# CHAPTER 10: CREATING BRAND EQUITY

A brand is a “name, term, sign, symbol, or design, or a combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition.” :-American Marketing Association

The role of brands

- Identify the maker/source of the product
- Distinguishes from the competitors
- Simplify product handling
- Organize accounting
- Offer legal protection
- Emotional and trust based connection with consumer
- Simplifies the decision making for the customers
- Establish barriers to entry
- Signifies quality
- Helps to secure price premium

**Branding** is endowing products and services with the power of a brand. Branding is the process of creating a relationship or a connection between a company's product and emotional perception of the customer for the purpose of generating segregation among competition and building loyalty among customers.

**Brand name** gives a unique identity to the goods and services of a particular seller and can be easily differentiated from the other brands available in the market. Such as Tata Salt, Usha Fans, Nike, etc.

**Brand mark** is the part of the brand that appears in the form of a symbol, logo, design, shape or distinctive coloring which can be recognized only through the site and cannot be pronounced.

**Trade Mark:** When the brand name and the brand mark are given the legalized protection such that no other firm can use it for its product then it becomes a trademark.

**Patents:** The Patents are the legal protection given to the new inventions pioneered by any business. Any firm can get its inventions such as new process, new product or the new machine patented so that an exclusive right to use it is obtained solely by the inventor. The patent confers the right to the inventor to use the new technology while prohibits the unauthorized persons for a fixed number of years from making the commercial use of the technological invention.

**Brand Equity:** It is the added value endowed on products and services. It may be reflected in the way consumers think, feel, and act with respect to the brand, as well as in the prices, market share, and profitability the brand commands for the firm.

**Customer-based brand equity (CBBE)** is used to show how a brand's success can be directly attributed to customers' attitudes towards that brand. The brand is viewed from the perspective of the customer. The power of the brand lies in what customers have seen, read, heard, learned, thought and thought about the product over time.

A brand is said to have positive customer brand equity when consumers react favorably to a product and a brand is said to have negative customer brand equity when consumers react unfavorably to a product in the same circumstance.

# BRAND EQUITY MODEL

- Brandasset valuator Model
- Aaker model
- Brandz Model
- Brand resonance Model

# Brandasset valuator model

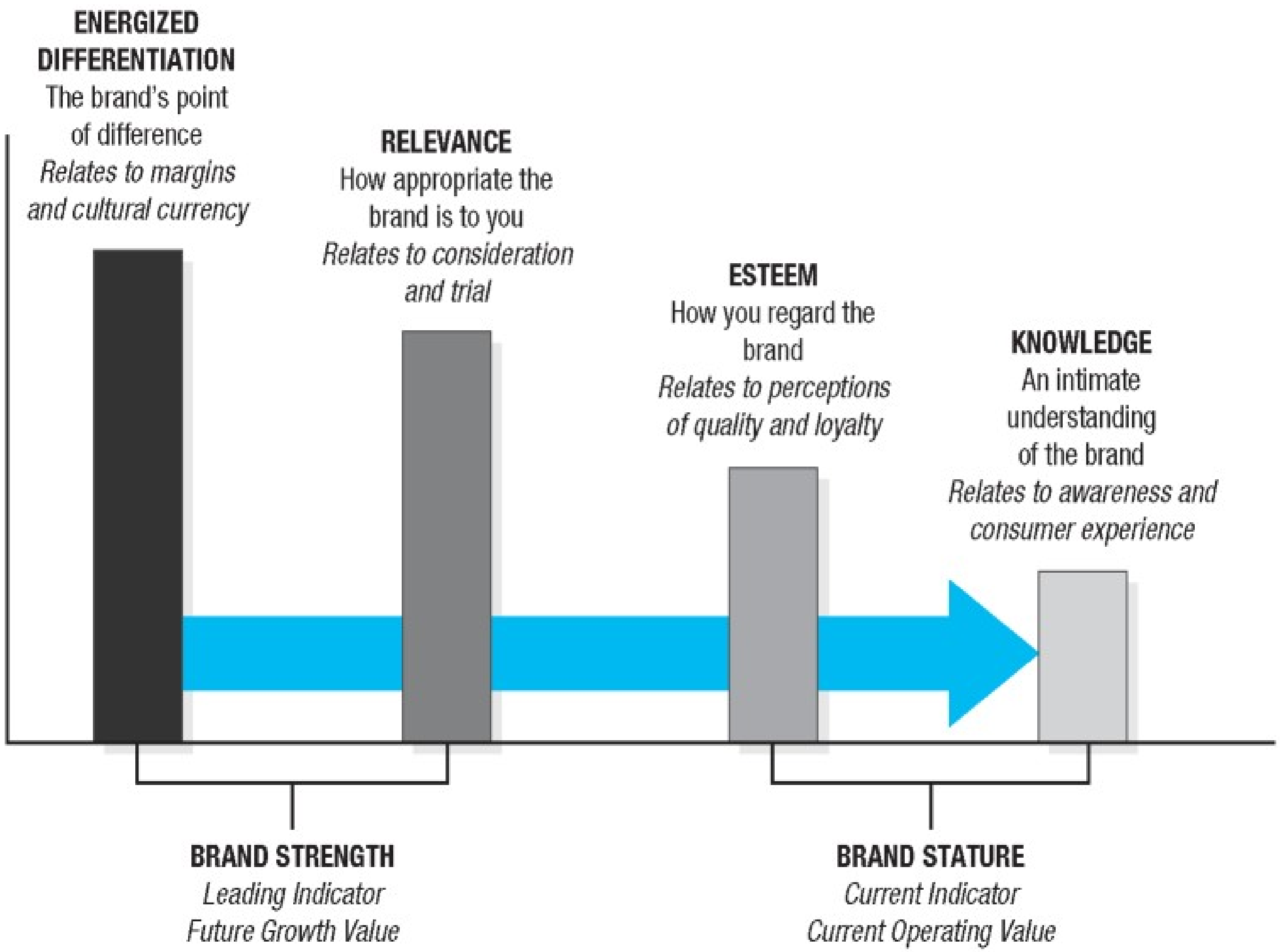
- Developed by Advertising agency Young and Rubicam(Y&R)
- According to BAV there are four pillars of brand equity:-

