

Marketing Management

Summer Semester (2023-24)



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Brand Equity

Brand

“A name, term, sign, symbol, or design, or a combination of these, intended to identify the goods or the services of one seller or group of sellers and to differentiate them from those of competitors”

Brand

- A promise!
- A package of assurance
- It all started with COMMODITIES

Brand Equity

Brand

- Future generator of CASH FLOWS
- An Intangible ASSET
- Builds capability to absorb shocks
- Allows to charge a premium
- Right positioning using right Marketing Mix

Brand Equity – Brand Value

Brand Equity

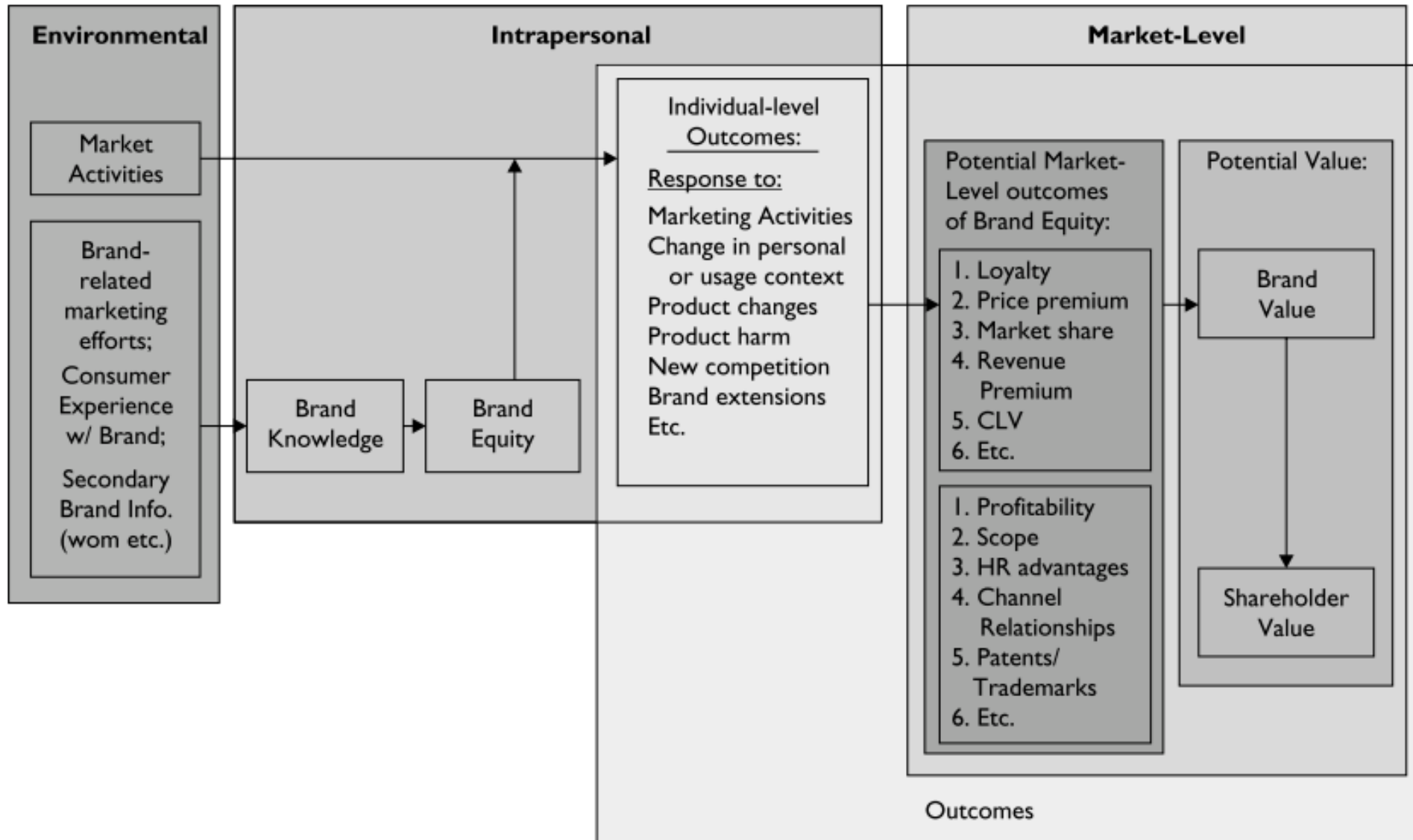
“The perceived added value endowed on product or services”

“promise of benefits to the consumer”

Brand Value

“Financial value (book/ market) associated with a particular brand”

Brand Equity – Brand Value



Brand Equity

- **Customer based Brand Equity (CBBE)**

- *The differential effect of brand knowledge on consumer response to the marketing of the brand (Kamakura and Russell, 1991)*

- **Sales based Brand Equity (SBBE)**

- *Based on choice or share of the brand in the marketplace*

Brand Personality

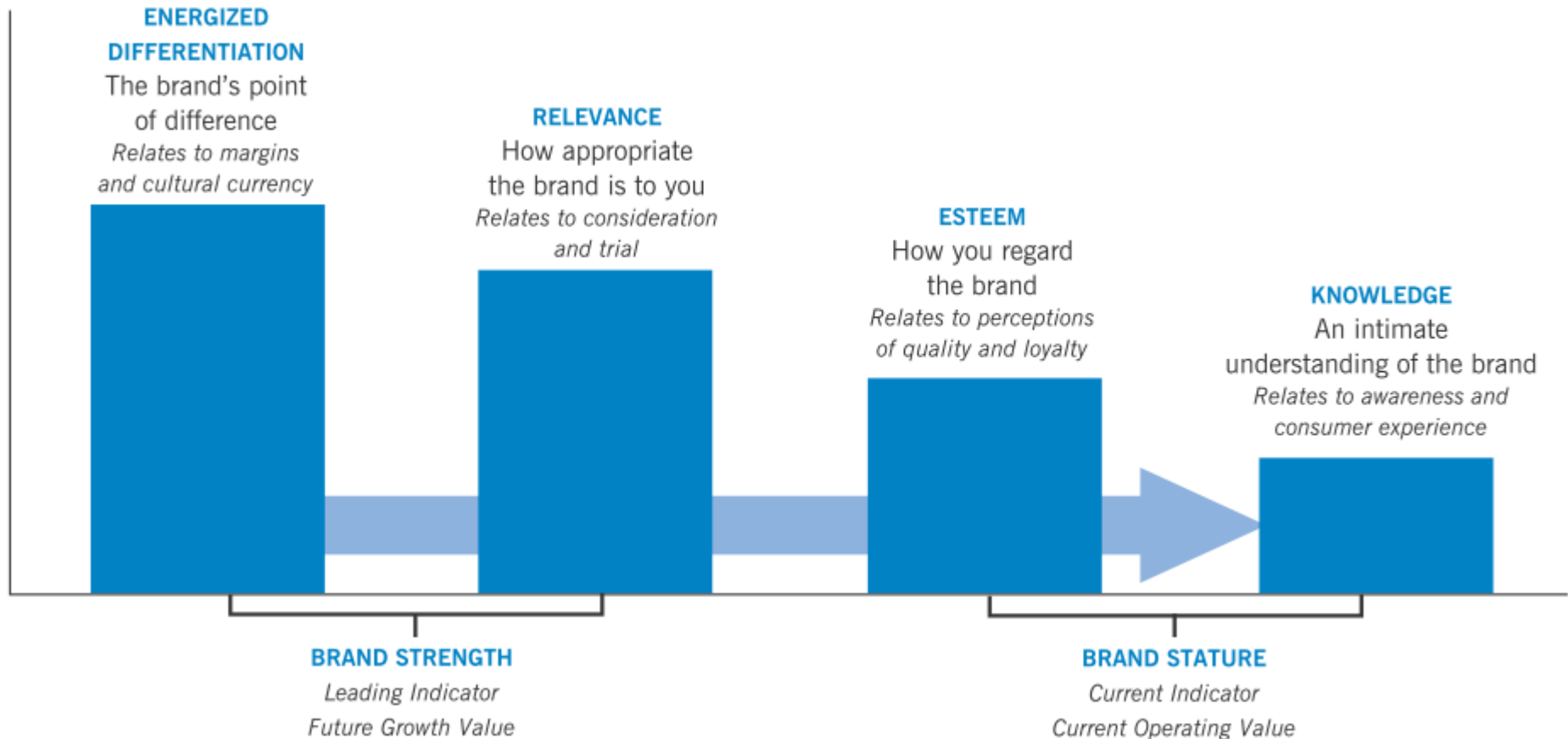
- **Sincerity:** Down-to-earth, honest, wholesome and cheerful
- **Excitement:** Daring, spirited, imaginative and up-to-date
- **Competence:** Reliable, intelligent and successful
- **Sophistication:** Upper class and charming
- **Ruggedness:** Outdoorsy and tough

