BAOU
Education for All

Dr. Babasaheb Ambedkar Open University
(Established by Government of Gujarat)

NAAC ACCREDITED A++ GRADE 3.55/4

MBA
SEMESTER - 3
MBA03EM313

Product & Brand Management

Message for the Students

Dr. Babasaheb Ambedkar Open (University is the only state Open University, established by the Government of Gujarat by the Act No. 14 of 1994 passed by the Gujarat State Legislature; in the memory of the creator of Indian Constitution and Bharat Ratna Dr. Babasaheb Ambedkar. We Stand at the seventh position in terms of establishment of the Open Universities in the country. The University provides as many as 54 courses including various Certificate, Diploma, UG, PG as well as Doctoral to strengthen Higher Education across the state.

On the occasion of the birth anniversary of Babasaheb Ambedkar, the Gujarat government secured a quiet place with the latest convenience for University, and created a building with all the modern amenities named 'Jyotirmay' Parisar. The Board of Management of the University has greatly contributed to the making of the University and will continue to this by all the means.

Education is the perceived capital investment. Education can contribute more to improving the quality of the people. Here I remember the educational philosophy laid down by Shri Swami Vivekananda:

> ***"We want the education by which the character is formed, strength of mind is Increased, the intellect is expand and by which one can stand on one's own feet".***

In order to provide students with qualitative, skill and life oriented education at their threshold. Dr. Babaasaheb Ambedkar Open University is dedicated to this very manifestation of education. The university is incessantly working to provide higher education to the wider mass across the state of Gujarat and prepare them to face day to day challenges and lead their lives with all the capacity for the upliftment of the society in general and the nation in particular.

The university following the core motto 'स्वाध्यायः परमम् तपः' does believe in offering enriched curriculum to the student. The university has come up with lucid material for the better understanding of the students in their concerned subject. With this, the university has widened scope for those students who are not able to continue with their education in regular/conventional mode. In every subject a dedicated term for Self Learning Material comprising of Programme advisory committee members, content writers and content and language reviewers has been formed to cater the needs of the students.

Matching with the pace of the digital world, the university has its own digital platform Omkar-e to provide education through ICT. Very soon, the University going to offer new online Certificate and Diploma programme on various subjects like Yoga, Naturopathy, and Indian Classical Dance etc. would be available as elective also.

With all these efforts, Dr. Babasaheb Ambedkar Open University is in the process of being core centre of Knowledge and Education and we invite you to join hands to this pious *Yajna* and bring the dreams of Dr. Babasaheb Ambedkar of Harmonious Society come true.

Prof. Ami Upadhyay
Vice Chancellor,
Dr. Babasaheb Ambedkar Open University,
Ahmedabad.

PART - 1

MBA
SEMESTER-3 MARKETING
PRODUCT AND BRAND MANAGEMENT
BLOCK: 1

Authors' Name: Dr. Pratima Shukla, Associate Professor, SALInstitute of Management, Ahmedabad
Dr. Dhaval Vyas, Associate Professor, Darshan University, Rajkot
Dr.Parag Shukla, Assistant Professor, MSU Baroda

Review (Subject): Prof. (Dr.) Manoj Shah, Professor& Director, Dr. BAOU, Ahmedabad
Dr. Jasmin Padiya, Associate Professor, GLS University, Ahmedabad
Dr. Abhijitsinh Vala, Associate Professor, Christ College, Rajkot

Review (Language): Prof. (Dr.) Jagdish Joshi, Professor& Director, Gujarat University, Ahmedabad

Editor's Name: Prof. (Dr.) Manoj Shah
Professor and Director,
School of Commerce and Management,
Dr. Babasaheb Ambedkar Open University,
Ahmedabad.

Co-Editor's Name: Dr. Dhaval Pandya
Assistant Professor,
School of Commerce and Management,
Dr. Babasaheb Ambedkar Open University,
Ahmedabad.

Publisher's Name: Dr. Ajaysinh Jadeja
Registrar,
Dr. Babasaheb Ambedkar Open University
'JyotirmayParisar',Opp.ShriBalaji Temple,Chharodi,Ahmedabad,382481, Gujarat,India.

Edition: 2024 (First Edition)

ISBN: 978-93-5598-763-1

978-93-5598-763-1

Dr. Babasaheb Ambedkar Open University

(Established by Government of Gujarat)

PRODUCT AND BRAND MANAGEMENT
MBA03EM313
SEMESTER-3

BLOCK-1

BLOCK-2

UNIT – 1

INTRODUCTION TO CONCEPT OF PRODUCT AND BRANDING

1.1 Introduction

The main idea and purpose of a thing are its concept. It has to do with the qualities and characteristics that set a product apart and add value. It essentially directs a product's development and promotion.

"Customers or consumers favour products with the best features, performance, and quality, according to the product concept." In order to provide the customer with the greatest possible product that meets their needs and expectations, a product concept is essential. For a product to be successful, it needs other elements of the business, such as marketing, distribution, sales, and service. The entire foundation of a product concept is its superiority and functional worth, with the assumption that the consumer will likewise demand and purchase the product due to its value for the money supplied.

1.2 Definition

"In marketing, a product refers to anything that can be offered to meet a customer's needs or desires. This may include objects, systems, or services made available in response to consumer demand."

"A product is anything offered to a market for acquisition, use, or consumption. It includes physical objects, services, personalities, places, organisations, and ideas." (Philip Kotler)
Anything that may be sold in a market to meet the needs and desires of customers is considered a product, including ideas, goods, and services. A product is made up of both material and immaterial qualities.

1.3. Advantages of Product

1. Product concepts are more often used in innovation since businesses promise to produce better goods, which spurs inventions and innovations that benefit everyone.

2. This philosophy prioritizes quality and simultaneously satisfies the demands and desires of the customer.

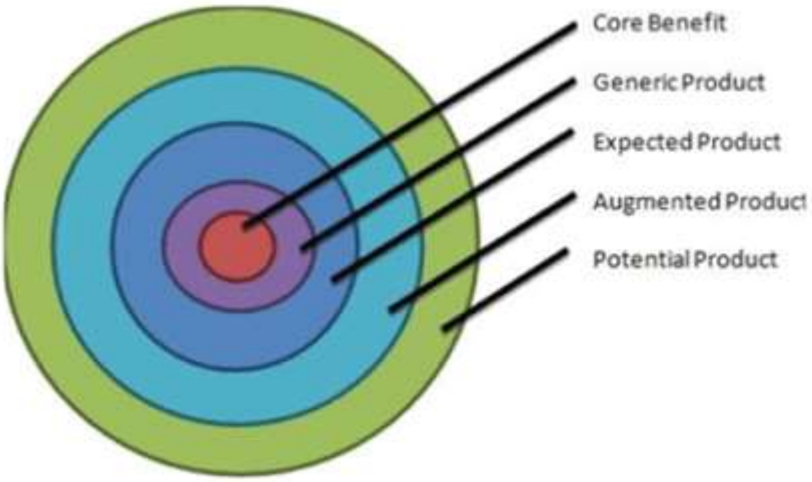
3. It elevates the bar for all products on the market since rivals strive to match the innovator's efforts to provide the greatest product.

1.4. Limitations of Product

1. Makes basic necessities more expensive since manufacturers strive to provide the greatest product for the consumer, even when the need can be met

2. Customers require services and supports in addition to products, therefore concentrating solely on product characteristics may result in a lack of a comprehensive customer experience.

1.5. Levels of Product



Core Product:
This is a collection of advantages that solve problems and meet the demands of the user rather than a tangible product. Items are designed with the needs of the customer in mind. “Lululemon sells yoga apparel, Revlon manufactures lipstick through chemical formulations, and Coca-Cola produces its signature beverage using specific chemical processes.” These products are all built around their primary features.

Generic Product:
The second step requires the marketers to translate the primary advantages into a tangible product with the qualities that meet the demands and desires of the target market. The organization needs to combine the following five attributes: name, parts, packaging, features, and style in order to give its primary benefits.

Expected Product:
At this point, a marketer creates the expected product, which is a collection of features and circumstances that a consumer would typically anticipate from a product

purchase. For instance, a garment we buy should be really warm, shield us from the elements and the wind, and be cozy enough for riding a bicycle.

Augment Product:
The next step up is augmented products, which include installation, warranty, and after-sale services, after physical things. For instance, several manufactures may provide free installation and a one-year warranty if you buy a split air conditioner. An instruction manual and a toll-free number to call for a prompt repair are possible further benefits.

Potential Product:
The final level of a product is its potential, which accounts for all unforeseen changes in technology, qualities, features, colors, grades, and other aspects that could alter the company's structure and characteristics in the future. For instance, in order to be competitive in the market, IT companies adjust the processing speed of computers, laptops, smartphones, and other devices based on the needs and desires of their clients.

1.6. Characteristics of Product

Utility: A product needs to meet a customer's requirement or serve a function.

Features: A product could have special qualities that set it apart from competing goods of a similar nature.

Quality: A product's quality must either match or surpass the customer's expectations.

Brand: "A product may be identified and recognised by its brand name among consumers."

Packaging: A product can be presented to draw in customers while keeping it safe from harm while being transported.

Price: A product needs to be priced competitively in the market and appealing to consumers.

Availability: A product needs to be accessible to customers at the time and location they choose.

Design: Any product can have a design that improves its customer appeal or functionality.

Warranty: A product could have a warranty that offers security and comfort to the buyer.

1.7. Types of Products

Consumer Product:
Are you aware that product labels are depending on who uses them? It is categorized as a commercial product if the end user is a business, but it is a consumer product if the end user is a consumer. For example, depending on the consumer, a printer might be classified as a commercial or consumer product.

Consumer goods also satisfy individual needs and wants. Consumer goods are divided into two categories: durable and consumable. For example, you can buy a bottle of Coca-Cola to help you stay hydrated. “A bicycle is an example of a durable consumer product, as it can be used repeatedly over a long period.” You can use it for a longer amount of time once you buy it.

Industrial Product:
Items purchased for additional processing during a manufacturing or business process are referred to as industrial items. The primary distinction between an industrial and consumer product is the intended use. For example, a lawnmower purchased for personal use qualifies as a consumer good. However, it qualifies as a commercial product if he buys the identical item for his landscaping company.

Services:
An intangible component of a product is a service. It is an endeavor or action to meet the demands or fulfil a demand of a client. It cannot be owned or stored and is consumed at the moment of sale. When you see a doctor, for example, he promises to help you recover from your illness. Additional instances of services include banking, postal, educational, and many more.

Digital Products:
A digital product is produced as a digital file in a format that can be purchased or not. One can use a computer or other technological devices to download and stream it. Audio and video files, eBooks, desktop or mobile programs, downloadable templates, graphics, fonts, and PSD files are examples of any digital product. Digital purchasers are the customers who buy these digital goods.

1.8. Brand

“A brand refers to a product or service that distinguishes itself from competitors in the market due to its distinctive and recognisable identity.” The product name, label, and packaging evoke specific feelings in the consumer's mind, such as value, quality, or flavour.

Brand Obtaining a trademark or service mark from an authorized entity—typically a government agency—protects brands from unauthorized usage. In order to register for a trademark or service mark, people and businesses must prove that the name they want isn't currently being used by someone else.

Example: Cough drops are simply that—cough drops. However, you chose Ricola, Luden's, or Beekeeper's Naturals when you go to buy a bag of them, at least partially because of the marketing message you have been exposed to.

Several well-known brands are Chanel, Nike, IBM, Coca-Cola, and Volkswagen. These businesses have cultivated a strong brand over many years, making them some of the most valuable brands globally.

1.9. Branding

“Branding is the process by which a company introduces itself to the public and differentiates itself from competitors.” Generally, branding consists of a phrase, image, or concept that the general public can quickly recognize.

“Through branding, a company labels its products to facilitate consumer recognition and establish its identity within the marketplace.” Following a rapid advancement in production methods that enable nearly any manufacturer to produce goods of excellent quality and satisfaction, brands evolved into a means of differentiating between basic commodities and their producers based on status, subjective attributes, and emotional traits. A strong brand imbues the business or product with personality and elicits feelings and subconscious qualities that aren't always present in the business or product itself.

1.10. Importance of Branding

- Branding establishes your business within a sector. Having a strong brand identity may aid in the establishment of your business within a sector. As your brand gains more recognition, this can also assist you compete with those that provide comparable services.
- Branding communicates your mission to customers. Your brand plays a crucial role in communicating to customers the benefits that your goods and services may offer.
- It boosts brand awareness for the business. Having a powerful and identifiable brand may help draw in new clients.
- It reminds current clients of your goods and services. Your brand can also assist in reminding current clients of your offerings.

1.11. Elements of Branding

The different physical components that combine to generate a visual, aural, and olfactory brand identity—the so-called innate and inherent Brand Elements—represent the brand.
Various tangible manifestations of a brand, such as its logo, tagline, color palette, marketing and promotional materials, letterheads, signage, messaging, and communication, contribute to its sensory identity in the market and in the minds of consumers.

1. Brand Name

The term "brand name" refers to the word or words that are used to identify the business, the good or service, the idea, and other essential characteristics of the brand.

Names for brands can appear straightforward and uncomplicated on the surface. It can be quite challenging to come up with a memorable and creative brand name, though. Consider companies like Target, Coca-Cola, Chevy, and Haagen-Dazs. These terms are now recognized as being a part of our ordinary, everyday vocabulary. And just two simple phrases have become worth millions of dollars because people are prepared to pay extra for things with these iconic brand names.

2. Logo

To put it simply, a logo is a trademark that visually identifies a brand through its design components.

The Nike swoosh has grown so popular that it no longer has to be accompanied by the word "Nike" in order to be recognized as a brand name. Despite having undergone nearly six hairstyle changes, the Morton Salt girl has been recognized since 1914. You can recognize a computer brand even without the brand name being inscribed on it when you see an apple lit up on the back of the screen.

3. Graphics and Images

Your brand's graphics and visual elements are hard to pin down since they incorporate everything that makes the other brand aspects special about your company. One visual you might use in a marketing email is your logo.

4. Colour

Colour has great power. It’s common to feel a certain way when you associate a hue with it. It's a fact of life that some hues have specific meanings.

Consider the hue red. Usually, the following terms spring to mind: mistake, danger, halt, assistance, urgency, and so forth. Why does this occur? Although colour psychology in business encompasses a lot, let's concentrate on what that means for your brand.

Choosing the right colour for your company requires a deep understanding of the image your brand conveys and the target market you want to reach.

5. Slogan

In just a few words, this memorable statement succinctly conveys the positioning of your brand. It should fit the personality of your brand, be memorable, and be simple to speak.

If your company deals with money, you wouldn't want to come up with a clever tagline. That would send the wrong impression to your clients, who count on you to handle their most valuable assets with professionalism.

Meow Mix's catchphrase, "Tastes So Good, Cat's Ask for it by Name," is witty and explains why their brand is the greatest; Coca-Cola's tagline, "Open Happiness," on the other hand, captures the emotions they hope you would have after buying and sipping their beverage. Be simple.

6. Typography

The fonts you choose for all of your business-related materials are referred to as typography. You want to maintain consistency so that consumers can identify fonts associated with your brand or business easily and so that you’re branding is harmonious. Establishing a standard font for your company also facilitates the creation of corporate content that has a unified style.

❖ **Exercise:**

1. Explain the various levels of product with examples.
2. Describe the various brand elements in brief.
3. Explain the various types of products with examples.

Short Question Answers:

1. Define Product. Explain its advantages.
2. Explain the various characteristics of product.
3. Explain the limitations of product.

