



Product and Brand Management
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Lecture 45
Brand Value Chain - II

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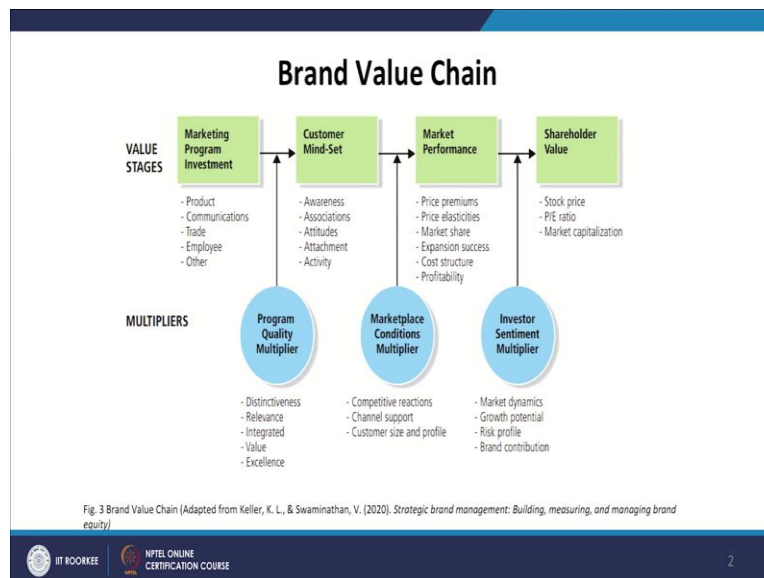
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Welcome back friends. Now, let me take you to the subsequent stages of a brand's value chain.

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Let us talk about the first multiplier, which enables, the marketing program investment stage for going towards or developing a customer's mindset. So, let us see what program quality multipliers are. There are several elements to it, but then there are five major aspects.

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**Brand Value Chain
Program Quality Multiplier**

- **Clarity:** How well will consumers understand the message sent by the firms' marketing investment?
- **Relevance:** Will consumers find the brand to be more useful than others in their search for a particular product?

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

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Clarity; how well will consumers understand the message sent by the firm's marketing investment? We have talked about the aspects of product communication, trade employee and others. So, remember these, and how clear that effort is? Largely we decipher clarity in terms of message in terms of communication, but then how clear employees are in terms of the expression related to what they are developing, what they are marketing, that also matters. But as of now, let us think in terms of clarity as a wholesome kind of thing.

Relevance; will consumers find the brand to be more useful than others in their search for a particular product? A customer, let us say it is a general product, then also may encounter this comparison for example, you often purchase a particular kind of salt, which you have been using for quite some time now, or you have been consuming a particular kind of a tea which you like, you are satisfied, you probably are loyal also, but then also, there is an aspect of trial in your mind, in these kinds of products.

And products for example, there is a house construction going on, the owner wants a particular kind of a gadget to be installed in the house or let us say, some wire for example, and there he knows, that this decision matters, there also the comparison comes in and the relevance of the

marketing program investment would work here in terms of actually crystallizing the thought of the customer in terms of comparison.

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The slide is titled "Brand Value Chain Program Quality Multiplier". It contains two bullet points: "Uniqueness: How diverse is the marketing program compared to competitors?" and "Consistency: How well does the marketing program follow the direction of previous programs? Do all the elements within the program work together to create the largest value with the customers?". At the bottom, it cites "Source Keller, K. L., & Swaminathan, V. (2020). Strategic brand management: Building, measuring, and managing brand equity". The slide footer includes the IIT ROORKEE logo, "NPTEL ONLINE CERTIFICATION COURSE", and the number "4".

**Brand Value Chain
Program Quality Multiplier**

- **Uniqueness:** How diverse is the marketing program compared to competitors?
- **Consistency:** How well does the marketing program follow the direction of previous programs? Do all the elements within the program work together to create the largest value with the customers?

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

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Uniqueness; How diverse is marketing program compared to competitors? So, there are products which cannot be so, easily differentiated, there are products which can be highly differentiated. In less differentiated products, this is a very pertinent question to bring in uniqueness.

Now, that uniqueness cannot be actually emanated in terms of the unique features of a particular kind of a product, there has to be a unique message while positioning the product uniquely. So, that is where uniqueness comes in. Uniqueness can be attributable as an aspect to any of the product features or the related message or other aspects.

