BRAND MANAGEMENT

Brand Management - Meaning and Important Concepts

BRAND:A brand is the set of product or service attributes imbibed in the consumer's mind in the form of a name, symbol, logo, design and trademark. The importance of brand management is:

- Product differentiation from competitors
- Building corporate image
- Creating bundle of benefits for different product categories
- Attract and retain the most loyal customers

Brand management begins with having a thorough knowledge of the term "brand". It includes developing a promise, making that promise and maintaining it. It means defining the brand, positioning the brand, and delivering the brand. Brand management is nothing but an art of creating and sustaining the brand. Branding makes customers committed to your business. A strong brand differentiates your products from the competitors. It gives a quality image to your business.

IMPORTANCE OF BRAND MANAGEMENT

A brand represents who your company is and what it stands for. This includes your name, logo, messaging, merchandise, design, and any other feature that identifies your company and its products and service and makes it distinct from others. With your brand you are developing a promise, conveying the message of this promise and then maintaining it.

Brand management is the science of crafting and sustaining a brand. This means defining the brand, positioning the brand, and delivering the brand value constantly. Branding creates customer commitment to your business. A robust brand differentiates its products from the competitors and gives your business a leg up on the others, allowing you to increase sales and grow your business.

Brand management includes handling both the noticeable and intangible characteristics of a brand. When it comes to product brands, this includes the product itself, packaging, pricing, availability, etc. With service brands, tangibles include customers' experience. The intangibles include emotional connections and expectations with products and services. Branding also involves assembling a blend of the right marketing campaigns to create and reinforce your identity. If done right, you can even create a brand that is able to break through the noise and create brand loyalty.

Your brand should:

- Make your product or service distinctive from the competition
- Identify what customers can only get from your brand (Don't camouflage your strengths!)
- Trigger instant recognition with customers and prospects
- Position yourself as an expert
- Be present when and where it matters (Queue your integrated marketing campaigns)
- Remind people of the reputation for which you are known. Show up locally to reinforce this
- Place your company top-of-mind with your audience
- See better return on investment, more brand awareness
- Capitalize on mind share to help drive sales

Why Brand Management Matters

Customers will recognize your company, your product, your service and your status through your brand. You can build an incredible brand through messages, images and ads but whether you realize it or not, your company is creating this reputation with everything that you and your local affiliates do. So you need to make sure you are consistently living up to your brand promise each and every day.

The most important part of brand management is ongoing maintenance and control. Proper brand management involves making sure that each promotional piece, touch point and every usage of your name, logo and message supports your organization and goals by reinforcing your brand in the way you intended. This allows you continue to strengthen the association your brand imprints on your customers. Even the best brands can fall apart if not managed properly.

Many large corporations hire a full-time brand manager to ensure the brand is held in high regard, and not diminished or misused. Even with a brand manager, developing high quality promotional pieces that consistently strengthen your brand and controlling its use can be a challenge for anyone.

Managing your Brand Throughout Your Channel

Brand management becomes even more challenging once you additional parties. If you're a brand that sells your products or services through resellers, VARs, agents, distributors or other local affiliates, you know this better than anyone. Local affiliates are notorious for using out of date information, old logos and off-brand messaging if they aren't provided the content they need. And brands generally don't have the visibility or control at the local level to police their brand. So what is a brand to do?

Revenue helps brands manage the chaos of local marketing by enabling them to distribute the content, tools, data and funds needed to activate and empower channel partners to market effectively – all with complete control and visibility to activities and results.

Branding is more about following rules because if you don't follow those rules, things don't look the same and people won't remember you. When you put out your marketing pieces, you want to create a similar look and feel so that people remember you. And you want that similar look and feel on every piece you put out.

The good thing is that you get to make the rules…colors are the same, style of lettering is the same, logo, etc. However, there is some flexibility as long as you follow the rules. You can't go too far out of bounds, but you can change some things within the framework of what others can still recognize.

Branding in your marketing has to make you feel something. A technology company can't have an old-style font — you might not think that they are very advanced.

A brand consists of eight basic building blocks:

- The name
- The logo (brand icon)
- The brand's colors
- The slogan and brand messaging
- The sound of the brand
- The overall look and feel = the brand's position
- Packaging the brand
- The brand experience

A brand is a greater sum of its parts. It is always more than just the nuts and bolts, the pieces; great brands are always the result of the whole equaling more than the sum of its parts.

Branding is about making the consumer or buyer more hip, more in the "know," more cool than anybody else. We are a generation and a nation wanting to be special. We want to be richer, more beautiful, better dressed, and more effortlessly gorgeous than any other generation that we know.

Benefits of Branding

Your business needs to create a positive image in the minds of consumers. Contrary to what most people believe, branding isn't just a logo. Your business's purpose, focus, and image all combine to create your brand. Why should you make this effort? Below are a few benefits:

- **You are remembered:** It's hard to remember a company with a generic name. You may not be able to distinguish their purpose and business focus. And why would you call a company if you couldn't tell what they did? Branding your business ensures that consumers will know what you're about.
- **You gain customer loyalty:** The fact is, people build close bonds with brand identities. Consumers want quality products that they can trust. So, your business should have an identity that your customers can cling to. If your company delivers great products and services and has a great brand identity, people will remember you. Additionally, they will often refer you to friends and family.
- **You become well-known:** You want the people who have not done business with you to still know who you are and what you do. If they see your ads on billboards, hear them on the radio, see them on television, or any other media, they will know your brand identity. And when the time comes that they need your product or service, your company will be the first to come to mind.
- **Consumers pay for image:** We are a very brand-aware society. People commonly associate brand names with quality and may only buy certain brands for that reason. If people only want one brand of a particular product, they are willing to pay a higher price. Having a great brand will make your company have a superior image and cause consumers to forget about the competition.

When you have distinguished your business through branding, the marketing has the capability of becoming so profound that little else is necessary. Developing your brand takes time and effort, but after it has been solidified, and after customers have had the chance to identify with it, your sales can increase naturally. You won't have to spend as much time planning marketing strategies to attract the public.

Online Branding

Branding, as a whole, is essential for any serious business because a company's brand is what distinguishes it from its competitors. In today's computer age, it is necessary for most businesses to have an online presence to stay competitive. Effective Internet branding, just like its offline counterpart, helps bring awareness to your unique business offering and drive customer demand.

While Internet branding offers huge opportunities for business, in order for it to be effective, one needs to attract and engage its customers. This isn't easy on the Internet. Branding is not as easy as putting up a website and adding your company logo and slogan. Your Internet branding strategy should make your online brand noticeable and apparent.

Branding utilizes hi-tech tools to create an online presence for your business. Graphics and animation, compelling web copy, and overall website design that reflect your company are some of the important elements that will bring your online brand alive. An attractive website that helps customers easily and quickly find the information they need is the key to getting customer interaction and eventually, business. Your branding plan should include good design elements and ease of use to create an effective overall impression.

A strong online image will make the difference between a customer who buys from you online or switches to your competitors. Remember that online customers can just leave your website and go to your competitors with the click of a mouse. A lot depends on the impression they get from your website. Branding seeks to convey an immediate unique message about your business to your target clients.

Promoting Your Brand

If you haven't already initiated a brand for your company, now might be the time. Use these simple techniques in the promotion of your special brand.

- **Make your brand as unique as possible:** Catch the eye of the public by creating something different — something that people have not yet seen. Instead of doing what has already been done, go the opposite direction and be creative. Don't forget the legal dangers of copyright infringement related to borrowing or stealing from another firm's design.
- **Display stability:** Take time in the development process to establish your brand and accomplish the look you really want. It's better to spend sufficient time in the beginning fine-tuning your design for the desired outcome rather than to play with it after it's been revealed to the public. Changing your brand, and all that's involved with it, including colors, slogans, logos, and tag lines, doesn't support an image of reliability and longevity.
- **Stability should be maintained with branding:** If you have integrated a brand into your company's marketing, use it all over the place. It should appear on all of your marketing materials, business cards, website, and printed items. The same is true for your packaging. Your brand should appear on all of your products.

- **Give your brand away to the public with diverse promotional products:** You can help your brand to saturate the consumer population by handing out precious, yet low-cost, items. Promotional products encourage possible customers to keep in mind your brand and your gift every time they are used.

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 DECISIONS

Brand decisions, simply put, are decisions that one makes about a certain brand you are building or promoting. Yes, this sounds like a very general definition, but this is mostly because brand decisions definitely cover a lot of ground.

Let’s take a look at the four major branding decisions:

1. Brand Positioning

Brand positioning concerns how you want customers to perceive the brand as compared to its competitors. Your brand can be positioned based on these three things:

- **Attributes**

This can be considered as the lowest level in terms of brand positioning. It mainly concerns the physical attributes of the brand, such as the colors used, the overall design, and anything similar. If you are marketing a car, for example, this would mostly involve whether you’re selling as SUV or a sedan, and the colors that it would be available in.

Evidently, this is not exactly something that would set the brand apart from its competitors considerably because it is always easy to change and mimic physical attributes. This is why this has to work hand in hand with other factors that determine positioning.

- **Benefits**

The set of benefits that the target market would enjoy would also be part of brand positioning. Going with our previous example, this would cover the car’s safety features, speed capabilities, and other similar specs.

- **Values and Beliefs**

Because benefits and attributes can be shared between competitors, the challenge really is to create a deep emotional connection between the brand and the market. This is where a brand’s set of values and beliefs would come in.

A great example of this is Coca-Cola. Their annual Christmas campaigns have become a cultural phenomenon, which endears them to families all over the world. This shows that they value tradition, which makes the brand an even greater hit during the holidays.

2. Brand Name Selection

This is a particularly tricky process, but coming up with the right decision could make or break your success. The name of the brand has to be distinctive, catchy, and easy to remember.

In the past years, you have seen brands that focus on catching attention – Yahoo! and Google are perfect examples. However, this trend has changed dramatically. Today, a lot of brands choose to pick names that carry real definitions. Quora, for example, is the plural of "quorum", which pertains to the minimum number of people required before a group can make any decision or conduct business. Also, one of its founders, Charlie Cheever, mentioned that the word is also cool in the sense that it starts with a "Q" and ends with an "A", which pretty much sums up what people do on the website.

3. Brand Sponsorship

When it comes to brand sponsorship, you would have to think about choosing among four options. Would you like it to be a manufacturer's brand, a private brand, a licensed brand, or a co-brand?

- **Manufacturer's Brand**

Going for a manufacturer's brand would mean marketing your own output. For example, Sony would still be selling the products they manufacture as Sony TVs or Sony cameras. Now if they start manufacturing products to be sold to resellers who will not be using the Sony brand, then these resellers would be using a private brand.

