

UNDERSTANDING BRANDS – INTRODUCTION

Brand management as one of the marketing functions has been around for as long as we have known professional marketing. But, it has been a part of the traditional marketing approach in which many functions of today's brand management were performed in a spread out fashion by the marketing manager and a combination of his team members like the sales manager, the advertising and communications manager, and the marketing administration manager to name a few. The terminology of brand management was not used. Brand management, in its present integrated form, has come into limelight and focus over the last 20 years. The functional execution has undergone transformation in terms of its description as a substantive job under one head. This implies that the overall functions of brand management are full of substance and therefore are described specifically under the head - brand management and not as disparate parts of the overall marketing functions.

In other words, brand management has not lost its primary roots that are well-entrenched in marketing; it only has acquired explicitly defined dimensions within which the function operates. To further elucidate the point, there have been functional adjustments within the overall marketing functions only to bring into clear and sharp focus the specific functions and job of brand management. Brand management now presents itself as a distinct part of an integrated marketing approach in which it connects with all the touch points within and outside of the marketing department. The whole concept can be exemplified by seeking your attention toward two fruit baskets; one full of mixed fruits and the other having compartments carrying different fruits of each type in each compartment. Each type comes into a sharper focus! So do the touch points.

This course is going to give you a clear understanding of what a brand is, why and how it is managed, and what are the dynamics involved in managing brands in the present day competitive market.

What is a Brand and Brand Management?

We all know from our study of the basic marketing course and also as consumers that a brand is *"a name, term, sign, symbol, design, or a combination of them intended to differentiate one product from those of the competitors"*.

Perhaps, the most distinctive professional skills of marketing persons are their abilities to create, maintain, and protect a brand in a hostile market. These

abilities call for a collective input on part of all within the marketing department and other departments.

Brand creation, therefore, is the end product of a team of professionals and not just one person. It is a team effort. If the art of conceptualizing the brand rests with marketing, then the actual creation of it is the cornerstone of the overall company team.

How Brand Management Came into Being?

We also know that brands have been around for as long as we can look back into the modern business management. However, we need to have a distinct understanding of how brand management came into being in its present form.

Over the decades as businesses and competition grew, in case of multinational corporations in particular, the growth of brands exploded. With economic growth and the technological advances of the later half of the 20th century in particular, various industries ranging from the areas of foods to pharmaceuticals to textiles to cars to electronics and many other registered impressive growth.

□Growth of industries attracted more players, who along with the existing ones felt the need to make their presence felt by way of differentiating their products from each other. Hence, the drive toward brand management got progressive impetus.

□The more competitive the markets became, the more they tried to get into the areas of distinction and differentiation and created conditions worthy of sophisticated management techniques. Hence, the emphasis on brand management became increasingly evident.

□The stronger the brands emerged, the higher the value they created for the company and led businesses into diversified areas, and hence, brand management became ever more obvious and sophisticated.

Growth, however, is not something that takes place overnight. A tremendous effort in terms of time and money is required. Despite the effort, results do not stand guaranteed. To cope with that possibility, companies tried to acquire brands from each other instead of creating their own. The practice is still on. Also, growth took place not only within the same *category*, but also across categories. Growth across categories owed to strength of brands. This implies that a strong brand with high loyalty offers its company the temptation to get into another category (for example, from milk to juices) with higher chances of success.

Whether it was only one product category or diversified product categories, the amount of activities dictated that all product categories be managed separately. Various areas or markets in which different corporations were

dealing (for example, a company could be producing or trading products ranging from detergents to foods to personal care) made it imperative for those corporations to bring every single category in the first place and brand/s in the second under acute scrutiny for better management. It became clear to corporations that to bring the marketing effort relating different brands into a sharp focus, they needed to have different people (brand managers) looking after different brands.

