SRI DATTA SAI SCHOOL OF BUSINESS

KADAPA

MBA III SEMESTER

PRODUCT & BRAND MANAGEMENT

ICET CODE: **SDSB**

(17E00305) PRODUCT AND BRAND MANAGEMENT
(Elective I)

Objective: The objective of the course is to provide students with detailed knowledge of Classification of Products, Product Mix, Product Line, Product Strategies, Product Positioning Strategies, Product Planning and Development for existing products, New Product Development, Brands in New economy – Brand Hierarchy, Brand Personality, Brand Image, Brand Identity,

1. **Product Decisions : -** Product Concepts – Product Classification – Consumer Goods and Industrial Goods Classification – Product Line and Product Mix – Product Characteristics – Responsibility of Product Manager – Types of Product Strategies
2. **Product Management :** Product differentiation – Product Strategies – Stages in the New Product Development – Product Positioning Strategies – Packaging Management
3. **Branding Decisions :** Essentials of Good Brand Name – Types of Brands – Advantages of branding – Brand Loyalty – Brand Valuation Methods – Brand Revitalization
4. **Creating and Managing Brand Equity :** Advantages of Brand Equity – Brand Building Strategies – Brand Extension – New Brand Failures -
5. **Branding in Different Sectors:** Branding in Industrial sector, Retail Sector, Service sector, Banking Sector and Insurance Sector.

Text book :

- Marketing Management –Philip Kottler,Kevin Lane Keller ,15th Edition, Pearson.

REFERENCES:

- Product & Brand Management – Text & Cases, Prof.K.VenugopalRao,Himalaya
- Product Management in India, RamanujMajumdar, PHI
- Product Management ,C.Nandan, , TMH.
- Compendium of Brand Management,Chunawalla. S.A, Himalaya
- Product & Brand Management,Mathur.U.C , Excel
- Brand Positioning, SubrotoSengupta, TMH.
- Marketing and Branding, S.Ramesh Kumar, Pearson.
- What's in a Brand? , John Philip Jones, TMH
- Brand Management – Text & Cases , Harsh V Verma , Excel
- Become the Brand of Choice, Jason Hartman, Jaico.

UNIT-1

PRODUCT DECISIONS

1. 1 PRODUCT CONCEPT

Product concept is the understanding of a dynamics of the product in order to showcase the best qualities and maximum features of the product.

Marketers spend a lot time and research in order to target their attended audience marketers will look into a product concept before marketing product towards their customers. While the product concept is based upon the idea that customer prefers products' that have the most quality performance and features.

Every company can have different ideas or philosophy.

FOR EXAMPLE:

A Particular Company. A customer purchases on both dimensions. As cited earlier an avocado pear is similar the world over in terms of physical characteristics, but one the label CARMEL for example is put on it the products physical properties are enhance by the image CARMEL creates.

This may involve organizations producing symbolic offerings represented by meaning laden products that chase stimulations-loving consumers who seek experience producing situations.

So for example selling mineral water may not be enough it may have to be Antarctic in sources and flavored.

This opens up a wealth of new marketing opportunities for producers. Can have idea or philosophy that if the production is done on a large scale the cost would be less and the product would be sold automatically.

1.1.1 BASIC CONCEPTS:

A product can be defined as a collection of physical, service and symbolic attributes which yield satisfaction or benefits to a user or buyer.

Local products- seen as only suitable in one single market.

International products – seen as having extensive potential into other markets.

Multinational products – products adapted to the perceived unique characteristics of national markets.

Global products – products designed to meet glob all segments.

1. PRODUCTION CONCEPT:

Keeping in mind the same philosophy these companies put in all their marketing efforts in reducing the cost of production and strengthening their distributing system. In order to the minimum level, these companies indulge in large scale production.

This helps them in effecting the economics of the large scale production. Consequently, the cost of production per unit is reduced.

The utility of this philosophy is apparent only when demand exceeds supply. Its greatest drawback is that it is not always necessary that the customer every time purchases the cheap and easily available goods or services.

2. PRODUCT CONCEPT:

The basis if this thinking is that the customers get attracted towards the products of god quality. On the basis of the philosophy or idea these companies direct their market efforts to increasing the quality of their product.

It is a firm belief of the followers of the product concept that the customers het attracted to the products of good quality. This is not the obsolete truth because it is not the only basis of buying goods.

3. SELLING CONCEPTS:

This concept offers the idea that by repeated effort one can sell-anything to the customers. This may be right for some time, but cannot do it for a long time. If you succeed in enticing the customer once he cannot be won every time. On the contrary, he will work for damaging your reputation. Therefore, it can be asserted that this philosophy; offers only a short term advantage and is not for a long term gains.

4. MARKETING CONCEPT:

Those companies who believe in the concept of the opinion that success can be achieved only through consumer satisfaction. The basis of this thinking is that only those goods/services should be made available which the consumers want or desire. In short it can be said that it is a model concept and by adapting it profit can be earned on a long term basis.

5. SOCIETAL MARKETING CONCEPT:

This concept stresses not only the customer satisfaction but also gives importance to consumer welfare societal welfare. it is believed that more satisfaction of the consumers would not help and the welfare of the whole society has to be kept in mind.

For example if a company produces a vesicle which consumers less petrol but spreads pollution it will result in only consumers satisfaction and not the social welfare.

PRODUCT CLASSIFICATION

There are three fundamental types of product classification which are durable and no-durable products and pure services. Durable products are those products, which are used for longer period of time such as freezer, car, mobile phones, shoes, and TV etc.

Non-durable product is those products which we need to use quickly as these products are those products.

Expired after some specific period of time such as all the vegetables fruits and juices etc.Pure services included those benefits that are intangible or inseparable in nature and are offered for sale to customer. Ownership of nothing is transferred because these products are experimental in nature. Accountant, doctors, lawyer, and teaching etc. are the best examples that indicate the term pure services. These all products are purchased by either industrial buyer or final consumer. The consumer products are purchased by final consumers for personal consumption. The industrial products are purchased by the organization for their usage in processing operations & administration.

Product classification that is also known as different types of products. These types of products or product classification are as below in three different forms.

Consumer products

Industrial products

Persons, organizations, ideas & places.

CONSUMER GOODS/ PRODUCTS CLASSIFICATION:

Those products that are purchased by final consumers for personal consumption are called consumer products. The way of purchasing these products provides the basis for the marketer to further classify these products. The following is an classification of these consumer products on the basis of the manner of purchase & manner of marketing.

1. CONVENIENCE PRODUCTS:

Those consumer products that are purchased immediately & frequently with little efforts and comparison are called convenience products. Example of convenience products includes the following. Candy, Newspapers, Soap, Fast food etc.

The convenience products are placed at the front location of the stores in abundance quantity so that are easily available to the customers. The price of these products is kept lower.

2. SHOPPING PRODUCTS:

This type of product is purchases less frequently & careful comparison is made by the customer on the price, quality, sustainability &style. In case of purchase of shopping products, increased time & effort is made by the customers in collection of information & comparison making.

Example: Clothing, Furniture, Major applications, Used cars Hotel & motel services.

These products are distributed in fewer outlets by the marketer along with the strong sales support services that assist customers in their comparison.

3. SPECIALTY PRODUCTS:

Specialty product are those consumer products that have brand identification or unique characteristics and an important group of customers are happy to purchase these products

Examples: Specific brand & kinds of cars ,Photographic equipment with high price. Designer clothes, the services of legal or medical specialist.

The customers of such products can make enough effort with them for reaching relevant dealers. However they do not compare the specialty products normally.

4. UNSOUGHT PRODUCTS:

Those consumer products that are either not known to the customers or they are known, but customers do not usually consider them to purchase. The important innovations area usually included in the category of unsought products because the customer gets the awareness through advertisement.

Examples of unsought products: Life insurance, Blood donation to Red Cross.

A lot of personal selling, advertising & marketing efforts are required for unsought products.

INDUSTRIAL GOODS/PRODUCTS:

Those products that are purchased that area buying for further processing or for use in operating a business are called industrial products. So the main difference between industrial and customer product is based on the purpose of purchase of the product.

For example, if a lawn mower product is purchased for use around the house then this lawn mower is categorized in the consumer product. But If the same lawn mower is purchased for use in land scalping business, then this is categorized as an industrial product.

Following are some of the three product classification of industrial products.

1. MATERIAL& PARTS:

Raw materials, natural products & manufactured materials are included in the categories of material & parts. Farm products & natural products are included in raw material part like cotton, wheat, vegetables, fruits, fish, crude petroleum, iron, etc. component materials & component parts are included in the manufactured area like yarn, wire, cement, iron, tire, small meters, etc.

Manufactured materials & parts are mostly sold to the industrial users directly. Major marketing factor employed in this category are price & service. L the advertising & branding is not so much important. Also the demand of the industrial products is derived demand, which is derived from the consumer demand.

2. CAPITAL ITEMS: Those:

Industrial products that assist the production and operation of customer are called capital items like accessory equipment's and installations. Building and fixed equipment's are included in the installations.

Office equipment's and portable factory equipment are included in the accessory equipment. Accessory equipment's have much shorter life times and they are only helpful in the process of production.

3. SUPPLIES & SERVICS:

Supplies contain repair & maintenance items and operating supplies like nails, paint, lubricants, pencil, paper, coal etc. the supplies are regarded as the industrial convenience products because they are purchased with little effort &

time. Business advisory services and repair & maintenance services are included in business services category. These services are given under some contract.

4.2 PERSONS, ORGANISATIONS, IDEAS & PLACES

The marketing entities named persons, organizations, ideas and places area also included in the category of products recently.

The organization sells itself by carrying out certain activities like creating, maintaining and changing the behaviors and attitude of customers for an organization similarly people also perform certain activity for development maintenance and change of behavior and attitude towards certain people through person marketing similarly the ideas and places area also regarded as products.

PRODUCT LINE:

A product line denotes the group of closely linked products which the organization offered. These products are linked together as they operate it an identical manner, used by same group of customers, have similar price range, or sold via same types of retailers.

For example, ITC is a major brand producing several products line including personal care, lifestyle, retailing, education and stationery etc., product line is very different from product bonding where few items combine to form a single product. The fundamental basis of all the products in a product line is same.

Therefore, a good marketing plan is sufficient to improve the sales of all the product in a product line. Generally, different products with different prices are offered in a product line. In this way, the organization makes sure that all its product line is picked up by every type of customer.

The act of introducing a new product in the present product line is called as product line extension. Primarily the idea of product extension of used to avert competition. The motive behind launching products similar to that of competition.

The motive behind launching products similar to that of competitors, is keeping the customers attached to the brand they are loyal with. A special plan of action is required for marketing different predicts in a product line.

A marketer should always know about the competitor and their products so as to offer suggestions to organizations regarding inclusion of new products in the current product line. Along with this the marketing firm should also be able to identify popular and unpopular products in the market.

PRODUCT LINE DECISIONS

Marketers encounter several difficult decisions on product line featuring and product line length while establishing product line strategies. These product line decisions are discussed below, one objective may be to enhance the sales. For example the famous brand BMW tries to encourage its customers to shift from the current BMW 3 series to next level of BMW 5 or BMW 7 series.

Another objective may be to promote the selling for example, computers as well s printers are provided by Hewlett-Packard.

Protection against economic uncertainties may also be the objective of an organization for example the popular brand GAP has several outlets under its flagship like old NAVY, GAP, banana republic, etc. which offer products of various price ranges to absorb the economic changes taking place globally.

A product line can be expanded by two methods namely line stretching and line filling.

I. PRODUCT LINE STRETCHING DECISIONS:

The product line offered by all companies includes specific variety of items out of the complete range of products furnished by the entire industry for example; Maruti deals with automobiles of the most economical or moderate price range in the automotive industry.

If a business entity expands its product line over and above the present array it is termed as line stretching. Line stretching can be exercised in the following three ways.

a. DOWNWARD STRETCH:

Several organizations start with offering most expensive products in the market and gradually try to extend at lower levels. For example TATA MOTERS deals into midsize and high end utility car segment it has extended its product line downwards by venturing into the small vehicle segment through launching TATA NANO.

The key reasons for downward stretch are following

The organization involved in serving high end market faces tough competition and decides to cater low end market to deal with competitors. Presence of poor growth rate in the high end market.

The organization includes a low end division to avoid the entry of new competitors. It was a huge opportunity it is a fascinating fact that automobile market pioneers like- Honda and Toyota are venturing into the smaller car segment offer appreciation of Suzuki's success in that segment.

