Rajagopal

# Competitive Branding Strategies

## Managing Performance in Emerging Markets

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*With love to my wife, Arati*

# Preface

The subject of branding, customer-brand relationships, brand equity strategies, and branding as a societal institution has become so complex today that attaining consumer attention for brands has become a widespread challenge across destinations and markets. As emerging markets are growing faster and stronger today, companies are exploring new facets of brands from materialism to brand prominence focusing on vogue, quality, and price consciousness. Consumers in emerging markets are experiencing higher spending power than before. They are finding the evolving brand market today as complex. Product choices and communication channels are exploding, and brands are penetrating bi-directionally with global-local and local-global dynamics. The potential of digital platforms and consumer empowerment is on the rise in emerging markets.

Building powerful brands has become a requirement for companies today to stay competitive in the growing global marketplace. Most multinational companies tend to conquer the universe of markets comprising premium, upper mass, mass, lower mass, and bottom-of-the-pyramid market consumer segments. Companies are involving consumers and market players in determining tangible characteristics of the brand. Co-creation of brands has become a valuable strategy for companies to succeed in the competitive marketplace. Branding decisions are usually made in context of competitive trends and non-conventional models that combine analysis with consumer preferences.

Globalization has opened many options to build branding strategies through social media and the Internet in addition to conventional approaches. However, amidst increasing market competition, the rules of the game change without notice. Therefore, companies need to understand market ambience, resources, society, and culture, and analyze the competitive choices to determine their brand equity in the marketplace. An intriguing aspect of the marketplace is that the nature of competition can change over time and create uncertainty in the business of a company. Thus, market competition can radically alter the strategic choice of branding most suitable to the industry and the market. Competing brands try to attract customers by various means to polarize business and earn confidence in the marketplace.

Consumers in emerging markets tend to initially consider smaller sets of brands and maintain those brands for a longer term. Companies in emerging markets consider that getting brands into a consumer's perceived value is more important in emerging markets, because that phase of the journey appears to have an enormous impact on purchase decisions. As the consumer is becoming the kingpin of business, most companies are trying to co-create brand value to improve brand performance. Most new firms at the grassroots of market have started to redefine key aspects of their marketing-mix, and have grown stronger to sustain the market competition by innovation and customer-driven branding solutions. The conventional branding measures are shrinking, and companies are exploring new strategic options by investing in market-oriented technology and by co-creating branding in products and services with consumers.

Global markets are changing rapidly with the emergence of new markets, companies, and brands. In the twenty-first century, markets in BRICS (Brazil, Russia, India, China, and South Africa) are emerging as among the largest consumer hubs, and many global companies are targeting this geo-demographic segment as the place of future business. This book is aimed at delivering knowledge and skills on developing successful brand strategies and managing them in the changing business environment. The book aims at developing managerial perspectives regarding brand management and the strategic role of branding. This book is designed and developed with the following focus:

- Enhance knowledge and skills on branding strategies, and internal and external fit in the company to develop competitive brands and brand leadership in the market
- Help readers understand brand competition in the global marketplace and the organizational support required to build competencies in managing powerful brands.

The book provides guidance with proven strategies for building successful brands in the competitive marketplace, the decisions and options faced by brand managers, and the tools to manage brands effectively. An increasing interest in the continuous evaluation of brand performance is observed in both managers and academics in the recent past. This book is developed on new dimensions on brand management strategy and application, analyzing best practices followed by corporate houses. It delineates the process of linking business performance to different constituents of brand management. It has also been argued in the book that brand management is not just a marketing issue, it also directly affects corporate profitability. Effective brand portfolio management starts by creating a fact base about equity in each brand and the brand's economic contribution. Accordingly, this book contributes to the existing literature, and serves as a learning post to the students and a think tank for practicing managers.

A comprehensive introduction to the concept of branding strategies and branding process is presented in the book that helps students and working managers to learn the contemporary thinking on the subject. It covers complex elements of branding, analysis of behavioral theories, fundamentals of market competition, and risk analysis in branding. A broad foundation of this subject, beginning with a discussion of the concept of brand dynamics, followed by analysis of change behavior of markets and its components, forms the core discussion in this book.

This book is divided into nine chapters across three parts: understanding market competition, managing brands, and control and measurement. Chapter 1 discusses managing of brands in a competitive marketplace with focus on strategies of brand incubation, brand launch, sustainable brands, innovation and technology in branding, financial aspects of branding, brand communication, and brand value chain. In addition, trends in brand association, brand governance, brand scores, and co-creation have also been discussed in this chapter. The chapter argues that brands influence consumer decisions to buy in many ways or through combinations of them, sometimes with tremendous persuasive appeal. Most companies follow an outside-in approach to manage brands in the competitive marketplace. Chapter 2 discusses new concepts in branding decision and presents customer value model in the context of pricing and cognitive determinants. Brand rebuilding decisions and defensive brand marketing strategies implemented to prevent cannibalization of brands in the competitive marketplace also constitute the core discussion in this chapter.

In addition, this chapter highlights measuring of brand development indicators within the market-oriented goals and presents a new brand measurement platform through brand matrix. This chapter argues that brand sensitivity to consumer perceptions and value for money play a major role in determining the branding strategies. Often companies develop tactical strategies to compete with their rival brands and launch brands in the marketplace, which are sustainable in the long term. Discussions on strategies of brand positioning and value creation are central to Chap. 3. Discussions in this chapter are knitted around measuring brand equity, customer relationship, customer involvement, and brand empowerment as integrated parts of brand functions. In addition, communication effects, brand differentiation, and brand experience are discussed in the chapter as strategies of brand positioning. The chapter also discusses measuring of perceived brand value through brand personality, brand advertising, customer relations, cognitive factors, and self-referencing. Developing branding strategies, analyzing elements of marketing-mix, and multi-brand positioning strategies are also deliberated in the chapter.

Branding strategy is explained in Chap. 4 with a focus on brand designing and implementation, market-oriented branding, and customer-centric domains. Strategies for leveraging brands in competitive marketplace through co-creation, and comprehensive branding approaches have been discussed in this chapter. Chapter 5 is devoted to discussing the strategies of brand portfolio management in the context of building consumer loyalty and various drivers like brand timing, brand positioning, localization, diversity in communications and distribution channels, brand life cycle, hyper segmentation, and brand experience. This chapter also discusses the attributes of various brand categories and brand grouping. The brand portfolio matrix in reference to performer brands, cash cow brands, wedge brands, and trailing brands also has been discussed in this chapter. New trends in brand management have been discussed in Chap. 6 explaining principles of physical sciences analogically. In this context, new concepts of brand gravity, brand velocity, and brand energy have been explained with the help of examples. This chapter also discusses how brands express themselves through verbal and non-verbal elements to attract consumers. Furthermore, the emerging trends of brand involvement and consumer empowerment among consumer products companies in emerging markets have also been discussed in the chapter.

Following the discussion in the previous chapter, a wider perspective of branding in emerging markets has been discussed in the Chap. 7. This chapter provides contemporary vision on trends in brand licensing and contemporary approaches of online branding. Discussions in this chapter argue that emerging practice of private branding in the niche markets has significant impact on consumerism. The last section of this chapter consists of discussion on brand diffusion strategy and brand promotional practices in the growing market destinations. One of the major concerns of many consumer products companies is the risk of survival of consumer brands in emerging markets. This perspective has been thoroughly covered in Chap. 8, which discusses the typology of brand-market risks, brand disruption, and brand uncertainties. In addition, impact of mergers and acquisitions on brand performance also constitutes the principal area of discussion in this chapter. Chapter 9 discusses control measure on brand performance in reference to the brand audit, and discusses the strategies of brand matrix and brand variability.

The conventional literature on brand management views brands as products. Until the twentieth century, companies carrying brand names were in control of brand-related actions and outcomes. However, brands have grown socially in the twenty-first century and are widely commanded by social networks, consumer forums, and stand-alone digital platforms. This book critically examines the contemporary empirical research, and delineates how the substantial influence of stakeholders affects the performance of brands. Together with brand management, stakeholders shape brands by participating in brand-related interaction. The book argues that brands are nurtured today as social assets instead of mere products. Accordingly, European brand-research studies treat brands as ongoing and complex processes in a constant flux. Nevertheless, this book refurbishes the brand concepts through theoretical underpinnings, and explains the embedded complexities in developing consumer-centric and market-oriented brands.

This book has a contemporary reference-cum-textbook design, explaining new concepts of branding supported by the best practices of multinational companies that include companies from emerging markets. Contents of the book have been developed for young managers engaged in developing new brands and maintaining competing brands. Most of the topics covered in this book are also consistent with courses on brand management offered by North American schools of business. Discussions in the book have been supported with best practices, appropriate references, and citations on contemporary concepts and case studies. The book is original to its core as it presents the blend of eastern and western branding strategies, corporate business environments, and best practices. Most of the concepts discussed in the book have been considered in the international academic circles as theoretical contributions to the branding principles.

A categorical review of consumer behavior and branding theories, blended with the contemporary best practices, provides the foundation of the book. The new branding models drive strategic and tactical stewardship for firms operating in the competitive marketplace. The book discusses new concepts related to branding efficiency, and effectiveness of co-creation approaches. It discusses multiple perspectives on the effects of brand's performance on firms. This book significantly contributes to the existing literature and serves as a learning instrument and a think tank for students, researchers, and business managers.

This book is an outcome of courses taught by me on consumer behavior and marketing strategy, and international business management at the graduate level (MBA) at EGADE Business School, Mexico City and at Metropolitan College, Boston University, Boston, since 2013. There were several brainstorming sessions with students and peer researchers on branding in emerging and large existing firms, which significantly helped in shaping new ideas for discussion in this book. Such discussions brought new insights on redefining the significance of innovation and technology in a competitive marketplace, and highlighting the role of disruptive practices down the lane in the market by new entrants. The book also discusses several consumer-centric strategies applied by the companies to associate consumers as pivots in driving new products and technologies in the market. Initially, I worked out a teaching agenda on developing innovation and technology process, and diffusion and adoption models for global companies, and discussed it at length in the classroom encouraging timeless discussions that helped in developing new conceptual frameworks on the subject. Some of my research papers on brand management and customer-centric marketing in emerging markets have been published in international refereed journals that have driven new insights on the subject. Such refined work endorsed with applied illustrations and updated research on brand management has been presented in this book.

I hope this book will contribute to the existing literature and deliver new concepts to the students and researchers to pursue the subject further. By reading this book, working managers may also realize how to converge brand management with consumerism and market competition in the emerging local-global businesses.

Mexico City, Mexico Rajagopal
May 15, 2019

# Acknowledgments

The journey of ideas on branding evolved through my conceptual research on brand measurement matrix and the convergence of fundamental principles of science like gravity with branding, which have been published in international refereed journals. Branding management has been a core topic in the courses on Consumer Behavior and Marketing Strategy, and International Business Management, which I have designed and developed. I have been teaching the course on Consumer Behavior and Marketing in the MBA program at EGADE Business School since 2010, and the course on International Business Management at Boston University since 2013. Discussions with my colleagues within and outside the EGADE Business School and Boston University have benefitted me to a great extent. I am thankful to Dr. Kip Baker and Dr. John Sullivan, past and present Chairs of Administrative Sciences Department of Boston University respectively, and to the directors of MBA program at EGADE Business School, who have always encouraged me to develop new insights in teaching and existing literature prolifically. I enjoyed encouraging discussions with the students and corporate managers on the subject while imparting the course, which helped in enriching the contents of this book.

I am thankful to various anonymous referees of my previous research works on brand management, consumer behavior, and marketing strategy, who helped me take a deeper look at the conceptual gaps and improve the quality of this book with their valuable comments. Finally, I express my deep gratitude to Arati Rajagopal who has been instrumental in completing this book. I acknowledge her help in copy editing the first draft of the manuscript and for staying in touch until the final proofs were crosschecked and index was developed.

# Contents

# About the Author

**Rajagopal** is Professor of Marketing at EGADE Business School of Monterrey Institute of Technology and Higher Education (ITESM), Mexico City Campus, and Life Fellow of the Royal Society for Encouragement of Arts, Manufactures and Commerce, London. He is also Fellow of the Chartered Management Institute, and Fellow of Institute of Operations Management, United Kingdom. Rajagopal is a visiting professor at Boston University, Boston, Massachusetts.

He has been listed with biography in various international directories. He offers courses on Competitor Analysis, Marketing Strategy, Advance Selling Systems, International Marketing, Services Marketing, New Product Development, and other subjects of contemporary interest to the students of undergraduate, graduate, and doctoral programs. He has imparted training to senior executives and has conducted over 60 management and faculty development programs. Rajagopal holds post-graduate and doctoral degrees in Economics and Marketing, respectively, from Pandit Ravishankar Shukla University in India. His specialization is in the fields of marketing management, rural economic linkages, and development economics.

He has to his credit 57 books on marketing management and rural development themes, and over 400 research contributions that include published research papers in national and international refereed journals. He is the editor-in-chief of *International Journal of Leisure and Tourism Marketing* and *International Journal of Business Competition*. Rajagopal is the regional editor of *Emerald Emerging Markets Case Studies*, published by Emerald Publishers, United Kingdom. He is on the editorial board of various journals of international repute. Rajagopal holds the honor of the highest level of National Researcher SNI Level-III, awarded by National Council of Science and Technology, Government of Mexico. He has been awarded UK-Mexico Visiting Chair 2016–17 for collaborative research on ‘Global-Local Innovation Convergence’ with the University of Sheffield, UK, instituted by the Consortium of Higher Education Institutes of Mexico and the UK.

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PART I

# Understanding Market Competition

CHAPTER 1

# Managing Brands in Competitive Marketplaces

Brands are critical to markets, while customers are critical to brands. Hence, companies should design customer-centric brands and offer value-based brand services to customers to gain high brand equity and brand value. Companies continuously innovate brands to offer competitive differentiation against rival brands in the marketplace, in order to provide value enhancement on brands to the customers. Success of a brand strategy is based on innovation and competitive differentiation that stays for the long term. Most emerging companies need to brand an innovation and position it competitively in the marketplace. Brands can make all the difference in the market if they are managed properly against competing brands. Brands should reveal value, exhibit image, build personality, and enhance brand equity in the market. A brand is an integral part of a coherent strategy, supported by actively managed and adequately governed brand-building programs.

If you ask consumers what comes to mind when they hear the name of a big brand such as BMW or Gucci, they will reply with a list of attributes which go far beyond the physical, tangible aspects of product and delivery. But the one word that brings all these things together in people's mind is value. Time and again, research has shown that the real driving force behind market leadership is perceived value, not price, nor inherent product attributes. As long as a brand offers the customers a superior perceived value, good market performance follows, which makes consistency a highly important feature of brand behavior. Hence, it may be stated that consumers cultivate relationships with brands in convergence with social values and culture.



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## Brand Incubation

Brands are also successful because people prefer them over unbranded products. In addition to the psychological factors already mentioned, brands give consumers the means whereby they can make choices and judgments. Based on these experiences, customers can then rely on chosen brands to guarantee standards of quality and service, which reduces the risk of failure in purchase. Today's world is characterized by complex technology, and this can be extremely confusing to the people who are not technology minded. Brands can play an important role by providing simplicity and reassurance and offering a quick, clear guide to a variety of competitive products. It may be stated that animism is another process mechanism that directly explains the specific ways in which the vitality of the brand can be realized.[1] Over time, personalities of the spokespersons are transmitted to the brand. Obviously, this aspect is not in control of marketers and the brand personality is indirectly created by all the elements of the marketing mix.

Companies with flagship brands follow an outside-in approach to manage brands in the competitive marketplace. Brands are built and communicated to create clear awareness among customers, and are supported by the required set of management skills. Toyota has built the Lexus brand of luxury car meeting the expectation of technological perfection by managing quality processes. Building a customer-centric brand demands that managers balance business skills with brand quality and competitive advantages. The outside-in approach helps companies nurture reputation and for high-quality brands to gain a customer's trust and deliver a company's promises. Companies with robust brand leadership attributes drive managers toward setting sustainable brand management strategies and designing brands to serve the marketplace. Companies also engage brands to serve customers and meet their expectations. Most companies learn lessons over the performance of previous brands, and make efforts to build new brands by analyzing the feedback of customers and observations of the employees of the company and other market players. In the process of building strong brands, companies invest in brand management programs that attract potential customers, and sustain in the marketplace among

[1] Fournier Susan (1998). Consumers and Their Brands: Developing Relationship Theory in Consumer Research, *Journal of Consumer Research*, 24 (March), 343–73.

competing brands. It is necessary to track the performance of brands over the long term.[2]

Many consumer goods companies build brands through big-box discount retailers, and position them through short-term price promotions in the mass consumer segments. Companies manage consumer brands with price-sensitive strategies to sustain long-term market challenges. To enhance the value of consumer brands and profitability, corporate managers consider long-term measures, and use them to make smarter marketing decisions. Many factors affect the sustainability of brands in the market. Besides brand personality, image, attributes of brands, trust, and responsiveness of the brand; the legal validity of a brand has become a major risk in the contemporary age. Genericide refers to a situation where brands lose their legal protections because their original name has become the generic term and no commercial brand name has been given to it. Such brand risk emerges for a new category of products in the market where the generic brand first helped to create its image. The Genericide effect of brands in the pharmaceutical industry has been responsible for the outgrowth of Generic Interchange brands with low price attributes of various pharmaceutical products in the regional markets.

Analyzing the responses, companies should develop their brand management teams and strategies, and engage consumers in the brand-building process. Such an explorative brand development and management approach would reveal new opportunities to reinvent brand management processes. The right management strategy creates long-lasting advantage for the brand when it moves to the market and takes over the competition as a challenge.[3] Corporate branding strategy is based on the image of the firm and its products in the marketplace. Corporate branding can play a critical role in building a company's brand portfolio. It can help differentiate the branding, support brand-mix, facilitate brand management, build credibility, and provide customer awareness through effective brand communication. Successful management of the corporate brand requires the firm to address a number of challenges including maintaining its relevance to the company's strategy, and demonstrating its benefits to consumers.[4]

[2] Ulrich, D. and Smallwood, N. (2007), Building a leadership brand, *Harvard Business Review*, 85(7/8), 92–100.

[3] Hamel, G (2006), Why, What, and How of Management Innovation, *Harvard Business Review*, 84(2), 72–84.

[4] Aaker, D. (2004), Leveraging the Corporate Brand, *California Management Review*, 46(3), 6–18.

## Brand Launch

Brands have grown wild by the early twenty-first century in the global markets due to bi-directional dynamics of companies from international to regional markets and vice versa. Most brands grown in global markets have been modified in their attributes and deliverables, and reassigned to suit the consumer preferences in varied destinations. Digital marketing technology has made brands more vulnerable to substitution today due to the viral effects of experience sharing by the consumers. However, digital technology has tightened control over brand messages through digital channels and social networks. Mergers and acquisitions have further added the risk of overlapping brands and their associated business values with the consumers within the brand portfolios. The relationships between brands and their customers have now become more open-ended as online discussions extend the brand experience after purchase. Multinational customer-centric companies manage their brand portfolios considering the following strategies to stay sustainable in the marketplace:

| | |
|---|---|
| Making brands distinctive: | Companies develop strategies to deliver relevant, distinctive, and credible value to customers. They offer benefits and experiences of brands and differentiate them through superior positioning relative to competitors. Such strategies are also used in repositioning established brands to meet customer needs effectively. |
| Optimizing brand portfolios and new designs: | Companies launch new brands and sub-brands continuously to compete with their rivals and serve the changing preferences of consumers, which endangers the roles and relationships of brand assets within a portfolio. Such trends in branding pose major challenges to companies in consolidating brands, reducing value-based complexity, and brand-overlap. Brand designs should incorporate the 4As comprising attributes, availability, affordability, and adaptability. |

| | |
|---|---|
| Delivering the brand promise at all touchpoints: | Consumer-centric companies make greater efforts to deliver the brand promise at all touchpoints with the customer, both online and physical deliveries. The current business and the modern multichannel environment drive companies to co-create the brand value and deliver a consistent brand experience, and collaborate effectively with the consumers in implementing brand strategies. |
| Supporting consumer decisions: | Companies should be able to develop branding capabilities to guide consumers in making pro-brand decisions in response to the brand strategies of the company. |

Companies in the competitive marketplace analytically measure their brand power and map current brand positions. Brand performance is commonly measured by the company in reference to the volume of sales stimulated by the effect of individual brand tactics within the brand portfolio. Skill needs to be acquired in positioning the brand against the competitors' brands, and the brand-line mapping is an important planning exercise to perform this task. Such an effort is also beneficial in identifying market segments according to the customer preferences. Table 1.1 presents the different components of the brand-line analysis and task involved thereof.

The brand-line length in a company may be required to stretch downward or otherwise to optimize the line length. In other words, it is the responsibility of the brand-line manager to establish a positive correlation between the number of items and the sale-profit targets of the company. The brand line should not be constant. It has to be extended over time, systematically in two ways: by stretching and filling. The line can be stretched either downward, or upward, or both ways depending upon the range of competitors and the brand lines simultaneously existing in the market. The downward stretch results in selling the upper end brands initially at cheaper rates on the brand line. This strategy has to be used very carefully, as losses may pile up through a volume of out-fashioned

**Table 1.1** Brand-launch analysis: Task and approaches

| *Analysis components* | *Task* | *Approach* |
|---|---|---|
| Sales and profit | Identifying vulnerable items on brand line | Quantitative and time-series data on variables |
| Market profile | Brand positioning | Competitive brand profiles analysis—physical & monetary |
| Line length | Optimal length comprising a number of items | Analysis of stretching and filling options |
| Stretching | Moving the brands to premium or mass customer segments | Downward/upward stretching |
| Filling | Adding new/missing items | Lowering the brand price or new launching |
| Featuring | Increasing brand attractiveness and volume of sales to push brand share | Customer orientation to be made at high end of line with a matching price |
| Pruning | Repositioning the slow-moving brands to optimize the brand line | Cost-effective decision-making, eliminating low-sales items |
| Rearranging portfolio | Brand diversification and new brand line | Market-segmentation, demand analysis and pricing strategies |

stock. However, the item image largely depends on the brand name. The upward stretching of the brand line is risk averse. Such an approach allows selling the brand-line items at a high price, as the managers are attracted by higher growth rates and profit margins. However, there always remains a threat of price 'fall-out' from the higher end competitors, and of introducing a substitute at a lower price from lower-end competitors. Finally, the sales personnel of the company and distributors have to manage the crisis. The company, at the stage of 'maturity' of its growth cycle, may use both the upward and downward stretching of the brand line in different market segments. Adding new items or missing items on the sales stream of the market can also stretch the brand line. The featuring of the brand-line items indicates that a few of them have been selected and are being set at a high price and sales target. It may be observed that during Christmas, all consumer goods and durables are sold at relatively higher prices as the sales managers motivate the customers to buy the goods located at the higher end of the brand line. However, in the brand-line analysis, pruning is also essential to identify the low-sales items on the brand line, drop them out of the marketing program, and diversify items on the line to modernize the efforts. Brand planning is done not only for the consumer brands, but also in many other segments of marketing such as financial markets, social markets, and the like.

### *Brand Association*

A brand is positively valued when the customer reacts more favorably to the marketing mix of a brand with a known brand name, compared to an identical yet unbranded brand. Brand knowledge is conceptualized as an 'associative network memory model' consisting of two dimensions: brand awareness and brand associations in consumer memory. Positive customer-based brand equity occurs when the customer is aware of the brand and holds strong, unique, and favorable brand associations in memory. Organizations tend to orient their scope of brand measurement based on their cultural approach to brand strategy. Based on self-identified brand centricity, the findings within this research suggest that there are three distinct organizational cultures associated with the measurement and management of brands; and the culture typifies the scope of measurement and management approaches used by an organization. Organizations pragmatically formulate their brand strategy, and tend to apply measures that focus on the effectiveness of their brand efforts from a communications and financial perspective. These organizations tend to apply a reasonably strong measurement framework involving the use of financial based variables (to measure the financial impact of brand efforts) in addition to non-financial variables such as customer perceptions and behaviors (to measure the impact on customer actions and beliefs). These companies are limited in their adoption of brand-based ROI, and internal branding. A dairy farm in Turkey was brought to the market through a journey, from traditional churning of yogurt to a type of consumer brand named 'Chobani'. The brand was established in the market by 2005. It took over two years to perfect the recipe and get the packaging just right in the American market. Chobani is sold in mainstream grocery stores and stocked in the dairy aisle alongside existing yogurt brands and by 2009 the company was selling 200,000 cases of yogurt a week. It needed to make a big investment in brand building to increase capacity of production and market share.[5]

[5] Ulukaya, H (2013), Chobani's Founder on Growing a Start-Up Without Outside Investors, *Harvard Business Review*, 91 (10), 45–48.

As the global awareness about green products is increasing and consumer preferences are being eco-driven, most cosmetics companies are introducing natural ingredients in their beauty products. The Himalaya Drug Company, engaged in manufacturing herbal medicines and cosmetics in India, has reoriented insights into how the lifestyle of consumers can be associated with the use of face washes of its own brand. As the youth population of India under the age of 35 has become more affluent and self-conscious about personal grooming, they are looking for better solutions in the western and oriental brands. Such shift in the consumer behavior has become a significant milestone introducing natural brands in the personal care segment. Several brands have positioned themselves in the market demonstrating various attributes and benefits. Himalaya wants to understand the impact of values and lifestyles both on the category of face washes and on the brands in this category. The company found that consumer behavior is embedded in value and lifestyle of consumers, and connected it to various face wash brands through the concept of laddering. Brand laddering involves development of a brand from attributes to benefits to serve unique values or motivations. Laddering involves repeated reinforcement of brands in the consumer segments by highlighting their benefits. Himalaya is engaged in disseminating the attributes and benefits of the brands to get them associated with the lifestyles of the consumers.[6]

## *Brand Governance*

An international firm should develop country-specific brand lines for achieving success in the overseas market. To achieve this goal, the composition of the brand line needs to be periodically reviewed and changed. Environmental changes such as customer preferences, competitors' tactics, host country legal requirements; and a firm's own perspectives including its objectives, cost structure, and spillover of demand from one brand to another can render a brand line inadequate. Thus, it may become necessary to add new brands or eliminate existing brands from the brand line, to customize the brand line specific to each country. Alternatively, certain specific brands may be developed for a particular

[6] Kumar, S. R. and Minj, E. (2012), *Himalaya Face Wash: Brand Associations and Lifestyles*, Harvard Business School Press, Cambridge, MA.

foreign country with by collaborating with the brands of local companies. The extension of domestic brands to foreign markets follows the brand life cycle pattern. Such brand extensions are generally adopted through a process of consumer familiarization, wherein brands are developed first for the home market and upon their success lead to exports. As the exports grow, the firm may consider setting up a warehouse, a sales branch, or a service center in the foreign locale. Ultimately, the firm finds it more economical to assemble or manufacture the brand in the country selected for entry. The firms operating in overseas markets may also choose to add new brands to the line in order to serve an unfulfilled customer need in a particular market overseas, or to optimize the existing marketing capacity of the firm in a given market. For example, a dairy firm selling different categories of liquid milk and milk brands overseas in developing countries may discover a dire need for cattle feed and veterinary brands for the dairy farmers to augment the procurement of liquid milk. Hence, the firm may add such items in its brand line. Alternatively, the same company may establish a good distribution network to serve semi-urban and rural milk producers, though such brands may not be directly related to the firm's business. It is necessary for a firm to carefully examine the intrinsic and extrinsic values associated with the brand.

The firm's decision to add a brand to the line is influenced by its compatibility with reference to marketing, finances, and environment. *Marketing competitiveness* involves the match between the new addition and the current and potential marketing compatibilities of the parent company and its foreign subsidiary in matters such as product, price, promotion, and distribution. A firm needs to analyze the risks pertaining to financial operations and opportunities related to the addition of a new brand line it is looking for. The common criteria in determining the *financial compatibility* of the proposed addition may be the profitability and cash flow implications. Besides, to ensure that the newly added brand line would not encounter any legal and political problems, it is required for the firm to analyze the factors of *environmental compatibility*, which includes concern for the customer, competitive action, and legal or political problems. The inclusion of a brand in the line should not pose any problem for either existing or potential customers. The factors that govern the process of managing brands in competitive marketplace include various intrinsic and extrinsic elements as listed below:

Intrinsic Governing Factors

- 11 Ps: product, price, place, promotion, packaging, pace, people, performance, psychodynamics, posture, proliferation
- 4As: accessibility, approachability, adaptability, affordability
- 4Cs: convenience, cost, congruence, care
- 4Is: information, interest, involvement, image

Extrinsic Governing Factors

- Comparative benefits
- Intangibles
- Cause marketing: Corporate social responsibility associated with the brand to create customer value
- Shared values: Referrals, word of mouth

Most consumer products companies drive their brands to penetrate the marketplace without developing enough awareness about the brands among consumers and market players. Companies deploy such brands through offensive tactics. It has been observed that such brand marketing tactics help companies to successfully launch new products, enter new markets, and gain share over existing products in the local markets. However, in managing every new brand launch intending to build its market share, the brand should defend its position against the competing brands. The basic types of defensive brand marketing strategies include positive, inertial, parity, and retarding. The first two types of brand marketing strategies tend to establish and communicate attributes of brand superiority in reference to brand features and values relative to the existing brands; while the other two categories of brand marketing establish and communicate competitive advantages and strategic gains in the long term as compared to the rival brands in the marketplace. Companies meticulously choose strategies to support identity of brands and products and services to develop an appropriate communication plan. As the brands are established in the market and gain high brand equity and customers' value, they become vulnerable to the market competitors. The Australian telecommunications company Telstra, following the deregulated market environment, used defensive strategies to fend off market newcomer Optus and reinforce its own brand in the market. Telstra enhanced its brand outreach across the mass-market consumers and got engaged in a price war. However, Telstra offered lower rates on some routes and at certain times of day, even though its prices were higher than its competitor's on an average. The company adopted this strategy likely to prevent consumers from switching to another brand.[7]

## Growing Brands

New brand concepts are tested by the companies in reference to competition, brand attributes, and an appropriate group of target consumers. The concepts can be presented physically or symbolically. The consumers' response may be summarized and the strength of the concept may be judged. The need gap and brand gap levels may be checked and modified thereafter. The concept testing and brand development methodology applies to any brand or service. The business analysis includes estimating the sales, as it would be of a one-time purchase brand, frequent purchase brand, or at regular interval purchase brand. The estimates should also be made in relation to the tendency of the first purchase, replacement purchase, or repeat purchase. Besides, the company should also assess the estimating marketing costs and the profits from commercialization of this brand. The statement of such estimates may be made across the regions and years of sales (spatial and temporal) on the following variables:

- Sales revenue
- Cost of the goods
- Gross margin
- Development costs
- Marketing costs
- Allocated overheads
- Gross contribution
- Supplementary contribution
- Net contribution
- Gross contribution
- Discount contribution
- Cumulative discounted cash flow

[7] Roberts, J. H. (2005), Defensive Marketing: How a Strong Incumbent Can Protect Its Position, *Harvard Business Review*, 83 (11), 150–157.

Sales projection may be set based on the market assumption, market share of the company, and the predetermined price. The cost the goods sold may be found by estimating the average cost of labor, brand constituents, logistics, and packaging. The difference between the sales, revenue, and cost of branding would reveal the gross margin of the brand. Development cost consists of the expenditure incurred on brand development, research cost, and operational cost including new equipment, inventory, and designs. Marketing cost includes the cost of brand distribution and advertisement, and other costs. Overhead cost of this new brand covers the share of its cost of executive salaries and infrastructure. Gross contribution may be found by subtracting cost-plus variables from the gross margin. Supplementary contribution is used to list any change in income from the other company brand caused by introduction of the new brand. Discounted contribution may be of some sales incentives or any introductory offers given by the company to promote the brand. Cumulative discount cash flow shows the progressive annual contribution of the discounted brands. Companies also use other methods to evaluate good reasons for introducing the new brand in the market.

It has been observed that often ethnic names of the brands appeal to the consumers of both premium and mass segments. Grandma's Cookie division of Frito-Lay's has found that it has become a potential brand in the supermarket line of Grandma's ready-to-eat cookies. The market share has been higher than the 50 percent as projected by the management in the United States. Performance of brand in existing markets was not positive in some regions to justify continuing the brand rollout in new markets. Price and packaging were the main concerns of consumers in the majority of markets that affected smooth rollout of the brand. However, the company has been intending to change the rollout specifics to better ensure the success of the new packaged Grandma's brand line.[8]

### *Brand Score Measures*

The brand development at this stage involves designing the prototypes based on the concept that has passed through market tests. The consumer testing of the brand may be taken up in two forms: laboratory testing and

[8] Bonoma, T. V., Carlson, K. A., and Kane, M. L. (1984), *Frito-Lay, Inc.: Grandma's*, Harvard Business School Press, Cambridge, MA.

**Table 1.2** Consumer preference measurement scale

| *Preferences* | *Weight* | *Brand 1* | *Brand 2* | *Brand 3* |
|---|---|---|---|---|
| Like intensely | 7 | | | |
| Like | 6 | | | |
| Like somewhat | 5 | | | |
| Can't say | 4 | | | |
| Dislike somewhat | 3 | | | |
| Dislike | 2 | | | |
| Dislike intensely | 1 | | | |
| **Preference score** | | | | |

home testing. The American home durable company DuPont developed new synthetic carpets and installed then in several homes free of cost in exchange for old ones. Consumer preference testing may be done through variety of techniques such as ranking, paired comparisons, rating scales, and focus group discussions. However, the company must take into account the advantages and limitations of each method while analyzing the consumer preferences. The consumer preferences may be measured by constructing the matrix as exhibited in Table 1.2. The number of responses in each category of preference of the brands needs to be multiplied by the respective weights of the preferences, and the sum must be divided by the total number of responses to get the preference score. The cut off score must be decided by the company and viewed as the cutting edge. It should be at a reasonable margin above the break-even point.

In the dynamic automobile market in India, which is penetrated by many small cars from Asian automobile manufacturers, the survival of emerging brands like Tata Nano is a big challenge for the company. The competition in the automobile market has driven the customer preferences unstable, which continue changing frequently; and the key to survival under such situation is the right positioning of the brand. Tata Nano is the best example of positioning and repositioning of the brand where both the strategies failed. In the case of Tata Nano, a number of factors have played a significant role like production delays, product attributes, economic crisis, political controversies, or failure to select the right market segment. After a long time of its launch, Tata Motors has been engaged continuously in changing the brand image of Tata Nano from cheapest car to smart city car. However, the first positioning remains most significant in the minds of the consumer. Even this brand suffered in gaining the first mover advantage in the country because of wrong positioning of the brand. Tata Motors had launched the first version of the Nano city car in India in 2008. The car was widely publicized as the world's cheapest car at INR 100,000. The brand was launched to the ultimate target: the huge emerging middle class of Indian consumers. The company initially had limited production capacity and low distribution within the target area. The new version of Tata Nano was launched in 2015. The newly introduced AMT (Easy Shift) version was priced at INR 269,000. With the new model, Tata Motors is aiming to revive the Nano brand and position it as a more up-market product. In fact, the entire campaign designed for the car is to project it as a 'smart city car', thus getting away with the 'cheap' tag that had gone against the brand in the past. Now with a more up-market cabin, slightly updated engine, bigger fuel tank, and exterior changes; the company is aiming to reach a larger consumer base.[9]

In the competitive global marketplace today, where there is stream of new brands emerging in the markets, the only way to achieve real growth is to develop innovative and differentiated brands to enable consumers to have a clear vision on the band advantage. Companies often engage in establishing competitive brand advantage and break the market inertia. Companies develop brand penetration strategies using price and promotion benefits to build barriers to competitors and push functional benefits of the company's brands, share benefits with customers, and brand the innovation.[10] Consumers today connect with brands in fundamentally new ways, often through media channels that are beyond control of the manufacturers and retailers. Companies are redesigning the traditional marketing strategies and developing new brand relationships.

Companies frequently shift their brand's position and move to exploit less crowded territory to increase sales and overcome the competition. Companies have long used perceptual mapping to understand how consumers feel about their brands relative to the competitors, to find gaps in the marketplace, and to develop brand positions. Marketing tools that measure performance of the brands include market share, growth rate, and profitability, but it is necessary for the companies to map consumer

[9] Kalla, N. (2012), *Tata Nano: A Position Disaster*, IOSR Journal of Business and Management, Vol.5, 47–53.

[10] Aaker D. A. (2012), Win the Brand Relevance Battle and then Build Competitor Barriers, *California Management Review*, 54 (2), 43–57.

perceptions toward the brand so that the brand can be centrally controlled. The brand should be positioned distinctively against the competing brands based on its attributes, performance, and brand equity in the market. Marketers should determine a brand's current and desired position, predict its marketplace performance, and devise and track marketing strategy and implementation continuously to drive brand performance. Examples of the automobile and beer markets demonstrate the use of brand mapping tool for driving sustainable growth.[11]

## Sustainable Brands

Although popular brands and unique capabilities help a company sustain competitive advantage, they cannot be built by imitation. Managers have been able to develop sustainable capabilities not by emulating others, but by using their organizational designs and processes to identify, build on, and leverage their 'asymmetries'. Such asymmetries may occur even in the simplest organizations. Unfortunately, they are often concealed, of little apparent use, and unconnected to value creation. Thus, they require new making strategies and organizational approaches for their discovery, development, and application. Based on the lessons from a two-year study of a diverse sample of companies, this article shows how managers can grow capabilities that sustain competitive advantage by constantly identifying and growing asymmetries, embedding and empowering them within an organizational design, and shaping market focus to exploit them.[12]

Frequent introduction of new brands also leads to instability in the brand management process as new brands are pushed piggybacked to temporary market demand, and companies commit high investments to sustain such brands against the fluctuating market demand. These brands are categorized as 'agitating brands', which may also be recognized as boomer brands in a given time. To sustain with agitating brands, it is necessary for a company to make differentiation and add value to the brand. Such distinction is necessary in the brand architecture approach for overcoming any conflicts in defining the role and level of the brands. The categories of

[11] Dawar, N. and Bagga, C. (2015), A Better Way to Map Brand Strategy, *Harvard Business Review*, 93(6), 90–97.

[12] Miller, D., Eisenstat, R. A., and Foote, N. (2002), Strategy from the Inside Out: Building Capability-Creating Organizations, *California Management Review*, 44(3), 37–54.

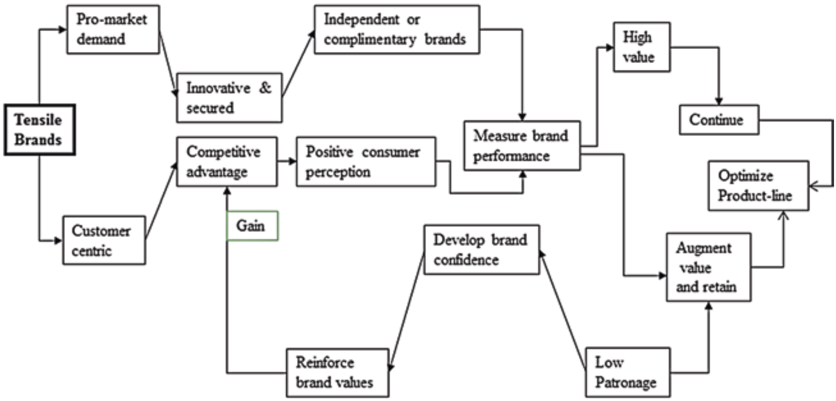


**Fig. 1.1** Building strong brands

brands play significant role in the process of brand architecture for a firm in the following ways:

- Creating coherence and effectiveness
- Allowing brands to stretch across the products and markets
- Stimulating the purchase decisions by brand drivers
- Targeting market niches and benefits positioning

Building tensile brands has become a marketing priority for many firms. The presumption is that building a tensile brand yields a number of marketing advantages. Strength of such brands drives loyalty in various ways and creates differential responses by consumers to various marketing activities, which would help in building brand equity in the long term. The path followed in building tensile brands is exhibited in Fig. 1.1.

Strong brands are also known as tensile brands and are grown as customer focused brands to serve the market demand as illustrated in Fig. 1.1. Pro-market brands are compatible to the consumer needs and provide high competitive advantage. They carry positive consumer perception and high brand value. Consumer products companies, while building pro-market demand brands, grow them independently due to hidden risk on their performance. For example, PepsiCo in Mexico has three independent brands, Sabrita (fried chips), Gamesa (cookies), and Electropura (bottled water), that were grown based on pro-market demand and are well established in the market now. Independent brands are developed to prevent any damages on the mother brand. The company suspected the risk on performance of these brands, which could have affected the carbonated drinks flagship brand of Pepsico. Under such circumstances, companies should enhance the performance of brands through effective brand promotion and reinforce the brand value. Such strategy would help the companies develop consumer confidence in the brand as well as augment the brand value in the marketplace.

A strong services brand is built and sustained primarily by interactions of consumers with the service provider. An effective services branding model exhibits the dynamics of managing the brand in a competitive marketplace. Companies nurture services brands through effective communications and by encouraging customers to share experiences on social media platforms. Companies develop strategies to drive brands atop competing brands by enhancing brand awareness, explaining the brand meaning to create emotional attachment among consumers, and developing high brand equity. The services branding model can be created, extended, and served as a powerful brand through commitment to the well-being of its customers. The services brand companies should attend to organizational values, play defensive role, and turn customers into business associates.

### *Brand-Consumer Segments*

Consumer preferences vary across the geo-demographic segments and regional competitions in the marketplace. Companies have now understood perfectly that one brand does not cater to all markets. Hence, consumer-centric companies develop brands for multi-domestic companies according to the consumer preferences. Such strategy of brand expansion frequently adds to the existing brand line with the brand category of the company. However, consumer products companies like Nestle, Procter and Gamble, Unilever, and Colgate Palmolive often create new brand categories for new markets considering the consumer preferences. Market focused companies avoid confusing its consumers and investing in overlapping product-brand development and marketing efforts. They manage brands in a coordinated way and enhance their brands instead of competing in the market with few flagship brands. Moreover, eliminating the weak brands is an important principle of brand-portfolio management, as it liberates brand congestion within the company and allows mangers to focus the company's resources on the stronger brands to position them distinctively. Such branding strategy reduces the complexity of marketing effort and helps in repositioning the brands in a sustainable manner against the competitors.

Companies today face heavy pressure to manage business growth because of fragmenting customer needs and preferences; and to meet the challenge, they often react by expanding the brand line to cater to different segments of consumers rather than stretching their brands across the consumer segments (premium, mass, and bottom-of-the-pyramid) or pruning their brand offerings to a new market. Practically, companies face difficulties in withdrawing their brands from the markets, due to either non-performance or gradual aging, and launching new brands with advanced technologies. Volkswagen Automobile Company had undergone enormous stress in weaning out the old Beetle automobile model in Mexico, which had a long fleet used as taxies in Mexico, and launching a new Sports version of the Beetle. They launched this project in phases, introduced the Beetle Sports version automobile in the United States first, and over the period brought this model in Mexico for premium consumer segment against the mass consumer segment who used the old Beetle cars.

In many consumer-centric industries such as beverages, consumer durables, food, household goods, and pharmaceuticals, companies are at the verge of continuous innovation to replace the underperforming brands with new ones that are attractive and co-designed to the changing consumer preferences. In this process, the affordability of the brands for consumers is largely affected as the new brands are generally launched in the market with higher price than the previous versions. Costs reflect the profusion of brands due to increased marketing and operational complexity and from the associated diseconomies of scale at the initial stages. Brands not only live to their expected life in the market because of portfolio management strategies, but are also energized through the pro-customer strategies initiated by entrepreneurial brand managers who build most of the world's great brands, such as Tide (P&G) and Cheerios (General Mills) in the United States and Persil (Henkel) in Europe. Though most brands are part of portfolios today, a portfolio approach might not be effective in developing smaller numbers of brands for a larger market and geo-demographic segments.

Developing brand segments is an essential exercise for the companies in competitive markets. The process of brand segmentation includes the following steps:

- Identifying potential strategies relevant to the brand description and segmentation of target customers
- Defining distinct market segments and/or identifying potential new customer categories relevant to the brand attributes
- Describing typical brand drivers and needs of customers within each segment
- Measuring the relevant value of each consumer segment determined to serve the brand
- Confirming most commercially viable consumer segments for launching the brand
- Understanding the relative positions of competitive brands by segments and developing tactics or strategies to launch the brand
- Outlining business or brand strategies to differentiate an asset/product that will stimulate awareness, trial, and long-term brand loyalty with customers of each segment.

As the community awareness is increasing on environmental concern most companies are developing green brands seeking to go beyond global best practices and reducing environmental impacts. FIJI Water, a premium artesian bottled water company in the United States, launched a Carbon-Negative campaign to build green brand, which would offset more greenhouse gas emissions than were released by the company's operations and products.[13] The company claims that the brand has been built for the natural water on a remote Pacific island where equatorial trade winds purify the clouds that justifies the FIJI Water's journey through one of the world's last virgin ecosystems. The brand demonstrates that as tropical rain falls on the rain forest, it filters through layers of volcanic rock and slowly gathers natural minerals and electrolytes that blend with FIJI water and develop the taste. This product is untouched by human hand throughout the process of fetching, purifying, and packaging. Such attributes of the brand build confidence among consumers and make the brand distinctive.

[13] Gino, F., Toffel, M. W., and van Sice, S. (2013), *FIJI Water: Carbon Negative*, Harvard Business School Press, Cambridge, MA.

## Innovation and Technology in Brand Management

Innovation is the critical dimension of economic change in a macro perspective, and business growth within the micro perspective. At macro level, economic change revolves around innovation and catalyzes entrepreneurial activities that drive market power. As the market competition is continuously increasing in the global marketplace, the innovation-driven brand power can provide better results than the conventional wisdom like price and promotion competition. Alongside of product-design and strategy innovation, technological innovation often creates ad hoc monopolies in the market, allowing abnormal profits in a short life cycle. Such temporary monopolies are sometimes necessary to provide incentives for firms to develop new products and processes.[14]

Globalization has opened many sources of growth for the firms operating in mature markets, which has stimulated them in launching unique, superior products with a compelling value proposition to gain the competitive advantage. However, few companies bring their bold innovation to the market, whereas improvements and modifications to the existing products are taken up by most of the firms. Improvement in the existing products and services is not an innovation, as it serves the firms only to maintain their existing market share, not to grow their business. Innovations can be successful if the following strategies are meticulously adopted by the firms[15]:

- Linking the innovation strategy with development efforts by exploring opportunities in potential markets, as Apple managed its innovation of i-phone and i-pad
- Nurturing the right workplace ambience and culture for innovation under the leadership of senior executives, as found at General Electric Company and 3 M
- Setting up stage for seeding proactive ideas, carrying them through a system of innovation-evolution, as Swarovski and Swatch built their market though continuous efforts on innovation and branding
- Stepping into the idea launch process and managing the large and complex processes of driving an innovation to market

[14] Pol, E. and Carroll, P. (2006), *An Introduction to Economics with Emphasis on Innovation* (Second Edition), Thomson Learning, NY.

[15] Cooper, R. (2012), Creating Bold Innovation in Mature Markets, *IESE-Insight Magazine*, March 15.

### *Co-creation and Breakthrough Brands*

Many innovations are emerging in the market that is simplified or is scaling down on improving the existing products or services and positioning them as innovations. However, managers may align their business strategies with competitive advantages of markets and manage innovation in emerging economies to diffuse and commercialize.[16] Positioning innovative products and services with conventional wisdom makes a company competitive is a myth in the present state of global marketing. Thus firms continually reinvent strategies in reference to the shifts in market demand and the changes in the economy. They develop competitive marketing strategies considering the changes in the product and market behavior, knowledge of innovative products, and positioning innovative brands. Though the company may independently develop efficiencies with regards to the above strategic positions of the product/market, knowledge, and innovation; it is still risk averse with the innovation.[17]

ONergy (Punam Energy Pvt. Ltd. India) is a social enterprise established in 2009 providing decentralized energy solutions to underserved households and institutions. ONergy provides complete energy solutions with an entire range of solar products. This is a for-profit social enterprise in the renewable-energy-based products industry and is aimed at scaling up its operations providing electricity to the underserved, bottom-of-pyramid market in India. Creating a brand in this market has been proved difficult, as the market consists of many large and small competing players. ONergy provided complete energy solutions for lighting, cooking, and electrification in rural households. The focus was on solving the 'last mile distribution problem' in rural Indian villages. However, government subsidy on renewable energy-based products, the company has grown in the mass market as well as in the bottom-of-the-pyramid to gain a prominent position in the market. ONergy considers investing in brand building to ensure better acceptance by consumers. It is exploring innovative branding strategies that may be adopted by start-up social enterprises to create unique brands in a strategically profitable way. Motivation for buying solar products like domestic air fans, energy home systems, and televisions screens of ONergy brand differed from consumer to consumer. The com-

[16] De Meyer, A. (2011), Diving Into the New Innovation Landscape, *IESE-Insight Magazine*, Sep. 15.

[17] McDonough, E. F., Zack, M., Lin, H. E., and Berdrow, I. (2008), Integrating Innovation Style and Knowledge into Strategy, *Sloan Management Review*, 50(1), 53–58.

pany is engaged in building a brand with environmental concerns attributing to cost-effectiveness. The major challenge with the company is to build the brand as an alternate energy product.[18]

Managing breakthrough brands like Apple Inc. is a big challenge for companies to establish them over the competing brands in the local markets. Breakthrough brands can deliver brand differentiation and innovative advantage and drive a major shift in the market and the industry. Most companies engage in developing breakthrough brands, however, some have been able to come up with a formal process for fostering innovation-led brand management. The biggest challenge in managing breakthrough brands seems to be generating high brand equity in short span. Such brand management approaches need real time market-based competitive thinking and creative insights that can reveal new approaches to make the brand sustainable in the competitive marketplace. Companies need to seek responses to the following questions:

- Who owns the brand management process?
- What are its objectives?
- What is the metrics for success of brands?
- What are the decision-making criteria?
- How are decisions communicated?
- Who are the target customers?

Successful innovation leads to customer involvement and profits, which can be achieved through co-creation, by involving consumers and market players in the innovation process. Some multinational companies have invested resources by taking advantage of social media to diffuse new ideas and stimulating co-creation of innovative products and services. For many companies, developing new products does not occur as a chance or coincidence; innovative products emerge through careful attention to many important criteria. Firms should analyze their innovation practices and capabilities to become more effective in driving innovation as breakthrough and gain the competitive advantage. The contribution of employees toward innovation in products, services, or strategy signifies the value and quality of innovation portfolio of an organization and projects the

[18] Saikat, B. and Aneja, A. (2014), *Onergy: Developing a Social Entrepreneurship Start-up Brand*, Harvard Business School Press, Cambridge, MA.

innovation effectiveness curve of the company.[19] Firms may get routinely involved in innovation process by understanding various perspectives in generating and managing innovative ideas.

Breakthrough innovations in markets are a continuous process, which is backed by the distribution, retailing, and services industry. Innovations leading to commercial breakthroughs demonstrate a highly skewed distribution of use value of inventions explaining that some are useless, a few are of moderate value, and there is rarely one that qualifies as a breakthrough. Those breakthroughs embed the long tail of innovation; and distribution plays a key role in the breakthrough process. It is necessary for the firms to account for the total number of inventions a company generates, and the average score out of the mean value of those inventions; and to count the number of successful breakthrough inventions. Such corporate awareness may help in developing strategic balance between individual innovation workers and teams. Greater team diversity stimulates higher involvement in working with breakthrough innovations. Thus, the prime requirement for the companies is to introspect within the organization and identify how they want to improve their innovation process; take appropriate measures to drive the innovative products and services as breakthrough; and contrary to that, address any deficiencies in the process. Such dynamism in innovation process would allow the companies to improve their competencies and capabilities to innovate in ways that make the best sense for the organization and market.[20]

### *Innovation and Brand Integration*

Innovation and brand integration are two compelling sources of growth in a dynamic competitive marketplace. The ability to coordinate across organizational boundaries largely appears as a critical factor in determining the speed and life cycle of a market driven innovation. Innovations need to be integrated into the larger operations of the corporation to the extent that is enough to show a prolific impact on business and sustainability in the marketplace. Many large businesses spend resources on innovations but fail to capitalize on them. However, some organizations use innovations

[19] Kandybin, A (2009), Which innovation efforts will pay? *Sloan Management Review*, 51 (1), 53–60.

[20] Fleming, l. (2007), Breakthroughs and the "Long Tail" of Innovation, *Sloan Management Review*, 49(1), 69–74.

to optimize local operations rather than integrating them to create consumer value and corporate image. Large organizations spread the innovation tasks across two groups: innovation facilities group (IFG), and innovation assimilation group. The IFG members provide organizational support on the techniques to carry out innovations and applications for the new technology. Firms also engage the innovation facilities group to explore new developments in the marketplace on the concept, prototypes, or breakthrough of the innovation and impart expert services for in-house initiatives to nurture the innovation within the organization. The innovation assimilation group acts as policy support unit to drive innovation to market. The members of this team provide resources to launch innovation and integrate operations into the business model of the firm. Firms need the above support teams to diffuse innovation and make it more effective.[21]

Many companies develop product positioning strategies in association with customers, which leads to a customer-centric business strategy. Co-designing activities are performed at dedicated interfaces and they allow for the joint development of products and solutions between individual customers and manufacturers.[22] Knowledge sharing through face-to-face communication is positively related to both product and financial performance, while technological knowledge sharing has a positive impact on product performance under the conditions of high technological dynamism. Supplier involvement in the buying process is related to product- and service performance, while use of knowledge management tools is related to financial performance. Customer-centric research aims at developing pro-customer strategies to focus on better ways of communicating value propositions and delivering the complete experience to real customers. Learning about customers, experimentation with different segmentations, value propositions, and effective delivery of services associate customers in business and help frontline employees acquire and retain customers with increasing satisfaction in sales and services of the firm.[23]

[21] Cash, J. I., Earl, M. J., and Morison, R. (2008), Teaming Up to Crack Innovation and Enterprise Integration, *Harvard Business Review*, 86(10), 90–99.

[22] Berger, C., Möslein, K, Piller, F., and Reichwald, R. (2005), Co-designing modes of cooperation at the customer interface: learning from exploratory research, *European Management Review*, 2 (1), 70–87.

[23] Selden, L. and MacMillan, I.C. (2006), Manage customer-centric innovation systematically, *Harvard Business Review*, 84 (4), 108–116.

## Financial Aspects of Branding

Principal financial indicators for brand development include cost of advertising and communication, cost of brand promotions (in-store and off-store), cost of brand demonstration, and investment on innovation and technology, for integrating brand attributes and differentiation. Brand managers need to be educated about the financial dimensions of brands and marketing strategies to measure accurately the profit and loss responsibility for their brands. Accordingly, companies should train the brand managers in all aspects of business, including operations management and human resources, that affect the growth of brands. The high performance of brands can be achieved by understanding the needs of customers, competitors, and the market player along with the financial aspects of the brand's performance. Brand managers should also understand the financial implications of investment on brands in reference to marketing and profitability. Managers should explore two types of key information about brand management. Firstly, the brand manager must set the profit goals for each brand and be determined to achieve it in the given period: short- or long term. Computing profits should be on a predetermined objective for each brand, and the bottom line in this process should be the performance of the brand. Secondly, the brand manager should gather relevant information on financial performance of the brand in analyzing the brand variants such as different sizes, colors, and geo-demographic areas of sales.

The financial analysis of brands can be used in a variety of ways in augmenting the performance of brands and profitability. One way is to use both profitability- and sales analyses as principal indicators in managing the financial implications of brands. A company can use profit contribution of brands as the benchmark in developing a marketing plan. In addition, analysis of the relative sales performances of different brand variants can lead to a new marketing strategy or pruning of a brand line. Besides, it is important to measure how the company has performed in the past, or how it is doing in the post-brand reinforcement period. Such analysis would enable the company in making adjustments during the brand-strategy implementation process. The financial assessment of brand extensions is often an outgrowth of the principal brand management strategy of a company. However, in practice, there is no common approach to measure the financial implications of a single brand in short term. For financial analysis of brands, the company selects a full brand category, and the success of the brand is evaluated on the basis the volume of sale, market share, and profit contributions.

The company, as a routine process, sets a budget either for a particular brand or a brand category. The brand-based budget determines the brand financials, and has two primary functions that include planning and control. Most companies allocate budgets to evaluate to managers' performances in handling brands in the marketplace. In addition, profit contribution and market share of brands are also evaluated to assess the managerial performance. However, large companies consider appropriation of financial resources for brands toward managing the operational efficiency, coordination, and control aspects of brand planning. Performance of the brands depends on how budgets are implemented in the management systems of an organization.

## Brand Communication

It is a form of public relations performed through communicating message to the target audience directly related with the institution. It is not necessary that advertising message of a brand should strictly be of commercial nature. The strategy for brand advertising needs to be selected by matching the objectives of institution and preferences of stakeholders. Brand advertising involves non-personal mass-media communication by an identified institution to accomplish its goals. There are various types of brand advertising besides the common practices, as described below:

- Social awareness about civil rights, health, population, and so on
- Promotion of a public service
- Awareness about innovation, achievement, new facts of development
- Improved or added market value of products
- Employees' welfare and image of institution
- Placement advertisements with profile of company's achievements
- Opening debate on controversial issues

Brand advertising, thus, can be of commercial and non-commercial nature. Functionally, brand advertising can be classified into two categories: image advertising and advocacy advertising. Image advertising is designed to mobilize opinion about the institution and create an image through its merits. Therefore, it can be stated that image advertising exhibits the human face of an advertiser. Image advertising is of four types as listed below:

- Institution identification advertisements
- Goodwill advertisements
- Civil rights and responsibilities advertisements
- Public service advertisements

Such advertisements are non-argumentative and non-controversial, as most of the themes are of public interest such as population control, crime prevention, water, food, and energy conservation, campaign against drug abuse and the like. On the contrary, advocacy advertising attempts to highlight contemporary arguments directed at specific general clients like political activists, consumer groups, media, and government agencies. The following are the types of *advocacy advertising*:

- Ideological advertisement, which is principle, oriented, and attempts to highlight the ethics of an institution.
- Defense advertisement, which argues to protect the image of the institution against contemporary controversies.
- Reply-bound advertisements seeking responses to the issues highlighted in the advertisement.
- Brands emphasizing the viewpoint of stakeholders with strong arguments to seek public acceptance or referendum.
- All recruitment advertisement asking interested persons to present their views in support of the ethics of institutions, to strengthen its logic, prior to their joining position in the institute.

Brand advocacy has an advantage of exhibiting message under the situation controlled by the advertiser, which helps stakeholders in dealing with complex issues through corporate focus. An institution can plan a series of advertisements as a campaign to simultaneously support its views and build image among stakeholders. Brand advertisements are generally released on multimedia, and cover a substantially larger segment of target audience. Brand advertising is directly related to brand expenditure and brand value. It indicates how efficiently the firm converts advertising expenditure into brand value. Measuring the brand value is used in financial analysis to determine the productivity of capital assets or receivables.

Plotting this calculation over time can distinguish between high-efficiency brand enhancers, low-efficiency brand enhancers, unknown brand future, and brand deterioration. The return on sales is reflected in the brand turnover in the competitive marketplace and is largely driven by the brand advertisements.[24]

Behind Nike's catchy slogans and flashy television commercials is the vision of the founder, chairman and CEO, Phil Knight. Knight has taken Nike from a small-time distributor of Japanese track shoes to the top of the athletic shoe and apparel market. He has transformed his technology company into a marketing company, whose product is its most important marketing tool. Knight learned how to build brands and understand consumers, and then how to split those brands into sub-brands to help keep the company growing. That approach brought Nike to a broader range of consumers while preserving the customer base. To create an emotional tie with the consumer, Nike started advertising on television. Television commercials cannot explain much in 60 seconds, but when brands are endorsed by celebrities like Michael Jordan, viewers do not need enough explanation of the brand communication.[25] Companies need to build advertising strategies within organization and consider the following strategies to develop global brands:

- Stimulate and share insights and best practices among the employees of the company and market players,
- Support a common global brand-planning process, which is consistent across markets and products,
- Assign global managerial responsibility for brands to create cross-country synergies and to fight local bias, and
- Execute competitive brand-building strategies

As more and more companies begin to see the world as their market, brand builders envy those businesses that appear to have created global brands, whose positioning, advertising strategy, personality, look, and feel are, in most respects, the same from one country to another. Attracted by such high-profile examples of success, these companies want to globalize

[24] Herremans, I. M., Ryans Jr., J. K., and Aggarwal, R. (2000), Linking advertising and brand value, *Business Horizons*, 43 (3), 19–26.

[25] Knight, P. and Willigan, G. E. (1992), High-Performance Marketing: An Interview with Nike's Phil Knight, *Harvard Business Review*, 70 (4), 91–101.

their own brands. Specifically, companies must use organizational structures, processes, and cultures to allocate brand-building resources globally, to create global synergies, and to develop a global brand strategy that coordinates and leverages country brand strategies.[26]

### *Comprehensive Branding*

Comprehensive branding is an integrated approach of brand management embedding clear objective of the brand stating the brand promise, consistency in delivering the brand value, building consumer emotions with the brand, flexibility in positioning brands, reinforcing involvement of employees and brand ambassadors, developing competitive differentiation in brands, and building brand loyalty among consumers and market players. Every brand makes a promise, and companies need to meticulously create the consumer preference-based promise in the brands. However, when consumer confidence is low, competitive value should be built not only by making a promise that differentiates one brand from another, but brands also need to be grown to match the most common consumer preferences to augment their perceived use value. For example, IKEA, a European interior designer company, has built brand promise in the home furnishing segment to offer consumers a unique value with competitive differentiation, and maintain customer satisfaction by co-creating its products. This attribute of IKEA has made it an icon in the European home furnishing and interior designing market. Consistency in commitment and co-designing of brands in company add value to establish brand objectives effectively across consumer segments in the marketplace. Emotions are the most common cognitive drivers to stimulate the purchase intentions. Brands need to be built with emotions and conceived by the consumers with emotional values. Brands should be catering to consumer perception, attitude, and behavior; and develop affectionate bond with the consumers. Most companies position consumer-centric brands close to social, cultural, and ethnic values. Companies sometime reposition brands with contemporary attributes of the society and competitive trends in the marketplace. Celebrity endorsements, responsiveness of brand ambassadors, and employee involvement contribute significantly in building consumer pre-

[26] Aaker, D. A. and Joachimsthaler, E. (1999), Lure of global branding, *Harvard Business Review*, 77 (6), 137–144.

ferred brands and sustaining consumer brands against rival brands in the marketplace.

