Five Steps to Building Powerful Brands

Other Titles of Interest



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Five Steps to Building Powerful Brands

M G Parameswaran

Executive Director, FCB-Ulka Advertising, Mumbai



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To My Father

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PREFACE

"Oh, no! Not another book on branding!" Before you say that, let me explain, why and how this book came about, and how it attempts to be a different book on the ever popular topic—brand building.

The seeds of this book were sown when my first book, FCB-Ulka: Brand Building Advertising—Concepts & Cases, was published by Tata McGraw-Hill. My publisher wanted me to attempt another series of books on branding, this time, with a strong Indian flavour and a focus on practical aspects of brand building. The book of cases had been very well received and emboldened me to attempt my second book Understanding Consumers—Using Consumer Research to Build Powerful Brands. Both these books have been well appreciated and are finding usage in management education—the primary purpose they were set out to serve.

While writing them, I had the opportunity to read over 50 books on brands and brand building. Supplementary reading included over 300 articles from Indian and international journals. The idea for a book devoted to building brands took root. With a lot of encouragement from my publisher, it is now in your hands!

WHAT IS THE BOOK ABOUT

Building Brand Value is woven around a model that has been developed for building brands in an Indian and in a developing economy environment. The model can be used to develop a new brand, or to make an existing brand stronger. This book is not a replacement to the authoritative international books on strategic brand management, but can be used in

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conjunction with them. It has a strong Indian flavour in its application of the many branding concepts.

India offers great opportunities for branding. This book has been designed to help young (and not so young) marketers build better brands and brand value.

ORGANISATION OF THE BOOK

The book starts with a broad conceptual note on the importance of building brands and building brand value. The second chapter presents several brand building models before unveiling the Brand Building Pentagon. The next five chapters take the reader through the five steps of the Brand Building Pentagon: Brand Appraisal, Brand Definition, Brand Articulation, Brand Measurement, and Brand Expansion.

The eighth and the last chapter deals with the core of the Brand Building Pentagon: Brand Execution. This chapter, in a way is a condensed version of Marketing Management 101. But it should not be seen as a short course on marketing. It is at best a quick view of the various elements that go into brand execution.

The chapters are followed by several useful appendices:

- Appendix I is a checklist of questions and points to be covered under each of the five steps of the Brand Building Pentagon.
- Appendix II is a glossary of branding, advertising, and marketing research terms.
- Appendix III consists of two real life projects done by NMIMS students, Mumbai, wherein they applied the Pentagon to build a template to create strong brands.
- Appendix IV is an exhaustive list of suggested reading material on corporate strategy, marketing, brand man-

agement, advertising, consumer behaviour, marketing research, etc.

Appendix V is a listing of useful secondary data sources.

In addition to the core text matter and the appendices, the book has several other attractions that have been woven into the main body. "Brand Building Viewpoints" that have been featured throughout the book are interesting viewpoints drawn from articles in international journals. "Brand Building Terrain", which again features throughout the book are snippets drawn from articles that have appeared in Indian journals. India boasts of several home grown brand successes. Some of these brands have been presented as micro-cases under "Brand Building at Work"; again all this matter has been derived from published sources and from the public domain. The "Brand Building Quips" are cartoons and caricatures provided to lighten the content.

In all the above "middles", references have been given to the original source from which the content was derived.

This book uses, almost exclusively, Indian brand examples to demonstrate various concepts. This has been done intentionally since there are more than enough books that sing praises of global brands. With the opening up of markets and with global brands making rapid strides, I believe there are opportunities for smart marketers to invest in brand building so that the tempo created by global brands benefits local players as well. And hopefully, this book will inspire a few domestic brand builders.

WHO IS THE BOOK FOR

This book is a reference for brand managers in Indian companies. The content is rather vast for a read-through during a domestic flight. But as one of my peer-review experts opined,

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the book can be part of a brand manager's library—a book he can refer to whenever he has to clarify a concept: What are food colours? What are positioning options? What is a brand audit? How are brands valued? What is the difference between varianting and line extension?, etc.

It is also designed to be the foundation or key part of the brand management courses taught at Indian B-Schools. In a sense, the content of the book and the Brand Building Pentagon model have been tried out in a leading management school in Mumbai, and have helped impart a better understanding of the concepts.

An attempt has been made to pack a lot of matter into the book. And inspiration has come from the many global experts who have written authoritative books on branding. I would love to hear the reader's feedback and correct any imperfections in future editions. Nothing would delight me more than finding this book in use at management schools and by brand managers, as a quick reference manual.

M G PARAMESWARAN

ACKNOWLEDGEMENTS

A book of this nature can only grow in the right learning environment. FCB-Ulka Group offers an environment where concepts are discussed and argued about. The setting up of the brand consulting arm Cogito Consulting at FCB-Ulka has pushed the learning curve further. So, a big thanks to my colleagues at FCB-Ulka who provided the encouragement, help, and counsel when I need it most.

This book was reviewed by two experts. Mr. Dorab Sopariwala and Prof. Sudas Roy of IIM Calcutta. A big thanks to both of them for their kind words, comments, and suggestions. Without their vote of confidence, the manuscript may never have left my table.

My wife Nithya had the thankless job of poring over the many drafts of the book, correcting them, and critiquing the content. Without her help, this book would have had too many errors. So a big thanks to her. And to my son Aditya who stayed out of my hair (or was it the other way around) when he saw me sitting at my desk at home on weekends, scanning through notes, articles, books, and the internet.

My publishers, Tata McGraw-Hill, have always been a source of encouragement and help. A special thanks to Ms. V. Deepa, Mr. Chandra Sekhar, Ms. Sandhya Iyer for her editing inputs and the entire team at TMH.

The original handwritten draft was keyed in by my assistants Mrs. Nandini Rao and Ms. Queeny D'souza. As always, DTP help came from Mr. Anil Thomas. And the cartoons are from the pen of Mr. A.V.N. Suresh. A special thanks to all of them.

I dedicate this book to the pioneers who have ventured forth and built strong Indian brands. May this book help your tribe increase!

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Introduction

1.1 BRAND

The American Marketing Association defines the term 'Brand' as "A name, term, symbol or design, or a combination of them, which is intended to signify the goods or services of one seller or group of sellers and to differentiate them from those of competitors."

Where did this term, brand, come from? How has it become an integral part of the marketing lexicon?

The Oxford English Dictionary's definition of the word may hold the clue:

Brand: goods of a particular make; an identifying mark made on skin with hot metal, mark with a brand.

There are two fables about how the term brand became linked with products and goods. The first one traces its roots to the distilleries of Scotland where liquors were marked, usually on the cask, with the name of the distillery. This led to customers demanding liquor from casks containing the brand of the distillery. The second story leads us to mid-western America where cattle were branded with hot irons (long before PETA). Animals with a particular brand mark could be separated and valued individually. Branding of cattle also prevented cattle

farmer's herds from getting mixed up—just as brands of products get sorted out today at a super market aisle.

Producers of goods have attempted to brand their wares since time immemorial. The oldest evidence of branding comes from the days of Indus Valley Civilisation. Archaeologists have discovered pottery carrying a potter's mark. Obviously, each potter marked his goods differently. To charge a premium. To provide a warranty. Or simply to demonstrate his pride in his work.

Today, brands have taken over the world. As Naomi Klein points out in the book *No Logo*, they are all over the globe.

Since the days when cattle were branded, we have witnessed (and are witnessing) the branding of almost everything around us. Today, we have product brands like Lux, Amul, Nirma, Indica. We have service brands like Jet Airways, Orange, Taj. Companies have become brands—GE, Sony, Tata. These corporate names spell trust, innovation, and service. Given these corporate brand benefits, many corporate groups are attempting to become brands—Aditya Birla, Murugappa, and Sundaram, to name just three.

People have become brands, and Tom Peters in his book *Brand You*¹ suggests that each one of us can become a brand. People brands could be designer label brands, like Versace and Ritu Kumar, or celebrity brands like Kapil Dev and Amitabh Bachchan. Places have become brands and some even have a tag like 'Kerala, God's Own Country' or 'Malaysia Truly Asia'. Institutions are attempting to become brands. Harvard University is a brand. And India's IITs are fast becoming recognised world brands. Let us not forget the Vatican, and the Ramakrishna Mission. Charities have emerged as brands in their own rights. From Salvation Army to National Association for the Blind, to Child Relief and You. Almost all of them have adopted the classic tools of brand building. They have a brand vision, a logo, a tag line, and present 'one look' to all that they do.

Retail revolution is entering India and we are witnessing the emergence of retail brands like Shopper's Stop, Lifestyle, and Westside; the last brand offers a whole range of men's, women's and kids' apparel, besides some furnishing and linen under its own brand name!



The Product and the Brand

In their seminal article *The Product and the Brand* published in 1955, Prof. Burleigh B. Gardner and Prof Sidney J. Levy, explore the need to use qualitative research to unearth the underlying reasons that separate a brand from the product. They use projective techniques to help define the assets of the brand, and to help define a holistic brand image. Two basic points being:

- (i) A reputable brand persists as a stable image over time, and
- (ii) It is rarely possible for a product or a brand to be all things to all people.

While products and brands have interwoven sets of features, and consumers evaluate them in complex ways, advertising has to be based on attitudes and motives, while management has to play a complementary role to make the task richer.

Source: Burleigh B. Gardner and Sidney J. Levy, 'The Product and the Brand' Harvard Business Review, March-April, 1955, pp 33-39

The Entertainment Industry has learnt the art of branding. Star Wars is not just a movie today but a brand that offers space fantasy in the form of movies, games, books, toys, clothes, and more. The biggest entertainment brand in the

world is undoubtedly Disney. A name that has its origins about 60 years ago in a humble comic book. Closer home, Lagaan attempted to become a brand with books and toys.



Brand Power Over the Years

Which were the most powerful brands in the world in 1990? How have the names and the ranks changed over the last ten odd years?

	1990	20	001
Landor Associates Image Power Survey		BusinessWeek Interbrand Most Valuable Brands	
1 2 3 4	Coca Cola Sony Mercedes Benz Kodak	1 2 3 4	Coca Cola Microsoft IBM GE
5	Disney Nestle Toyota	_	Nokia
8 9 10	McDonald's IBM Pepsi Cola	8 9 10	Ford McDonald's AT&T

Methodologies aside, the power brands of 2001 clearly point towards a more techno-savvy world.

Source: Research Digest, 'Advertising Works' Volume 13, Issue I, pp 1-4; Brands in an age of Anti-Americanism, Business Week, August 6, 2001, pp 47-54

Events have also become brands. For instance, the Filmfare Awards stands out from among more than twenty film awards in India. Similarly, a tour by the Rolling Stones is branded as the 40 Licks Tour. Even a calamity like the World Trade Centre got branded as 9/11, within a few days of the event.

The latest brands to emerge are brands that have no tangible existence in real life. These are cyber brands. Brands like Yahoo, Google—or in India, Rediff and Chennaionline—which have built their own set of fans. When the dust fully settles on the dot com bust, we will be left with several brands that will trace their origin to the cyber world. While Yahoo as a portal is alive and kicking, its magazine *Yahoo! Life* breathed its last in 2003.

But how much of this is real, and how much is marketing hoopla? Is a brand just a name? And are all names, brands?

In one sense of the term, any name can become a brand if it offers a difference—physical, psychological, or experiential. Any name can become a brand if its owner goes about building brand value through a lot of orchestrated activities.

Opportunities for branding are all around us. Some grab the opportunity and power ahead: Karsanbhai Patel took his low priced detergent powder and made it into a power brand called Nirma, Shanbaug took his one store book shop Strand into one of the most recognised bookshop brands in Mumbai (while Strand Movie Hall is long gone). At the same time, we do not have 'generics', as popularized in the US by large retail chains, where you can pick up 'cigarettes' or 'detergents' sold as generics.

There are many more such branding opportunities. At times we do not recognise them; at times the risks are just too high. The adventurous visionaries however, have managed to turn names into brands—brands that stand for a value, an experience, a feeling; brands that are recognised, appreciated, and above all, asked for.

1.2 BRAND PERFORMANCE INDICATORS

When names become brands, they obtain a commitment for customers from the channel intermediaries. A superior brand position leads to a stronger demand and to market leadership. Market leader brands are usually stronger in performance when compared with other brands. They tend to weather market downturns much better than smaller brands and benefit more when the upturn occurs.

Market leader brands are usually more profitable than the follower brands. They tend to generate a greater margin and a greater profit for the marketer. In the Indian soap market for instance, leader brands like Lux and Lifebuoy generate more profits than possibly all other brands put together. That is the power of brand leadership.

The ultimate test of a brand's superior performance is customer loyalty. Consumer research indicates that leader brands attract greater loyalty than the non-leaders. Consumers tend to believe in the strength in numbers. Brands are often advertised as small but with a very loyal consumer base. Often such brands are super premium (e.g. Dove, Mercedes), or are niche brands that cater to a specific need. If one were to look at mass market categories, it is indeed a proven fact that leader brands attract greater loyalty.

But which is the chicken and which is the egg? Did leadership lead to loyalty? Or did loyalty lead to leadership. All strong brands started small. Either they created a new category or offered a new benefit in a large market. They then went about building brand value, which led to loyalty, which led to leadership. Once leadership was achieved, the brand became more profitable (economies of scale), and could better serve its loyal customers.

Do brands have a life cycle? We know products have a life cycle. Prof. John Philip Jones believes that brands can continue for a long, long time. If brands stand for a particular value, benefit, or service, they can transform into products that are relevant to their times. Parker, the brand, continues though fountain pens have become a novelty today.

1.3 BRANDING = MARKETING

Prof. Kotler has postulated that in today's context, branding is marketing. While marketing is all about satisfaction of consumer needs through a product or a service, branding takes it to the next level by giving the product or service a distinctive name.

But do customers understand products as well as the company selling it? Definitely not. The company, whether it is Nirma or Tata Motors, has a much better knowledge of the product that is sold. But customers have the final say, because customers perceive the product in their own terms. Nirma may want to say that their product is a creation of superior technology, but the customer may interpret the low price of Nirma to mean that the brand is low technology as well. And in branding, perception is everything.

"Customers do not buy cosmetics, they buy hope", said Charles Revson of cosmetics major Revlon. Customers often focus on benefits that are intangible. Why is Lux preferred over Nirma? Why is Pepsodent preferred over Colgate Total, or vice versa? In these days of product parity where no consumer can differentiate two brands in a blind test, perception is driven by intangibles. These intangibles could be driven by many elements of the marketing mix—the brand mix.



Brand Building at Work

Indica—A V-turn to Success

Tata Indica came, saw, and forecast the death of the small car in 1999, with its 'more car per car' promise. After a sensational debut in 1999, the car had to go through trial by fire in 2000, with volumes dropping 20%, aided by aggressive competitors, price cuts and deals, and negative word-of-mouth.

The company went on a large scale customer contact effort, meeting hundreds of Indica owners, to hear their views and feedback about the car. These meetings gave Indica owners the reassurance that Tata Motors was listening to them actively (unlike some global majors who practiced the sell and forget formula). More importantly, the feedback went back to the product development shop floor experts—leading to a new, improved Indica, rolling out by late 2000.

Rajiv Dube, VP, Tata Motors, is quick to point out, "It is a bit of a myth that everything after the Indica V2 is superlative, and everything before it was nothing to write home about". However, the key signal that the relaunch of Indica as Indica V2 in 2001 gave to the market, was that of a new model that was perfect.

Indica V2 took off to a great start in Feb 2001 and topped the sales charts later that year, overtaking brands like Zen, Wagon R, Santro, Matiz, and Uno. Indica's second innings as Indica V2 has been not just a U turn in the brand's fortune but a 'V' turn!

Question: Indica V2's success was a combination of new improvements coupled with a strong 'V2' trigger. Could Tata have signalled change in any other manner?

Source: The Business Standard Strategist, 2001–02, pp 8–14

Marketing is about satisfaction of a customer want or need with a product or service. A well conceived product or service leads to customer satisfaction. A satisfied customer will on the next purchase have occasion to ask for the product by its brand name. The repeat business goes to the marketer of the brand. Attracting repeat business makes the business achieve long term profitability. Any direct marketer would confirm that it is over six times more expensive to get a new customer than to retain an existing one.

Branding helps the business move the customer from trial to repeat business to long term profitability.

Branding is marketing taken in the long term perspective.

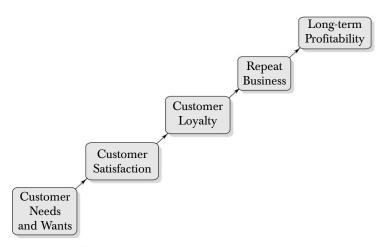


Fig. 1.1 Customer Progression

1.4 BRAND VS PRODUCT

A product is not a brand. And a brand is more than a product. In today's consumeristic world, demand is not just about satisfaction of wants. A wise marketing man once said that we

humans have very few needs: food, clothing, shelter. But then our wants are really endless.

Al Ries and Jack Trout, the people who coined the term positioning, say that product features meet customers needs, while brand positioning meets customer wants.



Brand Familiarity 1923

USA is the Mecca of branding. Way back in 1923, consumers were already familiar with brands across diverse category of products.

Category	Familiarity with Brands on Category—Percentage of Respondents	Best known brands
Chewing Gum	96.0	Wrigley
Automobiles	95.3	Ford
Soap	95.1	Ivory
Soup	92.4	Campbell
Tyres	87.4	Goodyear
Jewellery	44.6	Tiffany
Jelly or Jam	37.8	Heinz
Rice	21.2	Comet

A developing market like India has a long way to go to reach these levels of brand familiarity in categories like rice and jewellery.

Source: George S. Low and Ronald A. Fullerton, "Brand, Brand Management, and the Brand Manager System —A Critical, Historical Evaluation", Journal of Marketing Research, May 1994, Vol XXX, pp 173–190

Needs are all about rational, tangible reasons. A need leads to a purchase. Wants are all about emotional, intangible reasons. You satisfy a want and the customer gives you his or her loyalty.

A college student in Chennai needs a new pair of jeans. He walks into, say, Shoppers' Stop to make that purchase to satisfy that need (does he really need a pair of jeans or is it a want). At the store, he is treated to a whole range of jeans displayed wonderfully. The staff is kind and courteous. He buys the pair he likes most but also makes a commitment to go back to Shoppers' Stop next month for a track suit.

In customer speak, brands have three meanings—rational, emotional, and experiential.

The three legs of the triangle support each other, and beyond a certain point, it is difficult to get a customer to separate the three—just as at Shopper's Stop, a customer, after a few visits tends to believe that the purpose of visiting Shopper's Stop has made eminent sense from all the three perspectives, Rational (the shop offers best products, best prices), Emotional (pride, service), and Experiential (I've always bought there and they're always good)!

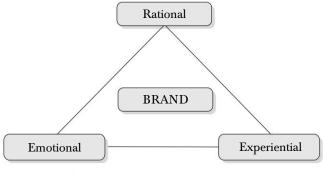


Fig. 1.2 Brand Dimension

Prof. Kotler has graded the levels as generic product, expected product, augmented product, and potential product.

A product like a room air-conditioner may be bought for cooling but through product engineering coupled with customer insight, an air-conditioner brand can become more than just a cooling product. We could arrive at a spectrum of possibilities for a brand of air-conditioners.

Generic Product : Cooling Capacity (1–1.5 tons)
Expected product : Speed / Power Consumption/

Size/Looks/Sound

Augmented Product: Remote Control/Split Air-

Conditioners

Potential Product : Air purification/Ionisation /

Circulation

A number of brands fall into the trap of not going beyond the generic and the expected product benefits. In order to stand out in a group, a brand has to explore the possibilities of product augmentation and venture into potential product areas.

One caution is called for. A rational product augmentation may not work, unless the augmentation is given an emotional veneer. Air purification could be a rational promise but add it to the emotional touch of better health for your loved ones, and you have a successful brand formula.

1.5 CRITERIA FOR BRAND SUCCESS

So what is the success formula all about?

A brand has to offer functional benefits which are at least as good as those provided by its competition. If possible, and it is always possible, the brand must exceed the competition's offerings on one count. A brand has to offer intangible, emotional benefits, that take the product to the next level. From cooling to family health, say. Importantly, all the benefits a brand offers, tangible (rational) and intangible (emotional), must be consistent with each other to present a unified brand character or personality. And most importantly these values offered by the brand must be wanted by the customer.



Top Brands of India

In a country of over a billion people, it is always difficult to measure brand awareness let alone brand strength. Gallup conducted a survey during the mid 90s in urban and rural India to identify the most recognised brands in India. Tata came out on top across urban and rural India, as well as across upper and lower social classes.

IIM Calcutta conducted a similar but smaller study under the guidance of Prof. Avinandan Mukherjee in the late 90s. The top scores were:

Brand Name	Total Score
Tata	70.40
Bata	67.92
Nirma	66.48
Lifebuoy	65.07
Britannia	63.41
Vicks	62.45
Colgate	62.44
Ponds	62.35
Lux	61.29
Godrej	61.11

Source: Strategic Marketing, April-May 1999

1.6 THE ROLE OF BRANDS

Successful brands are a win-win partnership between the marketer and the customer. For the marketer a brand is:

 simply a means of identification, for handling, tracing, and shipping (the origin of branding)

- a means of legally protecting unique features of the brand (traced back to the patent medicine era)
- a means of signaling quality levels to customers (Hindustan Lever markets Breeze, Lifebuoy, and Lux all very successful soaps—with different price and quality appeals)
- a means of endowing unique associations (Lux is the beauty secret of film stars while Lifebuoy stands for health)
- a sense of competitive advantage (many CEOs today are willing to forego all company assets but will not let the brands leave their hands)
- a source of financial returns (company profitability is driven by brands, and in a convoluted logic, brands can be sold to generate wealth for the promoters).

So are brands all about capitalist exploitation as some experts like Naomi Klein would want us to believe? Well, not really. Brands were not created and thrust down customers' throats. They were eagerly accepted and embraced by the customers. Brands play a useful role to help consumers lead a better life. The role brands play with customers are:

- identification of source of product
- assignment of responsibility to product maker (who is to blame if the product does not work)
- risk reduction process (a brand comes with an inherent guarantee of a quality level)
- search cost reduction (consumer's time is at a premium a brand helps the consumer save time, every time he or she enters a shop)
- symbolic devices (using a brand gives consumers a greater sense of choice and selection; premium brands give consumers a greater sense of self worth, while value for money brands give consumers a strong sense of smartness)

1.7 BRAND HIERARCHY

McKinsey Quarterly in its June 2001 issue examined the evolution of brands from product, consumer, and marketer perspective.

A brand evolves from being just a brand name, to a brand, to a power brand.

For the product, a brand name is just a method of identification. When the brand name becomes a brand, the product starts getting associated with certain values and when it evolves into a power brand, the product is seen to have several added values.

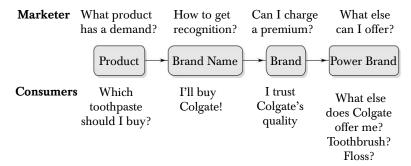


Fig. 1.3 Brand Hierarchy

From the consumer perspective, a *brand name* is just an identification, a *brand* is an assurance of quality, and a *power brand*, a symbol of pride.

For a marketer, a brand name is a method of standardisation, a *brand* is a device to gain loyalty and charge a possible premium. And finally, when a brand becomes a *power brand*, the marketer can leverage it into numerous product offerings, through extensions.

But do all brand names become brands? Do all brands become power brands?

In FMCG areas, most brand names die as brand names. The mortality rate is 90 per cent plus. While some make it past the first gate, they stay as brands, offering consumers one product imbibed with a level of rational and emotional appeal. Parachute is coconut oil. A very good brand of coconut oil. Fevicol is a carpenter's adhesive. A very good wood adhesive (pun unintended). Both these are power brands that have stayed within the realms of the original product they represent, coconut oil and adhesive. Nirma. Amul. And just a few more, have emerged from the shadows of their original product to become large power brands.

1.8 CHALLENGES TO BRAND BUILDERS

The transition from brand names to brands has to be achieved by tackling several challenges thrown up by a society that is slowly embracing the powers of a consumer driven market economy.



Truths about Asians

In his book, *Asian Branding*, the legendary ad man Ian Batey talks of some of the common traits found across Asia, from Japan to Malaysia, Korea to India. One of the key truths is obsession with the education of children. In country after country, the primary focus of parents seems to be the education of their children, and no effort is too high to ensure the best. Asians are also seen to be a lot more respectful of their elders when compared with western consumers. No wonder brand marketers in Asia seem to use children and elders in equal measure to appeal to the mass market.

Source: Ian Batey, Asian Branding, pp 21-50

Indian customers are becoming more liberated, more knowledgeable, and better informed. It is not possible to make a commitment and not live up to it. Add to this, the increasing powers of consumer courts.

With an increasing number of brands jostling for space on retail shelves—new brands, brand extensions, imported brands—the clutter is getting higher by the day, throwing a newer challenge to brand builders on how to stand out.

India is a young country. The majority of Indians are young (30 per cent of India's population is below 15 years of age!). But life expectancy is increasing, and consequently, the number of aged consumers. So unlike the west, especially Europe, India will see increases in all segments. No wise marketer can neglect any segment.

The age of product parity is here. No product can claim to be too different from the others. So a brand has to use the product advantages, however short-lived they may be, to build an emotional promise.

There is no brand loyalty that a 20 per cent discount cannot buy. Imagine what would happen if the offer is 50 per cent off. In market after market, brand loyalty is sliding, thanks to increased competition that has fuelled increased offers of promotion.

Private labels (labels put out by supermarkets), are a big threat in developed markets. The growth of supermarket chains like Big Bazar and Subiksha means that we will see them offering products ranging from *atta* to salt to hair oil and talc, at a significantly better price value equation. Marketers in India will soon have to start facing this competition.

India is a country of shopkeepers. There are over 15 million shops in this country selling FMCG brands alone. In certain sectors like pharmaceuticals, the trade has been exerting a great amount of collective power to gain better margins from marketers. In states like Kerala, the entire FMCG trade is good

at collective bargaining. Brand marketers need to keep these factors in mind. Even a power brand may have to bow to the power of a retail trade union.



Changing Consumers

It was Vladimir Lenin who observed that it is the availability of electrical power that is the fundamental driver of demand. And Prof. C. K. Prahalad recommends that marketers look at the base of the Indian pyramid with low unit products.

NCAER (National Council of Applied Economic Research) has been tracking the income and consumption across India for decades. Their 2002–03 report, shows the clearly growing rural share of products as diverse as TVs, VCRs, and two wheelers. NCAER's numbers also show that the country's poverty levels are well below the official 26 per cent and that over 300,000 households have an income of over Rs. 1,000,000; as against taxman's number of just 71,000.

Several regional differences are also interesting;

- South leads in cigarette consumption (40 per cent in 1998–99)
- North leads in consumption of vegetable oil (29 per cent), *vanaspati* (53 per cent), vanishing cream (34 per cent), nail polishes (44 per cent), and scooters (44 per cent)
- West leads in lipsticks (51 per cent), and motor cycles (33 per cent)

Source: Business Standard, March 31, 2003

Media fragmentation is the order of the day. The most popular TV programme is still not able to achieve the reach of yesteryear hits. Coupled with media fragmentation is the ballooning cost of media. The 80s saw the emergence of brands like Nirma, Topaz, and Vicco Vajradanti, riding the TV boom. The same task would cost at least ten times more today.

One of the biggest challenges facing companies is the short term orientation of line managers. Prof John Philip Jones points out in his article in the *Harvard Business Review*, the dangers brand managers inflict on the very brands they are supposed to manage. Since each brand management assignment is for 2–3 years, these young sparks from top management schools are keen on showing a 'blip' in the brand graph. Long term damage be damned.

1.9 BUILDING BRAND VALUE

If the ultimate task of an organisation is to attract and keep a customer, as management guru Peter Drucker says, and if brands are the ultimate consumer glue, the task an organisation has to undertake is to build brand value and strengthen the glue.

Brands have to appear valuable to consumers, to the corporation, to the intermediaries, and to society at large. Building brand value, or instilling the brand with rational and emotional values, will make the brand stronger in the eyes of all of them.

How does building brand value work with respect to consumers?

1.9.1 BUILDING BRAND VALUE WITH CONSUMERS

What is the core offer of the brand? Is the offer relevant? Is there a value benefit equation? Brands like Bajaj have lived these value tests for a generation.

If the brand offers value, it will command loyalty. And loyalty habituates the customer to paying a premium, quite gladly.

Consumers are willing to pay a premium for brands that they value. These are brands that they trust.

Whether it is with a conspicuous consumption product like beer, or a lowly product like rubber *chappals*, the stronger brands, Kingfisher and Paragon, command loyalty, premium, and consumer trust. In fact, consumers are willing to forgive their brands for temporary aberrations in quality. And brands that have value in the eyes of the consumer hold great word-of-mouth appeal.

1.9.2 BUILDING BRAND VALUE WITH INTERMEDIARIES

A corporation deals with a number of stakeholders and intermediaries, from suppliers of raw materials and equipment, to distributors and retailers. A brand that has value gains greater commitment from all of them.

To a supplier of packaging material, a strong brand signals a steady need for materials, a steady price offer, and a pride of association.

To distributors and retailers, a strong brand ensures regular consumer demand, faster movement of stocks, lower discounting, better utilisation of shelf space, greater return on investment, and an assurance of quality.

A strong brand is a source of strength for the corporation. It is normally price inelastic (within a competitive framework) and has a steady sales pattern. Further, it is inherently valuable to the marketer since it generates greater margins and better profits.

Finally, what does building brand value mean to the society at large?

Western societies have reached the stage of total brand proliferation. The question often asked is, are brands creating artificial wants? Consumers are not fools and Indian customers are no fools at all. They are driven by their own sense of value and price-value equation. When a brand offers the right tradeoff, it becomes a consumer favourite. Nirma converted consumers from handmade soap to a branded detergent powder. Tata Salt converted consumers from loose salt to white iodised salt.



Biggest FMCG Brands

Which are the biggest FMCG Brands? Not in terms of recognition, image or penetration but in terms of one figure that all marketers will agree—sales? Economic Times Brand Equity using AC Nielsen Retail Audit data of September 2001–August 2002, estimated the size of India's biggest FMCG brands:

Big FMCG Brands		
Brand	Sales (Rs. crores)	
Gold Flake	3,700	
Britannia	1,700	
Nirma	1,306	
Parle	1,182	
Wills	1,800	

Amul, if all its products are grouped together would feature in the Top ten. Brands like Santoor outsell better known brands like Liril, Cinthol, and Pears. Similarly, Sundrop outsells brands like Complan, Boost, and Bournvita, though they are in very different categories.

Tata, if the tea and salt sales are combined, would again feature in the Top ten. Of the 100 brands listed in the report, well over 40 % are brands created by Indian companies and entrepreneurs. Rubbing shoulders with the big MNCs brands are Hajmola, All Out, Anchor, Medimix, Saffola, and Dhara!

Source: Brand Equity, the Economic Times, December 18, 2002

In both these cases consumers moved up in terms of health, hygiene, and utilisation of time. Nirma is not just a washing powder: it stands for "Better Product. Better Value. Better Living".

India also boasts of unique brands like Amul and Lijjat. Both owned by co-operative movements—truly brands that are "for the people, of the people, by the people"

Business is all about building brand value in the eyes of the consumer, the society, and intermediates. Building brand value is all about building brand equity which, in the words of Professor David Aaker is, "A set of brand assets and liabilities linked to a brand, its name, and symbol, that add to or subtract from the value provided for a product or service to a firm and/or to the firms' customers".

1.10 BOOK STRUCTURE

So how does a business build brand value? Can we evolve a methodology that could be applied to a developing country like India?

This book attempts to develop just such a model: to build brand value starting from an opportunity to create a brand name, to exploiting a power brand offering.

The model that has been developed, the Brand Building Pentagon, defines five distinct stages to the Building Brand Value process. At the core are the critical elements of brand execution. The next six chapters will take the reader through the five steps to the critical core, Brand Execution.

¹ Peters, Tom, The Brand You 50, Alferd Knopf, 1999.



"The product that will not sell without advertising will be sell profitably with advertising"

Albert Lasker, Head of Lord & Thomas Ad agency (later known as Foote, Cone & Belding)

The McGraw·Hill Companies

BRAND BUILDING PENTAGON 2

FIVE STEPS

2.1 BRAND BUILDING

Brand building is not a magical remedy for all corporate illnesses, just as fixing a name on the product does not ensure that the marketer will be able to charge a premium.

Interestingly, in the Indian context, there are tremendous opportunities for brand building. There are several brands which have been allowed to languish from their days of glory.

> Forhans – toothpaste for the gums Liberty – the shirt for gentlemen

Cuticura – tender talc

OK - freshen up like a lotus

Can these brands achieve greater success, greater revenue, and higher profits by using proven brand building efforts?

There are several successful brands that have been very closely identified with their product offerings.

Fevicol – adhesive for furniture Parachute – coconut oil for hair

Santoor - sandal and turmeric soap

By adopting brand building processes, can these very successful brands become more successful? Can these brands go beyond their product offering?

Then there are opportunities for taking a small brand into limelight. There are innumerable brands that are nothing but products with a brand name. Brand building processes can help these product-brand-names become brands. Just recall what Lijjat became when it started getting advertised and marketed across the country. A brand that had its beginnings in a woman's co-operative, grew up with the help of some brand building efforts (and we'll not critique those efforts here), and became a powerful brand. Taking a leaf from Lijjat, Ambika Appalam, which had its origins near Mylapore's famous Kapaliswar Temple, is today a brand recognised by the entire Tamilian diaspora.

Lastly, there are opportunities to identify consumer needs and satisfy them with a brand that is both physically and emotionally satisfying. Tata Motors effort at creating India's first world class car with its Indica, is possibly the biggest case of a brand creation this country has ever seen. On a significantly smaller scale, Paras Pharma of Ahmedabad has been able to identify niche markets and tailor brands to fit those niches. Krack, for cracks on feet; Ring Guard, for itchy patches on the body. DCW identified an opportunity for branded flour and launched Captain Cook Atta.

Developed countries have taken branding to a level where almost everything a consumer buys has a brand name associated with it. Many of them are global brand names, like Tide, Coke, Honda, and Citibank. There are also smaller brands like the house brands of large super markets that consumers recognise. So consumers from western countries if asked the following questions would be able to give brand name answers:

What is the brand of bread you buy?
What is the brand of telephone service you use?
What is the brand of water you buy?

What is the brand of spices you use?
What is the brand of petrol you fill?
What is the brand name of your bank?
What is the insurance brand you trust?
Which travel agent do you use?
Which super market do you go to?
What notebooks do your children prefer?
Which cineplex do you go to?



Managing Brand Equity

Prof. Peter H. Farqahar, Director, Center for Product Research, Carnegie Mellon University, recommends that brand equity be managed through three stages. In the introductory stage, the task is to make a quality product and build a brand image that creates a positive consumer **evaluation**. The next stage is **elaboration**, where efforts are to be made to foster attitude accessibility in the consumer's mind. The third stage is **fortification**, where the strategy is to extend the brand to other products. Prof. Farqahar recommends that the brand extensions need perceptual fit, competitive leverage, and benefit transfer. He suggests that the primary focus should be to extend typical rather than dominant brands, to closely related categories.

Source: Farqahar, Peter M., Marketing research: 'Managing Brand Equity' a magazine of Management and Applications 1, 3 (1989): 24–33; 'Managing Brand Equity' Research Digest, Volume II, Issue I, pp 11–4

Interestingly in India, many of these questions will elicit a weak answer. And each of those offers an opportunity for branding.

How does a marketer progress from a product marketer to a brand marketer? Brand building processes are all pretty much similar. However, none of them give a comprehensive answer to the problem. Possibly none exist. In India, the situation is a

little different from the reality in developed markets. We have tremendous opportunities for creating brands, from scratch, or converting product-brand-names to power brands. We need a comprehensive process. But it would be prudent first to examine a couple of models that have been used by international experts to explain the brand building process.



Brand Building at Work

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Bisleri virtually created the bottled water market in India. Launched in the 80s, the brand had achieved a dominant market share of 40% in the Rs. 200 crore market by the year 2000. No mean achievement in a market that has over 100 brands, regional, national, and international.

Bisleri's success has been on account of the focus the company gave to brand building initiatives, attractive, bright packaging, well identified labelling, consistent advertising, distribution into 3.5 lakh outlets, and product innovations.

Bisleri was one of the first brands to offer tamper proof packaging, with a tamper-break seal. It was also one of the first brands to offer bigger pack sizes, like the 1.2 litre bottle and the 5 litre bottle, as well as the mini 500 ml bottle.

With the Indian bottled water market witnessing high growths in the years 2001–2002, Bisleri has to face the onslaught of the soft drinks majors, Pepsi and Coke. Bisleri will have to continue and turbo-charge its brand building efforts to stay ahead of its new, mighty competitors.

Questions: Are there opportunities for Bisleri to enter other related product markets? Or should the brand stay focussed on water with more size packaging variants targeting other segments?

Source: The Business Standard Strategist Annual (Recollected 2000–2001), pp. 67–72





2.2 DAVID ARNOLD'S BRAND MANAGEMENT PROCESS

In his book, *The Handbook of Brand Management*, David Arnold¹ presents a very simple, elegant model for brand management.

The model has been designed to serve existing brands as a status check and to take them to the next level.

The first stage is market analysis. If we assume that the brand in question is a brand of shampoo, the market analysis would cover volume analysis, value analysis, geographic analysis, seasonality, analysis, etc. Further analysis would revolve around consumers, the width of usage (how many consumers use the product), frequency of usage (how often do they use the product), gender differences, etc.

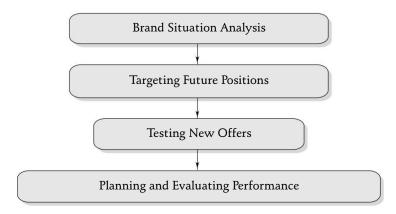


Fig. 2.1 Brand Management Process

The next stage is brand situation analysis, where the brand in question is analysed for its growth, usage, benefits, ingredients, packaging, pricing, positioning, etc. Obviously this stage is not relevant if the marketer is attempting to create a new brand.

The third stage is about targeting future positions. There, the shampoo brand is examined for its vibrancy and ability to target new consumers. Can it become a conditioner brand? Can it become a beauty parlour brand? Or is it best that it stays as a mainstream shampoo brand? Maybe an anti-dandruff offering? Or maybe a 2 in 1, shampoo plus conditioner offering?

The fourth stage is where the positioning and offers that are developed in stage three are put to test. How will these offers work in the market place? Testing could be through simulated market tests or through test market operations. Usually, both are used to minimise downside risks to the organisation.

The fifth and final stage is where the brand is rolled out and the organisation puts in place a formal planning and evaluation process. The shampoo brand has been rolled out as a 2 in 1, shampoo plus conditioner. What should be its goals, and how does the organisation evaluate its performance, month on month, quarter on quarter, year on year?

This elegant model can help a brand manager, plan and manage his brand better. Ideally, the process is repeated annually, or bi-annually, to ensure good brand health.



Three Waves of Branding

Malcolm Baker and Greet Sevenberg report in Research International's, *The Global Brand Issue*, the three waves of branding that exist around the world. Using the RI's 2002 RIO study on global brands covering 1,500 consumers in 41 countries, they indicate that consumers perceive three main types of global brands which they call Master Brands, Prestige Brands, and Global brands.

Master brands such as Coke, Sony, or Levi's appeal, usually based on a powerful universal proposition or myth. Prestige brands such as Mercedez, Chanel, and Armani are all rooted in a cultural myth that provides credibility and authority. Global Brands are commonly viewed as local offerings, like Dove, Danon, and Nescafé. In many countries, the aspirational role of these brands (in developed countries) is usually weak. Indian brands like Colgate and Lux are often seen as local. They score on trust, heritage, nostalgia, and caring, as the experts point out.

Source: Malcolm Baker and Greet Sevenberg, "Global Brands at the crossroads", Research International, The Global Brands Issue, pp 6–9

2.3 KEVIN LANE KELLER'S STRATEGIC BRAND MANAGE-MENT PROCESS

In the seminal book *Strategic Brand Management*, Prof. Kevin Lane Keller of Amos Tuck School of Business, Dartmouth College, presents a four step process to manage brands better.

The model starts by asking the marketer to identify and establish brand positioning and values. What does the shampoo brand stand for? Soft hair? Glossy hair? What are its values? Luxury? Elegance? Value for money? It is not enough that the marketeer thinks that his brand stands for soft hair. What do the consumers say? Hence the stress on "identifying and establishing" the brand's positioning.

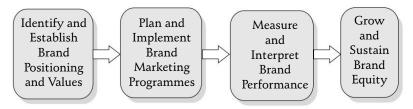


Fig. 2.2 Strategic Brand Management Process

The next stage is about planning and implementing brand marketing programmes. Once the brand's position and values have been identified and established, the task is to get the message out to the consumers through a combination of marketing activities. These are advertising, sampling, PR, events, direct marketing, digital interactive marketing, etc.

The third stage is about measuring and interpreting brand performance. This stage involves tracking the brand, its sales, its market share, its image, and its growth in the market. The brand's performance can be influenced by several factors, and the task is to identify the elements that help and those that hinder its progress. Was it the pricing that worked? Are consumers dropping out because of quality issues, or because of the competitors new consumer offers?

The last stage is about growing and sustaining brand equity. How can the brand continue to grow and stay vibrant with consumers? Yesterday's successes are in today's graveyard. The market is constantly changing. Consumers are constantly

changing. Their tastes, likes, preferences are changing all the time. How can the brand grow in a changing market place? Should the brand extend itself into newer areas? And how to sustain the brand equity?

The four-stage model helps the marketers establish benchmarks and work towards building strong brands.

2.4 DAVID AAKER'S BRAND BUILDING GUIDELINES

In his book *Building Strong Brands* (Aaker, D., 1996), David A. Aaker lays down ten guidelines for building strong brands:

- 1. **Brand Identity**—have an Identity for each brand
- 2. **Value Proposition**—know the value proposition of each brand that has a driver role
- 3. **Brand Position**—have a brand position that will provide clear guidance to those implementing a communication programme
- 4. **Execution**—execute brilliant, durable communication programmes
- Consistency Overtime—have a consistent identity, position, and execution over time
- 6. **Brand System**—make sure the brands in the portfolio are consistent and synergistic
- Brand Leverage—extend brands and develop cobranding programs
- Tracking Brand Equity—track brand equity over time, including awareness, perceived quality, brand loyalty and associations
- Brand Responsibility—have someone in charge of the brand.
- 10. **Invest in Brands**—continue investing in brands.



Brand Building at Work

Hero Honda – Fill it, Shut it, Forget it

The mid-80s saw the entry of four attractive, aspirational Japanese brands, Honda, Suzuki, Yamaha, and Kawasaki, to the India consumer starved of modern two-wheelers.

Hero Honda, the first to offer a four stroke bike, CD-100, was the second Japanese brand to enter, after TVS Suzuki. Launched in June 1984 in Bombay, the initial campaign highlighted the Honda connection and the motor cycles' phenomenal fuel efficiency.

The brand could have gone in for highlighting the looks, the styling, the technology, the smooth running or the four stroke engine. But instead the brand decided to speak in a single voice about its fuel efficiency. While all motor cycles offered 25 to 30 kmpl, Hero Honda CD = 100 offered an amazing 80 kmpl.

The then advertising agency Ulka created the legendary campaign "Fill it, Shut it, Forget it". And many Hero Honda owners did vouch for the fact that they forgot when they last filled their tank!

The single mindedness of the brand promise paid rich dividends with Hero Honda emerging as the market leader, a position it holds two decades after the launch.

Question: When would it be wise to go for a single benefit focus? Can this focus hurt the brand in the long run?

Source: Advertising & Marketing, June 1991

Prof. Aaker's guidelines provide a template for managing and building brands. His elegant brand identity system has been discussed later in this book.

2.5 JEAN-NOEL KAPFERER'S BRAND PROGRAMME

In his book *Strategic Brand Management* (Kapferer, J. 1992), Prof. Jean-Noel Kapferer presents a nine step brand programme.

1. Why does this brand need to exist?

 What would the consumer be missing if the brand did not exist?

2. Standpoint

From where does the brand speak?

3. Vision

 What vision has the brand concerning the product category or the world itself?

4. Values

• What are the brand's core values?

5. Mission

 What changes does the brand want to bring in people's lives?

6. **Territory**

• Where is the brand legitimate in achieving this mission, in what categories?

7. Anchoring acts or products

 What acts or products best convey the brand mission and values, are prototypical of the brand programme?

8. Brand's style and language

 What elements of style and language are typical of the brand?

9. Brand's imaginary client

• Not the target buyer but the reflected buyer.

Prof. Kapferer's book deals in depth with several global brands and powerful European brands. His model Brand Prism, to map a brand's promise, is used around the world and is discussed later in this book.

2.6 BRAND BUILDING ISSUES

In a developing, rapidly growing economy like India's, there are unique challenges and opportunities. All the four models discussed earlier have been developed and refined from a US/European perspective. They have great value and merit detailed study.

The issues facing brand marketers in a country like India are a little different. Unlike developed markets, Indian markets are not as branded and hence there are many opportunities to create new brands. Most models tend to cover this crucial step a lot less in depth than may be desirable from an Indian perspective:

- Can the commodity like market become a brand oriented market?
- What can enable this transformation?

Once an attempt is to be made to create a new brand, Indian marketers can start with all the accumulated learnings from the rest:

- What should the brand stand for?
- What should be its core offer?

There is a need for a brand building model that incorporates all the key elements of the four programmes discussed earlier, but is more comprehensive from an Indian—developing economy—perspective.

The proposed model Brand Building Pentagon has been put together keeping these realities in mind.

2.7 BRAND BUILDING PENTAGON

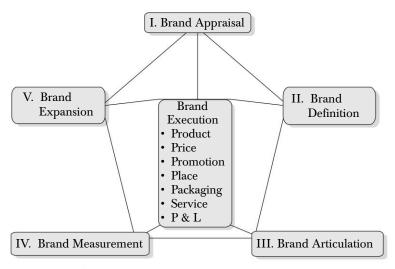


Fig. 2.3 Brand Building Pentagon

Brand building is not just about taking a product, fixing a name, a price, and putting it into the market. The model assumes that at the core of any brand building activity is the central variables that describe a brand:

Core: Attributes/Ingredients

Pricing

Distribution

Packaging

Contribution (P&L)

But these key variables cannot be pulled out of the hat. There is a need to systematically evolve these critical variables, and be adept enough to change/re-examine them time after time.

The model proposed, Brand Building Pentagon, consists of five stages to develop a brand. Each stage is sequential while they are linked to the core, the Brand Execution.



The Evolving Nature of Branding

Dr. M. McNally and Prof. L. de Chernatony in the seminal article in *Academy of Marketing Science Review* trace the 'Lifecycle of Brands'.

	Stage	Producer's View	Consumer's Perception
I	Unbranded Goods	Little effort to distinguish/ brand goods	Utilitarian
II	Brand as Reference	Differentiation in physical attributes	Heuristic device for decision making
III	Brand as Personality	Create personality beyond rational attributes	Active involvement
IV	Brand as Icon	Find associations that strengthen the iconic status	Ownership of brands
V	Brand as Company	Integration of communication across all generations	Play a role in brand creation
VI	Brand as Policy	Cause support	Commitment to the firm's cause

Source: Martha R McNally, L de Chernatony; "The Evolving Nature of Branding: Consumer and Managerial Consideration", Academy of Marketing Science Review (Online) 99 (02)

An organisation is in the business to build the wealth of the shareholders. The brand, in whichever way it is conceived, has to generate profits, in the long term, if not in the short/medium term. Hence the core of the brand needs to include the classic 4 Ps of Philip Kotler, as well as packaging (which is becoming key in several categories in India with specially

designed value packs for middle class customers), service (of key importance to service brands like hotels and airlines; but also becoming critical to automotive brands), and profit and loss estimates. These seven variables need to be adapted as the brand is being built and the various stages crossed.

The first stage in the Brand Building Pentagon is the Brand Appraisal stage. At this stage the marketer has to address one key question: "Is there a market for this brand?" A common quip in marketing circles is, "There is a gap in the market. Is there a market in the gap?" There are people who love their coffee hot. There are people, possibly smaller in number, who love a glass of cold coffee. So there is a gap in the market, for lukewarm coffee. But the big question is, is there a market for lukewarm coffee. Interestingly, the fashion industry which thrives on creativity, markets from such gaps. From tight trousers, to loose trousers, to just fitting trousers. From narrow bottoms, to broad bottoms, to bell-bottoms, back to narrow bottoms. Unfortunately, consumers do not consider all products to be fashion accessories. The first stage is critical since it is at this stage the manufacturer-marketer decides whether to move ahead or to abandon a brand idea.

The second stage is about Brand Definition. Once an opportunity has been identified, for instance "Indians find Maruti to be an uncomfortable car to ride in", and there is a potential for a larger car, the next step is to flesh out what the car will stand for. Just bigger than Maruti 800? Just value for money? Or something more? Brand Definition is about expanding the product offering and giving it emotional as well as rational meaning. There are several well-established models for defining a brand and these will help us develop an explanation of what the brand will stand for.

