KARPAGAM ACADEMY OF HIGHER EDUCATION

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Subject: **Brand Management - Lesson Plan**

UNIT 1			
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11	1	Discussion of previous year ESE Question papers	
Total Number of hours planned for Unit 5 and discussion of previous year ESE Question papers			**08+3 =11**

Suggested Readings:

Text books:

1. Keller, Parameswaran, Jacob, (2015). Strategic Brand Management: Building, Measuring and Managing Brand Equity, 4th Edition, Pearson Education
2. Kirti Dutta, (2012). Brand Management: Principles and Practices, New Delhi: Oxford University Press
3. Trott Sangeetha, Sople V. Vinod, (2016). Brand Equity: An Indian Perspective, PHI Learning Private Limited

4. Taoan,K.Panda (2016). Product and Brand Management, 1st Edition, New Delhi: Oxford University Press
5. Harsh V.Verma(2012). Brand Management: Text and Cases, Pillappa

UNIT-I-Understanding Brands

SYLLABUS

Unit – I : Understanding of Brands – Definitions Branding Concepts – Functions of Brand Significance of Brands – Different Types of Brands Co-Branding – Store brands.

Brand Management

Definition of Branding:

"Brand is a name, term, sign, symbol or design, or a combination of these, that is intended to identify the goods and services of one business or group of businesses and to differentiate them from those of competitors".

Branding is a combination of tangible and intangible attributes symbolised in a trademark, which, if properly managed, creates influence and generates value. Brands are a means of differentiating a company's products and services from those of its competitors. There is plenty of evidence to prove that customers will pay a substantial price premium for a good brand and remain loyal to that brand. It is important, therefore, to understand what brands are and why they are important.

The process of maintaining, improving, and upholding a brand so that the name is associated with positive results. Brand management involves a number of important aspects such as cost, customer satisfaction, in-store presentation, and competition. Brand management is built on a marketing foundation, but focuses directly on the brand and how that brand can remain favorable to customers. Proper brand management can result in higher sales of not only one product, but on other products associated with that brand.

Understanding Brand - What is a Brand ?

Brands are different from products in a way that brands are "what the consumers buy", while products are "what concern/companies make". Brand is an accumulation of emotional and functional associations. Brand is a promise that the product will perform as per customer's expectations. It shapes customer's expectations about the product. Brands usually have a trademark which protects them from use by others. A brand gives particular information about the organization, good or service, differentiating it from others in marketplace. Brand carries an assurance about the characteristics that make the product or service unique. A strong brand is a means of making people aware of what the company represents and what are it's offerings.

To a consumer, brand means and signifies:

- Source of product
- Delegating responsibility to the manufacturer of product
- Lower risk
- Less search cost
- Quality symbol
- Deal or pact with the product manufacturer
- Symbolic device

Brands simplify consumers purchase decision. Over a period of time, consumers discover the brands which satisfy their need. If the consumers recognize a particular brand and have knowledge about it, they make quick purchase decision and save lot of time. Also, they save search costs for product. Consumers remain committed and loyal to a brand as long as they believe and have an implicit understanding that the brand will continue meeting their expectations and perform in the desired manner consistently. As long as the consumers get benefits and satisfaction from consumption of the product, they will more likely continue to buy that brand. Brands also play a crucial role in signifying certain product features to consumers.

Concepts of Branding

Brand name is one of the brand elements which help the customers to identify and differentiate one product from another. It should be chosen very carefully as it captures the key theme of a product in an efficient and economical manner. It can easily be noticed and its meaning can be stored and triggered in the memory instantly. Choice of a brand name requires a lot of research. Brand names are not necessarily associated with the product. For instance, brand names can be based on places (Air India, British Airways), animals or birds (Dove soap, Puma), people (Louise Phillips, Allen Solly). In some instances, the company name is used for all products (General Electric, LG).

Features of a Good Brand Name

A good brand name should have following characteristics:

1. It should be unique / distinctive (for instance- Kodak, Mustang)
2. It should be extendable.
3. It should be easy to pronounce, identified and memorized. (For instance-Tide)
4. It should give an idea about product's qualities and benefits (For instance- Swift, Quickfix, Lipguard).
5. It should be easily convertible into foreign languages.
6. It should be capable of legal protection and registration.
7. It should suggest product/service category (For instance Newsweek).
8. It should indicate concrete qualities (For instance Firebird).
9. It should not portray bad/wrong meanings in other categories. (For instance NOVA is a poor name for a car to be sold in Spanish country, because in Spanish it means "doesn't go").

Process of Selecting a renowned and successful Brand Name

1. Define the objectives of branding in terms of six criterions - descriptive, suggestive, compound, classical, arbitrary and fanciful. It Is essential to recognize the role of brand within the corporate branding strategy and the relation of brand to other brand and products. It is also essential to understand the role of brand within entire marketing program as well as a detailed description of niche market must be considered.
2. Generation of multiple names - Any potential source of names can be used; organization, management and employees, current or potential customers, agencies and professional consultants.
3. Screening of names on the basis of branding objectives and marketing considerations so as to have a more synchronized list - The brand names must not have connotations, should be easily pronounceable, should meet the legal requirements etc.

4. Gathering more extensive details on each of the finalized names - There should be extensive international legal search done. These searches are at times done on a sequential basis because of the expense involved.
5. Conducting consumer research - Consumer research is often conducted so as to confirm management expectations as to the remembrance and meaningfulness of the brand names. The features of the product, its price and promotion may be shown to the consumers so that they understand the purpose of the brand name and the manner in which it will be used. Consumers can be shown actual 3-D packages as well as animated advertising or boards. Several samples of consumers must be surveyed depending on the niche market involved.
6. On the basis of the above steps, management can finalize the brand name that maximizes the organization's branding and marketing objectives and then formally register the brand name.

Brand Attributes

Brand Attributes portray a company's brand characteristics. They signify the basic nature of brand. Brand attributes are a bundle of features that highlight the physical and personality aspects of the brand. Attributes are developed through images, actions, or presumptions. Brand attributes help in creating brand identity.

A strong brand must have following attributes:

Relevancy- A strong brand must be relevant. It must meet people's expectations and should perform the way they want it to. A good job must be done to persuade consumers to buy the product; else inspite of your product being unique, people will not buy it.

Consistency- A consistent brand signifies what the brand stands for and builds customers trust in brand. A consistent brand is where the company communicates message in a way that does not deviate from the core brand proposition.

Proper positioning- A strong brand should be positioned so that it makes a place in target audience mind and they prefer it over other brands.

Sustainable- A strong brand makes a business competitive. A sustainable brand drives an organization towards innovation and success. Example of sustainable brand is Marks and Spencer's.

Credibility- A strong brand should do what it promises. The way you communicate your brand to the audience/ customers should be realistic. It should not fail to deliver what it promises. Do not exaggerate as customers want to believe in the promises you make to them.

Inspirational- A strong brand should transcend/ inspire the category it is famous for. For example-Nike transcendent Jersey Polo Shirt.

Uniqueness- A strong brand should be different and unique. It should set you apart from other competitors in market.

Appealing- A strong brand should be attractive. Customers should be attracted by the promise you make and by the value you deliver.

Brand Positioning - Definition and Concept

Brand positioning refers to "target consumer's" reason to buy your brand in preference to others. It is ensures that all brand activity has a common aim; is guided, directed and delivered by the brand's benefits/reasons to buy; and it focuses at all points of contact with the consumer.

Brand positioning must make sure that:

- Is it unique/distinctive vs. competitors?
- Is it significant and encouraging to the niche market?
- Is it appropriate to all major geographic markets and businesses?
- Is the proposition validated with unique, appropriate and original products?
- Is it sustainable - can it be delivered constantly across all points of contact with the consumer?
- Is it helpful for organization to achieve its financial goals?
- Is it able to support and boost up the organization?

In order to create a distinctive place in the market, a niche market has to be carefully chosen and a differential advantage must be created in their mind. Brand positioning is a medium through which an organization can portray it's customers what it wants to achieve for them and what it wants to mean to them. Brand positioning forms customer's views and opinions.

Brand Positioning can be defined as an activity of creating a brand offer in such a manner that it occupies a distinctive place and value in the target customer's mind. For instance-Kotak Mahindra positions itself in the customer's mind as one entity- "Kotak "- which can provide customized and one-stop solution for all their financial services needs. It has an unaided top of mind recall. It intends to stay with the proposition of "Think Investments, Think Kotak". The positioning you choose for your brand will be influenced by the competitive stance you want to adopt.

Brand Positioning involves identifying and determining points of similarity and difference to ascertain the right brand identity and to create a proper brand image. Brand Positioning is the key of marketing strategy. A strong brand positioning directs marketing strategy by explaining the brand details, the uniqueness of brand and it's similarity with the competitive brands, as well as the reasons for buying and using that specific brand. Positioning is the base for developing and increasing the required knowledge and perceptions of the customers. It is the single feature that sets your service apart from your competitors. For instance- Kingfisher stands for youth and excitement. It represents brand in full flight.

There are various positioning errors, such as-

Under positioning- This is a scenario in which the customer's have a blurred and unclear idea of the brand.

Over positioning- This is a scenario in which the customers have too limited a awareness of the brand.

Confused positioning- This is a scenario in which the customers have a confused opinion of the brand.

Double Positioning- This is a scenario in which customers do not accept the claims of a brand

Brand identity

Brand identity stems from an organization, i.e., an organization is responsible for creating a distinguished product with unique characteristics. It is how an organization seeks to identify itself. It represents how an organization wants to be perceived in the market. An organization communicates its identity to the consumers through its branding and marketing strategies. A brand is unique due to its identity. Brand identity includes following elements - Brand vision, brand culture, positioning, personality, relationships, and presentations.

Brand identity is a bundle of mental and functional associations with the brand. Associations are not "reasons-to-buy" but provide familiarity and differentiation that's not replicable getting it. These associations can include signature tune(for example - Britannia "ting-ting-ta-ding"), trademark colours (for example - Blue colour with Pepsi), logo (for example - Nike), tagline (for example - Apple's tagline is "Think different"),etc.