Functions of Brand Management

While performing the core functions of brand management, brand managers:

- .□ Develop long range competitive strategy for success of the brand. All tactical moves that form part of the strategy are formulated for execution by relevant personnel of the company.
- .□ Prepare in coordination with sales personnel *sales forecasts* and dovetail the same into marketing plans and *budgets*. Sales forecasts serve as the basic denominator of all budgetary figures, which are divided and sub-divided into small pieces to be achieved by different personnel in different departments.
- .□ Work with advertising and other related agencies (promotional and research) to develop advertising *copy*, communication strategies, and plans for execution of advertising and promotional campaigns.
- .□ Stimulate support of the brand among the sales force and trade members (distributors, wholesalers, and retailers) through communicating lucidly all the rationale for *brand plan*.
- .□ Gather intelligence on the brand's performance to see how the brand stacks up against competition, customer and trade attitudes develop and change, and new problems and opportunities arise. Identification of problems, their solutions and further improvements are part of the function that keeps brand managers busy for most of the time.
- .□ Meet changing market needs through improving and initiating new products/brands. This function is an extension of the preceding one and, as mentioned, cannot be performed convincingly unless problems are identified and changing needs pinpointed.

Brand Value and Power

Brands, whether grown organically or through acquisitions, have to generate revenues, profits, and net earnings to make businesses viable. The ability to generate financial results rests at the core of brand value and power. It is because of this value and power that brands must be sustained.

To achieve a high level of value and power, marketing and brand managers have been working to create home in the minds of their consumers. With the rise in importance of brand management, they have become more and more

convinced that the real value of brand is driven by how dear consumers keep a particular brand to themselves. The endearment drives value and value in turn translates into brand power and brand equity.

Brand Equity

An understanding of the concept of brand equity helps us define the process of brand management. It, therefore, must be understood before we can put definition in place. In a business, the owner's equity is the value of owner's holding in the company. And, that is defined as the difference between what a company owns in assets and what it owes in liabilities. The larger the ratio of assets to liabilities, the larger is the owner's equity.

Likewise, brand equity is the difference between a brand's assets and brand's liabilities. Brand assets are a function of *reputation, quality, relevance, and loyalty*. Brand liabilities are incurred by brands because of failures and questionable business practices that may increase costs and liabilities. The larger the ratio of brand assets to brand liabilities, the greater is the brand equity.

Brand management

Brand management is "the process of naming products, turning products into brands, and managing brands to fully attain maximum brand equity and a brand's full profit potential." The following Steps explain the process as a step-by-step approach toward managing brands.

Step 1

Name a Product

Step 2

Turn Product into Brand

Step 3

Manage Brand

Step 4

Generate Profits

Step 5

Build Brand Equity

Name a Product

To make your product distinctive, you have to name it as the first step toward the process. There are no hard and fast rules for the name.

A new brand should preferably reflect its positioning. Positioning exists in the mind of the consumer. It is an exercise by the company to offer its product in a way that it occupies a distinct position in the mind of the consumer.

Al Ries and Jack Trout gave the very concept of positioning. According to them, consumers have in their mind a ladder of images in relation to different brands.

The best brand occupies the top rung of the ladder, the position. The follower brands occupy positions at the lower rungs. It should be the priority of any brand manager to have his/her brand positioned at the top rung.

Naming a brand could be the company name, a stand-alone name, or an existing brand name with well established reputation. Another view is to name a brand with its future and destiny in sight at the time of its birth.

Future and destiny point toward vision for the brand. You must consider:

- Is it going to be a regional, national, or international brand?
- Is it going to represent one category or will have the potential and power to represent more than one category.

Answers to the above questions will comfortably lead you to go for a name most appropriate for the brand. There could be different strategies employed for the purpose.

Turn Product into Brand

You need to do consistent hard work to give meaning to the product to turn it into a brand. The underlying aspect of this exercise is differentiation. A brand presents itself in its differentiated form and features for consumers to acknowledge. Without differentiation a product does not qualify to be acknowledged as a brand. If features allow the brand to occupy its intended position in consumer's mind, the product is deemed turned into a brand.