Fill in the Blank:

1. A **_____________** in marketing is anything that can be offered to a market in order to meet a customer's need or desire.
   a. Pricing
   b. Product
   c. Physical Evidence
   d. Process
   Ans: Product

2. A product is anything that can be offered to a market for attention, acquisition, use or consumption. It includes physical objects, services, personalities, place, organizations and ideas. This definition is given by ______________.
   a. Theodre Levit
   b. S.S. Raman
   c. Philip Kotler
   d. None of the above
   Ans: c. Philip Kotler

3. Which is the first level of product?
   a. Core Product
   b. Generic Product
   c. Augmented Product
   d. Potential Product
   Ans: Core Product

4. Open Happiness – This is the tagline of which company?
   a. Coca Cola
   b. Pepsi
   c. Lays
   d. Maggi
   Ans: Coca Cola

5. The fonts you choose for all of your business-related materials are referred to as **_______________**.
   a. Editing
   b. Colouring
   c. Calligraphy

d. Typography

Ans: d. Typography

6. ______________ is a trademark that visually identifies a brand through its design components.

a. Patent
b. Logo
c. Jingle
d. None of the above

Ans: Logo

7. _______________ communicates your mission to customers.

a. Branding
b. Marketing
c. Selling
d. Promoting

Ans: Branding

8. _________________ is a collection of features and circumstances that a consumer would typically anticipate from a product purchase.

a. Expected Product
b. Potential Product
c. Generic Product
d. Augmented Product

Ans: a. Expected Product

9. Which is the last level of product?

a. Potential product
b. Expected Product
c. Core Product
d. Augmented Product

Ans: Potential Product

10. The term ___________ refers to the word or words that are used to identify the business, the good or service, the idea, and other essential characteristics of the brand.

a. Product
b. Advertising
c. Mascot
d. Brand name

Ans: Brand name

UNIT – 2	PRODUCT PLANNING AND MANAGEMENT

2.1 Introduction

In the ever-evolving landscape of global commerce, the disciplines of Product Planning and Management stand as vital pillars supporting modern business strategy. These areas have witnessed a significant evolution, transitioning from auxiliary functions to becoming central to strategic business operations amidst a marketplace characterized by rapid changes and intense competition. This chapter aims to embark on an in-depth exploration of Product Planning and Management, unravelling analyzing the strategic complexities these concepts embody within the framework of contemporary business practices."

The inception of Product Planning and Management as critical business functions is rooted in the fundamental necessity for organizations to not only survive but thrive in environments rife with challenges and ripe with opportunities. The dynamic nature of today's global market, with its fluctuating demands, technological advancements, and shifting consumer preferences, necessitates a more refined, strategic approach to product planning and management. This narrative explores how these concepts have matured over time, adapting to the complexities of the market and embracing innovation as a core component of strategic business planning.

- **Historical Context and Evolution**
  Initially, Product Planning and Management were straightforward tasks, focused primarily on production and supply chain logistics. However, as market landscapes grew more complex and consumer demands more nuanced, the role of product planning and management expanded significantly. This evolution was propelled by the need for businesses to differentiate their offerings in a saturated market, necessitating a deeper dive into understanding consumer behavior, technological trends, and competitive dynamics. The transition from traditional to strategic product planning and management reflects a broader shift in business philosophy, from product-oriented to customer-centric approaches, emphasizing the importance of aligning product development with consumer needs and expectations.

- **The Role of Technology and Market Intelligence**
  The advent of digital technology and the proliferation of data analytics have further revolutionized the field of Product Planning and Management.

Businesses now have at their disposal powerful tools to glean insights into consumer behavior, predict market trends, and make informed decisions regarding product development and positioning. This technological empowerment has enabled companies to adopt more agile, responsive approaches to product planning and management, facilitating rapid innovation cycles and the ability to pivot strategies in real-time based on market feedback and changing conditions.

- **Strategic Integration in Business Operations**
  The strategic integration of Product Planning and Management within business operations signifies a paradigm shift in how companies approach product development and market positioning. It underscores the recognition of these processes as not merely operational tasks but as critical strategic endeavors that directly impact a company's competitive edge and market success. This chapter delves into the methodologies, frameworks, and strategic philosophies that underpin effective product planning and management, examining how these elements interplay to drive business growth and innovation.

  The discussion extends to the examination of how evolving market demands have necessitated the adoption of more sophisticated product management strategies. It highlights the importance of foresight, adaptability, and strategic alignment in navigating the complexities of the global market. Through this exploration, readers will gain insights into the multifaceted role of Product Planning and Management in crafting successful business strategies, emphasizing the need for a proactive, informed approach to product development and positioning.

- **Towards a Comprehensive Understanding**
  As this chapter unfolds, it aims to guide readers through the transformational journey of Product Planning and Management from its rudimentary beginnings to its current status as a cornerstone of strategic business planning. The narrative seeks to build a comprehensive understanding of these concepts, piecing together the historical evolution, current practices, and future trends in product planning and management. By weaving together theoretical insights, practical methodologies, and real-world examples, the chapter endeavors to equip readers with a holistic view of Product Planning and Management as indispensable tools in the arsenal of modern business strategy.

  In conclusion, the exploration of Product Planning and Management within this chapter is not just an academic exercise but a practical guide to understanding the critical role these functions play in shaping business strategies that are robust, adaptive, and forward-looking. Through this detailed examination, readers will be positioned to appreciate the nuances and complexities of effective product planning and management, setting the stage for strategic thinking and practical application in the realm of business management.

2.2 Definitions

In the intricate world of business, the concepts of product planning and management stand as critical pillars that guide the journey of a product from a mere idea to a successful market offering. The insights provided by Kenneth B. Kahn and Philip Kotler offer a profound understanding of these processes, emphasizing their strategic importance in aligning products with market needs and managing their lifecycle efficiently.

- **Deep Dive into Product Planning**

Kenneth B. Kahn, in his seminal work "The PDMA Handbook of New Product Development," provides a foundational definition of Product planning refers to a systematic approach for identifying and developing new products that align with market needs." This definition underscores the necessity for a structured, strategic process that ensures new products are not only innovative but also in harmony with the overarching market needs and business strategies. Product planning is depicted as a disciplined approach that involves meticulous research, evaluation, and development phases, each crucial for the successful introduction of new products.

For instance, consider the dynamic world of consumer electronics, where a company aims to launch a new smartphone model. The product planning process begins with an in-depth market analysis to gauge consumer expectations, technological trends, and competitive landscapes. This phase is critical for identifying unique value propositions, such as enhanced battery life or affordability, which can set the new model apart in a saturated market. Following this, a feasibility study assesses various aspects like manufacturing capabilities, cost implications, and compliance with regulatory standards. This ensures that the envisioned product is not only desirable but also viable and legally compliant. The culmination of this process is the development and launch of a product that encapsulates the identified market needs and the strategic goals of the company, thereby maximizing the potential for market success.

- **Exploring Product Management with Philip Kotler**

Philip Kotler, a luminary in the field of marketing, defines product management as "the art and science of managing the entire lifecycle of a product from inception, through engineering design and manufacture, to service and disposal." Kotler's perspective broadens the scope of product management, highlighting its role as a comprehensive, holistic approach that encompasses every stage of a product's lifecycle. This definition illuminates the multifaceted responsibilities of product management, which include market research, product development, coordination among various departments, and post-launch product performance monitoring.

Taking the example of the smartphone industry, product management plays a pivotal role in ensuring that a new device not only resonates with consumer needs but is also engineered, manufactured, and marketed effectively. The product management team spearheads efforts to craft a strategic product roadmap, guiding the transition of a product concept into a tangible offering. They collaborate closely with engineering teams to translate consumer needs into product features, with manufacturing units to streamline production processes, and with marketing departments to devise compelling promotional strategies. Post-launch, product management continues to monitor market performance, gathering insights that inform future enhancements or iterations, ensuring the product remains competitive and continues to meet consumer and business objectives over time.

- **The Synergy of Product Planning and Management**

  The synergy between product planning and management is fundamental to the successful realization of business goals and market demands. By adopting a structured approach to product planning, as outlined by Kahn, companies can systematically identify and develop products that fulfil unmet market needs. Concurrently, embracing the comprehensive lifecycle management approach advocated by Kotler enables businesses to navigate the complexities of product development, launch, and growth phases effectively. This holistic perspective ensures that products not only achieve initial market success but also sustain competitiveness and relevance over time.

  The integration of these strategic frameworks facilitates a dynamic, responsive approach to product innovation. It empowers companies to stay ahead of market trends, adapt to consumer preferences, and leverage technological advancements, thereby fostering a culture of continuous improvement and strategic agility.

  In conclusion, product planning and management are indispensable components of a successful business strategy, offering a roadmap for transforming innovative ideas into market-leading products. Through the systematic approach to product planning and the holistic management of product lifecycles, businesses are equipped to launch products that resonate with consumers and align with strategic business objectives. The insights from Kenneth B. Kahn and Philip Kotler serve as guiding principles, illuminating the path toward effective product innovation and management. As companies navigate the complexities of the modern market landscape, the principles of product planning and management stand as beacons of strategic direction, driving growth, innovation, and sustained market success.

2.3 Significance & Objectives of Product Planning and Management

Product planning and management stand as the backbone of strategic business operations, ensuring that the journey of a product from conception to market introduction is navigated with precision, innovation, and alignment to consumer needs and business goals. This extensive process encompasses a wide range of activities, from ideation and market research to product development and launch strategies, each playing a vital role in the product's success. Enhancing the content further, let us delve deeper into the significance, objectives, and intricacies of product planning and management, adding layers to our understanding of these pivotal business functions.

- **Broadening the Scope of Product Planning**

  Product planning transcends the simple creation of goods; it represents a strategic framework that guides the ideation, design, development, and introduction of products. This process begins with the generation of new product ideas, systematically screening these ideas to identify those with the most potential, and meticulously transforming selected ideas into tangible products ready for market entry. Moreover, product planning is not limited to new products; it equally focuses on enhancing existing products and strategically phasing out those that are underperforming or no longer align with the company's goals.

  The integration of product design and engineering, often referred to as product development, is a testament to the depth and complexity of product planning. This integration ensures that products are not only innovative but also feasible, manufacturable, and compliant with regulatory standards. Effective product planning demands a symbiotic relationship between various departments within an organization, including marketing, R&D, engineering, and manufacturing, fostering a collaborative environment that is conducive to innovation.

- **Objectives of Product Planning and Management**

The objectives of product planning and management are multifaceted, aiming to achieve both immediate and long-term business goals:

1. **Customer Satisfaction:** The cornerstone of effective product planning and management lies in the pursuit of unparalleled customer satisfaction. This objective transcends the mere meeting of customer needs, aiming to exceed expectations and foster deep loyalty. By engaging in exhaustive market research and employing sophisticated customer segmentation techniques, businesses can gain profound insights into the diverse needs and preferences of their target audience. This enables the customization of products to cater to specific consumer segments, ensuring a higher degree of satisfaction. Enhanced customer satisfaction not only bolsters brand loyalty but also encourages positive word-of-mouth, expanding the customer base organically. For instance, companies like Apple have mastered the art of customer satisfaction by consistently delivering products that not only meet but often surpass user expectations, resulting in a fiercely loyal customer base and an iconic brand reputation.
2. **Market Competitiveness**: Securing a competitive advantage in the marketplace is a primary objective of product planning and management. Achieving this requires a strategic analysis of the competitive landscape, identifying underserved niches or market gaps, and developing innovative products that fill these voids effectively. By offering unique value propositions and addressing unmet needs, businesses can distinguish their products from competitors', enhancing market competitiveness. This strategic positioning is vital for ensuring the product's relevance and appeal to the target audience. Companies like Tesla have demonstrated the power of strategic market positioning by entering the electric vehicle market with products that offer superior technology and sustainability, thereby establishing a strong competitive edge.
3. **Profitability:** At its core, the goal of product planning and management is to enhance the profitability of the organization. This involves meticulously aligning product development efforts with both market demands and the strategic objectives of the organization. By creating products that resonate with the market, businesses can increase demand, optimize pricing strategies, and consequently, maximize revenue and profits. Profitability is not just about short-term gains but about establishing a foundation for sustainable growth and financial health. Amazon’s approach to product management, focusing on customer-centric products and services, has not only captured significant market share but also ensured long-term profitability through customer loyalty and repeat business.
4. **Risk Management:** Product planning and management serve as critical tools for risk management within a business context. By diversifying product offerings and catering to a broad spectrum of market segments, companies can

effectively spread and mitigate risks associated with market volatility. This strategic diversification ensures that the organization is not overly reliant on a single product or market segment, thereby safeguarding against fluctuations in market demand or shifts in consumer preferences. For example, conglomerates like Samsung, with a wide range of products spanning various industries, are able to manage risk more effectively, ensuring stability and business continuity even in turbulent market conditions.

5. **Innovation:** Innovation is the lifeblood of long-term success in today's rapidly evolving market landscapes. Product planning and management foster an environment conducive to innovation, encouraging the exploration of new technologies, the adoption of emerging market trends, and the development of groundbreaking products and services. This continuous pursuit of innovation is essential for maintaining a competitive edge and asserting market leadership over time. Google's commitment to innovation, through constant research and development, has allowed it to remain at the forefront of the technology industry, continuously introducing products and services that redefine market standards and consumer expectations.

In essence, the objectives of product planning and management encapsulate a comprehensive strategy aimed at achieving customer satisfaction, market competitiveness, profitability, effective risk management, and continual innovation. These objectives are interconnected, each playing a vital role in the overarching goal of ensuring the success and sustainability of the business in the competitive global marketplace.

- **Real-World Application and Success Stories**

Examining the success stories of leading brands further illustrates the importance of effective product planning and management. Apple, for instance, exemplifies how deep customer understanding, coupled with innovative product development, can create products that not only meet but redefine market expectations. Reliance Jio's innovative approach to affordable data services has reshaped the Indian telecom industry, much like how Apple's products reshaped global markets, fostering brand loyalty and establishing Apple as a market leader.

Another example is Tesla, Inc., which has revolutionized the automotive industry with its focus on electric vehicles and sustainable energy. Through strategic product planning, Tesla has addressed the growing consumer demand for environmentally friendly transportation options, positioning itself as a pioneer in the industry and reshaping consumer perceptions of electric vehicles.

Conclusively, product planning and management are indispensable elements of strategic business operations, driving innovation, customer satisfaction, and market competitiveness. By embracing a comprehensive, coordinated approach to product development, businesses can navigate the complexities of the modern marketplace, adapt to evolving consumer needs, and achieve sustained success. The principles of product planning and management, as discussed, serve as a roadmap for businesses aspiring to excel in product innovation and market leadership, ultimately translating visionary ideas into tangible products that captivate consumers and dominate markets.

2.4 Importance of Product Planning

Product planning is an indispensable strategic process for companies engaged in creating, manufacturing, and marketing goods. It is a multifaceted process that involves a deep dive into market needs, setting clear product goals, outlining feature priorities, and sketching a detailed roadmap for product evolution. The overarching aim of product planning is to harmonize business objectives with customer expectations and market demands. Through rigorous data collection and analysis, product planners can unearth opportunities, decipher market trends, and make well-informed choices regarding product attributes, pricing strategies, and market positioning.

- **Enhancing Market Success Through Product Planning**

The advantages of meticulous product planning are manifold, providing businesses with a blueprint for navigating the complexities of market introduction and competition. Here are expanded insights into the key benefits of product planning:

1. **Maximizing Market Success:** Product planning is instrumental in amplifying the success rate of new products in the marketplace. A comprehensive market research initiative, coupled with the analysis of customer feedback, equips businesses with the knowledge to develop products that resonate with their target audience, thereby enhancing market receptivity. Take, for instance, Apple’s approach to product innovation, which is deeply rooted in identifying consumer needs through extensive market research. This strategy was pivotal in the development of the iPhone, a response to the burgeoning demand for multifunctional smartphones, setting a new benchmark in the smartphone industry.
2. **Mitigating Risks:** A strategic product planning process aids in risk reduction by offering insights into market dynamics and competitive landscapes. This strategic foresight allows businesses to pinpoint opportunities and steer clear of potential pitfalls, thus optimizing the likelihood of product success. Tesla’s foray into the electric vehicle market exemplifies how targeted product planning can disrupt established industries by introducing products that cater to niche market segments, thereby minimizing competition risks and carving out a new market space.
3. **Boosting Operational Efficiency:** A well-structured product planning process enhances operational efficiency by providing a clear roadmap for product development. This roadmap prioritizes features and development milestones based on customer needs and strategic business goals, streamlining the product development cycle and optimizing resource allocation. Amazon’s development of the Echo smart speaker demonstrates how identifying and responding to market needs—such as the demand for voice-activated technology—can streamline product development and introduce innovative products efficiently.
4. **Driving Profitability:** Effective product planning and management are pivotal for ensuring a business's profitability. By aligning product offerings with market demands and strategic objectives, companies can bolster their revenue streams and enhance profitability. Netflix’s strategy of developing original content is a prime example of how product planning can open new revenue channels and increase market share, responding to consumer demand for unique, high-quality programming.

