copied very easily, however, it is almost impossible to duplicate brand name. It has been proved, as there are many case where the firms have gone to hell still brand remained high in the sky.

2. **Brand is a Promotional Tool :** Sales promotion is founded on the idea of product identification or product differentiation. This difference is done by a brand. Major weapon of product popularization is advertising. And it is futile to advertise a product without a brand name. Even the work of salesman would be a failure in absence of a brand name. Thus, branding plays a highly creative role in determining the success or failure of a product.

3. **Brand is a Weapon to Protect Market :** Once a consumer has tried and liked a product the brand enables him to identify so well that he is tempted to levy it again. For instance, a house wife using VIM cleaning powder may not use other powders like BIZ, ODOPIC etc., as she is soaked in with VIM. That is, the product earns goodwill. In other words, absence of brand name will make repeated purchases stand still.

4. **Brand is Antidote for Middlemens' Survival :** If a product wins consumer reputation, the manufacturers gain control over product distribution. The class of middlemen always tends to go in for a successful brand. That is, without brand identification, these middlemen find it difficult as to what to buy and sell. In fact, brand names can be so strong and penetrating that the very survival of middlemen rests on their efforts and ability to sell a powerful branded product.

5. **Brand is a Means of Identification for Customers :** Brand is the easiest way of identifying product or service that a customer likes. For him, brand is value, quality, personality, prestige and image. A branded product is a distinct product in his eyes. Thus Philips bulbs are regardless of where they are bought. Again, branded products tend to have improvement in quality over the years. It is naturally out of competition. Thus, Aspro tablet of 1960 was quite different from *microfined* of 1970s.

A GOOD BRAND NAME :

Certain factors make a brand name good one. They are :

1. **It Must be Easy to Pronounce and Remember :** For instance, "HOECHST" is difficult to pronounce. On the other hand, "Murphy Baby" and 'Click' are fine example.

2. **It Should be Short and Sweet :** The name must be short yet sweet, appealing to eyes, ears and brain. Mukund and Mukund, Panama, D.C.M., Bombay Dyeing, Bata, Tata, etc., are of such kind.

3. **It Should Point out Producer :** The name or symbol should be given connotation of the product, producer, etc. The best examples are NELCO, MICO, LT. AMUL, B.T. INDAL etc.

4. **It Should be Legally Protectable :** The brand name must lend, themselves for legal protection. A brand name, legally recognised, is known as trade mark. Normally, it depends on the will and discretion of a producer, middlemen than on brand name.

5. **It Should be Original :** The brand name selected must not be general but specific. It must be such that it is not easily copied by others. Hardly does one finds the use of brand "Philips" by imitators. On the otherhand, "Gluco" and "Glucose" biscuits are different. There is difference in "Upkar" and "Upchar" Supari. But for a common man, it is more difficult to identify and differentiate.

6. **It Should Reflect Product Dimensions :** A good brand name is one which reflects directly or indirectly some dimensions say product benefit, function, results and so on. For instance EZEE of Godrej Company is really easy to use for better results; another brand GOOD-NIGHT of a mosquito repellant pad implies the user says 'good-night' to mosquitos as he is going have good and sound sleep at least eight-hours. PUMA brand shoes are the symbol of speed as panther is shown.

4.14.2 MERITS OF BRANDING

The merits of branding can be discussed from the angles of manufacturers, middlemen and consumers.

A. Merits to the Manufacturers :

The makers of the products stand to gain because brand has a definite role to play to assist them in effective marketing goods. These are :

1. Products Get Individuality : For any product, we have many competitors, though your's may be the first company to conceive and give birth to new product. Product, like a baby has to have a name which symolises the efforts and resources put into bring to light that product. Your product, if branded will has its own personality standing out rest of all the competitors. Take a simple case of tooth paste ; the Colgate in its variety, has many other competitive brands like Pepsodent, Forhans, Neem, Dentoback, Anchor, Signal, Babool, Miswak, Glister, Himalaya Dental cream, Promise, and so on. For a customer "Colgate is Colgate" or "Promise is Promise" where the customers are divided and the producers have their own market share depending on the value given by the user to a particular brand as he or she perceives it.

2. Control of Product Prices : Control of retail price is a significant factor because each consumer is quality and cost conscious. Each pack or a wrapper, contains in the message the MRP-Maximum Retail Price inclusive or exclusive taxes depending on the situation. Such facility makes the producers to have sound sleep because the greedy middlemen-may be wholesalers or retailers would have charged any price. Even an uneducated consumer is well informed through ads especially TV, Cinema and other audio-visuals or audio sets. He or she insists on buying a product at printed price on the pack. Thus, the producers have the solace that products are reaching the final user at the prices printed that are most economical to the consumers.

3. Increases Bargaining Power : Good brand and branding gives greater bargaining power to the manufacturer with the dealers. This is because, there is already a 'pull' in favour of the product. Hence there is no need for a great 'push' by retailers. As, it is easier to sell or market branded products, wholesalers and retailers prefer to stock and deal in branded products than non-branded. This gives an edge over dealers to the manufacturers which empowers or strengthens the hands of manufacturers to dictate the terms in their favour.

4. It Reduces the Advertising Costs : Advertising plays an important role in communicating the ad message of the manufacturers to the consumers directly and middlemen indirectly. A product which is known to the consumer hardly needs extra advertising expenses each time. At the most he has to make the customers to remember by reminder advertising because of large-scale brand proliferation and competitive advertising and constant storming of consumer brains. The over expenditure drops down in case of branded products. This is an advantage of consumer loyalty that is created by brands-the effective brands.

5. Ever Increasing Demand : Powerful brands have the capacity to create, maintain and extend the demand for a product. The strong bonds have longest life. A rececnt study conducted by A and M Magzine report, the top ten brands of the year 1999 were Colgate, Amul, Dettol, Britannia, Life boy, Ariel, Horlicks, Lux, Zee TV and Doordarshan. This power brand is all India which differs from zone to zone-south, north east and west. Once a brand is built or in sight and mind it leads to word of mouth advertising; that it rools on its own leading increased demand.

6. Introduction of New Product is Made Easy Task : Launching of product-particularly new one is the toughest job. However, the consumers who are loyal to the brands or products of a particular company say, HLL, Godrej, Colgate Palmolive, virtually, they are addicted to that brand. This is particularly true in case of smokers, soaps, tooth paste, hair-creams and jels, scents and deodorants. This is equally applicable to consumer durables. In each case, a particular brand ranks in case of a product. In case such a company is launching a new product, it will be easily accepted because of past trust in the company. Thus, HLL from 'Liril' trying for 'Fa' soaps and deodorants for men and women. Thus, the job is made comparatively easier. However, in all cases, it is not true. For instance, Philip's company known for sound gadgets failed successfully by introducing dry- cells and shaving blades.

7. It is A Powerful Weapon of Product Diffentiation : Day by day, the markets are getting more competitive and market driven and consumer driven. In such case the companies that succeed in diffentiating the product can carve niches for themselves through this weapon. One is aware of the onslaught of Mc Donalds and Domino's Pizza impact. Indian cooperative namely Amul came out with Pizza huts as distinct product for using cheese that is produced. It is a grand success and is now felt that 'Pizza Huts' are preferred to Mc Donalds and Domino's This product diffentiation combats keen competition by positioning and repositioning the product. One is aware of the war going on between Coca-Cola and **Pepsi Cola**. The **Coca-Cola** working with "Kuch bhi ho jai Coca Cola Enjoy". **Pepsi** with "Dil Mange More". Now come out with Pepsi "Le Chel Le Chel" on the contary Coca-Cola changed its slagan "Thunda Matlab-Coca Cola".

B. Merits to Wholesalers and Retailers :

The middlemen—who connect the manufacturers and consumers stand to benefit the following because of branding.