The third stage is about Brand Articulation or how the will brand express itself to its target consumers. What will be the brand name? Why? How will the pack graphics be used to express the brand? What will be the advertising positioning? What will be the role of the other elements of the marketing

communication mode? Brand Articulation is all about developing a template for presenting a face to the consumer.



Brand Building at Work

Jet Airways—Service Quality Excellence

Jet Airways was not the first private sector airline to take to the liberated Indian skies. But it has been the most outstanding success.

At the heart of its success is possibly the single minded devotion to service quality, on ground and on air. The organisation has implemented 'Gap Analysis' method to constantly track the gap between perceived service quality and service quality delivered. By identifying the gaps, the company quickly implements programmes to narrow them.

For example, check in counters are audited regularly and put through a 26 parameters audit check for compliance, starting with cleanliness to the display of the Jet logo. When in flight service quality was suffering from air hostesses having to rush to deliver water to thirsty passengers, the airline replaced the 120 ml mineral water goblet with a 200 ml pet bottle. It is attention to these details that won the airline several awards for service quality. In the words of their Chairman, Naresh Goyal "....Jet Airways' continued success will only be possible by providing our customers quality. Quality of service and product—on the ground and in the air".

Question: How important are service audits to ensure service quality? How can service quality be monitored using customer feedback?

Source: Indian Management, May 2002 pp 14-17

The next stage is Brand Measurement, or the way we need to track the performance of the brand. Once the opportunity has been identified, the brand defined, and the brand developed as an expression, comes the stage of launching the brand and measuring its performance (market research stage would precede the real market test and launch). Brand measurement involves setting up a measurement system to track the progress of the brand on a monthly (weekly), quarterly and annual basis.

The fifth stage is about looking at taking the brand forward: Brand Expansion. Once the brand gets going, the next step is to see how the brand can stay ahead of its competitors. Should the brand be extended into other related product categories? Or should it get into categories that are serving the same consumer segments? Brand Expansion is about taking a strong brand and making it a power brand.

The five stage Brand Building Pentagon is linked to the central core, the Brand Execution, across all the five stages. The Brand Execution will get refined as we progress from Brand Appraisal to Brand Definition, to Brand Articulation, to Brand Measurement, to Brand Expansion.

Let us take a hypothetical situation of a manufacturer of sugar looking at an opportunity for brand marketing that product. This is a classic case of moving from commodity to brand.

In the Brand Appraisal stage, we will need to examine if consumers have any concerns with sugar bought in loose form. Further, we will examine purchase of sugar, as loose, as packed (big supermarkets), and as semi packed (neighbourhood grocer) products. The question will be, can we compete with the second and third category above and still make a profit. If so what will be our offer? What are the current dissatisfaction levels with the packed sugar—impurities, improper weights? All these are covered in Brand Appraisal.

Based on the Brand Appraisal, the Brand Offer (in a preliminary form) is drawn up and evaluated.

The next stage is Brand Definition. What will the brand stand for? Will it stand for purity (a generic promise), or for a specific

promise like Sulphur-free? What will be the emotional benefits on offer? "For the mother who cares, the best", or will the brand stand for special occasion cooking for guests? Or for the health conscious mother who wants pure food ingredients? Brand Definition will help us develop a position, an explanation, a raison d'être for the brand.



What Great Brands Do

Scot Bedbury knows brands, having created the Nike 'Just do it' and the Starbucks 'Frappucino' revolutions. Here is his eight point programme to turn a brand into a great brand.

- A great brand is in it for the long haul.
- A great brand can be anything.
- A great brand knows itself.
- A great brand invents or reinvents an entire category.
- A great brand taps into emotions.
- A great brand is a story that is never completely told.
- A great brand has design consistency.
- A great brand is relevant.

Source: "What Great Brands Do" Fast Company, Issue 10, August 1997, p 96

The third stage is Brand Articulation, or how the brand will express itself to its target consumers. Brand Articulation will depend on Brand Execution and most importantly on Brand Definition. If the brand is going to stand for purity, the brand name, its packaging, its advertising, and its communication elements have all to sing the same tune. Having developed the Brand Articulation measure, the Brand Execution will get

fine-tuned with packaging graphics, brand name, brand colours. All these elements will get tested with potential consumers in a concept test, product concept test and in a simulated test market. After this stage, the brand is ready for launch.

Brand Measurement, the next stage, is about setting up a measurement system to evaluate the brand's performance. What volume sales should the sugar brand achieve—in one month? In one quarter? In one year? What awareness levels are to be achieved? What should be the trial rate? A regional roll out or national roll out? The marketer in the case of sugar brand will have to track his own sales as well as commodity prices since that may be the critical factor affecting purchases.

Once the brand has started gaining acceptance and has achieved its P&L goals, it is time to look at Brand Expansion. The sugar manufacturer could examine the bulk-volume institutional segment as well as other special offerings of the product like cubes, sachets for hotels and so forth.

The next area of interest could be branded candy. Interestingly the company Parry's confectionery started as a sugar manufacturer who 'expanded' into hard-boiled sugar confectionery. The company could look at desert mixes, powdered sugar for cooking, and so on. If the product offering like confectionery is looked at, we are back to Brand Appraisal: is the market big enough, growing and profitable for us to enter?

So the Brand Building Pentagon can take a manufacturer, marketer through a step-by-step process to move from product selling to brand marketing.

The following chapters will look at each of the stages in greater detail and complexity.



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Brand Building at Work

Starting with a modest loan of Rs. 80, Shri Mahila Griha Udyog Lijjat Papad Ltd. is today a Rs. 310 crore brand enterprise. From

seven women, this cooperative venture has grown to involve over 40,000 women today. The co-operative, as advised by their mentor Chhagan Bapa, maintains account daily, with each

branch closing the account books everyday.

With the branch system of operation, with decentralised production, the Lijjat brand of papad reaches the store shelves within a few days of production. As the organisation says in two words "Decentralisation works".

The movement, above all, is focussed on delivering quality. In the words of Jyoti Naik, President of Shri Mahila Griha Udyog Lijjat Papad Ltd., "We proudly claim 'consistently good quality' to be our USP. From the moment a new member joins, she is repeatedly told to make quality her mantra. At the training session, women are taught to make the 'perfect' Lijjat Papad. And every new member has absorbed the concept totally."

Question: "Out of this strong belief in quality delivered at an affordable price comes our own act of ignoring competitors"— Jyoti Naik.

How valid would this claim be if organised sector brands entered the papad market?

Source: Financial Express, July 24, 2003

BRAND BUILDING TERRAIN

FMCG Plateau

The Indian FMCG (fast moving consumer goods) market hit a plateau between the years 1995–1999, although income levels moved up. NCAER, using models analysing different factors that affect consumption, pointed out that contribution of income and population explained market growth for mass market products (69% of washing powder market growth; 66% of hair oil market growth); during the previous periods contribution of penetration and consumption were significantly better. Now that high penetration had been achieved in several categories, income and population seem to play a more important role, NCAER observed.

However, inspite of 5% GDP growth, several FMCG products have seen no growth. *Dun & Bradstreet* in their Issue 9, October 2002 report, identified five possible reasons for this slow down.

- 1. Economy slowed down in the late 90s from 7% to less than 5%.
- $2. \ \ Consumers were actively \ downtrading to low priced brands.$
- 3. In a related development, spurious brands seemed to have had a good boost; they took away 5–15% of the demand.
- 4. Consumer was changing his consumption pattern, trading between durables (cell phones, CTVs, motorcycles) and non durables.
- 5. Increased advertising costs and cost of market education had escalated with media fragmentation.

Source: Dun and Bradstreet Report, Issue 9, October 2002, Economic Times, April 24, 2003

BRAND BUILDING TERRAIN

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How many brands can you locate in a typical Indian kitchen? The kitchen is one of the last bastions that the brands are trying to break into. But to do so they need to offer a combination of value and convenience.

Experts are optimistic and say that Indian housewives are getting more and more brand-comfortable:

Share of branded food products

Atta	30%
Spices	16%
Ketchup	63%
Coffee	31%
Tea	47%

Source: Industry (Large City) Estimates

R. S. Sodhi, General Manager (Marketing), GCMMF, which owns the Amul Brand says, "Earlier, most brands were present only in the metros. Today, most brands are present in all the cities with over 100,000 population, which depicts a clear shift in consumer outlook".

A lot more brand building by food brand marketeers will make housewives from all parts of India embrace brands more happily.

Source: Business Standard, June 28, 2003

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¹ The Economist Books, 1992



The McGraw·Hill Companies

BRAND APPRAISAL 3

STEP ONE OF BRAND BUILDING PENTAGON

3.1 BRAND APPRAISAL — EXPLORATION

The Brand Appraisal stage of the Brand Building Pentagon is about exploration. Exploration for a branding opportunity. Exploration for the potential of a new brand. Exploration to figure out the possibilities for a tired old brand. And exploration to figure out the way forward for a strong brand.

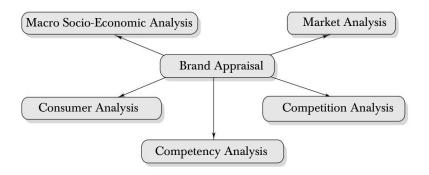


Fig. 3.1 Brand Appraisal Components

Brand Appraisal can be broken up into five components, all of which are important to build a complete picture of the brand potential.

Market analysis is about understanding the size of the market, its growth, the segments, geographic differences, seasonality, and distribution issues.

Competition Analysis is a look at the key players operating in the market, in addition to brands/products that play a complimentary or a supplementary role.

Consumer Analysis involves a closer look at the consumers, the numbers, the buying behaviour, and the influences that operate on the consumer.

Competency Analysis is a dispassionate look at the skills and knowledge that reside within the organisation, covering technology, R&D, production, selling, and distribution strength.

Finally, the best laid plans could be threatened by one change in the law. **Socio-economic analysis** is a look at the operational environment, covering government rules and regulations, societal changes, global trends, and macroeconomic implications.

These five components of Brand Appraisal will give the marketer a better idea as to whether there exists a branding opportunity for a strong vibrant brand.

3.2 MARKET ANALYSIS

The first step in Brand Appraisal is to examine whether there is an opportunity in the market, as it is defined. Market definitions vary with industry and here are how some industries define their markets.



Brand Metaphors

How do we describe a brand? Brand DNA? Brand Architecture? Brand Lifecycle? Brand Mapping? Brand Onion? Brand Icon?

Dominic Scott-Halden, of Wardle McLean Strategic Research Consulting, points out that today's marketing world is full of branding metaphors. From Brand Profiling to Brand Probe, Brand Essence to Brand Onion.

While some refer to brands as physical buildings to be built, others refer to brands as ephemeral entities with a soul, a personality.

It is wise to be aware of the metaphors being used and the meaning behind them lest we start auditing our brands' architecture and peeling the brand onion with brand fingerprints getting all spoilt!

Source: E-Mail Newsletter

Cigarettes : No. of sticks sold per month

Soap : Tonnes per annum Cooking oil : Litres per annum

PCs : Computer (boxes) sold per annum

Hotels : Room Nights

Restaurents : Covers (no. of patrons served per day)

Airlines : Passenger miles

Liquor : Cases per annum (each case is 24 bottles of

750 ml each)

Soft Drinks : Cases per month (each case of 24 bottles)

Retail : Walk in and bills per month

Mobile phones: Customers connected and average revenue

per user (ARPU)



Brand Building at Work

Good Knight - Name Says All

R. Mohan, an electrical engineer, was a small distributor of one of the mosquito repellent mat brands 'Vape', that was in the newly emerging Electronic Mosquito Repellent (EMR) market. The year: 1984.

R. Mohan decided to enter the market with know-how from Sumitomo Chemicals of Japan, and Transelektra Domestic Products Pvt. Ltd. was born.

The market was then dominated by coils (Tortoise, Rooster), sprays (Finit, Baygon) and creams (Odomos). EMRs had several disadvantages—cost of the heater element, cost of the mat, electricity consumption, and most importantly the fear of the unknown.

The brand name had to be chosen to communicate a modern way to a good night's sleep. The two names shortlisted were Sukami ('Sukh'—peace from mosquitoes; 'ami'—to cue Japanese). The name chosen was Good Knight, English yet understood by the upper—middle class households. The packaging conveyed the meaning better by showing a mother and child sleeping peacefully.

Good Knight went on to create and dominate the EMR market, and in 2001 was extended to coils as well. The brand was bought by Godrej and Sara Lee from R. Mohan in the late 90s.

Question: Would a technologically better sounding name have helped the brand?

Source: Advertising & Marketing, February 1991

In some cases, market definition may not exist and may have to be derived from surrogate figures. Consider market estimation for an electric toothbrush or a jacuzzi system. No valid estimates exist and hence numbers may have to be derived from sales of luxury products: in the case of a jacuzzi, the sale of top-of-the-line bath fittings could be surrogate.

Estimating market size alone may not be enough—one needs to go beyond just the numbers to examine the characteristics of the market like volume sizes vs value sizes, price segments, seasonality, volume growth vs value growth, geographic differences, etc.

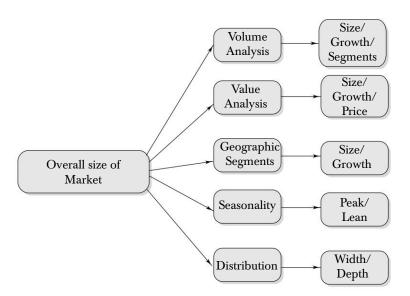


Fig. 3.2 Market Analysis

Estimating volume size (tonnage, litres) of the market and its growth alone is not enough to draw conclusions about the attractiveness of a market. Equally important is to estimate the value size, growth, and price segments of the market. The Indian market has shown some peculiarities of volume growths coupled with value decline! This happened for several years with the shampoo market (in the 90s) when excise duty on the category kept going down.



Brand Similarity 2002

Do consumers really see brands to be very different from each other? Or do they see all brands, in a particular category to be quite similar?

Kevin J. Clancy and Jack Trout report that with the proliferation of brands, and endless brand extensions, more and more product categories are sliding towards commodity status. In a study among 615 US consumers, attempting to measure 'Brand Similarity' scores, headache remedy brands are seen as least similar (BS score 6) while credit cards are seen as most similar (BS score 45). Other categories come in between like beer (9), toothpaste (15), hair care (37), gas station (34), major household appliances (30) and cars (23)!

It would be interesting to study brand similarity scores in a developing market like India. Chances are that at the higher socioeconomic classes scores may reflect the US trend, but the large middle and lower classes may have a different story to tell.

Source: Kevin J. Clancy and Jack Trout, "Brand Confusion" Harvard Business Review, March 2002, pp 22

In addition to overall analysis of value/volume sizes and growths, market analysis should also encompass segment identification and further analysis.

The soap market has been witnessing very low volume growth since the late 90s. However, within the market, one segment, defined as the sub-popular segment, with Nirma, Nima, and Breeze has seen double digit volume and value growths in the same period.



Brand Building at Work

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The year 1982. VST had an 18 percent share of the Indian cigarette market, down from 26 percent a decade earlier. Four fifths of the total volume came from one brand, Charminar, a toasted tobacco blended plain cigarette.

VST took the decision to enter the growing king size filter segment with a new offering. What should be the name? The target audience? The packaging?

The company honed in on the 20 paise per stick segment with a brand name that cued Charminar, yet was new, Charms. The brand was positioned to attract the younger generation that were the non-conformists, the 21–35 year olds, in big cities.

The brand was positioned entirely on lifestyle and the advertising attempted to speak "their kinda language". The one thing that cued their kinda language was what they wore, day in and day out, blue denim jeans.

The brand 'Charms' was packed in soft packaging printed in blue denim colour and design. The brand went on to become a large seller, topping the sales charts for big size filter cigarettes in October 1984.

Unfortunately, price increases had their toll on the brand. The brand was revived through a new Charms offering of Mini Kings in the late 80s and this *avatar* continues to sell in the 2000s as well.

Question: How can a brand stay current with a moving target like the youth? Should Charms have built aspirational cues?

Source: Advertising & Marketing, June 1990

Similarly, the passenger car market has been growing at very low levels (in the early 2000s.) However, the B segment, with brands like Indica, Zen, Santro, and Wagon R, has shown blistering growth.

The other important variable for market analysis are geographic segments. Many marketing experts believe India should not be seen as a country but as a subcontinent, consisting of several large countries. Looking at broad national numbers could be very misleading when one is analysing the market for several product categories. While there are several products like soaps, tooth pastes, and detergent powders that have market sizes reflecting the overall populations of the various states, many products have strong national skews.

Health beverages like Complan, Horlicks, Bournvita are heavily used in the south and east, especially the states of Tamil Nadu and West Bengal.

Talcum powders have strong south markets while north is a poor talc market.

In the two wheeler market, mopeds seem to find favour in Tamil Nadu while motor cycles rule the roost in the north.

Some of the geographic differences could be explained through differences in income levels but very often they are rooted in market history and socio-economic trends.

Market analysis of any category cannot be complete without geographic analysis. Here too, it may not be enough to just look at loose *north-south-east-west* geographic segments. It may be useful to further look at statewise dispersions. Some products may just have a bigger market in one of the states in the region. For instance, baby products seem to sell better in north eastern states due to historical reasons. The other eastern states of West Bengal, Orissa, and Bihar do not have a strong market for that product category.



Brand Building at Work

M-Seal—Industrial to Home

Not many would know that M-Seal traces its origin to 1969. The 'M' stands for Mahindra and the original name was Mahindra's M-Seal General Purpose Epoxy Compound.

M-Seal was launched as an industrial product in 1970 aimed at two segments—for salvaging castings, and for electricity boards to stop transformer leakage. The brand went on to cross the Rs. 1 crore mark by the year 1984, but growth was plateauing.

One way to grow was to look for new applications in the industrial segment. The other was to see if the brand had a wider usage—in the home segment.

The company took Bombay and Pune as test markets and launched a 100 gms pack through the hardware stores, positioning M-Seal as "a substitute for plumber, mason, and carpenter". One big learning was to shorten the name (Mahindra's) to M-Seal. The other was to make the packaging simpler with the promise "Seals. Joins. Fixes. Builds!"

M-Seal changed its sales mix from 92% industrial and 8% household, to 52% industrial and 48% household between the years 1987–1992.

The brand M-Seal was sold to Pidilite (manufacturers of Fevicol) in the late 90s.

Question: Could taking a brand to consumer help or hinder an industrial use brand?

Source: Advertising & Marketing, August 1992

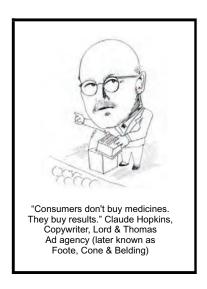
Seasonality analysis helps marketers understand the differences in the market sizes across months. While seasons like summer determine the sales of products like soft drinks, squashes, and instant soft drinks, the Indian market exhibits several interesting seasonality traits. North India has a summer, monsoon, winter seasonality. South India has summer, monsoon, and warm winter seasonality. In addition to the temperature related seasons, there are several other seasons:

- Festival season Diwali, Pongal, Baisakhi, Onam.
- Marriage season Marriages are held throughout the year except for a few months. But there are specific periods like Dec-Jan when they are at their peak.
- 'Flu' season Pharmaceutical companies look for seasonal changes, winter to summer, summer to monsoon, to trigger traffic to doctors' chambers.
- School holidays Most schools are closed during April-May leading to high demand for hotels/tours: a poor period to launch children products.

Some of the above seasonality is not unique to India. All over the Christian world, Christmas is a high spending season. In the Muslim world, it is the post-Ramadan month and in the far east it is the Chinese New Year. The interesting complexity in India is the co-existence of several seasonal influences that can throw any market analysis into a tail spin.

Further, seasonality has to be factored in even while product tests and market research are conducted. A consumer's reaction to a cough and cold product will be very different in monsoon as compared with summer.





Market analysis should also consider the distribution dispersion of the market. Which distribution channel is putting through how much of the product? Further, what are the differences in the trade carrying patterns. Internationally, Dell created a whole new way of selling computers when it used the internet to get customers to configure their needs and place the order on the net. In India, Eureka Forbes went the door to door, direct selling approach to sell vacuum cleaners, and then to sell water purifiers. The approach probably was driven by the need to demonstrate the product and the Indian durable trade is more adept at pushing sales rather than demonstrating and

persuading a customer to buy. Interestingly, the brand Cease Fire used the same direct selling model but the efforts spluttered out after an initial burst of enthusiasm.

The year 2000 has seen the emergence of Network Marketing with Amway, Aviance, and many more entering the fray. All these companies have decided to bypass the Indian retailer to sell directly to the Indian women, using a vast network of housewives and semi-employed women.



Brand Building at Work

NIIT – Computer Education for All

Started in 1988 by a team of professionals, many of them from IITs, NIIT today stands for computer education for everybody. With a network of over 2,200 centres (June 2001) across the country, NIIT today is a brand that stands out from among the many hundred computer training institutes, that sprouted all over urban centres in the late 90s.

How has NIIT stayed ahead of all its competitors? NIIT possibly understands computer education market the best. As Rajendra Pawar, the CEO puts it, "The fact is that we have a hold on education. Very few people can claim the ability we have". From offering introduction classes, NIIT has evolved to offer the industry recognised GNIIT course. And the evolution continues as the market evolves and computers enter schools.

Question: What will be the next evolutionary step NIIT brand goes through? Can NIIT become an IT services provider with a backend training capability?

Source: The Strategist Annual 2001–02

Market analysis for a new product category could take a different path, of looking at surrogates, or commodities.

However, market analysis should not lead to information overload and confusion. An astute marketeer will be able to identify gaps in the market and potential segments.

Fortunately, there are several very useful secondary sources of information that can be used for comprehensive market analysis. For consumer products, pharmaceuticals and durables, ORG-MARG, AC Nielsen retail sales audit now gives a good picture of the market. For several other categories like two wheelers, cars, utility vehicles, data is available from the industry sources. Appendix III lists several useful secondary sources of information that can make market analysis a less complicated affair than what might have been conveyed in this section.

3.3 CONSUMER ANALYSIS

Consumer analysis usually follows market analysis, but in cases where the market is not well defined it may be a good idea to start with consumer analysis. Consumer Analysis usually has its basis on the number of consumers who belong to the target segment or the potential target segment.

To a marketer looking at launching an expensive new soft contact lens, the consumers are the men and women from the upper income group. If possible, the marketer would also like to know how many of them wear spectacles, or have imperfect eyesight.

To a marketer considering a low priced tooth paste, the consumer analysis may have to look at the lower income groups, excluding the destitute.

National Council for Applied Economic Research (NCAER) has been conducting studies to track the movement of the various income classes across rural and urban India. Their latest report, published in 2003 brings out several interesting trends.



Brand Share vs Brand Profit

Does a large market share guarantee large profits? Not necessarily, argue Vijay Viswanath and Jonathan Mark.

They explain that a brand's profits depend both on the relative market share (RMS) and the premiumness of the category (is it dominated by premium brands or by value brands–PDC).

Building a grid of High RMS-Low RMS vs High PDC-Low PDC, the experts point out that if the category is premium, a Low RMS brand may be able to achieve higher profits (and profitability) than in a Low PDC market.

'Premium' High Degree of Category Low

The Hitchhiker	The High-Road
(average RMS 15–	Brand (RMS
20%)	greater than 20%)
The Dead End	The Low-Road
Brand (RMS less than	Brand (Average
5%)	RMS 5 to 10%)

Low

High

Relative Market Share

Source: Vijay Viswanath and Jonathan Mark, "Your Brand's Best Strategy" Harvard Business Review, May-June 97, pp 123–129

National Readership Survey (NRS) also gathers very useful information about socio-economic classes (SEC) and their absolute numbers. The NRS also gathers data about usage of various product categories.

India is a large country with a population in excess of 1 billion and about 180 million homes. No brand is aimed at the whole population, except possibly the political party brands who are aimed at all people above the voting age.

Consumer analysis therefore has to get down to looking at SEC (which is a combination of education and occupation of the chief wage earner of the household) or the NCAER's household classification. India lives in its villages and 65% of all households are in the rural areas. Should those too come under the ambit of analysis is a question to be answered.

So if the product/brand idea is an expensive one, like a mobile phone with computer-like features, the analysis may be restricted to the upper SEC, urban population. However, if it is for a brand of salt, the analysis may have to cover all upper, middle, and even lower-middle income households, urban and rural.

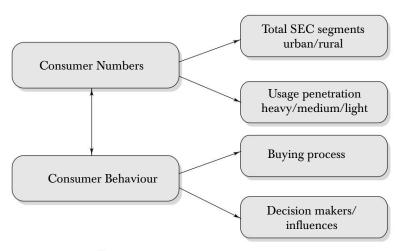


Fig. 3.3: Consumer Analysis

Another important dimension of analysing consumer numbers is through product penetration. A few categories like toilet soaps and washing powders are used in over 90% of the households in the country. But products like shampoos, tooth paste, and skin creams have a less than 60% penetration.

If we extend the analysis to high value consumer durables like cars and home computers, penetration at an all India level drops to 1-2%.

The danger in looking beyond the numbers is that we may make the erroneous judgement of the consumer acceptance of products. If we were to layer the penetration data with that of SEC, we might find that cars are in 10% of all SEC A homes. So, for a marketeer looking at launching a new passenger car, the target segment could be all SEC A households or all passenger car owners.

A further analysis of product penetration and usage involves the extent of usage. This is especially true of consumer products. How much of the product is used by the household every month? Internationally one of the most famous beer brands, Miller launched a light version, Miller Lite, that was aimed at the heavy user segment.

Marketer of estate vehicles usually aim at the current owners of passenger cars, with the estate vehicle to go in as the second vehicle for weekend usage.

Videocon targeted its 14" colour TV as a second TV in the household, aimed at the affluent households who already have a colour TV.

Consumer analysis for new product concepts is more complicated. If we were analysing the market and consumer segments to target a new eye cleansing lotion where do we start? The first look may be to see if there are any other supplementary products. There may be some small marginal brands but data about them may not be available. The next step would to see how many households can afford the product as conceived (with a projected price to consumer). An interesting analysis may be to look at usage of other common self care brands like balms (high usage), foot creams (medium usage) or itch creams (low usage). Another analysis may be to look at the number of people with improper vision, people who wear spectacles or contact lenses, and estimate their numbers.

Whatever be the brand offer, it is possible to develop a hypothesis and estimate the consumer segment number. The number estimated may be wrong by a factor of five though!

Consumer analysis means not just looking at consumer numbers but also looking at the consumer buying process. How does the consumer buy the product category? What are the influences? Who are the gatekeepers?

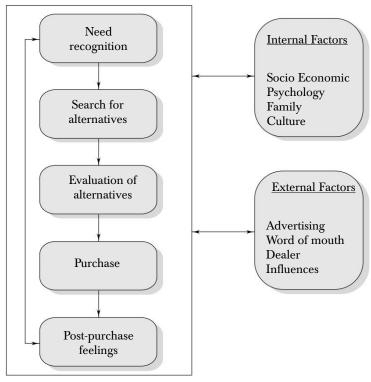


Fig. 3.4: Consumer Buying Process

Understanding the consumer buying process is critical to tailor the brand offer. How important are the various benefits offered? How important is price? Who can have a role in the purchase?

Take the case of a new type of paint and let us assume that it is capable of lasting 15 years. Targeting the new brand at upper income home owners is one way of approaching the marketing task. But who takes the choice of brand, the owner or the contractor? Who loses more if the paint lasts a longer time? So who needs to be motivated and convinced? Looking at the problem differently, should the target be home owners at all? Should this product not be aimed at builders and developers? Or should this be aimed at the institutional segment, at CEOs and CFOs?

The consumer analysis may reveal that there are over 100,000 painting contractors and they are the key targets to be converted.

Consumers analysis should lead to an estimation of the target consumers to go after. In the case of a new brand in an existing product category, the estimation would be fairly tight: a new 124cc motor cycle will be targeted at the current owners of 100cc bikes (primary) and consumers who are planning to buy a mobike for the first time in the next six months. Both these numbers should be derived from consumer analysis.

If the brand being considered is a new concept, like a new home *atta* making machine, consumer analysis will have to depend on approximations and estimations, using surrogates and income/SEC definitions.

3.4 COMPETITIVE ANALYSIS

Market analysis will reveal who are the key players in the market. In this part of brand appraisal, we look at the competitive brands in the same space.

Competitive analysis will have to not just look at the brands, but also the companies behind these brands. In addition, analysis will have to consider peripheral/marginal brands and companies. They may become bigger threats in the future.

Further analysis has to cover potential competitors. It is an open world today with a free flow of information. Companies very often make their plans open: if one digs deep and hard, one can always predict who may be entering the market soon.



Brand Reputation = Brand Equity

"Reputation, reputation, reputation! O, I have lost my reputation! I have lost the immortal part of myself, and what remains is bestial. My reputation, Iago, my reputation!" (Othello, II, 3)

Reputation is defined as the "overall value, esteem, and character of a brand as seen or judged by people in general". Prof. Arjun Chaudhuri, based on a consumer study, stresses the importance of studying brand reputation. He points out "While brand advertising, brand familiarity, and brand uniqueness are the antecedents of brand equity, and market share and relative price are the outcomes or consequences, the truest measure of the concept of a brand may well lie in consumer perceptions of the status, esteem, and reputation of brands".

Source: Arjun Chaudhuri, "How Brand Reputation Affects the Advertising Brand Equity Link", Journal of Advertising Research, May-June 2002, pp 33-43

Some brands are direct competitors, but in a large evolving market there could be products of a complementary nature, which may evolve to become competition tomorrow. In any product category, there are supplementary products that are often ignored. Shampoos face competition from soaps. Tooth paste from tooth powder. Tea from cola!

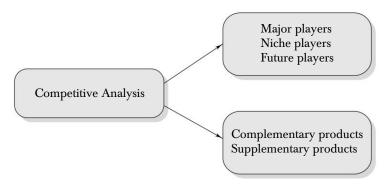


Fig. 3.5: Competitive Analysis

Analysis of competition has to start with the biggest brands and biggest organisations competing in the market. Brand analysis involves understanding the sales history of the brand, volume/value performance, pricing strategy, promotion strategy and inputs, distribution, consumer perceptions, etc. In addition to analysing the brand, it is important to also understand the competencies of the organisation marketing of the brand. How big is the Company? How profitable are they? How important is this brand? Where is their technical competence? What are their marketing skills?

Analysis of major competition is not enough. At times a small brand may get its act together, or change its act to become a big brand. Close Up was a small brand of tooth paste right till the mid 80s. Hindustan Lever, India's biggest FMCG company decided to storm the Colgate citadel in 1986. They recomposed the brand mix on Close Up, introduced a blue variant, tested the brand and its new positioning and advertising in Tamil Nadu for a year, and then rolled it out nationally, to become a strong No. 2 in the market. Close Up, which was not among the top five brands in the 70s, emerged at the No. 2 position, overtaking Binaca, Forhans, Promise, and Vicco. Analysis of just the top five brands in 1979 would have missed out on the future giant.



How We Live

The numbers about India always astound a marketer. The Census of India (2001 round) was done knocking on the doors of every single Indian household, across 593 districts in 35 states and Union Territories between April and June 2000.

The Census tells us that there are 1,027 million people, 220 million couples living as 191 million households, 54 in urban India and 137 in rural India. But how do they live?

There are 179 million residential houses in India, and only 51.6% could be categorised as permanent. But what are the living conditions?

Total Households 179 million			
Electricity	55.9%	Television	31.6%
Toilet	36.4%	Radio	35.1%
Water supply	39.0%	Telephone	9.1%
Bicycle	43.7%	4 Wheeler	2.5%
LPG	17.6%	Bank Account	50.0%

While these figures look abysmal for the entire country, the urban Indian has a better home to sleep in. For instance, 23% of urban families have phones (compared to 4% of rural families), 25% of urban households have two-wheelers (7% rural; 12% overall). While 6% of urban families have a car, the number climbs to 13% in Delhi city!

Source: India Today, July 28, 2003, pp 34-41; Financial Express, April 28, 2003

With the globalisation of markets, a brand launched in Korea today will enter India in three months. In categories like home electronics, mobile phones, and cars, it is critical to figure out who may be entering the market next. Maruti had full two years to prepare for the launch of Tata Indica, Hyundai Santro, Daewoo Matiz, and Fiat Uno. LIC had a year or more to gear up to face the competition from the new private sector insurance players. It is therefore not just enough to look at today's competition but also to predict who is going to come next.

Competition could emerge from organisations that make complementary products. A toothpaste manufacturer could be expected to launch a toothbrush sooner or later. A battery manufacturer will launch a torchlight soon. An audio systems manufacturer could launch a car radio system. While scanning the competitive environment it is critical to look for manufacturers and marketers of complementary products who could emerge as new competition.

Supplementary products are products that can be used as substitutes. Toothpowder and toothpaste. Or VHS and DVD. Supplementary products could emerge as high power competition if manufacturing economies change. Notebook computers could replace desktop computers in offices in just a few years, given the rapid fall in the prices of notebook computers. DVD has almost fully replaced VHS/VCRs, which in fact lost its chances with the advent of cable television and non-stop telecast of Hindi pot boilers. Competitive scan has to consider supplementary products, because what is today an appetiser could tomorrow become the main meal.

3.5 COMPETENCY ANALYSIS

Brand appraisal has to involve a significant amount of introspection. This is done under the competency analysis, which is really an analysis of the marketers' own strengths and weaknesses. Before embarking on a brand building task, the marketing organisation has to size itself—whether we have the stomach to face it.

Competency analysis has to start with the financials of the organisation. What is the revenue number and how has it been growing? What are the profits and profitability? Which are the key revenue and profit earning products/brands? What are the balance sheet reserves?

Financial analysis should be followed or preceded by an analysis of what drives the organisation. What does the organisation excel in? Reliance is all about large projects that provide shareholder wealth. Nirma is about value for many products through backward integration and economies of scale. Suzuki is all about low cost passenger cars, while Honda excels in engine technology.

As Michael Porter³ would ask, what are the core competencies of the organisation. And how relevant are those competencies in the brand being planned? Nirma may think twice before entering the top end cosmetics market. Hindustan Lever could do it without straining a muscle. Marico may be able to enter food staples business but may not be able to enter gourmet food additives market.

The other area of analysis is the technological competence of the organistion. Tata Motors could conceive and launch a successful passenger car, Indica, because it had the brain power to design a car for Indian conditions. This came not just from years of truck making expertise, but also from the skills that went into the LCVs that Tata Motors manufactured and more importantly the skills that made them succeed with the Tata Sumo range of utility vehicles. The organisation had the required width and depth of experience. British Physical Laboratories (BPL) were leading manufacturers of electronic testing equipment. The organisation leveraged that skill to make televisions, to emerge as India's largest brand of colour TVs.

BRAND BUILDING TERRAIN

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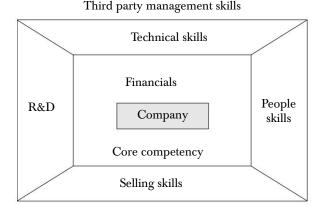
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K. Giriprakash, writing in the *Business Standard*, raises the issue about how Indians are more than willing to cheat the system to save a buck. So if the average consumer is blase about ethics, would it matter if their brands did not display or demonstrate high values. Raghu V. Viswanath, a consultant observed, "Brand values are nothing but a reflection of Human values. A customer who doesn't lay large emphasis on age old value systems like integrity and perfection, is far more forgiving with brands which do not perform as per their reputation." A survey done in the US found that more than half of the respondents were willing to pay more for a product that supported a cause, over 60 percent of the respondents said they would even switch brands or retailers to support a cause they care about. What would Indian consumers say?

Source: Business Standard, December 2, 2002

Today's market has commoditised all categories. So, if the organisation does not have the marketing and selling skills, technological advantage above may not win the race. Tata Motors set up a whole new dealer network and distribution system to handle the Indica. BPL too, had to completely rethink the selling and distribution system. An organisation that is hide bound in its marketing and sales orientation will not be able to create a new system of selling. And that could spell a death knell to the new brand.

sac



Technical tie-ups

Fig. 3.6: Competency Analysis

People skills are vital for the success of any branding venture. The organisation has to be evaluated on the skills it has resident in its people. Consultants could serve as temporary solutions, but in the long term the organisation has to have people who can manage the task at hand.

Organisations today have to develop a skill to manage third party vendors. Associates who can provide technology. Associates who can provide manufacturing capacity. And associates who can distribute the product.

A comprehensive competencies analysis will cover all the above aspects. The key question to be answered is, can this organisation face up to the challenge of the new branding task. The new brand may require a long period of investment in promotion. So, does the organisation have a strong balance sheet. The new brand may call for technological breakthroughs, in which case the question is, does the organisation have the expertise in-house, or can it acquire it at a reasonable cost? The new brand may need a very different selling and distribution system, so the company has to be adaptive enough to understand and implement a new way of selling.

Competency analysis is a soul searching exercise before the organisation takes the plunge!

3.6 SOCIO-ECONOMIC ANALYSIS

Brand Appraisal has five distinct steps and the most overlooked one is possibly the fifth: socio-economic analysis. Most marketers tend to dismiss macro analysis of this type as a purely academic exercise. Possibly if the brand in question is a small one with purely local, regional ambition, the dismissal is just. But even small brands, restricted to single state reach would benefit from an analysis of that state's economic and social milieu. A brand focussed on Kerala would have very different issues to face from a brand focussed on Rajasthan.

Socio-economic analysis not only looks at the economic trends but also needs to examine social and cultural complexities. India is a multicultural subcontinent with 4–5 big religious groups, 14 plus linguistic groups, and a myriad of sub groups. The oldest classification of Indian society, the oldest SEC (Socio-economic classification) was literally on the basis of colour and was called the *varna* system. This system categorised societies into four classes *Brahmin*, *Kshatriya*, *Vysya*, and *Sudra*. There was a fifth class that was the 'untouchable class'. Today we tend to mix up the ancient class system with the caste hierarchy; in fact castes exist within each class. While no marketer need venture into an analysis of the evolution of caste and class system, it would be prudent to spend time, effort, and resources on understanding today's socio-economic trends.

3.6.1 GDP TRENDS

Indian economy in the 70s grew at an abysmal 2%—known as the Hindu rate of growth. With similar increases in population, per capita income hardly improved. The Indian economy of the 90s has seen a transformation that brought it to world's

notice. During the 90s and early 2000s, Indian GDP growth averaged well over 5.5%, with the number crossing 6.5% and 7% occasionally.



Strategic Brand Concept Management

Prof. C. Whan Park and colleagues from University of Arizona have developed a normative framework termed Brand Concept Management (BCM) for selecting, introducing, elaborating, and fortifying a brand concept. They point out that a 'Brand Concept' has to be defined in terms of functional, symbolic, and experiential terms, rising above 'positioning' terms alone. Brand Image has to be then linked to the Brand Concept through the four stages of the BCM, namely selecting, introducing, elaborating and fortifying.

Source: C. Whan Park, Bernard J. Jaworski and Deborah J. MacInnis; "Strategic Brand Concept-Image Management", Journal of Marketing, October 1996, pp 135-145

What does GDP growth have to do with a brand marketing strategy?

Everything. And nothing. Increased GDP, with slowing population growth, will lead to higher per capita income and a move towards better and better products and services. Better products are invariably branded products. So increased GDP growth means bigger market for brands, albeit from a small base, at times.

But the flip side is that the Indian economy is huge and may be only about a small part of the consumption expenditure is in the way of the brands. Even without high growths, there is still a large market, primarily commodity driven, that is waiting to be branded.

Take cooking oils. Less than 20% of all cooking oils sold are in branded consumer packs. If one looks at wheat flour (*atta*), rice, pulses, the number will be even lower, at a national level.



Durable Penetration Changes

National Council for Applied Economic Research (NCAER) tracks the ownership of durable through their national market demographics report. They have categorised durable into three categories Group I (cheaper products costing less than Rs. 1000), Group II (Rs. 1000 to Rs. 6000) and Group III (Rs. 6000 + products like Colour TV, VCRs, Two Wheelers etc.)

An interesting phenomenon observed between 95–96 and 98–99 is the slowing down of Group II and Group III growths.

Consumer Durable Stocks & Purchases			
Ownership	Group I	Group II	Group III
85–86	212.9	29.1	11.8
93-94	447.9	94.6	43.3
95-96	513.7	128.1	63.1
98-99	649.9	135.7	88.5

Economic Times Intelligence Group (ETIG), using its Income Adjusted Penetration Effect (IAPE) analysis point out that "stock levels of group II and group III... were lower in 98–99 than what they should have been on the basis of the changes in income...." NCAER point out that "Multi Utility products, besides other factors, seem to have primarily governed that logic for the choice of high value asset," implying that Group I products seem to offer greater value for money and hence are still showing greater growths.

Source: Economic Times, April 22, 2003

The Indian consumer is used to high levels of saving, with saving rates of higher than 25%. Increased income levels could lead to higher savings, or with increased availability of products, savings may come down.

Regional brands could do well with tracking state level data. Will Kerala market benefit from the Iraq reconstruction boom in 2005? Will Tamil Nadu, Karnataka, and Andhra Pradesh boom with IT services revolution?

Brand Appraisal should involve a quick look at the economic realities, if not a detailed one.

3.6.2 Sectoral Trends

Economy and economic growth are driven by three sectors: Agriculture, Industry, and Services. India is an agrarian economy with 70% of the population in rural areas and a heavy dependence on agriculture. But Indian economy has seen a transformation in the last decade with services becoming the largest sector accounting for around 50% of the economy. The agricultural sector has become the smallest. However, the majority of households depend on agriculture for their livelihood. India in fact seems to have skipped a stage by moving from an agrarian economy to a services driven economy. Was this just a trick conjured up by smart economists one doesn't know!

How will a service sector boom affect marketing thinking and brand orientation? Would a household dependent on services income be more amenable to branded goods? Are there opportunities to offer never before branded services to these households?

3.6.3 Urban-Rural Trends

Census of India defines Rural Area as one that is predominantly dependent on agriculture for its livelihood. India has seen an

urbanisation trend over the last 50 years of independence. However, India will continue to be a rural society for the next 50 years. Unfortunately, the prosperity that is sweeping urban centres is yet to reach rural backwaters, with the only exception being Kerala.

Urban consumers are more prosperous, with higher levels of income, education, and greater savings and consumption expenditure.

Rural Indians are less literate, poorer, and dependent on the vagaries of nature. The lower levels on income in the rural areas reflect in a lower ability to afford branded goods.

C. K. Prahlad, has been propagating the approach of profit at the lower end of the pyramid. He believes Indian marketers can tailor products and brands for poor rural consumers, making them affordable and at the same time making a profit for the marketer. Brands like Nirma, Wheel, Lifebuoy, Chik have 60% plus sales from the rural areas. Maybe there are many more such opportunities out there.

3.6.4 EDUCATION TRENDS

Prof. Amartya Sen in his book *Development as Freedom*² explains how, in a poor country like India one can have a state like Kerala that has one of the best human development indicators (HDI) in the world. And the secret may well be the 100% literary state.

India is expected to achieve 100% literacy rate in the next 50 years. But for large parts of north India, many southern and western Indian states may well achieve 100% adult literacy in the next 20 years.

What does higher literacy mean to marketers? One direct impact is the consumption of media, especially the press medium. Another important impact is the ability of the poorer classes to comprehend brands as names, not just as symbols.

Just about 30 years ago, each mass market brand had to have a symbol, a mascot, a sign. Dalda stood for palm trees. Afghan Snow showed snowcapped peaks. FACT Fertilisers were two elephants. Tea brands came in many pictorial symbols. Three Roses, Wagh Bakri (Tiger and Goat). Matchboxes were Cheetah Fight and Bison. Cigarettes were Red Lamp, Scissors. And the list can go on. These symbols and pictures were at times used in conjunction with the brand name. Whatver the way, each brand had to have a graphic symbol that an illiterate consumer could recognise.

Today, most brands have abandoned their old mascots. Asian Paints—exited the little painter boy Gattu (drawn by R. K. Laxman many decades ago). Was this a decision aided by the fact that Indian painters are now literate and can read the words 'Asian Paints' on the paint cans?

The demise of the mascots and symbols due to increased literacy does not mean that they do not have a role in marketing. Even in the most literate, developed markets, one can find mascots. But the need for a symbol should now be dictated by marketing and branding reasons instead of levels of literacy.

3.6.5 OCCUPATION TRENDS

India is now seen as a service dominated economy. The growth in information technology and business process outsourcing are signaling growths in new sectors. How will these trends affect the fortunes of brands?

Unemployment rates in India are still at higher than 6% levels. However, these levels have not shown an increase over the last two decades. While VRS has created a huge number of older unemployed, with a large war chest at times, younger Indians are face exciting new occupational challenges and offers.

The popular news magazine *The Week* has an annual survey of hot jobs under the title Hot Job Tracks. Jobs that have recently

moved up the totem pole include medical transcription, animation/computer graphics, call centre management, biosciences research, etc. Most of these jobs did not exist ten years ago.



Branding for the Bottom of the Pyramid

Prof. C. K. Prahlad and Prof. Allen Hammond argue that there are tremendous marketing opportunities facing marketers at the bottom of the pyramid. In looking at developing markets, marketers tend to ignore the low income households, assuming that they cannot afford to buy brands. But tailoring brands to their needs, the way Nirma (washing powder) or Velvette Shampoo (shampoo in a sachet) did, can open up huge segments. The other approach, ably demonstrated by Sam Pitroda and his privately operated telephone booths across India, is to look at 'a shared business' model. By setting up thousands of STD-ISD booths in the 90s the Government opened up telephony to the masses, while creating thousands of small entrepreneurs!

Source: C. K. Prahlad, Allen Hammond, "Serving the World's Poor, Profitably", Harvard Business Review, September 2002, pp 48–57

In several large city colleges, students with a BA or BCom find jobs at call centers and BPO centers. Many of these companies are in fact conducting interviews in colleges. A situation seen only in the IITs and IIMs, two decades ago.

Does this spell a boom in the job market? It's too early to tell. But these new opportunities are creating new brands. NIIT was created to exploit the opportunity thrown up by the computer/IT boom.

Brand marketers could look at changes in occupational trends to predict new market opportunities. The success of multiplexes and shopping malls is heavily dependent on the boom in white-collar employment, both at the top levels and at the entry levels. A girl working at a call centre, staying with her parents, has a huge surplus income. She will frequent the malls and carry a cell phone!

3.6.6 SEC CHANGES

Table 3.1: SEC Matrix

	Illite- rate	School Upto	School 5-9	SSC/ HSC	SSC/ HSC	Grad/ Post	Grad/ Post
Occupation	Tate	4 Yrs	Yrs	1150	Not	grad	grad
1					grad	(Gen)	(Prof)
Unskilled Worker	E2	E2	E1	D	D	D	D
Skilled Worker	E2	E1	D	\mathbf{C}	\mathbf{C}	B 2	B 2
Petty Traders	E2	D	D	\mathbf{C}	\mathbf{C}	B 2	B 2
Shop Owners	D	D	\mathbf{C}	B 2	B1	A 2	A 2
Businessmen/	D	\mathbf{C}	B 2	B1	A 2	A 2	A1
Industrialists							
None							
• 1–10	C	B 2	B 2	B1	A2	A1	A1
• 10+	B1	B1	A 2	A2	A1	A1	A1
Self-employed	D	D	D	B 2	B1	A2	A1
Professionals							
Clerical Salesmen	D	D	D	\mathbf{C}	B 2	B1	B1
Supervisior Level	D	D	C	\mathbf{C}	B 2	B1	A 2
Officers/Executives							
Junior	С	\mathbf{C}	\mathbf{C}	B 2	B1	A 2	A 2
Middle/Senior	B1	B1	B1	B1	A 2	A1	A 1

National Readership Survey (NRS), categorises households on the basis of the education and occupation of the chief wage earner (CWE). The households are categorised from SEC A1 to SEC E2.

Over the last twenty years, there has been a steady upward movement of numbers, from SEC E to SEC D to SEC C. The SEC pattern that looked like a pyramid is now slowly changing shape to look like a diamond in the next decade.

A similar classification of rural households has been carried out based on the households' prosperity. Here again there is a slow climb upwards.

The changing SEC profile spells several changes in the way Indian consumers are going to interact with brands. The higher SEC households are more affluent and more interested (and inspired), in using modern gadgets and modern products.

The birth and growth of services like mobile phones, shopping malls, and cyber cafes are a step in that direction. The emergence of product categories like snack foods, hair colours, shampoos, skin creams too are a confirmation of the trend.

National Council for Applied Economic Research (NCAER) conducted a nationwide survey of household income, usage of consumer products and durables. Their report published in 2003 confirms the trend towards more affluent households. That study also points towards a decrease in the number of below poverty (destitute) households.

These secondary sources that are available for various time periods can help marketers plot the changing economic profile of households and create future scenarios. These reports also provide valuable data on ownership of durables and usage of branded consumer products. Here again marketers can use these time series data to create future scenarios.

Brand appraisal should have a fairly important portion devoted to SEC and income change analysis.

3.6.7 Family Structures

Joint families, *havelis* with many households, huge bungalows with sections, are all slowly becoming a thing of the past. While

nuclear families have grown, the classical joint family, with three generations under one roof still dominates the Indian landscape. Joint families possibly account for over 60% of all households.