5. **Cultivating Innovation:** Product planning serves as a catalyst for innovation, encouraging businesses to explore new technologies and respond to emerging market trends. This forward-thinking approach is essential for maintaining a competitive edge and securing a leadership position in the market. Samsung's commitment to innovation, as seen in the development of its Galaxy smartphone series, underscores the company's dedication to meeting consumer demand for advanced, feature-rich devices.

The Importance of Comprehensive Market Research

At the heart of successful product planning lies comprehensive market research. This research not only identifies current market needs but also anticipates future trends, enabling businesses to stay ahead of the curve. For instance, the rise of wearable technology was anticipated by companies like Fitbit, which capitalized on the health and wellness trend by introducing a range of fitness trackers that catered to a growing consumer interest in personal health monitoring.

Leveraging Customer Feedback for Continuous Improvement

Incorporating customer feedback into the product planning process ensures that products evolve in line with consumer expectations. This iterative process of feedback collection, analysis, and product refinement is crucial for maintaining product relevance and customer satisfaction over time. For example, the software industry, particularly SaaS (Software as a Service) companies, routinely uses customer feedback to enhance product features and usability, thereby ensuring that their offerings continuously meet and exceed customer expectations.

In summary, product planning emerges as a vital strategic process that underpins the successful introduction and management of products in today's dynamic market landscape. A comprehensive approach to product planning enhances market success by incorporating in-depth research, customer feedback analysis, and a strategic product development roadmap. Through effective product planning, companies can achieve higher levels of customer satisfaction, operational efficiency, market competitiveness, profitability, and innovation, positioning themselves for long-term success and growth in the competitive business environment.

2.5 Process of Product Planning

Product planning is the process of developing successful products to offer your customers. It includes all aspects of the product development cycle, including market research, strategic planning, product design and development, manufacturing, and pricing. A product development plan helps you construct realistic goals for each stage of the development process. It also allows you to measure your progress toward those goals, assess your successes and adjust as needed.

Product planning is a systematic approach taken to develop a successful product that meets customer needs and aligns with business goals. Product planning encompasses various activities, including market research, competitive analysis, customer segmentation, and defining product requirements. The product planning and control phase involves key activities such as defining the product vision and goals, conducting market analysis, identifying target customers and much more. Product planners collaborate with various stakeholders, including product managers, designers, engineers, marketing teams, and sales teams, to gather input and ensure alignment.

The process of product planning can be broken down into several stages:

2.5.1 Idea Generation

Idea generation stands as the foundational stage of product planning, where creativity and strategic insight converge to brainstorm new product ideas. Sources of inspiration are manifold, ranging from direct customer feedback and market trends to competitor analysis and internal innovation sessions. This stage is critical for fostering an innovative culture within the organization, encouraging stakeholders from various departments to contribute their perspectives. For instance, 3M's Post-it Notes and Google's Gmail were both born out of internal idea generation processes that allowed employees to innovate freely, demonstrating the potential of diverse idea sources to yield groundbreaking products.

2.5.2 Idea Screening

Following the ideation phase, idea screening acts as a crucial filter, assessing each concept's viability against market needs, competitive landscape, and company capabilities. This evaluative process prevents the allocation of resources to unfeasible ideas, ensuring that only the most promising concepts proceed. Criteria such as potential market size, alignment with brand identity, and development costs are considered. An example of effective idea screening is Apple's decision to develop the iPod, which, despite initial skepticism, was rigorously evaluated and ultimately revolutionized the music industry.

2.5.3 Concept Development

After passing through the screening phase, selected ideas are refined into detailed product concepts. This involves specifying the product's features, benefits, and unique selling propositions, along with identifying the primary target market. Concept development transforms abstract ideas into concrete plans that can be visually and verbally communicated. For instance, Dyson’s development of bagless vacuum cleaners involved meticulous concept development to ensure the product’s innovative technology was both effective and appealing to consumers.

2.5.4 Market Research

Conducting market research is pivotal in validating the product concept with actual market data. This stage encompasses a thorough analysis of customer needs, preferences, and purchasing behavior, along with an examination of market trends and competitor strategies. Market research provides valuable insights that can refine the product concept further, ensuring it meets real customer needs. For example, Netflix’s foray into original content was bolstered by market research indicating a strong consumer appetite for streaming services offering exclusive, high-quality content.

2.5.6 Product Development

With a validated concept in hand, the product development stage involves designing, prototyping, and developing the product. Cross-functional teams collaborate to turn the concept into a tangible product, addressing technical challenges and ensuring the product can be manufactured at scale. This phase often involves iterations and testing to perfect the design. Tesla’s development of electric vehicles exemplifies this stage, with extensive product development efforts leading to innovative cars that meet consumer expectations for sustainability and performance.

2.5.7 Product Testing

Product testing is essential for assessing the product's performance and reception among a select group of users. This stage allows companies to gather feedback, identify any issues, and make necessary adjustments before the full-scale launch. User testing, focus groups, and beta testing are common methods used. Samsung's rigorous testing phases for its Galaxy smartphones, for example, aim to ensure that each model meets high-quality standards and user expectations.

2.5.8 Product Launch

The product launch marks the introduction of the product to the market, requiring a comprehensive marketing strategy that includes pricing, promotion, and distribution channels. This stage is crucial for generating initial momentum and market visibility. The launch of the iPhone by Apple was orchestrated with meticulous planning, leveraging media events and marketing campaigns to create buzz and drive unprecedented sales.

2.5.9 Product Evaluation

Finally, product evaluation assesses the product's market performance against the set objectives. Sales data, customer feedback, and performance metrics are analyzed to gauge the product's success and identify areas for improvement. This continuous feedback loop informs future product iterations and planning processes. Amazon's continuous evaluation of its Kindle e-reader series exemplifies how ongoing product assessment can drive enhancements and adaptations to changing consumer preferences and technological advancements.

In sum, product planning is a comprehensive and dynamic process that requires meticulous attention to detail, collaboration across departments, and a deep understanding of the market and customer needs. By adhering to a structured approach that spans from idea generation to product evaluation, companies can enhance their product success rates, mitigate risks, and foster innovation. This holistic approach to product planning and management ensures that products not only achieve market success but also contribute to the long-term strategic goals of the organization, satisfying customer needs and driving business growth.

2.6 Use of Product Management

Product management is an essential cornerstone in the lifecycle of any product, serving as the strategic bridge between the conceptualization of a product and its ultimate success in the market. This multifaceted discipline encompasses a broad spectrum of activities that ensure a product not only resonates with its intended audience but also contributes significantly to the achieving of overarching business goals. The role of product management in product planning is pivotal, integrating market research, design and development, pricing strategies, distribution planning, customer segmentation, and competitive analysis into a cohesive strategy.

- **Expanding the Role of Product Management**

  Market Research: Market research is the foundation upon which successful product management is built. It involves a deep dive into understanding the target market's desires, preferences, and behaviors. Airbnb, for example, revolutionized the hospitality industry by leveraging market research to identify a niche for more personal, affordable lodging options compared to traditional hotels. By continuously engaging in market research, Airbnb has been able to adapt and expand its offerings, staying ahead of market trends and customer expectations.

Product Design and Development: Product managers play a crucial role in translating customer needs and business objectives into tangible products. Apple's track record of launching market-leading products, like the iPhone and iPad, underscores the importance of integrating product design and development within the product management process. Apple's approach involves close collaboration between product managers, designers, and engineers to ensure every product aligns perfectly with customer expectations and the company's innovation goals.

Pricing and Distribution

Determining the optimal pricing and distribution strategies are critical components of product management. Amazon's approach to competitive pricing and widespread availability has been instrumental in its dominance in the retail sector. Product managers at Amazon meticulously analyze competitor pricing and distribution models to ensure Amazon's offerings are accessible and appealing to a broad customer base, reinforcing its position as a market leader.

Customer Segmentation

Effective product management requires identifying and understanding various customer segments to tailor products that meet the specific needs of each group. Netflix's success in the streaming service industry can be attributed to its adeptness at customer segmentation, offering personalized content recommendations that cater to the diverse preferences of its global audience. This strategic focus on customer segmentation has enabled Netflix to cultivate a loyal subscriber base and differentiate itself in a competitive market.

Competitive Analysis

A thorough analysis of the competition is indispensable for product management. Google's dominance in the search engine market is partly due to its ongoing competitive analysis, which informs its strategy for product differentiation and innovation. By understanding the strengths and weaknesses of competitors, Google has been able to introduce revolutionary products and features that solidify its market position.

The Comprehensive Nature of Product Management

Product management extends beyond the initial launch of a product, encompassing the monitoring of product performance, gathering customer feedback, and making iterative improvements. This ongoing process ensures that the product remains relevant and continues to satisfy customer needs over time. For instance, the continuous updates and feature additions to software products like Microsoft Office 365 exemplify how product management is an ongoing effort to enhance value for users and maintain competitiveness.

Integration with Broader Business Strategies

The effectiveness of product management is further amplified when integrated with broader business strategies. This integration ensures that product development is not occurring in a vacuum but is aligned with the company's strategic direction, financial objectives, and brand positioning. For example, Tesla's product management strategy is closely aligned with its mission to accelerate the world's transition to sustainable energy, guiding the development of its electric vehicles and energy products.

The Strategic Importance of Innovation

Innovation is a critical outcome of effective product management, enabling companies to stay ahead of technological advancements and emerging market trends. The capacity to innovate — whether through introducing new products, enhancing existing offerings, or entering new markets — is what keeps companies competitive and relevant. Samsung's consistent innovation in the electronics industry, including smartphones and home appliances, showcases the company's commitment to leading market trends and meeting evolving consumer demands.

Thus, product management is a vital discipline that ensures the success of products in meeting customer needs and achieving business objectives. Through a comprehensive approach that encompasses market research, product design and development, pricing, distribution, customer segmentation, and competitive analysis, companies can navigate the complexities of the market. This holistic view of product management not only helps in reducing risks and improving efficiency but also drives profitability and fosters innovation. By embedding product management deeply within their strategic planning, companies can guarantee that their offerings not only succeed in the market but also contribute to the long-term vision and goals of the organization.

2.7 Challenges for Product Planning and Management in today's world

In today's fast-paced and increasingly complex market environment, product planning and management face numerous challenges. These challenges stem from various factors, including technological advancements, changing consumer behaviors, global competition, and regulatory pressures. Addressing these challenges is crucial for businesses aiming to develop successful products and maintain a competitive edge. Here are some of the key challenges faced by product planning and management in today's world:

1. **Rapid Technological Changes**: The challenge of keeping pace with rapid technological innovation is vividly illustrated in the realm of consumer electronics, especially within the smartphone industry. Companies like Apple and Samsung are in a constant race to incorporate the latest advancements, such as 5G connectivity, augmented reality (AR), and AI-driven functionalities into their devices. For instance, the introduction of 5G technology represents a significant leap forward, offering faster internet speeds and more reliable network connections. Samsung's early adoption of 5G in its Galaxy series set a new standard, compelling competitors to accelerate their 5G integration to stay competitive. This rapid cycle of technological upgrades requires product managers to have a forward-thinking approach and the ability to quickly integrate emerging technologies into product roadmaps.
2. **Increasing Market Competition**: The streaming service industry provides a clear example of how digitalization has intensified market competition. Platforms like Netflix, Hulu, and Amazon Prime Video are locked in a fierce battle for subscribers, driving each to innovate continuously in content

creation, platform features, and customer experience. Netflix's strategy of investing heavily in original content, such as "Stranger Things" and "The Crown," has paid off by creating a loyal viewer base and setting it apart from competitors. However, the entry of Disney+ into the market, with its vast library of beloved classics and new exclusive content, underscores the ongoing challenge of maintaining competitive advantage in a market where consumer preferences are constantly evolving, and new players can emerge rapidly.

3. **Evolving Consumer Expectations**: The automotive industry's shift towards electric vehicles (EVs) exemplifies adapting to evolving consumer expectations around sustainability. Tesla, with its range of high-performance electric cars, has not only met this growing demand but has also reshaped consumer expectations for what electric vehicles can offer. Beyond Tesla, traditional automotive manufacturers like Ford and Volkswagen are now expanding their EV lineups, illustrating the industry-wide response to consumer demand for environmentally friendly transportation options. This shift underscores the importance for product managers to stay attuned to social and environmental trends that influence consumer preferences.
4. **Complex Regulatory Environments**: In the healthcare sector, the development of medical devices and pharmaceuticals illustrates the complexities of navigating regulatory environments. The process of bringing a new drug to market involves navigating the stringent approval processes of regulatory bodies such as the FDA in the United States or the EMA in Europe. These processes are designed to ensure patient safety and efficacy of new treatments but also pose significant challenges in terms of time, research investment, and compliance for companies like Pfizer or Medtronic. The recent expedited development and approval of COVID-19 vaccines highlighted both the capabilities and challenges within regulatory frameworks to address urgent global health needs.
5. **Supply Chain Volatility**: The recent global chip shortage has highlighted the challenges of supply chain volatility, impacting industries from automotive to consumer electronics. Companies like Ford and General Motors have faced production delays due to shortages of semiconductor chips, underscoring the vulnerability of global supply chains to disruptions from pandemics, geopolitical tensions, or natural disasters. Product managers in India must consider supply chain resilience, especially in light of disruptions caused by global factors like the pandemic as a critical component of product planning, identifying potential vulnerabilities and developing strategies to mitigate these risks, such as diversifying suppliers or increasing inventory buffers.
6. **Risk Management**: Product planning and management serve as critical tools for risk management within a business context. By diversifying product offerings and catering to a broad spectrum of market segments, companies can effectively spread and mitigate risks associated with market volatility. This strategic diversification ensures that the organization is not overly reliant on a single product or market segment, thereby safeguarding against fluctuations in market demand or shifts in consumer preferences. For example, conglomerates like Samsung, with a wide range of products spanning various industries, are able to manage risk more effectively, ensuring stability and business continuity even in turbulent market conditions.

7. **Sustainability and Social Responsibility**: Consumers and regulators are placing greater emphasis on sustainability and ethical considerations. Integrating eco-friendly materials and practices into product development and demonstrating social responsibility are becoming essential for brand reputation and consumer trust.
8. **Shortening Product Life Cycles**: The phenomenon of shortening product life cycles is particularly evident in the consumer electronics industry. For instance, smartphone manufacturers like Apple and Samsung release new models annually, each with incremental updates and features. This rapid renewal cycle pressures competitors to accelerate their innovation cycles to keep pace, necessitating a high degree of agility and foresight in product planning.

   Consider Apple's iPhone series; each new model introduces features or improvements that set a new benchmark for smartphones. This strategy not only caters to evolving consumer expectations but also stimulates demand in a highly saturated market. However, the challenge for product managers is not just in the innovation but also in accurately predicting which features will resonate with consumers and justify the shortened life cycle of each model.
   Moreover, the environmental impact of such rapid cycles, particularly electronic waste, has led to increased scrutiny from consumers and regulators. Companies are now compelled to incorporate sustainability into their product lifecycle planning, exploring recycling programs or designing products with a longer usable life as part of their strategy to address these concerns.
9. **Cross-functional Team Coordination:** The challenge of cross-functional team coordination is vividly illustrated in the automotive industry, especially in the development of electric vehicles (EVs). For example, Tesla's approach to developing its EVs requires seamless integration and coordination between its R&D team, working on battery technology and electric drivetrains; the design team, focusing on the vehicle's aesthetics and user interface; the manufacturing team, ensuring the vehicles can be produced efficiently at scale; and the marketing team, responsible for positioning the EVs in the market and communicating their benefits to potential customers.

   This level of coordination is critical in ensuring that the final product meets the company's vision for innovation, sustainability, and performance. However, aligning these diverse teams, each with its priorities and timelines, poses significant challenges. Effective communication channels, shared goals, and an integrated project management approach are essential to overcome these obstacles and ensure that the development process is smooth and the final product aligns with the company's strategic objectives.
   Moreover, the software industry, particularly companies developing SaaS (Software as a Service) products, faces similar challenges. The rapid pace of software development, continuous updates, and the need for security and compliance require tight coordination between software engineers, cybersecurity teams, customer service representatives, and sales teams. Companies like Salesforce exemplify successful cross-functional collaboration, with agile development practices and a customer-centric approach ensuring that product updates are timely, relevant, and secure, maintaining their competitive edge in a fast-evolving market.