## Brand Value Chain

Brand value chain is a structured approach toward analyzing the brand resources, and measuring the outcomes of brand equity, to create brand value. Marketing activities of a company are woven around the brand value chain. The brand value creation process begins when the firm invests in a marketing program with 11 Ps including product, price, place, promotion, packaging, pace (time), people, performance, psychodynamics, posture (corporate image), and proliferation (brand extension), targeting the existing and potential customers. Marketing program with focus on any marketing-mix element most relevant to brand and its market can be attributed to brand value development. The brand value chain is also extended to the product research, development, design, marketing, sales support, and brand and marketing communications.

Marketing activity is a part of the brand-value chain. Most companies involve consumers in marketing activities to drive high performance within the brand ambience. Such consumer involvement with the brand in a marketplace enables the brand to gain high equity and sustainability in the marketplace. The collective impact of customers' actions determines their propensity to buy in reference to price and promotion strategies tagged to the brand. Companies consider market performance and other factors such as end-user price to influence shareholder value in general and brand value in particular.

The brand value chain model assumes that a number of linking factors intervene in the various stages ranging from brand building to brand performance, that determine the overall brand value created, and the transition of brand values between stages. The program multipliers in association with the customer multiplier, and the market multiplier, regulate the brand-value chain. The program multiplier determines the ability of the marketing program to affect the customer mind-set. The customer multiplier determines the extent to which the value created in the minds of customers affects market performance. The brand value chain is also affected by the factors of competitive superiority that exhibits how effective is the quantity and quality of the marketing investment of other competing brands. Besides, channel and other intermediary support, in terms

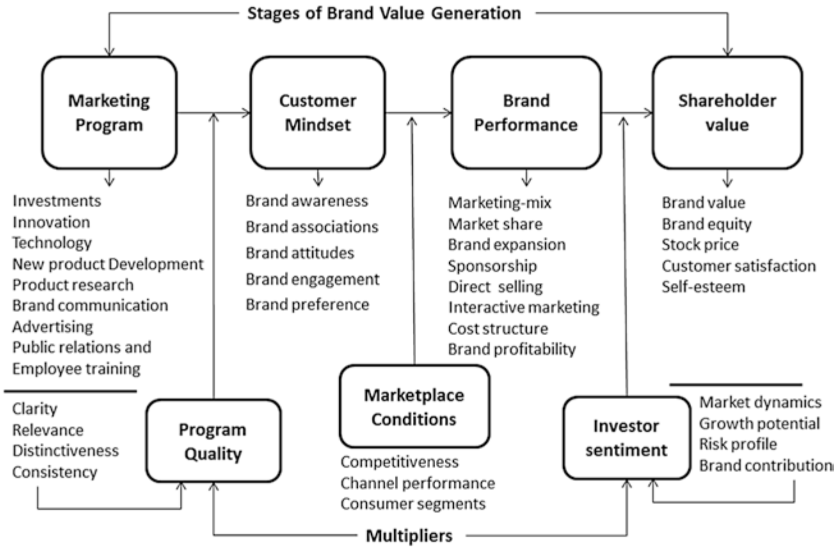


**Fig. 1.2** Brand value chain: Backward and forward linkages

of the extent of brand reinforcement and selling effort being carried by various marketing partners, also drive the brand value chain. Customer size and profile in reference to the volume and types of customers also contribute significantly in supporting the brand value chain. The market multiplier determines the extent to which the value shown by the market performances of a brand is manifested in shareholder value. Figure 1.2 exhibits the constituents and dynamics of brand value chain in a marketplace.

Figure 1.2 illustrates that brand value can be generated through productive and efficient marketing program, and by developing pro-brand consumer mind-set and shareholder value that could result into a high brand performance. Companies invest in innovation, technology, new product development, and in developing customer mind-set by creating brand awareness and brand engagement. The most challenging factors in the brand-building process are facing the market competitiveness and evaluating the risk profile of the brands.

Companies aim at enhancing their profits by creating greater brand value in the market. Thus, the rationale of this brand strategy indicates that the more value a company creates, the more profitable it is. When more value is created, it is passed on to the customers that help in consolidating a competitive edge. Business activities are divided into primary and secondary activities. Primary activities are directly related to the creation of a good or service while secondary activities help in enhancing the efficiency and work to obtain a competitive advantage among peers. For example, the Starbucks journey began with a single store in Seattle in the year 1971 to become one of the most recognized brands globally. Starbucks mission, according to its website, is, 'to inspire and nurture the human spirit one person, one cup and one neighborhood at a time'. The inbound logistics for Starbucks refers to selecting the finest quality of coffee beans by the company-appointed coffee buyers from coffee producers in Latin America, Africa, and Asia. The buyers of Starbucks procure green or unroasted beans. These are transported to the storage sites, after which the beans are roasted and packaged. These are now ready to be sent to the distribution centers, few of which are company owned, and some are operated by other logistic companies. Majority of the products are sold in their own or licensed stores only. As a new venture, the company has launched a new range of single-origin coffees, which are sold through some leading retailers in the U.S. However, need-based marketing activities are carried out by the company during new products launches to identify market demand and retailing networks. Such process has helped Starbucks to generate high brand value and spread across the customers.

Conventionally, companies are engaged in analyzing, planning, and implementing long-term brand strategies based on customer mind-set metrics (MSMs) in reference to the variables of customer satisfaction, liking, brand preference, and Net Promoter Score (NPS). NPS is a management tool applied by the companies to measure the customer loyalty and relationship efficiency. It serves as an alternative to the conventional measure of customer satisfaction and can be correlated with revenue and business growth of the company. One of the core pillars in brand management is brand differentiation, customer satisfaction, and profitability in the long term.[27] Most companies in the global marketplace are changing the brand

[27] Anselmsson, J. and Bondesson, N. (2015), Brand value chain in practice and the relationship between mindset and market performance metrics: A study of the Swedish market for FMCG, *Journal of Retailing and Consumer Services*, 25 (3), 58–70.

convergence pattern by developing new customer segments, managing cost convergences, and reworking the value chain. Some established multinational companies are moving ahead in production and logistics-oriented businesses, bringing together the global-local (Glocal) concept where local rivals are usually associated business partners. Such strategy is helping global brands to rise in the local markets and offering sustainable advantage on business expansion. Global brands are penetrating in the local markets also by using technology and capital-intensive brand communication strategies. Samsung, Sharp, and other brands surprised Chinese producers, with vicious price competition in flat-screen TVs. They have built brands using technology-based communication in the local markets. Most competing companies also use marketing costs and customer satisfaction indices to reinforce strategies to combat with emerging players. Bharti Airtel has built the largest mobile services operation in India by specializing in a limited part of the value chain in the areas of customer care, regulatory interface, and outsourcing the rest of services, which allowed flexible capital flow in the company. Such strategy had driven the cost structure of Bharti Airtel more flexible and has allowed the company to radically undercut advanced-market prices, which helped the company to build its brand focusing on the price and customer satisfaction.[28] The scope of building brands in emerging destinations has become complex due to protective regulations laid by governments, which allows more scope to multinational companies, as the political philosophy for business development is leaning toward both pro-globalization and pro-localization. In the process of going global, firms need to adopt innovative branding strategy to withstand the competing firms. Most firms follow global perspective to expand their business across destinations, instead of adopting a country-by-country or region-by-region perspective in developing a branding strategy.

*Summing Up*

Brands are built around consumers, as they prefer brands to many existing products. In addition to the psychological factors already mentioned, brands give consumers the means whereby they can make choices and judgments. Brands influence consumer decisions to buy in many ways, or through combinations of them, sometimes with tremendous persuasive

[28] Ghemawat, P. and Hout, T. (2008), Tomorrow's Global Giants? Not the Usual Suspects, *Harvard Business Review*, 86 (11), 80–88.

appeal. Most companies follow an outside-in approach to manage brands in the competitive marketplace. An international firm should develop country-specific brand lines to achieve success in the overseas market. To attain this goal, the composition of the brand line needs to be periodically reviewed and changed. The extension of domestic brands to foreign markets follows the brand life cycle pattern. Such brand extension into the market of host country is generally adopted through a process wherein the brands are developed first for the home market, which may prove success, and lead to induce some export orders. Companies meticulously choose strategies to support identity of brands, and products and services, to develop an appropriate communication plan. As the brands get established in the market and gain high brand equity and customers' value, they become vulnerable to the market competitors.

It is necessary to understand the need of the consumers, competitive threats, availability of post-sales services, and cost of marketing of the brand. Companies should strengthen their marketing network simultaneously while launching the new brands. The companies test new brand concepts in reference to competitive brand attributes and appropriate groups of target consumers. The concepts can be presented physically or symbolically. Building tensile brands has become a marketing priority for many firms. A strong service brand is built and sustained primarily by interactions of consumers with the service provider. An effective service-branding model exhibits the dynamics of managing the brand in a competitive marketplace. As the market competition is continuously increasing in the global marketplace, the innovation-driven brand power could provide better results than the conventional wisdom like price and promotion competition. Breakthrough innovation in markets is a continuous process, which is backed by the distribution, retailing, and services industry. The strategy for brand advertising needs to be selected by matching the objective of institution and clientele. Thus, brand advertising can be of commercial and non-commercial nature. The representative or anchor in advertising provides the most direct way to build this relationship with consumers and bridge the brand and the mind of the consumer.

Principal financial indicators for brand development include cost of advertising and communication, cost of brand promotions, cost of brand demonstration, and investment on innovation and technology for integrating brand attributes and differentiation. Financial analysis of brands can be used in a variety of ways in augmenting the performance of brands and profitability. Brand value chain is a structured approach toward analyzing the brand resources and measuring the outcomes of brand equity to create brand value. Marketing activities of a company are woven around the brand value chain. The program multipliers, in association with the customer multiplier and the market multiplier, regulate the brand value chain management.

CHAPTER 2

# Branding Decisions

Customer value concept is utilized to evaluate product differentiation and determine the competitive structure of new products. The analytical approach to the new product-market structure based on customer value may be fitted well within the microeconomic framework. The measure of customer value as product efficiency may be viewed from the customer's perspective as the ratio of outputs (e.g., perceived use value, resale value, reliability, safety, comfort) that customers obtain from a product relative to inputs (price, running costs) that customers deliver in exchange. The derived efficiency value can be understood as the return on the customer's investment. Products offering maximum customer value relative to all other alternatives in the market are characterized as efficient. Different efficient products may create value in different ways using different strategies (output-input combinations). Each efficient product can be viewed as a benchmark for a distinct sub-market. Jointly, these products form the efficient frontier, which serves as a reference function for the inefficient products.[1] Thus, customer value of new products is defined as a relative concept. Market partitioning is achieved endogenously by clustering products in one segment that are benchmarked by the peers. This ensures that only the products with a similar output-input structure are partitioned into the same sub-market. As a result, a sub-market consists of highly substitutable

[1] Bauer, H. H., Hammerschmidt, M., and Staat, M. (2004). *Analyzing Product Efficiency: A Customer Oriented Approach*, University of Mannheim, Mannheim, Germany.



Rajagopal, *Competitive Branding Strategies*,
https://doi.org/10.1007/978-3-030-24933-5_2

products. Individual values of the customer may be estimated as base values, and changes in such values are affected by the corresponding measures of the specific value drivers. Base value relates to the most important complement: the customers' need. Estimating value drivers for a new product can be tricky because there is no direct historical data.

## Customer Value Model

Large multinational companies are expanding their business to potential developing countries and emerging markets with focus on growing local to cater to the ethnic demand. These destinations have undergone radical changes in the lifestyles of consumers with proliferation of brand categories since the 1980s as global business has entered developing countries. Among the attractive ethnic marketing destinations, the Indian market offers unique marketing challenges to the multinational companies engaged in business of various consumer products. Cultural values provide the differentiation platform for many consumer brands in the categories of hair oil and fairness creams, which cater to the ritualistic consumer behavior in the personal care and grooming habits of the country.[2] It has been observed that the number of customer goods and services offered in recent years have been increasing, suggesting that brand-line extensions have become a favored strategy of product managers. A larger assortment keeps customers loyal and allows firms to charge higher prices. There also exists a disagreement on the rationale of the belief that a longer product line contributes to higher profits keeping the customer value higher. The academics, consultants, and businesspeople speculated that marketing in the new century would be very different from the time when much of the pioneering work on customer loyalty was undertaken. Yet there exists the scope for improving the applied concepts as there have been many changes over conventional ideologies. Using a brand-level discrete-choice model, the link between customer choice and the length of the product line has been analytically established. It includes a measure of line-length within a brand portfolio connected to customer preferences and variety-seeking behavior. Previous research studies reveal that the brands are characterized by price and portfolio attributes that determine the competitiveness of brands in the oligopolistic market.[3]

[2] Kumar R. S., Guruvayurappan, N., and Banerjee, M. (2011), *Ethnic Consumers Consulting*, Harvard Business School Press, Cambridge, MA.

[3] Tanusondjaja, A., Nenycz-Thiel, M., Dawes, J., and Kennedy, R. (2018). Portfolios: Patterns in brand penetration, market share, and hero product variants. *Journal of Retailing and Consumer Services*, 41 (3), 211–217.

Ethnic food in India is known for its taste though it has several ingredients that do not support the long-run good health indicators. One of the major inputs in most of the Indian food is edible oil. In the recent past, social health workers, medical doctors, and food products companies initiated several consumer education campaigns about the quality and quantity of consumption of edible oils. Marico Limited is the pioneer in marketing healthy edible oil of Saffola brand in India. In the new positioning platform, Marico engaged consumer-sensitive below-the-line marketing activities involving medical doctors to drive health consciousness among the consumers, by disseminating information to patients on oil consumption and quality of health. The company implemented such strategy in order to expand the brand outreach of Saffola. In contextual market development, Marico also launched the 'healthy heart' campaign a step further by initiating tie-ups with sports clubs, health clubs, and gyms to establish the brand connection with the stakeholders. This move also helped Saffola enter multiple consumer touch points and drive the conscious consumption environment by creating consumer value. Saffola had managed to establish the cognitive meaning of the brand right as the best heart-care oil. In order to rejuvenate its older customer segments, the heart patients, Saffola decided to extend its brand into the functional foods category, such as fortified wheat and so on, under the brand name *Saffola Functional Foods.* These products were aimed at providing nutritious food with specific health benefits such as cholesterol control under the brand's trusted expertise.[4]

Companies need to ascertain a continuous organizational learning process with respect to the value creation chain and measure performance of the new products introduced in the market. In the growing competitive markets, the large and reputed firms are developing strategies to move into the provision of innovative combinations of products and services as 'high-value integrated solutions' tailored to each customer's needs rather than simply 'moving downstream' into services. Such firms are developing innovative combinations of service capabilities such as operations, business consultancy, and finance required to provide complete solutions to each customer's needs, to augment the customer value toward the innovative or new products. It has been argued that the provision of integrated solutions is attracting firms traditionally based in manufacturing and services to occupy a new base in the value-stream on 'systems integration'. This strategy involved internal or external sources of product designing,

[4] Prakhya S and Poddar, R. (2012), *The Saffola Journey*, Harvard Business School Press, Cambridge, MA.

supply, and customer-focused promotion.[5] Besides the organizational perspectives of enhancing the customer value, the functional variables like pricing play a significant role in developing the customer perceptions toward the new products. Customer value-based branding decisions are largely based on the following key factors that influence brand association with the consumers:

- Brand name
  - Short, easy to remember, cultural origin, etymology
- Brand visual
  - Logo, calligraphy, color combination, significance
- Brand reputation
  - Alliance, period of performance, brand generations

Brand names need to be meticulously decided for the products, which should build consumer attraction toward the brand and intention to get associated with it. For example, the 'Lux' brand of toilet soaps manufactured and marketed by Unilever in India has been existing in the market since 1924, and rose into prominence in the Indian retail market by 1960. This became a flagship brand of the Unilever in the toiletry brand segment. The etymology of 'Lux' originated from Latin, which signifies 'light', while its suggestive meaning that motivates consumer value refers to 'luxury'. This brand name has also become popular because it is short and easy to remember. Brand visual is an important constituent of a brand, which provides rationale to the consumers about brand and company.

In a different context, BMW's logo reflects on the expertise of the company in aviation. The logo shows a propeller in motion with the blue part representing the sky. This is due to the company's role of building aircraft engines for the German military during World War II. BMW, after acquiring Rolls-Royce in 1998, manufactures BR-700 aero engines today. In addition, BMW Rolls-Royce produces specific components for Rolls-Royce engines and other civil aero engines. Hence, the consumers get associated with BMW automobiles, perceive the confidence with its logo of a high-technology-driven company.

[5] Davies, A. (2004), Moving Base into High-value Integrated Solutions: A Value Stream Approach, *Industrial and Corporate Change*, 13 (5), 727–756.

### *Value and Pricing Factors*

Value and pricing models have been developed for many different products, services, and assets. Some of them are extensions and refinements of conventional value-driven pricing theories. There are also some models which are developed and calibrated by addressing specific issues such as model for household assets demand. The key marketing variables such as price, brand name, and product attributes affect customers' judgment processes and derive inference on its quality dimensions leading to customer satisfaction. The customers use price and brand name together to judge the quality dimensions and measure the degree of satisfaction. The value of corporate brand endorsement across different products and product lines, and at lower levels of the brand hierarchy, also needs to be assessed as a customer value driver. Use of corporate brand endorsement as either a name identifier or logo identifies the product with the company and provides reassurance for the customer.[6] A perspective from resource-advantage theory is used to formulate expectations on the extent to which the use of information on customer value, competition, and costs, contribute to the success of a price decision. It is argued that the success of these practices is contingent on the relative customer value the firm has created, and the degree to which this position of relative value is sustainable in the competitive marketplace. These expectations are empirically tested on pricing decisions with respect to the introduction of new industrial capital goods.[7]

Parle Products Private Limited has been India's largest manufacturer of biscuits and confectionery for almost 80 years, with Parle-G as the largest selling biscuit brand, and a host of other very popular brands. With a reach even to the remotest villages of India, the company has a long journey since its inception. The company had the distinction of producing the largest selling glucose biscuit brand, Parle-G, by volume in the world in 2009. Parle-G biscuits were sold for approximately US$1 per kilogram, and very few processed and ready-to-eat foods were available at this price point. The Parle-G brand was built with price-sensitive attributes to reach every consumer in India, and was strongly associated with value for money (VFM) offering of the brand. The VFM based positioning allows consum-

[6] Rajagopal and Sanchez, R. (2004), Conceptual Analysis of Brand Architecture and Relationships within Product Category, *The Journal of Brand Management*, 11 (3), 233–247.

[7] Hunt, S. D. and Morgan, R. M. (1995), The Comparative Advantage Theory of Competition, *Journal of Marketing*, 59 (2), 1–15.

ers from all classes and age groups to get associated with the Parle-G brand and discourages them from switching to competing brands. However, over the beginning of the twenty-first century, during 2001–10, the escalation in the cost of production and pressure to restore margins led the company to consider a price increase that has reduced the sales revenues of the brand and warned at the consumer tendency toward switching to low-price brands. However, after suffering an initial setback in the sales revenues, Parle addressed the issue of rising production costs by reducing the weight of the package, franchising production, lowering supply chain costs, and reducing packaging costs. The company restored the brand image by honoring the consumer perception of VFM and rolling back the price to the lesser weight packaging. Such brand strategy also addressed the segmentation, positioning, and ethnicity of Indian consumers considering a potential price based branding approach for Parle-G biscuits.[8]

Conventional wisdom advocates building customer value through relationship marketing approaches for generating long-term value and loyalty among the consumers. These are expected to raise their spending and association with the products and services of the company with increasing levels of satisfactions. Hence, relationship marketing with a customer value orientation thrives on the concept that raises the length of the customer-company relationship, which contributes to optimizing the profit for the company. Improving customer value, through faster response times for new products, is a significant way to gain competitive advantage. In the globalization process, many approaches to new product development emerge, which exhibit an internal focus and view the new product development process as terminating with product launch. However, the process output really counts, such as customer availability.[9]

Product differentiation needs to be appraised continuously by the managers, and appropriate changes should be proposed in a timely manner, to help in improving market effectiveness and services efficiency to enhance customer value. It is commonly perceived by the marketing managers that a market-oriented campaign is expensive, but actually it can lower operating costs and increase market share, thus yielding high sales. It is more profitable for a retailing firm to establish long-term customer relationships than to adopt a short-term transaction-oriented approach. The

[8] Ramasastry, C. S. and Goode, M. (2010), *Parle-G,* Harvard Business School Press, Cambridge, MA.

[9] Reichheld, F. and Sasser, E. W. (1990), Zero Defections: Quality Comes to Services, *Harvard Business Review*, 105–111.

customer-centric strategies in a firm should go beyond customer relationship and cater to cross-functional integration of processes, people, operations, and marketing capabilities.[10]

### *Cognitive Determinants*

Implementation of effective customer-centric strategies by the retailing firms results in developing TIC effect among consumers. TIC effect comprises three cognitive factors namely trust, involvement, and commitment that drive consumer behavior in a given marketplace. In a retail environment, trust may be understood as a concept which is often related to a customer's willingness to rely upon services quality and customer relations of the retailing firm. This concept represents quality in the sense that it helps to reduce uncertainty in complex consumer-retailer relationships.[11] Consumers' involvement with the retailing firm, store brand, and promotions develop loyalty in the long run. When consumers feel satisfaction in having their association with the retail brand, their sense of commitment and involvement is enhanced. Higher levels of involvement lead to greater levels of consumer loyalty and a lower need for scarce marketing resources. Hence, involvement does play a significant moderating role, and in most cases, the relationships with the retailing firms and their store brands are stronger for consumers with higher involvement. Commitment as a concept is closely associated with the customer relationship strategy, where two parties lean toward loyalty and show stability to each other. A common opinion is that customer commitment only relates to a seller, or to a relationship with a seller. It is also observed that a high commitment level might be an important emotional barrier in switching behavior. Customer relationships with retailers are dependent upon specific cultural contexts in which buyers and sellers interact; and the type of relationship developed over the period determines the strength of commitment.[12]

Improving customer value through faster response times for new products is a significant way to gain competitive advantage. In the globalization

[10] Payne, A. and Frow, P. (2005), A Strategic Framework for Customer Relationship Management, *Journal of Marketing,* 69 (4), 167–176.

[11] Bruhn, M. (2003), *Relationship Marketing: Management of Customer Relationships*, Essex: Financial Times /Prentice Hall.

[12] Dash, S., Bruning, E. and Acharya, M. (2009), The effect of power distance and individualism on service quality expectations in banking: A two-country individual- and national-cultural comparison, *International Journal of Bank Marketing*, 27 (5), 336–358.

process many approaches to new product development emerge, which exhibit an internal focus and view the new product development process as terminating with product launch. However, it is the process output that really counts, such as customer availability. Many firms with shortened product life cycles try to penetrate the market as quickly as possible. It is observed that commercial success of new product is significantly associated with a more ambitious and speedier launch into overseas markets as the process of innovation is only complete when potential customers on a world scale are introduced effectively to the new product.[13] Companies engaged in manufacturing and marketing of consumer and industrial goods seek competitive distinction through product features, some visually or measurably identifiable; some cosmetically implied; and some rhetorically claimed by reference to real or suggested hidden attributes that promise results or values different from those of competitors' products. The offered product is differentiated, though the generic product is identical. The desired position for a product may be determined using the following procedure:

- Analyze product attributes that are salient to customers.
- Examine the distribution of these attributes among different market segments.
- Determine the optimal position for the product regarding each attribute, taking into consideration the positions occupied by existing brands.
- Choose an overall position for the product (based on the overall match between product attributes and their distribution in the population and the positions of existing brands).

Product choice for consumers is difficult when products have marginal differentiation in reference to attributes, price, and use value as compared to competing products available in the market. Hence, many manufacturing and retailing firms provide default options to consumer to facilitate their buying process. Well-designed brand strategies benefit both company and consumers by simplifying buying decision process, enhancing level of satisfaction, reducing risk in purchases, and driving profitable purchases for consumers. As the competition among companies manufacturing con-

[13] Oakley, P. (1996), High Tech NPD Success through Faster Overseas Launch, *European Journal of Marketing*, 30 (8), 75–91.

sumer goods and number of routes to market are increasing, customers today are being forced with an overwhelming array of choices. Hence, companies should stop creating new brands and product extensions to alleviate customer frustration and consolidate product and service functions by following a four-R approach comprising replace, repackage, reposition, and replenish. In the race of acquiring and retaining the tested strategies by the companies, customers are rapidly becoming smarter than the companies that pretend to serve them.[14]

## Brand Rebuilding Decisions

In the growing competitive markets, the large and reputed firms are developing strategies to move into the provision of innovative combinations of products and services as 'high-value integrated solutions' tailored to each customer's needs than simply 'moving downstream' into services. Such firms are developing innovative combinations of service capabilities such as operations, business consultancy, and finance required to provide complete solutions for each customer's needs to augment the customer value.[15] A strong market-oriented strategy of the firm alleviates the possibility of using coercive influence strategies by the competitors and offers advantage to the customers over competitive market forces. Sale of high-technology products is an organization-wide concept that helps explain sustained competitive advantage. Since many manufacturing firms have linked their marketing strategies with services delivery attributes, the concept of high-technology products sales is expanding as a system in global corporate settings.

Universal Electronics Inc. (UEI) manufactures and markets a universal remote control packed with infrared codes that allow it to operate virtually any remote-operative device. The product replaces remotes for several consumer electronics items, including high definition audio players, satellite receivers, surround sound systems, tuners, and TVs. Universal Electronics sells and licenses its products and technologies worldwide to consumer electronics and computer manufacturers, and cable and satellite companies such as Direct-TV. The One-for-All branded remotes are sold by retailers worldwide. UEI designs, develops, and delivers innovative solutions that enable consumers to control entertainment devices, digital

[14] Locke, C. (2009), Smart customers, dumb companies, *Harvard Business Review*, 76 (6), 187–191.

[15] Rajagopal (2007), Influence of Brand Name in Variety Seeking Behavior of Consumers: An Empirical Study, *International Journal of Management Practice*, 2(4), 306–323.

media, and home theater audio systems. The company's broad portfolio of patented technologies and database of infrared remote control software have been adopted by many Fortune 500 companies in the consumer electronics, subscription broadcast, and computing industries. UEI expanded operations to Hong Kong, Singapore, Taiwan, and Korea to address the region's rapid growth. The company operates on customer friendly philosophy across its client organizations and marketplaces worldwide. It manages its inventory by carrying additional safety stock to meet just-in-time supplies and maintain high customer service levels with existing and newly acquired customers. UEI is committed to settle service warranty claims directly through customer service department or contracted third-party warranty repair facilities. The services transparency policies of the company are well regarded by consumers as it builds confidence on the quality of products and services of the company. UEI provides estimated product warranty expenses, which are included in the cost of sales, as it sells the related products. Warranty expense is a forecast primarily based on experience; however, actual claim costs may differ from the amounts provided. The culture at UEI is one of dedication and pursuit of customer satisfaction. UEI associates are committed to do what it takes to get the job done right for customers throughout the globe.

Brand rebuilding strategy and process is exhibited in Fig. 2.1, which reveals that companies need to conduct brand audit periodically to evalu-

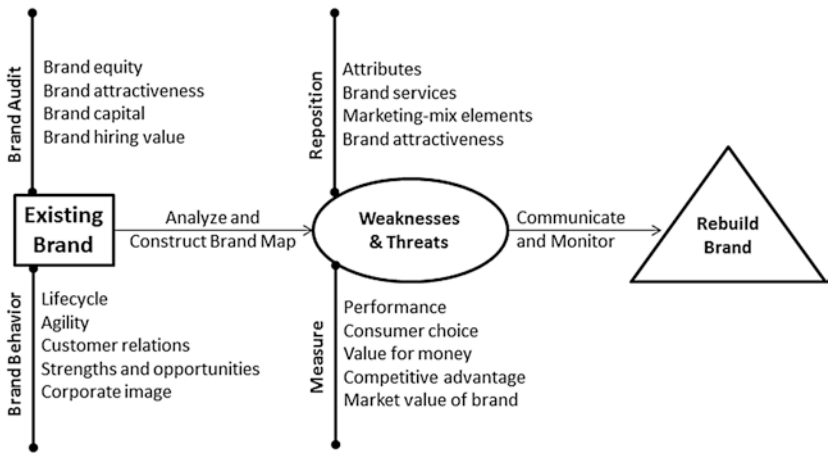


**Fig. 2.1** Rebuilding brands: Strategy and process

ate its brand equity, brand attractiveness, and market value of the brand. Brand capital is measured in reference to its potential to generate revenue in a given market that could contribute to the profit of the company. Companies also need to watch the brand behavior in terms of its expected lifetime, agility to perform in the market, and competitive strengths and opportunities. Based on the brand audit and analysis of the brand behavior, companies should construct brand map and identify the weaknesses and threats associated with the brand. Accordingly, companies can develop strategies to reposition the week or non-performing brands in reference to the marketing-mix elements (11Ps) comprising product, price, place, promotion, packaging, pace, people, performance, psychodynamics, posture, and proliferation. This improves the attributes of the brand and makes them more attractive to sustain in the marketplace. Consequent upon appropriate repositioning of the brand, companies can measure its potential from the perspective of its performance, value for money, competitive advantage, and customer choice that play a key role in enhancing the market value of the brand.

In the global marketplace to stay ahead of competition, companies are largely engaged in mergers and acquisitions (M&A) and reposition their brand either after M&A or separation from the partnering companies. Companies focus on rebuilding their brands with social and economic benefit to consumers after breaking the alliance or partnership. However, it is not an uphill task to either of the companies as the brand environment co-created by them in the past supports the new brand. For instance, Hero (Indian) and Honda (Japanese), companies holding a high market share motorcycle brand in India, separated after a 26 years of partnership in the Indian two-wheeler industry. Honda has later become one of Hero's main competitors. After the split, rebranding and repositioning it as a standalone brand has become a primary importance to Hero MotoCorp. Hero MotoCorp continued its association with the Indian consumers to ensure its high presence, brand value, and brand promise. It underwent a series of transition phases. In view of the rising competition Hero MotoCorp has maintained its high brand equity in the Indian two-wheeler market.[16]

High-tech firms need to continuously launch new products to cope with increasing competition, however, adoption of new products may require substantive cognitive efforts from consumers. Therefore, firms should be able to monitor and influence their consumers' knowledge base.

[16] Sharma, T. G. and Shevade, N. (2015), *Hero Motocorp*, Harvard Business School Press Publication, Cambridge, MA.

A consumer learning roadmap is a relevant instrument and a successful concept for high-tech marketing. This process has been used so far only marginally; the most prominent high-technology marketers are likely to dominate their market gradually. Cognitive and innovativeness attitudes among consumers enhance the actual adoption of new products, whereas sensory innovativeness and perceived social- and physical risks enhance consumers' propensity to acquire novel information about high-technology products. Financial risk, on the other hand, has a negative impact on the propensity to acquire novel information about new products. Time, performance, psychological, and network external risks show no significant relations with the tendency to acquire novel information about high-technology products.[17] Companies may encourage service-centered sales by designing and offering a service-mix to drive adoption of high-technology products and augment the consumer value toward differentiated and improved products in the market. It is perceived by core customers as of superior quality, while high-technology products sales strategy could be catalytic for retailers and distributors in driving profit and building competitive advantage in the market.

Fast-food chain KFC is to replace its 50-year-old claim that its chicken fillets and burgers are *finger-lickin' good*. The changes in menu are aimed at promoting healthy eating and combatting its negative image. The slogan originated by accident in the 1950s, when franchisee Dave Harman was featured eating chicken in the background of a US TV commercial. The top management of KFC commented that the phrase *finger-lickin' good* is very good, but it made consumers very food-centric, which slowed down the process of building a top-of-the-mind brand. This decision was also taken as a step toward rebuilding the brand after the company faced a controversy in China. The bio-engineered chicken scandal in 2012 was brought to the notice of Chinese consumers by a leading national broadcaster, who reported that chickens raised for KFC in the country were unlawfully fattened with excessive antibiotics. KFC employed a series of marketing campaigns and conducted in-store health awareness programs to rebuild its brand reputation. The company later had filed lawsuits against three local companies that operated WeChat content accounts. It accused them of spreading defamatory rumors

[17] Hirunyawipada, T. and A. K. Paswan (2006), Consumer innovativeness and perceived risk: Implications for high technology product adoption, *Journal Consumer Marketing* 23 (4), 182–98.

about the brand, sometimes accompanied by fabricated images of mutated chickens. By the end of financial year 2014, such measures had helped the company rebuild its brand image and increase its market share.[18]

## Defensive Brand Marketing

Amidst the growing market competition, most companies enjoy offensive tactics to outperform competitors, while other companies go defensive in the market by creating customer value and engage in enhancing brand value within the existing market segments. The defensive brand marketing helps companies successfully launch new products, enter new markets, or gain share with existing products in their current markets. In every new product launch, market entrant, or industry upstart grabbing market share, there is an incumbent brand, which must defend its position. There are four basic types of defensive brand-marketing strategies that include positive, inertial, parity, and retarding strategies. In the first two types of defensive brand-marketing strategies, companies establish and communicate the attributes of brands that are superior to the new entrant. They establish and communicate strategic points of brand comparison with the rival brand in reference to the latter two defensive brand-marketing approaches. However, companies should ensure necessary strategies to protect the brand position and brand identity and determine the means of communicating them. Brands are very sensitive to competitive impulses, which often causes tendency of brand switching among consumers. Thus, vigilant companies assess customers' value continuously and map their vulnerability to being intercepted by the rivals.[19]

Customers' needs and perceptions tend to change frequently, and it is imperative to evaluate periodically the competitive status of the firms to enhance the customer satisfaction and market efficiency by offering quality services. As a result, improved customer services, quality of products, and sales and post-sales services influence the effectiveness of the sales of high-technology products and reflect the corporate culture among consumer

[18] Source: Doland, A. (2015), How KFC is fighting rumors of scary mutant chicken in China, *Advertising Age*, June 02; Cave, A. (2011), KFC abandons 'finger lickin' good slogan in a bid to boost its image, *The Telegraph*, February 20; Tao, Z. and Woo, C. H. L. (2014), *KFC China: Still 'Finger Lickin Good'*, Harvard Business School Press, Cambridge, MA.

[19] Roberts, J. H. (2005), Defensive marketing: How a strong incumbent can protect its position? *Harvard Business Review*, 83(11), 150–157.

segments. Orientation of the retailing strategy is positively related to market effectiveness and creation of a customer culture in the integrating sales and services in an organization.[20] Retailing firms build most profitable strategies through services differentiation and competitive advantages, offering customers something new they value, that other retail outlets do not have. Self-service retail stores differentiate at every point of customer services and relationship from the moment customers express store loyalty. Large self-service retail stores open their promotion strategies to stimulate shopping behavior of customers and uncover new opportunities for them to gain long-term benefits with the retail stores and stay loyal. The strategy of point of sales promotions has helped large self-service retail stores to slash costs on advertising and publicity, increase volume of sales, and sharpen their focus on core competencies. Hence, retailers use point of sales promotions to build shopping arousal, gain satisfaction and stay loyal to the stores. Market-oriented brand development includes the following stages:

- Market fit of the brand attributes
  - Constituents of products and services, differentiation, life cycle
- Customer touch points
  - Brand sensitivity, price, promotions, customer use value, competitive advantage
- Brand communication
  - Brand advertisements, brand endorsement, brand network, outreach through social media
- Brand reputation
  - Quality, innovation and technology, brand services, brand image, brand family
- Brand competition
  - Market demand, identical and similar products, substitutability, potential threats to brand

Most companies operate in a highly abstruse competitive marketplace wherein they find themselves under attack from dissatisfied customers and aggressive competitors. Companies that learn the hard way to defend their brands in the marketplace and dominate over social networks affect brand image and corporate reputation. Blogs, tweets, text messages, online peti-

[20] Heiko, G., Regine, K., and Elgar, F. (2008), Exploring the effects of cognitive biases on customer support service, *Creativity and Innovation Management*, 17 (1), 58–70.

tions, Facebook protest sites, and digital videos all represent potential threat for new brands, and companies need to learn how to respond. Companies should lean on implementing the following strategies to stay defensive toward marketing brands:

- Build brand defense in reference to unique sales propositions
- Respond quickly to competitors' moves
- Empower the front-liners of the company to meet the brand challenge

Companies should recruit and deploy customer relations managers and sales people as front-liners, who serve as brand-force to defend its image and create positive multiplier effects in the market. However, by reinforcing brand images in the mind-sets of consumers and adopting new brand tools, companies can defend their brands against the new entrants and from the encirclement attacks of the competing brands.[21]

## Market-Oriented Decision

Building brands through the market-oriented approach allows companies to fit the brand within the market conditions to gain advantages against the competing brands in the marketplace. Most companies focus on matching their brand attributes with the competitors to stay competitive in the marketplace. Consequently, the companies tend to develop similar strategies to strike head-to-head competition, based largely on incremental improvements in cost and quality or both. Innovative companies develop brands with unique selling propositions and seek new market space by creating products or services that have no direct competition and enjoy near monopolistic market advantage for a short period. By creating value innovation to brands, they can find new virgin markets rather than competing within the conventional marketplace. Impulsive brand insights can be developed by the company upon looking across consumer segments within an industry, across complementary product and service offerings, and across functional-emotional orientation of an industry.[22]

Process dynamics in developing and implementing brand strategies demonstrates a conceptual framework that decomposes the overall acqui-

[21] Gaines-Ross, L. (2010), Reputation warfare, *Harvard Business Review*, 88(12), 70–76.

[22] Kim, W. C. and Mauborgne, R. A. (1999), Creating new market space, *Harvard Business Review*, 27 (1), 83–93.

sition integration process into four sequential processes: formulating the brand integration and performance goals, establishing the brand planning approach, executing operational integration, and executing strategic integration of brand marketing. Large companies in competitive marketplace manage the strategic dynamics of acquisition integration in fast-changing competitive environments by focusing attention to all four processes and the feedback loops between them.[23] Ferns N Petals (FNP), having pioneered the concept of social expression through its products and services, flowers and bouquets across the consumer segments in India, has built its brand that manifests emotions and merriment. Started with a single store in 1994 in Delhi, the company had spread its brand over 194 outlets in 74 cities nationwide and served the customers across 155 countries in the global marketplace. Having pioneered the concept of branded chain of flowers, FNP has grown with the spread of the modern culture, the increasing urbanization and the improving standard of living. With the boom in Indian online retail industry, and the changing lifestyle of the people in bigger cities and smaller towns, FNP is consciously foraying into small towns and every nook and corner of the country to mark its presence. The company group encompasses FNP Retail & Franchising, FNP E-commerce, FNP Weddings & Events (India and Dubai), FNP Floral Touch, FNP Gardens, FNP Select, The Flagship Store by Ferns N Petals, and WDH (Wedding Design Hub). It has become a one-stop shop in the organized flower retail industry. As the national economy took a new stand, which provided higher disposable income among consumers driving shifts in demographic and lifestyle values, the FNP chain tapped franchisees aggressively. In a predominantly unorganized and localized flower market, the company could successfully convince potential franchisees to become part of the chain of nationwide branded stores. However, the unique franchising business model of the company has faced many initial challenges toward building its brand and managing franchisee requirements. FNP has grown its brand as high-priced and highly skill-oriented in the retail flower and competitive wedding segments in the country.[24]

As the competition among firms manufacturing identical and similar products increases, customers get confused with brands, and expect better

[23] Burgleman, R. A. and McKinney, W. (2006), Managing the Strategic Dynamics of Acquisition Integration: Lessons from HP and Compaq, *California Management Review*, 48(3), 6–27.

[24] Gopal, V. V., Kerani, S., and Kondath, B. (2015), *Ferns-N-Petals: Flowering through a unique franchising model*, Harvard Business School Press, Cambridge, MA.

performance. Such consumer behavior due to dissatisfaction with the brands and low customer value has also resulted in brand switching tendencies. Firms with predetermined branding process have better performance than those who do not follow a systems approach toward brand relationship management. The process dynamics in developing and implementing branding strategies is a continuous process that should not be taken as an ad hoc requirement. The completeness of the process and proper strategy alignment results into success of the brands in a given marketplace. Hence, firms need to follow proper guidelines and frameworks for addressing the brand development process.

The market-oriented brands need to be developed from the customer's viewpoint and its potential for market leadership in a competitive business environment. A market-oriented brand can be successfully developed when the overall performance of the brand matches the breadth of customer's expectations.[25] There are four basic stages of process dynamics and strategy development systems in a competitive marketplace, which include:

- Transaction
  - To make the brand available through various routes to market
- Service
  - Handling all brand related marketing and services requests through hierarchical or one-stop delivery point
- Alliance
  - Managing the brand performance through a single touch point via networking brand services through company and third-party service providers, and
- Agility
  - Growing new dimensions of brands through alliance business partners

Developing a right market-oriented branding strategy involves making choices meticulously about target customers, products to offer, and how to undertake related activities efficiently. The most common cause of strategic failure of less known brands is the inability to make clear, explicit choices in these areas. It is very common for aggressive competitors to

[25] Piccoli, G., Brohman, K., Watson, R. T., and Parasuraman, A. (2009), Process Completeness: Strategies for Aligning Service Systems with Customers' Service Needs, *Business Horizon*, 52 (4), 367–376.

imitate attractive strategies but, perhaps more importantly, new strategic positions emerge continually. Successful penetration into established markets is based on strategic innovation, and proactively establishing distinctive competitive approaches that are critical to shifting market share or creating new markets.[26] In formulating brand-marketing strategies, it is necessary to involve all role players (such as manufacturers, quality and packaging managers, distributors, logistics and inventory managers, retailers, franchisees) and fully get acquainted with the marketplace environment. The low involvement role players might lead to poor strategy implementation. However, intensive feedback and business analysis would be helpful in shaping the next round of strategy formulation cycle filtering the weak ones. Brand strategists tend to use powerful drivers when referring to implementation efforts. Managers of firms should know that brand implementation is critical in achieving high market share and leadership in the market.[27]

Market-oriented branding strategy can be defined as a rational set of time-sequenced actions aimed at gaining sustainable advantage over competition and improving position with customers. It should answer *what to be branded* and *how to be branded* questions concerning launching of the market-oriented brands. It is a shared vision describing which brand should be moved in the market and how to play aggressive or defensive strategies to lead the brand. Branding strategies should be developed according to the consumer choices which determine the brand competitiveness in the marketplace. It focuses on accomplishing maximum competitive benefits to the consumers and enduring positive differentiation to meet the customer values. The consumer choices guide the branding strategies toward brand positioning, brand capabilities, growth rate, developing products and services compatible with marketplace, and returns on brand investment. Companies should also consider any changes, modifications, and value additions in the brands while developing the marketing-oriented branding strategy.

An effective branding strategy should include attributes of products, brand promise to consumers, competitive advantages, and corporate strengths to match the market needs and achieve competitive perfor-

[26] Markides, C. C. (1999), Dynamic View of Strategy, *Sloan Management Review*, 40 (3), 55–63.

[27] Crittenden, W.F. and Crittenden, V. L. (2009), Building a capable organization: The eight levers of strategy implementation, *Business Horizon*, 51(4), 301–309.

**Table 2.1** Role of marketing in different strategy levels

| *Strategy levels* | *Basic roles* | *Identification* |
|---|---|---|
| Brand/ product/ market | Formulate, implement, control, and evaluate specific marketing programs | Marketing management |
| Corporate | Provide interplay between customer and competitive perspective for developing an effective brand strategy | Corporate marketing |
| Business unit | Develop need-based branding approaches to manage the present and future markets | Strategic marketing |

mance. A good balance of these attributes would build a successful brand-marketing strategy and justify the brand value in the marketplace. Table 2.1 exhibits the marketing interplays at various levels of brand building.

Strategic brand marketing is a bridge connecting the consumer preferences and the marketing objectives of the company. The competitive dynamics has three major market forces comprising customer, competition, and brand performance. The brand-marketing strategy synchronizes functional activities among the 3Cs, customer, company, and competition, which helps in building the distinctive strengths of brands to deliver better customer values in the market. The brand-marketing strategy, in terms of the 3Cs, is an endeavor of building the corporate strengths and competitive advantages to satisfy the customer needs in a given business environment. The branding strategy should be oriented toward long-term goals, and it is perceived as a tool to develop customer relationship. Branding strategy needs to be aimed at achieving maximum competitive differentiation, which would drive brand equity and market share against the competing brands.

### *Competitive Branding*

A large number of fast-growing firms present brand maps exhibiting brand strengths and weakness of competing brands in the market against the own brands of the company. The brand maps enable companies to manage more critical marketing and sales functions, grow faster, and achieve a higher brand equity and revenue from new products and services. Additionally, brand maps alert the growing firms about the potential moves of the competitive brands and guide companies in developing strategies to grow faster. The major advantages and issues associated with competitive branding strategies are as under:

- Competitive branding strategy aims at developing brand differentiation, creating new markets, augmenting revenue, expanding existing business, and increasing brand equity
- Branding strategy developed in reference to the competitive moves of rival brands in the markets drives tactical (short-term) and strategic (long-term) branding approaches to stay sustainable in the marketplace
- Branding strategies of the companies should be developed in order to capitalize on customers and attempt to build brand loyalty over a long term
- Creating relationship with customers and suppliers to gain greater competitive advantage

A company may develop competitive branding strategy to identify long-term opportunities and manage day-to-day operations. This is an essential instrument to grow premium and mass brands, spot brand image, recognize new product innovation, and stay alert to new market opportunities. Multi-brand corporations need to develop a capability for strategic planning and integration (SPI) of their brands, which involves the integrated brand communication and expansion of new business opportunities in the marketplace. There are many multi-brand companies trying to develop SPI capabilities and competencies within the organizations to develop resistance to the market competition. Corporate leaders and top management executives of a company need to manage the evolving tension between reinforcing the company's core branding strategies and redirecting the low-performance brand strategies toward managing the new market opportunities.[28]

### *Competitor Learning*

There are many ways in the competitor learning process. Comparative learning occurs when two or more competitors are compared and contrasted. It especially entails analysis of outputs, which is often necessary to compare and contrast the projections of two or more competitors' future strategies as a means of anticipating which competitors are likely to do what and when. It is also often necessary to compare how competitors are

[28] Burgelman, R. A., and Doz, Y. L. (2001), Power of strategic integration, *Sloan Management Review*, 42(3), 28–38.

responding to the focal firm's own initiatives. The process of descriptive learning of competitors involves learning about the individual competitors at the basic level in reference to capturing the processing data and information about the competitor to identify the facts and features. This learning tool supports the inputs to comparative learning. Many of the concepts and analysis tools such as marketplace strategic activity, value chain, assumptions, resources, and competency facilitate comparisons across two or more competitors. The comparative learning process generates insights and inferences that cannot be derived by examining individual competitors in isolation. Learning is a cognitive process as customer decisions make sense of the world around them. They select and array the information, permeate data with meaning, draw inferences from incomplete data and portray the results. Thus, the wide variety of analysis tools and techniques presented throughout the remaining chapters are intended as aids to interpretation. Learning also is a collective process, though transforming individual learning into organizational learning is a difficult task. Learning truly occurs when individuals share their knowledge, challenge each other, and reflect on each other's judgments and assessments.

Understanding and analyzing each move of the competitor and using the output to develop counter strategy may be defined as the process of competitor learning. The company must assess the existing needs and historical perspectives and develop the knowledge bank accordingly to help in decision-making and scheduling the actions. Actions need to be taken by the company as required by the situation in view of projecting the facts and beliefs more effectively among the customers. The learning exercises may take place with individuals and groups who are engaged in decision-making. It is necessary to build a strong, comprehensive, and reliable database for capturing the activities of any business rival or competitor. The information collection is a very vulnerable issue and there may be many companies looking for the similar sets of information. Hence taking the opportunity first is always advantageous in business. The major task in processing data is the proper interpretation of results. There should be no biases, and the results of the analysis should be able to detect some signals. Designing of the information outputs is one of the important tasks, which should give a shape to the output. The outputs are crafted to inform the decision-makers and influence the decision-making in the interest of the business.

Two core concepts of the competitor learning process are *efficient and effective* learning. The former refers to the learning input-output ratio. The input for the learning process is the competitor data, and the output includes the change in knowledge level. The effective competitor learning addresses the output-decision relationship. In the process of competitor learning, both efficiency and effectiveness need attention and require data, information and intelligence. Data constitute the basic input in the process of competitor learning. The data about any competitor may be put into three broad categories: behavioral pattern of the competitor, statements pertaining to the competitor, and organization change. The individual actions of competitors or the patterns displayed thereof are referred as the competitor behavior. The actions may be analyzed in reference to the marketplace strategy, customer relationship, brand management, and sales and promotion of the products and services in the region. The statements of the competitors may be of various types such as the performance data, announcements, annual reports and the like. These constitute formal business communications made in the public periodically. The informal communications, on the other hand, are largely oral comments delivered by the channels, competitors' personnel, and high-profile rivals, though these statements are not authentic. However, such informal information may be very useful to build strategies down to reality for outwitting the competitors in the market. The changes in the business strategies, financial status, business credentials and production and sales data represent the data on organizational change. Such information plays significant role in understanding the latest moves of the competitor in the market and allows the new entrants to build shields for their business as well as develop strategies to overcome the competitive blockades. It is essential that the data on the competitor's strategies should have the following attributes for efficient and effective analysis:

- Quantification
- Temporal values, that is time series data
- Precision
- Description and opinion

It is necessary to look into some of the information errors that may occur during the data collection process. The fallacy of misplaced facts is the most common among various problems in data collection. The information on the projections of the cash flows, sales, and production levels are more vulnerable for the competitors and consumers. The information error also constitutes the misconstrue pattern or underlying structure in a set of information or data. Such information errors are based on the assumptions drawn by the information collectors and disseminators. However, the exaggerated information provided to the strategy builder or decision-maker is also one of the common information errors that occur often in the process of outwitting the competitor from the market. Evidence for the success of relationship marketing remains contradictory, with practitioners reporting that most relationship marketing efforts fail, and academic researchers suggesting that further exploration of the boundary conditions of relationship marketing are needed. Several researchers have identified changes in the competitive environment as the basis for the adoption of relationship marketing, although recent research suggests a more complex, contingent view.[29]

A common mistake many firms make is to start by collecting information without thinking how the information will be used. Such junk data has no value and it will be just shelved. The information needs to be comprehensive and adequate to help analysis of the strategic or tactical decisions on the role of competitors and vital indicators. If a firm is planning to develop a new product, information on the status of the competitors in the area will help in the decision processes and plans for this new product. Alternatively, the firm may review how the industry will develop in future toward the market leadership, potential merger, and acquisition or business partnership. The information requirements for each of these business decisions will be completely different, and so the information that should be sought will be different. Thus, before starting to search for information, the competitor analyst needs to sit back and define what the firm is looking for, and why. It is important to identify the key areas of concern for the business decision-makers requesting the information, and to aim to satisfy these. The supplementary information may be interesting, but unless it helps the decision process, it should be viewed as superfluous, and should be stored for use at another time or even ignored if it is unlikely to ever have value. Hence, a firm may streamline its search needs toward planned and focused strategies, which would help in answering various intelligence requirements of the business.

[29] Beverland Michael and Lindgreen Adam: Relationship Use and Market Dynamism-A Model of Relationship Evolution, *Journal of Marketing Management*, 20 (7–8), August 2004, 825–858.

## Brand Development Indicators

Mapping of market information on critical indicators of the key brands would also be a guiding tool for the brand architecture and for developing the brand value chain. While architecting the brand strategy, it is important to understand that the preliminary definition of the brand equity is not the same for the firm-named brands that have their own names.[30] In case of firm-owned brands, the brand becomes the principal spokesperson for the firm and that often works as the pivot of the brand architecture process in the domestic and internationally segmented markets. It is argued that the combination of strategy, creativity, and leadership is going to be the key to the success of global brands, and it is necessary to understand how these three disciplines interact, and specifically how this interaction may differ across the markets where the brand is active.[31] The strategic positioning of brand association can be established between a corporate brand and the entities in its surrounding network such as competing brands, product categories, persons, places, and institutions. In multi-brand strategy, a firm may develop brand architecture by transferring brand image from the sources of brand equity in the internal brand hierarchy and the surrounding brand network. This framework can be a strategic tool for brand managers to design strategic brand alliances and assessing risks in relation to brands, product categories, persons, and institutions.[32] However, alliance brands have the potential to develop into a valuable strategic resource when carefully nurtured.[33]

Most companies have rapidly adopted the benefits of information technology and electronic media to build their brands, which has dramatically driven the consumers toward comparing brands in the marketplace before making a purchase decision. Online platforms like Facebook and Twitter, consumer blogs, and comparative brand-marketing websites of e-commerce companies like Amazon have succeeded at drawing linkages among brands

[30] Keller, L Kevin (2003), *Strategic Brand Management – Building, Measuring and Managing Brand Equity*, New Jersey: Prentice Hall, 409–411.

[31] Sicco van Gelder (2005), The new imperatives for global branding: Strategy, creativity and leadership, *Journal of Brand Management,* 12 (5), 395–404.

[32] Uggla, Henrik (2007), The corporate brand association base: A conceptual model for the creation of inclusive brand architecture, *European Journal of Marketing*, 40 (7–8), 785–802.

[33] He, Hong and Balmer, John M T (2006), Alliance brands: Building corporate brands through strategic alliances, *The Journal of Brand Management*, 13 (4), 242–256.

by highlighting those that are preferred, evaluated, or purchased together. However, despite the increase in both product and customer interconnectedness on brands across markets, companies continue to make decisions based largely on the brand strategies of competitors in the marketplace. Companies need to focus on competitive structure analysis, market research, brand footprint analysis, brand promotion, new brand development, customer brand valuation, and strategic brand alliances to drive their brand successfully in the competitive marketplace.[34]

Loyalty marketing programs are embedded in the brand development process. To build and maintain consumer loyalty, brand managers are supplementing their mass-media advertising with more direct communications, through direct and interactive methods, internet communications, and other innovative channels of distribution. However, brand managers have to face more threats to their brands, especially parity responses from competitors. Brand loyalty can yield significant marketing advantages including reduced marketing costs, greater trade leverage, resistance among loyal consumers to competitors' propositions, and higher profits.[35] Brand loyalty is a key link affecting market share and perceptions on brand name in reference to brand risk; brand differences have been the prime factors in making a buying decision for new brands among the consumers.[36]

Fabindia is the largest private platform in India for products that are made from traditional techniques, skills, and handmade processes. Fabindia connects over 55,000 rural craftsmen to modern urban markets preserving India's traditional handicrafts for premier consumers in domestic and international markets. The company with ethnic textiles, ethnic furnishings, and ethnic food has come a long way from an export shop in 1960 selling handloom fabrics, to multi-product platform by the end of the twentieth century. The brand Fabindia has become synonymous with quality handmade products procured from artisans all over India and has driven a sustainable social conscience. The company combined the twin business objectives of making a profit and launching a social brand with the motive of providing artisans a sustainable economy. However, devel-

[34] Dass, M. and Kumar, S. (2014), Bringing product and consumer ecosystems to the strategic forefront, *Business Horizons*, 57(2), 225–234.

[35] Rundle-Thiele S and Bennett R (2001), A Brand for All Seasons: Discussion of Brand Loyalty Approaches and Their Applicability for Different Markets, *Journal of Product and Brand Management*, 10 (1), 25–37.

[36] Rajagopal (2007), Influence of Brand Name in Variety Seeking Behavior of Consumers: An Empirical Study, *International Journal of Management Practice,* 2(4), 306–323.

oping a social brand is a difficult proposition as it is nurtured by a small niche of consumer, while the next generation of consumers may not stay with the Fabindia brand. This brand sustained in the competitive marketplace as a niche player of ethnic products and Indian consumers perceive it to be a part of the broader retail fabric of India.[37]

David Aaker constructed an innovating framework to illustrate brand systems and characterized brand roles as drivers, endorsers and fighter brands, and silver bullets. In pursuit of further improving the concept of brand architecture, the concept of brand portfolio strategies has been discussed. It is believed that the brand portfolio strategies will help in searching for an efficient frontier for the brand set, the boundary where brand managers can maximize their returns for any level of portfolio risk. However, the scope of brand portfolio does not restrict membership to the brands owned by the firm. The brand portfolio, on the contrary, includes every brand that plays in the consumers' decision to buy.[38] However, not every brand the firm owns should be the portfolio, though such distinction is necessary to make in the brand architecture approach for overcoming any conflicts in defining the role and level of the brands. The categories of brands play significant role in the process of brand architecture for a firm in the following ways[39]:

- Creating coherence and effectiveness
- Allowing brands to stretch across the products and markets
- Stimulating the purchase decisions by brand drivers, and
- Targeting market niches and carrying out benefit positioning approaches

Appropriate brand architecture builds strength in the brands of a firm. Brand strength appears to be linked to four main practices including investing in marketing communications to improve customer awareness, understanding of corporate and product brand values, contributing to the wider community to improve corporate reputation, and improving internal communications (internal marketing). Accordingly, managers can keep

[37] Chattopadhyay, A., Sabhaney, P., Chainani, S., and Wee, J. (2015), Fabindia: Branding India's artisanal crafts for mass retail, Harvard Business School Press, Cambridge, MA.

[38] Aaker D (1991), *Managing Brand Equity*, New York, The Free Press.

[39] Hill Sam and Lederer Chris (2001): *The Infinite Asset – Managing Brands to Build New Value*, Boston, MA, Harvard Business School Press.

themselves better informed about customer needs, market changes and company initiatives, thereby enabling the staff to help customers better and improving service quality to improve market positioning.[40]

Each of the new generation marketing approaches include customer focused marketing, market-driven strategy, outside-in marketing, one-to-one marketing, data-driven marketing, relationship marketing, and integrated marketing communications. The new generation approaches emphasize two-way communication through better listening to customers and the developing brand relations. It is believed that brand portfolio strategies help in searching for the efficient frontier for the brand set, the boundary where brand managers can maximize their returns for any level of portfolio risk. Risk factors for a brand grow along the network of competing brands in the market. The magnitude of brand variability is related to the brand attributes in reference to price, quality, intangible values, and customer preferences. It is evidenced by the fact that the higher the variability of brands within a product category, the higher is the risk associated with the brand.[41] It has been observed that many companies introduce new brands frequently as they expand their product line. In this process, some brands appear to be analogous (which look like existing brands), for example, Colgate 12 Whitening and Colgate Ultra Whitening, posing a threat to overlapping products in the category. The risk factors associated with analogous brands are brand identity, value perceptions, and brand recall. Such brands are also pushed by dominance of local brands, which play in the market on the grounds of price or volume sensitivity.

Frequent introduction on new brand also leads to instability in the brand management process as new brands are pushed piggybacked to temporary market demand, and companies commit high investment to sustain such brand against the fluctuating market demand. These brands are categorized as 'agitating brands' which may also be recognized as boomer brands in a given time. To sustain with agitating brands, it is necessary for a company to make differentiation and add value to the brand. Such distinction is necessary in the brand architecture approach for overcoming any conflicts in defining the role and level of the brands. Building tensile brands has become a marketing priority for many firms. The presumption

[40] Gray, Brendan J (2006), Benchmarking Services Branding Practices, *Journal of Marketing Management*, 22 (7), 717–758.

[41] Mulhern F. J. (1998), Variability of brand price elasticity across retail stores: ethnic, income, and brand determinants, *Journal of Retailing*, 74 (3), 427–446.

is that building a tensile brand yields several marketing advantages. Strength of such brands drives loyalty in various ways and creates differential responses by consumers to various marketing activities, which would help in building brand equity in the long term.

One of the factors impacting the firm's brand architecture is the degree of product-market integration. Use of global brands helps to provide competitive differentiation on a global basis, where markets are fully integrated, and competitors compete in these markets. The integration of markets and the growth of regional and global media also encourages a move toward international brands in order to obtain cost efficiencies and reinforce brand strength. Advances in global communication technology, and the internationalization of retailing further facilitate the growth of international branding and stimulate a shift toward international brands. The retailing has further facilitated and stimulated the development of manufacturer brands. As retailers move across international borders, they provide an effective channel for international brands. However, at the same time, their power increases. Consequently, manufacturers need to develop strong brands with high market share in multiple countries to obtain adequate retail space for these brands and minimize slotting allowances.[42] A final factor underlying the power of international brands is the increased consumer mobility. While global media provide passive exposure to brands, the increasing international travel and movement of customers across national boundaries provide active exposure to brands in different countries.[43] Awareness of the availability and high visibility of an international brand in multiple countries enhances its value to consumers, and provides reassurance of its strength and reliability. Increased exposure to, and familiarity with, new and diverse products; and the lifestyles and cultures in which they are embedded, also generate greater receptivity to products of foreign origin, or those perceived as 'international' rather than domestic.

Nike is a champion brand builder. Its advertising slogans *Just Do It*, and *There Is no Finish Line*, have moved beyond advertising into popular expression. Nike's athletic footwear and clothing have become a com-

[42] Barwise, Patrick and Thomas Robertson: Brand Portfolios, *European Management Journal*, 10, 3 (September), 1992, 277–285.