Sociologists and historical research point to the fact that from time immemorial only the eldest son stayed with his parents and became the *karta* (head of the household). The siblings usually moved out to set up independent homes, possibly within the same hamlet.

The same pattern appears in modern Indian cities. Often the family stays within the same apartment block. So we have a new phenomenon of a joint-nuclear-family.

As a researcher put it, "the family lives together but kitchen fires burn separately".

What does this imply to marketers? Smaller living spaces? Apartment complexes? Smaller families living together, but meeting often?

Increase in nuclear families and in household units create a demand for a variety of durables. In addition, there is possibly a market for high end durables that can be shared, like the PC, DVD player, etc.

Large families staying within a complex also indicates that women could be tapped for flexitime jobs. With the grandparents in the vicinity, there is an automatic crèche service available for the young mothers.

Changes in family structure spell many opportunities but one needs to be astute enough to read the trends.

3.6.8 CHANGING ROLE OF WOMEN

The Indian women are changing. They are no longer semiliterate husband worshippers. Studies indicate that the modern Indian woman is far more educated, more knowledgeable, and

more ambitious. But her energy is driven towards the betterment of her family.

It is a myth that a large number of women have joined the work force. The largest percentage of working women are in the lowest socio-economic classes, performing manual and factory labour. The percentage of working women in the higher SECs of SEC A, B and C would not even be in double digits. Then why this hype about more working women?

Unlike in the past, women today are seen in senior managerial positions. These successful women get written about and create this increased hype about working women. Unfortunately, a large number of educated women tend to stop working once they get married and have children.

FCB-Ulka's Women Mood study done across seven cities indicates that women tend to identify more with their household duties. Their center of gravity is their children, their education, and their future. This new breed of educated housewives are no longer just home bodies. They are home managers, taking care of all the aspects of running a home. Getting repairs done through the local handyman. Depositing cheques at the bank. Taking care of electricity, telephone bills, etc. All are today in the home manager's domain.

The emergence of the home manager concept needs careful study. This new species spells a lot of new opportunities, for time saving devices, for user-friendly gadgets and more.

3.6.9 Adoption of New Products

Indian consumers' adoption of new products follows the proven model of Everett M. Roger's *Diffusion of Innovation*⁴. However, with sudden changes in technology and legislation, India has witnessed leap-frogging across technologies.

Indian offices moved from manual typewriters to word processor equipped PCs. In a sense they leap-frogged over electric, electronic typewriters and pure word processor machines.

Similarly, Indian households moved from two terrestrial TV channels to 80 plus satellite and cable TV channels in a span of just five years.



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It is reported that India has possibly the lowest number of tax paying citizens (as compared to total population). As against a total population of over 1 billion (over 190 million households), India has only about 20 million income tax assessees as per the Government of India's Income Tax Department. What is even more surprising is the miniscule number of people claiming to have an income of Rs. 1 million, a paltry 71,000:

Income Tax bracket	Number of Assesses		
(in Rs. per annum)	(in million)		
50,000 - 1,00,000	10.70		
1,00,000 - 5,00,000	9.21		
5,00,000 - 10,00,000 0.32			
10,00,000 + 0.07			
(For Financial Year 2001–02)			

Obviously, Indians haven't yet given up the Gandhian call for 'pay no taxes'! Market surveys like the ones done by NCAER estimate these numbers very differently (read changing consumers inset).

Source: Financial Express, April 7, 2003

In telecommunications too, from landline phones, India moved to cellular technology and mobile phones. Pagers, car phones and the like never took off.

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Many of these rapid changes happened due to changes in Government policies, liberalisation, and changes in the technology-price equation.

While studying specific markets, it would be prudent to understand the new product adoption behaviour and the barriers. T-series created an explosion in the demand for prerecorded cassettes by seeing the roadside pirated tapes as the competition. T-series went for large volume runs, reduced cost of production, and offered a great product at a price that was often the same as that paid for a poor quality pirated tape. Intel saw the trend towards lowering duty structures, and decided to invest heavily in the 'Intel Inside' campaign and the GIDS (Genuine Intel Dealer Scheme) programme in India. Today, it commands a 90% plus market share.

3.6.10 Religious-Societal Changes

Thomas Freidman in his book *Lexus and the Olive Tree*⁵ talks about global consumers reaching for their symbolic roots. While they aspire towards the latest Lexus automobile, they also want to hang on to their Olive Tree.

In a similar scenario in India, we are seeing growing affluence, modernisation, and westernisation, coupled with a desire to hang on to the religious roots.

This desire has created a large number of special interest religious groups as well as an increased traffic at temples, mosques, and churches.

Marketers need to be sensitive to these changes. While India is a secular country, no brand can play on religious sentiments without running the risk of a religious-political backlash. McDonald's hamburgers are made with beef all over the world. But in India, the same Big Mac is served with chicken. Will we also see a pure vegetarian McDonald outlet soon? (As expected McDonald's has set up a pure-veg. outlet in South Mumbai!)

3.6.11 MEDIA CONSUMPTION

The Indian consumer is progressively getting time starved. There is an increased demand for their time from work, from family, and from friends. In addition, the increased media options have added to the time crunch.

BRAND BUILDING TERRAIN

Sundrop—Healthy Oil for Healthy People

When Sundrop entered the refined edible oil market in 1978–79, the market had polarised into the tasty oils (Postman, Dalda) and the (not-so-tasty) healthy oils (Saffola).

Sundrop created a new category of a healthy, tasty oil for the healthy, going contrary to Saffola which was the healthy oil for the unhealthy.

Sundrop virtually created the Sunflower Oil revolution in the country, by becoming the largest selling brand in a short span of three years.

Sundrop's success was aided by excellent product quality, attractive packaging, and astute pricing. But the most important component contributing to the brand's success was its positioning—"Healthy Oil for Healthy People".

Question: Could Sundrop have been successful with a different positioning stance?

Source: FCB-Ulka Brand Building Advertising—Cases & Concepts

Time devoted to TV has steadily increased over the last 10 years, cutting into time spent on newspapers and magazines.

At the other end of the pyramid, a large class of consumers are now becoming literate leading to a boom in Indian language newspapers.

Internet is another emerging medium and focussed brands can use it as a medium to reach niche audiences. For instance ZOD! brand from Zodiac, positioned as party-wear for the young, used the internet heavily to build a successful brand from a miniscule budget.

Marketers need to be aware of these changes to exploit media opportunities and tailor a brand message to reach the right target segment.

3.6.12 Youth Population Boom

India is a young country. While consumers in Europe are ageing rapidly, India is looking younger than ever.

Indian youth today are different from the idealistic young of the 1940s and the angry young men of the 1970s. The youth today are a lot more ambitious, focussed in their efforts, and determined to achieve their goals.

What does this trend imply? A growing market for indulgence products. A growing market for grooming products. And most definitely, a growing market for self-development products and services.

The success of brands like NIIT and Aptech in the 90s was due to the youth focus on computer education.

The 2000s will see the emergence of specialist branded schools for the young to train them in all the new skill areas ranging from call centre management, desk top publishing, retail management, event management, etc.

3.6.13 Increasing Life Expectancy

Life expectancy of an average Indian is now at 65, and will cross 70 years soon. So while India is a young country, it also has a very large old-age population. What products and services do they need?

Countries in Europe and the USA have a whole host of products and services ranging from vitamins, health tonics, old-age homes and old-age holiday specials, aimed at the aged. One of USA's largest read magazine is *Modern Maturity*.

Indian marketers are yet to recognise the opportunity offered by the new retirees and the affluent aged. The old myth was that Indian parents saved all that they had only to leave it to their children and their children's children. This paradigm is set to change.

Today's children and children's children want their parents to have a good retired life. Soon India too may witness a boom in services aimed at the aged, special recreation centres, clothes, special holidays, and the healthcare centres offering special services.

3.6.14 Saving Pattern Changes

India has seen a high saving rate for the last 20 plus years. The savings percentage has stayed in the region of 25%. But saving pattern has changed over time.

Savings bank and bank fixed desposits continue to hog the largest share of domestic savings. Unfortunately, over the late 90s and early 2000s shares and stocks have taken on a speculative aura.

The early 2000s have seen the emergence of mutual funds as an important savings route. This coupled with the increasing perception of life insurance as a savings tool could spell an increased inflow into these savings routes.

Indians by nature seem to be savings oriented. There are going to be increased opportunities to offer them financial instruments for saving purposes. There is also bound to be a resurgence of the share market but unfortunately every boom is quickly followed by a bust.

3.6.15 Usage of Credit

On the one hand Indians are savings oriented but on the other they are credit averse. Credit card companies have for long lamented the lack of 'rotational' credit from their credit card users. Most of them tend to pay their full dues at the end of the month forsaking the 'buy now pay later' mantra of the card companies.

The pioneering effort of HDFC created a market for home loans in the 80s. Indian consumers slowly started accepting the idea of taking a home loan. A survey done in 1999 by a leading magazine pointed out that a large percentage of Indians felt it was acceptable to take a home loan. No other product qualified anywhere near home.

The auto sector boom in the late 90s has made car loans an acceptable burden. Almost 40% of all cars sold in the year 2002 were bought through car purchase schemes.

This trend may spread to high end products like PCs, refrigerators, home theatre systems, etc. over the next five years. Soon Indians will start shopping with their credit cards and roll over their credit.

3.6.16 RECYCLE ECONOMY

Indians tend to recycle everything. Newspapers are collected and sold at the end of the month. Plastic bottles are sold every quarter. Clothes are never thrown away, always given to the servants or the poor.

The social structure of the country and the large population of poor create an automatic recycle economy. Nothing is wasted.

This concept of nothing is wasted has translated into products that come in disposable polythene packs. These refill packs are seen as less waste than a rigid PVC jar. TV manufacturers have created the concept of exchange offers, wherein the old TVs are taken back only to find their way to a small town.

Understanding the recycle economy is useful and critical to succeed in the Indian market place.

3.6.17 GOVERNMENT POLICY

The Indian market economy moved from a tightly controlled command economy to a loosely directed demand economy during the 90s. Many areas that were restricted, opened up. New players entered categories like cars and two wheelers, telephones, and insurance services. The lowering duty structure made products like PCs, air conditioners, and washing machines, more affordable to the middle classes. So what's next?

India may emerge soon as the shopping capital of the world. Already the Indian diaspora is discovering the benefits of shopping in India. So are East European tourists. This breed may increase.

The lowering of travel and foreign exchange restrictions has opened up a flurry of tour operators taking Indian families to Switzerland, Australia, and South Africa.

The thrust of Government policy towards the implementation of value-added tax, spells a new era in legitimising trade and bringing the huge business class under the legal tax bracket.

If Government policy brings out all the hidden wealth into the open, the coming decade could see a boom in many sectors.

Unfortunately, the Indian Government tends to go two steps forward, three steps back. In a country of almost 190 million households, there are possibly only 20 million belonging to the tax paying class. And over 90% of them pay a minimum tax amount. The large grey economy hides a lot of wealth and leads to confusion of several numbers.

With the globalisation of the Indian economy and lowered taxation levels, the time is not too far off when the country shall witness a lowering of the grey economy.

3.6.18 VALUE OBSESSION

Indians are obsessed with value. A large part of Mercedes Benz sales in the country is in the diesel model which has lower running cost. Even upper income homes are found to use Nirma washing powder at times for floor cleaning.

There are products that are displayed in the living room, where only the best will do. So the TV, the music system, are not scrimped upon. Then there are products hidden in the bathroom, kitchen, bedroom. Here, even the most affluent housewife looks for value for money.

The success of Rasna in the 80s was a direct result of value for money. A glass of Rasna cost only Rs. 0.20 compared to Rs. 2 for a glass of squash and almost Rs. 5 for a glass of Thums Up.

The rapid growth of sachet packs was also aided by this value obsession. The small packs helped the product penetrate lower income classes but those very same packs entered the middle classes as well.

The value for money syndrome can be traced to the bargaining mentality of the Indian housewife. The most affluent lady will not mind haggling with the vegetable vendor to reduce the price by a precious Rs. 2. The bargaining is a game, a challenge, and a test to her skills. Similarly, she is always on the look out for a better bargain, a better value offering.

The rapid growth of refill packs, pouch packs, and sachets were all aided by value obsession. Refill packs of products like milk food drinks appeal to the value obsession of the middle and upper class housewife; while sachet packs offer a low entry price to the lower income households, who would have otherwise stayed away from 'expensive' products like shampoos. The frequent occurrences of SALEs and *melas* are also a step in satiating the value obsession.

Branding a product is a method of gaining commitment, loyalty, and of getting a premium. In the Indian market, the premium

expectations will need to be tempered with the realities of the value obsession tendencies of the Indian consumer.



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W

Women across India are changing in different ways. Research International's study covering women of 15–54 age group across Indian cities with five lakh plus population in SEC A–D households has some interesting insights.

Covering one's head in front of one's in-laws is highly prevalent in UP, Rajasthan, Orissa, and New Delhi; while in AP, Tamil Nadu, and Kerala it is less prevalent!

Love marriages are more common in Maharashtra, West Bengal, and Assam.

Visiting a beauty parlour is more common in Delhi, Punjab, Haryana, Gujarat, and Maharashtra.

Gujarat, Maharashtra, and Assam rank high in women wearing western attires! And similarly women in Maharashtra and Assam seem to be more comfortable with cutting their hair!

Source: Business World, February 18, 2002

3.7 BRAND APPRAISAL—SUMMARY

Brand appraisal and the situation analyses it entails puts the brand (that is to be reviewed) or the potential brand in the context of the market, the competition, the competencies of the organisation, the consumer, and the macro socio-economic trends.

Brand appraisal could have been triggered by a need to review the progress of an ongoing brand, or to examine brand

extension possibilities. Or brand appraisal may have been the first step undertaken to examine the potential for a new brand offering.

Key questions that have to be answered may be any of the following:



Rural Penetration to Brandification

The late 90s saw ORG-Marg launch their consumer panel to track the growing rural consumer market, with 20,000 households in 1,000 villages randomly selected from 215 districts across the country, covering 32 fast moving consumer goods.

One of the interesting observations has been existence of the disparities between penetration numbers and the branded component of penetration/usage.

PENETRATION

High Brandificatio	High Toilet soap Biscuits	Low Chyavanprash Toothbrush Digestives
Low	Iodised salt Tea Non-refined	Refined oil Coffee
	oils	

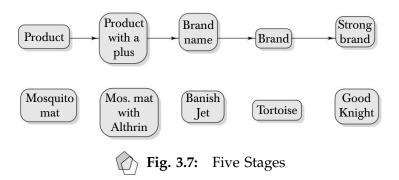
Products like toilet soaps have high penetration (above 60%) and high 'brandification' (over 80%). Biscuits too rank close by (above 60% penetration; 60–80% 'brandification'), while refined oil (up to 30% penetration; 20–40% 'brandification') and coffee (up to 30% penetration; 20–40% 'brandification') fall in low penetration–low brandification quadrant.

Source: Business Standard, February 2, 1999

- Can the product with a plus become a brand?
 A Branding Opportunity
- Can the brand name product become a strong brand?
 A Brand Building Opportunity
- Can the brand be extended to a new product?
 A Brand Extension Opportunity

Brand appraisal may be used at any one of the following five situations:

- Product opportunity
- Product plus opportunity
- · Product brand name opportunity
- Branding opportunity
- · Strong brand opportunity



When an entrepreneur called R. Mohan imported the first set of heaters and mats, he brought a new product into the market. He called it Good Knight. The next competitor came with a plus and claimed 12-hour protection with a chemical called Althrin. These products got named Jet, Banish, etc.

Over time, Good Knight emerged to become the strong brand that today offers a whole range of mosquito repellant products: mats, coils, liquid vaporisers.

Brand appraisal is a crucial phase of the Brand Building Pentagon. In the last decade we saw a mushrooming of brands across different product and service categories.

- Will consumers buy a product for cracks on the sole?
 Krack
- Is there a potential for a modern domestic airline?
 Jet Airways
- Is there a market for a fairness cream with a special ingredient?

Fairever with saffron

Will Indian consumers be interested in a coffee experience?

Barista

• Can national pride be used to sell salt? A vegetarian salt?

Dandi Salt

 Will an ageing Indian man find relief from a virility pill?

ThirtyPlus

• Will Indian car buyers be interested in an Indian car that can offer more?

Tata Indica

All these above questions were possibly asked and a thorough brand appraisal process was resorted to before the brands mentioned were born.

Sitting today in the year 2003, can one throw up some such questions for future marketers and entrepreneurs to answer:

- A brand of sugar
- A brand of tea shops
- A brand of pulses (dal)
- A brand of chappatis
- A brand of petrol additive
- · A brand of florist
- A brand of cinema

Brand appraisal and its five steps are critical building blocks for the successful launch of a brand.

It is quite possible that large companies are at times evaluating a number of new product concepts. The ones that clear this hurdle then get to the Brand Definition stage of the Brand Building Pentagon.

¹ Prahalad, C.K., *The Fortune at the Bottom of the Pyramid*, Wharton School Publishing, 2005.

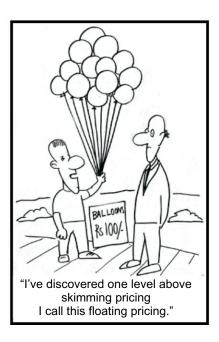
² Sen, Amartya, *Development as Freedom*, Anchor Books, 1999.

³ Porter, Michael *Competitive Strategy*, The Free Press, 1980.

⁴ Everett, M. Rogers, *Diffuson of Innovations*, The Free Press, 1962.

⁵ Friedman, Thomas L., *The Lexus and the Olive Tree*, Anchor Books, 1999.

The McGraw·Hill Companies



The McGraw·Hill Companies

BRAND DEFINITION 4

STEP TWO OF BRAND BUILDING PENTAGON

4.1 BRAND DEFINITION

Brand appraisal stage is about evaluating the opportunity for launching a new brand or about re-energising an old brand. At the end of the brand appraisal stage the organisation would be a little clearer about the branding decision, whether there exists a potential, a market, a consumer, for the offer.

The Brand Definition stage is about moving towards developing a description for what is on offer. What will be the raison d'etre of the new brand? What will it stand for in the consumer's minds? What will be the personality of the brand?

For instance, if the company has identified an opportunity to launch a brand of sugar, what will be the offering of the brand in terms of rational and emotional reasons? What will the brand be positioned as in consumer's minds? What personality will it have: modern, traditional, caring?

Similarly, when a brand like Moov is conceived, the organisation examines that Moov is to be different from Iodex. Cream in a tube? White in colour? Non-staining? For backache, or for all aches? For women only?

Brand definition stage is where the organisation examines why a consumer should buy the brand (reasons, positioning) and why a consumer should keep buying the brand (positioning, personality)

Brand definition stage can be further split as four steps:

- · Brand Reasons
- Brand Positioning
- Brand Personality/Image
- Brand Mapping

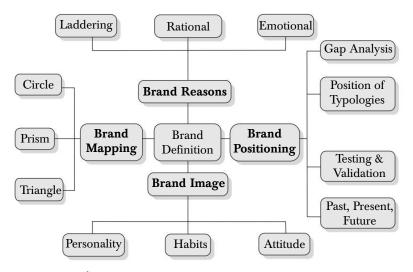


Fig. 4.1: Brand Definition Chart

While we have tried to present four distinct stages, the process of developing a brand definition could involve a combined approach of going through all the four steps together.

4.2 BRAND REASONS

Why should a consumer buy the brand? What can be the rational reasons? What can be the emotional reasons?

Life insurance is a great positive reasoning of what is in reality a death insurance.

Every product or service that we buy has a combination of both rational and emotional overtones.

Jonathan Harries, Worldwide Creative Director, Foote Cone & Belding said "If a consumer buys a brand for purely rational reasons he'll never be happy. And if he buys it for purely emotional reasons, he will never be satisfied." A combination of rational and emotional reasons is what is necessary to build a strong brand.

If we were to launch a new brand of health beverage, our first task would be to figure out what the rational reasons can be (ingredients, flavour, price, pharmaceutical proof) and what the emotional reasons would be (child's success). A successful brand definition will be a combination of these.

4.2.1 RATIONAL REASONS

A brand, when it is conceived, needs to have a rational reason backing it. In today's nanosecond world, this rational reason may stay a true difference for just a week or just a year. But when a brand definition is being worked out, we need to start with a rational reason.

What could be a rational reason? The first set of rational reasons we could look at are based on how the product is made, its ingredients, its technology, its look, its price, its packaging, etc.

4.2.1.1 Ingredient Reasons

Several successful Indian brands have used ingredients to stand apart:

Santoor – the first soap to offer the twin ingredient of sandal and turmeric.

Fairever – fairness cream with saffron

Vicco – the first ayurvedic toothpaste Ujala – the non-blue fabric whitener



Brand Building at Work

Finolex—Cabling the Nation

A company born in 1956, Finolex is today synonymous with cables. The company also manufactures PVC pipes, petrochemicals, fiber optics, and irrigation systems.

The company has been able to benefit from the judicious use of its brand name Finolex across all its products. This single minded usage of the brand name has probably contributed to its instant recognition, more than any high pressure advertising campaign.

Finolex is a demonstration that even in a commodity-like category it is possible to create a brand that can pay dividends by aiding recognition and recall.

Question: How beneficial is brand recognition in a category like cables? What role does a brand play when there are many intermediaries in a purchase (like contractor, electrician, etc.)?

Source: Economic times, Brand Blazers, 1995

The challenge today is all the more to get an ingredient that is unique in the category. In the year 2002, Liril, the lime soap re-launched an 'Icy Mint' with the mint ingredient.

International brands have also used ingredients to stand apart. Brands in the cosmetics category are today speaking of Vitamin E, Ceramides, tea-tree oil, and several such ingredients which would have been Greek and Latin just a decade ago.

4.2.1.2 Benefit Reasons

Brands have ingredients, attributes. But consumers buy benefits. The challenge is often to make the right connection.

Nirma used a unique combination of ingredients (soda ash, LAB) to create a detergent powder that was packed in a transparent polythene pouch. The brand stood for one benefit, value-for-money.

Apple was reborn as iMac in cool colours and a great new design. While the product tried to look and feel different, the benefit it offered was that it made the user feel 'different and cool'.

Hotmail became the easiest way to stay connected on the net. While it was a powerful invention, backed by great technology, the consumer only saw one benefit—easy way to communicate. The brand eliminated various stages in mailing, writing, enveloping, posting, etc. And last but not the least, it was free!

Krack created a foot cream market by focusing on a problem that was till then ignored, and by offering a benefit.

There are several rational reasons why a product is bought. And several elements go to make the brand offer. Can a difference be made in any of those?

Price	—Can the price be lower? Or higher?
Product Delivery	—Can the product be delivered through a different route?(Amazon for books)
Service	—Can the product offer a higher level of service? A longer warranty?
Distribution	—Can the product be distributed through a different set of retailers?
Packaging	—Can the pack be small? Big? Reusable? Disposable? (Velvette and Chik shampoos)
Maintenance	-Can the maintenance and running cost be kept low?

In a brand dominated world, rational reasons are often ignored. Most managers start with the assumption that all products are the same. All ingredients are the same, all technologies are the same. While at a macro level these are correct, it is always possible to zig when everyone else is zagging. The danger to watch out for is that in the search for a rational reason we may end up offering an irrelevant reason.

However, it is possible to look hard and find a relevant albeit small reason for a new brand offering. If we look for a minute at the sugar example, what could be the rational reasons?

- A finely powdered sugar, that will dissolve faster
- A micro-purified sugar, that will contain less than 0.1% impurities



Is Point of Difference Enough?

Prof. Kevin Lane Keller wants all brand marketers to ask three key questions:

Have we established a frame?

Are we leveraging our point of parity?

Are the points of difference compelling?

All brands operate in a competitive sphere, so the brand has to first determine its competitive frame of reference. Next, it is necessary to determine what the points of parity are, and the brand has to then offer them in adequate measure. Lastly, the brand has to have a point of difference that is relevant and desired by the target consumer.

Source: Kevin Lane Keller, Brian Sternthal, and Alice Tybout, "Three Questions you need to Ask about Your Brand" Harvard Business Review, September 2002, pp 80–86

The most outstanding success in the automobile industry in India, Indica, was founded on clear rational reasons. The vision of the company when it set out on the ambitious project: to make a car, that is as good looking as the Zen, as spacious as the Ambassador, and at the price of a Maruti 800. The brand was grounded in rational reasons, and each of its design advantages translated into a desired consumer benefit. The interior of the car translated to spaciousness. The 1400 cc engine of the car translated to more power.

The success of TVS Victor too was on a similar rational appeal of great pricing, excellent mileage, and a new device to increase the mileage offered by the bike.

So while looking for a difference one needs to dig hard and find the rational difference. The oldest example is about a beer brand promoting itself as "Our bottles are washed in steam." All beer bottles were washed in steam, but one company decided to make that their rational story and the rest is history.

4.2.2 Emotional Reasons

Consumers buy for both rational and emotional reasons. So what are the emotional reasons for buying the brand?

There are nine universal emotions. Happiness, Anger, Disgust, Fear, Sorrow, Courage, Compassion, Wonder and Serenity. How will the brand connect with the consumers.

Krack offered relief from cracked feet. But the emotion it touched was of embarrassment. Fair & Lovely offered fairer skin, but the emotion it touched was of romance and marriage. In the year 2001, the brand started addressing the emotional need for success and recognition. And by the feedback from the market, the brand seems to have scored a bull's eye.

Whirlpool offers a great range of white goods, washing machines, refrigerators, microwaves. The brand stands for homemaking and offers the emotional benefit of being seen as the "World's best home maker."



Brand Building at Work

Kaun Banega Crorepati?—Star TV

How to create a brand in the fickle TV programme market? How to use the brand to become a market leader, from a poor No. 3 position within three months? How to take an international concept and Indianise it to ensure it appeals to every Indian?

If someone had said India will stop working and start watching a quiz show four days a week, 9 p.m. to 10 p.m., no one would have believed this, even five years ago.

But that was what Star TV achieved when they took the successful international game show "Who wants to be a millionaire?", brought in the universally recognized Indian filmstar Amitabh Bachhan as the host, upped the prize money to a crore (unheard of in Indian television industry), and spent almost ten crores on building the hype before the programme went on air!

The first episode of KBC (as is got called) was aired on July 3, 1999, and Indian television landscape changed forever. One programme, branded, planned, produced, and marketed to near perfection made Star TV the no. 1 Hindi channel.

Questions: Do branding concepts work well in entertainment products and services? How does a television channel create a branding orientation in a production oriented enterprise?

Source: The Business Standard Strategist Annual (recollected 2000–01) pp 8–15

The challenge is to relate the rational reason with the emotional reason. These will have to be strongly related, lest the reason be just an empty promise. While looking for an emotional reason, it is now also important to be sure that the reason is not trivial.

Onida created history in the 90s by offering a very sleek looking colour TV. It was the first brand to have the speakers below the picture tube, and was therefore better looking, compared to the boxy looking colour TVs from other brands. The brand in its communication addressed the 'envy' appeal of the good looking TV, creating an iconic brand.

VIP Frenchie launched a smaller version of the traditional underwear for men. The emotional reason for appeal was of romance and masculinity.

Raymond, India's most respected fabric brand, has always attempted to make a connection with its consumers that is beyond the fabric—in the 80s the brand stood for "Well Dressed Male" and in the 90s "The Complete Man".

How can emotional reasons be uncovered? A comprehensive analysis of consumer behaviour is the starting point. But a powerful tool is 'Benefit Laddering'.



Brand Mantras

Prof. Kevin Lane Keller believes that it is important for organisations to "position the brand internally", i.e. how is brand positioning explained and communicated internally. Brand mantras are short three to five word phrases that capture the inrefutable essence or spirit of the brand positioning. Nike is 'authentic athletic performance'. Disney is 'fun family entertainment'. Prof. Keller explains how good brand mantras combine brand functions with descriptive and emotional modifiers. Proceduraly brand mantras are developed at the same time as brand positioning. They will then be judged on their ability to communicate, simplify, and inspire employees.

Source: Kevin Lane Keller, "Brand Mantras: Rationale, Criteria and Examples", Journal of Marketing Management, 1994, 15, pp 43–51

4.2.2.1 Benefit Laddering

The tool just gets a marketer to think beyond just the product and its rational reasons to develop a 'why' set of questions. The answers to these questions could lead the discovery in very different directions.

The health beverage contains 23 vital ingredients. But why should a housewife buy it? For her children? Why? So that they stay healthy? Why? So they do well in school? Why? To succeed in life? Why? To make her feel proud?

The set of questions could lead us into many different directions. Some of them may be patently absurd as we will see. But some may have an answer to our quest for the emotional reasons.

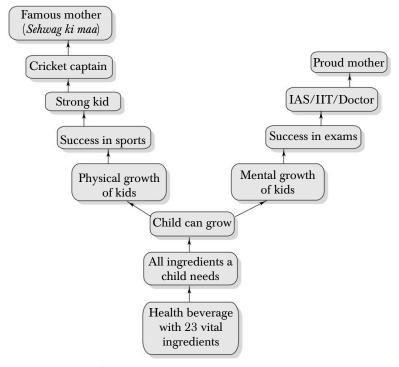


Fig. 4.2: Benefit Laddering

Benefit laddering needs to be done using several different scenarios and with consumers to discover the hidden emotion that the brand can touch.

4.3 BRAND POSITIONING

The term positioning entered public lexicon with the seminal article published by Al Ries and Jack Trout in *Advertising Age*, America's largest advertising magazine in the late 70s. They define 'positioning' as the 'mental position occupied by the brand in the minds of the consumers'.

When should the brand positioning be looked at? After conceiving and developing the product? Before the advertising campaign is developed?

There is no pre-designed time to look at brand positioning. Ideally, if brand positioning is considered before the brand name, before the advertising campaign is conceived, the positioning thought can be carried right through.

For instance, would it have been better to have decided on the brand positioning of 'great fuel efficiency' before embarking on the Hero Honda Campaign that led to the famous line "Fill it. Shut it. Forget it"?

Similarly, the brand Krack was possibly named after the positioning of "cracked feet" was honed in on.

How is positioning different from the rational and emotional reasons we considered earlier? In a strict sense, positioning is an encapsulation of the reasons behind the brand.

Al Ries and Jack Trout speak of 7 UP which took on the 'uncola' position. This uncola position had a rational reason of a sparkling clear drink that is different looking from the colas. The other famous example is that of Avis Rent-a-Car that positioned itself as 'We are No. 2. We try harder'. The brand took on the emotional mantle of the underdog. And everyone loves the underdog, Just ask David.

The Indian soft drink brand Thums Up was positioned as the 'Refreshing Cola' when it was created in the late 70s. The tag 'refreshing' stayed on with the brand for decades.

Lux is positioned, internationally as the 'beauty secret of the film stars.' Since the late 90s, the brand has been trying to bolster its beauty secret promise with added signature like milk, honey, almond oil, etc.

Dalda, for decades, stood for "mother's love", when it weaned consumers away from *pure ghee* to the relatively new concept of *vanaspati*. The brand became the generic name for *vanaspati*, leading to a whole set of issues, which the brand is trying to address in the 2000s.

4.3.1 **G**AP **A**NALYSIS

How to identify a brand position? Gap Analysis is a very useful tool. Used with hard consumer data from market research, it becomes very powerful.

Gap analysis calls for plotting the various brands in the market on a grid to identify and locate where brands are positioned in the consumer minds. The grids could be one or many, depending on the variables considered. The next stage is to look at what consumers define as desirable benefits in the product. If we were to look at the toothpaste category, we could consider benefits like whitens teeth, freshens breath, prevents tooth decay, strengthens gums, taste, price, etc. Various brands could be plotted on a graph to capture the mindspace they occupy.

Looking at the hypothetical gap analysis, there is a possibility to position a brand high on taste and high on medicinal values. If we were to plot other such grids, between dimensions like price and medicinal/cosmetic benefits, we may be able to identify gaps.

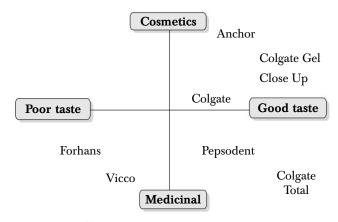


Fig. 4.3: Gap Analysis

The brand Colgate Total became a global success because it offered a "24-hour protection" from dental problems. A unique position that was till then unaddressed by any other brand. This promise was backed by a unique ingredient (Triclosan) that actually worked to control dental problems.

If one were to look at the market carefully it may be possible to:

- identify gaps within the existing structure of the market
- create a new definition of an existing dimension

Sundrop, refined cooking oil, entered the market years after Saffola had occupied the healthy oil platform. But Sundrop was able to redefine healthy oil as 'healthy oil for healthy people' thereby leaving Saffola to be seen as a 'healthy oil for the unhealthy'! Sundrop rode on the position to become the largest brand in the cooking oil category in the 90s.

4.3.2 POINT OF PARITY AND POINT OF DIFFERENCE

Kevin Lane Keller in the book *Strategic Brand Management*, has presented a concept for developing brand propositions. The brand has to have certain points of parity (POP) as compared

to the product group it is in. So if it is toothpaste, the brand has to foam, clean, taste reasonably well, etc.

But the critical task is to identify a point of difference (POD). How is the brand going to be different from other brands in the category?

Table 4.1: POP-POD

Category	Brand	POP	POD
Toothpaste	Anchor	White Taste Foam	Vegetarian Price
Cars	Tata Indigo	Looks Power	Interior space Ride comfortably
Scooters	Honda Activa	Power Price	Style

It is often necessary to trade off to get to the difference. The marketer may have to sacrifice several claims in order to drive home the point of difference.

4.3.3 Positioning Typologies

The various analysis methods should help to arrive at a brand positioning option. It is however important to remember that the position chosen should be 'Relevant-Unique-Believable', RUB.

The positioning should be relevant to the consumer, should be unique to the brand, and should be believable.

Let us look at a few typologies:

Ingredient Based: several Indian brands, especially with typically Indian ingredients have used this positioning. Dabur Amla Hair Oil. Vicco Vajradanti.

Benefit Based: what is the end benefit the brand is serving? Vicks Vaporub is for relief from colds. Moov is for back pain.

Usage Based: what are the usage occasions the brand is propagating? Cadbury's Dairy Milk wants to stand for everyday celebration.

Feature Based: is there one feature that the brand can stand for, to stand apart from the competition? Captain Cook Salt, in the 90s, created a great positioning option by standing for 'free flow'.

User Based: can the brand stand for a particular type of user? Cigarette brands have used this typology all over the world. Marlboro stands for macho cowboys and wild west. Wills Filter in India stands for 'made for each other' couples. Four Square for years stood for outdoor adventure and 'living life king size'.

Price Based: a brand can take on a price warrior position to stand apart. While Nirma propagated 'whiteness like milk' (*doodh jaise safedi*), it stood for price in the consumers mind. This has led the brand to be seen as a low-priced, discount brand.

Value Based: a brand can add value to a great offering to stand apart. Indica stands for great value with an offer of 'more car per car'.

Tradition: several Indian Brands have used tradition to stay in the consumers minds. Dabur Chyavanprash used grandfather to grandson imagery for years. Woodwards Gripe water used four generations to bring alive the tradition position.

Competitive: a brand can position itself vis-à-vis the leading brand. Avis did that against Hertz, the No. 1 car rental agency by going 'We're No. 2. We try harder'.

Technology: today technology has become ubiquitous. Brands in all kinds of product categories, from computers to cosmetics, claim technology. Intel has ridden the technology positioning wave with its 'Intel Inside' and later with their Pentium branding.

Design: aesthetics is the next new trend. Brands can stand apart purely on design. Absolut stood apart from other Vodka

brands with its unique looking bottle. Apple iMac stood apart from grey computers with its candy coloured desk top machines. Volkswagen Beetle came back as design classic to 'wow' reviews from auto enthusiasts.

Country: a brand can use its country of origin to carve a unique position in consumers' mind. Smirnoff vodka did that with Russia. Bacardi is positioned as a Carribean White Rum, the Carribean free spirit, to become the biggest liquor brand in the world. Within India there are brands that evoke a south Indian feel (Chandrika soap), a north Indian feel (Dabur)—while these are unstated, the brand names per se conjure up the images in the consumers' minds.

The above positioning typologies are by no means water tight categories and are presented only as a starting point when one is ideating to develop a positioning platform for a brand.

While product brands can have several positioning typologies, corporate brands are by and large falling into three broad positioning options. Based on the seminal book by C. K. Prahalad and Gary Hamel¹, the corporations could be classified into three groups. Those that are innovation driven (Sony). Those which are value driven (Hyundai). And those that are customer driven (IBM). It is therefore possible to develop these three as brand typologies for positioning corporate and service brands. Jet Airways is service driven. Sahara Airlines seems to be focussed on value. Internationally British Airways is service driven while the US major South West positioned itself on value. These positionings do not mean that the brand can falter in its service or be non-innovative. But if the positioning is sharp and focussed the organisation should be able to decide where to spend its maximum time, effort, and energy.

4.3.4 Testing and Validating

Brand positioning options developed through brainstorming and the need of consumer research to be tested and validated with consumers once again. Testing and validation has to answer the 2Ds question:

• Desirability

- Is the positioning offer desired by the consumers?
- Does it answer an unmet need?
- Does it create a need?

• Deliverability

- Is the product offer capable of delivering the positioning?
- Is it significant delivery, from consumers' perspective?

It is said that all Proctor & Gamble brands have to score 51% preference (in a blind test) over their nearest competitor in order to be cleared for launch. Not all companies may be able to deliver the superior product performance across all attributes, but in the positioning option looked at, does the brand deliver?

Earlier we looked at another way of measuring the rational—emotional benefits offered by the brand, the RUB test (Relevance, Uniqueness, and Believability). The 2Ds test is similar and calls for a validation from the consumer.

There are many ways of testing the positioning options. The simplest is through a concept test, where consumers are exposed to a concept.

"This new brand of sugar contains 90% less impurities than the sugar you buy from the grocer."

"This new brand of sugar is micro granulated so that it dissolves in half the time that normal sugar takes."

These concepts are tested with consumers for their desirability and believability.

The next step is to do a Product-Concept Test. There the product in its blind form (without brand name) is given for usage by consumers and they are then asked to rate the product vis-à-vis their normal product on desirability and deliverability.

In order to be cleared for launch, the new product has to deliver above normal scores on these critical dimensions. No consumer research is foolproof but a well designed research methodology will significantly reduce the chance of failure.

The right time to do the research is at the early stage of the product development funnel, rather than after the packaging, brand name, and advertising have been finalised. Those marketing decisions may call for further research, but the early stage research can save a lot of time, effort, and energy at the later stages of brand development.

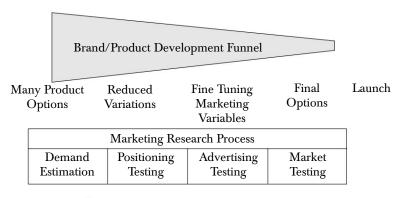


Fig. 4.4: Testing and Validating

A consumer research template needs to be put in place to work through the product/brand development forms, to arrive at the trial offer. Consumer research can play a useful role at every stage.

4.3.5 Past-Present-Future

Brand positioning is an evolving phenomenon in a developing market like India. Numerous brands have achieved success riding the price platform. The big question therefore is, how tenable is the position over the long haul. The positioning option has to live through the vagaries of the market dynamics and competitive pressures. Parry's Lacto King lost out to Perfetti's Alpenliebe due to intensive competitive pressure. Consumer trends can become a major hindrance to brand development. If India is going to be a readymade market, where will that leave Raymonds in the year 2020? Already several suiting-garment brands of the yesteryears—Mafatlal, Elpar, Binny's, Caliber, Dinesh—have virtually disappeared. Raymond has survived due to focus on brand image and product quality coupled with a strong retail strategy. But how will the brand withstand the consumer movement? Will it become a niche premium brand?

Positioning is today global. Levis, MTV, Nivea, have global positions. How relevant are those global positions in India? Do they need to be adapted to suit Indian conditions?

Positioning strategy may get a knock from a change in government policy. This is especially true in the case of products where government levies, like excise duty and import duty, can change. A brand that was seen as value for money may become just an average priced brand with change in excise duty rules.

Positioning has to withstand technology trends. An easy to use computer can become difficult to use with change in technology. A quick cooling air conditioner may get upstaged by a superior technology rotary compressor.

Finally, a position for a brand needs to be saleable. The positioning needs to hold promise to a large enough number of consumers

In addition, it should be a promise that can be leveraged, may be years later, on to related category. Fair & Lovely is today a fairness solution that offers a wide variety of product variants, the cream to the lotion to the soap, the positioning is the same but the products are many. By no means can all brands look ten years into the future, but it would be worthwhile to keep that at the back of the mind while honing in on a positioning option.

4.4 BRAND PERSONALITY AND BRAND IMAGE

When is the right moment to define the brand personality and brand image—before the brand is named, or after?

Elements of the brand personality and brand image will get defined, explained, and articulated in the third stage of the Brand Building Pentagon. But in the brand definition stage it is useful to look at these concepts and keep them on the agenda, if not finalise all the elements.

4.4.1 **Brand Personality**

Brand Personality is the articulation of the personality traits possessed by the brand. As human beings, each of us have personality traits. And we have developed a long list of words to describe personalities. Some of these include shy, outgoing, gregarious, charming, threatening, patriotic, egalitarian, etc. What then is Brand Personality?

Brand personality is seeing the brand as a person and defining the traits the brand has. A brand could be seen as young or mature. A brand could be male or a female, a college girl or a housewife. A brand could be Indian or it could be global. It could be conservative or it could be liberal. A brand could be outgoing or it could be home bound.

While developing a brand definition, it may be useful to define the brand personality desired. This in turn could lead to a suitable branding decision.

For example, when Parle wanted to enter the mineral water category, they wanted the brand to have an international personality in order to be in a position to face global majors. Thus the Bisleri brand was created. In contrast, Manikchand in 2003, opted for a technical personality with the brand Oxyrich. History will determine which personality will live on.

An example from the garment industry is Peter England. A brand created as a no-nonsense value-for-money personality.

Brand personality often develops with time, around the brand. Thums Up today has the personality of a rugged Indian. This was not the original personality of the brand. Similarly, Horlicks started out as a medical serious doctor and has today transformed to become a caring mother personality.

While a marketer assiduously builds his own brand's personality, the entry of a new brand can dramatically impact the older brands personality, as when Pepsi entered the Indian market as 'the drink of the new generation', repositioning Thums Up.

Brand personality issues will have to be addressed right through the brand development, launch, and growth stages.

4.4.2 **Brand Image**

Brand Image Ratings are measurements of how a brand performs across various parameters. Brand image consists of benefits, usage imagery, user imagery, and experiential areas.

Brand image has to measure the brand's scores on specific benefits. If it is a soap, then how good is its perfume, its foam/lather, its pricing, etc.

In addition, brand image also needs to measure what kind of people use the brand—rich, poor, sophisticated, luxurious, thrifty, families, men, women, children, etc.

Brand image also needs to measure usage occasions for some product categories that have many different usage occasion. Health beverages could be consumed by the sick or healthy, young or old, men or women, etc. So, what usage imagery does the brand stand for?

While conceiving a new brand, it would be worthwhile to consider the future brand image desired. Obviously, what the

image is, is to be determined by the consumer, but how can a marketer plan this at the early stages?

The new brand of sugar may want to stand for a smart housewife, with the image dimension of young, smart, savvy, etc. Those will have to be kept in mind while developing the brand package.

4.4.3 **Measurement Tools**

There are several proprietary tools for measuring brand images and brand personalities.

Foote Cone & Belding, one of the largest marketing communication advertising groups in the world, have developed two interesting tools for getting consumers to articulate brand image and brand personality attributes. These tools use visual stimuli to get a rich and varied response from consumers.

Visual Image Profiling (VIP) bases a set of 30 plus pictures of various people to get consumers to pick the pictures that best fit a brand. FCB-Ulka, the Indian arm of Foote Cone & Belding have Indianised these pictures to help Indian consumers better articulate the brand personality. The kind of pictures used include those of a priest, young career woman, housewife, student, army major, shopkeeper, fashion model, doctor, engineer, nurse, teacher, etc.

Image Configuration (ICON) is another visual measurement tool that uses a set of 20 pictures each representing set of emotions. Consumers are asked to select a set of pictures that the brand evokes. These pictures are calibrated to certain specific emotions, leading to a diagnostic of what the brand stands for in emotional terms.

VIP and ICON are just two brand images measurement tools in FCB's armoury. The key issue is not just about tools but about what purpose they are put to.

At the brand definition stage, the organisation is still groping for a concept that can win. At this stage these tools may appear to be a bit wasteful. But if these tools are used to better define the competing brands, the new brand will have a better chance of differentiating itself against the competition. And these minor differences could become a big advantage in the later stages.

4.5 BRAND MAPPING

Having developed a rational/emotional reason for the brand, a brand position, and even a brand personality/image profile, it is necessary to capture these variables on a template that is easy to understand and interpret. Even if the new brand cannot be presented, it may be useful to examine the other large brands under these templates.

Prof. David Aaker, Prof. J. N. Kapferer, and Prof. Kevin Lane Keller have developed brand mapping templates that can help define brands better. All of them have widespread usage and acceptance.

4.5.1 David Aaker's Branding Model

One of the foremost authorities on branding is undoubtedly Prof. David Aaker, Professor Emeritus of Marketing at Haas School of Business, University of California, Berkeley. In his book *Building Strong Brands*², he has vividly brought out the concept of branding.

Prof. Aaker suggests that we look at a brand as having three fundamental components

- Extended Identity
- Core Identity
- Essence

The extended identity of a brand would consist of describing the brand as product (quality, value, usage etc.); brand as

organisation (culture, values, etc); brand as person (personality, relationship); and brand as symbol (visual image, heritage).

The core identity of a brand is what the brand offers in terms of quality, relationship and price-value.

At the centre of it all is the essence of the brand: what is the one thing the brand stands for.

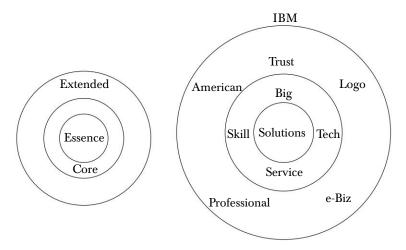


Fig. 4.5: David Aaker's Branding Model

What is the essence of an Indian brand like Nirma? 'Value', 'Economy'? What is its core identity? 'Washing Powder', 'Good soap', 'VFM'? What are its extended identity? 'Little Girl', 'Jingle'?

While it may be too early to think of a branding model when one is just about creating a brand, it is prudent to visualise where the brand will be five years hence, and plan the model accordingly.

Tata Indica did not want to be categorised as an 'Indian car' for 'Indian families' at 'Indian prices'. So the brand communication did not play up the 'be Indian buy Indian' angle.

The brand was positioned on the value platform as 'More car per car'.

4.4.4 J. N. Kapferer's Prism

Prof. Jean Noel Kapferer, a European authority on branding, has provided marketers with an interesting branding model that looks at consumer brand intersection in a comprehensive manner. In his book *Strategic Brand Management*³, he has presented a prism with six components:

- 1. Personality (what kind of a personality does the brand stand for?)
- 2. Culture (what values and beliefs come with the brand?)
- 3. Self Image (what does a users feel about themselves when they use the brand?)
 - The above three components are referred to as' Intern-alisation' components;
- 4. Physique (physical attributes of the brand)
- 5. Relationship (the brand-consumer relationship)
- 6. Reflection (projected image of the user)

The above three are referred to as 'Externalisation' factors.

Together these six facets of the prism help a marketer define a brand in its entirety, starting with the physical attributes of the brand, to its relationship with its users, etc.

Prof. Kapferer, in his book, has looked at a number of European brands in addition to the famous American and Japanese brands. Indian readers would find the comparisons interesting since Europe presents several distinct patterns of market behaviour, with differences across countries. India too may have to be seen as two or three distinct regions and that analysis can reveal several interesting points of view.

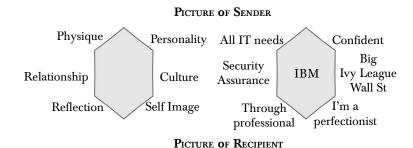


Fig. 4.6: J. N. Kapferer's Prism

Prof. Kapferer has also looked at the dimensions in two different views, 'Picture of Sender' and 'Picture of Recipient'.

What would Nirma's brand prism look like? No-nonsense (Personality); Indian (Culture); VFM (Self Image); Frugal (Reflection); Price based (Relationship); Quality powder and soap (Physique).

While doing a brand definition exercise for a new brand, Kapferer's brand prism may be a difficult proposition. But while working on an ongoing brand, putting down the six dimensions of the brand prism could lead to a few new dimensions and ideas.

4.4.5 KEVIN LANE KELLER'S BRAND PYRAMID

Prof. Kevin Lane Keller of Amos Tuck School of Business, Dartmouth College, has presented a comprehensive branding model in his seminal work *Strategic Brand Management*⁴. The brand starts by creating salience in the consumer's minds by creating awareness; the brand then creates its point of difference while not avoiding the points of parity of the product category.