These examples provide a deeper understanding of the multifaceted challenges faced in product planning and management. Addressing these challenges requires a strategic, adaptable approach and a deep understanding of both market dynamics and internal capabilities.

To overcome these challenges, businesses must adopt flexible and innovative approaches to product planning and management. This includes leveraging data analytics for informed decision-making, fostering a culture of continuous learning and adaptation, and emphasizing customer-centricity in product development. Additionally, building resilient supply chains, prioritizing sustainability, and investing in cybersecurity are critical for addressing the contemporary challenges faced in product planning and management.

Case Study: "IKEA's Innovative Product Planning and Management"

Background: IKEA, a renowned global furniture retailer, faced the challenge of maintaining its market dominance while continuously innovating its product lines. The company needed to effectively manage its vast range of products while adhering to its principles of affordability, functionality, and sustainability.

Objective: To streamline and innovate IKEA's product planning and management processes to stay ahead in the competitive global furniture market.

Process: IKEA invested heavily in customer research to understand evolving market trends and preferences. They integrated sustainable practices into product development, focusing on eco-friendly materials and efficient manufacturing processes.

Strategies Implemented:

- Modular Design: Emphasized easy-to-assemble, modular furniture designs catering to diverse consumer needs.
- Sustainability: Prioritized eco-friendly materials and practices in product development.
- Global Supply Chain Management: Streamlined supply chain processes for efficiency and cost-effectiveness.
- Customer-Centric Approach: Continuously adapted product lines based on customer feedback and market research.

Results: IKEA successfully introduced innovative, sustainable furniture lines, gaining positive customer responses and maintaining its market leadership. The focus on modular design and sustainability appealed to environmentally conscious consumers, enhancing brand loyalty and market share.

Conclusion: IKEA's approach to product planning and management, combining customer insights with sustainable practices, demonstrates the effectiveness of innovative strategies in a dynamic market. This case highlights the importance of adapting to consumer trends and environmental concerns in product management.

❖ **Keywords**

- **Product Planning:** The strategic process of developing and aligning new products with market needs and business goals, involving idea generation, feasibility analysis, and conceptualization.

- **Product Management:** Comprehensive management of a product's entire lifecycle, from inception and design to manufacturing, service, and disposal, ensuring alignment with market needs and business objectives.
- **Market Research:** The practice of gathering and analyzing data to understand market trends, customer preferences, and competitive landscape, crucial for informed product planning.
- **Product Development:** The stage where a product is designed, prototyped, tested, and readied for the market, focusing on meeting customer requirements and business objectives.
- **Pricing Strategy:** Developing pricing models that reflect the product's value, competitive position, and market demand, a key aspect of product planning.
- **Customer Segmentation:** Dividing the target market into distinct groups based on various characteristics to tailor products and marketing efforts effectively.
- **Competitive Analysis:** The process of assessing competitors' strengths, weaknesses, and strategies to identify market opportunities and risks for product planning.
- **Innovation in Product Planning:** Emphasizing new technologies and emerging market needs in product development to maintain competitive advantage and market relevance

❖ **Exercises**

- **Answer the following questions:**

1. What are the key components of product planning, and how do they align with market needs and business strategies?
2. Define the concept of product management and explain its significance throughout the product lifecycle.
3. How does market research influence product planning and development?
4. Describe the stages involved in the product development process and their importance.
5. Discuss the role of pricing strategy in product planning and its impact on market positioning.
6. Explain customer segmentation and its relevance in product planning.
7. What is competitive analysis, and how does it contribute to effective product planning?
8. How does innovation play a role in product planning, especially in a technology-driven market?
9. In the context of product management, discuss the importance of managing a product from inception to disposal.
10. How can a systematic approach to product planning increase a business's chances of success in the market?

- **Multiple Choice Questions**

1. What does product planning primarily focus on?
   a) Managing company finances
   b) Developing and aligning new products with market needs

c) Advertising and sales promotions
d) Employee training

2. The term 'product management' encompasses:
   a) Only the manufacturing process of a product
   b) The entire lifecycle of a product from inception to disposal
   c) Strictly the marketing aspect of a product
   d) Only the initial design and conceptualization of a product

3. Market research in product planning is important for:
   a) Understanding employee satisfaction
   b) Gathering data on market trends and customer preferences
   c) Deciding the company's location
   d) Setting employee salaries

4. A crucial stage in product development is:
   a) Rebranding the company
   b) Design, prototyping, and testing of a product
   c) Selecting company board members
   d) Outsourcing business processes

5. Pricing strategy in product planning helps to:
   a) Reduce the cost of raw materials
   b) Reflect the product's value and market position
   c) Increase the number of employees
   d) Simplify the product design

6. Customer segmentation is essential for:
   a) Dividing the company into different departments
   b) Tailoring products and marketing efforts to specific groups
   c) Reducing the overall budget of the company
   d) Planning company events and functions

7. Competitive analysis in product planning helps to:
   a) Identify market opportunities and risks
   b) Choose the right office locations
   c) Determine staff bonuses
   d) Plan corporate social responsibility initiatives

8. Innovation in product planning is crucial for:
   a) Keeping track of employee attendance
   b) Maintaining market relevance and competitive edge
   c) Organizing company retreats
   d) Managing company archives

9. The importance of managing a product's lifecycle includes:
   a) Focusing only on the product's sales
   b) Ensuring the product meets market and business needs throughout its life
   c) Limiting the product's distribution channels
   d) Concentrating solely on the product's launch phase

10. A systematic approach to product planning can increase a business's market success by:
    a) Reducing the need for customer feedback
    b) Increasing dependence on a single product

c) Enhancing alignment with customer needs and market demand
d) Ignoring market trends and competition

- **Fill in the Blanks**

1. Product planning involves identifying market needs, setting product goals, prioritizing features, and creating a roadmap for __________ development.
2. __________ is known for disrupting the hospitality industry with its innovative online marketplace.
3. The process of product planning begins with __________ generation, where new ideas are brainstormed.
4. In the product planning process, __________ screening is used to evaluate the feasibility of ideas generated in the previous stage.
5. __________ and development involve working with designers and engineers to materialize the product.
6. Product management covers the entire __________ of a product, from inception to disposal.
7. Market research in product management includes analyzing customer needs, preferences, and __________.
8. Product managers set the __________ of the product and determine its distribution strategy.
9. __________ segmentation helps product managers develop products that meet the needs of different customer groups.
10. Competitive __________ is conducted to identify opportunities to differentiate the product in the market.

- **True or False**

1. Product planning only involves the initial stages of product development.
2. Airbnb conducted extensive market research to identify customer preferences in the hospitality industry.
3. Idea generation solely depends on external market trends and does not include internal brainstorming.
4. Product testing is not a crucial stage in the product planning process.
5. Pricing and distribution decisions are made after the product launch phase.
6. Customer feedback is not necessary for the product evaluation stage.
7. Innovation is not a primary goal of product management.
8. Product planning can help reduce the risk of product failure in the market.
9. Market research is optional in the process of product management.
10. Netflix utilizes customer segmentation to tailor its streaming services to various audience preferences.

- **Short Notes**

1. Importance of Competitive Analysis
2. Role of Market Research in Product Development
3. Significance of Product Testing Before Launch
4. Benefits of Customer Segmentation in Product Planning
5. Key Aspects of Product Design and Development
6. Strategic Planning in Product Management
7. Evaluating Product Success in the Market
8. Challenges in Product Pricing Strategy
9. Innovations in Product Distribution Methods
10. Leveraging Technology for Product Enhancement

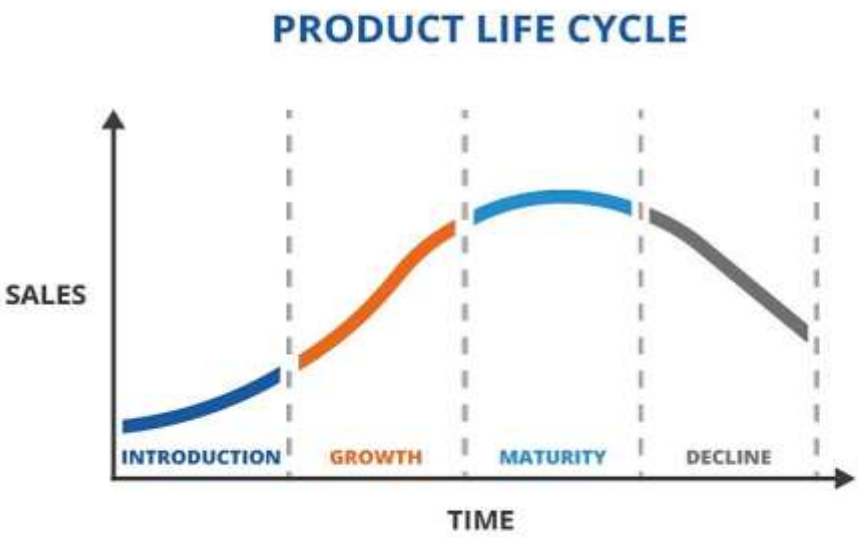
- **Differential between**

1. Product planning and product management
2. Idea generation and idea screening
3. Market research and competitive analysis

UNIT – 3	PRODUCT LIFE CYCLE STRATEGIES

3.1 Introduction

The product life cycle can be likened to the stages in the life of a human being. Just as a person is born, grows, reaches maturity, and eventually enters a declining phase, a product follows a similar trajectory in its market existence, culminating in its disappearance from the market. However, it's important to note that the duration and characteristics of these stages vary significantly from one product to another. As **Philip Kotler** aptly put it, "The product life cycle is an attempt to identify distinct stages in the sales history of a product." **Cundiff and others** have observed that a product goes through various prenatal stages from the moment the product idea is conceived. Its journey commences with market introduction, followed by a period of rapid market growth. Eventually, it attains market maturity, after which it experiences a decline in the market, culminating in its eventual discontinuation. Consequently, the product life cycle typically encompasses four primary phases: (1) Introduction stage, (2) Growth stage, (3) Maturity stage, and (4) Decline stage.



3.1.1 Introduction Stage:

The Product Life Cycle is a concept used in marketing and product management to describe the various stages a product goes through from its introduction to its decline in the market. The introduction stage is the primary stage of this cycle, and it holds significant importance in establishing the product's groundwork for success. During this period, the product is newly launched and has limited customer adoption. Competition is relatively low, and sales are typically modest. However, the risk factor is high, and profitability may be minimal or even non-existent. Companies may incur substantial expenses for distribution and promotional activities during this stage. It is a phase characterized by significant uncertainties and challenges. Businesses must focus on generating awareness and establishing a market for their products. **For example,** imagine a company that has developed a revolutionary new smartphone with unique features, such as a holographic display and advanced AI capabilities. This smartphone is entering the market for the first time.

During the introduction stage, companies often invest heavily in marketing and research and development activities. Marketing efforts are essential to create awareness and generate interest in the product. R&D is needed to fine-tune the product, address any issues, and potentially develop new versions or features. **For example,** the smartphone company spends a significant amount on advertising campaigns, including TV commercials, online ads, and social media promotions. They also invest in R&D to ensure that the holographic display works flawlessly and that the AI features are intuitive and error-free.

<u>Strategies in the Introduction Stage:</u>

Market Research: A crucial step during this stage is conducting comprehensive market research. This helps in understanding customer needs, preferences, and the competitive landscape. Companies need to identify their target audience and determine their unique selling propositions (USPs).

Product Positioning: To stand out in the market, companies must position their product strategically. This can involve highlighting unique features, benefits, or pricing strategies that set the product apart from competitors.

Invest in Promotion: Since awareness about the product is typically low, companies should allocate a significant portion of their budget to promotion and advertising efforts. The goal is to educate consumers about the product's existence and advantages. This can encompass various marketing channels, including social media marketing, influencer endorsements, and traditional advertising.

3.2 Product Growth Strategy

The growth stage is the second phase of the product life cycle. During this phase, a product experiences a significant increase in sales and market acceptance. It is characterized by growing consumer awareness, expanding market share, and increasing competition. The sales of the product increase substantially as more consumers become aware of and adopt the product and the product gains wider acceptance in the market, often attracting new customer segments and demographics. simultaneously, Competitors start to take notice of the product's success and enter the market with similar offerings, leading to increased competition. Businesses should focus on meeting rising demand; companies often expand their distribution channels and enter new geographic markets. **For example,** Electric vehicles have experienced significant growth in recent years. Companies like Tesla have led the way by continually improving their EVs, increasing production capacity, and expanding into new markets. As more consumers embrace eco-friendly transportation options, the EV market continues to grow.

<u>Strategies in the Growth Stage:</u>

- **Market Expansion:** Companies can explore untapped markets by targeting new geographies or customer demographics to broaden their customer base and fuel growth.

- **Product Enhancement:** Regularly improving the product based on customer feedback and emerging trends ensures it remains competitive and satisfies evolving consumer demands.
- **Marketing and Promotion:** Increased marketing efforts, including advertising, public relations, and social media campaigns, help maintain brand visibility and attract fresh customers to drive sales growth.
- **Competitive Pricing:** Monitoring competitor pricing and strategically adjusting your own pricing can help strike a balance between staying competitive and maximizing profits.
- **Distribution Expansion:** Expanding distribution channels, whether through new retail partnerships or online platforms, ensures wider accessibility, facilitating increased sales.
- **Building Customer Loyalty:** Prioritizing exceptional customer service and implementing loyalty programs fosters strong customer relationships, encouraging repeat purchases and brand advocacy.
- **Invest in Research and Development:** Continual innovation through R&D keeps the product fresh, and competitive, and prepares the company for the challenges of the maturity stage, sustaining growth momentum.

3.3 Product Maturity Strategy

The Product Life Cycle serves as a framework defining the different phases a product undergoes, starting with its introduction and ending in its eventual market decline. The Maturity stage is one of the key phases in the PLC, and it's characterized by several distinct features. Let's explore this stage in detail with a suitable example. During the Maturity stage of the Product Life Cycle, a product attains its peak in sales and market penetration. Sales expansion decelerates significantly, and the competitive landscape intensifies as numerous contenders vie for market dominance. Companies must prioritize customer retention and profit maximization during this phase. **For example,** Coca-Cola is a prime example of a product in the Maturity stage. Despite being a globally recognized brand, Coca-Cola faces stiff competition from other beverage companies. To maintain market share, Coca-Cola continuously introduces new flavors and packaging options, invests in marketing campaigns, and explores emerging markets.

During the Maturity stage, a product experiences slower sales growth compared to the earlier stages, such as Introduction and Growth. This is because most potential customers have already adopted the product, and the market has become saturated. New customers are harder to come by. As the market reaches saturation, competition intensifies. Multiple companies are typically offering similar products or services, leading to price wars, aggressive marketing strategies, and innovations aimed at gaining or maintaining market share. Companies should focus on Customer Retention, since attracting new customers becomes more challenging, companies in the Maturity stage shift their focus towards retaining their existing customer base. They aim to build strong customer loyalty through excellent customer service, quality assurance, and loyalty programs. Profit maximization becomes a priority during the Maturity stage. Companies may need to find ways to cut costs, improve operational efficiency, and optimize their pricing strategies to ensure they extract the most profit from each sale. As well as to stand out in a crowded marketplace, companies often invest in product differentiation. This can include adding new features, improving product quality, or offering unique customer experiences.

Strategies in the Maturity Stage:

- **Product Differentiation and Innovation:** To stand out in a competitive market, companies often focus on enhancing their product's features, quality, and design. They may introduce innovations or improvements to keep the product fresh and appealing to existing customers. This can include introducing new versions, flavors, or variants of the product.
- **Cost Reduction and Efficiency Improvement:** As competition intensifies, companies seek ways to reduce production costs while maintaining product quality. This might involve optimizing manufacturing processes, sourcing materials more efficiently, or streamlining distribution channels. Cost reduction efforts help maintain or improve profit margins.
- **Marketing and Promotion Strategies:** Marketing efforts in the Maturity stage often shift from creating awareness to customer retention and market share defense. Companies may use promotional tactics such as loyalty programs, bundling, discounts, and advertising campaigns that emphasize the product's value and reliability.
- **Market Segmentation and Targeting:** To sustain sales, companies may segment the market and target specific customer groups with tailored marketing approaches. They can identify niches within the broader market and develop strategies to meet the unique needs and preferences of these segments.
- **Expansion and Diversification:** While the core product may be in the Maturity stage, companies can explore opportunities for expansion and diversification. This might involve entering new geographic markets, offering complementary products or services, or exploring partnerships and collaborations to extend the product's lifecycle.