B.UPWARD STRETCH:

Organizations serving low end market may intend to move into high end market. An opportunity to feature as a full-time producer may be few reasons which may tempt organizations to enter the high end market.

C.TWO-WAY STRETCH:

The organization belonging to the mid-level of the market can extend their product line in any one way out of the two options available their upwards or downwards.

II.PRODUCT LINE FILLING DECISIONS:

Product line extension is also possible by including new products in the current product line to achieve gradual increase in profit levels, to persuade the agents with regards to the elitism faced due to decrease in sales because of the product not being present in the current product line, to make use of the surplus capacity available to became market leader in the full time segment to block the loopholes to control the competitors are the few reasons behind product line filling excessive product line filling may confuses the consumers and consequently reduce the sales of others product.

Each item needs to have a distinctness of each product should be thoroughly significant. The new product recommended should have an advantage in terms of increased market acceptance and should not be included to reassure the internal requirements of the company.

: PRODUCT LINE MODERNISATION DECISIONS:

Here the product a part of the product line is revised and re-launched to meet the contemporary styling requirements and preferences. Product lines should be undated as per the latest trends in the market.

This process of modernization can be in terms of the technology used for the production of the product or the appearance of style of the; product many companies have adopted the modernization process. For example new look of 800cc car developed by Intel, launch of splendor plus in place of the older splendor model by hero Honda, etc.

Are the significant example of the examples of the; modernist ion decisions. It is a strategy where the company introduces new item implicate old ones dropped out product line modernization is a constant processing today's for transforming product market.

The consumers are inspiring to shift their preferences towards expensive and high-end products due to constant improvements formulated by the companies.

PRODUCT LINE FEATURING DECISIONS:

This is all about deciding which product to features in the organizations product line. The manager deciding the product line strategies pick-up one or more products from the product line to represent as a flagship product or a prominent item of the line to increase the demand. This kind of decision is taken in case of presence of several non-profitable items in the; product line. Thus line featuring is helpful in elevating the sales volume of the organization for example dream service is the current focus of marketing campaigns of Honda.

PRODUCT LINE PRUNING DECISIONS

This strategy finds outs the product which are poor performers in terms of earning potential in the product line and removes them from the line to increase the earning potential of the company.

This process is adapted by the company when it is unable to earn the expected profit levels or when a specific pattern is not well received by the customers or not being beneficial for the growth of the organization pruning decisions can be taken to make physical or human resources available for other capable models which are being utilized by the un productive model.

PRODUCT MIX

Product mix is a combination of total product lines within a company. A company like HUL has numerous product lines like shampoos, detergents, soaps etc. The combination of all these product lines in the product mix.

a. PRODUCT LINE:

The product line is a subset of the product mix. The product line is generally refers to a type of product within an organization. As the organization can have a number of different types of products.

It will have similar number of product line. Thus in nestle, there are milk based product like milk made food products like magi, chocolate, products like kitkat and other such product lines. Thus nestle product mix will be a combination of the all the product line within the company.

b. LENGTH OF THE PRODUCT MIX:

If a company has 4 product lines ad 10 products within the product line than the length of the product mix is 40. Thus the total number of product lines from the length of the product mix. This equation is also known as product line length.

c. WIDTH OF THE PRODUCT MIX:

Where product line length refers to the total number of products lines and the products within the product lines the width of the product mix is equal to the number of product lines within a company.

Thus taking the above example there are 4 product lines within the company and 10 products within each product line, that the product line width 4 only thus product line width is a depiction of the number of product lines which a company has.

d. DEPTH OF THE PRODUCT MIX:

It is fairly easy to understand what depth of the product mix will mean. Where length and width were a function of the number of product lines the depth of the product mix is the total number of products within a product line.

Thus if a company has 4 products lines and 10 products in each product line, that the product mix depth is 10. It can have any variations within product for form the product line depth.

e. <u>PRODUCT LINE CONSISTENCY:</u>

The lesser the variations between the products, the more is the product line consistency. For example- Amul has various product lines which are dairy related. So that product mix consistency is high.

But Samsung as a company has many product lines which are completely independent of each other like air conditioners, televisions, smart phones, home applications so on and so forth. Thus the product mix consistency is low in Samsung.

PRODUCT CHARACTERISTICS:

A product is the item that is developed and refined for sale in the market. It aims to meet the customer's needs and wants. The concept of product can be categorized into two narrow concept and wide concept.

Its narrow concept a product is a combination of physical or chemical characteristics which has some utilities. It is not just a nonliving object or a physical substance a product also has other functions than its utility like satisfying customer needs and wants.

EXAMPLE: fan, table, pen, cooler, etc. in its wider concept, a product having a variety of colors, designs, packaging and brand is said to be a different product. For example, if a shampoo is made then these are three products, as they are fulfilling needs of customers with varied choices hence product is defined as a complete package of benefits received by a customer.

DEFINITION:

According to **WA.ALDERSON** a product is a bundle of utilities consisting of various features and accompanying services.

It is the sole responsibility of product managers to manage the products the product management activates comprise of planning. Fore-casting and marketing of products or services' at all stages of the product lifecycle. Broadly it is a wide range of activities carried-out to deliver particular product in the market.

The key characteristics of a product are as follows;

A. TANGIBILITY:

A product can be perceived by sense of touch. It also has features like to be felt etc.

Example- car, computer, t-shirts etc.

B. INTANGIBLE ATTRIBUTES:

Intangible products lack physical substance they cannot be touched it is in the form of services egg- repairing, services, insurance services, etc., intangibility can also be an associated feature of tangible products.

For example, if a person proved free servicing for a refrigerator is a tangible product. Whereas after sales services are an intangible attribute. This means that the product offered is both tangible as well as intangible in nature.

C.ASSOCAIATED ATTRIBUTES:

The associated features of a product consists of packaging, warranty, brand, etc. for example Hindustan lever's Vanaspathi ghee is best known by the customers with its brand name DALDA and its packaging.

Moreover it has created such an image that all types of vanspathi ghee are commonly known as DAlDA ghee.

D.EXCHANGE VALUE:

A product either tangible or intangible in nature must have an exchange value. It should be exchangeable between the seller and buyer at a commonly acceptable price.

E.CONSUMER SATISFACTION:

A product should be capable of satisfying the customers. The type of satisfaction experienced by the customer can be real or psychological. For example when a consumer purchases branched cosmetics, one also purchases beauty.

RESPONSIBILITY OFL PRODUCT MANAGER

A product manager is responsible for managing a set of products or product lines over the life of the product from ideation through development launch sale and finally discontinuance.

They interface between the market and the product team during development representing the voice of the customer. And they manage the portfolio of product they are responsible for to maximize sales and profitability.

We have noted that two types of product manager roles across companies. We describe these at lightweight product managers and heavy weight product managers. The following is a distinction in these two roles.

1. LIGHT WEIGHT PRODUCT MANAGERS:

These product managers access the market and identify opportunities for new products. The effort to understand the customer needs and define requirements for new products. They manage the activates to support the commercial launch of a new product line. They do not have overall profit and loss responsibility for the product line. Light weight product managers operate more as a peer on the product teams.

2. HEAVY WEIGHT PRODUCT MANAGERS:

These product managers lave all of the responsibility described for the light weight product manager in addition they have more authority and responsibility to manage the product line profit and loss. They act as the general manager for the product line. They have a more significant role on determining which products to produce and in portfolio planning for the product line.

Specific product manager responsibilities are the following;

A.IDEATION:

The product manager solicits ides for new products from others and contributes ideas for new products. He/she collects information on new products ideas analyzes new product ideas, and helps evaluate new product ideas.

B.MARKET ANALYSIS:

The product manager maintains constant surveillance and awareness of the market and has been able to effectively identify customer needs and trends.

C.COMPETITIVE ANALYSIS:

The product manager maintains awareness of competitive products, potential competitive products competitors and helps to organize this data into meaningful information. He/she organizes or affectivity use competitive information in the development of a new product. He/she is able to identify.

Strengths and weaknesses of proposed products relative to the competition can anticipate competitive responses, and can consider competitive actions in the development of sales projections.

D.PREPARATION OF VOICCE OF THE CUSTOMER PLAN:

The product manager pre actively develops a plan for collecting voice of the customer (VOC) data early in the development cycle. The plan addresses methods to be used definition of the customers to be talked to resources required and the schedule for the investigation effort.

E.CUSTOMER NEEDS DEFINITION:

The product manager develops an effective understanding of the customer needs balancing the information collected with risks of not fully understanding customer needs and assessing market potential and with cost and schedule of the investigation.

F.PORTFOLIO PLANNING:

The product manager provides needed analysis to support product portfolio planning. If the product manager participates in portfolio planning with management he/she provides useful insights and perspectives to prioritize development programs.

G.ANALYZE AND RATIONALIZE PRODUCT PROTFOLIO:

The product manager regularly conducts a critical review f his/her product line or product portfolio to identify needed action to discontinue poor performing products, overlapping products or products they require repositioning or re-launching.

H.COMMUNIACTE PRODUCT PALNS & STRATERGY WITH MANAGEMENT:

The product manager effectively communicates product plans and strategy with management to obtain required decisions resources or management support and minimize surprises.

I.PRODUCT LINE PLANNING &STRATEGY:

The product line manager appropriately contributes to the development of an overall product line and strategy.

J.PRODUCT LINE ROADMAPS:

The product manager contributes to develop and maintains product roadmaps and other representations of the product line plan and strategy road maps and related documents are up to date.

K.PROJECT MANAGEMENT:

The product manager works effectively with the project manager helping to plan the project provide guidance and monitor the project results.

TYPES OF PRODUCT STRATEGIES

DEFINITION:

A product strategy is a plan to develop a new product or improve results from an existing product. It is a marketing activity the after include the following type of strategy.

1. ADOPTION LIFE CYCLE: Strategy for achieving your first few customers for a new product and building momentum from there.

2. BACK WARD INTENTION: Removing features from a product for introduction at a tower price point.

3. COST: Costs, both fixed and variable are an important product strategy element in many cases. A firm may try to establish cost leadership for a particular product.

4. CUSTOMERSERVICE: Customer services such as sales delivery customer experience support, feedback and complaint handling

5. BRANDIDENTIFY: The unique character of a brand in the eyes of customers.

6. DESIGN: Design such as architecture. Functional design user interfaces an do esthetics.

7. DISTRIBUTION: How you will sell and deliver the product. A distributing strategy may include channels such as ecommerce retail wholesale selling and partners.

8. DIVERFICATION: Creating diverse products to reduce the risk of concentrating on a particular industry, business model product category or product.

9. EXITSTRATEGY: A plan that's designed to minimize impact if the product fails on the market

10. FEATURE: Features that add value to a new or existing product.

11. FEATURED EDUCTION: A new product that avoids unpopular features that are common amongst the competition.

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UNIT-II
PRODUCT MANAGEMENT

1. PRODUCT DIFFERENTIATION:

- Product differentiation (or simply differentiation) is the process of distinguishing a product or service from others, to make it more attractive to a particular target market. This involves differentiating it from competitors' products as well as a firm's own products. Product differentiation is the process of making your product or service more appealing to your target audience or consumer than other competitive products
- Product differentiation is a specific kind of business and marketing strategy. It focuses on a target market in which competitors already offer similar products or services.
- A company that uses product differentiation tries to create the perception among certain target customers that the company's version of this product or service is somehow different and thus has added value that is not available from competitors.
- Product differentiation is extremely important to running any kind of business. This is due to economic principles that have been demonstrated time and time again in nearly every market place.

IMPORTANTANCE OF PRODUCT DIFFERENTIATION:

- Our world is noisier and more crowded than ever. You want customers to understand exactly what you are offering and not cause confusion between yourself and your competitors.
- This comes only after careful consideration and study of what your consumers are looking for, what their problems are, and how your product is uniquely positioned to solve them.
- All of this may seem straightforward, but it's helpful to go back to ground zero occasionally and really evaluate the "why" behind the "what." In this case, why is your product different from all others in the same segment?
- By answering this fundamental question, you'll be able to see your product differentiation strategy as part of the bigger picture for your product launch and brand strategy.
- Product differentiators are the key elements to how consumers perceive your product's benefits and features over those of your competitors.