Consistency; how well does the marketing program follow the direction of previous programs? Do all the elements within the program work together to create the largest value for the customers? You have positioned yourself. You have given yourself a name, I will be talking about that in brand elements.

You have chosen a symbol for yourself, you are representing a particular kind of a category, you have positioned yourself and you are putting up all your efforts in strengthening that positioning. Would you be forgetting this later on? You might think in terms of growing and adding

consumers while focusing upon to be added consumers while putting up a different kind of a perspective for them.

Not recognizing the fact that you may deviate from your actual stance or actual positioning which you have generated in the minds of your existing customers, how far we can go, and how closely we should remain within that sphere is where consistency works, and that has to be thought of very carefully.

Amul, for example, and all these five elements, which we have talked about, and then there can be several as I said, think in terms of Amul. Just go to their website, just go to any search engine, think in terms of the kind of communication they have done for past 3, 4 decades, if I should say, and you would realize how clear they have been, what is the kind of relevance they have generated, how consistent they have been, how unique they have been, it is not that other butters are not there, but, 'utterly butterly delicious' is always there.

So, that is the perspective and this can be true for Amul butter and Amul milk and this can be true for one of their competitors for example, in case of ice creams. So, there you would have a different kind of a brand perspective for example, Kwality Walls or Vadilal, it is not that Amul is not selling that large number of ice creams, they have a very good market share in terms of ice creams, but what I am trying to say is that their perspective in terms of one or two products can be very uniquely differentiating in terms of, let us say butter, and in terms of ice creams can be in favor of their competitors, when you talk about uniqueness or consistency and those kinds of elements.

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Prestige, and remember those advertisements, when prestige actually started focusing upon safety of pressure cooker, and because there had been a marketing research which is associated with the safety of such kind of appliances. They realize this fact that they have to make their customer understand how, why should they rely upon the safety aspect of such a gadget or an appliance, Hawkins, Hawkins ki siti, remember that it is a very wonderful campaign. And they came up with a huge kind of response. They got a huge response from the customers as such.

And I remember, I think that was long back. Probably, I am , confused between Prestige and Hawkins, there was a very successful campaign where in Miss Nina Gupta was there in one of the advertisements and I remember, you may just search it and you will realize.

Symphony, this is one of my favorites. Symphony coolers, India never imagined desert coolers or room coolers apart from being fabricated by a local fabricator, we all used to go to a local fabricator, and we used to put our orders in front of them, and they used to book our orders before summers and by summer we had a huge tank of water and then there were, flaps and doors and then everything. So, then fan was purchased separately, produced by a very renowned kind of a company then you have a water pump which had to be fitted external to the cooler and so on.

Symphony, why am I demonstrating this in front of you? Because Symphony changed it all. Cooler, not only became efficient, it became aesthetic, it became beautiful and in different

capacities. And then it was researched by this organization that what location or kind of an angle would work better for the customers. Although they have been focusing more on aesthetics and the quality, but this organization has done exceptionally well. MRF, CEAT, all these are success stories in terms of developing their brand goes, and especially in a market which was predominantly B2B or when customer used to go and used to purchase tires with the advice of the seller.

GOOD YEAR has gone a far way in terms of getting associated with the customer, Lenskart is a renowned story we all know that. TITAN EYE plus is an exceptional story and so on. So, I will be referring to these several kinds of industries and examples later on as well. Till then, let us talk about customer mindset. The second stage of the value chain.

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Customer Mind-set

The customer mindset includes associations linked to the brand in a customers memory, or "everything that exist in the minds of customers with respect to a brand (e.g., thoughts, feelings, experiences, images, perceptions, beliefs and attitudes) making it the stage where brand equity is best measured and created.

- **Awareness:** The extent to which customers recall and recognize the brand.
- **Associations:** Strength, favorability and uniqueness of perceived brand attributes.
- **Attitudes:** Overall evaluations of the brand
- **Attachments:** Degree of loyalty customers feel towards a brand
 - Adherence
 - Addiction
- **Activity:** Extent to which customers use the brand, talk about it, seek out information, promotions and so on.

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

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The customer mindset includes associations linked to the brand in a customer's memory or everything that exists in the minds of customers with respect to a brand, for example thoughts, feelings, experiences, images, perceptions, beliefs, and attitude, making it the stage where brand equity is best measured and created.

