**Product and Brand Management**
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Lecture 41
Customer-based Brand Equity 2

Welcome back friends, we were talking about customer-based brand equity. I laid out a larger ground in front of you with a discussion on brand value, brand equity, and brand power. I tried to elaborate upon these things with the context of familiarity and favourability, and I emphasized, how a number can be given as far as equity goes and the most important thing I tried to mention is that it traverses from the product to the organizational valuation.

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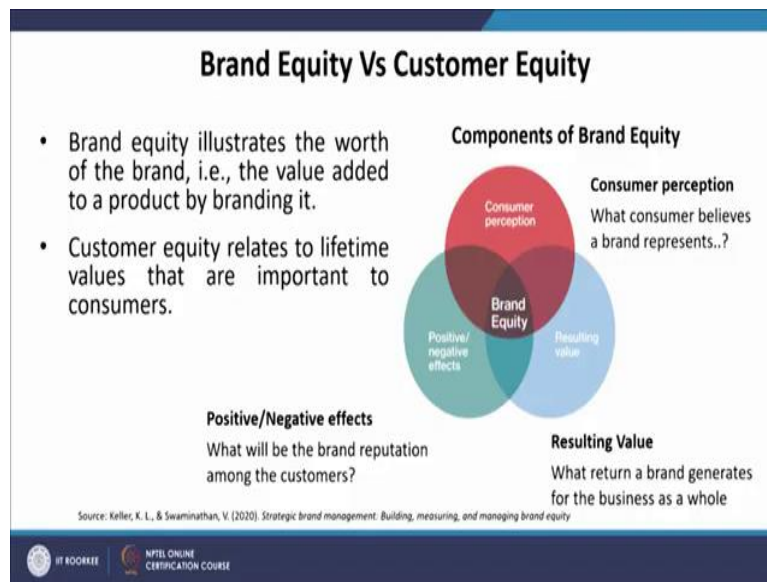
Brand equity illustrates the worth of the brand, that is the value added to a product by branding it and customer equity relates to lifetime values that are important to consumers.

There are several components of brand equity and you would find several kinds of descriptions in due course of time. Several people have tried different kinds of methodologies and all of them are working but, one cannot say that one of those is a composite one also, there are several perspectives associated with using those methodologies. I would be referring to a few of those briefly.

Now, components of brand equity are related to consumer perception. What consumer believes, and what a brand represents? Here remember this word 'believes'. Earlier, I left you with an aspect of 'S' associated with value and values. Take note of it, write it somewhere and I will come back to that. Here remember beliefs. How do you reach to a belief? It is a long procedure and that is what the authors have been referring to.

Then comes the resulting value - What returns a brand generates for the business as a whole, and how all the stakeholders get associated with the particular brand? Now, just to give you a clue, for example, if customers and stakeholders stick with you, if your retailers keep up the pace with you, if they support you in propelling your brand in times of difficulty, it all can be because of several external aspects also.

For example, COVID-19 has tested so many organizations in terms of their sales efforts, or customer satisfaction, but then many of them kept pace and we saw in the last session how several brands are rising as far as their value goes, which means they are doing something, because of which their customer, their stakeholders are giving them value and they are sticking with them. What is that something? I will be coming back to that element when, I would be talking about marketing programs associated with brand development or brand equity development.

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Tesla Motors: Building brand through Innovation

- Founded in July 2003, Tesla, Inc. is an electric vehicle and clean energy company based in Palo Alto, California.
- Tesla started with a desire to shift the car market from gas-powered to electric (vision). While most other electric car companies failed, Tesla cars are remarkably different, as they score high for performance and style (focus).
- Tesla saw an opportunity to break the usual thinking that energy-efficient meant ugly, slow, and always needing a charge (identified opportunity).
- Tesla has capitalized on the consumer's readiness to do something for the environment and has created a movement. So, Tesla took a different approach. They started at the high end to create a strong desire for their beautiful cars.

Source: Furr , N., & Dyer, J. (2020, February 18). Lessons from Tesla's approach to Innovation. Harvard Business Review. Retrieved December 4, 2021, from https://www.tesla.com/

Then positive and negative effects; what will be the brand reputation amongst the customers, and reputation I have talked about earlier as well. Let us take this example. This is a famous and well-talked-about example nowadays. Many authors have mentioned it and I have given a reference here.