1. Quicker Sales : The middlemen—wholesalers and retailers need the shorter time for sales to take place. In case of unbranded goods and weak brands, they are slow moving. It is because, sales stem from final consumers. That is consumers should approach first the retaieers and then retailers to wholesalers and they procure from the producers or out of stock the delivery takes place. The question of prospects being converted into customers is a big process which is done by perfect promotion mix plus the power of the brand.

2. Advertising and Display of Products is Rendered Easier : A product which is known by its name or symbol or combination which we call brand has the magic which needs no such advertising. Display advertising both window and counter will be a regular feature which as the merits of POP—point of purchase displays. They have a fixed schedule making movement from one rejoins another by display-department.

3. Increases Market Share and Control over Market : Each supply chain in target market helps to increase the share in total market sales of that market and can do better than competitors. That is by having increased market share, it will have market leadership creating challengers by sitting in driver's seat. This means the company has greater control through middlemen. It is natural that middlemen will take pride in doing so.

4. Introduction of New Products is Rendered Easier : The retailers are the first line army who are in close touch with customers. Retailers are the purchase agents or officers for customers because it is the customers who seek advice from the retailers as to what to buy and what not to buy. Retailers have no hesitation to recommend new products. Again, they have training and hints from wholesalers. Thus introduction of new products is not a botheration.

5. Branded Products Have More Stabilised Prices : This has very good impact in combating competition. When the branded products of various companies are there in the market available for they go by quality and not by price. That is, the competitors do not have much ice-way for price competition. Only way to compete is by quality. When your product is superior at that consumers realise that it is so, you have won the battle. This reduces competition as price comparisons are not made, if price diffentials are marginal.

6. Economical Way of Doing Business : When the wholesalers and retailers decide to trade on the brands of manufacturers, they need not create any brand. Brand creation is not a joke that involves investment in terms of time, talent and treasure. With all that they may not succeed. That is why most of the wholesalers-especially try to deal on brands of manufacturers.

C. Merits to Consumers :

The class of consumers for whom the products are produced as per their specifications or near specifications stand gain by branding or branded products. These are :

1. Brand Stands for Quality : When consumers are buying the products, they are selective as certain brands as it symbolises lises the quality standards. Unbranded products, to have quality but no assurance as greedy producers may say something and pass on spurious stuff to the customers. When the days have come that duplicating of even life-saving medicines right from stuff to packaging so much so that the consumer fails to say which is "original" and which is "duplicate" though the measures are taken as "bar-codes" and 'holograms". Generally brand stands for quality and quality assurance where lies the satisfaction of consumers.

2. Consumer Protection Against Cheating : The hard earned money of consumer does not go waste because, the manufacturers print on each pack or container the MRP—Maximum Retail Price—inclusive or exclusive of local taxes. Therefore, the retailers can not charge more than what is printed. Even if they do so, they are losing customers as, the products are available at right prices in other outlets. Again, the expiry date, date of manufacturing, batch number and the like are given which help in setting disputes as and when arise, if any.

3. Branded Products Reflect their Life Styles : Branded products speak of the personality of a product and therefore the personality and the life style of consumers. One can easily say, by the use of certain brands of toiletories, dress- materials, ready garments, shoes, watches, white goods, to what class the consumer belongs; it reflects their quality of life. When a person arranges wedding reception party in 5 star hotel, one can easily guess what is the purchasing power of the party involved. Each person, each family wants to have their own image depending on their paying or spending capacity.

4. Steady and Regular Supply of Products : Consumers are not only worried about the supply of quality goods at reasonable rates but equally interested in adequate and regular supply of products. Each individual, each family has a family has not only budget but the schedule of supply of goods in definite quantities. This supply chain should not be broken. Normally, it does not happen in case of branded products because, there is no scope for bungling.

5. Prevaitence of Stable Prices : Between branded and unbranded products, branded products have prices printed as to what the consumer is to pay as MRP—maximum retail price. In case of unbranded products manufacturers normally do not print MRP or maximum retail price. The act of branding the product is in favour of consumers as regular prices are printed that stay regular over a particular period and it does not give chance to retailers to manipulate, as they can do in case unbranded products. The facility of comparatively stabilised prices accrues to those who use branded products. Whether it is a premium brand or non-premium brand—prices are more or less stabilised over a period of time.

4.14.3 BRAND EQUITY :

What is Brand Equtiy ?

Several attempts have been made to define the phrase 'brand equity'. It has different connotations when different people use it. That is 'brand equity' as a concept is differently defined from differnt point of view. So one can ask many questions as he thinks fit. Is a brand equity the price at which a brand can be sold by an organisation to another ? In that sense, it becomes a purchase considerations. Is it the price of a brand. Under study when all brands in the market are forced to have equal share ? What measures brand equity ? is it the awarenecs or the buying intention or a brand loyalty ? There is no our answer to this. The best thing is to the experts or consultants in the field.

"Brand Equity" refers to "a set of assets and liabilities linked to brand, its name and symbol that add to or subtract from the value provided by the product or service to a firm and or that firm's competitions" as clearly defined by Professor **David A. Aaker** in his article "Managing the Brand Equity—Capitalising on the Value of Brand Name" Free Press 1991-p.15. In other words, brand equity provides (or negatively subtracted value to a firm in the form of price premium or trade leverage or competitive advantage. The brand's assets can be categorised into the five groups as listed by **Professer David. A. Aakar** namely, (1) Brand loyalty (2) Brand name awareness (3) Brands perceived quality (4) Brand association in addition to the perceived quality and (5) Other proprietary brand assets like patents, trade marks, channel relationships.

Accordingly, **Arthur Anderson Consultants** developed an elaborate methodology to define the phrase 'brand equity'. Based on their way of approach, the definitions of brand equity are COST based, PRICE based and CONSUMER based.

The following chart clears the concept of "Brand Equity".