Brand identity is the total proposal/promise that an organization makes to consumers. The brand can be perceived as a product, a personality, a set of values, and a position it occupies in consumer's minds. Brand identity is all that an organization wants the brand to be considered as. It is a feature linked with a specific company, product, service or individual. It is a way of externally expressing a brand to the world.

Brand identity is the noticeable elements of a brand (for instance - Trademark colour, logo, name, symbol) that identify and differentiates a brand in target audience mind. It is a crucial means to grow your company's brand.

Brand identity is the aggregation of what all you (i.e. an organization) do. It is an organizations mission, personality, promise to the consumers and competitive advantages. It includes the thinking, feelings and expectations of the target market/consumers. It is a means of identifying and distinguishing an organization from another. An organization having unique brand identity have improved brand awareness, motivated team of employees who feel proud working in a well branded organization, active buyers, and corporate style. Brand identity leads to brand loyalty, brand preference, high credibility, good prices and good financial returns. It helps the organization to express to the customers and the target market the kind of organization it is. It assures the customers again that you are who you say you are. It establishes an immediate connection between the organization and consumers. Brand identity should be sustainable. It is crucial so that the consumers instantly correlate with your product/service.

Brand identity should be futuristic, i.e, it should reveal the associations aspired for the brand. It should reflect the durable qualities of a brand. Brand identity is a basic means of consumer recognition and represents the brand's distinction from it's competitors.

Sources of Brand Identity

SYMBOLS- Symbols help customers memorize organization's products and services. They help us correlate positive attributes that bring us closer and make it convenient for us to purchase those products and services. Symbols emphasize our brand expectations and shape corporate images. Symbols become a key component of brand equity and help in differentiating the brand characteristics. Symbols are easier to memorize than the brand names as they are visual images. These can include logos, people, geometric shapes, cartoon images, anything. For instance, Marlboro has its famous cowboy, Pillsbury has its Poppin' Fresh doughboy, Duracell has its bunny rabbit, Mc Donald has Ronald, Fed Ex has an arrow, and Nike's swoosh. All these symbols help us remember the brands associated with them.

Brand symbols are strong means to attract attention and enhance brand personalities by making customers like them. It is feasible to learn the relationship between symbol and brand if the symbol is reflective/representative of the brand. For instance, the symbol of LG symbolize the world, future, youth, humanity, and technology. Also, it represents LG's efforts to keep close relationships with their customers.

LOGOS- A logo is a unique graphic or symbol that represents a company, product, service, or other entity. It represents an organization very well and make the customers well-acquainted with the company. It is due to logo that customers form an image for the product/service in mind. Adidas's "Three Stripes" is a famous brand identified by it's corporate logo.

Features of a good logo are :

- It should be simple.
- It should be distinguished/unique It should differentiate itself.
- It should be functional so that it can be used widely.
- It should be effective, i.e., it must have an impact on the intended audience.
- It should be memorable.
- It should be easily identifiable in full colours, limited colour palettes, or in black and white.
- It should be a perfect reflection/representation of the organization.
- It should be easy to correlate by the customers and should develop customers trust in the organization.

- It should not loose it's integrity when transferred on fabric or any other material.
- It should portray company's values, mission and objectives.

The elements of a logo are:

Logotype - It can be a simple or expanded name. Examples of logotypes including only the name are Kellogg's, Hyatt, etc.

Icon - It is a name or visual symbol that communicates a market position. For example-LIC 'hands', UTI 'kalash'.

Slogan - It is best way of conveying company's message to the consumers. For instance- Nike's slogan "Just Do It".

TRADEMARKS- Trademark is a unique symbol, design, or any form of identification that helps people recognize a brand. A renowned brand has a popular trademark and that helps consumers purchase quality products. The goodwill of the dealer/maker of the product also enhances by use of trademark. Trademark totally indicates the commercial source of product/service. Trademark contributes in brand equity formation of a brand. Trademark name should be original. A trademark is chosen by the following symbols:

™ (denotes unregistered trademark, that is, a mark used to promote or brand goods);

SM (denotes unregistered service mark)

® (denotes registered trademark).

Registration of trademark is essential in some countries to give exclusive rights to it. Without adequate trademark protection, brand names can become legally declared generic. Generic names are never protectable as was the case with Vaseline, escalator and thermos.

Some guidelines for trademark protection are as follows:

- Go for formal trademark registration.
- Never use trademark as a noun or verb. Always use it as an adjective.
- Use correct trademark spelling.
- Challenge each misuse of trademark, specifically by competitors in market.
- Capitalize first letter of trademark. If a trademark appears in point, ensure that it stands out from surrounding text

Brand Image

Brand image is the current view of the customers about a brand. It can be defined as a unique bundle of associations within the minds of target customers. It signifies what the brand presently stands for. It is a set of beliefs held about a specific brand. In short, it is nothing but the consumers' perception about the product. It is the manner in which a specific brand is positioned in the market. Brand image conveys emotional value and not just a mental image. Brand image is nothing but an organization's character. It is an accumulation of contact and observation by people external to an organization. It should highlight an organization's mission and vision to all. The main elements of positive brand image are- unique logo reflecting organization's image, slogan describing organization's business in brief and brand identifier supporting the key values.

Brand image is the overall impression in consumers' mind that is formed from all sources. Consumers develop various associations with the brand. Based on these associations, they form brand image. An image is formed about the brand on the basis of subjective perceptions of associations bundle that the consumers have about the brand. Volvo is associated with safety. Toyota is associated with reliability.

The idea behind brand image is that the consumer is not purchasing just the product/service but also the image associated with that product/service. Brand images should be positive, unique and instant. Brand images can be strengthened using brand communications like advertising, packaging, word of mouth publicity, other promotional tools, etc.

Brand image develops and conveys the product's character in a unique manner different from its competitor's image. The brand image consists of various associations in consumers' mind - attributes, benefits and attributes. Brand attributes are the functional and mental connections with the brand that the customers have. They can be specific or conceptual. Benefits are the rationale for the purchase decision. There are three types of benefits: Functional benefits - what do you do better (than others),emotional benefits - how do you make me feel better (than others), and rational benefits/support - why do I believe you(more than others). Brand attributes are consumers overall assessment of a brand.

Brand image has not to be created, but is automatically formed. The brand image includes products' appeal, ease of use, functionality, fame, and overall value. Brand image is actually brand content. When the consumers purchase the product, they are also purchasing it's image. Brand image is the objective and mental feedback of the consumers when they purchase a product. Positive brand image is exceeding the customers expectations. Positive brand image enhances the goodwill and brand value of an organization.

Brand personality

Brand personality is the way a brand speaks and behaves. It means assigning human personality traits/characteristics to a brand so as to achieve differentiation. These characteristics signify brand behaviour through both individuals representing the brand (i.e. it's employees) as well as through advertising, packaging, etc. When brand image or brand identity is expressed in terms of human traits, it is called brand personality. For instance - **Allen Solley** brand speaks the personality and makes the individual who wears it stand apart from the crowd. **Infosys** represents uniqueness, value, and intellectualism.

Brand personality is nothing but personification of brand. A brand is expressed either as a personality who embodies these personality traits (For instance - Shahrukh Khan and Airtel, John Abraham and Castrol) or distinct personality traits (For instance - **Dove** as honest, feminist and optimist; **Hewlett Packard** brand represents accomplishment, competency and influence). Brand personality is the result of all the consumer's experiences with the brand. It is unique and long lasting.

Brand personality must be differentiated from brand image, in sense that, while brand image denote the tangible (physical and functional) benefits and attributes of a brand, brand personality indicates emotional associations of the brand. If brand image is comprehensive brand according to consumers' opinion, brand personality is that aspect of comprehensive brand which generates it's emotional character and associations in consumers' mind.

Brand personality develops brand equity. It sets the brand attitude. It is a key input into the look and feel of any communication or marketing activity by the brand. It helps in gaining thorough knowledge of customers feelings about the brand. Brand personality differentiates among brands specifically when they are alike in many attributes. For instance - Sony versus Panasonic. Brand personality is used to make the brand strategy lively, i.e, to implement brand strategy. Brand personality indicates the kind of relationship a customer has with the brand. It is a means by which a customer communicates his own identity.

Brand personality and celebrity should supplement each other. Trustworthy celebrity ensures immediate awareness, acceptability and optimism towards the brand. This will influence consumers' purchase decision and also create brand loyalty. For instance - Bollywood actress Priyanka Chopra is brand ambassador for J.Hampstead, international line of premium shirts.

Brand awareness

Brand awareness is the probability that consumers are familiar about the life and availability of the product. It is the degree to which consumers precisely associate the brand with the specific product. It is measured as ratio of niche market that has former knowledge of brand. Brand awareness includes both brand recognition as well as brand recall. **Brand recognition** is the ability of consumer to recognize prior knowledge of brand when they are asked questions about that brand or when they are shown that specific brand, i.e., the consumers can clearly differentiate the brand as having being earlier noticed or heard. While **brand recall** is the potential of customer to recover a brand from his memory when given the product class/category, needs satisfied by that category or buying scenario as a signal. In other words, it refers that consumers should correctly recover brand from the memory when given a clue or he can recall the specific brand when the product category is mentioned. It is generally easier to recognize a brand rather than recall it from the memory.

Brand awareness is improved to the extent to which brand names are selected that is simple and easy to pronounce or spell; known and expressive; and unique as well as distinct. For instance - Coca Cola has come to be known as Coke.

There are two types of brand awareness:

1. **Aided awareness-** This means that on mentioning the product category, the customers recognize your brand from the lists of brands shown.

2. **Top of mind awareness (Immediate brand recall)-** This means that on mentioning the product category, the first brand that customer recalls from his mind is your brand.

The relative importance of brand recall and recognition will rely on the degree to which consumers make product-related decisions with the brand present or not. For instance - In a store, brand recognition is more crucial as the brand will be physically present. In a scenario where brands are not physically present, brand recall is more significant (as in case of services and online brands).