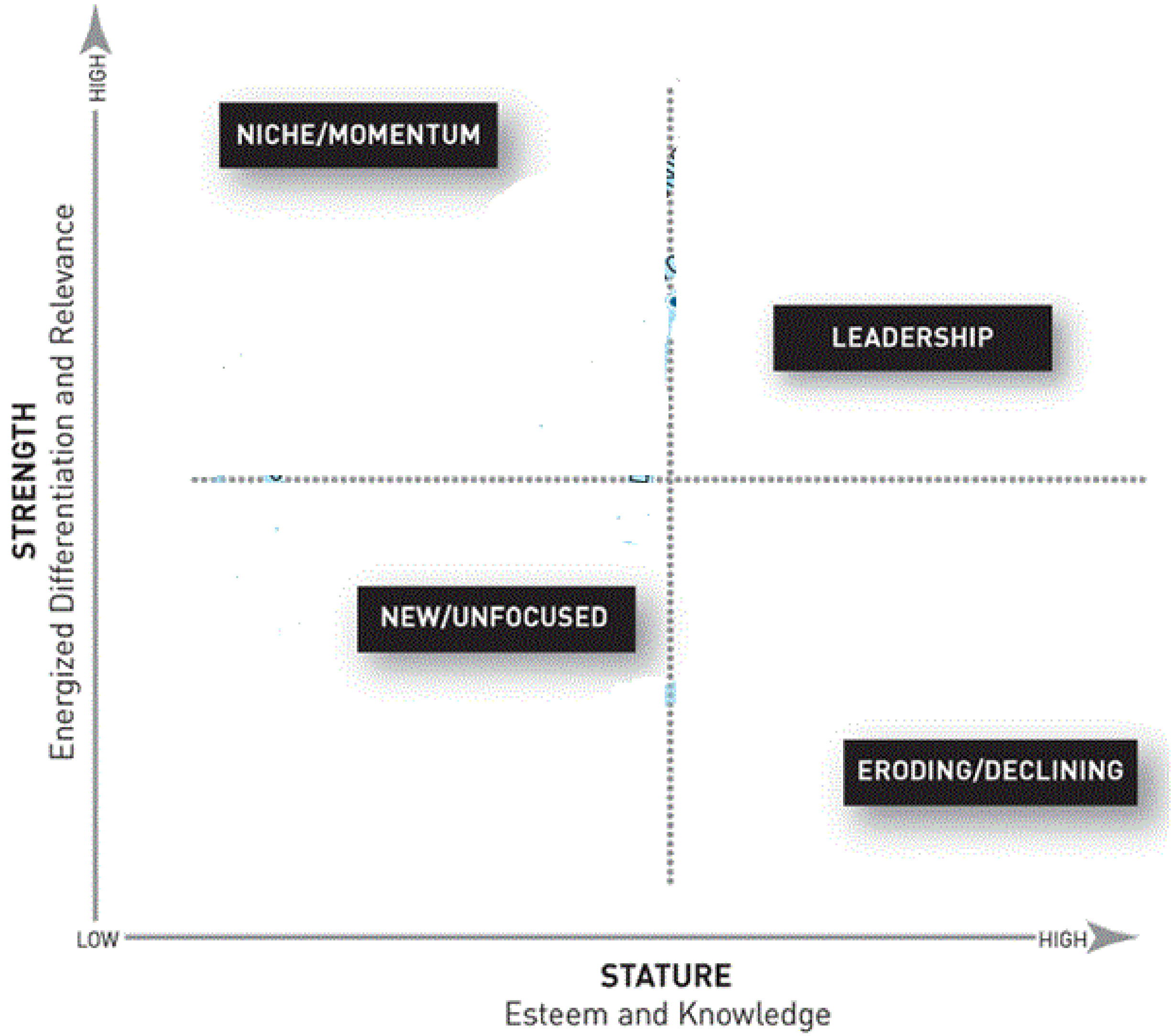
  Energizerd differentiation

  Relevance

  Esteem

  Knowledge




HIGH
STRENGTH
Energized Differentiation and Relevance
NICHE/MOMENTUM
LEADERSHIP
NEW/UNFOCUSED
ERODING/DECLINING
LOW
HIGH
STATURE
Esteem and Knowledge