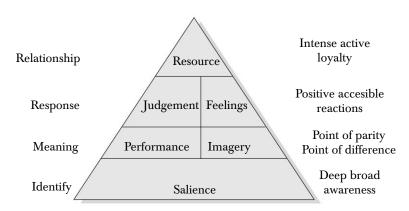


Fig. 4.7: Kevin Lane Keller's Brand Pyramid

Indian consumers are extremely value based in their purchase decision making. So it is possible for a brand to achieve salience and acceptance. But to be able to charge a premium, the brand will have to be seen as 'valuable' not just 'good value'. At that stage, the brand becomes a resource and starts having a relationship with its consumers.

4.4.6 Brand Mapping Methodologies

Many large multinational corporations have developed their own brand mapping models. For instance, Unilever Group has the Brand Key—a one page model that succinctly puts down all the dimensions of a brand. Similarly, large advertising agency groups have their own models. Foote Cone & Belding has a Brand Worth model that looks at brands as Function, Character, and Bond.

One moot question that may arise is, when should time be spent on brand mapping? When developing the brand definition? Or after brand articulation? Or after the brand is launched and has gained acceptance?

Obviously, the early stages of a brand's life time will have to be spent on how to configure the brand, how to name it, how

to price it, etc. and not on something apparently esoteric like a brand model. But if this step is totally ignored, the brand that has been created may have issues to face in its later life.

The prudent move would therefore be to consider this stage, in not great detail, but enough to avoid any long term pitfall. Just imagine: if Amul Ice Cream was not positioned as 'Real Milk. Real Ice Cream' would it have been able to take on the threat from Unilever's Kwality Walls? Or would it have had a greater value appeal with its attractive pricing? Amul's great pricing strategy is today an added bonus to its 'real milk' position.

Brand mapping is also not a one time exercise. The brand definition may undergo a huge change with the entry of new competition (Maruti lost its new appeal when Indica, Santro, and Matiz came in quick succession in 1998). Consumer trend can unseat a brand from its citadel. So can the rapid globalisation wave. Corporate image can have an impact on the way the brand is perceived and vice versa. Government policies could spell major changes in pricing and legal guidelines. The legislation in the year 2001 has now got all vegetarian brands to carry a green dot and all non-vegetarian brands to carry a red dot. How will this impact the brand map? What will happen if the same rules are extended to toothpastes and soaps? Will Anchor toothpaste get a huge fillip?

While undertaking brand mapping exercise for ongoing brands it is useful to revisit the map and see if the parameters have changed. With the use of consumer research each large brand should redraw its circles, prisms or pyramids every year. The new circles may have a new opportunity, a new lesson or a new threat for the successful brand.

4.5 BRAND DEFINITION—SUMMARY

The brand definition stage of the Brand Building Pentagon seeks to answer the question: what does the brand stand for?

At the first stage of brand appraisal an evaluation would have been made of the branding opportunity. Is there a scope for a new brand? Can a branded sugar become a success? Can Santoor become a shampoo? Can a tea shop concept go upscale?



Brand Expression Matters

"Brand Expression—or how a brand expresses itself from its name, logo, corporate ID, packaging design and copy, web design, and all the annoying rules that fill its style guide, is the most tangible manifestation of its essence; it offers intimations before purchase of the brand's soul; validation and reminder of its promise after trial", say Julie Cucchi and Nin Glaister. Pointing out that 'today's improvement is tomorrow's price of entry', they emphatically argue that brand expression is a key weapon that protects a brand and help it preserve its uniqueness in an ever changing world.

Source: Julie Cucchi and Nin Glaister "Brand Expression Matters" Ad Age, September 30, 2002

Brand definition is about putting down what the facets of the new brand should be. What should the brand reasons be: rational, emotional? What should be the brand positioning? What space should the brand occupy in consumers' minds? What should be the brand image? And how will the new brand be mapped?

The brand definition exercise is not just an academic one. There is a necessity to conduct consumer research to understand the reasons behind the usage of a product or service. Again, consumer research will help in delineating the positioning slots that are filled and those that are vacant. Similarly, brand image

and brand personality dimensions need to be articulated through consumer research.

While brand definition is in progress, one needs to keep going back to the Brand Execution parameters. Will it be possible to offer the product with the desired features, at the price that the market can bear.

For example, a tea shop selling specialised teas at Rs. 50/- and beyond will have limited appeal. A health sugar with 99.9% purity can only sell at a marginal premium, expecting a 25% premium will restrict the brand appeal.

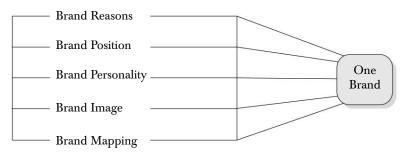


Fig. 4.8: Brand Definition

Brand definition may call for articulation of the brand's raison d'etre in many different ways but ultimately it is one brand. All the many methods should be used to arrive at one clear definition. If these tools lead to confusion, it is better to abandon them rather than attempt to resolve them.

Many entrepreneurs instinctively arrive at a viable long term brand definition. The tools help a professional go through the steps in a systematic manner before getting down to the consumers.





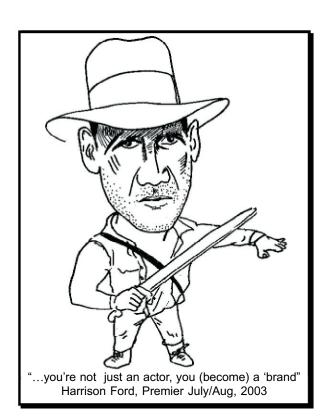
Hamel, Gary, and C. K. Prahalad, *Competing for the Future*, Harvard Business Press, 1994.

² Aaker, David A., *Building Strong Books*, The Free Press, 1996.

³ Kapferer, Jean Noel, Strategic Brand Management, The Free Press, 1998.

⁴ Keller, Kevin Lane, Strategic Brand Management, Prentice-Hall, 1997.

The McGraw·Hill Companies



The McGraw·Hill Companies

BRAND ARTICULATION 5

STEP THREE OF BRAND BUILDING PENTAGON

5.1 BRAND ARTICULATION

The first stage of the Brand Building Pentagon, Brand Appraisal, was about exploring the opportunity for a new or existing brand. The second stage of the Brand Building Pentagon, Brand Definition, was about arriving at the branding idea, position, image, and benefits.

Once the decision is clear that there exists an opportunity, the next stage is to set up Brand Articulation. For instance, an organisation has discovered an opportunity for a branded coffee shop. The next question, obviously, would be what should be the name, the identity, the communication.

The brand articulation stage explores the various facts by which a brand presents itself to its consumers. A key question could be, do these stages have to pere follow each other in a logical succession. Obviously not. However a map helps in crossing the river at the right spot.

Inadequate attention paid to this stage may cause the failure of a perfectly viable product offering. Shringar Cosmetics Company launched a nail enamel with a brand name 'Tips & Toes'.

The brand was a roaring success with women, and the brand was seen for both fingers and toes. The company followed that up with a brand of lipsticks with the name 'Kiss & Tell'. They used the two word and amberstand (&) form for their new brand. Logical? Yes. Success? No. They failed to address a key problem that faces Indian brands in a typical Indian general merchant shop. The shopkeeper. Women have to ask the shopkeeper, generally a male, for the brand she wants. Can you imagine a 18 year old girl asking a 35 year old man for 'Kiss & Tell'? He may ask 'where'? The brand ignored the importance of brand name in the Indian context. A double brand name would have been fine to provide a link to the successful 'Tips & Toes'. But should this have been something more product centric like 'Colour & Shine' or 'Lips & Shine'?

Many brands have succeeded by careful brand articulation plans. And sometimes the product concept is so strong that it overcomes even a modest brand articulation effort.

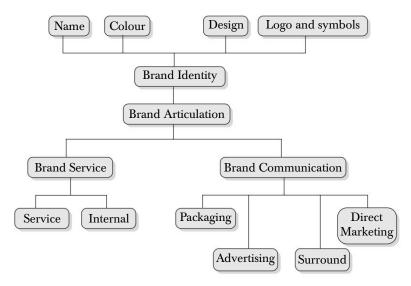


Fig. 5.1: Brand Articulation

In order to understand how to go about brand articulation, it is good to break up this stage into three steps:

- Brand Identity
- Brand Communication
- Brand Service

Brand articulation is all about how the brand presents itself to the consumer, how it articulates its offer, how it connects. The brand articulation stage has in turn been split into three steps with a caution. The three steps are not necessarily in sequence and should be seen as a continuum. The brand identity stage explains the importance of brand name, brand colours, brand design and logo/symbols. The brand communication stage explores the various facets of what is today called IMC or Integrated Marketing Communication. Brand communication will have to cover the advertising, direct marketing, and all other aspects of communication including PR, Promotion, Eve-nts, Interactive (Digital), etc. But brand communication usually starts with packaging and package design graphics. The third stage of brand articulation is broadly defined as brand service. This is the human aspect of branding that is often ignored. Service brands will have to address this in great detail, but even durable brands and FMCG brands can gain a difference by addressing brand service.

Should these be done in sequence or done together? For instance, the successful mango drink Frooti may have failed without the tetrapak innovation. So, was the packaging idea a part of the brand definition or brand articulation? And shouldn't that packaging idea be integral to brand identity and not just a brand communication? Frooti is an exception that proves the rule. No element of the brand mix is too small to ignore. From a small brand communication difference, a brand can become a power brand.

5.2 BRAND IDENTITY

What is the brand identity for the new product for new service? What should be the name, the colour, the logo type?

When Karsanbhai Patel wanted to take his home grown washing powder to the larger public, he named it after his daughter Nirma and depicted a little girl on the polythene cover.



Colours and their Meanings

Red stands for Power, Green for Environment, Blue for Trust. Colour Consultants make a living in modern day corporate life advising companies on what colours to use and not use. Margaret Walsh, director of Colour Association of America has the following categorisation:

Colour	Symbolises	Used by
Pink	Femininity, Calm	Mary Kay, Barbie
Red	Power, Activity, Rescue	Coca Cola, Red Cross
Orange	Movement, Construction,	Home Depot
	Energy	_
Yellow	Light, Future, Philosophy	Kodak
Green	Money, Growth, Environment	British Petroleum, Star
		Bucks
Blue	Trust, Authority, Security	Microsoft, American
		Express
Purple	Royalty, Spirituality, New Age	Sun, Yahoo!

Is it worthwhile to examine if these colour principles apply equally strongly across all the countries? Does Orange cue saffron and look Hindu to Indians while green cue Islam?

Source: 'The Colour of Cool' Business 2.0, November 2002 pp 49-52

When Naresh Goyal launched his private sector airline, he took the easy route and called it simply Jet Airways. He followed that with a distinct blue and yellow tail identity, the airhostesses dressed in western clothes in blue and yellow, Jet Airways stood out from the orange Indian Airlines. The fact that its name was shorter than its competitor by four letters probably helped.

When Subhas Chandra launched his Hindi entertainment channel, he chose a unique brand name 'Zee', possibly standing for the 'last word in entertainment'. The channel graphics almost showed Zee as an oasis in an arid desert, symbolising the new format of entertainment in an arid zone hitherto dominated by the Government monopoly channel Doordarshan.



Is there Advertising Elasticity?

How sensitive is my sales curve to advertising inputs? How much advertising elasticity does my brand have? These questions have often dogged marketing managers and their financial colleagues.

Prof. John Philip Jones has drawn some useful insights from a 1984 report by three American analysts who had worked out the advertising elasticity of 128 different campaigns.

The average published figure is +0.22 (rounded off to +0.2), which means that 1% increase in advertising produces a 0.2% increase in sales. This would mean that at a brand restage an increase in advertising expense of 20% will result in a sales boost of 4%.

Prof. Jones pointed out that the +0.2% elasticity is significantly higher than numbers reported by other studies; in fact numbers as low as +0.06% had been reported.

Source: John Philip Jones, "A Show of Brands" Economic Times Brand Equity, July 24, 2002

Those were just three examples of Indian brands that used brand identity to stand apart. They all used a combination of name, logo/graphics, colour, etc.

Brand identity has to be memorable, meaningful, and likeable to start with. The name should be able to get into the collective psyche of the consumer. As importantly, brand identity should be transferable, adaptable, and protectable. Nirma could take its brand name on to other cleaning products. Zee could extend its name to music, movies, and they even tried a hand at education. But when it was launched was Zee or Nirma a very likeable brand name? It was a combination of the product offer, pricing, communication, and the state of the market at that time that built the brand's memorability and likeability.

While it is true that a rose by any other name will smell as sweet, a good name, a good identity, and a good design help.

The brand identity section will look at various ways in which a brand had to present itself to consumers to come across as a one single unified identity.

5.2.1 **Brand Name**

India is a country of over 14 languages and over 250 dialects. So, the first rule for any brand looking at a pan-Indian market is that the brand name should be acceptable across all parts of India. The key word is acceptable.

It is highly unlikely that a name will have the same meaning across the country.

But at least the name should not have any wrong meaning. International text books talk of a car company that wanted to launch a brand called Nova in Latin America, only to discover that Nova means 'won't go' in Spanish. In the 70s, Savlon Antiseptic Cream was called a 'soothepaste'; unfortunately in Tamil 'sooth' meant 'buttocks'. The campaign had to be rapidly withdrawn.

A brand name has to be easily recogniseable. Rin. Lux. Santoor. In the last three decades, Indian marketers have added symbols and graphics to aid recognition.



Brand Building at Work

Bagpi per—Playing a New Tune

Herbertsons, a company largely in the business of consumer products distribution, was taken over by United Breweries (UB) Group in 1973. In 1976, Herbertsons launched Bagpiper, using many of the principles of the consumer product marketing in the liquor market which had unique constraints on advertising.

The company's plan was to enter the large regular whiskey segment with a brand that had a blend of Indian whiskey and Scotch. The brand name was chosen to cue Scotland—and what better symbol of Scotland than the ubiquitous bagpiper. The brand name was unique, distinctive, and did not lend itself to 'me-too' copies (say, a name like 'First Class'). Further, the brand had a strong visual cue, of a bagpiper.

Herbertsons built the brand using surrogate advertising promoting Club Soda and used famous Hindi film stars to promote the soda.

Bagpiper went on to become the largest selling whiskey brand in the country within a few years of its launch. The brand's association with movie stars continued for a long time and the brand has been extended into premium segment with the Bagpiper Gold brand.

Question: How important is a brand name in a category that does not have mass media advertising support? How can this be addressed before setting out on the launch?

Source: Advertising & Marketing, March 1994

A brand name has to be easily pronounceable. A long complicated name gets abbreviated in the market. Unilever's Fair & Lovely Fairness Cream is popularly called 'Lovely' in the north. Wipro's Milk & Roses got abbreviated to 'Milk Rose'. Interestingly one of the outstanding successes in the confectionery market in the 90s has been the Perfetti brand Alpenliebe. A completely unpronounceable name. Did the brand succeed because it sounds very foreign or did it succeed inspite of the poor brand name?

A brand name has to be remembered. A generic name is soon forgotten but a brand name that is different is remembered. The brand name has to aid memorability if possible.

Brand names are broadly classified into three groups:

- Descriptive
- Suggestive
- Free Standing

Within each of these groups brand names could be compounds, classical, or arbitrary. Compound names have a combination of two words: Sundrop, Three Roses, Fair & Lovely. Classical names have their root in Latin, or in India, in Sanskrit or Urdu: Hamam. Arbitrary names are names that have been used to bring in a difference: Apple, Santoor.

Descriptive brand names attempt to describe the ingredients, benefits, processes, or feelings that a brand is attempting to evoke:

Close Up: Fresh Breath for Close Up Togetherness

Ganga: Toilet soap made using water from the Ganges river

Fair & Lovely: A fairness cream to make you fair and beautiful

To arrive at a descriptive brand name one needs to dig into the following:

- What ingredients does the brand contain?
- What is the manufacturing process?
- What are the consumer benefits offered?
- What feeling does the brand attempt to evoke?

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Allan L. Baldinger, Director of Marketing Research, Advertising Research Foundation, presents four strategic challenges facing marketers as:

- Measuring brand equity
- Measuring marketing's effectiveness
- A better new product process
- Measuring customer satisfaction

Pointing out how American FMCG companies spend 20 per cent of their research budget on qualitative research, about 50 per cent on customer surveys, and the balance 30 per cent on syndicated databases, the author points out the need for research to rise above tactical issues and attempt to answer bigger questions as listed above.

Source: Allan L. Baldinger, "What CEOs are saying about Brand Equity: a call to action for researchers" Journal of Advertising Research, July-Aug 1992, pp RC-6-12

Suggestive brand names offer a hint, a suggestion, about the brand's promise. While descriptive brand names take an indirect route.

Visa : A credit card that will take you places

Flora: A light cooking oil

Indica: A car made for Indians

Real: A fruit juice made from real fruits

To arrive at suggestive brand names one needs to ask the following questions:

• What is the symbolic importance of the brand to the consumer?

- What aspirational cues does the brand offer?
- What emotional touch points does the brand offer?



Brand Building at Work

Kurl-On—Mattress Revolution

How to create a brand in a market that is characterised by numerous small shops offering an undifferentiated product?

Kurl-On was a brand born out of the conviction that a new product concept could be marketed to the discerning Indian consumer.

Kurl-On was created as a rubberised coir mattress that was positioned on comfort, support, and elegance. The brand offered a top end variant aimed at the upper class consumer who was considering a foam mattress and a moderately priced offering to attract middle class consumers who were used to cotton mattresses.

Most importantly Kurl-On became a brand of mattresses that offered a good night's sleep. While the root for the brand was a unique product design, finally it is bought today as a brand, India's largest selling brand of mattresses, Kurl-On.

Question: Would Kurl-On benefit by a more emotional selling pitch, rather than the rational sales pitch it has used?

Source: Economic Times, Brand Blazers, 1995

In contrast to descriptive and suggestive brand names, the third group of brand names may have no connection with the product offering and are called Free Standing brand names. The most famous of them all is Kodak. It was a name word created for the new photography machine. Rumour has it that Kodak sounded like the camera's shutter clicking. Free standing brand names need not just be created words, they could be names that have no real meaning in the category.

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Xerox : No meaning but the root is from the Greek

word for 'copying'

Apple : No relevance to computers but as easy as

'a' for 'apple'

Santoor : A musical instrument, now a soap

Parachute: A brand of coconut oil

Zee : A TV channel

A free standing brand name can be discovered by looking at the company, its founder, history, acronyms, etc. Several brands had their origins as acronyms—Amul (Anand Milk Union Ltd) also means 'rare'. Many have their names derived from the founder: Tata, Bajaj, Birla. Free standing names sometimes offer an opportunity to build a whole brand identity around the name. Orange, the famous cellular service brand used an orange square on white.

Brand names are extremely powerful tools to enter and stay in consumer memory. And often the most obvious names are just not memorable:

Books.com vs Amazon.com

Mail.com vs Hotmail.com

The power of the brand name is at its peak in cyberspace. Which brand will survive, Books.com or Amazon.com? Mail.com or Hotmail.com? An obvious name is not a brand name. It is quite the opposite. No one remembers plain Jane. But a girl with a pair of interesting sunglasses may be remembered. So rule one:

Is your brand name unique?

Brand names are the telegraphic message that is stored in the consumers brains. Can these names tell a story that the consumers will play back every time he recalls the name? Close Up toothpaste is for Close Up freshness and confidence. Head & Shoulders Shampoo is for no dandruff on the head and on

the shoulders. Tips & Toes is for the colourful finger nails and toe nails. So rule two:

Can the brand name tell a story?

In the Indian environment, it is critical to ensure that the brand name can be registered. Amul and Lux brands have been taken into undergarments. So if the brand name is registerable it should be registered across as many product categories as possible.



Big Brand Marketing Impetus

Prof. John Philip Jones points out how big brands are powerful and possess five strong features:

- Large brands have bigger user base and therefore gain higher attention span since users tend to see advertising of their 'own' brands more keenly
- The average user of a large brand usually buys it more frequently than the average user of a small brand
- Larger brands have larger user base, larger share of mind, and larger display space.
- Larger brands are valued more by their consumers, hence they are willing to pay a higher than average price
- High people advertising works better for bigger brands since per se they have a larger budget to support them

Prof. Jones calls these five factors the *Marketing Impetus* that drive big brands.

Source: John Philip Jones, "A Show of Brands" Economic Times, Brand Equity, July 24, 2002

So rule three:

Can the brand name be owned?

Sometimes a perfectly good brand name may not be registerable simply because it is a commonly used word. In such cases it is worth registering the company brand name as a prefix for the brand name. For instance 'Real' may not be registered. Finally, if the name cannot be registered, at least the brand's logotype should be registered. But make sure that the name is not being used by a small manufacturer in a corner of the country. A tough task, but it should be considered before proceeding further.

Often it is better to start with a number of brand names and eliminate the problematic ones. Registration search should also not be for just one brand name.

Organisations have their proclivities to particular types of brand naming convention. Paras Pharmaceuticals of Ahmedabad looks for names that are descriptive.

Moov : Pain Balm

Stopache: Analgesic tablet

Krack : Cream for foot cracks

Itch Guard: Cream for itches
Dermicool: Talc for Prickly Heat

Tata Motors has adapted a series of brand names beginning with the letters 'Indi' for their range of passenger cars.

Tata Indica: Hatchback car

Tata Indigo: Sedan

International car major Toyota for many years adopted only names that began with the letter 'C' (Corsa, Corolla, Camry, etc). Ford has a preference for animal names (Mustang, Falcon, etc), while many others only use letters and numbers to separate their offerings (BMW—3, 5, 7 series; Mercedes—C, E, S class).

Brand naming conventions at times reach almost superstitious levels. Hindi film producer Yash Chopra used to name his

films so that they began with the letter 'K'. The 'K' fever even gripped TV Channel Star Plus and its producer Ekta Kapoor, with as many as five programmes named with the letter 'K'.



Servicisation of Products

And vice versa. Regis McKenna in his seminar article 'Marketing is Everything' points out how 'Marketing a Product is Marketing a Service is Marketing a Product'.

The distinction between products and services is fast eroding. General Motors makes more money by lending money to customers to buy its cars than it makes on manufacturing cars. On the other side, service marketeers are offering products that are customised packages sold on supermarket shelves (for example, prepaid phone cards).

Brand marketeers are advised to remember that we live in an era of 'productisation of services and servicisation of products'.

Source: Regis McKenna, "Marketing is Everything", Harvard Business Review, Jan-Feb 1991, pp 65-79

Another twist to the brand naming convention is the belief in astrology and numerology. Cricket opener Kris Srikanth changed his 'brand' name to Srikaanth after advice from the numerology experts.

When it comes to choosing a brand name, it has to be a lot of logic, a lot of emotion, and a bit of faith!

5.2.2 **Brand Design**

Brand design or the look of the brand is becoming more and more important in our open world. In the book *Marketing*

Aesthetics, authors Bernd Schmitt and Alex Simonson¹ explore the importance of design to stand out in today's overcrowded nanosecond world.

Indian banks, especially the new private sector banks such as HDFC Bank and ICICI Bank, are spending time understanding the importance of brand design. With the growth of the



Brand Building at Work

Luxor—Creating Impressions

The saga of Luxor, one of India's leading writing instruments' brand, started in 1956 with a meager investment. By the mid nineties, they had expanded to ten manufacturing units and a turnover of Rs. 50 crores. The growth continued into the next decade as well, where the brand faced stiff competition from international majors.

What has been behind the success of Luxor? The company has followed the motto of having a wide range of pens for every age, from school boys to the executive class.

The Company has also had a strong export thrust, and at one point accounted for over 10% of the total export of pens.

But the key thrust has been to ensure that Luxor continued to innovate and offer newer and newer products to discerning consumers.

Question: How can a brand like Luxor combat the international brands entering the Indian market?

Source: Economic Times, Brand Blazers, 1995

organised retail sector, brands like Shopper's Stop, Westside, Globus, Lifestyle will now have to not only offer a clean, comfortable shopping environment (what was once the point

of difference has today become point of parity) but will have to start giving a unique design and look to their stores.



Advertising to fuel growth

How big is the advertising pie? How has it grown over the last 26 years?

Advertising expenditure has moved from Rs. 115 crores in 1976 to Rs. 9823 crores in 2003, as per industry estimates at current prices.

A better indicator of the growth in advertising is in the analysis of the share of the GDP it occupies. In 1976, advertising accounted for just 0.15% but had grown to 0.38% in 2003.

How does this compare with the rest of the world?

Most developed countries have advertising expenditure accounting for 1.5% of GDP, but even if we take some developing markets like Mexico (0.5%), China (0.47%), and Indonesia (0.81%), we find India has some catching up to do.

Another interesting revelation is the change in the advertising media mix. Press has seen its share drop from 52% (in 1976) to 46% (in 2000), while TV has zoomed up from 1% to 41%.

Source: Media Campaign Report, May 2003; K. Kurian, "Advertising in a Planned Economy" Monograph Solus, Ad Club Bombay.

The most famous example of using design to stand out is the case of Apple iMac. The brand was created as an easy to use computer, but it was its funky colourful design that make it an instant hit with the Apple fans. Nokia mobile phones created an era of cool looking phones, to gain global leadership.

Car companies have traditionally looked at design a lot more seriously and have large departments only looking at design trends from around the world. White goods manufacturers have spent less time on design while electronics companies have had a fair amount of focus on design and exterior appearance. It is the consumer goods manufacturers who have possibly not spent enough on understanding design (not just packaging design) and ergonomics. A grip-easy shampoo bottle, flip-top hair oil bottle? Maybe more such design innovations are possible.

Brand design is critical in the case of service brands. How does the outlet look? How does it smell? What graphics? What posters?

5.2.3 **Brand Colour**

Coke = Red; Pepsi = Blue; Thums Up = ?

We are surrounded by colour, and nature has its own way of coding colours. Nothing edible in nature comes in the colour blue. Blue, in nature, stands for sky, seas, water—essentially cooling media. The colour red, in nature, stands for fire, edible fruits, meat—no wonder red is an appetising colour. The colour green is abundant in nature, with leaves and grass—colour green stands for nature and outdoors.

Brand colours tend to reflect the symbolism expressed by nature. Many food brands use the colours red, yellow, and green. Pharmaceutical brands tend to use blue, so do financial services brands, symbolising stability, safety.

The colours white and black have different meanings in different parts of India. In Kerala, white is a commonly used colour among women but in Tamil Nadu white is a colour of widowhood (as depicted in numerous Tamil films).



Brand Building at Work

Maruti—Indian dream for a small car

The late Sanjay Gandhi's enthusiasm for the small car project started the Maruti revolution. He had even created a prototype 'people's car' with two doors, two stroke engines, and autorickshaw wheels.

Finally Maruti Udyog Limited took shape with 26% equity participation from Suzuki, Japan's largest compact car maker.

On December 14, 1983, on what would have been the 37th birth-day of Sanjay Gandhi, the first Maruti rolled out of the factory at Gurgaon, Haryana.

The Maruti 800 ruled the Indian roads right till the late 90s when its hegemony was challenged by the Indian player Tata Engineering (now Tata Motors), and a host of international heavy weights like Hyundai, Fiat, and Daewoo. Given the immense goodwill built over the years, attractive pricing, excellent product, well entrenched service network, Maruti 800 continues to roll ahead. How long will it continue to be the "people's car", is anybody's guess.

Question: What is the interplay between the two brands Maruti and Suzuki? How should the two brands have been managed?

Source: Economic Times, Brand Blazers, 1995

Colour sensitivity is critical for success across the country.

Many successful brands have adopted colours and use the colours in all their brand articulation efforts:

Parachute : blue Brooke Bond : red

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Colgate : red

McDonald's : red and yellow Nescafe : brown and yellow

Tata Tea : green
Sundrop : yellow
Cadbury : purple
Wills : red
Shopper's Stop: black

Westside : green and yellow

Barista : orange

5.2.4 Logo and Symbol

What does a brand need to trigger instant recognition with consumers? A unique name. A unique way of writing the name. A symbol. A colour. A design identity.

Nike is a unique sounding brand (derived from the name of a Greek god). Nike is written in a particular typeface in lower case. And the symbol is the 'swoosh'. All these together make the complete identity. But the greatness of this power brand is that any one of the above three is enough for brand recognition.

Mercedes Benz is the global leader in luxury cars. The brand name is always written in a particular typeface to form the Mercedes Benz logo. And the brand has the symbol of the three pointed star.

ITC's hotel division has a unique name that stands for 'guests are welcome'—Welcomgroup. The brand name is written in a logotype and is used in conjunction with the symbol that looks like the traditional Indian form of welcome, the *namaste*.

A brand symbol could at times be a depiction of a human or animal form, like Asian Paints and its erstwhile boy or Goodlass Nerolac Paints and its Goody the Tiger.

Several brands use symbols to communicate a brand promise or an ingredient:

Fevicol: Two elephants pulling apart (strength of the bond)

Dalda : Palm trees (origin of the oil)

Sometimes a symbol is used just to gain memorability like the old fertiliser brands had used:

FACT: elephant

Zuari: man on horse

While choosing the typeface for the brand, logo designers tend to go for the serif fonts (typefaces that have an end—like the font used to print this book) if they want to communicate a level of sophistication and the sans serif fonts (like the Nike or the Pepsi logo) to communicate a casual coolness. As always, these are not rules to be followed, but more like rules to be broken.

Used together, the brand name, the brand colour, logo, and symbol become a very powerful communication, brand articulation weapon. McDonald's and the golden arches. Coke and the red waves. Nike and the swoosh. In Indian brands—Jet Airways, yellow/blue; Thums Up, red and blue; Sundrop, yellow/red somersaulting kid—have all been powerful brand articulation tools.

A brand mascot may be used with the brand logo on all elements of communication or may be used only in the advertising. These are choices made by the marketers. McDonald's Ronald McDonald is not used in the advertising. Amul's little girl is used only in the outdoor advertising of butter. Nerolac's Goody only appears on the tins.

So, there are no hard and fast rules on how a mascot could or should be used. Often, if the mascot adds to the information overload it may be chopped. If the brand is well established, one can play with alternative options. Similarly, if it is new, it may be prudent to have a rather tighter control on all the brand identity elements.

The brand identity stage of brand articulation is all about deciding the look and feel of the brand. Brand communication plans may call for some changes in the identity elements and so this should ideally not get frozen till the brand communications template has been evolved.



Brand Building at Work

Raymond—Weaving magic since 1924

1924. A certain Mr. Wadia decided to build a small woollen mill in a forested hamlet, outside the town of Bombay. Time passed, and the Wadia mill passed into the hands of the Sasoons of Bombay, who renamed it Raymond.

Many miles away, in Kanpur, Lala Juggilal Singhania and Lala Kamalpat Singhania, father and son were sowing the seeds of JK Group. The enterprises they had started in cotton, jute, steel, oils, and sugar flourished. They bought Raymond Mills from the Sasoons and Raymond became a part of the JK Group.

Under the Group, the Company went about single mindedly building a world class brand. Today, more than 80 years later, Raymond is the market leader in worsted fabrics. Many consumers would consider Raymond an international brand, and some would rate it better than many international brands. Raymond is a true blue Indian brand, albeit with an international sounding name!

Question: In apparel, international brands seem to be the call of the day. Why? Would Raymond have suffered if its Indian origins had been played up?

Source: Economic Times, Brand Blazers 1995

5.3 BRAND COMMUNICATION

How will the brand communicate with its target consumer? A hotel brand communicates not just through its advertising but also through the décor of its premises, the staff, the service quality, the look and feel of the place, and its merchandising, its advertising, and its added values offers.

Integrated Marketing Communication (IMC) deals with all aspects of marketing communication and how all these disparate activities have to be integrated to provide one brand feel. IMC activities would cover:

- Advertising (TV/newspapers/magazines/radio/out-door)
- PR (Public Relations—press/TV/internet)
- Interactive (use of the web for information/service)
- Events (shows/sponsorships)
- Merchandising (in store/partnerships)
- Promotions (consumer/retail)
- Direct Marketing (direct mail/telephone/internet)

All these have to communicate the core brand promise. If the brand stands for sophistication, then all these have to reflect the same. Similarly if the brand is all about natural ingredients, then all these too will have to convey the same core promise.

To develop an IMC plan, a brand brief has to be formulated. The brief will have to answer the following questions:

- Who is the target consumer?
 - Demographics, Psychographics
- What is the consumer's current disposition?
 - Beliefs and attitudes about the product category and brands
- What does the brand offer that is different?
 - The point of difference of the brand



Brand Building at Work

Shopper's Stop—Customers as First Citizens

Shopper's Stop opened its first department store at Andheri, Mumbai, in 1991. This was done with a fair amount of fanfare and high profile advertising.

But when it launched its customer relationship programme, First Citizen's Club, it was done quietly, in April 1994. Customers were enrolled for a fee of Rs. 150 or on buying goods worth Rs. 2,500 on a single day. Today the FCC, as it is referred to by Shopper's Stop management, is really the secret weapon that the brand has to combat new entrants.

As KSA Technopak's experts point out, "Customer information capture, intelligent warehousing, and mining of transaction behaviour, is increasingly becoming one of the major success factors for successful retailers".

Shopper's Stop's FCC now has three levels of memberships, Gold, Silver, and Classic, with different levels of offers. From 4,000 FCC members in year one, the club crossed the 1 lakh mark in just six years. The club benefits include reward points (with all purchases), fashion trend update through a newsletter, special invitations to 'Sale', etc.

The company estimates that about 15% of all footballs are accounted for by FCC members and more importantly they account for around 45% of the store sales!

Question: How can Shopper's Stop endeavour to increase its FCC members and also increase their contribution to the total store sales? Will rewarding customers with bonus points hurt the premium image of the store brand?

Source: The Business Standard Strategist (recollected 2000–01), Annual pp 104–110

- What is the reason behind the offer?
 - The ingredients, processes that create the point of difference
- What should be the tone and manner of the communication?
 - The brands voice—sophisticated, simple, friendly, aggressive, confident

Once the brand brief has been agreed upon, all the elements of IMC will have to stay within the definition of the brief.

For instance, if the brand is Strepsils and it offers 'relief from sore throat faster' because it contains two active ingredients, then all elements of IMC have to be formulated around this brief in a befitting tone and manner. This does not necessarily mean that all the advertising will have to show doctors and laboratories. The advertising execution may use humour but the core offer 'relief from sore throat faster' has to come through.

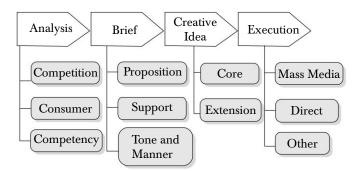


Fig. 5.2: Roadmap to IMC Development

5.3.1 **ADVERTISING**

The IMC roadmap and the brief normally lead to advertising development since it is often the most expensive component of the IMC plan.

Advertising has to first address the key questions:

- What is the role of advertising in the category?
- What can be achieved by advertising?

If the category is consumer durables, then the role of advertising will end with a visit to the dealer.

Not only will advertising play a different role with the differences in product category, but as FCB Grid explains, how advertising works depends on two variables:

- How involved the consumer is with the product category
- How the consumer decides on the purchase—through thinking (rationally), or through feeling (emotionally)

Looking at the parameters, advertising will play a role not necessarily in the A-I-D-A (Awareness-Interest-Desire-Action) mode, but somewhat differently with different product groups.

Indian consumers tend to also use a significantly larger amount of word-of-mouth and referral compared to a consumer in a more developed western society.

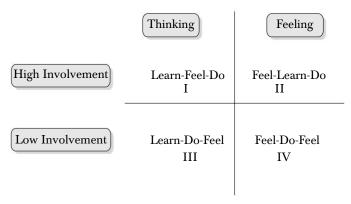


Fig. 5.3: FCB Grid

For High Involvement—Thinking products (I), advertising will play a classical role that creates awareness, knowledge, desire, and action. The products that fit into this quadrant are cars, refrigerators, TVs, etc.

For High Involvement—Feeling products (II), advertising will create a positive feeling, leading to knowledge and action. Products like cosmetics fit into this block.

For Low Involvement—Thinking products, advertising will create awareness leading to trial which will lead to a positive feeling. Products like detergents, which are sold on performance promise will fit here.

For Low Involvement—Feeling products, it is all about creating a warm feeling about the brand that will lead to trial and usage. Products like soft drinks and confectionery fit here; there is nothing much to be learnt about a soft drink anyway.

FCB-Ulka has been at work adapting the FCB Grid to Indian consumers and has done large scale consumer research to test the validity of the FCB Grid to today's Indian market conditions. The FCB Grid still holds a lot of promise in India.

Once the riddle of 'How Advertising Works' has been answered, (somewhat) then the task of putting the complete advertising strategy begins. Advertising strategy will also depend on the advertising objective—Is it to increase trial? Induce repeat usage? Change attitude? Create pride of ownership?

While the answers may be there in the IMC brief, it is worth revisiting them once again before developing the advertising strategy. Advertising strategy has two primary components:

- Creative Strategy
 - the creative idea and how it is executed
- Media Strategy
 - the delivery mechanism of the creative execution

Creative strategy development will depend on the brand's history, the competitive strategies, and the tone and manner desired:

Krack, the foot crack cream from Paras, used embarrassment as the creative trigger.

Nirma Washing Powder used just brand name repetition as the device, though in the words 'doodh jaise safedi' (milk like whiteness), they had an idea.



Brand Building at Work

Tata Indigo—Spoil yourself

When Tata Motors unveiled their sedan product at Autoexpo 2002 built on the Indica platform, the press was quick to point out the Tata sedan was the Indica-with-a-boot.

The company had to work on creating a large set of distinguishing features to separate the new sedan product. The first was the name Tata Indigo, standing for India-on-the-go.

The sedan packed a number of features like turbo diesel engine, three link rear suspension, largest cabin in its class, etc.

The brand Tata Indigo was positioned on comfort and luxury— 'Spoil Yourself' became of tag line.

Commenting on the Tata Indigo's launch campaign, Prof. John Philip Jones said, "In a market where all brands just speak of a set of generic benefits, Tata Indigo's campaign stands out in its single minded focus on comfort and luxury".

Tata Indigo went on to become the largest selling sedan in the country from the first month itself.

Question: Would Tata Indigo have been more successful with a totally different name?

Source: CNBC

Santoor used the idea of mistaken identity (a mother being mistaken for a college student) to deliver the young skin promise.

Vicks used the 'khich-khich' sound mnemonic for its throat lozenges.

Pepsodent used the 'dishoom' device to sell the 24 hour protection offered by the tooth paste.

The creative idea developed should be extendable across all media, not just a TV script.

Media strategy then kicks in to analyse how the consumers can best be reached. Which medium will deliver the numbers and the impact desired. For most FMCG consumer products, TV emerged, in the 80s, to be the most powerful medium. For consumer durables, press could still deliver the numbers. Media strategy is also about using a mix of media making one the primary medium and the other secondary medium. There are several interesting opportunities to score a winner:

- Tata Indica during its launch period of nine months, almost one year, did not use any television. The brand focussed its efforts of press, that too newspapers with outdoor as support. The brand's advertising stood out. While competitors like Santro and Matiz used both TV and press, Indica's press only strategy gave the brand a larger than life feel, truly bringing out the more-carper-car promise.
- Paras launched its brand Krack through a TV blitzkrieg.
 Using Friday and Saturday movie programmes, the
 brand's launch aimed at that core audience only, but
 delivered the brand message an amazing 20 times each
 weekend, leading to instant word-of-mouth and trial.
- Amul unveiled its master brand campaign by focusing efforts on Sundays, to grab the large family viewing audience. The brand delivered its message through a combination of channels throughout the day to ensure Sunday belonged to Amul.
- Ceat used its cricket ratings effectively with the male viewer dominated live cricket coverage, to achieve brand recall at marginal costs.



Brand Building at Work

VIP Frenchie—Small Briefs for Big Men

Liberty was the first brand to introduce elastic briefs to Indian men in the 60s. But it was VIP (Maxwell Apparel) that built the brief from just a commodity into a branded product.

The company had grabbed 50% market share of the organised sector brief market (Tantex and TT being the other players) and was looking at expanding the market and its share.

The company hit upon a product innovation, single-ribbed fabric brief (most underwear were double ribbed). The product would be different, could be offered at an attractive price with a good retailer margin, and yet have enough margin for advertising support. The problem was that the product would look like a ladies undergarment.

The company decided to call it VIP Frenchie (cueing international heritage) and positioned it as "designer briefs for the man of the world". Importantly, the advertising personality was all about male fantasy, attractive women, smashing villains, and so forth.

VIP Frenchie created a new segment in the undergarment category and spawned innumerable imitators.

Question: Did the brand really need the macho male exposure theme in its advertising? Could romantic male have worked as well?

Source: Advertising & Marketing, November 1990

Media planning and buying have truly come of age in India. With a multiplicity of media options (TV, press, radio, etc.) and multiple options within media (TV: cable and satellite, terrestrial, sports, news), the Indian media scene has undergone a sea change in just 15 years. Smart brand marketeers should look beyond just the media numbers and see how they

can score a win against competition like Indica and Amul. The obsession with rates tends to drive the entire media planning and buying in one direction, while the light may be at the other end of the tunnel.



NCAER-Poverty Line Analysis

The Market Information Survey of Households (MISH), the household survey conducted periodically by National Council of Applied Economic Research (NCAER) was initiated in 1985–86, and has been conducted periodically ever since. The MISH creates two data sets, a large data set of around 300,000 households that emerges directly from the listing operation, and a 'small' data set of around 25,000 households drawn as a subsample of the larger data set, containing information on consumer expenditure along with demographics.

Using MISH and planning commission's definition of poverty line, economists have estimated the changes in the number of households living below the poverty line. As percentage, the numbers have declined from 38.2% in 1987–88 to 15.1% in 1998–99 in urban India; and from 39.1% to 25.9% in rural India.

Estimated Income Poverty Line		
	1987–88	1998–99
Rural		
Poverty Line (per capita income)	1149	3802
Headcount ratio	39.1	25.9
Urban		
Poverty Line	1701	5271
Headcount ratio	38.2	15.1

Source: Suman Bery and R. K. Shukla, Economic and Political Weekly, January 25, 2003, pp 350–354 Advertising strategy, and more importantly, advertising execution need to consider the softer aspects of advertising:

- Look and feel

 How does the advertising look?

 Sophisticated? Simple?
- Tone and manner How does the advertising sound? Confident? Classy?

There are myriad ways of executing a creative idea and just using a celebrity may not do the trick. Both Fiat Palio and TVS Victor used Sachin in 2002. While Sachin gave both the brands the instant recall they needed, TVS Victor achieved a bigger success thanks to the product superiority, while Fiat Palio suffered negative word-of-mouth on account of its poor mileage performance. So even Sachin may not work all the time.

Surf's campaign in the late 80s used the character of an aggressive housewife 'Lalitaji'. She still resides in the collective conscience of the nation. But did the brand also get seen as overly aggressive? Or was Lalitaji just another spokesperson for the brand?

Advertising strategy for brands needs to have a perspective. Many successful brands would be even more successful if they paid a little more attention to their own advertising archaeology (often campaigns and ideas are abandoned just because the creative director or the product manager grew tired and wanted something new). The baby needs to be taken out, before the bath water is thrown out. Often the route to successful long running advertising campaign is refreshment and not reinvention.

5.3.2 PACKAGING

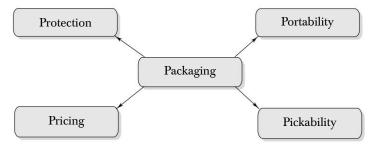
Shouldn't packaging be discussed at the brand definition stage? Shouldn't it precede IMC brief? Isn't it needed before advertising is planned? Many questions but there are no perfect answers.

In a classical FMCG/consumer product scenario, packaging should come after the communication idea is developed. This does not mean that drastic changes in packaging will be done, but at the very least, packaging graphics should be in line with the communication, advertising idea. In reality, it is not always possible to incorporate advertising graphics on the packaging, but if possible it is worth an attempt.

Packaging and its role varies with product categories. Packaging is non-existent in many service offerings, except for the packaging of say a prepaid calling card of a telecom brand. Packaging of durables like TV only play the role of protection. Packaging of consumer products is critical for their success. And in the case of opulent consumption products like perfumes and liquor, packaging is as important as the product itself.

So what are the roles packaging is supposed to play. Let's call them the 4P's of packaging:

- Protection
- Portability
- Pickability
- Pricing



陀 **Fig. 5.4:** 4 Ps of Packaging

The first role packaging plays is that of '**Protection**'. Packaging protects the product from damage as it travels from the factory

to the consumer's home. In many product categories like cooking oil, protection is critical since a small hole will not only damage one pack but could damage the entire shipper carton. So it is critical that the type of packaging used should be tested in real market conditions. In a vast market like India, the product could change hands more than four times and may move through various forms of transport:

- Truck transport from factory to the carrying and forwarding agents godown
- Light commercial vehicle from CFA's godown to the distributor/stockist warehouse
- Three wheeler from stockist warehouse to the retailer
- The two wheeler on which the consumer may carry it home!

Several consumer products reach deep parts of rural India changing hands, and carts, several more times. So if the packaging being used is new to the market, it is wise to make it travel all the way across the country many times. Imagine tetrapaks exploding in Delhi summer! Imagine cooking oil pouches leaking!

The other big concern in terms of protection is the vagaries in weather: intense summer, monsoon, the cold winter. Packaging could fade if left in the sun for a couple of days. It may crack or lose stiffness in the monsoon. No packaging can offer complete protection, but it is worth looking at all aspects of protection before signing off the packaging.

The protection offered by the packaging also has to take care of infestation that could happen in transit or at the retail level, as Cadbury's discovered in 2002.

'Portability' refers to the transportation issues concerning packaging. Packaging should be easily stackable and portable from destination to destination. Most importantly the brand should not get relegated to the bottom shelf just because it is an odd size.

'Pickability' is the attractiveness of the pack and the identification of the brand name and key benefits offered by the brand. A large part of Indian consumer products are still sold through small stores where the consumer asks and the dealer picks and hands over the pack. So at this level the pack is an identification medium. But in self service outlets, the consumer does the picking and could change his or her brand depending on the pack that stands out.



Small is Big

ORG-MARG Retail Sales Audit is showing an increasing acceptance of LUP (low unit packs) of various product categories of consumer goods. While the rural consumer is showing an increased preference for LUPs, even the urban consumer is not too large-pack oriented.

Volume Contribution of Small Packs			
	2001 Urban	2001 Rural	
Shampoo	59.4	90.0	
Packaged Tea	40.7	64.7	
Toothpowder	42.9	56.8	
Talcum Powder	18.1	31.8	
Coffee	13.3	37.8	
Hair Oil	11.5	18.3	

The sachet phenomenon triggered by tea and shampoo marketing companies is now spreading to several other categories as well. The 'brandification' of India may very well be the handiwork of these 'small' packs.

Source: Brand Equity, Economic Times, March 20, 2002

'Pricing': packaging finally is a cost item. The cost of the packaging is a trade off between the aesthetics and the utility of it. Till recently, Indian packaging material costs were very high leading to the use of lower grade packaging. With the liberalisation era, packaging costs have become global and the options many. While packaging plays one set of roles with manufacturers, packaging has a very different role with consumers.

Indian consumers seem to be gravitating towards two ends of the packaging spectrum

- Single use sachets
- Bulk refill packs

It was possibly Brooke Bond that introduced India's first paise pack for its Red Label tea. But it was Velvette and later Chik that used the sachet packaging to open up the shampoo market. In their case, pricing played a major role since they also enjoyed excise duty benefits due to their small scale industry status in the initial years.

In the year 2002, more than 50% of volume consumption of shampoos was through sachets. The same is true of pan masalas, and in the unorganised sector, pickles and other such products.

The Indian consumer tends to reuse everything. So brands like Nescafe, Bournvita, and Horlicks sold in glass jars served the purpose of kitchen storage jars. But for how long and how many jars? These products offered a way out, in the 80s with the introduction of multilayer laminated packs. These packs offered attractive graphics and cost significantly lower than a glass jar. Consumers were willing to throw away the empty packs since they were only seen as paper.

Sundrop during its launch phase used the transparency of the PET jar to communicate the healthy oil benefit. In fact, the brand was not marketed in a pouch pack for almost two years, while many of its competitors moved in with cheaper pouches. The PET jar only formula helped establish Sundrop as a premium health offering and make it stand apart.

Moov pain balm was the first pain balm to be offered only in a laminate tube. Again the brand differentiated itself from Iodex, Zandu, and Amrutanjan through this strategy.

Packaging is also a key communication medium. Unfortunately, given the multilingual nature of India, it is not possible to use the packaging as a medium to reinforce a complete product story to consumers who are trying the product. Most FMCG brands tend to stay with an English narration of how the product works and how it is better.



The Big Advertisers

According to Time Monitorings' Medialogist and TV viewership monitoring agency TAM, the total media expenditure for the calendar year 2002 was Rs. 94,72 crores.

The Top 10 Advertiser List is filled by the MNC big hitters.

Top Advertiser 2002

Advertiser	Rs. crores spent
Hindustan Lever Ltd	729
P&G India	176
Paras Pharmaceuticals	169
Coca Cola India	156
Samsung India	136
Colgate Palmolive	122
Bajaj Auto	122
Pepsi Foods	121
Nestle	119
LG Electronics	97

Interestingly, Hindustan Lever Ltd ad spends are more than the total of the next five big spenders. Possibly nowhere in the world is one advertiser outspending the others to such a great extent.