- At the end of the day, you want them to select you over all other offerings on the market.
- Product differentiation often acts as a barrier to entry of new firms into the industry. It may also be noted that advertising enables a firm to achieve product differentiation.
- Profitable product variation may go in various directions. A producer might find that a costly change in his product would increase demand for his output.
- A good product differentiation strategy may gain brand loyalty, which is paramount to any successful business.
- This strategy focuses on a buyer's perception of value. As long as the seller continues to provide high quality, the customer base will remain strong.
- The seller must have a thorough understanding of the buyer's expectations and how the product will be used. For example, a car's purpose is for transportation, but if it also provides a feeling of accomplishment and self-worth, then the seller will have a competitive advantage over cars that are more basic.

1.3 TYPES OF DIFFERENTIATION:

1. SIMPLE DIFFERENTIATION:

- Simple product differentiation is based on a number of different characteristics that very clearly set your product apart from the rest. This is the most basic level of differentiation and the easiest for a consumer to spot.
- Think coffee pot vs. an espresso maker. They are both in the coffee-maker family, but each has very different features, and it's obvious to see where the two products differ.

2. HORIZONTAL DIFFERENTIATION:

- Horizontal differentiation is based on a single product feature or characteristic, but consumers are not clear on quality because prices typically tend to be the same.
- Going back to coffee makers–consider two coffee pots. They function the same way and their prices are pretty similar, but one might offer the option for automatic brew while the other may offer a cold brew option.One isn't necessarily superior in quality–they just offer two different functional features.

3. VERTICAL DIFFERENTIATION:

- Vertical product differentiation is based on a product's single characteristic. Consumers are very clear on its quality and where similar products differ in quality. Prices will also vary greatly in vertical differentiation.
- Think of the difference between a Mr. Coffee coffee pot and a Cuisinart coffee pot. Both are drip pots, they will both brew you coffee, but there is a very clear distinction in perceived quality and prices vary greatly between the two.
- It's easy to get excited about a new product internally, but it's so important to slow down and think through about your product's differentiators as early as possible.
- With a clear picture of what, why, and how product differentiation works, you're fully prepared to take your differentiation strategy to the next level.

2. PRODUCT STRATEGIES:

: INTRODUCTION

- Product strategy is perhaps the most important function of a company. It must take in account the capabilities in terms of engineering of production of distribution (sales) existing in ;the company or of time to acquire them (by hiring or by mergers).
- It must evaluate the customers' expectations at the time of delivery.
- The section of product strategy should address following three related questions.

i. WHERE TO REACH

Here the focus is on basic objectives such as growth versus profits.

ii. HOW TO GET THERE

This is the core of marketing/product strategy that addresses issues such as whether to focus on existing versus new customers. It is summarized in a targeting and positioning statement defining.

iii. WHAT TO DO TO REACH THERE

These addresses specific programs or tactics to be employed in order to implement the core strategy basically, it entails describing the marketing mix (product, pricing, promotion, distribution, service.)

: ELEMENTS OF PRODUCT STRATEGY:

The elements of a product strategy are as follows;

1. TARGET MARKET:

The target market is the group who are most interested in purchasing a product. Some of the sub-categories used to identify a target market are age, gender, geographic location, occupation, income and family situation such as single or married with children.

2. PRICING:

- The revenue generated from a product strategy, relies n an accurate pricing element product price consists of the cost to manufacture; market, and distribute the product along with a desired profit margin.
- Profit margin can be a percentage of the total selling price or it can be a set amount. For example, in determining that profit needs to be 40 % of the final selling price or that profit can be set at 15 per unit. This method used to set profit is based on company policy.

3. DIFFERENTIATION:

- The competition figures into many elements of the product strategy. One element that will guide product advertising is differentiating the product from the competitions.
- Determine what product offers that the advertising and marketing material.

4. SCHEDULE:

A product strategy has a beginning and an ending. Create the strategy timeline and develop milestones for measuring the progress of the campaign.

: DEVELOPING PRODUCT STRATEGY INVOLVES CONTINUAL CHANGE:

Marketers must understand that a product strategy is flexible and dynamic. In marketing a product is variable. Firms are required to make changes in the product strategy because of change in:

1. CUSTOMER NEEDS:

Products are made to satisfy certain needs and wants of target customers to survive and succeed in competitive market, a firm must continuously monitor changes in the needs of its target customers.

2. TECHNOLOGY:

The changes in technology can require either product modification or make existing products obsolete for example, the jelly filled telecom cables are getting replaced by fiber optic telecom cables.

3. GOVERNMENT POLICIES/LAWS:

The changes in government policies and the laws enacted by Indian parliament require change in the product strategy. For example after adopting the policy of liberalization of the Indian economy in 1991, major changes have been initiated that enabled Indian firms to decide without government intervention which products to manufacture and market, except in few specific areas such as defense the insurance and telecommunication sector, which were earliest monopolized by government units, are being liberalized for the entry of the private sector firm.

4. PRODUCT LIFE CYCLE:

In order to maintain growth in sales and profits, firms decide to drop or modify or develop new products when the existing products reach maturity or decline stages in product lifecycles.

3. STAGES IN NEW PRODUCT DEVELOPMENT:

: INTRODUCTION:

- The goods and services that vary considerably in terms of the attributes or intended usage in contrast with the goods manufactured previously by the same firm are termed as new product. It is a difficult and new for the customer.
- Moreover the relative view is considered highly useful in defining new product as the potential consumers who will be using the product; for the first time may identify opportunities or problems for consideration.

ACORDING TO MUSSELMAN AND JACKSON

A product is said to be a new product when it serves an entirely new function or makes a major improvement in a present function.

NEW PRODUCT DEVELOPMENT PROCES:

New product development is an eight steps process which involves all the key elements required for;

- Developing a product.
- Idea generation
- Screening of the idea
- Concept development and testing
- Marketing strategy and development
- Business analysis

- Product and marketing mix development
- Test marketing
- Commercialization launching the product

1. IDEA GENERTATION:

The most vital and first step of a new product development is gathering and evaluating new ideas to reach the new potential product options. Idea generation is considered as an ongoing process for many companies involving the assistance from internal and external resources of organization.

2. SCREENING OF IDEAS:

In this step all the ideas generated in the first step are analyzed and the best possible one is selected for new product development.

3. CONCEPT DEVELOPMENT AND TESTING:

Once the marketer has finalized few ideas, he initiates towards the attainment of initial feedback from the customer, its employees, and distribute. These ideas are then represented to the focus groups through story boards, board presentations etc.

4. MARKETING STRATEGY AND DEVELOOPMENT:

After concept testing a primary marketing strategy plan is developed. A marketing strategy is used to launch the product ideas in the market. For this a comprehensive plan is laid down including the marketing mix strategy, segmentation and positioning strategy with the expected sales and profit.

5. BUSINESS ANALYSIS:

In this stage, the large number of ideas is condensed for one or two ideas by the marketer. During this stage market research is used extensively to analyze the viability of product ideas.

6. PRODUCT AND MARKETING MIX DEVELOPMENT:

A prototype of the product is produced at this stage. Before launching the prototype in the market it must clear all the tests and then finally the product is offered to the target audience. While closing business analyses the suggestions and ideas are given due consideration.

7. TEST MARKETING:

The word test refers to examination or trial. Test marketing is defined as the process of testing a product before it is commercialized in the market at large scale. Here test marketing is also known as field testing.

8. COMMERCIALISATION – LAUNCHING THE PRODUCT/SERVICE:

Once the product passes the test marketing stage then the product goes for national launch. However few factors are considered before finally launching the product in the market such as time and place of launching it will be launched nationally or regionally how it will be launched etc.

4. PRODUCT POSITIONING STRATEGIES:

INTRODUCTION:

Product is anything that can be offered to a market that might satisfy a want or need. There are two concepts of product narrow concept and wide concept. In its narrow concept, a product is a bundle of physical or chemical properties which has some utility. A product is not a non-living object it is not a mere assemblage of matter physical and chemical utility alone is not the function of the product. A product means an object which satisfies the need of the customer. Thus fan, table, pen, cooler, chain, etc… are products. In its wider concept, all the brands all the colors all the designs of a products.

ACCORDING TO KOTLER Positioning is the act f designing the companies offering and image to occupy a distinctive place in the target markets mind.

: IMPORTANCE OF PRODUCT POSITIONING:

1. PLACING THE PRODUCT IN CUSTOMER'S MIND:

Positioning and differentiation are the marketing activities which help the marketers to place the product in the minds of the target customers.

2. CONNECTS PRODUCT OFFERINGS WITH TARGET MARKET:

The process of target market selection helps to determine the actual target audience for whom the offering is proposed and the marketing mix assists in bringing 4Ps in line with the intended target market.

3. PRODUCT CONNOT BE EVERYTHING TO EVERY ONE:

A product cannot be everything for everyone but a little or more to some. This may define the need to differentiation and positioning of a product. For this some distinctive features of the product or some unusual requirements of the market, or some visible gaps in the competitors products area identified and on the basis of these specifications the product is positioned for a specific target markets.

4. GRETEA A LOCUS IN CUSTOMERS MIND:

A customers mind can be viewed as geometric perceptual space which is occupied with diverse products and brands having specific positions. A new product can take hold of the space by replacing the existing brands from their positions.

5. PROVIDING COMPETITIVE ADVANTAGE:

Positioning of a product is the finest method for providing a competitive advantage to a product or service. This helps the marketer to determine the competitor's potential moves and responses so that appropriate steps can be taken such as providing the target markets the motive to buy the services and then plan the entire strategy. Providing the guidelines to device, the marketing mix, such that every element is aligned with the positioning.

6. BETTER SERVING AND COVERING THE MARKET:

Here the market indentifies that every consumer or group of consumer or group of customers has different requirements and belong to different market categories. In this approach, the main aim of marketer is to recognize the potential market segments, to monitor the market in those segments and offer the customer with their desired needs and wants.

PRODUCT POSITIONING STRATEGY:

There are various tasks to be handled in positing only when these tasks are handled in an integrated manner, can the markets came up with a positioning takes the form of following stages:

1. COMPETITORS IDENTIFICATION:

This steps requires broad thinking competitors may not be just those whose products and/or brands fall into our product class our with which we complete directly. The marketer must consider all likely competitors are well as the various effects of use and situations on the consumer.

- Competitor's identification
- Determining the competitor's position
- Analyzing customer's preferences
- Making the positioning decision
- Monitoring the position
- Determining how competitors area perceived and evaluated

2. DETERMINING HOW COMPETITORS ARE PERCEIVED AND EVALUATED:

- Once we define the competitors we must determine how they are perceived by consumers.
- Which attributes are important to consumer in evaluating a product and/or brand? As we might expect, for many products a wide variety of attributes or product benefits may be considered most if not all of which are important much of marketing firm's research is directed at marketing such determinations.

3. DTERMINING THE COMPTETITOR'S:

Position having determined the relevant attributes and their relative importance to consumer. We must determine how each competitor is positioned with respect to each attribute.

4. ANALYSING CUSTOMERS PREFERENCE:

Segmentation distinguishes among groups of consumers including life style, purchase motivations demographic differences and so on. Each of these segments may have different purchase motivations and different attribute importance ratings.

5. MAKING THE POOSTIONING DECISION:

After going through the first four steps the final positioning decision is to be made such a decision may provide only limited input in that case the marketing manager must make some subjective judgments.

6. MONITERING THE POSITION:

Once a position has been established, it is necessary to monitor how well the position is being maintained in the market place. Tracking studies measure the image of the product or firm over time.

5. PACKAGING MANAGEMENT:

- Packaging also refers to the process of designing, evaluating, and producing packages. Packaging can be described as a coordinated system of preparing goods for transport, warehousing, logistics, sale, and end use.
- Packaging contains, protects, preserves, transports, informs, and sells.
- Packaging is the science, art and technology of enclosing or protecting products for distribution, storage, sale, and use.
- Packaging also refers to the process of designing, evaluating, and producing packages.
- Packaging can be described as a coordinated system of preparing goods for transport, warehousing, logistics, sale, and end use.
- Packaging contains, protects, preserves, transports, informs, and sells.[1] In many countries it is fully integrated into government, business, and institutional, industrial, and personal use

PACKAGING AND PACKAGE LABELING HAVE SEVERAL OBJECTIVES Physical protection:

The objects enclosed in the package may require protection from, among other things, mechanical shock, vibration, electrostatic discharge, compression, temperature, etc.

