

Integrated Marketing Management
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Lecture - 24
Brands, Channels

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Advantages of Strong Brands

- Improved perceptions of product performance
- Greater loyalty
- Less vulnerability to competitive marketing actions
- Less vulnerability to crises
- Larger margins
- More inelastic consumer response
- Greater trade cooperation
- Increased marketing communications effectiveness
- Possible licensing opportunities

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Welcome to this class. Now, let us look at what is the advantage of having a strong brand. So, we are looking at organizations having strong Brands, what is the type of advantage they derive having a strong brand. These are the types of advantages, organizations derive by having a strong brand. If you are an organization coming out with a product from a strong brand, you get this improved performance of product perform perceptions of product performance.

Take for the example the TVS. Any vehicle coming out from TVS which is quality certified. They put a small sticker there saying that ok, certified ok, it means a lot; it means they are become the product has gone through almost all the stages of inspection and has been certified to be roadworthy. And the customer attaches a lot of importance to that type of product coming from a strong brand. If you are having a very strong brand, it is very likely that you can have greater loyalty in a market place.

The same TVS, initially he may be a customer for TVS champ, then he may become a customer for your for TVS X Super-XL, then maybe TVS Astra, then maybe the scooty

like that it goes on. So, many people would like to try all the products which are coming from TVS, whether it is with respect to the scooty or whether it is with respect to the bikes, the result is they have a well-satisfied customer base built up because of this greater loyalty. This well satisfied customer base always gives them a strength in the marketing environment, they become less vulnerable to competitive marketing actions.

Even if the competitor were to ride roughshod, they can take that particular onslaught. So, you have a strong brand name in the market, the strong brand name in the market gets you good customer loyalty, this customer loyalty intern makes you to get this become less vulnerable to competitive actions. The result of this competitive marketing actions becoming less vulnerable, also makes the organization less vulnerable to crisis. So, if you are not a strong brand any time due to this intense marketing pressure which is coming in, you may have to wind up shop that type of a situation will not be there for strong brands usually.

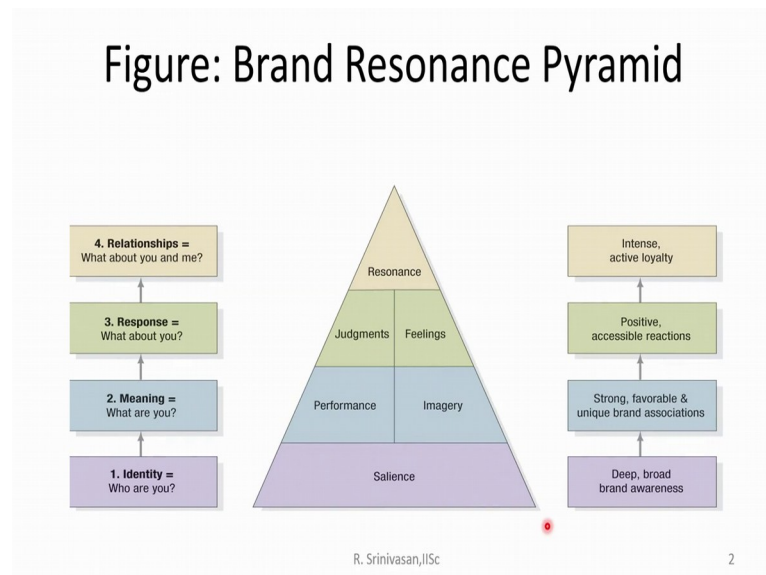
A strong brand commands a greater brand equity, the result is larger margins are possible. When larger margins are possible, you will get any inelastic consumer response that is whatever might be the turbulence in the market your demand is not going to be greatly affected. You will also get a good trade corporation not only from your channel members, but also from other industry bodies as well. So, the result of all this strong brand is that you have any increased marketing communications effectiveness. So, your communication with the market, it will be more effective and it will be more rewarding; it may get you possible licensing opportunities.

So, it is in other words to build up a strong brand you have to put in lot of efforts initially. Once this brand is brand name gets established, then you can reap the advantage of being a strong brand. In fact, when their TVS bus service was started in Madurai, many people use to set their watches when the bus used to come to 8 o'clock, because that bus has to come at 8 o'clock in the morning on that particular route. So, when the TVS bus use to come there, immediately they would set it at 8 o'clock; so even if the watch earlier was set further beyond 8 or below 8, he would set it 8 that type of customer response this brand enjoyed right from the early stages only.