Building brand awareness is essential for building brand equity. It includes use of various renowned channels of promotion such as advertising, word of mouth publicity, social media like blogs, sponsorships, launching events, etc. To create brand awareness, it is important to create reliable brand image, slogans and taglines. The brand message to be communicated should also be consistent. Strong brand awareness leads to high sales and high market share. Brand awareness can be regarded as a means through which consumers become acquainted and familiar with a brand and recognize that brand

Brand Loyalty

Brand Loyalty is a scenario where the consumer fears purchasing and consuming product from another brand which he does not trust. It is measured through methods like word of mouth publicity, repetitive buying, price sensitivity, commitment, brand trust, customer satisfaction, etc. Brand loyalty is the extent to which a consumer constantly buys the same brand within a product category. The consumers remain loyal to a specific brand as long as it is available. They do not buy from other suppliers within the product category. Brand loyalty exists when the consumer feels that the brand consists of right product characteristics and quality at right price. Even if the other brands are available at cheaper price or superior quality, the brand loyal consumer will stick to his brand.

Brand loyal consumers are the foundation of an organization. Greater loyalty levels lead to less marketing expenditure because the brand loyal customers promote the brand positively. Also, it acts as a means of launching and introducing more products that are targeted at same customers at less expenditure. It also restrains new competitors in the market. Brand loyalty is a key component of brand equity.

Brand loyalty can be developed through various measures such as quick service, ensuring quality products, continuous improvement, wide distribution network, etc. When consumers are brand loyal they love “you” for being “you”, and they will minutely consider any other alternative brand as a replacement. Examples of brand loyalty can be seen in US where true Apple customers have the brand's logo tattooed onto their bodies. Similarly in Finland, Nokia customers remained loyal to Nokia because they admired the design of the handsets or because of user- friendly menu system used by Nokia phones.

Brand loyalty can be defined as relative possibility of customer shifting to another brand in case there is a change in product’s features, price or quality. As brand loyalty increases, customers will respond less to competitive moves and actions. Brand loyal customers remain committed to the brand, are willing to pay higher price for that brand, and will promote their brand always. A company having brand loyal customers will have greater sales, less marketing and advertising costs, and best pricing. This is because the brand loyal customers are less reluctant to shift to other brands, respond less to price changes and self- promote the brand as they perceive that their brand have unique value which is not provided by other competitive brands.

Brand loyalty is always developed post purchase. To develop brand loyalty, an organization should know their niche market, target them, support their product, ensure easy access of their product, provide customer satisfaction, bring constant innovation in their product and offer schemes on their product so as to ensure that customers repeatedly purchase the product.

Brand Association

Brand Associations are not benefits, but are images and symbols associated with a brand or a brand benefit. For example- The Nike Swoosh, Nokia sound, Film Stars as with “Lux”, signature tune Ting-ting-ta-ding with Britannia, Blue colour with Pepsi, etc. Associations are not “reasons-to-buy” but provide acquaintance and differentiation that’s not replicable. It is relating perceived qualities of a brand to a known entity. For instance- Hyatt Hotel is associated with luxury and comfort; BMW is associated with sophistication, fun driving, and superior engineering. Most popular brand associations are with the owners of brand, such as - Bill Gates and Microsoft, Reliance and Dhirubhai Ambani.

Brand association is anything which is deep seated in customer's mind about the brand. Brand should be associated with something positive so that the customers relate your brand to being positive. Brand associations are the attributes of brand which come into consumers mind when the brand is talked about. It is related with the implicit and explicit meanings which a consumer relates/associates with a specific brand name. Brand association can also be defined as the degree to which a specific product/service is recognized within it's product/service class/category. While choosing a brand name, it is essential that the name chosen should reinforce an important attribute or benefit association that forms it's product positioning. For instance - Power book.

Brand associations are formed on the following basis:

- Customers contact with the organization and it's employees;
- Advertisements;
- Word of mouth publicity;
- Price at which the brand is sold;
- Celebrity/big entity association;
- Quality of the product;
- Products and schemes offered by competitors;
- Product class/category to which the brand belongs;
- POP (Point of purchase) displays; etc

Positive brand associations are developed if the product which the brand depicts is durable, marketable and desirable. The customers must be persuaded that the brand possess the features and attributes satisfying their needs. This will lead to customers having a positive impression about the product. Positive brand association helps an organization to gain goodwill, and obstructs the competitor's entry into the market.

Brand Promise

Brand evokes the responses. There are many people who love their Apple iPod or love their car etc. There are certain feelings that come to your mind when you think about your favorite brands. People expect that these brands should demonstrate brand promises every time whenever they are, encountered. Inconsistencies in the performance of services can lead to damage in further relations. This can cause a customer to select some other brand.

Brand promise is what you say to the customer and what is to be delivered. If you are not able to meet the expectations of the customer, your business will either flounder or die. If you are not able to deliver the brand promise you will not be able to meet the expectations that have been created in the customers mind.

There are three major mistakes that the business leaders make while executing and developing the brand promise:

1. The first mistake is when you **refuse to recognize the customer expectations** that are created in customers mind before it comes in contact with that particular brand. The customers are very easily able to realize your brand promise by the business you are dealing with. For example, if you have a gourmet restaurant then the customers will have a image in their mind that it will different from the local restaurant. This is one of the major reason, why one should work for every smallest detail. For example, the image of a gourmet restaurant does not include plastic menus or paper placemats.
2. The second major mistake is to **implement a system which gives a negative experience to the customer**. Business leaders work on creating efficient results for saving time and money. Human beings are self-centered creatures with a thought in their mind to save money and time for us. For example, a customers asks do you accept credit card? Do you accept all credit cards or only master card and visa? If you don't accept these cards, does it make any difference in the cost? Its just that you are losing sales. Then what are the other services you are giving to the customer in place which is the attraction for the customers. Any small

inconvenience which will force the customer to say that "you are not completely service oriented" and encourages the customer to some other brand.

3. The third major mistake is that when you are **not able to hire the best candidate**. You easily hire anyone who applies and don't even put some efforts to train them gives a really terrible experience to the customers. Brand promises are delivered by the staff. If your goal is to be a business leader you will invest time to train the staff. If you select a person who is very polite and does not even know how to dress up for an interview then you competition should send a thank you card for all the business you will send his way.

People who want to become the business leader understand they are a great product brands. They are authentic, dependable and reliable. Their icon is their name. Delivering the best of themselves is their brand promise. Do you want to become winner at working? Then, deliver the brand promise.

Brand Equity & Customer Equity

Brand Equity is defined as value and strength of the Brand that decides its worth whereas Customer Equity is defined in terms of lifetime values of all customers.

Brand Equity and Customer Equity have two things in common-

- ✓ Both stress on significance of customer loyalty to the brand
- ✓ Both stress upon the face that value is created by having as many customers as possible paying as high price as possible.

But conceptually both **brand equity and customer equity differ**.

- ✓ While customer equity puts too much emphasis on lower line financial value got from the customers, brand equity attempts to put more emphasis on strategic issues in managing brands.
- ✓ Customer Equity is less narrow alternative. It can overlook a brands optional value and their capacity effect revenues and cost beyond the present marketing environment.

- ✓ Just as customer equity can persist without brand equity, brand equity may also exist without customer equity. For instance I may have positive attitude towards brands - McDonald and Burger King, but I may only purchase from McDonald's brand consistently.

To conclude, we can say brands do not exist without consumer and consumer do not exist without brands. Brands serve as a temptation that utilizes other intermediaries to lure the customers from whom value is extracted. Customers serve as a profit-medium for brands to encash their brand value. Both the concepts are highly co-related.

Brand Equity - Meaning and Measuring Brand Equity

Brand Equity is the value and strength of the Brand that decides its worth. It can also be defined as the differential impact of brand knowledge on consumers response to the Brand Marketing. Brand Equity exists as a function of consumer choice in the market place. The concept of Brand Equity comes into existence when consumer makes a choice of a product or a service. It occurs when the consumer is familiar with the brand and holds some favourable positive strong and distinctive brand associations in the memory.

Brand Equity can be determined by measuring:

- Returns to the Share-Holders.
- Evaluating the Brand Image for various parameters that are considered significant.
- Evaluating the Brand's earning potential in long run.
- By evaluating the increased volume of sales created by the brand compared to other brands in the same class.
- The price premium charged by the brand over non-branded products.
- From the prices of the shares that an organization commands in the market (specifically if the brand name is identical to the corporate name or the consumers can easily co-relate the performance of all the individual brands of the organization with the organizational financial performance.
- OR, An amalgamation of all the above methods.

Factors contributing to Brand Equity

- Brand Awareness
- Brand Associations
- Brand Loyalty

Perceived Quality: refers to the customer's perception about the total quality of the brand. While evaluating quality the customer takes into account the brands performance on factors that are significant to him and makes a relative analysis about the brand's quality by evaluating the competitors brands also. Thus quality is a perceptual factor and the consumer analysis about quality varies. Higher perceived quality might be used for brand positioning. Perceived quality affect the pricing decisions of the organizations. Superior quality products can be charged a price premium. Perceived quality gives the customers a reason to buy the product. It also captures the channel member's interest. For instance - American Express.

Other Proprietary Brand Assets: Patents, Trademarks and Channel Inter-relations are proprietary assets. These assets prevent competitors attack on the organization. They also help in maintaining customer loyalty as well as organization's competitive advantage.

Brand Extension - Meaning, Advantages and Disadvantages

Brand Extension is the use of an established brand name in new product categories. This new category to which the brand is extended can be related or unrelated to the existing product categories. A renowned/successful brand helps an organization to launch products in new categories more easily. For instance, Nike's brand core product is shoes. But it is now extended to sunglasses, soccer balls, basketballs, and golf equipments. An existing brand that gives rise to a brand extension is referred to as parent brand. If the customers of the new business have values and aspirations synchronizing/matching those of the core business, and if these values and aspirations are embodied in the brand, it is likely to be accepted by customers in the new business.

Extending a brand outside its core product category can be beneficial in a sense that it helps evaluating product category opportunities, identifies resource requirements, lowers risk, and measures brand's relevance and appeal.

Brand extension may be successful or unsuccessful.