Barrier protection

- A barrier to oxygen, water vapor, dust, etc., is often required. Permeation is a critical factor in design. Some packages contain desiccants or oxygen absorbers to help extend shelf life.
- Modified atmospheres or controlled atmospheres are also maintained in some food packages. Keeping the contents clean, fresh, sterile and safe for the duration of the intended shelf life is a primary function.
- A barrier is also implemented in cases where segregation of two materials prior to end use is required, as in the case of special paints, glues, medical fluids, etc. At the consumer end, the packaging barrier is broken or measured amounts of material are removed for mixing and subsequent end use.

Containment or agglomeration

- Small objects are typically grouped together in one package for reasons of storage and selling efficiency.
- For example, a single box of 1000 pencils requires less physical handling than 1000 single pencils. Liquids, powders, and granular materials need containment.

Information transmission

- Packages and labels communicate how to use, transport, recycle, or dispose of the package or product. With pharmaceuticals, food, medical, and chemical products, some types of information are required by government legislation.
- Some packages and labels also are used for track and trace purposes. Most items include their serial and lot numbers on the packaging, and in the case of food products, medicine, and some chemicals the packaging often contains an expiry/best before date, usually in a shorthand form. Packages may indicate their construction material with a symbol.

Marketing

- Packaging and labels can be used by marketers to encourage potential buyers to purchase a product. Package graphic design and physical design have been important and constantly evolving phenomena for several decades.
- Marketing communications and graphic design are applied to the surface of the package and often to the point of sale display. Most packaging is designed to reflect the brand's message and identity.

A single-serving shampoo packet.

Security

- Packaging can play an important role in reducing the security risks of shipment.

Packages can be made with improved tamper resistance to deter manipulation and they can also have tamper-evident features indicating that tampering has taken place. Packages can be engineered to help reduce the risks of package pilferage or the theft and resale of products

- Packages also can include anti-theft devices such as dye-packs, RFID tags, or electronic article surveillance tags that can be activated or detected by devices at exit points and require specialized tools to deactivate. Using packaging in this way is a means of retail loss prevention.

Convenience

Packages can have features that add convenience in distribution, handling, stacking, display, sale, opening, reclosing, using, dispensing, reusing, recycling, and ease of disposal.

Portion control

- Single serving or single dosage packaging has a precise amount of contents to control usage. Bulk commodities (such as salt) can be divided into packages that are a more suitable size for individual households.
- It also aids the control of inventory: selling sealed one-liter bottles of milk, rather than having people bring their own bottles to fill themselves.

(17E00305) PRODUCT AND BRAND MANAGEMENT
(Elective I)

Objective: The objective of the course is to provide students with detailed knowledge of Classification of Products, Product Mix, Product Line, Product Strategies, Product Positioning Strategies, Product Planning and Development for existing products, New Product Development, Brands in New economy – Brand Hierarchy, Brand Personality, Brand Image, Brand Identity,

1. **Product Decisions : -** Product Concepts – Product Classification – Consumer Goods and Industrial Goods Classification – Product Line and Product Mix – Product Characteristics – Responsibility of Product Manager – Types of Product Strategies
2. **Product Management :** Product differentiation – Product Strategies – Stages in the New Product Development – Product Positioning Strategies – Packaging Management
3. **Branding Decisions :** Essentials of Good Brand Name – Types of Brands – Advantages of branding – Brand Loyalty – Brand Valuation Methods – Brand Revitalization
4. **Creating and Managing Brand Equity :** Advantages of Brand Equity – Brand Building Strategies – Brand Extension – New Brand Failures -
5. **Branding in Different Sectors:** Branding in Industrial sector, Retail Sector, Service sector, Banking Sector and Insurance Sector.

Text book :

- Marketing Management –Philip Kottler,Kevin Lane Keller ,15th Edition, Pearson.

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- Product & Brand Management,Mathur.U.C , Excel
- Brand Positioning, Subroto Sengupta, TMH.
- Marketing and Branding, S.Ramesh Kumar, Pearson.
- What's in a Brand? , John Philip Jones, TMH
- Brand Management – Text & Cases , Harsh V Verma , Excel
- Become the Brand of Choice, Jason Hartman, Jaico.

UNIT-3

UNDERSTANDING BRANDING DECISIONS

1. QUESTION:

INTRODUCTION:

MEANING AND DEFINITION OF BRAND:

A brand particularly consists of a name, logo, other visible features including colour combinations, fonts, images, symbols, etc. A brand raises a number of expectations in the minds of the individuals in relation with particular goods or service. These individuals may be employees working with the brand, suppliers, vendors and their associates, distributors and lastly consumers. Brand creation is more than just giving a name to a product. A brand is essentially a promise that the company hakes to customers. It is a promise towards satisfaction of their needs and assuring world-class product and service quality. Three questions "who", "what", and "why", are very crucial for the successful branding of any product. Marketers should introduce who the product is, what does it do, and why should consumers know about it.

According to American Marketing Association, " Brand is a name, term, sign, symbol, or design, or a combination of them which is intended to identify the goods or services of one seller or a group of sellers and to differentiate them from those of competitors".

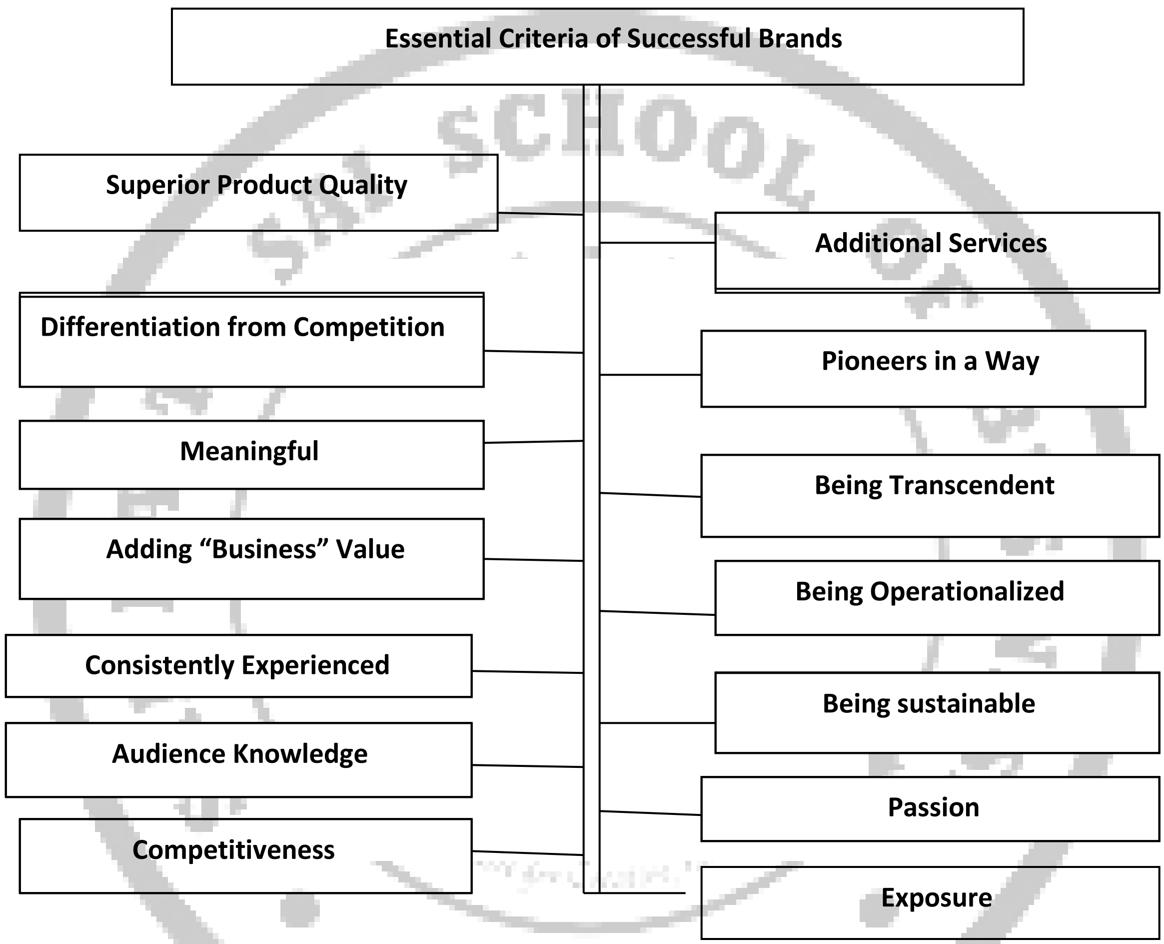
ESSENTIAL CRITERIA OF SUCCESSFUL BRANDS:

Very few brands make an impact in the market and there are varied reasons for this. Some common criteria/characteristics shared by successful brands are as follows:

1. **Superior Product Quality**:

Examples are Sony and BMW, which have developed a very strong brand image in the market because their products are known worldwide for their excellent quality.

Similarly, Apollo Tyres conducts a free check up for all its customers for the first year and even replaces the tyres, if required. This type of service instills confidence in consumers about the accountability and longevity of the company's products. Not all companies can match the same level of service. Such service accompanying a product is one of the characteristics of a successful brand.



2) <u>Differentiation from Competition</u>:

Organizations need to differentiate their offerings from that of competitors, to develop successful brands. The distinction must be clear in the minds of customers. If this is accomplished, customers will recognize and appreciate the unique aspect of the product. The quality of service provided by a brand over a period of time will become a hallmark of the brand. Volvo designs all its vehicles with the utmost safety standards.

3) Pioneers in a Way:

Dell pioneers a new distribution channel for PCs and servers. Dell provided a channel through which customers could order PCs, notebooks, etc, independent of time and place; it also pioneered the concept of individualized customization in the PC market. Similarly, innovated the Walkman and miniaturized electronics. Sony is known to bring out products which are very small using miniature technology.

4) Meaningful:

A strong brand is relevant and compelling to the customers. So having a meaningful personal brand means we offer something of valve that these people want.

5) Being Transcendent:

A strong brand conveys valve beyond the specific job or role. For example, the waitress who genuinely cares whether her gusts are satisfied with their meal, the co-worker who always gets job done regardless of what it takes, the manager who takes personal responsibility for developing and nurturing those around him.

6) Adding "Business" Value:

Strong brand products "Business" results. The personal brands are not limited to business situations – yet, in all situations, one should be seeking to deliver tangible, measurable results.

7) Being Operationalized:

A strong brand must be more than a vision of who we want to be – it must be what we do and what we deliver. Operationalising a brand involves the deliberate and systematic management of the business around brand – in the same way, operationalising a personal brand means identifying prioritizing, and implementing the things we do to deliver our brand values and attributes.

8) Consistently Experienced:

A strong brand is a consistent one. That is, we do what we say and we say what we do. We all know people who present themselves one way when they first meet someone (on a date, in an interview, etc.) But turn out to a totally different person once you get to know them. Surprises are great for parties, not for relationships did the first time. Restaurants and their food and service quality are a great example of this. No one wants to deal with a company they cannot rely on for consistency. With so many industries being saturated with competitors, inconsistency is often enough of a reason for consumers to take their business elsewhere. That is why it is so important to adhere to a certain quality standard with a product or service. An example of a brand who offers amazing consistency is McDonald's. This powerhouse of the fast-food world provides patrons with a menu that is consistent across the world.

9) Being Sustainable:

A strong brand enables us to be successful now and in the future. Instead of allowing ourselves to be defined by our current circumstances, we should be developing a big enough platform to sustain us beyond our next gig or job.

10) Audience Knowledge:

The best brands have a thorough understanding of the demographics of their target market, what their interests are, and how they communicate. Unless it is a mega chain like Wal-Mart, most businesses have a specific target audience they are pursuing.

11) Passion:

While it is certainly possible to build a brand in the short-term without passion, it is almost impossible to –sustain it in the long run. When one examines massively successful people like Steve jobs, they all have a serious passion that keeps propelling them to work hard and continually deliver greatness.

12) <u>Competitiveness</u>:

Gaining an edge in today's business world is not easy. For a brand to make a name for itself, team members should thrive on competition and constantly strive to improve.

13) <u>Exposure:</u>

Another big part of being recognized as a distinctive, successful brand is the ability to reach consumers through multiple channels. Obviously, larger companies have an advantages gaining exposure because they usually have a bigger marketing budget and more existing connections.