Source: Business Standard, June 13, 2003

Brands like Farex and Cerelac, infant foods, have used packaging in a more educational way. With the revolution in printing technology and pack coding in the not too distant future we may see Hindi packs moving to U.P. and Tamil packs landing in Chennai.

Packaging can also be used to get consumers' involvement, by offering tips and games. Here again, there has been only limited success except for the use of packaging in promotional efforts like Lux's hidden gold star contest.

Packaging in the Indian context was for decades in the domain of manufacturing and materials departments. In the last ten years we have seen a sea change with marketing playing a more and more critical role. From a 'price' focus, packaging is slowly becoming a very powerful tool for attracting and retaining consumers.

5.3.3 Direct and Interactive Marketing

Direct Marketing is often seen as synonymous to direct mail—nothing can be further from the truth. With the emergence of telephone and internet, today, maintaining contact with consumers is not just the postman's duty.

Direct marketing (DM) is about helping the brand maintain a direct contact with the end customer, and gain customer confidence and loyalty.

Dell computers created a revolution by using the phone first and then the internet to help final customers configure their computer and order it on the net.

DM can start before a brand is launched. When Tata Indica was to be launched, a test drive initiative mailer was sent out to a 300,000 car owner database. Over 30,000 responded and became the first prospects for the new car.

The first step in a DM programme is to build a customer database. Often, it is easier said than done. Even in a top-of-

the-line product category like automobiles, it is a herculean task to build a **database** of the real users of the car (not just the admin manager of the company or the shop name or the small scale industrial unit's name). A well built database of customer names in the first step.

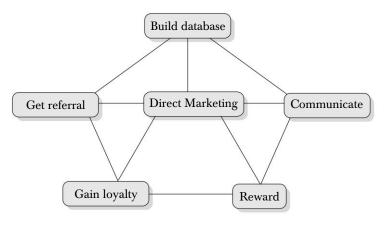


Fig. 5.5: DM Spiral

The next step is to establish a communication channel from the marketer and the customer. This could be a monthly/quarterly newsletter. And with the development of the internet, it could be an electronic magazine delivered to the customers' email every month, at a fraction of the cost of a hard copy magazine. One caution though, a hard copy magazine has a pass along readership while an e-zine may not get read by anyone else in the family. The flip side is that an e-zine can get forwarded to many more e-mail ids. So the debate can continue. Establishing communication and more importantly inviting feedback is a must. This feedback can help create a parallel safety valve for customer complaints.

The third step is to reward customers. Just communication is recognition that the marketer values the customer, but it is not the reward. What more can be done for the customers.

Airline industry developed the world's first customer rewards programme, pioneered by American Airlines, called A Advantage. Today, every airline company has its version of air miles based reward programme. So do credit card companies and even some petroleum companies. Bharat Petroleum's Petrocard, which is a reward based charge card, today accounts for almost 15% of the sales of their petroleum products. Shopper's Stop First Citizen Club members accounts for over 20% of the footfalls (customer visits) and over 40% of the sales value.

The next step is to gain loyalty. A well designed reward programme gains long term commitment and loyalty. Rajasthani, a popular restaurant in Mumbai's crowded Crawford market area has a discount card given to all diners, offering 10% discount on the next meal (unfortunately they do not ask for name and address before giving the discount card). Gaining loyalty is a key objective of the DM programme.

The fifth step of any DM programme is to get referred sales. *Reader's Digest* often ask its subscribers to give names of ten friends and relatives and rewards those who send the names a free booklet. Credit card companies offer free spouse cards, or addon cards. Banks attempt to sell additional services. The most successful referral programmes was America's MCI 'friends and family' telephone programme. The company offered a very low rate for calls amongst this select group of people. So it induced one member to rope in more into the circle.

At the heart of any DM programme is a good database. It is critical that the database is kept updated and constant efforts are made to ensure that the database keeps expanding.

With the growth of internet and the lowering of prices of computing power, DM will become more and more digital. A recent analysis revealed that over 30% of car owners accessed the internet in the US before visiting a single dealer. In India, this may start happening for the sedan segment.

The next decade will see a sea change to the paper based loyalty programmes and DM programmes. Indian Airlines can save a

fortune by moving their 'flying returns' programme on to the net. So will Jet Airways and Taj and Oberois and Diners...

One is therefore not recommending complete switch to the digital medium. Direct mail may still be able to give a better touch and feel to busy customers. But routine mailing of mileage points could well become a thing of the past.

When one is launching a brand it may be worthwhile to understand whether DM will play a role. If the product is a mass market kind, possibly no, except for a programme aimed at the influencers. A new cooking medium may want to establish a direct programme aimed at dieticians, nutrition experts, gourmet chefs, etc. A new cosmetic offering may want to speak with beauticians, fashion/beauty editors. In the case of high value, durable, financial services and telecom services, DM can be a powerful tool to build brand relationship, gain commitment, get loyalty, and gain referral customers. As the saying goes in DM circles, it is 6.5 times cheaper to keep a customer than to get a new one. So reward customers, its cheaper than getting new ones everyday.

5.3.4 **Promotions**

Promotions and sales promotions are often seen as stand alone activities that are taken up for purely tactical reasons like:

- Thwart a new competitor
- Boost a flagging sales curve
- Capitalise on seasonal demand

Promotions could be an integral part of the IMC plan, if they are thought through all stages.

Promotions could be of many types aimed at consumers, retailers, intermediaries like direct selling agents (DSAs) or even the Company's own sales staff. IMC oriented promotions are primarily aimed at the final consumer.

While classical promotion tools are used for tactical reasons, strategically planned promotions can help induce trial, increase usage, and build image for the brand.

Promotions come in various forms:

- Discount offers (3+1 free)
- Consumer contest
- Free item with brand
- Collection scheme
- Big bonanza prize
- Banded pack

And more

'Discount offer' is possibly the most common form of consumer promotion. This could be in the form of buy 3 cakes of soap and get one free, or 25% extra talc in a 100 gm pack, or simply Rs. 5/- off on the price of Rs. 15/-. Many brands use this device to gain an entry into the consumers home during the launch. And often these are termed as 'introductory price'. *Business Today* was launched through an attractive subscription price of Rs. 10/- while the news stand price was touted as Rs. 25/-. The brand succeeded in building a huge subscription base making news stand sales, at that high price, a matter of no significance. The marketer should therefore be ready to maintain the so called discounted introductory price for a long period.

'Consumer contest' gets the consumers involved in the brand to win a big prize. Consumer products like soaps and teas use these contests to gain temporary salience. When Tata Motors relaunched Indica as Indica V2 they used *Kaun Jeetega Indica V2 contest*. Viewers had to visit a Tata Motors dealer and take a test drive of the new Indica V2 to become eligible to win this car, the grand prize. The promotion, worked out in a three way deal between Tata Engineering, indya.com, and Star Plus, was structured to deliver a minimum of 1,000 test drives. It delivered twice as many!

Another common promotion device is to give a free item with the brand. Numerous pickle brands come with a spoon. Cerelac with a plastic bowl. When Hindustan Lever launched the Rin detergent bar, a product developed for the Indian market, they discovered that consumers were storing the bar the way they stored their washing soap, in a closed container soap dish. Unfortunately, Rin tended to stay soggy if it was stored in a closed soap dish. So Hindustan Lever launched the 'Free Soap Dish' offer with Rin where they gave away unique open soap dish with all the purchases of Rin, thereby changing the way consumers stored their detergent bar. A perfect win-win. Yet another example is the Nesshake campaign of Nescafe. To popularise the consumption of cold coffee, Nestle gave away millions of plastic shakes (quite like the bartender's shaker), with usage instruction on how to make cold coffee.

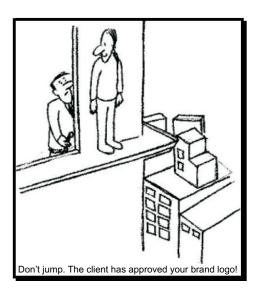
Promotion schemes involving collection of pack flaps or bottle caps work very well with children. One of the most successful ones was Gold Spot Jungle Book Crown Cap Collection Scheme. The soft drink Gold Spot came with its plastic crown printed with the faces of the various characters from Disney's all time great movie Jungle Book. Kids collected the entire set to exchange it for goodies like comic books, toys, and games. The new millennium has reduced our attention spans and those of our children. No wonder collection schemes seem to have lost their charm. Today's kids are happier with instant gratification of a tattoo or a sticker or a Tazzo.

'Branded pack' promotion is where a new brand is given free with an established old brand. This method helps consumers try out the new brand at no cost. Lever Johnson ran a promotion of this sort to gain trial for their new brand of incense sticks Glade. Buyers of Hamam soap in Tamil Nadu got a sample pack of Glade incense sticks.

Promotions need to be monitored so that they don't end up just giving the current users an added incentive to use their brand.

Promotions can be used to aid brand communication, to gain trial, to change usage, and to gain commitment from consumers. Often it is seen as just a temporary sales boosting effort, a tragic waste of a terrific brand building tool.





5.3.5 **Merchandising**

Merchandising and point of purchase displays can play an important role in the IMC efforts. In the case of FMCG/consumer products merchandising will have to be capable of being displayed in the myriad types of outlets. In the case of durables, they should be able to add to the brand's appeal.

The role of merchandising is not just as a brand name reminder. It can also telegraphically communicate the marketing

communication message (Lux poster with Aishwarya Rai). In the case of durables, where the consumer is in a thinking mode when he enters the dealer showroom, the merchandising material can also play an educational role.

In the case of pharmaceutical brands, displays in doctor's chambers, often without the brand name, can help clarify doubts rising in patients' minds and save valuable time for doctors.

Many confectionary brands have been able to use outer cartons as merchandising/display units. Similarly, sachets with a hanger serve the role of display.

Given the diversity of the type of outlets in India, there is no one-size-fits-all solution. Most packaged goods marketers seem to rely on posters, danglers, shelf strips, backing papers, and streamers. Consumer durable marketers send to use standing display units. Fashion products use large size posters printed on glossy paper and automobile marketers use a variety of large display. The developments in printing technology, like inkjet/laser jet printing, has revolutionised display materials and outdoor displays. Similarly, modular display stands are set to change the merchandising landscape of the country in the next decade.

Brand communication can use the power of merchandising only if we understand the role of merchandising, the type of buying location, and the consumer's involvement and mindset. As always there will be a trade off between value and cost, but innovative merchandising ideas can give brands a nudge where they need it most—at the point of purchase.

5.3.6 EVENTS

Brand surround is the mantra of the new millennium. Consumers want to connect with their brands in many ways and brands that offer this opportunity gain the mind space.

Filmfare, the film magazine, has built itself on the back of its Filmfare Awards. Femina, from the same group, has gained great

currency with its Femina Miss India awards and the astounding success of Indian girls at the global forums.

Entertainment brands like MTV and Channel V have used events to connect with the new generation. MTV's VJ Hunt is a big hit with the college crowd. And Channel V's own creation, the all woman Viva brand, has a nationwide following.

Brands can use events to reward loyal customers or include trial. Brands can organise events as a stand alone activity or they can part-sponsor a large event. Either way, the rewards are many: brand association, free entry for loyal customers or VVIP customers, media coverage, publicity, and above all, word-of-mouth amongst the most influential group.

Planning a brand event needs to be factored into the IMC plan. Often it is the publicity and the advertising of the event that is more expensive. And without the publicity and exposure, the event doesn't become an 'event'.

5.3.7 **Public Relations**

Companies need PR. Corporations need PR. They need writeups in newspapers about their financial results, the new factory inauguration, the new discovery. But do brands need PR?

Public Relations, or PR, is any form of unpaid exposure for the Company or the brand in mass media such as press, radio, TV, and internet. All these media vehicles are looking for news of interest, so why would they write about a brand?

True, all brands may not be able to get PR coverage. One way of getting PR is through reflected glory: an event featuring Lata Mangeshkar will get written about and the brand will get mentioned. But that may be a very expensive proposition.

So the first questions to be answered are, can there be news in the brand? And can there be an interesting story angle that can be developed? If a suitable answer is found for those two questions, PR stories are possible.

When L'oreal wanted to popularise the use of hair colours, they decided to use the power of PR to seed the market. An Indian's idea of hair colour was hair dye—grey to black. So a fairly elaborate educational effort was undertaken to get the journalists and fashion editors to understand the concept. They were motivated to write stories about the global trend of hair colour and how it is the fastest growing cosmetic category in the world. This pioneering effort by the Company benefitted not only its leadership position but also helped the entire category grow.

If the product category is new, PR is definitely a route to follow. If the product category is big, PR is usually planned for, but it will have to be orchestrated. The launch of every new brand of automobile is accompanied with factory visits, test drives, and a lot more.

PR is a powerful tool for brand building and needs to be planned as a part of the IMC efforts, not just as a press release rushed out of publication.

5.4 BRAND SERVICE

Is presenting the brand just about an identity and how the identity is communicated?

In his book *Experiential Marketing*², the author Bernd Schmitt explains the need for all brands, FMCG, consumer durables and service, to envelope the consumer. With increasing trends towards commoditisation, nanosecond reverse engineering, brands have to derive ways of connecting with consumers in many different ways.

Take one of the oldest success stories in India, that of Usha Sewing Machines. In order to get more and more Indian housewives to learn the art of sewing and stitching, this company went about creating a chain of Usha Sewing Schools (this author's mother attended one such school in Royapettah,

Chennai). The ladies learnt how to use the sewing machine, went out, and bought one to do simple household sewing and stitching.

The story goes that when Hindustan Lever was launching the Dalda brand of vegetable shortening, or *vanaspati*, they hired a number of vans to do demonstration cooking at busy market areas all over India. Indian housewives were convinced to taste the delicious *puris* and *bhajiyas* cooked in Hindustan Lever's Dalda. This doing-in-front-of-your-eyes way of selling, slowly got the *vanaspati* habit into Indian kitchen.

Yet another example was the way Johnson & Johnson got the sanitary napkin habit into Indian homes. The task was done not through mass media advertising alone. And just imagine how could they have shown the use of a sanitary napkin on television (products of this nature are not permitted to be advertised on TV in many countries; Doordarshan, the Government owned TV channel, had at one time restricted TV advertising of sanitary napkins to the post 9 p.m. slot). The company hired thousands of women—sales promoters—to go door to door, explaining the product in the living rooms of the consumers' houses. They showed them the product, gave samples, and a discount coupon to be redeemed at the local chemist outlet. The sales promotion call had to be made when the woman was alone at home, a window of 11 a.m. to 3 p.m.. But this method of missionary selling got the product category going even in conservative Indian households, where women during their monthly periods are expected to stay out of the home.

The above three examples of experiential marketing were efforts undertaken by pioneering companies to sell a new product, a new service. Such efforts will be called for to introduce new ideas, like hair colours or DVDs. The popularity of home PCs were driven by growth in cyber cafes. Home hair colouring has been driven by beauty parlour hair colouring, and so on.

But do established, old products and brands need experiential branding efforts? Do such efforts have a measurable return on investment?

Among the most successful such effort in Europe have been the Nestle Nursing Centres. The European food major, Nestle, has a big stake in infant nutrition. They have sponsored the Nestle Nursing Centres all over France's arterial highways. These centres provide basic, clean facilities for mothers to take care of their infants, to change their nappies, feed them, etc. What would be the measurable ROI for such an effort? What would be the qualitative pay back of these centres? What thoughts should cross through the mothers (some not using Nestle products) when they use these centres?

Another way of creating an experiential branding appeal is through building user groups. One of the most successful such efforts is the HOG or Harley's Owner's Group, all owners of Harley Davidson motor cycles. HOG which had a rather modest start, with only a dozen owners attending the first HOG meet is today a roaring success. Thousands of Harley owners drive hundreds of miles to attend the HOG Meets. In India, Tata Motors has meticulously built the Indica Club consisting of Indica owners. They are invited for special musical programmes, film shows, etc. Just imagine Bangalore's Palace Grounds or Mumbai's NSE parking lot filled with a thousand Indicas. What thoughts would go through an Indica owner's mind? How proud would they feel? How strong would their conviction be that they drive the best car money can buy?

Brand service is an internal commitment that the company makes that gets manifested as an external service. Disney stands for fun, family entertainment. This is an internal commitment. The outside world sees Disney as fun. Brand service has many critical differences across products and services. Some brands, like service brands, are nothing but service.

Jet Airways, Taj Hotels, Reliance India mobile are all services. The company cannot succeed with just the best technology or the best infrastructure, unless the service, provided by their employees are of a particular standard.

Consumer durable brands like Indica, LG, Whirlpool, LML need service to ensure that their customers get all their problems handled with a phone call. Here, the service is about pre-sales, sales, and post-sales service.

Consumer product brands like Amul, Lux, Iodex do not provide service assurance to their consumers, except for an offer of handling complaints. Hence these brands have no other touch point except when they are picked up and taken home. These brands can use experiential marketing to create a number of new touch points for their consumers. A few brands are looking at and utilising emerging opportunities in the new consumerist Indian marketplace.

Act II popcorn from Agro-tech foods has its presence in many leading cinema halls in the south. The Act II branded popcorn machine makes fresh popcorn for film buffs. An opportunity to bond with thousands of consumers everyday, outside home.

Hindustan Lever is pushing ahead with its vending machines dispensing Taj Mahal Tea, Bru Coffee, and now Knorr Soups. Placed at strategic locations like shopping malls, airports, railway stations, the brands bond with consumers when they are on the move.

The Malayala Manorama group has set up vending machines to dispense their English magazine *The Week* and other publications at departure lounges in Indian airports. The brand gets an exclusive display opportunity and through association with air travel and the brand image gets an upward push.

There are many such opportunities for consumer product brands to connect with their consumers. Given the high cost of vending machines, chances are that each of these operations are justified not on sales return basis but on an 'image boost' basis. In addition to giving a consumer a brand experience in

high traffic locations, brands can attempt to impart education and information by going through the specialist route.

Lakme has rolled out a series of 'Lakme' branded beauty parlours which offer a high level of service.

Ponds created a touch screen kiosk set up at departmental store beauty sections. These help consumers choose the kind of make up that best suits their skin colour, bone structure, and facial features.

Dental care brands like Colgate and Pepsodent sponsor dental check-ups in schools across the country. They also have an elaborate programme in place to communicate to dentists and are often seen displayed in dentist's waiting chambers.

Brand building communication has to look beyond just brand communication and advertising to see how consumers can be given a 'brand experience'. An Act II consumer, after seeing a block buster movie munching through a pack of Act II popcorn is going to carry that habit whenever he sees a blockbuster movie on his TV!

5.4.1 Brand Mantras

Prof. Kevin Lane Keller, in his article in *Harvard Business Review* (June 1999) talks of how each successful company has to materialise a 'brand mantra'. This mantra which should ideally be in three words, according to Prof. Keller, is what builds the business and should be on the lips of not just the marketing teams but also the manufacturing, product development material, finance, and human resources teams.

If Disney's brand mantra is 'fun, family, entertainment', that should be on everybody's lips. So a technology service person within Disney and its theme parks has to ensure that the games work smoothly to provide fun. A finance person should also not look at cost cutting if it is going to dilute the 'fun, family, entertainment' *mantra*.

If we were to define Nirma's brand *mantra* as 'value, housewife, cleaning', the company offers housewives, value-for-money products that help her run a clean house. Nirma therefore, would not want to offer premium products under its label, nor should it offer male products, (Nirma's entry into toothpaste is still to materialise and they have called their salt 'Nirma Shudh (Clean) Salt'!). The internal departments would spend time reducing costs to provide better value. Technology teams would strive for greater efficacy without losing the cost advantage.

5.4.2 **Service Brands**

Service brands like airlines, hotels, telecom, IT services are all about service. How efficient are they? How effective are they? And what is the net impression they leave behind?

A famous story is about a railway company that wanted to hire an advertising agency to refurbish its image. The team from the railway company were to visit the agency office for a formal presentation at 9 a.m. on a particular day. The senior client team were at the agency office at 9 a.m. only to see that the reception area was empty, the sofas dirty, and the tables full of empty cups and overflowing ash trays. And there was no one to be found except the cleaning lady who was at her task, rather slowly. As the team waited and the clock ticked away, at 9.15 a.m., a junior executive arrives, apologises and takes them to the conference room, more dirty tables, more messy chairs. At 9.30 a.m. the head of the agency arrives, apologises to the railway client who was about to explode, and explains that the experience the railway team went through was similar to what a passenger goes through in the train on an average day. Dirty compartments, overflowing ashtrays, empty cups, and a slow coach cleaning lady.

The moral of the story is that no amount of brand image advertising can help a service brand like a railway company, if the service on the ground is poor.

Jan Carlzon, formerly CEO of Scandanavian Airline System in his book, *Moments of Truth*³ speaks of the need to empower employees to take decisions at the vital moment, when the customer is facing a problem. If the airline handles the problem, the customer stays for life. And he terms those moments the 'moments of truth'. A waiter who goes chasing after a customer to return his valuable pen. An airline check-in staff who is willing to accommodate an emergency passenger. Each of them wins a client for life.



tsamaNpuorgmocleW

tseuG raeD

When ITC decided to diversify into hotels in the mid-70s many corporate eyebrows were raised. There were already two established groups in the country then, with half a century of experience behind them, so how was this going to be a different offering?

The first difference was in the brand name of the hotel chain - Welcomgroup. And this welcome was captured in the logo, symbolising the traditional Indian welcome *namaste*. Designed by R. K. Joshi of Ulka Advertising, the Welcomgroup logo continues to be a watershed in identity designs in the country.

Not only was the brand name different but the brand offering was focussed on giving an Indian experience to the business traveller. Starting with the names given to individual hotel properties like the Chola in Chennai, Maurya in Delhi, and the restaurants like Bukhara, Dum Pukht and Dakshin, Welcomgroup endeavoured to give a unique Indian experience. The service brand innovated with holiday packages like 'Welcombreak' for the spouse, 'Welcomaward' for the frequent traveller, etc.

Question: Why is logo and identity important for service brands? Can a hotel change its name/identity often?

Source: Economic Times, Brand Blazers, 1995

Unfortunately, several large service sector brands in India have been government monopolies for long. Airlines, banks, oil and gas, telephone and electricity. Given the monopoly status and the lack of incentive for superior service, all of them treat customers as a necessary evil. It is when the sector is opened up and the competition comes in that they wake up to the reality of customer loss.

There are huge opportunities waiting to be utilised by service brands across the country. And Indians will demand their own brand of value-for-money service from these brands. A bank customer may not be willing to pay extra for a cheque book just because a bank officer is smartly turned out and makes this request in Queen's English. Unless the customer is given a good enough reason, he is not going to agree to pay for a service that till now was deemed to be free.

'Lufthansa Effect' is the term coined after the image of the German airline improved subsequent to the opening up of the German skies to private sector competition. Often a monopoly public sector Company's standards are seen as very low since there is no other yardstick. It is only when competition arrives that the real yardstick is established. Apparently in Germany, image surveys showed that Lufthansa's image on several key service parameters improved after competition arrived. In reality, they were just the same, only the image had improved.

Today, many service brands monitor their service image through customer satisfaction surveys. Based on these regular tracking surveys, service brands have to monitor actual performance, and perception of actual performance below, in addition to imagery:

Airline

- On time departures
- On time arrival
- Check-in time
- Baggage closing time

Hotels

- Check-in time
- Housekeeping service

- Room service
- Check-out time

Service brands are all about the experience they offer their customers. At times, experience is mistakenly identified with the décor, the ambience, the dress code, the food, the air conditioning, the speed of service, etc. Most often, all these cannot compensate for the people interaction. McDonald's with surly counter staff will not be popular. Airlines with grouchy hostesses will soon lose their appeal.

5.4.3 Business to Business Sales and Service

Business to business sales activity is possibly one of the largest sectors of any economy. Brands play a critical role in getting the first impression. But selling and service go a long way to clinch the customer for life.

Business to business selling organisations tend to categorise sales efforts into various stages or steps:

- Suspect—a company which is new, with the potential to become a customer
- Prospect—a suspect becomes a prospect if the need has been identified and the first contact was not a 'no-no'
- Actual demonstration—at this stage the brand is demonstrated to the prospect, or a site visit is arranged.
- Negotiation—the company is now showing interest in purchase and is now willing to negotiate
- Close—the negotiations are completed and closed
- Order—order for the equipment has been procured

Often the sales team takes the customer from S-P-A-N-C-O, S to O. But at that stage, they walk off. Successful B2B sellers continue the sales process even after the order, after the delivery. So some companies call these stages:

- Pre-sales
- Sales
- Post sales

Not only are pre-sales and sales stages important but if the sales are not followed through in post-sales, the customers are going go through a post-purchase dissonance. A satisfied client continues to come back with new requirements.

BRAND BUILDING TERRAIN

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Coffee chain Barista had 100 outlets in 18 cities in 2002 and wanted to get 250 by end 2003. Café Coffee Day had targets to hit 200 by March 2004, as against 50 at the end of 2002.

LG India has 100 LG shop and wants to expand rapidly.

Sony has 26 Sony Worlds accounting for 11% of national sales and their target was to get to hit 20% by FY 2004.

As more and more brand marketeers are jumping on to the exclusive outlet bandwagon to build brand image, many are discovering that high cost may not translate into high sales. With the growth in high street multi-brand outlets like Shopper's Stop, Lifestyle, Pantaloon, etc., experts believe that it may be more sensible to ride the MBO boom to tap the up-market consumers. The situation of the 1990s when there was no option but to build own stores to provide an upgraded premium retail experience is no longer valid. However, brands will have to now contend with the growing negotiating power of MBO brands!

Source: Economic Times, January 19, 2003

In the IT services arena, successful Indian majors have complex matrix systems that track each sales through an Industry

Practice (IP), a Specialist Practice (SP) and a Client Practice (CP). So if an order for a telecom company has been bagged for web enabled sales booking, the three teams involved in the web practice (SP), telecom practice (IP) and the specific owner of the client (CP) are all to work through the completion of the purchase and implementation process.

The task of these three teams is to ensure that there is complete co-ordination and the client is getting what he asked for.

As the Indian market evolves, B2B selling will become more refined and improved. Auto companies will start fleet management services—not just sell cars. Hotels will focus on corporate brand services—not just sell rooms. Fuel companies will offer a car and truck maintenance services. Telecom companies will offer end-to-end telecom services. Brands will play a key role in getting the call but it will be the quality of the brand service that will lock the customer in.

5.5 BRAND ARTICULATION— SUMMARY

The Brand Building Pentagon is designed to take a marketer from brand appraisal (does an opportunity exist?), to brand definition (what should the brand stand for?), to brand articulation (how should the brand present itself to the consumers?).

The first three stages are designed to be done in the sequence mentioned above. However, they should not be seen as water-tight stages. While one is developing a brand communication plan, there may be new thoughts that could impact how the brand is positioned. Similarly from brand positioning, one may leap to the brand name and so on. Ideally, these three stages should be seen as a continuum.

One critical question yet to be addressed is the need for a constant consumer feedback. While going through the first

three stages sufficient care should be taken to ensure that the consumer is constantly in the picture. Various research methodologies are to be involved to check and validate the hypotheses about the market potential, positioning options, and articulation. These could be qualitative research studies (focus groups, in depth interviews) or quantitative research studies.

The brand articulation stage of the Brand Building Pentagon is planned to take the marketer through three critical phases—brand identity, brand communication, and brand service.

The brand identity stage deals with how the brand should be named, what the brand's look and feel should be. Many of these decisions are often left to divine inspiration or creative genius. In reality, they can all be taken quite scientifically. This by no means is to decry the importance of ideation at this stage of the exercise, but often, they are left to chance while in fact they can be planned. The brand identity of a new health drink can be designed to communicate health, kids, energy, growth—through a combination of brand name, colour, graphics logo, and mascot.

Brand communication is about how the brand sells itself to its final consumer. This could involve a combination of advertising, direct marketing, promotions, event, and PR. In the case of consumer products, packaging itself is a key element of the communication mix.

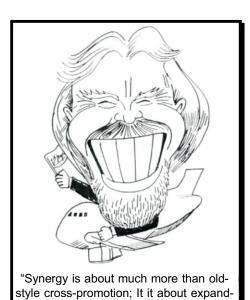
Brand service deals with how the brand goes beyond its physical presence and connects with the consumer. In the case of service brands like banks, airlines, brand service is possibly more important than the physical assets owned by the company. In the case of consumer durables, after sales, before sales, post-sales service is becoming more and more important. Finally, with consumer products, service opportunities are really opportunities to provide an experience with the brand, to connect with the consumer beyond just a bag of ready-to-microwave popcorn.

While working through the first three stages of the Brand Building Pentagon, the brand offer is being refined, re-looked and re-calibrated. The brand's packaging, pricing, distribution in addition to its formulation will undergo modification all through these three stages. Chapter 8 will examine all aspects of the Brand Execution.

After the brand has been planned through the three stages, it arrives at the market test or test market stage and the tracking stage. How is the brand performing? What are the issues? These and more questions will be addressed in the next stage of the Brand Building pentagon—the Brand Measurement stage.

Schmitt, Bernd H., and Alex Simonson, Marketing Aesthetics, the Free Press, 1979.

Schmitt, Bernd H., Experiential Marketing, the Free Press, 1999.
 Carlzon, Jan, Moments of Truth, Ballinger Publishing, 1987.



ing networks of brand extensions to spin a self-sustaining lifestyle web". Richard Branson

The McGraw·Hill Companies

BRAND MEASUREMENT 6

STEP FOUR OF BRAND BUILDING PENTAGON

6.1 BRAND MEASUREMENT

The brand has been created and launched. The job is not over, in fact just the opposite is true. The job has just begun. The task of the marketer is not just to create and launch brands (some product managers tend to get a mistaken notion that the task is all about creation), but to track the brands in real market conditions and ensure that they succeed.

The question may well arise that why put in elaborate measurement system if brand analysis was all about evaluation. The reality is that the market changes rapidly. The launch of a new brand starts a chain reaction.

Captain Cook Salt was a brand that was struggling against Tata Salt. The brand initially offered the 'pure-white' promise but with the 'free-flow' benefit it broke through and rose to almost half the size of Tata Salt. The brand then got extended into spices (which failed) and then into wheat flour (atta). Captain Cook Atta was the first national brand of atta and it brought about a sea change in the market. The entry of Hindustan Lever came quickly to be followed by Pillsbury, Cargill, and Agro-

tech. The market changed dramatically and brand measurement tools indicated Captain Cook brand was outgunned by deep pocketed rivals. Fortunately for the promoter of the brand, there was a buyer who valued the brand enough to pay a significant price for it.

Maruti Suzuki had a virtual monopoly position in the Indian automobile market. The company had successfully weathered the entry of Ford (Ford Escort), GM (Opel Astra), Peugeot and Daewoo (Cielo) in the mid-nineties. But in 1998–99, its citadel, the small car segment of the market came under attack from Fiat (Uno), Hyundai (Santro), Daewoo (Matiz) and above all Tata Motors (Indica). The company, with its brand measure-ment process would have figured out the immensity of the threat. While its first response, possibly a wrong one to Indica, was a price cut, it got into a hyperactive state in the next couple of years, to cut costs and launch a slew of new brands.

Brand measurement processes in all these cases, if implemented systematically, could have given the companies concerned an early warning signal. It is never possible to predict what the competition will do and it is foolhardy to underestimate the competition, but brand measurement will help marketeers understand where the brand stands in the market and what its strengths and potential threats are.

Brand measurement processes have to take into account timeseries data, and various parameters that measure brand health. Brand measurement will have to cover the following metrics, measured on a monthly, quarterly, and annual basis:

- Sales (Value and Volume)
 - Geographic
- Market share
 - Geographic
- Consumer loyalty
 - brand switches

- Dealer distribution
 - Depth and width
- Pricing
 - Competition
 - Substitutes
- Imagery, etc.

All these may not be measured on a monthly basis. Some may be measured on an annual basis, some on a quarterly basis, and some others monthly. With automation of supermarkets in the not so distant future, brand marketers will be able to track retail sales daily!

To help plan brand measurement activities it may be prudent to see them as three types of activities: Brand Audit, Brand Track, and Brand Dashboard.

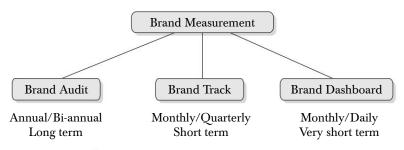


Fig. 6.1: Brand Measurement

Brand dashboard is a ready reckoner of brand performance using company sales data, monthly market share figures from retail sales audits, and other such ready reference data.

Brand track is a regular short term analysis of brand health. The parameters tracked here in addition to sales and market share include brand awareness, usage, image. Brand track measures involve some amount of consumer research and are usually an ongoing quarterly exercise.

Brand audit is long term analysis of the brand's health. While sales and market share trends would play a role, the brand audit is more about how the brand has performed over the long term vis-à-vis the competition, consumer, and the overall market. Fairly exhaustive consumer and company analysis is a pre-requisite for brand audit.

Used in combination these three brand measurement processes can help marketers monitor the vital signs of a brand on an ongoing basis.

When one is working on large established brands, the starting point of the Brand Building Pentagon may very well be brand measurement.



Managing Brands Globally

One of the outstanding global brands of this decade is Intel. And this is no accident. Prof. Jennifer L. Aaker (Associate Professor of Marketing and Michael Spence Scholar at the Graduate School of Business, Stanford University, California) points out how, "Intel has created an Intel voice, which is used to develop marketing communications. It highlights five global goals (build Intel equity, achieve consistent results, save time and money, connect with audience, and do your best work) and a common brand personality (intelligent, innovative leader). The corporate headquarters has also provided guidelines for visual style (clarity, simplicity, and originality). While Intel managers everywhere try to attain the same goals they retain considerable control over the execution of campaigns".

So while Intel is a pioneer and a technology innovator par excellence, the company is conscious of how the brand Intel is managed across the world.

Source: Case "The Global Brand Face-off" Harvard Business Review, June 2003, pp 35–46

- Brand audit indicates Parachute is seen as just a hair oil brand—what other opportunities should the brand look for?
- Brand audit indicates readymade brands like Van Heusen, Allen Solly, and Louis Phillipe are not addressing a large emerging middle class market should we have another brand?
- Brand audit indicates TV viewers are not finding the news coverage of Hindi entertainment channels fulfilling enough. Zee, Sony, and Star Plus are not enough should we explore a news only Hindi channel?

From brand measurement, the process could lead to brand expansion (can an existing brand take on the new role) to brand analysis and onwards.

Brand measurement is not just an exercise in counting sheep. The challenge is to read the numbers well and interpret them. The challenge is also to go beyond just the numbers.

6.2 BRAND DASHBOARD

Brand dashboard is the monthly data reckoner that tracks the vital statistics of a brand. In several companies, with brand management culture, the brand manager is expected to maintain a 'Black Book', that is the quick data file on the brand.

So what is a brand dashboard? Just as a dashboard of a car provides the critical data required for driving, the brand dashboard gives the critical data about the brand in an easily accessible form.

While driving a car what role does the dashboard serve? It tells us the speed at which the car is moving, the rpm of the engine, the fuel level, the engine temperature, whether the doors are closed properly, headlights, etc. The dashboard gives enough information for us to drive, or to stop and refuel. It

does not tell us about the engine and its innards (some 'dash-boards' of the more modern cars do a lot more than just these functions). However, we know about our speed (should we slow down or accelerate?). It does not tell us about the health of all the various parts of the car like the gearbox or the suspe-nsion or the clutch. But it tells us if the engine is overheating.



Brand Building at Work

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Captain Cook entered the branded salt market in 1991 as a 'whiter salt'. The brand managed to make a mark with entertaining commercials that played up the whiteness of salt.

But by 1993 stagnation set in. Whiteness which the brand tried to appropriate to itself, was seen by the consumer as generic feature.

How can Captain Cook become a differentiated brand offering in a commodity market?

The company went back to the drawing board to develop a technology that actually made the salt more free flowing.

The 'free-flow' promise was played up in the advertising that started airing in 1994. The brand sales grew by 50% in just a year. The Captain Cook brand of salt became a strong Number Two to the market leader Tata salt!

Question: Could Captain Cook have succeeded with the whiteness story? Why is it important to regroup and go back to the drawing board at some stages of brand history?

Source: Economic Times, Brand Blazers, 1995

So a dashboard gives us just enough information for us to drive.

Similarly, a brand dashboard gives us just the right amount, on a monthly basis, for a brand manager to take basic decisions. Is the brand sales on budget? Is the brand growing as per expectation? Is the market growing? Are brand marketing costs under control? Is the brand profitability as per plan?

All these questions should be answerable with the data from the brand dashboard.

6.2.1 Sales Dashboard

The first number to be flashed on the brand dashboard is the sales, in value and volume terms. In the case of consumer products and consumer durables, sales figures are captured on a monthly basis. However, in several services, the data is flashed on a daily basis.

- In Yellow Pages marketing, revenues and contracts (ads) signed up are flashed on a daily basis.
- Hotels tend to track room occupancy on a daily basis (weekdays vs weekends).

Depending on the size and scope of the brand sales, dashboard will capture sales in terms of:

- Value (Rs.)/Volume (tonnes/litres, etc.)
- Statewise/Geographic
- Packwise/Modelwise
- Channelwise (if multiple channels like direct sales, telesales, etc. exist)

Sales dashboard is the starting point and good brand managers can often reel out the key numbers from the sales dashboard.



Share of Wallet

How do urban, SEC A/B households spend their money. A survey done across 20 cities, with a 10,000 sample size by KSA–Technopak has some interesting insights:

Groceries	48%
Personal care items	7.1%
Home appliances	2.0%
Home textiles	1.5%
Savings and investment	6.4%
Clothing	4.7%
Consumer durables and electronics	5.5%
Vacations	3.17%
Eating out	8.87%
Footwear	2.27%
Movies and theatre	2.6%
Entertainment	3.0%
Books and music	6.7%

Interestingly, rent did not feature as an expense item, possibly because it is seen as a fixed amount. Even savings seem to be rather low given the national average savings rate of over 25%.

Source: Business Today, May 12, 2002

6.2.2 Marketing Inputs Dashboard

What were the inputs provided during the month? Did the brand receive advertising support? Did the brand have any PR or event support?

Tracked on a monthly basis, the marketing inputs dashboard should track:

- Advertising costs and inputs—Media plan/creative elements used.
- PR Inputs—Press releases, press coverage
- Events/sponsorship
- Direct/interactive inputs

In addition to capturing the marketing inputs received, in terms of advertising, the attempt should be to also capture all other marketing input costs including sales promotion, dealer schemes, etc.

6.2.3 Competition Dashboard

The best laid plans are often lost due to lack of competitive intelligence. Every brand marketer has to have a method of trading competitive activities. The sources of information for these activities include:

- Media reports
- Dealer network
- Salesmen
- Other associates advertising agencies
 - market research agencies
- Syndicated Reports (media spend reports)

The dashboard should track key activities of the competitors including:

- New product-variant launches
- Advertising campaigns
- Merchandising
- Sales promotion
- Dealer promotion
- Price changes

Often a lot of this information is available in the market. Salesmen have to be trained to become the 'eyes and ears' of the

company. The philosophy should be, 'no information is too small to report to the brand team'. Brand team in turn should be ready to respond to the sales queries.



Brand Building at Work

Nirlep—Creating a New Category

Umasons Pvt. Ltd., a Bombay based company manufacturing X-ray film processing equipment, created the brand Nirlep, through a series of disconnected events.

The company had imported a consignment of PTFE (polymer polytetra fluoro ethylene) in 1966–67 for coating on mild steel, instead of using stainless which was a banned import item. But the coating did not work and the company had large stocks of PTFE.

A friend suggested how PTFE coated non-stick frying pans were the rage in Europe. Umasons decided to try coating PTFE on aluminum pans and introduce a new concept in India.

The name 'Nirlep' was derived from the Hindi word for 'nonstick'. The brand was launched before the era of television. And product demonstration was the key, not only on how to use the pan, but also on how to clean the pan.

The company invested heavily in product demonstrations, at shops, ladies' clubs, building societies, etc. The word slowly started spreading.

It took the company eight years to get the brand and the new product concept accepted. In the 2000s it is not unusual to find non-stick pans as a normal part of every wedding gift package!

Question: Would television have speeded up the acceptance significantly around the country? Would a sampling/trial scheme have worked better?

Source: Advertising & Marketing, June 1992

In a vast country like India, companies are often testing new products, new variants in one part of the country before a national launch. Hindustan Lever tested Annapurna Atta at Vizag, and later at Andhra Pradesh, a full 18 months before the national launch. This information would have been vital to their competition. Sometimes, the company adopts a phased roll out with the launches staggered by a few months. If the information is available in time, the competition can create enough problems for the brand in the markets planned for Phase 2.

Competition dashboard should also be alert to pick up price changes. At times, these are not picked up in time, nor are details of promotional schemes.

Competition dashboard is a quick pick-up of the competitive activity, collated monthly. Most sales executives and sales managers are expected to write monthly reports with competition analysis as an explicit area of the report. This is one useful source. More importantly, sales teams should be encouraged to send 'flash' reports on big competitive activities.

6.2.4 P&L DASHBOARD

All organizations have a system of monthly profit and loss statements. But not all organizations take the P&L orientation to individual brands on a monthly basis. Several excuses are thrown up like seasonality, difficulty in apportion monthly costs, etc.

Brand Building Pentagon recommends a monthly analysis of brand profitability through the P&L dashboard.

Brand P&L will be worked out to cover the net realisation of the brand (selling price realisation), less cost of manufacturing the product, less marketing costs, less selling costs, less company overhead. Brands may not be profitable every month. The month where there are big bursts of advertising may not be high on profits. Similarly, seasonality may affect the brand

P&L. But tracking the brand P&L is a sensible way of managing the brand health.



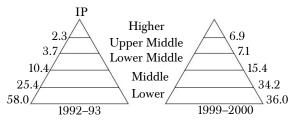
Middle Class Bulge

Most developed market demographics (income classes) have a 'diamond' shape with a small upper-upper and a small lower class. India, like most developing countries has a pyramidal demographics—income structure. But the base of the pyramid is slowly shrinking, as per India Market Demographics 2002, the extensive consumer profiling exercise done by National Council of Applied Economic Research (NCAER).

A look at the changing shape is quite revealing. NCAER categories households as higher (Annual Household Income of Rs. 1,40,000) Upper Middle (Rs 1,05 to 1,40,000), Middle (Rs. 70 to 1,05,000) Lower Middle (Rs 35 to 70,000) and lower (less than Rs 35,000).

NCAER data tracks households over 92–93 to 99–00 and reveals that the percentage of lower classes has declined from 58% to 36%, while the higher classes has moved up from 2.3% to 6.9%.

Income Pyramid



But with middle classes growing from 25.4% to 34.2%, marketers will have occasions to rejoice.

Source: Economic Times, April 21, 2003

In the case of service brands it becomes difficult to prepare brand P&L on a monthly basis. Take the case of a hotel that may have rooms, restaurants (each branded differently), banquets, etc. Ideally, each branded offer will have to be provided a P&L. In the case of hotels, the major cost is often the apportioned cost of the infrastructure. In most star hotels, restaurant's cost of food is less than 30% of the charges levied, etc. So the task is a lot more subjective than in the case of a multibrand FMCG company.

6.2.5 Market Share Dashboard

Retail Sales Audit provides market shares for brands on a monthly basis. Given the size of the Indian market, the data is often available with a 2–3 week lag. So if we are analysing May sales figures, at best we will have the April or March market share numbers.

Brand market share should be tracked on both a volume basis and a value basis.

The complaint heard is that monthly shares are often subject to violent oscillation. But over a period of time the monthly market share numbers give a fairly good idea of the brands' market share trend.

Retail sales audit also gives vital information of the market's growth, in value and volume terms, market share of major brands, as well as distribution penetration.

All these data points should be used in the Brand Dashboard.

Yet another indicator of brand health on a monthly basis is consumer panel data. Consumer panel data can not only give an idea of brands' usage in key segments, but also indicate the 'gain-loss' characteristics of the market. Which brands are gaining share at our brands' cost? Who is losing to our brand?

Used together, market share and consumer panel data, can form key measures of brand health.

Brand dashboard can be expanded to include a lot more information and therein lies the quandary. If the information is too high, it no longer stays a dashboard but becomes a complicated airline pilot's cockpit. The challenge is to keep it simple, elegant yet very useful to monitor brand health on a daily, weekly, monthly basis.

Traditional Indian business houses like the Birlas have for decades used the *partha* system that on a daily basis recorded production, sales, cash reserves, collections, etc. Brand dashboard is just the modern interpretation of their system incorporating pieces of competitive information like market share and prices.

6.3 BRAND TRACK

If brand dashboard is a one page compendium of the brand's health, readily available on a daily, weekly, or monthly frequency, brand track is a more comprehensive monitoring of the health of the brand, done every quarter (three months) or every six months.

Brand track by definition is analysis of not just the sales numbers but of what goes on behind the sales numbers. It also monitors changes at a slightly longer time period.

Just as we do not notice the growth of a baby if we see the baby every day, and only the monthly check up with the doctor reveals the true growth, brand track is aimed at a broader level measurement that brand dashboard may miss out on.



Brand Building at Work

Santoor-Younger Looking Skin

Santoor, the sandal and turmeric soap from Wipro, was launched in the early 70s, as an ingredient based soap.

The brand's fortunes rose when it got positioned as a 'skin care soap', with the goodness of sandal and turmeric, to give 'younger looking skin'.

Santoor's young looking skin and mistaken-identity based television advertising has been acclaimed and awarded by industry forums.

The challenge for Santoor today is to stay in tune with the times, as its core consumers, the middle class housewives get wooed by more glamorous skin care products.

Question: How can Santoor face the challenges from the new age creams and skin care offerings?

Source: FCB-Ulka Brand Building Advertising—Concepts and Cases

Table 6.1: Dashboard vs Track

Brand Dashboard	Brand Track		
Sales—value/volume	Sales—	value/volume- geographic trends seasonal trends	
Market Share—value/volume	Market Share—	value/volume- Statewise Pop-strata wise urban/rural	
Competition—activities	Competition —	activities strategies future moves	
P&L—own brand	P&L—	own brand competition substitutes	
Consumer Behaviour—not tracked	Consumer Behaviour—	awareness usage loyalty image	

Brand track in effect measures the consumer attitudes that affect brand purchase and loyalty. Similarly, it tracks competitors' movements not just in terms of sales but also in terms of consumer behaviour. It also attempts to track changes in marketing inputs, sales promotion, and distribution operation.

6.3.1 SALES TRACK

Brand Sales Track is a slightly more comprehensive analysis of the sales trend of the brand. While it may be possible to do this analysis on a monthly basis, looking at them, say, quarterly may reveal a few insights missed.

Sales track goes beyond just sales numbers at a national level and goes into state level and even city level data.

For example, in automobiles, the appointment of a new dealer in a city may cause an increase in sales of that state.

Similarly, a retail boycott of a competitor can result in sales surge in a particular state.

Or a health scare can cause a short term damage, only to be reversed over three-six months.

Seasonal trends can have an impact on sales and these too need to be analysed. A delayed monsoon extends the sale of refrigerators but cuts into the sale of washing machines. A heavy monsoon spells increase in illness and doctor visits. A long winter indicates a delay in the mosquito season. And a late Diwali delays purchase decisions.

6.3.2 Market Share Track

Retail sales audit provides market share data on a monthly basis for national and state level. But deeper levels of analysis are often a little difficult due to sampling and sample-projection concerns. The quarterly market share track can go beyond just state level market shares and do the following additional analysis:

- Statewise Urban/rural
 - Population strata
 - Large cities—small cities
 - Quarter to quarter



Measuring Brand Power

Interbrand, the Global Brand Consulting Company in the book about powerful brands has developed a method of assessing brand power. Based on Interbrand's 20 years' experience in branding and brand evaluation, brand power index uses four dimensions for evaluating brands:

- Brand Weight—the influence or dominance that the brand has over the category/market (more than just market share)
- Brand Length—the stretch for extension that the brand has achieved or is likely to achieve in the future (especially outside its original categories)
- Brand Breadth—the breadth of franchise in terms of consumer types and international appeal
- Brand Depth—the degree of commitment that the brand has achieved among its customers—intimacy and loyalty

The book points out that few brands can attain power quickly and last forever.

Source: Brand Powerbook by Interbrand, pp X-XV

Similarly, consumer panel data too can be analysed at a better level of sophistication:

- Consumer Panel Usage
 - Ever usage
 - Gain-Loss

In consumer products, the above analysis will give a richer profile of market share changes. In consumer durables, which are all along thought through purchases, market share numbers on a monthly basis may inflate temporary tactics. So quarterly tracks in the case of durables is a much more stable measure of market share changes.

6.3.3 Marketing Inputs Track

Done on a quarterly basis, this attempts to analyse the advertising, promotion, PR, and other inputs behind the brand and compare this with the competition.

With spiraling media costs most brands today have a 'flighting' method of using media. This implies that of the 52 weeks in a year, the brand will get, say, three flights of eight week advertising. That is, 24 weeks of heavy advertising and 28 weeks of total silence. These 'flight' trends will only be picked up through a track done at periodic intervals.