So, this you can see in many of the metro station rail metro stations also. So, they give you this train to come at this period when and the train comes exactly on dot at that

particular time that particular minute. So, in fact if Bombay is surviving in spite of being so populated, it is because of the sub sub-urban train services. So, surviving and also thriving in the market being the financial capital of the country ok.

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So, this is the advantage of being a strong brand and all this is brought out here by this brand resonance pyramid. What is this brand resonance pyramid? In the center you have the pyramid, in the sides you have some explanations given ok. So, go to the left if you see, the first one is it gives you the identity who are you, it also tells what has the meaning that is what are you.

So, starting from the saliency you go towards performance and in imagery, the second stage you are there. Then the third is response that is you have put up a product what is a response, what about you that is a customer gives his judgments and about your product. Then the fourth one is a relationships that is the type of feedback he is giving, this we call it the resonance.

So, what about you and me this resonance has to coming. So, saliency is when you I am going to the right side of saliency creates a deep broadband awareness, when it comes to imagery it gives a strong favorable unique brand association; when it comes to feelings, it gives a positive accessible reactions and when it comes to this level you are going to get an intense, active loyalty. So, a very nice method of projecting the brand effect is this brand resonance pyramid.

So, you got you go from salience to performance, to judgments, to resonance, then imagery, to feelings, to resonance on the right side. So, on the left side you have performance, judgments, split this middle portion of this pyramid is split into 4 compartments; performance, judgments, imagery and feelings all this represented very nicely on the left and the right side by what is a type of this thing which it is going to create.

So, creates an gives you an identity, gives you a meaning, gives you a response and gives you the relationship in the marketplace. So, identities with respect to the customer what who are you and what are you, what about you; and what about you and me. Now, when you do that when you come to the right side, it gives a deep brand aware broadband awareness, then comes to strong favorable and unique brand associations, then positive and accessible reactions resulting in an intense, active loyalty. So, what a wonderful method of presenting the brands strengths of the organization.

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Channel decisions (distribution)

Merchant middlemen - buy, take title to and resell (ex: Vee-line)

Agent middlemen

Channel decisions - exercise powerful influence
On the rest of the marketing. Mix -pricing (mass distribution Or high m/u dealers)

- Advertising (cooperation from channel members)
- Sales force (is sale dir. To retailers or thro' manufacturers' reps)
- Relatively long term commitments to other firms (ex: Drugs distribution thro' retailers; Shift to chain-stores is not easy)

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So, all these many times are made possible by having good channel good channels. So, as I mentioned earlier the middle men are the people who really contribute to the channel. So, if you are a merchant middleman, they buy take title to and resell the product ok. So, this is a Voltas Vee-line group of products which they do and which is considered a very strong merchant middleman in the Indian context.

If you look at the agent middleman, they also buy and resell the product, but they do not take title to your product. So, your product comes to the market by your own name, suppose it is a product coming from the house of Kirloskars, let us it goes by the name of Kirloskars only; whether it is a motor or alternate or whatever it is.

The channel decisions which you take with respect to an organization, they exercise powerful influence on the rest of the marketing mix. So, what is required is clarity with respect to channel decisions you must have absolute clarity, when you take a particular channel so and if take him up as your distributions specialist, because he can influence the rest of the marketing mix with respect to pricing.

Example, whether you are going in for mass distribution or high markup (Refer Time: 13:19) dealers. So, suppose you are going in for mass distribution, you may not go for high markup; suppose you are going in for high markup, then mass distribution you may not go. So, this channel member whom you select they have to give you a judicious direction, whether they go for mass distribution or whether they go for high markup. So, this then advertising becomes very important this channel members are the one who should cooperate with the other areas in the organization, to provide you that advertising effect.

When you come to sales force, the question you have to address is sale direct to retailers or through manufacturer's representatives? So, if the sale is direct to retailers, then the method of channel communication is different; if it is through manufacturer's representatives, you adopt a different channel communication process. Kindly note that this channel members stay with you for a long time, it is not easy to dispense them.

So, when you have this channel members it is a long-term commitment to other firms. So, these people will take care of all the distribution aspects, whether it is drug distribution through retailers or shift, they were suppose you are doing that drug distribution through retailers; shift to change stores is not easy, so because the channel member will not allow you to do that easily.