Brand Management

- Brand Management is periodic “maintenance” of the brand equity
- Brand:
 - Functional Aspects
 - Emotional Aspects
- Brand Elements
 - Logo
 - Catch line
 - Jingle
 - Characters associated

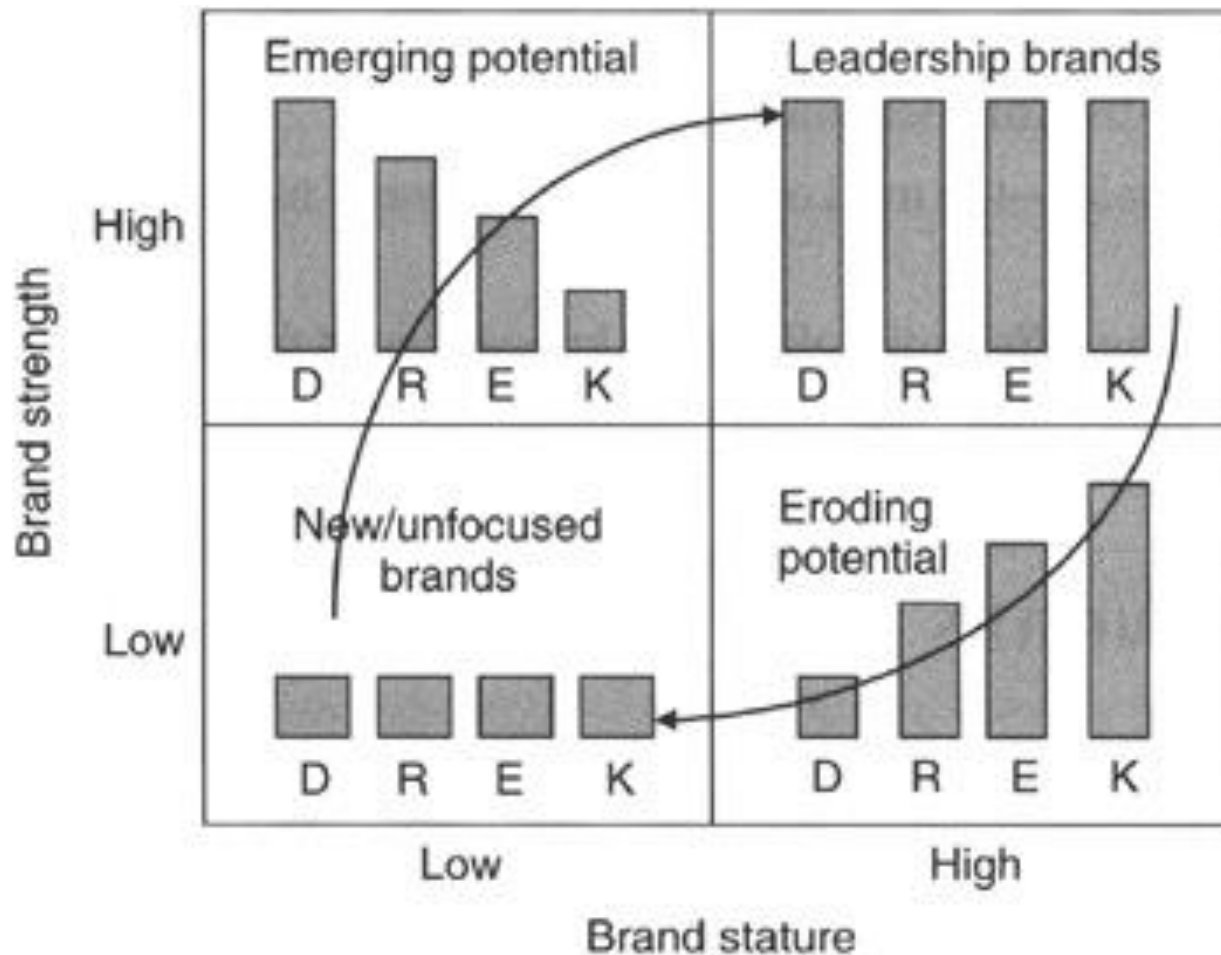
Brand Equity Model

- **Brand Asset Valuator (Y&R)**



Brand Equity Model

- Brand Asset Valuator (Y&R)



But, not all brand dimensions
are created equal!

Dimension of CBBE	Correlation With			
	Es- teem	Know- ledge	En. Diff.	SBBE
Relevance	.85***	.64***	.02	.39***
Esteem		.70***	.04**	.35***
Knowledge			-.20***	.53***
Energized Differentiation				-.14***

Correlation between CBBE and SBBE

- Positive correlation between-
 - *Relevance & SBBE*
 - *Esteem & SBBE*
 - *Knowledge & SBBE*
- But negative correlation between-
 - *Energized differentiation & SBBE*

Brand Evolution

- Continuous assessment/Periodic review
- Continuous investment (money, ideas,..)
- Continuous communication with society
- Must stay relevant to changing times (zeitgeist)
- Must experiment with line extension and brand extension in calculated manner
- Can metamorphose externally (**re-packaging**) while maintaining the essential core (**brand promise**)

Branding Strategies

- Branding: Names
 - Umbrella (Blanket) Names
 - Separate Product Family Names
 - Individual Names
- Extension
 - Brand Extension (Sub Branding)
 - Line Extension

