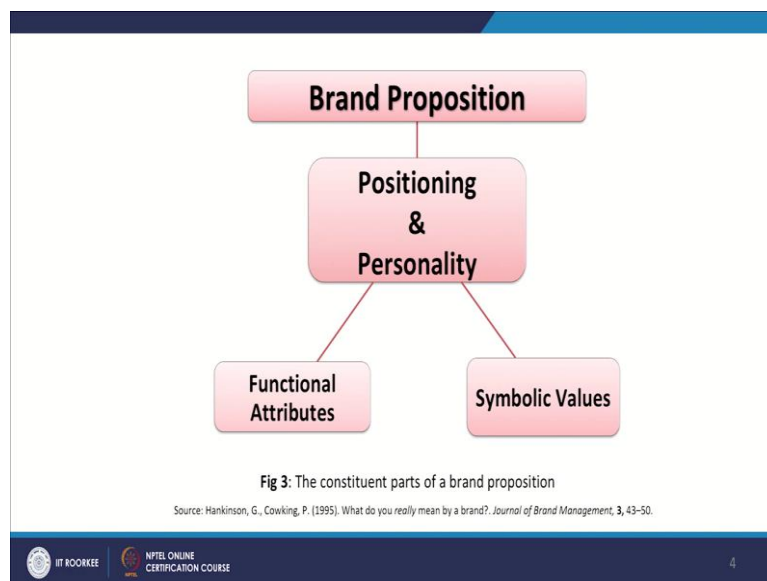
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Welcome back friends. Carrying forward from the discussion which I had with you in my last session, I will take a chord from the perspective I try to built up around brand. The source is Hankinson, G., Cowking, P. 1995, the name of the paper is ‘What do you really mean by a brand?’, published in Journal of Brand Management.

Now, you see I was referring to an aspect of six categories of definitional perspectives which the authors have presented in their paper and very relevant ones given by very eminent academicians and authors in the field of brand management. Herein the crux came to that you see those aspects, those perspectives as authors say is to bring these strands together. A brand management checklist system has been put together based on what the authors regard as more of an all-embracing definition of a brand. So, authors, taking us towards a culmination and that is where comes in brand proposition, let us see what do we have in store.

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Brand Proposition

- 'A brand is a product or service made distinctive by its positioning, relative to the competition, and by its personality ...**Positioning** defines the brand's point of reference either by price or by usage. **Personality** consists of a unique combination of **functional attributes and symbolic values** with which the **target consumer** identifies.' -Hankinson & Cowking
- So, for the purposes of analysis, there is a three-part definition of a brand involving:
 - Personality (**Ruggedness- Levi's Jeans, Competence- Volvo, Sophistication- Rolex**)
 - positioning
 - target consumer.

Source: Hankinson, G., Cowling, P. (1995). What do you really mean by a brand?. *Journal of Brand Management*, 3, 43-50.

You see brand proposition is related to positioning and personality and then it is associated with functional attributes and symbolic values. We started our discussion in the last session from this point. We carried forward the discussion with the perspective of the six aspects, and six divisions and we used several definitions within those six aspects.

Here is brand proposition, positioning and personality, functional attributes and symbolic values. Let us see what comes. Next, you see a brand proposition is related to wherein a brand is a product or a service made distinctive by its positioning. Remember the last session we talked about Ries and Trout talking about positioning, so distinctive by its positioning relative to the competition and by its personality.

Positioning defines the brands' point of reference either by price or by usage, now we talked about marketing programs associated with the development and building up of a brand. Here comes the mention of price as well. Personality consists of a unique combination of functional attributes and symbolic values with which the target consumer identifies.

Now, this is given by Hankinson and Cowking as far as when they say that they are putting up the strands together. So, for the purpose of analysis, there is a three-part definition of a brand which involves personality. Probably we can talk about the ruggedness. I mentioned Levi's Jeans. Competence for example Volvo and Mercedes-Benz, BMW, and Toyota. And then sophistication. Rolex, Montblanc and several others and we talked about Nakshatra as well.