Instances where brand extension has been a success are-

Wipro which was originally into computers has extended into shampoo, powder, and soap.

Mars is no longer a famous bar only, but an ice-cream, chocolate drink and a slab of chocolate.

Instances where brand extension has been a failure are-

i. In case of new Coke, Coca Cola has forgotten what the core brand was meant to stand for. It thought that taste was the only factor that consumer cared about. It was wrong. The time and money spent on research on new Coca Cola could not evaluate the deep emotional attachment to the original Coca- Cola.

ii. Rasna Ltd. - Is among the famous soft drink companies in India. But when it tried to move away from its niche, it hasn't had much success. When it experimented with fizzy fruit drink "Oranjolt", the brand bombed even before it could take off. Oranjolt was a fruit drink in which carbonates were used as preservative. It didn't work out because it was out of synchronization with retail practices. Oranjolt need to be refrigerated and it also faced quality problems. It has a shelf life of three-four weeks, while other soft- drinks assured life of five months.

Advantages of Brand Extension

Brand Extension has following advantages:

- It makes acceptance of new product easy.
- It increases brand image.
- The risk perceived by the customers reduces.

- The likelihood of gaining distribution and trial increases. An established brand name increases consumer interest and willingness to try new product having the established brand name.
- The efficiency of promotional expenditure increases. Advertising, selling and promotional costs are reduced. There are economies of scale as advertising for core brand and its extension reinforces each other.
- Cost of developing new brand is saved.
- Consumers can now seek for a variety.
- There are packaging and labeling efficiencies.
- The expense of introductory and follow up marketing programs is reduced.
- There are feedback benefits to the parent brand and the organization.
- The image of parent brand is enhanced.
- It revives the brand.
- It allows subsequent extension.
- Brand meaning is clarified.
- It increases market coverage as it brings new customers into brand franchise.
- Customers associate original/core brand to new product, hence they also have quality associations.

Disadvantages of Brand Extension

- Brand extension in unrelated markets may lead to loss of reliability if a brand name is extended too far. An organization must research the product categories in which the established brand name will work.
- There is a risk that the new product may generate implications that damage the image of the core/original brand.
- There are chances of less awareness and trial because the management may not provide enough investment for the introduction of new product assuming that the spin-off effects from the original brand name will compensate.

- If the brand extensions have no advantage over competitive brands in the new category, then it will fail.

Why Do Brands Have Extensions ?

As the business environment is changing, the profile of the organizations as well as the way of conducting business is changing too. Use of technology and globalization has changed everything about business. Marketing is no longer what it used to be. Online marketing has changed the face of conventional marketing and both are incomparable by any standards.

When we look at the job profile of brand managers, we find that over the past few years, there have been several changes. Today's brand managers are not only planning product promotion and marketing services, but work as business managers responsible for the brand. They are in fact responsible for the sales, growth as well as the profits of the brand in Multinational companies. A strong brand may have a team of brand managers working on the brand across several geographic locations and countries. With the global brands being present in various markets, there arises the need for local factors and sensibilities to be built into the brand and into the brand management as well. Therefore it makes it imperative to build a brand management team or structure that can work through micro and macro levels.

Take a look at the shelf in the super market when you visit next time and you will be surprised to see that each of the leading brands be it in the medical section, soft drink or grocery item, there are likely to be multiple variations of the same brand with little difference. Of course we are talking about the brand extensions that have become the latest strategy adopted by brand managers to exploit the brand value. Coke is perhaps the best and the most common example where you get to see variations of coke in the shelf today. Brand extensions have become the norm of the day. The question that one needs to ask is whether such brand extensions are really required and worthwhile?.

In the market place, where competition is very high and intense amongst brands, the brand managers are always under pressure on multiple fronts. First and foremost, for a brand to grow or retain market share, there has to be continual effort to deliver incremental value through the brand. Secondly, managements have increased expectations from the brand in terms of revenue growth, market share as well as the bottom line. Brand managers therefore are forced to opt for brand extension strategies in order to create product differentiation and to increase revenue streams. Sometimes, brand extensions become necessary to reign in some of the niche segments which may not be addressed by the parent brand and thus the brand extension helps gain incremental market share.

Brand extensions are also considered to be the most natural progression for brands. When organizations spent a lot of investments into manufacturing and technology for launching the parent brand, they would not like to leave out any opportunity to capitalize on the capacity that they have created and maximize returns on investment.

The next logical question that one asks is whether such brand extensions are useful and beneficial for the brand. What is the effect of brand extensions on the parent brand?. It is difficult to predict what the exact result would be for, the results in the case of such brand extensions have been mixed in the market.

Brand Extension - A Success or Failure ?

Brand management has become quite a challenge for brand managers as well as the Organizations today. Intense competition and the decreasing product life of a brand add further dimensions to the brand management problem. Brand managers by and large opt for brand extensions now days. You can check any shelf in the super market and you will see variants of the same brand occupying the shelf space. This is true in all cases be it with a soft drink brand leader like Coke to a cream, shampoo or toiletry.

Brand managers are always under pressure to grow the market share and increase revenue. Under constant pressure and intense competition, they find it easier to bring out brand extensions in order to provide continual change and an increased value perception to the consumers. Brand extensions also help them to capture the niche segments in the market that have not be covered by the parent brand. On the part of the management, brand extensions prove to help in maximizing capacity utilization and stretching resources to the maximum.

However, the question that bothers every brand manager is whether such brand extension is good for the parent brand or whether it is a mistake that one is committing in the long run. There is no straight answer to this question. In some cases, brands like GE, Proctor & Gamble, Spencer's etc have been hugely successful in making foray into new businesses using the parent brand and stretching the brand. Brand extensions too have worked well for brands like Nivea, Dove and Loreal etc. In many cases, the brand extensions and stretching exercises have failed too.

There is definitely a case for brand extensions in the market for various reasons. There is nothing wrong in a firm exploiting the brand image or brand value when they have strived to build the parent brand over a period of time. Economically too it makes sense for the company to resort to brand extension which is far cheaper than introducing and promoting a new brand. If successful, brand extensions can help strengthen the parent brand as well as capture the niche market segments no doubt.

However, the thinking behind the brand extension and the strategy is what makes the brand extension a failure or a success. In cases where the brand extension is planned to auger short term revenue, it may not withstand the test of times. The danger of brand extension is something that should be accounted for before jumping into brand extensions. The failure of a brand extension can affect the perception of the consumers with regard to the parent brand and damage the brand value. In Some cases, the brand extension products may not generate new revenue but eat into the parent brand's market share itself.

What works for brand extension is difficult to say. Depending upon the product, one can perhaps map the market and arrive at a good judgment. Categories like biscuits, soft drinks, chewing gum, sauces and jams etc generally do well with brand extensions. The same does not hold good in terms of all products.

Branding experts opine that though there is no guaranteed formulae for success in brand extensions, when the same is carried out as a part of a well identified and planned strategy, it can be successful. A well identified and planned strategy involves identifying the core brand value and perception and building brand extension by retaining the same values but delivering increased value through brand extension.

Functions of Branding:

Branding is a powerful instrument of promotion which performs the following functions:

(i) Distinctiveness:

A brand name creates a distinctive impression among the customers. For instance, different brands of soap such 'Cinthol', 'O.K.', 'Lux', Tears', 'Vigil', etc. create different impressions upon the users, though the article is the same, i.e., soap. Thus, a branded product enjoys distinct or separate identity.

(ii) Publicity:

A brand name enables its holder to advertise his product without any difficulty. Once a brand name becomes popular, people remember it for long.

(iii) Protection of Goods:

Generally, the branded products are packed in suitable containers or wrappers which provide protection to the goods against heat and moisture and facilitate convenient handling. The customers derive many other benefits from the branded products. They are assured of the quality of the branded products.

(iv) Consumer Protection:

The prices of branded products are fixed by the manufacturers and are printed on the packages. This protects the interest of the consumers because the retailers cannot charge more than the printed prices. The prices of branded goods remain fixed at different places and over a considerable period of time. They are not changed so frequently since it involves great inconvenience to the firm and a considerable cost in advertising the new price.

(v) Wide Market:

Branded products are quite popular and have wide market. The wholesalers and retailers readily handle the branded products which are advertised.

(vi) Customer Loyalty:

Branding ensures better quality at competitive prices. Branded products are available in all parts of the country at uniform prices. This tends to create brand loyalty on the part of customers. They ask for the goods by their brand name such as Taj Mahal (tea leaves), Nescafe (Coffee), Tata (Iodised Salt), Natraj (Pencils), etc.

Brand Building:

Professor David lobber identifies seven main factors in building successful brands, as illustrated below:

i. Quality:

Quality is a core benefits which consumers expect. Most of top brands are famous due to their high quality like Sony, HP, Honda, Kodak etc. Research confirms that, statistically, higher quality brands achieve a higher market share and higher profitability that their inferior competitors.

ii. Positioning:

Positioning is how a product appears in relation to other products in the market. Positioning is about the position a brand occupies in a market in the minds of consumers. Strong brands have a clear, often unique position in the target market. Brands can be positioned against competing brands on a perceptual map.

A perceptual map defines the market in terms of the way buyers perceive key characteristics of competing products. Positioning can be achieved through several means, including brand name, image, service standards, product guarantees, packaging and the way in which it is delivered. In fact, successful positioning usually requires a combination of these things.

iii. Repositioning:

As we know that consumer behaviour is dynamic in nature therefore marketers reposition a brand to reflect a change in consumer's tastes. This is often required when a brand has become tired, perhaps because its original market has matured or has gone into decline.

iv. Long-Term Perspective:

Long-term perspective is the need to invest in the brand over the long-term. Building customer awareness, communicating the brand's message and creating customer loyalty takes time. Long-term view point can be built by continuous association and effort of a company toward customer satisfaction.

v. Internal Marketing:

A brand should be marketed within an organization each employee should understand value and esteem of company's brand. Internal marketing is more important in service sector where customer and employee interact with each other directly. This can be achieved by training and development of employees.

vi. Credibility:

Credibility can be developed by reliability and integrity of product and service, it brings brand loyalty and retention of customer. After sales experience of customer with the product also develop credibility.

vii. Integrated Communications:

The role of marketing communication is to inform public about polices and attributes of the products, it plays an important role in building a successful brand. A strong integrated marketing communication network can contribute to the success of a brand.