- **Private Brand**

Private brands have become bigger in recent years because consumers have also become less brand-conscious and more practical. Evidently, products that carry a popular brand name would be more expensive compared to private brands.

- **Licensed Brand**

Licensed brands are companies that use a certain name or symbol that is not necessarily created by a single manufacturer. Hello Kitty, Disney, and Star Wars are perfect examples of licensed brands. You have hundreds of manufacturers creating products that use these brands.

- **Co-Brand**

Co-branding would mean putting two brands together for a single product. A great example here would be Nestle's coffee machines. Obviously, it wasn't Nestle who manufactured Nespresso. Instead, they had other brands like Siemens and DeLonghi working on these machines.

4. Brand Development

Brand development covers four different sectors:

- **Line Extension**

If the product is just an addition to a current offering, this can be considered as a line extension. This means that you don't have to think of a separate brand name for the new product. A great example is Cherry Coke.

Although this could be a practical option, its use is also highly discouraged if you already have quite a lot of products under a single brand. Aside from the fact that it could be confusing, there is also a risk of the original branding losing its rea meaning.

- **Brand Extension**

When you say brand extension, it means coming up with an entirely new product line, but still under the same brand. Kellogg's did this with their Special K line, with an entire set of cereals, biscuits and other similar products under it.

The advantage here is that you group the products accordingly, taking away the potential confusion that a simple line extension presents. However, if the new product line receives bad publicity or does not work out, there is also a risk of the original brand being dragged down.

- **Multibrand**

Huge companies apply the multibrand approach, which means that they have separate product lines and market several brands under each category. In the USA alone, for example, Procter & Gamble sells 5 different shampoo brands. This allows them to have a separate brand offering to different market segments.

- **New Brand**

Evidently, any new brand would fall under this segment. However, older manufacturers and businesses could also use this approach if their new product does not fit into the existing brands they already have. This can also be used when the existing brands do not have the same power or appeal that it used to have, or its owners were hoping they would have.

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:

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

Importance of Brand Awareness

A brand is the meaning behind your company's name, logo, symbols and slogans. Having a unique and memorable brand helps you build brand awareness and create a long-term position in the marketplace. Brand awareness is a measure of how well your brand is known within its target markets.

First Step

Creating brand awareness is usually the first step in building advertising objectives. Before you can create a favorable impression or motivate customers to buy, they have to become aware of your brand and its meaning. Marketing messages delivered through various media are often used to communicate the brand name and important messages tied to its products. Making people aware that you exist helps drive traffic to your business and create a buzz in the market.

Top of Mind

The highest level of brand awareness is top of mind awareness. This is when customers think of you first when they need to make a purchase within your product category. You can build top of mind awareness through repeated exposure and consistent delivery of a good product or service over time. This is a huge advantage in the market when customers enter a buying situation and your brand immediately comes to mind first.

BRAND IMAGE

Today's generation is quite impressionable and hence in order to enhance their personality, or to meet social standards, they gravitate towards branded products that are creating a stir in the market. This brand image is simply an impression or an imprint of the brand developed over a period of time in the consumer's mindset.

This image of a brand is ultimately a deciding factor that determines the product sales. The brand image is very important, as it is an accumulation of beliefs and views about that particular brand. The character and value of the brand is portrayed by its image, as it is the main component in the scheme of things.

The brand image is eventually the mirror through which the company's key values are reflected.

Example of brands with strong Brand **image**

Every brand tries to create an image that will take its company and products forward and for this, they spend lots of money and implement many creative ideas.

For example, Colgate is a brand name known in every Indian household. The brand has been able to create an image that defines trust, hope and belief. The consumer is convinced that the usage of Colgate products will give satisfactory results.

The mindset of customers is set that using Colgate toothpaste will take care of their teeth and using the product will result in better health and oral care. Thus, when in the market, the consumer will mostly buy Colgate, as the brand Colgate has been synonymous with trust. Similarly, if there is another brand image etched in the consumers mind, he will buy that particular product.

Other brands with strong brand image are

- Apple
- Google
- Adidas and many others

Even advertisements related to a brand try to build a strong image of the brand so as to get across the fact that the brand can be trusted and hence people can rely on them. A branded product that has an encouraging reputation and image saves a consumer's time and energy.

As the brand is an established one, the clients are sure that, the products have already been tested and approved and now the company will provide them the best possible service and merchandise.

Advantages of building a strong brand image

- The perception of a consumer towards a particular brand is in direct relation to the image of the brand.
- Having a strong brand image directly impacts the consumer buying behavior, and hence premium brands as well as top brands have a target of building a strong and positive image of the brand.
- A positive brand image can make the decision process easier, thereby promoting a lot of repeat purchases as well as primary purchases.
- A promising brand image conveys the success of the product and gives results with increased sales and revenues.
- A positive image gives confidence to the customers as they feel that the brand is sincere and clear in its vision to create the best.
- It is possible to build brand image with strong advertisements because of which companies are promoting their products through various famous personalities to enhance their image of brand.

Disadvantages

Let us count on the disadvantages first before getting into what all is good about brand image

- If an organization is unable to depict a satisfactory brand image, then the consequences can be felt quickly. The brand might fail in the short term itself if the brand image created is negative.
- The product is principally dependent on its brand image and unfavorable or negative image results in the disgrace of the company, and later on bringing the same brand becomes difficult.
- The main disadvantage of a brand image is that the brand and its products will always be identified with the image until further changes in the brand image are impelled.
- If in any circumstances the image is compromised, then sales and revenues will also be hampered and therefore it is necessary to gather a right team that will create and regularly maintain the brand image of a product.

Film stars like Priyanka Chopra, Ranbir Kapoor, Sonam Kapoor, Shahrukh Khan and Salman Khan, Sports stars like Sachin Tendulkar, M S Dhoni, and Virat Kohli are part of many advertisements. These personalities help to create and maintain valuable image for the brand that proves beneficial in the long run.

The main advantage is that a customer is secure in the knowledge that the brand is dependable and will provide him/her maximum benefits. The honor of a company is replicated by its brand image and it is this image that a person looks towards at. Hence, brand and its image are very important for the success of a company.

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 POSITIONING

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 focusses 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.

ATTRIBUTE POSITIONING

Positioning by product attributes and benefits: It is to associate a product with an attribute, a product feature, or a consumer feature. Sometimes a product can be positioned in terms of two or more attributes simultaneously. The price/quality attribute dimension is commonly used for positioning the products.

POSITIONING BY PRODUCT ATTRIBUTES AND BENEFITS

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A common approach is setting the brand apart from competitors on the basis of the specific characteristics or benefits offered. Sometimes a product may be positioned on more than one product benefit. Marketers attempt to identify salient attributes (those that are important to consumers and are the basis for making a purchase decision)

- Consider the example of Ariel that offers a specific benefit of cleaning even the dirtiest of clothes because of the micro cleaning system in the product.
- Colgate offers benefits of preventing cavity and fresh breath.
- Promise, Balsara's toothpaste, could break Colgate's stronghold by being the first to claim that it contained clove, which differentiated it from the leader.
- Nirma offered the benefit of low price over Hindustan Lever's Surf to become a success.
- Maruti Suzuki offers benefits of maximum fuel efficiency and safety over its competitors. This strategy helped it to get 60% of the Indian automobile market.

POSITIONING BY PRICE/ QUALITY

Marketers often use price/ quality characteristics to position their brands. One way they do it is with ads that reflect the image of a high-quality brand where cost, while not irrelevant, is considered secondary to the quality benefits derived from using the brand. Premium brands positioned at the high end of the market use this approach to positioning.

Another way to use price/ quality characteristics for positioning is to focus on the quality or value offered by the brand at a very competitive price. Although price is an important consideration, the product quality must be comparable to, or even better than, competing brands for the positioning strategy to be effective.

Parle Bisleri – "Bada Bisleri, same price" ad campaign.

POSITIONING BY USE OR APPLICATION

Another way is to communicate a specific image or position for a brand is to associate it with a specific use or application.

Surf Excel is positioned as stain remover ' Surf Excel hena!'

Also, Clinic All Clear – "Dare to wear Black".

Price Quality approach of Positioning

The price quality approach of positioning uses the relation between price and quality such that it optimally prices a product according to the quality of the product to keep the product higher in the customers mind. Pricing does not need to be high for higher positioning. For example – Walmarthas positioned itself in the minds of its customer using low pricing rather than high pricing.

Lets review the basics. What is positioning? We know that positioning is related to what perception a customer forms in his mind for your product. Both pricing and quality play a crucial role in forming the right perception in the minds of customers – internal as well as external.

Lets take an example. You are offered an option to buy clothes. You might buy a jeans worth 1500 rs or you may buy 3 jeans worth the same amount of money. Immediately what comes in your mind is that the 3 jeans will be of lesser quality and therefore you might not get value for money. That's the price quality approach of positioning for you.

Several Brands and products use the price quality approach. They will keep the pricing higher to attract only the cream customers and keep themselves exclusive. This high pricing also ensures that the product is placed as a quality product in customers mind. However, price quality approach can be a double edged sword. Every sector has lower priced product and thus entry in the sector with penetration pricing becomes easier.

The best approach of price - quality is premium automobiles like BMW,Ferrari. They maintain their quality such that their customers are ready to give the highest pricing for the cars. Thus the quality and the pricing positions the car to the topmost segment. Retail chains like walmart and others position themselves mainly through pricing. Whereas consumer durables mainly position themselves through a combination of pricing and quality.

Summary – The price quality approach is an excellent positioning tool. However it needs to be used with care as changes in the market can affect the pricing strategy and thereby the margins of a company.

PRICE POSITIONING STRATEGIES:

The Internet has dramatically changed hospitality pricing. Its speed and transparency have removed most barriers between customers and suppliers. With OTAs like Hotwire, Orbitz, and Hotels.com, you no longer need be an industry insider to find the best pricing to suit your needs. Yet, hotels and restaurants still need to make pricing decisions; these new challenges simply up the ante. Today, we're looking at five price positioning strategies, explaining their merits (and drawbacks), and providing examples. When you're done reading, download a free price positioning worksheet to experiment with your own pricing strategy. **The Price-Value Matrix**

Many factors will influence your prices, including your competitors' rates and products. As the name implies, your goal is to develop a pricing strategy that places your brand and its products in a certain position relative to your competition. One way to visualize this is the price-value

The position of your products within this matrix is a function of your brand proposition, your competitors, and your pricing objectives. Are you looking to maximize short-term revenues or profit? Are you seeking higher profit margins in a luxury market with sporadic sales? Do you need to differentiate more to penetrate the market? Or, is your business in survival mode?

Once you identify your pricing objectives, plot your prices and those of your competitors on the price-value matrix. At a glance, you'll see how your pricing lines up with your objectives. If your rates need tweaking—either because they "say" the wrong things about your brand relative to competitors, or because they're undermining your pricing objectives—consider using the following strategies to position your rates or prices more appropriately.