# Brandz Model

Developed by marketing research consultants Millward and WPP.

As per this model brand building involves series of steps

# Aaker Model

Developed by David Aaker

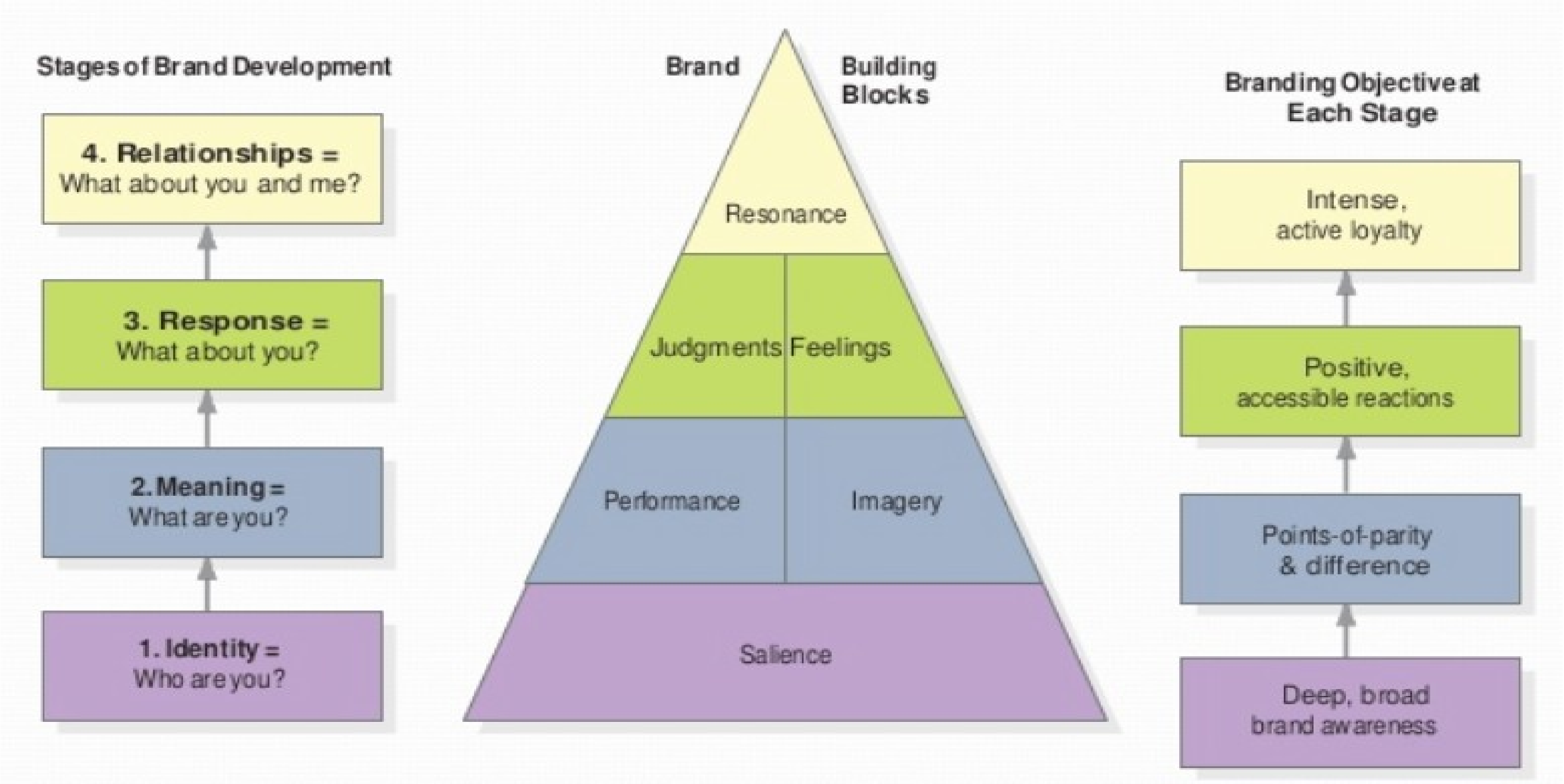
There are a set of five categories of brand assets and liabilities which add value to the product.