Then apart from personality comes positioning. I initiated my discussion with IITs, what positioning IITs have in the minds of students, recruiters, in general, all and otherwise. Then comes in target consumer. Hence personality, positioning, and target consumer.

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Value Proposition

- The primary purpose of a brand is to create market value by identifying the company's offering, differentiating it from the competition, and delivering benefits above and beyond those delivered by the product and service aspects of the offering.

Source: Chernev, A., & Kotler, P. (2018). *Strategic marketing management*, (2nd E.d.). Cerebellum Press.

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Now we are talking of brand proposition, so here comes an element of the value proposition. The primary purpose of a brand is to create market value by identifying the company's offering, differentiating it from the competition and delivering benefits above and beyond those delivered by the product and service aspects of the offering. How to take a consumer ahead, beyond that particular product which seems to be a product.

For example, I have been mentioning examples of McDonald's and Dunkin Donuts and Pizza Hut and so on and you may choose any of such products basically because that will give us a very strong conceptual build-up around what we are talking of. So, you see a simple doughnut is a means of satisfying your hunger but then how do Dunkin Donuts take you to that kind of a level wherein you feel happy about consuming that product?

And you may actually think of this aspect in terms of a samosa prepared by, cooked by a local restaurant you like actually. Some famous restaurant or some famous shop in your area whom you rely upon, whose quality has been judged and has been consistent for a number of years and it is a favourite shop you prefer to choose when you wish to purchase samosa or dosa for that matter or any such product basically. It is not necessary that everyone knows their name.

So, you see value proposition is where that particular thing brings delight to you and that is why this perspective talks about a brand associated with company value, customer value and collaborators value. There is an overlap in all these three and that is where the optimal value proposition comes in. It is a dimensional method of explaining how all these things come

together and where the customer feels that. Although I would try to introduce another aspect that we talked about tangibility and intangibility earlier and here I would wish to suggest that intangibility in a value proposition becomes quite prominent in due course of time.

And we talked about this when the customer wants to look at a brand with his own perception and perspective so that also plays a very important role wherein cognitive and effective aspects they meet each other.

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Brands as a Means of Creating Customer Value

- Customer value is *intangible* and *idiosyncratic*.
- Value is intangible because it is not a property of the company's offering and does not physically exist in the market.
- Value is created when a customer interacts with the company's offering; it reflects a customer's subjective evaluation of the worth (utility) of the offering.
- As a customer's evaluation of the worth of the company's offering is subjective, value is idiosyncratic, meaning that the same offering can have different value for different customers; an offering that is appealing to one customer might be of little or no value to another customer.

Source: Cherrier, A., & Kotler, P. (2018). Strategic marketing management, (2nd E.d.). Cerebellum Press.

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Brands as a means of creating customer value. Let us talk about this a bit. Customer value is intangible and idiosyncratic and that is what I was mentioning. Value is intangible because it is not a property of the company's offering and does not physically exist in the market. It is associated with so many aspects and that is why I mentioned about dosas and samosas and mithai and petha you like or peda you like, for example, you go to Mathura and you like the peda and so on.

The value is created when a customer interacts with the company's offering, it reflects a customer's subjective evaluation of the worth of the offering and that is where geographical connotation also comes in. Many times people go to a particular kind of a place and then someone asks them, did you bring that particular food product from there because that is famous there.

There are several places associated with a particular kind of food product and so that is where the subjective evaluation of the worth comes in association with some things. As a