[43] Alden, Dana, Jan-Benedick E.M. Steenkamp, and Rajeev Batra: Brand Positioning Through Advertising in Asia, North America and Europe: The Role of Global Consumer Culture, *Journal of Marketing*, 63, 1999, 75–87.

monly talked-about product of America and its brand name is known around the world as well as Honda and Federal Express. Consumers know Nike for attention-grabbing commercials that feature athletes like Bo Jackson and Michael Jordan. They anxiously await the debut of new Nike advertising, and are equally enthusiastic in their response. 'Nike's advertising is laden with the solitary, self-involved spirit some associate with jogging'. Bo knows advertising. In Nike's advertisement, the eight spots helped build a Bo Jackson myth, then deconstructed that legend and found humor in chastising those who got caught up in it, all the while peddling high-tech, cross-training shoes. The first Jackson ads were part of the 1988 debut of Nike's famous tagline, 'Just do it'. A trio of lighthearted spots showed Jackson cycling, running, and playing basketball. An advertisement shows a radiant woman running past two clogged lanes of suffocating traffic, the drivers gray and faceless. Under the title, 'Man vs. Machine', the text notes that machines have 'put our bodies out of a job'. A series of posters shows a solitary runner in a majestic natural scene over the headline, 'There Is No Finish Line'. Nike expands in the text: 'Sooner or later the serious runner goes through a special, very personal experience that is unknown to most people. Some call it euphoria. Others say it's a new kind of mystical experience' and so on. TV advertising is a large part of Nike's marketing success. Originally, Nike became a billion-dollar company without television. For years Nike relied on athletes to wear their shoes and ran a limited number of print ads in specialized magazines like Runner's World. They did not complete the advertising spectrum until 1987 when they used television for the first time.[44]

The way consumers perceive brands is a key determinant of long-term business-consumer relationships.[45] The term 'brand' has been shown to comprise meanings drawn from two distinct sources; firstly, the brand identity as codified and communicated by the brand originator, and, secondly, the brand meanings drawn from the users or consumer environment.[46] Communicative

[44] For detailed discussion on Nike please see Robert J Dolan: Nike Inc., in 1990's: The New Directions, Harvard Business School Case, Harvard Business School, April 1995; also see official website of Nike Inc. www.nike.com

[45] Fournier, S: Consumers and Their Brands: Developing Relationship Theory in Consumer Research, *Journal of Consumer Research*, Vol. 24, 1998, 343–373.

[46] Jevons, C., and Gabbott, M: Trust, Brand Equity and Brand Reality in Internet Business Relationships: An Interdisciplinary Approach, Journal of Marketing Management, Vol. 16 (6), 2000, 619–634.

or rich environments such as the Internet accentuate the drift between owner- and user brand-meanings, and this increases the importance of understanding the forms of linkages between brand meanings.

## Brand Matrix

This is a simple and effective tool of measuring brand performance in the market woven around the principle of pooling quantitative variables in various combinations in the metrics. It is important for a firm to understand the relationships between brand perception, brand performance and financial impact; to work within the brand metrics process. The relationship can be learned through key drivers of demand, analyzing customer interaction with the brand and evaluating the influence of the brand in choosing one product or service over competitive offerings. Brand metrics result in a quantitative assessment of customer perception linked to purchasing behavior. The brand metrics should be aimed at mapping yield-loss score in reference to brands gained versus brands lost, considering important market drivers such as demand, consumer preferences, retail sales, brand promotion, price sensitivity, product attributes, trial effects, and repeat purchase behavior of consumers. The study of performance metrics is an integrated analysis of all operational departments in a firm including finance, marketing, logistics, sales, and customer relations activities to map the brand-market segment.

Brands are intangible, they closely reflect true value of a firm and reveal the source of sustained competitive advantage. Brands provide added value, both to the firm and the consumer. This added value can be conceptualized in terms of brand equity. The marketing mix strategy plays an important role in establishing a brand identity. There are 11Ps, comprising product, price, place, promotion, packaging, pace (dynamics), people, performance, psychodynamics, posture of the firm, and proliferation of brands, that play an important role in this process. The analysis of brand metrics helps in examining brand identity and brand image in context of the overall brands profile of the company and its consumers. Brand metrics reveals brand vision, which embodies the core purpose for a brand's existence. It represents a set of values that, along with brand culture, provide direction and guidance. Brand personality traits provide symbolic meaning or emotional value that can contribute to consumers' brand preferences and can be more enduring than functional attributes. Successfully positioning a brand's personality within a product category requires measurement models that can disentangle a brand's unique personality traits from the traits common to all brands in the product category. Consumers perceive the brand on dimensions that typically capture a person's personality and extend it to the domain of brands. The dimensions of brand personality are defined by extending the dimensions of human personality to the domain of brands.

The perceptional metrics delivers the consumer-brand personality relationship map, which is significantly helpful in developing and maintaining flagship brands of a company. There is a relationship between the brand-as-person and the customer, which is analogous to the relationship between two people. The brand personality provides depth, feelings, and liking to the relationship. Successful brands can bring strong emotions in mind, and command high levels of loyalty, which provides another reason for pursuing a brand approach. Few brands command the level of association of the Harley-Davidson riders who tattoo the company logo on their bodies. Brands are affected by change in market demand, consumer preferences, technological advances, and other external factors in the market, which results in the phenomenon of 'time compression'. In a highly dynamic and time-compressed environment, brands need to make their mark very quickly. It is necessary for a company to review the positioning of its brands periodically, seeking emphasis on the attributes that offers competitive advantage over other brands in the market. It seeks to convey to consumers the benefits that are being offered and derives personality on the emotional characteristics of the brand.

It is believed that the brand portfolio strategies help in searching for the efficient frontier for the brand set, the boundary where brand managers can maximize their returns for any level of portfolio risk. However, the scope of brand portfolio does not restrict membership to the brands owned by the company. The brand portfolio, on the contrary, includes every brand which determines the buying decision of consumers. Brand metrics also helps in monitoring and evaluation of various touch points concerning brand and company. These touch points include advertising, price, packaging, logo, sales promotions, internet sites, point-of-purchase displays, interaction with salesperson, publicity, direct marketing campaigns, billboards, and retail location. All the touch points mentioned above could be viewed within the context of brand metrics for analysis at corporate, marketing, and brand management levels.

## *Brand Scorecard*

The brand scorecard has been derived from the concept of balanced scorecard, which is defined as a *management system* (not only a measurement system) that enables organizations to clarify their vision and strategy and translate them into action. It provides feedback around both the internal business processes and external outcomes to improve strategic performance and results continuously. When fully deployed, the balanced scorecard transforms strategic planning from an academic exercise into the nerve center of an enterprise.[47]

A firm may develop brand scorecard on the analysis of brand metrics. Development of a balanced, performance-based scorecard enables the firm to measure key behavioral dynamics associated with the brand and compare it with other competing brands in the market. The benefit of a brand scorecard is that it identifies the posture of the brand in reference to the strength of the brand in the given market. The scorecard is helpful in improving and guiding the brand-led investment and marketing strategy. The brand scorecard is an increasingly utilized tool among businesses seeking to move strategy to the action stage. Broadly, the brand scorecard encompasses four areas:

- Understanding financial performance
- Operations and internal business processes related to production and supply
- Customer value measurement in terms of ranking levels of satisfaction
- Linking brand metrics to business strategy

Leveraging from the application of brand scorecard many organizations have augmented brand values to a wide range of brands of their company. This has led to the incorporation of brands into their scorecards, which first requires determining the brand strength in the scorecard. Structure of the brand scorecard varies according to the product and brand life cycles, business maturity and the category in which the business operates, although some of the metrics incorporated will be common across business models and industries. Branding strategy is also developed in accordance with the life cycle of the products and services. Many large companies

[47] Kaplan, R. S. & Norton, D. P. (1996), The balance scorecard- translating strategy into action, Boston, Massachusetts, Harvard Business School Press.

consider different branding strategies at different levels of the product life cycle—introduction, growth, maturity, and decline. Companies develop the brand in the introductory stage with the objective of establishing the market position based on quality, price, and application and consumer preference. It is necessary to invest more in promotion of the brand at this stage to build awareness and create the pull effect with the distribution channels and consumers. Effective brand building is necessary to introduce the product in the distribution network at the skimming price.

The scorecard is developed in conjunction with the client to ensure perceived values among consumers, and premium values within the firm. It ideally incorporates some of the key market performance parameters. In the business-to-business space, the scorecard can often be completed with the minimum effort since customer information is likely to be known, and customers may participate through a precisely designed survey. Brand scorecard provides scope for periodical brand audit which may be defined as a bottom-up audit of the individual brands that allows an assessment of each function as part of the overall brand management of the firm. The key steps of this phase are as follows:

- Collection of information that establishes how the brand has been used in each country where it is marketed
- Assessment of deviations from its established position in the structure and reasons
- Evaluation of the brand's performance

Deviations are particularly diagnostic. They may suggest poor management of the brand globally or, more importantly, fundamental changes in the underlying market dynamics. If the underlying market dynamics or product-market structure has changed, then the brand's position in the overall architecture needs to be modified accordingly. With these preliminaries conducted, the audit should culminate in a face-to-face meeting of key participants including the brand custodian, to establish guidelines for the coming year. Strategic audit begins in the second phase as the top down audit conducted on multiple levels. First, logical groupings of strategic brands need to be assessed in terms of their compliance with the established guidelines. Once this has been accomplished, senior management needs to evaluate the overall structure of international brand architecture to determine the fit at different levels across multiple countries. In addition to market dynamics and the product-market structure, an important consideration is how the firm itself has evolved, particularly with respect to acquisitions or market expansion initiatives. If the end-result of the strategic audit is that the firm's brand architecture no longer fits underlying drivers, steps should be taken to revise the firm's architecture so that it reflects the new realities of the marketplace.[48] Brands, in practice, exert their influence at every level of a brand-focused company, and the strength of the relationship with individual consumers serves as key toward competitive benefit mapping.

*Summing Up*

At the onset, this chapter discusses the contemporary trends and practices followed by the companies in building customer value-based branding. Brand sensitivity to consumer perceptions, and value for money play a major role in determining the branding strategies. Often companies develop tactical strategies to compete with their rival brands, and launch brands in the marketplace, which are sustainable in the long run. Hence, companies engage in rebuilding brands and reinforce them into the marketplace. Most companies also protect their brands from any damage from the aggressive strategies of competing brands and implement defensive marketing strategies. The defensive brand marketing helps companies successfully launch new products, enter new markets, or gain share with existing products in their current markets. It has been observed that companies employ marketing-oriented branding strategies to penetrate their brands at the stage of introducing them in the market by understanding and analyzing the competitors' moves. Such strategies are followed by the companies for highly competitive brands with marginal differentiation in brand attributes like toiletries and personal care products. Companies use various brand development indicators based on the marketing-mix elements (11Ps) comprising the attributes of product, price, place, promotion, packaging, pace, people, performance, psychodynamics, posture, and proliferation. In the recent past, social media has emerged as a powerful brand development indicator that could generate significant interactions of consumers on brands and help the brands to sustain in the competitive marketplace. Brands are also periodically audited by brand research organizations to ensure the life cycle of brands. Hence, most companies implement brand matrix strategies, and analyze the brand strength using the brand scorecard.

[48] Rajagopal and Sanchez, R. (2004), Conceptual Analysis of Brand Architecture and Relationships within Product Category, *Journal of Brand Management*, 11 (3), 233–247.

CHAPTER 3

# Brand Positioning and Value Creation

Customer-centric branding is a strategy that enables customers to perceive the core benefits of the brands, appraise the brand design, and develop association with the brand. Consumers have various brand preferences; therefore, one brand does not fit all consumer segments. Most companies in the twenty-first century are engaged in developing customer-centric brands by considering preferences of consumers by gender, age, need, peer culture, purchasing power, and the potential of experimenting with new brands. Customer-centric branding companies make long-term investment in developing a strong base of their customers to sustain in the market competition. A useful analogy might be a portfolio management company in telecommunication industry, managing diverse brands associated with providing telephone, the Internet, and television channel services. These brands are all important in delivering long-term value as individual and combined brand portfolios, but they behave in fundamentally different ways, and the overall value of the portfolio is maximized by managing these brands differently.

Digital innovation, omnipresence of brands, and transparency has built customer-centricity in global brands, and has raised expectations across the markets at global, regional, and local levels. Many retail global brands like Calvin Klein, Tommy Hilfiger, and Zara have harnessed the consumers' desire to have it all by bringing mass-market prices to the colors, fabrics, and designs of high fashion. Simultaneously, Amazon has emerged as strong customer-centric virtual brand in the digital markets segments and



Rajagopal, *Competitive Branding Strategies*,
https://doi.org/10.1007/978-3-030-24933-5_3

is competing with the brick-and-mortar retailers. Most digital branding companies are developing their brands close to consumer preferences by retooling their supply chains by offering innovative products and enabling faster replenishment to support one-day delivery promise. Most companies are creating new advertising messages around the in-store pickup of online orders like Walmart and building their brands as customer-centric by saving the shopping time of customers. Branding companies have taken a leadership role in designing and disseminating by building emotions into the customer-experience brands like *Mercedes me*, *Sony like no other*, *and Toyota-touch the perfection*. The digital brand platform provides customers with automated services though the personalized value diagnostics for the brands.

Customer-centric brands influence buying decisions through emotional and rational factors. Thus, branding and sales outreach of brands accounts for these human attributes affect business performance. Continuous growth in the information and communication technology has driven consumers to acquire brand knowledge at their convenience using the mobile devices. Most companies realized that brand campaigns yield effective results if channeled through mobile devices and evolved around the consumer personality. Customer-centric brands can be raised using communication attributes that emphasize innovativeness, personal attachment, emotions, high returns with low risk sense among consumers, and convenience of brand acquaintance among consumers. The perceived usefulness, consumer innovativeness, and personal attachment directly influence the association of consumers with the brands. Companies seeking to build and maintain brand relationships should view these consumer personality attributes as levers to amplify consumers' acceptance toward existing and new brands.[1] Accordingly, most consumer electronics companies make sure that customers not only see their televisions and listen to audio systems in stores, but also learn about their vivid high-definition pictures by sharing the consumer experiences. Following the market-trend, Amazon.com began offering targeted product recommendations to consumers already logged into the virtual store and ready to buy. Much before the customer-centric brand-building trend became a success tool in the market, Procter & Gamble had initiated radio, and then television, programs

[1] Rohm, A. J., Gao, T., Sultan, F., and Pagani, M. (2012), Brand in the hand: A cross-market investigation of consumer acceptance of mobile branding, *Business Horizons*, 55(5), 485–493.

to enable its brands reach the audiences through sponsorship of various *soap operas* that were close to the emotions of consumers.

Titan Industries Ltd. in India made the first attempt in early 1990s to introduce a watch brand exclusively for women with the brand name 'Titan Raga'. This brand was launched with an appeal to trendy women to grow with time and stay symbolic to the Indian culture. The company targeted customers who were progressive homemakers in the transforming society, trying to balance work and family life. This customer segment was found to be most suited for this brand that was looking to embellish their traditional or Western attire with a beautiful, sensual timepiece. After the millennium break, the customer profile for 'Titan Raga' brand switched to young career professional with higher disposable income, and the brand significance shifted from 'heritage and beauty' to 'self-esteem and romance'. Accordingly, this brand reached to the new stage of its customer-centric journey, where it has been perceived as an ornamental gift to the women. As more global brands penetrated India by 2010, the company wanted to strengthen its customer-centric branding strategy to meet the new branding challenges to compete. The brand ambassadors of the company carried out the sustainable brand image to the changing consumer profile, and the company could successfully derive the stand-alone brand strategy for 'Titan Raga' to distinguish it from the growing competition in the industry.[2]

Customer-centric brands grow with consumers' patronage and loyalty, as they are designed to stay on top-of-the-mind and serve to derive maximum satisfaction. Emerging-market consumers have a liking to visit multiple stores multiple times, and collect information methodically, especially when they purchase big-ticket items. So, in the twenty-first century, large supermarkets and departmental stores have become the platform for developing customer-centric brands besides online business platforms. The typical brand acceptance journey requires consumers to conduct frequent store visits to analyze the attributes of the brand, test products, interact with salespeople to collect product information, and negotiate with retailers to get the best deal. As the consumer-brand markets are growing manifold in the world, brand management process is turning increasingly complicated, and the complexity endangers the sustainability of brands. Most consumer-brand companies are selling more variations of

[2] Prabhakar, S., Lokhande, M., and Naik, P. A. (2015), *Titan Raga: Evolving a watch brand for the changing consumer*, Harvard Business School Press, Cambridge, MA.

products in more fragmented consumer segments. Consumers learn about the brands through digital and social media as they also carry peer reviews, which are not directly controlled by companies.

## Brand Equity and Customer Relationship

Strong brand equity allows companies to retain customers better, service their needs more effectively, and increase profits. Brand equity can be increased by successfully implementing and managing an ongoing relationship-branding effort by offering value to the customer and listening to their needs. Disregarding the edge the brand-customer relationship offers in the market place, and not utilizing the benefits and goodwill that the relationship creates, will surely lead to failure in the long run. The central brand idea may be static among the entire customer- and prospect bases, but the sum total of the brand idea or perception is rooted in the customer's experiences with the brand itself, all its messages, interactions, and so on. In the market, a strong brand is considered to have high brand equity. The brand equity is higher if the brand loyalty, awareness, perceived quality, strong channel relationships, and association of trademarks and patents are higher. High brand equity provides many competitive advantages to the company. Brand equity may be explained as the highest value paid for the brand names during buy-outs and mergers. This concept may be defined as the incremental value of a business above the value of its physical assets due to the market positioning achieved by its brand, and the extension potential of the brand.[3]

Brands are integral part of marketing strategy of companies that aim to grow as customer driven business companies in the global marketplace. Since the mid-twentieth century, companies have leaned toward developing customer-centric branding strategies and staying close to the customer. Most business-to-business companies establish strategic relationships between industrial customers and their suppliers. In order to build and maintain lasting customer ties with the brands and to outperform competitors, companies develop careful and explicit customer relationships.[4] Eureka Forbes is a consumer durable company which began its business

[3] Tauber, E. M. (1998), Brand leverage: Strategy for growth in a cost control world, *Journal of Advertising Research*, 28 (4), 26–30.

[4] Jackson, B. B. (1985), Build customer relationships that lasts, *Harvard Business Review*, 63 (6),120–128.

operations in India as a direct branding company in 1982. It emerged as a joint venture between the Shapoorji Pallonji Group's Forbes & Company Ltd. based in Mumbai and Electrolux of Sweden. Eureka Forbes started as a small firm by selling domestic water purifier with the 'Aquaguard' brand direct to the customers. It is a family brand today, which has been built by the company over the years only through one-to-one brand relationship. Sharing consumer experience, brand association, and portraying the image of the brand have been the key strategies of Eureka Forbes, which is now a multi-product and multi-channel organization with over 10,000 employees in India. The consumer durable product line of the company includes water purifiers, security systems, air purifiers, vacuum cleaners, and ancillary services. Forbes facility services and Forbes Pro Railway Solutions are two of the many services offered under the ambit of Industrial services. The employees of Eureka Forbes visit homes to generate brand awareness and sell their products. There is hardly any city dweller in India who has not received a visit from a Eureka Forbes employee. Their highest selling brand is 'Aquaguard'. The customer has always been at the center of business of the company, and it has grown in the market by reaching out to them to understand their needs and aspirations. Such corporate philosophy has helped the company build its brands close to the real life of the consumers and generate high perceived use value for their brands. One-to-one brand-building strategy has brought the company within the proximity of consumers and has positioned brands atop their minds. The company has undergone significant evolution in applying technology and enhancing brands and branding channels. It is using its brand power now to capitalize the mass market for water purifiers in India.[5]

Most companies coined the idea of one-to-one brand pursuance as a sustainable approach to develop brand relationship with consumers using the customer input in architecting a brand. After the success of direct branding and brand-building strategies of Eureka Forbes (India), Mary Kay Cosmetics (USA), and Arbonne Australia Private Limited (Australia), an organic cosmetics brand company of the pacific, have also founded their business on the principles of direct marketing. Most companies believed that one-to-one branding strategy is a more promising strategy in building brand relationship and brand association with the customers than

[5] Corporate website of Eureka Forbes; Sridharan, S., Palekar, S.K., and Ramasastry, C. S. (2010), *Eureka Forbes Limited: Growing Water Purifier Business*, Harvard Business School Press, Cambridge, MA.

developing brand relationship through the digital and mass media. Building brands through direct customer relations promises to increase the perceived value of customers by establishing a learning association with each customer. In order to develop effective customer-centric brand relationship through establishing one-to-one contact with customers, companies should identify right customers, establish brand differentiation, build continuous interaction with them, and customize brand and associated products to meet each customer's needs. This tool kit will help companies to determine what type of brand relation program could best fit into the target consumer segment and find the right strategy to position the brand with customer-centric objectives.[6]

Brand relationship strategies are shifting gradually with the growth of technology and new communication channels. In the late 1990s and early 2000s, unified messaging applications began to appear, which provided integrated access to non-real-time communication data such as voice mail, email, and faxes across devices. Another important trend is the rise of social networking applications that makes business communications much easier to create, maintain, and understand. The emergence of social networking applications such as MySpace, Twitter, and Facebook have reduced the distance between the business firms and their consumers in business-to-consumer as well as in business-to-business segments. Most traditional communications media including telephone, music, film, and television are reshaped or redefined by the Internet, delivering to new services such as Voice over Internet Protocol (VoIP) and Internet Protocol Television (IPTV). Newspaper, book, and other print publishing are adapting to website technology or are reshaped into blogging and Web feeds. The Internet has enabled and accelerated new forms of human interactions through instant messaging, Internet forums, and social networking. Online shopping has boomed for both major retail outlets and small artisans and traders. Business-to-business and financial services on the Internet affect supply chains across entire industries.[7]

[6] Peppers, D., Rogers, M., and Dorf, B. (1999), Is your company read for one-to-one branding, *Harvard Business Review*, 77(1), 151–160.

[7] Rajagopal (2013), *Managing Social Media and Consumerism: The Grapevine Effect in Competitive Markets*, Palgrave Macmillan, Basingstoke, Hampshire, UK.

## Brand Functions

The free flow of information is essential for a well-functioning business in the marketplace, since both consumers and companies need a communication system that has long outreach and is capable of empowering brands in the market. It is not always simple to empower brands due to the communication tactics of competing brands, lack of clarity in brand communications, poor consumer interactions, and ineffective social media. However, companies often deliver abridged brand information to lower the cost of communication and develop new forms of brand engagement and empowerment. Such strategy would provide consumers a greater voice to reflect on brand attributes, competitive advantages, and likely brand associations. The basic strategy of brand empowerment is to bring a brand as day-to-day experience for consumers. Some consumer-centric companies like Colgate Palmolive (Colgate toothpaste), Unilever (Surf Excel), Parle (Parle-G), GlaxoSmithKline (Glucon-D) and many more have empowered some of their brands that have symbolized their existence with the day-to-day life of consumers.

Consumers today are living in a complex market environment, where an abundance of companies, products, and services have thrown a big challenge in perceiving the top brands, with which they can get associated. In such complex marketplace, it is difficult for companies to empower brands that can precisely drive consumer association with the brands. In response, most companies have ramped up their interactions with customers as a strategy to empower brands. But for many consumers, the rising volume of brand messages is not empowering. One of the biggest brand empowering drivers of customer loyalty is the ease with which consumers can learn about a brand and sort out their preferences confidently and efficiently. Companies should minimize the number of information sources and focus on the most effective channel for empowering brands, such as one-on-one brand communication or digital brand, so that consumers can feel confidence in developing brand association. Companies should also provide trustworthy consumer experiences and product information through social media and should focus on simplifying consumers' decision-making.[8] Brand empowerment is a psychological construct related to the individual's perception to make the right decision. An investigation is

[8] Spenner P. and Freeman, K. (2012), To keep your consumers, keep it simple, *Harvard Business Review*, 90(5), 108–114.

focused on examining how perceptions concerning consumer empowerment and privacy concerns differ between the genders, and how the consumer empowerment results in perceptions of trust and decrease in privacy concerns.[9]

### *Customer Involvement in Brand Empowerment*

Brand empowerment concept is evolving into true participatory conversations with the growth in technology and the user-friendly communication devises available to the consumers. Besides the technology adaptation in branding communications, controlled brand communications with distinct and corporate spokespeople may give a free way to business communications consisting of multiple players including customers, competitors, observers, and employees. Amidst this, the consumer-generated content (CGC) is based on co-creation of information, which is more beneficial to the firms than company-driven market communications. The true reward in CGC is that the process and the outcome are not reliant on technical prowess, but are rather semiotic and narrative in disseminating the information. Consumers, especially those who are members of active consumer collectives, are skillful, proficient, and prolific in the creation of CGC, with high resonance among very engaged consumers.[10] The liberal communication rules are augmented by simple communication technologies, and a lack of legal barriers to sharing information creates rich common knowledge, the ability to organize teams modularly, extraordinary motivation, and high levels of trust, all of which radically lower transaction costs.[11]

### *Factors Empowering Brands*

Brands can be empowered to perform satisfactorily in the market by combining strategic communications and strategic brand management. This approach to empower brands would help companies in developing integrated branding communications (IBC) and deliver holistic consumer experience. Accordingly, the key mission of IBC is to manage effectively

[9] Midha, V. (2012), Impact of consumer empowerment on online trust: An examination across genders, *Decision Support Systems*, 54(1),198–205.

[10] Muniz, A. M. and Schau, H. J. (2011), How to Inspire Value-Laden Collaborative Consumer-Generated Content, *Business Horizons*, 54 (3), 209–217.

[11] Evan, P. and Wolf, B. (2005), Collaboration Rules, *Harvard Business Review*, 83 (7), 96–104.

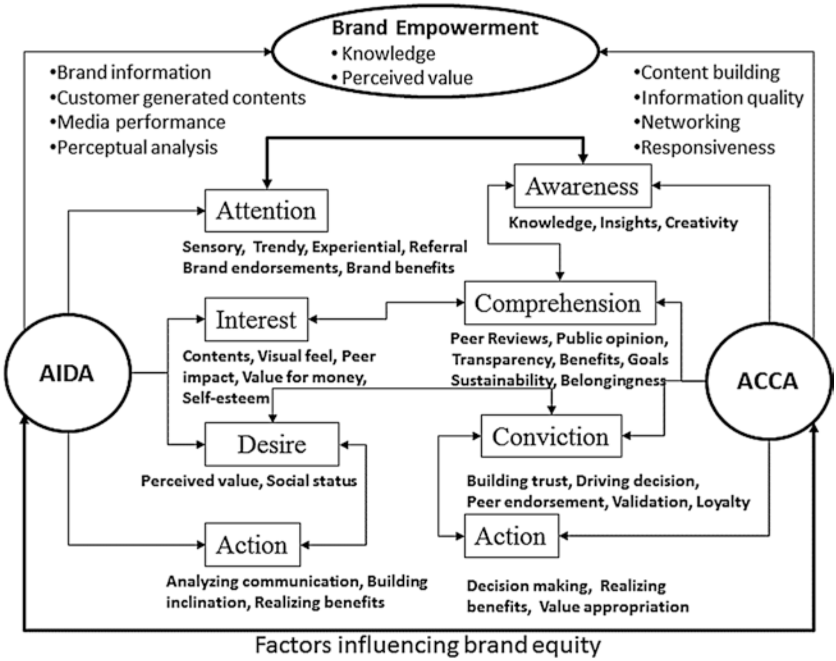


**Fig. 3.1** Factors driving brand empowerment process

the mediated impression of, and direct encounter with, the brand so that synergism ensues among all the interrelated elements of IBC, including research and development, manufacturing, price formulation, channel arrangement, consumer service management, branding message construction, and communication program execution. As such, IBC is capable of enhancing the holistic consumer experience and creating a holistic brand value structure, which can unite the consumer's sensory, emotional, social, and intellectual experiences in a new and positive way. A conceptual framework on communication attributes is exhibited in Fig. 3.1, which argues that communication process is based on the foundation of two fundamental premises AIDA and ACCA: the variable of Attention, Interest, Desire, and Action constitutes the AIDA concept while Awareness, Comprehension, Conviction, and Action are integrated in the ACCA paradigm of consumer behavior. The main AIDA influence is the ability of advertisement to hold attention and drive the subject into action. Factors of AIDA also help the retailing firms and brands sustain the market competition, and make advertisements more memorable, as well as enhancing brand awareness, particularly for desired products.[12]

Marketers can gain the attention of consumers by product samples, large visual signs and other sensory techniques. Once the marketer has the attention of the consumer, they must craft their interest through product information and consumer communications. ACCA paradigm of consumer behavior argues that awareness on the sales promotions in convergence with the contents of advertisements generates conviction among the consumers which leans toward action resulting into the store choice and buying decision.[13] It is believed by the consumers that a strong conviction toward buying decision can be effectively brought into action provided it is based on accurate and acceptable information.

Given the great potential of brand campaigns delivered via mobile devices, and the evolution of near-field communication technologies, it has been observed that the factors influencing consumers' acceptance of untethered, or mobile, branding across three influential markets: the United States, China, and Europe. It is necessary for the firms to examine the extent to which the usefulness of mobile information/programs and individual characteristics such as innovativeness, personal attachment, and risk avoidance influence attitudes of consumers toward mobile branding. It has been observed that perceived usefulness, consumer innovativeness, and personal attachment with brands directly influence attitudes toward mobile branding in all three markets. In China and Europe, risk avoidance also negatively influences attitudes toward mobile branding. Marketers seeking to build and maintain customer relationships via mobile platforms should focus on these individual characteristics to amplify consumers' acceptance of mobile branding.[14] Social media is good for branding from many points of view. Smart companies are exploring how to use this information channel internally to infuse peer-to-peer collaboration. Most firms

[12] Premeaux, S. R. (2006), The Attitudes of Middle Class Male and Female Consumers Regarding the Effectiveness of Celebrity Endorsers, *Journal of Promotion Management*, 11 (4), 33–48.

[13] Rajagopal (2011), Impact of Radio Advertisements on Buying Behavior of Urban Commuters, *International Journal of Retail and Distribution Management*, 39 (7), 480–503.

[14] Rohm, A.J., Gao, T., Sultan, F., Pagani, M. (2012), Brand in the hand: A cross-market investigation of consumer acceptance of mobile marketing, *Business Horizons*, 55 (5), 485–493.

involving social media as a branding-communication channel tap the knowledge and expertise of consumers for mutual benefit and for the brand-building process more than a traditional knowledge-management approach, where people dump their information in a giant database that nobody reads. Such firms can create an environment where they go through the peer-to-peer collaboration. Emerging firms may initially build very small collaborative tools that could enable their peer communication design to kick-off the consumer-company collaboration process and to get experience in understanding how it provides mutual benefits. They had successes built upon other successes in terms of effectiveness of networks with the customers.

## Brand Positioning

Companies position their brands in the market through strong market communications, brand attributes, use value, and competitive differentiations. A brand represents an experience for consumers and becomes less associated with an individual product or service than the brand values. Under this scenario, a company's manufacturing competencies become less relevant than its ability to understand consumers and to manage a brand. Production can always be outsourced. In practice, it means that a brand can be extended across seemingly unrelated product and service categories if it maintains its core brand values. The most obvious example of this is the Virgin brand that started with retailing music and gradually moved into the associated areas like films and videos before the launch of Virgin Atlantic aviation service. Since then, the brand has been extended to soft drinks, vodka, television and radio, financial services, rail travel, clothing, and cosmetics. One of the pioneers in the development of the cross-category brand is Disney, where the brand has been moved from films into theme parks, video, retail, and television; and, through partnerships and merchandising agreements, food and drink, toys, and so on.

### *Communication Effects*

One of the principal drivers of consumer communication is the dominance of social interactions. The involvement of consumers in brand communication depends not only on their own perceptions but also on peers' responses to the process of communication adaptation and change proneness. Consumers get involved in analyzing communications as an aesthetic way of understanding the brand or corporate personality. Hence, the extent of consumer involvement is often considered as an opportunity for communicating a new order of identity of a brand. In this process there are both cognitive and affective incentives that translate into potential welfare gains (or indifference) for the consumer in a given social and work-related environment. In the societies that exhibit hedonic values, branding messages are promoted by manufacturers and retailers to induce a sudden, compelling, socially complex buying behavior through promotional programs such as facilitating credit to consumer to increase their disposable income. Branding communications are targeted to final consumers, known as pull promotions, to directly offer value to consumers with the primary goals of attracting consumers to retail locations and stimulating immediate sales. Though both push and pull promotions are designed to speed up the selling process and increase sales at least in the short term, their strategic implications as well as their impacts on sales and profits are believed to be different. Online consumer socialization through peer communication also affects purchasing decisions in two ways: directly (conformity with peers) and indirectly by reinforcing product involvement. In addition, consumer's need for uniqueness has a moderating effect on the influence of peer communication on product attitudes.[15] Peer communication and its effects have become an increasingly potent force, capable of catapulting products from obscurity into runaway commercial successes. Harry Potter, collapsible scooters, and Smart cars may be the examples of displaying considerable power of peer communication. As globalization and brand proliferation continue, firms intend to focus branding communication to the peer to influence consumer decisions and dominate the shaping of markets.

Lifebuoy, one of the flagship family brand carbolic soap from Hindustan Unilever Limited (HLL), has completed the brand journey of over 130 years. The strong-smelling, dull red soap, which was first introduced in 1895 in India, has come to life through the energetic advertisements and embedded jingle on radio, television, and cinema halls with the tune of *Tandurusti ki raksha karta hai Lifebuoy* … (Lifebuoy protects health). Since its inception the brand has been experienced as the ultimate men's bathing soap, of someone who is engaged in physical labor. As other

[15] Wang, X., Yu, C., and Wei, Y. (2012), Social Media Peer Communication and Impacts on Purchase Intentions: A Consumer Socialization Framework, *Journal of Interactive Branding*, 26 (4), 198–208.

competing brands appeared in the market over time, HLL considered repositioning the brand to deliver a new brand experience to the consumers and strengthen its brand equity in 2002. The challenge for Lifebuoy was to bring the desired change, while retaining its core disinfectant properties. So, the core positioning strategy was moved from men battling grime and dirt to mothers using a healthy soap to protect children from mild dermatological infections caused due to reckless playing. In 2004, Lifebuoy was re-launched with four variants under one 'umbrella' brand value. The variants included Lifebuoy Strong, Lifebuoy Fresh, Lifebuoy Gold, and Lifebuoy Naturals, that delivered a distinct experience over the conventional form of the brand and reinforced confidence among consumers. Since 2011, the brand has further evolved, and Lifebuoy started being sold on a 'seasonal' platform with the brand campaign on 'Protection from 10 infection causing germs'. The ten germs being identified as flu, sore throat, respiratory infection, dysentery, diarrhea, rash, skin infection, sore eyes, acne, and ear infection. This new brand platform has given a new healthy experience of the soap as a family health product.[16]

Singapore Airlines uses brand metrics and score card tools to periodically evaluate its brand and stay ahead in the competition. The airline company has decided on a fully branded product/service value to differentiate its brand drivers, which include innovation, value of technology, and quality of customer service form its competitors. Innovation is considered as an important constituent of the brand, ergonomics combined with in-flight customer experience are key factors of their success. The company has priority to take delivery of new aircraft types and introduce subbrands like 747-Megatop and 777-Jubilee to further distinguish its brand from competitors. Brand strategy of Singapore Airlines is, in principle, a relatively high-cost strategy. Each brand benefit requires significant investment, careful management, and detailed implementation programs to live up to the brand promise. The airlines company has carefully built a financial and fixed cost infrastructure, which allows them to continue investing to support the brand and command a price premium through consistent brand benefits.

Several products and brands are choosing to avoid traditional retail and promotional channels in favor of a new approach. This is due to the increasing difficulty of selling through traditional channels in the mass market, where competition is intense. In some markets, the retailers push

[16] Corporate website of Hindustan Unilever Limited.

certain low-profile brands to gain high profit. At the same time, marketers are looking for greater efficiency and accountability in their communications. So, they are moving toward communications channels where effectiveness can be more accurately demonstrated. Therefore, the new generation of brands does not rely on channels of mass distribution or heavy weight advertising campaigns. More recently, Christian Dior promoted a perfume called Dune with a website which allows it to capture consumer data. There are several brands, for example Durex, where the Web represents the lead communication channel as a part of the global strategy of the company. Consumers' acceptance of home shopping provides many manufacturers the potential to offer a direct service avoiding retail outlets altogether. This is witnessed by the pioneering brands First Direct and Direct Line Insurance. These two brands have provided a model for future customer relationships in the financial services sector. The Internet is a global communication and distribution medium and has the potential to have a substantial impact not only on communications, but also on the distribution of many goods and services.

### *Brand Differentiation*

Companies attempt to create brand differentiation by developing selective marketing-mix strategies across markets within varied Geo-demographic segments. Most companies design their customer-relations strategies simpler and responsive to create brand differentiation. Master Card creates brand differentiation by stating 'omnipresence service' that allows consumers to contact customer-relations staff anytime, anywhere. Some companies focus brand differentiation on exclusivity of brand. For instance, Armani suits for men are claimed to be exclusive in the world by promising consumers that 'each suit piece is unique and the only one in the world'. Such promise enables the brand to hold total differentiation. Similarly, Centuryply, a construction material manufacturing and marketing company in India, provides integrated services, specifically in interior decoration with plywood, laminates, and decorative veneers, alongside other categories like cement, shipping, and logistics. Centuryply has deployed huge resources in brand building, and it views this investment as a way to beat commoditization and stay differentiated. Companies position brands in various ways to deliver a richer consumer experience against the competing brands. Advertising has been one of the most powerful tools to generate brand awareness and develop brand association. Other constituents of a brand that help in generating consumer experience include the following:

- Brand literacy: spreading brand awareness among peers and family
- Brand campaign: building continuous awareness among consumers highlighting the features of brand and its innovativeness
- Brand manifestation: demonstrations of the features of the brand and allowing consumers to have hands-on experience of the brand
- Brand referrals: brands move through several gatekeepers and users who spread word-of-mouth about the brand and drive psychodynamics
- Brand attributes: characteristics of brand that delineate competitive differentiation, competitive advantages, value for money, and perceived use value
- Brand impulse: emotions associated with the brand, *me too* feeling, social status, trendiness, peer appraisal, and brand endorsement (technology, quality and workmanship, celebrity endorsement)
- Brand communication: the way brands are advertised, communication channels, and customer generated contents

Most companies are engaged in developing differentiated brands efficiently by sharing components and production processes across a platform of products. The platform approach also enables companies to manufacture high volumes of products tailored to meet the needs of individual customers. A platform is determined as a collection of assets comprising components, processes, knowledge, people, and relationships that is shared by a set of products in a company. The platform-planning effort involves product planning in reference to market segments to enter, customer needs in each market segment, and the type of product attributes that could appeal customers over the competing products. Companies, while working on product designs, develop the product platforms considering customer needs, sustainable product architecture, and the nature of competitive differentiation, which could provide long-term customer satisfaction.[17]

### *Customer Focus in Branding*

Customer-centric approaches are practiced efficiently by call centers to connect the customer issues with appropriate and interactive solutions.

[17] Robertson, D. and Ulrich, K. (1998). Planning for product platforms, *Sloan Management Review*, 39 (4), 19–31.

Call centers not only offer personalized attention to their problems, but also help in building customer loyalty. Customers rely on call centers having high-value work force toward services scheduling methods, such as queuing system models, to achieve optimal performance. Most of these models assume a homogeneous population of servers, or at least a static service capacity per service agent.[18] The value concept in the above relationship governs the customer-portfolio decision in terms of formulation of recursive utility over time. It shows that the optimal portfolio demand for products under competition varies strongly with the values associated with the brand, industry attractiveness, knowledge management and ethical issues of the organization. The extent of business values determines the relative risk aversion in terms of functional- and logistical efficiency between the organization and supplier. Brand switching attitude of consumers affect the organizational values, if they are not strong and sustainable in the competitive marketplace. The value of corporate brand endorsement across different products and product lines, and at lower levels of the brand hierarchy, also needs to be assessed as a customer-value driver. Use of corporate brand endorsement, both as a name identifier or logo, identifies the product with the company, and provides reassurance for the customer.[19]

### *Branding Experience Through Media*

Technology growth and development of digital media has expanded the scope of business communication. Growth of social media channels in the twenty-first century have shifted the focus of attention of companies on advertising products and services toward informal digital networks like Facebook, YouTube, and Twitter. This is a clear response to the fragmentation of media channels, and it allows the brand owner to develop a brand or brands for these different channels and develop products and services that can exploit the brand values. The brand experience becomes more important than the channel. One feature of this development is that a media brand may be extended into channels which are not traditional, or 'new media', for example, events, cafés, and so on. This will provide new

[18] Ryder S G, Ross K G and Musacchio J T (2008), Optimal services policies under learning effects, *International Journal of Services and Operations Management*, 4 (6), 631–651.

[19] Rajagopal and Sanchez R (2004), Conceptual Analysis of Brand Architecture and Relations within Product Categories, *The Journal of Brand Management*, 11 (3), 233–247.

opportunities for advertisers to have their brand displayed within a new environment but with a familiar media brand name. Cosmopolitan, a growing fashion brand in United Kingdom, for example, has extended its brand beyond its magazine into clothing retailing, confectionery, and soft drinks. This development was aided by relaxation in laws covering cross-media ownership. Marketers now need to question their own brand values to see if they are applicable to other categories. Brand equity should be carefully measured and managed to evaluate current positioning, and to identify and leverage new opportunities.

Consistency of positioning appears to be an essential criterion for success in this area. Some of the more successful brands can translate and adopt a central guiding theme such as Just Do It or Always Coca-Cola. The central theme allows the brand values to be maintained and updated or refreshed regularly. In this way, it acts as a guide for the brand. Nevertheless, there is still the possibility to express the positioning locally but within the framework of a central strategy. A brand such as Levi's or Nike can set the tone for the category. A challenger brand will need to either accept this vocabulary or compete in a new field. An example of the latter is Diesel, a brand that defines itself rather than mimicking the brand leader. However, even leader brands need to be refreshed and updated. Both Nike and Adidas brands have revived not only the core sporting values but also premier sports positioning of their brands.

Most firms try to develop brands in an integrated manner to strengthen innovative offerings in the competitive branding, for boosting the revenue and profit streams, and balancing cash flows. Such hybrid branding strategies drive companies toward attracting and prospecting new customers, and increasing demand by offering them superior value. For example, the iPod from Apple combined with the iTunes service. Such experiments in developing new brands have revealed the promise of combined offerings with reasonably high market share. However, many companies stumble in offering the right combination of products and services in reference to failure to differentiate, failure to scale, failure to assess markets and prices appropriately, and failure to invest in the brand. A multi-benefit package offers customers an increasing number of add-on features, or benefits, including *one-stop* convenience shopping.[20] One of the important requirements for branding efficiency is proper product planning. It is essential for

[20] Shankar, V., Berry, L. L., Dotzel, T. (2009), A practical guide to combine products and services, *Harvard Business Review*, 87 (11), 94–99.

a firm to sell the product, which is the choice of potential consumers, who decide the right branding of the product. In fact, it is an ambiguous state of affairs. In a practical sense, the marketer, based on profitability and consumer recognition, decides the scope of branding. However, consumers influence the products that stay in the range of brands. It is observed that introducing products that customers do not buy soon, and products that the customers buy only in small quantities, incurs financial losses. Therefore, products in the market should be planned with the objective of optimizing the profit and the efficiency of the firm.[21] Companies need to consider the following factors while developing product strategies in a destination market:

- Time: perception differs across cultures
- Space: personal space, individual and group behavior, family
- Purpose: manufacturing, consumption, social conventions
- Fraternity: personal relationships
- Agreements: the way contracts are executed

Companies should categorically define the status of a product before positioning it in the destination markets in reference to time, territory, and target consumers. The objectives of industrial brands should be developed upon analyzing the product fraternity in the market and attributes of stakeholders.

### *Integrating Marketing Functions in Brand Development*

Many manufacturers establish brand development activities in different countries through colocation of cross-functional teams to foster collaboration among engineering, manufacturing, and supply-chain functions. Such inter-departmental integration helps companies develop better product designs, faster time to market, and lower cost of production. Some multinational companies like Hewlett-Packard, Eastman Kodak, Hyundai Motors, Haier, Alcatel, and Cummins have demonstrated the success of such integration of activities in developing customer-centric products and

[21] Rajagopal (2010), Interdependence of Personality Traits and Brand Identity in Measuring Brand Performance, *International Journal of Business Innovation and Research*, 4 (5), 411–426.

corporate relationships with the market players and alliance partners.[22] Most companies position brands by identifying the right consumer segments and appropriate time of launching the brands. However, the key points to be considered in brand positioning include:

- Brand differentiation
- Unique sales proposition
- Psychographic segmentation
- Cognitive attributes-motivation, impulse, emotions, and perceived value
- Brand communication
- Brand relationship
- Brand-related marketing-mix elements (11 Ps) including product, price, place promotion, packaging, pace (competitive dynamics), people (brand relationship), performance (brand-line performance), psychodynamics (word-of-mouth), posture (corporate brand image), and proliferation (brand extension)

In the past, brands were either global through a central strategy, or they were much decentralized. The former was more efficient but insensitive to local conditions, the latter far more sensitive but less able to take advantage of economies of scale. In the 1990s, a greater degree of localization was observed, whereby a brand conforms to a central strategy that can be adapted locally. This tends to be more efficient and responsive to local market opportunities and needs. Brand consumption tends to be local. This strategy is particularly evident for Coca-Cola, MTV, and McDonald's. In these cases, the principal offer remains the same but is tailored to local tastes. McDonald's, for example, may offer different menu items in different countries. Coca-Cola's advertising may be more appropriate to the market, or it offers different ranges of soft drinks according to the country. For example, Coca-Cola recently launched Smart, the first carbonated soft drink from an international company, specifically designed for the Chinese market. MTV offers local or regional programming that appeals more to viewers. Sports brands such as Nike and Adidas are in a strong position to market locally. This is most visible through the sponsorship of local athletes and events. Adidas' Street-ball events are very much targeted and

[22] Eppinger, A. D. and Chirkara, A. R. (2006), New practice of global product development, *MIT Sloan Management Review*, 47 (4), 22–30.

developed at a local level. This behavior can be enhanced through its adoption in regional or global communications. In this way a local initiative can become magnified.

## *Marketing-Mix and Branding*

The process of branding in the international context consists of finding an appropriate match of host country objectives with the corporate objectives to determine how to conduct business in the host country. The brand objectives of a product should be derived from the corporate focus of the company. The firm sets the brand objectives accordingly and decides the type of products to be offered in the host country. The marketing-mix factors comprising product, price, place, promotion, packaging, pace (market dynamics), people (sales force), performance, and psychodynamics (buying appeals) are developed interlinking the attributes of the brand to help in its positioning. The common goals of a new brand are oriented toward stability, growth, profits, and returns on investment. Most multinational companies develop differentiated brands efficiently, make their manufacturing processes flexible, and achieve higher market share. These firms attain higher brand strength in the market as they focus on developing one product at a time and share components and production processes across a platform of products.

Brand conceptualization is widely accepted as a key activity in developing the right product markets. In brand conceptualization, customer requirements play a crucial role. In the competitive and globalized business environment, the decisive factor for a company is its ability to incorporate customer preferences in new brands to outperform its competitors. Brand ideas must be turned into concept and product concept can be turned later into the brand concept. Brand concepts can be presented physically or symbolically in the product. Consumers' response on the developed brands may be summarized and the strength of the concept may be judged. The need gap and product gap levels may be checked and modified thereafter. Concept testing and product development methodology apply to any product or service. Brand analysis includes estimating the sales as it would be of one-time purchase, frequently purchased product, or regular interval purchase product. Estimates should also be made in relation to the tendency of first purchase, replacement purchase, or repeat sales. Besides, the company should also assess the marketing costs and the profits from commercialization of this product.

### *Single- and Multiple-Brand Positioning*

Two types of positioning strategies have been identified: single-brand strategy, and multiple-brand strategy. A company may have just one brand that it may place in one or more chosen market segments, or, it may have several brands positioned in different segments, simultaneously. To maximize benefits on the product with a single brand, a company must try to associate itself with a core segment in a market where it can play a dominant role. In addition, it may also attract customers from other segments of the market. BMW does very well with such product positioning strategy. The company positions its cars mainly in a limited segment to high-income young professionals. However, if 20 percent of the sales of this brand were susceptible to a competitor's entry (assuming a fairly high probability that the competitor would have indeed positioned its new brand in that open spot), the actual level of cannibalism should be set at 30 percent. This is because 20 percent of the revenue from sales of the existing brand would have been lost to a competitive brand, had there been no new brands. Multiple brands can be positioned in the market either as head-on with the leading brand or with an idea of unique sales proposition (USP).

Schweppes & Co. has reserved its brand on all the products it has manufactured and marketed internationally since its inception. The brand game began after the company had a shock and had to withdraw its diversified fruit-processed product during the early 1960s. Cadbury Limited merged with the carbonated drinks company Schweppes Limited in 1969. The Schweppes name favored the brand to expand geographically even though production was clamped during World War II period. The brand's humorous one-liners made the consumers recall the brand often. This paid off well after the war was over. The creative language used throughout the global market was very convincing, emotional, and promising. 'Thirsty, take the necessary Schweppes' was a memorable phrase in the UK media. The direct marketing advertisement made 'Schweppes essence' a common household term in the whole of England. Later the brand's characteristic 'Schhh…' was exploited by advertising agencies for launching a mass campaign. It was woven around the mystery of the sound of the first three letters of the brand—'the secret of schhh'. The brand was defined as a way of life 'Schwepping' and as a series of legends set in an imaginary

English country called 'Schweppshire'. Cadbury's Schweppes owns soft drink brands such as Snapple, 7 UP, Dr. Pepper, and Mott's.[23]

The relative strengths of the new entry and the established brand dictate which one of the two positioning routes is more desirable. Although head-on positioning usually appears risky, some companies have successfully carried it out. IBM's personal computer was positioned in head-on competition with Apple's. Datril, a Bristol-Myers painkiller, was introduced to compete directly with Tylenol. The product positioning with user generated contents proves to be a better alternative than positioning the brand based on its attributes. In addition, if a company already has a dominant position, its attempt to increase its market share by introducing an additional brand may invite antitrust action. Such an eventuality should be guarded against. On the other hand, there is also a defensive, or share maintenance, issue to be considered here even if one has the dominant entry. A brand may not remain in the same position in market for long time as changes in the market competition affect its market share. The positioning of multiple brands as a strategy, if properly implemented, can lead to increases in growth, market share, and profitability.

Product positioning strategy is an essential strategy to avoid competitive threats to a single brand. The product positioning strategy requires analysis of all marketing variables, particularly the design and communication approaches. Successful management of a single brand needs positioning it in the market so that it can stand competition from the toughest rival, and maintaining its unique position by creating the aura of a distinctive product. Successful management of multiple brands requires careful positioning in the market so that multiple brands do not compete with each other. Thus, it is important to be careful in segmenting the market and to position an individual product as uniquely suited to a particular segment through design and promotion. Such strategies of product positioning should be implemented with the purpose of meeting the needs of specific segments of the market as much as possible, limiting sudden changes in sales and making customers faithful to the brands.

[23] Rajagopal (2002), *Cadbury Schweppes: Positioning in Latin America*, Case Study, ITESM, Mexico City.

## Perceived Brand Value

There is the relationship between the brand-as-person and the customer, which is analogous to the relationship between two people. The brand personality provides depth, feelings, and liking to the relationship. A peer relationship with brands can involve very different brand personalities. Some friends are fun and irreverent, some are serious and command respect, some are reliable and unpretentious, and some others are just comfortable to be around. A focus on peer relationship allows more scope and flexibility in the implementation of the brand identity. The focus is upon consumer perceptions, attitudes, and behavior *toward* the brand; attitudes and perceptions of the brand itself are hidden behind the closed doors of the organization. The relationship with another person is deeply affected by not only who that person is, but also what that person thinks of you. Similarly, a brand-customer relationship will have an active partner at each end, the brand as well as the customer. Hence, the scanning of data and framing hypotheses about the types of relationships that exist becomes essential. In the latter stage, respondents may be allocated to relationship categories on the basis of the hypothesized relationship groupings. In the process, the relationship typology is refined. The relationships are then formalized into specifications, and coders classify the respondents into those relationships. The groups are then profiled. Often the relationship groupings correspond to like, dislike, and neutral segments. Thus, it may be stated that higher investment in consumer-brand relationships pulls greater loyalty in the competitive environment.

The hospitality industry in India is continuously engaged in delivering the international experience to the consumers by bringing brand experiences. ‘Taco Bell’, a Mexican-inspired restaurant in India, was launched by the Yum Restaurants Private Limited in Bangalore with four outlets at the first phase in 2013 and it has extended its presence also in Mumbai and Delhi. This brand delivers the ‘destination experience’ to the consumers at the arm’s length. Yum brands appeal to a growing middle class and youth looking for aspirational, affordable, and innovative experiences the international brands including Kentucky Fried Chicken, Pizza Hut, and Taco Bell. The company provides Mexican-inspired fast food at a low price in a friendly ambiance. It has targeted young people, who are prepared to experience new brands, and are willing to try a different taste. India appeared to be a large and fitting market for this quick service restaurant with potential consumers growing in income levels and increasing tastes for international cuisines. One of the challenges before 'Taco Bell' is to introduce vegetarian items to the menu with Mexican style cuisine, which appears to be an unusual attempt and might affect the consumer loyalty with the destination brand. Brand experiences are often sensitive, and they determine the longevity of association of consumers with the brand. International brands in local markets always pose a challenge to the companies on developing fully customized services considering the sensitivity of consumers. Experience of international brands that are locally differentiated may not sustain for a longer period as such brands are experienced as a trial.[24]

### *Brand Personality*

Most companies categorically build the brand personality across markets and consumer segments. Some products, like chocolates, are for universal consumers including children, youth, adults, and older age group of consumers. However, companies prefer to build brand personality of such products categorically for the youth segment as this might inject emotions across all segments, and drive push and pull effects. As discussed in the previous text, brand personality is built on consumer experience, societal values, and brand equity; companies are attracted to build brand personality for most of their common brands around millennials. They use smartphones and digital communication devices enormously, are engrossed in social media, and post pictures and comments about the brands they like and buy. Consequently, established consumer brands influence consumers about the brand value and drive buying decision. Millennials' digital presence drives the next generation brand personality through social media. The companies with a distinct emotional and cognitive attachment between the digital millennial community and their brand preference also build brand personality.

Nike believed that to succeed with consumers, they had to wake them. From the beginning, Nike tried to create an emotional tie with the consumer. 'Why do people get married or do anything? Is this because of emotional ties?' This builds long-term relationships with the consumer, and that's what our campaigns are about. This approach distinguishes Nike from a lot of other companies, including its archrival Reebok. Nike

[24] Corporate web site of Yum Restaurants and Nafees, L. et al. (2012), *Taco Bell: A Mexican Inspired Restaurant in India*, Harvard Business School Press, Cambridge, MA.

has not always been successful with its advertising. They have taken many risks over the past decade. One example is the Hare Jordan commercial aired during the 1992 Super Bowl that starred Bugs Bunny and Michael Jordan. This was a successful risk, compared to the risk they took with their advertising direction with women. In 1987, Nike produced some ads they thought were very funny, but many women found them insulting. It took Nike years to recover the female market. Another challenge Nike has faced was advertising across continents. Nike went as far as working with seven directors from around the world trying to translate words into different languages. In the end, no words were used, just images of various characters. A lot of people say Nike is successful because of its advertising agency. Wieden & Kennedy had been around 20 years and was unknown when Nike became their client. Wieden & Kennedy are successful with Nike because they spend countless hours trying to figure out what the product is, what the message is, what the theme is, what the athletes are about, and what emotions are involved. They extract something that is meaningful, an honest message that is true to who Nike is. Both Nike and Wieden & Kennedy believe in the power of emotion because they feel it themselves.[25] With the advent of Internet and social media platforms, advertising has become more effective in reaching consumers. Advancement of business practices over the years reveal that the more a product is advertised, the higher its consumer awareness level. Competing firms not only apply new ideas to improve product quality, but also make their advertisements attractive to expand product awareness.[26]

### *Brand Relationship Through Advertising*

Advertising has always been used by the companies to grow brands powerful, boost brand image, tag corporate reputation, and portray consumer ego to create 'me too' feeling. The brand boosting communications are made attractive by using an incredibly popular person to endorse the brand to drive impulse and place the brand atop mind. Now, in cyberspace, consumers are taking the initiative and adopting new dimensions of transferring the corporate brand communication among peers by adding

[25] Rajagopal (2004), Branding-Strategy, Implementation and Control, Rawat Publications, New Delhi, 21–28

[26] Qi, S. (2019). Advertising, industry innovation, and entry deterrence. *International Journal of Industrial Organization*, 65 (1), 30–50..

their perceptions and experiences through the social media. These online personae whether brand ambassadors, bloggers, or key consumers, called avatars, range from simple but personalized cartoonlike characters used as pictorial signatures in instant messaging to fully developed characters in virtual worlds that promote the brands. 'Amul', the leading cooperative milk branding federation in India, has used pictorial signatures of celebrities that make headlines in the news and are entwined in the public blabbermouth. Golden Globe nominee and Hollywood fashion icon Emma Stone has been a Revlon global brand ambassador since 2011. She made her film debut in *Superbad* in 2007 and has starred and co-starred in many films. Brand ambassadors represent a huge population of customers who can be analyzed, segmented, and targeted. The experience of living through another self is the most powerful experience to get associated with the brand.

A consumer-brand relationship becomes functional after purchase is realized by the customer on an appropriate opportunity. The opportunity may be derived through the branding constituents like availability, financial schemes for the buying, and pre- and post-sales services. There are models that follow the same line of reasoning, that there is input, transformation, and output in the model. The input of the model refers to the advertising exposure, transformation refers to adverting processing, and output refers to advertising responses. Branding has to do with customer perceptions and their behaviors when buying; it is not a characteristic of a product, a graphic design, a company or a category. In branding, the term 'media' refers to communication vehicles such as newspapers, magazines, radio, television, billboards, direct mail, and the Internet. Advertising agencies use media to convey commercial messages to their target audiences, and the media depend to different degrees on advertising revenues to cover the cost of their operations. Effective consumer-brand relationship is established after the buyer realizes the purchase and simultaneously transfers the brand personality.

### *Cognitive Determinants and Self-Reference*

Cognition and emotion form a complex and inseparable relationship within higher-order human cognitive behavior. Higher-order image processing exists in emotions. In the central route of the elaboration likelihood model, emotions play a substantial role in understanding product features. From this perspective, understanding the process of advertising needs to be considered as a higher-order cognitive process which includes not only a reasonable understanding of functional benefit, but also an understanding of the benefit based on user and usage imagery, and brand personality. Advertising process comprises the analysis of cognitive determinants. Impact on the consumer's attitude and behavior, and the level of this impact do not depend on the order of the processes. However, in case of advertising campaigns with multiple and different messages, the order effects may be important. Though companies have full discretion in designing campaigns, it is all the more interesting to see if it makes a difference whether they start building brand personality by appealing to affective or cognitive reactions.[27] So, it may be stated that brand personality is influenced largely by the affective and cognitive attributes in the process of the advertising communication.

Advertisers want the cognitive response that triggers something in the consumer's brain that gives them a favorable attitude about whatever is being advertised. One major reason cognitive response is important to advertising is because of distracters. A distracter is a variable that inhibits the generation of cognitive responses. There are certain characteristics stimulate am advertisement by delivering message though attractive ways. A second category of factors consists of the characteristics of the *individual*, and finally the situational *factors* may be important. Several types of situational factors can be discerned. The environment of the subject at the time of exposure may influence message elaboration. Advertisements and point of purchase communications are frequently combined into clusters of messages, such as a commercial block on television, radio, or in a movie theater. The *media context* can be an important situational factor. Media context is defined here as the characteristics of the content of the medium in which an ad is inserted as they are perceived by the individuals who are exposed to it. Media context is important. A message style that contrasts with the nature of the context may lead to positive advertising effects. It has been observed that for the individuals with low product category involvement, advertising messages shown in a congruent media lead to positive attitudes toward the advertisement. The customers will tend to do more content analysis thereof and exercise the brand recall messages in reference to the communications that suite vis-à-vis for the customer having high product category involvement. Hence comprehension of brand

[27] Van Osselaer Stijn M J and Alba Joseph W (2000), Consumer Learning and Brand Equity, *Journal of Consumer Research*, 27, June, 1–16.

to customer delivers brand knowledge and influences the creation of brand personality through branding communications through word-of-mouth.

## Brand Hierarchy

Strategically, brands are managed independently. Consumers believe that a hierarchical structure is more congruent with a symbolic brand concept than a linear structure of brand development. Consumers judge hierarchical and linear structures for a functional brand are congruent with the brand concept, which enhances the brand loyalty.[28] On some occasions, the brands are introduced in the market on an ad hoc basis. This strategy requires decision-making to allocate the resources to the identified brands appropriately. Brand personality is the core-measuring tool of the brand management exercise. The brand management broadly consists of the following activities:

- Brand launch
- Brand leverage
- Brand equity and
- Brand loyalty

Brands are developed across regions, markets, and consumer segments. Attributes of brands are designed according to consumer culture, ethnicity, and societal values spread over the region. To make the brand relevant to young, urban consumers, companies make sure that its positioning is relevant and clear, its brand identity is refreshed, and its experience has been well defined and differentiated. Most companies use the following criteria to build brand hierarchy:

- Socio-economic level of consumers
- Attributes of the region
- Social awareness
- Economic prosperity
- Political dominance
- Technological development

[28] Chaabane, A. M. and Pez, V. (2017). 'Make me feel special': Are hierarchical loyalty programs a panacea for all brands? The role of brand concept, *Journal of Retailing and Consumer Services*, 38 (1), 108–117.