Importance of Branding:

(i) It helps in product identification and gives ‘distinctiveness’ to a product.

(ii) Indirectly it denotes the quality or standard of a product.

(iii) It eliminates imitation of the product.

(iv) It ensures legal rights of the product.

(v) It helps in advertising and packaging activities.

(vi) It helps to create and sustain brand loyalty to a particular product.

(vii) It helps in price differentiation of products.

(viii) It helps the manufacturer for identifying the product.

(ix) It improves the effectiveness of product advertising and promotion. Product identity can be created easily which would help easy ‘Repeat Sales’.

(x) It helps to increase and control the share of market. A brand has distinct image and character that may make it more acceptable than a virtually identical competitor.

(xi) An accepted brand makes the introduction of new products easier and thereby helps in expansion of product mix.

Types of Brand:

There are two main types of brand-manufacturer brands and own-label brands.

1. Manufacturer Brands:

Manufacturer brands are created by producers and bear their chosen brand name, brand is marketed by manufacture. It is helpful in distribution of products in a wide area and to gain brand loyalty.

2. Own-Label Brands:

Own-label brands are created and owned by businesses that operate in the distribution channel – often referred to as "distributors". Sometimes the retailer's entire product range will be own-label. However, more often, the distributor will mix own-label and manufacturers brands. The major shopping mall and supermarket, have their own brands for example, Vishal Mega Mart is having their own label brand.

Product brands: Products (commodities) become branded products when you win awareness in the marketplace that your product has compelling characteristics that make it different and better than others in the product category.

Branding is a powerful tool that differentiates your offering in ways that create consumer preference and allow you to command premium pricing.

Service brands: Services are products that people buy sight-unseen. People buy services purely based on their trust that the person or business they're buying from will deliver as promised. If you sell a service or run a service business, you absolutely, positively need to develop and manage a strong, positive brand image.

Business brands: You can brand your business, itself, in addition to or instead of branding your products or services.

If you can only build one brand — and that's the best advice to any business that's short on marketing expertise or dollars — make it a business brand because this brand can attract job applicants, investors, and (maybe most importantly) customers.

Personal brands: Whether you know it or not, you have a personal brand. If people know your name or recognize your face, they hold your brand image in their minds.

Personality brands: Personality brands are personal brands gone big-time. They‘re individual brands that are so large and strong that they not only deliver wide-reaching personal celebrity but also create significant value when associated with products or services. Think Martha Stewart, Emeril Lagasse, or Oprah, and you're on the right track. Sure, these are all just people, but their names are associated with a superior quality and subject expertise that speaks to their personality branding.

There are many advantages to businesses that build successful brands.

These are:

a. Higher Prices:

For high branded products, consumers are prepared to pay a premium for products or services that simply deliver core benefits, they are the expected elements of that justify a core price.

b. Higher Profit Margins:

Businesses that operate successful brands are also much more likely to enjoy higher profits. A brand is created by augmenting a core product with distinctive values that distinguish it from the competition.

c. Better Distribution:

A brand differentiates itself from the competition, customer recognizes the added value in an augmented product and chooses that brand in preference, this creates demand and awareness in market, it is easy to distribute product in market.

d. Customer Loyalty:

Successful brands are those that deliver added value in addition to the core benefits. Alternatively, the consumer may be looking for the brand to add meaning to his or her life in terms of lifestyle or personal image. Brands such as Nike, Mercedes, Sony or Microsoft ensure guarantee of quality. Consistent high quality and performance generate customer loyalty.

Advantages of Branding:

The marketers draw the following benefits from branding:

(i) Distinctiveness or Product Differentiation:

A brand name creates a distinctive impression among the customers. For instance, different brands of soap such as ‘Cinthol’, ‘O.K.’, ‘Lux’, ‘Pears’, ‘Vigil’, etc. create different impressions upon the users, though the article is the same, i.e., soap. Thus, a branded product enjoy distinct or separate identity.

(ii) Market Segmentation:

Branding helps segmentation of the market on the basis of benefit-sought and provided to the customers. For example, Videocon has its name in the electronic industry in providing value for money for the economy class. In 1995, it introduced Bazooka version of TV for the middle level segment of the consumers.

(iii) Promotion and Advertising:

A brand name enables its holder to advertise his product without any difficulty. Once a brand name becomes popular, people remember it for long.

(iv) Wide Market: Branded products are quite popular and have wide market. The wholesalers and retailers readily handle the branded products which are advertised.

(v) Customer Loyalty:

Branding ensures better quality at competitive prices. Branded products are available in all parts of the country at uniform prices. This tends to create brand loyalty on the part of customers. They ask for the goods by their brand names such as Taj Mahal (tea leaves), Nescafe (Coffee), Tata (Iodised Salt), Natraj (Pencils), etc.

(vi) Protection against Imitation:

A registered brand name and mark is a protection against imitation by the other manufacturers.

(vii) Control Over Prices:

A manufacturer can easily control the prices of the branded products. He can fix the prices and print them on the packets containing the branded products. The retailers can't exploit the customers by over-changing.

(viii) Check on Adulteration:

Branded products are duly packed and sealed which prevents adulteration by the traders. Thus, consumers are assured of better quality products.

Branding is also advantageous from the point of view of customers as discussed below:

(i) Product Identification:

Branding helps the customers in identifying the products. For example, if a person is satisfied with a particular brand of a product, say Taj Mahal tea leaves or Lux beauty soap, he need not take a close inspection every time he has to buy that product. Thus, branding facilitates repeat purchase of the products.

(ii) Ensures Quality:

Branding ensures a particular level of quality of the product. Thus, customers can buy branded goods with confidence about their quality.

(iii) Easy Shopping:

Branding makes shopping easier because the consumer knows what product to buy. For example, if a person wants to buy Sony Television, he can go to Sony authorised dealer and buy the model of his choice.

(iv) Psychological Satisfaction:

Consumer buying differentiated brands feel satisfied not only with the physical product or service, but also psychologically. For example, if someone has already used BPL washing machine without any trouble or problem, then buying a three door refrigerator with BPL Brand will enhance his psychological satisfaction.

(v) Status Symbol:

Some brand names are advertised heavily and they create some sort of status consciousness among the consumers. The status conscious consumers get higher satisfaction from highly advertised branded products.

(vi) Uniform Price:

The retail price of a branded product is written on its packet. Thus, consumers cannot be cheated by the unscrupulous traders. Moreover, its price is same at every retail outlet.

(vii) Packaging:

The branded goods are generally packed in suitable wrappers or containers which facilitate easy handling by the customers. Moreover, packing also protects the goods from heat, moisture, etc.

Co-branding - Meaning, Types and Advantages and Disadvantages

What is Co-branding?

Co branding is the utilization of two or more brands to name a new product. The ingredient brands help each other to achieve their aims. The overall synchronization between the brand pair and the new product has to be kept in mind. Example of co-branding - Citibank co-branded with MTV to launch a co-branded debit card. This card is beneficial to customers who can avail benefits at specific outlets called MTV Citibank club.

Types of Co-branding

Co-branding is of two types: Ingredient co-branding and Composite co-branding.

Ingredient co-branding implies using a renowned brand as an element in the production of another renowned brand. This deals with creation of brand equity for materials and parts that are contained within other products. The ingredient/constituent brand is subordinate to the primary brand. For instance - Dell computers has co-branding strategy with Intel processors. The brands which are ingredients are usually the company’s biggest buyers or present suppliers. The ingredient brand should be unique. It should either be a major brand or should be protected by a patent. Ingredient co-branding leads to better quality products, superior promotions, more access to distribution channel and greater profits. The seller of ingredient brand enjoys long-term customer relations. The brand manufacture can benefit by having a competitive advantage and the retailer can benefit by enjoying a promotional help from ingredient brand.

Composite co-branding refers to use of two renowned brand names in a way that they can collectively offer a distinct product/ service that could not be possible individually. The success of composite branding depends upon the favourability of the ingredient brands and also upon the extent on complementarities between them.

Advantages and Disadvantages of Co-branding

Co-branding has various advantages, such as - risk-sharing, generation of royalty income, more sales income, greater customer trust on the product, wide scope due to joint advertising, technological benefits, better product image by association with another renowned brand, and greater access to new sources of finance. But co-branding is not free from limitations. Co-branding may fail when the two products have different market and are entirely different. If there is difference in visions and missions of the two companies, then also composite branding may fail. Co-branding may affect partner brands in adverse manner. If the customers associate any adverse experience with a constituent brand, then it may damage the total brand equity.

Co branding is a marketing partnership between at least two different brands which are independent providers of goods or services. This co branding effort can result in various type of promotions such as sponsorships or advertisements. The association will benefit both the brands more when they come together, rather than when they are promoted individually.

Example of Co branding

A typical example of an International co branding exercise is when Dell computers or HP computers advertise with Intel (or you can count it the other way around). Intel as a processor is known for its computing power and hence is assumed to be far above the rest. Naturally, when Dell claims that it has "Intel Inside" this benefits the brand tremendously.

On the other hand, Intel itself cannot keep advertising its processor because the processor on its own does not serve any function. It needs the whole computer to advertise. Thus, this co branding exercise has existed since years and will exist for the coming years. This is because Intel and Dell when advertised alone, will have lesser advantages as compared to when advertised together.

There are various forms of co branding which are as mentioned below

Same company co branding – Products from within the same company are co branded – HUL can promote a packet of Knorr soup with a packet of Bru coffee (both brands belonging to HUL)

Joint venture co branding – Giving discounts on selective Debit cards being used with a brand. For example – Snapdeal offering 5% discount on HDFC debit cards.

Multiple co branding – Wherein Multiple companies form an alliance to promote their products. This might be for a PR exercise or any form of promotion.

Retail co branding – When retailers tie up with each other to utilize resources better. One of the common alliance is between KFC, Taco bell and Pizza hut (all belonging to Yum Brands).