2. <u>QUESTION:</u>

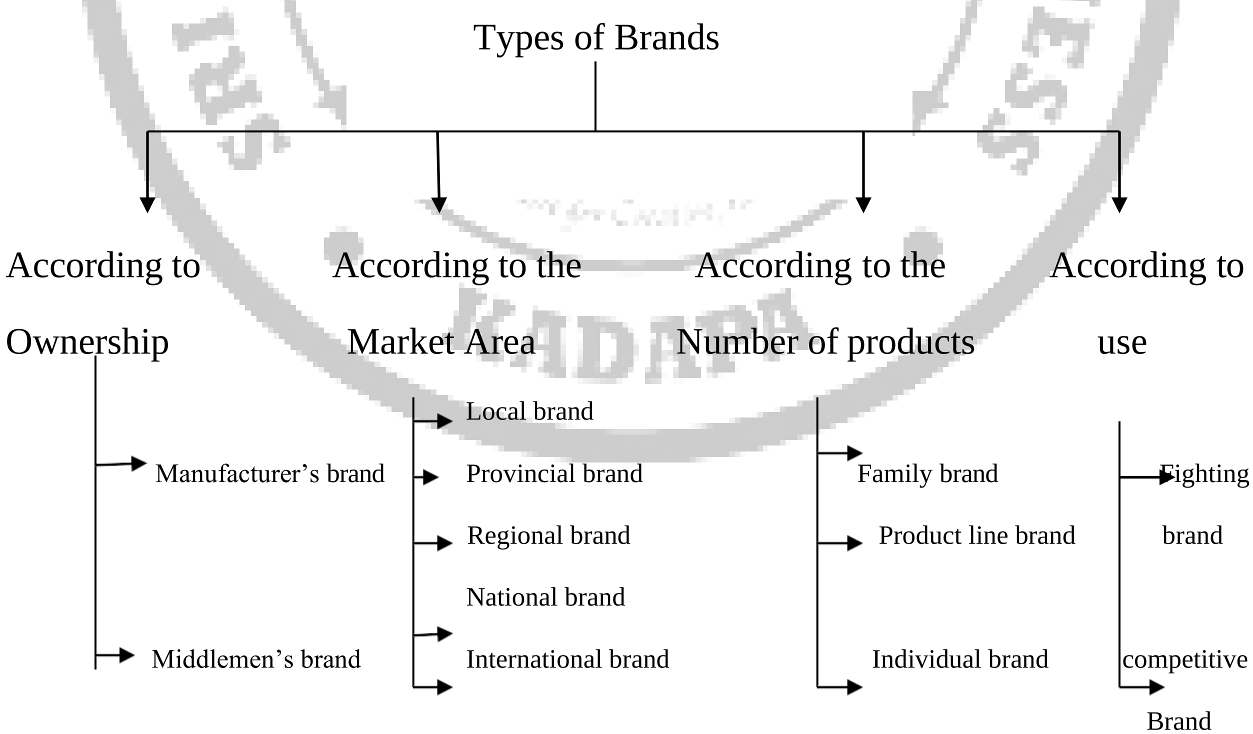
<u>TYPES OF BRANDS:</u>

<u>Brands can be classified as follows;</u>

1) <u>According to Ownership</u>:

Here, ownership determines the type of brand. Two types of brands are there based on ownership, which are as follows.

i) **Manufacturer's Brand**: when the name of the manufacturer of the product is used for branding the product. It is called manufacturer's brand



For example, using name of Samsung for branding its products like Smartphone, TV,AC , etc.

ii) **Middlemen's Brand**: In this type of branding, instead of the manufacturer it is the middlemen whose name is used as brand. The middlemen may be wholesalers, retailers, etc.

2) <u>According to the Market Area</u>:

Five types of brands are there based on target market area:

i) Local Brand: in this, the brands are decided keeping the local markets in mind. Thus, there are different local brands for different markets.

ii) Provincial Brand: In this, the brand name is decided for a particular State or province. Therefore, for a single product, different brand names exist in different provinces.

iii) Regional Brand: In this, the brand name is for particular region. Different regions will thus have different brand names. The entire country may be divided into regions like North, South, East, West, Central, etc.

iv) National Brand: when a particular product is available with the same brand name throughout the world, it is referred as national brand.

v) International Brand: when a particular product is available with the same brand name throughout the world. It is known as international brand.

3) <u>According to the Number of Products</u>:

_A brand can also be classified on the basis of the number of products it covers. On this basis brands can be following three types:

i) Family Brand: when all the products of a company are marketed with the same brand name in different market segments, it is called family brand.

For example, the Reliance Group uses its parent name to brand various product line like Reliance Petrochemicals, Reliance communications, Reliance retail, etc.

ii) Product Line Brand: when a company decides to give different names to different product lines then it follows product line branding. **For example**, Hindustan Unilever uses this strategy to brand its various product lines like soaps, beverages, detergents, etc.

iii) Individual Brand: when the company uses different names for the products in the same product line, it is called individual branding strategy. For example, different individual brands of soaps are used by HUL like Lifebuoy, Rexona, Vivel, etc.

4) According to Use:

Brands can also be categorized according to use. This can be as follows:

i) **Fighting Brand**: These brands are launched in the market with a significant difference from the brands that are already being offered by the competitors of the company. In other words, these brands try to get a distinct positioning in the market vis-a-vis the competition. For example, ITC has launched a cigarette brand named "Now".

ii) **Competitive Brand**: Competitive brands on the other hand fight for the same positioning in the market and do not have any significant differences. For example, Rexona, Lux, etc., are all examples of competitive brands.

3. QUESTION:

Concept of Branding:

In management context, branding is a symbolic representation of information associated with a product or service. The term 'branding' is a very board concept. It comprises of the entire effort in creating a unique space in the mind of the consumers for the product of the company, through consistent advertising and promotion campaigns. It can also be considered as the art of creating a brand. The very first motion of branding is to attract and retain potential customers through developing and maintaining a unique position in the market. In this, the means of identification of the company is recognized and established. Branding includes giving a name to the product, as parents name a baby.

The branding process consists of an advertising campaign based on a consistent concept which forms a distinct identify and image of the product (goods or services) in the minds of the customers. Organizations develop and maintain unique identification in the market through branding.

It helps in fascinating and retaining loyal customers. The act of naming a family member is quite similar to branding. Here producers have children in the form of products or services similar to parents having their own children. As the biological parents are anxious to understand the personality traits of their children, similarly, producers are anxious to find out the nature and scope of their products not on the names but based on the launch of the product. Therefore, a managerial process of deciding a particular name for a given product is called as 'branding'.

According to Jared Spool, "Branding means creating an emotional association (such as the feeling of success, happiness, or relief) that customer from with the product, service or company".

ADVANTAGES OF BRANDING:

Branding has the following advantages for different categories:

1) For Consumers:

i) Easy to Recognize:

The existence of the brand name allows the consumers to identify the brand in the market clutter. This is because the brand has a distinctive packaging, color, design, etc.

ii) Availability of quality products:

A brand is an assurance of quality. Even the producers have to make constant efforts to invest in R &D etc., so that they offer quality product and fulfill the brand promise. Consumers therefore get an assurance of quality when they buy a brand.

iii) Minimum Fluctuations in Price:

It has been seen that price fluctuation do not occur in brands. Consumers therefore get assured prices.

iv) Improved Packing:

The packaging of the brands is given lot of importance. The name of brand and other details are included in the brand packaging. The packaging itself has to undergo a constant innovation in terms of look and feel so that the quality perception of the brand is maintained.

v) Mental Satisfaction:

The use of brands by consumers also gives lot of satisfaction to the consumers as it gives them a feeling that they are using a superior product. For many consumers it can often be the feeling of pride like owners of Mercedes and Harley Davidson.

2) FOR PRODUCERS:

i) Easy to Advertise:

Having a Proper brand helps the organization to develop advertising strategies as the brands vision, target markets and value propositions are clearly defined. The name of the brand can be used by the organization in its advertising campaigns.

ii) Easy to Identify the Products:

The brand name helps consumers to identify the products. This helps in advertising the products easily.

iii) Creation of Separate Market:

The brand helps the company to develop a value proposition for a particular market. This also helps it to develop a separate market for its products.

iv) To Get More Price:

Branding attracts and retains customers. They become loyal to the brand and are ready to pay any price for the brand.

v) Easy to Expand the product Mix:

The existence of a successful brand helps the company in expanding the product mix. The company can add new products to the products mix and also add to its product lines. Getting the customers to buy new products is not a problem as the new products can rely on the positive image of the existing brands.

vi) Personal Contracts with Consumers:

The brand also helps the company to establish a direct link with its customers and to eliminate the activities of all middlemen who have vested interests. This reduces the cost of distribution immensely.

4. <u>QUESTION:</u>

<u>BRAND LOYALTY</u>:

<u>Meaning and Definition of Brand Loyalty</u>:

The term brand loyalty is used to describe the behavior of repeat purchases, as well as those that offer good ratings, reviews, or testimonials. Brand loyalty describes the tendency of a customer to choose one business or product over another for a particular need. In the packaged goods industry, customers may be described as being "brand loyal" because they tend to choose a certain brand of soap more often than others.

Note the use of the word "choose" though; brand loyalty becomes evident when choices are made and actions taken by customers.

Customers may express high satisfaction levels with a company in a survey, but satisfaction does not equal loyalty. Loyalty is demonstrated by the actions of the customer; customers can be very satisfied and still not be loyal.

According to Bloemer and Kasper, "Brand loyalty implies that consumers bind themselves to products or services as a result of a deep-seated commitment".

Types of Brand Loyalty:

There are four types of brand loyalty, which are:

1) **No Loyalty**:

For varying reasons, some customers do not develop loyalty to certain products or services. For example, a manager of a travel agency who goes anywhere in town to get a haircut, so long as it costs him $ 50 or less and he does not have to wait. He rarely goes to the same place two consecutive times.

2) **Inertia Loyalty**:

A low level of attachment coupled with high repeat purchase produces inertia loyalty. This customer buys out of habit. It is the "because we have always used it" or "because it is convenient" types of purchase.

3) **Latent Loyalty**:

A high relative attitude combined with low repeat purchase signifies latent loyalty. If a customer has latent loyalty, situational effects rather than attitudinal influences determine repeat purchase.

4) **Premium Loyalty**:

Premium loyalty, the most leverageable of the four types, prevails when a high level of attachment and repeat patronage coexist. This is the preferred type of loyalty for all customers of any business.

Levels of Brand Loyalty:

Five levels of brand loyalty can be distinguished, extending from committed buyer at one extreme to switcher or indifferent buyer at the other extreme.

1) **Brand Switchers/ Indifferent Buyers**:

At the lowest level, the indifferent buyer does not attach any importance to the brand. The buying is done on a basis other brand, like availability or price. These buyers are switchers and are indifferent to the brand.

2) **Habitual Buyers**:

The second category of buyers comprises the ones satisfied with the brand (absence of dissatisfaction). These buyers have no reason to switch but may actually switch given the stimulations from the competitors.

3) **Switching-Cost loyal Customers**:

The third category of buyers is satisfied with the brand, though they have switching costs in terms of time, money, and risk.

4) **Affect Driven Loyalty Customers**:

The fourth category of loyalty implies that the buyers like the brand. They tend to have some sort of emotional attachment to the brand.

5) **Committed Customers**:

At the next level of loyalty, the customers tend to be committed to the brand. The commitment is "an enduring desire to continue the relationship and to work to ensure its continuance".

Building Brand Loyalty:

Many business firms neglect their loyal customer base in pursuit of new customers. There are following ways of building brand loyalty as:

1) **Communicate**:

Whether it is an e-mail, newsletter, monthly flier, a reminder card for a tune-up, or a holiday greeting card, reach-out to the steady customers.

2) **Customer Service**:

Go the extra distance and meet customer needs. Train the staff to do the same. Customers remember being treated well.

3) **Employee Loyalty**:

Loyalty works from the top down. If a company is loyal to its employees, they will feel positively about their jobs and pass that loyalty along to the customers.

4) **Employee Training**:

Train employees in the manner that they like to interact with customers. Empower employees to make decisions that benefit the customer.

5) **Customer Incentives**:

Give customers a reason to return to the business. For example, because children outgrow shoes quickly, the owner of a children's shoe store might offer a card that makes the tenth pair of shoes half price. Likewise, a dentist may give a free cleaning to anyone who has seen him regularly for five years.

6) **Product Awareness**:

Know what the steady patrons purchase and keep these items in stock. Add other products and/or services that accompany or compliment the products that the regular customers buy regularly. And make sure that staff understands everything they can about the products.