Market Challenger Strategies

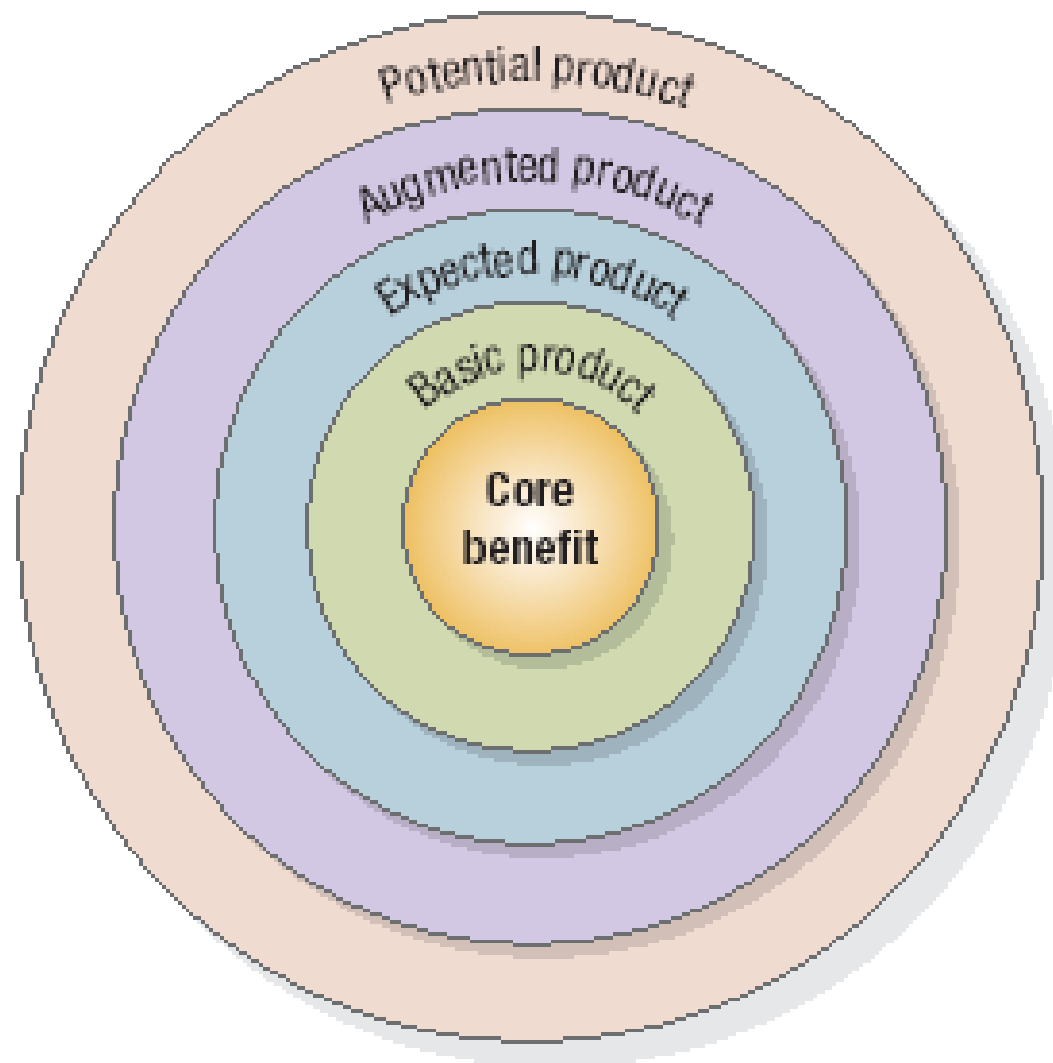


Flanker Brands: Objectives

- Want to save its territory from low/high end offerings from competitors
- Want to capture larger market share in different customer segments
 - Down market/up market stretching (not feasible with single product)
 - Profit maximization without cannibalization

Module 3: Value Design

Product Classification



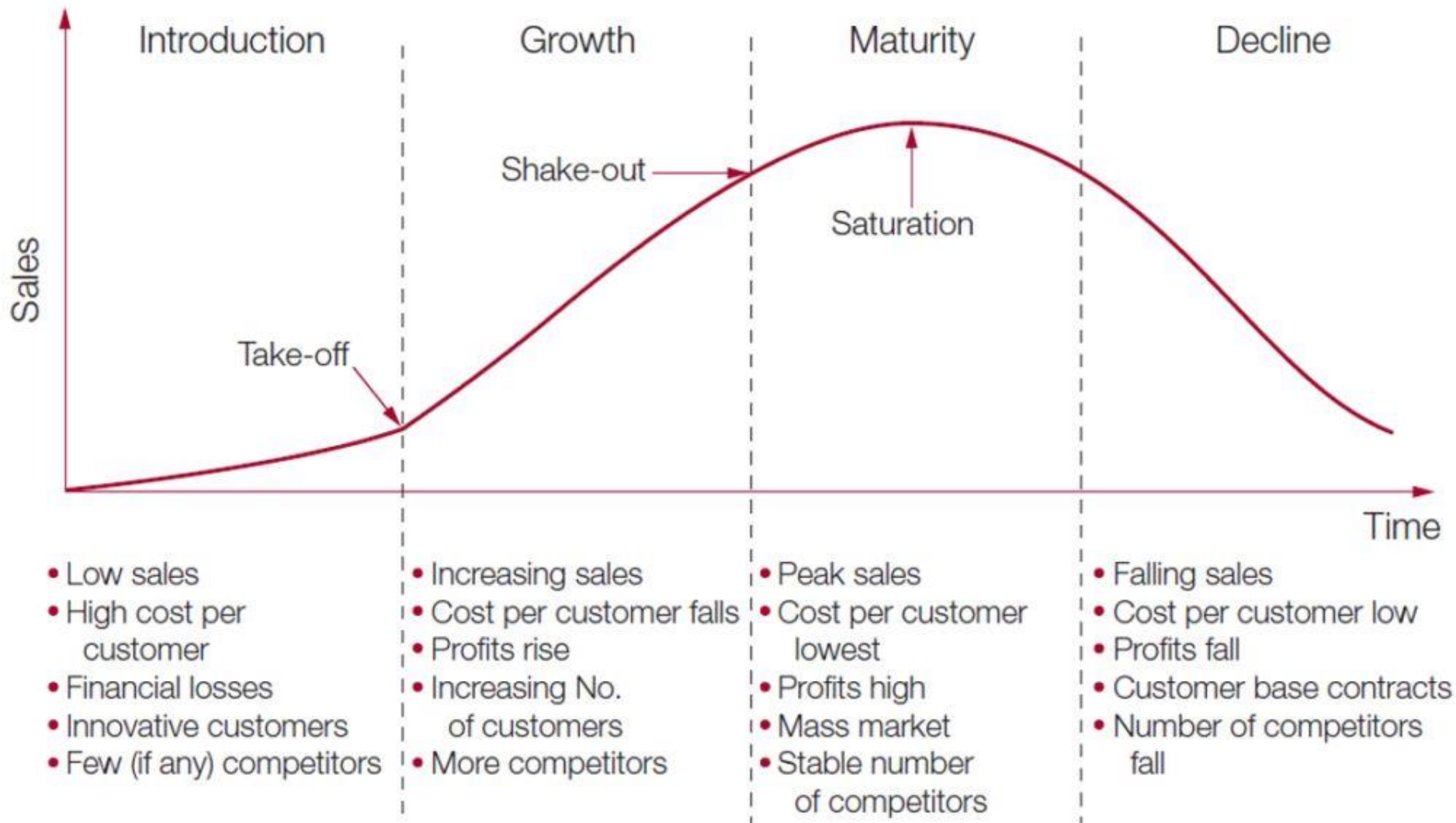
Product Classification

- In terms of Durability/Tangibility
 - Nondurables
 - Durables
 - Services
- In terms of Broader Customer Base
 - Consumer Goods
 - Industrial Goods

Product Classification

- In terms of efforts
 - Convenience
 - Shopping
 - Specialty
 - Unsought

The 4 Life Cycle Stages and their Marketing Implications



Product Differentiation

- Product form
- Features
- Customization
- Performance
- Conformance
- Durability
- Reliability
- Repairability
- Style

Production Arrangements

- Self manufacturing
- Contract manufacturing
- Third party manufacturing
- Private/white labeling