Promotional/ Sponsorship Co-Branding– This type of Co-Branding is very much seen in Entertainment Industry and Sports leagues where renowned brands sponsor the film award functions, sports, social events, etc. with the objective of creating the brand image.

E.g. The official sponsors of IPL league are DLf, Pepsi, Kingfisher, Vodafone, Set Max, ITC Group, Hero Honda, Citi Bank.

Value Chain Co- Branding

Product Service Co-Branding– Air India and American Express Co- Brand Card offer several reward points and tailored benefits to the flyers of Air India.

Supplier Retailer Co-Branding-Barista Lavazza offers free Wi-Fi services at its cafe through the tie-up with spectra net, the Shyam Group.

Alliance Co-Branding- Alliance of Etihad Airways and Jet Airways.

Innovation Based Co-Branding-Nike and Apple have come together through the invention of Nike+ footwear in which iPod can be connected with shoes that will play music and will tell the time, distance covered, calories burned and heart pace of an athlete.

One important aspect of Co branding is that both the brands should have equivalent Brand equity, otherwise it will not work. If one brand has lower brand equity, then it is affecting the higher brand equity of the other brand it is tying up with. If HUL for example ties up with a local brand, then HUL falls in bad light and seems like a needy brand. So HUL will always do co branding with an equivalent brand – a brand from which it derives benefit (this is business after all).

But the above is not true in all cases. There are cases where a brand might tie up with an inferior brand. This is known as Ingredient co branding. There are two types of co branding – Ingredient and Composite.

Ingredient co branding

When one brand is renowned but the other is not, yet they enter co branding. The objective of such a co branding exercise is to get the latter brand renowned. Example If a new detergent brand is introduced with Rin or Tide which are both famous brands. This is Ingredient co branding.

We see such Ingredient co branding occurring regularly especially in same company co branding because the company wants to promote its other, non famous brands.

Composite co branding

Composite co branding is what we observed in case of Dell and Intel – where both the brands are renowned and the composite result of combining the branding exercise is better then advertising the brand on its own.

An excellent example of Brand equities being developed due to Co branding was the recent tie up between BMW I8 and Louis Vuitton. BMW I8 was a concept car by BMW which was developed into a final product and was an ultra premium luxury car. Because it was ultra premium, Louis vuitton bags worth $20000 were given along with the BMW I8, thereby building brand equity for both – BMW for its ultimate product and its service of providing premium quality hand bags, Louis vuitton for the excellent quality of hand bags it gave.

Some advantages to a co branding exercise include

- Shared resources
- Reduced costs and hence higher margins
- Branding boost especially if both the brands are renowned
- Shared risk – All the risk is not bourne by one brand
- Better sales and better customer relations

- Financing becomes easier as two brands are intertwined.

There are several disadvantages to a co branding exercise

- If anything goes wrong, both the brands are affected
- Brand alliance might be positive or negative in consumers mind and might not achieve the desired effect.
- If 1 brand enters too many co brand exercises, it dilutes itself, and hence the other brands it has associated itself with.
- Consumers may prefer the bundling above the individual offering, thereby dropping the value when the co branding exercise ends.
- Consumers may not focus on the individual brand altogether, thereby causing the co branding exercise to fail.

Thus, keeping the above disadvantages in mind, Managers have to take the right decision whenever it comes to co branding exercises. The brands need to be aligned in the right manner to give a positive impact in the market. This can be done in the planning and tie up stage before the implementation of the co branding exercise.

Nike & Apple

Co-branding Campaign: Nike+

Athletic brand Nike and technology giant Apple have been working together since the early 2000s, when the first line of iPods was released.

The co-branding partnership started as a way to bring music from Apple to Nike customers' workouts using the power of technology: Nike+iPod created fitness trackers and sneakers and clothing that tracked activity while connecting people to their tunes.

The partnership has since evolved to become Nike+ -- which uses activity tracking technology built into athletic clothing and gear to sync with Apple iPhone apps to track and record workout data. Tracking transmitters can be built into shoes, armbands, and even basketballs to measure time, distance, heart rate, and calories burned.

It's a genius co-branding move that helps both parties provide a better experience to customers -- and with the popularity of fitness tracking technology, Nike+ is ahead of the curve by making it easy for athletes to track while they play.

Amazon & American Express

Co-branding Campaign: Amazon Business American Express Card

Ecommerce giant Amazon is a global enterprise with millions of users and almost two million businesses that sell on their platform. Amazon is looking to improve the way small businesses sell on their platform, so they've partnered with American Express on a co-branded credit card.

The card will help users buy goods and services, but also provide enhanced data insights on their purchasing activity. American Express and Amazon share a commitment to help small businesses grow in the U.S., and by combining their efforts, the two companies can enhance their performance while building brand trust.

MasterCard and Apple Pay

Both Apple and MasterCard understand that cashless transactions are where our society is headed. MasterCard became the first credit card company to support Apple Pay. This gave Apple an ample customer base to work with while it tweaked its service and gave MasterCard a brand new functionality that was exclusive to their customers. Apple has since teamed up with other major credit card companies to expand their user base.

UNIT-II-Strategic Brand Management Process

SYLLABUS

Unit – I : Strategic Brand Management Process – Building a strong brand - Brand Positioning – Establishing Brand Values – Brand Vision – Brand Elements - Branding for Global Markets - Competing with foreign brands

Strategic Brand Management Process

The process of strategic brand management basically involves 4 steps:

1. Identifying and establishing brand positioning. Brand Positioning is defined as the act of designing the company's offer and image so that it occupies a distinct and valued place in the target consumer's mind.

Key Concepts:

Points of difference: convinces consumers about the advantages and differences over the competitors

Mental Map: visual depiction of the various associations linked to the brand in the minds of the Consumers

Core Brand Associations: subset of associations i.e. both benefits and attributes which best Characterize the brand.

Brand Mantra: that is the brand essence or the core brand promise also known as the Brand DNA.

2. Planning and Implementation of Brand Marketing Programs

Key Concepts:

Choosing Brand Elements: Different brand elements here are logos, images, packaging, symbols, slogans, etc. Since different elements have different advantages, marketers prefer to use different subsets and combinations of these elements.

Integrating the Brand into Marketing Activities and the Support Marketing Program: Marketing programs and activities make the biggest contributions and can create strong, favorable, and unique brand associations in a variety of ways.

Leveraging Secondary Associations: Brands may be linked to certain source factors such as countries, characters, sporting or cultural events, etc. In essence, the marketer is borrowing or leveraging some other associations for the brand to create some associations of the brand's own and them to improve its brand equity.

3. Measuring and Interpreting Brand Performance Key Concepts:

Brand Audit: Is assessment of the source of equity of the brand and to suggest ways to improve and leverage it.

Brand Value chain: Helps to better understand the financial impacts of the brand marketing investments and expenditures.

Brand Equity Measurement System: Is a set of tools and procedures using which marketers can take tactical decision in the short and long run.

4. Growing and Sustaining Brand Equity: Key Concepts:

Defining the brand strategy: Captures the branding relationship between the various products /services offered by the firm using the tools of brand-product matrix, brand hierarchy and brand portfolio

Managing Brand Equity over time: Requires taking a long -term view as well as a short term view of marketing decisions as they will affect the success of future marketing programs.

Managing Brand Equity over Geographic boundaries, Market segments and Cultures: Marketers need to take into account international factors, different types of Consumers and the specific knowledge about the experience and behaviors of the new Geographies or market or market segments when expanding the brand overseas or into new market Segments.

Brand Positioning - Definition and Concept

Brand positioning refers to ―target consumer‘s reason to buy your brand in preference to others.
It is ensures that all brand activity has a common aim; is guided, directed and delivered by the brand‘s benefits/reasons to buy; and it focuses at all points of contact with the consumer.

Brand positioning must make sure that:

- Is it unique/ distinctive vs. competitors?

- Is it significant and encouraging to the niche market?
- Is it appropriate to all major geographic markets and businesses?
- Is the proposition validated with unique, appropriate and original products?
- Is it sustainable - can it be delivered constantly across all points of contact with the consumer?
- Is it helpful for organization to achieve its financial goals?
- Is it able to support and boost up the organization?

In order to create a distinctive place in the market, a niche market has to be carefully chosen and a differential advantage must be created in their mind. Brand positioning is a medium through which an organization can portray its customers what it wants to achieve for them and what it wants to mean to them. Brand positioning forms customer‘s views and opinions.

Brand Positioning can be defined as an activity of creating a brand offer in such a manner that it occupies a distinctive place and value in the target customer‘s mind. For instance- Kotak Mahindra positions itself in the customer‘s mind as one entity- ―Kotak - which can provide customized and one-stop solution for all their financial services needs. It has an unaided top of mind recall. It intends to stay with the proposition of ―Think Investments, Think Kotak. The positioning you choose for your brand will be influenced by the competitive stance you want to adopt.

Brand Positioning involves identifying and determining points of similarity and difference to ascertain the right brand identity and to create a proper brand image. Brand Positioning is the key of marketing strategy. A strong brand positioning directs marketing strategy by explaining the brand details, the uniqueness of brand and it‘s similarity with the competitive brands, as well as the reasons for buying and using that specific brand. Positioning is the base for developing and increasing the required knowledge and perceptions of the customers. It is the single feature that sets your service apart from your competitors. For instance- Kingfisher stands for youth and excitement. It represents brand in full flight.