- Legal perspectives
- Ethnicity
- Attributes of consumers
- General and specific preferences
- Purchasing power
- Brand awareness
- Digital media involvement
- Market dynamics
- Competing brands
- Age of brands in the market
- Nature of competition: price led, innovation driven, local brands
- Type of brands: mass brand, luxury brand, bottom-of-the pyramid brand
- Consumer segments
- Children, youth, adults, and older consumers
- Gender and consumer preferences
- Urban, semi-urban, and rural consumer segments

Brand can be built according to broad consumer attributes by arranging the brand hierarchy elements in a pyramid comprising functional requirements of brands, emotional association of consumers with brands, exclusivity of brands, and the social impact of brands in a region. Multinational companies use these elements to grow revenue, refine product design to better meet customers' needs, identify where customers perceive strengths and weaknesses, and cross-experience brands.

## Brand Efficiency

Effective brand management encompassing brand personality is of paramount importance in reaching the overall company goals toward satisfaction, loyalty, and profitability. Companies may choose to deliver advertising in a more appealing dimension for quick cognitive reflexes of customers. In mass market, retail talent is generally viewed as a valuable source of brand building, as the quality of services offered by the retailers adds to the pride of the brand. Companies may position themselves for the mass market by providing outstanding customer interactions, which may optimize profit and the core values of brand. Managers may conduct analysis of brand metrics for mapping yield-loss score in reference to brands gained versus brands lost, considering important market drivers such as demand, consumer preferences, retail sales, brand promotion, price sensitivity, product attributes, trial effects and repeat purchase behavior of consumers. Brand scorecard includes financial measures that reveal results of the actions already taken, as well as three sets of operational measures that show customer satisfaction, brand processes and learning market response to brand augmentation. Analyzing brand metrics and developing brand scorecard requires translating the strategy of the firm, specific goals and measures. Managers may then track those measures as they work toward their goals. Brand metrics determines the symbiotic relationship between the brands with various organizational and market led indicators derived by the competitive dynamics.

It is necessary to position new products in new segments carefully by building image of the brand. The competitive pricing strategy helps in positioning the product against the competing brands in the new segment. At the same time, it is required to refresh the consumer behavior periodically, and reorient brand image in the existing consumer segment by building better communication strategies. The high-margin and low-volume strategy may put the company into distribution crisis and may generate irrecoverable brand-loss by allowing consumer to switch to other brands that may provide satisfaction as the close substitutes. It is difficult for the company to survive the competition if it decides to sell its products at low margin to gain brand acceptance but is unable to meet the supply requirements in the market. Hence, while introducing the new products in existing consumer segment, the company needs to take a holistic view and offer competitive price and quality advantages to gain consumer preference for the brand. The high-profile companies enjoy the premium market of their product, selling high volumes at higher margins. The companies looking to become the market leader and believing in operating with large volumes of product or product line should plat at low margins and high volumes, while the star companies may adopt the policy of high-margin, high-volume segment. To achieve a sustainable market share in the existing market, large companies build consumer relations and brand recall strategies, and reposition their product and brand periodically.

### *Brand Reputation*

Brands reveal confidence among consumers about the value metrics associated with products, services, society, and reputation of the company. The brand reputation directly affects the brand equity and drives the consumer preference. Thus, most companies deploy substantial resources to maintain their brand reputation and improve their brand strategies continuously against the competing brands. However, in a global marketplace today, brands largely jeopardize their reputation as they fail to respond to the competitors' moves. Mattel Inc. has sustained in the global marketplace for over 60 years with its iconic brand, the Barbie doll, across cross-culture and geo-demographic segments. The Barbie brand had to be rebuilt according to the industry landscape as consumers criticized the toy for unrealistic dimensions of women of different regions like India, China, Japan, Thailand, and so forth. Sales and public perception of the doll were both on the downswing. The company had to reinforce the brand with improved dress design, and anthropometric measures of new Barbie doll, and the new face of Barbie helped the company to facelift its brand in 2015.

A company may have low price, high consumer loyalty, and more trade leverage. It is difficult to measure the brand equity of various brands in the market as the parameters are very subjective, and the whole exercise may turn out to be arbitrary.[29] Brand equity has four major variable: awareness, acceptability, preference and brand loyalty; and the integration of all these variables offers high brand equity, which further leads to brand personality of the company. The company may decide the brand personality strategy after analyzing the strength and weakness of the existing brands in the market. Research on assessing the brand personality may be conducted by using the brand rating method to get quantitative measures. The methods of photo sorting (trademark), phrase writing and simulation games may be used for assessing the brand personality. Sample consumers for this purpose should be self-directed, principled, externally directed, status oriented, action-oriented consumers, and non-driven consumers. An effective strategy for implementing the brand personality measures is to go for aggressive advertising using the consumer reviews and comparative product advantages. However, the consistency in the message should be taken care of properly.

*Summing Up*

Customer-centric branding is a strategy that enables customers to perceive the core benefits of the brands, appraise the brand design and develop association with the brand. Customer-centric brands influence buying decisions through emotional and rational factors. Thus, branding and

[29] Aaker, David A: Managing Brand Equity, The Free Press, New York, 1991, pp. 20–46.

sales outreach of brands account for these human attributes and co-create brands. Customer-centric brands grow with consumers' patronage and loyalty as they are designed to stay on the top-of-the-mind and serve to derive the maximum satisfaction. Brands are an integral part of marketing strategy of the companies that are aiming to grow as customer driven business companies in the global marketplace. Brand relationship strategies are shifting gradually with the growth of technology and new communication channels. One significant development in business communication has emerged as telecommunication tools with the rise of information technology innovations in business and the unified communications capabilities had emerged as popular tools for business communications.

Brand personality refers to the emotional side of a brand image. It is created by all experiences of consumers with a brand, but advertising plays a dominant role in personality creation. A consumer-brand relationship becomes functional after the customer realizes the purchase on an appropriate opportunity. Brand empowerment concept is evolving into true participatory conversations today with the growth in technology and user-friendly communication devices available to the consumers. A brand represents an experience for consumers and, as such, becomes less associated with an individual product or service than the brand values. Brands need to be differentiated in view of different consumer segments. Brands influence consumers' decisions to buy through combinations of consumer preferences, sometimes with tremendous persuasive appeal. The brand leveraging strategy by a company may be adapted through extending the product line category. The new product line can be formed by stretching it to cater the mass or class market consumers. Two types of positioning strategies may be identified: single-brand strategy and multiple-brand strategy. A company may have just one brand that it may place in one or more chosen market segments, or, alternatively, it may have several brands positioned in different segments, simultaneously. Effective brand management encompassing brand personality is of paramount importance in reaching the overall company goals toward satisfaction, loyalty, and profitability.

PART II

# Managing Brands

CHAPTER 4

# Branding Strategy

Strategy is an approach in consonance with the goal the company wants to achieve. The strategies are formulated for the short and long run according to the goals of the company. The goals indicate what a company wants to achieve in a given environment and time frame; the strategy answers how to get there. Every business must develop a tailor-made strategy for achieving its goals. The corporate business strategies should possess three generic points: overall cost leadership, differentiation, and focus. The managerial strategy in business should be to reduce the cost of production and distribution. The company cultivates the strengths that will give it a competitive advantage in one or more benefits. The companies seeking quality leadership must make or buy the best components put together expertly after careful examination.

## Brand Designing and Implementation

Companies should invest resources continuously in developing new branding strategies and reinforce them in appropriate segments, to keep the consumers aware of brand value and the advantages over the brand differentiations. The strategy for brand reinforcement should be implemented by the company as it moves along the different stages of the brand life cycle. Over the years, numerous brands such as Oldsmobile (automobile), Pan Am (aviation), and Woolworth (retailing) have met an untimely decline, as the companies owning these brands did not reinforce them in



Rajagopal, *Competitive Branding Strategies*,
https://doi.org/10.1007/978-3-030-24933-5_4

their respective life cycles and did not drive them sustainably to grow against the competing brands. Many more have steadily declined and become obscure, while others have been revived since the mid-twentieth century. When a brand falls, significant investments made to build the brand also turn into sunk cost. Hence, a strong competitive branding strategy helps the popular brands with high net worth to become immune from brand decline and subsequent demise in the marketplace. Amidst the growing competitive threats in the marketplace today, new brands are launched by the companies with high investment. However, such strategies are expensive and risky; companies also need to develop the brand-revival strategies for reinforcing the brand during contingency.[1]

Branding strategies should be developed with specific focus on the market and target segments in which companies plan to launch the brand. The company should build branding strategy integrating the following functional areas:

- Brand attributes
- Market segments
- Positioning and services prospects
- Brand line optimization
- Price sensitivity
- Distribution and retail brands management
- Sales management
- Brand communication and promotion, and
- Brand research

Brand strategies can be planned specific to the different stages of the product life cycle. Brand strategies at the introductory stage may be backed by the price (high or low), promotion (unique and competitive), and non-price factors including quality, technology, services, and customer value. In the introductory stage, when the brand is new to the market, it should to be backed by the attractive promotional schemes. The high price of a brand might push the brand into the premium niche, whereas affordable price is introduced to mass consumers. However, if the brand promotion strategies are ineffective, the life cycle of the brands turns shorter due to low attractiveness in the marketplace. The brand segmentation strategy

[1] Thomas, S. and Kohli, C. (2009), A brand is forever: A framework for revitalizing declining and dead brands, *Business Horizons*, 52(4), 377–386.

also needs to be built by the company in the introductory stage of the brand. Companies launch many brands with too few priorities and too little leverage in the competitive marketplace to exhibit omnipresence of the company. Brands significantly contribute to market proliferation and developing portfolios across the consumer segments. Developing a brand portfolio strategy involves making the decision to add or eliminate brands, assign roles, establish priorities, and determine how to leverage the strategic brands.[2]

Many brands are built on the leading ideas used by the competitors. Clorox has recently worked with DuPont to develop a line of cleaners that contain Teflon to help repel dirt and stains. The line of environmentally friendly housecleaning products was launched in 2008 with an endorsement from the Sierra Club, which helped to boost its market penetration and credibility. As new brands penetrated the market, the brand space for the existing products is narrowed down and thrust of competition increases. In view of the growing competition and fray of brands in the hygiene products segment, the brand of SC Johnson's Pledge wipes for furniture polishing, P&G's Flash Antibacterial wipes for the kitchen, and Reckitt Benckiser's Windolene Glass & Shiny Surfaces wipes are only some of the choices offered to consumers. The recent popularity of the orange scent being introduced in many surface cleaning products has also extended to wipes, with Mr. Muscle Orange Action Wipes and Pledge Wood Orange Oil wipes representing key launches by SC Johnson. It has been apparent in this industry that many brands are driven by well-recognized concept brands such as Pledge Grab-It Wet from SC Johnson, Swiffer Wet from P&G, and Dettol from Reckitt Benckiser. Wet floor wipes have already repeated the success of the electrostatic version across many markets, and now account for over a third of total impregnated wipe sales globally. Colgate Palmolive has taken the wipe concept a step further by extending the traditional surface cleaning function to the dishwashing category with their revolutionary launch of disposable Palmolive Dish Wipes in the American household utility-product market segment.[3] Effective branding strategies also need to focus on the creating sustainable brand image to catalyze high brand reputation in the competitive

[2] Aaker, D. (2008), *Prioritize brands in the portfolio: developing a brand portfolio strategy in a silo environment*, Harvard Business School Press, Cambridge, MA.

[3] Marzena Moglia (2004), Wipes make clean sweep, Euro Monitor International, Online edition, March 11.

marketplace. The following attributes guide managers to develop competitive strategies for branding:

- Strive on improving the quality of the product
- Add new attributes to the product and improve the presentation styles
- Add innovative brand reinforcing strategies through advertising, communication, and involving consumers via social networks
- Identify new brand segments and develop strategies to protect intra-company brand cannibalization
- Identify new branding channels and enhance distribution coverage
- Monitor the effectiveness of brand communication and streamline the communication incongruities within the brand categories
- Keep the brands attractive by analyzing the consumer behavior in respective markets

Most companies are exploring high-technology and high-value brands in less crowded market destinations, which allow the brands to grow sales without tough market competition, to identify new brand segments and make them attractive. Companies have used perceptual mapping strategy to understand how consumers feel about their brands in comparison to those of the competitor's, and to find weaknesses of the competing brands in the marketplace. Such strategy has also helped the companies develop customer-centric brand positions and add value to the brands by making them attractive to the consumers. However, as consumer perceptions are volatile and influenced by the tactical moves of the competitors, the business value of perceptional mapping strategy is limited. Developing the brand strategies based on the perceptions of consumers is often arbitrary and fails to link a brand's market position to business performance metrics such as pricing, promotion, and sales. Companies should also consider the role of the operational factors such as market share, growth rate, and profitability, while developing the brand strategy. Large companies like Toyota and General Electric, which pioneer in experimenting with new brand strategies, are leaning toward using consumer perception that links a brand's position to the competitors according to its perceived centrality and distinctiveness. The centrality factor explains how such brand strategy is representative of the company, while distinctiveness differentiates the brand of the company from competing brands. Using such strategic tools, companies can determine a brand's current and desired position, predict

**Table 4.1** Strategies for designing sustainable brands

| *Brand reformation* | *Product reformation* | *Brand-mix* |
|---|---|---|
| Efforts to acquire new customers and influence shift of brand non-users | Quality improvement | Creating price appeals for the products |
| Identifying and entering new Brand segments | Improvement in the attributes of the product | Augmenting distribution efficacy and add value to the services |
| Breaking customer barriers and attracting competitor's customers | Innovative changes in the product features | Customer pro-active advertising |
| | Improving style and Brand appeal of the product | Value added sales promotion for effective consumer response |
| Increasing volume of usage of the brand with existing customers | | Personal selling |
| | | Customer-friendly services |

its marketplace performance, and devise and track marketing strategy and execution.[4]

Customer-centric brand strategies would help the company strengthen its competitive position. However, the company may face the trade-off between high brand share and relatively low profit, as consumer may like the brand but engage in buying lower volume due to high price or low promotion factors. It would be a wise business decision for the companies to look for the higher brand share as the company can make its current profit when the brand grows to maturity. Many companies usually abandon weaker products and look for diversification of the activities and functions for better profits, if the performance of brands is perennially discouraging. Table 4.1 exhibits the brand design strategies that can be undertaken by the company to make them sustainable in the competitive marketplace.

Multi-brand companies are engaged in managing their brand-mix considering consumer preferences and product attractiveness. However, some companies have increasingly seen the benefits of creating a corporate brand rather than spending on branding individual products. Disney and Microsoft promote a single umbrella image that delivers an impetrated brand value over the efforts of building individual brands. Hence, a

[4] Dawar, N. and Bagga, C. (2015), A better way to map brand strategy, *Harvard Business Review*, 93 (6), 90–97.

company should blend vision, culture, and image of the company to create a strong corporate brand.[5] The branding strategy should also include promotional schemes for converting the non-users into the user stream and increase the usage rate of the existing customers. The most challenging strategy any company should think of is how to win the customers of their competitors. The product differentiation strategy may be built to improve the quality of the existing products by adding new features and attributes to it. Companies should also aim at the style improvement by increasing the aesthetic appeals of the product. The advantage of the style strategy would reflect in conferring a unique brand identity and help in winning the loyal customers. However, a change in style usually requires discounting the old style. In this approach, the company may lose customers who liked the old style. The company needs to develop strategies for all the variables of the brand-mix in favor of customers and channels. A company faces several tasks and decisions to handle the brand at the decline stage. Hence, the company must consider strategy building as a prime task and consider the following issues that help in effective strategy formulation:

- Identifying the weak products
- Augmenting investments to strengthen its competitive base
- Risk management and keeping optimum resource base till reenergizing a brand
- Quick harvest of investments
- Right decision to drop the products from the product line based on its performance in the brand

It is necessary for a company to ensure that brands will grow along with the consumer preferences, technology, and market demand. Canon started out as a company with a handful of employees and a burning passion. The company soon became a world-renowned camera maker and is now a global multimedia corporation. Canon pioneered the world's first digital full-color copying machine, and the company has continued to introduce the latest innovations in true color reproduction and high-speed output. Small-diameter toner particles and the four-drum system are just two revolutionary advances in this arena. To stay competitive in today's fast-paced,

[5] Hatch, M. J. and Schultz, M. (2001), Are the strategic stars aligned for your corporate brand? *Harvard Business Review*, 79(2), 129–134.

borderless business world, the company is now stressing compatibility with the digital operating systems and localization around the world for all printing conveniences. Canon has also deployed its strengths in optical and precision technologies to create leading-edge systems and components for the broadcasting, medical, semiconductor production and related industries. Products incorporating key Canon components and technologies are leading the way for industries in the digital era. The company always built its brand on the relevance of technology and excellence of application. The Canon brand has always been identified with photography, high-definition television cameras with optical excellence, advanced image processing, high performance, and the latest in technological advancements.[6]

It is a must for any company to do thorough environment mapping before identifying the segmenting and launching of the brand. The information on the identical and similar products, size of business of the competing companies, distribution strategy, price spread, product line and presentation patterns need to be analyzed to distinguish respective brands. A right branding strategy can help companies to attain the following competitive positions in the marketplace:

- Companies can gain dominant position in some flagships that have grown customer-centric and are distinguished by the competing brands in the marketplace.
- Companies can enjoy driving their brands stronger by developing a long-term relationship with the customers and business partners.
- Companies can grow favorable conditions in the marketplace for nurturing their brands by developing strategies of brand manifestation that allow customers to explore the attributes of the brands themselves.

Implementing competitive brand strategy might be difficult for some new incumbent companies in the given marketplace. However, it can be achieved through structured approach and by monitoring the moves of the competitors meticulously. The construction of consumer matrix is an important exercise for the companies to take up by analyzing a multiple

[6] Rajagopal (2007), Canon: Striving with Competition in Global Imaging Market, International Marketing: Global Environment, Corporate Strategy and Case Studies, Vikas Publishing, New Delhi, 76–79.

demand segment within the marketplace. Upon building the appropriate strategy and positioning of brands, companies can develop appropriate consumer segments as under:

- Companies can identify the consumer segments based on the buyer needs, lead users, early majority, and late majority of consumers. The consumer segments should be identified carefully and demarcated on the basis of congruity of the buyers' needs or perceived use value attributes.
- The formation of consumer segments should be based on the data analysis of primary survey by asking the consumers which brands they prefer and documenting the attributes of preferred brands to assess the competitiveness. Such exercise would help the companies enhance the perceived use value (PUV) of the brand and develop customer-centric strategies.
- Brand segmentation should be built based on the performance of the brand-mix, and flagship brands needs to be used to carry all new brands extensions in the new brand segments.
- Companies should get engaged in developing a brand matrix upon carrying analysis of the competing brands, their positioning strategies, and consumer preferences to develop right brand segments and portfolios. Accordingly, companies plot the brands on the matrix considering key PUV elements to strengthen the existing brand strategies in the competitive marketplace.

## Market-Oriented Branding Strategies

The effectiveness of the firm may be identified based on operational competency and system competency. Operational competency refers to technical competency including production, packaging, distribution, quality control, and information management. Cost efficiency largely depends on the technical competency of the company. System competency includes value assurance, value enhancement, and innovation. The company may move its position of the product to the quadrant where the effectiveness of the company and the unit cost remains high due to improved technological intervention and branding interventions. However, in a situation where both the unit cost of the product and effectiveness of the organizations are low, the growth rate would slow down, and the strategies need to build up to revive the growth first and then sustain the competition. In case of high unit cost of the product and low effectiveness of the organization, none of the competitive strategies would prove worthy due to non-viability of economy of scale. The company must make decisions mainly on either diversifying its activities or paying more concentration for strengthening its brand base. In this decision process, the company must consider some of the important variables like spillover effects in terms of supply backlog, product improvement, packaging, price sensitivity, and operational problems, including cost of distribution and margin spread. The company should measure the brand performance of product, effective consumer response in terms of sales, and the convenience of the consumers in terms of access to the product. The process of building competitive brand strategy takes substantial time and needs to be attended through a careful analysis. It is essential that the action required to start implementation of the selected strategy needs to be prioritized and documented. Strategy is a not a task of one point of time, it should be a continuous process. The company should follow the checklist of activities in building the strategy for competitive branding as stated below:

- Scanning of environment
- Identifying relevant economic inevitable and rigid factors
- Identifying the key trends of major competing brands
- Political, economic, socio-cultural, and technological factors affecting the product market
- Conduct an activity cost analysis for the up-stream and down-stream linkages with the company
- Identify the core competency of the company
- Review statistical resources of the company's operational and human resource
- Mission and key strategies
- Culture and leadership style
- Competitive position
- Adjustment and acquaintance with the government policies
- Determine levels of cost in the production and operations
- Price levels and consumer segments,
- Strength of demand for the product
- Opportunities for expansion of product line and brand
- Prepare contingency plans of branding

Building appropriate brand-mix for strategy development is a difficult task for the multi-brand companies. It becomes more challenging for companies while introducing brands into the chaotic markets like India, where the market competition is very high. The Chinese corporation Haier Inc., the biggest seller of major appliances in the world, entered India in 2006. Its global presence restores the credibility of its brand to position high-value innovation-driven brands, but Indian consumers have yet to develop the willingness to embrace its China-made, high-priced products. Haier brands are facing such dichotomy in its business endeavors in India for a decade, which has caused Haier brands to suffer sluggish sale and narrow market share. The company then undertook to revive its brand-mix in reference to price, place, promotion, and refurbished its marketing infrastructure to save its market. Companies need to derive carefully the marketing and localization strategies in emerging markets like India. The brand-mix also incorporates the brand offerings, brand communication, pricing strategies, and brand engagement strategies by providing brand services.[7]

### *Dimensions of Brand-Scope Strategies*

Brand-scope strategy deals with the coverage of the market. A business unit may serve an entire brand or concentrate on one or more of its parts. Three major alternatives in brand-scope strategy are single-brand strategy, multi-brand strategy, and total-brand strategy. A variety of reasons may lead a company to focus its efforts on a single segment of the market. For example, a small company may find a unique niche in a market and spend resources in serving this niche. The **single-brand strategy** consists of seeking out a market segment that is considered too small, too risky, or just plain unappealing by the larger competitors. The strategy does not work in the areas where the brand power of big companies is important in realizing economies of scale, as in the extractive and process industries. Companies concentrating on a single brand have the advantage of being able to make quick responses to brand opportunities and threats through appropriate changes in policies. The single-brand (or niche) strategy is an outcome of the necessity. As far as the impact of the single-brand strategy is concerned, it affects profitability in a positive direction. When effort is

[7] Celly, N. and Lau, P. (2012), *Haier in India: building presence in a mass market beyond China*, Harvard Business School Press, Cambridge, MA.

concentrated on a single brand, particularly when competition is minimal, it is feasible to keep costs down while prices are kept high, thus earning substantially higher profits.

Large companies in many distinct segments implement the **multi-brand strategy**. It is necessary to choose such brand segments that have low competition and pro-brand consumer attitude to enable the company to implement the multi-brand strategy successfully. This strategy may be implemented either by selling different products in different brand segments or by arranging distribution of the same product in many segments.

A company uses the **house of brands strategy** to serve an entire brand by selling different products directed toward different segments of the market. Companies employ house of brand strategy either to create corporate brand or reinforce the existing corporate brand. A key success factor in developing house of brand has been the creation of emotional links between the corporate brand, individual brands, and consumer reaction. The corporate brand is built through design innovation, working with a safe and diverse employee environment, customer-centered manufacturing, and delivering corporate social responsibility. The Whirlpool corporate brand has a history dating back to 1911. The company has steadily expanded its product line, revenues, and global footprint for more than six decades as evident by returns on milestone. Whirlpool Corporation offers a wide range of household appliance products, including washing machines, clothes dryers, refrigerators, freezers, cooking appliances, microwave ovens, dishwashers, and a complete range of built-in appliances. Within these product lines, the company has also established a portfolio of brands through innovative product design, targeted marketing, and a spectrum of partnerships with trade customers. This portfolio enables the company to offer multiple brands with distinct values in the same product category. A prime example is the company's 'house of brands' for kitchen appliances which includes the following brands:

- KitchenAid: an up-market brand serving professional chefs and the 'home enthusiast or entertainer'.
- Whirlpool: a mass-market brand serving families and in particular, the 'active balancer' or 'super-mom'. Branding for Whirlpool appliances includes taglines such as 'cook more', 'style and performance unite', and 'Form. Function. Unity'.
- Roper: a value brand serving cost-conscious consumers who buy products based on price. Branding for Roper appliances includes

taglines such as 'sensible solutions for your family' and 'simple, sturdy, affordable workhorse appliances'.

A company may start with a single product. As the brand grows and as different segments emerge, leading competitors may attempt to compete in all segments by offering different combinations of product, price, promotion, and distribution strategies. Companies with a house of brands attempt to enter new segments as they discover market demand. The leading companies may themselves create new segments and try to control them from the outset. The total-brand strategy is highly risky. So, a very small number of companies in an industry may intend to follow it. A company needs substantial financial, physical, and human resources to implement this strategy in many brand segments at the same time. Thus, only the companies in a strong financial position may find this strategy attractive. Chrysler Corporation's financial woes in the 1990s led it to reduce the scope of its brands overseas at a time when experts were anticipating the emergence of a single global brand. The total-brand strategy can be highly rewarding in terms of achieving growth and brand share, but it may or may not lead to increased profitability.

The company needs to assess the strengths and weaknesses of the existing brands before making the branding decision for their product. The manufacturing company may have several options on brand sponsorship. The product may be launched as a retail private brand or as manufacturer's brand. A distributor brand can also be considered for retailing. For example, in case of edible oils, sugar, processed grains, and in many products, which need repacking or licensed brand names.

For many years, multinational corporations competed successfully in the market within their multi-brand segments by exploiting market share of product and scope of branding. These companies took advantage of customer preferences to create brand value and reputation in the market. But these ways of competing with brands are no longer profitable to the companies as there is a continuous growth of new competing brands posing threats to the existing brands. In most industries, multinationals no longer compete primarily with companies whose boundaries are confined to a single-brand strategy. Rather, they go head-to-head with a handful of other multi-brand giants. Under such multi-brand competition, it is hard for the companies to sustain an advantage based on the conventional branding strategies. Companies must seek new sources of brand advantage and position their brands aggressively in the competitive marketplace.

Building brands in a near-monopolistic situation has been easier for the companies to capitalize on the attributes of brands in the market. However, in the marketing era of the twenty-first century, companies are engaged in developing regional brands based by exploring the scope of branding through collaboration with local companies and consumers. Developing collaboration with the potential companies on branding has emerged as a major tool to enhance the scope of competitive brands in the late twentieth century.[8]

Co-branding is being increasingly used by companies of both large and small sizes to raise consumer awareness and generate sales. At the most basic level, businesses have used the consumer-centric approach based on user complementarity and preferences, which suggest enhancement of the current brand lines of the companies. For example, Hershey's Syrup added to Betty Crocker Brownies and profile companies have combined technologies to create an entirely new product such as the Sports Kit by Nike and Apple. Many companies embark on co-branding programs as this has been experienced during the 1990s as a powerful way of introducing a company's products and services to the loyal consumers of another company. Perhaps the best example of this is the legendary 'Intel Inside' campaign. Upon success of the co-branding, Intel had expanded its scope of co-branding with as many as 300 computer manufacturers. Another benefit of co-branding has become evident for the companies toward cost savings on sales and services infrastructure. Hence, increasingly growing fast-food restaurants like Pizza Hut and Taco Bell that belong to the Yum Brands Inc. tend to share the same building and often the same counter, menu boards, and staff to serve the customers.[9]

Several barriers impede collaboration within complex multiunit organizations. To overcome those barriers, companies develop distinct organizing capabilities that cannot be easily imitated. Companies can develop framework that links managerial action, barriers to inter-unit collaboration, and value creation in MNCs to help managers understand how collaborative advantage can work. This framework can conceptualize collaboration and co-branding as a set of management levers to several types of value creation.

[8] Hansen, M. T. and Nohria, N. (2004), How to build collaborative advantage, *MIT Sloan Management Review*, 46(1), 22–30.

[9] McKee, S. (2009), The pros-and cons of co-branding, *Bloomberg Business online*, July 10.

## Customer-Centric and Competitive Branding Strategies

Competition may be defined as an object-centered process in business performance. Competition may be semantically described as a combination of two distinct Latin words, *com* (together) and *petere* (to seek). Similarly, conflict is derived from *com* (together) and *fligere* (to strike). This distinction between the quest and the blow, to strive, or to strike seems precisely the pertinent one for clarity and efficiency in social science.[10] Competition may be characterized as striving together to win the race, not to destroy the other competitors from the point of view of the supporters of globalization. The local market competition is targeted toward customers, and the competitors strive to win the customer temporarily or permanently. However, in business-to-business process, the competition may turn more tactical and strategic to outperform the rival firms. In this way competition can be seen as regulated struggle. There are rules of economic competition, and they do not generally include the destruction of competitors. The technology of marketing research is devoted to the difficult tasks of discovering customer needs, and the sub-disciplines of consumer and organizational buying behavior attempt to provide theoretical bases for the results. In this process, the emphasis is on determination to win customers where competitors turn tactical toward brand or product positioning.

With the emergence of virtual shopping, and liberalization of economic policies in the developing countries all over the world, competition has become like a traditional derby in which many companies participate in a neck-to-neck race. In this business game the rules are subject to change without notice, the prize money may change in short notice, the route and finish line is also likely to change after the race begins, new entrants may join at any time during the race, the racers may form strong alliances, all creative strategies are allowed in the game and the governmental laws may change without notice and sometimes with retrospective effect. Therefore, to win the race, any company should acquire the strategies of outwitting, outmaneuvering, and outperforming the competitors. In this process, a company must understand thoroughly all the moves of the rival firms from various sources. The locales of the business rivalry must be spotted to assess their strengths. Market competition is growing bidirectional today

[10] Mack R F: The Components of Social Conflicts, *Social Problems*, 22 (4), 1965, 388–397.

**Table 4.2** Possible areas of brand rivalry

| *Business factors* | *Customer locale* | *Geography* | *Route to market* | *Cognitive domain in branding* |
|---|---|---|---|---|
| Brand availability | Consumer segments | Brand outreach | Retailers<br>Wholesalers | Perceived use value |
| Brand-mix | Destination markets | Regional brands | Franchisees | Competitive advantage |
| Brand design | | | Social media | Value for money |
| Investment<br>Co-branding | | International brand | Online brand outlets | Peer influence |

as multinational companies are trying to reach bottom-of-the-pyramid market segment. At the same time, local companies are strengthening their brands to give head-on competition to the multinational companies. The local companies customize products and services develop ethnic brands with an objective to initially go after economies of scope. They develop business models to overcome market-specific obstacles and gain competitive advantage in the process and try to establish their brands in the market.

External light meters, used for accurate diaphragm and speed setting on photographic cameras, enjoyed a stable, symbiotic (win–win) relationship with cameras for decades. As camera sales grew, so did light-meter sales. But eventually, technological developments enabled camera companies to incorporate light meters into their own boxes. Soon, the whole light-meter industry became prey to the camera industry. Sales of external light meters diminished, while sales of cameras enjoyed a boost, and the relationship passed from win-win to *predator-prey*.[11] Table 4.2 exhibits the competitors' arena, which must be studied comprehensively, and strategies to be built accordingly.

Table 4.2 exhibits the possible areas that could pose brand competition in the marketplace. Amidst the growing market competition, companies face major threat to their brands from the dynamic brand-mix, in which competing companies change the brand promotion strategies according to the demand and retailer behavior. Co-branding strategies also create competitive advantages over the conventional brand development processes. Brand rivalry is found to be higher in the mass market segment,

[11] Modis Theodore (1998): Conquering Uncertainty, New York: McGraw-Hill.

where consumer exhibit price-sensitive behavior, as compared to the premium market segments with few brands trying to sustain over a longer period of time. The mergers and acquisitions of brands among the multinational companies have increased remarkably. Consequently, the brand life cycle in the mass market segment is generally shorter than the premium market segment. Geographically, it has been evidenced that the larger the outreach of the brand, the higher the brand growth in the market. Besides the competitive factors, consumer preferences on brands in reference to perceived use value, value for money, and peer influence also affect the brand life cycle and sustainability in the market.

Access to the infrastructure, raw material, the process, supplies, and to other vital business factors, is most vulnerable to brand competition. The competing firms pay more attention to the sources of factors, quality thereof, cost, and management of the factors in order to prove better over each other. Customer, the end user, is the ultimate target of competitor for building aggressive and defensive strategies in business. Competing firms try to attract the customers by various means to polarize business and earn confidence in the marketplace. It is necessary for the successful business companies to look for such a place of business that provides them more locational advantage, and hold the customers for their goods and services. Some companies position luxury brands in the premium segments and build a niche for their market, and try to increase the brand life cycle in the niche by developing sustainable branding strategies. However, it would be easy for companies to pull the luxury brands to the mass market segment by adding economic value to the brands. Shanghai Tang, a cross-cultural apparel and fashion accessories company established in 1994, positioned its brands for men and women in the premium market segment. Tang's flamboyant, cross-cultural style of apparel, and fashion and ties to celebrities initially set the market in Hong Kong. But the brand was unable to attract customers outside its home market of Hong Kong, and the company struggled to find a niche among successful, established, global luxury brands. In 2005, under new leadership and revised creative direction, Shanghai Tang expanded into several regional markets worldwide, with a focus in Asia.[12]

FAW Group Corporation (FAW) was founded with the goal of creating a modern automotive industry for China. FAW is considered as the largest

[12] Park, M. and Yim, B. (2007), *Shanghai Tang: The First Global Chinese Luxury Brand?* Harvard Business School Press, Cambridge, MA.

automobile manufacturer in China, producing a variety of vehicles, including passenger cars, trucks, and buses. Its passenger car business covers both propriety brands such as Hongqi, VITA, and Xiali and foreign brands like Audi, Toyota, and Volkswagen. The company is also a global original equipment manufacturing supplier of automotive parts and components. In 2007, FAW recorded sales of US$24.8 billion. Its huge success in China has prompted it to gradually expand into global markets, exporting its cars to the Middle East and Africa. The company also envisions selling a range of both luxury and lower-end passenger cars to Hong Kong as its next stop, and ultimately to the United States and other developed markets. FAW is now facing major challenges of brand differentiation against the foreign brands to make its brand reputation. As this company has ventured to acquire consumers in the neighboring markets, the FAW brand still needs to grow in a new business environment and establish its brand value.[13]

The business cordoning or securing the trade boundaries for brand growth in a competitive market is an essential decision to be taken for building competitive strategies to attack rivals across regions. Even a small business company can compete globally with the firms of all sizes if it could build a strong and sustainable brand through reverse innovation. Local brands with innovative differentiation and potential to compete with the established market brands can be explained as reverse innovation. The distribution channels, franchisees, carrying and forwarding agents, retailers, and mailers with value added services represent an increasingly intense business rivalry or competition in all markets or competitive domains. Many firms like Godrej (diversified products), Procter & Gamble (consumer goods), and Compaq (computers) reward their managers handsomely for winning the business battles in their channel wars. In succeeding the market competition, the institutional and political patronage provides long-run support to the companies. Many brands have found themselves outmaneuvered in various functional aspects of business by the adept actions of rivals in the institutional arena. An intriguing aspect of the marketplace is that the nature of competition can change over time. A technology, company, or product does not need to remain prey to another

[13] Lam, S. and Chan, I. (2009), *FAW group corporation: Launching the first Chinese-made car in Hong Kong*, Cambridge, MA: Harvard Business School Press.

forever. Competitive roles can be radically altered with technological advances or with the right marketing decisions.

Many factors determine the nature of brand competition, including not only rivals, but also the attributes of new entrants, the bargaining power of customers and suppliers, and the threat of substitute services or products. A strategic plan of action based on this might include positioning the brand so that its capabilities provide the best defense against the competitive forces, influencing the balance of forces through strategic moves, and anticipating shifts in the factors underlying competitive forces.[14] In outwitting the competing brands, companies must detect the changes in the strategy game in reference to the market players' status in gaining more knowledge, networking, and entrepreneurship and increasing ambitions. The driving forces of competing firms, their organization, and microeconomic environment need to be studied carefully by the company planning to overtake competitors in the business. Further in the process of winning the battle of rivals it would be helpful for a company to understand the changing stakes of the competitors and the forces after such developments. A company can outmaneuver the rival brand by being more skillful in particular tasks and reshaping the stakes in one or more business arenas. Outmaneuvering the rival brands is the core of changing the rules of the marketplace. The strategy for outperforming the competitor is largely based on two basic issues—the performance parameters and assessment criteria of the performance. However, the critical parameters may include probe for the following information on rival brands:

- Creating new customer needs that do not exist
- Developing and establishing the new attributes of the product
- Establishing new channels to reach all the existing and potential customers
- Reinventing stakes to make others confined to play catch-up roles
- Creating new capabilities as the source of new products and customer needs
- Creating knowledge base for driving the capabilities for the new goods and services
- Establishing new relationships with the channels, institutions and customers

[14] Porter, M. E. (1979), How Competitive Forces Shape Strategy? *Harvard Business Review*, 57 (2), 137–145.

- Winning or losing in the business battle
- Establishing new chain of customer delight
- Leading the product
- Dominating the price-value relationship

The parameters and assessments of the above actions would help in focusing both the thinking and strategy building process for sailing through the competition successfully. The current and future strategy of competitors must be considered by any company planning to outwit, outmaneuver, and outperform them.

### *Brand Competition*

This category of branding strategies may include the brand leader strategies, total-brand expansion strategies, and so on. The company can develop the brand leader strategies in reference to price, new products, distribution coverage, and promotional intensity. The brand leader may or may not be admired, but other companies in the market acknowledge its dominance. The brand leader is at a point of challenge and imitation to the competing companies. The brand leader company must keep constant vigil on the followers and should enjoy the legal monopoly in the market. It is common for the leading firms to face challenges from the competing firms who watch closely to find the weaknesses of the leading firm. The dominant firms always want to remain first in the market in order to expand its area of operation, protect its existing brand share, aggressing branding campaigns, and increase the market size continuously. The advantage of the total-brand expansion is generally tapped by the dominant company. The company may look for new user segments for expanding the brand, applying one of the best strategies out as under:

- Brand penetration strategy
- New user strategy
- Geographical expansion strategy

One of the great successes in developing the new segment of users was accomplished by Enkey Foods Ltd. of Mumbai with its natural orange juice as ready-to-serve beverage branded as Onjuice, a nourishing health drink. The company became more concerned with health awareness among mass market consumer segment and their inclination to change

**Table 4.3** Defensive branding strategies

| *Strategy* | *Application* |
|---|---|
| Position defense | Building territorial sales boundary and protecting the channel and customers from new entrants in the operational area |
| Flanking defense | Strengthening weak sales points of the company in the area of operation. The company must assess carefully the threats of any potential competitor brand and draw the defense barrier accordingly |
| Preemptive defense | It is based on the principle of 'prevention is better than cure'. This strategy calls for building cognitive barriers to prevent the competitors to enter the area of operation. |
| Counter-offensive defense | Companies wait for the moves of the competitor and decide the counter strategies accordingly to let it down and win the brand share. This strategy may also be termed as *wait and see* |
| Mobile defense | This strategy calls for defensive movement in the brand by stretching its area of operation to safeguard the territory from the new penetrations. These moves generate strategic depth for the company and provide scope for the company to decide whether to continue attacks and launch retaliatory strikes |
| Contraction defense | This strategy may be called also as strategic withdrawal from the brand. The palled contraction or withdrawal would consolidate the competitive strength of the company and enable the company to concentrate on more vulnerable brand |

their food habits. The brand survey showed that the customers are interested to have balanced and low-calorie breakfast but are unable to find such stuff in the food market. Enkey Foods Ltd. developed an advertising campaign aimed at children and adults for depicting the need for strong body and balanced food. Markets can be expanded through discovering and promoting new uses for the product. The following defense strategies, as exhibited in Table 4.3, can be adopted by the company.

Brand leaders may improve their profitability by increasing their brand share. The key variables of profitability include brand share, product quality, promotion, distribution performance, price, customer value and others. The decision on increasing the brand share may have three major implications.[15] Firstly, it may provoke distrust action, and the competitors may consider it as monopolist move. Secondly, the increased brand share may not necessarily boost-up the profit level as profit tends to fall after

[15] Rajagopal (2006), Brand Foundation and Framework, *Brand Strategy*, 206, October, 47–49.

certain level of penetration in the brand. However, the optimal brand share should be considered by the company. Finally, a company might pursue the wrong brand-mix strategy in their bid to achieve higher brand share, which does not help them in increasing profit.

A company may define the challenger brand and set strategic objectives. The strategic objectives of challenger brand should be set to subdue to the competitor or reduce its share. An aggressive band may be launched by a firm to attack the brand leader or weak portfolios of the competitors' brand in reference the size, and investment on brand productivity. The strategic brand objective may help in increasing the market share and lead territorial leadership in the business. Figure 4.1 exhibits the frontal and encircled brands as the major defense strategies, and the brand attack strategy needs to be developed with clear objectives. The challenger brand may pursue the following strategies for attacks.

- Frontal attack
- Flanking attack
- Encirclement attack


**Fig. 4.1** Attributes of brand competition and strategy options

The challenger brand needs to be built by evaluating the strengths and weaknesses of the competing brand to be attacked. The yield areas of challenger brands should be determined as price, value added distribution, advertisement and point of purchase promotion, packaging, personal selling, and the like. The flanking attack may be planned by the challenger brands in reference to the geographical and by segmental dimensions of the competitive brands. The under-performing areas of the opponent may be sighted and penetrated to kill his brand in the region. The segmental strategy of flanking attack is to identify the need spread of customers and serve the areas which are under-served and isolated. The gaps in supply may be filled, and level of satisfaction may be raised in those segments. In some cases, it may be essential for the challenger brand to discover the latent needs of the customer and try to satisfy them in order to be the leader in the segment. The encircled brand attack in the region may be aimed to encroach on some of the brand share of the competing brands by planning to outperform the competing brand, and by challenging its total strengths. It is necessary for the challenger brands to offer all that the competing brand is offering, and sometimes more to satisfy the customers and marketing channels.

## Brand Leveraging Strategy

Brand rivalry may be won at the local or micro level. However, in the long run, rivalry may be transformed to brand alliance. Each individual customer selects brands from competitive offerings available in the marketplace. At this level, the game is typically zero-sum. Purchasing one rival brand's offering means lost opportunity for other competing brands including challenger brand. Firms generally make the brand choices to accomplish three distinctly related tasks: attractive, winning, and retaining brands. Attractive brand is a prelude to winning or acquiring customers. The brand name and the long-standing image of the product influence and attract customers to try a product. Brand-marketplace coordination can be established at three distinct, but related, levels such as the aggregate marketplace or, more narrowly, a competitive domain; a product-customer segment such as a niche within a competitive domain; and local channel member. The brand-marketplace coordination perspectives have been discussed in Table 4.4.

Dell Technologies Inc. entered the Indian market with its subsidiary. Dell is one of the most globally preferred computers among the business

**Table 4.4** Redefining the brand-marketplace coordination

| *Redefining parameters* | *Attributes of parameters* |
|---|---|
| Modes of competition | Product line and width |
| | Logistics and supply chain aspects |
| | Price, sales, and customer relation |
| | Corporate and brand image |
| Focus | Attracting, winning, and retaining customers and channels |
| levels | Aggregate |
| | Segment |
| | Local |
| Trends | Product-service-value differentiation |
| | Customized solutions |
| | Price, communication, and delivery of goods and services |

class customers. As Indian market is growing rapidly in sales of personal computers and laptops, the scope for Dell brand to be major player in the market has become very certain. The company has interlinked products and services to attract large corporations. This is one of the strategies to select the customer segment and operate safely in the market by outwitting the competitors. The company has alliances with a leading technology consulting services in India like Tata Consulting Services and is marketing products and services through digital platforms to clients in business-to-business segment. The customer support is a major thrust of the company to redress their complaints more efficiently. The call centers take orders from the clients as well as provide services to customers. The company also offers software solutions instead of boxes and continues the relationship over the long term.[16] Dell has established a comprehensive branding approach. It has strategically aligned family of businesses collaborate across key functional areas such as technology and product development, marketing, go-to-market and global services, and are supported by Dell Financial Services. This operational philosophy enables the company platform to seamlessly deliver differentiated and holistic information technology (IT) solutions to customers, which has driven significant revenue growth and share gains. Dell reinforces its brand also through giving back to the society through the corporate social responsibility programs. The

[16] Reviewed from the section Peoples and Products, Advertising and Marketing, August 31, 2000, pp. 8–12.

giving back program, which strengthened its brand in the competitive marketplace, is detailed below[17]:

- Total 2016 charitable contributions: 52.2 million
- Dell has directly impacted over 2.3 million youth since 2013 with its Youth Learning programs
- Dell team members volunteered more than 3.3 million hours since 2013
- In 2016, Dell matched $6,706,780 in team member donations

The manifold growth of social media has influenced consumer preferences and purchase decisions through online social networks and electronic word-of-mouth, important instruments of consumerism. Companies such as Geico, Dell, and eBay have adopted conventional one-way advertising message and using it as a stepping-stone to begin a two-way dialogue with consumers via social media. The social media has become a powerful way today to generate sustainable, positive word-of-mouth marketing and rebuild their brand. Companies can make their brand campaigns successful by selecting a right social media platform, design the right message, and engage the right users to spread that message. In the initial phase digital consumer-centric companies tend to introduce brands to social media users who are not only influential but also particularly interested in the company's product or service category. Such consumers incentivize the brands and serve as brand gatekeepers. Such strategy has been adopted by Hokey Pokey Ice Cream Creations, an upscale ice cream retailer with more than a dozen outlets across India. Hokey Pokey's social media campaign resulted in substantial increase in brand awareness, social media returns on investment (ROI), and sales revenue growth rate for the company. The three new metrics that have emerged for use in social media marketing campaigns include the following indicators[18]:

- Customer influence effect, which measures the influence a social media user has on other users in the network

[17] Corporate website of Dell Technologies (https://corporate.delltechnologies.com/content/dam/delltechnologies/assets/press/resources/Dell_Technologies_Key_Facts_2018.pdf retrieved on June 01, 2019).

[18] Kumar, V. and Mirchandani, R. (2012). Increasing the ROI of Social Media Marketing, *MIT Sloan Management Review*, 54(1), 55–61.

- Stickiness index, which helps identify social media users who actively discuss the company's product or service category
- Customer influence value, which helps to measure the monetary gain or loss realized by a company in social brand marketing campaigns by accounting for an individual's influence on purchases by other customers and prospects.

Satisfying needs of the buyers is a prerequisite of promising brands which would reflect in augmenting profitability of the firm. One of the underlying issues in developing strong competing brands is to address the brand yield (profitability) in reference to the brand share, market coverage, and customer value for sustained growth. Brand power determines the extent to which they could retain the customer value created, and contribution made to the profit of the firm for a substantial period. The threat of substitute brands determines the extent to which some other product can meet the same buyer needs and places a ceiling on the amount a buyer is willing to pay for an industry's product. The power of suppliers determines the extent to which the value created for buyers will be appropriated by suppliers, rather than by firms, in an industry. The intensity of brand rivalry acts similar to the threat of competitors. Some companies engaged in manufacturing automobiles and heavy trucks create enormous value for their buyers, but on an average capture proportionately less of it for themselves through profits. On the contrary, in the services industries such as bond rating services, medical equipment hiring, and oil field services and equipment, firms also create high value for their buyers but have historically captured a good proportion of it. The intensity of rival brands plays a major role in determining whether firms will expand aggressively or choose to maintain profitability. Industry structure determines how rapidly competing brands will retire from the marketplace.

The twenty-first-century global markets are experiencing brand race in the information technologies (IT) products and services segments, as there are many emerging companies with lesser resources bringing out the cost-effective and customer-centric products, applications, and services. Large companies encourage such start-up companies and acquire their products to launch them as new brands. Accordingly, outsourcing has become one of the emergent fast-growing industries in the global high-tech economy. India is the leading country for IT outsourcing, and Infosys is the largest Indian company in this sector. The branding challenge for Infosys is to leverage its reputation for predictable excellent results for IT outsourcing. The key to the global brand strategy would not be through brand image advertising, but through effective communications of product strategy. The goal for Infosys is to stay most sophisticated for IT services assignments.[19]

The results of an imbalance between supply and demand for industry profitability also differ widely depending on brand structure. In some industries, a small amount of brand share triggers brand wars and low profitability. In order to gain advantage companies should develop generic brand strategy than developing challenger brands, which may agitate the entire marketplace for short-run competitive gains. Generic brand strategy specifies the organic approach pursuing the long-run growth actions for each functional area in a given marketplace. In practice, however, many strategic plans for brand coordination may be considered without a clear articulation of what competitive advantage the firm needs to seek thorough its promising brands. A firm's brand strategy is the route to competitive advantage that determines its performance. The multinational firms practice strategic brand planning to improve the brand share and stay competitive.

### *Influencing Brands*

The secret of successful branding is to influence the way in which people perceive the company or the product. Brands can affect the minds of customers by appealing to four mind functions, or combinations of them. Some brands appeal to the rational part of a person, to the elements of logic and good sense (the thinking dimension), such as toothpaste that prevents decay and cholesterol-free foods. Others appeal to the senses of smell, taste, sight, and sound such as fashion and cosmetic products. Some brands attract the consumer emotions, warmth, and affection to gain loyalty. Products such as Harley-Davidson motorcycles, and companies like Benetton with its global village branding, exemplify these. Then there is the strange phenomenon of intuition. Some companies and products are attractive to people who intuitively feel comfortable with them, because they see these brands as an extension of themselves, a good fit to their personality, lifestyle, aspirations, and behavior such as companies like the Body Shop with its environmental approach. Brands influence consumer

[19] Saperstein, J., Murty, P., and Desai, V. (2005), *Infosys: The Challenge of Global Branding*, Harvard Business School Press, Cambridge, MA.

decisions to buy in any of the above ways, or through combinations of them, sometimes with tremendous persuasive appeal. The Marlboro brand personality is a good example of how a company understands and combines the physical and emotional elements that appeal to certain customers, who live, or would love to live, a certain lifestyle. Products such as gold credit cards, watches, or prestige items help people to express themselves to others by demonstrating that they are different and have achieved something. They act as extensions of the personality, so it really is 'all in the mind', and the key to brand management and development is a clear understanding of what benefits the customer is looking for.

Proctor and Gamble (P&G) has a variety of leading brands in the Indian market such as Ariel, Tide, Head and Shoulders, Pantene, and Pringle. Another new idea of the P&G portfolio is Febreze. This product belongs to the P&G Home Products Division, which include hair care and fabric care segment. This product has created a niche and holds a monopoly in the fabric odor-eliminator category of products across the regions in India. The R&D of the company is confident to attract customers and enjoy monopoly in the market for a long time, as the company does not foresee any competition to come up in the near future. The product attributes are very close to the customer needs, as it is the first cleaning spray that safely and permanently eliminates odors trapped in the household and other fabrics. This product helps in reaching the difficult-to-clean fabrics, upholstery, carpets, and curtains, mattresses, and car seats, which are largely unmanageable and remain unattended. This product is an outcome of the research carried out by the company. The target customers for this product are segmented as per the need parameters and largely constitute the car owners, housewives, hotels, and airlines. Febreze is not a perfume, and so it does not compete with perfumes of room-deodorant brands in the market. To stand unique in the market, the promotional and advertising strategies have been developed based on the conclusions drawn on the research. The product has also been advertised on the net, print, and electronic media. The strength of the brand, quality, positioning, and the promotional formulae blended with the customer needs.[20]

Consumers may be asked, what comes to mind when they hear the name of a big brand such as BMW or Gucci? The anticipated reply could be a list of attributes far beyond the physical tangible aspects of product and delivery, but the one word which brings all these things together in

[20] Rajagopal (2008), Band Management, Nova Publishers, Hauppauge, New York.

people's mind is value. Time and again, research shows that the real driving force behind market leadership is perceived value of consumers. Brands are also successful because people prefer them to ordinary products. In addition to the psychological factors already mentioned, brands give consumers the means whereby they can make choices and judgments. Based on these experiences, customers can then rely on chosen brands to guarantee standards of quality and service, which reduces the risk of failure in purchase. Today's world is characterized by complex technology, and this can be extremely confusing to people who are not technology minded. Brands can play an important role here by providing simplicity and reassurance to the uninitiated, offering a quick, clear guide to a variety of competitive products, and helping consumers reach better, quicker decisions. The brand strength of Cathay Pacific Airlines is consistently good service and sophistication congruent with increasing global standards. The association of customers with the jingle at the end of the trip when the aircraft has landed and the flight attendant's narrative have reinforced the brand positioning of the company. In this way, Cathay makes all Asians proud in feeling and earns loyalty for the brand.

## Comprehensive Branding and Co-creation

Comprehensive branding (CB) may be defined as the management of both manufacturing and marketing process chains for ensuring the customer perceptions of the products of a company. The concept of comprehensive branding encompasses two components: *total quality management* and *integrated marketing communications.* There is a process parallel to these two programs, driven by the creation of delivery of references, that the consumer uses in making purchase decisions and utilizing the key tools of benchmarking, specifications, and process control. The inputs for the specifications are provided to the company through the consultants and suppliers. In turn the message is passed to the agencies by the consultants and suppliers do the same to their employees. The message is carried from the agencies by the media, and distributors act as carriers of the product. Both media and distributors deliver the message and products to the customers for setting specifications for the products and message. The actions processed through the consultants, agencies, and media constitute the *integrated marketing communication* (IMC), which communicates a consistent message to consumers through alignment of the agencies and media with vision of the company and image of the brand. The component of *total quality management* (TQM) is experienced in the comprehensive branding process through the inputs about the product and services delivered by the suppliers, employees, and distributors. The TQM helps in communicating the corporate vision to ensure that every step of the product path, from manufacturing to the consumer delivery, maintains the integrity of the brand image. The synergy of IMC and TQM enable the company to present the comprehensive branding strategy in the market. In this process the company ensures that all communications and the product paths have total compatibility with the specifications and perceptions of the brand image of the company that has been chosen to portray and is perceived by the customers. Companies may consider three principles for executing internal branding campaigns. Firms may need to market to employees at times when the company is experiencing a fundamental challenge or change followed by linking their internal and external marketing campaigns. Finally, internal branding campaigns should bring the brand alive for employees, creating an emotional connection to the company that transcends brand experience.[21]

A company's advertising, promotion, change in name, new logo design, or other activities will not successfully build a brand unless there are certain well-defined values consistently communicated and demonstrated by the company, which are recognized and appreciated by customers. The perceived brand value varies across the consumer segments which affect the overall brand equity in the competitive marketplace. Although social class continues to relate distinctively the conspicuous and utilitarian brand values, brands often transcend social class, such that middle-class consumers use conspicuous consumption to emulate higher social classes.[22] Building a brand is a corporate strategic issue and not a short-term tactical activity. Many brands established in the 1930s are still the top brands in the late 1990s. From Coca-Cola to Colgate, Kellogg to Kodak, we see many examples of the big brands successfully having defended their number one position in their chosen markets and they, along with other famous names, have become synonymous with their industries.

The rise in consumer health awareness is driving innovation in the global cosmetics and toiletries industry over the last five years, consumer

[21] Colin Mitchell (2002), Selling the brand inside, *Harvard Business Review*, 80 (1), 99–105.

[22] Bachmann, F., Walsh, G., and Hammes, E. K. (2019). Consumer perceptions of luxury brands: An owner-based perspective. *European Management Journal*, 37 (3), 287–298.

health awareness has increased significantly around the world due to a growing focus on health issues in the media, and an increasing investment in health initiatives on the part of governments. While increasing consumer concerns for health and wellness have obvious repercussions for markets such as packaged food and over-the-counter (OTC) health care, it has become an influential factor in the cosmetics and toiletries market. L'Oréal and Procter & Gamble forged joint ventures with Nestlé and Pharmavite respectively to expand into OTC dietary supplements, encouraged by trends indicating that consumers are increasingly keen to co-ordinate health regimens with beauty practices. The Nestlé/L'Oréal joint venture heralded the launch of Innéov Fermeté (an anti-aging formula), while Procter & Gamble and Pharmavite jointly launched Olay Vitamins. More recently, roles were reversed somewhat as Healthspan, a Guernsey-based mail order vitamin supplier for the UK market, launched a dedicated range of make-up and skin care products which target women aged between 45 and 60. The recent research shows that the trend is widespread in the US market, as US consumers are becoming increasingly convinced that beauty starts with 'wellness'. Retailers are increasingly linking their beauty lines to non-beauty products, and positioning health products, like vitamins, in close proximity to cosmetics. The cosmetics brand line is extended to OTC products, like Sally Hansen's Healing Beauty Fast and Flawless make-up line, with products featuring anti-wrinkling and acne-fighting ingredients. The market is clearly strong for cosmetics and toiletries products that associate themselves with wellness, with many lines now routinely infused with vitamins and increasingly with natural and herbal extracts.[23]

Consumers' financial optimism reflects in the brands that they chose to buy. Some consumers tend to trade down either to cheaper brands or to private-label products, while more consumers prefer to trade up and contribute to the brand value. Retailers' assortment and pricing initiatives also encourage consumers to trade up. Discount retailers for instance, tend to sell more branded products in their stores as part of their efforts to increase average basket size in a flat retail market. In big emerging countries like India, the factors contributing to augment trade-up rates are altogether different. The contemporary trends show that the brand categories with

[23] Tait, L. (2005) *Increasing interest in health and wellness drives innovation in cosmetics and toiletries*, Euromonitor International, January 11.

the highest trade-up rates include alcoholic beverages and personal-care products.

Brand loyalty also means that companies achieve a consistency in demand through customer retention. Over time, good brand strategies generate the production volume, which gives the economies of scale necessary to have a favorable impact in unit costs. In turn, this allows companies to achieve higher margins, putting them in a winning situation. Brand resilience can help companies ride out stormy weather. For example, Asian automobiles in the United States were sold higher in number during the economic recession (2007–11), while other automobile manufacturers in the western hemisphere market suffered disastrous sales. Consumer trust on brand, perceived brand value, and social influence have driven the purchasing behavior of consumers. Surveys indicate that brand leaders can return a margin four to six times that of the closest competitors. Brands can even assist moves across industries to penetrate new markets. Dunhill cigarette is an excellent example of this. Dunhill is now firmly established internationally in up-market not only in marketing tobacco products but also in clothing, toiletries, and fashion accessories.

A firm intending to enter international business may try in many possible ways including exporting, licensing, franchising, or as a production firm with multinational plant locations. However, at any level of market entry, the managerial trade-off lies between the extent of risk and operational control. The low-intensity modes of entry minimize risk, for example, contracting with a local distributor requires no investment in the destination country market as the local distributors may own offices, distribution facilities, sales personnel, or marketing campaigns. Under the normal arrangement, whereby the distributor transfers title of the goods, or purchases them as they leave the production facility of the international company, there is no credit risk, assuming that the distributor has offered a letter of credit from his bank. At the same time such arrangement to enter a destination country may minimize control along with the risk factor. In many cases, low-intensity modes of market participation operational controls can only be obtained through higher-intensity modes of market participation, involving investments in local executives, distribution, and marketing programs.

Many companies begin their internationalization opportunistically through a variety of arrangements that may be described as 'piggybacking', because they all involve taking advantage of a channel to an international market rather than selecting the country market in a more conventional manner. Piggybacking is an interesting development. It means that organizations with little exporting skill may use the services of one that has the skill. Another form is the consolidation of orders by several companies in order to take advantage of bulk buying. Normally these would be geographically adjacent, or able to be served, say, on an air route. The fertilizer manufacturers of Zimbabwe, for example, could piggyback with a South African company who both import potassium from outside their respective countries. The breakfast cereal products Post (Post Cereal Brands, Minnesota, USA), which entered the Mexican market via their subsidiary Kraft rather than direct from United States, leading to the rather bizarre situation of packs of breakfast cereals with English language packaging covered with stickers in Spanish. The most common form of piggybacking is to internationalize by serving a customer who is more international than the vendor firm. Thus, a customer requests an order, delivery, or service in more than one country, and the supplier starts selling internationally to retain the customer and increases its penetration of the account. This is particularly common in the case of business-to-business companies and technology-oriented start-ups.[24] The innovative concept of market-entry strategy is based on moving with *consumer space*, which indicates that foreign firms enter the destination market by developing adequate consumer awareness on the products and services prior to launch. This strategy is followed largely by the fast-moving consumer goods manufacturing companies, and such practice is termed as go-to-market strategy. Go-to-market planning enables firms to achieve higher margins, accelerate revenue growth, and increase customer satisfaction through existing sales channels. An effective go-to-market strategy aligns products, services, and processes, and partners with customers and markets to deliver brand promise, desired customer experience, and tangible value. Go-to-market strategy services help technology suppliers overcome market challenges. Consumers base their preferences on three dimensions of global brands—quality (signaled by a company's global stature), the cultural myths, and firms' efforts to address social problems.

Some firms, who are aggressive, have clearly defined plans and strategies including product, price, promotion, distribution, and research elements. In countries like Tanzania and Zambia, which have embarked on structural adjustment programs, organizations are being encouraged to

[24] David Arnold (2003): *The Mirage of Global Marketing: How Globalizing Companies can Succeed as Markets Localize*, Financial Times Prentice Hall, Upper Saddle River, NJ, 24–65.

export. They are motivated by foreign exchange earning potential, saturated domestic markets, and growth and expansion objectives. The type of export response depends on how the pressures are perceived by the decision maker. The degree of involvement in foreign operations depends on 'endogenous versus exogenous' motivating factors, that is, whether the motivations were a result of active or aggressive behavior based on the firm's internal situation (endogenous), or a result of reactive environmental changes (exogenous).[25] There is no single strategy that fits all firms, products, and markets. The competitive strategy for an established firm applied to start a new venture, and launch a new product, must be shaped by the characteristics of the firm, the market, and other environmental factors. Market entry through expansion of the company draws many challenges to firms considering new business options. Capitalizing on overseas markets often opens doors to new levels of top- and bottom-line growth. Moreover, introducing a new product or service into a new market is an even bigger strategic challenge. A successful entry strategy may conceptualize and implement well-structured entry processes to drive future growth, explore diversified stream of revenues, and augment profit margins. It also addresses new competitors, customers, partners, suppliers, and other market dynamics. However, there are five major modes a foreign firm may apply to enter in the international markets. These modes of entry include exporting, franchising, contractual agreement, joint venture, and strategic alliance.

