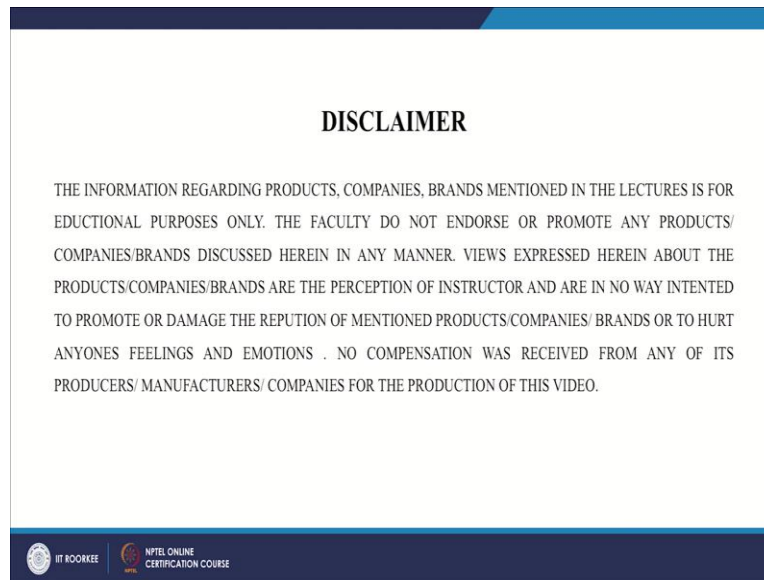


Product and Brand Management
Professor Vinay Sharma
Department of Management Studies
Indian Institute of Technology, Roorkee
Lecture 44
Brand Value Chain - 1

(Refer Slide Time: 00:25)



Hello friends, welcome back to Product and Brand Management, we have been focusing upon strategic elements associated with brand management. Now onwards, we would take ourselves towards an understanding through which we may realize that how brand makes a difference, but that realization is not enough. What we must understand how brand managers actually know this, what are their focal points and areas, how do they measure the situation and then how they utilize the situation in favor of their brands or products so to say, and organization at large, that is what our understanding should be.

The practical application of this subject is immense. And it would be redundant if I mentioned that what Patanjali as a brand is doing to its customers in terms of creating a difference, what Nike has done, what Amul has done, what LIC has done and you may name thousands of them. There are several brand stories, very interesting brand stories, you just have to go to, a search engine for that, or Google it for that matter, why I am saying Google it, I have talked about this earlier, a noun becomes a verb. So, you have started Googling, actually, Google itself has immense brand power and brand equity.

And the valuation of Google is going high, day by day. So, there are several aspects to it. Just Google that and you would realize that ultimately, it is a brand's world. It is a branding associated world, where in every organization every product is focusing upon that. Last time, in one of the sessions, we talked about brand resonance pyramid, where in salience, judgment, feelings, reaching to resonance was the point of concentration, we tried to understand how it happens, and what are the aspects which brand managers may think of while going higher in the pyramid.

Now, I will be taking you towards a value chain and understanding which is quite enduring. And authors have spent a lot many years to develop such kind of a structure in front of us, it is focused upon what leads to what, and if we focus on the aspects of the value chain, we realize actionable as well as measurable points.

So, we would immediately know that how to measure, what to measure and what actions to be taken, which, I would be taking care off in subsequent sessions wherein my special focus would be on how measurement and valuation is done. But before that, let us see the sequence which authors suggest in form of a brand value chain.

(Refer Slide Time: 04:19)



Brand Value Chain

- The Brand Value Chain is a means by which marketers can trace the value creation process for their brands to better understand the financial impact of their marketing expenditures and investments.
- Jonathan Knowles has expressed a perspective of a brand's contribution in terms of :
 - ✓ To what extent the brand has an ability of generating future cash flows.
 - ✓ In terms of changing consumer behaviour.
 - ✓ Marketers should measure brand equity in a way that captures the source and the scale of emotional component the brand adds to the functionality of the product.