There are various positioning errors, such as-

1. **Under positioning-** This is a scenario in which the customer's have a blurred and unclear idea of the brand.
2. **Over positioning**- This is a scenario in which the customers have too limited a awareness of the brand.
3. **Confused positioning**- This is a scenario in which the customers have a confused opinion of the brand.
4. **Double Positioning**- This is a scenario in which customers do not accept the claims of a brand.
5. **Brand positioning** describes how a brand is different from its competitors and where, or how, it sits in a particular market. These differences might be real ones, but not have any motivating qualities about them. They would still, however, give a brand a 'positioning' in a market. For example, a beer might have the positioning of being an 'Alaskan beer', but this might not be very motivating to the consumer.
6. If the positioning of being an 'Alaskan beer' is motivating to consumers then this value begins to accrue propositional values as well as positional ones. It begins to literally 'proposition' the consumer. Much of marketing research is in fact involved in the task of evaluating whether the positional characteristics of a brand (or a product) can be transformed into propositional ones. This is, in many ways, what marketing is.
7. The two terms - positionings and propositions - are often confused together because, of course, many values and terms have BOTH some positioning and some propositional aspects. The terms 'economy' and 'premium' are good examples of this. They can be used to describe a brand's positioning in a market, but they also deliver meaning and motivational qualities to consumers as well. Despite these degrees of overlap, the concepts of positioning and proposition are, however, still working along quite distinct dimensions. A positioning describes how a brand is different in a market. A proposition encapsulates what it might

mean to a consumer.

Brand Positioning is without doubt the most important element of your brand strategy. If your brand position is clearly and definitively selected and communicated (internally to your organization and externally to the market), your marketing program becomes more focused, effective and efficient, yielding an improved return on your marketing spend. However, many companies have not taken advantage of this key marketing discipline because they have internal politics, are misguided by their advisers or because they simply don't understand positioning. But this is a first step to driving clarity throughout the marketing function, and hence, improving the customer relationship.

Brand Positioning: What is it?

Positioning is a concept in marketing which was first popularized by Ries and Trout in their book Positioning - a Battle for Your Mind and then subsequently by Trout and Rivkin There are as many definitions of positioning as there are marketing experts.

"The message a company wants to imprint in the minds of customers and prospects about its product or service and how it differs from and offers something better than competitors." – Copernicus Marketing

• "Product positioning tells us how effectively we can compete within a target market." – Urban and Star

• "…the part of the brand identity and value proposition that is to be actively communicated to the target audience. Thus the brand position, which should demonstrate an advantage over competitor brands, represents current communication objectives." – David Aaker

Developing a Brand Position

Our goal in developing a brand position is to define a specific place that the brand will occupy in the mind of the consumer. The first step understands what makes up a brand position. The classic statement format that is usually the starting point for positioning is:

Target Market: Simply, who are you trying to attract? Without a defined target market (either singularly or in combination, if appropriate), completing the rest of the positioning statement is impossible. Brands are positioned in the mind of the consumer and, therefore, "Which consumer?" is the initial question you must answer to develop a clear and strong positioning for your brand. Your brand may appeal to more than one target market, but may need different positions against each of them. While these market-specific positions will be different from one another, they must also be harmonious, to avoid creating brand dissonance.

Category, Frame or Reference or Competitive Set: In order to determine what category, frame of reference or competitive set you will use to define your position, you need to understand, from the consumer (target market) point-of-view, the relevant options that they believe to be available. If you are a breakfast cereal, are you competing only with other breakfast cereals? Or are you competing with bagels, freezer pastries, and other bakery delights? What about bacon and eggs, omelets, and other hot breakfasts? The frame of reference further defines the market space in which you position your brand and facilitates clear definition and differentiation.

Differentiation: Sometimes called USP (unique selling proposition), brand promise or value proposition, differentiation is simply what makes your brand different and unique to other brands in the frame of reference, and the reason why consumers choose to purchase your brand. This is the key element of brand positioning, but can only be defined if you have good information on the other three elements. This is also where many brand positions come undone. A strong differentiation that clearly separates your brand from the competition is an asset that pays great dividends, a decision guide that increases operational efficiency and a behavior standard for your entire organization.

Proof or Supporting Points: Why should the target market(s) believe that you are the best or only brand that can deliver on your differentiation? What attributes do you have or benefits can you deliver to support your claim? In short, why should we believe you? Often, organizations can point to a myriad of details to support their differentiation claim. In the positioning statement, we want to pick the three to five points that most strongly support the claim and that are unassailable by competition. These key points then become key messages in your marketing communications.

How To Determine if Your Brand Position is Strong

Typically, organizations have several positions available to them. A strong brand position can pass through these four filters:

Relevance: Does the target audience care about your differentiation? Is it important in their purchase decision making?

Differentiation: Does the target market really believe you are different (superior) to your competitors? Are your competitors able to make the same claim? (One of the ways commonly used to test positioning statements is to substitute your competitor's brand name for yours. If it is still a true statement, then it is not a strong position. For example, a university said its differentiation was that they were "the only place where students can use their gifts." As that would also be true for just about any institute of higher education, this is not a strong positioning statement.)

Delivery: Can you actually deliver on the differentiation? Is this a promise you will be able to keep over time? There is a story of a bank who decided to position themselves as fast, the bank where you could get your business done quickest. It seemed like a good idea: after all, consumers wanted a fast bank and none of their competitors were making the claim that they were fastest. However, after looking at the financial analysis of what it would take in terms of additional staff, additional branches and additional ATMs, it became clear that there was no way to be the "fast bank" and still stay in business. The position was not deliverable.

Communication: I have no doubt that all marketers are able to communicate their positions — but the challenge may be the amount of resources it will take to communicate your position to the target market. If you have a highly technical position, will need to educate the market on your position or if you are going to have consumers change the way they do something, you had better plan on having significant resources available to achieve your position. Consider your company's typical marketing spend — and the likelihood of increasing it — when determining which position is optimal for your brand.

"4D's Rule" of strong brand positioning:

- Is it desirable by consumers?
- Is it deliverable by the company?
- Is it distinctive by the competition?

- Is it durable over time?

Luth Research has identified ten bases for positioning commonly in use:

- **Premium** – quality, exclusivity
- **Value** – cost effective, more for less
- **Traditional** – proven, stable, often evokes another time or place
- **Innovative** – new ideas, advances in technology or business practices
- **Lifestyle** – current or aspirational
- **Problem-solver** – satisfies unmet needs
- **Ease of Use** – convenient, simple
- **Stylish** – aesthetics
- **Performance** – excels in a critical area, out-performs competition
- **Biggest** – largest, most comprehensive

While these are not the only possible positions available for your brand, they do make great trigger suggestions for brainstorming. I recommend that you conduct a free-form brainstorming session, then introduce this list of positions, and then refine and augment your brainstorming.

Marketing Research for Developing Strong Brand Positions

Marketing research can be helpful in developing improved brand positions in many ways. Having real information (as opposed to hunches or guesses) can assist the organization to come to the decisions needed to build the brand positioning statement, clearing the way to resolve internal political battles. Some of the brand positioning elements where marketing research is helpful are:

- Defining the target market.
- Understanding the target market's current perceptions of your brand and competitive brands.
- Understanding the frame of reference — from the target market's perspective.
- Defining your brand's differentiation.
- Understand which proof points are most compelling for the target audience.
- Testing position statements.
- Ensuring that positioning materials are communicating effectively.

- Tracking and monitoring your brand position and ownership of your differentiation.
- Tracking and monitoring competitive brand positions and actions.

Brand Vision

Brand vision comprises three key components, namely:

1. Brand Values
2. Brand Future
3. Brand Purpose

BRAND VALUES

What are your values as a brand? Every successful brand represents a set of values.

For a company to be successful there must be a number of shared values behind a brand. Your company should adhere to all the core brand values across all situations.

This ensures your brand is well placed to give meaning to customers and employees. It provides the workers with a common cause, a reason to come to work every day. The brand also motivates the employees and makes them think out of the box.

Identifying your brand's values will help your customers to engage with your brand and business.

MAKE THE FUTURE HAPPEN

WHAT IS YOUR BRAND'S FUTURE

What possibilities does the future hold for your brand? How can you shape your future to manifest your brand's full potential?

For a brand to succeed long term, the management must have a good vision about the future. In other words, the team behind the brand should have a detailed forecast about what its future will look like, for instance in the next 10 years.

It is important to envision what happens next because managers should be encouraged to avoid incremental estimates - and to develop a creative and holistic view about their brand's future.

By thinking well into the future, your brand should not be overwhelmed by unexpected circumstances. Let your brand adapt accordingly and organically to realise the future you are hoping for.

THINK BIG

DISCOVER YOUR BRAND PURPOSE

Your brand's purpose is much more than just boosting shareholders' wealth or increasing profits. Instead, ensure your brand's purpose aims high - to include such lofty goals as making the world a better place, and what meaningful role your brand can perform in this respect.

Again, it is important to guide and motivate employees.

Organisations that have a well-defined brand purpose have a huge advantage over those that don't. This is because they stand for something and will always have something to share, and not just a product to sell.

Purpose-driven companies strive to make the world a better place and always stand for their values. Businesses should work hard to make the difference come to fruition.

WHY HAVE A BRAND VISION?

DISCOVER WHY IT IS IMPORTANT TO GET INSPIRED

Your brand vision is the ideas behind your brand that inspire you, your employees and your customers. They give a clear direction to your company.

Defining the values that your organisation will stand for is vital, as these set guidelines about the kind of behaviour that differentiates your company in the marketplace and allows your clients to instantly appreciate the promise of your brand.

A successful brand will always have certain core values as well as peripheral values that allow a brand to reflect and give voice to the changing societal atmospheres.

Successful brands do not just focus on their customers; instead, they are always thinking about their employees as well. It is extremely important to make sure all employees appreciate the brand values, and are dedicated to delivering those values.

Encourage everyone in your company to think about how they will help make the world a better place, and understand the kind of behavior that will allow your brand to achieve its goals.

- HOW TO CREATE YOUR BRAND'S VISION
- WHAT IS YOUR VISION FOR YOUR BRAND?
- WHAT DO YOU STAND FOR - AS A PERSON, AS A BUSINESS?

Take the time to understand the messages that you want your brand to communicate.

Start with clarity and purpose. Make a list. Collect images and motivational quotes.

Get excited - your customers will thank you for it. People admire and respect others who are knowledgeable, caring and genuine with regards to their business dealings.

Creating your brand's vision is one of the most important steps when it comes to brand management.

Crafting brand vision is a tactical process that requires the input of the brand's top managers as the vision determines the future of the brand. More often than not, marketers should make critical decisions about the future growth of the company. This is a major challenge since the brand must be expanded to cater to emerging opportunities in the market and also be focused on overcoming the existing challenges.