Price Positioning Strategies

Skim

This strategy clearly positions your company above the rest; it tells consumers something is special (i.e., worth paying more for) about your products. For example, look at the prices The Old Homestead restaurant has set for their steaks and chops. We can smell the fried onions and seared, aged prime meat already. We can envision the long white aprons of the wait staff and the impeccable table side service. To skim, set your prices higher than the competition does in order to "skim off" customers who are willing to pay more. This strategy can be highly profitable, but be careful: Though high prices imply high quality for many customers, it's still critical that they understand why they'd pay more to stay or eat at your establishment. Match

This strategy puts your pricing on par with the competition, but not necessarily for all rates. To match, set one rate comparable to your competition and another slightly higher. This allows you to stay competitive for a larger pool of customers, yet doesn't undercut the competition

Penetrate

Being the low-priced option in your market has benefits and drawbacks. The strategy is primarily designed to get people in the door and in seats. For new establishments, low prices often seem the best way to entice consumers to try their products. But this strategy also can depress market prices, lower margins, and set a poor precedent as your business grows. Do your prices reflect how consumers value your hotel or restaurant? Here's what consumers see as they peruse online hotel options; those using penetration pricing certainly stand out.

BRAND REPOSITIONING

Brand repositioning is when a company changes abrand's status in the marketplace. This typically includes changes to the marketing mix, such as product, place, price and promotion. Repositioning is done to keep up with consumer wants and needs.

Brand Repositioning and Types of Brand Repositioning

Brand Repositioning is changing the positioning of a brand. A particular positioning statement may not work with a brand.

For instance, Dettol toilet soap was positioned as a beauty soap initially. This was not in line with its core values. Dettol, the parent brand (anti-septic liquid) was known for its ability to heal cuts and gashes. The extension's 'beauty' positioning was not in tune with the parent's "germ-kill" positioning.

The soap, therefore, had to be repositioned as a "germ-kill" soap ("bath for grimy occasions") and it fared extremely well after repositioning. Here, the soap had to be repositioned for image mismatch. There are several other reasons for repositioning. Often falling or stagnant sales is responsible for repositioning exercises.

After examining the repositioning of several brands from the Indian market, the following 9 types of repositioning have been identified. These are:

- Increasing relevance to the consumer
- Increasing occasions for use
- Making the brand serious
- Falling sales
- Bringing in new customers
- Making the brand contemporary
- Differentiate from other brands
- Changed market conditions.

It is not always that these nine categories are mutually exclusive. Often one reason leads to the other and a brand is repositioned sometimes for a multiplicity of reasons.

Lipton Yellow Label Tea:

Lipton Yellow Label Tea was initially positioned as delicious, sophisticated and premium tea for the global citizen. The advertisements also echoed this theme. For instance, all the props and participants in the advertisements were foreign. It is possible that this approach did not find favour with the customers.

The **r**epositioning specifically addressed the Indian consumer through an Indian idiom.

Maharaja – the positioning:

Dishwasher in its initial Stages was possibly seen as an exotic product. Thus, **Maharaja positioned** it as a product aimed at the upper crust. Thus, the positioning statement was "your guests get Swiss cheese, Italian Pizza …… you get stained glassware." But Indians are reluctant to use dishwashers because of deeply embedded cultural reasons.

Thus, the message had to be changed to appeal to the Indian housewife. Thus the positioning was changed to "Bye, Bye Kanta Bai" indicating that the dishwasher signaled the end of the servant maid's tyranny. The brand, therefore, was repositioned from a sophisticated, aristocratic product to one that is functional and relevant to the Indian housewife.

Visa Card – the Positioning:

Visa Card had to change its positioning to make itself relevant to customers under changed circumstances.

Initially it asked the customer to "pay the way the world does" (1981). This is to give its card an aura of global reach. But as more and more cards were launched on the same theme, to put itself in a different league, it positioned itself as the "world's most preferred card" (1993). To highlight the services it provided, it shifted to the platform of "Visa Power" (1995). This focus on explaining the range of services available with the card continues till date (Visa Power, go get it).

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-

- 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.
- 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.

LINE EXTENSION

A product line extension strategy is an approach to developing new products for your existing customers or for prospects who do not currently buy from you. Extending a product line involves adding new features to existing products, rather than developing completely new products. This can reduce the cost of product development as well as increase opportunities to grow your revenue.

Compete More Effectively

To identify opportunities for product line extension, analyze your existing products and compare them with competitive offerings. Your competitors may include different features, a wider range of sizes or product variations aimed at different sectors of the market, such as luxury or budget versions. Adding features that your competitors offer may enable you to deal with prospects that you cannot currently supply with existing products.
You may also be able to increase your market share by matching competitors' product specifications but selling at a lower price.

Meet Changing Needs

A product line extension strategy ensures you can meet your customers' changing needs. They may require products in smaller or larger package sizes. They may need different levels of product quality or performance to meet their own operational needs. You may be able to take advantage of technological developments to offer the same type of product with superior performance. Ask your sales representatives or contact customers directly to find out if your current product range meets their needs and to identify opportunities to extend your product line.

- **Segment Your Market**

Extending your product line can help your company enter new market sectors. An engineering company, for example, may extend its range by adding features that are specific to sectors such as the automotive or aerospace industries. In addition to offering products that meet sector needs more closely, a product line extension strategy also helps to position a company as a specialist supplier to each market sector.

- **Maintain Customer Loyalty**

Maintaining sales to existing customers is important to long-term revenue growth and profitability. By extending your product line, you may be able to sell products that your customers are currently sourcing from competitors. This helps to increase customer loyalty and grow revenue per customer.

- **Reduce Marketing Costs**

Adding new products or services to your existing line can help to strengthen your brand and reduce your marketing costs. By using the same packaging designs, logos and advertising themes that feature on your existing products, you can ensure that customers and prospects recognize the brand values of the new products without having to run major advertising or marketing campaigns.

Advantages of a product line extension

- Established and loyal customer base
- Existing expertise
- Retailer relationships
- Low cost of production
- Low cost of development
- Provides market information
- Competitive barriers
- Easy to implement
- Possible economies of scale
- Supply relationships
- Meets variety needs of consumers

ESTABLISHED AND LOYAL CUSTOMER BASE

If the company provides another variation of an established brand, then they are leveraging the existing loyalty and likeability of the brand. This means that immediate sales and profit are far more likely, as well as increasing overall customer equity and customer lifetime value.

EXISTING EXPERTISE

By concentrating on the range of products that they already produce and market a company can be reassured that it has the existing expertise within the company to be successful of a product line extension.

RETAILER RELATIONSHIPS

Remaining within the same product category and simply extending the product line, the firm is likely to have established wholesaler and retailer distribution channels in place. This means that the availability of the new product should be quite wide and achieved fairly quickly and probably without the need for excessive trade promotions.

LOW COST OF PRODUCTION

As a company has existing expertise and processes in place for this category of product, then it is likely that their production costs will be relatively low – as the new product will be produced utilizing the existing systems of the company.

LOW COST OF DEVELOPMENT

Because the company has developed this category product before, there should be a relatively low-cost development – primarily because they have the in-house expertise and knowledge, along with the necessary IT/manufacturing capabilities.

PROVIDES MARKET INFORMATION

By having a range of similar products (within the same product category), the company can various marketing mix offering for one of these brands/products at a time and is able to generate valuable market information by utilizing the other brands/products as a control. This allows the company to engage in more marketing experimentation and gain greater customer insights.

COMPETITIVE BARRIERS

By having a broader range of products within the same product category, makes it more difficult for competitors to find an obvious gap in the marketplace. It would also have the impact of fragmenting the market and splitting segments into niches. This may have the effect of making it non-viable for a competitor to bring a similar product to the market.

EASY TO IMPLEMENT

Having produced a marketed this type of product before, it is highly likely that the new product development process and marketing launch will be quite simple the company to implement. They should be able to do this easily with existing personnel and probably without the need to outsource to consultants or other specialists.

POSSIBLE ECONOMIES OF SCALE

With a broader product range, and hopefully a greater level of sales volume, it may be possible to achieve improved economies of scale – and create a lower cost structure and a higher profit unit margin.

SUPPLY RELATIONSHIPS

Supplier relationships should be enhanced because the firm is likely to purchase more materials from the existing suppliers because they are manufacturing and/or producing a similar product or service.

MEETS VARIETY NEEDS OF CONSUMERS

Product line extension should also meet in with a variety needs of customers, say in a food market where variety is important – or meet the needs of a different market segment.

BRAND LICENSING

By definition brand licensing is the renting or leasing of an intangible asset. It is also defined as an opportunity to extend value. Companies extend their brands via licensing for a variety of reasons. Brand licensing enables companies with brands that have high preference to unlock their brands' latent value and satisfy pent-up demand. Through licensing, brand owners have the ability to enter new categories practically overnight, gaining them immediate brand presence on store shelves and often in the media. Let's take a deeper look at the benefits that make licensing so attractive to brand owners.

BENEFITS OF BRAND LICENSING:

There are ten key benefits to licensing your brand.Brand Licensing enables:

1. Brand Managers to extend their brands with minimal investment. Through the licensing arrangement, third party manufacturers are responsible for everything from product development to inventory management to store replenishment.

2. The brand to obtain supplementary marketing support. For the right to use the brand in their category, the manufacturer must agree to spend a percentage of their net sales on marketing. This marketing commitment not only supports the category licensed, but can be significant to the overall brand.

3. Trademark protection in the category. For a brand to benefit from trademark protection in a particular category, it must be actively sold in that category. If the category lies vacant, others may claim rights to use the mark. Extending a brand into a category via licensing helps brand owners meet the commerce standard.

4. Increased consumer connections and insights in the categories being licensed. Extending a brand via licensing offers thousands of incremental opportunities to connect with consumers. By inserting a survey inside the licensed package or a toll free number on the exterior, a brand owner can gain many additional insights about the brand.

5. A brand to gain incremental shelf space. If a brand owner chooses to extend a brand via licensing into a new category, the brand gains tremendous additional exposure in those categories in every retail store the product is sold. When sold into major chain retailers, the brand can gain thousands of additional feet of brand exposure in each category.

6. Entrée into new distribution channels. By licensing the brand to a manufacturer which currently sells into a retail channel where the brand currently does not have a presence, the brand can gain access to that channel via the licensing relationship.

7. The brand to enter new regions. Similar to new channel access, a brand can gain entrée into new regions via a manufacturer which has a presence in regions where the brand is currently not sold.

8. Access to patented technology. Many companies which choose to license brands offer proprietary innovation to the brand owner. When the patented technology reinforces the brand’s position, the new product offered can be met with tremendous consumer appreciation and pent up demand.