Manage Brand

The process does not cease upon turning the product into a brand. A perpetual effort is needed to sustain it. Brands go through the rough and tumble of market dynamics. Competition creates challenges for your brands all the time. Management must face the challenges and live up to those by responding professionally, with the help of brand management tools at its disposal.

Management commitment to sustain brands, therefore, is of paramount importance. Brands must be managed keeping in view their value for the consumer and for the company.

There could be a lot of conflicting and opposing views across functional areas while you manage a brand. All such views must be resolved for convergence

onto one point – full support to the brand and brand strategies for achievement of goals. You gain support from all concerned by creating a brand-based culture within the organization. The objective here is to involve people from across functional areas in a way that they end up owning the brand-based decisions.

Generate Profits and Build Brand Equity

Generating profits and building equity are two steps, but interlocked in terms of their occurrence. A well managed brand is an assurance of profits. Only profits will lead the company into a better competitive position and allow for further moves to reach destination as envisioned by the company. Profits make a brand powerful. Power gives the brand value, which is translated into financial value, and hence equity.

Models of Brand Management

For comprehension of a brand's dimensions, three models are fundamental to any discussion about the subject.

- .□ Brand identity
- .□ Brand image
- .□ Communication

Brand identity

Brand identity is what a company transmits about the brand to the marketplace. Identity has many components – the name, the packaging, the colors, the typestyle, the logo, and a host of other factors that comprise its personality. The personality of a brand should be created for it to get expressed in terms of well-defined characteristics. For example, reliable, friendly, durable, and serious etc.

What is most important here is that the company must be able to express the real essence of the product to the target market. Any product, however high on the quality and reliability grid, may not exploit its full potential if it is not expressed right by way of creation of the right compatible personality. If a brand is to be registered in the minds of consumers as “durable”, then the whole identity has to revolve around the aspects of durability. You must not develop a package and related components that convey a sense of “fashionableness”. That will be contrary to the personality/identity of the brand.

Brand image

Brand image is a term used very loosely by people outside the sphere of marketing. Changing the image is a favorite topic while discussing brands under distress. But image is not something that can be changed or transformed with the speed we change a color on the drawing board.

Brand image follows identity. It is a reflection of what we projected to send to the public. Managers must be clear about what they want to send and how they want it received. Brand image, then, is something that builds into the minds of the consumers. To what extent that image is in line with the identity created by the company is the greatest challenge for brand managers! The more the managers can have the market imagine their brand's identity the way it is intended to be imagined, the more successful they are in their effort. If there is a gap between the identity and the image, then there is a need for corrective action.

Companies' efforts to build the right image span so many different means of communication of which brand's own appearance is a part. Brand image, therefore, is the totality of information, advertising, promotions, and other brand manifestations that the consumer has seen and received about the brand over a period of time. It is, in other words, his experience with the brand modified by certain perceptions, previous beliefs, biases, social norms, and a level of forgetfulness.

Communication

The vehicle that transmits brand's identity to the target market for creation of the right image is communication. To ensure that image remains as close to identity as possible, companies get into communications of different kinds.

This is where

brand communication takes an important stage. Correct communication goes a long way in creating and building brand identity.

Communication is not restricted to the traditional communication platform, which is advertising, promotions, public relations, personal selling, and also some

technologically advanced ways of reaching the consumers through e-mail and internet based direct marketing.

Brand Dimensions

Brand Dimensions are as under:-

Functions

Every brand has a reason for being. If managers have correctly created a brand that fulfills a particular “need” in a convincing way, then their understanding of the brand is clear about what function the brand is going to fulfill. Functions, therefore, stand for the central purpose of a brand. Why it exists? What need(s) it fulfills? Whose need (target market) it fulfills? Starting point in the process of brand development, the functions are carefully studied before making the decision for brand’s introduction. Management must be clear about the value the brand is going to offer its customers and the value it will generate for the company.