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| Marketing channel | <ul style="list-style-type: none">-should fulfill firm's objectives-Can be : zero-level (direct to consumer): One-level (manufacturer-retailer-consumer): Two-level (manufacturer-wholesaler-retailer-consumer): Three-level (manufacturer- wholesaler-jobber-retailer-consumer) |
| Channel flows | <ul style="list-style-type: none">:physical flow:Title flow:Payment flow:Information flow:Promotion flow (Advertising, personnel selling, sales promotion & Publicity) |

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So, this is how selecting this channel member becomes very important, when you select him he should fulfill some of the forms objectives if not all, depending on that you can go to and the way your firm is operating you can think of zero-level; when you say no, I do not want a channel I will go directly to the consumer or you can say I will have a one-level where I say I am the manufacturer, I will go to the retailer, retailer will go to the consumer.

Or it can be a two-level where you say the manufacturer-wholesaler-retailer and the consumer or it can be a three-level when you go from manufacturer to wholesaler, then the jobber sometimes it is called the semi-wholesaler or then to the retailer, then to the consumer. So, you this wholesaler jobber can be a wholesaler or a semi-wholesaler, then goes to the retailer, then to the consumer.

Depending on the size of the organization you may take, different levels of the marketing channel. By all this you can see how complex marketing is in the present day setup; it is not an easy cup of tea. So, you produce something it will be sold in the market, no longer all this is true; because you are being evaluated not only by the consumer, but also by the market very intensely. When you are being in evaluated in such a rigorous manner, survival becomes thicky and in order to survive and also to prosper this channel members could be a valuable contributor.

Now, when you come to flows with respect to channel you have these types of flows. You have the physical flow, you have the title flow, you have the payment flow, you have the information flow and then you have the promotion flow. Promotion standing for advertising, personal selling, sales promotion and publicity.

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Middlemen are required due to:

- Large financial resources required for direct marketing (ex: General Motors)
- Direct marketing requires producers to become middlemen for complementary products of other producers (Ex: gum producer)
- Return on investment may be higher in other aspects of business
- Superior efficiency of middlemen

Traditional marketing system

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| Vertical marketing system: (Producers, wholesaler, retailers as a unified system) | <ul style="list-style-type: none">- corporate system- administered system- contractual system |
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You can look at all this in a different context also, why should we have a middle man? If you look at large organizations, a middle man is required are required for the following reasons. One is large resources financial resources are required for direct marketing. So, this was the case of General Motors itself. So, it was (Refer Time: 19:08) with the idea of removing the middlemen, but they found it very very difficult to do that.

So, even such a big company like general motors uses makes use of this middleman, they say yes they are required for effective marketing. Direct marketing requires producers to become middleman for complementary products or other producers of other producers. For example, let us say you are a gum producer, a gum producer he may have to become the direct marketer for a company which is producing a which is making let us say a erasers or pencils. So, along with that gums you are becoming the direct marketer for the other producers also.

Now, the other important consideration which organizations give, before they say we will dispense with the middlemen is suppose I get into this middlemen's activity, what is a return on investment? Suppose I concentrate on the other aspects of the organization

business, then what is the return on investment which I am going to get, organizations have found that return on investment may be higher in other aspects of business. The fourth reason which organizations give is all said and done this middleman or superior in execution, compared to themselves. So, it is a superior efficiency of middlemen which is coming into play which organizations would like to take advantage of.

Traditional marketing system if you look at it, it can be a vertical marketing system; where you have the producers, wholesaler, retailers as a unified system. It can be looked upon as a corporate system, in administered system or a contractual system. What is the difference between this corporate system? In the corporate system most of these are regular members of the organization even in the administered system, but in the contractual system may not be regular members of the organization.

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Horizontal marketing system - readiness of two or more cos. To exploit a common marketing opportunity

Channel conflict and Competition - goal incompatibility

- Unclear rules
- Differences in perception
- Greater interdependence

Channel design decisions - Customer characteristics

- Product characteristics
- Middlemen characteristics
- Competitors characteristics
- Company characteristics
- Environmental characteristics

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In contrast to this you can look at a horizontal marketing system, where two or more companies join together to exploit a common marketing opportunities. So, this is what is what you are seeing in the present day Indian market many companies join, even a company like Reliance tying up with so many other companies. So, when Reliance in the 80s came out with his brand name of Vimal with respect to their garments, they are almost trounced all the middle and small size textile mills operating from Gujarat. They where they I almost went out of business, a large number of them.

So, in order to survive what did they do, they joined hands together to provide competition to Vimal. The result was a very strong competition brand to Vimal in the name of Gordan. So, the Gordan garments were as good as Vimal, but coming to the market at a lower price. So, the Gordan gave this smaller and middle sized textile units particularly in Gujarat the visibility which they thought they had lost due to Vimal coming into the marketplace.