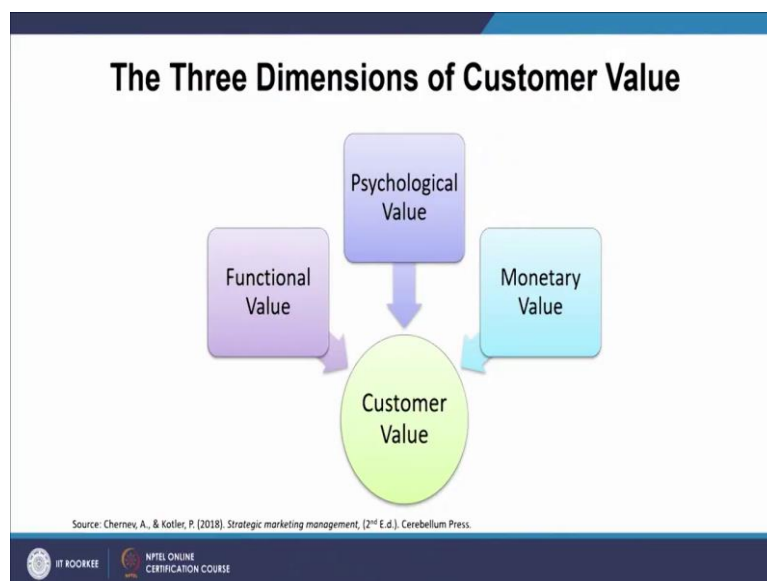
customer's evaluation of the worth of a company's offering, it is a subjective value that is idiosyncratic.

Meaning, that the same offering can have a different value for different customers. An offering that is appealing to one customer might be of little or no value to another customer and that can also be seen from the perspective of when you go to watch a movie. Someone is delighted to watch that movie because he or she is watching her favourite stars over there and they are deeply associated with their favourite star.

For example, if you watch a movie of Mr Rajnikanth somewhere wherein his fans are sitting, you would feel the difference basically. Someone who admires him, but somehow admires him as an actor would be happy to see the movie in totality, but someone who is a deeper admirer of Mr Rajnikanth might not like the movie at all but he still is happy because he is watching Mr Rajnikanth. Now that is the difference I mean to suggest.

And definitely, Mr Rajnikanth's example is one of the most prominent examples in Indian cinema apart from Mr Bachchan himself. So that is how things are and that will explain so many things actually when we talk of creating customer value. Not to overlook the aspect that both of these names apart from many others have built strong credibility, for themselves in their personal lives as well.

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The three dimensions of customer value, are psychological value, monetary value and functional value and all these aspects, come to customer value. You see its an interesting way

through which authors are drawing our attention towards a few aspects and we must take note of these. Then we must associate all of these with examples that we use in our daily lives and try to see how brands are doing, and what authors are trying to put up in front of us.

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Brands as a Means of Creating Functional Value

- **Identifying the company's offering**
- For example, Customers identify P&G's detergent brand name Tide.
- **Signaling an offering's performance**
- For example, Tide brand signals cleaning power.
- **Enhancing customers' perception of an offering's performance**
- For example, brands signaling wealth (e.g., Patek Philippe watches, Bugatti cars) or professional expertise (Bosch construction tools and Montblanc business accessories) can serve the functional benefit of establishing an individual's credibility and facilitating business transactions.

Source: Chernev, A., & Kotler, P. (2018). Strategic marketing management, (2nd E.d.). Cerebellum Press.

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Brands as a means of creating functional value. Identifying the company's offering, for example, customers identify Procter and Gamble's detergent with the brand name Tide. Here is a very interesting thing basically because we are talking of detergents, you talk to someone and you say that go and purchase some washing powder, many of the consumers still call washing powder as Surf in India. At least in northern parts of the country, I have observed it and you see this morning one of my associates mentioned detergent as Surf in this slide as well which I actually changed later on. But what I am trying to say here is that you see this is the brand power of a detergent which actually connotes in our mind, resonates with reference to being a product itself.

Signalling an offerings performance. For example, Tide brand signals cleaning power. Surf also does that and there was a very powerful brand Sunlight, it also does. Rin also does that and several others. Nirma is one of my favourites, and Ghari is again a slightly bigger favourite of mine but it is my individual choice.

Now, enhancing customers' perception of the performance of an offering. How to enhance or how does customer perception gets enhanced through the performance of the offerings? For example, brand signalling wealth includes Patek Philippe watches, and Bugatti, then in terms

of professional expertise Bosch construction tools and Montblanc and there are several business accessories of Montblanc. They can serve the functional benefit of establishing an individual's credibility and facilitating business transactions.