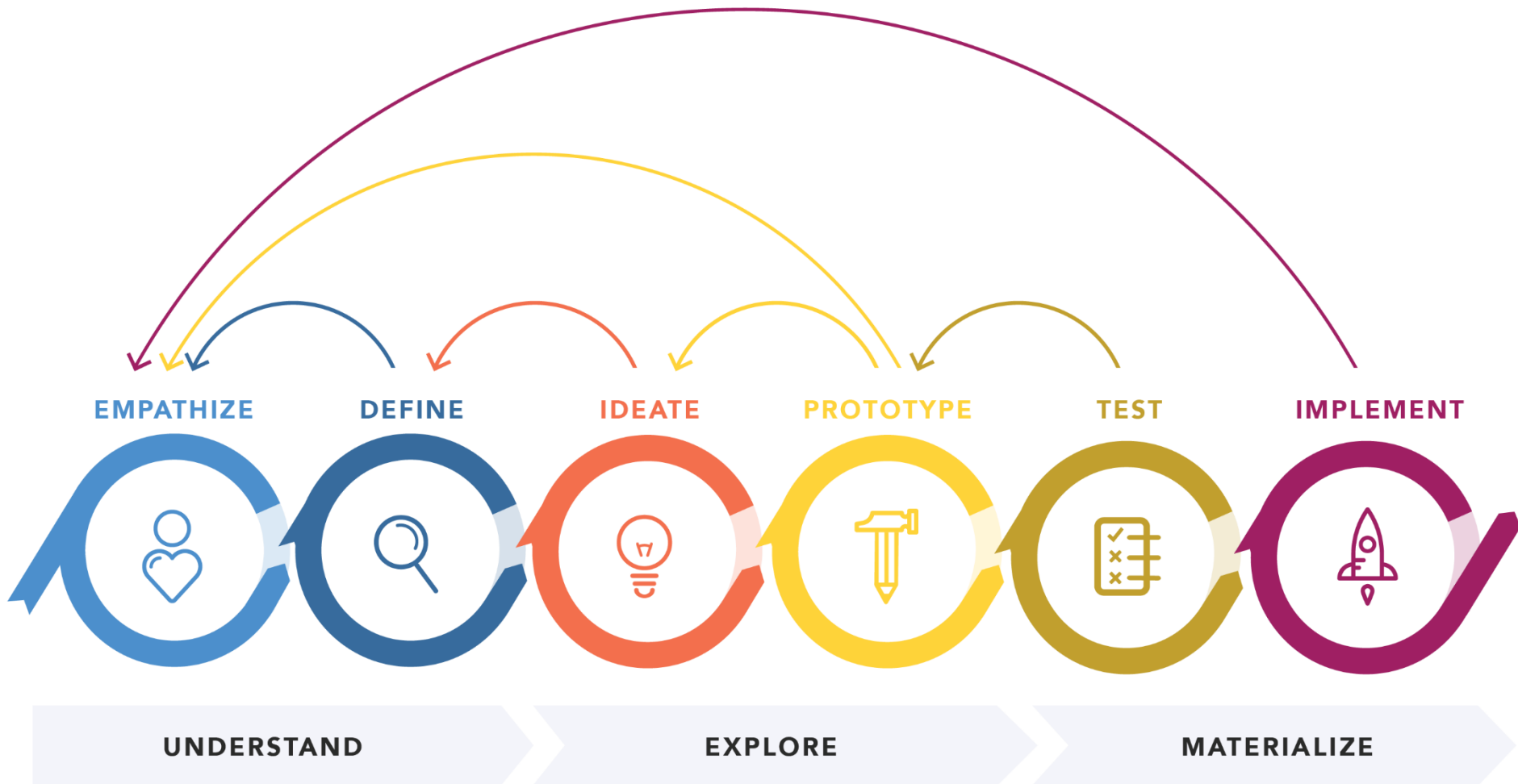
Design

- Good designing should distinguish itself from
 - *Better Mousetrap Fallacy*
 - *Mistaken notion that if a company produces a technically better product than its competitors it will be more successful in the marketplace*

Design Thinking

- A methodology that imbues the full spectrum of innovation with activities with a human centred design ethos
- Innovation with Heart
- Go around biases (“*historical familiarity*”)

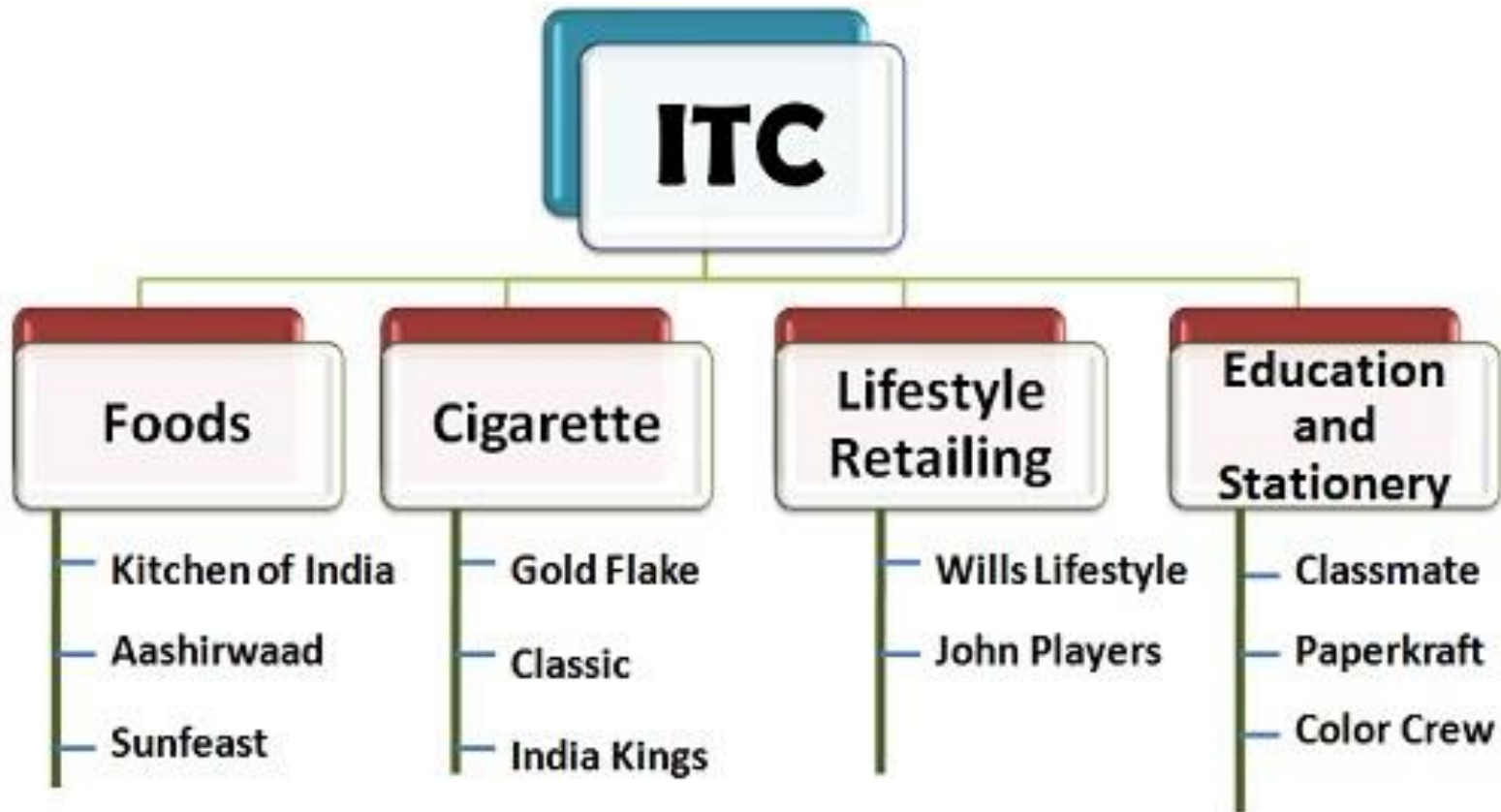
Design Thinking



Glocalization in Modern Times

- Hyperlocal marketing
 - Breaking away from traditional marketing
 - Near-me searches using Google
 - ROPO/O2O/O2O2O
 - SEO based
 - Market likely to cross 4000 Cr by 2031 (Astute Analytica)
- For aspiring marketers:
 - Geolocation setting
 - Respond to reviews

Product Mix, Width, Line, Length, Depth



Stretch: Up-market; Down-market; Two-way

Price Influencers

- Prospect Theory
- Endowment Effect
- High switching cost
 - Perceived value
 - Reference point
 - Loss aversion

Pricing Decision

- Product line pricing
- Optional feature pricing
- Captive product pricing
- Two part pricing
- By product pricing
- Bundle pricing
 - Pure bundling
 - Mixed bundling
- Co-branding

Captive Product Pricing Strategy

- Core – Low ; Captive – High
 - Razor/ Blades; Printer/Cartridge
- Core – High; Captive – Low
 - Theme Parks; Kindle/eBooks
- Determinants
 - Competitiveness
 - Product life cycle
 - Volume

Pricing Objectives

- Survival
- Profit maximization
- Market penetration
- Market skimming
- Product quality leadership