7) **Reliability**:

If a purchase will arrive on Wednesday, deliver it on Wednesday. Be reliable. If something goes wrong, let customers know immediately and compensate them for their inconvenience.

8) **Be Flexible**:

Try to solve customer problems or complaints to the best.

9) **People over Technology**:

The harder it is for a customer to speak to a sales man when he/she has a problem, the less likely it is that salesman will see that customer again.

10) **Know their Names**:

Get to know the names of regular customers or at least recognize their faces.

Importance of Brand Loyalty:

Brand loyalty is very essential for the growth of organization because:

1) **Assets for an Organization**:

Loyal customers are the assets of an organization. Loyal customers play six important roles, and through each role they contribute effectively towards the betterment of the organization.

2) **Self-Reinforcing System**:

It is a self-reinforcing system in which the company delivers superior value consistently to find and keep high-quality customers. The economic benefits of high brand loyalty are measurable.

3) **Power of "Buzz Word"**:

Brand loyalty is building –up the power of a "buzz word". People see what it can do. They see people willing to spend a hack of a lot more for a Gucci handbag rather than the exact same purse (quality and design-wise) made by another company.

4) **Closer Relationship with Products**:

The importance of striving to develop brand loyalty cannot be overestimated. In the digital age people expect a closer relationship with the products they buy, not a lesser one.

5) **Ease of Communication**:

The ease of communication and access can either make a company's brand loyalty or break it. If these visitors are treated properly and leave with warm regards for the company as a whole.

6) **Exposure to Company**:

Brand loyalty is not always developed in a single watershed moment. Usually it is developed through long and repeated exposure to a company's message and products.

5 QUESTION:

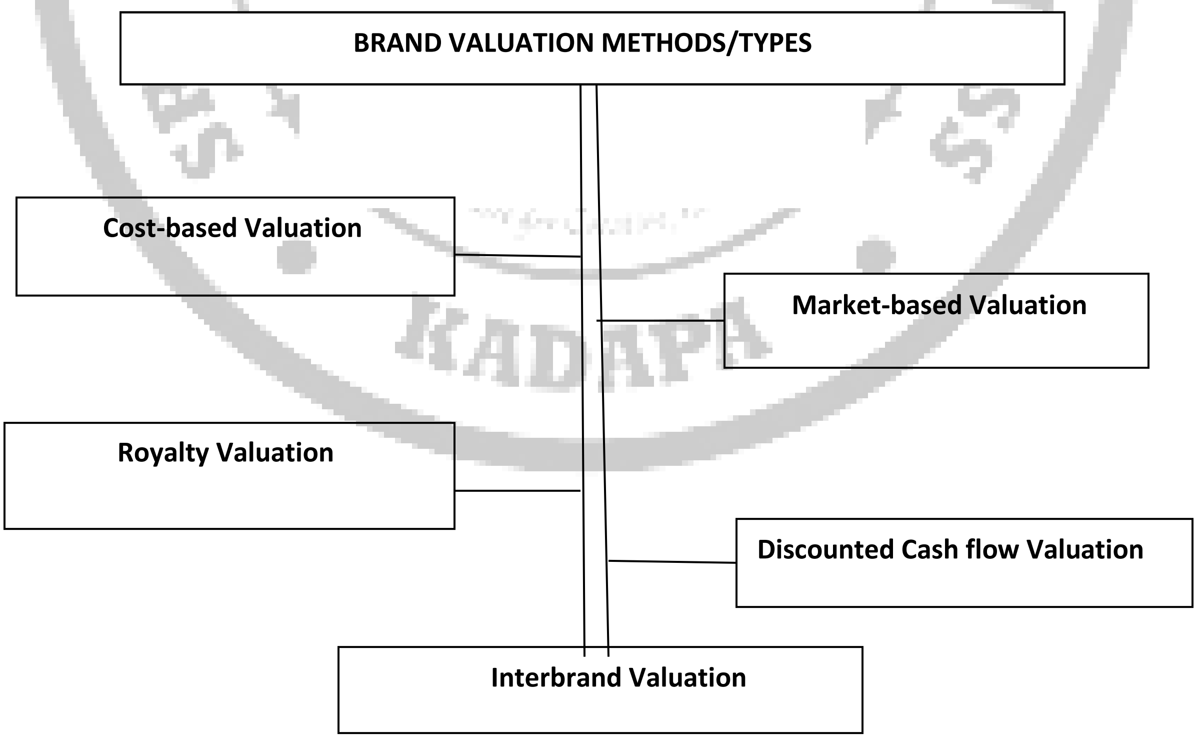
BRAND VALUATION:

Introduction to Brand Valuation:

Brand valuation is the process used to calculate the value of brands. Historically, most of a company's value was in tangible assets such as property, stock, machinery or land. This has now changed and the majority of most company's value is in intangible assets, such as their brand name or names. Brands are valued for many different reasons, such as for legal disputes, strategic management, internal communications, business management and brand securitization. Brand valuation methods follow standard guidelines. Methods for valuing brands follow the same principles of valuation that are used for valuing other tangible assets.

BRAND VALUATION METHODS/TYPES:

The different methods or types of brand valuation area as follows:



1) **Cost-based Valuation**:

Typically, Cost-based brand valuation approaches take into consideration the costs that have been incurred by the company to create the brand. These approaches are not forward looking. Rather, they look backwards into history. The cost-based method is conceptually the least defensible. It is perhaps the weakest.

2) **Market-based Valuation**:

The market approach focuses mainly on comparables. The market approach measures value based on what other purchasers in the market have paid for assets that can be considered reasonably similar to those being valued.

3) **Royalty Valuation**:

In this approach the brand value is estimated by the royalty income that a brand would generate if it is licensed out to another party. **For example,** what would be the brand value of Nescafe brand for Nestle? Or in other words, how much royalty would Nestle have to pay to a third party if it did not have its own coffee brand and wished to use Nescafe?

4) Interbrand Valuation:

Interbrand's concept of brand value is based on the premise that a brand (when well managed) influences customer's purchase decisions in a way that creates an economic benefit for the brand owner.

According to Interbrand method, to capture the complex value creation of a brand, the following five valuation steps brand should be performed:

i) **Market Segmentation**:

Spilt the consumer market for the brand into no overlapping and homogenous groups of consumers according to applicable criteria such as product or service, distribution channels, consumption patterns, purchase sophistication, geography, existing and new customers, etc.

ii) **Financial Analysis**:

Identify and forecast revenues and "earnings from intangibles" generated by the brand.

iii) **Demand Analysis**:

Assess the role that the brand plays in driving demand for products and services in the markets in which it operates.

iv) **Competitive Benchmarking**:

Determine the competitive strengths and weaknesses of the brand.

v) **Brand Value Calculation**:

Calculate the Brand Value as the net present value (NPV) of the forecast Brand Earnings, discounted by the Brand Discount Rate.

6. QUESTION:

BRAND REVITALISATION:

INTRODUCTION:

To recover and reposition brand in mind of customer when it is not working successfully is known as **Brand Revitalization.** A brand may lose its share/image on the market, when the value it provides, the functions and benefits it delivers, are no longer in demand. A brand would always have a market angle to it. Its success lies in its connection with customers, its value, and its favorability. The market forces like competitive advancements, shifts in consumer tastes and liking, technological and legal developments impact the brand market fit.

Signals to Brand Revitalization:

1) To halt the abrupt fall of sales of a leading brand to enable the recovery of a company on the edge of bankruptcy.

2) To halt the slow but systematic fall of sales of a leading brand in its market.

3) To halt the fall of sales of an ageing brand that has almost lost contact with the opinion-leaders and the younger generation.

4) To revive brands which have become marginal in terms of market share but still have goodwill among the public.

5) To revive marginal brands which still have certain fame but whose good will has disappeared or has been replaced by ill-will among distributors, opinion leaders and the media.

6) An extreme situation is the revitalization of brands of another era which have already disappeared from the market.

Methods of Brand Revitalization:

1) **Increasing Usage**:

i) Make the brand more convenient to use – easy to cook (Maggi), instant breakfast (Kelloggs).

ii) Reduce doubts associated with more or frequent use –no harmful chemicals (Vatika).

iii) Provide incentive to use frequently – honored guest (Ritz, Carlton), frequent flier benefits (British Airways), Privilege Card (Snowhite).

iv) Consumers use more quantity – more toothpaste per application (Colgate).

v) New uses – Mosquito Mat for good fragrance (Jet).

2**) New Markets**:

i) Reach to new markets not targeted so far – rush to Asian countries (McDonald's), rural areas (HUL),

ii) New segments – cover unattached segments (tine extensions, e.g., shampoo pouches).

3) **Image Change**:

i) Add new associations when existing associates become obsolete – Dalda Vanspati to Daida Active.

ii) When associates wear out because of frequent use (ciich6) – claim that a detergent washes whitest or it has dirt blasters.

iii) Commoditization – brand needs differentiation (e.g., Xerox does not mean photocopying, it's a brand).

4) **Brand Enhancement**:

i) Add new valued differentiators – service (Electrolux) (Sony), availability (HUL), and guarantee (Daewoo Matiz).

ii) Value disciplines – innovation (Sony), intimacy (Marriott), operational excellence (Southwest Airlines).

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UNIT-IV

CREATING AND MANAGING BRAND EQUITY

4.1. MEANING AND DEFINITION OF BRAND EQUITY:

Period of 1980s witnessed the extensive use of brand equity concept by the advertising professionals. Different valuable academic contributions concerning the brand equity were offered by scholars like Srivastava and Shocker, Kapferer, Keller and Aaker throughout the 1990s. There was, however, no universal definition and explanation of the concept of brand equity. Today, a common description of the brand equity is possible and it says that brand equity is the value assigned to a particular brand by customers as per their perception about it.

The idea behind the concept of brand equity is the value attached to the brand, which is more than value attached to its tangible attributes. Therefore, brand equity comes under the category of intangible assets of an organization. Additional revenues or cash flows brought by a particular brand to the firm describe the brand equity of that brand. Products with higher brand equity are generally priced higher.

According to Biel, "Brand equity can be thought of as the additional cash flow achieved by associating a brand with the underlying product or service".

ADVANTAGES OF BRAND EQUITY:

Advantages of brand equity can be understood with the help of the following points:-

Advantages to Customers:

Following are the ways in which brand equity is significant for the customers:

i) Products and brands related information can be easily stored, processed or interpreted by the customers with the help of brand equity. Thus, it facilitates information processing.

ii)Brand equity fills the customers with confidence while making a purchase decision. Buying a branded product gives more confidence to the buyer as compared to buying a non-branded or unknown brand product. This may be because of past experience with the brand.

Iii)The ultimate importance of the brand equity to the customer is the satisfaction drawn while using the brand/product. **For example**, people tend to draw more satisfaction in drinking Tajmahal Tea in comparison to an unknown tea. Brand name truly alters the experiences of the consumers.

Advantages to marketer:

Brand equity is also significant to the marketers as it increases their value in the market. Different points describing the significance of brand equity to the marketers are as follows:

i) Brand equity facilitates marketing activities. It helps in implementing more efficient marketing programs. Positive brand equity helps in reducing the overall expenses required for advertising and promotion activities.

ii) Improved customer loyalty is the result of positive brand equity. Customers remain committed towards a brand with positive brand equity. This automatically reduces the marketes' expenditure on customer acquisition and retention activities.

iii) Marketer can charge the high prices for their products in case of positive brand equity. This high pricing is supported by the loyal customers of the brand. Therefore, brands with strong brand equity only implement high pricing for their products.

iv) Brand equity facilitates the growth of the firms as it adds value to the brand. Different growth opportunities are provided by the brand equity. Therefore, for growth, firms prefer the extension of the brand rather than introducing new brands.

v) Brand equity enables the company to more readily access the distribution chain for their products. The distribution channels readily welcome the branded products for distribution as it becomes easy for them to place such products in markets, whereas product s without brand equity bring lot of uncertainties with them.

vi) Last but not least importance of brand equity for marketer is that brand equity gives a competitive edge. It restricts the accessibility of the rivals. Brands can construct equity which would help them to acquire a position in the market and quality relationships in a defensive style. Once a brand gains equity in market, it becomes the threat for growth of other brands by giving them tough competition.