Source: Keller, K. L., & Swaminathan, V. (2020). Strategic brand management: Building, measuring, and managing brand equity

BY ROCKEE NPTEL ONLINE CERTIFICATION COURSE 2

A brand value chain is a means by which marketers can trace the value creation process for their brands, to better understand the financial impact of their marketing expenditures and investments. Ultimately, it is the cost which is a point of concern. Not only it is a point of

concern, but it also brings a question of what kind of impact it would generate. And when we talk of impact, there are direct aspects as far as recovering the costs. From the higher sales or the premium you may charge on the products, also the stockholders value which you will generate, and that is again a very important thing for an organization.

A product in its journey not only bring results in terms of revenue, the major aspect is how it would associate the stockholders with an equity perspective. And we will keep on talking about these elements and this word. I told you earlier also, equity is one of the most important aspects and we would realize in due course of time, why understanding brand equity is the objective of brand management course, largely.

Jonathan Knowles has expressed a perspective of brands contribution in terms of to what extent the brand has an ability of generating future cash flows. And remember, here we are talking about future cash flows. The point is that, whenever we are focusing upon marketing program, we are always expecting growth, number of customers to be added, plus the customers who would utilize the product differently, it depends upon the quality of the product, the intensity of the product, the usage of the product, and so, many other factors to make the customer satisfied, but, the journey from satisfaction to loyalty also has an aspect of the strength of brand.

Now, the present customer adds on the future customers as advocates, and that is where future cash flows is a point of concern in terms of changing consumer behavior, remember one thing, attitudinal change might not work that much, you may generate a positive attitude towards your product, but then it should convert into gaining customer retention, and that is where consumer behavior is the point of concentration and that is where branding comes into play.

Integrated Marketing Communication may play several kinds of roles, but when it supports the journey of a brand, it supports the objective, that particular support is related to changing consumer behavior in favor of the brand. And that is where this particular term goes.

Jonathan Knowles further adds that marketers should measure brand equity in a way that captures the source and the scale of emotional component, the brand adds to the functionality of the product, source, and the scale of emotional component, how well you will be associated with a particular kind of a product and that is where brand value comes in, brand perspective comes in, brand strength comes in, brand power comes in. Ultimately, it gets converted into brand

equity. So, that is the importance of branding. Now, let me take you to the other aspects of brand value.

(Refer Slide Time: 08:57)

Brand Value Chain

- A brand value chain is a structured approach to assessing the sources and outcomes of brand equity and the manner by which marketing activities create brand value.
- Assumes that the value of a brand ultimately resides with customers.
- The brand value chain model was constructed in 2003, by Keller and Lehman, to help marketers track brand value from the first stage to the last stage.
- Brand value creation begins with marketing activity by the firm.
- In addition to providing insights; the model stresses that each member of the company contribute to the branding effort.

Source: Keller, K. L., & Swaminathan, V. (2020). Strategic brand management: Building, measuring, and managing brand equity

VT ROORKEE NPTEL ONLINE CERTIFICATION COURSE

Brand Value Chain

- The Brand Value Chain is a means by which marketers can trace the value creation process for their brands to better understand the financial impact of their marketing expenditures and investments.
- Jonathan Knowles has expressed a perspective of a brand's contribution in terms of :
 - ✓ To what extent the brand has an ability of generating future cash flows.
 - ✓ In terms of changing consumer behaviour.
 - ✓ Marketers should measure brand equity in a way that captures the source and the scale of emotional component the brand adds to the functionality of the product.

Source: Keller, K. L., & Swaminathan, V. (2020). Strategic brand management: Building, measuring, and managing brand equity

VT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 2

A brand value chain is a structured approach to assess the sources and outcomes of brand equity. Other expression talks about how a marketer should measure the brand equity in a way that captures the source and the scale of emotional component, the brand adds to the functionality of the product. And the subsequent element talks about that a brand value chain is a structured approach to assess the sources and outcomes of brand equity and how marketing activities create

brand value outcomes of brand equity. This new assumption is that the value of a brand ultimately resides with customers.

How customers would accept the brand and would get associated with the brand. How far the customer would go along with the brand, how far the customer would promote the brand. For example, you can think in terms of a tennis ball and you may remember any name at this moment, and you can talk to a player who uses that ball to play tennis as well as, local cricket which is played in, gender localities. So, tennis, tennis ball cricket, both ways you can think in terms of an individual who remembers a particular name of a tennis ball to be used for any kind of a purpose.