9. Knowledge transfer from the manufacturing partners who license the brand. A licensing arrangement provides the opportunity for the brand owner and the manufacturer to share insights and knowledge across multiple disciplines including product development, marketing, R&D and sales.

10. The brand owner to capture royalty revenue through the manufacturer’s sales of licensed product. This symbiotic relationship helps to create new products for the marketplace that consumers crave. For every dollar in

revenue generated by the manufacturer, the brand owner receives a percentage in royalty payments, most of which go straight to the bottom line.

FRANCHISING

Franchising is one of three business strategies a company may use in capturing market share. The others are company owned units or a combination of company owned and franchised units.

Franchising is a business strategy for getting and keeping customers. It is a marketing system for creating an image in the minds of current and future customers about how the company's products and services can help them.
It is a method for distributing products and services that satisfy customer needs.

Franchising is a network of interdependent business relationships that allows a number of people to share:

A brand identification

A successful method of doing business

A proven marketing and distribution system

In short, franchising is a strategic alliance between groups of people who have specific relationships and responsibilities with a common goal to dominate markets, i.e., to get and keep more customers than their competitors.

There are many misconceptions about franchising, but probably the most widely held is that you as a franchisee are "buying a franchise." In reality you are investing your assets in a system to utilize the brand name, operating system and ongoing support. You and everyone in the system are licensed to use the brand name and operating system.

The business relationship is a joint commitment by all franchisees to get and keep customers. Legally you are bound to get and keep them using the prescribed marketing and operating systems of the franchisor.

To be successful in franchising you must understand the business and legal ramifications of your relationship with the franchisor and all the franchisees. Your focus must be on working with other franchisees and company managers to market the brand, and fully use the operating system to get and keep customers.

ADVANTAGES OF FRANCHISING

The primary advantages for most companies entering the realm of franchising are capital, speed of growth, motivated management, and risk reduction -- but there are many others as well.

1. CAPITAL

The most common barrier to expansion faced by today's small businesses is lack of access to capital. Even before the credit-tightening of 2008-2009 and the "new normal" that ensued, entrepreneurs often found that their growth goals outstripped their ability to fund them.

Franchising, as an alternative form of capital acquisition, offers some advantages. The primary reason most entrepreneurs turn to franchising is that it allows them to expand without the risk of debt or the cost of equity.

First, since the franchisee provides all the capital required to open and operate a unit, it allows companies to grow using the resources of others. By using other people's money, the franchisor can grow largely unfettered by debt.

Moreover, since the franchisee -- not the franchisor -- signs the lease and commits to various contracts, franchising allows for expansion with virtually no contingent liability, thus greatly reducing the risk to the franchisor. This means that as a franchisor, not only do you need far less capital with which to expand, but your risk is largely limited to the capital you invest in developing your franchise company -- an amount that is often less than the cost of opening one additional company-owned location.

2. MOTIVATED MANAGEMENT

Another stumbling block facing many entrepreneurs wanting to expand is finding and retaining good unit managers. All too often, a business owner spends months looking for and training a new manager, only to see them leave or, worse yet, get hired away by a competitor. And hired managers are only employees who may or may not have a genuine commitment to their jobs, which makes supervising their work from a distance a challenge.

But franchising allows the business owner to overcome these problems by substituting an owner for the manager. No one is more motivated than someone who is materially invested in the success of the operation. Your franchisee will be an owner -- often with his life's savings invested in the business. And his compensation will come largely in the form of profits.

The combination of these factors will have several positive effects on unit level performance.

Long-term commitment. Since the franchisee is invested, she will find it difficult to walk away from her business.

Better-quality management. As a long-term "manager," your franchisee will continue to learn about the business and is more likely to gain institutional knowledge of your business that will make him a better operator as he spends years, maybe decades, of his life in the business.

Improved operational quality. While there are no specific studies that measure this variable, franchise operators typically take the pride of ownership very seriously. They will keep their locations cleaner and train their employees better because they own, not just manage, the business.

Innovation. Because they have a stake in the success of their business, franchisees are always looking for opportunities to improve their business -- a trait most managers don't share.

Franchisees typically out-manage managers. Franchisees will also keep a sharper eye on the expense side of the equation -- on labor costs, theft (by both employees and customers) and any other line item expenses that can be reduced.

Franchisees typically outperform managers. Over the years, both studies and anecdotal information have confirmed that franchisees will outperform managers when it comes to revenue generation. Based on our experience, this performance improvement can be significant -- often in the range of 10 to 30 percent.

3. SPEED OF GROWTH

Every entrepreneur I've ever met who's developed something truly innovative has the same recurring nightmare: that someone else will beat them to the market with their own concept. And often these fears are based on reality.

The problem is that opening a single unit takes time. For some entrepreneurs, franchising may be the only way to ensure that they capture a market leadership position before competitors encroach on their space, because the franchisee performs most of these tasks. Franchising not only allows the franchisor financial leverage, but also allows it to leverage human resources as well. Franchising allows companies to compete with much larger businesses so they can saturate markets before these companies can respond.

4. STAFFING LEVERAGE

Franchising allows franchisors to function effectively with a much leaner organization. Since franchisees will assume many of the responsibilities otherwise shouldered by the corporate home office, franchisors can leverage these efforts to reduce overall staffing.

5. EASE OF SUPERVISION

From a managerial point of view, franchising provides other advantages as well. For one, the franchisor is not responsible for the day-to-day management of the individual franchise units. At a micro level, this means that if a shift leader or crew member calls in sick in the middle of the night, they're calling your franchisee -- not you -- to let them know. And it's the franchisee's responsibility to find a replacement or cover their shift. And if they choose to pay salaries that aren't in line with the marketplace, employ their friends and relatives, or spend money on unnecessary or frivolous purchases, it won't impact you or your financial returns. By eliminating these responsibilities, franchising allows you to direct your efforts toward improving the big picture.

6. INCREASED PROFITABILITY

The staffing leverage and ease of supervision mentioned above allows franchise organizations to run in a highly profitable manner. Since franchisors can depend on their franchisees to undertake site selection, lease negotiation, local marketing, hiring, training, accounting, payroll, and other human resources functions (just to name a few), the franchisor's organization is typically much leaner (and often leverages off the organization that's already in place to support company operations). So the net result is that a franchise organization can be more profitable.

7. IMPROVED VALUATIONS

The combination of faster growth, increased profitability, and increased organizational leverage helps account for the fact that franchisors are often valued at a higher multiple than other businesses. So when it comes time to sell your business, the fact that you're a successful franchisor that has established a scalable growth model could certainly be an advantage.

When the iFranchise Group compared the valuation of the S&P 500 vs. the franchisors tracked in Franchise Times magazine in 2012, the average price/earnings ratio of franchise companies was 26.5, while the average P/E ratio of the S&P 500 was 16.7. This represents a staggering 59 percent premium to the S&P. Moreover, more than two-thirds of the franchisors surveyed beat the S&P ratio.

8. PENETRATION OF SECONDARY AND TERTIARY MARKETS

The ability of franchisees to improve unit-level financial performance has some weighty implications. A typical franchisee will not only be able to generate higher revenues than a manager in a similar location but will also keep a closer eye on expenses. Moreover, since the franchisee will likely have a different cost structure than you do as a franchisor (she may pay lower salaries, may not provide the same benefits packages, etc.), she can often operate a unit more profitably even after accounting for the royalties she must pay you.

9. REDUCED RISK

By its very nature, franchising also reduces risk for the franchisor. Unless you choose to structure it differently (and few do), the franchisee has all the responsibility for the investment in the franchise operation, paying for any build-out, purchasing any inventory, hiring any employees, and taking responsibility for any working capital needed to establish the business.

The franchisee is also the one who executes leases for equipment, autos, and the physical location, and has the liability for what happens within the unit itself, so you're largely out from under any liability for employee litigation (e.g., sexual harassment, age discrimination, EEOC), consumer litigation (the hot coffee spilled in your customer's lap), or accidents that occur in your franchise (slip-and-fall, employer's comp, etc.).

GLOBAL FRANCHISING

Franchising is a pooling of resources and capabilities to accomplish a strategic marketing, distribution and sales goal for a company. It typically involves a franchisor who grants to an individual or company (the franchisee), the right to run a business selling a product or service under the franchisor's successful business model and identified by the franchisor's trademark or brand.

The franchisor charges an initial up-front fee to the franchisee, payable upon the signing of the franchise agreement. Other fees such as marketing, advertising or royalties, may be applicable and largely based on how the contract is negotiated and set up.

Advertising, training and other support services are made available by the franchisor.

The Advantages & Disadvantages of International Franchises

When your franchise is successful, the thought of expansion is common, as it can lead to new financial opportunities for you as a business owner. Expanding internationally can sometimes be a profitable venture, while many businesses have flopped when they took that approach. Before expanding your franchise internationally, weigh some of the pros and cons involved.

NEW MARKETS

When you expand the franchise internationally, you can sometimes take advantage of new markets that are unfamiliar with your business model. For example, if you own a sandwich restaurant, you might open the first sandwich restaurant of its kind in a developing market. When you own the first business of its kind in an international market, you may be able to bring in substantial profits. When a new business comes into a region and the people like it, it creates a cash cow for the owner.

FAVORABLE REGULATIONS

Depending on where you decide to expand, you may be able to take advantage of favorable government regulations. In many countries, you do not have to submit to the same types of regulations that are required in the United States.

You may also be able to save money on taxes and the fees it takes to get started. If you pay lower taxes in that country, it can help improve the bottom line for your business.

CULTURAL DIFFERENCES

One of the potential problems of expanding into other countries is overcoming the cultural barriers. Just because something is popular in the United States does not necessarily mean that it will be popular in other countries. Every country has its own culture, and you may not be able to accurately predict what people in that culture will enjoy. Before getting involved in another country, it makes sense to do some market research so that you can minimize this risk.

FINANCIAL RISK

When expanding into another country, you have to take into consideration the financial risks that you are taking on as a business owner. For example, the exchange rates between currencies could lead to an unfavorable return on your investment. You may also have a hard time getting access to the supplies and products you need in any other country. Some countries charge tariffs and fees to ship products in, which could make your business less profitabl

BRAND EQUITY

BRAND EQUITY

Brand equity is a set of brand assets and liabilities linked to a brand name and symbol, which add to or subtract from the value provided by a product or service.

In 1991 I published a book, Managing Brand Equity, that defines brand equity and describes how it generates value. This model provided one perspective on brand equity that is worth another look now over twenty years later since brand equity emerged as an important idea in the late 1980s.
Connecting "brand" to the concepts of "equity" and "assets" radically changed the marketing function, enabling it to expand beyond strategic tactics and get a seat at the executive table. Marketing was reframed by an avalanche of researchers, authors and executives who provided substance and momentum to this idea

My model posited that brand equity has four dimensions—brand loyalty, brand awareness, brand associations, and perceived quality, each providing value to a firm in numerous ways. Once a brand identifies the value of brand equity, they can follow a brand equity roadmap to manage that potential value.