(Price Elasticity, Price Sensitivity, Target Costing)

Pricing Method

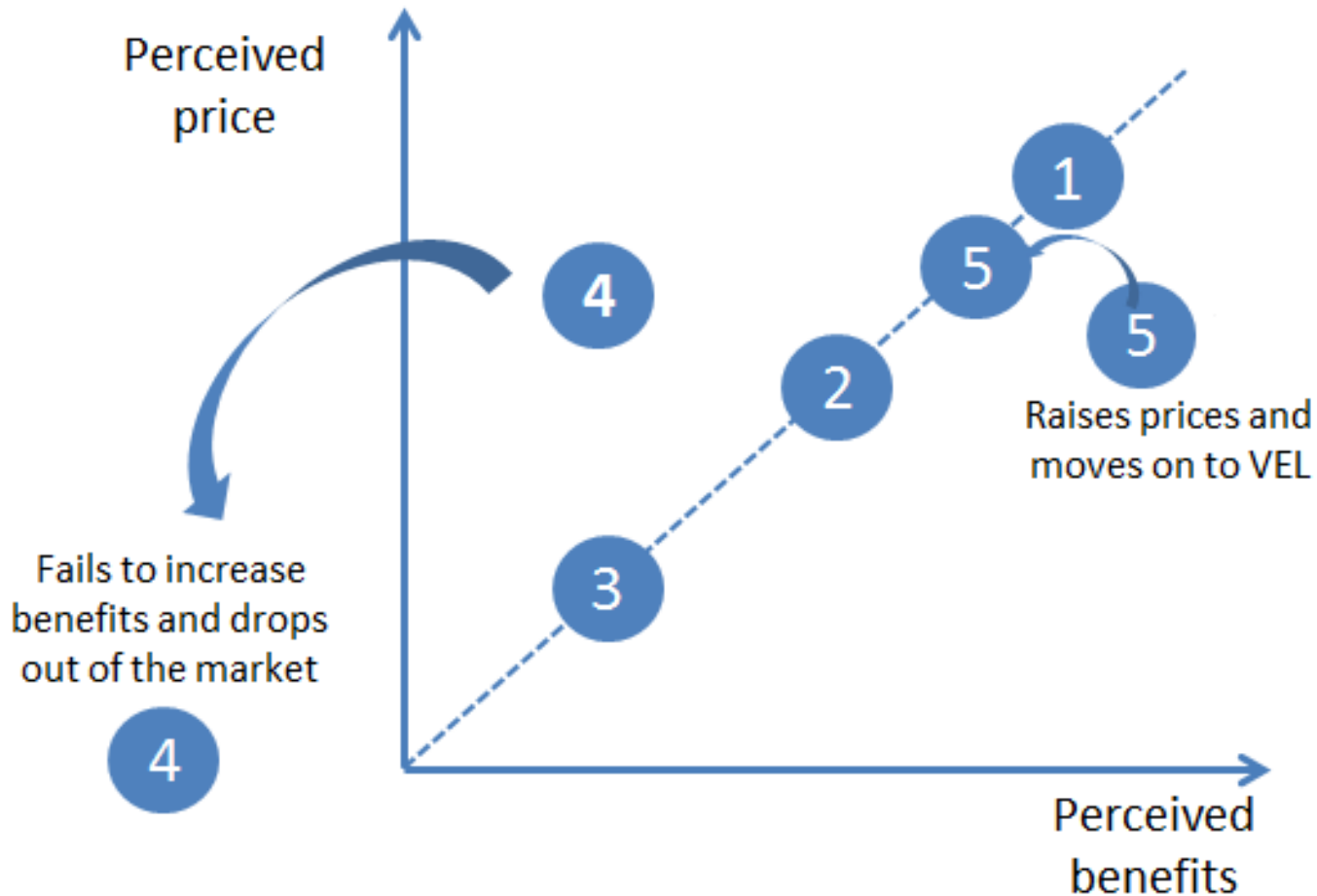
- Mark-up
- Target return
- Value (EDLP)
- Going rate
- Auction type

(Various discounts)

Lowering Price

- Double edged sword
 - Market share without loyalty
 - Low quality perception

Value Equivalence Line



Pricing Related Concepts

- **General Expression**

$$R.n = FC + VC.n + P$$

At $P=0$

$$n = FC / (R - VC)$$

Contribution

Where: R = Price per unit; FC = Total fixed cost; VC = Per unit variable cost;
P = Total Profit; n = number of units sold

Pricing Related Concepts

- **Contribution**

Contribution = (Revenue – Variable Cost); per unit basis

Or

Contribution = Fixed Cost + Profit

$$\text{Contribution Margin} = \frac{\text{Revenue} - \text{Variable Cost}}{\text{Revenue}}$$

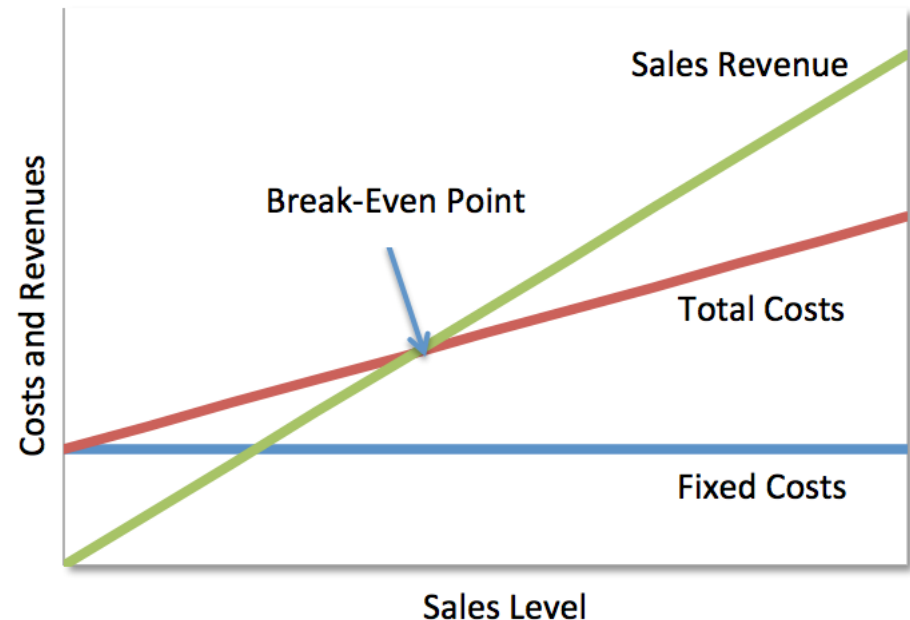
Pricing Related Concepts

- Break-even Point
 - Point where we recoup our investment (FC + VC)