### *Co-creation*

The plethora of strategies used by the companies to co-create brands today is spread from Facebook to YouTube to blogs and other social network platforms. Such strategies endorse the new paradigm known as co-creation. Co-creation is the process by which products, services, and experiences are developed jointly by companies and their stakeholders, that enhances the product value, brand equity, and belongingness of the brand among consumers. Though the co-creation process is increasingly being employed by certain progressive organizations, individuals appear to be more empowered to embrace the co-creation of brands. Companies must seek to engage people as active co-creators of brands and enhance their value on

[25] Piercy, N (1982), Company Internationalization: Active and Reactive Exporting. *European Journal of Marketing*, 15 (3), 26–40.

every front. Co-creating experience can be initiated by the companies through initiating dialogues on brands, accessibility, evaluation of the risk-benefit status of the brand, and conveying the transparency of brands in reference to the promises laid by the brands.[26] In 2008, Tchibo, a German coffee and consumer goods corporation, launched Tchibo Ideas, an Internet platform where customers can share their product and brand design ideas with the company. The business of LEGO, a global brand for creative children's toys, has moved from a traditional product-centric 'make and sell' model to a more customer-centric 'anticipate and lead' model in which products are co-created with customers, and customers are leveraged as a key factor in the company's innovation strategy.

*Summing Up*

Branding strategies should be developed with specific focus on the market and target segments, where companies plan to launch the brand. The company should build branding strategy by integrating brand attributes and the relevant market segments. The strategy should demonstrate appropriate positioning and services prospects, and brand line optimization. In addition, branding strategies should also address the concerns of customers on pricing, retailing, and sales of brands designed and promoted by the companies. Integrated brand communication needs to be considered as a principal driver to launch brands in the marketplace and drive them on top of consumers' mind. The market-oriented branding strategies should be developed with appropriate brand-mix. It becomes more challenging for companies while introducing the brands into the chaotic markets.

Brand-scope strategy deals with the coverage of the market. A business unit may serve an entire brand or concentrate on one or more of its parts. Three major alternatives in brand-scope strategy are single-brand strategy, multi-brand strategy, and total-brand strategy. A variety of reasons may lead a company to concentrate its efforts on a single segment of a market. Companies must seek new sources of brand advantage and position their brands aggressively in the competitive marketplace. Building brands in a near-monopolistic situation has been easier for the companies and capitalize on the attributes of brands. Co-branding is being increasingly used by

[26] Ramaswamy, V. (2009), Are you ready for the co-creation movement, *IESE-Insight Magazine*, 2, 29–35.

both large and small companies to raise consumer awareness and generate sales. The emergence of virtual shopping and the liberalization of economic policies in the developing countries have increased the market competition.

Brand equity consists of the strength of a brand, against competing brands. The brand equity is largely reflected in market share, price, perceived quality, distribution efficiency, consumer loyalty, and promotion strategy. Brand leveraging may be defined as an exercise using an existing brand name to enter a new product category. Amidst the growing market competition, companies face major threat to their brands from the dynamic brand-mix, in which competing companies change the brand promotion strategies according to the demand and the retailer behavior. Co-branding strategies also create competitive threats to the brands due to remarkable increase in the mergers and acquisition of brands among the multinational companies since the end of the twentieth century.

CHAPTER 5

# Brand Portfolio Management

In the global competitive marketplace today, companies are following the multi-brand strategy by product categories and geo-demographic segments. Consequently, the product-mix of companies, spread across the product categories and product lines, are stuffed with a variety of brands with marginal differentiation. Such business situations exhibit chaos of brands within the product line triggering cannibalization of brands within the product line of the same company. Hence, some companies, which realize the need for systematic growth of brands in the marketplace, attempt to develop brand portfolios by developing the brands specific to geo-demographic and retail market segment. Companies allow required space for brands to grow with adequate customer knowledge and brand literacy. Most companies see too many brands with low priorities and little leverage to sustain in the competitive marketplace, which makes it difficult for the companies to create strong brands and develop effective marketing strategies. Categorically differentiated product lines in a company significantly contribute to brand proliferation with an effective portfolio strategy. Developing a brand portfolio strategy involves the decision to add or eliminate brands and categorize brands by products, markets, and use value. Besides differentiating brands across the consumer use value and preferences, the brand portfolios determine how to leverage the strategic brands in the competitive marketplace, and also help companies in assigning roles and establishing priorities.[1]

[1] Aaker, D. (2008), *Prioritize Brands in the Portfolio: Developing a Brand Portfolio Strategy in a Silo Environment*, Harvard Business Press, Cambridge, MA.



Rajagopal, *Competitive Branding Strategies*,
https://doi.org/10.1007/978-3-030-24933-5_5

Brand portfolio includes all the brands and sub-brands attached to product-market offerings. It is important to look at the relationships between all the sub-brands and their strategic importance in overall brand building. Brand portfolio management directly affects corporate profitability. Effective brand portfolio management starts by creating a fact sheet about equity in each brand, and the brand's economic contribution. It is necessary for a firm to periodically review its brand portfolio and optimize the portfolio by pruning the non-performing brands. The performance of a brand largely reflects its contribution in revenue generation. Many firms consider this measure as returns on brand investment. It is possible for a firm to remove a brand from the portfolio without losing disproportionate franchise share or profitability, for example, General Motors decided to shut down Oldsmobile, Ford is considering rebranding Mercury, and Daimler Chrysler has associated with Fiat Automobiles, Italy, to reorganize the company and revive their corporate brand image. Such moves do carry a risk, as evidenced from the decision of Miller, which removed the Miller High Life beer brand from the premium category and put it in the below-premium category in early 1990. However, after an initial bump in volume, Miller has continued to lose market share.

In order to optimize a portfolio of brands, companies should review the brands within a category, analyze the contribution of each brand with respect to its profit share (contribution) to the company, and evaluate the brands according to current market performance (traction) and future prospects (momentum). Accordingly, companies can classify their brands along those three dimensions: contribution, traction, and momentum of the brands. Such brand portfolio dynamics allow the company to explore new challenges and opportunities to perform in the market. Building the right brand portfolio enables companies in repositioning brands categorically. The brand portfolio not only gives market power to a brand, but also provides opportunity to the company to deploy the brand judiciously. Brands within the carefully constituted portfolio can be launched with more values to the consumers against the competing brands in the marketplace. Most brands added within a portfolio contribute to the company's profit subtly without the need for much management intervention and strategic approaches. However, it is necessary to monitor the performance of brands within the brand portfolio to prevent market disruption by non-responsive brands. A portfolio of brands should be carefully constituted by the company which should address a particular consumer and market segment such as the dental care brand portfolio of Colgate-

Palmolive, to develop consumer loyalty and brand trust.[2] GlaxoSmithKline (GSK) India has been putting continuous efforts on the increase of sales of the health food drink 'Boost' without any significant change in contribution profit margins of the brand. Hence, GSK perceived that repositioning the brand could increase the size of the target market but could jeopardize the brand's sharply defined market positioning. GSK has reinforced the brand for children through their campaign of meeting sportsmen (cricket) and inviting children to participate in 'Bootscamp', a digital platform for their sports campaign. The company has been working on the expansion of the distribution network, where the competition is strong and deeply entrenched with an expectation to successfully rebuild the brand. Executing effective brand strategies requires entirely different skills and the deployment of diverse resources.[3]

A company must assess the strength and weaknesses of the existing brands in the market before taking the branding decision for their product. A manufacturing company may have several options on brand sponsorship. A product can be launched in the market as the brand of manufacturer. Brand category may be chosen from the brand sponsorship in terms of national brand, private brand, or licensed brand. After choosing an appropriate category of brand, an appropriate brand name may be selected. Brand names may reflect an individual, a blanket family name for all products, separate family names for all products, or company trademark. The brand name should be easy to pronounce, short, and convey proper meaning in the language of the country/region. The brand name should suggest some use value or attribute of the product, and be distinct from the existing market brands. The brand extension in the same company can be explained as *product line*. It has been observed that the majority of new product activities consist of line extension. The company may have four basic options in brand strategy: *line extension* in which the existing brand can be extended to new attributes in the existing product category; *brand extension* which enables the company to introduce new brand names to new product categories; *multi-brands* may be used if new brand names are provided to the same category of products; and *new brands* where new brand names are used for the new product categories.

[2] Hill, S., Ettenson, R., and Tyson, D. (2005), Achieving the Ideal Brand Portfolio, *MIT Sloan Management Review*, 46(2), 85–90.

[3] Mukherjee, J. and Padmanabhan, S. (2015), *Boosting Boost: Charting Growth Opportunities*, Harvard Business School Press, Cambridge, MA.

## Brand Portfolio and Loyalty Management

Branding is complex, as it is a cooperative phenomenon than a competitive challenge. Multiple brands are embedded in one brand to build a mutually advantageous marketplace for the companies. For example, Dell stamps Microsoft and Intel logos on its computers. Such interweaving of brands of different companies is considered common marketplace. However, companies need to manage the portfolio mapping to keep pace with the changes in the marketplace. Most brand maps include only the brands owned by a company and arranged along organizational lines.[4]

Brand portfolio management helps to reorganize the brands that could potentially drive future profits. However, some brand portfolios may show negative growth due to decline in their market share, clear differentiation, and lack of top-of-the-mind image. It is strategically important to find a way to participate in a healthy value market to remain economically viable. There are many dimensions to manage effectively the brand portfolio of a firm. Of these, the brand portfolio, product-defining roles, portfolio roles, brand scope, portfolio structure, and portfolio graphics are some major dimensions, which a firm needs to consider for administering the brands in competitive markets. However, firms need to redesign strategies to fit their brands in the changing market environment. Brands should be reinforced periodically as the consumer behavior changes over time.[5]

A company may decide to use an existing brand name to launch a product in a new category. Honda uses its brand name for two wheelers, four wheelers, and stroke engines. Likewise, Hyatt practices the brand extension strategy by using its brand name in every hotel variation such as Hyatt's Resorts, Hyatt's Suits, Park Hyatt, and so on. This strategy makes the customers understand the reputation of the company and the quality of services. The brand extension is more beneficial if it serves to increase the sales of the existing as well as the new products of the company. Sometimes the companies feel that multi-brands help in establishing different features to generate appeal to different buying motives. For example, the multi-brand strategy of Procter & Gamble, which has introduced as many as nine different brands of detergents. The multi-brands may always gain small market share as compared to the solo brands,

[4] Lederer, C, and Hill, S. (2001), See Your Brands Through Your Customers' Eyes, *Harvard Business Review*, 79(6), 125–133.

[5] Aaker David A (2004), Brand Portfolio Strategy, New York, Free Press, 12–16.

and in particular these brands may not be able to generate sustainable sales revenue. In the market, a strong brand is considered to have high brand equity. Brand equity is higher if the brand loyalty, awareness, perceived quality, and strong channel relationships are higher. High brand equity provides many competitive advantages to the company. The brand equity may be understood as the highest value paid for the brand name during buy-outs and mergers. This concept may be defined as the incremental value of a business above the value of its physical assets, due to the market positioning achieved by its brand and the extension potential of the brand.[6]

In France, Cogesal Miko, a subsidiary of Unilever, expanded its range of bulk ice cream Carte d'Or in 2008 by adding four, new, mixed-fruit flavors, including pieces of biscuit, with recipes endorsed by the well-known food catering company Lenôtre. Fruit-flavored dairy-based ice cream is also growing in popularity in Germany. Movenpick's Creme Ricotta, introduced in 2008, is a combination of conventional peach flavor with cream cheese. In the Netherlands, a new orange fresh flavor of the brand Solero was launched the same year, aimed at people willing to eat more fruit, as the formula contains 50 percent fruit and less fat. The former variant Solero Exotic was also improved with more emphasis on fruit and health, as the ice cream was enriched with 35 percent fruit and contains only 4 percent fat. According to a recent survey conducted by the Italian Ice Cream Trade Association (AIG), relatively unusual flavors such as pink pepper, chili, and nutmeg are increasing in popularity, with nuts and chocolate also being confirmed among the most in-demand. However, market sensations help to create a feeling of 'mystery' in the product, which adds to the pleasure of its consumption. Cornetto Love Passion introduced in the Spanish market by Frigo in mid-2004 is a clear example of this. This line offers versions such as hazelnut-stracciatella and tiramisú-cinnamon, combining nut and herbal flavors with traditional Italian ingredients used in the ice cream. Combinations of familiar and unfamiliar flavors are a growing trend in Germany as well. Cogesal Miko (Unilever France) has developed the dairy products brand portfolio to specialize production at Saint Dizier for the French market. Previously scattered competitive brands of the company like Cornetto, which had customized ice cream cups and bakery products, have been brought into a single brand portfolio to support marketing in the fastest growing seg-

[6] Tauber, Edward M: Brand Leverage: Strategy for Growth in a Cost-control World, Journal of Advertising Research, August–September, 1998.

ments in France. Changing consumer preferences, overcapacity, high production costs, and increasing competition from private labels (Dobs) have all contributed to a weakening competitive position for Cogesal Miko. Therefore, by creating a new brand portfolio, Unilever Miko has strengthened its market in France by homogenizing the advertising and marketing costs for its brands.[7]

The latest simplicity concepts have resulted from intensive consumer research, and blending of traditional design skills with psychology, anthropology, and ethnography. The research showed that an aging population, which caused a rise in health-care costs, will shift the focus of clinical health care from curing to prevention, with individuals taking increasing responsibility for their own health. Philips has reinforced its brand focus on consumer value by demonstrating the high technology aimed at gaining consumer satisfaction. Philips brands now show human values toward anthropography designs and use values. The brand demonstrations include: 'Listen to your body' that displayed a series of health monitoring devices, 'Care for your body' that used sensory therapies such as light to rejuvenate and energize, 'Move your body' that looked at interactive ways to stimulate play for kids and an exercise system to keep in shape for adults, 'Relax your mind' that used light and music to change the atmosphere of a room and your moods, and 'Share experiences' that explored innovative and interactive ways to share photos and communicate with family and friends. Philips' Look Good uses light as an integrated skin-care tool. The concept uses a base, bowl, skin analyzer, and cleansing stick to diagnose and improve skin tone and condition. Shining the analyzer stick on the skin assesses the treatment, shining a blue light with the cleansing stick heals breakouts, and simply looking into the bowl, which glows red, rejuvenates and soothes skin. Further, Drag & Draw turns the entire home into a virtual canvas for children. The digital light painting kit enables the user to paint via laser beams. Simply wave the wand over the laser projection bucket, and then use it to draw on any wall or surface. Draw a bus on a road, for instance, and then with another flick of the wand that image is suddenly surrounded by a colorful backdrop. Getting feedback is considered as a major goal of the event and is used by the company to make improvements and move the concepts toward actual products in future, refining the brand perceptions among consumers in world markets.[8]

[7] Unilever France annual reports and news, 2009.
[8] Capell, K. (2006), Philips goes fabulous, *Business Week*, October 6.

Brand portfolios, if managed effectively by the companies, inculcate loyalty among consumers and create brand leverage against competing brands in the market. Brand loyalty has been the core focus of companies since the mid-twentieth century, and companies encourage effective relationship-marketing strategies. Brand loyalty is viewed as the efforts of the company toward retaining customers, which helped companies to understand designing programs to develop customer lifetime value. In a radical observation, it has been found that brand loyalties are substituted by the product loyalties in the marketplace today due to many low-cost and short life cycle brands that have triggered the declining brand-loyalty syndrome. Others feel that the concept of loyalty itself is not outdated, but new theoretical and methodological perspectives are required that can revitalize what has become a theoretically uninspired, overly simplistic, and conceptually limiting idea.[9]

It would be difficult to measure the brand equity of various brands in the market as the parameters are very subjective and the whole exercise may turn out to be arbitrary.[10] Companies can develop branding, consumer-brand relationships, brand equity strategies, and the societal institution of branding in a significant way by co-creating brands and designing community brands like *Pureit* water filter of Unilever, which was positioned as a community asset. Brand equity may be understood as the value that accrues to firms as a result of brand ownership. This value results from the positive associations brands with targeted consumers and industrial buyers. The fundamental thesis of brand equity strategy is to achieve competitive advantage and to stay as brand leader in the competitive marketplace. Accordingly, firms acquire, develop, nurture, and leverage an effectiveness-enhancing portfolio of 'high equity' brands.[11]

The brand equity has four major variables, namely awareness, acceptability, preference, and brand loyalty; integration of all these variables offers high brand equity for the company. The brand equity further leads to brand personality of the company. The company may decide the brand-personality strategy after analyzing the strength and weakness of the existing brands in the market. Research on assessing the brand personality may

[9] Forunier, S. (1998), *Case for Brand Loyalty*, Harvard Business School Press, Cambridge, MA.

[10] Aaker, D. A. (1991), *Managing Brand Equity*, The Free Press, New York, 20–46.

[11] Hunt, S- D. (2019). The ethics of branding, customer-brand relationships, brand-equity strategy, and branding as a societal institution, *Journal of Business Research*, 95 (3), 408–416.

be conducted by using brand rating method to get quantitative measures. The methods of photo sorting (trademark), phrase writing, and simulation games may be used to assess the brand personality. The sample consumers for this purpose should be self-directed, principled, externally directed, status-oriented, and action-oriented consumers; and non-driven consumers. The effective strategy for implementing the brand-personality measures is aggressive advertising using consumer reviews and comparative product advantages. However, consistency in the message should be properly taken care of.

There is a clear analogy between managing a brand portfolio explained by Rajagopal[12] and of a soccer game explained by Davidson[13] to explain the management strategies for competing brands. It may be assumed that the football field is a market and the firm has to determine the areas of dominance, whether to take defensive, aggressive, or flanking positions. The players, represented by brands, must cover these priority areas wherein each player (brand) has a specific role within the field (market). While playing the game, it is expected that the brand manager will avoid chaotic players (mass brands) who duplicate their task, while some players are ranked as stars (super brands), and others follow an ambler role (auxiliary brands). Accordingly firms may try to compete and outperform the raging brand in the marketplace using defensive, aggressive, or flanking strategies. However, unlike soccer teams, brands are not restricted by any fixed boundaries and may enter the market at will with any number of products or brands.

Organizations that seek to win the market by managing the strength of brands in a suitable way should build their energy on two platforms. On one hand, they need to endeavor to model the competitive game in view of the various entities such as organizational players, arenas, information builders and scorers. On the other hand, they should get acquainted with the rules of the marketplace about how the customers, channels, factors, and institutions are attracted, won, and retained in the business. It is highly essential for firm to reshape their competitive game structure by seeking each element of the competition, that is the game, for their own advantage. Such elements include the structure of the game combatants, the arenas, the nature of the stakes they hold, and the entire composition of the business domain. Firms may optimize their brands and manage

[12] Rajagopal (2004), Marketing-Strategy, Implementation and Control, Rawat Publications, New Delhi, 283–284.

[13] Davidson, H. (2002) Strategic portfolio management: A presentation for Accenture, Windsor, 1st February, Chartered Institute of Marketing, p. 12.

brand portfolio with the brands that show incremental strength in the marketplace.[14] Strategies such as alliances, and mergers and acquisitions are the direct means of reducing the competition or deposing the existing rivals from the market. Procter & Gamble, the global giant in the fast moving consumer goods (FMCG) segment, manages its brand portfolio through a series of acquisitions and limits number of players in the consumer goods segment. Such strategy upholds brand strength of the company. Development of networks, linking suppliers, manufacturers, and consumers is another popular strategy to strengthen selective brands and discourage competition in a particular segment of goods and services. Besides, quick implementation of R&D, new products development, and brand extensions indirectly break the existing competition in the market and allow the new company to re-deploy its marketing strategies.

Interaction among the brands and portfolios reflects an internal, managerial perspective. The identification of strategic brands is a huge step toward ensuring that brand-building resources are allocated to the strategically most important business arenas. A brand that is a strategic brand in one market may not be the same in another market. The brand portfolio roles in part serve the function of creating more optimal allocation of brand-building and brand-management resources. The portfolio roles include a strategic brand, a branded energizer, a silver bullet brand, a flanker brand, and a cash cow brand.

## Brand Portfolio Management Drivers

### *Brand Timing*

This refers to creation of a marketing opportunity. Shifts in opportunities may result from a number of factors such as technology, consumer changes, and so on. International brands look to implement central developments very quickly. Because of the acceleration of the product development cycle, marketers must maintain competitive advantage for their brands with a rapid roll-out of new developments. The importance of strategic innovation is highlighted. Examples of this strategy are McDonald's vegetable burger, Adidas' *Feet You Wear* communications, and Levi's Dockers. The use of global communications media facilitates rapid roll-out of initiatives across countries.

[14] Rajagopal (2004), Marketing-Strategy, Implementation and Control, Rawat Publications, New Delhi, 283–284.

### *Positioning*

Consistency of positioning appears to be an essential criterion for success in this area. Some of the highly successful brands can translate and adapt a central guiding theme such as *Just Do It* or *Always Coca-Cola*. The central theme allows the brand values to be maintained and updated or refreshed regularly. In this way, brand positions are periodically adjusted and their values are reinforced among consumers. Nevertheless, most consumer-centric companies prefer to position brands in accordance with the attributes of local markets. However, brands are positioned in local markets within the framework central to the corporate objectives. A brand such as Levi's or Nike can set the tone for the category. A challenger brand will need to either accept this vocabulary or compete in a new field. An example of the latter is Diesel, a brand that is defining itself rather than mimicking the brand leader. However, even leader brands must be refreshed and updated. Both Nike and Adidas reinforced their brands in the early twenty-first century. In both cases, they were revived by return on brand investment. The Chinese luxury car market is expected to grow by 50 percent over the decade of 2030 and foreign brands, mostly from Western countries, continue to dominate this market. Despite massive investments in research and design, Chinese car makers have not yet succeeded in establishing a competitive Chinese luxury car brand. The major challenge with the Chinese automobile industry is to position their brands appropriately and establish their brand value across the existing international brands within the same portfolio. Success of foreign automobile brands in China is partly due to the good image of their country-of-origin (COO). COO image has been defined as the overall perception of consumers.[15]

### *Localization*

In the past, brands were often global through a central strategy, or they were decentralized. The former was more efficient but insensitive to local conditions, the latter was far more sensitive but less able to take advantage of economies of scale. In the 1990s, a greater degree of localization was observed, whereby a brand conforms to a central strategy that can be adapted locally. This tends to be more efficient and responds to local mar-

[15] Bartikowski, B. and Cleveland, M. (2017). "Seeing is being": Consumer culture and the positioning of luxury cars in China, *Journal of Business Research*, 77 (8), 195–202.

ket opportunities and needs. Brand consumption tends to be local. This strategy is particularly evident for Coca-Cola, MTV, and McDonald's. In these cases, the principal offer remains the same but is more tailored to local tastes. McDonald's, for example, may offer different menu items; Coca-Cola's advertising is more appropriate to the local market, or it offers different ranges of soft drinks according to the country. For example, Coca-Cola recently launched Smart, the first carbonated soft drink from an international company, specifically designed for the Chinese market. MTV offers local or regional programming that appeals more to the viewers. Sports brands such as Nike and Adidas are in a strong position to market locally. This is most visible through the sponsorship of local athletes and events. *Street-ball* events initiated by Adidas are very much targeted and developed at a local level. Such behavior can be enhanced through its adoption in regional or global communications, thus magnifying a local initiative.

Cadbury India Limited, a subsidiary of Mondelēz International Inc., has changed its name to Mondelez India Foods Limited. The company is focused on creating delicious moments of joy that are encapsulated in its name—'monde' for world and 'delez' for delicious. Cadbury India has launched a premium range of chocolates, Temptations and Roasted Almond, in the Indian market. As part of the product strategy of the company to launch one major brand every year, the new product range aims to offer the consumer an 'exotic and international chocolate experience'. Temptations are being retailed through Cadbury's existing distribution network, reaching out to 250,000 retailers, with emphasis on larger retail stores. Cadbury already claims a 70 percent share of the Indian chocolates market in value terms, pegged at around 22,000 tons per annum in volume terms, of which 5 percent is the premium segment. Why launch in the midst of an FMCG slowdown? The management of the company feels that one way to beat the slowdown is to keep track of the evolving consumer needs and bring out a product to meet them. What market research showed was a definite need for a premium chocolate among adults. The research apparently revealed that the consumer seeks variety from indulgence products and has been buying imported chocolates (such as Ferrero Rocher, Lindt, and Hershey). In the larger metro markets in India, it has been noticed that while current premium range (Fruit & Nut and Roast Almond) was doing well, the presence in this top-end segment had been reduced in favor of imported chocolates, which offered greater variety to the consumer. Research further revealed two sets of chocolate-consumers in India: those who are exposed to international chocolates and are active consumers of the same; and those who would love to have the 'Differentiated Chocolate Taste' but find international chocolate prices prohibitive. European chocolates tend to melt at 18° C, Temptations claims to have been specially formulated to stay solid in tropical temperatures up to 26° C. The advertising revolves around the brand proposition, 'Too Good to Share'. Cadbury has also established self-vending kiosks at premium restaurants in metros.

### *Communications and Distribution Channel Diversity*

The brands analyzed in international markets tend to use a wide spectrum of communications channels. Besides above-the-line advertising, this may include event marketing, on-line presence, database marketing, institutional marketing, and so on. This varied media-mix is a result of the greater media fragmentation. Furthermore, it also enables brand values to be communicated to a more diverse audience with appropriate messages. A halo effect will be integrated with specific, narrow initiatives. The best practices in the area of communication may be described as below:

- Understanding target audience
- Consumer segmentation
- Communication programs direct to consumer
- Developing retail presence
- Exploring new opportunities
- Consistency of positioning,
- Utilizing local expression,
- Holistic use of communications channels

There are also indications of brands looking to develop additional distribution channels. Diesel, Nike, and Levi's have a retail presence. This not only acts as a distribution channel, but also as a way in which brand values can be enhanced. McDonald's has looked to develop specific types of stores such as drive-throughs and on ferries or in hospitals.

It is believed that the brand portfolio strategies help in searching for the efficient frontier for the brand set—the boundary where brand managers can maximize their returns for any level of portfolio risk. However, the scope of brand portfolio does not restrict membership to the brands owned by the company. The brand portfolio, on the contrary, includes every brand that plays a role in the consumers' decision to buy. Brand portfolios connect the nature and identity of individual brands with the market categories they serve. These issues provide a company the basis for building effective customer response, profitable growth involving market categories, and in some cases, business innovation. Making a brand more valuable is a key business objective. However, this objective must be driven by more than marketing integration and commitment to the promise of brand experience. The competitive environment of the given company is characterized not only by interactions among different companies within a given industry, but also by interactions among different brands produced by a single company. It is necessary to review the firm's advertising decisions under conditions of random and customer segment specific sales response to advertising within the context of multi-brand competition in order to diagnose the impact of advertising on the brand and customer portfolios thereof. Hence, the brand portfolio of a company is developed over the competing effective marketing communication as it influences the growth of sales and consumer decisions in favor of brands that are advertised close to the congruent media.

### *Shortening of Life Cycle of Products and Brands*

There is considerable evidence of shortening of the life cycle of products and brands. To some extent, this is a factor of intense competition in the marketplace, which means new products have to prove themselves very quickly or be deleted. We are already seeing the launch of products that are promoted as limited editions and are designed for a short shelf life. This is particularly important in the impulse market where new product development and associated promotional activity are crucial in driving visibility at the point-of-sale. Products of short life cycle also require quick payback. Successful brands of this sort make profits and then disappear or are quickly updated and reinvented.

### *Hyper-Segmentation*

As we move from mass marketing to mass customization, we move through hyper-segmentation. This refers to many brand variants, each targeted at small, distinct groups of consumers. The brand remains constant, representing an endorsement of the product through its associated values. This goes beyond straight demographics. Which variant of the product is right for your lifestyle, occasion, or mood at the time? Brand extension will enable the brand equity to be leveraged within the product category. Brand provides the frame of reference for the consumer. However, it should not be at the expense of true innovation and cross-category opportunism. Developing the genuinely innovative products and services, where the innovation can be sustained, has become increasingly important. Procter & Gamble's (P&G) *Febreze Auto* is the second car-care product which carries the *Motor Trend* seal of approval, an endorsement from the world's number one automotive product-quality administration authority. This product has appeared as a brand extension of the successful previous product of the company: Mr. Clean Auto Dry car cleaning system. *Febreze Auto* is specially designed for use on the fabric surfaces of car interiors. Its unique formula contains low levels of scent, making it perfect to use on fabric surfaces in your trunk or on infant seats, car seats, and floor mats. The new brand extension in the car-care product category of P&G appears to have come mainly from cost-savings, and high customer value brand portfolios of the company. However, efforts of the company on revamping its distribution chain, making it more cost-effective, and streamlining the distribution channels to focus on the promising markets alone would hold high anticipation of success of the product. A successful brand can be used as a platform to launch related products. The benefits of brand extensions are the leveraging of existing brand awareness thus reducing advertising expenditures, and a lower risk from the perspective of the consumer.

### *Alternative Distribution and Communications Channels*

Several products and brands are being developed, which choose to avoid traditional retail and promotional channels in favor of a new approach. This is due to the increasing difficulty of selling through traditional channels in the mass market where competition is intense, and in some markets where retailers push certain low-profile brands to gain high profit. At the same time, marketers are looking for greater efficiency and accountability in their communications. So, they are moving toward communications channels where effectiveness can be more accurately demonstrated. Hence, the new generation of brands does not rely on channels of mass distribution or heavy weight advertising campaigns. More recently, Christian Dior promoted a perfume called Dune, with a website which allows it to capture consumer data. There are several brands, for example Durex, where the

Web represents the lead communication channel as a part of the global strategy of the company. Consumers' acceptance of home shopping offers many manufacturers the potential to provide direct service avoiding retail outlets altogether. This is witnessed by the pioneering brands First Direct and Direct Line Insurance. These two brands have provided a model for future customer relationships in the financial services sector. The Internet is a global communications and distribution medium and has the potential to have a substantial impact not just on communications, but also on the distribution of many goods and services.

## Brand Categories

Categories of brands play significant roles in the process of brand architecture for a company by:

- Creating coherence and effectiveness
- Allowing brands to stretch across the products and markets
- Stimulating the purchase decisions by brand drivers
- Targeting market niches and benefit positioning

Sub-brands and endorsed brands can play a key role in creating a coherent and effective brand architecture. The sub-brands and endorsed brands are stretched across products and markets, address conflicting brand strategy needs, conserve brand-building resources in part by leveraging existing brand equity, protect brands from being diluted by over-stretching, and signal that an offering is new and different.

The 'house of brand' approach uses a single master brand to span a set of offerings that operate with only descriptive sub-brands. The house-of brands strategy, in contrast, involves an independent set of stand-alone brands, each maximizing the impact on a market. The house-of-brands strategy, however, clearly positions brands on functional benefits and to dominate niche segments. Targeting niche markets with functional benefit positions is the main reason for using a house-of-brands strategy.

### *The Differentiated Brand*

Different brands need to use different forms of differentiation for different consumers. There is also a trade-off between short-term competitive advantage and long-term differentiation. Service aspects are the key to securing brand differentiation in the future. The commodity nature of the petrol retailing market, for example, clearly needs an initiative that makes one brand stand apart from the rest. This could be checking the oil or washing the car windows or employing a customer representative to help drivers with directions and avoiding road works, and other traffic problems that day. Branding is about providing a means of differentiation. This becomes increasingly vital as the market and, in particular, the competitive situation evolves. Sustained differentiation enables a strong defense against me-too products. Information about pricing is more easily available, even automated through intelligent agents. A low-price policy contradicts brand building. Companies that opt for a low-price strategy finds that short-term volume gains at the expense of longer-term profitability. Negative marketing will have an adverse impact on the brand. A company must continually review its pricing, evaluate the price, and its value equation with consumers. If a brand is charging a price premium over its own label, the 'value' of this must be justified. Sudden and deep changes are less advisable than continuous evaluation and adjustment.

### *The Consumer-Focused Brand*

Marketing has always been about focusing on consumers. However, while marketing could previously use only mass-marketing techniques to reach large groups of consumers, the current and evolving market scenario requires reaching individual consumers. Their different needs and aspirations must be recognized. This enables it to rise above those brands that do not have a genuine consumer orientation. The consumer has become marketing-literate. The role of mass media advertising is changing, but it still exists alongside evolving communications channels. Under this scenario, consumers respond to a company which is genuinely interested in them and will take part in a dialogue. A company and brand's response to the consumer must be instant and appropriate. Companies need to develop systems that enable them to learn about individual consumers and communications tools that allow them to communicate on an individual basis. A retailer should understand a consumer's shopping habits and then tailor its offer. A manufacturer may wish to open a direct consumer dialogue rather than relying on the retailer as the consumer point of contact.

### *Flanker Brands*

A flanker brand may be defined as a brand which attacks the weakest portfolio of the competitor. If a brand is attacked by a competitor with a higher value-offer or unique position as, any response can risk its image and brand equity. Under such circumstances a flanker or fighting brand is launched to fight the competitor and insulate the original brand from the competition. Pepsi and Coke have earned the status of rival brands in the arena of carbonated drinks. Pepsi launched a clear cola, Coke did not want to risk its namesake franchise to compete, and yet it could not leave Pepsi to distort the cola marketplace. A flanker brand is often used when a competitor comes in with a low-price position, intending to undercut a price premium. On the contrary to the frontal attacks, where a company goes to attack the strongest zone, the *flanking attack* goes for areas of weakness. This may be to find geographical areas where the competitor is not performing as well as elsewhere, or to identify segments of the market which have not been spotted by the competitor. If the product has been specifically designed for the segment, the defender may take some time to respond. A good flanking move must be made into an uncontested area, and the tactical surprise ought to be considered as an important element of the plan. The disadvantage with a flanking attack can draw resources away from center of defense ring, making the brand vulnerable to a head-on attack. In business terms, a flanking attack involves competing in a market segment that the target competitor does not consider mission critical.

The target competitors usually do not show their concern about activities of other firms if they occur in market niches. It usually involves subtle advertising campaigns and other discrete promotional measures, like personal selling and public relations. It often entails customizing a product for that particular niche. Rather than finding uncontested market niches, the attacker could also look for uncontested geographical areas. The strategy is suitable when:

- the market is segmented;
- there are some segments that are not well served by the existing competitors;
- the target competitor has relatively strong resources and is well able to withstand a head-on attack;
- the attacker has moderately strong resources, enough to successfully defend several niches.

The flanking brands may be described in reference to the strategy of the retail supermarket which establishes its new store in an area where its rivals are the weakest. Another is First Direct which established a telephone retail banking operation, which not only avoided the need for branch offices but also enabled the company to accept only the business it wanted, thus cherry-picking the more profitable ones. Product flanking is a competitive marketing strategy in which a company produces its brands in a variety of sizes and styles to gain shelf space and inhibit competitors. The defender companies may need to add extensions to an existing product line by introducing new products in the same product category in order to give customers greater choice and help to protect the company from a flanking attack by a competitor.

### *More Local Marketing*

As consumers require greater recognition of their diverse identities from brands spread across local, regional, national, and global marketplace the brand identity is often affected. Cultural influences on brand affect consumerism in the local markets. Consumer ethnocentrism derives from people's love for their local markets and serving their economic interests with high perceived value. The flow of word-of-mouth information among consumers has long been recognized as a form of individual behavior emerging from the local markets. These markets contribute to the aggregate operation of markets and retain local brands.[16] Examples of such companies include Coca-Cola, MTV, and McDonald's, all well known for their global presence. While MTV has launched more localized versions of its channel, other satellite broadcasters have taken advantage of technology to offer country-specific windows for their advertisers. This situation became accentuated even more with the introduction of digital television technology. Even the World Wide Web is seeing a more localized approach by companies. Many of the Web search engines, for example, have launched local versions. This is intended to benefit both users and attract advertisers.

The computer industry is one of the most competitive industries in the world, having always been dominated by the giants such as IBM. So, how has a Taiwanese company become the third largest manufacturer of

[16] Cheah, I. and Shimul, A. S. (2018). Consumer ethnocentrism, market mavenism and social network analysis, *Australasian Marketing Journal* (*AMJ*), 26 (3), 281–288.

personal computers in the world, creating a respected, and sometimes feared, brand? How has the company managed to break away from the 'Made in Taiwan' image, which, like many countries in Asia, has been associated with sub-standard products? The answer is, the careful construction of a strong brand and positioning at the higher end of the market. For example, when entering the Japanese market, products may be priced the same as local brands to avoid the price-quality differentiation in the market. Acer Computer has always spent huge sums of money on research and development, and in this respect, tends to follow the Japanese technology companies. The company believes in 'innovative value' by using innovation to create value in the design and production of cutting-edge products, and leading the industry. The company has positioned personal computers as an aesthetically pleasing home appliance, and this philosophy is summed up in the new corporate mission statement *Fresh Technology Enjoyed by Everyone, Everywhere*. Acer Computer has a long history of innovation, and it continues to add to this brand strength at every opportunity. Acer Computer's aim is to become more consumer-oriented, as it believes that PCs will become consumer-electronic products with a wider range of uses and applications in the areas of communications, entertainment, and education. Acer Computer, therefore, must become an expert in consumer electronics as well as personal computing. This management situation is referred to as shift from being 'technology-centric' to 'consumer-centric'. The computer industry has always been 'technology-centric', emphasizing products more than people. Acer Computer is, thus, repositioning itself to become a customer-centric intellectual-property and service company, as signified by its new slogan *Acer, Bringing People and Technology Together*. Acer adds value by enhancing consumer perceptions of the benefit or value of a product, based on know-how, packaging, design, accessibility, comfort, user-friendliness, and niche solutions—the tangible qualities of its products. This is how Acer Computer is building on its already strong international brand, into a global brand.[17]

Branding is currently at a crucial phase. The core principles of branding remain the same but the actual execution of brand strategy revolves around the changing consumer preferences and marketplace destinations. Accordingly brands need to be periodically re-evaluated in reference to consumer and market related factors. This may involve re-evaluating the

[17] Rajagopal: *Marketing: Strategy, Implementation and Control*, Rawat, New Delhi, 2004.

brand across all its different aspects. A brand needs to be benchmarked against the needs of the consumer within the framework of the marketplace. Brands continue to add value, expanding the offer well beyond products and services. They need to be managed more closely than before. Brand equity, its limitations and opportunities, have to be fully understood. The value propositions become all the more important at a time of immense retail own label pressure. Most of all, brands are focused on consumer needs and desires. Consistent quality, perceived value, and closeness to the consumer are the key attributes for the successful brand.

## Brand Grouping and Portfolio Strategy

Rational configuration of brands having a meaningful characteristic in common in a firm may be understood as the process of brand grouping. Some men's perfumeries like Polo Ralph Lauren, for example, have a brand portfolio structure which has been put in a congruence and driven by grouped brands in reference to the attributes of customer segment, design, quality, and product. The groups provide logic to the brand portfolio and help guide its growth over time. In the leisure industry, Holiday Inn hotels are structured according to customer segments which include Holiday Inn Express for low-budget business travelers and Holiday Inn for the leisure tourists. Thus, portfolio brands are grouped along the basic consumer-market segmentations. A group of brands under the same umbrella of development are also considered as a brand family.

Grouping similar brands influences buying behavior and enhances image of the constituent brands. The categories of brands play significant role in the process of brand architecture for a firm in the following ways:

- Creating coherence and effectiveness
- Allowing brands to stretch across the products and markets
- To stimulate the purchase decisions by brand drivers
- Targeting market niches and benefit positioning

Some other examples may be cited in support of the brand grouping from the automobile companies. Chrysler and Dodge brands are characterized as mass market and North American. Attempts to expand the Chrysler brand in Europe have met with limited success. Similarly, plans to move the Chrysler brand up-market may not be easily achieved. For many years, the brands have been effectively interchangeable, with a good deal of products shared between the two. Any real hope of moving Chrysler upscale depends on giving the products clearly identifiable 'Chryslerness'. The cultural and ethnic values also influence the products and brands and establish their categorical preferences among the consumer segments. Companies may attempt to classify the users on the basis of brands, namely the affluent drive Rolls-Royce and the less affluent drive Ford. However, in a cross-cultural market environment, brand confusion affects buying behavior of consumers as products may not be valued on the predetermined parameters. So, the values communicated by products and brands must be consistent within the group and the culture. The brand portfolio is based on the homogeneous attributes of brands in a given category and their associated use value to customers in reference to the brand features, brand performance, and brand image of the firm and its products, which play a critical role in a company's brand portfolio. The strategies for developing an effective brand portfolio need following attributes in the contemporary marketplace:

- Product attributes
- Brand promise
- Brand differentiators
- Advertisements, communications, and promotions associated with brands
- Brand scope
- Brand performance

Value based portfolio model analyzes optimal portfolio choice and consumption with values management in the organization-supplier-customer triadic relationship. The value concept in the above relationship governs the customer portfolio decision in terms of formulation of recursive utility over time. It shows that the optimal portfolio demand for products under competition varies strongly with the values associated with the brand, industry attractiveness, knowledge management and ethical issues of the organization. The extent of business values determines the relative risk aversion in terms of functional and logistical efficiency between the organization and the supplier, while the switching attitude may influence the customers if the organizational values are not strong and sustainable in the given competitive environment. The model assumes that a high functional value integrated with the triadic entities raises the market power of the organization, sustains decisions of customer portfolios, and develops long-run relationships thereof. The customer value concept is utilized to assess product performance and eventually to determine the competitive market structure and the product-market boundaries. The model explains that the value-based customer portfolios enhance the customer value as the product efficiency is viewed from the customers' perspective—that is, as a ratio of outputs (e.g., resale value, reliability, safety, comfort) that customers obtain from a product relative to inputs (price, running costs) that customers have to deliver in exchange.[18] The derived efficiency value can be understood as the return on the customer's investment. Products offering a maximum customer value relative to all other alternatives in the market are characterized as efficient. Market partitioning is achieved endogenously by clustering products in one segment that are benchmarked by the same efficient peer(s). This ensures that only products with a similar output-input structure are partitioned into the same sub-market. As a result, a sub-market consists of highly substitutable products. The value brand portfolio model illustrates the customer portfolio management (CPM) within the triadic relationship of the organization-supplier and customer. The customer values are reflected in their competitive gains, perceived use values, volume of buying and level of quintessence with the customer relationship management services of the organization. If these variables do not measure significantly, there emerges the development of switching attitude among the customers. If the organizational values are low the supplier relationship may be risk averse due to weak dissemination of values from organization to the suppliers.

## Brand Portfolio Matrix

A good planning system must guide the development of strategic alternatives for the current businesses and new business possibilities of the company. It must also provide for management's review of these strategic alternatives and for the corresponding resource allocation decisions. The result is a set of approved business plans that represent the direction of the firm. The top management of a multi-business firm cannot generate these strategic alternatives. It must rely on the managers of its business ventures and on its corporate development personnel. However, top management can and should establish a conceptual framework within which these alternatives can be developed. One such framework is the portfolio matrix

[18] Rajagopal (2005). Impact of Advertising Variability on Building Customer Based Brand Personality under Competitive Environment: Empirical analysis in reference to Mexico, *Latin American Business Review*, 6 (3), 63–84.

associated with the Boston Consulting Group (BCG). Briefly, the brand portfolio matrix is used to establish the best mix of businesses to maximize the long-term earnings growth of the firm. The brand portfolio matrix represents a real advance in strategic planning in several ways:

- It encourages top management to evaluate the prospects of each of the company's, businesses individually and to set tailored objectives for each business based on the contribution it can realistically make to corporate goals.
- It stimulates the use of externally focused empirical data to supplement managerial judgment in evaluating the potential of a business.
- It explicitly raises the issue of cash flow balancing as management plans for expansion and growth.
- It gives managers a potent new tool for analyzing competitors and predicting competitive responses to strategic moves.
- It provides not only a financial context, but also a strategic context for evaluating acquisitions and divestitures.

Portfolio matrix approach has given the top management the tools to evaluate each business in context of its environment and its unique contribution to the goals of the company as a whole. It has enabled them to weigh the entire array of business opportunities available to the company against the financial resources required to support them. The portfolio matrix concept addresses the issue of the potential value of a business for the firm. This value has two variables: the potential for generating attractive earning levels now, and second, the potential for growth or, in other words, for significantly increased earnings levels in the future. The portfolio matrix concept holds that these two variables can be quantified. Current earnings potential is measured by comparing the market position of the business to that of its competitors. Empirical studies have shown that profitability is directly determined by relative market share.

**Performer Brands** Brands with potential of high growth in a short span are called performer brands. They generate large amounts of cash. The performer brands represent probably the best profit opportunity available to a company, and their competitive position must be maintained. If the share of a performer brand is allowed to slide because it has been used to provide large amounts of cash in the short run or cutbacks in investment and rising prices (creating an umbrella for competitors), the performer brand will ultimately become a trailing brand. The ultimate value of any brand or service is reflected in the stream of cash it generates net of its own reinvestment. For a performer brand, this stream of cash lies in the future growth to obtain the real value, which must be discounted at a rate equal to the return on alternative opportunities. It is the future payoff, not the present reported profit, of the performer brand. For General Electric (GE), the plastics business is a performer in which it keeps investing. As a matter of fact, the company has even acquired Thomson's plastics operations (a French company) to further strengthen its position in the business.

**Cash Cow Brands** Cash cow brands are characterized by low growth and high market share. They are net providers of cash. Their high earnings, coupled with their depreciation, represent high cash inflows, and they need very little in the way of reinvestment. Such brands generate large contributions by stimulating heavy cash flows that help to generate high corporate image, customer satisfaction, market demand, and protection against competing brands. Thus, cash cow brands are the foundations on which everything else depends in the business. Technically, a cash cow brand has return on assets which often pumps its growth rate. Only if this is true the cash cow generates more cash than it uses. For example, the tire business can be categorized as a cash cow brand for Goodyear Tire and Rubber Company. The tire industry is characterized by slow market growth; however, Goodyear has a major share of the market.

Strategic and flanker brands require investment and active management so that they can perform and sustain in the market against competing brand. In addition, these brands help in augmenting supplementary corporate resources to fit into current profit streams. Unlike strategic and flanker brands, a cash cow brand does not require a high investment but exhibits the strength of leading in the market. Some brands like Colgate Total toothpaste or Campbell's Red label soups fall in this category, which never retire from the market and show sustained equity. Other cash cow brands could be large brands that simply need less support because they are established or hold a strong market position because of patent protection or market power. Microsoft Office and Sony Walkman are both probably in this position.

**Wedge Brands** Brands in a market with a low share are categorized as wedge brands. Because of slow growth, these brands require more investment than they can generate on their own. If effective brand promotion strategies are not built, a wedge brand will simply absorb large amounts of cash in the short run, and later, as the growth slows down, become a trailing brand. Thus, unless something is done to change its perspective, a wedge brand remains a brand-share loser throughout its existence and ultimately becomes a growth trap.

**Trailing Brands** Brands with low market share, positioned in low-growth situation, may be defined as trailing brands. Their poor competitive position turns these brands to earn poor profits. As the growth of brand performance is low, trailing brand are not able to gain the viable cost positions. GE's consumer electronics business had been in the training brand category, maintaining only a small percentage of the available market in a period of slow growth, when the company decided to unload the business (including the RCA brand acquired in late 1985) to Thomson, France's state-owned, leading electronics manufacturer.

## Self-Concepts and Lifestyle Branding

Consumers often anthropomorphize brands by endowing them with personality traits, and marketers often create or reinforce these perceptions by their brand positioning. Brand-personality traits provide symbolic meaning or emotional value that can contribute to consumers' brand preferences and can be more enduring than functional attributes. Successfully positioning a brand's personality within a product category requires measurement models that can disentangle the brand's unique personality traits from those common to all brands in the product category. Consumers perceive the brand on dimensions that typically capture a consumers' personality and extend that to the domain of brands. The dimensions of brand personality are defined by extending the dimensions of human personality to the domain of brands. One way to conceptualize and measure human personality is the trait approach, which states that personality is a set of traits.[19] Human personality traits are determined by multidimensional factors like the individual's behavior, appearance, attitude and beliefs, and demographic characteristics. Based on the trait theory, researchers have con-

[19] Anderson P M and Robin L G (1986), Marketing Communications: Advertising, Sales Promotion, Public Relations, Display and Personal Selling, Englewood Cliffs, New Jersey, Prentice Hall.

cluded that there are five stable personality dimensions, also called the 'Big Five' human personality dimensions.[20] The relationship between the brand and the customer is largely governed by the psychographic variables that can be measured broadly by the closeness and farness of the personalities of brand and customer. The new emphasis on relationships in marketing has spurred a resurgence of interest in brand loyalty and the positive effect of brand loyalty on company profitability and long-term survival has been well-documented in recent years. In a very frequent buying situation, consumers must choose among products with very similar intrinsic attributes. Under these conditions they must rely mainly on extrinsic product attributes. A brand is said to have positive (or negative) customer-based brand equity when consumers react more (or less) favorably to the marketing-mix activity for the brand, as compared to when the same marketing activity is attributed to a hypothetical or unnamed version of the product or service. Consumer response to marketing activity for competitive brands, or to an alternatively named version of the product or service, can also be useful benchmarks (i.e., for determining the uniqueness of brand associations and the opportunity cost of brand extensions, respectively). Customer-based brand equity emerges when the consumer is aware of, and familiar with, the brand and holds some favorable, strong, and unique brand associations in memory.[21]

Despite perpetual impact of market communication, advertising, and word-of-mouth and direct marketing, consumers largely make decision based on their own conceptualization of issues. Such self-analysis process can be termed as an aura. In Roman mythology, Aurora was the light of dawn. Aura can be explained as an emotionally charged experience, for example, anxiety or supreme happiness. Thus, aura is something that is created in the mind of the customer and has to do with customers longing for adding attracting values to a company, product or service.[22] Many consumers look for products that satisfy the needs that are important for their personality. Self-concept or aura is developed among consumers as they

[20] Batra R, Lehmann D and Singh D (1993), The Brand Personality Component of Brand Goodwill: Some Antecedents and Consequences, in Aaker & Bie: *Brand Equity and Advertising: Advertising's Role in Building Strong Brands*, Hillsdale: Lawrence Erlbaum Associate Publishers, 83–95.

[21] Rajagopal (2006), *Brand Excellence: Measuring Impact of Advertising and Brand Personality on Buying Decisions, Measuring Business Excellence, 10 (3), 55–65.*

[22] Bjorkman Ivar (2002), Aura: Aesthetic business creativity, *Consumption, Markets and Culture*, 5 (1), 69–78.

live with products or the products become a part of their lifestyle. For example, some electro-domestic products, such as microwave and oven, have become so essential for people, they have become a part of lifestyle. Use-aura is created when the customer gets more deeply involved in the product or service. This can be done in different ways. A person can perhaps borrow a car from a friend or take test-drive at a car-dealer. Use-aura is, in many ways, a very critical moment as it occurs during the moment a consumer undergoes the product test to derive his perceptions on its use value.[23] Self-referencing criterion may be described as a process by which judgments on others are formed. It involves judging others' behavior against antecedents and experiences that are weighed on a preconceived platform of thinking. Before framing perceptions and conclusions, it would be wise to check with the people who are familiar with the culture of the host country, and perhaps to debate the issues of concern on a knowledgeable base.[24]

The concept of self-reference among consumers is a relevant framework for developing effective cognitive support toward buying decisions made on a product. The self-reference criteria are largely governed by the social and economic factors such as social status of owning the product, value for money and perceived use value of the product. Some studies on consumer psychology have addressed these issues in the context of sense of control, beliefs about the length of association with the products, and the management of perceived value during the pre- and post-sales situations. Such experience tends to increase the loyalty for products, brands and firms, and also determine the long-term lifestyle changes. Retailers attempt to create good feelings for the purchase of various consumer goods by engaging shoppers' attention on themes relating to social referents and family values. It is observed that shopping items like apparel and specialty items like cosmetics offer prospects of titillating consumer motives of status and self-image enhancement respectively by engaging them with reputable merchandise in reputable settings.[25] However, in western countries, individualism dominates the decision-making among consumers, unlike oriental countries, where family is considered to be the unit of

[23] Hill S and Rifkin G (1999), *Radical Marketing*, Harper Business, New York.

[24] Rajagopal (2007), International marketing: Global environment, corporate strategy and case studies, Vikas Publishing House, New Delhi.

[25] Miranda Mario J (2009), Engaging the purchase motivations to charm shoppers, *Marketing Intelligence & Planning*, 27 (1), 127–145.

consumption and plays an important role in deriving influences on consumer decisions. A lifestyle concept based on modern class structures is easily found in the context of social structures emerging out of urban geography. For example, home decoration and furnishing shows a less structured and more individualistic self-expressive approach to the lifestyle concept in terms of home and identity.[26] It is observed that urban consumers largely build self-concepts on brands, products, and services based on shopping orientation, importance of retail attributes, and beliefs about retail attributes. Retailing firms need to understand how consumers evaluate retail locations to develop their retail strategies to be competitive in the current market.[27]

Ethical consumerism and family decision-making including the influence of children are emerging spheres of consumer behavior as the globalization effect advances across the markets. In family-led consumer decisions, motivation to pursue an ethical lifestyle is an important attribute associated with an inheritance factor, where elder members of family are awakened to ethical issues. However, prominence of ethical trade-offs in consumer decision-making, ethical choices as normalizing behavior, and finally the presence of pester power in the ethical context also influence the lifestyle and consumerism in the family.[28] The self-reference criteria and lifestyle have driven many decision-making styles including recreational and hedonistic consciousness, perfectionism consciousness, brand loyalty, price and value consciousness, brand and fashion consciousness, and impulsive and careless behavior. In addition, eight lifestyle attributes have also emerged among urban consumers concerning activities, interests, and opinion dimensions, including working activities, shopping activities, interests related to home, interests related to family, interests related to

[26] Kirsten Gram-Hanssen and Claus Bech-Danielsen (2004), House, home and identity from a consumption perspective, *Housing, Theory and Society*, 21 (1), 17–26.

[27] Yan Ruoh-Nan and Eckman Molly (2009), Are lifestyle centres unique? Consumers' perceptions across locations, *International Journal of Retail & Distribution Management*, 37 (1), 24–42.

[28] Carey Lindsey, Shaw Deirdre and Shiu Edward (2008), The impact of ethical concerns on family consumer decision-making, *International Journal of Consumer Studies*, 32 (5), 553–56.

fashion, fashion as self-representation, opinion about themselves, and opinion about products.[29]

Urban shopping centers offer variety of attributes to consumers to develop their perceptions toward buying products and services. The retail self-service stores that largely operate in chain are based on the rationale of *touch, feel, and pick*, which provide consumers a wide range of options to make buying decisions. Consumers find the competitive retailing environment exciting and exhibit higher levels of impulse driving buying behavior.[30] Visual effects associated with products often stimulate the buying decisions among young consumers. Point of sales brochures, catalogues, and posters build assumption on perceived use value and motivational relevance of buying decisions of product. Emotional visuals are exhibited on contextual factors, such as proximity or stimulus size drive, perception and subjective reactions on utility, and expected satisfaction of the products.[31] However, personal shopping motives, values, and perceived shopping alternatives are often considered independent inputs into a choice model. It is argued that shopping motives influence the perception of retail store attributes as well as the attitude toward retail stores.[32]

Brand equity is the worth of that image and its strength as judged by its ability to remain unaffected by temporary changes in any of the comprising factors. Consumers have only one image of a brand, the one created by deployment of the brand assets at their disposal, such as name, tradition, packaging, advertising, promotion posture, pricing, trade acceptance, sales force disciplines, customer satisfaction, repurchase patterns, and so on. Clearly, some brand assets are more important to product marketers than to service marketers, and vice versa. Some competitive environments put more of a premium on certain assets as well. Quality and price do not exist as isolated concepts in consumers' minds. They are interrelated. Research has shown that deep discounts do cause the consumer to believe that something is wrong. Frequent discounting serves to reduce the value

[29] Kwan C Y, Yeung K W and Au K F (2008), Relationships between consumer decision-making styles and lifestyle characteristics: Young fashion consumers in China, *Journal of the Textile Institute*, 99 (3), 193–209

[30] Mattila A S and Wirtz J (2004), Congruency of scent and music as a driver of in-store evaluations and behavior, *Journal of Retailing*, 77 (2), 273–289.

[31] Codispoti M and De Cesarei, A (2007), Arousal and attention: Picture size and emotional reactions, *Psychophysiology*, 44 (5), 680–686.

[32] Morschett D, Swoboda B and Foscht T (2005), Perception of store attributes and overall attitude towards grocery retailers: The role of shopping motives, *International Review of Retail, Distribution and Consumer Research*, 15 (4), 423–447.

of the brand because of an almost subconscious reaction by the consumer who believes that quality also has been reduced (remember shirts with alligators on them?), or, in a 'value rebound', consumers begin to perceive the everyday price as too high. The brand is then bought only on deal. This paper attempts to explore the various mechanism that help building the brand personality through marketing communications like advertising, word of mouth, and so on.

Retailers may address the various interests of the consumers through effective displays, designing appropriate retail ergonomics, easily identifiable packaging, making shopping exciting, and focusing in-store advertising to enhance arousal of young consumers.[33] The three distinct dimensions of emotions, including pleasantness, arousal, and dominance, have been identified as major drivers for making buying decisions among adolescent consumers. The retail point of purchase is the time and place at which all the elements of a sale, the consumer, the money, and the product converge. Marketers must make the most of the communications possibilities at this point to increase their sales.[34] There are some common strategies adopted by retailers to overcome the problems of fickle consumers, price-slashing competitors, and mood swings in the economy. Such wishful thinking holds that retailers will thrive if only they communicate better with young consumers through in-store amusement, recreation, and collaborative product demonstrations involving consumers to help their purchase decisions. Retailers also offer buying incentives to develop conviction on buying such tried out products.[35] The satisfaction is the customer's perception of the value received in a transaction or relationship and it helps in making re-patronage decisions based on their predictions concerning the value of a future product. Hence, many retailers develop innovative approaches to prospect new customers for new products by strengthening customer relationship and value management strategies.[36]

[33] Quelch J A and Cannon-Bonventre K (1983), Better marketing at the point of purchase, *Harvard Business Review*, 61 (6), 162–169.

[34] Rajagopal (2006), *Leisure shopping behavior and recreational retailing: a symbiotic analysis of marketplace strategy and consumer response, Journal of Hospitality and Leisure Marketing*, 15 (2), 5–31.

[35] Berry L L (2001), The old pillars of new retailing, *Harvard Business Review*, 79 (4), 131–137.

[36] Ganesh J, Arnold M J and Reynolds K E (2000), Understanding the customer base of service providers: An examination of the difference between switchers and stayers, *Journal of Marketing*, 64 (3), 65–87.

*Summing Up*

This chapter at the onset discusses the need for developing brand portfolio in the competitive marketplace today. In order to encourage systematic growth of brands in the marketplace, brand portfolios can be developed specific to geo-demographic and retail market segments. In a given market brands grow disseminating adequate customer knowledge and building brand literacy. Most companies have grown with multi-brand business and try to push their brands to high competition markets. However, companies often fail to provide enough leverage to their brands to sustain in the competitive marketplace, which makes it difficult for the companies to create strong brands and develop effective marketing strategies. The chapter discusses various benefits of brand portfolio management for a company, which intends to gain competitive advantage and market leadership. Brand portfolio management helps to reorganize those brands that potentially could drive future profits have inadequate resources, while other brands are over invested by the firm. In the market, a strong brand is considered to have high brand equity. Brand equity is higher if the brand loyalty, awareness, perceived quality, strong channel relationships, and association of trademarks and patents are higher.

The brand portfolio is based on the similar attributes of brands in a given category and their associated use value to customers in reference to the brand features, brand performance, and brand image of the firm and its products. The strategies for developing an effective brand portfolio are developed in reference to the product attributes, brand differentiation, brand scope, and performance of brands within the product category of the company. The discussions in the chapter argue that the customer relationship strategies inculcate values that help in building portfolios and retaining the customer and market segments for the long run to optimize the profit of the firm. Brand portfolio can be developed by grouping similar brands, to influence buying behavior and enhance image of the constituent brands. The categories of brands play significant role in the process of brand architecture for a firm. Successfully positioning a brand's personality within a product category requires measurement models that are able to disentangle a brand's unique personality traits from those traits that are common to all brands in the product category.

CHAPTER 6

# New Trends in Brand Management

Branding is both a science and an art. The analytical perspective of branding can be viewed as science while the implementation of branding strategies according to the market environment appears to be a work of art. Managers of the companies should develop skills in both science and art of branding to gain brand leadership in the market. Financial and economic interactions of various players in the market including consumers, competitors, distributors, retailers, and governments are the culmination of human transactions in the broad sense. Marketing transactions begin with analyzing the needs, exchanges of thoughts, emotions, experiences, satisfaction, and social dynamics on the product-market behavior. Therefore, marketing activity is guided by branding, which represents the convergence of innovative thinking and consumption patterns. Innovation in developing or analyzing a brand is a science, while deriving brand as consumption object and optimizing the satisfaction from the perspective of a company and consumer emerges as a piece of art. Broadly, branding may be considered as a human science. The principles of environmental sciences like butterfly effect also guide the companies toward making appropriate branding decision. The butterfly effect suggests how small changes in branding strategy in one market induce larger differences across the markets and augment the brand value. For example, the start-stop device for automobiles was designed and invented by Toyota in 1964, which has become a popular feature in the green, hybrid cars today. In automobiles, a start-stop system or stop-start system automatically shuts down and



Rajagopal, *Competitive Branding Strategies*,
https://doi.org/10.1007/978-3-030-24933-5_6

restarts the internal combustion engine to reduce the amount of time the engine spends idling, thereby reducing fuel consumption and emissions. This is most advantageous for vehicles that spend significant amounts of time waiting at traffic lights or frequently come to a stop in traffic jams.