BRAND BUILDING STRATEGIES:

Strategies for building brand strength and sustaining that strength for the brand portfolio require attentions to the implementation of brand identification in brand-building strategies, revitalizing brands in the later stages of their lifecycles, and recognizing the strategic vulnerabilities of core brands, since brands may be vulnerable to competitive attack of changing market conditions. When brands are effectively managed, they acquire "value" and become "assets" with "goodwill". Effective brand building strategies involves having right concerns and taking appropriate actions as given below:

1) PROTECTING BRAND IDENTITY:

A marketer has to depend on semiotics and mnemonics to protect brand identity. The dictionary meaning of semiotics is the study of signs, symbols and their interpretation. Semiotics primarily works best for products that require low involvement at the time of purchase and have very frequent usage FMCGs such as soap, shampoos, tyres and tea are the ones that fit the bill best.

2) ESTABLISHING BRAND PERSONALITY:

Like a person, a brand is a psycho-social being having an appearance, emotional feelings and rational behaviours. Brand personality can, therefore, be described at three levels:

i) Sensory:

How would the brand see, smell, taste, touch and hear if it is a person? What are its 'demographics"? Does it have an attractive and socially acceptable personality?

ii) Emotional:

If a brand were to become an emotion, what would it be? What are the underlying subjective, non-functional emotions of the brand? Is it trustworthy? Is it a desirable companion?

iii) Rational:

What would the brand, as a person, do? What would it achieve? What are the functional benefits? Is it a person with expertise?

3) <u>STRENGTHENING BRAND LOYALTY:</u>

Brand loyalty is an emotional product of two psychological attributes – satisfaction and relationship**.** Marketers have to strive to create these attributes. Confidence in a product can be created by offering product warranty and service support. Elaborate arrangement for service are to be made to keep up the promises.

4) <u>VALUE ADDITION BY COMMUNICATION:</u>

Large corporate entities need to effectively communicate their brand proposition to rural consumers. To make brands memorable and native, sometimes names have to be changed. For example, "Dabur Lal Dant Manjan"(red toothpaste in Hindi) was rechristened "Dabur Sivappu Pal Podi" (red toothpaste in Tamil), the local language for the south Indian market.

5) <u>BRAND ASSOCIATION:</u>

Association can be used as part of an organization's brand building strategy. Initially, brands are conveyed using simple words and pictures. Organizations then use advertising and, increasingly, product placement to transform these words and pictures into specific symbols or logos. These symbols generate certain associations in a person's mind.

6) <u>BRAND IMAGE:</u>

This method is usually driven by advertising agencies in a leading brand development role and linked to creative execution of various ad campaigns. Marketers and their agencies closely link the brand to imagery driven by the latest trends and fads in the culture, and expressed through art directors, photographers and commercial directors.

7) **Brand Equity:**

Brand building, as a key element in strategy to develop sustainable competitive edge, is equally emphasized by most of the companies. It is also considered as an important means for getting a dominant position in the chosen market segments, as well as for attracting the best talent in the organization.

BRAND EXTENSION:

Brand extension is a part of brand management to diversify and leveraging the existing brand by entering into new product category by new product development. Positive images and strengths of existing brand / parent brand are leveraged to bring another success story for new product. Brand extension is increasingly used by companies as a part of strategy for product developments. It is viewed as one of means to attain integrated brand architecture.

According to Phillip Kotler, " A brand extension strategy is any effort to extend a successful brand image to launch new or modified products lines".

NEED FOR BRAND EXTENSION:

The need for brand extension is explained below:

1) **Cost of New Launches:**

The marketing environment of today is characterized by ups and downs. These shifts necessitate frequent introductions in the marketplace both as a defence against competition and desire to grow.

2) **PROMOTIONAL EFFICIENCY:**

When a company needs to support a larger number of individual brands, its promotional cost structure goes up. Also, investments in one brand does not help the other brands. When the Dettol brand of soap is advertised, it indirectly benefits other brands which share the same name.

3) CUSTOMER BENEFITS:

From the customer's point of view, brand extensions offer a less risky route to a new product category. The customer knows what to expect from the brand and can easily conclude the likely make-up and performance delivery of the brand.

4) FEEDBACK EFFECTS:

Brand extensions are justified not only for what they deliver in terms of promotional efficiencies and consumer benefits, they also help the parent brand in many ways, the first benefit being the clarity in brand meaning that an extensions can bring. Extension can broaden the product meaning.

5) RETURNS:

Overtime, many brands, from being initially mono-product or mono-activity have evolved into a diversified structure. **For example,** Walt Disney was focused on animation films for children during the fifties, but now it has branched into highly heterogeneous businesses.

TYPES OF BRAND EXTENSIONS:

Brand name can be extended in three ways:

1) Extended to Other Items in the Same Product Line:

Line extension is the simplest form of brand extension. The idea is to make some additions to the line and cater to different segments of users of the product. In line extensions, the key criteria are whether the core strength of the parent brand can be leveraged for the new items.

2) Extended to Items in a Related Product Line:

Here, the brand name is extended over difference products, but the products are related in some way. In other words they belong to a category.

3) Extended to Items in an Unrelated Product Line:

Here, the brand name is extended across completely new and unrelated products, failing under altogether different product categories.

LIMITATIONS OF BRAND EXTENSION:

A poorly managed brand extension can bring several limitations to the marketers' brand as given below:

1) Cannibalization:

Aaker states that the extensions can cannibalize the existing products of the brand when they are positioned in a close market. It means the extensions sales are increasing while those of the existing brand's products are following the opposite curve.

2) Disaster can Occur:

Aaker explains that a disaster which cannot be controlled by the firm – e.g., that Firestone tyres used for the Ford Explorers were potentially unsafe – can happen to any brand. The more extensions the brand made, more important the damage will be.

3) Diminish Identification with Any one Category:

The risk of linking multiple products to a single brand is that the brand may not be strongly identified with any one product. Thus, brand extension may unclear the identification of the brand with the original categories, reducing brand awareness.

4) **Company Abstain from the Chance to Develop a New Brand:**

One easily overlooked disadvantages to brand extension is that by introducing a new product as a brand extension, the company abstains from the chance to create a new brand with its own unique image and equity.

NEW BRAND FAILURES:

Brand failures refers to inability of a brand to realize the required market share to sustain its presence in the market. Brand failures occur on an ongoing basis to varying degrees within most product – based organizations. This is the negative aspect of the development and marketing process.

TYPES OF BRAND FAILURES:

Types of Brand failures are as follows:

1. IDEA FAILURE:

The key to a successful business is research; however this is often overlooked when a “great” idea comes along. Many brands have been burnt by not thoroughly researching a seemingly fantastic product idea.

For example, Kellogg’s in the late nineties Kellogg’s launched their Cereal Mates range. The product was a small box of cereal pre – packed with a carton of milk and spoon. The concept seemed sound and they intended to target the growing number of people who were too busy to eat breakfast at home.

2. EXTENSION FAILURE:

When brands reach an iconic status it is tempting to cash in on consumers loyalty by adding new product categories. These extensions ignore the brands focus creating a diluted identity.

For Example, Harley Davidson, Harley is built on a foundation on exclusiveness, mystique and rugged strong mascutine values. This is one of the most powerful brands with exceptionally loyal followers.

3. CULTURE FAILURES:

While technology and trade agreements have made it easier to enter these international markets, we need to remember different cultures have different needs. Each company also has its own unique culture created from its aims and values. The culture becomes part of the brand and helps to establish a bond with users.

For Example, Gerber, when Gerber expanded into Africa it used homogeneous approach, keeping with its western packing. The label featured a picture of a baby.

4. <u>TIRED – BRAND:</u>

All brands eventually reach the decline stage in their lifecycle. As society adopts new values our much loved brands will start to disappear. Even legends like Coca – Cola and McDonalds will eventually lose their stronghold as the world shifts to a healthier lifestyle.

<u>REASONS FOR BRAND FAILURES:</u>

Some of the most common factors that attribute to brand failure as follows:

1) <u>BRAND AMNESIA:</u>

When the brands core values are forgotten. For old brands, as for old people, memory becomes an mereasing issue When a brand forgets what it is supposed to stand for, it runs into trouble. The most obvious case of brand amnesia occurs when a venerable, long – standing brand tries to create a radical new identity, such as when Coca – Cola tried to replaced its original formula with New Coke.

2) <u>BRAND EGO:</u>

Where brands over – estimate their importance. Brands sometimes develop a tendency for overestimating their own importance and their own capability.

3) Brand Megalomania:

When brands extend to as many product categories as possible ultimately weakens them all. Egotism can lead to megalomania. When this happens, brands want to take over the world by expanding into every product category imaginable.

4) Brand Deception:

When the company tries to hide its true purpose or identity. 'Human kind cannot bear very much reality' wrote **T.S. Eliot**. Neither can brands. Indeed, some brands see the whole product.

5) Brand Fatigue:

When the brand has been around for a long time sometimes people become bored with it. Some companies get bored with their own brands.

6) Brand Paranoia:

It happens when a brand does not trust itself or its worth. This is the opposite of brand ego and is most likely to occur when a brand faces increased competition.

7) Brand Irrelevance:

When market evolves can become obsolete. When a market radically evolves, the brands associated with it risk becoming irrelevance and obsolete.

GUIDELINES FOR AVOIDING BRAND FAILURE:

Some of the ways to avoid brand failure are as follows:

- One cannot really control a brand. Brands are not created in the boardroom but in the minds of the customers. So listen to what they have to say and build on the strengths.
- Do not water down the brand. If one is known for a particular service or product, it shoud resist the natural urge to expand the offerings.
- The organization can only build a loyal following if people notice it. It should make sure they offer something fresh so that their business will stand – out in the crowd.
- Make the employees of the organization a living brand ambassador. If they are enthusiastic about the brand, so the clients will be too.
- The world is filled with marketing chatter. Simplify the message so that people quickly can grasp what organization does and how it is different.

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UNIT – 5
BRANDING IN DIFFERENT SECTORS

BRANDING IN INDUSTRIAL SECTOR

According to Phillip Kotler "The industrial marketing consists of all the organization that acquire goods and services that are sold, rented or supplied to others**".**

GROWTH OF BRANDS IN INDUSTRIAL SECTOR

The growth of brands in the industrial sector can be explained by a combination of several factors:

1. To differentiate the products and services offered by the companies to give new status to products.
2. The need to more clearly present the products and services offered, explaining and introducing technology.
3. The maturity of end – customers, whose field of action, experience and know – how are growing all the time.
4. The internationalization of industrial groups, which has meant building a global image.

PURCHASEABILITY AND VISIBILITY OF INDUSTRIAL BRANDS

Unlike consumer brands, industrial brands are generally not seen or are never purchased by end – users. Concerning essentially professional customers, industrial brands can differ greatly depending on "purchaseability" and "visibility" by end – consumers.

A. Industrial Brands : Reach the Final Consumer: The difference between consumer brands and industrial brands is clear enough, except in the areas of office supplies and small do – it – yourself appliances.

i) Industrial Brands : Reaching customers through the product: The first low cost way for industrial brands to reach consumers is to be identified through the product itself.

a) Entering Goods: End – users can get the industrial products without knowing it when they buy consumer goods such as beverages or clothes.

b) **Intermediary Equipment Goods:** End – users can 'discover' the product which is a part of the bought or hired cars or house.

c) **Equipment Goods:** End – users can see the industrial brands of equipment goods when using a service such as transportation system.

d) **Production Goods:** The people walking around can simply see them on a building site – Mack trucks or Fenwicik forklift trucks.

ii) **Industrial Brands : Reaching Consumers through Communication:** The main way for industrial brands to reach end – users is communication. Word – of – mouth is often the first type of communication allowing end – users to learn about industrial brands.

iii) **Industrial Brands: Reaching Consumers through a Change in Strategy:** Industrial product suppliers may decide to launch a product – line for customers. These products may or may not be the same as those used by their professional customers.

B. Purchaseablilty : For an industrial brand, "purchaseability" can be defined as the ability of end – consumer to buy the products and services separately from the final product purchase.

C. Visibility : Industrial brands can be visible by end - consumers thanks to communication actions and the visibility strategy on the product itself.

BRANDING IN RETAIL SECTOR

Retail branding is different from just branding. In case of branding, companies build the brand name on the basis of what they want to communicate about what the brand stands for.