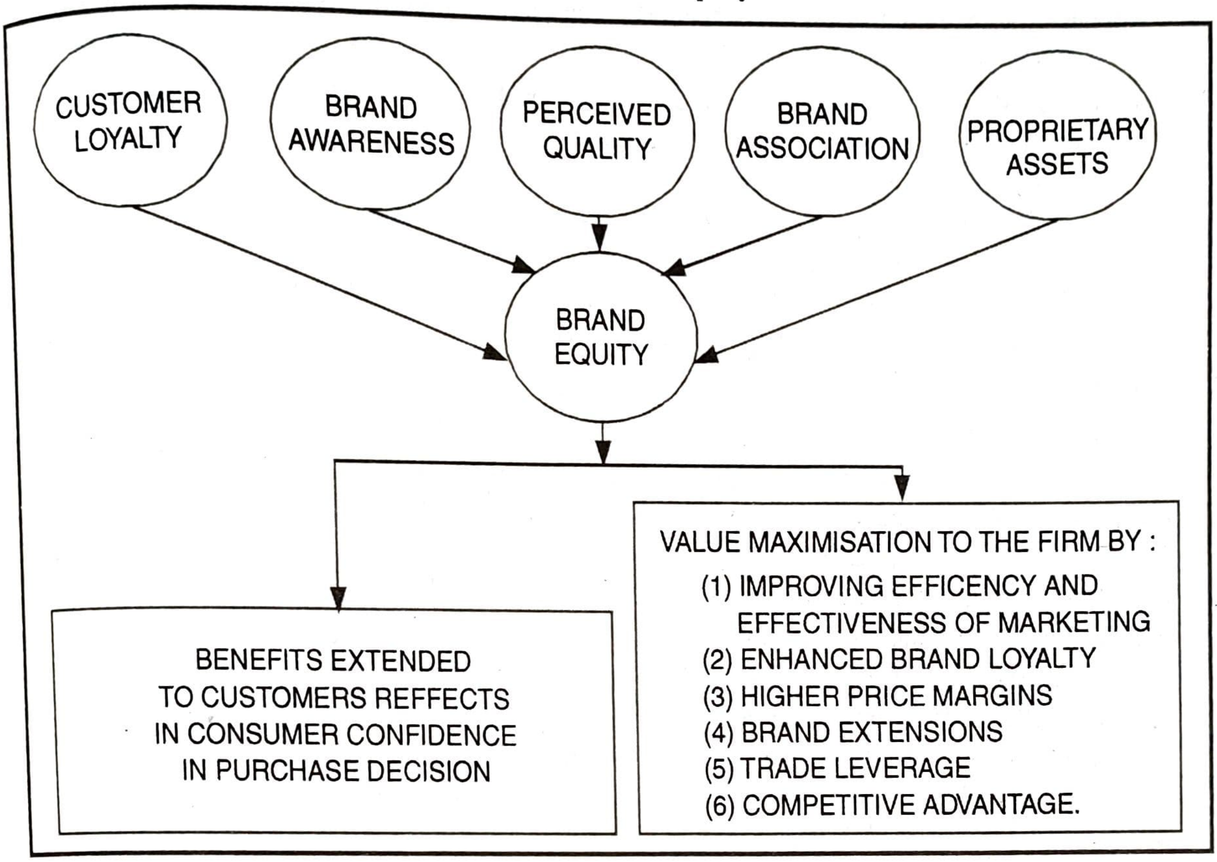

Fig. 4.9

The following is the chart that projects the concept of Brand Equity bases.

BRAND EQUITY

↓

Cost-based	**Price-based**	**Consumer based**
1. Historical Cost	1. Price Premium	1. Brand knowledge
2. Replacement Cost	2. Equalisation Price	2. Attribute Rating
3. Market Value Method	3. Indifferent Price	3. Blind Test
4. Discounted Cashflow Method		
5. Brand Contribution Method		
6. Inter Brand Method		

It will not be out of place if one has the knowledge of each method for, it helps in having perfect knowledge of 'Brand Equity".

A. COST BASED METHODS

1. Historical Cost Method : This represents the money that has been spent on the brand to date. Say ₹ 150 million have been expended in creating a brand 'X' for a particular product. The value at which the brand can be sold to another firm should be ₹ 150 million. It is quite appealing on intuitive grounds. However, the problems associated with historical cost are : (1) The prospective buyer is more interested in the future cash flows from a brand and the fact that ₹ 100 million was spent on brand 'X' does't guarantee the realisation of even a small chunk of it that amount in future sales. The costs incurred in brands are no measured of the efficiency with which the money was spent. There are living examples of American and Japanese firms. The budgets of General Motors, Siemens, Philips, Xerox and IBM are much higher than Japanese competitors such as Honda, Hitachi, Sony, Canon and National Electrical Company. The result is that with small budgets Japanese companies have more successful models. Funds may be abundant but badly spent will not yield good result is terms of brand equity. Hence, historical costs are our inadequate measure of a brand's future potential even when the costs are adjusted to the current prices.

2. Replacement Cost : In 1997 Colgate had a turnover of ₹ 6810 million with a gross profit of ₹ 146 crores or 1460 million rupees, reached 3 lakh retailers directly enjoying top rank so far as consumer awareness ranking by A.M. magzine of 1997 November. This is what the calculation of cost to create the brand with similar indicators such is turnover, profitability distribution reach, brand loyalty and so on.

The marketing experts are of the opinion that to launch a product with national brand will be around 50 million rupees. Add to this the production, distribution and other marketing underfoot costs. A moderate and simple calculation can demonstrate this figure. Take the arch rival brand of Colgate namely Closeup of H.L.L. In case of Close-up—₹ 2000 million was spent cumulatively on production and marketing over the years to achieve its present position. To this, add amount for brand loyalty and distribution equity it commands. Let us take that HLL has spent another 600 million rupees. Speaking alternatively the brand value of Close up is 2600 million rupees.

That is replacement cost is :

$$RC = LC + PO + AO + SDO + BP$$

Where RC = Replacement Cost

LC = Launch Cost

PO = Production Overheads

AO = Administrator Overheads

SDO = Selling and Distribution Overheads

BD = Brand Premium acquired over the year due of brand Loyalty.

This approach is better than historic cost approach as it considers todays costs than of past. However, procedurally it is not that simple to calculate as it appears. It is not totally free from the weakness of historic costs. The question is what guarantee is there of HLL spending 2600 million to say for acquiring 18 percent market shares in case of Close up did ? That is present costs or replacement costs are as bad indicators as historic or past costs so far as evaluating the brand equity is the focus.

3. Market Value Method : For a particular brand, brand value is obtained with the value that has been realised in comparable current merger or acquisition. The data available showing past and present position of some six companies taken from Business World October 5-18-1994 which is much relevant here.

Past Position :

Company	Taken over by	Year	Price (million) ₹
1. Ashok Leyland	Hindujas	1987	780
2. Assam Co. Ltd.	Jay Mehta	1991	600
3. Shaw Wallace	Mr. Chhabria	1985	390
4. Berger Paints	Vijay Mallya	1988	360
5. Warner Tea	G.S. Ruia	1983	130
6. Universal Luggage	Dilip Piramal	1988	40

Present Position

Brand	Taken over by	Price in million ₹
1. Eveready	Mcleod Russel	2,900
2. Kelvinator	Whirl Pool	2,500
3. Farex, Glucon-D	Heinz	2,100
4. Thums Up, Gold Spot	Coca Cola	1,800
5. Cibaca	Colgate	1,310
6. Transelektra	Godrej	800

It is evident from the information that Cibaca was taken over by Colgate for ₹ 1310 million. If Cibacas equity as ₹ 1310 million, What is the equity of Colgate? As Colgate has 17 times the turnover of Cibaca, it works out ₹ 22270 million. Instead of taking as STR (Sales Turn Over) one can take even EPS earnings per share as multiplier where EPS = PAT ÷ Number of Equity Shares.

4. Discounted Cash Flow Method : This method consists of two elements namely (1) Estimating the cash-flows that will accrue in future and (2) Conversion these cash flows to present value discounting at an appropriate discount factor. This speaks of present value of forecasts. Present value tables give this discount factor—over a period and at discount rate.

Let us take the cash inflows of Orient fans—PMPO are projected for 15 years, and discounted at 13 percent, the following will be the results.

Year	Cash Inflows	Discount Factor	Discounted Cash flow
2000	1,100	0.88496	973.456
2001	1,158	0.78315	906.887
2002	1,190	0.69305	824.729
2003	2,020	0.61332	1,238.906
2004	2,100	0.54276	1,139.796
2005	2,300	0.48032	1,104.736
2006	2,500	0.42506	1,062.650
2007	2,570	0.37616	996.731
2008	2,780	0.33288	925.406
2009	2,890	0.29459	851.365
20010	2,990	0.26070	779.493
20011	3,133	0.23071	722.814
20012	3,333	0.20416	680.465
20013	3,560	0.18068	643.221
20014	4,000	0.15988	639.520
	₹ 37,624		₹ 13,490.175

According to this method the purchasing company pays Rs 13490.18 (rounded figure) ₹ 13490.18 is the brand equity of Orient Fans PMPO. Though it is sounding well of discounting estimated cash inflow as compared to historical method, it is rather difficult, if not impossible, to estimate the cash-inflows very accurately over a longer period. Another brand say Cinni might excel Orient PMPO in future. Again the nature the very industry might undergo a change duet improved technology. Instead of suspend fans, they might be horizontal, or very flat yet aerodynamic fixed in walls. In other words, Orient PMPO may not retain its original status. However, this is a suitable method where sales turnovers are stable and more accurately predictable.

5. Brand Contribution Method : This is an attempt to identify the 'Brand' contribution to the product. This 'Brand Contribution' compares the profits earned by the brand with profits earned by an unbranded or generic product in the same category. Accordingly, the difference between the two is treated as a measure of brand value. Of course, this is not acceptable at which the brand can be sold. It is because the buying will have to pay several times the difference to the bought unbranded product.