## Science of Branding

There are many lessons that can be learnt from physical and environmental sciences and explained in the human life. As branding and marketing have become a part of human science with advances in business and cognitive sciences, some analogies from the principles of physics can be explained in reference to marketing and branding such as brand gravity, brand velocity, and brand energy. There are also new visions emerging from biomimicry to explain marketing and branding strategies. For example, adaptation of brands to the varied consumer culture and ethnic behavior can be well explained by the Darwinian principle of evolution. One of the popular fountain pen and ink brands in India, Camlin (previously Camel Ink), was inspired by biomimicry that explained the water-retention attribute of camels for survival in desserts.

### *Brand Gravity*

Consumer brands have considerable moderating effect of the shopping situation in the central and satellite markets on the relationship between perceived store format attributes and store format choice.[1] Consumers' preference for utilitarian brands is significantly higher for discount stores in the satellite markets, while opulent brands build high equity in the central markets attracting consumers to make personal visits to evaluate the brand. Merchandise-related attributes of store formats have a higher impact on the utility function of consumer brands; and service- and convenience-related attributes of the brands add value to the perception of consumers in satellite markets.[2] Supermarkets have emerged as discount retailers catering to the consumers of satellite markets and have begun to utilize a supercenter retailing format that combines a full-service grocery

[1] Rajagopal (2009), Rajagopal (2009), Brand Gravity and Performance in Satellite Markets, *Journal of Transnational Management*, 14 (4), 292–308.

[2] Reutterer, T. and Teller, C. (2009), Store format choice and shopping trip types, *International Journal of Retail & Distribution Management*, 37 (8), 695–710.

store with a discount department store, while store formats in central markets serve exclusive brands encompassing high brand equity. Supercenters are expected to be the major format for future expansion of consumer centric mass brands.[3]

Consumer preference for a brand is influenced by the size of the existing brand share, which may be considered as the brand mass, and buying support offered by the brand. The extent of purchasing power and inclinations to buy determines the consumer mass. Consumer tends to purchase a wide range of different brands in large quantities provided the brand offers buying incentives such as price discounts, cross-promotions, and associated post-sales services. Such buying attitude conforms high consumer mass. Brand attraction in the satellite markets largely depends on television commercials and the Internet, as consumers try to educate themselves on the brand attributes to take advantage of the associated benefits. However, a standardized approach to advertising and promotional activities in central markets would build the brand equity. Consumers in satellite markets develop personalized relationships with brands and build loyalty in the long term. Brand gravity for the products reflects in consumer behavior that is demographically segmented in urban and suburban habitats.[4] Satellite markets in suburban habitats consist of large ratio of middle socio-economic stratum which occupies a great potential contributor to cities as consumers and as a workforce in business operations. Consumers in these markets reveal typical buying behavior integrating three principles of proximity, participation, and consumption along which urban consumerism practices are formed.[5] These factors also play a significant role in building gravity of brands in the satellite markets.

Satellite markets are increasingly recognized as the marketplace for innovative consumer goods, where consumer beliefs and use value play substantial effect on determining the reputation of brands. Multi-domestic companies plan to enter the emerging markets like Brazil, Mexico, China, and India through multichannel retail domain in the satellite markets in order to develop brand popularity, while central markets are chosen by the companies to build the reputation of brand and acquire higher brand

[3] Graff, T. O. (1998), The Locations of Wal-Mart and Kmart Supercenters: Contrasting Corporate Strategies, *The Professional Geographer*, 50 (1), 46–5.

[4] Cruickshank, J. A. (2009), A play for rurality: Modernization versus local autonomy, *Journal of Rural Studies*, 25 (1), 98–107.

[5] Land, M. van D. (2007), Cursory Connections: Urban Ties of the New Middle Class in Rotterdam, *Urban Studies*, 44 (3), 477–499.

equity. Brand gravity emerges through the market strategies of the firms which influences the pattern of consumer preferences of brands in reference to social status (visibility), use value (brand attributes), tenor (favorability) and distinction (esteem). Brand gravity is also driven by the extent of investment made toward advertisement and communication, promotions and post-sales services by the company toward building the brand in central and satellite markets with cognitive differentiation.[6] Brand gravity in a market consists of following attributes:

- High perceived use value of brand
- High brand reputation
- Low brand switch tendency
- Moderate variation in performance
- Low impact on competitive threats
- Brand sustainability
- High brand equity

Market-area structure within the typical model of an urban system does not conform satisfactorily to the pattern customarily observed. The market-area structure for effective brand performance should be re-engineered considering the level of consumer segmentation and application of two additional frameworks pertaining to the economic law of market areas and the law of retail gravitation.[7] Consumer satisfaction has strong impact on brand preferences. Experience effects, as well as brand specific internationalization strategies, eventually override the common effects of market types and attractiveness of brands, and determine the brand gravity.[8]

### *Managing Brand Thrust*

Globalization thrust in the urban markets has increased competition on one hand and behavioral complexities of consumers on the other. Consumer goods market has undergone an accelerated process of

[6] Rindova, V. P., Petkova, A. P. and Kotha, S. (2007), Standing out: how new firms in emerging markets build reputation, *Strategic Organization*, 5 (1), 31–70.

[7] Parr, J. B. (1997), Alternative Approaches to Market-area Structure in the Urban System, *Urban Studies*, 32 (8), 1317–1329.

[8] Gripsrud, G. and Benito, G. R. G. (2005), Internationalization in retailing: modeling the pattern of foreign market entry, *Journal of Business Research*, 58 (12), 1672–1680.

concentration and expansion. These intensive and extensive processes of managing the existing and new market have activated competitive brands in urban areas and are resulting into shifts in the behavior of consumers in urban habitat.[9] The conventional branding strategies of multinational firms have experienced continuous refinement in reference to the changing business dimensions to gain competitive advantage. It is observed that in current times, marketing-mix strategies considerably influence branding strategies in different types of markets. Marketing-mix has now stretched beyond product, place, price, and promotion dimensions to packaging, pace (competitive dynamics), people (sales front liners), performance of previous brands, psychodynamics (consumer pull), posture (brand and corporate reputation) and proliferation (brand extension and market expansion). A brand in urban markets with these 11Ps would be able to generate significant brand thrust and become tensile.[10] The tensile brands carry higher brand equity in the market, and gravity driven by the perceived use value of consumers.

Positioning strategies of brands should always be developed considering the attributes of markets categorically. A single brand positioning strategy would not generate equal consumer response in all types of markets at a given time. High value brands generally follow a standard policy of brand positioning irrespective of varied market characteristics and show vertical thrust also in the satellite markets. The vertical thrust of the brands is supported by the luxury concepts, breakthrough technologies, unique sales propositions and high brand equity. Since the turn of the century, there has been a trend toward sight branding with increased attention to fonts, colors, product design and array of images. Though psychographic brand thrust like HP color printers may capture some truth about real people's lifestyles, attitudes, self-image, and aspirations in the central markets, such up-thrust of brands have a limited and slow effect on buying behavior of consumers in satellite urban habitats.[11] Vertical brand thrust is not a better option to build consumer mass in satellite markets. Companies of high corporate reputation demonstrate such vertical brand thrust but do not lean toward introducing many brand extensions. While

[9] Vukasovic, T. (2009), Searching for competitive advantage with the aid of the brand potential index, *Journal of Product and Brand Management*, 18 (3), 165–176.

[10] Rajagopal (2009), Managing brands in the bottom line markets, *Innovative Marketing*, 5 (1), 33–58.

[11] Machin, D. and Niblock, S. (2008), Branding Newspapers: Visual texts as social practice, *Journalism Studies*, 9 (2), 244–259.

implementing the vertical thrust strategy brands need to be promoted by the companies referring to non-price factors and brand image through events anchored by celebrities in various socio-cultural fields. Investment on brand during the vertical thrust is higher as compared to the cost of brand promotions in the mass market brands. However, it is arguable whether companies should enforce vertical thrust strategies in satellite markets in view of investment in consumer response ratio.

Brands are boosted faster during the vertical thrust but experience lower consumer response as compared to the brands targeted toward mass consumers in the satellite markets. Vertical brand thrust instills higher brand mass which augments its gravity in the market. However, the brand in the mass market could be rolled against competing brands to catch higher consumer response when powered with attractive promotions. Horizontal trust of brand can be created by the companies through point of sales promotion despite apparent risks in acquiring and retaining customers. Such strategy has helped several retail brands slash costs on advertising and publicity, increase volume of sales, and sharpen their focus on core competencies.[12] Horizontal brand thrust in satellite markets also includes price discounts, free samples, bonus packs, and in-store display as the brand experience strategies. Product trial determines the extent of influence generated by the brand experience which mediates in the relationship between brand promotions and consumer mass reflected in the consumer response.[13] Purchase acceleration and product trial are found to be the two most influential variables of retail point of sales promotions. There is significant consumer-brand association between the four consumer promotional approaches including coupons, price discounts, samples, buy-one-get-one-free, and compulsive buying behavior.[14]

Vertical brand thrust in the satellite markets moves initially stronger in perceptional values of consumers and turns sluggish over time as the new mass brands penetrate in the market with better economic value proposition. Thus, brands with vertical thrust in the satellite markets often live in

[12] Johnson, L. K. (2006), Successful business process outsourcing, *Sloan Management Review*, 47 (2), 5–6.

[13] Ndubisi, N. O. and Moi, C. T. (2005), Customers behavioral responses to sales promotion: the role of fear of losing face, *Asia Pacific Journal of Marketing and Logistics*, 17 (1), 32–49.

[14] Gilbert, D. C. and Jackaria, N. (2002), The efficacy of sales promotions in UK supermarkets: a consumer view, *International Journal of Retail & Distribution Management*, 30 (6), 315–322.

agility. Relationship between the brand and customer personalities comprises strong, vacillating dimensions. The stronghold of the relationship leads to loyalty development, while the weak links form discrete relationships. The vacillating dimension thereof cultivates the risk of brand switching due to uncertainty of consumer decision to get associated with the brand or otherwise.[15]

### *Brand Velocity*

Often companies take more than required time to develop a brand and launch it in the marketplace. If a brand takes a long time to evolve within the company, it weakens the brand attraction effect in the market. Concept of brand velocity has emerged from the principle of escape velocity in physics, which is the minimum speed needed for an object to get it rolling in a break-free pattern from the gravitational attraction of a massive body. The analogy of escape velocity, in reference to branding, can be explained as making the brand roll with the required speed from the company (massive body) to the target object (market segment). The speed of brand rolling is determined by the ecosystem of the brand as detailed below:

- Matching brand attributes to the consumer needs
- Cost of developing a brand
- Use values attributed to the brand
- Market competition and potential threat to position the brand in the marketplace
- Brand pricing and affordability
- Distribution, retailing, services associated with the brand
- Innovation, brand differentiation, and expected customer satisfaction

Some companies delay in determining the ecosystem of their brand, which slows down the speed of brand launch in the marketplace and affects its positioning process. Such situation also occurs when companies announce the launch of their brand but are not internally ready to do so. For example, launch of Segway created disappointment among consumers due to delay. The news about this single transport vehicle spread frenzy when news of a secret new product code-named Ginger and created by the

[15] Rajagopal (2008), Measuring Brand Performance through Metrics Application, *Measuring Business Excellence*, 12 (1), 29–38.

renowned inventor leaked to the press nearly 12 months before the product's release.[16] The inventor was coming up with nothing less than an alternative to the automobile. Consumers had to wait for long to witness the product. Companies should calculate meticulously the time required for developing the product, preparing the brand launch, and measuring the brand value during the post-launch period.

### *Brand Energy*

In physics, mass-energy equivalence is a concept formulated by Albert Einstein that explains the relationship between body mass and energy emitted. It states every mass has an energy equivalent and vice versa. Each brand carries a potential to sales and market share. However, brands can be evaluated for their potential in terms of their outreach to customers and value creation to provide satisfaction to them. The brand potential can be explained as brand energy in reference to the brand attributes, personality, and image. Companies can generate brand energy by combining brand mass (Brand Value) in different market segments, consumer outreach, and disseminating strong communication. This would create multiplier effect to nurture the brand in the competitive marketplace and develop synergy between company and consumers.

## Brand Manifestation

Brands express themselves in terms of tangible and intangible elements. The tangible elements are associated with color, size, calligraphy, punch line, and reputation of the company, while intangibility of brands is manifested in reference to quality, referrals, and brand relevance. Brand manifestation may be defined as adherence, popularity, ability to maintain price point, portraying social and cultural values, and competitive advantages of the brand. What is considered a tangible manifestation of a brand is continuously negotiated and (re-)defined by market players including manufacturers, distributors, retailers, and consumers who are interested in the brand. At the same time, brand expression also depends on the brand meaning, verbatim or colloquial. Another research has shown that places

[16] Schneider, J. and Hall, J. (2011), Why most product launches fail? *Harvard Business Review*, 89(4), 21–23.

and events may also drive the brand experience among various market players.[17]

Manifestation signifies expression in a cognitive sense. Brand manifestation may be considered as its adherents who are loyal customers, popularity, ability to maintain price point, acceptance in international markets, and a host of non-price factors such as quality, services, and style. Today a major intervening variable on brand manifestation is the online social communities and postings that essentially define or redefine a product or service brand. The previous research studies have acknowledged that the social intervention prompts asymmetrical performance of brands and determines the brand's market power.[18] It has been observed that there is a need for the forward integration of manufacturing companies into retailing through the establishment of flagship stores, which provides such companies with an opportunity to provide a context for their brand and exercise a level of control over its manifestation.[19] Brand manifestation reveals the brand health of the products. The set of brand-health elements serve as leading indicators of sales risk and potential including brand leadership, attractiveness, distinctiveness, satisfaction, and liabilities. Brand appearance influences brand image, whereas initial brand associations and perceived fit between the new product and either the remaining products (category fit) or the brand image (image fit) can strengthen consumer attitude.[20]

Brand expression stimulates brand identification, which is a cognitive state where an individual comes to view himself or herself as a member of a social entity. Consumers perceives 'familiarity or belongingness with an entity' upon realizing the similarities and dissimilarities between members of the social in-group and various out-groups. This distinction allows the individual to create a social identity.[21] When consumers strongly identify a

[17] Hetzel, P. (2007), Fashion as the ultimate experiential object, in Carù, A. and Cova, B. (eds.) Consuming Experience, New York: Routledge, 126–136.

[18] Sivakumar, K. (2004), Manifestations and measurement of asymmetric brand competition, *Journal of Business Research*, 57 (8), 813–820.

[19] Doyle, S. A., Moore, C. M., Doherty, A. M., and Hamilton, M. (2008), Brand context and control: the role of the flagship store in B&B Italia, *International Journal of Retail & Distribution Management*, 36 (7), 551–563.

[20] Salinas, E. M., and Perez, J. M. P. (2009), Modeling the brand extensions' influence on brand image, *Journal of Business Research*, 62 (1), 50–60.

[21] Rajagopal (2012), Brand Manifestation and Retrieval Effects as Drivers of Buying Behavior in Mexico, *Journal of Database Marketing and Customer Strategy Management*, 19 (3) 179–196.

brand, there is convergence between their self-schema and the entity's schema. It is important to recognize that brand expression is a cognitive measure of the brand personality that develops emotional behavioral and buying inclination of consumers on the brand.[22] In view of the growing competition, most companies are driving brand-consumer interactions through virtual platforms in order to create top-of-the mind brand images. A study observed that offline-based extension brands have an advantage over cyber brands when it comes to translating a brand identity into a successful brand image, especially in the early Internet stages (i.e., introduction and elaboration stages). Extension brands gain positive spillover effects from their mother brand or counterparts and create a successful brand image that manifests into consumer preference for the brand.[23]

Brand expression largely depends on visual stimuli among the consumers. There is a significant relationship between brand design and the responses companies seek to position their brands in the market. For example, Asian brands tend to express themselves in the market with reference to perceptions of quality, recognition, consensus in meaning, and *feng shui*.[24] It has been observed that learning to see intangible values and symbols as resources is the necessary step in brand orientation. In certain companies, this can mean a step into a new reality known as brand reality. The organization's overall goals, values, and positions come to be expressed through brands, and thus acquire an identity.[25] There are three kinds of human beliefs including descriptive, informational, and inferential that drive the brand perception among consumers. Descriptive beliefs derive from direct experience with the brand. Informational beliefs are those influenced by outside sources of information such as ads, friends, and so on. Inferential beliefs are those formed by making inferences (correctly or incorrectly) based on past experience as it relates to the current stimuli. Images held in

[22] Carlson, B. D., Donavan, D. T., and Cumiskey, K. J. (2009), Consumer-brand relationships in sport: brand personality and identification, *International Journal of Retail & Distribution Management*, 37 (4), 370–384.

[23] Saaksjarvi, M. and Samiee, S. (2011), Relationships among Brand Identity, Brand Image and Brand Preference: Differences between Cyber and Extension Retail Brands over Time, *Journal of Interactive Marketing*, 25 (3), 169–177.

[24] Henderson, P. W., Cote, J. A., Leong, S. M., and Schmitt, B. (2003), Building strong brands in Asia: selecting the visual components of image to maximize brand strength, *International Journal of Research in Marketing*, 20 (4), 297–313.

[25] Urde, M. (1999), Brand Orientation: A Mindset for Building Brands into Strategic Resources, *Journal of Marketing Management*, 15 (1), 117–133.

the consumer's mind are one manifestation of these beliefs. Under the effect of communication and previous use, consumers form images about a product's cues that will serve as basis for judgment in future evaluations.[26] Brand image is the reasoned or emotional perceptions consumers attach to a specific brand. It consists of functional and symbolic brand beliefs. The consumers in reference to satisfying their needs view various brand expressions.

Brand personality and consumer inclination toward a brand is also developed through celebrity connections and meanings of brand names. According to the theory of meaning, symbolic properties of the celebrity first become associated with the brands the celebrity endorses.[27] Next, these symbolic meanings are transferred from the celebrity to consumers as they select brands with meanings congruent with their self-concept. When the symbolic properties associated with brands via celebrities are used to construct the self or to communicate the self-concept to others, a self-brand connection is formed.[28] A consumer may appropriate symbolic brand meaning derived from a celebrity who has the characteristics the consumer aspires to possess. Therefore, the activation of self-enhancement goals by a threat to the self should increase the extent to which celebrity endorsement influences self-brand connections. It is argued in some research studies that celebrity-based brand associations can help consumers achieve goals that are motivated by the self when celebrity-based brand associations are linked or connected to the individual preferences.[29] Consumer involvement in brands develops possessive behavior and consumption culture not only with individuals but also among peers. Possessions can be used to satisfy psychological needs, such as actively creating consumer's self-concept, reinforcing and expressing self-identity, and allowing one to differentiate oneself and assert one's individuality. Possessions can also serve a social purpose by reflecting social ties to family, community, and cultural groups, including brand communities.[30]

[26] Koubaa, Y., (2008), Country of origin, brand image perception, and brand image structure, *Asia Pacific Journal of Marketing and Logistics*, 20 (2), 139–155.

[27] Smedslund, J. (2011), Meaning of Words and the Use of Axiomatics in Psychological Theory, *Journal of Theoretical & Philosophical Psychology*, 31 (2), 126–135.

[28] McCracken, G. (1986), Culture and Consumption: A Theoretical Account of the Structure and Movement of the Cultural Meaning of Consumer Goods, *Journal of Consumer Research*, 13 (1), 71–84.

[29] Escalas, J. E. (2004), Narrative Processing: Building Consumer Connections to Brands, *Journal of Consumer Psychology*, 14 (1), 168–179.

[30] Escalas, J. E. and Bettman, J. R. (2005), Self-Construal, Reference Groups, and Brand Meaning, *Journal of Consumer Research*, 32 (3), 378–389.

## Brand Involvement and Consumer Empowerment

Brand expression of a product or service significantly contributes toward building the brand image and loyalty among consumers. Some interdisciplinary studies reveal that brand identity grows through economic, cultural, sociological, and historical attributes of brand perception among consumers. Brands get involved with the consumers by demonstrating product attributes, perceived use value, economic advantage, and image of the company. Brand involvement often triggers product involvement among consumers.[31] However, in a competitive marketplace low brand involvement may be coupled with high product involvement and vice versa. This is because involvement and loyalty are consumer-defined phenomena, as opposed to product-defined. As a result, it is believed that each involvement and commitment of a brand can be thought of as a continuum along which consumers are distributed.

Effective marketing communication has emerged in the recent past as a significant tool for driving the brand involvement among consumers. One of the central aspects of relationship marketing is communication with customers. Involving consumers in a marketing dialogue is a prerequisite for achieving brand involvement and loyalty, which, in turn, affects the prospects of establishing positive market relationships. Many firms are recognizing the advantages of Web-enhanced brand communities as a potential lever for developing the marketing communication to converge brand effects with the buying decisions of consumers. Besides Web-enhanced communities, the inflow and outflow of word of mouth in social networks also induce the extent of brand involvement among consumers. Such informal networks leverage the involvement of customers in products and services by communicating the brand effect to a wider audience. In turn, customer involvement in the buying decision of product or service supports brand involvement because it allows customers to review the brands in reference to perceived use value.[32] The 'Super Chief' Santa Fe train, one of the best-selling LEGO items in 2002, is an example of brand and consumer involvement that not only helped the Lego Company to reach high target of sales but also drove the consumer involvement in designing the

[31] Quester, P., and Lim, A. L. (2003), Product involvement/brand loyalty: is there a link? *Journal of Product & Brand Management*, 12 (1), 22–38.

[32] Andersen, P.H. (2001), Relationship development and marketing communication: Towards an integrative model, *Journal of Business and Industrial Marketing*, 16 (3), 167–182.

product. Lego trains are very popular amongst adult consumers and various Lego train clubs exist around the world that contribute to develop the train designs.[33] One particular aspect of brand involvement relates to the development of consumption culture and consuming often involves sustainable product experience. Brand involvement captures the social trend to engage the consumer's cognition. The love a biker feels for his or her motorcycle consists of three variables[34] including Eros (passionate love), mania (possessive love), and agape (altruistic love).

In view of the previous concepts on involvement of the brand in driving buyer behavior, it is argued that the involvement may be expressed as the role of a stimulus in individual behavior. This approach is independent of the individual motives or values of the consumer and relates solely to the stimulus and its characteristics. However, in a competitive retail environment, brand involvement drives the state of activation, motivation, or interest among consumers by way of reviewing the product experience. It is evoked by factors specific to the individual, to the stimulus, or to the situation and reflects the willingness to act upon the stimulus cognitively or emotionally.[35] To understand the brand involvement, its attributes, competitive advantage, and corporate image should be viewed in terms of perception of buyers. Accordingly, it can be assumed that the higher the involvement of a brand with consumers, the greater their personal interest/relevance and their emotional and cognitive commitment, which determine the more complex and in-depth processing of information, as well as the more detailed experiences by individuals on the brand.[36]

Brand involvement builds brand associations with consumers that help them process and retrieve brand information and differentiate or position the brand. The positive brand associations create beneficial attitudes and feelings and provide a reason to buy.[37] Such brand associations represent

[33] McKee, J. H. (2003), *Getting started with Lego trains*, No Starch Press, San Francisco, CA.

[34] Albert, N., Merunka, D., and Florence, P. V. (2008), When consumers love their brands: Exploring the concept and its dimensions, *Journal of Business Research*, 61 (10), 1062–1065.

[35] Swoboda, B., Haelsig, F., Schramm-Klein, H., and Morschett, D. (2009), Moderating role of involvement in building a retail brand, *International Journal of Retail & Distribution Management*, 37 (11), 952–974.

[36] Schramm-Klein, H., Swoboda, B., and Morschett, D. (2007), Relationship between retail environment and consumers' product brand loyalty in vertical vs. conventional retail channels, *AMA Summer Educators' Conference Proceedings, Washington, DC*, pp.190–91.

[37] Aaker, D.A. (1996), *Building Strong Brands*, Free Press, New York, NY.

the core structure of memory of consumers over a period. Retrieval from long-term memory occurs when information is recalled through a process of spreading activation. This process involves the activation of one node, which leads to the further activation of linked nodes within the mind map of brands in consumers. If enough nodes are activated across the network to break the recall threshold, recall occurs in the mind of consumer. Some associations are more unique than others. This means that some associations may be shared with many competing brands and may be typical for a product category while others may be unique to just one or a smaller number of brands.

The linkage between brand development and customer relationships has received increased attention both in research and practice. Firms often profile brand names and firm reputation to varying degrees in marketing and sales to acquire and retain customers. Brand profiling emphasis refers to the extent to which the company profiles its brands and reputation in its sales and marketing activities. A strong brand profiling emphasis may thus result in customers that are less motivated to be involved in new product development.[38] Brand involvement as a state of emotional attachment is characterized by strong positive affection toward the brand, high arousal caused by the brand, and a tendency of the brand to dominate the consumer's cognition. Feelings like love, attraction, desire, pleasure, fun, and excitement belong to the constellation of emotions that are derived from a brand. Love is the emotion that one may develop pursuant to a strong attraction, while some attachments based on attraction may not develop into love. Thus, brand love would indicate the presence of attraction. Similarly, consumers may feel an intense attraction to certain brands though they may not be agreeable to declaring their love for these brands just yet.[39] Consumers' love includes attributes of passion for a brand, brand attachment, positive evaluation of the brand, positive emotions in response to the brand, and declarations of love toward the brand.

Brand portfolio includes all the brands and sub-brands attached to product-market offerings, including co-brands with other brands. To

[38] Svendsen, M. F., Haugland, S. A., Grønhaug, K., and Hammervoll, T. (2011), Marketing strategy and customer involvement in product development, *European Journal of Marketing*, 45 (4), 513–530.

[39] Patwardhan, H. and Balasubramanian, S. K. (2011), Brand romance: a complementary approach to explain emotional attachment toward brands, *Journal of Product & Brand Management*, 20 (4), 297–308.

improve the returns on investment most effectively, it is important to look at the relationships between all the sub-brands and their strategic importance in overall brand building. Brand portfolio management directly affects corporate profitability. Effective brand portfolio management starts by creating a fact sheet about the equity in each brand and the brand's economic contribution. It is necessary for a firm to periodically review its brand portfolio and optimize the portfolio by pruning the non-performing brands. The performance of a brand largely reflects its contribution in revenue generation. Many firms consider this measure as return on brand investment. It is possible for a firm to remove a brand from the portfolio without losing disproportionate franchise share or profitability. For examples, Airbus Industry has announced it will stop building its A380 superjumbo jet after the plane's biggest customer, Dubai-based Emirates Airline, cut its order by 39 planes.[40] Such moves do carry a risk, as may be evidenced from the decision of Miller which in early 1990 removed the Miller High Life beer brand from the premium category and put it in the below-premium category. However, after an initial bump in volume, Miller has continued to lose market share.

The company may have four basic options in developing an appropriate brand strategy:

- *Line extension*, in which the existing brand can be extended to new attributes in the existing product category,
- *Brand extension*, which enables the company to introduce new brand names to new product categories,
- *Multi-brands*, which may be used if new brand names are provided to the same category of products and
- *New brands*, in which new brand names are used for the new product categories.

Companies must assess strength and weaknesses of the existing brands in the market before taking branding decision for their product. Manufacturing companies may have several options on brand sponsorship. The product may be launched in the market as the brand of manufacturer, which is also known as national brand; a distributor brand as in the case of edible oils, sugar, processed grains, and products that need repacking; or

[40] The Guardian February, 14, 2019 (https://www.theguardian.com/business/2019/feb/14/a380-airbus-to-end-production-of-superjumbo. Retrieved on June 02, 2019).

licensed brand. The brand category may be chosen from the brand sponsorship in terms of national brand, private brand or licensed brand. Deciding upon the category of brand, an appropriate brand name may be selected. The brand names may reflect individual, blanket family name for all products; separate family names for all products; or company trademark.

*Summing Up*

This chapter, at the onset, discusses how branding can be explained through the analogy of principles of physical, environmental sciences, and biomimicry. The branding principles can be explained in reference to the principles of physics like gravity, velocity, and energy. The brand can also be explained in reference to butterfly effect of environmental science, and Darwinian principles of evolution of life linked to the biomimicry of branding. The science of branding section discusses the concepts of brand gravity with the focus on vertical and horizontal thrust, brand velocity, and brand energy. The chapter further addresses the concept of brand manifestation explaining how brands express their attributes. Brands express themselves in terms of tangible and intangible elements. The tangible elements are associated with color, size, calligraphy, punch line, and reputation of the company, while intangibility of brands is manifested in the areas of quality, referrals, and brand relevance. Brand manifestation may be defined as adherence, popularity, ability to maintain price point, portraying social and cultural values, and competitive advantages of the brand. In continuation to discussion on new trends in branding, the chapter discusses brand involvement as a strategy for the companies to get the consumers acquaintance with the brands. Brands get involved with the consumers demonstrating product attributes, perceived use value, economic advantage, and image of the company. Brand involvement often triggers product involvement among consumers. The chapter argues that effective brand communication has emerged in the recent past as a significant tool to drive brand involvement among consumers. Communication with customers is one of the central aspects of relationship marketing. Involving consumers in a marketing dialogue is a prerequisite for achieving brand involvement and loyalty, which, in turn, affects the prospects of establishing positive market relationships. Finally, the chapter concludes with the discussion on brand portfolio and loyalty management offering knowledge and skills on building right brand portfolios and customer loyalty strategies. Brand portfolio management helps to reorganize brands that could potentially drive future profits, and have inadequate resources, while other brands are over invested by the firm. However, the portfolios of such brands may show negative growth in a firm due to decline in relevance of the brand in the market, harder differentiation, and fading image. It is strategically important to find a way to participate in a healthy value market to remain economically viable.

CHAPTER 7

# Branding in Emerging Markets

Brand marketing strategies include brand development, brand licensing, online branding, constituting brand communities, brand advertisement and communication, and brand promotion. Brand licensing has emerged as a challenging activity for most consumer-focused multinational companies. This function is defined as the leasing of a brand name to a company other than the owner of the brand. For example, a company located in Europe could lease its brand name to an American company willing to manufacture and market products according to the standards and terms of references of the leasing company and pay royalty for leasing the brand name. Brand licensing has emerged as a well-established business due to the popularity of virtual brand management platforms in reference to both the patents and the trademarks. Trademark licensing has been historically carried out in American business, largely beginning with the rise of mass entertainment such as the movies, comics, and, later, television. Mickey Mouse's popularity in the 1930s and 1940s resulted in an explosion of brand licensing for toys, books, apparel, and souvenirs of the Walt Disney Company. This process accelerated as movies and later television became a staple of American business.

Besides, the strategy of launching a new company by acquiring a once-popular brand name and reviving it has also appeared to be a promising strategy to gain quick returns and dodge the existing market competition. Managerial experience suggests that, with proper planning, a company may be able to substantially increase the chances of success by reviving



Rajagopal, *Competitive Branding Strategies*,
https://doi.org/10.1007/978-3-030-24933-5_7

brands, or hiring popular brands, rather than investing in building a new brand image. A revived brand must be repositioned in view of the consumer leverages to gain competitive advantage, and to satisfy the perceived customer values. Evidence also suggests that licensing a revived brand name to unrelated industries may prove very profitable for the company provided it is built on the customer focus and it addresses the potential benefits to both company and customers. The emergence of brand licensing practice did not begin until companies found that consumers would actually pay money for products with the logos of their favorite brands on them as the logos symbolize the corporate reputation, quality, and customer services. Capitalizing on this consumer behavior, McDonalds play food, Burger King T-shirts, and even the horrifying Good Humor Halloween costumes became available in the marketplace. Since the 1990s, brand extensions made the brand licensing market more lucrative, as companies realized that they could easily earn by renting their brands and building equity. On the other hand, companies found it sensible to pay a royalty to the brand on net sales of their products by hiring an established brand name, instead of spending money in disguise to create a new brand.

## Brand Licensing

Brand licensing refers to renting or leasing of an intangible business asset that yields high returns on investment. In this process, rental or licensing contracts for an agreed period of time within an agreed territory are legally executed between the owner of a brand and a company or individual who wants to use the brand in association with a product. Licensing is used by brand owners to authorize manufacturing of products using their brand for the end users of the products. Examples of intangible brand licensing include a song, a character (Donald Duck), a name (Michael Jordan), or a brand of the company (the Ritz-Carlton) that can be licensed for manufacturing or marketing of different products under the given terms of contract. An arrangement to license a brand requires a licensing agreement, which authorizes a company to manufacture and market a product or service (a licensee) to lease or rent a brand from a brand owner who operates a licensing program (a licensor).

Companies are often so focused on returns on investment and business growth that they meticulously invest in improving their products, innovation, operations, and management of brands hired under license. So, based on the projections on brand revenues of the companies in the market, companies push the demand for the products and services manufactured under license to compete in the marketplace to seek competitive advantage.[1] In their efforts to compete, companies should consider the following strategies:

- Initially invest in the basics of the brand and then strengthen the ecosystem of the brand such as consumer preferences, brand advertisement and communication, and brand-related customer relations.
- Build strength by learning from established companies through licensing or contract manufacturing operations.
- Scale up the production and lead to economies of scale that the brand can sustain as a competitive brand with price advantage.
- Grow the brand under license along the strong portfolio of brands, innovation capabilities, advanced technology, marketing, and sales effectiveness.

A company may choose to license its brand when it believes that there is strong consumer acceptance for brand extensions. For example, when Apple Inc. launched the iPod, there was an immediate need for accessories such as headphones, charging and syncing stations, and carrying cases. Apple Inc. decided to offer licenses for some of its products. By doing so, Apple could offer branded Ear-pods and iPod docking stations, and iPod socks. These accessories are made by another company, but together with Apple Inc., they offer the consumer an elegant solution. All these accessories are also sold by licensees.

In the brand licensing process, apart from benefits to licensors, there are benefits to licensees as well. Licensees lease the rights to a brand for merger into their merchandise, but do not share its ownership. Licensee gets significant benefits on operating with the licensed brands due to the national and international business associations of the licensing company. The most important of the various benefits is the marketing power the brand brings to the licensee's products. When companies extend into new product categories via licensing, they create an opportunity for a licensee to contribute business performance to their company through the following stages of the process:

[1] Jullens, J. (2013), How Emerging Giants Can Take on the World, *Harvard Business Review*, 91 (12), 121–125.

- Licensor identifies product portfolios, and products within them, to be licensed.
- Licensor negotiates a license with the licensee and executes the terms of reference.
- Licensee develops concepts and prototypes if there are variations from the original brand properties of the licensor, and begins mass production and commercialization process subject to the approval of the licensor.
- Licensor approves licensed products for manufacturing and sales.
- Licensees manufacture and sell licensed products in the market and pay due royalty to the licensor.
- Based on the performance of the licensee, the tenure of use of brand (license) is renewed by the licensor.

In an effort to capture market share in the children's foods category, Disney Consumer Products (DCP) developed a broad line of *better for you* foods, ranging from fresh fruits and vegetables to frozen meals, through a partnership with Kroger supermarkets. Similarly, *Angry Birds*, a mobile game created by a small Finnish company, Rovio Entertainment Ltd., became an international hit. By late 2011, Rovio was not only making Angry Birds games for the iPhone, Android, and other mobile platforms, but it had also expanded into plush toys, cookbooks, animation videos, and licensing arrangement with major brands. With the goal of making Rovio the next Disney, Rovio has invested in an Angry Birds movie.[2] Beyond its global success of marketing mobile handsets, which featured embedded digital cameras, Sony Ericsson planned to launch a new series of handsets which featured digital music playback capabilities in 2005. Beginning in 2004, competitors to this company such as Motorola and Nokia had begun to develop digital music content delivery and mobile handset strategies, when Sony Ericsson was developing these portfolios on its own. As the consumer electronic markets turns chaotic with the rapid growth of information technology, companies engaged in manufacturing and marketing of consumer products need to take into consideration the changing consumer preferences and growing Internet-based advantages.[3]

[2] Gupta, S. and Rood, D. (2012), Angry Birds, Harvard Business School Press, Cambridge, MA.

[3] Cheng, Q. and Moi, Z. (2008), Sony Ericsson: Marketing the Next Music Phone, Harvard Business School Press, Cambridge, MA.

Most companies are actively engaged in finding new clients to rent their brands by improving the brand licensing process. For example, Marvel Enterprises, which is known for its universe of superhero characters that includes Spider-Man, the Hulk, and X-Men, has been re-evaluating its marketing strategy by licensing the manufacturers and marketers of other companies to use their characters and themes in various children's products. In June 2004, Marvel had amassed a market value of more than $2 billion. Originally known as a comic book publisher, the company now also has highly profitable toy-, motion picture-, and consumer products-licensing operations.[4] In the past, multinational companies used licensing for many reasons. One of the major reasons may be toward the use of a trademark of the company. Licensing may be legally understood as one of the varieties of contractual agreements whereby a multinational firm makes available intangible assets such as patents, trade secrets, know-how, trademarks, and company name to foreign companies in return for royalties or other forms of payment. Transfer of these assets is usually accompanied by technical services to ensure their proper use. It also helps in developing right marketing strategies of firms in the destination markets or regions where high brand equity of a licensed brand leads the market competition. Some of the advantages of brand licensing are as stated below:

- Brand licensing is a quick and easy entry tool with little capital investment in the consumer markets.
- Some companies offer licensing not only as the means of tapping the market but also to build competitiveness of the company in the marketplace.
- Brand licensing is also considered to be an effective tool for brand extension of the parent company.
- Brand licensing has emerged as a good alternative to develop brands in the new consumer and market segments.
- In the brand licensing arrangement, periodic royalties are guaranteed, whereas shared income from investment might stay risk averse.
- The company which has strong domestic base can benefit through brand licensing arrangement in developing customized products without expensive research.

[4] Elberse, A. (2011), Marvel Enterprises Inc., *Harvard Business School Press*, Cambridge, MA.

- Brand licensing provides continuous improvement in the brands using new technology and product differentiation.

Under a brand licensing program, companies expand their market outreach by getting the products manufactured and marketed by an independent local firm as per the agreement. Such brand enhancement strategy helps the companies build their brands through the local business partners typically, where the marketing potential seems to be low and consumption pattern is governed by price sensitivity and value for money. The brand licensor company provides resources and guidance to the licensee to support the manufacturing and marketing processes of the products in the local markets. This strategy of brand management is advantageous in the market segments which have lean competition in the industry and encourage penetration of new brands in the markets. Brand licensee firms take the benefit of product design, technology, and packaging practices of the mother company.

The globally popular building blocks toymaker, the LEGO Group (LEGO), has been engaged in creating a brand enhancement strategy in different product lines and business operations of the company by acquiring licenses from famous comic entertainment companies. The acquisition of Marvel Entertainment by the Walt Disney Company has created major implications within LEGO Company for valuable toy license agreements. The new competition strategy of the company is preparing to enter the marketplace from Hasbro, the second-largest toymaker in the world, with the company launching a new rival product line called Kre-O. It is critical for the company to identify new markets to expand LEGO's product lines and business operations and develop a competitive strategy to continue the organization's recent years of financial success and dominance in the building toy market. While the LEGO brand is founded upon its own original intellectual property, since the 1990s, the licensed-property business model has become increasingly important to the company, serving to enhance product offerings and increase brand awareness. Such development was initially started with a licensing partnership between Lucasfilm and the LEGO Group, and it continues under Disney's ownership. This licensing partnership has since reinforced the brand's message of fostering creativity and imagination in children. The LEGO Group's licensing initiative has widened its product offering to include categories such as apparel, stationery, accessories such as watches, clocks, and storage.

According to the company, publishing is very strong for the brand as well and acts as a way to complement and inspire creative play.[5]

Technology licensing is a contractual arrangement in which the licensor's patents, trademarks, service marks, copyrights, trade secrets, or other intellectual property may be sold or made available to a licensee for compensation that is negotiated in advance between the parties. A technology licensing agreement usually enables a firm to enter a foreign market quickly and poses fewer financial and legal risks than owning and operating a foreign manufacturing facility or participating in an overseas joint venture. In considering the licensing of technology, it is important to remember that foreign licensees may attempt to use the licensed technology to manufacture products in direct competition with the licensor or its other licensees.

## Developing Online Brands

Consumer brands have benefited largely from rapidly advancing technology leading to online shopping platforms that generated strong revenue growth through online marketplaces such as Flipkart (India) and Amazon (USA, Mexico, India, and Europe) virtual companies. The powerful volume-driven online mass shopping platforms accounted for 80 percent of global online sales in 2014 by giving wide opportunity to control traffic on consumer brands, product searches, or access to consumer data. Most massive online sales platforms are brand-owned sites of multinational manufacturing and retailing companies like Procter & Gamble online shop, Walmart online, and many others. These online sites share e-commerce with other service providers and retailers to enhance their brand and market outreach. In the United States, by contrast, platforms such as Amazon Marketplace and eBay continue to increase their share, although brand-owned and more brand-friendly online retail, including those sites with limited control, account for about 70 percent of all e-commerce.[6]

Preferences of the companies toward developing online brands have grown over the mid-twentieth century, after the usage of Internet has touched manifold increase across countries and consumer segments.

[5] Meister, D. and Bigus, P. (2011), LEGO Group: Building Strategy, Harvard Business School Press, Cambridge, MA.

[6] Bu, L. (2015), Can Brands Control their Online Destiny, McKinsey Quarterly, December, McKinsey & Co., New York.

Consumer-focused companies tend to build online brands to create awareness about the brand and the services associated with it for providing stronger perceptions among consumers. Some companies realize that putting resources on building online brands could meet the consumer-focused goals better by providing them easy and interactive information online, which could help consumers persistently recognize a brand. Some companies argue on integrating online branding from the point of view of providing overall brand experience to customers in relation to product attributes, brand equity, social status, economic power of the brand, services quality, and about the company, in a competitive marketplace. From this perspective, online brand development and recognition is viewed as an integrated function of the company, which could potentially differentiate among many competing brands. Most companies operating through both online and the brick-and-mortar stores seek co-designing of brands in association with consumers interacting dynamically on social media. In the age of dynamic social media, brand dialogues are facilitated by Internet and mobile communications among the consumers which help brands to achieve high equity in the market. To promote brands appropriately online, website development for the companies is a key component as a website is used by companies to present products and services while it is used by the consumers to evaluate the brand. The appearance of the website, contents, interactivity, and messages of the company provide a positive experience to consumers who visit the online brands and gain experience. Companies also encourage consumer blogs to generate content for readers interested in topics related to the brands and the companies.

Online branding has also become popular among local companies that are confined to the language and socio-demographic niche. The branding and marketing strategy of the oldest ethnic comic book series in India, Amar Chitra Katha (ACK), has gone for reinforcing online branding that started in millennium break (2001) as an educational tool to make Indian children aware of Indian mythology, history, and culture. ACK series had reached around 500 titles by 2010 covering a wide range of topics from history to mythology and moral stories. However, due to animated television sitcoms, the behavior of reading comic books has been radically declining. Besides the animated television serials ACK Company has been facing competition not only from international and indigenous comic book companies but also from the Internet in the form of children's online games. In November 2007, all the Amar Chitra Katha titles and issues of *Tinkle* magazine were bought by Mumbai-based entrepreneur Samir Patil, who created ACK Media as an umbrella brand. The company tried to reach its audience through the launch of an online portal, the creation of DVDs/VCDs, sponsoring movies based on Amar Chitra Katha, and placing comics on mobile electronic platforms, and so on. The shift from print media branding to online branding was inevitable for the company to reinforce the brand and rebuild a sustainable position in the marketplace. The decision of the company to develop online branding was also instrumental to achieve growth and maintain brand equity in the marketplace. The company has introduced online shopping alongside brand-building efforts on the virtual platform. ACK Media is India's leading entertainment and education company for young audiences. The company develops products for multiple platforms including print, home videos, television and films, and mobile and online services.[7]

Brands exploit social media extensively in the age of Internet to offer and communicate a customer promise of the company and build trust among consumers. Consumer interactivity through various community forums like Facebook, Twitter, and blogs continuously helps companies refine the brand promise and exhibit innovative differentiation to drive sustainable association with the customers. Virgin Atlantic scans travel websites to learn voice of customers including travel tips from crew members on its Facebook page. The company keeps communicating with customers on Twitter on changing marketing and operational strategies to enhance its brand. It also maintains V-Travelled, a site where customers exchange their experience and advise fellow consumers while they plan a big trip. Companies gain customer insights through the social media and online interactions, and drive-up the sales performance capitalizing on the reach and popularity of the social networks. However, companies need to take care to protect their brand's reputation, and carefully follow the customer engagement rules online.[8]

Most multinational and local consumer products manufacturing companies have raised their resources and efforts by building communities around their brands toward increasing marketing efficiency and improving the performance of their brands to generate sustainable customer loyalty. However, it is important for the companies to meticulously organize the

[7] Roy, S. and Moorthi, Y. L. R. (2012), *Amar Chitra Katha: Changing the Brand with Changing Times,* Harvard Business School Press, Cambridge, MA.

[8] Barwise, P. and Meehan, S. (2010), The One Thing You Must Get Right When Building a Brand, Harvard Business Review, 88(12), 80–84.

brand communities and send protocol of their functions. Consumers interact by way of sharing their experience, clarifying the doubts of fellow consumers, and resolving the post-purchase problems of buyers within the brand community. Many companies dealing with consumer technology products like Apple, Samsung, Canon, Lexmark, Dell Computers, Sony, Harley-Davidson, and many others have created brand communities to promote and protect their brands with the help of consumers through online forums. Despite the popularity of brand communities and role of consumers in serving these communities, there are some common misconceptions about the damages to the brands through undesired communication. Thus, companies also offer design principles, cautionary tales, and new approaches for leveraging those communities. The brand communities serve to help the companies develop marketing strategies and have the greatest impact on managing the performance against the competing brands. Accordingly, some companies like Procter & Gamble and Unilever have adapted hosting online brand communities for their selected consumer brands as a corporate strategy. Companies engaged in fashion products like designer clothes, and challenging products like Harley-Davidson motorcycles, redesigned their organizational policy to support building and maintaining a brand community and treated all community-related activities not just as marketing expenses but as a companywide investment. An effective brand community serves its members and shares knowledge and skills by building relationships, cultivating new interests, and contributing to society. Strong online communities work to understand members' needs and to engage them by offering a variety of roles.[9]

Online branding has been driven by the principal information technology companies—Google and Yahoo—through various platforms as an active tool for generating brand awareness among the consumers of emerging companies. The click-per-view advertisements and YouTube-hosted brand communications play enormous role in stimulating interest, knowledge, and action among consumers to learn and act online about brands and companies of their choice. YouTube has become a massively popular site to host brands attractively. Building from user-generated content, YouTube has turned to experimenting with professionally made content and organizing its videos into channels besides consumer-generated

[9] Fournier, S. and Lee, L. (2009), Getting brand communities right, Harvard Business Review, 87(4), 105–111.

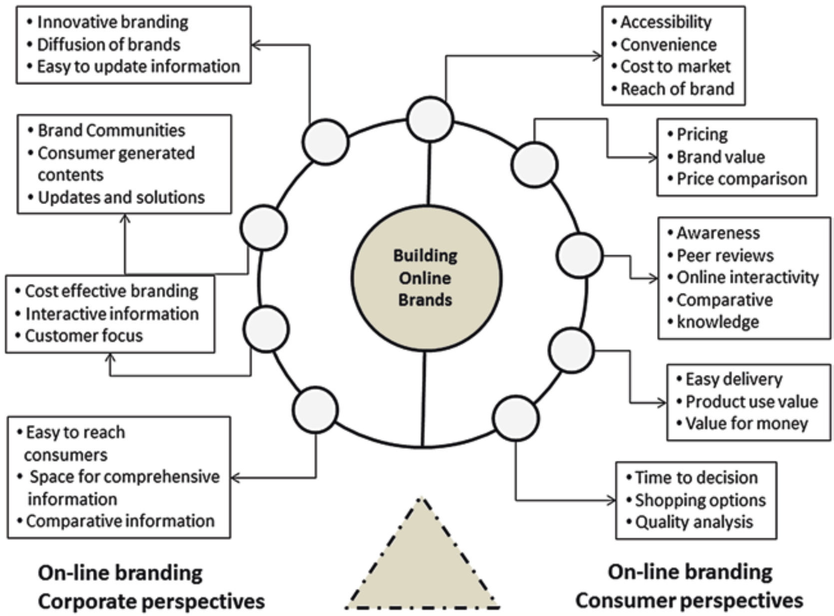


**Fig. 7.1** Online branding ecosystem

content. However, this channel is yet to commercialize its policy on capturing advertising revenue to its online video platform. This social video website is engaged in developing a 'brand safe' platform which major marketers can use to advertise their visual communication.[10] The online branding follows an ecosystem comprising several factors from the perspectives of consumers and companies as exhibited in Fig. 7.1.

The online branding ecosystem exhibited in the Fig. 7.1 reveals that from the consumers point of view, online branding is attractive as consumer can acquire adequate knowledge on product attributes, pricing, and gain comparative awareness about the similar brands online. As stated in the previous text, online branding provides consumers to have peer review of the brand and take enough time to make decision. The virtual brand communities organized by the companies help consumers not only to learn about the brands, but also to critically examine its use value and the

[10] Teixeira, T. S. and Kornfeld, L. (2014), You Tube for Brands, Harvard Business School Press, Cambridge, MA.

associated competitive advantages. Online branding is very cost-effective for the companies as their brands reach wide geo-demographic segments of consumers. Companies develop exclusive websites for their flagship and new emerging brands and launch brand communities for interaction among consumers though social media.

## Private Brands or Labels

In the global environment today, most retail chain stores have launched their own brands, commonly known as private brands or labels, and are giving tough price competition to the commercial brands of manufacturers. A private brand is exclusively manufactured for a retailer by contractual manufacturers such as Great Value from Walmart. The retailer will market the product under his own brand name. Prices of private brands are usually set cheaper than competing name brands. More private labels in the supermarkets have appeared since the beginning of the twenty-first century than ever before in the global marketplace. The private brands in most regions including North America and Europe have collectively performed and contributed to high market share of store brand goods in supermarkets. Private brands, which are also synonymous with the private labels or store brands, have emerged as a major threat to the manufacturers of commercial brands across the destinations in the world today. The market share of private brands goes up when the economy is in recession and spending power is low, as these brands are relatively less expensive.[11]

Retailers have become more powerful in the global marketplace after developing their private brands and are increasingly focusing on generating high brand equity of the private brands. By simply selling at low price, retailers have transformed private brands into popular store brands that have become a major attraction to the customers. For example, manufacturer brands of Johnson & Johnson, Nestle, and Procter & Gamble are now competing with the private brands of international retail chains like Carrefour, CVS, Tesco, and Walmart. The growth in private labels has huge implications on the manufacturer brands toward managing competition with the private labels.[12] Most consumers have adapted to shift from

[11] Quelch, J. A. and Harding, D. (1996), Brands vs. Private Labels: Fighting to Win, *Harvard Business Review*, 74 (1), 99–109.

[12] Kumar, N., and Steenkamp, J. E. M. (2007), *Private Label Strategy: How to Meet the Store Brand Challenge*, Harvard Business School Press, Cambridge, MA.

manufacturer's brand to private labels across the destinations in the world and are responding positively to the growing agglomeration of private brands grown by the supermarkets, departmental stores, and convenience stores. Perceptions about private labels are overwhelmingly favorable today, which are almost three-quarters of global consumers. An opportunity once opened by economic necessity due to the recent financial meltdown (2007–11) in the western markets has widened to include a variety of private label products that remain viable and trusted for many consumers worldwide. The consumer behavior toward private labels is largely driven by the price attractions and brand appeal. Price is important to most consumers and is the primary driver of consumers' purchase intent for private labels. A private label's appeal goes beyond price as consumers tend to seek quality and value, and private labels deliver on both attributes.

Private label growth requires approaches that are tailored to each market. Though some commonalities exist among the private label strategies, the categories where private label market shares are dominating vary dramatically across the markets and countries. Even in the North American and European markets, where a company might expect similar purchasing habits across the markets, often big differences emerge in private label and in reference to perceived value, brand performance, and competitive advantage. The sales and equities of private labels across the markets in the world have been strongest in commodity-driven, high-purchase product categories, and among the consumers who perceive differentiation leads to satisfaction. For example, green products and generic interchangeable pharmaceutical products largely emerge as private labels and appeal to the consumers more intensely over the manufacturer's brands despite being widely advertised. But the definition of a private label varies greatly across the world. In developed markets like the United States, Europe, and Australia, this includes products such as food products, domestic electrical products, generic pharmaceuticals, and so on. In India, private labels largely include products that are distinctly local edible products, such as ghee (refined white butter), rice, and flour. The private labels commonly exhibit the following attributes:

- *Differentiation and Brand Equity*: Companies planning to develop private labels choose products that are either identical (like purified bottled water, regular or decaffeinated coffee, milk) or similar (like variety of shampoos and toiletries) to protect the perceived use value of the consumers and attract their preference with low price. Most private labels with predetermined quality and use value in the consumer products across the food products, apparel, cosmetics, and consumer electronics, are of low risk where consumers do not seek differentiation. Products with low perceived differences and low prices can generate *me too* feeling and drive the equity of private labels high within the store. Private labels are displayed in the retail aisles along with the manufacturer's brands to enable the consumers to analyze the comparative advantages.

- *Price sensitivity*: Private labels move faster in the markets where consumers are price sensitive and tend to buy the products frequently. Most private labels are successful in the mass- and bottom-of-the pyramid consumer segments. Often, the companies owning the private labels combine price advantages with volume offers, which turn attractive to the consumers. Private labels are successful when consumers are more product-loyal, less brand-loyal, and look for the best price. The switching costs for consumers in private labels are also low.
- *Product innovation*: Companies engaged in developing private labels have low innovation as they introduce the private labels very close to the established brands with minimum variation in the product quality.

The growth of private labels is partially driven by in-store demand and supply of products. Private labels would fetch higher demand on occasions when the supply of manufacturer brands is discreet or unavailable. The private labels serve the customers when promoted with attractive price offers in the market. It is a misconception, however, that increasing the breadth of assortment will automatically drive sales of private labels and thus retailers must pursue the right selection of private labels. Europe has emerged as a leader in private labels since the last decade of the twentieth century. A private label has become an essential constituent in the shopping basket of consumers and their response is encouraging in the region. Seventy percent of European respondents believe a private label is a good alternative to manufacturer's brands and they offer good value for the money. The successful private label retailers in Europe have invested in brand management activities like their manufacturer peers, building significant brand equity and by providing value with standard and premium offerings for consumers at all touch points.[13]

Consumer choices have widened in the market after the emergence of private brands or labels in consumer products and durables segments. Most consumers relate the reputation and brand image of the retail store with their respective labels. Consequently, consumer behavior is leaning toward adoption of private labels against the manufacturer brands. The recent economic recession in global markets (2007–11) had altered the consumer behavior toward seeking high value for money by spending less for higher satisfaction, which consumers could realize in the consumption of private labels. In the case of detergent products sold in Reliance Retail in India, the private label of the store has driven the price-sensitive consumers toward their brand through attractive promotions of short- and long-term. Such strategy has made a greater impact on brand switching from manufacturer brands of Hindustan Unilever Limited and retains customers in the private label segment. Sudz jasmine detergent, the house-brand detergent sold by Reliance Retail, was envisioned by the company as a cost-effective detergent, which offers wash results comparable to some of the established national brands such as Surf (Hindustan Unilever Limited) and Tide (Procter & Gamble). It has been observed that customers who have been habitually purchasing a certain brand for many years develop a rationale based on economic and perceived use value to consider a private label against the manufacturer brand to make a switch. There is a need to develop interference in the market for the owners of private labels to create a 'catalyst' effect to retain consumers in the private label segments.[14]

## Brand Diffusion Strategy

Advertising is a key instrument in promoting brands, products, and services in international markets. However, the rationale of advertising and media communication strategy varies regionally and among industries. Brand advertising carries corporate-, products- and services-communication

[13] Nielsen (2014), *The state of the private label around the world: Where it's growing, where it's not, and what the future holds*, Nielsen Global Private Label Report, The Nielsen Company, Nielsen N.V., New York.

[14] Jeeson, K. J., Jathar, A., and Kumar, U. D. (2013), *Consumer Choice between House Brands and National Brands in Detergent Purchases at Reliance Retail*, Discussion Case, Indian Institute of Management, Bangalore, India.

among the consumer segments without any limits; it is risk averse toward cultural conflicts and deceptive information for gain rapid market share. Hence, many firms have a code of ethics for advertising. Brand communication and advertising strategies significantly contribute in developing the business of companies as it involves consumers and market players in carrying the information positively and analytically, to drive decisions affecting the performance of the brand. Though the cost of effective and ineffective advertising varies, both incur high expenses. An effective advertising campaign represents a tangible resource and is transferable internationally from one market to another. Further, advertising is regarded as the sole representative by many international companies in establishing and maintaining a desired position of products in the international market. Once a desired position for a product or service has been achieved through advertising, any local market interventions such as price or promotion-related effects make low impact. Thus, global advertising needs a certain degree of centralization in terms of controlling the expenditure and carrying the sustainable impact of communication in markets the world over.

Brand advertising may be defined as the strategy of communicating brand message to potential customers driving their purchase intentions. Advertising plays a crucial role in international business worldwide and it is the critical factor in achieving sales goals in a tough competitive environment. It has been observed that in the globalization era, national and multinational companies are increasingly considering successful advertising as a prerequisite to profitable global operations. Advertising is one segment of a well-organized, continuous marketing plan. Effective advertising is a cumulative process that maintains current customers, attracts new customers, and establishes a favorable position for the business with competitors. Advertising does not cure slow business growth or low profits, nor does it create a better businessperson or a well-organized business. Advertising offers specified benefits to a specific or target audience. As part of a sound marketing plan, advertising becomes an investment in the future of the business instead of one more expense. An effective advertisement is based on a careful analysis of the situation before money is spent. Advertising expenses as a percentage of gross income rises in many countries as the marketing practices of companies move increasingly in directions pursued developed countries. In China the advertising industry has been growing at a rate of 50 percent per annum.

Dynamics of advertising and promotions drives the attention of potential and current customers toward brands. Diffusing an advertising and promotions strategy for a designated brand can be best carried out if consumers and market players act closely to enhance the sales. Many brands have failed in the market, not because of their quality, packaging, or pricing, but due to the lack of awareness of products among potential customers. Companies, therefore, need to develop appropriate advertising and communication strategies to enhance the reach of the brands to the consumers and promote sales effectively in the markets. One effective method of brand promotion is advertising. The goals of brand advertising strategy are highly dependent on the overall goals and strategies of the organization, and the results of the marketing analysis including the positioning statement. The brand advertising strategy is aimed at the target markets the company wants to reach, and it should analyze the features and benefits the brand wants to convey to consumer. Brand communication also needs to focus on developing the advertising campaign through effective channels for seeking expected results about the brand equity. Successful brand advertising depends on using the preferred methods and styles of communications to the target markets. A media plan and calendar, which specify what advertising methods are to be used and when, can be very useful.

Fashion Advertisements (FAds) and strategies building for optimum sales realization are prominent among various sales promotion tools. As discussed earlier, the FAds have a greater impact on the elite clientele group as compared to other measures used for raising sales. The product branding and packaging technology is the core input for FAds. Attractive packaging and popular branding have a significant role in the market expansion and product promotion. In a competitive market economy, brands are hired by the manufactures for product marketing. In this system, new product managers must face an uphill task. In marketing new products, it is essential to take potential as well as existing customers into confidence through an effective communication management. In the absence of building up such awareness, the new product manager gets fringe benefits, while the brand owner gets a higher share in the consumers' rupee. As such, these companies may not be in a position to establish their own brand due to many weaknesses pertaining to capital, technical know-how, and market guidance. The future threat in this regard can be visualized in the light of selling their product. In the long run their identity will be only as a manufacturing unit, but not as a product seller. Packaging in the competitive product market is an important determinant as far as the buyer's behavior is concerned. The more attractive and durable the packaging of any product, the greater the product resistance and market demand. 'The New packs' may be the hard core of some FAds which could be more appealing to the target customers. It requires enough capital to invest in packaging technology.

Brand advertising, direct marketing, and public relations are important tools for promoting international marketing. The process of advertising in an international business begins with a market situation analysis conducted to assess marketing opportunities for the product in the existing market. On identifying market environment, the marketing strategies are formulated and supported by communication linkages. Advertising strategies are developed in accordance with the marketing plan and advertisements are released according to the media plan. Therefore, commercial advertisements seen by the consumer are like the tip of an iceberg emerging from situation analysis, trade goals and strategies that have been evolved by the marketing and advertising managers. However, it is difficult to establish whether advertising is the first or the last component in the entire process of marketing. Despite numerous research efforts on the function of advertising, a unified theory has not yet emerged.

As with the marketing environment, advertising also works in an environment that may be understood by studying the conditions under which it functions. The environmental factors affecting advertising are given below:

- Social and cultural factors
- Market competition-related factors
- Legal factor
- Economic factors related to business and consumer

These factors nurture advertising and other related environments like marketing. The environment helps the company assess the extent of the investment needed and accordingly decide the advertising strategies. Environmental conditions provide a base for formulating the advertising policy and to provide magnitude and direction. The contemporary advertising system is an example of a 'free enterprise' environment.

Socio-cultural environment comprises of shared beliefs, social values, customs, lifestyles, ethics, and community behavior. These components play a major role in shaping the behavior of a consumer. Thus, advertising should keep to the social cultural standards; and if it fails to do so, the consumer should resolve not to buy the advertised product. A competitive environment provides more options to influence the consumer. Therefore, to plan strategies for effective advertising, there is a need to look into the product policies, distribution approaches, pricing mechanism and promotional strategies with reference to competitive products and their sustainability in the market. The legal environment consists of enforced regulation, under which advertising must be developed and exposed. Business fluctuations, the broad economic framework for establishing business at the embryonic stage, prospects, and political stability form the economic environment for developing advertising plans. Thus, it is difficult for any advertiser to ignore these factors while planning advertising within the given economy of the country or region.