3.4 Product Decline Strategy

The Decline stage is the final phase in the Product Life Cycle. In this stage, a product experiences a noticeable decline in both sales and profitability. It is characterized by a set of circumstances and challenges that ultimately lead to a product's obsolescence. **For example,** BlackBerry, once a dominant player in the smartphone market, is an example of a product in the Decline stage. With the rise of iOS and Android devices, BlackBerry's market share declined significantly. The company shifted its focus to software and services while reducing its smartphone production. The very first characteristic is Declining Sales and Profits. During this time, a product's sales gradually decrease due to various factors. Customers may shift their preferences to newer or more advanced products, or the market may become saturated. As sales decrease, profitability also diminishes because it becomes more costly to produce and market the product with fewer units sold. Let’s discuss the Reasons for the Decline stage. One of the key reasons is Changing Customer Preferences, as consumer tastes evolve or new trends emerge, products that were once popular may no longer meet the demands of the market. Technological Advancements: Advances in technology often render older products obsolete. Consumers tend to prefer products with the latest features and capabilities. With an Increasing level of Competition, it gets declined. The Intense competition can erode market share and make it difficult to sustain sales and profitability. In some cases, the market may become saturated, with nearly all potential customers already having purchased the product.

Strategies in the Decline Stage:

- **Maintain:** In some instances, it may still be profitable to maintain the product, especially if it has a loyal customer base or if it complements other products in a company's portfolio. Companies may continue selling the product with minimal changes and focus on maximizing profit from existing customers.
- **Harvest:** Harvesting involves reducing investments in marketing and product development while extracting as much profit as possible from the declining product. Companies might increase prices, reduce promotional spending, and decrease production costs to maximize short-term profitability.
- **Discontinue:** When a product becomes unprofitable or no longer aligns with the company's strategic goals, discontinuation is an option. This involves withdrawing the product from the market, winding down production, and reallocating resources to more promising ventures.
- **Inventory Management:** During the Decline stage, managing inventory becomes crucial. Companies need to avoid overproduction and minimize carrying costs associated with excess inventory.
- **Customer Communication:** Clear communication with customers is essential during the Decline stage. Companies should inform customers of any discontinuation plans, provide support for existing products, and offer alternatives or upgrades if available.
- **Environmental Considerations:** Companies also need to consider the environmental impact of their product discontinuation. Proper disposal and recycling of products and components should be addressed responsibly.
- In summary, the Decline stage in the Product Life Cycle represents a challenging phase where sales and profits drop. Companies must make strategic decisions about whether to maintain, harvest, or discontinue the product, taking into account factors like changing customer preferences, technological advancements, and increased competition. The goal is to manage this decline while minimizing losses and maximizing any remaining value from the product.

❖ **Conclusion:**

Understanding the Product Life Cycle and implementing appropriate strategies at each stage is crucial for a product's success in the market. From the Introduction stage, where awareness is built, to the Growth stage, where market share is expanded, and the Maturity stage, where profitability is maximized, and finally the Decline stage, where strategic decisions must be made, each stage presents unique challenges and opportunities. By applying the right strategies at the right time, businesses can navigate these stages effectively and ensure the long-term viability of their products. Additionally, adaptability and a willingness to innovate are key factors in extending a product's life cycle and maintaining relevance in an ever-changing market landscape.

❖ **Exercise**

- **Multiple Choice Question (MCQ)**

1. What is the first stage of the Product Life Cycle?

A. Maturity B. Introduction

C. Growth D. Decline

2. Which stage of the PLC is characterized by rapid sales growth and increasing market acceptance?

A. Maturity B. Decline

C. Growth D. Saturation

3. In the Maturity stage of the PLC, what is the primary focus of companies?

A. Maximizing sales growth B. Market introduction

C. Customer retention and profit maximization D. Product innovation

4. What is the final stage of the PLC where sales and profitability decline?

A. Introduction B. Decline

C. Growth D. Maturity

5. Which factor can contribute to the decline of a product in the PLC?

A. Rapid technological advancements B. Intense competition

C. Changing customer preferences D. All of the above

6. What strategy involves reducing investments in marketing and product development to maximize short-term profitability during the Decline stage?

A. Maintaining B. Innovating

C. Harvesting D. Introducing

7. During which PLC stage is it most critical to manage inventory efficiently?

A. Introduction B. Maturity

C. Growth D. Decline

8. Which term refers to the process of withdrawing a product from the market and reallocating resources to other ventures?

A. Harvesting B. Maintaining

C. Discontinuation D. Growth

9. What stage in the PLC often involves a high level of competition as multiple companies vie for market share?

A. Introduction B. Growth

C. Maturity D. Decline

10. What is the primary focus of companies during the Introduction stage of the PLC?

A. Maximizing profits B. Gaining market share

C) Customer retention D. Cost reduction

Solutions:

1. B **2.** C **3.** C **4.** B **5.** D **6.** C **7.** D **8.** C **9.** C **10.** B

- **Practical Questions:**

1) Discuss the challenges and opportunities that arise during the Introduction stage of the PLC. What are the key marketing and product development strategies that companies should consider when launching a new product? Use a case study or example to illustrate your points.
2) Describe the significance of market segmentation and targeting in the context of the PLC. How can companies use these strategies to prolong the Growth stage and maximize their market share? Provide examples of successful market segmentation and targeting strategies.
3) Explain the concept of product differentiation and its role in the Maturity stage of the PLC. Provide examples of how companies have successfully differentiated their products to stay competitive in a saturated market.
4) Explain the key characteristics of the Maturity stage in the Product Life Cycle (PLC). How do companies typically respond to the challenges of this stage to maintain profitability? Provide examples to support your answer.
5) Discuss the factors that can lead to the decline of a product in the Decline stage of the PLC. How can companies make informed decisions about whether to maintain, harvest, or discontinue a product in this stage? Provide real-world examples of products that have gone through the Decline stage.

UNIT – 4	NEW PRODUCT DEVELOPMENT PROCESS

4.1 New Product Development Process

4.2 Importance of NPD Process

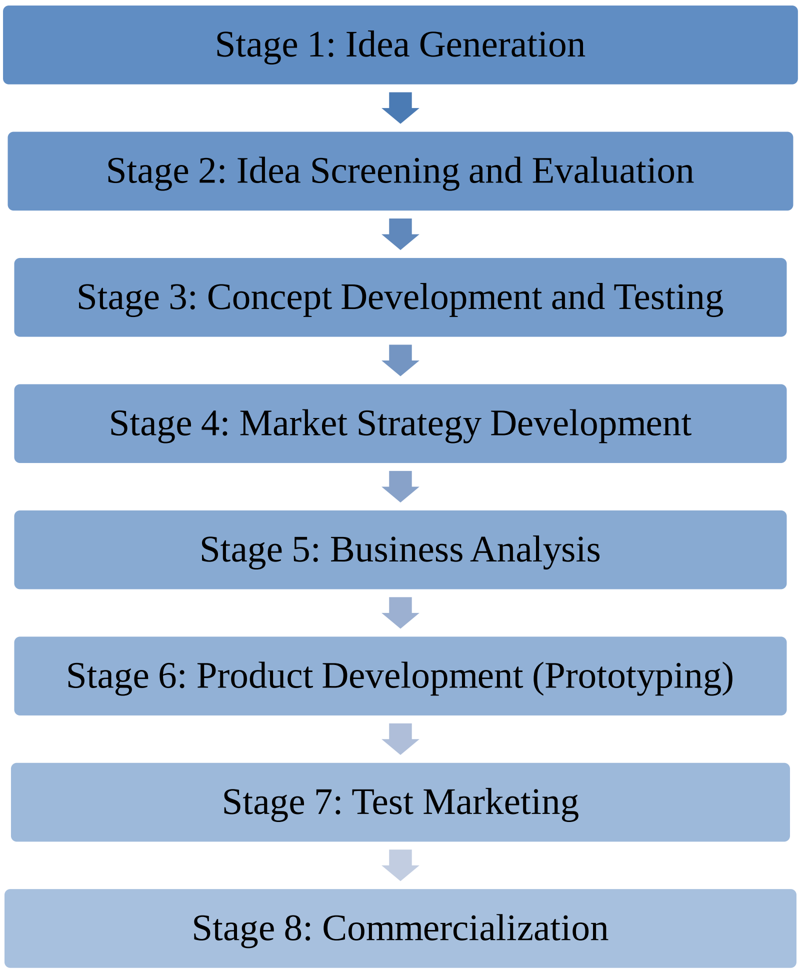
4.3 Limitations of NPD Process

- **Exercise**

4.1 New Product Development Process

A new product is developed and introduced to the market through a series of design, engineering, and research procedures known as new product development, or NPD. NPD, as opposed to conventional product development, focuses exclusively on creating a novel concept and seeing it through to completion.

The process of developing a new product involves creating a concept and then launching it as a new offering. The process of developing a new product is typically broken down into phases.



Stage 1: Idea Generation

The goal of idea creation is to generate as many ideas as you can. In order to lower the cost of product development later in the process and create profitable products, the goal of this stage is to concentrate on the items that have a higher chance of being profitable.17.

Rather of examining the new product development process in a theoretical manner, let us explore a possible product idea and take it through each stage of the procedure. Imagine you are a marketing professional at a food processing firm who sees a need in the market for a high-protein, freeze-dried yogurt powder that can be mixed with juice to create a healthy, low-fat smoothie with a fruity taste. This is a new product that a company might be able to bring to market; it's called a product idea. This concept might have originated internally from staff members not involved in research and development (R&D), market research, or R&D itself. Conversely, the concept can have originated from outside parties like rival businesses, distributors, suppliers, or even consumers.

Stage 2: Idea Screening and Evaluation
This is the procedure for sorting through the suggestions made by your group, selecting the ones with the most chance of success, and discarding the less promising ones. For instance, the team would come up with a lot of product concepts for our high-protein freeze-dried yogurt powder, which they would then sort through to determine which was the best.

Stage 3: Concept Development and Testing
A product idea could develop into multiple product concepts at this point, giving the impression of a fresh concept or invention. The product team will take into account the following: who will use the product (children, athletes, or adults), what benefits it will offer (nutrition, energy, meal replacement, etc.), and when customers would normally use it (breakfast, as a midmorning or afternoon snack, or after an activity or workout).

For our yogurt powder, for instance, your product team might develop the following product concepts:

- The yogurt powder would be sold as a quick, grab-and-go breakfast beverage.
- The yogurt powder would be sold as a high-protein, more nutrient-dense snack than milk or plain juice.
- Adult consumers or athletes who work out and wish to replace the protein their bodies lose while exercising would be the target market for the yogurt powder. For our yogurt powder, for instance, your product team might develop the following product concepts:

These product concepts need to be developed because they each identify the competitors of the product. Concept #1, for instance, would face competition from other breakfast items like toast, cereal, breakfast bars, and bacon and eggs. Concept #2 would face competition from plain milk, soft drinks, and juice. The third concept would go up against protein shakes.

It's time to test your product concept with customers in the market you think represents your target customer base after you've developed it. This kind of work is called concept testing. Concept testing is a technique used in market research where a product or service is described to consumers.

Assume for the moment that the instant, portable breakfast drink is the product concept that we have selected. The product description that would be given to customers in the target market might sound something like this: "Our product is a high-protein powdered yogurt mixture that is added to juice to make an instant breakfast smoothie that provides nutrition, good taste, and convenience." The product will retail for $3.49 per box and be available in single packages, six to a box.

Following that, a series of screening or qualifying questions will be posed to potential clients, including:

How much do you think this product is good or bad?
How enticing are the product's features?
What is the likelihood that you would buy this product?

These and other questions are frequently graded on a five-point Likert scale. The final question, for instance, could be graded using the following five criteria: definitely would not purchase; definitely would purchase; likely would purchase; may or may not purchase; and unlikely to purchase. These questions' responses indicate whether or not the product has a good chance of succeeding on the market. A generally positive response will advance the product concept to the next phase; a less than positive response will probably result in the concept's rejection.

Stage 4: Market Strategy Development
The product team should create a draft marketing strategy plan as soon as concept testing is finished and it is decided to move forwards. The product's target market will be covered by this strategy. It will include goals for sales, market share, profit, and both short- and long-term goals for budget, distribution, promotion, and product positioning.

Stage 5: Business Analysis
Equipped with the draft marketing strategy plan, the business must now determine the new product's commercial viability. For instance, the business will want to know if sales will be enough to generate the needed profit. The business must be aware of the expenses associated with developing new products, including those related to manufacturing, marketing, and research and development.

There are several analyses that can be performed:

- Payback: This is just the amount of time that the business will typically expect to get its investment back from the product development process.
- Break-even analysis: This analysis establishes the quantity of units that must be sold in order for the business to break even and turn a profit.

These analyses are carried out in order for management to ascertain whether projected sales revenue from the breakfast drink mix will meet company goals. The product concept advances to the following phase, product development, if the response is affirmative. The product concept is shelved if the response is negative.

Stage 6: Product Development
Recall that our product concept has only ever existed as words or possibly as a drawing up until this point. After passing the business analysis test, our breakfast drink mix will proceed to the product development phase, where engineers will create a prototype—a physical version of the product.

It's crucial to remember that occasionally the business determines at this point that the product concept is just not viable from a business standpoint. For instance, Maxwell House conducted market research and found that consumers preferred "bold, vigorous, and deep tasting" coffee. But after experimenting with coffee blends for four months, the business concluded that the formula was too costly to manufacture on a commercial scale, so Maxwell House adjusted the blend to achieve its desired manufacturing cost. Regrettably, the new blend's flavor fell short of what customers had anticipated, and the product failed.

After that, the prototype is tested by customers and functional testers to gauge its performance.

Stage 7: Test Marketing

The product concept is then test-marketed to ascertain its viability before it is launched on a large scale, provided the product team is satisfied with the prototype's functional performance. To test customer acceptance, a product is usually only introduced in a small number of stores or select geographic areas. There are various techniques for testing consumer goods marketing.

Sales-wave Research: Test-marketing at its lowest cost can be achieved through sales-wave research. Customers are first able to test the product for free using this method. The product (or a competitor's product) is then repeatedly offered to them at a discounted price (sales waves). The purpose of this study is to determine the number of customers who choose the new product and to document their stated levels of satisfaction.

Controlled Test-Marketing: In this kind of test-marketing, the business makes arrangements for the new product to be carried by a specific number of retailers. After the new product is delivered to the store, marketers oversee pricing, point-of-purchase displays, shelf placement within the store, and other aspects. Next, using the scanners at checkout, the business calculates sales results.

Test Marketing: Undoubtedly, conducting a comprehensive market test is the most effective (albeit priciest) method of evaluating a product concept. After choosing a few representative cities (markets that closely resemble the target customer base), the company will launch a comprehensive advertising and promotional campaign to introduce the product. Essentially, the business is gauging the new product's effectiveness on a smaller scale prior to introducing it to the national or even international market.

Simulated Test Markets: This approach involves simulating market scenarios for consumers to see how they respond. Marketers conduct consumer interviews both during the concept stage and following usage. While post-usage interviews ascertain consumers' propensity to repurchase the product, concept stage interviews furnish the marketer with insights regarding the product's attractiveness and trial rate.

Crowdsourcing: Using a large number of people's input is known as crowdsourcing. You should use this type of market research especially if your product consists of websites, web apps, or mobile apps. The product team would select a platform for crowdsourced testing, test the product, evaluate the outcomes, and make necessary adjustments.

Stage 8: Commercialization

The product is launched at this point by the company, which also handles full-scale production, distribution, marketing, and sales promotion. A new product's launch costs are contingent upon the product, industry, and level of competition.

4.2 Importance of NPD Process

A new product needs a significant quantity of resources to be committed in order for it to succeed. There's always a risk of complete failure. It's helpful to understand why you should still invest in a product development plan despite the significant risk of failure. Businesses are persuaded to employ specialists and experts for product development services in order to ensure that the process is done correctly, as a result of realizing the significance of product development.