- Brand awareness
- Brand loyalty
- Perceived quality
- Brand associations
- Other proprietary assets

## **Brand resonance model**

Developed by - Kevin Lane Keller

The brand resonance model also views brand building as an ascending series of steps, from bottom to top



**Brand salience** is how often and how easily customers think of the brand under various purchase or consumption situations.

**Brand performance** is how well the product or service meets customers' functional needs.

**Brand imagery** describes the extrinsic properties of the product or service, including the ways in which the brand attempts to meet customers' psychological or social needs.

**Brand judgments** focus on customers' own personal opinions and evaluations.

**Brand feelings** are customers' emotional responses and reactions with respect to the brand.

**Brand resonance** describes the relationship customers have with the brand and the extent to which they feel they're "in sync" with it.

## Building Brand Equity

From a marketing management perspective, there are three main sets of brand equity drivers:

1. The initial choices for the brand elements or identities making up the brand (brand names, URLs, logos, symbols, characters, spokespeople, slogans, jingles, packages, and signage)
2. The product and service and all accompanying marketing activities and supporting marketing programs
3. Other associations indirectly transferred to the brand by linking it to some other entity (a person, place, or thing)

# Choosing Brand Elements

Brand elements are devices, which can be trademarked, that identify and differentiate the brand

Brand element choice criteria

1) Memorable – How easily do the consumers recall and recognize the brand element?
2) Meaningful – Are brand name, logo, tagline, etc meaningful to the category in which they belong to?
3) Linkable – How aesthetically appealing is the brand element?
4) Transferable – Can the brand element introduce new products in the same or different categories?
5) Adaptable – How adaptable and updatable is the brand element?
6) Protectable – How legally protectable is the brand element?

The first three—memorable, meaningful, and likable—are “brand building.” The latter three—transferable, adaptable, and protectable—are “defensive” and help leverage and preserve brand equity against challenges.

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# Designing Holistic Marketing Activities

Brand contacts - A brand contact is any information-bearing experience, whether positive or negative, a customer or prospect has with the brand, its product category, or its market.

Integrated marketing - is the process of aligning all of the various promotional mix elements (advertising, salesmanship, public relations, etc) and marketing elements used to communicate with your target market and customers. Is about mixing and matching these promotional activities to maximize their individual and collective effects.