TYPES OF BRANDS IN RETAIL SECTOR

The type of merchandise brands of a store carriers plays a major role in improving the image of the store and in attracting customers.

i) **National Brand/Manufacturer's Brands:** A national brand is a brand which is distributed throughout the nation, instead of across a small region only by the producer or distributor. Some national brands are also sold on an international scale in addition to being widely available in their home nations.

ii) **Local Brands:** Local brands refers to the brand that is sold and marketed in a relatively small and restricted geographical area. A local brand is a brand that can be found in only one country or region.

iii) **Private Label Brands:** Private label brands are the products that carry the brand of the retailer rather than the producer. Private label brands are those product s that are designed, developed and marketed by the retailer.

ROLE OF BRANDING IN RETAIL SECTOR

1. **Improved Sales:** The retail branding solutions is very effective and has been found to increase the sales and the revenue of the company by about fifty percent.
2. **Higher Price:** A strong retail brand diminishes the price sensitivity of consumers. Because there is an emotional bond between the retailer and its customers they are not will immediately go to a competitor if there is a price promotion.
3. **Higher Profitability:** Strong retail brands show better financial results that weaker brands. Strong brands results in strong profits because consumer s make more frequent visits, fill larger than average shopping baskets.
4. **Barriers against Competition:** A strong retail brand takes, as it were, a monopoly position in the consumer's mind. The customer experiences a clear differentiate from other stores, and it is difficult for competitors to attack such a brand.
5. **Higher Customer Loyalty:** A strong retail brand builds up a loyal customer base. In the process, success comes not only from actual behavior but also more importantly from the emotional connection the customer has with a retail brand.

BRANDING STRATEGIES IN RETAIL SECTOR

1. **Integrated Branding:** In this, the retailer is in direct link with the manufacturer. He is required to possess complete knowledge about the possible developments in the product in the future.

2. **Contract Branding:** In this, the retailer outsources from an existing supplier of the product and does not play any part in product development.
3. **Independent Branding:** Here, the retailer simply procures from the supplier at the lowest possible cost and the entire branding investment is his own.

GUIDELINES FOR BUILDING A STRONG RETAIL BRAND

Brands are developed or build over a period of time they are not made in a day. The process of brand building is continuous.

1. **Clearly Articulate the Brand Identity:** Brand identity means what the brand means to the customer. Brand identity sets the customer expectations.
2. **Establish a Customer Value Proposition:** Customer value proposition is the natural outcome of the brand identity. It is what the customers think of the brand.
3. **Define the Optimal Customer Experience:** Identity all contact points where the customers interact with the company. To create a holistic brand experience individual needs to create a consistent and compelling experience at each of these touch points.
4. **Cultivate Relationship with Customers:** Relationship with customer must be treated carefully. Never assume anything about what the customer thinks of the company
5. **Strengthen the Brand over Time:** Enhancing the level of customer – brand relationship will have a direct impact on the brand.

BRANDING IN SERVICE SECTOR

According to American Marketing Association,"Services are activities, benefits or satisfaction which are offered for sale are provided in connection with the sale of goods".

Some of the services sectors are Airlines, Banks, Communication Industries, Housing loan corporations, Hotels, Financial institutional and many more.

STEPS TO BE FOLLOWED WHILE BRANDING FOR SERVICES SECTOR

1) **Choosing Brand Elements:** Because services are intangible and because customers often make decisions and arrangements about them away from the actual location itself.
2) **Establishing Image Dimensions:** Given the human nature of services, it is no surprise that brand personality is an important image dimensions for services.
3) **Devising Branding Strategy:** Finally, services also must considered developing a brand hierarchy and brand portfolio that permits positioning and targeting of different market segments.

STRATEGIES OF SERVICES BRANDING

There are many ways in which existing service products can be developed.

1) **Brand Extension:** An existing brand can be used as the vehicle for introducing new or modified products. It can work even for corporate branding; HDFC, HDFC Bank, HDFC Standard Life Insurance etc.
2) **Multibranding:** In a fragmented market, a service marketer can introduce multiple brands to sweep as much of market share as possible. If not then business would have gone to competing brands anyway.
3) **Cannibalization:** This retrograde development takes place when due to multibranding; one brand eats into the current and potential market of another of the same services firm.
4) **Co – branding:** Different brands can be bundled together as a form of additional benefits and promotions. Car dealers are co – branding their sales with consumer finance companies.
5) **Private and Generic Brands:** Retailers and franchisees are bringing out their own brands called ‘private label brands’. These brands are giving distinctiveness to the retailer and the franchisees and preventing customers from comparing the brands.

PROBLEMS IN BRANDING OF SERVICES

When it comes to building and maintaining a strong and distinctive brands in any category, the marketing terrain has never been more challenging.

1) **Intangibility:** Relative to products that we can hold, use and consume people find it far more challenging to attach meaning to an intangible service offering such as a checking account, an internet connection or life insurance.
2) **Commoditisation:** Sustainable points of difference based on unique benefits are especially rare in service categories. With today technological advances , competitors can copy a service offering just weeks.
3) **Complexity:** To battle the commodity problem, service brands often seek to differentiate themselves by adding complexity annuance to their core offering.
4) **Inconsistency:** A service brand is by definition an " experience based" brand which illuminates what may be the key challenge there is almost no way to replicate the exact same experience each time for each customer.
5) **Real – Time:** Thousands of times a day service brands face moments of truth – real time consumer interactions that are opportunities to strengthen the brand by exceeding expectations or weaken it by under – delivering.

BRANDING IN BANKING SECTOR

Branding does not mean changing your name " again" or designing a new logo "again". It's about demonstrating value.
Each customer is a unique individual or business and their entire experience with bank must reflect that.

BRANDING STRATEGIES IN BANKING SECTOR

Various branding strategies in banking sector are

1. **Consistency with Clear Message:** Creating a brand in finance area presents complex procedure, shaped by signals and functional operating of different departments within the bank. In the banking, there are plenty of products which are non – marterials.

2. **Strong Public Relations:** As we know banking or financial services are direct public dealings, hence, a banking firm should employ its efforts in building strong relationship with its customers.
3. **Strong Communication:** It is in trend using digital marketing to attract clients by brand, trough creation online experience of the brand, trough advertisements which are relevant and engaging.
4. **Slogan:** The slogan attached with companies name should be distinct and strong enough to attract customers. The function of the slogan is to transmit to the people the message in two three words which will present clearly the offered idea in their mind.
5. **Create USP:** USP(Unique Selling Proposition), or statement of an symbolically communicate the basic selling message of the banking products to the potential client.
6. **Brand Credibility:** Creating image of financial institutions, in other words, creating associations which consider the financial institutions and its offering programme has the key influence on the perception of clients about quality of financial services and products.

IMPORTANCE OF BRANDING IN BANKING SECTOR

The role of branding in banking sector is as follows

1) **Lower Acquisition Costs:** A strong bank brand reduces acquisitions costs because clients and customers are much more likely to re – purchase a product/ service they have come to trust than one that is new or unfamiliar.
2) **Fewer Purchase Barriers:** Consumers have shown that they are happy to pay a premium price, or even be inconvenienced, for a strong brand. This has been proven time and time again.
3) **Simplified Decision – Making :** A strong brand makes clients choices easier. Once a client has purchased a brand he/she will not need to go through the entire decision – making.
4) **Tool to Steal Market Share**: The main reason bank branding is such a challenge is that there is little to no differentiation between the industry's players.
5) **Improved Brand Equity**: Brand equity is a real and increasingly important factor in business valuation. It falls under the accounting

concept of " goodwill" - meaning the value of an entity over and above the value of its assets.

6) **Attraction for Top – Notch People:** The benefits of strong brands, are not limited to external business performance - the organisation's workforce benefits as well.
7) **Faith Among Other Stakeholdres**: Besides inculcating trust within the customer which is of paramount importance, a good brand will lead to higher goodwill among other stakeholders namely the investors.

PROBLEMS IN BRAND BUILDING IN BANKING SECTOR

As we have observed that branding presents a whole host of benefits to the financial institutions, but it must be noted that due to its unique nature.

1. **Getting the Buy in of the Top Management:** Branding for financial institutions was still a nascent concept in India until a few years ago. No matter how much we espouse and describe the benefits branding, it is very difficult to demonstrate its effectiveness in numerical terms.
2. **Different Services & Clients:** Brand is nothing but what the company and its offerings stand for the target customers. But a bank offers a whole gamut of services to a very wide variety of clients.
3. **Client Interaction cannot be Closely Controlled:** One of the most critical components of a bank's brand is the kind of face to face interaction which the customers have had with the employees to that bank.
4. **Positioning in the Light of Current Development:** The current trend in the banking industry is that of consolidation. Mergers and Acquisitions are the order of the day**.**

GUIDELINES FOR BRANDING IN BANKING SECTOR:

1) **Establishing Brand Prepositions:** Brand prepositions refers to what the brand stands for. ICICI has a very specific and strong brand preposition TRUST. It must draw on what is the existing image of the bank's brands in the market.

2) **Integrated Marketing Communication:** As mentioned, customers of a bank vary greatly in terms of need and net worth. Therefore it is important to control the message that various segments are getting.
3) **Enlisting Employee Support:** The biggest brand ambassadors of a bank are not the film stars and the sporting idols which endorse the brand they are the humble employees who sit behind the counters and conduct the business of the bank on a daily basis.
4) **Careful Planning of Client Interaction:** The first step would be to carefully list out the points where an outsider i.e., a customer has the interactions with the bank and then examine the quality of interaction which is taking place.
5) **Branding a Core Area in Senior Level Decision – Making:** A brand manager must make sure that branding finds a place in the long-term decision – making of the bank. It must be a two way process.
6) **Note on What Comprises of the Brand:** As per the textbooks definition, brand is a symbol, a word, a letter or a combination of them all which helps the customer identity the product or service.
7) **Taglines and Slogans:** Almost all major banks have in their promotional campaign a slogan which underlines their philosophy towards the customers.
8) **Theme Music:** Many banks have developed theme music for themselves, most notably the tune of ICICI Bank, which have an audio appeal and help customer readily identify the brand
9) **Logo:** A logo itself says a lot of about the bank The logo has come to acquire so much importance in the branding exercise of the banks.
10) **Interior Design:** Last but not least a brand of bank is also defined by the interior of its customer services branches.

5.6 BRANDING IN INSURANCE SECTOR

The insurance sector in India governed by Insurance Act 1938, the Life Insurance Corporation Act 1956 and General Insurance Business Act 1972, Insurance Regulatory and Development Authority (IRDA) Act 1999 and other related Acts. With such a large population and the untapped market area of this population Insurance happens to be very big opportunity in India. Today it stands as a business growing at the rate of 15 – 20 percent.

BRANDING STRATEGIES IN INSURANCE SECTOR:

1) **Create an Attractive Logo:** A distinctive, visually appealing logo attracts attention, but not everyone has the skills to create one. The insurance company can consider outsourcing this project.
2) **Creating Brand Voice and Message:** The insurance company should write out what their brands want to say. The company should also ensure that the employees understands the brands and that they communicate that brand online and offline affectively.
3) **Tagline:** An attractive tagline plays a major role in branding. The insurance companies should make efforts in creating a short memorable statement that illustrates the core of their brand.
4) **Integrating Your Brand:** The insurance brand needs to influence everything from the e-mails signature and advertising to how it interacts with customers.
5) **Being True to Your Brand:** Consistently delivering what the brand promises is the most essential requisite for successful branding. If not, customers will not return to the business nor will they refer other clients to it.

IMPORTANCE OF BRANDING IN INSURANCE SECTOR

Branding in insurance company helps in differentiating it with other brands:

1. It separate an insurance company from its competitors in a unique way.
2. It enhance the insurance companies perceived valule thereby supporting premium pricing.
3. It provides resilience in times of negative press.

GUIDELINES FOR BRANDING IN INSURANCE SECTOR

1) **Commitment:** The insurance companies should be ensure that they are fully committed towards their customers and fulfill all that they have promised their customers under most convenient ways.
2) **Smooth Delivery System:** In the case of insurance the delivery system is more complicated than in most other services. Hence, at

the time of buying the policy of insurance, the coverage has to be clear, complete and specific.

3) **Authenticity/ Genuineness:** It is to be ensured that the product bought by the customer is the same as the product sold by the agent of the insurer.
4) **Market Penetration:** Better penetration of insurance products into rural areas and market segments of urban and rural areas that were hitherto inadequately explored.
5) **Improve Customer Satisfaction:** Improving customer satisfaction by:
   - **i)** Ensuring need – based selling.
   - **ii)** Evolving standards of performance for different aspects of servicing.
   - **iii)** Devising appropriate procedures and systems and
   - **iv)** Enhancing the commitment to service on the part of agents and employees.