So, Tesla, founded in July 2003 is an electric vehicle and clean energy company based in Palo Alto, California. Many car makers were working on this kind of a thing, however, Tesla came up strongly with this kind of a proposition. Tesla started with a desire to shift the car market from gas-powered to electric.

Now, that can be looked upon with the perspective of vision, as the author says, while most other electric car companies failed. I would not use the word fail, with all due respect to the authors, many of the car electric car companies could not do so well. I have been talking about this element that they were not so overwhelmingly or greatly accepted by the customer as such and there are several reasons why they could not do well.

Tesla cars are remarkably different or they came up with the difference. They established that difference, as they scored high for performance, style and so on.

Tesla saw an opportunity to break the usual thinking that energy-efficient meant slow, needing a charge, and so on. They identified this as an opportunity and they worked on it. For the past many years in the Indian market, EVs are struggling with this kind of a proposition. The customer has so many questions on how frequently you would require to charge or how difficult it would be to charge a vehicle and so on. I have also been looking for a change in terms of EVs, but somehow, I do not have a charging station here in my surroundings.

Now, Tesla has capitalized on the consumer's readiness to do something for the environment and it has created a movement. People's acceptability they have carried along is high. Tesla took a different approach, they started at the high end to create a strong desire for their beautiful cars. How they approached the market, and how they differentiated the product in front of their target customer, is what this story is all about.

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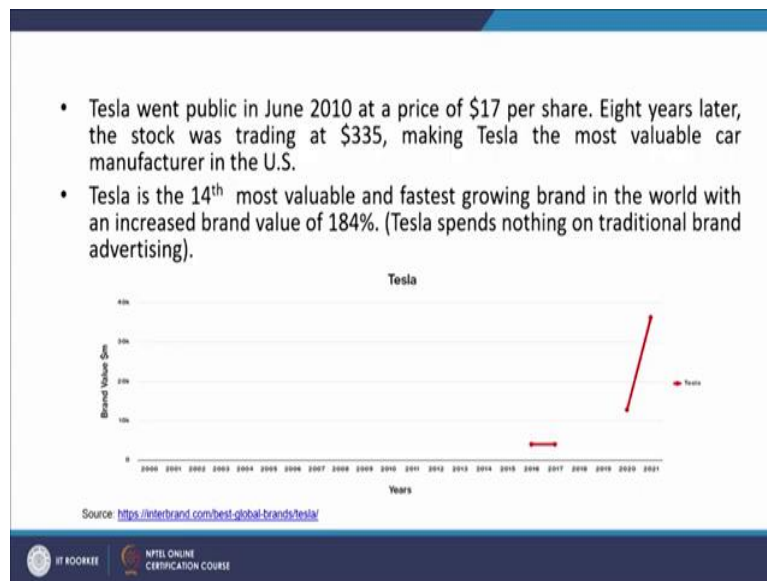
Tesla went public in June 2010 at a price of US dollar 17 per share. Eight years later, the stock was trading at US dollar 335. They are number 14 as far as brand valuation goes. Tesla was the most valuable car manufacturer in the US at that particular time as far as the stock value goes.

Tesla is the 14th most valuable and fastest-growing brand in the world with an increased brand value of 184%. How has it happened? The story always starts from the product, or the service and goes towards the organizational valuation, wherein almost all the stakeholders get involved and that is where the brand equity comes in. We will be talking about this later on as well.
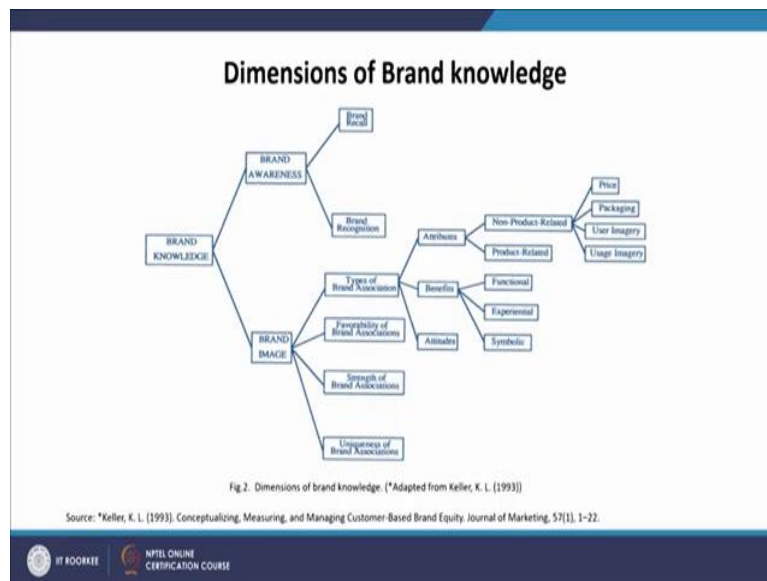
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Now, let me take you to brand knowledge, I told you to remember this word when I was talking about Keller's definition of customer-based brand equity. So, here we come with that word once again making a brand strong i.e. brand knowledge.