There are many other factors which have a stake in the advertising environment and which play a significant role in determining policies for effective advertising as a communication and marketing tool. These factors are as follows:

- Technology development
- Growth in per capita income
- Increase in disposable income
- Higher purchasing power of consumer
- Growth of popular consumer clusters
- Development of infrastructure
- Increase in education standards of consumer
- Specialization in advertising techniques
- Use of research and development results
- Growth of brands and variety of trade
- Growth of service sector
- Growth in marketing finance

The scope of the advertising is very wide and leads to an integrated impact on the planning process. Advertising is a creative task and it varies according to the need and taste of the target group. It can be categorized into audiences, types of advertiser, mass media, and functions. There are three sets of audience in advertising: businesses, professionals, and consumers. The *business-to-business advertising* is directed toward processors, wholesalers, and professionals. An advertisement carrying a message for raw materials, business machines, or services to the manufacturing units are categorically of a business-to-business nature and can be termed as *industrial advertising*. Similarly, when an advertisement is directed toward a group of professional like engineers or doctors, it is called *professional advertising*. The advertising audience may also be categorized as a mass or a class. For example, advertising for biscuits may be planned for the mass audience, while a rich processed and canned food may be directed toward high class audience.

The volume of the business of a company, and the geographical coverage of the product, is another consideration for classifying advertising strategies. The countrywide coverage of a product such as automobiles, television sets, refrigerators, and the like, is called *general advertising***.** Advertising for a product limited to regional markets for local consumption is defined as *local advertising*. Advertising can be also classified with reference to the medium used to deliver the message, like national TV network, cable TV network, radio, and newspapers and magazines of national and regional status.

The functional classifications of advertising are of an illustrative and symbolic nature. The advertising classification according to functions is given under:

- Product advertising
- Non-product or institutional advertising
- Primary advertising
- Selective advertising
- Direct action advertising
- Indirect action advertising

*Product advertising* emphasizes the characteristics of the product and other related issues, while the institutional image is built up by *non-product advertising***.** The brand of the company, its public relation aspects, and regulations are based on the theme of the advertising in this category. For example, the Tata steel company prefers institutional advertising highlighting the biographical excerpts of the founder veteran or emphasizing the development nurtured by the company in rural housing, education, health, and sports. Such advertising mentions the product of company as a secondary message.

*Primary advertising* attempts to promote a market for indigenous products which are largely unbranded while *selective advertising* is done for the products that are branded or that fall in line with related brands. Selective advertisement is used by individual companies to stimulate a market for their products after the demand has been established. *Direct* *action advertising* generates instant demand for the product and is found to be an effective stimulus for short-run sale campaigns. The art of abstract communication is called *indirect advertising* which does not seek immediate attention of the mass audience. However, this type of advertising is appreciated by the class audience to some extent.

Media advertising largely attempts to generate an indirect response toward the merchandise or services advertised. *Direct response advertising* includes mail-media advertising, catalogues, departmental store's advertising yellow pages, handouts, and window displays. Media marketing is an effective buyer-seller interactive system, in which the merchandise advertised is brought close to the buyer using one or more advertising styles, and the response is measured with reference to the location and volume of transaction. Mail-media advertising involves promoting the merchandise market by establishing contact with potential and existing consumers through mail orders, publicity materials, and telephone service. In this process, no personal selling is performed. Direct-mail advertising has many advantages. It attempts to build goodwill between sellers and buyers. Hence mail advertising is often identified as productive advertising technique.

The numerous advantages of this system are listed below:

- It is highly selective.
- This form of advertising is elastic as the name of consumer can be added or deleted at retailer's discretion.
- A wide variety of merchandise or services can be advertised to the same consumer.
- Privacy on consumer preference/order can be maintained.
- Market competition can be avoided instantly.
- Direct-mail advertising is person-specific.
- Home delivery of goods and service can be assured.
- Performance of merchandise/service sales can be monitored and evaluated.

Apart from the many advantages of direct-mail advertising, there are some demerits also. The most commonly observed problem in mailing business orders is the high expenditure involved in the process. The periodical updating of the mailing list is a major task in direct-mail advertising and consumes large business time. Besides these advantages, it sometimes becomes disinteresting and irritable to the persons addressed and they feel offended as the 'copy' of the mail-order may not match with the profile of person to whom it is sent. The different types of mail-order advertising comprise of a comprehensive text and a visual copy which attempts to make the reading interesting. The various types of mail-order advertising are the following:

- Business reply mail with pre-paid postage fee
- Information enclosures, circulars, and so on
- Postal cards without an order form
- Self-mailing folders
- Booklets and catalogues

Mail-order advertising is a quantitative exercise and it requires the systematic processing of data. Hence computerization is the basic requirement to handle the data with reference to classifying consumers, sorting types of orders, making a record of compliance to order and other functions.

*Window display* is the most prominent style of direct response advertising as it establishes ready information, product impression, and impulse of buying that helps in decision-making. Display advertising can be indoor and outdoor. Indoor display advertising consists of showcase advertising and indoor displays in departmental stores. There are some common kinds of *indoor display* of merchandise. They are:

- Display of merchandise in the showcase of departmental stores
- Display of merchandise in a decorative style in the showcase/window
- Display of prestige copy under a simulated environment
- Display of merchandise on a dummy
- Theme display
- Demonstration of the use of the merchandise

The *outdoor display* of merchandise or services may be done in the form of sign boards, commercial hoardings, posters, neon signs, vehicle sign boards, train posters, electronic sign boards, balloons, fiber optical billboard, and other special effects. Merchandise advertising on vehicles is called transit advertising, which carries the message from place to place. It is a good way to reach specific markets and can be tailored according to the geographical market segmentation.

*Advocacy advertising* on the other hand, attempts to highlight contemporary arguments directed at specific general clients like political activists, consumer groups, and media and government agencies. Advocacy advertising consists of the following:

- Ideological advertising, which is principle oriented and attempts to highlight the ethics of an institution
- Defense advertising, which argues to protect the image of institution against contemporary controversies
- Reply bound advertising, which seeks quick and ready response to issues highlighted in the advertisement
- Position taking advertising, which emphasizes the point of view of an institute of and thus an emerging issue with a strong argument to seek public acceptance or a referendum
- Ally recruitment advertising, which asks the interested persons to present their views in support of the ethics of an institution in to strengthen its position before their joining a position in the institute

Advocacy advertising has the advantage of exhibiting the message in a controlled situation, which then helps in dealing with complex issues. An institution can plan a series of advertisements for a campaign, supporting its views and image building simultaneously among the clientele group. Institutional advertisements are generally released on multimedia and cover a substantially larger segment of the target audience. Visual merchandising (VM) plays an important role in building brand in a competitive marketplace within specific product categories. Though consumers may be exposed to brand advertisements endorsing the brands of the company, they tend to get influenced at the point of purchase due to an attractive display or simply because of the prominence of a brand at the retail location. Thus, most companies invest in brand communications and develop brand infrastructure to make the marketing scenarios effective such as visual merchandising. Wipro Consumer Care & Lighting is one among the largest fast-moving consumer goods companies in India and has a wide range of products across different categories. The brand development managers of the company have chosen between several options for making certain that the strategic objectives of brand advertising are met through VM. The company manages through its channel partners the elements of VM, and in some markets VM is also outsourced to specialized agencies.[15]

It is necessary to pinpoint the objectives to build a good advertising program of the ad campaign. It would be wrong to assume that all advertising leads directly to sales. Selling is a multiphase phenomenon, and advertising can be used to transfer the customer from one phase to the next: from unawareness of a product or service, to awareness, to comprehension, to conviction, to action. The objectives of advertising may be defined by any one of the following approaches: inventory approach, hierarchy approach, or attitudinal approach. The inventory approach is helpful in emphasizing different objectives in advertising. These advertising objectives may be selected with reference to the overall marketing plan. This approach helps the advertiser choose a better functional platform for projecting the advertisement. In *hierarchy approach*, the objectives of advertising should be stated in an action oriented psychological form. Accordingly, the objectives of advertising may be defined as (i) gaining customers' initial attention, perception, continued favorable attention, and interest; or (ii) affecting customers' comprehension, feeling, emotion, motivation, belief, intentions, decision, imagery, association, recall, and recognition. The concept of this approach is that customers move from one psychological state to another before buying a product. The purpose of advertising should be to change the customers from the state of indifference or negative attitude to the positive approach and ultimately toward purchasing the product. The *attitudinal approach* of advertising is instrumental in producing changes in attitudes; therefore, advertising goals should be defined to influence attitudinal structures. This strategy is helpful in developing a positive consumer attitude toward the company, brand, product class and attributes, competitive advantages, and post sales services. The attitudinal approach is an improvement over the hierarchical approach because it attempts to relate advertising objectives to product/market objectives.

[15] Sivaramakrishnan, S., Thapar, G., Gattani, V., and Chatterjee, A. (2014), *Wipro Consumer Care: Merchandising for Success*, Harvard Business School Press, Cambridge, MA.

## Brand Promotion

Promotion strategies are concerned with the planning, implementation, and control of persuasive communication with customers. These strategies may be designed around advertising, personal selling, sales promotion, or any combination of these functions. One of the major strategic issues associated with the development of effective promotion strategy is the availability of financial resources for a specific product and market. Allocation of budget among advertising, personal selling, and sales promotion elements is another strategic matter. Formulation of strategies dealing with these determines the role that each type of promotion plays in a situation. Promotion strategy consists of planning, implementing, and controlling communications from an organization to its customers and other target audiences. The function of promotion in the sales program is to achieve various communications objectives in the market segment. An important sales responsibility is to plan and coordinate an integrated promotion strategy and to select the specific strategies for the promotion components. It is important to recognize that word-of-mouth communications among buyers and the communications of other organizations may also influence the target audience of the company. The promotion-mix has the following components:

- Advertising
- Personal selling
- Sales promotion
- Direct marketing
- Publicity

Advertising may be defined as the strategy of communicating a sales message to potential customers. Advertising is one segment of a well-organized, continuous sales plan. Effective advertising is a cumulative process that maintains current customers, attracts new customers, and establishes a favorable position for the business with competitors. Advertising cannot cure slow business growth or low profits, nor can it create a better businessperson or a well-organized business. Advertising offers specified benefits to a specific or target audience. As part of a sound sales plan, advertising becomes an investment in the future of the business, instead of one more expense. An effective advertisement is based on a careful analysis of the situation before money is spent. ‘Advertising and promotions' is bringing a service to the attention of potential and current customers. Many products or services have failed in the market, not because of their quality, packaging, or pricing, but because the potential customers didn't know they were there, and if they did, they didn't know what those were or how to use them. A firm must promote a product or service to sell it. One effective method of promotion is advertising. The goals of the plan should very much depend on the overall goals and strategies of the organization, and the results of the sales analysis, including the positioning statement. The plan usually includes what target markets the firm wants to reach, what features and benefits it wants to convey to them, how the firm will convey it to them (this is often called the firm's advertising campaign), who is responsible to carry out the various activities in the plan, and how much money is budgeted for this effort. Successful advertising depends on knowing the preferred methods and styles of communications of the target markets the firm wants to reach with its advertisements. A media plan and calendar can be very useful, which specify what advertising methods are to be used and when. Development of an optimum promotion-mix is by no means easy. Many companies often undermine the roles of advertising, personal selling, and sales promotion in a given product or market situation. Decisions about the promotion-mix are often diffused among the decision makers, impeding the formation of a unified promotion strategy. The personal selling plans are sometimes divorced from the planning of advertising a promotion.

**Table 7.1** Criteria for determining brand promotion-mix

| *Product factors* | *Market factors* | *Customer factors* | *Budget factors* | *Sales-mix factors* |
|---|---|---|---|---|
| Product attributes | Brand positioning | Need | Financial resources | Relative price/ relative quality |
| Perceived value | Market share | Peer and social influence | Traditional promotional perspectives | |
| Product life cycle | Industry concentration | | | |
| Competitive benefits | | Brand experience | | Distribution strategy |
| | Intensity of competition | Value for money | Brand licensing | |
| | | | Outsourcing brand marketing | Brand life cycle |
| Brand equity | Demand perspectives | | | Geographic scope of the market |

A variety of factors should be considered to determine the correct promotion-mix in a product/market situation. These factors may be classified as product factors, market factors, customer factors, budget factors, and sales-mix factors as outlined in Table 7.1. Store promotions are competitive for retailers, because the retail stores compete in the marketplace more than the brands in Latin American countries. Hence, retailers are engaged in extensive promotional activity by advertising through all media. Radio advertisements are largely targeted to the urban commuters. Besides media, retailers also outsource sales promoters to deliver gifts and price lists to people at strategic traffic points. Such promotion campaigns allow the store to increase its turnover by achieving higher volume of sale in the market area and increase in the frequency of visits, and by stimulating spending by consumers in the store. Store-level promotions through radio advertisements help urban commuters to acquire information and take decision on buying or induce family and friends to help in visiting stores to witness promotions and buy. The radio advertisements reinforce low-price positioning, a key to attract customers of price-sensitive segment using an 'everyday low price' or 'everyday new promotion' strategy. However, such a strategy leads to an increase in sales at the expense of a substantial loss in profit in long run.[16]

Firms engaged in marketing of industrial and consumer goods tend to improve the management of their complex distribution channels by using various promotional techniques known as the 'promotional mix'. Marketing organizations can use sales promotion to move merchandise through the distribution pipeline by carefully organizing the channels of distribution, selling through and not to distributors and dealers, and determining product objectives. This concept has a focused scope that is highly cost-effective and applicable to a wide range of products and situations.[17] Promotional strategies have been considered as an effective tool for improving the sales performance in a marketplace. A firm's promotion plan is basically comprised of the four Ps including product, people, perceived value, and psychodynamics, combined with the Attention, Interest, Desire, and Action (AIDA) factors. A decade of company-based research suggests, however, that it is time to rebuild the marketing machine by

[16] Hoch, SJ, Drèze, X and Purk, ME, (1994). EDLP, hi–lo and margin arithmetic. *Journal of Marketing*, 58 (4), 16–27.

[17] Shapiro, B. P. (1977), Can marketing and manufacturing co-exist? *Harvard Business Review*, 55, 104–114.

focusing on the key strategic issues that companies, and marketers, face in today's rapidly evolving, digitized marketplace. If marketing is to become a way of doing business rather than merely one of several organizational functions, marketers must recognize that the promotional-mix toolkit is important for success.[18] The promotion planning must be done considering the following parameters:

- Who are the customers to reach?
- What are the determinants of consumer behavior?
- What is the goal of sales program?
- Loyal users
- Short-run profit
- Reinforcing the market
- Enhance sales territories
- Cross selling

The benefit of sales promotions is that they induce choice. However, this benefit may drive slow moving brands that are not commonly preferred by the consumers. Even though sales promotions have long been employed in marketing practice and researched academically, a clear understanding of the impact of sales promotion on post-promotion brand preference continues to support the sales of products. Some studies suggest that, on average, sales promotions drive brand preference among consumers. However, depending upon characteristics of the sales promotion and the promoted product, promotions can have impact on preference for a brand.[19]

Various promotional offers including price discounts, free samples, bonus packs, and in-store display are associated with product trial. Trial determines repurchase behavior and mediates in the relationship between sales promotions and repeat buying behavior.[20] Repeat buying behavior of customers is largely determined by the values acquired on the product. The Attributes, Awareness, Trial, Availability, and Repeat (AATAR) factors

[18] Crittenden, V. L. (2005), Rebuilt marketing machine, *Business Horizons*, 48 (5), 409–420.

[19] DelVecchio, D., Henard, D. H., and Traci H. F. (2006), The effect of sales promotion on post-promotion brand preference: A meta-analysis, *Journal of Retailing*, 82 (3), 203–213.

[20] Ndubisi, N. O. and Moi, C. T. (2005), Customers behavioral responses to sales promotion: the role of fear of losing face, *Asia Pacific Journal of Marketing and Logistics*, 17 (1), 32–49.

influence the customers toward making re-buying decisions in reference to the marketing strategies of the firm. The decision of customers on repeat buying is also affected by the level of satisfaction derived on the products, and the number of customers attracted toward buying the same product, as a behavioral determinant.[21] Among growing competition in retailing of consumer products, innovative point of sales promotions offered by super markets are aimed at boosting sales and augmenting the store brand value. Purchase acceleration and product trial are found to be the two most influential variables of retail point of sales promotions. It has been found that there is significant association between the four consumer promotional approaches including coupons, price discounts, samples, and *buy-one-get-one-free*, and compulsive buying behavior.[22] The occurrence and the choice of appropriate retail sales promotion techniques are important decisions for retailers. It is crucial for the retailing firms to apprehend the mechanisms involved at the consumer level regarding these sales promotions. Variables such as variety seeking, perceived financial benefit, brand loyalty, and store loyalty toward point of sales promotions have specific influences on the buying behavior and volume of retail sales.[23]

Compulsive buying is closely associated with the obsessive behavior of customers who orient their mind to acquire certain products or services. There exists a close relationship between compulsive buyers and specific types of external stimuli such as sales promotions and bargains offered in the large self-service retail stores. Customers who have a higher tendency to buy compulsively are more prone to promotions and are more likely to yield to innovative sales promotions in retail stores. Such customers have a greater likelihood to use promotion tools such as electronic cash cards (ECC), shopping advantage cards (SAC), and bulk purchase price offers (BPP) offered by retail stores, and subsequently have a greater incidence of compulsive shopping.[24] Clinically, compulsive buying is closely related

[21] Rajagopal (2005), Buying Decisions towards Organic Products: Analysis of Customer Value and Brand Drivers, *International Journal of Emerging Markets*, 2 (3), 236–251.

[22] Gilbert, D. C. and Jackaria, N. (2002), The efficacy of sales promotions in UK supermarkets: a consumer view, *International Journal of Retail & Distribution Management*, 30 (6), 315–322.

[23] Laroche, M., Pons, F., Zgolli, N., Cervellon, M. C. and Kim, C. (2003), A model of consumer response to two retail sales promotion techniques, *Journal of Business Research*, 56 (7), 513–522.

[24] Vicdan, H., Chapa, S., and de Los, S. G. (2007), Understanding compulsive buyers' online shopping incidence: a closer look at the effects of sales promotions and bargains on

to major depression, obsessive–compulsive disorder, and in particular, compulsive hoarding. Like compulsive hoarding, compulsive buying is thought to be influenced by a range of cognitive domains including deficits in decision-making, emotional attachments to objects, erroneous beliefs about possessions, and other maladaptive beliefs.[25] Sales promotions should be designed to effectively converge with consumer choice and brand preference.

The variables of in-store environment driving impulsive buying behavior include display of point of sales posters exhibiting promotion discounts and cheaper prices, and the atmosphere engagement referring to enjoyment, elegance, and attractiveness. Such behavioral drivers may also be referred to as in-store promotional effect and atmospheric effect.[26] It has been observed in some studies that consumers who intend to do shopping on short notice, generally lean toward impulsive or compulsive buying behavior driven by arousal effect in the retail stores. Gender, age, leaning toward unplanned purchases, and tendency to buy products not on shopping lists, serve to predict compulsive tendencies. However, there are some common strategies adopted by retailers to overcome the problems of fickle consumers, price-slashing competitors, and swings in the economy. Such wishful thinking holds that sales promoters can thrive only if they communicate better with consumers during pre-purchase situations and assist in product demonstrations involving consumers to help their purchase decisions.[27]

As new and exciting products are introduced, firms prospect the consumers through inter-personal negotiations managed by the sales promoters and inculcate high arousal among customers toward buying these products. *Visual merchandising* and computer aided simulations act as stimuli to consumers who intend to elicit a positive response. This creates shopping arousal among customers in reference to merchandise choice, store ambience, attributes of promotional products, perceived use value, pricing policies, and promotional activities. These factors may be considered as foundations of consumer behavior toward point of sales promotions

Hispanic Americans, *Journal of Customer Behaviour*, 6 (1), 57–74.

[25] Kyrios, M., Frost, R. O., and Steketee, G. (2004), Cognitions in Compulsive Buying and Acquisition, *Cognitive Therapy and Research*, 28 (2), 241–258.

[26] Zhou, L. and Wong, A. (2004), Consumer Impulse Buying and In-Store Stimuli in Chinese Supermarkets, *Journal of International Consumer Marketing*, 16 (2), 37–53.

[27] Berry, L. L. (2001), The old pillars of new retailing, *Harvard Business Review*, 79 (4), 131–137.

offered in retail stores.[28] Visual effects and the economic advantage associated with promotional products in the retail stores often stimulate compulsive buying behavior. Point of sales brochures, catalogues, and posters build assumption on perceived use value and motivational relevance of buying decisions of product. Emotional visuals exhibited on contextual factors such as proximity or stimulus size drive perception and subjective reactions on utility and expected satisfaction of the products.[29] In addition, a pleasant store ambience where attractive displays, music, hands-on experience facilities and recreation are integrated helps in maximizing the consumer arousal toward buying. It has been observed that consumers perceive positive effect during interaction with sales promoters if arousal is high.[30] The impact of initial interactions among fellow customers about the point of sales promotions can be measured in reference to the degree of stimulation gained by customers. Interactive tools on product learning provided by the retailers significantly affect the level of arousal and pleasure which contribute toward experience and thereby influence the buying behavior. As higher stimulation or interactive learning provided by the sales promoters focuses on gaining initial experience on the product use, consumers tend to engage in higher arousing activities and adhere to the sales promotions offered by retail stores.[31]

*Summing Up*

The chapter begins with the discussion on the contemporary trends and practices followed by the companies on brand licensing as a practice to increase the outreach and enhance brand competitiveness in the marketplace. Brand sensitivity to consumer perceptions and value for money play a major role in determining the branding strategies. Brand licensing refers to renting or leasing of an intangible business asset that yields high returns on investment. Under a brand licensing program, companies expand their

[28] Otieno, R., Harrow, C. and Lea, G. G. (2005), The unhappy shopper, a retail experience: exploring fashion, fit and affordability, *International Journal of Retail & Distribution Management*, 33 (4), 298–309.

[29] Codispoti, Maurizio and De Cesarei, Andrea (2007), Arousal and attention: Picture size and emotional reactions, *Psychophysiology*, 44 (5), 680–686.

[30] Wirtz, J., Mattila, A. S. and Tan, R. L. P. (2007), The role of arousal congruency in influencing consumers' satisfaction evaluations and in-store behaviors, *International Journal of Service Industry Management*, 18 (1), 6–24.

[31] Rajagopal (2008), Outsourcing Salespeople in Building Arousal towards Retail Buying, *Journal of Database Marketing and Customer Strategy Management*, 15 (2), 106–118.

market outreach by getting the products manufactured and marketed by an independent local firm as per the agreement. Such brand enhancement strategy helps the companies build their brands through the local business partners typically where the marketing potential seems to be low and consumption pattern is governed by price sensitivity and value for money. Online branding has been driven by the principal informational technology companies, Google and Yahoo, through various platforms as an active tool for generating brand awareness among the consumers among the emerging companies. Most multinational and local consumer products manufacturing companies have raised their resources and efforts by building communities around their brands toward increasing marketing efficiency and improving the performance of their brands to generate sustainable customer loyalty. A private label is considered a captive brand of the store and it serves the customers within the stores. The private labels are not marketed through the channels other than the store or company to which it belongs to. They are exclusively manufactured for a retailer by contractual manufacturers. The retailer markets the product under his own brand name. Prices of private brands are usually set cheaper than competing name brands. Brand advertising may be defined as the strategy of communicating a brand message to potential customers driving their purchase intentions. Advertising plays a crucial role in international business worldwide and it is the critical factor in achieving sales goals under tough competitive environment. Most companies invest enormous resources in developing effective brand advertising and communications through various means and media like electronic, print, and social media. Companies develop brand awareness campaigns through series advertisements on specific themes to reinforce the brand image among consumers. Brand promotions are planned and instituted by the customer-focused companies to attract, acquire, and retain consumers. Various promotional offers including price discounts, free samples, bonus packs, and in-store display are associated with product trial. Trial determines repurchase behavior and mediates in the relationship between sales promotions and repeat buying behavior. Repeat buying behavior of customers is largely determined by the values acquired on the product. The Attributes, Awareness, Trial, Availability, and Repeat (AATAR) factors influence the customers toward making re-buying decisions in reference to the marketing strategies of the firm.

PART III

# Control and Measurements

CHAPTER 8

# Brand-Market Risks

The global marketplace of the twenty-first century is congested with various brands of multi-domestic, global, and local origin. Local brands have higher potential to follow the brand marketing strategies of popular brands of other categories as the local brands serve a small niche of the consumer segment and make a deeper impact on the consumer preferences. As more brands are added to the marketplace frequently across the regions, there appears to be a continuous threat to the brands at various geo-demographic market levels. Local brands leap in the market with limited resources and potential goals to reach the consumers faster and at low cost. Such behavior of local brands often causes threats to the established brands and even to the lead brands. Consequently, companies face imitation of brands, online disruptions, and market uncertainties in different markets. Besides these factors, underperforming brands also cause enormous financial risk to the companies, which results in low brand equity, low market share, high investment, and low consumer acceptance. Many business decisions are made by the companies today toward marketing, branding, advertising, and customer services with incomplete information on market competition and face uncertainty and risks of brand failure. While risk can never be completely avoided, companies need to take such contingency into their strategic planning. The systematic identification and assessment



Rajagopal, *Competitive Branding Strategies*,
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of risk, a frank discussion of risk tolerance, and the use of a variety of the techniques are followed by many companies to manage the risk caused.[1]

## Types of Brand-Market Risk

The competitive markets are efficient at calculating the value of investment in brand development and augmenting market share of the products and services. Such challenges on returns on investment in building brands are often faced by business strategists in a company. By applying the discipline of the brands and markets, executives can avoid making important decisions based on subjective judgments about the future. The application of market discipline to strategy involves the following points to be considered by the company:

- Developing decisions in terms of the real options available in the marketplace toward investing or protecting a brand
- Evaluating corporate investments on brands and measuring value and risk within the given market
- Planning investments on brand under real-time situations in the marketplace and mitigate risk involved in brand performance

By examining critically the occurrence of uncertainty, companies can follow the real-options approach and develop strategies realistically about complex and risky strategic decisions.[2]

### *Innovation and Brand Failure Risk*

Companies that venture to penetrate the marketplace with new innovative brands with high investment in creating the brand image among consumers, and try to gain more profit in less time, generally fall into the brand-market risk. Such a situation occurs as companies play aggressive in implementing their brand strategies without analyzing the market competition and the risk of brand performance. Despite the rigorous drive of some companies to launch high-price, high-innovation products, most

[1] Robinson, D. (2007), *A Primer on the Management of Risk and Uncertainty*, Harvard Business School Press, Cambridge, MA.

[2] Amram, M. and Kulatilaka, N. (1999), Disciplined Decisions: Aligning Strategy with the Financial Markets, *Harvard Business Review*, 77 (1), 95–104.

new products do not yield desired returns or generate money. Most companies do not realize that sometimes the approach they take to commercialize a new brand is not mature enough to diffuse information about the innovation and brand differentiation among consumers. Brands in the markets are risk averse, as different approaches can generate very different levels of profit. Hence, it is necessary for the companies to test the brand performance in the target markets before commercializing the brand and expanding its outreach. Companies tend to work with the combination of brand differentiation and innovation approaches out of their predetermined investment profile that include profitability pattern, risk profile, and skill requirements. Companies need to take several different factors into account before deciding risk management strategies, including the market and industry responsiveness to the new brands, innovation, and the risks involved in taking the product to market.[3]

New brands often suffer from high failure rates not only due to technical deficiencies, but also because they simply have no market. Brands that are launched in a hurry without putting an appropriate preparatory work in the market undergo such brand-market risk. The timely and reliable knowledge about customer preferences and requirements is the single most important area of information necessary for the brand development in the target market and reducing the risk. To obtain such information, most companies make high investments in traditional market research. Companies also seek information from customers about their intention to purchase a new brand before the companies commence final development of the brand and initiate mass production. This process is practiced by the consumer brand manufacturing and marketing companies as collective customer commitment analysis, which helps them avoid the brand failures and reduce the risk of loss on brands.[4]

Market share of the brand, customer services, innovation, and ethical values of a firm are associated with corporate image. Brand promotion, brand alliance strategies, and expenditure made by the firm on enhancing the brand attractiveness constitute brand investment, whereas advertising is considered as a principal part of communication strategy in managing brands. Commonly, there are two arrays of brands: grown and acquired.

[3] Andrew, J. P. and Sirkin, H. (2003), Innovating for cash, *Harvard Business Review*, 81(9), 76–83.

[4] Ogawa, S. and Piller, F. T. (2006), Reducing the Risks of New Product Development, *MIT Sloan Management Review*, 47 (2), 65–72.

The number of firms using alliances as part of their corporate profile or market entry strategies has increased since the 1990s, and three common reasons have been observed for pursuing brand alliances that include technology convergence, market access, and alliance partners' brand resources.[5] Home grown brands are regarded as long-standing brands in a firm and are nurtured along with the market experience and objectives of the firm. Brand identity of grown brands is inherited in the consumer behavior, which impels high customer values. On the contrary, acquired brands need to be seasoned in the new corporate environment and are largely risk averse while penetrating the market. Companies should understand two important aspects to manage the brand-market risk: the consistency of brand positioning across the markets, and the value of risks associated with the brand extensions in competitive, potential, and dormant markets.

In multi-brand strategy, a firm may develop brand architecture and transform brand image. This framework can be a strategic tool for brand managers to design strategic brand alliances and assess risks in relation to brands, product categories, persons, and institutions.[6] However, alliance brands have the potential to develop into a valuable strategic resource when carefully nurtured.[7] It is believed that the brand portfolio strategies help in searching for the efficient frontier for the brand set, that is, the boundary where brand managers can maximize their returns for any level of portfolio risk. However, the scope of brand portfolio does not restrict the brands owned by the firm. The brand portfolio, on the contrary, includes every brand that plays in the consumers' decision to buy.[8] Brand loyalty is a key link affecting market share, and the perceptions on brand name in reference to brand risk and brand differences have been the prime factors in making a buying decision for new brands among the consumers.[9]

[5] Ghandour A Fares, Swartz Paulina, Grenek Heidi M and Roberts Edwards B (2004), E-Business Transformation vial Alliance Clusters, *Technology Analysis and Strategic Management*, 16(4), 435–455.

[6] Uggla, Henrik (2007), The corporate brand association base: A conceptual model for the creation of inclusive brand architecture, *European Journal of Marketing*, 40 (7–8), 785–802.

[7] He, Hong-Wei and Balmer, John M T (2006), Alliance brands: Building corporate brands through strategic alliances, *The Journal of Brand Management*, 13 (4), 242–256.

[8] Aaker D (1991), *Managing Brand Equity*, New York, The Free Press.

[9] Rajagopal (2007), *Influence of Brand Name in Variety Seeking Behavior of Consumers: An Empirical Study, International Journal of Management Practice*, 2 (4), 306–323.

### *Brand Portfolio Risk*

Each of the new generation marketing approaches includes customer-focused marketing, market-driven strategy, outside-in marketing, one-to-one marketing, data-driven marketing, relationship marketing, and integrated marketing communications. These strategies emphasize two-way communication through better listening to customers and the idea to build brand relationships. It is believed that brand portfolio strategies help in searching the efficient frontier for the brand set, the boundary where brand managers can maximize their returns for any level of portfolio risk. Risk factors for a brand grow along the network of competing brands in the market. The magnitude of brand variability is related to the brand attributes in reference to price, quality, intangible values, and customer preferences. It is evidenced by the fact that the higher the variability of brands within a product category, the higher the risk associated with the brand.[10] It has been observed that many companies frequently introduce new brands as they expand their product line. In this process, some brands appear to be analogous (which look like existing brands) for example, Colgate 12 Whitening and Colgate Ultra Whitening posing threat to overlapping products in the category. The risk factors associated with analogous brands are brand identity, value perceptions, and brand recall. Such brands also pushed by dominance of local brands which play in the market on the grounds of price or volume sensitivity.

Frequent introduction of new brand also leads to instability in the brand management process as new brands are pushed or piggybacked to temporary market demand and companies commit high investment to sustain such brand against the fluctuating market demand. These brands are categorized as 'agitating brands', which may also be recognized as boomer brands. To sustain agitating brands, it is necessary for a company to make differentiation and add value to the brand. Such distinction is necessary in the brand architecture approach to overcome any conflicts in defining the role and level of the brands. Building tensile brands has become a marketing priority for many firms. The presumption is that building a tensile brand yields several marketing advantages. Strength of such brands drives loyalty in various ways and creates differential consumer responses to various marketing activities, which helps in building

[10] Mulhern F.J. (1998), Variability of brand price elasticity across retail stores: ethnic, income, and brand determinants, *Journal of Retailing*, 74 (3), 427–446.

brand equity in the long run. It is necessary for a company to review periodically the positioning of its brands seeking emphasis on the attributes that offers competitive advantage over other brands in the market. It seeks to convey to consumers the benefits that are being offered and derives personality on the emotional characteristics of the brand. It is believed that the brand portfolio strategies help brand managers in maximize returns on brands. However, the scope of brand portfolio does not restrict membership to the brands owned by the company. The brand portfolio, on the contrary, includes every brand that plays a role in the consumers' decision to buy.

Brand portfolios connect the nature and identity of individual brands with the market categories they serve. Establishment of strong and distinctive brand images for different product lines helps to establish their separate identities and diversify risk of negative associations (for example between food and chemicals). Conversely, use of a common brand name strengthens the corporate image and can produce synergies across brand extensions such as Dell Latitude Laptops with different versions and brand extensions. Companies must know that it is risky to nurture captive store brands for a long time. The customer analyzes the *value for money* for any brand or product by comparing the perceived use value and perceived price of the product or service. The *single-brand strategy* consists of seeking out a market segment that is considered too small and too risky by the larger competitors. The strategy does not work in areas where the brand power of big companies is important in realizing economies of scale. Companies concentrating on a single brand have the advantage of being able to make quick responses to brand opportunities and threats through appropriate changes in policies. The single-brand (or niche) strategy is an outcome of necessity. Contrary to this, a company that adopts the *total-brand strategy* to serve the entire brand portfolio in different consumer segments of the market faces major risk of consumer non-response to the brand. A company may start with a single product. As the brand grows and as different segments emerge, leading competitors may attempt to compete in all segments by offering different combinations of product, price, promotion, and distribution strategies. Often, companies attempt to enter new segments when they identify the derived demand in another consumer segment. The leading companies also create new segments and try to control them in reference to brand differentiation, marketing-mix, and employee involvement in building brands. However, the total-brand strategy has been experienced by the companies as a high-risk approach.

## Brand Disruption

As most companies focus on fast-moving brands and pay less attention to the slow-moving brands, the high-revenue and high-value brands are susceptible for disruption at the lower profile markets where consumer have limited affordability. Although the number of brands in the market has increased manifold in the post-globalization period, brands have turned in to most valuable assets of the company and have become competitive. Consumers get associated with the independent brand as they are aware of brand much more than its name or the specific product benefits. Brands should be subject to continuous improvement by the company to match with customers' needs. As the consumer preferences change, the brand also needs to be reinvented to provide them the best value. Whenever brands fail to deliver the desired value to consumers, there appears to be a *disruption of the brand* with low-price and high-value propositions. Such situation causes the growth of brand imitations, similar low-profile brands, and locally adjudged brands, to replace the mainstream brands in the market.[11]

Brand disruption is deeply concerned with the three Cs of disruption that include brand *contents, complexity*, and voice of empowered *consumers*. Continuously evolving customer expectations are the major disruptive force for the brands, and companies should take care of addressing the consumer preference to keep the brands alive and sustainable in the marketplace. Companies actively collect insights from consumers to reinforce the brands to provide competitive advantage and to help in shaping business strategies in the marketplace. Brand disruption also occurs due to the varied consumer insights on brand information, and strategy implications of the brand contents. Brands often confront a seemingly insatiable demand for fresh and clear contents explaining everything a customer sees including the brand attributes, use value, and value for money, when interacting with a brand across every channel. Consumers today do not rely completely on advertising as the method of engaging consumers toward a brand. Contents of brand have their own complexity in determining the likes and dislikes of consumers.

To avoid brand disruption, successful brands must create a culture, a brand community to interact, and a knowledge base about the brand that

[11] Dru, J. M. and Biolos, J. (1997), *Imperative to Reinvent Brands*, Harvard Business Publishing Newsletter, February 01, Harvard Business School Press, Cambridge, MA.

can strengthen the consumer bonding with the brand and the company. Consequently, the brand becomes the channel the customers can use with particular knowledge, experience, and need. For example, Coca-Cola Co. and PepsiCo took SodaStream machine for making soda at home, seriously as a real game-changer disrupting the brands of both beverage companies. SodaStream motivated consumers to make carbonated drinks at home. The device, like a soda syphon, carbonates water by adding carbon dioxide from a pressurized cylinder to create carbonated water to drink. However, developing an innovative communication is one of the most important strategies for dealing with brand disruptions, which can be essentially managed by investing in new technology and improving the perceived use value of the brands. Most companies continue to add new strategic dimensions to attract consumers toward the brands through digital transformation, enhancing customer experience through brand communities, improving marketing operations, and encouraging consumer generated content management.[12]

Companies tend to drive brand innovations faster while customers' needs evolve over the period and set demand for the products with new technologies in the market. However, most organizations develop complicated, high technology, and expensive products for customers. Companies should pursue sustainable innovations in the mass market to gain competitive leverage. High-technology, high-value brands help companies succeed in the premium market segment by maintaining high price-high profit ratio. Such strategy encourages disruptive brands and allows consumers at the bottom of a market to access the. Major attributes of the brand disruption include:

- Low price brands
- High perceived use value
- Low gross margins
- Niche markets
- Customer friendly products and services
- Attractive solutions

The bottom of the pyramid market offers lower gross margins, and it is non-competitive for firms to develop strategies. Brands of these markets

[12] Edelman, D. and Heller, J. (2014), *Marketing disruption: Five blind spots on the road to marketing's potential*, McKinsey & Company, New York.

cannot be moved to up-market. Disruptive brands create space at the bottom of the pyramid and drive substitution effect. The low-end disruptive brands are targeted to mass consumer segments, who derive high emotional satisfaction. The brand disruption penetrates in the new consumer segment to provide both high product performance and emotional satisfaction. Low-end disruption in market takes place when the demand for the product exists but the product is unavailable. Consumers have the latent desire to experience the high-end products, but these products are often not affordable. Consequently, at some point, the performance of the disruptive brands exceeds the needs of certain customer segments. At this point, a disruptive technology may enter the market and provide a product with high perceived use value and gain a reasonable market share. In low-end disruption, the disruptive product is focused initially on serving the least profitable customer, who is happy with the partial performance of the product. Such customers are willing to pay lower price than others and have higher satisfaction. Once the disruptive product has gained a sustainable market share, it seeks to improve its profit margin over the established brands. However, to achieve higher profit margins, the disruptive brands enter the differentiated price segment where the customer is willing to pay a little more for higher quality. Hence, the disruptor firms set the innovation process for the products to meet the desired quality and establish a back-market product. Over time, the disruptive brands move up-market and focus on penetrating into attractive consumer segments. This business situation makes the disruptive brands spur out of the niche.

The disruptive brands initially stay inferior as compared to the performance appreciated by mainstream brand, but they grow faster in the low-end or niche market in reference to low price and value for money perceptions. After building a market foothold, the disruptive brands improve continuously to overcome strong competition from other potential disruptors or imitators. When the performance of disruptive brands delivers the desired satisfaction to the customers, they emerge as strong threat to the established brands and grow in the competitive marketplace disrupting the consumers' behavior of mainstream brands.

One of the most consistent patterns in business is the failure of innovative brands due to the penetration of disruptive products, and unnoticed shifts in the technologies or market requirements. Thus, established companies prefer to invest aggressively and successfully in the technologies, and protect their innovation process to retain the current demand for their products in the market. However, some companies may eventually fail to foresee the change in the customer preferences and make the technological investments on time. For companies to sustain the market competition, managers should be able to find out potential disruptive technologies that can penetrate in the market to entangle the growth of up-market innovative products. To pursue original technologies and innovative products, managers must protect them from the processes and incentives that are geared in the market to serve mainstream customers as the disruptors could intervene with the disruptive innovation products upon dissecting the process.[13]

Disruptive brands usually originate from the local- or flea marketplace and upset the market status by fundamentally altering the way customers think about the performance of the disruptive brands because these brands often meet their expectations in an unexpected way. In comparing various brand types, the sustaining brands are generally well supported by the technology and brand equity. It is almost impossible for established companies to cope with the change because they focus on the sustained innovation that helps to maximize profits and, keep making their products more desirable. However, local companies go disruptive by attracting low-end customers as in the case of the portable digital music brands. Many companies search for an innovative strategy to move on to a market where competition has not yet seeded. The disruptive brands largely serve to the low-end or new niche-market customers. After establishing a strong market foothold, the disruptive brands enter the market competition and engage in continuous research and development to improve performance of their products and services.

## Managing Market and Branding Uncertainties

Most of the new brands in the consumer segment, such as processed food products, cosmetics, and the like, face competition in the market, and the firms penetrate the oligopolistic market conditions. Under such market conditions, the customer value is also driven by the satisfaction offered by the substitutes. Often, the firms face competition within their product line due to implementation of product overlap strategy, which generates conflicting customer values. When a company introduces a high-value product derived out of the research and development efforts, it prescribes the

[13] Rajagopal (2014), *Architecting Enterprise: Managing Innovation, Technology, and Global Competitiveness*, Palgrave Macmillan, Basingstoke, Hampshire, UK.

use value for it. However, the perceived use value for the product may not match with the prescribed use value tagged to the product by the firm. Such uncertainty may cause low performance of the product in terms of buying preferences.

Companies introduce their brands in the market faster and outperform the existing, close-competing brands. Such dynamics is considered as the escape velocity for the new brands, which manifests in increasing customer value, market coverage, distribution to demand, and augmenting brand performance through in-store and point of sales demonstrations. It is observed that the faster the market penetration of new brands, the higher the opportunity of market coverage over the competing brand in a given time and territory. The new-brand attractiveness comprises the brand features such as improved attributes, use of advance technology, innovativeness, extended brand applications, brand augmentation, perceived use value, competitive advantages, corporate image, brand advertisements, and sales and services policies associated therewith; which contribute in building sustainable customer values to make buying decisions. The introduction of new technological brands makes it important for marketers to understand how innovators or first adopters respond to persuasion cues. It has been observed in a study that the innovativeness and perceived brand newness, among the constituents of new-brand attractiveness, are independent constructs having independent effects on customers' attitude toward, and their purchase intent for, the new brand.[14] The attractiveness of new brands is one of the key factors affecting the decision making of customers, and, in turn, is related to market growth and sales. The higher the positive reactions of the customers toward the new brands in view of their attractiveness, the higher the growth in sales in the market.

Marketplace strategy includes the elements of product and customer segments, competitive posture, goals and moves, and directions of the firm. The products and customers are categorized in different ways. Customers are segmented based on the products and services they use at any point of time. Customer demographics are also considered to a large extent in segmenting the customers. The competitor's position and direction are known to the distributing channels better than any other external agency. Tapping right information by taking the distribution channels into

[14] Lafferty BA and Goldsmith R E (2004), How Influential are Corporate Credibility and Endorser Attractiveness when Innovators React to Advertisement for a New High Technology Product? *Corporate Reputation Review*, 7 (1), Spring, 24–26.

confidence is more appropriate than any others. Rival business firms often choose distinctly different channels to reach the end users. The competitive posture reveals how a competitor competes in the marketplace to attract, win, and retain the customers. The customer is the kingpin in determining the competitive posture of a company. The competitive posture of the company consists of product line, attributes of the product, functionality, service, availability, image, sales relationship and pricing pattern. Product line broadly refers to the range of products available with the competitor. The distributors and retailers are more concerned with the brand line that demonstrates the length of brand extensions and breadth of brand portfolios. Some companies focus on narrow range of products and build high image among the customers. The product attributes vary in terms of shape, design, style, color, and added advantages. Further, customers may view the functionality of the product as the satisfaction derived from the products. The dimensions of functionality are highly product specific. In the competitive markets, the efficiency of the services discharged and extended to the buyers also contributes in building or breaking the marketplace strategy. Products, in the same market or competitive domain, largely vary in their availability, may be due to weak or faulty supply chain management. The competing firms must study this situation and develop strategies accordingly. Besides, price game played by the mercantile and service sector companies is very sensitive and may be strong enough to destroy the rival's business. Such market tactics among the companies dealing with fast moving consumer goods (FMCGs) and services have been observed time and again. For example, the price war among the low-cost airlines in India, such as Indigo Airlines, SpiceJet Airlines, and Indian Airlines, who drive campaigns to attract potential customers as well as to prevent the switching of existing customers by slashing prices on the domestic trunk routes. The position of products and services, and the level of competition in the marketplace may be assessed by measuring the dynamic moves (strategic and tactical) in the given product-customer segments in a competitive marketplace.

A niche domain involves a narrow product line and a narrow customer segment. A competing company must remember that the rival is always expert in terms of product and customers. The spread domain entails narrow product range targeted at a large segment of customers. Such firms invest more time and resources in building brand and securing the customer segments (e.g., Bata India Ltd. has narrow product mix but has wide customer segment). The proliferated domain involves a wide range of products aimed at narrow customer segments. Many companies offer a wide range of products in the restricted region. A blanket domain is attained when the competitor has positioned its products and services in all the available segments (e.g., Bajaj Scooters Ltd. in Indian automobile sector).

Many technology-driven firms consider establishing strategic alliances as an effective strategy to sustain the market competition. They recognize that alliances and relationships with other companies of repute are fundamental to outwit, outmaneuver, and outperform the competitors by ways of better branding, better service, and tagging global brands to assure the quality of goods and services. Alliances and relationships thus transform the concept of competitor. Strategic alliances may be in various forms like branding, logistics, research and development, productions and operations management, packaging, services, sales, and customers. Business alliances must be identified by doing an exercise scientifically. The company must list all the alliances it is planning in order to outperform the competitor; categorize all available alliances by activity, value chain and resources; and identify the key alliances, which have the cutting edge on the marketplace strategy of the competitor. It is essential to identify the alliance partners and know about their marketplace strategies. The purpose of the alliance must be made transparent at the very beginning of the deal. The type and context of the alliance are the relevant for competitive conditions, leadership, and motivations to boost business. The company must draft the terms of alliance clearly for striking the final deal. The terms of alliance must delineate the resources contribution of each partner, roles and responsibilities of either of the alliance partners, duration of alliance, and the benchmarks. The company proposing to have alliances must assess the evolution date of the alliance, alliance attributes, signals of the marketplace, and consequences for the competitor in terms of changes in the marketplace strategy. The company should also identify the indicators to monitor the terms of alliance with a view to reorient the business needs, mutual interest and commitment. Marketing environment for a competitive brand is a combination of right marketing-mix and customers. These factors must be strategically mixed in marketing planning to offer quality services and optimize the customer value. It is an integrated approach for promoting the services with a view to expand the area under services market. The components of marketing-mix consisting of product, price, place, promotion, packaging, pace, people, performance, psychodynamics, posture, and proliferation.

### *Customer-Centric Pricing*

Changes in the marketing environment may require a review of prices of the products that are already in the market. For example, an announcement by a large firm that it is going to lower its prices makes it necessary for other firms in the industry to examine their prices. A review of pricing strategy may also become necessary because of the shifts in demand. Review of the existing prices may lead to one of the three following strategic alternatives:

- Maintaining the price
- Reducing the price
- Increasing the price

If the market segment, from which the company derives a big portion of its sales, is not affected by changes in the environment, the company may decide not to initiate any change in its pricing strategy, and to maintain the status quo in the prices. The strategy of maintaining prices is appropriate in circumstances where a price change may be desirable, but the magnitude of change is indeterminable. If the reaction of customers and competitors to a price change cannot be predicted, maintaining the prevailing price level may be appropriate.

There are three main reasons for lowering the prices. Firstly, the prices as defensive measure may be cut in response to competition. To successfully compete in mature industries, many companies reduce prices following a strategy that is often called value pricing. For example, in view of the slipping profit margins and lower customer counts, McDonald's cut prices under pressure from major rival companies like Burger King, Wendy's, and Taco Bell. The second reason for lowering prices is offensive in nature. There is a strong current trend toward globalization of the sales function, driven by increasing customer power, initiatives in customer relationship management, and the design of customer-centric organizations. The recession in United States during the early 1990s caused consumers to tighten belts and to be more sensitive to prices. Sears, therefore, adopted a new pricing policy whereby prices on practically all products were permanently lowered. The company closed its 824 stores for two days to revise price tags, and to implement its 'everyday low price' strategy. Several other companies, such as Walmart and Toys 'R' Us, also pursue this strategy by keeping prices low year-round, avoiding the practice of marking them up and down. Consumers like year-round low prices because constant change in prices makes it hard to recognize a fair deal. Similarly, fast-food chains have started offering 'value' menus of higher-priced items. The third and the last reason for price-cutting may be a response to the customer needs. If low prices are a prerequisite for inducing the market to grow, customer needs may then become the pivot of a marketing strategy, all other aspects of the marketing-mix being developed accordingly.

An increase in price may be implemented for various reasons. First, in an inflationary economy, prices may need to be adjusted upward in order to maintain profitability. During inflation, all types of costs go up; and an increase in price becomes necessary for adequate profits. How much the price should be increased is a matter of strategy that varies from case to case. Conceptually, the price should be increased to such a level that the profits before and after inflation are almost equal. An increase in the price should also consider any decline in revenue caused by shifts in demand due to price increases. Strategically, the decision to minimize the effects of inflationary pressures on the company through price increases should be based on long-term implications to achieve a short-run advantage.

The downside of increasing the price may be illustrated with reference to coffee. There is a segment of customers who ardently drink Maxwell House coffee. In their minds, Maxwell House has something special. If the price of Maxwell House goes up (assuming that the prices of other brands remain unchanged), these coffee drinkers may continue to purchase it because the brand has a virtual monopoly over their coffee-drinking behavior. There is a limit, however, to what these Maxwell House loyalists will pay for their favorite brand of coffee. Thus, if the price of Maxwell House is increased too much, these customers may shift their preference. The extent of the increase in price, however, depends on many factors. Each competitor has a different optimum price level for a given end-product for a given customer group. It is rare that such optimum prices are the same for any two competitors. Each competitor has different options based on different cost components, capacity constraints, financial structure, product mix, customer mix, logistics, culture, and growth rate. The competitor with the lowest optimum price has the option of setting the common price; all others must follow or retreat. However, the continued existence of competitors depends on each firm retreating from competition when it is at a disadvantage until each brand competes primarily in a 'competitive segment'. This unique combination of characteristics, matched with differentials in the competitive environment, enables each firm to coexist and prosper in its chosen area (i.e., where it has monopolistic control).

The Indian detergent consumer segment is very huge and challenging for the companies to build-up their market shares. The detergent market in India is price sensitive, and it exhibits volume-oriented consumption pattern. Starting as single brand portfolio in 1969, Nirma became an INR 17 billion company within the next three decades, by the year 2000. The company always defended its price-sensitive branding and maintained its high market share against the multinational companies in the same segment. Nirma have moved to multi-locational manufacturing facilities and enhanced its product portfolio under an umbrella brand, Nirma. Although the entry of Hindustan Unilever Limited (HUL) was the starting point, Nirma made detergents a product of the masses by targeting the economy segment. When Procter & Gamble (P&G) entered the market in 1985, the market was already well entrenched by existing players. P&G wanted to double the number of Indians who used its products, triple the per capita spending by Indians, and quadruple the net sales of its operations in India. The multinational companies such as HUL and P&G developed a series of marketing innovations to their brands, and reviewed product-line pricing strategies to support brand expansion to compete with the regional brand players line Nirma. With the little-differentiated products in the market, the companies offer brands to the price-sensitive consumer and augment brand performance and brand equity. The price wars and the increased spending on promotional marketing to obtain customer attention and garner increased market share posed major challenges to companies toward maintaining the price brands. After making successful inroads in the mid-segment with Tide and Tide Naturals, P&G has later launched personal care brands for the economy segment too.[15]

Prices may also be increased to segment the market. A high-priced soft drink company may launch its product for executives. This brand may be differentiated as a brand that provides stamina and invigoration without adding calories. To substantiate the brand's worth and make it appear different, the price may be set at double the price of existing soft drinks. Hewlett-Packard Company operates in the highly competitive pocket calculator industry, where the practice of price-cutting is quite common. Hewlett-Packard thrives by offering high-priced products to a select

[15] Gupta, S., Mishra, K., and Maheshwari, A. (2013), Procter & Gamble India: Gap in the Product Portfolio? Harvard Business School Publishing, Cambridge, MA.

segment of the market. Strategic pricing is one of the most powerful sources of profits and growth. Yet, in recent years, it has been the least exploited driver of shareholder value. Few manufacturers review their pricing systematically. Most manufacturers set prices reactively. Some extrapolate from history, and for others it is just a hunch. Today, the need for strategic pricing is greater than ever. Pressures from price-sensitive consumers on one side, and a forceful and consolidating retail trade on the other, have resulted in significant price rollbacks on everything from cigarettes to cereal. Some claim the rollbacks have been good for business, but the net result has been a considerable profit erosion. The implementation of strategic pricing can provide the following advantages:

- Boost total profitability by pricing based on consumers' long-term demand elasticity
- Increase sales of a company's most profitable products
- Improve the profitability of noncore businesses
- Stop price leaks by monitoring price concessions
- Create competitive advantage that is hard to imitate

Regaining the control of prices, however, won't be easy. In most organizations, pricing power is diffused among many players making countless decisions across multiple functions and locations. Integrating ad hoc *pricing* strategies implemented by the retailing firms from time to time with a view to gain short-run benefits has emerged as a challenge among growing firms in retailing industry. As the competition is gearing up in emerging markets, retailing firms are driving higher investments toward products and in-store demonstrations, allowing higher discounts on products and services, and price exceptions. Differences in retailer pricing strategies (for instance, everyday low prices versus high-low pricing) and the margins retailers take on various products significantly affect a manufacturer's negotiating power and posture.

In the highly competitive market scenario, many retailing firms often choose *survival* as the prime objective to cater the shifting demands, and slash prices for operational overlooking profiteering opportunities. Such pricing strategy increases the customer value and confidence, when large options for buying are available in the marketplace. However, it is difficult for the companies to get along with the survival-pricing strategy in the long run. On the contrary, some companies prefer to push the prices upward with a view to skim the segmented markets. This strategy helps in building substantial buyers' segments with reasonably high demand for the product, and the initial high price does not allow more competitors to make an entry. The high price also helps the company build-up the quality image of their product. The entry of Kellogg's in the Indian market with their breakfast cereal product line has the same objective. It is a product positioned in the class market with high price and skimming strategy. The high price added to the brand image of the products and its company. Similarly, Surf Excel, the detergent from Hindustan Unilever Ltd. has adopted the market skimming strategy keeping the price comparatively higher. The consumers of high purchasing-power segment largely accept the product. The price of the product backed by the promotion wizards and quality added the high brand image in the market.

Retailing firms also look into the price-sensitivity factors associated with the consumers in a given market to develop appropriate pricing strategy and augment the value of buyers. In general, the price sensitivity of the product would be higher provided the demand decreases in larger proportion to the increase in the price. This may happen when the product is close to the substitutes. For example, edible oils, where brand switching is very fast, and consumers are highly sensitive to the price rise. It was observed that during 2005, demand of groundnut oil of *Safal* brand in Karnataka in India decreased by 24 percent in response to 6 percent general increase in the oil price. On the contrary, consumers are less price sensitive in case of essential commodities like cereals, gas, petrol, and so on. Nagle[16] has identified some factors affecting the price sensitivity of the consumers. The consumers are less sensitive to the price of the products under the following circumstances:

- When the products have rare availability and unique value
- When the products have inadequate knowledge of the substitutes
- When it is not possible to distinguish the attributes and quality of the product with the competing products
- When the expenditure is lower than their income
- When the total price of the product is higher than expected
- When the cost of the product is borne by the third party
- When the product is of high quality and status and is exclusive

[16] Nagle T T (1987): *The Strategy and Tactics in Pricing*, Prentice-Hall, Englewood Cliffs, New Jersey, Chapter III, 1987.

- When the buyer cannot store the products for long time, namely fruits and vegetables, milk, and so on

Price bundling strategy is an important strategy being used by many companies in the competitive environment. This strategy may be defined as an inclusion of extra margin in the price to cover a variety of cascading price functions and services required to sell and maintain the products in the long run in the spatial and temporal markets. This pricing strategy may be implemented to generate extra revenue to cover the anticipated expenses of providing services, maintaining the product, and generate revenue for supporting after-sales service personnel. The price bundling strategy also helps to establish a contingency fund for unanticipated happenings and developing an ongoing relationship with the customer. This strategy is ideally suited for technologically sophisticated products susceptible to rapid technological obsolescence because these products are generally sold in systems and usually require the following:

- Extra technical sales assistance
- Custom design and engineering concept for the customer
- Peripheral equipment and applications
- Training of the customer's personnel
- A strong service/maintenance department offering prompt responses and solutions to customer problems

Implementation of this strategy results in keeping the asset in an acceptable condition for resale, or release, and generating positive cash flow. The price bundling strategy provides instant information on the changing customer needs, and also helps in increasing the sales due to 'total package' concept of selling because customers feel they are getting their money's worth.

Factors other than price may be important in analyzing the buying situations. Buyers may be willing to pay a premium price to gain other advantages or, to forego certain advantages for lower prices. Other important factors besides price are quality, uniqueness, availability, convenience, service, and warranty. In an attempt to recover from intense price competition, fast-food chains are marketing value menus of higher-priced items. These value strategies include quality of the food, user friendly service, and attractive dining facilities. For example, McDonald's advertising message, 'What you want is what you get', emphasizes the concept of value.

Value mapping is a useful technique for analyzing how buyers perceive the offerings of different brands. One approach is to first develop the map based on managers' opinions, followed by obtaining value perceptions from a sample of consumers. Certain buying situations may reduce the importance of price in the buyer's choice process. The price of the product may be a minor factor when the amount is small compared to the importance of its use. Some examples include infrequently purchased electric parts for home entertainment equipment, batteries for appliances, and health and beauty aids during a vacation. The need for important, but relatively inexpensive, parts for industrial equipment is another factor that reduces the role of price in the buyer's purchase decision. Maintenance personnel use quick metal, an adhesive produced by Loctite Corporation, to repair production equipment. At less than US$20 a tube, the price is not a major concern since one tube keeps an expensive production line operating until a new part is installed.

## Brand Mergers and Acquisitions

Globalization has increased the trend of business expansion among companies by acquisitions and mergers of small and low performing companies. Large multinational companies have shown the tendency of acquiring local companies and merging their brands with the brand line of the principal company to expand their business. Though mergers and acquisitions provide new business opportunities to the companies, there is always a threat of brand reputation in merging the local brands into the brand line of the company. Coca-Cola Company has practiced acquisition of local companies and incorporated their brands into the brand line of the Company. However, Coca-Cola Company has often faced problems with local and low response of brands when merged with its mainstream brands and has used variety of promotions to push the local brands. The brand promotions included sweepstakes, cross- and tie-up promotions, and price promotions to promote the merged brands of local company. Companies often venture into acquiring local companies and merging their brands to grow faster and sustainable in the local market; and transform the weak business models. However, major deals of brand mergers make sense when such action reinforces a company's requirement for managing their business in a given market competition or when the newly merged brands have the potential to help a company to make the shift in its competitive strategies. Large and sustainable companies like Coca-Cola, PepsiCo, and

Procter & Gamble take decision on mergers and acquisitions (M&A) of brands based on cost position, brand power, consumer loyalty, real-asset value, market share, and contribution of the brand toward profit of the company. Companies also measure the market demand for the brand to capitalize on building local markets. Kellogg's followed such M&A philosophy while acquiring Keebler Company, the largest cookie and cracker manufacturer in the United States. Kellogg's strengthened its existing basis of competition engrossing its brand through Keebler's innovative distribution system, rather than bowing to price pressures from lesser brand players like Keebler. A company surviving with the changing industry trends should embark on a series of acquisitions aimed at moving the firm to the new competitive platforms. Companies need to invest enormous resources while managing the new acquired and merged brands.[17]

Future Retail Ltd. and Bharti Retail Ltd. have decided to combine their retail operations to create a billion-dollar company in a move to accelerate the consolidation of India's organized retail trade. The merged company split into two business streams of which the front-end retains the name Future Retail and operates Big Bazaar stores with over 500 stores, and has a presence in multiple retail formats across 243 cities. The second has the back-end, investments and infrastructure company, and will be listed separately as Future Enterprises Ltd. Bharti Retail currently has over 500 'Easyday' stores. Bharti's Easyday retail brand will be retained after the merger. Going forward the company is looking to have 4000 supermarket or small format stores in India by 2021. Easyday has set up alliance with Walmart and is selling all private brands of Walmart that include Great Value, Mainstay, Equate, George, Simply Basic, and Home Trends. These products are typically sold at a lower price because of minimal marketing and advertising expense. As a private or generic brand, the Great Value line does not consist of goods produced by Bharti Walmart, but is a labeling system for items manufactured and packaged by a number of agricultural and food corporations.