1. It provides new customers.

To give your clients additional value, you must engage in product development. If you continue to sell the same goods to the same customers for an extended period of time, they will become weary of your brand and most likely quit making purchases. Your company survives by developing new product concepts and putting them to the test in the marketplace. It infuses your brand with vitality and enhances the attractiveness of its brand personality. This is due to the fact that your clients are aware of your constant innovation. They are persuaded to return to your store each month or, at the absolute least, to frequently check out what's new on your website.

2. It improves the Society

You may offer a variety and enhance your community by putting more imaginative and well-made goods up for purchase. Many new products are slight improvements over their predecessors, and businesses that regularly enhance their offerings might create a positive perception of social innovation. These businesses seem to be aware of their social obligations and make a concerted effort to improve the lives of their employees. In some cases, developing a new product can provide clients with significant and instant satisfaction. It benefits society in this way.

3. It helps in growing the business

You may offer a variety and enhance your community by putting more imaginative and well-made goods up for purchase. A lot of new items are frequently only slight improvements over their predecessors. Businesses that regularly improve their current products might create a positive perception of social innovation. These businesses seem to be aware of their social obligations and make a concerted effort to improve the lives of their employees. In some cases, developing a new product can provide clients with significant and instant satisfaction. It benefits society in this way.

Expanding your enterprise also contributes to society in other ways. By paying taxes and donating to charities, you are assisting society as a whole and offering the local population greater job chances. Businesses seldom have an option except to expand. They must occasionally, if not regularly, engage in new product creation if they are to expand and maintain their business. They benefit the company in numerous different ways from the research and development they undertake to create a product development plan. For example, you can price your product somewhat lower to enter the market more quickly if your study reveals the pricing methods of your competitors.

Limitations of NPD Process

Riskiness: It's better to stay on what you and your clients are familiar with than to take a chance on something unknown. There are a lot of unknowns associated with new items, from figuring out strange production techniques to presenting products to consumers they might not want. Your business will have to absorb the investment you made without any returns to balance the costs if your approach for product development fails.

Extra cost: Developing a comprehensive plan for product market and development can incur significant costs, particularly if extensive activities like advertising and market research are involved. You will incur large costs before your new items generate any meaningful revenue, even if your new offerings end up being profitable.

Evolving markets: Even while new product development is a proactive response to a constantly shifting consumer landscape, the tastes of your target market will not stop evolving while you're creating new products. When the time comes to launch your new product, things that piqued the interest of consumers early in the product development process might not seem as compelling.

Competition: While your company is rushing to develop the next big thing that consumers will love, your rivals are putting a lot of effort into finding solutions to the same issues. Sometimes creativity alone is insufficient to produce anything novel.

❖ **Exercise**

1. Define New Product development. Explain Idea generation, Idea Screening and concept development and testing.
2. Explain the step of market strategy development, business analysis, test marketing and commercialization.

Fill in the Blanks:

1. A physical version of the product concept that is developed during the new product development process is called a ________.
   a. Mock-up
   b. Model
   c. Prototype
   d. Precedent

Ans: Prototype

2. At ________ stage the product is launched at this point by the company, which also handles full-scale production, distribution, marketing, and sales promotion.
   a. Commercialization
   b. Test Marketing
   c. Business Analysis
   d. Concept Testing

Ans: Commercialization

3. What is the first stage in the new product development process?
   a. Idea Screening and Evaluation
   b. Market Strategy Development
   c. Commercialization
   d. Idea Generation

Ans: Idea Generation

4. What does NPD stand for?
   a. New Promotion Development
   b. New Process Development
   c. New Price Development
   d. New Product Development

Ans: New Product Development

5. Break even analysis takes place at which stage?
   a. Business Analysis
   b. Concept Testing
   c. Concept Development
   d. Commercialization

Ans: Business Analysis

6. Which of the following is the importance of NPD process?
    a. It Provides New Customers
    b. It Improves Society
    c. It Helps in Growing Business
    d. All of the above

Ans: All of the above

7. Using a large number of people's input during testing is known as ______________.
    a. Crowdsourcing
    b. Funding
    c. Nurturing
    d. None of the above

Ans: Crowdsourcing

8. Which of the following is not the step of NPD process?
    a. Idea Generation
    b. Idea Screening
    c. Business Analysis
    d. Negotiation

Ans: Negotiation

Short Question Answers:

1. Explain the importance of new product development process.
2. Explain the limitation of new product development process.

UNIT – 5	COMPETITION AND CUSTOMER ANALYSIS

5.1 Introduction

In an era where global markets are defined by fierce competition and ever-evolving customer demands, the significance of Competition and Customer Analysis in business management has ascended to new heights. This concept did not emerge abruptly but has gradually evolved as a cornerstone in strategic business planning. As we navigate through this chapter, we embark on a journey to unravel the intricacies of this vital aspect, understanding its philosophy and approach amidst intense market rivalry.

The Emergence of Competition and Customer Analysis

The necessity of Competition and Customer Analysis stems from the fundamental need for businesses to not only survive but thrive in an environment saturated with challenges and opportunities. Historically, businesses operated in relatively stable markets where competition was predictable and customer preferences were static. However, with the advent of globalization, technological advancements, and the digital revolution, the business landscape transformed drastically. This shift necessitated a deeper understanding of both the competitive environment and customer behavior.

Understanding the Competitive Landscape

Analyzing competition involves more than just identifying direct competitors. It encompasses a comprehensive understanding of the entire market ecosystem, including potential entrants, substitute products, supplier power, and buyer power. This broader perspective, inspired by Michael Porter's Five Forces model, helps businesses anticipate and navigate complex competitive dynamics.

Customer Behavior in the Modern Market

Similarly, Customer Analysis has evolved from a simplistic approach of understanding demographic segments to a more sophisticated method of capturing insights into customer behaviors, preferences, lifestyles, and buying patterns. The rise of big data analytics and artificial intelligence has enabled businesses to gain deeper, actionable insights into customer behavior, leading to more targeted and effective marketing strategies.

Integration of Competition and Customer Analysis

This chapter aims to dissect and comprehend the underlying principles that guide these analyses. We will explore how perceptions of market competition and customer behavior have shifted over time, leading to the emergence of sophisticated strategies in these domains. These concepts are no longer isolated entities; their integration is critical for developing a holistic business strategy. Understanding the competitive landscape without an insight into customer needs is like navigating a ship without a compass.

The Evolution of Thought and Strategy

These concepts have not sprung up overnight. Rather, they represent an evolution of thought and strategy in response to the ever-changing business landscape. The transformation in the perception of market dynamics and customer behavior traces the path that led to the current understanding of these concepts. This chapter will explore this evolution, highlighting key milestones and paradigm shifts in both competition and customer analysis.

Practical Applications and Strategic Insights

As we progress, the chapter will lay a foundation of knowledge, gradually building towards a comprehensive grasp of the nuances and intricacies of Competition and Customer Analysis. We will delve into case studies, real-world examples, and current trends to illustrate how these analyses are being applied in different industries. This exploration is designed not only to inform but also to prepare the reader for the practical applications and strategic insights that are crucial for navigating the complex world of modern business.

Conclusion and Forward Look

Delving deeper, this chapter will provide insights into the evolution of Competition and Customer Analysis, highlighting why it is increasingly viewed as an indispensable element in addressing the myriad of challenges faced by organizations globally. The journey through this chapter will equip readers with a comprehensive understanding of these concepts, preparing them for the advanced discussions and practical implications in the subsequent sections of this book. We will conclude with a forward look into the future of Competition and Customer Analysis, anticipating emerging trends and potential transformations in these critical areas of business strategy.

5.2 Competition and Customer Analysis

5.2.1 Competition Analysis:

5.2.1.1 Definitions

Competition Analysis is a critical component of strategic business planning, enabling organizations to understand and navigate their competitive environment effectively. This section delves into the various definitions and perspectives offered by renowned experts in the field, illustrating the multifaceted nature of competition analysis.

Philip Kotler's Perspective:

- Philip Kotler, a leading authority in marketing, defines competition analysis as the assessment and evaluation of the strengths and weaknesses of existing and potential competitors. This strategic analysis encompasses understanding competitors' products, market share, marketing strategies, and customer base. Kotler emphasizes the importance of evaluating both the strengths and weaknesses of competitors, encompassing factors such as market share, products, and strategies. This comprehensive approach aids businesses in identifying opportunities and threats in their competitive landscape.

Michael E. Porter's Viewpoint:

- Michael E. Porter, a prominent figure in the field of competitive strategy, describes Competition Analysis as understanding the different forces that shape competition in an industry. This analysis is crucial for comprehending a company's competitive position within its industry. Porter's approach extends beyond direct competitors to include other factors like potential entrants, substitute products, bargaining power of suppliers, and bargaining power of buyers, collectively known as Porter's Five Forces.

David A. Aaker's Definition:

- David A. Aaker, another esteemed marketing expert, defines Competition Analysis as the process of understanding the competitive environment. This includes identifying competitors and analyzing their strategies, strengths, and weaknesses. Aaker's definition emphasizes the need for a thorough understanding of the competitive landscape, which involves scrutinizing competitors' strategies and operational strengths and weaknesses.

Core Idea of Competition Analysis:

- The central concept of competition analysis is to gain an in-depth insight into the market positioning and strategic moves of competitors. This involves assessing their product innovations, pricing strategies, customer engagement methods, and market penetration tactics. A comprehensive competition analysis enables businesses to understand not only what their competitors are doing but also why they are doing it, and what makes them successful or unsuccessful.

Practical Example: Smartphone Industry Analysis:

- For instance, a smartphone manufacturer conducting a competition analysis might examine Apple's success with the iPhone. This analysis would focus on various aspects such as design, user interface, brand loyalty, pricing strategy, and distribution channels. Through this analysis, they can identify areas where they can innovate or improve in their own product line. This could involve adopting certain successful strategies or differentiating their products in areas where competitors are lacking.

In conclusion, Competition Analysis, as defined by experts like Kotler, Porter, and Aaker, is a multifaceted process that goes beyond mere identification of competitors. It involves a deep understanding of the competitive forces in the market, the strategic positioning of competitors, and the continuous evaluation of the external environment to identify opportunities for growth and areas of vulnerability. This analysis is foundational in developing robust business strategies that can withstand the complexities of the modern market.

Figure 1: Competition Analysis:

5.2.2. Customer Analysis:

5.2.2.1 Definitions:

Customer Analysis is a fundamental aspect of marketing management that involves a deep dive into understanding the customer. This section outlines the perspectives of various marketing experts on customer analysis, highlighting its importance and application in business strategy.

- **Philip Kotler's Approach:**
  Philip Kotler, a renowned marketing expert, defines customer analysis as the process of identifying and understanding customers' needs, preferences, behaviors, and purchase patterns. This strategic approach is crucial for businesses aiming to tailor their products, services, and marketing efforts to meet the specific needs of different customer segments. Kotler's perspective emphasizes the importance of a comprehensive understanding of customers, which includes their needs, preferences, behaviors, and purchasing patterns. This knowledge is pivotal in designing products and marketing strategies that resonate with the target audience.

- **Kevin Lane Keller's Perspective:**

  Kevin Lane Keller, another esteemed marketing scholar, states that "Customer Analysis is the examination of consumer characteristics, their needs, and how to meet them." Keller's viewpoint underlines the importance of dissecting consumer characteristics to deeply understand their requirements. This understanding enables businesses to develop products and services that aptly meet customer needs.

- **Peter F. Drucker's Definition:**

  Peter F. Drucker, a legendary management consultant, describes "Customer Analysis as the foundation of effective marketing, where understanding the customer is key to aligning products and services with their expectations." Drucker's definition puts emphasis on understanding the customer as the cornerstone of all marketing efforts. It suggests that the alignment of products and services with customer expectations is not just an aspect of marketing but its very essence.

- **The Essence of Customer Analysis:**

  Customer Analysis involves a detailed study of customer demographics, buying habits, feedback, and preferences. The objective is to closely align product offerings and marketing strategies with the evolving needs and expectations of the target customer segments. This process requires continuous monitoring and analysis of customer data to stay abreast of changing trends and preferences.

- **Practical Application: Example of Zara:**

  A practical example of effective customer analysis can be seen in the fashion retailer Zara. Zara excels in tracking purchasing trends, online behavior, and social media feedback. This comprehensive analysis allows Zara to quickly adapt to changing fashion trends, leading to rapid product development and a highly responsive supply chain. Their success exemplifies how customer analysis can lead to agile business decisions and strategies that resonate with the target market.

  In conclusion, Customer Analysis, as defined by Kotler, Keller, and Drucker, is a critical process in marketing management. It involves a thorough understanding of the customer, encompassing their needs, preferences, behaviors, and purchasing patterns. This understanding is essential for creating products, services, and marketing campaigns that effectively meet customer needs and expectations. The application of customer analysis, as illustrated by companies like Zara, demonstrates its pivotal role in developing strategies that are both responsive and aligned with customer demands.

Figure 2.

5.3 Identify Your Competitions

A company can use competitive analysis to identify its direct and indirect competitors and analyze their strengths and weaknesses. This information can help the company develop strategies to differentiate itself from its competitors and gain a competitive advantage. For example, a restaurant can conduct a competitive analysis to identify other restaurants in the area that serve similar cuisine and analyze their menu, pricing, and customer reviews to develop a unique selling proposition.

Michael Porter identified five forces on the industry level that can help to determine the level of competition in an industry. Michael Porter's analysis framework complements Kotler's approach by focusing on the broader competitive forces that shape industry dynamics. Porter's Five Forces model includes:

1. **Threat of New Entrants**: The Threat of New Entrants refers to the ease or difficulty with which new competitors can enter a market. A market that is easy to enter often sees a frequent influx of new competitors, which can quickly intensify competition. Factors influencing this threat include the existence of entry barriers (like high capital requirements, stringent regulations, or strong brand loyalty), economies of scale, access to distribution channels, and the expected retaliation from existing players. For instance, the technology sector often has a low barrier to entry due to the rapid pace of innovation and changing consumer preferences, leading to constant emergence of new players.

2. **Bargaining Power of Suppliers**: The Bargaining Power of Suppliers assesses how much influence suppliers can exert on the market. This power is higher when there are few substitutes for the supplier’s products, when there are a limited number of suppliers, or when the cost of switching suppliers is high. High supplier power can impact a company’s margins and its ability to offer competitive prices. Industries where specialized materials are required, such as the automotive or electronics industries, often experience significant supplier power.

3. **Bargaining Power of Buyers**: The Bargaining Power of Buyers focuses on the impact that customers have on a business. This power increases when buyers are concentrated, when products are standard or undifferentiated, or when buyers face few switching costs. Strong buyer power can compel companies to improve product quality and service while reducing prices. In consumer electronics, for example, buyers have significant power due to the availability of a wide range of similar products.

4. **Threat of Substitute Products**: The Threat of Substitute Products pertains to the likelihood of customers switching to alternatives. This threat is high when there are many substitute products available, and it influences pricing and profitability. A high threat of substitutes often leads to intense price competition. In the food and beverage industry, for instance, the abundance of alternative products keeps this threat perpetually high, pushing companies to innovate continually.

5. **Rivalry Among Existing Competitors**: Rivalry Among Existing Competitors deals with the intensity of competition within the industry. High rivalry limits profitability and is often characterized by aggressive price competition, advertising battles, product launches, and increased customer service or

warranties. Factors influencing this rivalry include the number and capability of competitors, rate of industry growth, and high fixed costs. In industries like the airline industry, fierce rivalry is a constant feature, driven by price wars and frequent service enhancements.

Application in Company Analysis:

Moving from industry-level analysis to company-level, it's essential for companies to identify their specific competitors. This involves understanding competitors' strategies, objectives, strengths and weaknesses, and reaction patterns. Philip Kotler's eight-step process offers a systematic approach for this detailed analysis, helping companies to develop tailored strategies that can differentiate them in the market and leverage competitive advantage. For example, a restaurant conducting competitive analysis would benefit from understanding not just the immediate competitors in its locality but also the broader dynamics as explained by Porter's model, to craft a unique value proposition that resonates with its customer base.

In conclusion, Michael Porter's Five Forces model offers a robust framework for analyzing the competitive environment at an industry level. It allows businesses to understand various external forces that can impact their competitive strategy and profitability. By systematically evaluating each of these forces, companies can develop a more informed and effective competitive strategy.

Narrowing down the approach from industry level to the companies, it is important for the companies to identify who are their competitors, what are their strategies, what are their objectives, what are their strength and weaknesses and what are their reaction patterns.