Internal branding - Internal branding consists of activities and processes that help inform and inspire employees about brands. When employees care about and believe in the brand, they're motivated to work harder and feel greater loyalty to the firm. Some of the important principles of internal branding are:

a) Choose the right moment

b) Link internal and external marketing – The internal and external messages must match

c) Bring the brand alive for employees

# Brand communities

A brand community is a specialized community of consumers and employees whose identification and activities focus around the brand.

Brand communities can arise organically from the brand users. While others are company sponsored and facilitated.

Benefits of a strong brand community

- Leads to increase in customer loyalty and committed customer base
- Companies can get feedback from the customers
- Companies can get new ideas for improvements or innovations
- Online customer service
- Knowledge sharing by expert users
- Shared product experience
- Improved collaboration

# MEASURING BRAND EQUITY

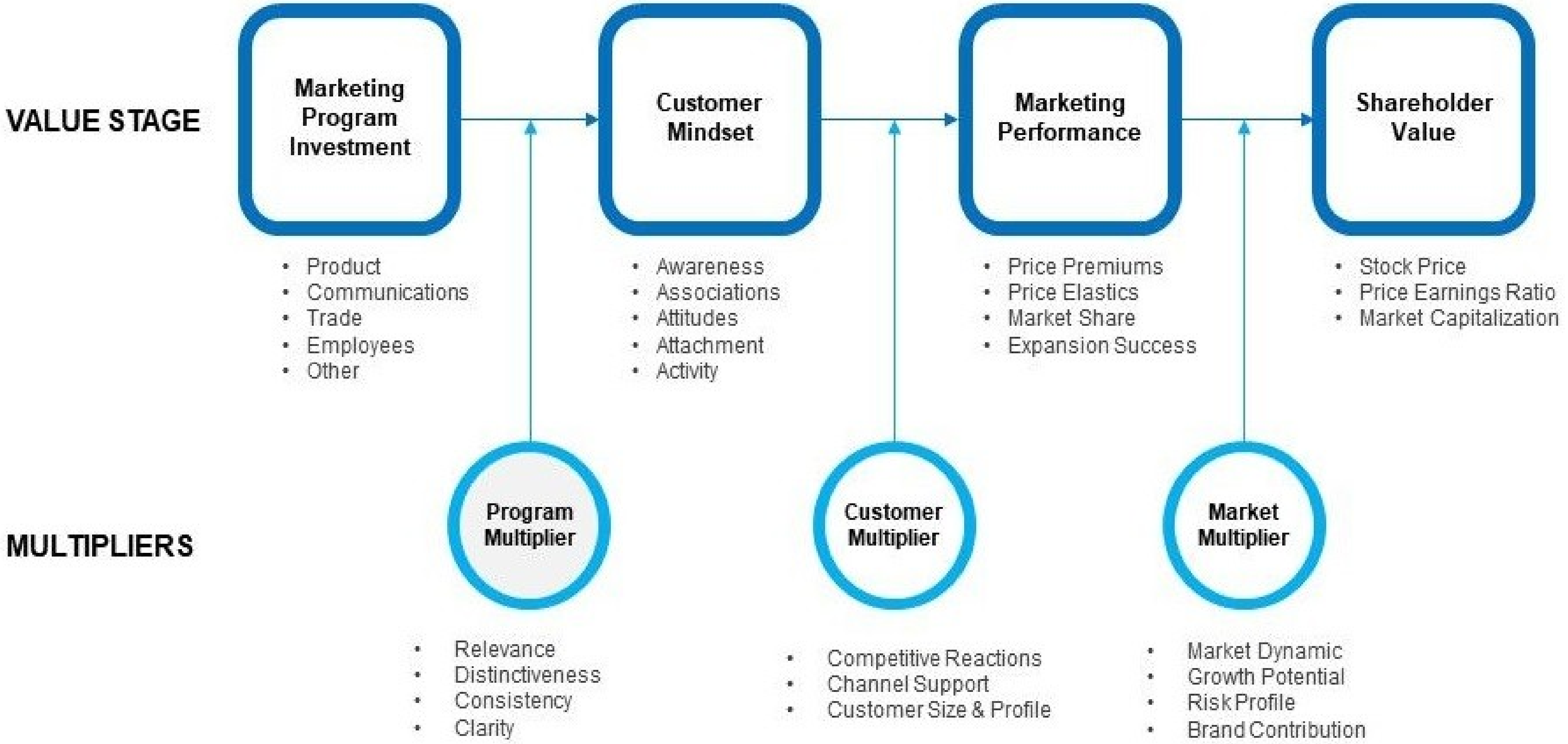
Inorder to effectively measure brand equity, marketers need to fully understand:

1) The sources of brand equity and how they affect outcomes of interest. This is studied mainly through brand audit
2) How these sources and outcomes change over a period of time. This is studied mainly through brand-tracking studies

**Brand Audit** is a meticulous and careful study and an examination of the brand’s current position in the market, consumers’ mind, and the industry as a whole as compared to its competitors. It is the review of the brand’s effectiveness and helps to determine its strengths, weaknesses, opportunities for further development and evolvement and come up with the corrective measures if there are any inconsistencies that can harm the brand in future.

**Brand-tracking studies** collect quantitative data from consumers over a period of time to provide consistent, baseline information about how brands and marketing programs are performing. Tracking studies helps to understand where, how much and in what ways brand value is being created. This helps in day to day basis.

Brand Value chain: is a structured approach to assessing the sources and outcomes of brand equity and the manner in which marketing activities create brand value



# Managing brand equity

## Brand Reinforcement

The Brand Reinforcement majorly focuses on maintaining the Brand Equity by keeping the brand alive among both the existing and new customers. This can be done through consistently conveying the meaning of brand in terms of:

What are the products under the brand? What are its core benefits and how it satisfies the demand?

How is the brand different from other brands? How it enables a customer to make a strong, unique and favorable association in their minds?

## Brand revitalisation

Brand revitalization is a strategic process initiated for improving the existing brand to meet the changing demands and requirements of the consumers in the evolving market. It is a corrective measure applied when the business or the product is at the maturity or decline stage (alarming phase) of its life cycle and is on the verge of becoming obsolete.

# Devising a branding strategy

A firm's branding strategy—often called the brand architecture—reflects the number and nature of both common and distinctive brand elements. Deciding how to brand new products is especially critical.

A firm has three main choices:

a) It can develop new brand elements for the new product.

b) It can apply some of its existing brand elements.

c) It can use a combination of new and existing brand elements.

The **Brand Extension** is the marketing strategy wherein a new product is launched under the existing brand name. The category in which product is launched may be related or unrelated to the brand's current category. The brand that gives rise to a new product under its name is called **"The Parent Brand"**.

**Sub-brand**: When marketers combine a new brand with an existing brand.

**Line extension –** The parent brand launches a new product within a product category

**Category extension –** The parent brand enters into a different product category

**Brand line** – consists of all products – original as well as line and category extensions sold under a single brand

**Brand mix** – Set of all brand lines under a company.

**<u>Alternative branding strategies</u>**

**Individual or separate family brand names (House of brands)**

**Corporate umbrella or company brand name (Branded house)**

**Sub-brands**

## Brand Portfolios

The **Brand Portfolio** refers to an umbrella under which all the brands or brand lines of a particular firm functions to serve the needs of different market segments. In simple words, brand portfolio encompasses all the brands offered by a single firm for sale to cater the needs of different groups of people.

**Flanker Brand:** A Flanker Brand also known as a Fighter Brand is a new brand launched in a market by the company in the same category wherein an established brand is already positioned. This is primarily done for the increased market share as well as to cater to the need of all the segments of customers.

**Cash Cow Brands:** Cash cow brands are those brands in the brand portfolio that has reached the maturity level but is able to bring in profits necessary for its survival. These brands are not removed from the market because necessary cash is flowing in through its sale which is better than incurring heavy cost on the launch of a new product.

**Low-End Entry Level Brand:** A low Entry Brand in a brand portfolio includes the product which is offered at less price. The low priced product is added to the portfolio to ensure the purchase at least once and bring the customer into the brand family. Once the customer becomes a part of the family, he is then persuaded for the purchase of the higher-priced product in near future.

**High-End Prestige Brand:** A High-End Prestige Brand in the brand portfolio is the product offered at a high price with the intention of creating a sense of prestige in the minds of customers. Other brands in the portfolio also get the recognition because of the premium brand and its quality do have a halo effect

# THANK YOU