Poor brand vision can also create the issue of discontinuity for the company's strategies.

Generally, brand vision statements must be simple, clear and easy to remember.

The staff should be able to memorize the brand vision statements.

When crafting the brand vision, you need to keep the following tips in mind.

Think Big: while creating a brand vision for your company, marketers should have huge plans for the business. The vision should address all issues concerning the end consumer. The vision must motivate both the employees and customers alike.

Encourage Growth: marketers should craft a brand vision that will boost the growth of the business beyond the existing product categories.

Consistency: it is important for your brand vision to be consistent with the corporate strategy. For that reason, the top corporate managers should take part in creating the vision.

Regular Revision: while marketers draft brand vision for the long term, make sure that the vision is revised on a regular basis. These days, brands operate in a changing environment. Your vision should be revised according to the changing environment to ensure it is always relevant for the consumers.

Every business decision you make should be in accordance with your brand vision. Your brand vision needs to replicate the business strategy, stand out from competitors, motivate staff, resonate with consumers and guide your brand to meet its goals.

Brand Elements

A brand, just like living beings, has certain traits. These are –

Brand Associations

The intangible features like the logo, colour scheme, ambassadors, owners, etc. which are associated with the product. They help in the positioning of the product.

Brand Name

The part of the brand which gives it a spoken identity. Just like a person's name.

Brand Attributes

The characteristics of a brand. The core values of the brand. To be a strong brand the brand should have some characteristics (attributes) like relevancy, consistency, appeal, sustainable, credibility, etc.

Brand Identity

How an organization feels of its brand. It's basically an image of the brand from the company's point of view. That is, how it wants the customer to perceive its brand.

Brand Image

The image of the brand in the customers' mind. How they perceive the brand.

Brand Personality

Just like humans, brands have a way they speak and behave. Brand personality is basically the human personality traits of the brand. E.g. honest, caring, luxurious, etc.

Brand Voice

The way a brand speaks to its customers. It is that unique and constant feature included in every brand decision which makes your customer recognize it and differentiate it from others. (E.g. Sprite, in India, has a unique brand voice of being straightforward in everything) Brand voice gives rise to the personality.

Brand Positioning

Where does the brand stand among the competition? Positioning is the distinctive/unique position of the brand in the market/consumers' mind.

Brand Experience

How customers/consumers experience the brands when they search for, shop for, or consume the brand. It includes the sensations, feelings, responses evoked by a brand whenever the consumer interacts with it.

Brand Awareness

Brand awareness is the extent to which consumers are acquainted with a particular brand.

Brand Recall

Brand Recall is the ability of consumers to recognize the brand when the product category is mentioned. (E.g. coca cola is recalled when soft drinks are mentioned)

Brand Recognition

Brand Recognition is the ability of consumers to recognize the brand when asked questions about that brand or when shown products of that brand.

Brand Value

As the phrase states – Brand value is the value of the 'Brand' over and above the tangible product. That is, how much extra will a customer pay (in monetary terms) if he gets the product of a specified brand.

Brand Equity

The impact of a brand on the purchasing decision of a customer. Brand equity is a set of brand assets and liabilities linked to a brand, which adds to or subtracts from the value provided by a product or service. It is how the business is affected because of perceptions, attitudes, and preference of the customers towards the brand. Brand equity is difficult to estimate.

Brand Management

The process of maintaining and management of a brand.

Brand Culture

A theory where the brand operates as a culture. It has its own set of values, its guidelines, do's and don'ts, etc.

Brand Promise

The benefits and experience which a business promises to associate with a brand.

Brand Message

The message used to express the brand promise.

Brand Ambassador

A person/group of persons hired by the organization to represent a brand.

Managing Global Markets

Multinational companies typically operate with one of three brand structures: (a) a corporate-dominant, (b) a product-dominant, or (c) a hybrid structure. A corporate-dominant brand structure is most common among firms with relatively limited product or market diversity, such as Shell, Toyota, or Nike. Product-dominant structures, in contrast, are often used by (mostly industrial) companies, such as Akzo Nobel, that have multiple national or local brands or by firms such as Procter & Gamble (P&G) that have expanded internationally by leveraging their "power" brands. The most commonly used structure is a hybrid (think of Toyota Corolla cars or Cadbury Dairy Milk chocolate) consisting of a mix of global (corporate), regional, and national product-level brands or different structures for different product divisions.

In many companies, "global" branding evolves as the company enters new countries or expands product offerings within an existing country. Typically, expansion decisions are made incrementally, and often on a country-by-country, product-division, or product-line basis, without considering their implications on the overall balance or coherence of the global brand portfolio. As their global market presence evolves and becomes more closely interlinked, however, companies must pay closer attention to the coherence of their branding decisions across national markets and formulate an effective global brand strategy that transcends national boundaries. In addition, they must decide how to manage brands that span different geographic markets and product lines, who should have custody of international brands and who is responsible for coordinating their positioning in different national or regional markets, as well as making decisions about use of a given brand name on other products or services.

To make such decisions, companies must formulate a coherent set of principles to guide the effective use of brands in the global marketplace. These principles must define the company's "brand architecture," that is, provide a guide for deciding which brands should be emphasized at what levels in the organization, how brands are used and extended across product lines and countries, and the extent of brand coordination across national boundaries.

Determinants of Global Brand Structure

The kinds of issues a company must resolve as it tries to shape a coherent global branding strategy reflect its globalization history—how it has expanded internationally and how it has organized its international operations. At any given point, the structure of a brand portfolio reflects a company's past management decisions as well as the competitive realities the brand faces in the marketplace. Some companies, such as P&G and Coca-Cola, expanded primarily by taking domestic "power" brands to international markets. As they seek to expand further, they must decide whether to further extend their power brands or to develop brands geared to specific regional or national preferences and how to integrate the latter into their overall brand strategy. Others, such as Nestlé and Unilever, grew primarily by acquisition. As a consequence, they relied mainly on country-centered strategies, building or acquiring a mix of national and international brands. Such companies must decide how far to move toward greater harmonization of brands across countries and how to do so. This issue is particularly relevant in markets outside the United States, which often are fragmented, have small-scale distribution, and lack the potential or size to warrant the use of heavy mass-media advertising needed to develop strong brands.

Specifically, a company's international brand structure is shaped by three sets of factors: *(a) firm-based characteristics*, (b) *product-market characteristics*, and (c) *underlying market dynamics*.

Market Dynamics

Finally, while the firm's history and the product markets in which it operates shape its brand structure, market dynamics—including *ongoing political and economic integration, the emergence of a global market infrastructure, and consumer mobility*—shape and continually change the context in which this evolves.

Increasing political and economic integration in many parts of the world has been a key factor behind the growth of international branding. As governments remove tariff and nontariff barriers to business transactions and trade with other countries, and as people and information move easily across borders, the business climate has become more favorable to the marketing of international brands. Firms are less frequently required to modify products to meet local requirements or to develop specific variants for local markets and increasingly can market standardized products with the same brand name in multiple country markets. In many cases, harmonization of product regulation across borders has further facilitated this trend.

The growth of a global *market infrastructure* is also a major catalyst to the spread of international brands. Global and regional media provide economical and effective vehicles for advertising international brands. At the same time, global media help lay the groundwork for consumer acceptance of, and interest in, international brands by developing awareness of these brands and the lifestyles with which they are associated in other countries. In many cases, this stimulates a desire for the brands that consumers perceive as symbolic of a coveted lifestyle.

The globalization of retailing has further facilitated and stimulated the development of international manufacturer brands. As retailers move across borders, they provide an effective channel for international brands and, at the same time, increase their power. This forces manufacturers to develop strong brands with an international appeal so that they can negotiate their shelf position more effectively and ensure placement of new products.

A final factor shaping the context for international branding is increased consumer mobility. While global media provide passive exposure to brands, increasing international travel and movement of customers across national boundaries provides active exposure to brands in different countries. Awareness of the availability and high visibility of an international brand in multiple countries enhances its value to consumers and provides reassurance of its strength and reliability. Increased exposure to, and familiarity with, new and diverse products and the lifestyles and cultures in which they are embedded also generate greater receptivity to products of foreign origin or those perceived as international rather than domestic. All these factors help create a climate more favorable to international brands.

Competing with foreign brands

To create an effective global brand structure capable of spanning operations in different countries and product lines, companies must clearly define the importance and role of each level of branding (corporate, product division, or product brand level), as well as the interrelation or overlap of branding at each level. They should also determine the appropriate geographic scope for each level relative to the firm's current organizational structure. To be effective, such "architecture" should satisfy three key principles: *parsimony, consistency, and connectivity*.

Parsimony requires that the brand architecture should incorporate all existing brands, whether developed internally or acquired, and provide a framework for consolidation to reduce the number of brands and strengthen the role of individual brands. Brands that are acquired need to be melded into the existing structure, especially when these brands occupy similar market positions to those of existing brands. When the same or similar products are sold under different brand names or are positioned differently in each country, ways to harmonize these should be examined.

A second important element of brand architecture is its consistency relative to the number and diversity of products and product lines within the company. A balance needs to be struck between the extent to which brand names differentiate product lines or establish a common identity across different products. Development of strong and distinctive brand images for different product lines helps establish their separate identities. Conversely, use of a common brand name consolidates effort and can produce synergies.

The value of corporate brand endorsement across different products and product lines and at lower levels of the brand hierarchy—a brand's connectivity—also needs to be assessed. The use of corporate brand endorsement as either a name identifier or logo connects the different product brands to the company and helps provide reassurance to customers, distributors, and other value-chain partners. Implemented well, corporate brand endorsement can integrate and unify different brand identities across national boundaries. At the same time, corporate endorsement of a highly diverse range of product lines can result in dilution of image. Worse, if one product brand is "damaged," corporate endorsement can spread the resulting negative effects or associations to other brands in the portfolio and create lasting effects across multiple product lines. Thus, both aspects need to be weighed in determining the role of corporate brand endorsement in brand architecture.