This can very well be associated with several banking organizations also and this can be very prominent in terms of the service industry actually and it is very prominent in terms of hospitals and health care also. Aravind eye care is one of the favourites I have in mind. Then Narayana Hrudayalaya, then Max hospital is there, Fortis is there, Medanta is there and several other hospitals which are professionally doing excellent. It is not that others are not doing good, several others are doing excellent, so that is how the perception or perspective is stated as far as the service situation goes.

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Brands as a Means of Creating Psychological Value

- **Conveying emotions**
 - For example, **Coco-Cola** (open happiness), **Tata Nano** (Khushiyaon ki Chaabi) evokes feelings of happiness and affection, **Nike** (Just Do it) evokes a sense of leadership, and **Kodak** (Share Moments, Share Life) evokes memories of special occasions in people's lives.
- **Enabling self-expression**
 - For example, brands like **Harley-Davidson** and **Abercrombie & Fitch** stand for different types of lifestyles.
- **Signaling societal value**
 - For example, **UNICEF**, **CARE**, **World Wide Fund**

Source: Chernev, A., & Kotler, P. (2018). Strategic marketing management, (2nd E.d.), Cerebellum Press.

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Brands as a means of creating psychological value. Conveying emotions, Coca-Cola and khushiyaon ki chaabi. You see it is so engrossing basically, you have a bottle of coke in your hands, and this message is in your mind “khushiyaon ki chaabi”. You feel like opening up happiness basically. Sometimes you do, sometimes you do not, and I have realized that people actually think in terms of these kinds of connotations. Their mood is slightly fluctuating and when you open up a bottle of coke you really feel khushiyaon ki chaabi, this evokes feelings of happiness and affection.

Nike, “just do it”, evokes a sense of leadership and I remember Adidas wearing break free was a very successful campaign of Adidas so that again does well. Kodak has been a very long success story so share the moment, share the life, and then several others in films and

cameras or those kinds of products for example Nikon, and Canon. They are beautiful enduring because pictures create memories, so these products definitely talk about those elements with reference to pictures and creating memories.

Now come in enabling self-expression. For example, brands like Harley Davidson, and Abercrombie and Fitch stand for different types of lifestyles and there are several other brands for example Raymonds. It is one of my favourites actually. A Raymond Man, now you see definitely the responsible side of a person, the responsible side of a human being.

That reminds me of one of my favourite campaigns. I think it was a campaign wherein a father realizes after a long long time that he never learned to participate in the household chores while he watched his daughter doing so many things. A working woman taking care of her children as well as a husband also and family things also and he leaves a note to his daughter that from now onwards I would support your mother in household tasks. That was one of my favourite campaigns.

So again, you see that is wherein a person getting responsible while learning from his daughter. Now that is a wonderful thing basically. There are several kinds of elements as far as when we talk of enablement of self-expression. Enabling self-expression, there is an advertisement related to small children, beautiful kids and, those that happen to bring in lots of self-expression. Now signalling societal value. For example, UNICEF, CARE, World Wide Fund and so on. So, there are several organizations which actually bring these elements to the fore.

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Brands as a Means of Creating Monetary Value

- Signaling an offering's price
- Enhancing an offering's monetary value
- For example, The financial benefit of brands is particularly prominent in the case of collectible items. To illustrate, a 1936 Bugatti sold for over \$30 million in 2010, significantly higher than warranted by its functional value as a means of transportation.
 - Likewise, the Hermès Birkin bag commands a resale price as high as \$100,000, which is to a large degree attributed to the iconic status of the brand.

Source: Chernev, A., & Kotler, P. (2018). Strategic marketing management, (2nd E.d.). Cerebellum Press.

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Brands as a means of creating monetary value. Now signalling an offerings price and enhancing an offerings monetary value. For example, the financial benefit of brands is particularly prominent in the case of collectable items. To illustrate, a 1936 Bugatti sold for over \$30 million in 2010. As the paper mentions here, so significantly higher than warranted by its functional value as a means of transportation. Likewise, the Hermes Birkin bag commands a resale price as high as \$100,000 which is to a large degree attributed to the iconic status of the brand.

