



# Introduction

Branding enhances shareholder value, it can become a catalyst for better leadership, it enables to drive a shared vision throughout the organization, and it can help to balance short- term and long-term perspectives and performance.

Many Asian companies traditionally focused on asset-intensive industries. But it has been demonstrated by many companies that the most profitable Asian companies focus on intangibles such as human capital, exploiting network effects, and creating synergies based on brands or reputation, rather than investing in tangible assets.

Branding as discipline has evolved over the last couple of decades from being just an addendum to advertising campaigns, fancy ideas of the marketing department, optional function of the elite few to finally being recognized as a boardroom discipline that not only contributes to the top and bottom line of the company but also aids in enhancing shareholder value contributing to the market capitalization of the company.

We have developed a framework to help businesses understand how to grow the value of their brands and business in-turn which we have called “Brand Value Drivers for Business Growth”.

The result of extensive analysis of brand equity database and re-evaluation of our own and other models, Brand Value Drivers approach has now been reviewed and implemented for desired Business Growth. It has formed the basis for workshops to help individual brands realize their potential and has provided the springboard to a new brand equity measurement system. It has been applied to real-life marketing problems helping businesses to maximise the financial value of their brands.

The Brand Value Drivers model proposes that brands maximise their potential for growth by delivering a brand experience that is meaningfully different from others, and then using all available mechanisms to amplify that.

# The model addresses two key issues facing brand marketing today:

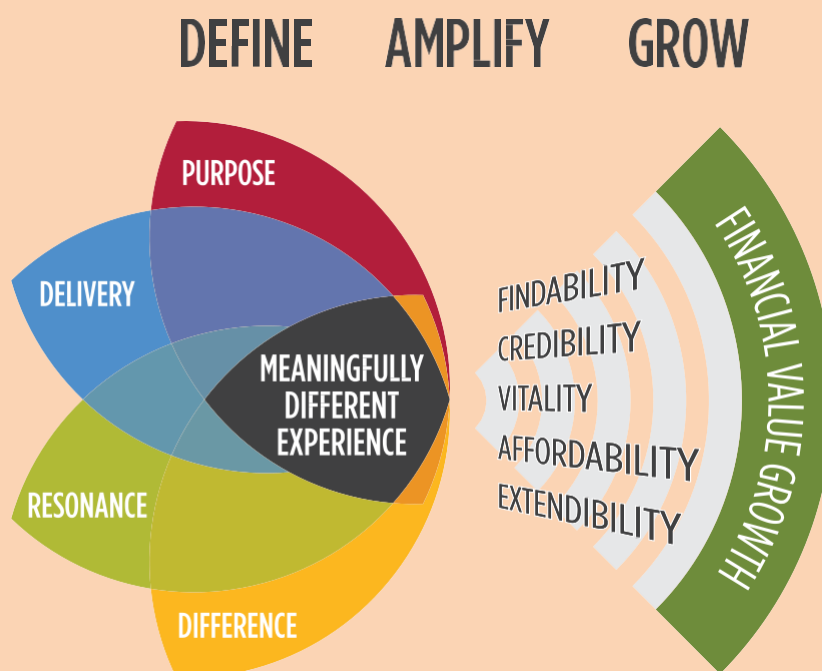
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*Today's markets are complex. Categories are crowded. New categories are being created to meet the changing needs of consumers, and the retail environment is changing as well. One consequence of this increase in complexity is that businesses sometimes focus so intensely on communication, distribution, and pricing that they neglect to ensure that their brand is clearly defined and differentiated.*

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*Go-to-market options have exploded in recent years. Marketers can communicate with consumers in virtually any place at any time, through means that didn't exist—and in some cases were not even imaginable—until recent years. There are more ways than ever to make brands available to people. With so many possibilities, marketers sometimes have difficulty thinking through all of their options for reaching customers. At one extreme, this can lead them to simply repeat the choices they made in previous years, while at the other; it may cause them to put undue emphasis on the latest new marketing techniques.*

The first stage of the Brand Value Drivers model focuses on the definition of a brand's meaningfully different experience. The second stage focuses on how a brand experience that is meaningfully different can best be amplified—that is, brought to life and made more compelling to a wider audience. The work that goes into these two stages leads, in a number of different ways, to the generation of value described by the third stage of the model.