Consolidation of portfolios and companies per se is gearing up in organized retail trade in India as competition has intensified and intercepted by the e-commerce companies. The Indian retail sector is moving toward consolidating the portfolios and evaluating the performance of companies and their value formats. Future Group has been seeking to consolidate its

[17] Harding, D. and Rovit, S. (2004), Building Deals on Bedrock, *Harvard Business Review*, 82(9), 121–128.

business after selling a majority stake in Pantaloons to Aditya Birla Retail in 2012. It has store chains under different formats, including hypermarkets under the Big Bazaar brand and supermarkets under the Food Bazaar brand.[18]

Most firms stand at the verge of global competition believing that they need to develop innovative products or leading brands to win in the competitive marketplace. However, the international success of Spanish companies like Telefónica and Banco Santander has refuted such thinking. These companies became global players within their industries by excelling at old-fashioned capabilities to build their brands in the destination markets. The Spanish firms skipped the risky, expensive strategy of opening their own facilities overseas, but they extended their reach through acquisitions and alliances, focusing first on Latin America and Europe. Speed of brand development has also been one of the factors in the success of brands to get larger number of customers within the brand's gamut by disseminating cost effective advertisement, communication, promotion, and building dynamic brand communities across the markets.[19]

Acquisition or merger of new brands to the existing brand line of a company throws major challenges to the companies toward increasing their market share by using tactical approaches on pricing and promotion. Companies need to look at organizational changes to adapt the brand portfolios of newly acquired brands in reference to shifting trends, competitive responses, mergers, and new-product launches while also managing the natural life cycle of their brands. One global automobile manufacturer relies on a central organization to coordinate its brand strategy. Pricing is one key area of focus as the brand price reflects the brand value and endorses brand differentiation for attracting customers to the new brands.[20]

Most companies are engaged in creating an agile organizational system to serve and reinforce the newly acquired or merged brands, as it requires developing the capabilities and competencies to sense the market dynamics and consumer preferences quickly, make branding decisions nimbly, and redeploy resources rapidly, to reinforce the new brands. Companies undergo the process of trial and error in developing strategic agility in

[18] Agarwal, S. and Verma, S. (2016), Future Retail, Bharti Retail to merge as India's retail landscape shifts, *Live Mint E-Newspaper*, March 03.

[19] Guillen, M. F. and Garcia-Canal, E. (2010), How to Conquer New Markets with Old Skills, *Harvard Business Review*, 88 (11), 118–122.

[20] Carlotti Jr. S. J., Coe, M. E., and Perrey, J. (2004), Making Brand Portfolios Work, *McKinsey Quarterly*, McKinsey & Company, New York.

prime means of growing new brands; the mergers and acquisitions help companies in building this capability to remain sustainable in the competitive marketplace. While acquiring new brands, either from local or multinational companies, it is important that companies differentiate between the brand acquisitions and bolt-on acquisitions. Most bolt-on acquisitions in high technology industries can further be distinguished into product acquisitions on one hand, and educational, technological, and talent acquisitions along the principal brands for continuous management, on the other. These different forms of brand acquisitions can enhance strategic agility in distinct ways along different market requirements. Appropriately acquired brands, can enhance the capabilities of brand managers through experience gained from the marketplace over the period.[21] In the contemporary business environment, mergers and acquisitions of brands represent a popular strategy of business expansion followed by most growing companies. However, the success of this strategy has been sporadic, depending on consumer preferences, bargaining of distributors and retailers, and the overall market demand. Commonly, companies create little or no value by making acquisitions in a short time. So, they invest huge resources in building the worth of acquired brands for future growth in the markets.[22]

Planning for post-merger integration of brands typically focuses on operational issues such as harmonizing product lines, distribution, pricing and promotions, market share management, financial and human resource information systems, and determining the role of employees in managing the brands in the marketplace. Companies most likely prefer to keep the name of the acquired brand unchanged, or sometimes a new brand name and calligraphy is created if the brand had suffered damage in the past. However, in either case, companies work hard on maintaining the cognitive synergies between the brand and consumers to make the brand mergers and acquisitions successful. Operational integration during post-merger period of new brands is a necessary along with careful attention to integrate them into the brand portfolio of the company for success in the marketplace.[23]

[21] Brueller, N., Carmeli, A., and Drori, I. (2014), How Do Different Types of Mergers and Acquisitions Facilitate Strategic Agility? *California Management Review*, 56(3), 39–57.

[22] Hitt, M. A., King, D., Krishnan, H., Makri, M., Schijven, M., and Shimizu, K. (2009), Mergers and Acquisitions: Overcoming Pitfalls, Building Synergy, and Creating Value, *Business Horizons*, 52(6), 523–529.

[23] Bouchikhi, H. and Kimberly, J. R. (2012), Making mergers work, *MIT Sloan Management Review*, 54(1), 63–70.

*Summing Up*

This chapter discusses the challenge faced by the companies in launching and managing the new brands in the marketplace against the established and local brands. As the competition is increasing since the mid-twentieth century in the global markets, more multinational companies are expanding their business into the less explored destinations, by acquiring local brands and developing business to cater to the preferences of consumers of destination markets. Consequently, local brands leap in the market with limited resources, and the potential goals to make their brands reach the consumers faster and at low cost. Such behavior of local brands often causes threats to the established brands and even to the lead brands. New brands often suffer from high failure rates not only due to technical deficiencies, but also because they simply have no market. Brands that are launched in a hurry without putting an appropriate preparatory work in the market undergo brand-market risk. Innovation and brand portfolio risks commonly occur with the new brands as these brands are susceptible to imitation and disruption in the low-end markets.

Most companies introduce their brands in the market faster and outperform the existing, close-competing brands. Such dynamics is considered as escape velocity for the new brands, which manifests in increasing customer value, market coverage, distribution to demand, and augmenting brand performance through in-store and point of sales demonstrations. In the highly competitive market scenario, many retailing firms often choose survival as the prime objective to cater the shifting demands and slash prices for operational overlooking profiteering opportunities. Multinational companies with multi-brand portfolios tend to seek mergers and acquisitions of local brands to gain market share in the local market and to increase their brand line. Large multinational companies have shown the tendency of acquiring local companies and merging their brands with the brand line of the principal company in order to expand their business. Though mergers and acquisitions provide new business opportunities to the companies, there always remains a threat of achieving competitive market share in merging the local brands into the brand line of the company.

CHAPTER 9

# Brand Audit

A brand is closely associated with the satisfaction of the customers, and the hierarchy of brands is based on their utility and intensity of customer satisfaction. In developing a useful brand, a planner must look upon its levels. A core brand relates to the product of a firm which satisfies the basic needs of a user and does not allow him to carry out any comparison. An augmented brand is associated with a set of approaches followed by a firm in promoting its product through effective delivery and service, incentives to customers and dealers, warranty to seek customers' confidence on the product, and maintain a product-oriented relationship of customers with the company. All these attributes combined together carefully deliver the core benefit(s) of the brand. The augmented brand offers additional consumer benefits and service such as warranty and customer training. Marketers must first identify the core consumer needs (develop core brand), then design the actual brand and find ways to augment it to create the bundle of benefits that can best satisfy the customer. The brand hierarchy stretches from the initial stage of the product, that is, the need at the basic level for an item of franchise in the process of brand planning. There are seven levels of brand hierarchy. The brands must be classified under a brand line in accordance with their length and width.


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## New Brand Development

The new brand must be developed by the companies with great care. It is necessary to understand the need of the consumers, competitive threats, availability of post-sales services, and cost of marketing of the brand. However, in the contemporary era of competition, it is essential for the companies to continuously try to develop new brands, though there remains the risk of failure. In the area of services marketing, the failure of new services is as high as 75 percent. These brands largely include credit cards, insurance schemes, hire purchase schemes, investment plans, and the like. These results largely depend on the methodology adopted in the survey. The major factors obstructing the process of new brand development are as follows:

- Limited creativity and paucity of new brand ideas
- Fragmented markets
- Social and economic limitations
- Government policies and restrictions

Amidst the increasing market competition, every company is facing the challenges of brand differentiation and new product development. Consequently, new brands are emerging faster in the marketplace as companies are introducing totally new products, or brands, or improved versions of the existing brands. In either case, the innovation of new products, building new brands, and exploring new routes to markets are largely supported by the manufacturing and packaging technology, and the user-friendly marketing applications. The cycle time from ideation to successful scaling of business has shortened dramatically, which has given a boost to multi-brand marketing phenomenon in the twenty-first century. Simultaneously the barriers to entry have also become lower, and the availability of capital has become easy and accessible. For example, the startup brands in consumer packaged-goods like Silk Soymilk took one-fifth of this time to scale its brand, business, and shopping trends across markets and consumer segments. Branding of new products has been driven hard by the consumption trends like 'diet' in food products, and 'smart' in consumer electronics. Large consumer package-goods companies, after having dominated the conventional retail landscape for several generations, have now let the smaller Consumer Packaged Goods (CPG) companies experience success in the market with their new brands.

Large CPG companies and retailers have realized that their stores are filled with brands that largely appeal to baby boomers, and the need of the hour is to deal with different brands to appeal to millennials. Such phenomenal change has resulted in the huge change in the overall brand portfolio of consumer products and stimulated by punch trends such as 'diet' and 'ecological'. Accordingly, manufacturing companies and retailers have focused on lean manufacturing by reducing the cost of operations and driving high brand performance in the market. New brands have penetrated the marketplace through social marketing programs and have driven the activation of the next generation of brands to the trendy shoppers today. The attributes of consumer brands today are as stated below:

- Cost effectiveness of the process of new brand development
- Resource crisis at various levels in the process of brand development to launching in the market
- Brand development and launching time
- Short brand life cycle

Companies should strengthen their marketing networks simultaneously while launching new brands. It has been observed that the failure of new brands is often due to the lack of organizational teamwork. Thus, it is required to inculcate team behavior in developing and popularizing the new brands in the test market segments. The results of the test markets may be further implemented later in the larger segments. It is essential for the company to conduct brainstorming exercises to understand the basic and secondary needs for the brand, list the brand attributes, and identify the forced relationship of other goods and services with the new brand. Idea generation in the process of new brand development is a major exercise. This technique calls for listing of all major attributes of the existing brand and the attributes needed to improve the same brand. The forced relationship of the new brand with the existing accessories also needs to be studied, for example, developing a new television set may be related with the consumer's need of a clock timer, multi-channel viewing on one screen, microphone attachment, and a built-in video game. Such forced relationships must be identified by the company before launching the brand. The morphological analysis calls for identifying the structural dimensions of a problem and examining the relationships among them. The need identification can be done by interacting with the potential and existing customers in a focus group meet. The industrial marketers can identify new brand ideas by working in association with the lead users of the brand. However, the brainstorming exercise is also an important tool, which stimulates the group creativity. The following process brainstorming exercise is prescribed by Osborn[1]:

- Negative comments in the process may be the stimuli for discussion during the process
- Welcome freewheeling and wilder ideas for better steering
- Encourage a greater number of ideas and categorize its utility
- Establish inter-relation of the ideas for an overall synergy approach

The basic purpose of this exercise is to generate large number of ideas. These ideas need to be carefully screened in the interest of the consumer satisfaction and the company's profit. In this process, the company should avoid the *Drop* and *Go* errors. The former attempt dismisses the good idea, while the latter allows the poor ideas to move into the process of commercialization. Hence, the purpose of screening the idea needs to be understood carefully. It is advised that the company should develop an idea-rating matrix based on of the emerging ideas and their usefulness. The brand ideas must be turned into concept, and the brand concept can be turned into the brand icons.

Concept testing calls for testing of these competing concepts with an appropriate group of target consumers. The concepts can be presented physically or symbolically. The consumers' response may be summarized, and the strength of the concept may be judged. The need-gap and brand-gap levels may be checked and modified thereafter. The concept testing and brand development methodology applies to any brand or service. Business analysis includes estimating the sales whether it would be of one-time purchase-, frequent purchase-, or at regular-interval purchase brand. The estimates should also be made in relation to the tendency of the first purchase, replacement purchase, or repeat purchase. Besides, the company should also assess the estimated marketing costs and the profits from commercialization of this brand. The statement of such estimates may be made across the regions and years of sales (spatial and temporal) on the following variables:

- Sales revenue
- Cost of goods
- Gross margin

[1] Osborn, A. (1942). How to "Think Up", McGraw-Hill: New York.

- Development costs
- Marketing costs
- Allocated overheads
- Supplementary contribution
- Net contribution
- Gross contribution
- Discounted price contribution
- Cumulative discounted cash flow

Sales projection may be set based on the market assumption, market share of the company, and the factory realized price. Cost of the goods sold may be found by estimating the average cost of labor, brand constituents, logistics, and packaging. The difference between the sales revenue and cost of brand building would reveal the gross margin of the brand. Development cost consists of the expenditure incurred on brand development, research cost, and operational cost including the development of new equipment, inventory, and designs. Marketing cost comprises the cost of brand distribution, advertisement cost, and other costs. Overhead cost of this new brand includes the share of its cost of executive salaries and infrastructure. Gross contribution may be found by subtracting the preceding three costs from the gross margin. Supplementary contribution is used to list any change in income from the new brand. Discounted contribution reflects in some sales incentives or any introductory offers given by the company to promote the brand. The cumulative cash flow shows the progressive annual contribution of the discounted brands. Companies also use other methods to evaluate the good reason for introducing the new brand in the market.

Brand development at this stage involves designing the prototypes on the lines of the derived concept that has passed through technical tests. Consumer testing of the brand may be taken up in two forms: laboratory testing, and home testing. The American home-durable company Du-Pont developed new synthetic carpets and installed then in several homes free of cost in exchange for the old ones. Consumer preference testing may be done through a variety of techniques such as ranking, paired comparisons, rating scales and focus group discussions. However, the company must take into account the advantages and limitations of each method while analyzing the consumer preferences.

The consumer preferences may be measured by constructing the matrix as exhibited in Table 9.1. The number of responses in each category of

**Table 9.1** Consumer audit on brands

| *Preferences* | *Weight (1–5)* | *Brand 1* | *Brand 2* | *Brand 3* |
|---|---|---|---|---|
| Like intensely | | | | |
| Like | | | | |
| Like somewhat | | | | |
| Can't say | | | | |
| Dislike somewhat | | | | |
| Dislike | | | | |
| Dislike intensely | | | | |
| Brand communication | | | | |
| Brand referral | | | | |
| Brand value | | | | |
| **Preference score** | | | | |

preference of the brands needs to be multiplied by the respective weights of the preferences and the sum must be divided by the total number of responses to get the preference score. The cut off score must be decided by the company and viewed as the cutting edge generally. It should be at a reasonable margin above the break-even point.

Marketing testing for consumer foods can be done by using the sales-wave research and controlled test-marketing method. The sales-wave research enables the company to estimate the repeat purchase rate, where consumers spend their own money and choose this brand among other competing brands. Controlled test marketing is conducted in a given territory of consumers and market segment. The retailers and consumers in the vicinity thereof are identified and the consulting firm, who is conducting the research, delivers the brand to the selected outlets with total package of promotion. The responses of the consumers at the outlets can be collected in a structured questionnaire or fed directly in the computer. The controlled test marketing allows the company to test the impact of retail response as well as the buying behavior of the consumers. Commercialization of the brand is a strategic decision in which the company should consider the appropriate time, market, and consumer segment to launch the brand. The company must derive the geographical strategy with the logistics administration approaches. The time of launch of the brand may be considered based on three common choices-*maiden entry* or first look in the market, *parallel entry* with the similar or identical brand of the competing brand, and *late entry* when the firm delays positioning its brand in the selected segment. The commercialization process of the brand also prompts the adoption behavior of the consumers. There are five stages in the adoption process as listed below:

- Awareness about the brand
- Interest generated in using or adopting the brand
- Evaluation of the brand
- Trial of the brand from the point of perceived use value and perceived price
- Adoption of the brand for use.

## Brand Audit

Brands need to be monitored and modified continuously. The mechanisms established for captive brands help ensure that an individual brand is managed in a consistent fashion across multiple countries. However, given the dynamic nature of international markets and the changing competitive realities, the structure must be reviewed, at least annually. A brand-architecture audit should be performed to ensure compliance with established procedures and to determine whether the structure of the architecture should be changed. This needs to take place on two levels. First, the degree to which individual strategic brands have adhered to established guidelines needs to be assessed. Second, the entire portfolio of brands must be examined in terms of whether the overall brand architecture requires modification.

*Compliance audit* may be defined as a bottoms-up audit of the individual brands that allows an assessment of how well each brand functions as part of the overall brand architecture of the firm. The key steps of this phase are as follows:

- Collection of information that establishes how the brand has been used in each country where it is marketed
- Assessment of deviations from its established position in the structure and reasons
- Evaluation of the brand's performance

Deviations are particularly diagnostic. They may suggest poor management of the brand globally or, more importantly, fundamental changes in the underlying market dynamics. If the underlying market dynamics or product market structure has changed, then the brand's position in the overall architecture needs to be modified accordingly. With these preliminaries conducted, the audit should culminate in a face-to-face meeting of key participants including the brand custodian, to establish guidelines for the coming year.

Strategic audit begins in the second phase as the top-down audit conducted on multiple levels. First, logical groupings of strategic brands need to be assessed in terms of their compliance with established guidelines. Once this has been accomplished, senior management needs to evaluate the overall structure of international brand architecture to determine the fit at different levels across multiple countries. Again, a key factor here is how the underlying drivers of brand architecture have changed. In addition to market dynamics and the product market structure, an important consideration is how the firm itself has evolved, particularly with respect to acquisitions or market expansion initiatives. If the end-result of the strategic audit is that the firm's brand architecture no longer fits underlying drivers, steps should be taken to revise the firm's architecture so that it reflects the new realities of the marketplace. As markets evolve, firms need to consider how to modify their brand architecture and look for opportunities to reduce the number of brands, and improve efficiency; and to harmonize brand strategy across product lines and country markets. Focus on a limited number of strategic brands in international markets enables the firm to consolidate and strengthen its position and enhance brand power. Effective management of international brand architecture, in view of the changing market conditions and the firm's market expansion, is crucial to maintaining its position and strengthening key strategic brands in international markets.

Companies tend to incorporate existing brands whether developed internally or acquired. It should provide a framework for consolidation to reduce the number of brands and strengthen the role of individual brands. Acquired brands need to be merged into the existing structure, especially where they occupy similar market positions like the existing brands. When the same or similar products are sold under different brand names, or have different positioning in each market need to be harmonized. Another important element of brand architecture is its consistency relative to the number and diversity of products and product lines within the company. A balance needs to be struck between the extent to which brand names serve to differentiate the product lines and market segments to establish a common identity across different products. Establishment of strong and distinctive brand images for different product lines helps to establish their separate identities and diversify risk of negative associations (for example between food and chemicals). Conversely, use of a common brand name consolidates effort and can produce synergies.

The value of corporate brand endorsement across different products and product lines, and at lower levels of the brand hierarchy, also needs to be assessed. Use of corporate brand endorsement, either as a name identifier or logo is used to recognize the product with the company, and provides reassurance for the customer. In international markets, corporate brand endorsement acts an integrative force unifying different brand identities across national boundaries. At the same time, corporate endorsement of a highly diverse range of product lines can result in dilution of image. Equally, negative effects or associations can harm and have long-lasting effects across multiple product lines. Thus, both aspects need to be weighed in determining the role of corporate brand endorsement in brand architecture. Endorsement of flagship brands of a company helps in quick market penetration for the new brands and extended brands. The presence of the co-drivers would also provide an added impact on the endorsed brands where competition is intensive. The independent brands may be able to make high impact in the niche market by putting inordinate stress on the strengths and weaknesses competing brands. The dynamics of business and brand relationships with new business environments is becoming more significant as importance of the Internet as a medium for business is increasing. It is of critical importance for future researchers and practitioners to understand the increasingly complex variety of underlying factors influencing the linkages between brands.

Brand personality refers to the emotional side of brand image. It is created by all experiences of consumers with a brand, but advertising plays a dominant role in personality creation. Successful brands eventually have the opportunity to take on the brand leadership positions. This is often expressed in advertising as a product superiority driver, and it works, as consumers often prefer the market leader because they assume it is *better*. Strong brand positions can be built on anything enduring, including images or simply *the biggest selling*. The message must be presented consistently in all marketing initiatives. There are two central elements to brand personalities: the type of benefits offered by the brand, and the type of consumer who will value them. Advertisements which show nothing but product features try to appeal to consumers rationally. Usually the focus is on the unique sales proposition or a selling idea which can differentiate the brand from its competitors. It has been observed that emotions like fun-loving, enjoyable, American style appeals to the younger generation and brands with such expression tags show quick performance in the marketplace. Moreover, when everyone wants something that can reflect or further improve his/her self-portrayal, brand personality created and perceived through advertising becomes a vital concern in buying decisions. Advertising builds the emotional image of the brand while the associated brand personality provides social psychodynamics to the brand. A brand personality, therefore, can make a brand more interesting and memorable and become a vehicle to express a customer's identity. In view of the above discussion, it may be explained that advertisements or market communications help building the brand personality of the product when consumer correlates the human qualities to the products that are advertised.

Customer is the ultimate target of brand; and competing brands try to attract the customers by various means to polarize business and earn confidence in the market place. It is necessary for the successful business companies to build and position brands that provide higher market advantage and retain the customers. Many firms like Godrej (diversified products), Procter & Gamble (consumer goods), and Compaq (computers) reward their managers handsomely for winning the business battles in their channel wars. In order to gain competitive advantage in the marketplace, the organizational patronage and public policies provide long term support to the brands. The winning of a brand, product, channel, or marketplace, in many instances, may last long with the customers. Many business firms have found themselves outmaneuvered in various functional aspects of business by the adept actions of rival brands in the institutional arena. An intriguing aspect of the marketplace is that the nature of competition can change over time. A technology, a company, or a product does not need to remain prey to another forever. Competitive brands can be radically altered with technological advances or with the right marketing decisions. The need of the hour is to apply scientific methods to manage competition. Only then could modern corporations withstand the pressures of intense competition of a dynamic business era. Many factors determine the nature of brand competition, including not only rivals, but also the economics of particular industries, new entrants, the bargaining power of customers and suppliers, and the threat of substitute services or products. A strategic plan of action based on this might include positioning the company so that its capabilities provide the best defense against the competitive forces, influencing the balance of forces through strategic moves and anticipating shifts in the factors underlying competitive brand forces.[2]

The contemporary ideology on the competition emphasizes largely on the competitive brand environment which contributes to various dimensions of rivalries. It has been observed that the low-end brands, offering much lower prices for a seemingly similar product, have been the common fear of each industry leader managing his business among competitors. The vast majority of such low-end brands fall into one of the four broad categories which include strippers, predators, reformers, or transformers.[3] Each of these brand-categories is defined by the functionality of product and the convenience of purchase. Strippers, for instance, typically enter a market with a bare-bones offering, reduced in function, and usually, in convenience. Brand leaders have significant advantages for combating low-end brands, but they often hesitate because they are afraid their actions will adversely affect their current profit margins. The solution is to find the response that is most likely to restore market calm in the least disruptive way. An industry leader could choose to ride out the challenge by ignoring, blocking, or acquiring the low-end competitor, or it could decide to strengthen its own value proposition by adding new price points, increasing its level of benefits, or dropping its prices. Such tactics can be effective in the short term, but the brand leader also needs to consider strategic retreat, particularly when certain conditions make future low-end challenges inevitable.

### *Brand Audit: Capabilities and Competency*

The degree of competition in a market is largely affected by the moves and countermoves of various brands activity in the market. Generally, it begins with a brand trying to achieve a favorable position by pursuing appropriate strategies, because what is advantageous for this brand may be harmful to rival brands. In response, the rival brands may move counter strategies to protect their interests. Competition attracts the brands seeking to capitalize on an available business opportunity. As the number of brands get involved in the process of sharing the pie, the degree of competition increases. When the entire market represents one large homogeneous unit, the intensity of competition is much greater than a small segment of market.

[2] Porter Michael E: How Competitive Forces Shape Strategy? *Harvard Business Review*, March, 1979.

[3] Potter Don: Confronting Low-end Competition, *Harvard Business Review*, July, 2004.

**Table 9.2** Brand audit: Focus and attributes

| *Audit focus* | *Attributes* |
|---|---|
| Brand investment | Cost incurred in building brand through advertising, communication, and promotions |
| Brand performance | Contribution of brand to the market share and profit of the product line and overall business of the company |
| Consumer preference | Brand loyalty generated among consumers, which is reflected in the sales and market share of the brand |
| Brand life cycle | Sustainability of brand against the investment made in building the brand. Longevity of the brand in the marketplace against the competing brands |
| Brand type | Type of brands in brand-class and number of items pertaining to specific size, color, quality, etc. in each type<br>Different forms of the brand in terms of quality and usage<br>An associated name of items in product line for identification of particular items and quality<br>A certification of federation or group of companies manufacturing similar products to certify quality |

However, if a market is not appropriate for segmentation, brands may compete to serve it homogeneously, thus intensifying the competition. Hence, in either of the market situation, the intensity of competition is unavoidable for the participating brands. Understanding the capabilities and competencies (C&C) of the brands means determining appropriate strategies to sustain the marketing competition. This is essential to win the marketplace, sustain, and get the circumstantial leverage in future. The capabilities in general address how well the brand performs or executes some of the vital activities like customer relationship management, services, and supply chain management. The brand audit areas are exhibited in Table 9.2 in reference to its attributes.

Competency of a brand may be analyzed in the context of its performance as which brand does well across the region or customer segments. In all, the C&C involve action, the focus and emphasis on what the competitor does in the market to outperform his business rival. The common competencies that can be judged in reference to the competitor are as following:

- Quick movement of the products to the marketplace from R&D unit
- Faster response to the market opportunities
- Providing convincing and unique solutions to the customer problems
- Hire, train, and retain best personnel to carry brands of the firm

- Develop, nurture, and extend the best relationship with customers and alliance partners

There are four key tasks in the management of core competency of brands: selecting core competency, building core competency, deploying core competency, and protecting core competency. Companies are likely to differ in terms of their abilities to select, build, deploy, and protect core competency. Building the core competency requires the accumulation and integration of knowledge, residing both within the brand and without. For example, the core competency of a telecom company may reflect in managing billing systems, an insurance company's core competency in claims processing, and Sony's core competency in miniaturization are each a tapestry of many individual technologies and skills. The core competencies of the companies are those that push down the competitors' products in all the business domains. These strategies are central to the customers, channels, and alliance advantage. There are many attributes of C&C; however, the following may be defined as the key attributes of the C&C:

- Dynamism
- Span (period for which brand stays in the market)
- Robustness
- Security against imitations
- Ability to expand

The dynamism of the C&C refers to continuous change for the betterment of the policies and execution of the strategies. The brands must be able to penetrate new customer segments continuously and never be static at any point of time. Brand must have a wide span to discharge their competency without specifying the boundaries of time and area. It is essential for a company to retain its C&C for a longer duration and unrestricted to any areas of change. C&C also vary in their acceptability to the current and future business domains. A competitor cannot always leverage a competency for the new products or services development in changing business domains. The companies must secure that their C&C strategies are not replicated by other brands or used in any distorted manner. Indeed, any C&C of any company should be able to enhance continuously so that it adds to the sustainable advantages. In practice, today's global competition is more dynamic and multidimensional than those models suggest. The mature industry paradox is that leadership demands differentiation, yet differences are quickly copied. Single-factor innovations tap one competency, and capable competitors can usually match it. Multiple brand competencies strengthen several dimensions and in effect redefine its stake in the competition. The 'shadow strategy task force' is offered as a method to force managers to relinquish the comfort of the brand's accepted view of itself. This approach begins with the objective of identifying the strategies and competency that, in the hands of competitors, might be used to attack the brand's competitive position successfully. Especially critical on the task force are individuals with insight into how customers, suppliers, and competitors view the brand. Developing new brand competency requires constant experimentation. The innovation-imitation-equilibrium cycle suggests that industry leaders teach customers what to demand by defining the current state of the art in performance, price, service, and other dimensions; customers learn to judge competitive offerings against these standards, and the learning effect is cumulative.[4]

There are many ways to categorize core competency. Broadly, these may be distinguished as brand-access competency, integrity related competency, and functionality related competency. The brand-access competency includes management of brand development, sales and marketing, distribution and logistics, technical support, and the like. All these skills help to put a brand in close proximity to its customers. The attributes associated with competency like quality, cycle time management, just-in-time inventory management, and so on, which allow a company to do things more quickly, flexibly, or with a higher degree of reliability than competitors constitute the integrity related competency of a brand. The functionality related competency of the brands leads to the skills which enable the company to invest its services or products with unique functionality, which invest the product with distinctive customer benefits, rather than merely making it better. Such brand competency is becoming more important as a source of competitive differentiation, relative to the other two competency types. In the growing competitive phenomenon, the companies are converging around universally high standards for product and service integrity, and are moving through alliances, acquisitions, and industry consolidation to build broadly matching global brand and distribution capabilities. Interestingly, the Japanese concept of brand quality has shifted from an idea centered on integrity ('zero defects')

[4] Werther William B and Kerr Jaffrey L: The Shifting Sands of Competitive Advantage, *Business Horizons*, May, 1995.

to focus on functionality ('quality which is based on brand yields—a unique functionality benefit to the customer'). Comparative analysis examines the specific advantages of competitors within a given market and offers structural and response advantages. Responsive advantages refer to the comparative advantages that have been experienced in a business over time because of certain decisions. This type of advantage is based on leveraging the strategic decisions at work in the business. Besides, the examination of the business system operating in an industry is useful in analyzing competitors and in searching innovative options for gaining a sustainable competitive advantage. The business-system framework enables a brand to discover the sources of greatest economic leverage, that is, stages in the system where it may build cost- or investment barriers against competitors.[5] The framework may also be used to analyze a competitor's costs and to gain insights into the sources of a competitor's current advantage in either cost or economic value to the customer.

In the developed markets, brands are perceived as low profile, and make high investments for improving brand value. However, the Indian market has opened the opportunity to position relatively low profile brands at a premium scale by reducing the cost of brand building relatively with other emerging brands. The emerging companies with their upfront brands play as high-profile rivals in the Indian market as their business strategies closely cut across each other to achieve their business goals. Most companies focus on matching and beating their rivals. As a result, their strategies tend grow sustainable business dimensions. What follows head-to-head competition is based largely on incremental improvements in cost and quality. Multinational companies, which are dynamic in strategy experimentation follow the path to value innovation, which requires a different competitive mind-set and a systematic way of looking for opportunities. Instead of looking within the conventional boundaries that define how an industry competes, managers can look methodically across them. By doing so, they can find unoccupied territory that represents real value innovation. Rather than looking at competitors within their own industry, for example, managers can ask why customers make the trade-off between substitute products or services. For example, Home Depot, a US retail chain store dealing with construction materials and services, looked across the substitutes serving home improvement needs. Intuit, a business and financial software development company, located in California, looked

[5] Normann, R. and Ramirez, R. (1993), From Value Chain to Value Constellation-Designing Interactive Strategy, *Harvard Business Review*, 71(4), 65–77.

across the substitutes available to individuals for managing their personal finances. In both cases, powerful insights were derived from looking at familiar data from a new perspective.[6]

### *Brand Scorecard*

Brand scorecard has been derived from the concept of balanced scorecard which is defined as a management system (not only a measurement system) that enables organizations to clarify their vision and strategy and translate them into action. It provides feedback around both the internal business processes and external outcomes in order to continuously improve strategic performance and results. When fully deployed, the balanced scorecard transforms strategic planning from an academic exercise into the nerve center of an enterprise.[7]

A firm may develop brand scorecard based on the analysis of brand metrics. Development of a balanced, performance-based scorecard enables the firm to measure key behavioral dynamics associated with the brand and compare with other competing brands in the market. The benefit of brand scorecard is that it identifies the posture of the brand in reference to the strength of the brand in the given market. The scorecard is helpful in improving, guiding the brand-led investment, and marketing strategy. The brand scorecard, generally, is an increasingly utilized tool among businesses seeking to move strategy to the action stage. Brand scorecard broadly encompasses four areas:

- Understanding financial performance
- Operations and internal business processes related to production and supply
- Customer value measurement in terms of ranking levels of satisfaction
- Linking brand metrics to business strategy

Taking advantage of the application of brand scorecard, many organizations have augmented brand values to a wide range of brands of their company. This has led to the incorporation of brands into their scorecards,

[6] Chan, K.W. and Mauborgne, R. A. (1999), Creating New Market Space, *Harvard Business Review*, 77(1), 83–93.

[7] Kaplan, R. S. and Norton, D. P. (1996), *The balance scorecard – Translating strategy into action*, Harvard Business School Press, Cambridge, MA.

**Table 9.3** Prototype brand scorecard for firms in business to consumer segment

| Brand category | Brand | Perceptional metrics | | | Performance metrics | | | | | Financial metrics | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Customer preference[a] | Customer value | Loyalty | Market share | Share trend | Market demand | Aggregate demand | Demand elasticity | Brand revenue | Investment on brand |
| Flagship brand | | | | | | | | | | | |
| | | | | | | | | | | | |
| Premium brand | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| Regular brand | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| New brand | | | | | | | | | | | |
| | | | | | | | | | | | |

Adapted from Rajagopal (2008), Measuring Brand Performance through Metrics Application, *Measuring Business Excellence*, 12 (1), 29–38

[a]The customer preferences in the scorecard may also include anthropomorphic variables describing personality traits of the customers. These variables significantly contribute to the perceptional metrics

which first requires determining the brand strength in the scorecard. Structure of the brand scorecard varies according to the product and brand life cycles, business maturity, and the category in which the business operates, although some of the metrics incorporated are common across business models and industries. Brand scorecard, in reference to brand strength, is exhibited in Table 9.3 with prototypical metrics applicable in consumer goods and services (business to consumers' segment) in a firm.

Branding strategy is also developed in accordance with the life cycle of the products and services. Many large companies consider different branding strategies at different levels of the product life cycle: introduction, growth, maturity, and decline. Companies develop the brand in the introductory stage with the objective of establishing the market position based on quality, price, and application and consumer preference. It is necessary to invest more in promotion of the brand at this stage to build awareness and create the pull effect with the distribution channels and consumers. Effective brand building is necessary to introduce the product in the distribution network at the skimming price.

The scorecard is developed in conjunction with the client to ensure perceived values among consumers and premium values within the firm, and ideally incorporates some of the key market performance parameters. In the business-to-business space, the scorecard can often be completed with the minimum of effort since the customer information is likely to be known and customers may participate through a precisely designed survey. Brand scorecard provides scope for periodical brand audit, which may be defined as a bottoms-up audit of the individual brands that allows an assessment of each functions as part of the overall brand management of the firm. The key steps of this phase are as follows:

- Collection of information that establishes how the brand has been used in each country where it is marketed
- Assessment of deviations from its established position in the structure and the reasons
- Evaluation of the brand's performance

Deviations are particularly diagnostic. They may suggest poor management of the brand globally or, more importantly, fundamental changes in the underlying market dynamics. If the underlying market dynamics or product market structure has changed, then the brand's position in the overall architecture needs to be modified accordingly. With these preliminaries conducted, the audit should culminate in a face-to-face meeting of key participants, including the brand custodian, to establish guidelines for the coming year. Strategic audit begins in the second phase as the top-down audit conducted on multiple levels. First, logical groupings of strategic brands need to be assessed in terms of their compliance with established guidelines. Once this has been accomplished, senior management needs to evaluate the overall structure of international brand architecture to determine the fit at different levels across multiple countries. In addition to market dynamics and the product market structure, an important consideration is how the firm itself has evolved, particularly with respect to acquisitions or market expansion initiatives. If the end-result of the strategic audit is that the firm's brand architecture no longer fits the underlying drivers, steps should be taken to revise the firm's architecture so that it reflects the new realities of the marketplace.[8] Brands, in practice, exert their influence at every level of a brand-focused company, and the strength of the relationship with individual consumers serves as key toward competitive benefit mapping.

[8] Rajagopal and Sanchez, R. (2004), Conceptual analysis of brand architecture and relationships within product categories, *Journal of Brand Management*, 11 (3), 233–247.

## Brand Advertising

It is a form of public relations performed through communicating message to the target audience directly related with the institution. It is not necessary that advertising message for a brand should strictly be of commercial nature. The strategy for brand advertising needs to be selected matching the objective of institution and clientele. For example, a business company may develop brand advertisement for distributors, an association of medicos may release message of social health awareness, government can do so to generate awareness of franchising during elections, and so on. Brand advertising involves non-personal, mass-media communication by an identified institution to accomplish its goals. Some major types of brand advertising practices are released through the following kind of messages:

- Social awareness about civil rights, health, population, and so on
- Promotion of a public service
- Generating awareness about innovation, achievement, new facts of development
- Improved or added market value of products
- Employees' welfare and image of institution
- Placement advertisements with profile of company's achievements
- Opening debate on controversial issues

Brand advertising, thus, can be of commercial and non-commercial nature. Functionally, brand advertising can be classified into two categories: image advertising and advocacy advertising. Image advertising is designed to mobilize opinion about the institution and to create an image through its merits. Therefore, it can be stated that image advertising exhibits the human face of an advertiser. Image advertising is of following four types:

- Institution identification advertisements
- Goodwill advertisements
- Civil rights and responsibilities advertisements
- Public service advertisements

Such advertisements are non-argumentative and non-controversial as most of the themes are of public interest such as, population control, crime prevention, water, food and energy conservation, campaign against drug abuse, and the like. On the contrary, advocacy advertising attempts to highlight contemporary arguments directed either at specific general clients such as political activists, consumer groups, media, and government agencies. Advocacy advertising consists of the following forms:

- Ideological advertisement, which is principle oriented and attempts to highlight the ethics of an institution
- Defense advertisement which argues to protect the image of the institution against contemporary controversies
- Reply-bound advertisements seeking responses to the issues highlighted in the advertisement
- Position taking advertisement emphasizing the viewpoint of a brand of issue thereof with strong argument to seek public acceptance or referendum
- All recruitment advertisement asking interested persons to present their views in support of the ethics of institutions in view to strengthen its logic prior to their joining position in the institute

Brand advocacy has an advantage of exhibiting a message under a controlled situation of the advertiser, which helps in dealing with complex issues through corporate focus. An institution can plan a series of advertisements as campaigns supporting its views and building an image simultaneously among the clientele group. Brand advertisements are generally released on multimedia and cover substantially larger segment of target audience.

## Brand Matrix

Brand performance measurement tools are often specific to the firms. They are integrated into the brand measurement system though new models are introduced on continuous basis prioritizing the factor of brand influence. The major advantage of a brand measurement system is that it links brand management and business performance of the firm which has emerged as a strategic management tool for continuous improvement rather than a static snapshot in time of the brand's performance. An effective brand measurement system helps businesses to understand how the brand is performing with the framework of customer values and against competing brands. Many firms engage various integrated marketing activities to monitor brand performance indicators by 5As, explained as brand awareness, acquaintance, association, allegiance, and appraisal, spread over perceptional, performance, and financial factors. Brand acquaintance may be described as familiarity of consumers with the brands of a firm. Buying behavior of consumers toward the acquainted brands refers to brand association. Other brand performance indicators, allegiance, and appraisal may be described as loyalty and performance of brand against investments made by the firm. Of various methods, 'Brand Metrics' is an effective tool for measuring the qualitative parameters of brand performance in a given market and time, which allows the firm to measure the effectiveness of brand-building activity in reference to brand investment (financial inputs) and brand impact (growth outputs) in the business.

Perception metrics focuses on the range of functional, emotional, and latent connections that combine to form an opinion of a brand, which include awareness, familiarity, relevance, consideration, and preference, combined. These attributes of perceptional metrics help to gauge the effectiveness of various brand-building activities across all the points of interaction with a customer. Performance metrics helps to assess how the various brand-building activities have combined to drive overall business results, and it ranges from price premium, to loyalty, to lifetime value of a customer. Financial metrics represents the economic impact on the business, whether revenue growth or return on investment. Analysis of brand metrics provides business growth and brand equity measures in reference to growth in stock values, and also sales, profits, price premiums and employee satisfaction. The brand equity may be measured considering brand profiling and conversion factors in a given market. Brand profiling is a process wherein the brand of a firm and its competitors are profiled against a set of indicators and attributes. These indicators are usually fixed within the metrics, but attributes may be specific to a brand or its category. The conversion model assesses the degree of strength or vulnerability of a brand, within the customer base of a firm, toward the competing brands in the market. Largely, credit card companies use this method to identify the segment of competitive customers that need to be targeted, to open alternative offers, and regain loyalty of the customers.

This is a simple and effective tool of measuring brand performance in the market, woven around the principle of pooling quantitative variables in various combinations in the metrics. It is important for a firm to understand the relationships between brand perception, brand performance, and financial impact, to work within the brand metrics process. The relationship can be learned through key drivers of demand, analyzing customer interaction with the brand and evaluating the influence of the brand in choosing one product or service over competitive offerings. Brand metrics results in a quantitative assessment of customer perception linked to the purchasing behavior. The brand metrics should be aimed at mapping yield-loss score in reference to brands gained versus brands lost considering important market drivers such as demand, consumer preferences, retail sales, brand promotion, price sensitivity, product attributes, trial effects, and repeat purchase behavior of consumers. The study of performance metrics is an integrated analysis of all operational departments in a firm including finance, marketing, logistics, sales, and customer relations activities to map the brand market segment.

Brands are intangible, closely reflect true value of a firm, and reveal the source of sustained competitive advantage. Brands provide added value, both to the firm and the consumer. This added value can be conceptualized in terms of brand equity. The marketing mix strategy plays an important role in establishing a brand identity. There are 11Ps comprising product, price, place, promotion, packaging, pace (dynamics), people, performance, psychodynamics, posture of the firm, and proliferation of brands that play an important role in this process. The analysis of brand metrics helps in examining brand identity and brand image in the context of overall brands profile of the company and its consumers. Brand metrics reveals brand vision which embodies the core purpose for a brand's existence. It represents a set of values that, along with brand culture, provide direction and guidance. Brand personality traits provide symbolic meaning or emotional value that can contribute to consumers' brand preferences and can be more enduring than functional attributes. Successfully positioning a brand's personality within a product category requires measurement models that can disentangle a brand's unique personality traits from those traits that are common to all brands in the product category. Consumers perceive the brand on dimensions that typically capture a person's personality and extend it to the domain of brands. The dimensions of brand personality are defined by extending the dimensions of human personality to the domain of brands.

The perceptional metrics delivers the consumer-brand personality relationship map, which is significantly helpful in developing and maintaining flagship brands of a company. There is a relationship between the brand as a person and the customer, which is analogous to the relationship between two people. The brand personality provides depth, feelings, and liking to the relationship. Successful brands can call to mind strong emotions and command high levels of loyalty, which provides another reason for pursuing a brand approach. Few brands command the level of association of the Harley-Davidson riders who tattoo the company logo on their bodies, but everyone has their value preferences which stand above the brand value.

Brands are affected by the change in market demand, consumer preferences, technological advances and other external factors in the market which result in the phenomenon of 'time compression'. In a highly dynamic and time-compressed environment, brands must make their mark very quickly. It is necessary for a company to review periodically the positioning of its brands seeking emphasis on the attributes that offers competitive advantage over other brands in the market. It seeks to convey to consumers the benefits that are being offered and derives personality on the emotional characteristics of the brand. It is believed that the brand portfolio strategies help in searching for the efficient frontier for the brand set, the boundary, where brand managers can maximize their returns for any level of portfolio risk. However, the scope of the brand portfolio does not restrict membership to the brands owned by the company. The brand portfolio on the contrary includes every brand which determines the buying decision of consumers. Brand metrics also helps in monitoring and evaluation of various touch points concerning brand and company. These touch points include advertising, price, packaging, logo, sales promotions, Internet sites, point-of-purchase displays, interaction with salesperson, publicity, direct marketing campaigns, billboards, and retail location. All the touch points mentioned above could be viewed within the context of brand metrics for analysis at corporate, marketing, and brand management levels.

Effective brand management encompassing brand personality is of paramount importance in reaching the overall goals of the company toward satisfaction, loyalty, and profitability. Companies may choose to deliver advertising in a more appealing dimension for quick cognitive reflexes of customers. In mass market, retail talent is generally viewed as a valuable source of brand building as quality of services offered by the retailers adds to the pride of the brand. Companies may position themselves for the mass market by providing outstanding customer interactions which may optimize profit and the core values of brand. Managers may conduct analysis of brand metrics for mapping yield-loss score in reference to brands gained versus brands lost considering important market drivers such as demand, consumer preferences, retail sales, brand promotion, price sensitivity, product attributes, trial effects and repeat purchase behavior of consumers.

Brand scorecard includes financial measures that reveal results of the actions already taken, and three sets of operational measures that show customer satisfaction, brand processes, and learning market response to brand augmentation. Analyzing brand metrics and developing brand scorecard requires translating the strategy of the firm, specific goals, and measures. Managers may then track those measures as they work toward their goals. The brand metrics determines the symbiotic relationship between the brands with various organizational and market led indicators derived by the competitive dynamics.

## Brand Variability

Jean-Noel Kapferer (2000) proposed the model of hierarchy of brands including product brands, line brands and umbrella brands.[9] This model has been reviewed as a new development in the management of brands developed with an extraordinary insight. In pursuit of further improving the concept of brand architecture, the concept of brand portfolio strategies has been discussed.

Building tensile brands has become a marketing priority for many firms. The presumption is that building a tensile brand yields several marketing advantages. Strength of such brands drives loyalty in various ways and creates differential responses by consumers to various marketing activities which would help in building brand equity in the long run. Sam Walton's dream was simple to be stated as giving people high value at low prices and a warm welcome. Today, Walmart Inc. employs more than 1.2 million associates worldwide. The company has more than 3000 stores and offices across the United States and more than 1000 stores internationally. It has also expanded online with Walmart.com, which is dedicated to bringing Sam Walton's dream to the Internet. Low prices have been the retail culture of the company that kept the consumers loyal to the retail brand. It's also because of the Walmart staff starting with the friendly greeters at the front of every store. Prompt, friendly service is a serious matter at Walmart. The company delineates its business philosophy as the secret of successful retailing is to give your customers what they want. As Walmart continues

[9] Kapferer, J. N. (2000). *Strategic Brand Management*, Second Edition, London: Kogan Press, 125–140.

to grow into new areas and new mediums, success will always be attributed to our culture. 'Whether you walk into a Wal-Mart store in your hometown or one across the country while you're on vacation, you can always be assured you're getting low prices and that genuine customer service you've come to expect from us. You'll feel at home in any department of any store'. Sam Walton built Walmart on the revolutionary philosophies of excellence in the workplace, customer service, and always having the lowest prices.[10]

Private labels are generally referred to the store brands which have capability of outperforming the corporate brands. The store brands are established on the foundation of customer preferences and loyalty derived from various benefits such as price advantage, promotion benefits and customer services. Walmart, a global retail giant, may be one of the suitable examples of developing store loyalty and positioning a store brand: great value on price sensitivity measure. This store brand has gain substantial advantage over other corporate brands displayed in their retail outlet. Recent years have witnessed the demise of well-known brand names such as Woolworth and Kmart in the United States, the jewelry chain Ratners, and the department store chain Allders in the UK, the explosion and self-destruction of 'dot com' brands, the car brands MG Rover and Oldsmobile, the accountants Arthur Andersen, energy provider Enron, and telecommunications service provider MCI. The reasons for their demise may be many and varied. However, they demonstrate that visually recognizable brands can virtually disappear overnight.[11] Store brands have grown in popularity in virtually all countries. Despite a considerable body of research, findings on how consumers perceive and buy store brands have been rather inconclusive. During the last 15 years, there has been a substantial restructuring of retailing in Europe. The implications of this reach beyond Europe. The restructuring involves not only competitive relationships amongst retailers but also involves new forms of relationships with suppliers. A new perspective of the role of retailing is emerging that places retailing in a global framework of international store operations, international sourcing of products, international flows of management and managerial know-how, and international awareness by consumers of the retailers who are becoming international brands.[12]

[10] Rajagopal (2007), International Marketing, Vikas, New Delhi.

[11] Brand survival: Do brands really last forever? (2007), *Strategic Direction*, 23 (3), 10–12.

[12] Dawson, J. (2005), New Cultures, New Strategies, New Formats and New Relationships in European Retailing: Some Implications for Asia, *Journal of Global Marketing*, 18 (1–2), 73–97.

Motivational forces commonly play a key role in the explanation of shopping behavior. In retailing research, shopping motives are a field of research that has received considerable attention, often in combination with motivation-based shopper taxonomies. While personal shopping motives and perceived shopping alternatives are often considered independent inputs into a choice model, it is argued that shopping motives influence the perception of retail store attributes as well as the attitude toward retail stores.[13] A private label may be understood as a label unique to a specific retailer. These private labels can be divided into several groups, as given below:

- Store brands: products where the retailer's name is very evident on the packaging
- Store Sub-brands: products where the retailers name is low-key on the packaging.
- Umbrella branding: a generic brand independent from the name of the retailers name. Umbrella brands are used in different product categories.
- Individual brands: name used in one category, this is only used to promote a 'real' discount product line.
- Exclusive brands: a name used in one category, but promotes 'added value' products within the category.

Overall, private labels are used to provide products with a lower price. In Europe, these prices can be 10–20 percent cheaper, whilst in the United States some private label products are sold at price 25 percent lower than the brand leader. Private labels now offer a range of opportunities for savvy manufacturers. Perhaps most notable, retailers are working with manufacturers to bring out store brands whose quality matches or even exceeds that of brand-name goods. These premium labels offer better margins than traditional private labels and can serve as a low-risk way for manufacturers to try new product categories. Private labels are likely to make most sense when entry barriers are low, when substantial economies of scale exist, or when the label is a premium line for a category with low price sensitivity. Private label products are competitive to many commer-

[13] Morschett, D., Swoboda, B., and Foscht, T. (2005), Perception of store attributes and overall attitude towards grocery retailers: The role of shopping motives, *The International Review of Retail, Distribution and Consumer Research*, 15 (4), 423–447.

cial brands as the private labels emerge from cheap imitations that undermine margins and weaken product categories.[14] Nevertheless, the growing power and sophistication private labels have been boosted by retailers to develop store loyalty in the price-sensitive markets. It has been observed that private label market share generally goes up when the economy is suffering and down in stronger economic periods while manufacturers of brand-name products can have significant influence on the seriousness of the challenge posed by private label goods. As the impact of globalization is flashing high, there are more and more private labels penetrating in the market than ever before and pushing the customer value collectively to move customer loyalty toward private labels at the first place.[15]

Many private label products in Walmart are trotting along commercial brand tracks, offering value to cost-conscious consumers around the world. Walmart's own line of garden fertilizer, for example, has become the best-selling brand in the country. The strategy of Walmart for its private label brands is to offer opening price points striking at the lowest price available in the store for a particular type of item. The national brands sometimes abandon a traditional opening price to emphasize higher-end products with better profit margins. Walmart has applied a similar concept to the pharmacy and health-and-beauty-aids departments with the high-quality Equate product line. Several Equate items have become top sellers in their categories, including Equate Ibuprofen and Equate Pain Reliever. Besides Equate, Spring Valley, Walmart's private label vitamin line, is another top seller in the over-the-counter pharmacy area, already becoming the largest brand of vitamins sold in the United States. Recently, the product line was recognized in a nationally known consumer magazine for its quality and value. Walmart uses its Great Value brand to offer those important opening prices. An innovative brand, Great Value was the first line to introduce a fat- and sugar-free coffee creamer and has also led the way in developing convenient and user-friendly packaging, like the easy-grip bottles used for Great Value juice drinks. More than 800 Great Value products are now offered in the dairy, dry grocery, meat products and food grains. Private label brands are helping Walmart to succeed in the extremely competitive grocery business, where consumers have learned to

[14] Dunne David and Narasimhan Chakravarthi (1999), The new appeal of private labels, *Harvard Business Review*, 77 (3), 41–52.

[15] Quelch John A and Harding David (1996), Brands vs. private labels: Fighting to win, Harvard Business Review, 74 (1), 99–109.

accept and even expect 'store brands' as a cost-cutting alternative. The private brands are expected to prove particularly useful at our smaller neighborhood stores.[16]

Store brands now account for one of every five items sold in U.S. supermarkets, chain drug stores, and mass merchandisers. They represent more than $65 billion of current business at retail and are achieving new levels of growth every year. Four in ten customers now identify themselves as 'frequent' store brand shoppers and nearly half of all consumers say that their typical market basket contains 25 percent or more of store brand products. Retailers use store brands to increase business as well as to win the loyalty of their customers. Whether a store brand carries the retailer's own name or is part of a wholesaler's private label program, store brands give retailers a way to differentiate themselves from the competition. Store brands enhance the retailer's image and strengthen its relationship with consumers. Retailers know that consumers can buy a national brand anywhere, but they can only buy their store brand at their stores. Store brand products encompass all merchandise sold under a retail store's private label. That label can be the store's own name, or a brand name created exclusively by the retailer for that store. In some cases, a store may belong to a wholesale buying group that owns labels which are available to the members of the group. These wholesaler-owned labels are referred to as controlled labels. Manufacturers of store brand products fall into four categories[17]:

- Large national brand manufacturers that utilize their expertise and excess plant capacity to supply store brands
- Small quality manufacturers who specialize in particular product lines and concentrate on producing store brands almost exclusively. Often these companies are owned by corporations that also produce national brands
- Major retailers and wholesalers that own their own manufacturing facilities and provide store brand products for themselves
- Regional brand manufacturers that produce private label products for specific markets

[16] Annual Report (2000), Wal-Mart Stores Inc., Bentonville, Arkansas.
[17] Private Label Manufacturer's Association, http://www.plma.com/

Major supermarkets, pharmaceuticals, and mass merchandisers today offer consumers as store brands almost any product that is manufactured and distributed by corporate houses of long-standing companies. These products include fresh, frozen and refrigerated food, canned and dry foods, snacks, ethnic specialties, pet foods, health and beauty care, over-the-counter drugs, cosmetics, household and laundry products, lawn and garden chemicals, paints, hardware, auto aftercare, stationery, and household goods.

## Brand Icons

International expansion and consumer needs for reassurance about product quality and reliability are resulting in a shift toward this type of corporate endorsement of product brands. It helps to forge a global corporate identity for the firm and gathers its products under a global umbrella, generating potential cost savings through promotion of the corporate brand rather than multiple independent product names. Corporate endorsement of product-level brands is increasingly used as a mechanism to integrate brand structure across country markets. For example, Cadbury uses the Cadbury name on all its confectionery products alongside product brands such as Dairy Milk. Equally, a house brand is sometimes used on a product business worldwide. Increasingly, new products and variants are launched under existing brand names to take advantage of their strength and consumer awareness.[18] Mars Chocolate Company, for example, has launched an ice cream line as well as a soft drink under the Mars brand name. Cadbury's Milk Tray brand has been extended to desserts, leveraging the brand's association with 'creaminess'. Strong international brands often have high visibility and are prime candidates for brand extensions, especially for entry into new and emerging markets such as Eastern Europe or China. In some cases, a well-known brand name is used on a product line which is marketed under another brand name elsewhere. For example, Nestlé's Maggi brand, used on sauces and seasonings, had high recognition in Eastern Europe and so was extended to frozen foods rather than the Findus brand used elsewhere in Europe.

[18] Rajagopal (2006), Brand foundation and frameworks, *Brand Strategy*, 206, October, 47–49.

A firm may choose to develop the 'brand as reference' for its first stage of the brand development process as competitive pressures drive differentiation measures to help compete with other companies. This involves describing utilitarian values as instrumental in making buying decisions because they enable consumers to reach higher levels of satisfaction derived from owning or using the object. This is where marketers may begin to shape their 'brand personalities'. This idea comes from the concept that in contemporary society, people value personal relationships. They appreciate an emotional connection. In terms of Maslow's hierarchy of needs, these brands are moving up the ladder from providing for basic needs to trying to communicate love, belongingness, and esteem. It is important, however, for the firm to communicate this clearly to consumers. For example, Escudo anti-bacterial soap, which is a Latin American Procter & Gamble brand. It has been established by creating a personality for itself of a 'caring mother'; the firm has injected emotion into the product. It attempts to pull closer to the consumer through this bond that goes beyond functionality.

The Dell Computer Corporation has plans to enter the competition in the Indian market with its subsidiary. Dell is one of the most globally preferred computers among the business class customers. The company finds that India is growing fast in sales of personal computers and there is room for Dell to become a major player in the market. Its mode of entry will be through direct selling to its clients with total product customization as a global strategy. The company has plans to offer services to its international clients in the country and then follow it up with large corporate units, the government, and potential institutions in future. This is one of strategies to select the customer segment and operate safely in the market outwitting the competitors. The company is also having alliance with a leading brand, Tata InfoTech Ltd., and plans to launch on a joint platform. The customer support is a major thrust of the company and it is setting up customer call center to redress their needs more efficiently, take orders from the clients as well as provide services to customers. Ever since the incorporation of the company in 1984 by Michael Dell, it has positioned itself in the top five of the computer sales categories across the countries in the world and hopes to replicate the same in the Indian market. The company has an idea of offering software solutions instead of boxes and continues the relationship over the long term.[19] The company is looking for local outsourcing for effective delivery of the products and services, and the Indian outfit will be supported by Penang, the Malaysia production base. The company has chosen e-commerce as one of the contemporary strategies to reduce load on the physical channels. The deliveries are promised in a week that may turn to be a major attraction for the clients and a tall task for the service providers. The plans of the company seem to be complex, but Dell being a big brand that has proved itself the world over and with a high brand loyalty and image, it has all hopes to succeed in the Indian market penetrating the competition in the computers business. Chip Sunders, the Vice President of the company says, 'Though there are successful players, we will be the winners'.

After creating an appealing personality, the firm can then develop the 'brand as icon' for consumers to keep in the top of their minds. At this stage, the brand may be confident that it is 'owned' by customers. An example could be Marlboro cigarettes where ads showing the rugged cowboy (representing a man standing against the odds) has become an icon imbued with values. Similarly, Nike sports apparel has primary associations with Michael Jordan's athletic prowess and secondary associations with teams such as the Chicago Bulls. The more the associations that a brand creates, the greater its network in the consumer's brand recall process. This helps strengthen the iconic stature of the firm. As the 'brand equals the company', all stakeholders may now perceive the parent business and brand in the same fashion. The organization must have integrated communications throughout all its operations. This is also the stage where communication should no longer be unidirectional. It needs to flow between the firm and the customer in both directions, so a dialogue exists between the two. An example is Ford cars seeking collaboration in the design process so that customers can customize the interiors of the cars. The customer now sees the Ford brand as the company rather than a product. Consumers are believed to react more strongly to communications directly using a brand rather than those offering services with no branding.

*Brand intelligence* also contributes to the learning process of customers toward determining their preferences. Brand intelligence is the dissemination of information to the target customers on the public resources, which is easily accessible and offers periodical updates on the brand value

[19] Reviewed from the Peoples and products, Advertising and Marketing, August 31, 2000, pp. 8–12.

and competitive gains. The information acquired by the customers through public sources serves as an important input in formulating their preferences and buying decisions. A brand must be crafted in reference to the perspectives of its advantages to project relatively higher values among the prevailing competing brands. The brand intelligence includes information beyond company's statistics and trade gossip. It involves close observation of competing brands to learn what they offer and where they are weak. There are three types of brand intelligence process: defensive, passive, and offensive forms. The defensive brand intelligence is the information gathered, analyzed, and used to avoid being caught off-balance. In this process, a deliberate attempt is made by the competing brand to gather information on the prevailing competition in a structured fashion and to keep track of moves of the rivals that are relevant to the firm's business. The passive form of brand intelligence is the temporary information gathered for a specific decision. A company may, for example, seek information on the sales of competing brands and develop plan to outperform the competing brand and establish its own key advantages. Offensive brand intelligence is the process of information gathered by the firms to identify new opportunities and from a strategic perspective; such intelligence is most relevant for a growing brand amidst competition.

*Summing Up*

A brand is closely associated with the satisfaction of the customers, and the hierarchy of brands is based on their utility and intensity of customer satisfaction. In developing a useful brand, a planner must look upon its levels. Brand line is a component of brand-mix, which a company offers to the customers, exhibiting the length and width of the range of products. The analysis of brand line depends on two important information sources comprising volume of sales and profit on each item and competitors' brand line in the same market or segment. The line can be stretched either downward, or upward, or both ways, depending upon the range of competitors and simultaneous brand lines existing in the market. The downward stretch results in selling the upper end brands initially at cheaper rates on the brand line. This strategy must be used very carefully, as losses may pile up through a volume of out-fashioned stock. However, the item image largely depends on the brand name. The upward stretching of the brand line is risk averse. Such an approach allows to sell the brand-line items at a high price, as the managers are attracted by higher growth rates and profit margins. The new brand has to be developed by the companies with great care. It is necessary to understand the need of the consumers, competitive threats, and availability of post-sales services and cost of marketing of the brand. Amidst the increasing market competition every company is facing the challenge of brand differentiation and new product development. Consequently, new brands are emerging faster in the marketplace as companies are introducing a totally new product or brand or improved versions of the existing brands.

A brand represents an experience for consumers and, as such, becomes less associated with an individual product or service than the brand values. Under this scenario, a company's manufacturing competencies become less relevant than its ability to understand consumers and to manage a brand. A brand audit should be performed to ensure compliance with established procedures and to determine whether the structure of the architecture should be changed. This needs to take place on two levels. First, the degree to which individual strategic brands have adhered to established guidelines needs to be assessed. Second, the entire portfolio of brands must be examined in terms of whether the overall brand architecture requires modification. There are four key tasks in the management of core competency of brands which include selecting core competency, building core competency, deploying core competency, and protecting core competency. The brand scorecard, which is part of the brand audit, has been derived from the concept of balanced scorecard which is defined as a management system (not only a measurement system) that enables organizations to clarify their vision and strategy and translate them into action. It provides feedback around both the internal business processes and external outcomes in order to continuously improve strategic performance and results.

Branding strategy is also developed in accordance with the life cycle of the products and services. The scorecard is developed in conjunction with the client to ensure perceived values among consumers and premium values within the firm, and ideally incorporates some of the key market performance parameters. Brand advertising involves non-personal mass-media communication by an identified institution to accomplish its goals. Brand advertising can be of commercial and non-commercial nature. Functionally, brand advertising can be classified into two categories: image advertising and advocacy advertising. Image advertising is designed to mobilize opinion about the institution and create an image through its merits. 'Brand Metrics' is an effective tool for measuring the qualitative parameters of brand performance in a given market and time, which allows the firm to measure the effectiveness of brand-building activity in reference to brand investment (financial inputs) and brand impact (growth outputs) in the business. Brands are affected by the change in market demand, consumer preferences, technological advances and other external factors in the market which result in the phenomenon of 'time compression'. Effective brand management encompassing brand personality is of paramount importance in reaching the overall company goals toward satisfaction, loyalty, and profitability. Companies may choose to deliver advertising in a more appealing dimension for quick cognitive reflexes of customers.

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[1] Note: Page numbers followed by 'n' refer to notes.


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