There are several other products in our country wherein they command that kind of value related to possession, related to worth which a customer looks at. There are some precious books, there are several precious paintings, and there are artefacts. I remember people used to collect stamps and then there were several collectables and then different kinds of having value propositions.

There are very important club memberships, you see if you would appreciate, several years people wait to enter into those clubs as members and they put up high value. Sometimes memberships are given at a particular price and I have heard that some sometimes are auctioned and there are several other kinds of elements associated with that.

Then there are cricket bats used by players of eminence, there are golf sticks used by players of eminence, there are people whom I have seen collecting footballs kicked by so many prominent players and there are cricket balls bowled by several kinds of players, prominent players and so on.

And even I have seen people watching the first show of a movie and putting up a particular value perspective in terms of as far as so they pay a higher premium, higher price for that first show or a special show.

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Brands as a Means of Creating Company Value

- Brands can encourage customer demand, amplify the impact of other marketing efforts and can facilitate the hiring and retaining of skilled employees.
- Brands can generate incremental revenues and profits, can increase the valuation of the company and can create a separable company asset.

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tcs TATA
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SERVICES

Source: Chernev, A., & Kotler, P. (2018). Strategic marketing management, (2nd E.d.), Cerebellum Press.
Image source: <https://www.tcs.com/brand/png-logos>, <https://www.infosys.com/>

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You see brands as a means of creating company value. I will be spending a few moments with this kind of perspective because one thing which we should remember here is when we talk of brands and I try to demarcate those in terms of what brand means for consumers and brand means for manufacturers. Here I would try to introduce a particular kind of category from my preceding discussion where an organizational branding or let us say company value is not a simple thing, it is a very important thing because that company might be associated with something which is not directly related to you as a consumer. That company might be an aspiration because someday you would like to work with that company or you would like someone much younger than you in your family to work with that company basically.

You would like one of the young children in your family to study in a particular kind of institution. It is an organizational branding perspective and this is slightly difficult because in terms of a product there wherein performance or taste or those kinds of aspects are deeply associated with that kind of a particular product and then emotional or feelings-related aspects or attitudinal aspects can be deciphered through intangible.

But, for example, let us say Infosys. It gives you a lot of sense of respect for this organization which comes from the fact that it has done so much for our country. But again, the point is

many of us do not have a straight relationship with Infosys. Although we do know about Mr Narayan Murthy and how he developed this organization, Mr Nandan Nilekani how he actually contributed and several other people who have been the founders and founding members of this organization, how they have played very specific roles in kind of the development of this country.

But again, the point is how that has come to us in terms of brand value is again a very difficult thing for us to decipher. You see brands can encourage customer demand to amplify the impact of other marketing efforts and can facilitate the hiring and retaining of skilled employees. And that is why I mentioned that organizational branding, the names of the organizations are related to aspirations associated with people's perspectives on getting associated with those organizations somehow.

Although there are many banking products or software products which probably are touching our lives in day-to-day lives are being developed by Infosys and Tata Consultancy Services for example. But again, the point is we do not know about those. Their customers know about that but why do we aspire to be associated with TCS? Why? The testimony to this is that if something in terms of the news comes about Infosys and TCS you would definitely be interested in that.

Just to mention that the stockholders have a very specific value about these organizations in terms of their investments, the growth of the investments, the security of those investments and several other aspects which stockholders look at. That is where company value or let us say organizational branding comes in.

So, it can be looked at from the perspective of human resources and prospective human resources and it can be looked at from the perspective of stockholders and stockholders' value. One more thing, if these companies decide to come up with a product which might touch our lives in due course of time for example, they come up with an institution, they come up with a university. Many of these organizations are coming up with educational institutions and those educational institutions from day one are enjoying that kind of brand equity which these names carry with them. There are several universities which have been developed by such organizations nowadays and India is going through a very important phase of educational development and institutional development in terms of educational institutions now.