Similarly consumer promotions run for four to eight weeks and their effect wear out soon after. These too are picked up in a longer term track.

Advertising inputs too need to be tracked on a quarterly basis (keeping the 'flights' in mind), to measure:

- Share of voice (Own brand vs Competitor spends)
- GRP (Gross Rating Points) tracked by month, by state

In addition to the numbers the track will have to cover the messages delivered:

- Main message
- Theme campaigns
- Tactical campaigns
- Regional campaigns
- Cut-down versions (60 sec TVC vs 20 sec TVC)



Brand Building at Work

Thirty Plus—Promise and Person Matched

Ajanta Pharma, a company with brands like Pinkoo Gripe Water and Trimol Analgesic, made a big splash in 1989 when it launched Thirty Plus capsules, as an OTC brand.

The brand Thirty Plus was conceived as a male virility booster, with 500 mg of Ginseng extracts and 500 mg of Aswagandha. The brand was attractively packed in red and gold packaging.

The two most significant brand differentiators were the brand name itself, Thirty Plus, that held a mass appeal, and the famous protagonist film actor Jeetendra.

It is reported that the Company looked at famous names like Jehangir Khan, Kabir Bedi, and Sunil Gavaskar, before finally rooting for Jeetendra. The famous Hindi film star stood for eternal youth, perpetual 30s, and evergreen hero halo.

Thirty Plus went on to become a huge success and created an explosion in the male-tonic market.

Question: What could be the reasons for the brand's decline in the 90s? Changing male requirements? Jeetendra's exit from films? Intensive brand competition?

Source: Advertising and Marketing, December 1991

The track is aimed at benchmarking our brand's efforts against the competitors. While the above information should be available from the advertising agency, the field force/sales team has to fill in the following information:

- Dealer schemes
- Display material used
- Display schemes

Dealer motivational tools used (conferences, contests, etc.)

Marketing inputs provided for the brand has to be compared at least on a quarterly basis, with those of the competition. This would not imply that marketing inputs will have to be changed every quarter but this brings in a disciple of benchmarking and will protect the brand from sudden shocks.

6.3.4 **DISTRIBUTION TRACK**

Retail sales audit for consumer products tracks the depth and width of distribution. Width is measured as percentage of dealers stocking the brand, vs percentage of dealers stocking the category. Depth is amount of stock carried, measured in term of STR (Stock Turnover Rate), which is indicated in days, i.e. 40 days STR means the average dealer is carrying 40 days of stock of the brand.

With improvement in technology, the day will come when both depth and width will be measured on a monthly basis. But even then a quarterly track is bound to give a better picture.

Distribution track will have to be done, compared to competition as:

- Width of Distribution
 - National
 - State level
 - Population strata
 - Urban/Rural
 - By variants (For eg. blue/green/white soap)
 - Type of outlet (grocers/general merchant, chemist, petty shop)

Similarly, depth of distribution too will have to be measured across all these dimensions.

A new brand of antiseptic cream may be more accepted by dealers in big cities, with general merchants and chemists, while

the competitor may sell through grocers as well. Or a premium brand of sugar may sell more through general merchants, not through grocers. The evolution of mini-super market may cause further disturbance in the distribution system.

Many consumer durables are also tracked by retail sales audits. In addition to distribution data gleaned from the audit, a durable or an automotive brand will also have to track:

- Appointment of new distributors
- Appointment of new dealers (cars)
- Service centre openings
- Value added resellers (computers)
- New cities added (airlines, hotels)

Often the hard data, like retail sales audits, are easy to come by, but the appointment of a new dealer may not be picked up without the sales team's alertness.

Distribution track is critical to also monitor trends in the market place. For example, one chemist becoming more or less important in OTC brand's lives. Are mini-super markets accounting for an increasing contribution of the product category sales?

6.3.5 **Pricing Track**

Brand pricing track is not just measurement of own brand pricing with leading competitive brand prices. The analysis will have to go a bit deeper to project future price movements.

Several product categories have their prices intrinsically linked to the raw materials, for example tea, edible oil, spices, etc. Tracking price movements in the Indian and global markets would give an indication of future price movements. If commodity prices are softening, will the competitor drop prices first? If global prices are hardening, when should we take a price increase?

In the jewellery business it is said that the trade replaces the gold (weight) sold on a daily basis. So they do not see gold price movements as a source of profit, only the value added in terms of making/design charges are seen as value added.

Pricing track will have to monitor prices across pack sizes, variants as well as substitutes and complimentary products. Computer brands will have to monitor unorganised sector prices. Similarly, a scooter brand will have to monitor motor-cycle prices. The common belief is that scooter brands did not track the fall in price difference between motorcycles and scooters—this is seen as one of the many reasons for the decline in scooter sales.

6.3.6 Consumer Track

The most important purpose of brand track is to go behind the sales numbers and discover the reasons. The critical factor that affects sales is consumer behaviour, beliefs, attitudes, and images. Consumer Track is about measuring these parameters on a quarterly or half-yearly basis.

Consumer track normally consists of a system of market research process that interviews a matching set of consumers in one or two or more markets. Several leading market research organisations have proprietary methods to measure these parameters.

For example, if our brand is Parachute, a large national hair care brand, we may want to measure consumer images in a large town, a small town, and a rural market, spread across a strong state, a medium state, and a weak state.

The consumer track will attempt to measure the awareness levels of the brand and its competitors, the usage level, and the brand images.

Given the costs involved in conducting market research, consumer track studies are restricted to a few centres and are done on a quarterly basis.

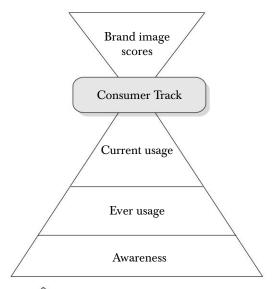


Fig. 6.2: Consumer Track

Consumer panel data gives information on current usage and ever usage. But it does not tell us about the awareness levels and the motivation that drive trial and usage. Consumer track research is a measure of going beyond usage to reasons why.

More importantly consumer track research measures the brand image ratings vis-à-vis the competitive brands.

6.3.6.1 Consumer Awareness Track

What brands of toothpaste have you heard of? Have you heard of Promise toothpaste?

The answer to the first question gives us the unaided awareness of the brand. And the second gives the aided awareness. Further the first brand mentioned in the first question qualifies as a Top of Mind Awareness (TOM). Normally, consumers can give three brands for many product categories. The first brand mentioned is TOM, the second and third one UA (unaided

awareness). The next level of awareness is aided awareness (AA). TOM is the strongest indicator of brand health and is often highly correlated with market share. UA is again a very useful indicator and predicts TOM ratings.

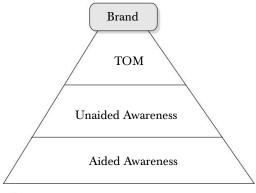


Fig. 6.3: Brand Awareness Level

While tracking brand awareness over a period of time, it becomes obvious how these scores start indicating changes in brand health. For example, heritage brands (like Godrej) have high TOM and UA, disproportionately higher than their market share. When LG came into the market, it first had to unseat Godrej from consumers' minds and for a while its market share was higher than its share of mind. Godrej may have been better off if it had not taken its TOM ratings as cast in stone.

Indica similarly, was steadily increasing its TOM and UA ratings between the years 1999–2001. But Zen continued to have a higher score, thanks to a longer history, though for the year 2001 and 2002 Indica outsold Zen by a large margin.

TOM-UA-AA are very useful measures and should be looked at over a period of time. They can predict behaviour when used in conjunction with brand image ratings. Obviously high awareness with poor image will not make a healthy brand.

6.3.6.2 Consumer Usage Track

Do you use toothpaste in your homes?

Which brand of toothpaste are you currently using?

Have you ever used Promise toothpaste?



Brand Building at Work

Vicco—Can it get its Vajradanti back on track?

Vicco, shorthand for Vishnu Industrial Chemical Company, launched Vicco Vajradanti 1975, creating a new product category. But the company lost all its early mover advantage and had a Rs. 100 crore sales of the total Rs. 2,500 crore herbal products market in 2002.

Where did Vicco the brand lose its magic?

Vicco was one of the first Indian brands to ride the television expansion across the country in the early 90s. Vicco Vajradanti toothpaste (and toothpowder) and Vicco Turmeric skin cream were two of the most widely recognized brands, thanks to programmes like *Yeh Jo Hai Zindagi* and *Chaya Geet*. But the company did not continue with its brand building efforts in the late 80s and 90s. More importantly, the product, the packaging, distribution were not paid attention to, with focus diverted to exports.

In the year 2002 Vicco became a pale shadow of what it was, the first national *ayurvedic* brand of personal products.

Question: Should Vicco have continued with its brand building efforts? What else should have been its thrust areas?

Source: The Business Standard Strategist, October 22, 2002

The first question reveals category usership. The second question tells us about 'current usage'. And the third question reveals 'ever usage'. A brand with a high current usage and low ever usage is possibly a healthier brand as opposed to a brand with low current usage and a very high ever usage.

The current usage and ever usage data are also available from consumer panel data. But consumer track can go behind the differences between a lapsed user and a current user. For example if a brand has a 5% current usage and a 45% ever usage, it indicates that a large number of consumers have tried the brand and moved away. Consumer track can tell us why. Was quality an issue? Was it price perception? Was it the brand image?

Further, consumer track should also help analyse usage by segments, upper vs middle income classes, SEC A vs SEC B, big town vs small town.

Consumer usage track, attempts to give a picture of the user (consumer), the trier (ever user) and a non-user—non-trier. Some of the triers may have used the brand for a period of time. The third category are consumers who have never tried the brand. The awareness track can tell us if they are at all aware of the brand or if they are aware but have never tried the brand.

6.3.6.3 Consumer Image Track

Brand image is comprised of rational, emotional, and experiential factors. Consumer image track attempts to measure the image of the brand with the consumers, as compared to the competitive brands.

Image track measures the brand's image across several parameters.

- Quality of the product
- Product benefits offered
- Price-value offered

- Images evoked
- User images
- Usage occasions
- Brand personality dimensions

Image track is also used to measure the image differences across various groups.

- Own brand image vs leading competitors
- Own brand image with
 - current users
 - lapsed users (consumers who are aware of the brand, have used it in the past but are not using it now)
 - aware non-users
- Own brand image
 - strong market
 - medium market
 - weak market
- Competitor brand image
 - current users of our brand
 - non-users of our brand

A large variety of cross-tabulations are possible with the data to answer several questions.

- Why did people stop using the brand?
- Is awareness an issue or trial?
- Which are the strong image dimensions?
- Which are the weak image dimensions?
- Can awareness increase result in sales increase?
- What drives image change?
- Is there a perception difference between users and non-users?

Consumer track provides us a platform to look at awareness, usage, and brand image in one snapshot analysis. Unlike consumer panel data, consumer track can tell us why we are gaining customers, and why we may lose customers to an emerging new brand.

6.3.7 **Brand Environment Track**

We are living in a nanosecond world with India feeling the impact of incidents thousands of miles away. Macro-economic and sociological changes are not measurable on quarterly or half-yearly basis but it may be worthwhile to study a few of the following on a quarterly basis:

- Rupee-Dollar exchange rate changes
 - Will imports become cheaper?
 - Will competition benefit?
 - Should we import the materials?
 - Should we look at exports?
- Government legislation and changes
 - How will the finance bill affect the industry?
 - How will other acts, on labour, privatisation etc., impact the brand?
- Privatisation—Liberalisation
 - How will these trends affect the market environment?
- Strategic Alliances—mergers and acquisitions
 - Global takeovers of companies/brands
 - Merger of large corporations
 - Will these affect our brand, our brand's competitors?

As explained earlier, many of these trends cannot be studied on a quarter-to-quarter basis. Some of these changes only have an impact after ten years. Some are felt instantly.

The environment in which a brand operates not only comprises the market, the competing brands, and the consumer, but also includes substitutes, complementary products, and services. For example, the expansion of the highway network will be felt in the road transport industry, the construction industry, the petroleum industry, the consumer product industry, in differing levels of impact. Tracking the environment on a quarterly basis is a useful method of developing an early warning system to face the bigger challenges of the long term impact of the environmental changes.

6.4 BRAND AUDIT

Brand Audit is the comprehensive analysis of the brand health, conducted every year or every two years covering the macropicture and the micro details.

Brand audit will consist not only of all that was covered in brand dashboard and brand track, but also look at a lot more of what the brand has to offer. Brand audit could start with an audit of all that has been thrown up by the brand dashboard and brand track.

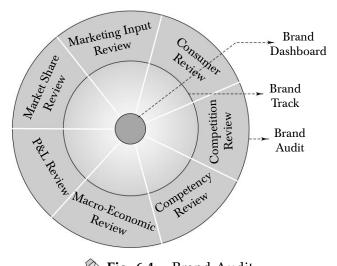


Fig. 6.4: Brand Audit

Brand audit starts with a compilation of all available information about the brand, the market, the competitor, macro-economic details, etc.

It then has to keep all that aside and do a zero-based audit.

For example, consider the following situations and what brand audit would entail in each of these.

- Annapurna started as a successful brand of *atta* and salt. But after a few years the brand slowed down and in the year 2002, the brand had negligible value and volume growth, with a negative bottom line. What are the factors affecting the brand? What aspects should be studied?
- Indian Oil, India's largest petroleum company is going to face increasing competition with the entry of private sector players like Essar and Reliance. What should the brand audit cover to establish what needs to be done for Indian Oil?



The Brand Report Card

Prof. Kevin Lane Keller asks ten questions that branch marketers should answer, to evaluate how their brand measures up:

- Does the brand excel at delivering the benefits customers truly desire?
- Is the brand staying relevant?
- Is the brand's pricing strategy based on consumers' perceptions of value?
- Is the brand properly positioned?
- Is the brand consistent?
- Does the brand make use of and co-ordinate a full repertoire of marketing activities?
- Do the brand's managers understand what the brand means to the consumers?
- Is the brand given proper support and is the support sustained over the long run?
- Does the company monitor the sources of brand equity?

Source: Kevin Lane Keller, "The Brand Report Card" Harvard Business Review, January-February 2000, pp 147-157 • Amarsons has been a successful department store in Mumbai with one outlet at Bhulabhai Desai Road (Warden Road) in south Mumbai and one at Linking Road, Bandra, north Mumbai. What are going to be the pressures on the Amarsons brand? What aspects should the brand audit cover for brand Amarsons?

As in any market analysis assignment, the first step is to look at all the company data and the published/syndicated studies, like retail sales audits, consumer panel data, NCAER reports, NRS reports, etc.

Having compiled all this information, the next step should be to talk to the experts, both within the company and outside.

6.4.1 **Brand Data Audit**

Brand data put together from brand tracks and brand dashboard is first audited:

- How accurate is the information?
- How valid are the findings?
- Are there any trends that can be spotted?
- Have any obvious issues been overlooked?
 - Growth in highways can be overlooked by a railway organisation
 - Growth in motorcycles was left unaddressed by the scooter companies the late 90s, till Honda made an entry with a stylish scooter in 2002.
 - Supermarket phenomenon—is it real? Will it affect FMCG sales?

Sometimes the data audit may point to some missing links, missing pieces, or a new pattern of data till now overlooked.

6.4.2 **Brand Expert Audit**

Data audit is by and large a desk exercise. It may throw up some surprises, but often nothing remarkable may be

uncovered. The next step is to talk to all the brand related experts, not necessarily the brand managers but others:

- Marketing team—outlook for the brand, challenges facing the brand, competition, market trend
- Sales team—sales obstacles, opportunities, new competition, new channels
- Production department—brand's production processes, new developments Indian/Global, cost impacts of technological changes, competitor's processes, indirect competition
- Product development dep—brand development projects in the pipeline, new opportunities for exploiting, technological changes, competitive landscape
- Finance Dept—brand profitability, corporate outlook long term, macro-financial out-look, future finance trends
- Logistics Dept—brand's logistics costs, changing logistics set up, future changes expected
- Dealers/channel partners—brand health from their viewpoint, strengths and weaknesses, competitive pressures, future trend
- Suppliers/vendors/associates—brand's health, competitors plans, market trends, complementary/supplementary product trends
- Expert views—each industry has its share of experts and they can predict the future trend a lot better than company insiders. Discussing the brand with these experts can help present a different picture. Who are these experts? For beauty products these could be beauticians, cosmetologists, dermatologists, beauty parlour operators. For the airline business there could be travel agents, tour operators, travel writers, journalists.

Assembling all these information and putting it together into simple formats can point the way on how the brand should get ready to face the future.



Brand Building Road Map

Kristen O. Sandberg writes in *Harvard Business Review* the need for brand building efforts to go beyond just awareness building. The principles that need to be kept in mind are:

- At the centre, there must be something of impeccable value
- A brand is a promise fulfilled
- The experience comes before the brand (consumers' experience has to determine the brand promise)
- Employees come before customers
- Loyalty counts more than and costs less than awareness

Source: Kristen O. Sandberg, "Building Brand: A Road Map" Harvard Business Review, July 2001, p 8

6.4.3 **Brand Consumer Audit**

The data audit and the expert audit could throw up areas that need to be looked into, and the next phase will be to look at the consumer and the changing consumer trends. How is the consumer interacting with the brand? How could this change over the future—short term and long term?

In brand track the focus was on tracking the consumer's awareness, usage and image of the brand and its competitors. Brand audit will have to do all this and more.

Firstly, brand track may be conducted in just a few markets. Brand audit may call for a larger data collection exercise.

Brand track usually involves only a quantitative research exercise. Brand audit may call for both a qualitative research analysis and a quantitative research exercise.

Brand tracks are usually based on a format, a regularly used tool. Brand audit may call for a totally new research design to delve into the consumer habits and trends.

Brand consumer audit would cover:

- Awareness audit—TOM/UA/AA
 - These would be analysed across a larger geography, covering a larger SEC spread
- Usage audit—CU/EU/NU
 - Depth of usage will be probed; how many times used; the basket of brands preferred; brands 'rejected', brands seen as 'acceptable'
 - Again usage analysed over a larger geographic and SEC spread
 - Loyalty of usage—how brand loyal are the customers; what is the loyalty index for various brands
 - Usage will also have to be studied in terms of percapita usage, frequency of usage, etc.

• Image Audit

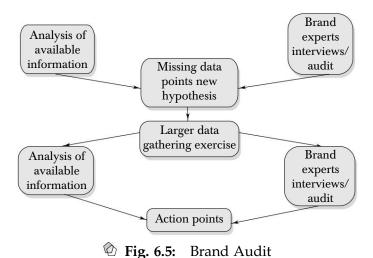
- Imagery of brand across rational factors (power, strength, etc.) and emotional factors (pride, joy)
- Ratings of the brand across various performance attributes, measured attributes, and non-measured attributes
- Brand differentiation—how similar or different are brands; which are the similarity dimensions; which are the dissimilarity dimensions
- Brand vitality—what are the elements that give the brand a vitality, an energy, the youthfulness
- Brand personality—what the brand is seen as opposed to the competition; what will it be seen as if it were a person: usage/sex/social class/education/ occupation; what are the personality traits of the

brand: extrovert/introvert, friendly/antagonistic, social/not social, quiet/gregarious;

Brand consumer audit would call for a complete qualitative consumer research, to be followed by a larger quantitative study. But research for the sake of research is quite a waste of time, money, and talent. Sometimes a comprehensive analysis of all the available information may do the job. But often a larger study would confirm or dismiss hypotheses developed from the first stage.

Brand consumer audit for a large FMCG brand may lead to:

- 6–8 focus group discussions with users and non-users across 2–3 markets.
- Followed by a large quantitative research in two stages:
 - a large listing study (sample size in the region of 10,000) to establish demographics unless that is available from NRS
 - a detailed study across 12–15 markets covering 2,000–3,000 consumers



Brand consumer audit should ideally have this large research input built in. Given the size of the brand, this large scale study may be done once in two years or once in three years. But a study of this nature is quite vital to track the brand's health over the long term.

Brand audit will be a narrow version of the brand appraisal we studied in the earlier part, the first leg of the Brand Building Pentagon. Brand audit is a must for all ongoing brands. For instance in the advertising agency FCB-Ulka this has been laid down as a brand review that is conducted every year on all the larger brands handled by the agency. The most important part of a brand audit or brand review is that it is done on a zero-base with no preset assumptions about the brand, the market, or the consumer.

6.5 BRAND MEASUREMENT— SUMMARY

Brand dashboard, brand track, and brand audit form the three key pillars of a comprehensive brand measurement system. We have looked at these three separate modules, while in reality each feeds into the other. Data from the dashboard goes into the track and both dashboard and tracking data are integral for the audit. Similarly, the audit may reveal some severe shortcomings of the dashboard and tracking data, leading to significant changes in the data structures.

Conceiving and launching a brand is only half the job. Brand measurement helps the organisation constantly assess the success of the brand. A well designed measurement system can:

 Help correct course before the brand health is drastically affected, for example a change in pricing; or a change in packaging Predict competitive moves ahead of time, for example the dates for a national roll out may get advanced if the competitor is test marketing his new brand in a small market

	Table 6.2:	Brand Measurement	System
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	Brand Dashboard	Brand Track	Brand Audit
Periodicity	Monthly Weekly	Quarterly	Annual or Bi annual
Data	Limited	Expanded	Complete Data analysis
Sources	Internal Syndicated	Internal Syndicated Tracking Studies	Comprehensive Studies Expert interviews
Scope	Indicative	Indicative and diagnostic	Diagnostic and prescriptive

It is therefore important to set up a system before the brand is rolled out. Brand measurement can be a key in unlocking the success formula of the brand.

Prof. Kevin Lane Keller in his seminal article in *Harvard Business Review*, June 2001 presented a unique concept of a **Brand Report Card.** This, he explains, is a comprehensive analysis format to measure how the brand is nurtured and managed by the Company.

Prof. Keller presents ten guiding principles for evaluating the brand's health:

- The Brand excels in delivering the benefits customers truly desire
- Its stays relevant
- It's pricing strategy is based on the consumer's perception of value
- It is properly positioned
- It is consistent
- The Brand Portfolio and Hierarchy makes sense

- The Brand makes use of and co-ordinates a full repertoire of marketing activities to build equity
- It's managers understand what the brand means to the consumers
- It is given proper support and the support is sustained over the long term
- The Company monitors sources of brand equity

Brand measurement tools are all about building and monitoring the brand's report card. Dashboard is the monthly test, tracking is the semester exam, and audit is the final thesis. A brand stays healthy, successful, and vibrant if it is monitored and nurtured at every step of the way. But measurement is not an end in itself, it has to feed back into the marketing activities, the marketing inputs and the brand parameters. And timely action has saved many brands from sure failure.



Brand profit = Net Realization - (Cost of manufacture + Marketing cost + selling cost + overheads).



The McGraw·Hill Companies

BRAND EXPANSION 7

Step Five of Brand Building Pentagon

7.1 BRAND EXPANSION

A branding idea is born. It then goes through a brand appraisal process that examines its viability. It then goes to brand definition where the offer, the promise, and the position are spelt out. It then gets to brand articulation where its presentation is put together. The brand is launched with an elaborate brand measurement system put in place. Once the brand gains acceptance, it becomes important to plan the next steps the brand will have to take and this is tackled in Brand Expansion. Where should the brand go next?

The brand expansion step is about developing a vision for the future of the brand, to see if it can get extended into other products or services. To examine how these extensions will be named and how the brand will be valued.

Dabur started as a house of ayurvedic medicines, sold through *vaids* or ayurvedic doctors, the brand moved into a range of products like *chyavanprash*, *amla* hair oil, etc. The brand then got into digestives (Hajmola), oral care (Lal Dant Manjan) and even culinary products (Dabur Honey). What is Dabur today? What can it become tomorrow?

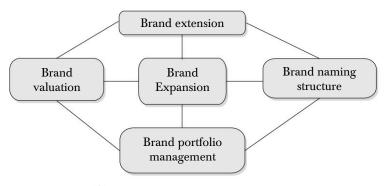


Fig. 7.1: Brand Expansion

Archies started as a greeting card company that sold greetings through book shops. It saw the growth in 'gift marketing' and moved into gift shops of its own and through the franchisee route. What can Archies be tomorrow?

MTR started as Mavalli Tiffin Room, a vegetarian restaurant in Bangalore with a loyal base of customers and a place on the 'must visit' sites in the city. Its reputation motivated the promoters to launch ready-to-make mixes at their own outlet. Now MTR is going national with a range of ready-to-make products and mixes. What can MTR become next?

All the above brands started as single products, single services to single offers that then expanded to encompass a larger scope and span. Brand expansion is all about exploring the outer boundaries a brand can strive to reach.

Brand expansion starts with an articulation of what the brand vision is. What are the brand's essence, its core values? What was the brand yesterday? What is it today? What can it be tomorrow?

Brand visioning is in itself a long exercise that has to start with a historic perspective on the brand: how did the brand originate—product plus or service plus with a name? How did the brand stand apart from the competition? What has the brand stood for over the years?

From the historical perspective, we move to the current status of the brand. How does the brand stand vis-à-vis its direct and indirect competition? What are its points of difference?



Making Cool Brands Hot

"There are no tired brands, just tired brand managers", say Prof. John Blasberg and Prof. Vijay Viswanath. Nothing makes an old tired brand into a hot exciting brand as a stream of innovations, strong marketing support for the new introductions, and organisational energy. The experts cite the example of Oreo cookies in the US—it had just a handful of variations from 1974 to 1996, but went on to launch an avalanche of variations from 1997 to 2001. The result: the brand grew by an average annual rate of 7.5%; more than four times faster than the category.

Source: John Blasberg and Vijay Viswanath, "Making Cool Brands Hot", Harvard Business Review, June 2003, pp 20

Brand visioning then has to look at the future, in terms of the market, competition, and consumers. The market may change dramatically. Look at the telecommunication revolution of 2000–02. Look at the automobile boom of the late 90s. What are the global players' plans for the Indian market? Are any new players expected to come in?

Brand Vision considers all these factors to develop a perspective for the brand:

- TCS (Tata Consultancy Services) defined its brand vision in 2002 to be "among a top ten global IT services brands by the year 2010"—top ten by 2010!
- Himalaya wants to become the scientific ayurvedic brand offering good health, over-the-counter, through a range of products.

Paragon, a chappal brand in the south, defined its vision to be "the biggest rubber *chappal* brand in the country by 2005"!



Brand Building at Work

Emami-Brand on Brands

Started in 1974 as a joint venture between R.S. Agarwal and R.S. Goenka, Emami clocked a sale of Rs. 210 crores in 2000–01 with a profit after tax of Rs. 21 crores.

Starting with products that were not novel, talcum powder and vanishing cream, the brand today encompasses 22 sub-brands under its umbrella. The enterprise has grown by the strategy the promoters claim to be the "brand's brand", "adding value to existing products rather than re-inventing the wheel".

The first product, Emami Talcum Powder, was the first to be offered in a white plastic packaging (with gold edging). R.S. Agarwal says, "We started a trend, because in the years to come, almost everyone switched from tin to plastic".

In the case of Emami's Chyavanprash, the Marketers added gold (for rejuvenation) and silver (for sharpening the mind), thus was born Sona Chandi Chyavanprash. Emami Naturally Fair Cream was re-launched in 2001 with pearls. Boroplus, their Boroline competitor, was differentiated through small sized packaging (25gms) and aggressive distribution, unlike Boroline, which is focussed on the east zone.

Question: Emami's Madhuri Dixit range of cosmetics is rooted on a different platform. Should Emami attempt to have its 'Brand on Brand' approach with the Madhuri Dixit range?

Source: The Business Standard Strategist Annual, 2001–02, pp 16–20

Brand expansion is about examining the brand extension possibilities, the way these extensions should be named and how they should be managed as a portfolio.

Brands are assets that can be bought and sold. Organisations have to know how to value the brand assets. A combination of brand extension, brand naming structure, brand portfolio analysis, and brand valuation form the four components of brand expansion.

7.2 BRAND EXTENSION—EXPANDED

Brand extension as a term is strictly used for brands in product categories that are different from the mother product. However in this section we will look at three ways in which a brand can be expanded.

The first question is, can the brand be extended? If so how much? These questions should have been answered in the brand audit.

While some of the brands cannot be taken beyond their narrow confines, many can be varianted and several can spout line extensions.

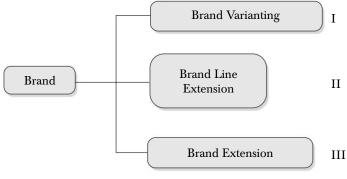


Fig. 7.2: Brand Extension

Varianting is Level I of expanding of the brand, line extension is level II of expansion and the ultimate is brand extension.

7.2.1 Brand Varianting

Brand varianting is about offering different varieties of the brand to the customer. The most common example is the white, pink, and green version of Lux Beauty Soap. In the 80s they were nothing but colour differences. In the 90s, the colours got further detailed with ingredients like milk cream, honey, rose extract, etc.

The following are a few more examples of varianting:

Shampoos – black, yellow (egg) Jam – strawberry, mixed fruit

Cars – petrol, diesel; 1.2 litre, 1.4 litre; Breads – whole wheat, brown, white

Juices - orange, mixed fruit

Variants are usually the same product form, offering the same or similar benefit, to the same target audience. Very often, they are also priced around the same points. But variants are often used to inject newness to the mother brand and may be seen, even advertised, separately. The shampoo brand Sunsilk, when it was introduced in the black variant, used the variant as new news about the brand. In the automobile and two-wheeler segment, variants and limited editions are used to create a buzz in the market.

7.2.2 **Brand Line Extension**

Compared to varianting, a line extension is usually a different product form but offering a benefit similar to that of the mother product. A toothpowder and a toothpaste offer the same benefit, but are different product forms. A body wash, a face wash and a soap offer similar cleansing benefits but are different product forms. An inkjet printer can offer colour printing or only black and white printing—similar benefits but different features.

Usually line extensions are priced differently from the mother product offering, and also aimed at a slightly different target audience.



Brand Building at Work

Moov—Moving Ahead Fast

Launched in the late 80s by Paras Pharmaceuticals Ltd., Moov was a moderate success. The pain balm market was concentrated (57%) in the southern states and Maharashtra, and had well established players in Iodex, Amrutanjan, and Zandu Balm.

The brand's initial positioning as a 'joint pain' reliever gave it a small foothold in the market. The real growth came in the 90s when the brand went head-to-head against Iodex on the 'back pain relief' promise. By playing up the staining problem associated with Iodex, Moov presented itself as a modern (tube vs bottle), white (non-staining) alternative to Iodex.

Moov grew to become a strong No. 3 player in the market crossing sales of Rs. 60 crores in the year 2002. Aggressive advertising spends, wide distribution incentives, and a competitive spirit has kept the brand going strongly against a newly awakened Iodex brand and its many variants.

Question: Would Moov be successful if it widens its appeal to other pain problems like headache, sports injuries, etc.? How will the brand's core user group react?

Source: Advertising & Marketing Magazine, March 1990

7.2.3 **Brand Extension**

When a brand name is applied to an unrelated product category, it is referred to as brand extension. Usually brand extension is used to harness the power of the brand name and

the benefit of similar technology, similar target customer profile or a combination of these two factors.

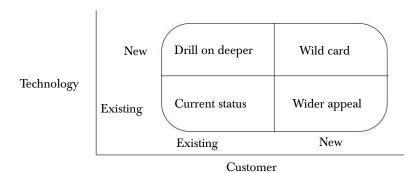


Fig. 7.3: Technology x Customer Matrix

When we use existing technology with existing customers we are attempting to increase usage and widen the appeal—or we are at current status.

When we use new technology to reach our core group of customers we are drilling deeper—when HP went from calculators to printers to PCs, they were using new technology to appeal to existing users of the brand—and slowly expanded it to new users as well.

When we use existing technology to reach new users, we are attempting to widen the appeal of the brand.

When we use new technology to reach new customers, it is referred to as the wild card—the riskiest play of them all.

To extend the brand into categories, one of the following two criteria should be fulfilled:

- Is the customer the same?
- Does the organisation have technology competency in the area?



Brand Extensions: Stretch to Fit

By one estimate, about 70 percent of new products launched in the US in the 1990s were brand extensions of one form or the other. Prof. Rajeev Batra of University of Michigan argues that familiarity and trust in the parent brand name is not good enough a reason for consumers to switch. Brand Marketers need to examine beyond 'association fit' to seek 'association leverage'. Association fit can only indicate if the brand can be taken to a new product category, but in that product category the brand name has to offer adequate leverage. Prof. Batra points out how 'Clorox', a leading bleach brand offered fit for entry into laundry detergent, but did not offer a leverage. He argues that the more abstract the brand qualities, the greater the chance of leverage into other categories. His argument is that brands that are very closely related to one product and one feature (like Clorox was to bleaching), may fail when extended into other albeit related product categories. A more abstract brand like Virgin could be leveraged into many categories!

Source: Rajeev Batra, 'Stretch to Fit' Brand Equity, July 16, 2003

BPL went from scientific equipment to televisions. They had the technical competence when they went after a very different set of customers.

Godrej went from locks to steel cupboards to refrigerators. They went to the same set of customers, but the technologies kept changing from just sheet forming to compressor and refrigeration engineering.

Johnson & Johnson offers a range of baby products, made using different technologies, to the same target customer, the young mother.

Brand extensions are not always as easy as it seems—a customer—technology matrix to be solved. Deep rooted brand

beliefs can prevent extensions from working, inspite of a customer or technology fit.

For example: Parachute is a coconut oil brand. Can it become a shampoo or a soap? Fevicol is a white wood adhesive. Can it be any other carpentry aid? Tortoise is a strong mosquito coil brand. Can it become a floor cleaner?



Brand Building at Work

Pan Parag-King of Pan Masalas

Mansukhbhai Mahadevbhai Kothari was sitting outside a *pan* shop, tired after a hard day of cycling and hawking his homemade goods, when he noticed how the *pan* shop customers were getting impatient with the time taken to get their favourite *pan*.

What if a pan could be packaged and sold? Thus was born Pan Parag, in the year 1973. With its distinctive blue tin, the brand gained instant acceptance. With the growth of TV the message of a convenient pan in a tin reached customers across the country.

The single biggest growth driver for Pan Parag was the introduction of single use pouches. These made the purchase, and usage so much more simpler. Pan Parag became the national best seller.

The late 90s have seen all pan masalas come under a cloud. This doesn't take away from the brand building effort undertaken by a truly Indian homemade entrepreneur.

Question: Could Pan Parag brand have been extended into other categories? How could the brand have adapted to the emerging legal framework and grow?

Source: Economic Times, Brand Blazers, 1995

Often brand extensions are seen as an easy way of entering a new product category at a lower cost. Work done by Prof. John Philip Jones of Syracuse University has pointed out that a brand extension will succeed only if it gets the kind of input that a stand alone brand would get. In other words the new brand's launch would have needed media inputs of Rs. 10 crores. But then you may ask what is the benefit of using the old brand name? Prof. Jones explains that data indicates that an established brand name improves the chances of success by a factor of two!

Often the mistake made is that a brand extension is given 50% less inputs than a stand alone brand. A 50% savings in launch, results in a 50% reduction in the chance of success.

Prof. David Aaker in his book *Building Strong Brands* speaks of the Good-Bad-Ugly results of brand extensions. He explains:

Very Good – Brand extensions succeed and even helps the mother brand

Good - Brand extension succeeds

Bad – Brand extension fails

Ugly - Brand extension fails and in turn hurts the

mother brand

The Asian markets have several iconic brands that cut across numerous product groups. Japan's Mitsubishi, Korea's Hyundai, and India's Tata are just three outstanding examples of brands that have become institutional marks. These brands are today seen as a mark of quality, a mark of trust, and a mark of reliability in their respective countries. These brands are way beyond any analysis of brand extension formats.

7.3 BRAND NAMING STRUCTURE

How do brand extensions, line extensions, and variants get named?

Branding experts have developed several models of brand naming conventions that are called brand architecture.

Table 7.1: Brand Naming Architecture

Corporate	Tata	HP	GM
Endorser	Tata	HP	Chevrolet
Product	Indica	Jet	Cimarron
Product line		Laser Jet	Estate
Model	V2	630 C	X 5
Branded Feature	Instacool	Super Colour	Large Load

At the macro level, there is the corporate of the mother brand. This mother–corporate brand could be silent or could act as the endorser. The level of endorsement can also vary (Tata Indica vs GM Chevrolet).

At the next level is the endorser brand, the mother brand. Then next comes the product brand, the brand name of that product extension.

The next is product line brand.

The next is model brand.

Following this is the branded feature.

There can be these six levels of branding in a Branding architecture structure. It is not always that all brands should have this many levels. Often many of these levels are rolled into one or two levels.

The Titan brand of watches used the endorser 'A Tata Product' during the early days of its launch, only to drop the Tata association later. Today, Titan is an endorser that has a range of watches for different types of customers, Fast Track for the teens, Raaga for the women, Regalia for the upper crust, etc.

India Today magazine extended to business with Business Today and to music with Music Today. But in 2002, they changed their computer publication from Computers Today to Smart. Their TV offering is branded Aajtak (with a very low key endorsement from India Today (Group).

Sun TV, the successful Tamil TV channel, extended into Malayalam with Surya TV and into Kannada with Udaya TV. However, they acquired Gemini TV in Telugu and let the brand name stay (though they use the 'sun' symbol in the channel id). Sun TV launched several more Tamil channels like Sun Music, Sun News, etc. And in 2001 they also launched a completely independent brand K-TV.



Big Brand—Big Loyalty

In 1991, A.C. Nielsen researched 78 brands in 12 different categories in the US, using single source data, where data about consumer purchase and media habits are all collected from the same source (consumers). Prof. John Philip Jones draws several conclusions using this data. There is a direct relationship between penetration and market share: as penetration builds, so does market share. The largest 20 percent brands stand out from the majority not only because they have greater loyalty but also greater purchase frequency. Prof. Jones also points out that the phenomenon of high purchase frequency associated with high penetration brands in sometimes described as 'Penetration Superchange'. Big brands tend to enjoy better penetration and better loyalty. Big brands win all around!

Source: John Philip Jones, "Some like it Hot" Economic Times, Brand Equity, July 10, 2002

Real Fruit Juices were originally endorsed strongly by Dabur. But after two years, the Dabur endorsement has been dropped.

Anchor, the leading brand of electrical switches, extended into related categories like cables and wires. In 2000, Anchor extended into the totally unrelated category of toothpaste. While the long term success of the brand extension is difficult

to predict, Anchor toothpaste, with its vegetarian promise and value pricing has been a runaway success in its early years.

Fevicol, adhesive for carpenters, has extended its franchise into fabric colours retaining the first four letters in the brand name 'Fevicryl'. Possibly, Fevicryl can enter other writing and colouring products.

A number of small entrepreneurs around the country are discovering the power of brand extension. At times, they use the consumer-technology paradigm to develop the new offering. But at times it is a totally unconnected offering. They can improve their chances of success if they can invest heavily in brand promotion like Anchor toothpaste.

India also has several large brands that straddle diverse product groups. Tata is the most visible example. But we also have brands like Godrej, Birla, Modi, Kirloskar, Shriram-Usha, ITC, BPL, Wipro, and Mahindra. Many of these corporate brand offerings range from cement to fans to salt to steel. What is unique about India that permits such wide endorsement (partly aided by the license regime that lasted several decades). In the US but for GE there would be no other brand that endorses such a wide variety of products and services under one brand mark.

The answer may be in the age of the society concerned. Eastern societies are all thousands of years old. They have their own systems of social classes and castes. Sociologists talk of the seven generation limit. The human mind can comprehend upto seven generations—our own, three before and three after. Similarly, old societies have a long memory and these brands are all associated with the collective memory of the society. They are seen to stand for a level of trust, value, familiarity, and longevity.

Brand naming structure will have to be designed to take care of the needs of the market, the consumer, and the competition. If brands in a product category are all aspirational, it would be foolhardy to use a value based name. If all brands in the

category come with a strong endorsement from a mother brand, it would be dangerous to look at a low level of endorsement.

Brand naming conventions are not to be seen as rigid monolithic structures. Breaking a few rules to stand out is not a bad idea at all.



Big Brand—Big Premium

Using data from the 1991 A.C. Nielsen study in the US covering 142 brands, Prof. John Philip Jones points out how large brands enjoy a premium in their categories. In terms of indexed prices, while all brands are indexed at 100, the ten largest brands score 114! Quoting yet another study, Media Marketing Assessment (MMA), Prof. Jones points out how brands with higher advertising expenditure have lower price elasticity than brands which spend less. While a total of 18 brands had a price elasticity of –1.2, the top nine brands with high advertising spends scored a –1.0 on the price elasticity scale.

Bigger brands which are by and large bigger advertisers not only benefit from bigger price premium, but also enjoy a lower price elasticity.

Source: John Philip Jones, "Price to the Occasion" Economic Times, Brand Equity, July 17, 2002

7.4 BRAND PORTFOLIO MANAGEMENT

Brands are today the most valuable assets owned by an organisation, and a number of studies have been done on how an organisation should manage its portfolio of brands.

The most popular model for analysis of product portfolio is the BCG (Boston Consulting Group) Matrix. This plots market growth against relative market share of the brand/product. Market growth can be categorised as low or high. Relative market share can again be categorised as high or low. Brands-Products are placed in the four quadrants and the BCG Matrix recommends strategies for each of the groups.

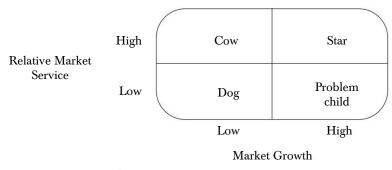


Fig. 7.4: BCG Matrix

Brands–Products in the High-Low (Relative Market Share vs Market growth) are termed 'Cows'. These are large brands in markets which are growing very slowly. The strategy recommended is that these cows should be milked. Surplus from these brands should not be re-deployed in them but used for funding growth of other brands.

Brands-Products in Low-Low quadrant are 'Dogs'. They have low potential for growth and are relatively small in relative market share terms. They should be divested (brand valuation will explain how to arrive at a value for these brands).

Brands–Products in Low-High are called 'Problem child'. The market is growing well but the brands in question are in a poor position. The solution here is to do a brand audit to figure out why the brand is doing poorly in a healthy market. Just inves-ting in the brand is not the answer; the root cause for the poor performance needs to be identified.

Brands-Products in the High-High quadrant are the 'Stars'. These brands need all the surplus 'Cows' generate to propel their growth.



Brand Building at Work

Titan—A Revolution in Time

When the Titan brand of watches was launched in the mid-80s, the company, a Tata enterprise, set out to redefine the way Indian consumers looked at watches:

- Watches will have to be wound everyday vs/Quartz (digital) power
- Watches have to just tell time vs/ Watches can look good
- Indian watches are ugly vs/India can make attractive watches
- Attractive watches cost a fortune vs/Attractive watches can be affordable
- Watches can only be bought from small shops vs/Watch buying can be a pleasure
- Only HMT can make reliable watches vs/Titan from Tata is also trustworthy

Titan re-defined the way Indians looked at watches and ended up building a strong brand.

Question: Can the Titan name be leveraged to other products? Would Titan's entry into luxury accessories be an easy task to achieve?

Hindustan Lever has been rationalising its brand portfolio as a part of the Unilever philosophy of power brands. As a result of this focus, brands like Lux and Lifebuoy have received increased attention at the cost of lesser brands like Rexona and

Hamam. The company is also looking at divesting brands that don't fit the overall charts. Glucovita was divested to Wipro in 2003. Many more may go out in the coming years.

It is therefore a corporate decision on which brand to retain and which one to sell.

Wipro was blamed in the late 90s for hanging on to the consumer care and lighting business. The same decision was lauded in 2003 when the tech boom hysteria subsided to result in the drastic fall in pure-tech players.

Every organisation has to answer the following key questions about its brand portfolio:

- What brand assets exist in the corporate arsenal?
- Are there opportunities to merge brands for their mutual benefit?
- Are there opportunities to use a big brand to endorse a smaller brand?
- Which brand should be milked? What should be done with the surplus?
- Which brand should be invested in?
- Which brand should be sold off?
- Which brand should be killed?

In the days to come corporates will have to look at optional routes for branding. At times, it may be less risky to buy an ongoing running brand, rather than building a brand from scratch. At times, it may make sense to sell a brand that no longer fits the portfolio and use that fund to build a 'star' brand.

Just as Unilever discovered that too many brands is an issue, some Indian companies are discovering that they have too few brands. Nirma therefore decided to get a license to manufacture and market the P&G owned brand Camay in India. A unique experiment that may be the beginning of many more such alliances. With Camay, Nirma has now three brands—Nirma, Nima, and Camay, though two of those are similar and seen as just siblings.

7.5 BRAND VALUATION

In the book *Brand Valuation* (Premier Book, 1997), Jeremy Sampson of Interbrand Africa provides a perspective on why brands are valued:

- Chief executives, to unlock shareholder value, buy or sell brands as a result of changes in strategy or to increase the accountability for these valuable assets
- Bankers, to establish a fair value for brands as part of their security
- Brand managers, to develop and extend the equity of their brands
- Advertising agencies, wishing to demonstrate that a reduction in adspend can reduce the value of the brand
- Marketing directors, to improve the management of their brand portfolios
- Accountants, to recognise these most valuable assets on balance sheets
- Finance directors, to communicate the value of their brands to investors and shareholders
- Finance directors, establishing royalty rates for brands used by third parties in joint ventures
- Marketing directors, assessing the potential impact of key investment decisions such as resource allocation, disposal identification and portfolio management

There is an ongoing debate as to whether a brand's value should be reflected on the company's balance sheet. Yet another argument points towards the inseparability of manufacture, technology, service, and the brand. While a complete analysis of brand valuation is beyond the scope of this book, it is probably necessary to quickly look at a few valuation methodologies.



Building Successful Brands

Prof. Peter Doyle presents a strong case for building brands from within. He speaks of four levers for developing such brands: quality, service, innovation and differentiation. Acquisitions work when there is a real potential synergy—when the acquirer can reduce joint costs or improve marketing competence by coming together. He points out that generally companies that have primarily marketing objectives (right hand companies) choose to build brands, whereas companies whose objectives are primarily financial (left handed companies) are oriented towards buying brands or companies with brands.

Source: Peter Doyle, "Building Successful Brands: The Strategic Options" Journal of Consumer Marketing, Spring 1990, Vol. 6 No. 2, pp 5–20

Smith Kline Beecham bought the analgesic brand Crocin from Duphar Interfran in the mid-90s for a reported price of Rs. 30 crores. All SKB got was the brand name. There were no other assets that changed hands. No factory, no equipment, no sales management team.

Reckitt Piramal bought the antiseptic brand Burnol from Knoll for a reported price of Rs. 20 crores.

How did these buyers and sellers arrive at a price?

There is no one method of brand valuation that is foolproof. Brand valuation uses several aspects of the brand including its sales value, growth, profitability, etc., to arrive at a figure. No two methods would give the same number.



Buy a Brand

The 90s and the early part of this decade saw a number of brands changing hands. *Business India* in its cover feature of June 9–22, 2003, examined some of the biggest brand transactions.

Three of the biggest transactions were: Cibaca which moved from Hindustan Ciba Geigy to Colgate Palmolive in October 1994 at a price of Rs. 1,30 crores; Complan and Farex that moved from Glaxo to Heinz in 1995 at Rs. 2,10 crores; and Lakme which moved from Tata to Hindustan Lever at Rs. 1,10 crores.

In terms of the highest valuation, as 'sales multiples', these three scored the best: Coldarin, Knoll to Johnson & Johnson at 3.35; Aten, Cadila Kopran to Zydus at 2.5; and Burnol, Knoll to Reckitt & Coleman at 2.3 times.

Source: Business India, June 9-22, 2003

7.5.1 Interbrand Valuation

The brand consulting firm Interbrand, has a method of brand valuation that has a large number of variables. The model ascribes values to each variable to arrive at a composite total.

The book *Strategic Brand Management* by Prof. Kevin Lane Keller provides the basic Interbrand methodology:

- Leadership 25%
 - Market share
 - Awareness
 - Positioning
 - Competitive profile

- Stability 15%
 - Longevity
 - Coherence
 - Consistency
 - Brand identity
 - Risks
- Trend 10%
 - Long term market share performance
 - Projected brand performance
 - Sensibility of brand plans
 - Competitive actions
- Protection 5%
 - Trademark registration and registerability
 - Common law
 - Litigation/disputes
- Internationality 25%
 - Geographic spend
 - International positioning
 - Relative market share
 - Prestige
 - Ambition
- Market 10%
 - What is the market?
 - Market dynamics
 - Barriers to entry
- Support 10%
 - Consistency of message
 - Consistency of spending
 - Above vs below the line
 - Brand franchise



Sameness of Corporate Brand Campaigns

Creating corporate brand campaigns is indeed one of the most difficult tasks. Simon London of *Financial Times* points out in his article how most corporate brand messages sound interchangeable. Branding of corporation was one of the big marketing trends in the 80s, when companies like Nestle started to feature their corporate logos on all packaging and promotional material. This was followed by campaigns that showcased the 'Master Brand' or 'Mother Brand', aimed to 'reflect everything about a company and the way it does business' and 'make the company uniquely attractive to all its constituents'!

The author points out that these objectives by themselves are very difficult to achieve. Even a corporation like GE has been unable to build an image distinct from its most familiar products!