# Defining a meaningfully different experience

*People choose brands that they believe are different from others, provided that the difference is meaningful to them. Offering a brand experience that is meaningfully different can help a brand build value, either by enabling it to command a price premium, or to capture a higher proportion of sales.*

*Whether a brand is perceived in this way will depend upon the interaction of the four factors shown in the model. For a brand to be perceived as meaningfully different, it must offer something its competitors do not, and that offer must resonate with customers. This is most likely to happen when a business is clear about the purpose of the brand, and the brand delivers the differentiated experience it promised.*

## PURPOSE

A brand must have a purpose. It must be intended to make some difference in people's lives. And to justify existing in today's complex and crowded categories, a brand needs a purpose that sets it apart from others. What does this brand offer that others do not?

At minimum, a brand must have some basic functional purpose; it must provide something consumers want or need. A brand can satisfy emotional needs along with practical ones when it triggers associations related to things like love, caring, or security. A brand's purpose can also be informed by the brand's story or heritage.

Some brands are able to elevate their purpose to the level of an ideal that goes far beyond the functional delivery of the product to address higher-order needs such as fulfillment, identity, affiliation, and societal or environmental good. For example, Jack Daniels helps to affirm its drinker's individuality. Pampers is devoted to helping ensure babies are happy and healthy. Method, the U.S. household cleaning Products Company, is dedicated to inspiring a healthy revolution in home cleaning.

A brand's purpose should be clear to everyone in the company. When an understanding of a brand's purpose permeates an organization, it will be much more likely to be single minded in its focus and to speak with one voice. A leader who is passionately concerned about the brand can elevate its purpose, inspiring as well as commanding others to follow.



## DELIVERY

Differentiation is most potent when it is intrinsic, that is based on relevant and tangible advantages and when it is powered by the declared purpose of the brand. Intrinsic differentiation can come through the look, feel, sound, smell, or taste of a product. The delivery of an outstanding brand experience depends on attention to all of the details: the consistency of the product, the functionality of the brand's website, the clarity of its usage instructions.

For service businesses, the human delivery is at the heart of the brand experience. A company culture built around the brand's purpose or ideal will help to ensure consistent service delivery. However, human factors contribute to the experience of other types of brands as well—for example, the brand representatives encountered at retail outlets, car dealerships, and through call-centers.

Differentiation can also be extrinsic, not based on what the product is or does but upon how it feels. Brands have personalities created by their product experience but conveyed through what they do and say. Brands often have associated rituals and all have iconography that makes the brand identifiable and conveys its character. Brands can exploit the senses beyond those that are engaged directly by the product. Increasingly, social and environmental responsibility can all form the basis of extrinsic differentiation. Outstanding design can add aesthetic power to the intrinsic functionality.

## RESONANCE

A clearly defined purpose and a company organized to deliver around that purpose will do little to build brand value if the brand's offer is not meaningful and relevant to consumers. The brand must address a real need. It must offer something that consumers need or want at a price they are willing to pay.

However, the most powerful type of resonance occurs when strong emotional bonds connect consumers with brands. These emotional connections are formed when people feel that a company genuinely relates to them and offers them brands that are not just useful but also emotionally rewarding. This is where the intrinsic and extrinsic elements of the delivery combine to make the brand powerfully relevant to people.

Consumer resonance becomes more difficult to achieve as the definition of the target audience broadens. The art of marketing is to make the brand as relevant as possible to as many people as possible without losing clarity about what the brand stands for.

## DIFFERENCE

The degree of differentiation required for a brand to grow and prosper will depend on the nature of the brand and category. The key question to ask is whether your brand is different enough given its competitive context.