So, Vimal when it came in the marketplace it said, I am going to provide you the men's garments the women's garments and also the children's garments all under one roof. So, where as many of these Gordan, many of these other mills threatening into individual segment; some of them wearing sarees, some of them wear children's garments.

So, when it came under the brand umbrella of Gordan; Gordan provided different product lines also look at sarees and also garments for younger segments of the market with especially with respect to girls and females. So, all these types of things sustained Gordan in the marketplace and a very strong advertising not making use of the big names which Vimal used.

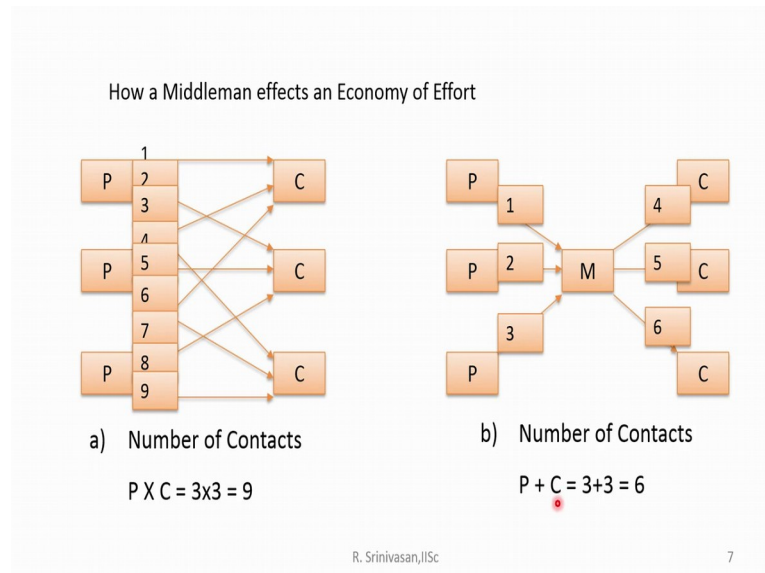
So, used common folks in Gordan advertising, but the Gordan advertisement route to be very catchy compared to the Vimal's one. So, the result is this trouncing of the small and medium-sized units the textile units, it got a stop because of all these units coming together. Many times when you are having a channel, there can be conflict, there can also be competition. When does it coming? It comes when you do not have goal compatibility, so goal in com in compatibility can create channel conflict.

When rules are not clear, so you should clearly specify the rules with respect to each channel member; if it is not clear, then you are getting into conflict with the member. Similarly, the differences in perception and the greater interdependence, if you have greater interdependence between the channel members again there will be a problem. So, this greater interdependence should be reduced as far as possible.

When you are taking a decision on a channel, you should look at some of the characteristics which are essential. One is the customer characteristic, second is the product characteristic, third is the middleman characteristics, fourth is the competitors characteristics, fifth is the company characteristics, sixth is the environmental characteristics.

In other words, when you are designing a channel you should look at all these aspects that is customer, product, middleman, competitor, company characteristics and environmental characteristics before saying that I will go in for this particular channel.

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Now, the efficiency of a middleman can be brought out in a simple diagram which is given which is produced here, where you I am what I am giving here is 3 producers. So, how this middleman affects an economy of effort if you seen.

Let us say, there are the number of there are 3 producing units attached to each P here. So, there are 3 consuming units what is going to happen, the number of contacts which you are going to make with this 3 will be 3 into 3, 9. Note that there are 3 producing units and 3 consuming units and each producing unit has 3 units producing under them, they contact the consumer. So, the number of contacts which are made to the market that is consumer representing the market, it will be P into C that is 3 into 3.

Now, into this thing you throw a middleman you introduce a middleman, what happens? All the 3 of each P becomes 1, because all of them will contact the middleman; so one P will be at 1, one P will be at 2, one P will be at 3. So, what you are trying to do is instead of 3 producing producers are products coming making contact with this thing. You are the consumer, what you are trying to do is all the 3 of P bracketed under 1, bracketed under 2, bracketed under 3, they are directly going to the middleman saying that these are the products from the this units which are coming in.

What is the middleman do? He establishes contact with the consumer he goes to 4, 5 and 6. Now, what is the type of contacts is going to give? He is going to give P plus C, 3 plus 3 which is 6. So, what did you achieve by putting a middleman into this whole system? Instead of this multiplicative number of contacts, you made the system to get into additive number of contacts.

So, instead of 9 it became 3 plus 3, the middleman virtually taking control of the market. All the distribution site for you and saying I will approach the consumer you do not bother, you do not individually keep on approaching. So, it gives an economy of effort and it also speaks to you on the efficacy of the middleman. We will stop here; will continue in the next class.