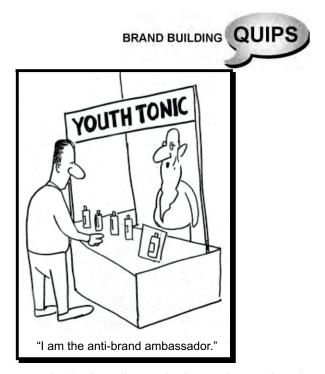
Source: Simon London, "All new HP.... with added Shrek" Financial Times, April 4, 2003

Interbrand method ascribes factors with specific percentage to arrive at a composite number. This number is then used in conjunction with the size of the brand and profitability to arrive at a valuation.

7.5.2 Chartered Accountant's Method

The Chartered Accountant's Association of India has recommended a few specific methods of valuation of brands.

Cost method uses the historical cost of creating the brand and arrives at a cost of the asset, the brand. This method is related to the Replacement Cost Method where cost is calculated for creating a new brand. For instance, if a brand has had an investment of 30 crores over five years, then that value becomes the valuation of that brand.



Market price method is based on calculating the market share of the brand, based on stock price movements, at any point of time. If the stock prices are today at current price earning multiple of 15, then a brand with a profit of Rs. 5 crores will be valued at 5×15 , i.e. Rs. 75 crores.

CAs also recommend using a future earning potential of a brand to arrive at a valuation. A fast growing brand will attract a premium price. Similarly, if the future earnings are expected to go up, then the multiple is worked out not on the present earnings but on the net present value of the future earnings.

The UK association of CFOs recommends the following breakup of weights:

•	Market value	26%
•	Historical cost	19%
•	Discounted cash flow	17%
•	Multiple	10%
•	Current cost	7%

Premium pricing 5%Others 10%

As can be seen, all methods use a combination of factors to arrive at the price. While there is no one 'right' method, all the methods use a cocktail of measures to start the negotiation processes. And as in any buyer–seller meet, it is the negotiation that makes or breaks the deal.



The Corporate Branding Tool Kit

Prof. Mary Jo Hutch and Prof. Majken Schultz present the need to get three essential elements aligned in order to get the right strategy. The three 'strategic stars' are:

- **Vision**—The top managements' aspirations for the company
- Culture—The organisation's values, behaviours, and attitudes, that is, the way employees through the ranks feel about the company they work for
- Image—The outside world's overall impression of the company (this includes all stakeholders: customers, shareholders, media, general public, and so on)

Source: Mary Jo Hutch and Majken Schultz, Harvard Business Review, February 2001, pp 129–134

7.5.3 **VALUATION REALITIES**

Internationally companies have paid eight to ten, to even 25 times the earning multiple for a brand. Philip Morris paid six times the book assets for buying Kraft. Nestle paid 35 times the earnings to buy the pasta brand Buitoni. Again Nestle paid

2.4 times the market value to buy Rowntree brands: After Eight, Kitkat, and Polo.

Coca Cola reportedly paid Rs. 188 crores to buy Parle Beverages brands Thums Up, Gold Spot, Limca, and Maaza.

So how does it happen?

For a brand sale to happen there has to be a willing seller and an eager buyer. The seller should be ready to part company with the brand for a price, no strings attached. The buyer has to see a way of maximising return from the new brand and should be eager to buy it.



Brand Extension Evaluated

Prof. David A. Aaker and Prof. Kevin Lane Keller, using two studies to obtain insights on how consumers form attitudes towards brand extensions, point out that attitude towards brand extensions was higher when:

- There was both a perception of fit between the two product classes along one of the three dimensions(perceived competence transferability to the new product extension; per-ceived product class complementarity; and perceived product class substitutability) and a perception of high quality for the original brand; and
- The extension was not regarded as too easy to make.

While Marketers find brand extensions a cheaper way of entering new product categories, they are well advised to heed the above advice from the experts.

Source: David A. Aaker and Kevin Lane Keller, "Consumer Evaluations of Brand Extensions", Journal of Marketing, January 1990, Vol 54, pp 27–41

Without this critical buyer-seller attitude, no brand sales will take place. When Nestle bought Buitoni, they were convinced that they could grow the brand manifold. They saw the same potential in Kitkat and Polo.

If there is a rule of thumb, it is that there is no rule of thumb. In India, brands have changed hands for anything between a sales multiple of one to three. Similarly, brand profit after tax (PAT) can be calculated after factoring all the costs. Brands have changed hands at 8 to 25 times PAT. Bought at high multiples, the brand could take five to ten years to recoup the investment.

And the question will remain, was it worth buying or would the organisation have been better off creating a new brand? The decision to buy or build depends on where we are coming from. Some companies have bought brands to build on their dominant position in the market. Sometimes a brand purchase is an easy way to get into a large crowded market for a late entrant. And often a brand is bought because it offers distribution synergies.

The entire brand valuation fever has also been aided and abetted by consultants who raise hopes in entrepreneur-owners of mid-size brands. There are also occasions where the savvy entrepreneur himself floats a high valuation story.

In the Indian context, given the herculean task of getting legal recourse to settle disputes, the best way to value a brand is to do it after a thorough due diligence process, keeping in mind an exit clause in case conditions are not met.

7.6 BRAND EXPANSION—SUMMARY

Brand expansion examined the options of brand extension, brand naming architecture, brand portfolio management, and brand valuation. A strong brand can be extended into related

and at times unrelated product categories. The new offer from the brand can be christened using well designed brand naming architecture. As an organisation grows and accumulates brands, it will have to look at how the brand portfolio may be best managed. Finally, when needed, the organisation should be able to sell or buy brands.

The brand expansion stage of the Brand Building Pentagon is the fifth and final stage of brand building. A strong brand will get extended or will attract a great price from the market. Either way, it will serve the cause of the organisation and its stake holders.



The McGraw·Hill Companies

BRAND EXECUTION 8

GETTING IT ALL TOGETHER

8.1 BRAND EXECUTION

The Brand Building Pentagon has five stages through which a brand can be conceived, articulated, and built. But throughout the five stages there is constant re-look and re-evaluation of what the brand offers. Prof. Philip Kotler coined the term '4Ps of Marketing'. The 4Ps of the brand have to be defined, evaluated, and possibly re-looked across the stages.

Brand execution is about defining the 4Ps as well as other elements of the brand variables such as packaging, people, and profits (brand P&L).

In his book *Execution*, Ram Charan¹ speaks of the importance of execution in today's nanosecond world. The best of plans are worth nothing if the plans don't get executed.

A new-age fable says that you can leave behind your brands' five year plans in the business class seat of your aircraft, your competitor, sitting two rows behind can pick it up and take it to his office, and you can still beat your competitor if you implement and execute your plans. Most plans do not get executed. And it is not difficult to guess what your competitor's plans are over the next five years. But the million dollar question

is, will they be able to execute the plan? To this is the corollary, how will they adapt their execution to the changes in the market environment?

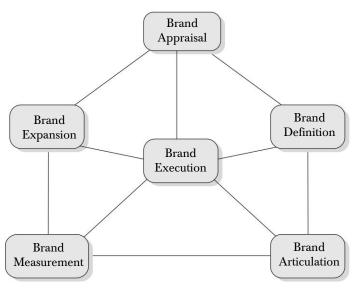


Fig. 8.1: Brand Execution

As we progress from a broad idea of a brand (a branded sugar) to put the idea through the brand appraisal process we start laying down the brand execution elements. What will be the product features? What will be the profitability?

At the next stage when we try and develop a definition for the brand (say pure sugar), we have to re-visit the brand execution elements. What will be the manufacturing process? What will be the break-even price? What should be the distribution strategy?

At the brand articulation stage, we lay down the brand name, the graphics, the packaging, the marketing communication elements. Again, brand execution elements will undergo a revision. The price, place, packaging, promotion, and service elements will be re-looked once again.

The brand is launched, and we have in place the brand measurement system, tracking the progress of the brand. Given its market response, brand execution elements will again change. Does the brand need a special promotion to induce trial? Do we need to look at a mini pack? Or a large economy pack? Should the price be increased—lowered?

And when studying the brand for expansion, we need to see how profitable the brand is. By introducing a variant, will the brand profitability increase significantly? What kind of line exte-nsions are possible from the same technology?



Marketing Stages in Developing Nations

As nations develop, the character of the marketing activities change in several typical waves. Prof. Sidney Levy classifies the changes into seven stages:

- 1. A traditional peasant economy
- 2. Mercantile resource
- 3. A source of cheap labour and shoddy goods
- 4. A cheap source of goods to be labelled abroad
- An exporter of native brand labels of questionable quality
- 6. A source of good quality products and good price value
- 7. A source of distinction, imagination, and creativity.

As the nation evolves through these stages, the importance of branding too changes. Where is India in this hierarchy as of year 2004?

Source: Sidney J Levy, Proceedings Third International Conference on Marketing and Development, New Delhi, January, 1991, 44–7, pp. 430–434

There has to be therefore a constant balance–counter balance of the elements of brand execution!

The premium soap Liril was originally test marketed in early 70s as a blue colour soap cake. Finally, it got launched as a green soap, based on customer feedback. Interestingly, in 2002, Liril was relaunched as an 'icy blue' soap.

Sundrop cooking oil was launched in a 1 litre PET bottle and economy packs came only three years after launch. The company was worried that a pouch pack would dilute the premium appeal of the brand.

Dettol Soap was launched in 1981 as a light yellow soap, positioned as a 'love and care soap'. After the poor response, the company took a few years to regroup and relaunch the brand in a green wrapper, as a germicidal soap on the '100% bath' platform.

Brand execution is about constantly keeping an eye on the various parameters that make up the brand offering:

- Is the product quality just right? Can it be improved? Global FMCG major P&G launches a new product only if it scores 51% on blind product test over its nearest rival.
- Is the pricing competitive? Should it be lower? Higher? Indian consumers look for value even in prestige products. The brand has to rationalise the price premium through emotional or experiential means.
- Is the place right for the brand? Should new distribution avenues be explored?
 Eureka Forbes created a unique direct selling model to market vacuum cleaners in India. Cease Fire appliances tried emulating this model in the late 90s but after a few years could not sustain the momentum.
- Is the 'promotion' mix right?
 Not all performance problems can be fixed with a new advertising-promotion campaign. But as Santoor

discovered, a new campaign (focusing on skin care benefit) turned the fortunes of the brand in late 80s, early 90s.

- Is the packaging right? Are there other options?
 Frooti from Parle, exploited the tetrapak packaging medium to create a new space in the soft drink market.
 Cadbury's Appela, launched five years earlier may have had a better chance if it had used a different packaging form, instead of returnable glass bottles.
- Is the profit plan in place? Should it be modified?

 India is a large market with a large consumption appetite. But MNCs have discovered that it is not a cakewalk. While most companies plan for a two to five year gestation period for a brand, how valid are these assumptions in a changing-growing market? While a brand may not have met its financial goals in three years, may it not achieve it in the fourth? Should it be supported for another year or should it be withdrawn?

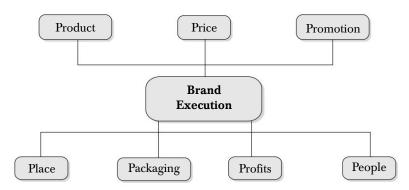


Fig. 8.2 Brand Execution Components

• What 'people' or 'service' support does the brand need? Hyundai stormed the US car market with an unprecedented 10 years–100,000 mile warranty.

Tata Indica's success in the Indian market has been aided by a constant focus on listening and responding to customer needs and concern.



Brand Building at Work

Onida—Devil Looks Good

The Indian television market exploded in the early 80s when the Government of India expanded the transmission network from covering 13% of the population to 70% in just a few years. The Onida brand of colour television was launched in 1984 by Monica Electronics, in a market with over 20 brands. The company did many different things:

- Focussed on just one model of colour television
- Offered only colour television
- Offered a model that had a new vertical look
- Reached out through smaller dealers
- Created a distinct advertising personality

Onida is best remembered for its advertising that worked on the envy aspect of human behaviour. Using the devil as a brand presenter, the brand went on to become one of the biggest brands in the Indian market, often commanding a price premium as well.

Onida's 'toota TV' (broken TV) campaign is still in the collective memory of the nation.

Question: Could the 'toota TV' idea have continued in the late 90s? Did the company do right by dropping the devil and then bringing him back?

Source: Advertising and Marketing, July 1989

While the seven factors listed under brand execution are not exhaustive, these form a key framework for the brand offer.

They are also not mutually exclusive parameters. As an old adage goes, the Indian consumer will want everything 'Sasta, Sundar, and Tikau' (Economical, Beautiful and Long lasting). Marketers have to balance this S-S-T needs of the consumer with the organisation's obligation to the stakeholders and shareholders.

Brand execution elements will change in importance as one moves from an FMCG to a durable to a service. While the product/service offer, price, distribution, location/place, and promotion will continue to be important, the service or people component will become paramount for a service brand like a hotel or a department store. Durable brands too are becoming more and more service driven. In a constantly changing market place, the differences between service and product may start blurring. IBM is promising to offer IT solutions as the next utility. So is an IBM customer buying a product or is it just a service?

8.2 PRODUCT OFFER

Product offer in its bland form is nothing but a 'cake of soap'. But in each industry, product offers are governed by several key dimensions:

- Manufacturing process
- Ingredients
- Shape
- Colour
- Size
- Design/looks
- Additives
- Flavours
- Form (liquid/solid)

In case of a consumer durable the following additional dimensions will come in:

- Technology
- Running cost
- Ease of operation
- Ease of repair
- Wear out-replacement
- Noise (N-V-H: Noise-Vibration-Harshness for automobiles)
- Product specific features



Whose Brand is it Anyway

Marketing textbooks list various advantages offered by brands to marketers and consumers. Marketers have ownership of brands and have the right to increase its price, change its composition. On the other hand, consumers have the right to challenge a marketer if the promise is not fulfilled. *The Economist's* cover story on September 8, 2001, looked at both sides of the branding issue. In an answer to Naomi Klein's book, *No Logo, The Economist* went 'Pro-Logo'.

The Economist said, "The more companies promote the value of their brands, the more they will need to seem ethically robust and environmentally pure". In contrast to Naomi Klein's argument, The Economist pointed out that in our increasingly transparent world, no brand can get away for long with exploitation. "Brands of the future will have to stand, not only for product quality and a desirable image, they will also have to signal something wholesome about the company behind the brand."

Source: "The Case for Brands", The Economist, September 8, 2001, pp 26–28

In the case of service brands the features would include variables like:

- Décor
- Comfort
- Location (also a 'place' variable)
- Space

Brands depending on the product/service category will have to offer features that are *de rigueur* (point of parity) of the category, while they have differences in the offering (point of difference). Sometimes the PODs are in the price, or place. But most successful brands offer a POD in the product offer as well:

- Ayurvedic soap Chandrika, is made through a special 'cold-press' method
- Santoor was the first soap to offer the two ingredients sandal and turmeric in a soap
- Liril was the first soap to offer a marble texture
- Lifebuoy hand-wash was the first liquid soap
- Hyundai Santro was the first small car to offer a Multi Point Fuel Injection (MPFI) petrol engine
- Tata Indica was the first car in its segment to offer space, power, and safety found in premium cars
- Kinetic Honda was the first modern age scooter with a button start
- Onida was the first colour TV with a sleek looking vertical format
- Barista was the first coffee shop to hit the Indian metro cities
- Shopper's Stop was the first department store to offer an international shopping experience to discerning Indians

The examples are numerous, and often it is the easiest solution to go with a me-too product. Or at times, launch a brand

with a product difference that is too small to be noticed, JNND (just not noticeable difference). The danger in these approaches is that the brand starts with no real difference in product offer terms. The onus of creating a difference now vests on the other legs, a more difficult task.



Brand Building at Work

Tata Tea—Polypack Revolution

Tata Tea Limited is the only truly national tea company that owns ten estates across Assam, Dooars, and Kerala. Tata Tea revolutionised the tea industry by introducing tea in polypacks in 1986.

Till then, major tea brands were all sold in laminated cartons. Marketers believed that cartons added to the premiumness of the brand, especially when a large part of tea purchase is in the loose form.

Tata Tea did not just introduce the polypack tea but gave a rationale for the polypack. The brand promised that the tea was 'plantation packed' and 'garden fresh', from Tata's tea gardens.

The polypack offered great economies in packaging costs and transport. But by presenting the facet of freshness (from garden to home in just 15 days) the brand captured the imagination of the tea drinking consumers.

Tata Tea went on to become the largest selling brand in a category dominated by MNCs.

Question: Do Indian consumers have a strong opinion about the image value of packaging? Can a premium brand be sold in economical looking packaging?

Source: Economic Times, Brand Blazers, 1995

8.3 PRICE OFFER

As pointed out earlier, the elements of brand execution should be ideally seen as interlinked. If price is an avenue to build a point of difference, like Nirma, we may need to revisit the product offer and modify it accordingly.

Text books on marketing list several methods of arriving at the price:

Cost plus method

Examine the cost of producing the product and to that add the marketing costs, overheads, and a producer's margin to arrive at a price. This method assumes a cost of production based on a volume sales planned.

Competitive pricing

By examining the competitive price offers, develop a price that is competitive.

Low entry pricing

Price the brand attractively low to start with. The assumption is that as the brand gains acceptance, price increases can be made to build brand profitability

• Premium pricing

At times, it is necessary to signal a high quality brand with a higher than average price point. The extra margin is then used to invest in brand building.

The brand price offer can also be played using different packaging forms:

- Chik and Velvette shampoos used the pouch pack to build brand attraction at a low price point of 50 paise.
- Anchor white toothpaste has large packs at attractive prices to gain brand loyalty.

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BRAND BUILDING TERRAIN

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Does rural India hold the fortunes that everyone talks about? An NCAER study that tracked rural consumption of products indicates a slowing down in the rural share of several categories. For example, rural share in FMCG declined from 59.2% in 92–93 to 52.8% in 98–99. NCAER says that 'lack of the spread of electricity is the single most important factor'! Though rural per capita demand may never equal urban figures, as absolute figures rural India hold great promise:

	Urban-Rural Share	
	Urban	Rural
Population	26%	74%
Households	29%	71%
Household income	43%	57%
Average income index	100	55
High income households	63%	37%
Low income households	13%	87%

While targeting the entire rural India is a gigantic task, companies like Coke have figured out that the trick is to target a limited number of villages (9,988) in a few selected states like UP, Bihar, West Bengal, Maharashtra, AP, Kerala, and Tamil Nadu.

Source: Business Standard, August 21, 2003; Economic Times, April 23, 2003

The pricing strategy for a brand can also be driven by the gaps in the market:

 Nirma Beauty Soap was priced at Rs. 7 per 100 gms a price point below Lux but above 150 gms Lifebuoy on a gram per gram basis. • Tata Indigo with its pricing of Rs. 4.25 lakhs for the entry level petrol model created a new price point between B segment cars (Indica, Zen, Santro) and C segment cars (Esteem, Ikon, Accent).

Pricing of service brands is a different kettle of fish with different levels of play between entry price and usage price:

- Credit card companies actively woo HNI (High Networth Individuals) with a zero entry cost and waiver of 'annual' charges.
- Hotels have differential pricings for week day, weekend, high season, low season as well as different rates for FITs (Free Independent Traveller) and corporates.
- The Indian mobile phone market exploded in the late 90s and 2000s with the prepaid card attraction. This offered easy entry into mobile telephony with a low yet firm cut off of spendings.

Consumer durable brands use pricing as a signal of quality, but use a portfolio of models to attract a range of customers. It is not abnormal to see a TV brand offering models from a low of Rs. 8,000/- to a high of Rs. 30,000/-. The same is true of automobile brands. Often, accessories are sold separately. For decades Indian bicycle brands were sold without a saddle. The saddle was an accessory that helped the dealer make an added margin.

Price is the single most important dimension in the value driven Indian market. Brands have met with sudden deaths with ill timed price increases:

- In the 80s Chiclets Chewing Gum moved its price from 10p (for 2) to 25p. As against an anticipated drop of 50% in sales volume, the brand sales dropped by 90%.
- In a replay of sorts, Halls in the 90s moved its price from 50p to 75p to meet with a similar fate.

The rapid growth of motor cycles in the late 90s were contributed to by the narrowing price difference between scooters

and entry level motor cycles. Quartz watches' sales benefitted with launch of Titan and its price value offer, backed by the Tata guarantee. Inspite of the initial fear that the Indian consumer will be loath to buying batteries every year, the company's pioneering effort to ensure affordable batteries paid off in a revolution on Indian wrists.

In market after market, Indian brands that managed to get the pricing right have succeeded. The Indian consumer is not just a fan of low priced offerings but also wants a better price-value equation. Whether it is Nirma Washing Powder or Amul Ice Cream, whether it is Hero Honda or Indica, each of these brands have been able to offer a better than competition price value offer.

8.4 PLACE OFFER

How will the brand reach the consumer's hands? How many hands will it pass through? Where will it be retailed?

Most Indian FMCG brands go through a four step process:



Consumer durable brands have a three step or a four step process, while high value durables go from Company to dealer showroom.

How is the brand presented at the dealer outlet?

Does the place add to the brand value?

Tata Motors when they made their play for the growing Indian small car market consciously set up an entirely new dealer network, distinct from the Tata truck dealers. The company re-organised that while utility vehicles like Tata Sumo could be sold through commercial vehicle dealers, a passenger car buying family man will be very hesitant to enter a truck showroom.

Raymond's secret strength is their 250+ authorised dealers. Each is a handpicked dealer offering a 'Raymond' buying experience including tailoring and readymade apparel. Park Avenue and Parx (and Color Plus which was acquired in 2002) are the readymade brands from Raymonds enjoying the tremendous advantage of instant distribution presence across the country.

Readymade apparel brands like Van Heusen and Zodiac are sold through multi-brand stores that give them the big brand aura.

So retail outlets may not just be selling points but can be a big vehicle for carrying forward the brand message.

Do Disney films benefit from Disney World or does Disney World benefit more from Disney films?

As brands become more and more similar it will be brand experience that can make a vital difference. In the book *Experiential Marketing*² the authors explore a wide variety of ways to take the brand closer to the consumer, by giving them a bigger brand feel.

Service brands like retails, hotels, and restaurants are heavily driven by location decisions. In retail they say that the three magic words are 'Location. Location. Location'. Given the high retail prices prevailing in big Indian cities, the supermarkets have had to adopt a small size model. And the wholesale clubs like Giant have had to move to the suburbs. But there is a revolution brewing in retail with a large number of self-service mini super markets mushrooming all over cities like Chennai, Bangalore, and Hyderabad. For all of them, it will be the location *mantra* that will make or break the business.

Service brands like hotels also have the need to focus on the look and feel that the premises communicates to the customers who walk in. With the explosion in the service sector today, banks, financial services companies, and even telecom brands are using their premises to communicate the brand message.

Should the distribution decision be frozen before the brands roll out, or can decision be modified with the learnings coming in? As in the case of other brand execution variables, 'place' too needs to be constantly re-examined based on brand measurement. An apparel brand that focussed itself only on its own brand outlets may want to expand into multi-brand outlets. A durable brand that primarily sells through multi-brands retailers, may want to create flagship stores in the key cities to drive the image.



Pricing to Aid Consumption

Service marketers are often at a dilemma on how to price their services. Take for instance, a gymnasium. Should they offer a large annual discount and keep monthly fees high? Or should monthly fees be just a small premium over annual fees?

Prof. John Gourville and Dilip Soman point out that pricing may determine consumption. Using consumer data they say that if a service wants long term customers who use their offerings at periodic intervals, they should not push for highly discounted annual fees. The study indicates that customers who take the highly discounted annual fees tend to drop out more often, compared to customers who pay monthly or quarterly fees, where the ritual of fee payment acts as a reminder to use (and gain value from) the service offered by the marketer.

Source: John Gourville and Dilip Soman, "Pricing and the Psychology of Consumption" Harvard Business Review, September 2002, pp 91–96

Distribution and reaching the masses have always been big issues in a vast country like India, Rural reach is expensive since servicing remote areas is often unremunerative. On the other hand the big cities are easy to reach but have a high level of noise and competition. Brands have to work out a method of finding the right balance. It is sometimes rigorous analysis of market and distribution numbers that provide the answer. But often the actual market experience dictates how wide or how narrow the distribution focus should be.

8.5 PROMOTION OFFER

How will the brand be promoted? How will the brands message reach the prospects?

In the brand articulation section we examined the various ways of communicating the brand strategy and integrated marketing communication. Brand promotion needs to be tracked on a constant basis once the brand is rolled out. Brand measurement will provide the scores of how well the promotion mix is working. These may need to be modified at every stage.

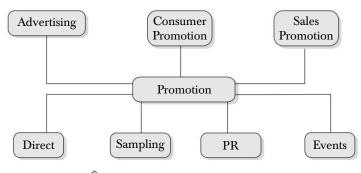


Fig. 8.3: Promotion Mix

A new brand will need to attract trial. That calls for free sampling or trial offers. Once the brand gains momentum, free trials can be reduced.

When Johnson & Johnson was trying to sell sanitary napkins in India in the mid-70s, they found the only way to discuss such a sensitive topic was on a woman to woman basis. So they put together a large team of sales promoters who went door-to-door. This gave the brand Stayfree a toehold and the product category, the initial user base. The programme has now been dropped, as the core user base has been created. The company may still want to run 'educational' programmes at girls' schools and colleges.

Bausch & Lomb is running a large ground level contact programme at the school and college level with free eye check-up camps. Here too, the brand is attempting to spread the word about contact lenses with the core target audience.

Promotion mix will have to change depending on the needs of the brand. When Tata Motors was relaunching Indica as Indica V2 in 2001, the company focussed its energies on a variety of activities to induce test drives of its new model. The company undertook events and contests all driving new car buyers into Tata Motors dealer showroom for test drives.

Airline companies use frequent flyer miles to build loyalty. All department-store chains in India use loyalty programmes to build loyalty. Shopper's Stop's First Citizen Club is reportedly the most successful, accounting for 15% of the visits and 35% of the sales value, but the question is, when should a chain start a loyalty programme? A new department store may just be better off getting footfalls or visits. The next challenge will be to increase value of purchase. Paco Underhill's book *Why We Buy?* is a great little compendium of ideas on how we shop. While some of the lessons there may not be applicable to the Indian stores, many of them are indeed universal. Loyalty programmes have a useful role, but the question is when.

The five 'Ms' of advertising according to Prof. Phillip Kotler, are Mission, Message, Media, Money, and Measurement. As we work on the advertising and promotion plan of the brand, we may need to look at these five 'Ms' at regular intervals. The

changes should not be ad hoc. They should be based on feedback from the measurement systems that have been put in place.

Promotion mix of a brand, like the other variables, needs to be dynamic but should not be changed just for the sake of change. A promotion mix that is delivering results may not call for any change other than a few small experiments with small budgets every now and then, just to make sure that the brand is not missing out on a big idea.

8.6 PACKAGING OFFER

While packaging is not counted as one of the four Ps of marketing, many experts tend to refer to it as the fifth P of Marketing.

The Indian market has possibly the most myriad range of packs imaginable. A product, like shampoo, is available in arrange from 5 ml sachets, to 500 ml bottles, with at least ten sizes in between. The same could be true for tea.

The Indian market has also seen premium brands being offered in economical, refill pouch packs. These economy packs do not seem to harm the brand image in any way.

The brand articulation section examines several aspects of packaging including colour, aesthetics, brand communication, etc. But can a brand's packaging be changed? If so, how often?

Brand packaging could undergo a change depending on the feedback from brand measurement. The brand may have been launched in a larger pack, but after launch, there may be a learning that consumers want a smaller sized trial pack. Similarly, the brand may have been launched as a small-pack offering, but consumers may be ready to buy a bigger pack and so on.

However much packaging is tested, there is often some feedback from the market that is unexpected. The packs may leak

at certain temperatures, or the product may need an easier way of being opened or closed. When many consumer products in India moved to pouch packs, they did not offer a 'V' cut to facilitate opening. The 'V' cut was a latter-day creation. Parachute introduced a wide mouth jar for its coconut oil, to be used in winter when the oil hardens. Edible oil brands are sold in pouches with an additional transparent pack over the pouch.

Unlike an advertising campaign, packaging decisions are difficult to change. But that does not mean they cannot be changed. When the company Boots decided to relaunch its artificial sweetener, Sweetex, in the mid-90s, the materials department was sure that Indian plastics packaging material suppliers would not be able to meet the quality standards followed by Boots Quality Control dept. The Company set up a small work-group, consisting of Marketing, Production, Material, and Quality Control executives. The suppliers were found in less than three months. All that had to be done was a modification in the testing procedure, the factoring in of a higher rejection rate, and a special production jig to facilitate shop floor efficiency. Sweetex went on to become the biggest seller and a pioneer in the low-calorie sweetener market.

8.7 PROFIT AND LOSS

The purpose of creating a brand is to deliver a greater return on investment by higher profits. Most professional marketing companies have well-developed systems and processes to calculate brand profitability.

In a multi-brand environment, processes have to be put in place to allocate costs to different brands. The allocated costs could relate to factory, personnel, corporate overheads, finance costs, etc. For a consumer product or a consumer durable, the brand cost starts with the cost of production and the cost at which the product is made. This is often referred to as FDP or factory delivery price.

The product becomes a brand when it is actively marketed. The cost of marketing (COM) includes the cost of promotion, sales force costs, logistics, and distribution.

The basic cost of the brand is FDP+COM. To this, an apportioned cost of corporate costs (CC) will have to be added. Together, the three, FDP+COM+CC, equal the cost of the brand (COB).

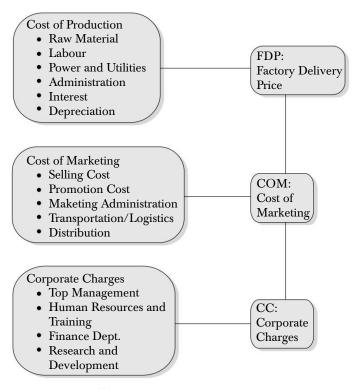


Fig. 8.4: Brand Costs

The brand will have a marked retail price (MRP) but from this the company needs to remove the retail margin, stockist's margin and the C&F charges. This leaves the company with a net realisation amount (NR). For most of the consumer products, the NR is often 80% to 85% of MRP (excluding excise).

Brand profitability is determined by the volume sales of the brand and the spread between NR and COB.

In a highly competitive market, the company may want to enter at a price whereby NR is just about equal to FDP. So the company is not factoring the cost of marketing, corporate costs and profit in the short run. The objective in such cases, is to make sure that volumes grow and as volumes grow, FDP will start dropping and over a period of 2–3 years, the company will start making handsome profits. In the case of many successful companies, the strategy has been to build volumes, to generate profit surplus, over a long-term horizon.

Sometimes, the brand may be priced at a level that NR equals FDP+COM. And in some rare occasions, when competition is not very intense, NR is geared to deliver a profit in the first year itself.

With the Indian market becoming more and more competitive, it is increasingly rare to see a brand that can break even, even in its first two years of operations. Consumer product brands today talk of a 2–3 year break even horizon. The case of consumer durables is even longer. Categories like telecom look at surplus only after 5–7 years.

The cycle times for break even will continue to change as India joins the global mainstream. In the license permit raj, a brand looked at making a surplus from the word go. That is no longer the reality. But in industries like telecom, infrastructure, and utilities, there may be changes that may spell a shortening of break even time frames. This may be brought about by increased globalisation pressures. And some of these sectors are also

heavily monitored and prices are controlled by regulatory bodies. All this may change in the coming decade.

8.8 PEOPLE FACTOR

A brand's success depends most importantly, on the people who make the brand a reality.

In the case of an FMCG brand, it is the people working on the brand, in marketing, in the factory, in development. And most importantly, the people who sell the brand in the marketplace. An old fable has it that a Camel cigarette salesman once observed a billboard painter telling his colleague that he would walk a mile for his Camel. And from there, a great advertising campaign was born.

In the case of service brands like hotels and airlines, it is the front-office crew, the check-in crew, who make the first impression that can make the difference. As the saying goes, you only get one chance to make a first impression.

Durable brands have dealers as their brand ambassadors. And authorised service centres form a key element of the brand experience.

Financial services products are increasingly using DSA-Direct Sales Agents. They can make an impact that can help or hamper the brand.

Do all the people involved with the brand understand what the brand stands for? Are all of them aligned in the same direction? Are all of them facing the same way?

Brand management today has to take into consideration the need to get all these people to mouth the same brand *mantra*. The emphasis is on not just talking to them but getting them to internalise the concepts. Brand training is no longer a luxury reserved for the star sales executives. Each brand and each

company has had to evolve a guideline on how much training is useful and how to make the training last the period. In addition to training, what more should the brand do to ensure the same brand *mantras* and sales aids, cue cards and diagrams and charts spell out the right points?

People can transform a brand to a vibrant, happening brand. And brand execution is incomplete without getting the people charged up about the exciting prospects of the brand.



How 'Branded' are We?

Financial services firm, Enam Securities, point out that the consumer goods sector and the organised retailing sector are the least 'branded'.

Enam point out that while food, grocery, and tobacco are a US\$ 134 billion industry in India, branded goods have a mere 3.37% share in the total sales amounting to \$ 5 billion, and of this only \$ 400 million worth of sales happen through organised retailing.

Clothing and apparel offer a slightly better picture of 20% branding (\$ 2.5 billion out of \$ 12.4 billion); again organised sector retailing is just around \$1 billion.

Consumer durables are better still with branded products at a 51% share (\$ 3.7 billion out of \$ 7.2 billion).

The extremely bleak segments include jewellery (14%), and home décor and furnishings (4%).

Source: Economic Times, January 19, 2003.

8.9 BRAND EXECUTION—SUMMARY

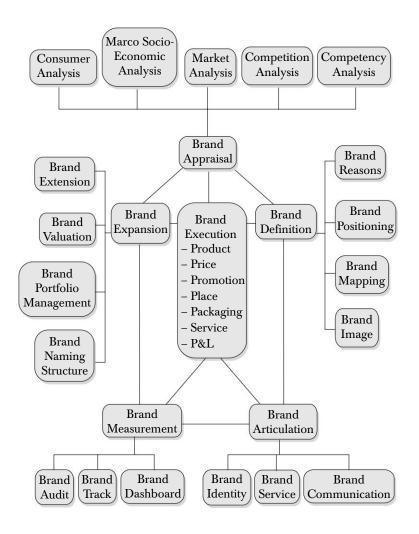
Brand execution module is at the heart of the Brand Building Pentagon. Each step, each stage of the Pentagon feeds into the brand execution elements.

Did the egg come first or was it the chicken? Did the entrepreneur conceive of the brand execution elements first and then examine it for its viability under brand appraisal, or did brand appraisal happen first, before any element of the brand execution was finalised?

In reality, both are possibly true. The various stages of the Brand Building Pentagon have been evolved to help us arrive at the right brand execution elements. Finally, there are the elements that the final consumer is going to see on the shelf or on TV. The consumer is not concerned with our Pentagon. Brand execution cannot be pulled out of the hat. A rare genius like Karsanbhai Patel can possibly arrive at a winning combination, working from gut instinct. But for all of us lesser mortals, the Brand Building Pentagon will help the process of arriving at the right combination of elements. The right product. The right price. The right promotion. The right place. The right people. The right packaging. All geared towards brands delivering the right profit.

Penta Branding or Building brand value is about creating wealth for shareholders by making brands more valuable to consumers. As more and more consumers subscribe to the brand's value offer, the brand becomes more and more valuable to the brand owners. A win-win, all around. The Brand Building Pentagon is a systematic way of building powerful, valuable brands in the Indian market place.

Brand Building Pentagon— Expanded







Bossidy, Larry, and Ram Charan, Execution, Random House, 2002.

² Schmitt, Bernd, H., *Experiential Marketing*, The Free Press, 1999.

³ Underhill, Paco, Why We Buy, Texere, 2000.

The McGraw·Hill Companies

APPENDIX I

APPENDIX I A—BRAND APPRAISAL CHECKLIST

A.1 MARKET ANALYSIS

How big is the market?

- In volume terms
- In value terms

What has been the growth of the market? Over two years? Over five years?

- In volume terms
- In value terms

What are the key segments in the market?

- Price-point segments
- Geographic segments (region/state/urban-rural)
- Ingredient-Size segments

What are the performance differences across segments?

- In size (volume/value)
- In terms of growth

Which are the key brands in the defined market?

• Performance of key brands

What is the seasonality of the market?

- Across the country
- Geographic differences

What is the distribution trend in the market?

- Extent of distribution
 - No. and type of dealers stocking
 - Amount stocked
- Typical types of distribution channels

What are the products/services that are substitutes?

- How big are the markets
- How fast are they growing

A.2 CONSUMER ANALYSIS

How big are the consumer numbers?

- By socio-economic class
- By urban/rural
- By town/class
- By region

What is the penetration of the product/service?

• Heavy/medium/light usage

What is the frequency of buying and usage?

- Across all users
- By SEC
- By usage

What is the buyer behaviour process?

- Key influences
- Intermediaries in decision making

How does the consumer use the product?

- Knowledge
- Self-others

What are the key reasons behind the purchase?

- Need fulfilled
- Preferences—brands/attributes

What are the external factors influencing purchase?

- Word-of-mouth
- Advertising
- Dealers
- Other influences

What are the internal factors influencing purchase?

- Socio-economic
- Psychology
- Family
- Culture

A.3 COMPETITIVE ANALYSIS

Who are the competitors?

- Major players
- Niche players
- Future players

What are the core competencies of the competitors?

- Research and development
- Marketing
- Production efficiencies
- Technical tie-ups
- Service and distribution
- Range or products

What are the strengths, weaknesses, opportunities, and threats of competitors?

• Where are they most vulnerable

What are the brand equities driving competitors' behaviour?

- Size/growth
- Price/premium/margin

What is the historical data on the competitors' behaviour?

- Typical behaviour pattern
- Unusual steps taken

How regularly is competitive information tracked?

A.4 COMPETENCY ANALYSIS

What is the company history?

- Historical strengths
- Culture-tradition

What are the financials?

- Size-turnover
- Profits
- Assets

What is the (acknowledged) core competency of the company?

- How long has the company had this key competence?
- What is the company doing to maintain the edge?

What are the research and development skills?

- People/technology
- Development track record

What are the technical tie-ups?

- Within the country
- International

What are the people skills?

- Qualification of the people
- Training and development

What are the marketing and sales competency?

- Marketing orientation
- Selling orientation
- Distribution system/channel

A.5 SOCIO-ECONOMIC ANALYSIS

How will GDP growth affect the market?

What are the sectoral trends that can affect the market?

Agriculture/industry/service

How will urban-rural trends affect the market?

- Urbanisation
- Growth of big cities

How will education trend affect the market?

- Illiteracy/literacy
- Better education levels

How will occupation changes affect the market?

- Blue collar vs white collar
- Migration to cities

How will socio-economic class trends affect the market?

- Growth of upper classes
- Growth of middle classes

How will family structure changes affect the market?

Nuclear families

How will the changing role of women affect the market?

- Better educated women
- Employed/self-employed women

How will adoption of the new products change with changing socio-economic profile?

How will religious-societal changes affect the market?

How will the changes in media exposure impact the market?

How will the boom in affluent youth population affect the market?

How will increasing life expectancy affect the market?

How will saving patterns change in the future?

• And how will it impact what?

How will usage of credit change in the future?

• How will it impact the market?

What are the long-term Government policy guidelines?

- Taxation-excise/VAT taxes
- Import/customs duties

APPENDIX I B—BRAND DEFINITION CHECKLIST

B.1 BRAND REASONS

What are the rational reasons for buying the brand?

- Special ingredients
 - flavour
 - colour
 - raw material

What are the benefits the brand can offer?

- Product
- Price
- Service
- Distribution
- Packaging
- Maintenance
- Running cost
- Design-looks

What are the emotional reasons for the brand purchase?

- Pride
- Social acceptance
- Self worth

- Image projection
- Confidence
- Achievement
- Envy

What benefits of laddering can be thought of?

 How deep can we drill to discover hidden reasons for purchase?

B.2 BRAND POSITIONING

What are the gaps that exist in the market?

- Plot brands on dimensions (benefits/reasons)
- Figure out unmet needs

What are the points of parity in the category?

- What are the benefits offered by all brands
- What are benefits that need to be offered in order to compete

What are the points of difference in the category?

• What are the POD of the leading brands

What are the positioning typologies that could be considered?

- Ingredient
- Benefit
- Usage
- Feature
- User
- Price
- Value
- Tradition
- Competitiveness
- Technology
- Design

Country

How can the positioning option be tested and validated?

- Qualitative techniques
- Quantitative techniques

What are the stages of the development funnel?

- · Testing options
- Reduced variations
- Final options for testing
- Launch

B.3 BRAND PERSONALITY & BRAND IMAGE

How would the brand personality be described?

- As a person
- Age/sex/social class/occupation/education

How does the brand personality described compare with the competitors'?

• Distincive/different/unique

What is the planned brand image?

- Across dimensions
- Benefits
- User imagery
- Usage imagery

B.4 BRAND MAPPING

How would you describe the brand using Aaker's model?

- Essence
- Core
- Extended

How would you describe the brand using Kapferer's model?

- Personality
- Culture
- Self Image
- Physique
- Relationship
- Reflection

How would you describe the brand using Keller's model?

- Salience
- Performance
- Imagery
- Judgement
- Feelings
- Resource

APPENDIX I C—BRAND ARTICULATION CHECKLIST

C.1 BRAND IDENTITY

What should be the brand name?

- A descriptive name
- A suggestive name
- A free standing name

What should be the brand design?

- Contemporary styling
- Traditional styling
- Ambience
- Décor
- Aesthetics

What should be the brand colour?

- What are the brand colours?
- What colours do leading brands use?

What should be the logo and symbol?

- Logo only
- · Logo and symbol
- Relative emphasis between the two

How do the name and logo symbol look in various languages?

C.2 BRAND COMMUNICATION

What are the stages for development of an integrated marketing communication programme? Have all of them been covered?

- Analysis of communication
 - competitive
 - consumer response/memory
 - past communication
- Brief
 - proposition
 - support
 - tone and manner
- Creative ideas
 - core
 - Extension
 - Execution
 - Mass media
 - Direct
 - Other

What is the role and use of packaging?

- Protection
- Portability
- Pickability

- Pricing
- Looks/Aesthetics

What is the role of direct and interactive marketing?

- Customer databases
- Segmentation of databases
- Building loyalty

What is the role of promotions?

- Consumer promotions
 - trial inducement
 - repeat purchase
- Trade promotions
- Stocking
- Stock loading

What is the importance of merchandising?

- Inform
- Educate
- Remind

Can events play a role in building the brand?

How can public relations effort help?

- Press/TV relations
- Press releases
- Conferences

How important is service?

- Pre-sales service
- Sales service
- Post-sales service

What is the brand *mantra*?

• The three–five word essence that is to be internalised by everyone in the company

APPENDIX I D—BRAND MEASUREMEMT CHECKLIST

D.1 BRAND DASHBOARD

On a monthly/weekly/daily basis track brand sales:

- Value/volume
- By stock keeping units
- By states/regions
- By channels

Marketing inputs dashboard track on a monthly basis:

- Own brand marketing inputs
 - advertising
 - promotion
 - merchandising
 - dealer schemes
- comparative brands' marketing inputs

Competition dashboard tracks on a monthly basis:

- Value/volume market shares
- Growths
- Geographic trends

Brand profitability dashboard:

Monthly profit and loss analysis

D.2 BRAND TRACK

Brand track is analysed on a quarterly/half yearly basis covering:

Brand sales track

- Volume/growth
- Seasonality

Sales trends

Market Share track

- Share trends
- Geographic trends
- Urban-rural trends

Competitive track

- Strategies implemented
- Future moves

Consumer track

- Awareness
- Usage
- Loyalty
- Brand images

P&L Track

- Brand profitability
- Industry profitability

Competitive Market share track

- All brands
- By geography
 - urban/rural
 - Townclass
- Consumer panel
 - usage
 - gain-loss

Marketing inputs track

- Own spends vs competition
- · Share of voice
- Share of spend
- Messages
 - brand messages
 - tactical messages
 - regional messages

- Dealer level activity
 - display schemes
 - promotion schemes
- Other marketing inputs (self vs competition)
 - consumer promotions
 - PR
 - events
 - direct mail/interactive
 - loyalty clubs
- Distribution track
 - width of distribution
 - depth of distribution
- Brand environment track
 - macro economic trends
 - legal changes
 - strategic alliances/mergers or acquisitions

D.3 BRAND AUDIT

How often should the brand audit be conducted?

- Once a year
- Once in two years

What are the broad objectives of the brand audit?

- SWOT analysis
- Status check
- Planning future

What are the data collection methods to be used?

- Published reports
- · Company records
- Market research
- Expert interviews
- Company expert views

What is the current status of the brand?

- What is the brand's positioning
- Where are the markets
- Who are the customer
- Why do they buy the brand
- What are the skills of the company
- Who are the major competitors

What are the future scenarios for the brand?

- Where should the brand be
- What is the planning horizon
- What other growth opportunities exist
- How is the market changing
- How is the environment changing

What are the resources needed by the brand?

- What are the financial, competence skills the brand needs
- What are the technology needs

What are the macro-market changes that can affect the brand?

- Which new competitors are expected to enter
- What consumer behaviour changes can impact the brand?
- What Governmental policy changes can impact the brand?
- What are the disruptive technologies that can have an impact?
- What other changes need to be analysed?
 - Media penetration
 - Distribution-retail changes
 - Attracting-retaining talent
 - Import-export duties
 - Financial market changes
 - Geographic changes

- GDP development
- · Literacy growth

APPENDIX I E—BRAND EXPANSION CHECKLIST

E.1 BRAND EXTENSION

Can the brand be extended through:

- Variants
- Product line
- New products

What brand varianting opportunities can be examined?

- Flavours
- Colours
- Sizes
- Ingredients

What line extension opportunities exist?

- New product forms
- New delivery systems

What new product extension opportunities exist?

- Same customer new technology
- New customer same technology
- Same customer same technology
- New customer new technology

What other brands in the category have been able to extend themselves?

- Pitfalls to avoid
- Lessons to learn

E.2 BRAND NAMING STRUCTURE

What is the brand naming architecture used by leading brands?

- Corporate brands
- Endorser brands
- Product brand
- Model brand
- Branded benefit

What is the level of the emphasis placed on each of the layers of the brand name?

What is the level of recall enjoyed by the different layers?

• How is the brand referred to by the consumer

What should be the brand architecture to be used for the brand extensions planned?

How to validate the assumptions made?

E.3 BRAND PORTFOLIO MANAGEMENT

What are the various brands in the company?

- The brands growth history
- Relative market share
- Market growth

How would the brands be classified?

- Cow
- Dog
- Star
- Problem child

What are the future investment plans into the various brands?

Are there opportunities for:

- Brand merger
- Brand acquisition
- Brand sale

E.4 BRAND VALUATION

What are the values ascribed to competition brands?

- Value of brands in other related categories
- Recent acquisitions

What could be the value of the brand by:

- Interbrand methodology
- Replacement methodology
- Earnings multiple
- Sales multiple

Appendix I F—Brand Execution Checklist

F.1 PRODUCT

How is the product offer different?

- Manufacturing process
- Ingredients
- Shape/colour/aesthetics
- Flavours/additives
- Size
- Technology
- Running cost
- Ease of use
- Ease of repair/maintenance
- Décor/comfort

F.2 PRICE

What should the pricing strategy be?

- At launch/mid term/long term
- Cost plus
- Competitive pricing
- Premium pricing

What methods to make pricing more attractive?

- Purchase schemes
- Installment schemes
- Limited period offers

F.3 PLACE

How to reach the product/service to the consumer?

- Levels/stages of distribution
- Role of the different levels
- Importance of the last mile

Is there a need to get the intermediaries to understand the brand?

- Shopping ambience
- Training of sales staff
- How to motivate the intermediaries—schemes/contests

F.4 PROMOTION

What are the various promotional tools to be used for building the brand?

- Advertising
 - mass media

- theme advertising
- tactical advertising
- creative strategy
- media strategy
- Consumer promotions
 - role of promotion
 - frequency of promotion
 - short term/long term implications
- Sale promotion
 - motivating the sales force
 - motivating the dealers
- Direct/interactive
 - role of one to one communication
 - customer relationship programmes
 - using internetTo provide informationTo keep in touch
- Sampling
 - role of sampling
 - using sampling in the right target group
- PR
 - role of public relations and media relations
 - planning a PR calendar
 - monitoring PR effectiveness
- Event.
 - role of events for
 - bonding with customers
 - reaching new prospects

F.6 PACKAGING

What is the role of packaging?

- Protection
- Transportation

- Communication
- · Ease of purchase
- Ease of use
- Brand message communication
- Cost of packaging vs perceived value
- Aesthetics

What are the packaging methods used by the leading competitive brands?

- Points of parity
- Points of difference

F.7 PROFIT AND LOSS

What are the specific cost elements?

- Production costs
 - Raw material
 - Conversion
 - Packaging
- Selling costs
 - People cost
 - Distribution cost
- Marketing costs

How susceptible are costs to changes?

- Volume impact
- Economic impact

What is the corporate charges to be absorbed by the brand?