The Brand Equity Outline

- Brand Loyalty
- Reduced marketing costs
- Trade leverage
- Attracting new customers via awareness and reassurance
- Time to respond to competitive threats
- Brand Awareness
- Anchor to which other associations can be attached
- Familiarity which leads to liking
- Visibility that helps gain consideration
- Signal of substance/commitment
- Brand Associations, including Perceived Quality
- Help communicate information
- Differentiate/Position

- Reason-to-buy
- Create positive attitude/feelings
- Basis for extensions

The introduction of brand loyalty to the model was and is still controversial as other conceptualizations position brand loyalty as a result of brand equity, which consists of awareness and associations. But when you buy a brand or place a value on it, the loyalty of the customer base is often the asset most prized, so it makes financial sense to
include it. And when managing a brand, the inclusion of brand loyalty as a part of the brand's equity allows marketers to justify giving it priority in the brand-building budget. The strongest brands have that priority.

Another aspect of the definition of brand equity that I presented in my book was the argument that brand equity also provides value to customers. It enhances the customer's ability to interpret and process information, improves confidence in the purchase decision and affects the quality of the user experience. The fact that it provides value to customers makes it easier to justify in a brand-building budget. This model provides one perspective of brand equity as one of the major components of modern marketing alongside the marketing concept, segmentation, and several others.

ADVANTAGES OF STRONG BRAND EQUITY

While brand equity is largely intangible, its advantages are anything but. The value that a strong brand identity can bring to your company translates to very real and measurable business benefits. Among them:

Increased margins. Let's get to the bottom line first: Positive brand equity allows you to charge more for your product or service, because people will be willing to pay a premium for your name just as they pay a premium for jewelry that comes in a little blue box or electronic equipment with an apple on top. Is the quality of those products significantly superior to competitors' offerings? Maybe, maybe not. But the perception is that it is. And when customers are willing to pay extra for a name they trust and/or value, that boosts your profit margins.

Customer loyalty Customers are not only willing to pay more for a product with strong brand equity; they're also willing to stay loyal to a company over years and years, coming back to buy there again and again. In fact, some companies have built such strong brand loyalty that even when they hit a bump in the road—a defective product or a bad customer experience—their customers are willing to stick with them.

Expansion opportunities. Positive brand equity can facilitate a company's long-term growth. By leveraging the value of your brand, you can more easily add new products to your line and people will more willingly try your new product. You can expand into new markets and geographies, and people there will recognize your brand, make an instant positive connection, and follow you.

Negotiating power. Positive brand equity can give you a considerable advantage in negotiating with vendors, manufacturers and distributors. When suppliers recognize that consumers are enthusiastically seeking and buying products that bear your name, they'll want to work with you. And that, of course, puts you in an enviable bargaining position that can lower your cost of goods sold.

Competitive advantage. Do you know who won't be too happy about your company's strong brand equity? Your competitors. When customers are willing to pay a premium price for your products or services…when customers will try your new product sight unseen, just because it has your logo on it…when customers in a new market flock to you simply because of the reputation you've built elsewhere…when you can get better pricing from the same vendors your competition is using (and thus undersell your competition)… that can mean very good things for your business and not-so-good things for your competition.

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.

FACTORS CONTRIBUTING TO BRAND EQUITY

- Brand Awareness
- Brand Associations
- Brand Loyality
- Perceived Quality

BRAND EQUITY MODELS

Many research agencies have developed their own brand equity models that are executed in partnership with enduser researchers. However, Phliip Kotler talks about the below models to measure brand equity in his book

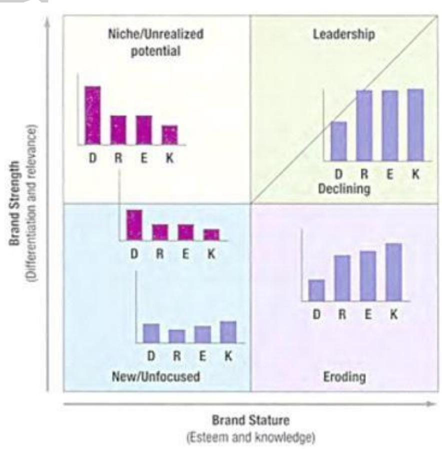
'Marketing Management – 13th Edition' co authored by Kevin Keller. Below are the models to assess Brand Equity :

BRAND ASSET VALUATOR – BAV Model Advertising agency Young and Rubicam (Y&R) developed a model of brand equity called Brand Asset Valuator (BAV). Based on research with almost 200,000 consumers in 40 countries, BAV provides comparative measures of the brand equity of thousands of brands across hundreds of different categories. There are four key components—or pillars— of brand equity, according to BAV.

- **Differentiation** measures the degree to which a brand is seen as different from others.
- **Relevance** measures the breadth of a brand's appeal.
- **Esteem** measures how well the brand is regarded and respected.

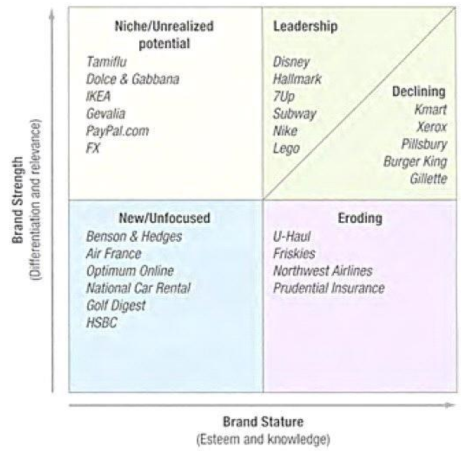
Knowledge measures how familiar and intimate consumers are with the brand.

Differentiation and Relevance combine to determine Brand Strength. These two pillars point to the brand's future value, rather than just reflecting its past. Esteem and Knowledge together create Brand Stature, which is more of a "report card" on past performance.



Brand Asset Valuator (BAV Model)

Examining the relationships among these four dimensions—a brand's "pillar pattern"—reveals much about its current and future status. Brand Strength and Brand Stature can be combined to form a Power Grid that depicts the stages in the cycle of brand development—each with its characteristic pillar patterns—in successive quadrants. New brands, just after they are launched, show low levels on all four pillars. Strong new brands tend to show higher levels of Differentiation than Relevance, while both Esteem and Knowledge are lower still. Leadership brands show high levels on all four pillars. Finally, declining brands show high Knowledge—evidence of past performance—relative to a lower level of Esteem, and even lower Relevance and Differentiation.



AAKER MODEL

Aaker views brand equity as a set of five categories of **brand assets and liabilities** linked to a brand that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customers.

These categories of brand assets are:

- Brand loyalty
- Brand awareness
- Perceived quality
- Brand associations
- Other proprietary assets such as patents, trademarks, and channel relationships.

According to Aaker, a particularly important concept for building brand equity is **brand identity**—the unique set of brand associations that represent what the brand stands for and promises to customers.

As per Aaker, brand identity as consisting of 12 dimensions organized around 4 perspectives:

- **Brand-as-product** (product scope, product attributes, quality/value, uses, users, country of origin)
- **Brand-as-organization** (organizational attributes, local versus global)
- **Brand-as-person** (brand personality, brand-customer relationships)
- **Brand-as-symbol** (visual imagery/metaphors and brand heritage).

Aaker also conceptualizes brand identity as including a core and an extended identity.

The core identity—the central, timeless essence of the brand—is most likely to remain constant as the brand travels to new markets and products.

The extended identity includes various brand identity elements, organized into cohesive and meaningful groups.

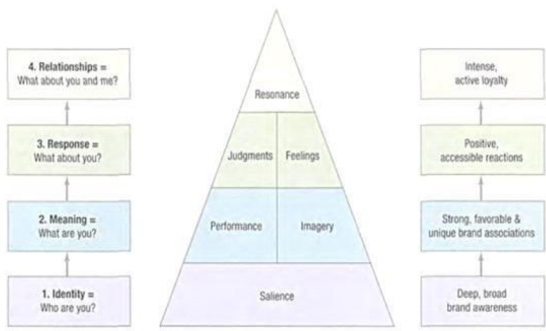
BRAND RESONANCE PYRAMID

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

- Ensuring **identification** of the brand with customers and an association of the brand in customers' minds with a specific product class or customer need
- **Establishing** the totality of brand meaning in the minds of customers by strategically linking a host of tangible and intangible brand associations
- **Eliciting** the proper customer responses in terms of brand-related judgment and feelings
- **Converting** brand response to create an intense, active loyalty relationship between customers and the brand.

According to this model, enacting the four steps involves establishing six "brand building blocks" with customers. These brand building blocks can be assembled in terms of a brand pyramid. The model emphasizes the duality of brands—the rational route to brand building is the left-hand side of the pyramid, whereas the emotional route is the right-hand side.

MasterCard is an example of a brand with duality, as it emphasizes both the rational advantage to the credit card, through its acceptance at establishments worldwide, and the emotional advantage through its award-winning "priceless" advertising campaign, which shows people buying items to reach a certain goal. The goal itself—a feeling, an accomplishment, or other intangible—is "priceless" ("There are some things money can't buy, for everything else, there's MasterCard.").



Brand Resonance Pyramid

The creation of significant brand equity involves reaching the top or pinnacle of the brand pyramid, and will occur only if the right building blocks are put into place.

- **Brand salience** relates to how often and easily the brand is evoked under various purchase or consumption situations.
- **Brand performance** relates to how the product or service meets customers' functional needs.
- **Brand imagery** deals with the extrinsic properties of the product or service, including the ways in which the brand attempts to meet customers' psychological or social needs.
- **Brand judgments** focus on customers' own personal opinions and evaluations.
- **Brand feelings** are customers' emotional responses and reactions with respect to the brand.
- **Brand resonance** refers to the nature of the relationship that customers have with the brand and the extent to which customers feel that they are "in sync" with the brand.

Resonance is characterized in terms of the intensity or depth of the psychological bond customers have with the brand, as well as the level of activity engendered by this loyalty. Examples of brands with high resonance include Harley-Davidson, Apple, and eBay.

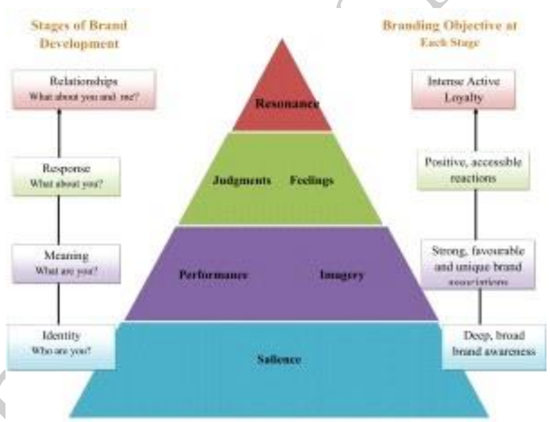
BRAND RESONANCE

The Brand Resonance refers to the relationship that a consumer has with the product and how well he can relate with it.