Then comes, you know brands can generate incremental revenues and profits, can increase the valuation of the company and can create a company asset as well. That is what I was mentioning in terms of building up the perspective around as far as the stockholder's value goes.

Now just to mention when Tata Consultancy Services came up with their initial public offer (IPO). The brand valuation mattered a lot actually and that is an interesting and important story because that brand valuation took TCS to a different level actually wherein it became a major contributor not only in terms of the economic development of our country but Tata Sons as a core organization as an investing organization in different Tata organizations and Tata organization as a conglomerate as such also.

So just to give you a brief idea of how the brand value of a company which was a private limited comes up with an IPO, is valued at a particular kind of level. I will be going on the valuation process of organizations in due course of time in my discussion. That is going to be a very interesting part and then I would, though I would not be utilizing lots of mathematics in that, but would be giving you a fair idea of how brands are valued in due course of time. So, you see that justifies our discussion wherein that gave a new beginning to an era that TCS entered into from being a private limited company to what they are now.

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Brands as a Means of Creating Collaborator Value

- Brands can enhance the attractiveness of collaborators' offerings and cobranding can strengthen collaborator brands.
- Greater customer demand for strong brands and the ability of these brands to command higher price points can lead to higher sales revenues and profits for entities collaborating with these brands.

Source: Chernev, A. & Kotler, P. (2018). Strategic marketing management, (2nd E.d.). Cerebellum Press.
Image Source: <https://www.hp.com/in-en/home.html>.

Hp & Dell collaborated with Intel for powerful laptops.

ASUS collaborated with NVIDIA for powerful gaming laptops.

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Now brands as means of creating collaborator value; now this is one of the most important aspects and one of the last from my side in this session. Brands can enhance the attractiveness of collaborators' offerings and co-branding can strengthen collaborators' brands. We will

realize in due course of time in several of our discussions and examples and in our daily life also we can appreciate this fact that many times it is very necessary and important for organizations to come up as co-brands.

Because it is not only important for building relevance for the consumers or customers it is also important for them to grow together to survive in this highly competitive world. For example, Intel and Dell or Intel Inside campaign with several organizations and one very important prominent collaboration between HP and Dell. They collaborated with Intel for powerful laptops and several other organizations for that matter.

Now this co-branding perspective, this collaboration in terms of developing the brand as such strengthens the assurance levels which are required by the customers. I mentioned De Beers. Now, several jewellers, they mentioned that they are using De Beers diamonds not only because of the fact that De Beers actually enjoys strong brand equity in the minds of the customers but also because of the assurance they have in terms of their brand.

That assurance emanates or couples up with the assurance this jeweller who is using their diamonds wants to bring in as far as the minds of customers go. I should mention ISI here basically. ISI in itself is a benchmarking organization which marks the credibility of several products in India. They have been doing that, but ISI itself is a brand because there was a time when people wanted to know if somehow a particular product is ISI marked.

Then there are, for example, one of my favourites is eyeglasses. You see the frame can be a prominent kind of brand. You may choose to purchase it from any branded organization which is known for its brand value. But then if you say that, for example, the lens is Carl Zeiss then it brings on a very different kind of a thing basically and Carl Zeiss and several other organizations came up together for prominently projecting that.

Now the last part is that greater customer demand for strong brands and the ability of these brands to command higher price points can lead to higher sales, revenues and profits for entities collaborating with these brands. You see Asus collaborated with Nvidia for powerful gaming laptops also, again a collaboration which brings meaning to what customers may like to have.

This is how when we say brands as a means for X, brands as a means for Y, brands as a means for creating collaborator value, brands as a means for creating functional value, so

how the brand in itself becomes a means for developing value. I take a pause here, I will be coming back to you next time with a customer-based brand equity discussion and that will open up lots of thoughts in our minds and that will strengthen our understanding as far as brand management goes. Till then just wait for me I will be back. See you next time. Goodbye.