And I suggested that brand value chain is a structure where a marketer gets to know what is happening, and how to steer that, and what is happening is known by measuring what is happening. So, it is a measurable kind of demonstration, wherein you can put your resources in

measuring the aspects associated with brand value stages and then strategically take actions to support or develop the capacity of this transition from this stage to that stage through multipliers.

Awareness is an aspect of it, which is a component of customers mindset, the extent to which customers recall and recognize the brand. You have initiated marketing program investment, then there is a multiplier. And now you are going towards customer mindset, developing customers mindset awareness, and you may choose any example to strengthen your thought process at this moment, you may think in terms of Amul or Symphony, whichever way.

Then associations, strength favorability and uniqueness of perceived brand attributes, and we have talked about this, when I was demonstrating about that, there was an experiment done on the basis of logos being put on the images of the cars. So, different response from the different kinds of customers came on, as far as, the association factor goes, the favorability factor goes, sometimes I tell you that you are consuming this coffee, and you feel happy, sometimes I do not tell you probably at that particular time you are unable to recognize the taste, or you are not in the mood and you will not feel happy, as soon as I tell you that you have actually consumed this coffee, you may again feel happy.

How do you add, and we talked about judgment and feelings and those kinds of things, when we talk of the pyramidal structure. So, attachments is the next degree of loyalty, customers feel towards a brand in terms of adherence and sometimes to the levels of addiction. They, feel happy. Here, I remember for example, Handy Plast or any other such kind of a product, which and I will be talking about later on as well but there are specific products with strong brand equity and band aid for example, they wrote history.

Today, it is such a common part of our lives. Probably every home has it. Ear buds, Johnson's ear buds, it is so much into our lives. I have not seen advertisement about Johnson's buds for a long time and I will be talking about this, why they have not been so aggressive, because they have established this brand equity, and they are actually steering that in due course of time. And that is what we are actually focusing upon there are several products you just fetch by name. And these are one of those Band-Aid, Handy Plast, Johnson Ear Buds and so on.

And then activity extend to which customers use the brand, talk about it, seek out information, promotions and so on. Customer gets involved with as far as the product goes, starts referring to

that probably, Amazon has done this, wherein, today, when you think in terms of going for searching for products, you do not tend to neglect Amazon, if you do not wish to use it, that is how, and probably everyone tries to use it. It is not that you are not using other portals.

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Marketplace conditions multiplier

Marketplace conditions are the external factors that affect the overall performance of a marketing program investment.

- **Competitive superiority:** how effective are the marketing investments of competing brands.
- **Channel and other intermediary support:** how much brand reinforcement and selling effort is being put forth by the marketing partners
- **Customer size and profile:** what types of customers are attracted to the brand.

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

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So, then comes in other important multiplier, marketplace conditions multiplier. Now, this multiplier is actually supporting a transition from customer's mindset stage to the next stage. So, marketplace conditions are the external factors that affect the overall performance of a marketing program investment. And now, we have to move towards market performance.

So, remember, from gaining a customer, retaining a customer towards enhancing the customer strength going for larger market share, that is what we want. So, marketplace conditions multiplier are related to competitive superiority, how effective are the marketing investments of competing brands.

Now, you have to look at what they are saying about themselves or sometimes even they are saying something about yourself as well. Sometimes, directly also, there is a whole lot of comparison and if all the different competitors are not comparing themselves with each other customer does.

So, competitive superiority not only in terms of product, but in terms of how it is expressed, how it is taken to the customer, or what is being told about the product. And one of my favorite

examples is bottled water, for example. There are several bottled water products available in the market and just go to their advertisements, it is very difficult to differentiate bottled water, but still, Himalaya for example, is one of my favorites, wherein they are actually making a specific effort as far as putting up themselves in comparison.

Channel and other intermediary support. How much brand reinforcement and selling effort is being put through by the marketing partners, how strongly they are emphasizing upon a particular brand strength, how happy they feel, to remain associated with a particular kind of brand. Single Product sellers, they definitely have an objective to remain associated with a particular kind of product, which they are selling. Although their confidence matters a lot, but multi product sellers, and I am talking of retailers at this moment, multi product retailers, their confidence actually matters a lot.

Ultimately, their objective is also to bring on as many customers on board as they can, regardless of which product sells most, but then they definitely have a direct comparison in front of them and case of single product sellers definitely they have to push it hard. And then there are other intermediaries also, how efficiently your partners take it to the customers.