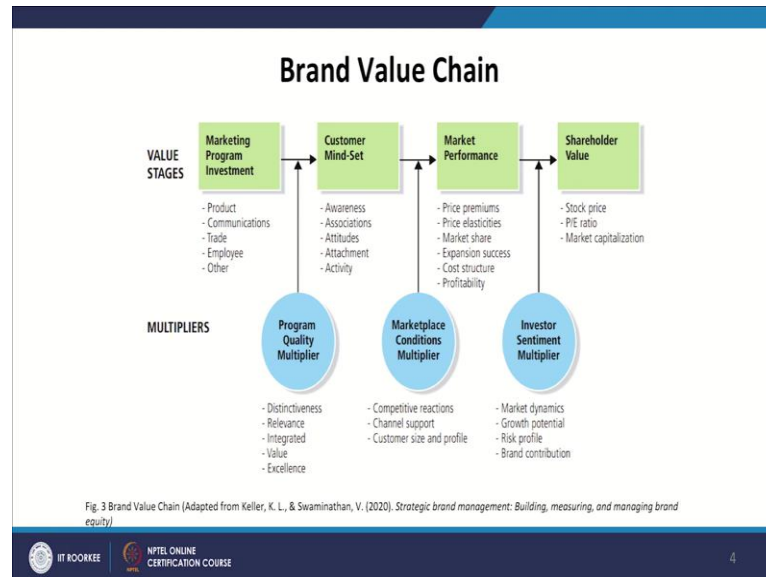
The brand value chain model was developed in 2003 by Keller and Lehman to help marketers track brand value from the first stage to the last stage. And here we are talking in terms of output of brand equity plus, the concentration is to track the brand value from the initial stage to the last stage. Here, I would mention that I would be talking to you about the lifecycle perspective of a brand, although, conceptually it is not an established kind of a theory. There are several kinds of understandings which have been expressed by several authors and organizations all around the world.

But it is very intriguing, because, we very well understand the point from where brand comes into being. And I mentioned last time also, but we have to focus upon the time when the brand becomes a brand, and then what kind of a contribution it makes towards the growth of the product, and the organization it represents. I will be talking about this later on, but till then, just remember, that this brand value chain, which talks about tracking the brand value from first stage to the last stage is in consonance, with something like lifecycle.

Now, brand value creation begins with marketing activity by the firm. In addition to providing insights, the model stresses that each member of the company contributes to the branding effort, I will not say resembling completely, there is an aspect for your additional understanding, you may refer to holistic marketing concept by Professor Philip Kotler, and you would realize that all the members of an organization they contribute in the branding effort, and we may take it towards, not only direct members, but indirect members that means, people who are associated

through as stakeholders as far as developing this contribution or contributing in branding effort goes.

(Refer Slide Time: 13:29)



Now, this is where brand value chain stands in front of you, there are two elements to it, one is related to value stages, four value stages, supported by multipliers. I will just give you a glimpse here and then I would be deciphering each and every stage one by one through some examples to support our understanding.

Authors have talked about these value stages because they happen this way, wherein logically a marketing program investment comes into being. Organizations start spending money on making people aware of the product and the product carries the name. So, that is where the story starts, because without that, nothing can be done.

So, as soon as you start reaching the market, you tell your name and the other attributes. So, that is where the marketing program investment comes into play. And it leads to developing a customer's mindset because your orientation is towards gaining attention of the customer, then introducing the product to the customer.

And then actually achieving an association or relationship with the customer to the product or gaining the customer as such in simple terms, and there by your name, your message, your

efforts, and the product gets in touch with the customer, customer has an impact and that is related to market performance. I will be deciphering all these.

And when you go towards market performance, wherein you talk about premiums and elasticities and market share, that means, competitive perspective also is there, your growth perspective is also there. And all those things largely which we talked about in product management, were in product lifecycle positioning, all those things, they come together and establish themselves in front of the customers and the prospective customers. And then further we go towards shareholders value. As I said, it traverses towards contributing for the organization at large.