It can be presented in the form of an equation as under :

BE = K × (Profits from the branded product—profits from the unbranded product in the same category.)

Where :

BE = Brand Equity

K = Number of times the difference. let us take a case of shoes manu factured by unknown and the shoes bought or manufactured by Bata Shoe Company. Say the sales of 'Ambassador' brand are ₹ 500 million and those of another unknown brand equal to that of 'Ambassador' are ₹ 400 million but profits are ₹ 100 million in case of Bata While ₹ 50 million in case of unbranded product.

The 'K' factor is 8 times, then the Brand equity will be :

8× (₹ 100 million—₹ 50 million)

= 8 (₹ 50 million) = 400 million

This method is more useful as the measure of the brand's strength in the market in which it operates.

6. Inter-brand Method : The Inter brand Company of United Kingdom developed this method which is structural in arriving at brand equity. It is an attempt to arrive at the value at which a brand can be sold by our company to another. In fact, it is a complicated method involving certain logical steps.

The equation of Brand Equity according to this method is :

B.E. = (Weighted Average of Past Brand Profits × Standard Rate of Return of Industry × Brand Strength).

This involves three steps :

1. The weighted average of the last three year's profits of the brand computed.
2. Calculating brand strength variable scores say leadership, suitability, internationality, protection, market, trend and so on. This product is a percentage namely point wise total score out of 100 score points.
3. The Brand Equity then will be the product of weightage, average profits multiplied by Standard Rate and brand Strength.

Let us take a case to understand the derivation of Brand Equity. The Ready Garments Company has give profits for three years. The weightage given is 2 : 3 : 4 Profits : 2000, ₹ 25 million 2001, ₹ 31 million and for 2002 ₹ 35 million. It manufactures T-shirts named as "Smarty". The standard/Average Rate of Return for industry is 25 percent or ₹ 25 per share of ₹ 100 each. The brand strength variables are Leadership. Suitability, Internationality, Support Protection, Market and Trend. Each variable is given the weightage of 100 points namely 30 to leadership; 15 to Suitability, Internationality 15; Support 15; Protection 5; Market 5 and 15 is for trend. The actual score for each variable as against the earmarked are 17, 8, 3, 8, 3, 3 and 9 respectively.

Accordingly we will calculate weighted average profit for three years.

Year 2000	Profits ₹ 25 million	×	2 = 50 mi.
Year 2001	Profits ₹ 31 million	×	3 = 93 mi.
Year 2002	Profits ₹ 35 million	×	4 = 140 mi.
Total Profits			₹ 283 million

$$\therefore \text{ Average profits } = \frac{₹\ 283 \text{ million}}{2+3+4} = \frac{₹\ 283 \text{ million}}{9} = ₹\ 31.444 \text{ million}$$

Another step we are proceed is to find out "Brand Strength" which is in the form of a statement.

Factors/ Variables	Implications	Weights Given	Weights Scored
1. Leadership :	Is the brand a leader in the market shares pricing ?	30	17
2. Suitability :	Is there brand loyalty ? Does the brand have stable market share ?	15	08

3. **Internationality :**	What is the brand's accomplishment level in international markets ?	15	03
4. **Support :**	Is the brand actively promoted and supported by the company ?	15	08
5. **Protection :**	Is it adequately protected by trade mark ?	05	03
6. **Market :**	Is the market in which the brand operates stable ?	05	03
7. **Trend :**	What is the long-term future for the brand ?	15	09
	Total	100	51

Therefore the Brand Strength will be

$$= \frac{51 \text{ points scored}}{100 \text{ points earmarked}}$$

$= 0.51$

Hence, Brand Equity $= 0.51 \times 25\%\ 31.444$

$= 0.51 \times 25 \times 31.444$

$=$ ₹ 400.911 million

$=$ ₹ 400.91 million

If a company like **Chirag Din** wants to buy 'Smarty', the first will have to pay ₹ 400.91 million. What important to note is that qualitative factors are quantified. It means that 'Brand Strength' is going to be subjective because these is not a single way as to what weightage is to be given to variables. One must admit openly that it is almost difficult, if not impossible to totally eliminate the influence of subjectivity even where quantitative methods are used. The rationale of this method is that weighted earnings are related with industry's earnings rate.

B. PRICE BASED METHODS

Some experts have thought of calculating Brand Equity on the basis of price particularly retail prices of the brands. These are

1. Price Premium Method : A comparison made of the retail price of a 'branded' product with that of unbranded product in the same category. The difference speaks of "brand equity". It also indicates "brand strength". It means that higher the retailer premium that a brand can charge, greater is the equity of brand in the minds of a customer. Since price is the parameter—the brand equity can not be generally acceptable concept. In case of Colgate, we have "Colgate Dental Cream" which is largely used and lowly priced as against "Colgate Total" which is very costly. Even Amway dental cream "Glister" is very much higher than that of Colgate Total. In case of "Balsaras "Babool" is deliberately priced lowly as compared to "Promise" to enter the market to gain the ground. The implication of this approach of brand equity is that of Low-brand equity or zero brand equity in case of lowly priced branded and unbranded products.

2. Market Share Equalisation Method : Brand equity is arrived in case of this method in a wiser way if total market sales for say dental cream say 57 percent is that of Colgate, 18 Promise, Babool 5 percent, Pepsodent say 10 percent. These are not actual figures nor the only brands. One can take different figures and brands. To illustrate let say there are four brands priced for a given quantity say of 100 gram tubes and the number of people using taken out of hundred persons.

Following is the statement configured :

Brand	Prices per tube of 100 gram	Number of persons using
1. Colgate Dental Cream	₹ 18.50	62
2. Close Up	₹ 22.50	20
3. Promise	₹ 18.50	07
4. Babool	₹ 16.50	11

The question is what are the prices at which the market share for each of these brands equal ? Apparently the most popular brand is Colgate Dental Cream. It is obvious that if Colgate Dental Cream raises the prices beyond a particular point, consumers are likely to shift to other brands. Let us take if 37 persons shift from Colgate with big rise in Colgate Dental Cream and marginal rise in other brands.

This gives the following changed picture.

Brand	New Prices per 100 gram pack	Number of consumers
Colgate	₹ 26.50	25
Dental Cream Close up	₹ 23.25	25
Promise	₹ 18.75	25
Babool	₹ 16.75	25

The changed scene created by forced situation, makes it amply clear that all four brands have equal market shares. Here, it is the price that indicates the brand equity.

If we express the prices in terms of paise the numbers reflect in 'Brand Equity' Map.

Colgate Dental Cream	Paise 265.00
Close-Up	Paise 232.50
Promise	Paise 187.50
Babool	Paise 167.50

This Brand Equity Map clears that Brand Equity of Colgate Dental Cream is equal to 265.00 while that of Babool 167.50. That is both Colgate Dental Cream and Close up are High in terms of Brand Equity while Promise and Babool are low. This is proved by the study, conducted by the students of Indian Institute of Management covering 51 respondents, reveals that at market share equalisation, Colgate commanded a price premium of 6.12 and Close Up ₹ 2.71. Taking this group of respondents, Colgate enjoys higher "Brand Equity" than 'Close Up'.

3. Price Premium at Indifference : This is the method that attempts to compare the free prices of brands at the point of indeference. Let us take two brands say Colgate and Promise. To avoid duplicacy repeat same experiment that was tried in market share equalisation method. Keep increasing the price of Colgate from 26.50 to ₹ 27.00. Let us, on an average a customer jumps from Colgate to Promise at ₹ 27.00.

Then the Brand equity of Colgate will be :

$$\text{BE} = \left\{\left(\frac{\text{Revised Price of Colgate}}{\text{Revised Price of Promise}}\right) - 1\right\} \times 100$$

$$\text{BE} = \left(\frac{₹\ 27.00}{₹\ 18.75} - 1\right)(100)$$

$$\text{BE} = (₹\ 1.44 — 1)\,(100)$$

$$\text{BE} = 44$$

Similar methodology can be used to calculate the brand equity. This method uses one of the brands as 'anchor point' to define brand equity. It might so happen that some brands might have negative equity.