Customer size and profile, what types of customers are attracted to the brand. The point you are focusing upon your target, but always the objective is to expand that target to multiply that target. And then you would look into that who are the others, who are actually looking towards you. And that is what marketplace conditions multiplier they focus upon. And again, I would come, to mama earth example.

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Mamaearth: Brand Value Chain
Marketplace conditions multiplier

- The customer acquisition strategy of Mamaearth is completely focused on digital content. Almost 90% of the sale of Mamaearth products comes from online platforms.
- Their main aim is to sell as many products as possible online. They earn money by selling products on Flipkart, Amazon, and other similar E-commerce websites. **(Channel Support)**
- Interestingly, only 20% of the Brand Revenue comes from baby products. On the other hand, 80% of the Revenue comes from skincare and haircare products.
- As Mamaearth comes in the personal care category they enjoy a healthy gross margin profile of about 65%. So, they can invest 40-50% of revenue in Marketing.
- The product range now comprises more than 80 natural and toxin-free products that are used by over 15 lakhs Indian consumers. **(Brand Expansion).**

Source: <https://economictimes.indiatimes.com/tech/funding/mamaearth-eyes-80-100-million-at-350-400-million-valuation/articleshow/82202271.cms>

mamaearth
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Where in the customer acquisition strategy of mama earth is completely focused on digital content. I told you about this, almost 90 percent of the sale of their product comes from online platforms. Their major focuses on digital platforms not only for messaging or communication but also for selling. Their main aim is to sell as many products as possible online. They earn money by selling products on Flipkart, Amazon and other similar E-commerce websites that deciphers channel support.

Interestingly 20 percent of the brand revenue comes from baby products. On the other hand, 80 percent of the revenue comes from skincare and haircare products, it depends in due course of time, which product starts getting larger response from what kind of customers, and when you are growing that is a call which you have to take.

As mama earth comes in the personal care category, they enjoy a healthy gross margin profile of about 65 percent. So, they can invest 40 to 50 percent of revenue in marketing. The product range now comprises more than 80 natural and, toxin-free or let us say, organic or products without detrimental chemicals, whichever way I am not a technical person in this regard.

But this we have taken from a source you can check upon that, and we are not in any way promoting mama earth's product here, we are just taking it as a case study. So, just look at it as a case study, 15 lakh customers have been gained by this organization in due course of time, that is

where brand expansion comes in. So, it is taken from a reliable source and no way we are prescribing or subscribing to this data or product at all.

Now, comes in market performance, starting from marketing program investment using one kind of a multiplier going towards customer mindset, then using one kind of multiplier, now, you are reaching to market performance. This is where the brand is actually looked upon with the perspective of growth and capitalizing the growth.

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Market Performance

- Price Premiums and Elasticity
 - ✓ How much extra are consumers willing to spend on the product because of the brand?
 - ✓ Effect of price on demand
- Market share
 - ✓ Whether marketing programs are increasing sales?
- Brand Expansion
 - ✓ Brand extensions become easier
 - ✓ Adds enhancements to revenue systems

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

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Price premiums is one of the most important indicators as far as the growth being experienced, the reception being given to the brand and elasticity also, in times of when you are flexible with the prices, large number of customers are being gained, but when you are raising the level, level of the price customers are not being lost, that is where elasticity comes in.

And it is a very important indicator, for example, many times organizations they raise a percentage of a price because of cost considerations or whichever changes they are going through in terms of their production process or many things but they do not lose customers despite of that, and that is where the elasticity perspective comes in.

How much premium consumers are willing to spend that is where I talked about the premium and elasticities. Market share, whether marketing programs or increasing the sales and specially this has to be monitored in terms of the category growth for example, a particular kind of a

product category is growing by and that is represented by, or should I say a particular kind of an industry is growing particular kinds of products represented by different companies, for example, toothbrush, toothpaste.

So, any kind of a product is growing, different competitors are representing different products and brands, what kind of market share you have plus along with the growth of the industry as such the complete category or I should say one kind of a product by different manufacturers.

So, once this number of customers for all the manufacturers is growing, is your number growing proportionately that is what we have to look at. So, are you retaining your market share proportionately?, and you are growing within that subsequently. Brand expansion, brand extensions become easier. Adds enhancement to revenue systems.