The resonance is the intensity of customer's psychological connection with the brand and the randomness to recall the brand in different consumption situations.

Brand Resonance Pyramid/Stages of Brand Development

Building this resonance involves a series of steps, as seen in Figure given below:



Building this resonance involves a series of steps:

The first level of the pyramid deals with establishing the identity of the brand. Keller suggests a single building block for this phase and terms it brand salience. Salience refers to how easily or often a consumer thinks of the brand, especially at the right place and right time. In building a highly salient brand, he argues that it is important that awareness campaigns not only build depth (ensuring that a brand will be remembered and the ease with which it is) but also breadth (the range of situations in which the brand comes to mind as something that should be purchased or used).

The second layer of the pyramid deals with giving meaning to the brand and here Keller presents two building blocks: brand performance and brand imagery. Brand performance is the way the product or service attempts to meet the consumer's functional needs. Brand performance also has a major influence on how consumers experience a brand as well as what the brand owner and others say about the brand. Delivering a product or service that meets and, hopefully, exceeds consumer needs and wants is a prerequisite for successful brand building. In communicating brand performance, Keller identifies five areas that need to be communicated: primary ingredients and supplementary features; product reliability, durability and serviceability; service effectiveness, efficiency and empathy; style and design; and price

Brand imagery deals with the way in which the brand attempts to meet customers' psychological and social needs. Brand imagery is the intangible aspects of a brand that consumers pick up because it fits their demographic profile (such as age or income) or has psychological appeal in that it matches their outlook on life (conservative, traditional, liberal, creative,etc). Brand imagery is also formed by associations of usage (at work or home) or via personality traits (honest, lively, competent, rugged, etc).

MEASURING BRAND EQUITY

Measuring the financial value of the brand usually converts the CFO to a staunch brand supporter and gets the organization to view brands as assets that must be maintained, built and leveraged. In his book,Managing Brand Equity, David Aaker writes about several approaches to valuing a brand as an asset. Interbrand has a methodology to help public and private companies measure their brands' values. Financial World, a recently defunct publication, annually ranked top brands by their financial values (estimating the Coca-Cola brand to be worth $48 billion in 1997).

Measuring brand equity helps you to maintain, build and leverage brand equity (that is, it helps you to understand how to increase both the "A" and the "R" in the brand's "ROA"). I will spend the remainder of this post expounding on (b) measuring brand equity.

To better understand how to build brand equity we must first agree to a definition of brand equity. My favorite definition is as follows: brand equity is the value (positive and negative) a brand adds to an organization's products and services. Brand equity may ultimately manifest itself in several ways. Three of the most important ways are as the price premium (to consumers or the trade) that the brand commands, the long-term loyalty the brand evokes and the market share gains it results in.

Brand Awareness

First, consumers must be aware that there are different brands in the product categories in which your brand operates. Next, they must be aware of your brand. Ideally, your brand should be the first one that comes to their minds within specific product categories and associated with key consumer benefits. Consumers should be able to identify which products and services your brand offers. They should also be able to identify which benefits are associated with the brand. Finally, they should have some idea of where your brand is sold.

Accessibility

Your brand must be available where consumers shop. It's much easier for consumers to insist upon your brand if it is widely available. Slight brand preference goes a long way toward insistence when the brand is widely available. The importance of convenience cannot be underestimated in today's world.*

Value

Does your brand deliver a good value for the price? Do consumers believe it is worth the price? Regardless of whether it is expensive or inexpensive, high end or low end, it must deliver at least a good value.

Relevant Differentiation

This is the most important thing a brand can deliver. Relevant differentiation today is a leading-edge indicator of profitability and market share tomorrow. Does your brand own consumer-relevant, consumer-compelling benefits that are unique and believable?

Emotional Connection

First, the consumer must know your brand. Then he or she must like your brand. Finally, the consumer must trust your brand and feel an emotional connection to it. There are many innovative ways to achieve this emotional connection–from advertising and the quality of front line consumer contact to consumer membership organizations and company-sponsored consumer events.

As you measure brand equity, keep the following points in mind:

•Include measures of awareness, preference, accessibility, value, relevance, differentiation, vitality, emotional connection, loyalty and insistence.

•Include both behavioral and attitudinal measures (especially for loyalty).

•Tailor the study to your product categories and industry (especially benefit structure)

•Include competitive comparisons

Some of the more telling measures include the following:

•Top-of-mind unaided awareness (first recall)

•Position in the consideration set

•Emotional connection to the brand

•Perceived brand vitality

•Perceived points of difference (open ended question)

•Unique delivery against key benefits

BRAND AUDIT

A brand audit is a detailed analysis that shows how your brand is currently performing compared to its stated goals, and then to look at the wider landscape to check how that performance positions you in the market. The methodology will therefore differ depending on industries and individual companies. Regardless of the exact criteria you choose to measure, an audit should allow you to:

- Establish the performance of your brand
- Discover your strengths and weaknesses
- Align your strategy more closely with the expectations of your customers

- Understand your place in the market compared to the competition

One option is to employ a branding agency to conduct a comprehensive audit. They may examine internal branding: your positioning, voice, brand values, culture, USP, and product.

External branding can also be considered; logo and other brand elements, website, advertising, SEO, social media, sponsorships, event displays, news and PR and content marketing.

They can also look at company infrastructure, such as customer service, HR policies, and sales processes

Why is a brand audit important?

Receive more word-of-mouth referrals

Taking an outside-in view of your company will drive initiatives that create greater market share and build customer loyalty. The companies who manage their brand correctly by treating it like an asset become the companies that customers grow to love and trust. These "big brand companies" have huge folders devoted to their brand guidelines, with detailed instructions about how and where logos can be used, the color palette allowed and what their promise to customers is.

BRAND TRACKING

Brand Tracking is a way to continuously measure the development of a **brand** within some key variables, such as Ad Awareness, what **brands** the consumer prefer and what he/she is using. **Brand tracking** is a way to monitor the results

Brand tracking studies allow marketers to monitor the health of the brand and provide insights into the effectiveness of marketing programs implemented by the company.

Brand Attitudes and Perceptions: this is usually captured through questions related to brand image and associations that consumers develop as they experience the brand and are exposed to its positioning message through PR, advertising and promotional programs. Many brand associations are often beliefs about productrelated attributes and benefits. However, brand associations also include non-product-related and symbolic benefits. **Product and non-product associations, as well as those related to price and value are important sources of brand equity and should be part of brand tracking studies.** Some brand associations are stronger than others, are more easily recalled and are enough appealing that they become an important factor in a consumer's decision to buy a brand. Some brands may be perceived as unique, but without strong and favorable brand associations, uniqueness really doesn't matter (Keller, Strategic Brand Management, 1998).

Purchase intent: measures of likelihood to buy a brand or switch to a competitor are also indicators of brand health and should be part of brand tracking studies, but these questions should be put in context regarding specific product or brand, reason for the purchase, time, channel, price and other relevant factors to the purchase decision, so they can be predictive of actual purchase behavior.

WHEN AND WHO TO TRACK?

Brand tracking studies usually involve collecting quantitative data from consumers on a regular basis. One way to do it is to continuously collect information, which allow us to control for unusual marketing activities, in the analysis, and provide a more representative picture of how the brand stands in consumers' mind and against competitors. However, this type of brand tracking may not be feasible due to budget and resources constraints, and there are other ways to do it (monthly, quarterly, annually, etc.) that can be equally effective.

When determining the frequency of data collection in brand tracking studies, we recommend clients to consider:

Frequency of product purchase: for example durable goods with long purchase cycles can be tracked less frequently

. **Marketing activity in the product category**: a category where brands are constantly launching marketing programs and promotions should be monitor more often.

Level of competition in product category: highly competitive product categories, where new products and competitors are constantly trying to break in, should be tracked regularly.

Stability of brand associations: brands with an established image that don't show appreciable changes over time, can afford a less frequent brand tracking.

Brand tracking studies are often conducted with current customers, but monitoring non-users of the brand can prove to be invaluable to the development of an acquisition and market penetration strategy in search for business growth

HOW TO INTERPRET BRAND TRACKING MEASURES?

Given the comparative nature of brand tracking studies, brand tracking measures tend to stay the same over time. However, they should be revised from time to time to assess their reliability and sensibility. They may be stable over time and thus reflect stability of brand associations, but they can also be unable to capture important shifts in the market due to changes in socio demographic trends, competitive landscape and economic macro trends. Another issue with brand tracking measures is defining what constitutes the desirable level of a particular metric. Is a 50% level awareness good enough? It depends. It is all relative to the product category and the competitive environment. In low involvement product categories and those with many competitors, it may be difficult to get very high levels of awareness and strong brand associations, so the benchmark for what it is a good level for a metric differs across industries and product categories.

Finally, each brand tracking study should be customized to capture the brand associations that contribute the most to brand equity and the marketing activities that are effective at strengthening it. The goal is to identify key drivers that have an impact on consumers' brand choice and purchase behavior and develop marketing tactics that can lead to brand growth and sustainability.

BRAND VALUATION APPROACHES AND METHODS:

Brand Valuation and Brand Equity:

Brand Valuation can be defined as the process used to calculate the value of a brand or the amount of money another party is willing to pay for it or the financial value of the brand.

The concept of Brand Value, although similarly constructed to that of Brand Equity, is distinct. To put it simply, while brand equity deals with a consumer based perspective, brand value is more of a company based perspective.

As early as 1991, Sri vastava and Shocker identified brand equity as a multidimensional construct composed of brand strength and brand value. This indicates that brand equity is a concept a lot broader than brand value.

Evaluating Brands:

Before evaluating brands, two essential questions need to be answered i.e. what is being valued, the trademarks, the brand or the branded business and secondly, the purpose for such valuation. This brings us to the answering what the utility of undertaking brand valuation is. The process of brand valuation is of primal importance not only for the brand and the respective owning company to improve upon the same but also for the purposes to increase the market value and ascertain accuracy in instances of mergers and acquisitions. In other words, brand valuation would comprise of technical valuation which can be utilized for balance sheet reporting, tax planning, litigation, securitization, licensing, mergers and acquisitions and investor relations purposes and commercial valuation which is operational for the purpose of brand architecture, portfolio management, market strategy, budget allocation and brand scorecards. Thus, the application of brand valuation would be for strategic brand management and financial transactions.