For instance, if an average customer jumps from Babool to Promise at ₹ 17.00, the Brand Equity of Babool will be :

$$\text{BE} = \left(\frac{₹\ 17.00}{₹\ 18.75} - 1\right)(100)$$

$$\text{BE} = 0.906 — 1\ (100)$$

$$\text{BE} = —\ 0.33$$

As concept of 'equity' is relative, it does not matter. Let us equalise B.E. of Babool to zero and rearrange the result.

The rearranged set of facts will reveal :

Colgate	44.00	Colgate	58.80
Promise	0.00	Promise	9.33
Babool	—9.33	Babool	0.00

It clearly demonstrates that Colgate has much higher Brand Equity than Promise and Babool. Between Promise and Babool, the latter has least equity.

C. CUSTOMER BASED BRAND EQUITY

Customer based methods of Brand Equity are also developed by some veterans. The heart of this approach is the customers knowledge about the brand in spot light. These are

1. Brand Knowledge Method : 'Brand Knowledge' stands for the sum of brand awareness and brand image. Each of the parameters can be measured on a 1—10 scale where standard measures such as recall, associations or attitudes or users image and so on. A weighted total of these parameters will be the measure of brand equity. The dimensions of Brand Knowledge can be presented in the form of a chart as under for better understanding.

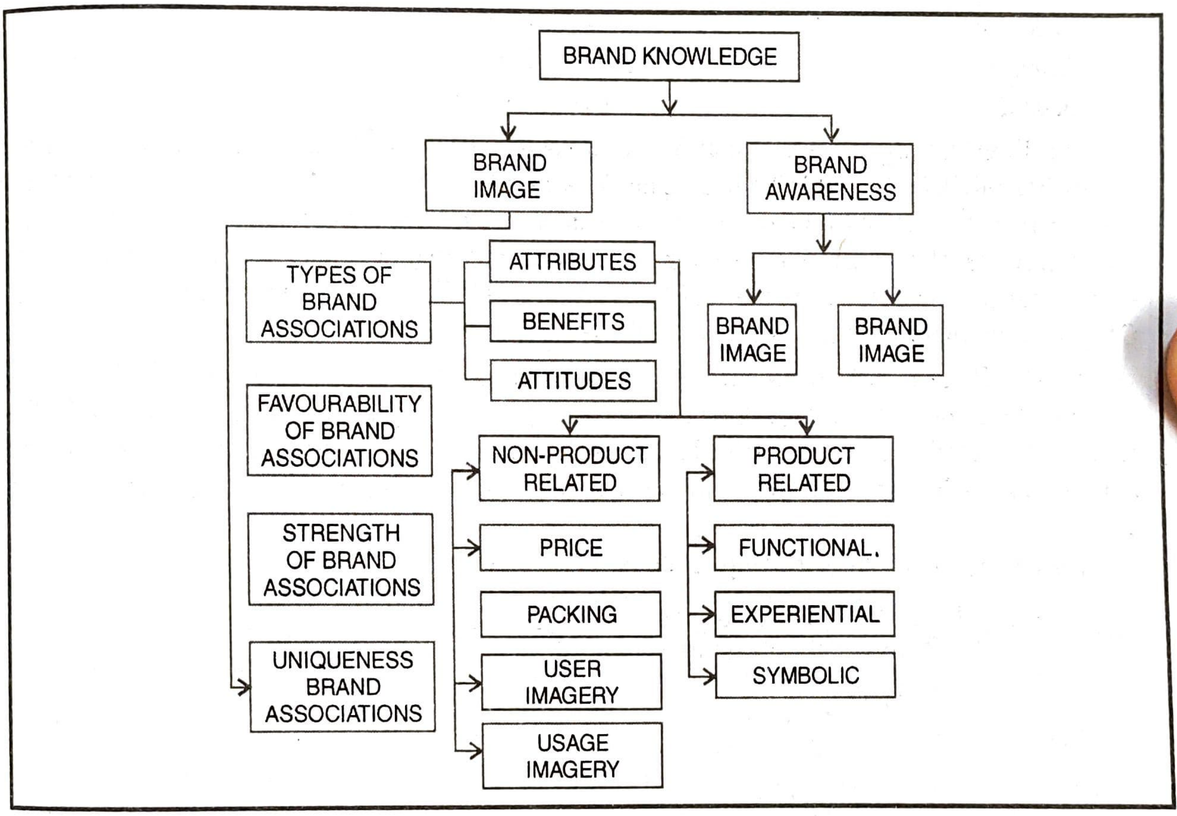

Fig. 4.10

Brand Recall

It can be better explained with a practical example. To have recall score for a brand, certain questions are asked. There may be four or five questions. Let us take bathing soap brand say "Mysore Sandal".

One can ask say four questions regarding this soap.

1. What brand comes to your mind when I say toilet beauty soap.
2. Which brand comes to your mind when I say 'lower price'.
3. Which brand comes to your mind when I say white, cream, pink ?
4. The advertisement for which brand says "Do you now understand why I buy this ?"

Let us turn to the answers of these in case of a customer. Remember we are asking several customers from different parts of the country—Urban, semi urban- rural—top class, middle class, poor class, educated, uneducated, youngsters, middle aged, old and so on. Say answer in case first question is 'Mysore Sandal', then its Brand Recall is high. Let us give 10 out of 10 points. If the answer to second question is "Santoor", then the score point can be say 7 out of 10 points. If the answer to the third question is say, 'Mysore Sandal', the score point can be 6 out of 10. If the answer is a correct recall—say 'Santoor'—he can be given again say 5.

Then the scores are averaged for four questions. In this case, (10 + 7 + 6 + 5 ÷4) the average score is 7. This is a measure of Brand Equity. According to this method, the equity does not lie in the price at which brand can be sold but in the mind of the customer. Even if consideration obtained for selling a brand can be measured, it is argued that this consideration itself depends on how many people like the brand or its customer based brand equity.

The study conducted by the students of Indian Institute of Management Banglore in case of two items, toilet soap cakes and tooth pastes, the scores that ranged between 0 and 10 are as follows after averaging.

Toilet Soaps		Tooth Pastes	
Brand	**Score**	**Brand**	**Score**
1. Lux International	7.57	Colgate Gel	7.40
2. Liril	7.16	Close Up	6.98
3. Camay	6.88	Pepsodent	6.44
4. Pears	6.85	Colgate Dental Cream	6.29
5. Lux	6.51	Promise	5.81
6. Mysore Sandal	6.17	Cibaca Top	5.46
7. Santoor	5.97	Neem	5.00
8. Dettol	5.71	Babool	4.81
9. Rexona	5.65		
10. Hamam	5.48		
11. Ganga	5.52		
12. Life buoy	5.15		
13. Margo	4.99		
14. Nirma Beauty	4.77		
15. Nirma Bath	4.53		

The above piece of information makes it quite clear that amongst the toilet soaps, Lux International has the highest Brand Equity while "Nirma Bath" the lowest. In case of tooth pastes, "Colgate Gel" has the highest Brand Equity while 'Babool' has the lowest.

The major problem with this method is that the scores should be valid. The respondents selected must fully be reflective of the social fabric. Unless and until, several such studies are carried out on different products or brands a score can not be interpreted. Suppose AM. studies conducted several times, reveal that Colgate has a score of 82. If Nirma gets 55, the question is whether its equity should be compared in similar or competitive products or brands or non-competitive or different product or brand which are unrelated. The question remains unsolved as to its validation and standardisation.

2. Attribute-Oriented Approach : Under this approach, the methodology is take the attributes of brands in a particular product area. These attributes are rated in the range of 01 to 10 scale from consumers. The sum of the scores of each brand reflects the Brand Equity of a given product.