Brand knowledge is the key to create brand equity because it creates the differential effect that drives brand equity. Brand equity in itself is the result of a differential effect. How does it come? Largely from brand knowledge. Brand knowledge illustrates what comes to mind when a consumer thinks about a brand.

Now, that is very interesting actually and that has to be thought about in varied terms. I have been talking about marketing research and methodologies and I have mentioned some research methodology aspects in my product-based discussions also, and one of the courses which I launched in January 2022, on Integrated Marketing Communication, wherein I talked about marketing research at length.

I am not talking of just the famous brands and you can always think of these elements when you talk of Apple or Patanjali or LIC or Amul. Speaking of Amul what comes to your mind? Butter, Ice Cream, Milk. Obviously Butter, Utterly Butterly delicious, Probably. What comes to the mind of a young girl when you say a doll? Barbie, yes. Marketers need an insightful way to represent how brand knowledge exists in consumer's memory. What comes to someone's mind when you say engineering? IIT.

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Fig.2. Dimensions of brand knowledge. (*Adapted from Keller, K. L. (1993))

Source: *Keller, K. L. (1993). Conceptualizing, Measuring, and Managing Customer-Based Brand Equity. Journal of Marketing, 57(1), 1–22.

Now, there are several dimensions of brand knowledge. Brand knowledge goes in two directions in terms of brand awareness and brand image and then brand awareness goes towards brand recall and brand recognition. Brand awareness has a context of integrated marketing communication or marketing communication because that is how you generate brand awareness, and it puts up an element of recall as well as recognition and that is where the story practically starts.

And then comes brand image, wherein it has an element of several types of brand associations, favourability of brand, the strength of brand associations, and uniqueness of brand associations. For example, someone who loves a particular kind of a chocolate "Dairymilk" and you give something else, they might like it but finally, if you give them a choice they would come back to Dairymilk. For example, 5-Star is one of my favorites. So, give me any chocolate I love it, but 5-Star is my first preference.

Now, then you go for the type of associations related to attributes, benefits, and attitudes. Attitudes are largely intangibles, and what are we trying to do since the beginning of these sessions. We are trying to convert intangibles into tangibles in terms of valuation, and that is where the art lies.

But who would be enabling you to do that? Consumer. So, in 'attributes' there are product-related attributes and non-product-related attributes. Price, packaging, user imagery, usage imagery, and then benefits are functional, experiential, and symbolic.

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Brand awareness is related to the strength of the brand node or trace in memory, which we can measure as the consumer's ability to identify the brand under different conditions. Let us say, God's own country, Kerala. People who have gone there just ask them, and they have this context of memory associated with Kerala and the happiness which they got in visiting Kerala.

Brand awareness consists of brand recognition and brand recall performance. Brand recognition is consumers' ability to confirm prior exposure to the brand when given the brand as a cue. The ability to recognize the brand at a store to which they have already been exposed, in terms of products.
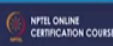
For example, without reading the name a customer can identify the brand as McDonald's, because it is a highly recognizable "M" logo owing to extensive promotions and customer exposure. McDonald's has come a far way in terms of generating brand awareness.

A half-eaten apple logo helps customers recognize it as Apple company and recently I saw a vague image with slightly longer hair, a beard, and a robe (Dhoti) kind of an apparel and immediately a young kid told me that he is Baba Ramdev and he is representing Patanjali. That is where the brand perspective comes in. So, that is how Patanjali is rising sharply and they have come a far way in terms of their brand awareness goes.