Current Trend/Practices in Brand Evaluation:

However, Brand Valuation is no longer limited to these two areas anymore. International Organization for Standardization (ISO) came up with ISO 10668 – Monetary Brand Valuation in 2010, which laid down principles which should be adopted when valuing any brand and is popularly followed by most firms indulging in valuation of brands like Inter brand, Finance World and Brand Equity Ten. ISO 10668 is a 'meta standard' which succinctly specifies the principles to be followed and the types of work to be conducted in any brand valuation. It is a summary of existing best practice and intentionally avoids detailed methodological work steps and requirements. As per ISO 10668, each brand is subjected to an analysis on three levels – Legal analysis, Behavioral analysis and Financial Analysis. Keeping in mind that the nature and concept of value is difficult to grasp on account of being subjective in nature, these three methods of analysis objectify the valuing of brands.

Legal Analysis is the method that draws a distinction between the trademarks, the brands and the intangible assets involved and defines them as separate entities. After the brand valuer has clearly determined the intangible

assets and Intellectual Property rights included in the definition of the 'brand' in concern, (s)he is required to assess the legal protection afforded to the brand by identifying each of the legal rights that protect it, the legal owner of each relevant legal right and the legal parameters influencing negatively or positively the value of the brand. Extensive Risk analysis and due diligence is required in the legal analysis and the analysis must be segmented by type of IPR, territory and business category. In other words, the velour needs to observe and assess the legal protection afforded to the brand by identifying each of the legal rights that protect the brand, the legal owner of each of those legal rights and the legal parameters positively or negatively influencing the value of the brand.

Behavioral analysis involves understanding and forming an opinion on likely stakeholder behavior specific to geography, product and customer segments where the brand is operational. For perusal using this method, it is necessary to understand the market size and trends, contribution of the brand to the purchase decision, attitude of all stakeholder groups to the brand and all economic benefits conferred on the branded business by the brand. Here, the brand valuer must also look into why a possible stakeholder would prefer the brand in comparison to that of the competitors' and the concept of brand strength which is comprised of future sales volumes, revenues and risks.

Financial Analysis is the most frequently used brand valuation method and uses four approaches – Cost, Market, Economic and Formulary approach. Often, a fifth approach is also considered. Special situation approach recognizes that in some instances brand valuation can be related to particular circumstances that are not necessarily consistent with external or internal valuations. Each case has to be evaluated on individual merit, based on how much value the strategic buyer can extract from the market as a result of this purchase, and how much of this value the seller will be able to obtain from this strategic buyer.

COST BASED APPROACH:

Cost Based approach is the approach more often used by Aaker and Keller and is primarily concerned with the cost in creating or replacing the brand. The cost approach can be further divided into the following methods:

- **Accumulated Cost or Historical cost method:**

It aggregates all the historical marketing costs as the value (Keller 1998).In other words, the method involves historical cost of creating the brand as the actual brand value. It is often used at the initial stages of brand creation when specific market application and benefits cannot yet be identified. However, the shortfalls of this method are that there exists difficulties as to what would classify as marketing costs and subsequent amortization of marketing cost as percentage of sales over the brand's expected life.In addition to that, it is sometimes difficult to recapture all the historical development costs and this method does not consider long term investments that do not involve cash outlay such as quality controls, specific expertise and involvement of personnel, opportunity costs of launching the upgraded products without any price premium over competitors' prices. The cost of creating the brand might actually have little to do with its present value. Most alternatives suggested suffer from the same shortcomings but there is one as proposed by Reilly and Schweihs which may be effective. They propose to adjust the actual cost of launching the brand by inflation every year where this inflation adjusted launch cost would be the brand's value.

- **Replacement Cost Method:**

The Replacement Cost Method values the brand considering the expenditures and investments necessary to replace the brand with a new one that has an equivalent utility to the company. Aaker (1991) proposes that the cost of launching a new brand is divided by its probability of success. Although this method is easy in terms of calculation, it neglects the success of an established brand. The first brand in the market has a natural advantage over the other brands as they avoid clutter and with each new attempt, the probability of success diminishes.

- **Use of Conversion Model:**

Using the method here, one estimates the amount of awareness that needs to be generated in order to achieve the current level of sales. This approach would be based on conversion models, i.e., taking the level of awareness that induces trial that further induces regular repurchase (Aaker, 1991). The output so generated can be used for two purposes: to determine the cost of acquiring new customers and would be the replacement cost of brand equity. The major flaw in this system is that the differential in the purchase patterns of a generic and a branded product is needed and the conversion ratio between awareness and purchase is higher for an unbranded generic than the branded product and this indicates that awareness is not a key driver of sales.

- **Customer Preference Model:**

Aaker (1991) proposed that the value of the brand can be calculated by observing the increase in awareness and comparing it to the corresponding increase in the market share. But he had identified the problem with this being how much of the increased market share is attributable to the brand's awareness increase and how much to other factors. A further issue is that one would not expect a linear function between awareness and market share.

In alternative, another method is the Recreation method which is similar to the replacement method but involves costs involved in creating the brand again, rather than simply the costs of replacement. Another distinction that exists between the two is that the value computed through the replacement cost method excludes obsolescent intangible assets. Another method is the residual value method states that the value of the brand is the discounted residual value obtained subtracting the cumulative brand costs from cumulative revenues attributable to the brand.

MARKET BASED APPROACH:

Market based approach basically deals with the amount at which a brand is sold and is related to highest value that a "willing buyer & seller" are prepared to pay for an asset. This approach is most commonly used when one wishes to sell the brand and consists of methods herein stated:

- **Comparable Approach or the Brand Sale Comparison Method**

This method involves valuation of the brand by looking at recent transactions involving similar brands in the same industry and referring to comparable multiples. In other words, this method takes the premium (or some other measure) that has been paid for similar brands and applies this to brands that the company owns. The advantage of this approach is that it looks at a third party perspective that is, what the third party is willing to pay and is easy to calculate but the flaw in this method is that the data for comparable brands is rare and the price paid for a similar brand includes the synergies and the specific objectives of the buyer and it may not be applicable to the value of the brand at issue.

Brand Equity based on Equity Evaluation method

- Simon and Sullivan (1993) believe that brand equity can be divided into two parts:
- The "demand-enhancing" component, which includes advertising and results in price premium profits,
- The cost advantage component, which is obtained due to the brand during new product introductions and through economies of scale in distribution.

Hence, they basically estimated the value of brand equity using the financial market value and the advantage of this approach is that it is based on empirical evidence but shortfalls of this approach is that it assumes a very strong state of efficient market hypothesis and that all information is included in the share price.

- **Residual Method**

Keller has proposed the valuation of the brand by means of residual value which would be when the market capitalization is subtracted from the net asset value. It would be the value of the "intangibles" one of which is the brand.

Another alternative approach that is suggested is that of usage of real options as proposed by Damodaran (1996). The variables that need to be calculated are: risk free interest rate, implied volatility (variance) of the underlying asset, the current exercise price, the value of the underlying asset and the time of expiration of the option. This method is useful in calculating the potential value of line extensions but the inherent assumptions in this approach make any practical application difficult.

INCOME BASED APPROACH:

Income Based or Economic Use approach is the valuation of future net earnings directly attributable to the brand to determine the value of the brand in its current use (Keller, 1998; Reilly and Schweihs, 1999; Cravens and Guilding, 1999). This method is extremely effective as it shows the future potential of a brand that the owner currently enjoys and the value is useful when compared to the open market valuation as the owner can determine the benefit foregone by pursuing the current course of action.

The methods used under the approach are as follows:

- **Royalty Relief Method:**

The Royalty Relief method is the most popular in practice. It is premised on the royalty that a company would have to pay for the use of the trademark if they had to license it (Aaker 1991).

The methodology that needs to be followed here is that the valuer must firstly determine the underlining base for the calculation (percentage of turnover, net sales or another base, or number of units), determine the appropriate royalty rate and determine a growth rate, expected life and discount rate for the brand. Valuers usually rely on databases that publish international royalty rates for the specific industry and the product. This investigation results in a variety and range of appropriate royalty rates and the final royalty rate is decided after looking at the qualitative aspects around the brand, like strength of the brand team and management. This method has an edge of being industry specific and accepted by tax authorities but this method loses out as there are really few brands that are truly comparable and usually the royalty rate encompasses more than just the brand.

- **Differential of Price to sale ratios method:**

The Differential of Price to Sale ratios Method calculates brand value as the difference between the estimated price to sales ratio for a branded company and the price to sales ratio for an unbranded company and multiplies it by the sales of the branded company. Why this method can be used is because information is readily available and it is easy to conceptualize but the drawback is that the comparable firms are a limited few and there exists no distinction between the brand and other intangible assets such as good customer relationships.

- **Price Premium Method**

The premise of the price premium approach is that a branded product should sell for a premium over a generic product (Aaker, 1991). The Price Premium Method calculates the brand value by multiplying the price differential of the branded product with respect to a generic product by the total volume of branded sales. It assumes that the brand generates an additional benefit for consumers, for which they are willing to pay a little extra.The fault in this method is that where a branded product does not command a price premium, the benefit arises on the cost and market share dimensions.

- **Brand Equity based on discounted cash flow:**

The problem faced by this method is the same as when trying to determine the cash flows(profit) attributable to the brand. From a pure finance perspective it is better to use Free Cash Flows as this is not affected by accounting anomalies; cash flow is ultimately the key variable in determining the value of any asset (Reilly and Schweihs, 1999). Furthermore Discounted Cash Flow do not adequately consider assets that do not produce cash flows currently (an option pricing approach will need to be followed) (Damodaran, 1996). The advantage of this model is that it takes increased working capital and fixed asset investments into account.

- **Brand Equity based on differences in return on investment, return on assets and economic value added.**

These models are based on the premise that branded products deliver superior returns, therefore if we value the
“excess” returns into the future we would derive a value for the brand (Aaker, 1991). This method is easy to apply and the information is readily available, but there is no separation between brand and other

intangible assets and does not adjust, by their volatility, the earnings of the two companies compared, including discount rate.

Other methods also include conjoint analysis, income split method, brand value based on future earnings, competitive equilibrium analysis model, etc. The very fact that there are so many methods worth discussing under the income or economic approach show how accurate and sought after this approach is.

FORMULARY APPROACH:

The Formulary approaches are those that are extensively used commercially by consulting other organizations. This approach is similar to the income or economic use approach differing in the magnitude of commercial usage and employing multiple criteria to determine the value of the brand. Within formulary approaches are the following approaches:

- **Interbrand Approach**

Interbrand is a brand consultancy firm, specializing in areas such as brand strategy, brand analytics, brand valuation, etc. It determines the earning from the brand and capitalizes them by making suitable adjustments. (Keller, 1998) The firm bases its brand valuation on financial analysis, role of the brand and brand strength.