Let us take the case of toilet soaps say at least 5 and decide the attributes and get the score from consumers and total the score for each brand to determine the Brand Equity. Even these absolute scores can be expressed as a percentage.

The configuration of scores of five brands and five attributes may be:

Attributes	Cinthol	Liril	Dettol	Lux	Nirma Bath
1. Fragrance	8	6	7	9	5
2. Density	7	7	6	5	6
3. Froth	9	8	7	7	8

4. Moisturiser	7	6	5	8	5
5. Freshness	8	9	4	8	7
	39	36	29	37	31

In terms of abosute figures compared 'Cinthol' has Highest Brand Equity and 'Dettol' has the lowest. Even if percentage is taken, the same ranking will result.

Though it gives weightage to attributes, the limitation of this method is that Brand Equity stands for more than brand attributes.

3. Blind Test : Blind test is a variation method of the earlier attribute. Under this method clear distinction is drawn between subjective and objective attributes. Accordingly Brand Equity is defined as the difference between the overall performance of a brand and the sum of the scores it gets on objective parameters.

Let us take the example of 100 CC mobiles say "Yamha RX", "TVS Shaolin" and "Hero Honda-Splendour".

Taking overall brand level, there is preference for one brand or the other. Taking brand level score out of 100 points. A respondent gives or respondents give the score when you ask the question a consumer''. How much does this brand score on hundred according to you ?'' Say answer is—Yamaha 79, Shaolin 84 and Spendour 88. Let us turn now to score when objective parameters are considered such as-fuel consumption-that is so many kilometers per liter of petrol; Pick-up so many Kmph in given time duration- Load carrying capacity-its minimum and maximum.

Then there is need of conducting a blind test on these attributes for the brands in question without revealing the brand name to the customer.

If following are the average ratings taken from a sample of 300 respondents for each of the objective attributes on a 00 to 10 scale, the findings will be:

Objective Attributes	Brand Shaolin	Brand Splendour	Brand Yamaha
1. Fuel Efficiency	7	9	8
2. Pick-up	6	6	7
3. Load Carrying Capacity	7	6	6
Total out of 30	20	21	6

∴ out of 100 $= \frac{20}{30} \times 100$ $\quad \frac{21}{30} \times 100$ $\quad \frac{21}{30} \times 100$

21

= 66.67 70 70

Then deduct these scores (objective) from the subjective scores to arrive at Brand Equity :

Extent of Brand equity	Brand Shaolin	Brand Spendour	Yamaha
Overall Brand Level Score	84.00	88.00	79.00
Less Objective Line scores	66.67	70.00	70.00
Brand Equity	17.33	18.00	09.00

It means that subjective parameters show that Brand Equity is highest for Spendour and lowest for Yamaha.

The basic problem is that of identifying the subjective and objective parameters. It is much easier in case of say two wheelers and four wheelers but not so easy in case of consumer non-durables like talc powder, Shampoo, or say tooth paste and so on. Again very important question arises as to why only we should take into account subjective factors (net) as a measure of Brand Equity ?

4.14.4 PRODUCT PACKAGING MEANING AND OBJECTIVES

Packaging is the other side of the product identification. Traditionally, the function of packaging was to protect goods. However, it is a promotional tool and the major image builder contributing to the product success. It is a point of sale display that develops a favourable consumer appeal. 'Packing' is a process that speaks of company's ability to contain economically man made or natural products for shipment, storage, sale or final use. It comprises the activities of wrapping or creating the product for performing the marketing functions more easily and economically. In simple words, packing is the act of housing the product in the packages or containers like tins, cans, bags, jars, bottles, boxes, kegs, casks, and the like. A 'package' is a wrapper or a container in which a product is enclosed, encased, housed or sealed. 'Packaging' on the other hand, deals with activities of planning and designing of different means of packing the products. What are clothes to human-beings, so are the packages for the products.

DEFINITIONS

❑ **"Packaging is the general group of activities in designing the containers or wrappers for the products".** —*Professor William Stanton*

Package design is the unique combination of colours, graphics and symbols to distinguishing the products.

❑ **"Packaging is an activity which is concerned with the protection, economy, convenience and promotional considerations".** —*Professor Philip Kotler*

Thus, it embraces the functions of package selection, manufacture, filling and handling. It is worth noting, here, that the word 'packing' is more comprehensive and, hence, covers 'packaging'. Packing is concerned with product protection while packaging with product promotion.

OBJECTIVES OF PACKAGING :

Packaging is a market and marketing necessity, atleast five objectives can be identified so far as product packaging is concerned. These are—

(1) product protection (2) product identification (3) product convenience (4) product profit generation and (5) product promotion.

These points can be outlined as given below.

1. Product protection : The primary objective of packaging is protection of products or contents. It is the package that keeps the contents fresh, clean and unspoilt by using moisture proof, vermin-proof and damage resistant materials. It is powerful weapon to avoid shop-lifting, stealing in shops. This protection is given to the products from their birth till their death. Thus, product is protected against the possible theft, pilferage, leakage, spilling, breakage, contamination, deterioration, evaporation and so on.

2. Product identification : The products available in a shop on shelves must be distinguishable for easy identification. One brand is to be compared and distinguished from another. Next to brand names, packaging is another easy and convenient method to identify the products of different producers or marketers. It is obvious that the packaging of one product is very much different from another. Thus, it becomes a means of easy identification. The size, the colour combinations, the graphics used in each package are unique that can be easily remembered and recalled.

3. Product convenience : A packaging aims at providing maximum convenience to the purchasers, producers and distributors alike. A nicely designed product package facilitates product shipping, storage, stocking, handling and display on the part of producers and distributors. It is caused by product density. Good packaging facilitates the ease of product use by consumers. The best examples of this kind are—tear-tape, poring spouts, squeeze bottles, aerosol cans, flip-tops pull- tubes, wrappers and the like. They increase consumer convenience to a great extent.

4. Product promotion : Product package is a powerful promotional tool. Packaging performs good many advertising functions.

Atleast four are emphasized.

(a) Self advertising—package design has supreme significance as it attracts consumers.

(b) Point of purchase display—when we talk of display the two possibilities are—'window' and 'counter' where the first does the work of attracting the consumers or prospects to 'get in' and the second one gives the comparison of 'competitive products' for consumer choice.

(c) Media of advertising—the general appearance and the selling features created by the packaging techniques decide the product success and

(d) Product publicity—free advertising is done through package-insert or flap advertising.

5. Product profit generation : Adequate and proper packaging can be the cause for generating increased profits to the producers and distributors. Because of product density created by good packaging, it reduces costs in storage, transportation and handling. Further, the wastes that are common in marketing process can be minimised, if not eradicated. Further, sound packaging is an effective tool of sale-promotion. All these factors are bound to contribute towards profit maximisation with reduced costs and improved efficiency.

ROLE/FUNCTIONS OF PACKAGING :

In modern dynamic and competitive marketing conditions, the role of packaging cannot be underestimated. It has become a highly specialised activity building the fortunes of producers, extending the stay of middlemen and expanding the convenience to the consumers. The role of packaging is self evident from the specific functions it performs.

The functions of good packaging are summed up as under.

1. It protects the contents : The basic function of packaging from the time is to protect the contents of it from damage, dust, dirt, leakage, pilferage, evaporation, watering, contamination and so on. The intrinsic values or the properties or the quality standards are maintained intact. Thus, the contents are kept fresh, clean, unspoilt and unaffected. Seasonal fluctuations in demand may be smoothened out through packaging. The canning and deep freezing of some perishable products like straw berries, orange juice, mango pulp enable all the year round consumption on the part of consumers.

2. It provides product density : It is packaging that increases the product density. Product density implies selecting such package materials, design and shape that it helps to use the limited space in the best way. Product density improves relations with common carriers, permits better use of space in storage and usage and increases the grace and poise of arrangement.