Differentiation

In order to fulfill a certain need, a brand has to have a certain level of differentiation, which refers to different and extra features. It is these extra features that attract your target and offer them value.

In the age of fierce competition, the comparison is not between products that are perceived as “passed products” and “failed products”. The competition is among excellent products.

According to Kapferer, some brands (products) are “more excellent” than others.

Differentiation can take so many shapes and forms. Apart from extra physical attributes of a brand, differentiation may also take place in terms of creative distribution channels and promotions.

Source

The source company is important in terms of its reputation. Consumers as well

as trade members who play an important role in promoting brands to consumers gauge commitment of producers that they may have with their brands in light of their reputation, history, and image in the market place.

Two brands of equally good quality by two different companies may not enjoy the same level of following and loyalty. The one offered by a company with strong reputation in all probability will have a better chance of gaining a wider customer base. Businesses must carefully consider this source dimension to continually improve their reputation and leverage their brand(s).

Brand Characteristics

Brand characteristics fundamentally relate with the value brands offer their customers and create for their companies. Value being at the heart of brands' characteristics necessitates that brands be managed accurately.

Value and power are not a guarantee that brands will not be attacked. Competition will attack your brand by trying to dislodge it or snatch market share from it. The battle will never stop. The question arises, "how to bring in accuracy into brand management in a way that brand's characteristics get enhanced under competitive challenges and threats"? Competitive pressures threaten brands' success and even existence. Given all that, brands become so very essential to the survival and success of business firms that we need to understand them in all their complexities, so that we can manage them correctly.

Brand should have following characteristics.

- .☐The brand must *offer* a superior value proposition
- .☐The brand must *deliver* the superior value
- .☐The brand must *maintain* a relationship with its customers.

Strategic Brand Management Process

Strategic Management process emerges brand managers while they develop a new brand or sustain an existing one.

Vision

The point of departure toward the process is to have a clear vision for your brand. Vision should not frighten you, for it is not something poetic or philosophical that you may consider only blessed ones having been endowed with. If you are a person of average intellect, that most of us are, then you should not have any problems developing a vision. It is all about where you want to see your brand at the end of a certain period of your definition. In very simple words, vision is the journey from here (present) to there (future).

Being the brand manager, you are responsible for the destination planning of your brand in terms of its future movements relating, for example:

- .☐The volume
- .☐Share of the market
- .☐Markets to serve
- .☐Distribution improvements
- .☐Quality parameters and benchmarks
- .☐Overtaking competition
- .☐Product innovation or extension, to name a few

With the vision in place about your brand's movement, the next step for you is to take top management into confidence. The top management is extremely interested in the planned brand's movements as envisioned by you and your department.

Setting Objectives

After vision in place, the next step is converting those statements into specific objectives. Performance of all managers is measured by the level of achievement of those objectives.

Any organization setting itself ambitious and bold objectives become aggressive in its pursuits. Ambitious and bold should not be misinterpreted as unrealistic. Organizational capabilities must be considered before setting realistic objectives.

Targets

Toward achievement of objectives, all managers across the company must get targets that can be measured. Targets broken into divisions, departments, and then units develop a result oriented work culture. It improves work performance with no confusion about who is supposed to do what and who is stepping on whose toes. The collective achievement of targets helps the company to achieve its mission and assure fulfilling its vision.

Types of Objectives

Following are the two major types of objectives set in a typical organization¹

- .□ Financial Objectives
- .□ Strategic Objectives

Financial Objectives deal with

- .□ Revenue growth
- .□ Earnings growth
- .□ Return on investment
- .□ Dividend growth
- .□ Share value appreciation, and
- .□ Positive cash flow etc.

Strategic objectives deal with

- .□ Winning greater market share
- .□ Overtaking competitors on quality
- .□ Staging innovations
- .□ Cutting costs
- .□ Creating and sustaining technological leadership, and
- .□ Capturing growth opportunities etc.