The firm attempts at determination of brand earnings by means of using a brand index which is based on 7 factors namely –leadership, internationalization/geography, stability, market, trend, support and protection in the descending order of weightage. This approach is popular and widely appreciated because of its ability to take all aspects of branding into account. The difficulty in this approach is that it is difficult to determine the appropriate discount rate because parts of the risks usually included in the discount rate factored into the Brand Index score.

In addition to that, even the capital charge is difficult to ascertain. Aaker reveals that "…the Interbrand system does not consider the potential of the brand to support extensions into other product classes. Brand support may be ineffective; spending money on advertising does not necessarily indicate effective brand building. Trademark protection, although necessary, does not of itself create brand value."

Finance World Method

The Financial World magazine method utilizes the "brand index", comprising the same seven factors and weightings. The premium profit attributable to the brand is calculated differently. This premium is determined by estimating the operating profit attributable to a brand, and then deducting the earnings of a comparable unbranded product from this. This latter value could be determined, for example, by assuming that a generic version of the product would generate a 5% net return on capital employed (Keller, 1998). The resulting premium profit is adjusted for taxes, and multiplied by the brand strength multiplier.

- **Brand Equity Ten**

As stated by Aaker, the Brand Equity Ten Method measures brand equity through 5 dimensions – loyalty, perceived quality or leadership measures, other customer oriented association or differentiation measure like brand personality, awareness measures and market behavior measures like market share, market price and distribution coverage. Brand Equity ten, thus, looks at the customer loyalty dimension of brand equity and the measures to create a measurement instrument.

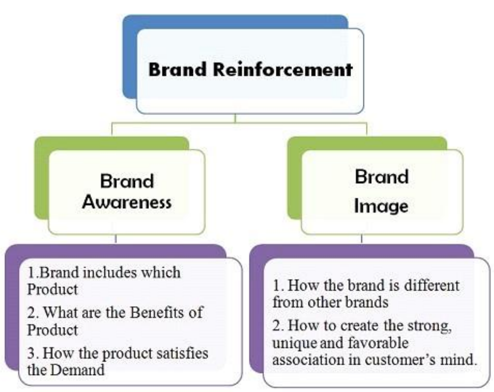
- **Brand Finance Ltd.**

Brand Finance Ltd. is a UK based consulting organization which undertakes brand valuation by means of identifying the position of the brand in the competitive marketplace, the total business earnings from the brand, the added value of total earnings attributed specifically to the brand and beta risk factor associated with the earnings. On the value so obtained, it discounts the brand added value after tax at a rate that reflects the brand risk profile.

BRAND REINFORCEMENT

Definition: The **Brand Reinforcement** majorly focuses on **maintaining** the **Brand Equity** by keeping the brand alive among both the existing and new customers. This can be done through consistently conveying the meaning of brand in terms of: What are the products under the brand? What are its core benefits and how it satisfies the demand?

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



Brand reinforcement includes regular monitoring of a product at all the levels of product life cycle (viz. Introduction Stage, Growth Stage, Maturity Stage and Decline Stage) to keep a check on the changes in the tastes and preferences of customers.

Apart from innovation and research the brand reinforcement can be done through various marketing programs such as

Advertising is one of the most common and easy tool of brand reinforcement. By showing the ads frequently on TV, Internet, Bulletins, Billboard, Radio, etc. can make the brand deep-rooted in the minds of the customer.

Exhibition provides a vital platform to the brands where the product with any new feature can be demonstrated to the customer. Products seen in real gives an experience to the customer, and some image gets created in their minds.

Event and Sponsorship act as an aide to the brand reinforcement. The companies sponsor big events like sports, political rallies, education, award functions, etc. with the objective of reminding the customer about their product and creating the positive image in the minds of new prospects.

Showroom layout also plays a vital role in strengthening the brand image in the minds of the customer. The way the brands are placed in the retail outlets or stores reminds the customer about the product and also influences new users through its appeal.

Promotion is the most frequently used tool of brand reinforcement. Several companies adopt this strategy wherein some special offers, freebies, discounts, gift packs, etc. are given along with the product. This is done with the intention to retain the existing customers and attract new customers simultaneously.

Thus, each firm tries to maintain its brand position in the minds of all the prospective customers such that the life of the product gets extended and remain in the race of competition.

BRAND RESONANCE

Definition: The **Brand Resonance** refers to the relationship that a consumer has with the product and how well he can relate to it.

The brand resonance begins with:

Brand Identification: The first and foremost step, is to ensure the brand identification with the customers, i.e. creates awareness about the product and establish an association in the minds of customers with respect to its usage and the segment for which it exists.

This aspect deals with the customer's psychology or the feelings that how they relate to the product in terms of their social needs.

Brand Judgments': The Brand Judgment means, What customer decides with respect to the product?

The customers make the judgment about the product by consolidating his several performances and the imagery associations with the brand. On the basis of these, the final judgment is made about the product in terms of its Perceived Quality, Credibility, Consideration, and Superiority.

Brand Feelings: The Brand feelings means, what customers feel, for the product or how the customer is emotionally attached to the product?

The consumer can develop emotions towards the brand in terms of fun, security, self-respect, social approval, etc.

Brand Resonance: The Brand Resonance means, what psychological bond, the customer has created with the brand?

This is the ultimate level of the pyramid, where every company tries to reach. Here the focus is on building the strong relationship with the customer thereby ensuring the repeated purchases and creating the brand loyalty.

The resonance is the intensity of customer's psychological connection with the brand and the randomness to recall the brand in different consumption situations.

BRAND EQUITY

Definition: The Brand Equity refers to the additional value that a consumer attaches with the brand that is unique from all the other brands available in the market. In other words, Brand Equity means the awareness, perception, loyalty of a customer towards the brand..e.g., The additional value a customer is willing to pay for Uncle Chips against any local chips brand available with the shopkeeper.Brand Equity is the goodwill that a brand has gained over time.

Brand Equity can be seen in the way the customer thinks, feels, perceives the product along with its price and market position and also the way brand commands profit and market share for the organization as a whole.

Customer Brand Equity can be studied in 3 different ways:

The Different Responses of a customer towards the product or service helps in determining the brand equity. The way customer thinks about the brand and considers it to be different from the other brands will generate a positive response for that brand and will contribute to its goodwill.

E.g., Customer, have a positive response towards Mac laptops because of its anti- virus software.

The responses can be generated only if customers have sufficient knowledge about the brand; thus, Brand Knowledge is essential to determine the brand equity. The Brand knowledge includes the thoughts, feelings, information, experiences, etc. that establish an association with the brand.

E.g., Brand Association reflects the knowledge about the product such as woodland is recognized for its rough and tough styling

The different customer's response that adds to the brand value depends solely on the Marketing of a Brand. The strong brand results in substantial revenues for the organization and better understanding about the product among the customers.

Thus, the marketers basically study the Customer-Based Approach wherein they study the response of a customer

towards the brand that can be reflected in their frequency of purchase. It focuses on customer's perception i.e. what they have read, felt, thought, seen about the brand and how it has helped them to satisfy their urge of need.

BRAND REVITALIZATION

Definition: The Brand Revitalization is the marketing strategy adopted when the product reaches the maturity stage of product life cycle, and profits have fallen drastically. It is an attempt to bring the product back in the market and secure the sources of equity i.e. customers.

Example: Mountain Dew, A Pepsi product, was launched in 1969 with the tagline "Yahoo Mountain Dew" that flourished in the market till 1990. After that the sales of mountain dew declined due to which it was re-positioned, its packaging was changed, and the tagline was changed to "Do the Dew". It targeted the young males showing their audacity in performing the adventurous sports. This led the Mountain Dew to the fifth position in the beverage industry.

Despite a good reinforcement strategy, a product has to be revitalized because of some uncontrollable factors such as competition, the invention of new technology, change in tastes and preferences of customers, legal requirements, etc.

The brand has to be revitalized because of the following reasons:

Increased Competition in the market is one of the major reasons for the product to go under the brand revitalization. In order to meet with the offerings and technology of competitor, the company has to design its brand accordingly so as to sustain in the market.

The Brand Relevance plays a major role in capturing the market. The brand should be modified in accordance with the changes in tastes and preferences of customers i.e. it should cater the need of target market.

Nowadays Globalization has become an integral part of any business. In order to meet the different needs of different customers residing in different countries the brand has to be revitalized accordingly

Sometimes Mergers and Acquisitions demand the brand revitalization. When two or more companies combine, they want the product to be designed from the scratch in a way that it appeals to both and benefits each simultaneously.

Technology is something that is changing rapidly. In order to meet with the latest trend, the companies have to adopt the new technology due to which the product can go under complete revitalization.

Some Legal Issues may force a brand to go under brand revitalization such as copyrights, bankruptcy, etc. In such situations, the brand has to be designed accordingly, and the branding is to be done in line with the legal requirements.

In order to overcome the problems mentioned above following are some ways through which Brand Revitalization can be done:

The Usage of a product can be increased by continuously reminding about the brand to customers through advertisements. The benefits of the frequent use of a product can be communicated to increase the consumption, **e.g.**, the usage of Head & Shoulders on every alternate day can reduce dandruff.

The untapped market can be occupied by understanding the needs of the new market segment. The brand revitalization can be done to cater to the needs of new customers**, e.g.;** Johnson n Johnson is a baby product company but due to its mild product line the same can be used by ladies to have a soft skin and hair.

The brand can be revitalized by entering into an entirely New Market**.** The best example for this is Wipro, who has entered into a baby product line.

Another way of getting the brand revitalized is through the Re-positioning. It means changing any of the 4 P's of marketing mix viz. Product, price, place and promotion.The best example of re-positioning is Tata Nano. On its launch, it was tagged as the "cheapest Car" that hurt the sentiments of customers, and the sales fell drastically. To revive the sales, the new campaign was launched "Celebrate Awesomeness" that re-positioned its image in the minds of the customer

A brand can be revitalized by Augmenting the Product and Services. The company should try to give something extra along with the product that is not expected by the customer. Some additional benefits can revive the brand in the market **e.g.** A plastic container comes with a surf excel 1 Kg pack that can be used for any other purpose.

The brand can be modified through the Involvement of Customer The feedback about the product and services can be taken from ultimate consumer and changes can be made accordingly. Customer's involvement is best seen in service sector wherein feedback forms are filled in at the time of availing the services such as hotels, restaurants, clubs, flights, trains, etc.

This shows that brand revitalization is an essential to the success of any product. The firm takes all the necessary steps to keep its product very much alive in the market.

DEFINITION OF BRAND CRISIS

.A special form of a product-harm crisis where the negative event centers on one particular brand or a set of brands belonging to the same company In the long term, the incident can severely damage the affected brand's reputation.