Brand Awareness

- **Brand recall** is consumers' ability to retrieve the brand from memory when given the product category, the needs fulfilled by the category, or a purchase or usage situation as a cue.

  For e.g., If Someone ask about your favorite carbonated beverage, more then 50% will say Pepsi or Coca cola.

  Whenever some talks about a premium or expensive watch, brand recall of companies like Omega, Rolex, Swatch happens in our mind

- There are primarily two types of brand recall i.e., aided brand recall and unaided brand recall.

- Brand Recall can be estimated as percentage based on how many people were able to recognize or recall the brand as compared to the total people.

  *Brand Recall Percentage = (People able to recall/Total people in the experiment or survey)*100*

Source: Keller, K. L., & Swaminathan, V. (2020). Strategic brand management: Building, measuring, and managing brand equity
Keller, K. L. (1993). Conceptualizing, Measuring, and Managing Customer-Based Brand Equity. Journal of Marketing, 57(1), 1–22.

Brands with the highest recall share in the Indian Premier League 2019

Details: India; March 26 to April 26, 2019; 1,000 respondents; among adult online population in India.
Source(s): in.yougov.com

Brand recall is consumers' ability to retrieve the brand from memory when given the product category, the needs fulfilled by the category, or a purchase or usage situation as a cue. For example, if someone asks about your favorite carbonated beverage, more than 50 percent will say Pepsi or Coca-Cola, and the whole of the world is divided between these two.

So, whenever someone talks about a premium or expensive watch, brand recall of companies like Omega, Rolex, and Swatch happens in our mind. HMT still remains in our memory, but there was a time when HMT was at the top. I will be talking about these elements later on when I would be referring to the brand-life cycle etc. But as of now, just remember brand awareness and brand recall. For example- Tanishq, Titan, or you may talk about several brands which have lots of recall associated with them.

There are primarily two types of brand recall: aided brand recall and unaided brand recall. Brand recall can be estimated as a percentage based on how many people were able to recognize or recall the brand as compared to the total people, and then you create a percentage, which shows how much of your brand awareness efforts are fruitful.

Some of the brands with the highest recall share in the Indian premier league 2019 are Hot Star Specials, Vivo, Swiggy, Dream 11, Paytm, and so on. So, you have lots of statistics available on Statista about several kinds of things. The brand recall percentage is equal to people able to recall divided by the total people in the experiment or survey multiplied by 100. Now, that is how the brand recall percentage is calculated.

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Brand image; the consumers' perceptions about a brand as reflected by the brand associations held in consumer memory. Brand image is the perception of a brand in the minds of people. It can be considered to be a mirror reflection of the brand personality or product being. It is what people believe about the brand - their thoughts, feelings, and expectations. You talk to a young girl about her vehicle and she will elaborate on how is she looking at her vehicle with the perspective of freedom and mobility, when she has found she has been gifted a new scooter by her father and then she is using this Activa to commute, to go to her college and so on.

So, that particular image that she carries about this brand is very different as compared to an image carried by a person who is not so intensely associated with this brand and that is where brand image persona and personality of an individual and personality of the brand all come together.

So, let us try to simplify this aspect in our minds, while we are discussing these kinds of terms. I request you to think in terms of your favorite brands with which you resonate or with whom you resonate and I will be coming to that pyramid.

Creating a positive brand image takes marketing programs that link strong, favorable, and unique associations (brand associations) to the brand in memory. Colgate is a brand name, which is popular in nearly every household worldwide and there are several aspects to it. Although there is a very unique element of toothbrushes and toothpaste. Several toothbrushes talked about equal bristles earlier, and that contributed to brand recall, brand power, brand awareness, and brand image as well, but today all of them talk about being zigzag.

Awareness related to a particular kind of positioning aspect gets changed in due course of time and the product itself is repositioned and so is the brand. So, I will be talking about brand positioning in a short while.

And why am I digressing partially when I am going ahead with this kind of a discussion, wherein we are moving towards brand value chain, because, these aspects are so soft and intangible in nature, they cannot be so easily specifically quantified in all the terms. All these terms which we are trying to discuss must be understood with a lot of context of the researches which have been done, then our own experiences and the examples most of all. So, keep these three aspects together while thinking about these terms, please do not look at these as specific definitions to be followed and to be remembered. Just look at the context and try to derive your understanding out of these.