Philip Kotler has introduced an eight-step process that helps to analyse the competitors with a systematic approach.

Philip Kotler's eight-step process for analyzing competitors is a systematic approach to understanding the competitive landscape:

1. **Identifying Competitors:** Begin by identifying competitors based on product substitutability and market concept. This includes studying their areas of operations, customer needs, territories, market share, and capabilities. or instance, in the smartphone market, brands like Samsung, Apple, and Xiaomi are identified as competitors due to their similar product offerings and target market segments.

   Kotler has outlined four levels of competition that exist based on their degrees of product sustainability as follows:

   - **Brand Competition**: This involves companies that present similar products or services in the market, often closely matched in price. Think of smartphone brands offering devices with similar features and price points, vying for the same customer segment.

   - **Industry Competition**: Here, companies are in competition within the same industry, offering products that belong to the same category. For example, various automobile manufacturers competing in the SUV segment.

- **Form Competition**: This type refers to companies that provide different products or services but cater to the same fundamental need or desire. An instance of this could be a fitness app and a local gym; both offer solutions to the need for physical fitness.

- **Generic Competition**: This is the broadest form of competition, encompassing all companies that are vying for the customer's spending power. For example, a restaurant, a movie theater, and a clothing store are all competing for a portion of the consumer's discretionary income.

2. **Identifying Competitors' Strategies:** Gain insights into competitors' strategies, including their main business, marketing activities, technology, resources, product mix, pricing policies, and more. For example, a company like Netflix would study the content strategies, subscription models, and technological innovations of competitors like Amazon Prime and Disney+.

3. **Determining Competitor's Objectives:** Understand competitors' objectives, which can range from maximizing profits to achieving quality or service leadership. In the automotive industry, for instance, Tesla's objective of promoting sustainable energy contrasts with traditional automakers focusing on profitability and market share.

4. **Assessing Competitors' Strengths and Weaknesses:** Evaluate competitors' strengths and weaknesses based on criteria like sales, customer awareness, market share, product quality, and more. A retailer like Walmart might assess Amazon's e-commerce strengths against its own physical store advantages.

5. **Estimating Competitors' Reaction Patterns:** Classify competitors based on their likely reaction patterns, including laid-back, selective, tiger, or stochastic (unpredictable) competitors. For example, a company like Coca-Cola might view Pepsi as a "tiger" competitor that responds aggressively to market shifts.

6. **Designing Competitive Intelligence System:** Establish a competitive intelligence system to gather regular information on competitive dynamics and encourage stakeholders to provide competitive information. This might involve monitoring tech giants like Google or Facebook for their innovations and market moves.

7. **Selecting Competitors to Attack and Avoid:** Determine which competitors to compete with effectively by conducting customer value analysis and classifying competitors into categories like strong versus weak, close versus distant, and good versus bad. A small coffee shop, for example, might choose to compete with local cafes rather than global chains like Starbucks.

8. **Balancing Customer and Competitor Orientations:** Maintain a balance between customer and competitor orientation to watch competitors' movements while staying customer-focused. For instance, a company like Adidas would keep an eye on Nike's strategies while also paying close attention to changing customer preferences in sports apparel.

This can be further explained with the example.

Integration and Practical Example:

Let us consider a startup in the tech industry entering the crowded market of fitness wearables. Using Porter's model, they assess industry-level threats like new entrants (emerging tech startups), bargaining power of suppliers (chip manufacturers), and rivalry (established brands like Fitbit and Apple).

By applying Kotler's framework, they first identify their competitors, ranging from established players like Fitbit and Apple to emerging brands offering similar products. They analyze their competitors' strategies and discover that Fitbit focuses on affordability, while Apple emphasizes integration with its ecosystem.

Next, the startup determines competitor objectives; Fitbit aims for market share, while Apple targets a broader customer base. Assessing strengths and weaknesses, they find that Fitbit excels in pricing and simplicity, while Apple boasts superior technology.

Estimating reaction patterns, they identify Apple as a "tiger" competitor, swift to respond. Armed with this intelligence, the startup selects strategies to compete effectively. For example, they focus on customer-centric features and affordability to differentiate from Fitbit, avoiding direct confrontation with Apple.

By maintaining a balance between customer and competitor orientations, they continuously monitor the market and customer feedback, adapting their strategies accordingly. This approach helps them navigate the competitive landscape strategically and make informed decisions.

Key Takeaways:

Understanding both Kotler's competitor analysis process and Porter's Five Forces provides businesses with a comprehensive toolkit to navigate competitive markets. This integrated approach enables businesses to identify, assess, and strategically engage with competitors while maintaining a strong focus on customer needs and market dynamics. It empowers companies to make informed decisions, adapt strategies, and ultimately thrive in the competitive landscape.

5.4 Create Product Profiles

In the competitive landscape of modern business, the development of product profiles emerges as a pivotal strategy for aligning product offerings with customer expectations. This strategy, deeply rooted in the principles of customer analysis, has been extensively advocated by marketing experts like Philip Kotler. Kotler, in his seminal work "Marketing Management," underscores the critical role of understanding customer demographics, preferences, and buying behaviors. This comprehensive understanding enables businesses to craft products and services that precisely cater to customer needs, thereby enhancing customer satisfaction, fostering loyalty, and driving sales and profitability.

- **The Essence of Product Profiles**
  `A product profile is essentially a blueprint of a product or service that encompasses detailed descriptions of its features, benefits, and intended target audience. The creation of such profiles serves multiple strategic purposes: it helps in identifying the unique selling propositions (USPs) of products and services, and it lays the groundwork for crafting marketing campaigns that spotlight these distinct features. Moreover, product profiles facilitate a deeper understanding of how a product fits within the market landscape, guiding businesses in positioning their offerings more effectively.

- **Integrating Customer Analysis with Product Development**

  The synergy between customer analysis and product development cannot be overstated. By leveraging insights from customer analysis, businesses can tailor their product development efforts to meet the nuanced needs and preferences of their target segments. This approach not only ensures that the product resonates with the intended audience but also significantly increases the likelihood of market acceptance and success.

- **Beyond Kotler: A Multidimensional Approach**
  The multidimensional approach to customer analysis and product profile development, as elaborated by various authors like Philip Kotler, Naresh K. Malhotra, and the team of David R. Anderson, Dennis J. Sweeney, and Thomas A. Williams, presents a comprehensive framework for understanding and implementing effective marketing strategies. Each author contributes unique perspectives and methodologies that, when combined, offer a robust toolkit for businesses aiming to align their products and services with customer needs and preferences. Let us delve into the contributions of each author and provide examples to illustrate their approaches.

- **Philip Kotler's Approach**

  Philip Kotler emphasizes the importance of understanding the demographics, preferences, and buying behavior of customers to tailor products and marketing efforts accordingly. Kotler’s approach is rooted in the segmentation, targeting, and positioning (STP) model, which involves dividing the market into distinct groups of consumers with similar needs (segmentation), selecting the most attractive segment(s) to serve (targeting), and crafting offerings and marketing messages that resonate with the target segment (positioning).

Example: A cosmetic company might use Kotler's STP approach to identify a target market segment interested in eco-friendly products. By analyzing customer preferences within this segment, the company could develop a line of organic skincare products, positioning them as both environmentally friendly and beneficial for skin health.

Other Pioneers’ insights:
Naresh K. Malhotra, in "Marketing Research," advocates for a research-driven approach to understanding customer needs and preferences. Malhotra suggests using both quantitative and qualitative research methods to gather deep insights into what customers desire from products and services. This information then informs the development of offerings that precisely meet those needs.

Example: An automobile manufacturer could conduct focus groups and surveys (qualitative and quantitative research methods, respectively) to understand the features most desired by families for a new SUV model. Insights regarding safety, space, and fuel efficiency could then directly influence the design and marketing of the vehicle.

Further, David R. Anderson, Dennis J. Sweeney, and Thomas A. Williams highlight the use of product profiles to identify the key features and benefits of products and services. In "Quantitative Methods for Business," they suggest that a detailed analysis of a product's attributes can aid in developing marketing campaigns that emphasize these key features, appealing directly to the target audience's needs and wants.

Example: A software company might use their approach to create a detailed profile for a new project management tool, highlighting unique features such as real-time collaboration, advanced analytics, and integration with existing platforms. Marketing campaigns could then focus on these attributes, targeting businesses looking for comprehensive project management solutions.

Integrating the Multidimensional Approaches

Integrating these approaches offers a holistic view of product development and marketing. Kotler's STP model ensures that products are designed with a specific market segment in mind. Malhotra's emphasis on marketing research provides the data needed to understand that segment deeply. Meanwhile, the framework proposed by Anderson, Sweeney, and Williams ensures that the product's unique features are effectively communicated to the market.

Holistic Example: A tech startup launching a fitness tracking app could use Kotler's approach to segment the market and identify a target audience interested in detailed health analytics. Malhotra's research-driven methods could be used to gather insights into the specific health metrics and user experience features this audience values most. Finally, the approach of Anderson, Sweeney, and Williams would guide the startup in creating detailed product profiles that highlight these desired features, such as sleep tracking, heart rate monitoring, and integration with medical records, which are then emphasized in marketing materials.

The multidimensional approach to customer analysis and product profiling, as outlined by Kotler, Malhotra, and Anderson, Sweeney, and Williams, provides a comprehensive framework for businesses to develop and market products that meet the evolving needs of their customers. By integrating these perspectives, companies can ensure that their product development efforts are both customer-centric and strategically positioned for success in the competitive marketplace.

Practical Applications and Benefits

The practical applications of product profiles span various stages of the product lifecycle, from conception through to launch and beyond. For instance, during the product development phase, profiles help in making informed decisions about features, design, and functionality that align with customer expectations. At the marketing stage, these profiles become the cornerstone for creating compelling narratives that highlight the product's benefits and differentiators, effectively communicating its value proposition to the target audience.

Additionally, product profiles play a crucial role in competitive differentiation. By clearly articulating the unique benefits and features of a product, companies can position their offerings as superior alternatives to those of their competitors. This differentiation is critical in crowded markets where the distinction between products can often be marginal.

Challenges and Considerations

Creating effective product profiles is not without its challenges. It requires a deep understanding of both the market and the customer, a task that necessitates continuous research and analysis. Moreover, as markets evolve and customer preferences shift, product profiles must be regularly updated to remain relevant. This dynamic process demands flexibility and responsiveness from businesses, requiring them to adapt their products and marketing strategies in accordance with changing consumer trends.

Case Studies and Success Stories

Numerous case studies across industries highlight the effectiveness of well-crafted product profiles. For example, tech giants like Apple have mastered the art of product profiling, with each iPhone release being accompanied by detailed descriptions of technological advancements, new features, and benefits tailored to consumer needs. This meticulous approach to product profiling has contributed significantly to Apple's market dominance and brand loyalty.

Similarly, in the consumer goods sector, companies like Procter & Gamble utilize extensive customer analysis to develop product profiles that resonate with their diverse target audiences, resulting in products that cater to specific consumer needs and preferences, thereby driving market success and customer loyalty.

Conclusion

In summary, the strategic development of product profiles, grounded in thorough customer analysis, is indispensable for companies aiming to navigate the complexities of the modern marketplace. By meticulously understanding and articulating the unique attributes and benefits of their products, businesses can develop marketing campaigns that effectively communicate the value proposition to their target audience, fostering customer engagement, loyalty, and ultimately, driving sales and profitability. This integrated approach, championed by marketing luminaries like Philip Kotler and enriched by subsequent scholars, remains a cornerstone of effective marketing strategy in today's dynamic business environment.

5.5 Importance of Customer Analysis & Competitions

In the intricate world of business, understanding the competitive landscape and customer base is not just advantageous; it is imperative for survival and long-term prosperity. Conducting thorough competitive and customer analyses provides companies with a treasure trove of insights that are critical for crafting strategies that not only distinguish them from their rivals but also solidify their competitive edge. This deep dive explores the multifaceted benefits of these analyses, leveraging examples and highlighting how businesses can apply these insights for strategic advantage.

- **Understanding the Competitive Landscape**

Competitive analysis goes beyond merely identifying who your competitors are. It involves a detailed examination of their operations, strategies, strengths, and weaknesses. By dissecting the competitive landscape, businesses can uncover gaps in the market, predict competitor moves, and identify opportunities for innovation and differentiation.

For instance, in the dynamic e-commerce industry, a meticulous competitive analysis could reveal that most competitors focus on urban markets, overlooking rural or underserved regions. An e-commerce company could seize this opportunity by tailoring its logistics and marketing efforts to serve these neglected areas, thus capturing an untapped customer base and achieving a competitive advantage.

Furthermore, competitive analysis helps companies anticipate market trends and shifts. By understanding the strategies and performance metrics of their rivals, businesses can better position themselves to respond proactively to changes in the marketplace, rather than reactively.

- **Gleaning Insights from Customer Analysis**

Customer analysis provides a lens into the needs, preferences, behaviors, and demographics of a company's target audience. This granular understanding is pivotal for developing products and services that resonate deeply with consumers, fostering loyalty, and driving sales.

Consider a scenario where customer analysis reveals a growing demand for eco-friendly products among a company's customer base. Armed with this insight, the company could pivot to offering sustainable options, thereby not only meeting customer demands but also positioning itself as a socially responsible brand. This approach not only attracts a segment of environmentally conscious consumers but also enhances the company's brand image and value proposition.

Moreover, customer analysis facilitates personalized marketing strategies. By understanding the specific characteristics and preferences of different customer segments, companies can tailor their marketing messages and offers, significantly increasing engagement and conversion rates. For example, a beauty brand could use customer data to segment its audience based on skin type or beauty concerns and customize its communications accordingly, making each message more relevant and compelling.

- **Synergy between Competitive and Customer Analysis**

The confluence of competitive and customer analysis empowers businesses to navigate the complex interplay between market dynamics and consumer expectations. This dual approach ensures that strategic decisions are both outward-looking, considering the competitive forces at play, and inward-looking, reflecting a deep understanding of the customer base.

For example, a tech company might identify through competitive analysis that rivals are focusing heavily on high-end, premium devices. Concurrently, customer analysis might indicate a significant segment of the market is underserved in the mid-range price category with an interest in high-quality, affordable technology. By aligning these insights, the company could strategically enter this gap in the market, offering value-oriented products that meet customer needs while differentiating itself from competitors focused on the premium sector.

- **Real-World Application and Strategic Innovation**

The real-world application of these analyses can be seen in companies that have successfully identified and exploited niches that their competitors overlooked. Amazon, for example, leveraged customer analysis to understand the growing consumer preference for online shopping convenience and used competitive analysis to navigate and eventually dominate the e-commerce space by offering unparalleled product variety, competitive pricing, and superior logistics.

Similarly, Netflix utilized customer analysis to understand the shifting preferences towards on-demand entertainment and conducted competitive analysis to stay ahead of traditional broadcasting companies and emerging streaming services. By constantly innovating its content delivery and personalization algorithms, Netflix has maintained its competitive advantage in a crowded marketplace.

- **Ongoing Analysis for Sustained Competitive Advantage**

The importance of conducting regular competitive and customer analyses cannot be overstated. The business environment is ever-evolving, with new technologies, changing consumer preferences, and emerging global trends continuously reshaping the marketplace. Companies that commit to ongoing analysis are better equipped to adapt their strategies, ensuring long-term relevance and competitiveness.

In conclusion, the strategic decision-making process is significantly enhanced by a comprehensive understanding of both the competitive landscape and customer base. By conducting detailed competitive and customer analyses, companies can unearth valuable insights that inform innovative strategies, enabling them to differentiate themselves in the marketplace, meet and exceed customer expectations, and secure a sustainable competitive advantage. This dual-focused approach is a critical component of strategic planning for businesses aiming for market leadership in the rapidly changing business environment.

5.6 How to Conduct the Competitive Analysis

Competition analysis involves the assessment and evaluation of the strengths and weaknesses of existing and potential competitors. Conducting a competitive analysis is a foundational element of strategic planning in any business. It involves a thorough examination of the competitive environment, allowing companies to identify their position within the market, understand their competitors' strategies and operations, and develop tactics to enhance their competitive edge. Let's delve deeper into each aspect of conducting a competitive analysis and the methods involved, enhancing the content with detailed explanations and examples.