3. It acts as promotional tool : Good packaging can sell more easily and quickly as it works as a promotional tool. It is a 'silent' salesman. As a promotional tool, it does self—advertising, displaying, publishing and acts as an advertising medium. Attractive package enhances the opportunity of impulse buying. It is the package, size, design, colour combinations and graphics that decide its ability to attract the valuable attention of customers or the prospects.

4. It provides user convenience : Convenience in storage, transporation, handling and usage the product is another requirement. Good packaging does this in greater degree. As a result the marketing functions of the transportation, storage and handling are performed with ease and without wastage. Consumers are greatly assisted so long as the product is in usage. In fact, neat packaging has brought home reduction in inventory costs, packing costs, space and time costs.

5. It facilitates product identification : Product differentiation is the hall-mark of these days of keen competition. This process of product differentiation is furthered by effective product identifiers; one is branding and another is packaging. The product package identifies the product no matter where you see it, under what circumstances you see it, or when you see it. A package is product's personality, its reality. Product identification goes easy with distinguished packaging as it adds to its personality or image. Consumers' confusion over the large variety need not confound them and mislead them in consumer decision making because, they go by distinctive product packaging.

6. It allows easy product-mix : Product-mix relates to the product-lines and assortment of sizes, colours, measures, grades, package types etc., offered by the selling house. Changes in product-mix can be possible as packaging is to influence weight, size and dimensions of the products. Such a selected sales or product-mix will facilitate product pricing, shipping, storage, stocking, handling, display and so on, in diversified market segments.

7. It extends product life-cycle : The package of a product may be used in an effort to extend the product life- cycle. Updating design may help to give the pack a more contemporary image. It is increasingly difficult to come up with totally new products, but any variety of packaging innovation can be introduced which offers features of a consumer wants and willingness to pay for—a form of product innovation. This can be achieved through improved convenience to not only consumers but also to wholesalers and retailers by which packages are easy to stock, price, mark, display and identify.

ESSENTIALS OF GOOD PACKAGING :

The objectives and functions of packaging have clearly demonstrated the importance of packaging in modern marketing setting. To get all these benefits, the packaging must be certainly attractive, protective, economical, convenient and adjustable. Experts opine that the following points to be fulfilled by a packaging to be called as 'good' packaging.

Therefore, the requisites of good packaging are :

1. It should protect the contents : By very nature, every packaging is designed to protect the contents of it against the natural and artificial factors of damage such as dust, dirt, watering, evaporation, contamination, shrinkage, thickening, leakage, spilling, pilferage, theft, fire, flood and so on. The intrinsic values or qualities of the products are to be maintained intact. A good packaging is the means for preservation of products from possible damage or loss in value.

2. It should be attractive : Protecting, of course, is the primary aim and function of packaging. However, it should be capable of catching the attention of on lookers or those who come in contact with it. It is an attention getter. It stands out of others. Package design, weight, material, colour combinations, graphics, texture, topography, illustrations etc. are to be pleasing to eyes and appealing to brain. A well designed package can make a product more alluring. Cosmetics, gourment foods, jewellery are packed in costly packages that are finely designed of matching material. There are many customers who buy more because, they are megnated by packaging than the contents. Package attraction is so important that it generates impulse buying.

3. It should bestow convenience : The package so designed should grant highest degree of convenience to manufacturers, distributors and consumer alike. Good packaging increases product sanitation, ease in handling, transporting, storing, and using the packages. Today producers are giving much importance to product use facilities. Thus, tear-tape, pouring spouts, squeeze bottles, aerosol cans, flip-tops, pull-tubes have come. Consumers are seeking packages that are easy to handle, open and close or reusable. Thus, no one likes to buy ice-cream boxes that leak or a sardine canned tins that are hard to open or cereal boxes that are hard to pour. Consumer convenience is of top importance as today's marketing is consumer directed and oriented.

4. It should guarantee economy : The points of protection, attraction and convenience need not be sacrificed for the economy. Economy is something that reduces not only packing and packaging expenses but also brings down other allied expenses such as transport, warehousing, tax-levies, handling. It also has economy as good packaging wages war against the packets of wastages in the area of wrapping or catering. Cost reductions are possible through an alternative packaging form. For example, plastic pots as against glass pots for cosmetics. The application of multi-packaging to low profit margin mass consumption food products allows more worthwhile price reduction than when one pack is sold on its own. This is of particular interest in case of premium offers. New packaging can extend the product life and reduce distribution costs. Plastic-fill bag instead of glassy bag paper bag extends life by weeks than days.

5. It should assure adjustability : A good packaging has the ability of flexibility or is capable of being put to alternative uses. That is packing should be possible with different types of materials. Thus, plastic, metal or glass containers can be used to pack liquids, solids, pastes, granules while paper containers only solids. It is not to undermine here paper packaging materials. If plastic, metal and glass have wider adjustability, paper packagings are known for cheapness and lightness. As far as possible, the packaging should be made to house different types of products.

6. It should be pollution free : It is well known fact all over the world that packaging has environmental problem particularly the discarded packaging. That is why, there is trend towards recycling of packaging materials to do away with garbage. In addition, research is continually carried out to develop new packaging materials that are bio-degradable or that minimise pollution problems. Consumable or reusable packages have been developed. Again, new materials of packaging are searched out in the light of shortages of conventional sources.

7. It should be informative : Provision of adequate product information is another requirement. It provides information on package contents and facilitates handling for both the consumer and those associated with distribution. It must identify the amount of product in the package, the content's brand name and other relevant information for the consumer. Detailed labelling on packaging is a must. This information need not be in verbose form. It can be a combination of illustration of product, specifications, features uses, instructions to handle, prices and such other details, including legal requirements. It occasionally bears, news contests, sweeptakes, prizes and premia. Information supplied on package is a sales message that is essential to establish trade relations.

4.14.5 PACKING DECISIONS AND STRATEGIES

Packaging decisions imply the series of decisions to be made to design the desired and acceptable kind of product package design for the firm. Therefore, the basic packaging strategy provides a foundation for tactical decisions. The packaging strategy is to complement the overall product and marketing strategy. Packing is very important element of the marketing mix and its role in strategy should be defined very clearly.

Normally, following are the logical steps involved in developing a specific container design.

1. Come together : As so many areas of the organisation are involved in the packaging decisions, all those people representing these areas should come together in the form of a committee. From within, marketing, physical distribution, manufacturing, research and development, purchasing, personnel and legal personnel and from outside the firm-advertising agencies, distributors, specialised engineers may be invited. This group should be coordinated and strongly endorsed by the top management.

2. Conduct packaging research : Both formal and informal marketing research is needed to know the exact position of product, brand and package among the competitive offerings. Similarly, advertising and image related research may be carried out as many as package usage tests. Various tests may be conducted as engineering, visual, dealer and consumer.

3. Develop graphics and copy : Package colour, illustrations and copy wordings must be developed in the back-ground of package sizes, design and cost. These should be consistent with overall image of the firm that desires.

4. Develop physical package : The physical design stands for the actual design that includes shape, size, materials, colour, construction, closer and illustration. These factors make package a good silent salesman. The physical design must be functional yet reflect the product and company image desired like graphics. These package designs can be patented or trade-marked like brands. Now the container looks like meeting the needs of consumers and distributors.

In designing a new product package or redesigning the existing one, the manufacturers are to take into account the following factors :

(*a*) Nature of product : The type of container to be used depends on the form and ingredients of the product. Transparent containers are most suited for attractive colour and appearance; vacuum-sealed containers for volatile ingredients; glass containers to minimise chemical reactions otherwise possible in plastic and metal packages.

(b) Costs : The cost of packaging must be absorbed by production economies, increased sales volume or a higher price. The packaging material, label, closure as well as costs of filling, handling, distribution and breakage of package are important.