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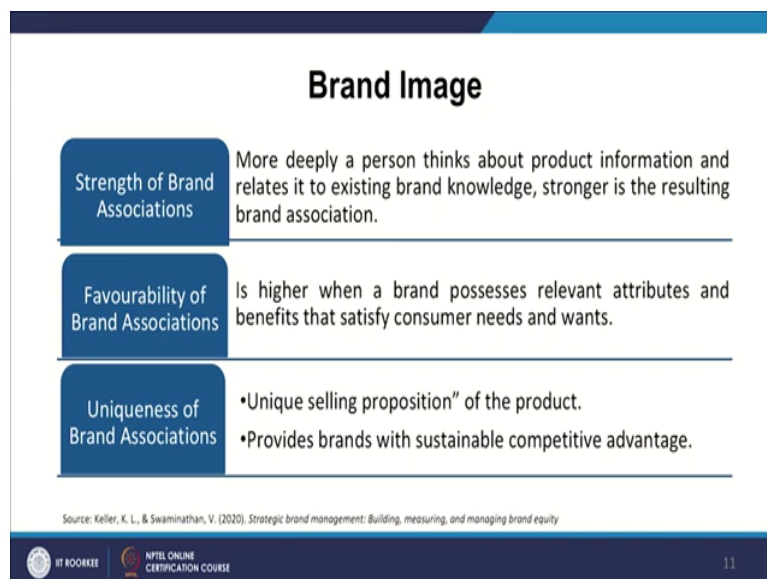
Now, brand image has an aspect of the strength of brand associations, which is that more deeply a person thinks about product information and relates it to existing brand knowledge stronger is the resulting brand association. So, how deeply you are associated with a particular kind of a brand is related to your brand knowledge and hence the strength of the brand association.

Favourability of brand association is higher when a brand possesses relevant attributes and benefits that satisfy consumer needs and wants. One of my research associates Colonel Vijay Sharma is doing a very important research on customer-centric aspects of health care.

Now, here, I remember his research and his inputs, which he shares with me often, basically. you see favourability of brand associations, wherein he talks about several kinds of hospitals and healthcare services, which are customer-centric basically, and in one of our discussions, he was referring to some of the patient based experiences which they have had in terms of attributes, specifically in terms of the benefits which they have got from different kinds of hospitals and health care services and that is where I remember the names of these great institutions like Arvind Eye care, Narayana Hrudayalaya, and so on.

And if you remember those examples or you may even think in terms of the schools which you would have gone to, or you may talk to other people about their school-based experiences and I am not just mentioning about organizations that are known to all or known to few, I am just talking about organizations or names or products or services associated with their target customers specifically, and that is why we initiated our discussion in terms of target customers.

So, then comes the uniqueness of brand associations which is the unique selling proposition of the product. It provides brands with a sustainable competitive advantage. Here again, the authors talk about the differentiation, and this differential effect is the point of concentration - why Titan is different, why Coke is different, why Huggies are different, why Pampers are different than Huggies, why Pepsi is different from Coke and Coke is different from Pepsi, as why LIC is different than other insurance companies, why Patanjali is different as compared to other organizations or their products are different to other contemporary products.

Or let us say a particular kind of a school you would have visited, as I said a hospital you may choose to think in terms of any service or for example your headphones. Headphones are one of my favourite examples because I have realized that it has become a part of our body system now. I have seen many people not putting off their headphones at all for long parts of their day, and that is why this is a very important product. Pens, computers, these products stay with us, and mobile I should not be mentioning that has already become a part of our complete system.

The associative network memory model views memory as a network of nodes. Now you see in branding and marketing, we have utilized science a lot as far as our understanding goes, which has enabled us to a larger context and larger levels.

So, associative network memory model views memory as a network of nodes and connecting links in which nodes represent stored information or concepts and links represent the strength of association between the nodes. Any type of information whether verbal, abstract, or contextual can be stored in the memory network.

I will be using one example to elaborate, and then I will be completing the picture in front of you as far as that particular model from where I initiated my discussion, starting from brand knowledge to brand image and brand awareness and several aspects of brand image. So, just

keep this model in your mind till then, I will be coming back to you with associative memory aspects related to networks and nodes. It is not complicated at all, believe me, you will enjoy it. I will be joining you soon. Till then goodbye.