While a brand can't control its competitive context, it must continually be responsive to it. Successful brands that want to continue to grow need to respond effectively to new competitive offers. When brands stagnate or decline, it is rarely because of something they are doing. Rather, it is something they fail to do: They fail to respond to a changing landscape and so lose their original meaningful differentiation.

# Amplifying a meaningfully different experience

*The more powerful the experience, the more effective all the means of amplification will be. A brand's meaningful difference is amplified through the following five characteristics: Findability, Credibility, Vitality, Affordability and Extendibility.*

## FINDABILITY

Physical availability is an obvious prerequisite for brand success. Without adequate distribution, a new brand introduction will fail, and an established brand will fail to maximize its potential. Where it is available a brand needs to be visible and easily identifiable. Where online is part of the path to purchase the brand must also be searchable.

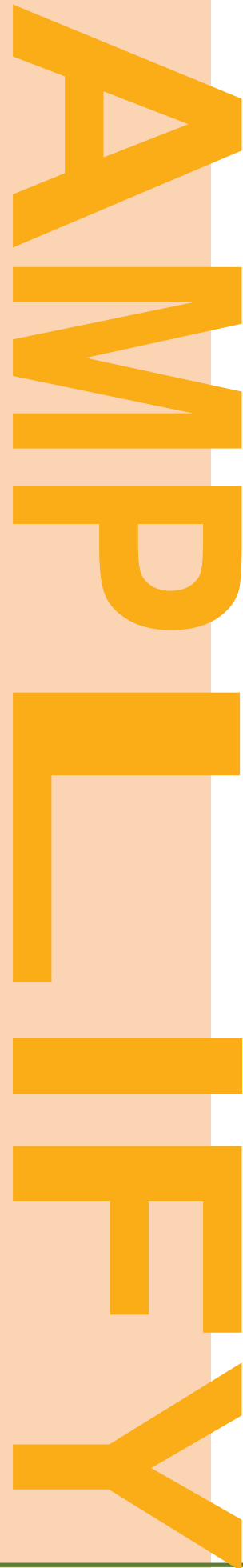
Marketers should look for opportunities beyond traditional distribution channels to open up new sales potential for their brands. They need to think about all the times and places where people might have a need for their product, and make sure the brand is found there.

## CREDIBILITY

Ideally, for maximum credibility, all of a brand's actions need to be aligned with the differentiated experience it offers consumers. The brand should be refreshed and enhanced by innovation that is based on that core difference. The launch of new product lines should benefit from, and feed back into, the meaningful difference. Increased credibility can also be built through association with other organizations, brands or people who share an allied sense of purpose.

## VITALITY

A successful brand must have vitality—it must seem active and alive. A brand's communication must keep the brand salient and current if the brand is to remain top-of-mind for consumers. Use of social media can help a brand seem contemporary and encourage people to talk about it, as long as the brand creates experiences with inherent talkability. Communities, offline as well as online, are powerful sources of human connection. The choice of communication channels and the creative content should be based on and driven by the brand's meaningful difference. Vitality is also served by maintaining a fresh look and feel to packaging, logo, and communication, though innovation in these areas needs to be balanced by the need to maintain clarity and identity.





## AFFORDABILITY

The interaction of price and meaningful difference is a major consideration in growing value. One of the most important roles marketing can play is to frame price perceptions to best advantage.

A brand needs to be priced appropriately for its target audience. When the price is a barrier for some people, a brand might be made more affordable through different pack sizes or creative financing options (e.g., purchasing over time). In some cases, it may be possible to offer different versions of the brand, still based on the meaningful difference, but at different price points.

People will happily pay a premium for a brand if they believe it's worth it. Before assuming that a brand's price needs to come down, marketers should think about ways to frame people's perceptions of their brand's value. Does it last longer? Is it more durable? If a brand experience is powerful enough, it might be possible to increase the value of the brand by raising its price.