(c) Family resemblence : If the product is one of a number of related items, it is but desirable to design the package to conform to the containers of other products in the line to assist consumer and dealer identification.

(d) Advertising value : Unique shape, attractive design or a novel closure gives a package greater sales and advertising value. In order to get maximum advertising and display value, a package should have distinctive design and unique features.

(e) Legal requirements : The packages must conform to the laws prohibiting the deception of consumers by the use of false bottoms, slack-fill, and other means of giving the impression that a package contains a larger quantity than the case. There are legal requirements prescribing the copy appearing on the labels of food, drug and cosmetic packages.

5. Test the design in the market : Though package testing is part of an overall product concept test or test-marketing, special package tests must be conducted in the markets. The best way is to rely on indirect replies got through dealers feed- back. The tests conducted with customers must be indirect and subtle to get more authentic reactions. Either indirect psychological tests or stores test through marketing tests (research) should yield good results.

6. Do environmental checking : The packaging development decisions may be dictated by environmental factors such as legal forces, ecological forces and social forces. Thus, issues like consumer packaging safety, disposable packaging, the quantity of packaging, littering, wisleading labelling and so on. This step would save the skin of the firm.

PACKING STRATEGIES :

At or a given moment of time, a company has alternative packaging policies or strategies, once it develops an agreeable packaging concept and packaging proper is going to take these alternative shapes as discussed below.

1. Family packaging strategy : It is a packaging option in which packages of the entire product-line closely resemble one another. To put in other words, it is a kind of strategy where the major features of the packages in respect of the entire product-line look alike. For instance, Camlin stationery products and packages have the black tiny camel on items—be it an ink bottle, a compass, a gum bottle, colours. The major plus point of this strategy is that any new product in identical package enjoys the same market reputation and acceptance as the others. This also reduces the packaging costs because of bulk- buying of materials, printing, sizes and shapes. However, such a policy has the minus point in that if the old product is a failure, the new product is more likely to fail because of same product package or the resemblence. The distributors have a false psychological feeling that they are overstocking a particular brand or package of producer. It also affects the consumer psychology that the dealers do not stock varieties as same packages over-shadow the other packages.

2. Multiple packaging strategy : It is a kind of strategy wherein number of closely related but heterogeneous products used by one consumer are placed in a single package. Such a package conveys the idea of an ideal matching set that one should possess. Thus, in case of men, shirt, pant, neck-tie, kerchief, cuff-links, tie-pins, may be packed to-gether. In case of ladies, it may be a skirt and a top, hanky, bra and pantie, a belt might be packed in one package. It may be an assorted scent collection package for men and women separately. Such a strategy is followed in India by a few companies such as **Zodiac** and **Park Avenue.**

It facilitates acceptance of a new product idea by a consumer who may be normally not liking to venture into buying it. This policy is a success when the items in the package are in different stages of life-cycle. However, there is a danger of whole package being rejected through a consumer is very interested in one or two items. For instance, in case of **Zodiac** company, one might like say, tie and kerchief but not other products. As he is to buy all, he will even run away from tie and kerchief.

3. Reuse packaging strategy : Reuse packaging strategy is one wherein the manufacturers offer their products in such packages which can be reused after the consumption of the contents of it. 'Maltova' food-drink was offered in a glass jar which might be used as a tumbler. Amul butter and shrikand are presented in plastic jars which are reusable. Nescafe instant coffee jars can be used as lemon-set. Similarly, assorted biscuits, sweets and coffees are presented in attractive tin-tops which are reusable as embroidery sets by house-wives. Reuse packaging stimulates repeat purchases as it offers the added benefit for the same price. In order to continue this consumer interest, the reusable packaging should be changed in shapes, sizes, designs, colours and the like.

4. Ecological packing policy : Use of the resources of the environment results in pollution problems. It is the social responsibility of every business house to reduce the extent of pollution of any kind in any form. Today's greatest concern of the society has been the pollution created by discarded packaging. It is throw away containers that have created problems. To preserve the physical environment, a company is sure to design a matching packing strategy. The purposes of such a strategy may be returnable bottles and containers, use of containers that decompose over a reasonable period of time, use of light weight packaging material and arranging of packaging material and recycling it. That is why, many manufacturers are now packaging their products in reusable containers as a means of recycling the packaging materials. Further, research is continually carried out to develop new packaging materials that are bio-degradable or that minimise pollution problems.

4.14.6 PRODUCT LABELLING DECISIONS

Labelling is another significant means of product identification like branding and packaging. Labelling the act of attaching or tagging labels. A label is any thing—may be a piece of paper, printed statement, imprinted metal, leather—which is either a part of a package or attached to it, indicating value of—contents of—price of product name and place of producers. It carries a verbal information about the product, producer or such useful information to be beneficial to the user. Thus, a label is an informative tag, wrapper or seal attached to a product or product's package.

THE PURPOSES OF LABELLING

1. To bring home the product features : A label goes on describing the product specialities which makes the product a quick-mover. It gives its correct use. Thus, bottle containing poison, if not labelled, it fails to tell about its contents. Wrong labelling does more harm than no labelling at all.

2. To facilitate the exchange process : As good many competitive products are available in a given product range, label helps in avoiding the unwanted confusion. This is of special importance in case of drugs and chemicals where even a spelling mistakes prove fatal to the users. That is why, druggists and chemists are having qualified pharmicists in the pharmacies.

3. To encourage self-service : A lable is a strong sales tool that encourages self-service operations. If the customers are supplied with necessary information of the contents of the package or the container, as its contents, weight, use, price, taxes, instructions and so on, consumers can pick the package of their choice from shop shelves. Thus, labelling has a special role to play in self-selling units.

A label may be descriptive, informative or grade designating or a combination of these. A 'descriptive' label describes the contents of the package or the ingredients of the product. Thus, a descriptive label on a cane of pineapple describes the contents by size, weight, number of slices, syrup cups and the number of servings. An 'informative' label includes detailed description with emphasis on how the product is made ? How to use it ? How to care for it ? in order to drive maximum satisfaction. A 'grade' label designates customary or regulated standards. Thus, a pack of ghee or honey might have 'Agmark' gradings, certificates as A, B, or C.

4. Product related services : Generally, a product is surrounded by various services that make it easier for the consumer to use, pay for and maintain the product, in addition to its branding, packing and labelling. These include the product support services, credit granted guarantees and warrantees given and after-sale services extended.

Following is the brief outline of these points.

(*a*) Product support services : A product support service is any service that helps the consumers to use the product. Thus, a furniture store may hint on interior decoration, a short course may be given on how to use camera or a copier or a computer or a washing machine or a vacuum cleaner. These include installation services and demonstrations in case of items like heaters, air-conditioners or other mechanical devices.

(*b*) Product credit service : Credit is the breath of modern marketing and it occurs at all levels. Thus, manufacturers grant credit to distributors and dealers and directly to buyers; wholesalers to retailers and retailers to consumers. Instalment and hire-purchase schemes are quite common these days. Commercial banks are granting liberal credit to encourage 'book now and pay later' schemes. Stiff competition and high profit margin encourage the business units to grant credit on liberal terms under different plans to suit the individual needs.

(*c*) Product guarantees and warrantees : Giving a product guarantees and warrantees has been a common thing these days. A guarantee is a general policy of a manufacturer in respect of defective products. It is a promotional device of making broad promises that may or may not be legally binding. A warranty is the assumption of responsibility by the manufacturer and his distributor for the clear title, quality, character and suitability for intended use of products sold. Thus, warranty is more specific undertaking for repairing or replacing the merchandise. In both the cases, a definite period is stipulated for replacement of parts and damages can be claimee provided the conditions of warranty are fulfilled. Thus, any refrigerator company giving five or seven year warranty or guarantee for its heart—the compressor—is doing so only with stabilised electric power and not otherwise.

4.15 SERVICE MARKETING