And here at all the stages, you do something, you try to accelerate the transition from one stage to the other stage through multipliers. Authors have beautifully called these multipliers because they have a multiplication effect on what you are trying to do from one to the other stage. And then you have program quality multipliers. I will be talking about these, then you have marketplace conditions multipliers, which affect the stage transit between customer mindset and the market performance or I would say, we can go as far as calling it an enablement of this stage to that stage, not just transition.

And then you have investor sentiment multiplier, wherein, probably many of those people who are investors in general, their shareholders or people who are supporting the organization might not be the users of the products you are promoting or selling, but then they believe in your brand strength and start supporting you financially, which becomes the backbone for your further expansion and so on. And that is where branding perspective comes in, as I said. Now, let us go to all the stages one by one. What do we think in terms of marketing program investment?

(Refer Slide Time: 18:07)

Marketing Program Investment

- Any marketing investment that can contribute to the value of the brand. It consists of different types of investments such as product, communications, trade, employees and others.
- All the marketing strategies and steps taken in product development including product research, development and design; pricing and promotion strategies; all communications like advertisement, promotions, publicity to the investment in employees, their selection and training.

Source: Keller, K. L., & Swaminathan, V. (2020). Strategic brand management: Building, measuring, and managing brand equity

BY ROCKEE NTEL ONLINE CERTIFICATION COURSE

Any marketing investment that can contribute to the value of the brand and value we have talked about earlier, so just visit the preceding videos, and you would realize how to look at value. But, as I said, keep two things in mind while interpreting value, there is a financial perspective, it is very clear, but I suggested you to remember it with value and values, which I will be talking about in the later parts of my discussion, and I would suggest that value is led by values or the derived value is led by values, there is no mathematical relationship between these, but then we have several examples to justify that.

So, marketing investment can contribute to the value of the brand. It consists of different types of investments, such as product communication, any communication related to product, trade, employees and others. Here, I would suggest that employees are one of the most important brand promoters, and if they project the brand rightly, that gives authenticity to whatever is being done in terms of marketing program investment and all the marketing strategies and steps taken in product development, including product research, development and design, pricing and promotion strategies.

All communication like advertisements, promotions, publicity to the investment in employees, their selection and training, everything is related to marketing program investment. I have talked about Scorpio story; I have talked about several other stories in my preceding discussions and you may think in terms of going to different organizational websites while reading about what

kind of product research they have gone into, what kind of technological research they have gone into, what kind of marketing research they have gone into, and how they developed and designed a particular kind of a product.

How interestingly their scientists and their research team came up with a particular kind of usage of a product, and then they conceived a whole lot of structure around it, and then they reached to the customer with the same perspective they carried in mind about the particular kind of a product, you may choose IKEA stories, you may choose Lego toys, you may choose automotive stories, those are very interesting.

And then you may visit the website of Boeing and Airbus and you will realize how do they manufacture airplanes and how they have become such big brands. Although we fly with the help of airlines, but to us reliability of a Boeing or an Airbus, or others who manufacture airplanes is an important aspect, why we are concerned about that we are flying with a Boeing airplane or an Airbus is what branding talks about.

(Refer Slide Time: 22:10)



Mamaearth: Brand Value Chain

- Launched in 2016 Mamaearth has made 1.5 million customers in just a few years. It is Asia's first company that has been certified by *Made Safe*.
- Mamaearth began with a focus on baby-care products but has pivoted to become a personal care brand. Its products will take care of every Moms & baby's well-being from head to toe with safe, toxin-free, international standard products.

Marketing Program Investment

- The brand utilized exhaustive social media campaigns and influencer marketing deals to reach their target market, and few have mastered it like five-year-old Mamaearth.
- The company claims that 90% of the spend has been allocated to digital platforms including influencer marketing and about 10% has been spent on traditional media, primarily television.

Source: <https://mamaearth.in/our-story>

mamaearth
goodness inside

BY KODKKEE NPTEL ONLINE CERTIFICATION COURSE

Now, there is a good example of Mamaearth. This is a company that was launched in 2016 and has made 1.5 million customers in just a few years. It is a very big number, when we are talking of specific range of products. And it is a good story on their website, how they were thinking in terms of organic products for their children and, they thought that many other parents would be thinking in such a fashion and that is how this idea came to them. And it is a beautiful narrative

which is given on their website. So, you can visit their website and think in terms of how ideas they generate and how businesses come into play. Moreover, how it travels towards branding, which we are talking about. So, it is Asia's first company that has been certified by made safe, it is an organization which gives certification to, organic products related companies or organizations and products which are not using elements detrimental to the health of people or environment as such, if I maybe, I may not be wrong here, but you may visit the website of made safe also.