Both financial and strategic objectives are set in short and long term basis. The job of managers is to achieve both in order to improve competitive strength of the company. While short range objectives keep the managers involved in accomplishing the mission, long range objectives prompt them to think what to do next to achieve company's vision.

Crafting a Strategy

Strategy is crafted in compatibility with the stated objectives. Objectives are the "ends" and strategy is the "means" to achieve those ends. Strategy deals with "whether to" and "how to" areas of the management process and seeks answers to the following kind of "whether to" and "how to" questions.

- . Whether to concentrate on one business or diversify?
- . Whether to serve a large number of customers or operate in a niche?
- . Whether to have a narrow product line or a wide one?
- . Whether to achieve competitive advantage through lower costs, better quality, or unique features?
- . How to respond to competitive pressures?
- . How to respond to changing preferences?
- . How big a geographic market should be?
- . How to grow the organization in the long run?

The "whether to" and "how to" aspects relate to branding strategies as much as they do to overall business. If you come to think of it, many of the questions fall within the area of brand management.

Implementing Strategy

The fundamental is to assure "what are and should be" the means at management's disposal to achieve what is envisaged. Implementation is all about what must be done to achieve the desired performance goals by putting strategy at work.

Proficient execution consists of the following key aspects

- . Building an organization and developing a culture of motivating people by instituting reward systems.
- . Developing budgets and steering resources into strategy critical areas of success.
- . Installing information and operating systems.

Evaluating Performance

What has been set as objectives and targets have got to be evaluated to see if management is really moving along the path it envisioned for itself! Movement identical with the planned path is generally not possible. If performance is above par, then it is not bad. If not, then the following questions have to be considered:

- . Change of strategic direction

- . Business to be redefined
 - . Vision changed; narrowed or broadened or revised altogether
 - . Performance standards to be lowered or raised
- It is clear that all the above considerations relate modifications and adjustments in the strategic frame work.

Brand Picture

Brand picture is based on brand image, which has two following components:

- . Brand associations
- . Brand persona

Brand Associations

Associations refer to attributes the brand carries and benefits it offers to consumers. Features and attributes remain undifferentiated in the minds of consumers unless they translate into perceived benefits. Benefits are weak unless they relate to the customers' central values and beliefs

Example

A chain of schools cannot create perceptions of good quality education to children unless its program of teaching relates to the central values of children's

parents. The values could be a set of good worldly education, knowledge of basic religious tenets, and high morals.

Emphasis on physical training and extra-curricular activities may also be among the beliefs of the parents. The education system of the school has to create all the relevant attributes and then deliver those as benefits for the target market (parents) to perceive that the delivered product is very much in line with their perceptions. The higher the quality of delivery and substance of education, the higher the school has ladder up the benefits. Add to that the extracurricular activities and the school has further ladder up the benefits

Brand Persona

Persona is description of the brand in human characteristics. You must be able to express your brand in human terms like sturdy, reliable, well-meaning and well-serving, stylish, modern, and caring etc. Brand managers look at brands from the standpoint of human and other characteristics that can be easily identified and understood. The objective of the exercise is to personify your brand so that consumers can express and associate themselves with the brand just as they associate themselves with other persons.

Example

Car. It is like you describe a car as rugged; you can describe a person from a certain area as rugged.

Biscuits. You may describe a high-end expensive biscuit brand as “sophisticated” as opposed to another you may want your fun-loving kids to take as “funny”. People can be described as sophisticated and funny.

The exercise of personification is meant to fully understand what personality traits you should create for your product so that it is perceived by the consumers the same way. The objective therefore is the same as it stands in developing associations. Customers must perceive your product the way it is intended to be perceived. In order to understand the traits of your brand right, you again have to carry out market research and ask consumers questions to arrive at the right most personification.