Break Even Units Formula

$$\text{Break Even Units} = \frac{\text{Fixed Costs}}{\text{SP} - \text{VC}}$$

SP = Selling price per unit
VC = Variable cost per unit

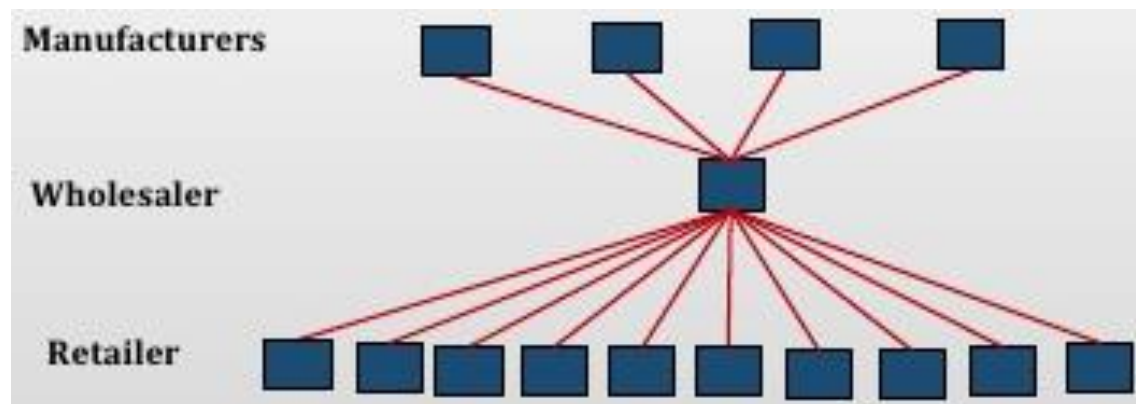
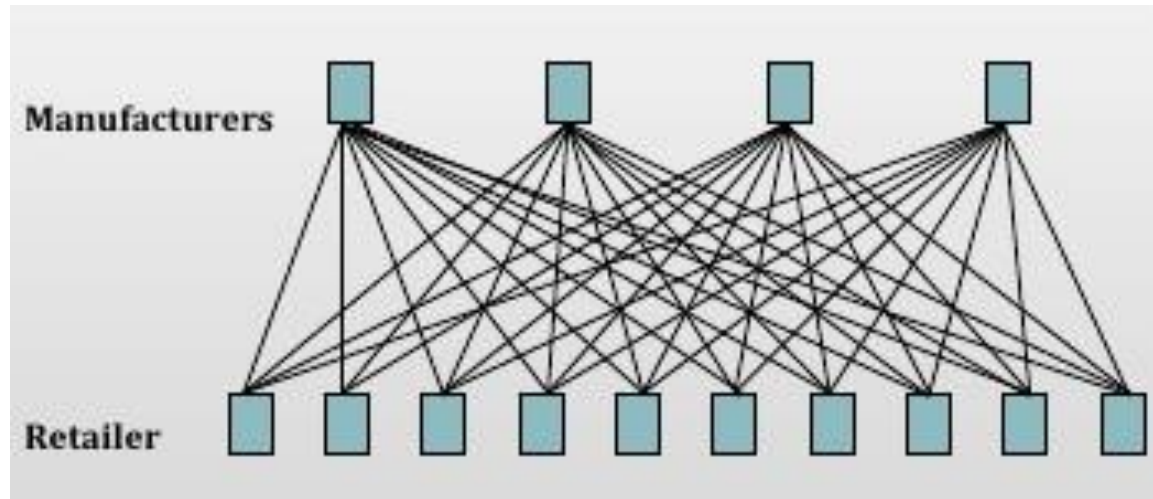


Module 4: Value Delivery

Marketing Channel

- *“Set of interdependent organizations involved in the process of making a product or service available for use or consumption”*
- Broad types-
 - Merchants (Wholesaler, Retailer)
 - Agents (Brokers, Manufacturers’ rep)
 - Facilitators (Transporters, Warehouse owners)

Why We Need?



Push vs. Pull Strategy

Push Strategy



Pull Strategy



E Commerce

- Pure click
- Brick and click
- Brick and mortar

Retailing

- Non-store
 - Direct selling
 - Direct marketing
 - Automatic vending
 - Buying service
- Store
 - Corporate retailing

Franchising

“A franchise is an investment in which you pay another business for the right to use its business model and products. A franchisor is the party granting the right, and the franchisee is the party buying the right”

Franchising

- Franchisor – Franchisee
- Franchisee: Use of trade mark, brand elements **under continuous control**
- Almost identical units
- Franchisor: Provide training and assistance
- Terms: Initial payment + Recurring royalty
- Non-compete clause
- Confidentiality clause

Franchising vs. Dealership

- Use of trademarks
- Training
- Terms of association (Profit sharing)
- Extent of control

Module 5: Value Communication

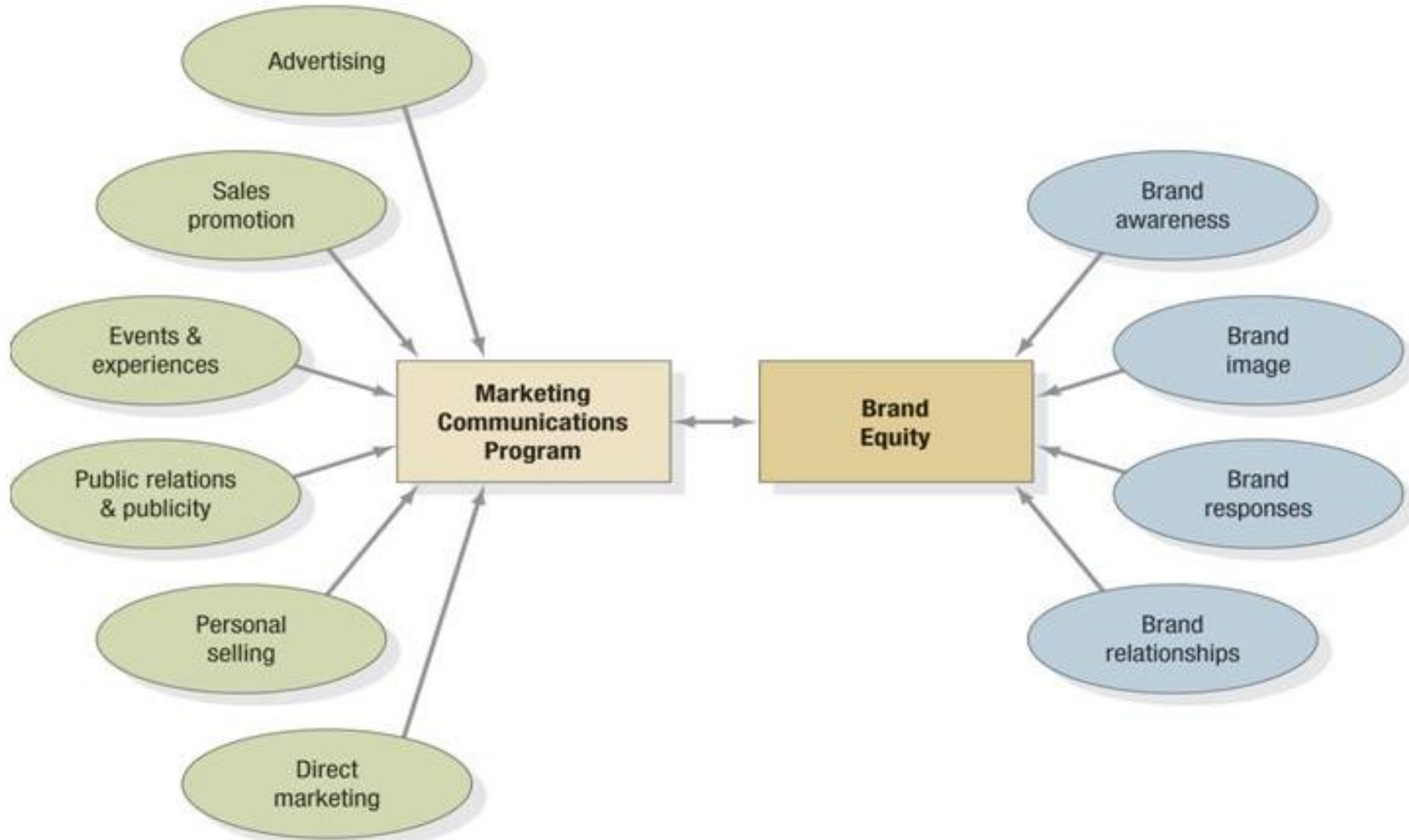
Marketing Communication

- **Objective**
 - To create awareness through **value communication** about an offering for creating, nurturing and sustaining the market
- Advertisement only a part of it
 - Precision marketing
- No strict correlation with sales
 - Possible confounding effects