- How are they rationalised across various brands?
- How will the changes change with
 - time
 - changes in volume

F.8 PEOPLE (INSIDERS)

Are all the people (involved with the brand) aware of the brand's promise?

What training and orientation programmes are needed to get a full understanding?

• How may days of training are planned per annum?

Are the channel partners, dealers, fully trained to communicate the brand message?

APPENDIX II

APPLYING THE BRAND BUILDING PENTAGON

The brand building constructs explained in this book have been developed keeping in view the practical realities of the market.

The author is grateful to the MBA-ACM/RM students of his class on Brand Building at NMIMS Mumbai (Class of 2003 and 2004) for having given feedback on the practical usage of the model.

The students were asked to use the Brand Building Pentagon on a small brand/service and recommend a brand building plan, as a part of their course. The following pages contain two examples of practical application of the Brand Building Pentagon.

The author is grateful and acknowledges the contribution of the following students for their commendable efforts at applying the Brand Building Pentagon to small business enterprises:

Project

1. Branding a Comb

Team

Raunaq Sharma Vivek Jaiswal Amitesh Ahuja Saurabh Kumar Anil Rander

2. Branding a Pulverizer Nimesh Bhodia

Shivika Pande Brijesh Shah Vishal Vithalpura

The following pages present the two 'best' applications of the Brand Building Pentagon. They are the verbatim reports submitted by the students (the brands/companies mentioned therein are all real-life small businesses and care has been taken not to divulge any information that is not in public domain).

CASES

APPLYING THE BRAND BUILDING PENTAGON

Product : Comb

Report prepared by: Raunaq Sharma

Vivek Jaiswal Amitesh Ahuja Saurabh Kumar Anil Rander

1 WHAT IS THE COMMODITY AND COMPANY?

- Product (Commodity)—Comb
- Company—Shilpa Plast India Limited.
- Address—340, Belgium tower, Delhi gate, Surat— 395003

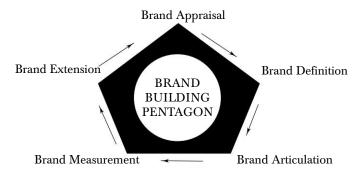
2 WHAT FACTORS MAKE IT A POTENTIALLY SUITABLE COMMODITY FOR BRANDING?

- Comb as a product is very personal in nature. Yet this product is unbranded.
- A growth trend in special hair care products for special purposes can be noticed. For example, we can now see specific products like Livon in the market.

Product	Growth Rate (p.a.)
Non-sticky hair oil	20-25%
Shampoo	15-20%
Hair care soap	5-6%
Hair dye	10%

- A Comb is a part of personal products.
- Consciousness about dandruff is increasing among consumers. They don't share their combs even with their family members.
- Commodities which were unbranded in the past have been successfully branded by Marketers now. For example, toothbrush, atta, and chapatti.
- Currently in the market, only a plain model (wide and narrow teeth) is available. So, there is not much of variety.
- There is no national player in this market. However, there are regional/local players who operate in a particular zone or area.
- Therefore, a large market is waiting to be tapped. First mover advantage can be achieved if we plan to become a player with national presence.

3 THE PROCESS OF BRANDING THE "COMB"



We will use the Brand Building Pentagon for our commodity branding.

There are five stages in Brand Building Pentagon:

- (1) Brand Appraisal
- (2) Brand Definition
- (3) Brand Articulation
- (4) Brand Measurement
- (5) Brand Extension

4 BRAND APPRAISAL

4.1 Consumer Insights

The following consumers insights are based on a dipstick survey done with 48 customers both male and female, SECA, B, 15-25

- Most consumers don't use branded combs.
- A few use branded ones, but for no significant reasons.
- Relatively very low involvement during usage of the product.
- Consumers usually don't share their combs.

Buying reasons:

- They either misplace, lose, break the comb.
- Some get them as *Phoren* (foreign) gifts.
- Male—no significant preference for colour, black.
- Female—Quiet colour, design conscious, matching colours are preferred.

Problems:

- Cleaning.
- Hard bristles of some combs hurt.
- Hair gets stuck in the comb causing hair loss.
- Celebrities associated with silky hair: Amisha Patel, Aishwarya Rai.
- Usually the home-maker buys them.
- People want more designs, colours.
- Some want scented combs.

4.2 **S**EGMENTATION (**TG D**EFINITION)

We are not targeting rural consumers for following reasons:

- Rural consumers are not concerned/interested in product.
- Its not very personal for them.
- The rural consumer is usually unwilling to pay a premium.
- Retailers take high margins in such places.
- A strong, unorganised sector is in existence.
- Availability of comb is not an issue in such parts. It's sold even on trains and footpaths.

Therefore, we are targeting Urban, Class I, SEC A, B. The reasons:

• We can see a willingness to pay a premium among urban consumers.

- Urban consumers are more quality conscious.
- There is an increasing hair-care awareness among these consumers.
- Already, a couple of brands are in existence (e.g. Lilly, Brite). So, there is some branding exercise done in such parts.
- Retailers get lesser margins in plain model.

4.3 Market

4.3.1 Size-Volume-Value-Growth

To estimate the total market of combs, we made a couple of assumptions and reached a figure in following fashion. Some help of **Statistical Outline of India 2001–2002** was taken during this process.

- Top 25 cities' population = 7 crore
- Estimated SEC A&B population = 15% (7 crore) = 1 crore
- Estimated average persons in a household = 4 members
- Approximate no. of households = 25 lakh
- Average combs per household = 6.5
- Approximate no. of combs sold = 1.63 lakh
- Growth rate in Class I cities = 1% /year
- Out of 10%, 15% is SEC A,B = 0.15%/year
- Growth in population = 15,000/year
- Approximate combs per person = 1.625/year
- Expected growth in no. of combs = 25,000/year

Here, we have taken increase in population as a criterion for the growth of the market.

4.3.2 Seasonality

Generally the product is bought across the 12 months but greater purchase is observed before Diwali.

4.3.3 Supplementary products

The brush is a supplementary product but is far more expensive than a normal comb.

4.3.4 Price

Interestingly, combs usually don't have M.R.P. written on them. So, there are various price points at which they are sold. It varies from Rs. 2 to Rs. 40 depending upon the quality and place where it is sold.

4.3.5 Distribution

As mentioned earlier, the comb is generally sold everywhere. But the major distribution points are retailers, grocery stores and beauty products' stores.

4.4 Competition

- Major brands—Brite, Parag, Lily, Daisy, Roots, Daas.
- All the brands mentioned above are regional players;
 No player with national presence.
- They have some market share in different pockets of the country.
- There is no significant benefit provided by any brand to consumers.
- A couple of brands (e.g. Brite) are known among the customers due to tradition.
- No advertisements at all by any of the players mentioned above.
- No significant loyalty is seen among customers towards any brand.

4.5 Competencies of our Company

- R&D
- National presence—we will get the first mover advantage in this regard.
- Advertisement—we will be the only company advertising the product.

4.6 Macro Socio-economic Trends Affecting Branding Process

- Customers are becoming more quality conscious.
- Successful branding of other commodities (like toothbrush) are encouraging successes.
- Health consciousness is increasing among customers.
 E.g. customers buy packaged drinking water, which wasn't the case a few years back.
- Customers are now more willing to pay a premium for a good quality product.

5 BRAND DEFINITION

5.1 **Brand Reason**

Here, we provide the customer with reasons to buy our product. Since it's the branding of a commodity, we will mainly concentrate upon the functional benefits our product provides.

Value proposition: Functional (80%) + Emotional (20%).

Functional: Product attribute based.

- Soft cylindrical bristles, rounded tips no hurt, less hair loss.
- Ergonomically designed handles-good grip, secure hold.

- Made of cellulos eacetate and virgin polypropylene unbreakable.
- Various colours—select your colour!
- Cleaner brush—no *jhanjhat*!
- Comb holder—never lose any comb!
 Emotional: Comfortable and enjoyable experience, freedom, peace of mind, quality conscious buyer—taking care of hair.

5.2 **Brand Positioning Statement**

Its not just a comb but a *quality crafted beauty tool* that is safe, easy to use, and ergonomically sound.

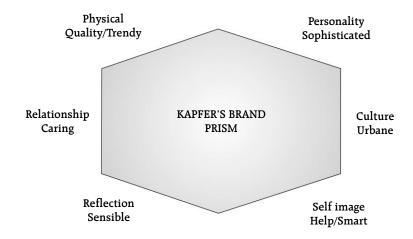
5.3 **Brand Personality**

- Male/Female—SEC A, B 15-40.
- Extrovert, cheerful.
- Conscious about his/her looks.
- No compromise on quality and is willing to pay a little more for a good product.
- One who take care of his/her health, skin, hair.
- Trendy
- Independent
- Sophisticated
- Lively
- Contemporary

5.4 **Brand Mapping**

In brand mapping we will use Kapferer's Brand Prism and look at different aspects of brand.





6 BRAND ARTICULATION

6.1 Brand Name = Locks 'n' Curls

Reasons for selecting this brand name:

- Away from clutter—e.g. Daisy, Lilly, Brite, Daas are all monosyllabic names.
- Easy to speak, memorable.
- Descriptive in nature. "Locks" and "Curls" both terms related to hair.
- Suggests that its multifunctional. It can be used for straight as well as curly hair.
- English name suggests better quality.
- Long name and 'n' gives a premium positioning.
- Cursive font gives an 'arty' and wavy image.
- Transferable—we can use it as mother brand name during brand expansion.

6.2 **Brand Communications**

6.2.1 Advertising

- Main objective should be brand awareness.
- Print medium should be preferred because it's a high involvement medium. Diagrams should be used for explanation of functional benefits. Women's magazines can be one of the vehicles, since most of the time the purchase is made by the homemaker.
- Similarly, in TV advertising, too, major emphasis should be laid on functional benefits.
- Radio can be used as a support medium due to its cost efficiency, immediacy, and frequency.

A.6.2.2 Merchandising

For merchandising, we have following options to choose from:

- Next to cash counter to gain high visibility.
- Near other beauty products e.g. nail polish, hand mirror, mascara.
- With hair care products—shampoo, oil, etc. to get a spillover effect.

6.2.3 Promotions

It's not advisable to do promotions with the launch of the product. However, we can choose one or more promotional strategy in future from the list:

- Future spend = 1 or 2%
- Combo pack at less price
- Shampoo sachet free with comb

6.2.4 Events

• Miss/Mister Beautiful Hair Contest can be organised at local level.

Hair type, hair problems and solutions by hair expert,
 e.g. Colin. Such camps can be organised.

6.2.5 Price

- Average price range = Rs. 25 40.
- Our price = Rs. 30.
- Our price is based on perceived value pricing.

Attribute	Added Value (Rs).			
Soft bristles	3.00			
Cleaner	5.00			
Erg. handle	2.00			

- As per the calculations shown above, expected revenue per year = 50 crore.
- If roughly only 50% customers buy, 25 crore would be the turnover.

6.3 **PLACE**

- Two stage distribution will be used—Manufacturer → Retailer.
- Key distribution points would be retailers, grocery stores, beauty products' stores, departmental stores.
- No exclusive outlets, No, *pan-wala* kind of shops will be considered.
- Retailer Margins: other brands—20–25% our brand—25–27% so that they push our brand.

6.4 PACKAGING

- Single unit package.
- Ours will be the first comb with M.R.P, so that customers don't feel cheated.
- Comb holder and cleaner in packet itself.

• One side transparent so that the colour of the comb can be seen.

7 BRAND MEASUREMENT

Four tools for brand measurement will be used,

- Brand Dash Board
- Brand Track
- Brand Audit
- Brand Report Card

8 BRAND EXPANSION

8.1 **B**RAND VISION

- Present: to be a market leader in premium comb market.
- Future: to become synonymous with hair styling tools.

8.2 **Brand Expansion**

- 'Goldy locks' for young girls.
- Venture into premium end—hair brush segment.
- Possible roll-out of combs for eyelashes.

Cases Applying Brand Building Pentagon

Product : Pulveriser

Report prepared by: Nimesh Bhodia

Shivika Pande Brijesh Shah Vishal Vithalpura

Here is a commodity which has the potential to become a brand name and earn the premium for its owner. The commodity we

have chosen is a Pulveriser. Pulveriser is a term for mixer grinders used for industrial purposes. The client we have has been manufacturing pulverisers since 1983. He owns and opera-tes a small manufacturing unit out of Goregaon, east Mumbai, at an industrial estate. We have modeled the entire branding strategy for our client K.B. Engineering's best selling model—Sardar Pulverisers—3 Hp electric motor (430L*310W*610H – 60 kg).

The entire strategy revolves around the first three aspects of the Brand Building Pentagon: Brand Appraisal, Brand Definition, and Brand Articulation.

9 BRAND APPRAISAL

9.1 Market Analysis—Mumbai Market

The Mumbai market for pulverisers is quite unorganised. There are very few small players, may be even unaware of one another. Consider these vital figures:

```
| Market Size—300 units p.a. | Growth 12% p.a. |
| Profitability ranges from 8–15% | Price—Rs. 25,000 to
Rs. 30,000 per unit |
```

Seasonality is one of the factors which affects sales. Festive seasons like Diwali witness a spurt in demand by the hoteliers and caterers (our target segment) to meet the increasing flow of customers. The distribution chain in this business is quite simple. There are no intermediaries as of now in Mumbai market. The manufacturer sells the pulveriser directly to the customers. Healthy margins to reap.

9.2 Macroeconomic Factors

There are certain macro trends which write the future of this industry or at least shape it. The first one is an increasing trend towards nuclear families. To put it in figures, 25% of 175 million

homes in India are nuclear families. A second prominent trend is in the changing role of women in society, with lots of new age women shouldering the responsibility of earning their livelihood. The third trend is urbanisation. People are migrating from rural to urban areas. All these trends have an end effect: shift towards eating out often.

9.3 Consumer Analysis

We have a laser sharp focus, you can say. We define our target segment as comprising hoteliers, caterers, and fast food joints. All belong to the same breed.

There is a certain pattern of buying behaviour we found in them. What triggers the need to buy a pulveriser? The reasons are like, opening a new hotel or branch, increase in customer base, festival renovation, replacement in case of breakdown, etc. Where do they search for the information then? They consult their fellow hoteliers, their regular electricians, and refer to the catalogues.

There are certain parameters they consider while buying pulverisers. Efficiency of motor in terms of speed and time taken to grind a particular quantity, efficiency of the grinder, the motor's capacity to run in a spell, and lastly, most important and widely ignored by suppliers, availability of spare parts.

Based on these criteria they evaluate the options they have among existing manufacturers and finally make a purchase.

9.4 Competitor Analysis

It's very important to know who our competitors are and what percentage of the total cake they command.

Following is the summary of the same.

Player	Size p.a.	Per Unit Price	Total	Market Share	Competency
Bhagwan Manufacturing	45 units	24,000/-	10,80,000	13.4%	Low priced pulverisers
Akshay Electricals	32 units	26,000/-	8,32,000	10.3%	NA
Ambika Engineering	50 units	31,000/-	15,50,000	19.3%	Personal contact of the owner
Others	113 units	25,000/-	28,25,000	35.1%	NA
K.B. Engineering's Sardar Pulverisers	120 units	29,000/-	17,40,000	21.6%	Innovation and Technology

9.5 Company Analysis

The Vision we have crafted for our client is: "A Sardar Pulveriser in every restaurant/hotel in Mumbai". The Mission stems from the company culture: "Innovative and efficient solutions for customers".

K.B. Engineering manufactures 105 units p.a. inclusive of all models. The share of Sardar Pulverisers is given in the previous table. With Rs. 17,40,000 of revenue generated from 3 hp model, he maintains profitability of 10–15% on 3 hp models. His other competencies are: economies of scale because he has large capacity vis-à-vis competitors. And apart from his personal contacts, he has the aggressive sales force needed to get new customers.

10 BRAND DEFINITION

10.1 **Brand Reasons**

A brand exists for reasons. The rational benefit Sardar Pulverizers offer is n2 Liquid Nitrogen Cooling System. This system lets the motor run for longer time and thus increases grinding capacity per spell. The other side of the coin has emotional benefit: increased customer satisfaction for the hotelier. Consider the benefit laddering which justifies the emotional benefit.

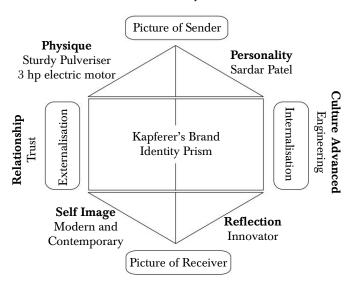
Benefit laddering:

Increased grinding capacity per spell \rightarrow Larger quantity grinding with less time and effort \rightarrow Fatigue level of workers decreases \rightarrow Work more efficiently and cook tastier food \rightarrow Customer satisfaction and increased business.

10.2 **Positioning**

Our one-line positioning concentrates on our core competence. We have essentially capitalised on the technology we have pioneered. One of the objectives is to have a first mover advantage. "To increase customer satisfaction from Sardar Pulveriser, we have defined various aspects of Kapferer's Brand Identity Prism. It basically is a blueprint from which brand communication stems. See figure on Brand Identity Prism.

Brand Identity Prism



11 BRAND ARTICULATION

11.1 **Branding Tools**

The brand name of our product is *Patel's "Sardar" Pulveriser*. It is suggestive of the "Iron Man of India" – Sardar Patel. This was the original brand name coined by the owner.

Logo:



11.1.2 **Brand Communication**

The communication aspects play a very crucial role while converting commodity into a brand. As far as pulverisers are concerned, personal selling plays a dominant role. The owner personally as well as through his workforce would be in constant touch with his established customer base and keep building new customers. The technology in Sardar Pulverisers being new, requires training to be imparted. K.B. Engineering has these free training programmes also. Evergreen too, sales promotion is very much in place. Under this, the client would provide free trial of the pulveriser for three days to his prospective customers at a nominal fee. To keep a record, the customers would be given catalogues as a part of direct marketing by the sales force. To make its presence felt in the industry, K.B. Engineering would participate in the Industrial Expo also, where the demonstration would be carried out to prospects.

11.2 **B**RAND **S**ERVICE

In case of industrial products, just like durables, warranty can play a big role. Sardar Pulveriser comes with a warranty period of 1 year, which includes maintenance, repair, and genuine parts replacement. At the end of warranty period, services are provided at nominal charges depending on the extent of service required.

12 BENEFITS OF BRANDING

Any activity carried out has to set some objectives and achieve them. In this exercise of converting a commodity like pulverisers into a brand, there are certain very important objectives to be achieved and results to be awaited.

- (a) Branding helps increase awareness and acts as a reference for various brand associations.
- (b) David Aaker says, "Anything that is known to the customer tends to get favoured in terms of creating an impre-ssion of reliability and quality". The communication is aimed at increasing top of the mind recall. And since Sardar is the first one to professionally communicate, its brand values, if is bound to benefit by featuring in the consideration set of its prospect customers.
- (c) Branding helps KBE charge a premium over its products especially when it has the very strong technological USP of liquid nitrogen cooling system.
- (d) Branding tends to increase brand loyalty. The promise of warranty and technological superiority it delivers is hard to replicate by competitors. This results in increasing loyal customer base.

To sum it up, to convert a commodity into a brand all that has to be done is to communicate one single point which is the manufacturer's forte and which is a sustainable differentiator. And have a well defined structure in place. And of course charge a premium. It's not a luxury; it's the privilege that the entre-preneur gets.

APPENDIX III

SUGGESTED READINGS

III.1 CORPORATE STRATEGY

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Vanita Kohli, The Indian Media Business, Response Books, 2003.

III.4 MARKETING RESEARCH

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Subroto Sengupta, *Brand Positioning: Strategies for Competitive Advantage*, Tata McGraw-Hill., 1989.

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III.7 ONLINE BRAND MANAGE-MENT RESOURCES

http://www.agencyfaqs.com—contains comprehensive information on advertising, marketing media, and brand for the Indian market.

http://www.exchange4media.com—contains information on marketing and media issues relating to the Indian market.

http://www.adclubbombay.com—archive of Advertising Club Bombay's awarded campaigns and news briefs.

www.economictimes.com www.hindubusinessline.com www.businessstandard.com Online resource from India's leading business dailies.

www.aandm.com—advertising and marketing (India's) online version.

www.marketingprofs.com—marketing know-how from professors and professionals.

http://www.allaboutbranding.com—dedicated to examining the nature of branding and the issues encountered in shaping and managing brands.

www.adage.com—Advertising Age magazine's online version and archive.

www.marketingpower.com—American Marketing Association.

http://brandmarketing.com—Brand Marketing magazine's online version and archive.

www.brandweek—Brand Week magazine's online version and archive.

www.adweek.com—Advertising Week magazine's online version and archive.

http://www.adforum.com—Adforum is the Internet's leading portal to the advertising, marketing, and communications industry, with direct links to more than 16,796 agencies in 134 countries.

http://www.warc.com—World Advertising Research Center (WARC) provides knowledge and data to the global advertising, marketing, and media industries, through its websites, hard copy publications, and conferences.

http://www.effie.org—introduced by New York American Marketing Association in 1968, EFFIE has since become recognised by agencies and advertisers as the pre-eminent award in the advertising industry. It is the only US award that honours creative achievement in meeting and exceeding advertising objectives. In short, it focuses on effective adver-tising—advertising that works in the marketplace.

http://www.aaf.org—American Advertising Federation protects and promotes the well-being of advertising through a unique,

nationally coordinated grassroots network of advertisers, agencies, media companies, local advertising clubs, and college chapters.

Note: Many of these websites are free to use but some have a subscription charge to access indepth material.

APPENDIX IV

SECONDARY DATA SOURCES

IV.1 CENSUS

The Indian Census is the largest single source of statistics on the people of India carried out every ten years. The census is an exhaustive resource which gives information on:

- **Population of India:** dispersion across geographical units down to the lowest level such as districts, towns, villages, etc.
- Economic data: industrial and demographic classification of working and non-working population.
- **Socio-cultural data:** demographic and socio-cultural data on the population such as the age, sex, religion, and education of the population.
- Migration data: data on migration of population such as states migrated from and to, reason for migration, and demographic characteristic.
- **Fertility data:** demographics of married female population and the children born.
- Household and household amenities data: data on structure of houses and amenities available within.
- Scheduled castes and tribes data: population, demographic, and socio-cultural data on the scheduled castes and tribes of India.

IV.2 NRS

- The National Readership Survey (NRS) that is published every year/six months is conducted amongst a sample of population aged 15 years and above.
- The NRS gives detailed information on the media usage and habits of the sample. It also covers basic level demographic, lifestyle, and product usage data of the country.
- The NRS uses the sampling method for research and then extrapolates the results over the entire population.
- In its 2001 report, the NRS had a sample of 2,45,554 people. It covered 484 publications and 129 product categories.

IV.3 HOUSEHOLD PANELS

- Household panels comprise a sample of households, whose purchase behaviour regarding household products, food and beverages, and personal products is continuously tracked.
- Household panels give a good idea about the purchasing pattern of these households over a long period of time.
 In India, agencies such as IMRB and A.C. Nielsen conduct household panels in rural and urban India.
- They have a sizeable sample of population of households from which the product usage data is normally collected using diary methods, where the housewife records her daily purchase in a diary.

IV.4 TAM

 TAM Media Research is a 50:50 joint venture between IMRB and AC Nielsen.

- TAM (Television Audience Measurement), tracks TV viewing habits of a sample of households. It uses AC Nielsen's people meter software which tracks data according to the frequency bands of TVs This data is used to arrive at TV ratings for different programs on a weekly basis. These TV ratings are a basis for media planning by ad agencies and price quotations by channels.
- The sample of households covered by TAM comprises approximately 3,454 households in 29 cities of the country. Since 1998, TAM has been recognised as the official rating system in advertising by a Joint Industry Body.
- In October 2001 TAM announced a joint venture with ORG-MARG's INTAM leading to the combination of the two ratings resulting in a single currency. This merger, resulted in the suspension of any confusion due to the double measurement by the two agencies.
- Also it combines the resources of the two giants, covers around 4,150 households in 49 cities. After eliminating duplications, the combined entity shall cover 100% of urban areas and 15 states vs the current nine covered by TAM. Thus, this shall be a more appropriate representation of the TV household population.

IV.5 RETAIL SALES AUDIT

- The A.C. Nielsen Retail Audit conducts a monthly sample survey of a panel of retail outlets.
- It covers 30,000 outlets in 367 towns and 983 villages all over India. It covers all retail outlets including grocery stores, general stores, retail pharmacies, tobacconists, food stores, restaurants, cosmetic stores, supermarkets, kiosks, etc.

- The audit collects data on purchases and closing stocks at each retail outlet surveyed and then projects this data to form a comprehensive view of various categories in the consumer goods industry. This data is collected SKU-wise for over 100 FMCG categories.
- The data is available every month, at a cumulative level for the last year at the beginning of each year and on a moving annual basis.
- Retail audit data for a category is used to arrive at market sizes, market shares, trends in the same, and retailer analysis in terms of penetration, number of out-of stock retailers, per dealer off-take, etc.
- This data is indicative and is useful in arriving at relative figures such as market shares, overall category trends, etc. Data regarding total volumes sold, growth, etc. are directional and not definite because of the small sample and due to exclusion of promotional volumes(covered in promotions audit).

IV.6 PHARMA AUDIT

- Similar to the Retail Audit, A.C.Nielsen also conducts audits amongst chemists to track the sales of formulations and OTC products on a monthly basis.
- Pharma Audit covers chemists across 367 towns and 983 villages of India. It projects the data to arrive at sales, market shares and trends in the Indian pharmaceutical sector by company, product and brand.
- The audit covers data on 291 companies, which form 90% of the Indian pharma market and is subscribed to by over 100 clients.
- This product is looked upon as the industry barometer for measuring the performance of companies and brands as well as to understand their relative ranking in the market.

IV.7 PRESCRIPTION AUDIT

- The purpose of the prescription audit is to provide an in-depth understanding of the patterns of prescriptions by doctors. This includes the actual prescriptions made, as well as the trends in prescriptions as per patient profile. This information is essential for pharmaceutical companies to plan their marketing strategies.
- The survey covers all kinds of doctors and keeps a record of the copy of the prescription given by them.

IV.8 DURABLE AUDIT

- ORG-MARG and GFK AG Germany had formed a joint venture to carry out research on the consumer durables industry of the country.
- This joint venture carries out a retail audit of the durable sector on products such as consumer electronics, household appliances, information technology, and telecommunications. The data is a major source of information to track trends in consumer durables industry.
- The audit covers 2,000 dealers all over the country. A total of 226 towns are covered.

IV.9 NCAER SURVEY OF HOUSE-HOLDS

 The National Council of Applied Economic Research conducts an annual survey of households called as Market Information Survey of Households (MISH). This survey tracks consumer demographics and consumption patterns across households in rural and urban India.

- MISH provides important demographic information on the income and occupation of the population as well as on the consumption details on 27 consumer durables and 22 consumer expendables. NCAER data is mainly used to track trends in income growth and consumption patterns of the Indian populace over a period.
- The last MISH was conducted in 2001 and it covered households across 18 states and three union territories of the country. It covered 80,000 households in rural India and 1,00,000 households in rural India.
- The data collected in the MISH is disseminated in the form of the Indian Market Demographics report. The last report was released in February 2002.
- In addition to the Indian Market Demographics report, data from MISH is used in conjunction with NCAER's economic and theoretical research data in a series of white books.

IV.10 CMIE

- The Centre for Monitoring of Indian Economy monitors the economic conditions of the country. It has ongoing research on all aspects of the country's economy from the macro-economy, trade, state of public finances down to individual corporate performance, capital markets and the production, sales, and performance of sectors such as agriculture, industries, infrastructure, energy, etc.
- The CMIE sources its data from various RBI bulletins, different industries' association reports, the CSO, Ministry of Finance, SEBI, BSE reports, annual reports of companies, IMF, World Bank, and various newspapers.
- CMIE releases several data products in document and soft copies. They are as under:

- Business Beacons: software which provides daily updated data on 7,000 economic indicators over a period of time
- Economic Intelligence Service: a package containing a
 monthly review of major macro economic, financial,
 and sectoral indicators of the Indian economy; a
 business module on industrial performance, corporate
 performance, and capital market performance; a
 sectoral module on performance of the energy,
 infrastructure, and foreign trade sector; macro-economy
 module and regional module on states and districts.
- The Prowess and First Source: software packages covering the financials of different companies in the country. While First Source provides a database of the annual reports of registered companies, Prowess conducts analysis of company's financial and market performance of 7,800 companies.
- Industrial Analysis Service: conducts continuous analysis on all industries.
- Regional Monitoring Services: conducts an in-depth monthly review of the economy of Indian states. So far this service has been launched only for Rajasthan, Madhya Pradesh, Uttar Pradesh, and Gujarat.
- India Trade and Capex: India Trade contains trade statistics provided by the Ministry of Commerce for over 20,000 commodities whereas Capex is the analysis of investments in capital expenditure in the country.

IV.11 STATISTICAL OUTLINE OF INDIA

 The statistical outline of India is an annual publication brought out by the Tata Services Ltd's Department of Economics and Statistics.

- It contains a snapshot of the Indian economy. It contains data on trends in population distribution, sectors such as agriculture, energy, industry, money and banking, major economic indicators, and international comparisons.
- The data is based on data from the Census, United Nations, World Bank, IMF, and various Government publications.

IV.12 IDC SALES REPORTS

- International Data Corporation (IDC) is the world's leading provider of information technology (IT) industry analysis, market data, and consulting services to providers and users of information technology.
- IDC India, formed in 1987, is the country's most comprehensive and dependable resource for market research and consultancy in IT and Telecom.
- IDC India publishes regular reports on sales, trends, market analysis, and forecasts on computer hardware, peripherals, software, internet, and other communication networks.

IV.13 ADVERTISING EXPENDITURE

- The ADEX unit monitors advertisement expenditure in the two most important media vehicles of the country—press and television.
 - Press Advertising Expenditure Monitor (Press ADEX):
- Gives detailed information on category/company/ brand expenditure, which can be subscribed to for each state or a group of states.
- Is available in two packages. The Press Watch contains summarised information from ADEX such as total cate-

- gory spends, top five brands advertised in the category, their frequency, and language of advertisements.
- Monitors advertising expenditures for 420 product categories across 516 publications in 13 languages from more than 50 locations all over the country.
 - TV Advertising expenditure Monitoring (TV ADEX):
- TV ADEX monitors advertising on TV for 53 channels. The data is available using MAP software. Top line ADEX data gives annual expenditures category-wise on TV, including those of all brands.

IV.14 ASSOCIATION REPORTS

IV.14.1 Auto Industry: ACMA

- The Automotive Component Manufacturers Association of India (ACMA) has a membership of over 365 companies that contribute 85% of the total output in the organised automobile sector.
- ACMA is represented on a number of panels, committees, and councils of the Government of India through which it helps in the formulation of policies pertaining to the Indian automotive industry.
- The ACMA publishes an annual report on the production, sales, exports, and imports of vehicles and automotive components. Vehicular data is sourced from SIAM.

IV.14.2 **SIAM**

- The Society of Indian Automobile Manufacturers has 35 members.
- Unlike ACMA, whose members are both automobile and auto component manufacturers, SIAM members are mainly automobile manufacturers.

- SIAM aims to promote sustainable development of the automobile industry, focusing on technology upgradation for environment and safety.
- SIAM is an important channel of communication for the automobile industry with the Government.
- SIAM publishes monthly reports on the production and sales trends of 2-wheelers and 4-wheelers within the country.

IV.14.3 **ISTMA**

Indian Soap and Toiletries Makers Association is the key body representing the soap, detergent, toiletries, cosmetics, and perfume manufacturers in the country.

IV.14.4 **ELCINA**

- Electronic Components Industries Association's ELCINA) basic objective is promoting hardware manufacturing contacts in the Government and other institutions like scientific and industry/trade organisations in India and abroad.
- ELCINA's direct membership extends to 280 plus large, medium, and small companies. Their publications include technological journals and annual electronics directory, which contains databases of electronics, electronic component, and IT hardware manufacturers as well as the trends in these industries.

IV.14.5 **CETMA**

 Consumer Electronics and Television Manufacturers of India, is the apex body representing consumer electronics and television manufacturers.

CETMA is the liaison between the industry, the Government, and other bodies and the primary source of data on trends within the industry.

IV.14.6 Indian Electronic and Electrical Manufacturers Association (IEEMA)

The Association today represents over 400 companies, covering a wide range of electrical, electronics, and allied products encompassing raw materials, parts, components, products, systems, and services.

[**Note:** The secondary sources listed here are only indicative. The reader is adviced to verify the latest status of these reports and alternatives before using the data for market analysis.]

GLOSSARY

Above the line

Term for promotion activities that use mass media and are traditionally paid for by commission on usage; for normal purposes, the term means advertising.

Advertising

Any paid form of non-personal presentation and promotion of ideas, goods, and services by an identified sponsor.

Advertising Strategy

A written statement that provides guidance and direction for the development of a brand's advertising. As such, it should capitalise on a key customer insight in addressing the brand's marketing objective. The ad strategy thus provides a common basis upon which to assess and "coach" the agency's creative work.

Aided Recall

A measure of respondent's memory wherein the respon-

dent is given cues about an object of interest.

AIO (Attitudes, Interests, and Opinions)

Name for market research studies that categorise consumers into segments on the basis of these variables. Similar to the lifestyle schemes.

Attitudes

Mental states used by individuals to organise the way they perceive their environment and to guide the way in which they respond to marketing stimuli.

Attribute

A characteristic or property of an object or product.

Audience

The number and kinds of people classified by their age, sex, composition income, etc. listening to a radio or television programme.

Audience Primary

In print, the number of individuals or homes to which the issue was originally circulated may be called primary readership. Or the people towards whom the editorial content is specifically directed.

Audience Research

Data on the number and categories of people who read, watch, or listen to various media. Used as the basis for measuring the number of people who are exposed to an advertisement.

Audience Secondary

The number of people who are exposed to an issue of a publication but who did not purchase it; also called pass-along readership, expresses the reader's real attitude towards the subject of the research.

Awareness

The ability of a consumer to remember a particular brand or advertisement, either spontaneously or when prompted. Widely used as a key indicator of marketing effectiveness.

Benefit

A perceived or stated relationship between a product feature and the need the feature is designed to satisfy.

Behaviour

Used in marketing to describe observable actions by consumers, quite distinct from the attitudes that lie behind the behaviours.

Below the Line

Term for promotional activities that are directed at targeted individuals or objectives, and are traditionally paid for by fee. The term is used for most nonadvertising promotions, such as sales promotion and direct mail.

Benefit Segmentation

A type of market segmentation based on the benefits that people seek from products and brands.

Blind Test

A product test where consumers do not know the identity

of the products, thus ensuring that they reach a judgement solely on the basis of a product's attributes/performance without any influence from brand name advertising, packaging etc.

Brand

The personality or identity of a product, range of products, or an organisation derived from consumer perception of both tangible and intangible attributes.

Brand Appraisal

The first step of the Brand Building Pentagon; to evaluate the potential for branding a product in a market through market analysis, consumer analysis, competition analysis, and socio-economic analysis.

Brand Articulation

The third step of the Brand Building Pentagon to develop the way the brand will present itself to its various constituents including name, identity, communication, design, and service.

Brand Definition

The second step of the Brand Building Pentagon; to define the scope of the brand including its key reasons, positioning, and essence.

Brand Development Index

A measurement of a product's percentage of sales (contribution) as a ratio (brand sales (contribution) divided by population (contribution)).

(BDI)

Brand Equity¹

The concept wherein the brand in considered an asset so that it can be sold or bought for a price. A powerful brand is said to have high brand equity.

Brand Equity²

The goodwill that exists in the market for a brand as a result of a period of brand presence and consumer experience.

Brand Execution

The core of the Brand Building Pentagon; the way the brand is executed across product, price, promotion, distribution, service, and all other facets of the brand.

Brand Expansion

The fifth step of the Brand Building Pentagon; to examine the potential of the brand to offer variants and extend into other product categories.

Brand Image

Personality of a brand.

Brand Property

A specific brand attribute of a brand that is an identifier, widely associated with the brand by the consumers; examples might be logo, packaging, or a personality used in promotion.

Brand Measurement

The fourth step of the Brand Building Pentagon; to evaluate the progress made by the brand across various performance parameters, in the short, medium, and long term.

Burst An advertising campaign where

the advertisements are shown intensively over a short period

of time.

Buying Cycle The period of time between re-

peat purchases; for example the buying cycle of sugar is much

shorter than that of cars.

Campaign A series of advertisements held

together by visual similarities or

a similarity of attitude.

Campaign Idea The provocative expression of

a brand's benefits in customer language (it is therefore creative material). It uses both Key Copy Words and a Core Dramatisation to communicate the

benefits.

Category Development

Index (CDI)

A measurement of a class of product sales (contribution) as a ratio. (Category sales (contribution) divided by population

(contribution)).

Census A complete enumeration of all

the respondents or target persons. The Census of India is the listing of all the residents of the country, conducted every ten

years.

Claim Statement about the perfor-

mance of a product or service. A competitive or objective claim must be based upon research, laboratory testing, or other

Competitive Framework

factual evidence. A subjective claim does not need support.

Cluster Analysis A statistical technique that sorts a variety of brands or indivi-

duals into clusters of homogeneous groups, through analysis of their attributes.

analysis of their attributes.

One of the essential elements of the brand positioning statement: the one that enables the intended customer to understand, "What should I use this instead of?"; and the one that answers the marketer's question, "From which other products/brands will I source my

brand's volume?"

Concept An aspect of a brand or an

advertising campaign, rather like the USP or the proposition. Market research to test consumer reaction is therefore known

as a 'concept test'.

Concept Test A test of a product concept

wherein the concept is evaluated by a sample of the target

segment.

Consumer Profile An estimate of the demogr-

aphic characteristics of the people who buy a brand and the purchase patterns they pro-

duce.

Consumer Promotion Incentives for the consumer to

buy the product.

Copy Platform

The statement of the basic ideas for an advertising campaign, the designation of the importance of the various selling points to be included in it, and instructions regarding policy in handling any elements of the advertisement.

CPT (Cost per thousand)

The cost of advertising to 1,000 consumers through a given media; used to judge the relative cost-effectiveness of the media.

Coverage

The percentage of the target market who have had at least one opportunity to see an advertisement during a campaign.

Core Strategy

A term used in marketing to denote the predominant element of the marketing mix, selected by marketing management to achieve the optimum match between what the customers seek and those the brand offers. This process of selection is sometimes referred to as 'making the differential advantage operational'.

Customer Insight

As the name implies, an understanding of the 'inner nature of things'; a revelation that follows the act of 'seeing intuitively'. Such understandings and revelations should link the brand's marketing objective

and advertising strategy to qualify as a true customer insight.

Customer Needs

One of the essential elements of the brand positioning statement: the one that identifies the specific rational and emotional needs, wants and desires your intended target customer is looking to have (better) satisfied. Typically require a blend of customer research and entrepreneurial intuition to determine.

DAGMAR (Defining Advertising Goals for Measured Advertising Results)

A conceptual approach to Advertising management, arguing that a specific communications objective can be set for any promotional activity, thus enabling expenditure to be evaluated.

DART (Day After Recall Test) A method of evaluating adve-

rtisements based upon surveying consumers to see how many can recall an advertisement shown the previous day.

Data

Unassimilated facts about the market.

Database

An organised store of data, usually within a computer

Demographic Shifts

Changes in physical and socioeconomic characteristics of a population such as age, ethni-

city, income, and so on.

Demographics Descriptive facts about a given

> population group such as household income, education,

age, sex.

Depth Interviews A one-to-one market research

> interview, relatively unstructured in order to encourage

exploratory discussion.

An advertising campaign where Drip

> the advertisements are shown at intervals over a longer period

of time.

Duplication Percentage of people that see

the message in more than one media or publication. In direct marketing, appearance of the same name on more than one

mailing list.

Feature A characteristic or property of

> a product or service such as reliability, price, convenience, safety, and quality. These features may or may not satisfy customer needs. To the extent that they do, they can be translated

into benefits.

FCB Grid A grid which uses involvement

> (high-low) and thinking-feeling to plot products and how consumers react to advertising in

various product categories.

FMCG Fast moving consumer goods.

Focus Group A group discussion focussed on

a series of topics introduced by

a discussion leader; the group members are encouraged to express their own views on each topic and to elaborate on or react to each other's views.

Frequency of Exposure

The number of times within the given period that a consumer has the opportunity to see an advertisement.

Gross Rating Points

The total ratings achieved by an advertising campaign; that is, the sum of the ratings achieved by each individual exposure of the advertisement.

Gap

Typically, the gaps in marketing management are those relating to return on investment, cash generation or use, return on sales, and market share.

Gap Analysis

In marketing terms, the difference between a product's present or projected performance and the level sought.

Hierarchy of effects

A model of the consumer decision making process, moving from unawareness of a brand to familiarity and preference.

Home Audit/ Household Panel A method of collecting continuous purchase panel data in which the panel members agree to permit an auditor to check their household stocks of certain product categories at regular intervals.

Information Data that have been trans-

formed into answers for specific questions of the decision

makers.

Involvement The degree of care and trouble

taken by a consumer in deciding which brand to buy.

Kiosk An outdoor structure, usually of

standard size, on which sheets of paper bearing advertise-

ments are mounted.

Lifestyle A set of consumer behaviours

uncovered by market research that are taken to indicate a particular set of social values and attitudes; used as a label for

a segment.

Line Extensions Additional products that bear

the same brand name and offer the consumer varied options.

Logotype or Logo Two or more letters, or a whole

word, distinctive style of a

name.

Mail Order A method of selling in which

the complete sales transaction is negotiated through advertising and the post and without the use of salesmen. Not to be confused with direct mail

advertising.

Market Potential The sales for the product or

service that would result if the market were fully developed.

Market Segmentation¹

The development and pursuit of marketing programmes directed at sub-groups or segments of the population that the brand could possibly serve.

Market Segmentation²

A critical aspect of marketing planning, designed to convert product differences into a cost differential that can be maintained over the product's life cycle.

Market Share

The percentage held by one brand of all products sold in the category.

Marketing

An amalgam of those business activities which aid the movement of goods and services from the producer to consumer.

Marketing Audit

A situational analysis of the company's marketing capability.

Marketing Mix

The areas of decision or activity through which a corporation markets its brands; usually used to indicate the simplified notion of the four Ps: product, price, promotion, and place (distribution).

Marketing Research

The specification, gathering, analysing, and interpretation of information that links the organisation with its market environment.

Medium The vehicle that carries the ad-

vertisement; such as newspaper, magazine, poster, radio,

television, outdoor.

Multivariate Analysis The simultaneous study of two

or more measures on a sample

of objects.

NRS (National Readership

Survey)

A study of media habits, with

reports published every six months/one year, covering

urban and rural India.

Observation A data collection method

wherein the relevant behaviours are recorded through

observation.

Omnibus Survey A regularly scheduled personal

interview survey comprising questions from several separate

firms.

OTS (Opportunity To See) One exposure of an adverti-

sement to a consumer.

Panels Groups of consumers who keep

a record of all their purchases; the results are then used by market researchers to identify

consumption patterns.

Penetration The percentage of the target

market who have bought a particular brand at least once.

Perceptual Map Like brand mapping, a graphic

representation of the relative positions of brands within a market. The positions are based

gathered through market research.

Point of Difference or Differential Advantage A benefit or cluster of benefits offered to a sizeable group of customers which they value (and are willing to pay for) and which they cannot obtain elsewhere.

upon consumer perceptions

POP (Point of purchase) Display advertising or use of other materials in store.

Positioning Matrix

A 'displayed thinking' tool that literally lays out any number of brand positioning statements (actual and/or inferred) side by side for more thoughtful assessment. An essential tool for understanding how competitive your brand is relative to your competition.

Pre-test (of questionnaire)

The presentation of a questionnaire in a pilot study to a representative sample of the respondent population in order to discover any problems with the questionnaire prior to its full-scale use.

Probability Sampling

Any sampling method where the probability of any population element's inclusion is known and is greater than zero.

Product Life Cycle

A term used in marketing to refer to the pattern of growth and decline in sales revenue of

Product Portfolio

a product over time. The pattern is typically divided into the five stages, introduction, growth, maturity, saturation, and decline.

A theory about the alternative uses of capital by business organisations formulated originally by Bruce Henderson of the Boston Consulting Group, a leading firm in the area of corporate strategy consulting. This theory of approach to marketing strategy formulation has gained wide acceptance among managers of diversified companies who were first attracted by the intuitively appealing notion that long run corporate performance is more than the sum of the contributions of individual profit centres or product strategies. Other factors which account for the theory's appeal are: (1) Its usefulness in developing specific marketing strategies designed to achieve a balanced mix of products that will produce maximum return from scarce cash and managerial resources, and (2) The fact that the theory employs a simple matrix representation useful in portraying and communicating a 'product' position in the marketplace.

Projective Techniques

Qualitative market research techniques used to investigate attitudes and perceptions not described by verbal answers. Methods include identifying brands as film actors, animals or cars, acting out brand personalities, etc.

Proposition

A description of the appeal of a brand to its consumers; the reason why a consumer might prefer the brand.

Qualitative Research

Research designed primarily for exploratory purposes, such as getting oriented to the range and complexity of consumer activity, clarifying the problem, exploring hypotheses and identifying likely methodological problems.

Quantitative Research

Research designed primarily for projecting to the population under study, to study behaviour, attitudes, and intended behaviour.

Reach

The proportion of the target audience that has recieved one OTS.

Reason Why

One of the essential elements of the brand positioning statement: the one that supports the benefits by providing credibility to it. It is typically something internal to the brand-a design feature or formulation, a unique

process. The Reason why, helps

close the brand sale.

Recall The extent to which something

can be remembered; often used as a measure of the effectiveness

of advertising.

Relationship Marketing Establishing, developing, and

maintaining long term, trusting relational exchanges with valued customers, distributors,

suppliers, and dealers.

Repertoire The group of brands within a

product category that a consumer regards as acceptable. In many markets, exclusive brand loyalty is rare, and consumers

switch within their repertoire.

Research Objectives A precise statement of what

information is needed, consisting of the research question, the hypothesis, and the scope or boundaries of the research.

Research Process The series of stages or steps

underlying the design and implementation of a marketing

research project.

Research Proposal A plan for conducting and

controlling a research project.

Retail Store Audits Audit data collected by research

firms whose employees visit a sample of stores at fixed intervals for the purpose of counting stock and recording deliveries to estimate retail

sales.

Sales Promotion A marketing technique to

increase sales, usually through couponing, sweepstakes, contests, gifts or premiums, rebates

and in-store displays.

Salient Attribute The aspect of a brand that is

most noticeable to consumers and by which they tend to remember and judge the brand.

Sample A subset of elements from a

population.

Sampling Frame A listing of population mem-

bers that is used to create a random sample, e.g. electoral

rolls.

Secondary Data Data collected for some pur-

pose other than the present

research.

Segment A sub-division of a market,

consisting of a group of consumers with similar requirements of the product category, which are significantly different from the requirements of other con-

sumers in the market.

Self-liquidating One for which the cost to an

advertiser is fully absorbed by the additional premium paid by

the consumer.

Share The proportion of the overall

sales in a market accounted for by a particular brand or company. It may be expressed

as value share (when the calculations are based upon the expenditure in the market) or as volume share (when the calculations are based upon the units sold in the market).

Share of Voice¹

Number of times the audience sees or hears a brand's (SOV) message in relation to all competitive messages.

Share of Voice²

The proportion of the overall advertising in a market that is accounted for by a particular brand or company.

Single-minded Proposition

Creative material—an executional device, really,—that permits a brand with multiple benefits to communicate them succinctly, and memorably.

Strategy

A plan, preferably in writing, that charts the course of action for marketing your brand.

Survey Method

A method of data collection, such as a telephone or personal interview, a mail survey, or any combination thereof.

Syndicated Services

Services from firms such as IMRB, AC Nielsen, who make available standardised and recurrent marketing research reports to subscribers (usually manufacturers of frequently purchased consumer packaged goods).

Target Audience Primary prospects sought by an

advertiser.

Testimonial A commercial that uses real people to endorse a product.

TOM (Top of Mind) Recall of a brand in an unaided

> form, the first brand to be recalled is said to be Top of the

Mind.

Market research used to Tracking Study

measure brand positions and the long term effect of marketing activity. Usually consists of a regularly repeated survey, a tracking study to measure awareness and attitudes, which can then be compared with the patterns of marketing activities.

Trade Mark Any device or word that iden-

> tifies the origin of a product, telling who made it or who sold it. Not to be confused with trade

name.

Trial The first purchase of a brand.

TVR (Television Ratings)

Expressed in points, a measure-**TRPs** ment of the weight of an adver-

tising campaign. One TVR is 1% of the target population having one opportunity to see

an advertisement.

U&A (Usage and Attitude) The name given to a compre-

hensive research study of a market that includes both quantitative measures of consumer behaviour and qualitative

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information on attitudes and

consumer perceptions.

USP (Unique Selling Proposition)

A phrase used to describe the characteristic about a brand that is unique and motivating to consumers, and is thus its main appeal to the market.

WOM (Word of Mouth)

The spread of information through word of mouth.

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