## EXTENDIBILITY

A major way of growing brand value is by extending a brand that has been successful in one country into other countries. It may also be possible to extend a brand into new categories, using the power of the brand name to open up new market opportunities. This can be done by the brand owner themselves or by licensing the brand to third parties.

# Value growth based on a meaningfully different experience

*Brands create value out of a meaningfully different experience in four ways:*

- 1** *By extending the brand's penetration to new customers in the same product category*
- 2** *By enabling the brand to command a price premium versus the competition*
- 3** *By allowing the brand to capture a majority of sales at a more modest price point*
- 4** *By extending the brand's reach to new countries and categories*

# Deep understanding of all these interwoven drivers will allow brands to build lasting value for consumers and for shareholders

GROW

## 1 Extending the brand's penetration

*The most common way to grow the value of a brand is to extend its reach to new customers within the same product category. Credibility, affordability and findability are the most important means by which brands can increase their penetration. But it is important to recognize that this strategy carries risks as well as rewards.*

*One of the most valuable roles of marketing is sustaining the existing brand franchise and pricing. Without continued affirmation of what the brand stands for existing users may become disenchanted or lured away by other more salient and vital brands. If, in seeking to attract new users, a brand needs to amend its existing positioning then it risks losing the very people who currently sustain it. Many strong brands have ultimately suffered by seeking to be all things to all people; in doing so they lose clarity and become commoditized.*

*Rather than undermining an existing successful positioning, brands should instead seek to create additional value for existing users or extend the brand to new categories and countries.*

## 2 Commanding a price premium

*If a brand can command a higher price, its value can be increased without large increases in penetration. Raising prices will have a direct effect on the bottom line since no additional production costs are incurred. Enhancing the desirability of a brand offers the best means to improve a brand's ability to command a price premium.*

*However, the ability to charge a price premium can only be sustained if the brand continues to justify its meaningfulness and its difference. Failing to justify this leaves the brand vulnerable to competitors charging a lower price – although strong marketing can help a brand maintain the perception of superiority long after other brands have matched it. Credibility and vitality are critical in driving this perception.*



### 3 Capturing a majority of sales

*In the absence of any other perceived differentiation, a lower-priced brand is likely to win out over a more expensive one. Sustaining a price advantage over the competition has proved to be a winning strategy for many brands. Lower pricing will result in lower margins and therefore create a need to generate high volume; D-Mart & Wal-Mart makes high levels of absolute profit by balancing lower margin with enormous scale.*

*However, the commitment to sustaining low prices over the long term has consequences for every aspect of the way a company works, and some potential customers will inevitably be alienated by this approach. For example, in the airline category, some people will not accept the lack of assigned seating as a fair trade-off for a lower fare, and when a low price is a brand's only differentiating feature that brand will always be vulnerable to competitors willing and able to offer the same product at an even cheaper price.*

*Premium brands can capture more sales by offering more affordable versions. This "brand down" strategy must be carefully managed to ensure that the cheaper offering does not cannibalize the premium one. The challenge is to ensure that customers recognize that they are giving something up when they buy the cheaper variant.*

### 4 Extending Reach to new countries and categories

*Geographic growth offers one of the most significant means to grow a brand's value. The challenge is to take what made the brand initially successful and extend it to new countries and customers. Often this requires some adaptation of the product and how the meaningful differentiation is communicated. This is not necessarily an easy task but it is less risky than launching a completely new brand.*

*Similarly, extending the brand into new categories offers the potential to leverage an existing brand franchise. This strategy has the advantage of being able to cross sell to existing buyers of the brand. The most successful brand extensions require a good fit between the brand's existing meaningful differentiation and the needs of the new category.*

*The pressure to grow value is present in every business. Our Brand-Value Drivers model helps companies think through the challenges they face in today's markets in a disciplined and coherent way.*

*We can help you apply our model to your specific business issues. Please contact us to learn more about how to drive value growth for your brand.*

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