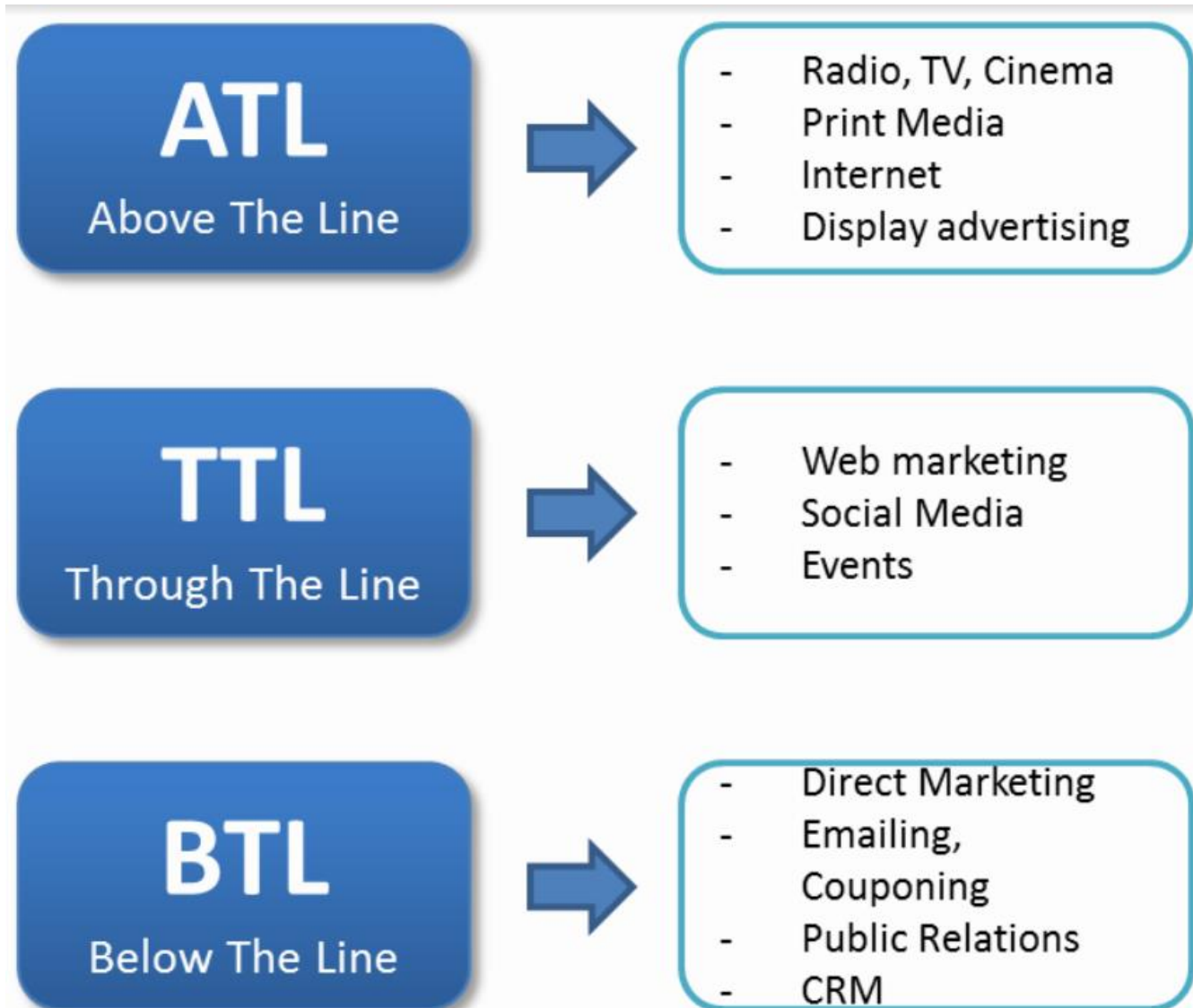
Marketing Communication Mix

- Advertising
- Sales Promotion
- Events and Experiences
- Public Relations and Publicity
- Direct Marketing
- Interactive Marketing
- WoM Marketing
- Personal Selling

Integrated Marketing Communication



Integrated Marketing Communication



Marketing Communication: Evolution

- Pure and unthinking BTL
- Pure ATL
- A combination of ATL and BTL
- Thinking BTL (customization)

Precision Marketing

- Emphasizes on
 - personal preferences directly from recipients
 - by collection and analysis of behavioral and transactional data
- Loyalty program; Personal banking; SMS/MMS based reach-out

Inbound Marketing

- By HubSpot
- Use of
 - Content marketing
 - SEO (Onsite marketing)
 - Social media
 - Native ads



Native Advertising

- Matches the platform in terms of **Form**
 - Native ads match the visual design of the experience they live within, and look and feel like natural content

Function

- Native ads must behave consistently with the native user experience, and function just like natural content

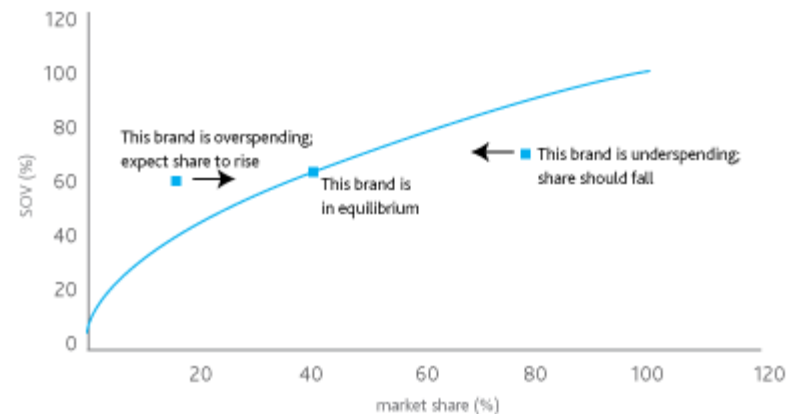
Advertising

- Effectiveness
 - In terms of information dissemination
 - In terms of effect on sales
 - Reach, Impact and Frequency (TRP/GRP)



- Ratio of SOV and SOM
 - SOV (Share of Voice)
 - SOM (Share of Market)

A Brand That Punches Above It's Weight,
Will Gain Market Share



Source: Institute of Practitioners in Advertising (IPA) Marketing in the Era of Accountability

Advertising

- Ratio of SOV and SOM
 - Profit taking or under spender
 - Investment or over spender

Share of voice and market share

Brands	Ad Spend in mn	Share of Voice	Market Share
Limca	830	14.4	9.3
Coca-Cola	1041.6	18	9.1
Pepsi	760.93	13	15
Mountain Dew	281.8	4.9	4.6
Sprite	812.73	14	13.5
7 Up	385.08	6.7	5.4
Thums Up	842.94	14.6	15.6
Mirinda	310.65	5.4	9.8
Fanta	505.83	8.8	9.2