Now, mamaearth began with a focus on baby care products and pivoted to become a personal care brand. Its products will take care of all moms' and babies' well-being from head to toe with safe toxin-free international standard products as they say and they are doing that.

Now, marketing program investment associated with mama earth is that the brand utilized exhaustive social media campaigns in influencer marketing, wherein they targeted very specific focused concerned parents. And, for example, the company claims that 90 percent of the spending has been allocated to digital platforms including influencer marketing and about 10 percent has been spent on traditional media, primarily television and so on.

There can be two aspects to it. If this would not have been the initial most phase of an organization or these kinds of products would have been launched by some other organization that already could infuse larger resources. So, they would have gone for larger television influx also. But here the importance is not the amount of money you are spending on which kind of advertising, or which kind of marketing communication, the importance is how strategically you are steering that. And that is where marketing program investment strategically matters.

So, 10 percent or 90 percent from this side and 10 percent from that side may matter in terms of what kind of market share you are looking for what kind of growth you are looking for, what kind of a population you are looking for, and what kind of production capacity you have in mind in terms of propelling your products. So, we must keep this in mind, although, we must recognize the efforts and strategic perspective, what mama earth is carrying.

(Refer Slide Time: 25:49)



And now, let me take you to few other examples. Marketing investment must have a rationale as insight, as I am trying to put up here, it is not necessary that you put up lots of money and it will work. And it is also not necessary that you put up rationality to the kind of money you spend and it would work, it depends upon several factors which you will see in times to come. But here are some examples.

They are very good products, and there have been very good campaigns. And one of my favorite automobiles was Palio and FIAT UNO, for example. There can be several reasons why they extracted the product. But the point is that in terms of marketing program investment, they were aggressive. They did well and the campaign still is memorable.

And I will be talking about the memorable elements, brand elements in subsequent sessions. But I remember, that was a wonderful campaign of FIAT Uno and I have tried that car as well. That was a wonderful vehicle but, just to mention here that it must have a rationale related to its extraction, and that is the point I am trying to make here. Instead of saying that this worked or this did not worked, we may dwell upon the understanding we are developing as of now. For example, ANCHOR, when they came up with a campaign related to the safety of electrical products used in day-to-day lives. I think there were lesser organizations focusing on this element being told to the consumers, this was a B2B kind of a product earlier.

Today, you go to electrical shops and demand for specific kinds of switches and, attachments for your home with the support of a brand name and brand equity you have in mind about particular kinds of products and such products are there. HAVELLS, for example, they have several kinds of products, even ceiling fans, but HAVELLS, they positioned themselves and promoted themselves initially, probably with wires and those kinds of products and then they came up with several other kinds of products in terms of expanding their portfolio.

I will be talking about expansion and the role of branding in terms of expansion later on. Till then just remember these points. One of my favorites is Haldiram. Who does not know about Haldiram in this country? From where it came, what kind of packaged products it produced. It swarmed the market with so many options and almost all the options liked by all the customers. Then, they came up with a restaurant chain, and huge success. So, if you will go to their website and understand how they traversed through this journey of brand value chain development, you will realize what we are concentrating at this moment.

I will be coming back to one or two of these examples later on as well, when I would be deciphering other stages of brand value chain. Quick Fix, again, more or less a B2B kind of thing or let us say if it was B2C it had a very specific customer orientation. OLX came up as a portal where you can sell your things, especially vehicles and several other products, and they came up with a very good awareness campaign and they still enjoy a good brand value. DR. FIXIT, it is one of my favorites.

So, you see, here is an element of rationality, which would be accompanying marketing program investment. Just keep this word rationality in your mind. I will be coming back to you with other stages of brand value chain with multipliers in picture, and I will be deciphering all of those for you. See you next time. Till then, goodbye.