Marketing: Brand Management

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Today we are going to discuss a very important and contemporary topic in Marketing Management, i.e., Brand Management.

1. **Evolution of Brands:**

To begin with, let us go through a brief history of the word 'brand'

The word 'brand' is derived from an ancient Norse word that means "to burn." The word refers to the practice of medieval period traders and craftsmen of burning their marks (brands) onto their products.

By the !6th century, the word brand referred to burning a mark on the cattle and livestock to show ownership and to identify lost or stolen livestock. Each livestock owner developed a unique "logo" so they could easily identify their livestock within the herd.

In the early 19th century, the world witnessed an increase in the mass production and shipment of traded goods. The larger became the batches, the harder it was to distinguish one batch from the next, so producers stamped their logos onto their crates to demarcate their shipments.

By the late 19th century, because of legal developments across Europe and the United States, It became possible to register a trademark so that a company could prevent other businesses from using similar marks and logos to confuse consumers as customers discern one company's products from another's.

As the 20th century progressed, Brands themselves became valuable. People started associating brands with ideas and emotions. People began buying brands that represented what they believe in. The world also saw an upsurge in Advertising which helped in promoting the benefits of brands.

Towards the end of 20th century, Brand recognition became the most important focus for companies, as competition started to sharply rise and distribution channels became global. Corporate branding also began to evolve into creating culture. We started to see advertising agencies turn into branding

consultancies, and corporations start working directly with political groups, non-profits organizations and celebrities.

2. Definitions of Brand:

Famous advertising guru David Ogilvy defined brand as, “The intangible sum of a product's attributes: its name, packaging, and price, its history, its reputation, and the way it's advertised.”

The Dictionary of Brand defines brand as “a person’s perception of a product, service, experience, or organization.”

And finally, according to the American marketing Association, “A **brand** is a name, term, sign, symbol, or design, or combination of them, intended to identify the goods or services of one seller or group of sellers, and to differentiate them from those of competitors.”

Basically, a brand is a promise by the marketer to deliver a specific set of benefits or attributes to the buyers. A brand also reflects the following 4 important issues:

1. **Values**: The values that govern the firm are reflected by a brand, for example, Tata stands for superior quality, fair pricing etc.
2. **Culture**: Brand also represents a certain culture, for example, Coke is an icon of American culture, while Patanjali represents a typical Indian culture.
3. **Personality**: A brand projects or identifies with a personality, for example, Raymond projects the personality of a ‘complete man’
4. **User**: The brand also suggests its own target audience, for example, we know that Elle 18 is a brand for teenage girls.

Now, we will discuss the various branding strategy decisions to be taken by a marketer:

Brand Name:

The first and foremost decision that a marketer faces is whether or not to develop and establish a brand name for a product. In the past we have seen many products being sold as generic ones, i.e., without a brand name. However, today, branding has become such a strong phenomenon that it is difficult to find an un-branded product being sold.

While Choosing a brand name, there are four broad strategies used:

1. **Blanket family names**: in this strategy, the company uses its name as a blanket family name for a diverse range of products. Tata follows this strategy. The Tata brand name is associated with products ranging from automobiles and steel to salt, tea and coffee.
2. **Family name combined with individual product names**: HP, Kellogg's, Sony etc. are good examples of this
3. **Separate family names for different product lines**: Aditya Birla group is a good example of this strategy. They have, Hindalco for aluminium products, Ultra-tech for cement, Grasim for suiting etc.
4. **Individual names**: Proctor and Gamble India uses many individual names for different products like, Vicks, Whisper, Pantene, Head & Shoulder etc.

It should be noted that it is very unlikely to find examples of any company using any of the four strategies in their pure forms. Companies use combinations of these strategies.

Other important branding strategies are, brand extension and brand portfolio decisions.

Brand Extension:

Now let us talk about Brand-Extensions:

Many marketers are tempted to take advantage of their most valuable asset, i.e., their strongest brand names, by adding a number of new products using the same brand name.

A typical brand extension is when a marketer uses the same brand name for a different product that may or may not be related to the existing product line. For example, Colgate brand is used for tooth pastes, tooth brushes, mouth-wash and other oral hygiene products. Originally, however, the original product line was just toothpaste.

There are **three** main advantages of using the same brand name for new products.

1. Since the brand name is already established, the marketer does not have to spend much towards creating brand awareness and brand association for the new product. For example, Nike doesn't have to spend heavily on advertising for it's clothing line that includes T-shirts, Lowers, caps and other accessories.
2. In case the original brand has a strong consumer acceptance, then same perception is carried over to the new product.
3. When brand extension is used for complementary products, because of the pre-existing synergy between the products can increase over-all sales. For example, clothing brands like Van Heusen also sell complementary products like belts.

Disadvantages of Brand Extension:

On the other hand, a far-fetched brand extension might adversely affect consumers' perceptions about the attributes that the core brand holds. This is called 'brand dilution'. Al Ries and Jack Trout, in their famous book, 'Positioning: The Battle for Your Mind' call this the 'line-extension trap'.

Brand Portfolio:

There is a limit to which a brand can be stretched and extended. This leads the marketers to create multiple new brands. Introducing new brands maybe done also because of:

1. Increasing shelf presence
2. Attracting variety seeking consumers (who may otherwise shift to competing brands)
3. Increasing internal competition within the company, and,
4. Achieving economies of scale in advertising, sales promotion, and physical distribution.

Hence the marketer creates a portfolio of brands. A brand portfolio is the set of all brands and brand lines that a marketer offers for sale in a particular category or market segment.

In a successful brand portfolio, each brand has the ability to maximize equity in combination with all the other brands in the portfolio. On the other hand, it is imperative that the marketers must carefully monitor their brand portfolio to identify weak and unprofitable brands and plan to kill them. Brand lines that are not well differentiated, tend to cannibalize, hence require some pruning from time to time.

Brand Equity:

Now let us briefly discuss the concept of brand equity:

`A brand is deemed as an asset just as any other asset for a company. However, a brand does not become an asset as soon as it is born. It develops over time consuming lot of effort and cost for the company. Also, a brand requires continuous maintenance, improvement and upgradation.

The term brand equity is explained by different authors from different perspectives. Here I am giving a couple of such explanations.

Upshaw, deems Brand Equity as 'the total accumulated value or worth of a brand'. David Aaker calls brand equity as a set of assets associated with a brand. These assets are: **Brand awareness, Brand Loyalty, Brand Associations and Perceived quality**.

Keller, while discussing brand equity, focuses on the relationship of a brand with consumers. According to him, Consumer based brand equity is "the differential effect that brand knowledge has on consumer response to the marketing of that brand". Philip Kotler also agrees with this approach. Kotler defines Brand equity as "the added value endowed on products and services."

Consumer -based brand equity is based on three key ingredients:

1. Brand equity arises from difference in consumer response.
2. Such differences in consumer response occur due to the consumers knowledge about the brand. Brand knowledge comprises of thoughts, feelings, images, experiences, beliefs etc.
3. This differential response by the consumers is reflected in consumer behavior towards that brand.

Measurement of Brand equity:

There are two broad approaches: (a) the indirect approach assesses potential sources of Brand equity by identifying and tracking brand knowledge structures. (b) Direct approach assesses the actual impact of brand knowledge on consumer response to different aspects of marketing. Managers use techniques of Brand audit and brand tracking studies to measure brand equity. Brand valuation measures the total financial value of a brand. Various consumer research and consultancy firms conduct surveys to measure brand equity as well as brand valuation.

After today's talk, I believe you are now able to understand the concept of a brand and brand management. We will take up another contemporary topic for our next talk.

Thank you for listening.

Have a good day.