Non-Conventional Approaches

- Native advertising
- Product placement
- Surrogate advertising

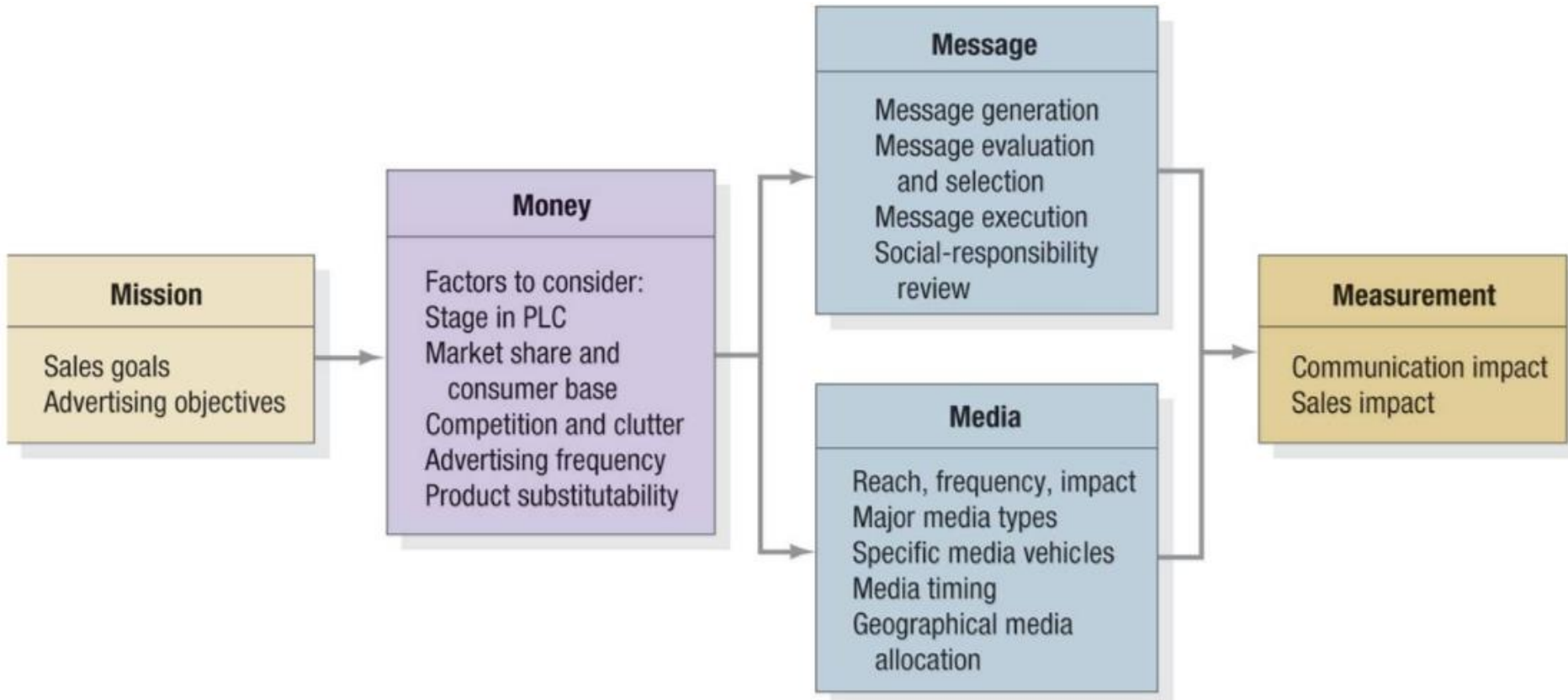
Non-Conventional Approaches

- Comparative advertising (Knocking copy ads)
- Teaser advertisement

Communication: Major Decisions

- What is the objective?
- Which segment to target?
- What is the budget?
- What should be the communication mix?

Advertising



5 M Model of Advertising

Digital Marketing

- Focused on real time and social exchange based marketing efforts
- Definition (as per IDM):



The management and execution of marketing using electronic media such as the web, email, interactive TV, wireless media in conjunction with digital data about customers characteristics and behaviour

DM Models

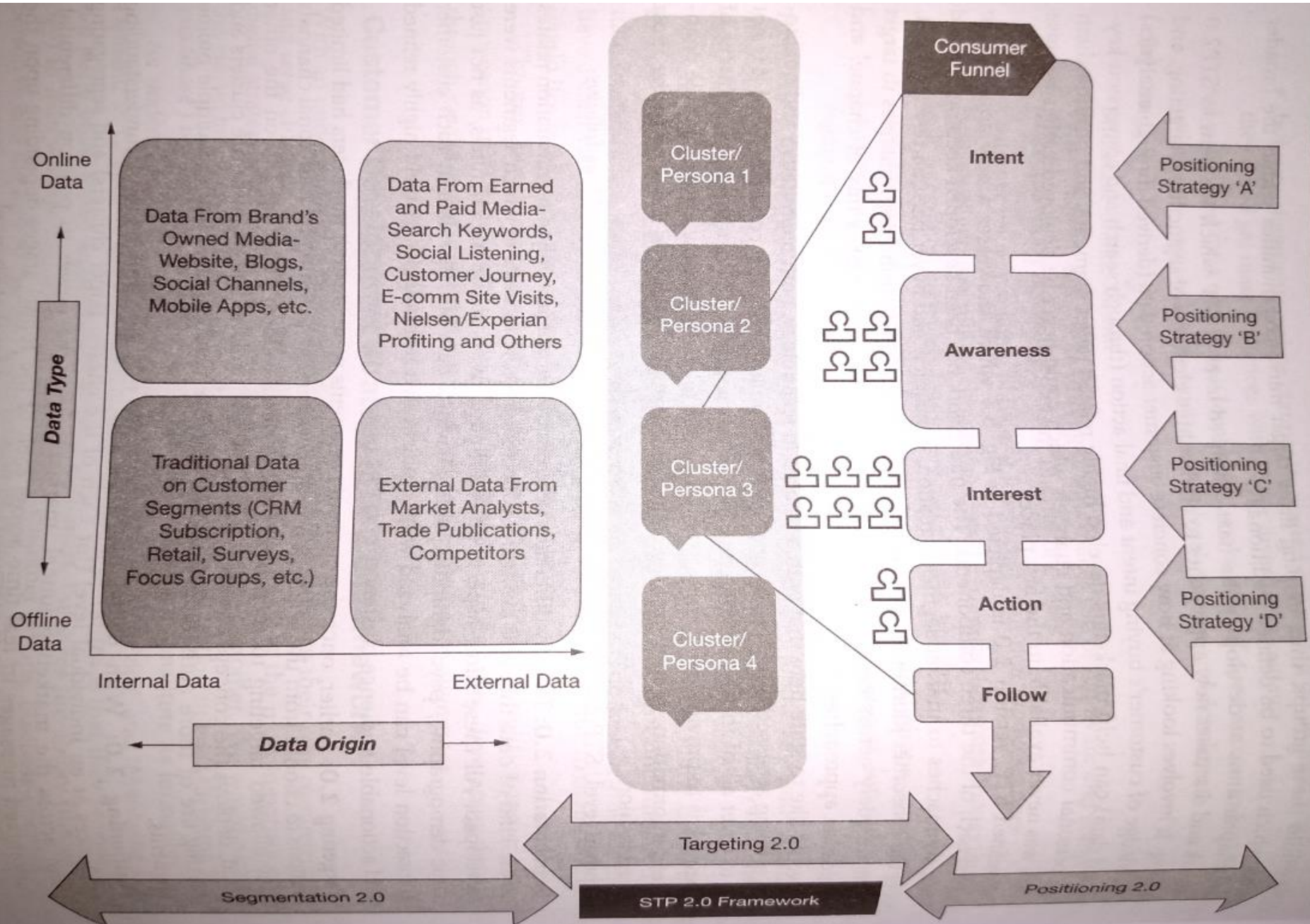
BUSINESS MODELS	EXPLANATION	KEY TYPES	EXAMPLES	FULFILLMENT TYPE
Advertising-based revenue models	Fees from advertisers in exchange for advertisements	CPA, CPM, CPC	Yahoo	Online websites/ portals; interest blogs, mobile sites, and apps
Subscription-based revenue models	Fees from subscribers in exchange for access to content or services	Portal subscription, information-based subscription, service subscription	WSJ.com consumer reports.org	Web portals, info-educational websites; premium services sites
Commerce-based revenue models (Direct sales)	Direct revenue from sales happening through commerce sites and portals	Pay-per content	Amazon; Flipkart; iTunes	E-commerce sites; product websites, mobile sites and, apps
Transaction fee/ affiliate/market-place-based revenue models	Fees (commissions) for enabling or executing a transaction or for business referrals	Pay-per referral	My points	E-commerce sites; content websites; mobile sites and, apps
Social collaboration based revenue models	Pull-through revenue from leads generated through social media sites and interest blogs	Pay-per lead	Facebook; WhatsApp	Social media sites; portals; interest blogs; messaging services

Figure 1.5 Digital Marketing Models

DM: Some Jargons

- Ad Revenue Models
 - CPM/CPC/CPA
- Bounce Rate: Visits that access only a single page (#) \div Total visits (#) to the website
- Click-through Rate (CTR): Fraction of customers clicking on a hyperlink
- Pull-through Rate: Fraction of customers placing an order

STP 2.0 Framework



End of Course