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Market Performance

- Cost Structure
 - ✓ Reduced Marketing Expenditure?
 - ✓ All efforts are likely to be more effective
 - ✓ Same effectiveness can be achieved at lower cost
- Brand Profitability

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

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Cost structures, wherein reduced marketing expenditure is there, all efforts are likely to be more effective, same effectiveness can be achieved at lower cost. And overall brand profitability comes in. Market performance is related to how profitable is your brand. Borolin is one of my favorites. And they have been growing since ever. The cost of marketing has been reduced in due course of time, and especially in terms of marketing communication, and rest. You can all decipher if you choose these kinds of examples to talk about.

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Shareholder Value

- The value a company creates and is reflected in the stock price and dividend disbursed by the company.
- The fundamental assumption being that the true value of a company is based on the future cash flows
- A company that fails to deliver value to the customer is acting against the long-term interest of the shareholders
- The three indicators which react positively with an increase in brand value are:
 - Stock Prices
 - Price/Earnings Ratio
 - Market capitalization

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



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Now, let us go to shareholders value, the value a company creates and is reflected in the stock price and dividend dispersed by the company. Many a times you look forward to a new stock to be released by an organization. And many a times, many organizations they release their IPOs and there one realizes that what kind of a brand equity they have been enjoying. And if you want to go backwards in a retrospective manner, the whole of the value chain would come alive in front of you, when you will look at that particular stage of reception being given to that organization in terms of when they float they stop.

The fundamental assumption being that the true value of a company is based on the future cash flows, a company that fails to deliver value to the customer is acting against the long-term interest of the shareholders, this can be thought of or this can be taken verbatim from the source, but, I would refrain from suggesting that it should be seen as a mathematical kind of an absolute progression.

But, the point is to maximize the long-term interests of the shareholders should be the key, and that is where brand plays a role. So, we should look at it in terms of a positive progression rather than deciphering it in terms of what it should have done and it has not done, we should think in terms of what it can do, what brand potential is and that I will be talking about, in subsequent discussions as well. The three indicators which react positively with an increase in brand value, our stock prices or price earnings ratio, market capitalization, and that is our talked about kind of a measure and, you have often heard this term about different kinds of companies.

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Investor sentiment multiplier

- How much of the value from stage three, brand performance, translates to stage four, shareholder value.
- Four factors that influence investor sentiment are:
 - **Market dynamics:** What are the dynamics of the financial markets as a whole (interest rates, investor sentiment, supply of capital)?
 - **Growth potential:** What is the growth potential or prospects for the brand and the industry in which it operates? For example, how helpful are the facilitating factors and how inhibiting are the hindering external factors that make up the firm's economic, social, physical, and legal environment?
 - **Risk profile:** What is the risk profile for the brand? How vulnerable is the brand to those facilitating and inhibiting factors?
 - **Brand contribution:** How important is the brand to the firm's brand portfolio?

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

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Now, comes in investor sentiment multiplier; how much of the value stage from stage three, brand performance, translates to stage four, shareholders value and it is interesting, because market performance is getting converted into shareholders value. So, this multiplier has two three components and which are self explanatory, but let us try to focus on these elements for a while. Four factors that influence investor sentiment are:

Market dynamics; what are the dynamics of the financial market as a whole? Interest rates, investor sentiment, supply of capital and so on, if everything is fine, then definitely that brand perspective which has been developed the market performance, would work and customer would look forward towards shareholders value and this multiplier would enhance that transition.

Growth potential; what is the growth potential or prospects for brands and the industry in which it operates? Customer definitely looks for these kinds of things and if these kinds of things are supportive of the transition from stage three to stage four, then definitely it would be a speedy progress. For example, how helpful are the facilitating factors, and how inhibiting are the hindering external factors that make up the firm's economic, social, physical and legal environment.

Risk profile; what is the risk profile for the brand? How vulnerable is the brand to those facilitating and inhibiting factors? We have just mentioned and there are several other environmental factors also. That is where the brand strength comes into play, a brand which is

performing exceptionally well will have an easy transition towards developing shareholders value. And the last element as far as investor sentiment multiplier goes, is brand contribution.

How important is the brand to the firm's brand profile, the point is firm may have different brands with them. And if all their brands are represented by their own name, which of the product matters to them, and that is where the main key element evolves. Here several aspects of leadership of the firm, desire of the firm and customer's initial response to the products of the firm also plays a particular kind of a role. I will be coming back to you with a wonderful discussion on brand elements which would be slightly colorful, linguistic oriented and exciting in the next session. Till then, just keep studying, keep reading, goodbye.