Understanding Competitive Analysis

The purpose of conducting a competition analysis is to gain a competitive edge in the market by:

- **Identifying Key Competitors and Their Market Position**
  To effectively conduct a competitive analysis, the first step is identifying who your key competitors are. This includes both direct competitors, who offer similar products or services, and indirect competitors, who offer alternative solutions to the same customer needs. Understanding their market position involves analyzing their market share, unique selling propositions (USPs), and strategic objectives. This process enables a company to gauge the competitive landscape and identify where they stand in comparison to others.

  For example, a new entrant in the fast-food industry would examine major players like McDonald's and Burger King to understand their market dominance, menu diversity, and pricing strategies. Additionally, they would also consider fast-casual restaurants as indirect competitors, offering insights into different customer preferences and dining experiences.

- **Analyzing Competitors' Strategies**
  Analyzing competitors' strategies involves a deep dive into their marketing, pricing, distribution, and product development tactics. This insight helps anticipate competitors' next moves, spot market gaps, and identify areas where your business can innovate or improve. For instance, if a competitor focuses heavily on digital marketing and online sales, a gap might exist in

personalized, in-store customer service experiences that your business could exploit.

- **Benchmarking Performance**
  Benchmarking involves comparing your business performance against competitors using metrics such as sales volume, profitability, customer satisfaction, and product quality. This comparison can highlight areas of strength and weakness in your own business, guiding strategic improvements. For instance, if a competitor has significantly higher customer satisfaction ratings, analyzing their customer service processes might reveal best practices that could be adopted or adapted.

- **Developing Counter Strategies**

  With insights gained from the competitive analysis, businesses can formulate strategies to leverage competitors' weaknesses and mitigate their strengths. This might involve pursuing differentiation by offering unique product features, adopting cost leadership to compete on price, or focusing on niche markets underserved by competitors. For example, a tech company might find that competitors' products lack user-friendly interfaces, presenting an opportunity to differentiate by developing more intuitive software solutions.

Methods for Conducting Competitive Analysis

Some of the methods that can be used to conduct a competition analysis are:

- **SWOT analysis**

  A SWOT analysis facilitates a structured examination of a company's internal strengths and weaknesses, alongside external opportunities and threats posed by competitors. By comparing your business's SWOT profile with those of your competitors, you can pinpoint strategic advantages and areas for improvement. For instance, a strength for one company might be a robust distribution network, while a weakness could be a lack of product diversity, highlighting potential areas for strategic development.

- **Porter's five forces analysis**

  Porter's Five Forces analysis offers a broader view of the competitive environment beyond direct competitors, encompassing the entire industry landscape. By evaluating the threat of new entrants, bargaining power of suppliers and buyers, threat of substitute products, and existing rivalry, businesses can identify the structural attractiveness of their industry and strategic pitfalls to avoid. For example, a high threat of substitutes in the beverage industry suggests the need for constant innovation and brand differentiation to retain customer loyalty.

- **Competitive profile matrix**

  The Competitive Profile Matrix (CPM) allows businesses to directly compare themselves against competitors based on critical success factors such as market share, product quality, customer service, and innovation. By assigning weights and ratings to these factors, companies can quantitatively assess their competitive standing. A higher total score indicates a stronger market position, guiding strategic focus areas. For example, if a competitor scores highly on innovation but lower on customer service, a company might see an opportunity to capture market share by enhancing customer support**.**

Application and Strategic Insights

The application of these methods in a competitive analysis provides businesses with actionable insights. By comprehensively understanding the competitive landscape and their position within it, companies can make informed decisions about where to allocate resources, how to position their products, and which market segments to target. Moreover, regular updates to the competitive analysis ensure that strategies remain relevant in the face of market changes and new competitor tactics.

In summary, conducting a competitive analysis is an essential practice for businesses aiming to secure a competitive advantage in their industry. By identifying key competitors, analyzing their strategies, benchmarking performance, and developing counter strategies, companies can navigate the competitive landscape with greater confidence and strategic direction. Utilizing tools such as SWOT analysis, Porter's Five Forces, and the Competitive Profile Matrix enriches this process, providing a structured framework for evaluating competitive dynamics and informing strategic decisions. Through diligent application of these methods, businesses can uncover opportunities for growth, differentiation, and enhanced market positioning.

5.6.1 Monitoring the Competitive Analysis

Monitoring competitive analysis is a critical ongoing process that enables businesses to stay ahead in a constantly evolving market. This process involves tracking and assessing competitors' performance and strategies over time, identifying market changes, seizing improvement opportunities, and recognizing potential threats. Here's an in-depth look at each step involved in monitoring competitive analysis, enriched with examples and key points from scholars.

Identify Key Competitors and Metrics : The initial step in monitoring competitive analysis is pinpointing who your main competitors are and deciding which metrics are crucial to track. This can range from product innovations, pricing strategies, market share, customer satisfaction levels, to digital footprints like social media engagement and website traffic. Philip Kotler emphasizes the importance of understanding the market and the competition to effectively position your product or service**.**

Example: A new coffee shop would identify local and chain competitors within the area and choose to monitor metrics such as pricing, customer reviews, menu diversity, and online presence.

Gather Data : After identifying competitors and metrics, the next step is data collection. Various tools and sources can be utilized for this purpose, including web analytics for website traffic, social media monitoring platforms for engagement analysis, keyword research tools for SEO strategies, and specialized competitor analysis software.

Example: Utilizing Google Analytics to compare website traffic trends, Hootsuite for social media engagement levels, and SEMrush for keyword rankings of competitors provides a comprehensive data set for analysis.

Analyze Data : With the collected data, businesses must conduct a thorough analysis to understand competitors' strengths and weaknesses and how they stack up against their own offerings. Tools such as SWOT analysis, Porter’s Five Forces for industry competitiveness, or a Competitive Profile Matrix can offer insights into where opportunities or threats might lie. Michael Porter's Five Forces, for instance, helps in understanding the broader competitive environment, which could influence the strategic positioning of your products or services.
Example: Conducting a SWOT analysis to compare your e-commerce platform against competitors might reveal that while your platform offers superior user experience (a strength), it lacks the variety of products offered by competitors (a weakness).

Develop Strategies: Based on the insights gleaned from data analysis, it’s time to devise strategies that leverage your competitive advantages or address areas of weakness. This could involve revisiting your marketing mix, refining your value proposition, or crafting a compelling positioning statement that highlights your unique selling points.
Example: If analysis reveals that competitors are weak in customer service but strong in product variety, a strategy might be developed to highlight your exceptional customer service and personalized shopping experience as key differentiators.

Update and Repeat: The competitive landscape is not static, necessitating regular updates and repetition of the monitoring process. This ensures that your strategies remain relevant and responsive to market dynamics and competitor movements. Naresh K. Malhotra, in "Marketing Research," underlines the importance of continuous research and monitoring for maintaining a competitive edge.

Example: A technology company might conduct quarterly competitive analyses to stay abreast of rapid innovation and market shifts, adjusting its product development roadmap accordingly.

Conclusion

Monitoring competitive analysis is not merely about keeping an eye on the competition; it's a strategic imperative that informs decision-making, strategy development, and market positioning. By systematically identifying key competitors and metrics, gathering and analyzing data, developing informed strategies, and ensuring the process is ongoing, businesses can adapt to market changes, capitalize on opportunities, and mitigate potential threats. This dynamic approach, supported by continuous research and the application of analytical tools, allows companies to navigate the complexities of their industries and maintain a competitive stance in the marketplace.

Case Study: Innovative Competitive Strategy in the Technology Sector

Background: Consider the case of TechNovate, a mid-sized tech company facing intense competition in the rapidly evolving smart home market. Competitors ranged from established giants to innovative startups. TechNovate’s challenge was to carve out a unique market position amidst these varied players.

Competitive Analysis Conducted: TechNovate began with a thorough analysis of its competitors. They collected data on product offerings, pricing strategies, customer reviews, and marketing tactics. They paid particular attention to emerging trends in smart home technology, such as AI integration and energy efficiency.

Key Findings: The analysis revealed that while larger competitors dominated in terms of brand recognition and distribution channels, many were slow to integrate the latest AI technologies. Meanwhile, smaller startups were innovative but struggled with scalability and customer service.

Strategic Response: TechNovate decided to leverage these insights by focusing on AI-powered smart home devices with a strong emphasis on customer support. They positioned themselves as a bridge between the innovation of startups and the reliability of established brands.

Outcome: The strategy paid off. TechNovate saw a significant increase in market share, particularly among tech-savvy consumers seeking cutting-edge, reliable smart home solutions. Their emphasis on customer support also fostered brand loyalty and positive word-of-mouth.

❖ Keywords

Competition Analysis: The process of identifying and evaluating the strengths and weaknesses of existing and potential competitors in relation to your own business.

Customer Analysis: The process of understanding the demographics, preferences, and buying behavior of your target audience and developing products and services that meet their needs.

Competitive Advantage: The edge that a business has over its competitors in terms of product quality, customer service, pricing, or innovation.

Market Research: The process of collecting and analyzing data on the market size, trends, and customer needs and preferences.

Market Segmentation: The process of dividing the market into smaller groups of customers based on their characteristics, needs, or behavior.

Target Market: The specific group of customers that a business aims to serve with its products or services.

Marketing Mix: The combination of product, price, place, and promotion strategies that a business uses to reach its target market and achieve its goals.

Marketing Strategy: The plan that outlines how a business will use its marketing mix to create and deliver value to its customers and gain a competitive advantage.

❖ Exercise

- **Descriptive Questions**

1. What are the benefits of conducting a competitive analysis and customer analysis for your business?
2. How can you identify your direct and indirect competitors in your industry?
3. What are the sources of data that you can use to gather information on your competitors and customers?
4. What are the tools and techniques that you can use to analyze the data and gain insights into your competitors and customers?
5. How can you use the insights from your competitive analysis and customer analysis to develop strategies to differentiate yourself from your competitors and gain a competitive advantage?

6. What are some examples of businesses that have used competitive analysis and customer analysis to create successful marketing campaigns?
7. What are the challenges and limitations of conducting a competitive analysis and customer analysis?
8. How can you monitor and update your competitive analysis and customer analysis over time?

- **Multiple Choice Questions**

1. What does competition analysis primarily focus on?
   a) Product pricing
   b) Market share and competitors' strategies
   c) Employee performance
   d) Global economic trends

2. Who is known for defining the concept of Competition Analysis?
   a) Philip Kotler
   b) Michael E. Porter
   c) David A. Aaker
   d) All of the above

3. According to the content, what does customer analysis involve?
   a) Financial analysis of the company
   b) Understanding customers' needs and buying patterns
   c) Checking stock market trends
   d) Assessing the political environment

4. What is an example of brand competition?
   a) Different smartphone brands vying for the same market
   b) Automobile manufacturers competing in the SUV segment
   c) Both a and b
   d) None of the above

5. In Michael Porter's Five Forces model, what does the 'Threat of New Entrants' represent?
   a) The risk of new competitors entering the market
   b) The possibility of new government regulations
   c) Changes in consumer preferences
   d) Technological advancements

6. What is the first step in Philip Kotler's eight-step process for analyzing competitors?
   a) Identifying Competitors
   b) Assessing Competitors' Strengths and Weaknesses
   c) Determining Competitor's Objectives
   d) Designing Competitive Intelligence System

7. Which level of competition involves companies offering different products but catering to the same need?
   a) Brand Competition
   b) Industry Competition
   c) Form Competition
   d) Generic Competition

8. What is the significance of conducting customer analysis?
   a) To predict stock market trends
   b) To understand customer demographics and preferences
   c) To assess internal company policies
   d) To analyze global economic shifts

9. Which framework helps in analyzing the level of competition in an industry?
   a) SWOT analysis
   b) Porter's Five Forces analysis
   c) Competitive profile matrix
   d) Market segmentation analysis

10. What does 'bargaining power of buyers' refer to in Porter's Five Forces model?
   a) Customers' influence on product pricing and quality
   b) The financial power of the company
   c) The strength of marketing strategies
   d) The control of suppliers over the market

- **Fill in the Blanks**

1. A __________ analysis involves the assessment and evaluation of the strengths and weaknesses of existing and potential competitors.
2. Philip Kotler emphasizes the importance of understanding the __________ and the competition to effectively position your product or service.
3. __________'s Five Forces analysis is a framework that helps analyze the level of competition and attractiveness of an industry.
4. Monitoring competitive analysis allows businesses to identify market __________, opportunities for improvement, and threats.
5. Gathering data for competitive analysis can be done through web analytics, social media monitoring, and __________ research.
6. Analyzing competitors' __________ involves examining their marketing, pricing, distribution, and product development strategies.
7. Benchmarking your performance against competitors can involve metrics such as sales, __________, customer satisfaction, and quality.
8. A SWOT analysis helps identify the strengths, weaknesses, __________, and threats of a business or product.
9. To gain insights from competitive and customer analysis, one can use tools like __________ analysis, competitive profile matrix, or Porter's five forces analysis.
10. Developing strategies to counter competitors' strengths might involve differentiation, __________, cost leadership, or niche marketing.

- **True or False**

1. Competitive analysis only focuses on direct competitors within the same industry.
2. Michael E. Porter is known for defining the concept of Competitive Analysis.
3. Customer analysis primarily involves financial analysis of the company.
4. Brand competition and industry competition are the same concepts in competitive analysis.
5. The threat of new entrants in Porter's Five Forces model represents the risk of new competitors entering the market.
6. The first step in Philip Kotler's eight-step process for analyzing competitors is assessing competitors' strengths and weaknesses.

7. Form competition involves companies offering different products but catering to the same fundamental need or desire.
8. Conducting customer analysis is significant for predicting stock market trends. (False)
9. Porter’s Five Forces analysis is used to analyze the level of competition in an industry.
10. In Porter's Five Forces model, the bargaining power of buyers refers to customers' influence on product pricing and quality.

- **Find the Differences between Key Business Analysis Concepts**

  a. Competitive Analysis vs. Customer Analysis

  b. SWOT Analysis vs. Porter’s Five Forces

  c. Market Segmentation vs. Target Marketing

PART - 2

MBA
SEMESTER-3 MARKETING
PRODUCT AND BRAND MANAGEMENT
BLOCK: 2

Authors' Name: Dr. Preyal Sanghvi, Associate Professor, Som Lalit Institute of Management, Ahmedabad
Dr. Hemalata Agarwal, Professor, SRLIM, Surat
Dr. Parag Shukla, Assistant Professor, MSU Baroda

Review (Subject): Prof. (Dr.) Manoj Shah, Professor& Director, Dr. BAOU, Ahmedabad
Dr. Jasmin Padiya, Associate Professor, GLS University, Ahmedabad
Dr. Abhijitsinh Vala, Associate Professor, Christ College, Rajkot

Review (Language): Prof. (Dr.) Jagdish Joshi, Professor& Director, Gujarat University, Ahmedabad

Editor's Name: Prof. (Dr.) Manoj Shah
Professor and Director,
School of Commerce and Management,
Dr. Babasaheb Ambedkar Open University,
Ahmedabad.

Co-Editor's Name: Dr. Dhaval Pandya
Assistant Professor,
School of Commerce and Management,
Dr. Babasaheb Ambedkar Open University,
Ahmedabad.

Publisher's Name: Dr. Ajaysinh Jadeja
Registrar,
Dr. Babasaheb Ambedkar Open University
'JyotirmayParisar',Opp.ShriBalaji Temple,Chharodi,Ahmedabad,382481, Gujarat,India.

Edition: 2024 (First Edition)

ISBN: 978-93-5598-654-2

978-93-5598-654-2

UNIT – 6	BRAND MANAGEMENT – CHALLENGES AND OPPORTUNITIES

6. 1 Evolution of Brand

Branding Evolution:

Evolution of Branding Brands have existed for a long time. From the 12th century onwards, Italians were the first to utilize brands as watermarks on paper. The Greeks, Romans, and those who came before them used a variety of strategies in the past to market their goods, which included metals, wines, and pottery. They bore unique phrases engraved with information about time, location, address, and other specifics. In order to signal the arrival of ships carrying specific cargo, the Greeks also employed their own criers. tracing the term "BRAND's" etymology back to the Old Norse word "brand." It has the meaning of burning. In the past, farmers would mark or stamp a symbol on their livestock to help them stand out. – a process called Branding.

In the modern era, branding has always been a crucial component of marketing. Whisky distillers registered their names on kegs or casks in the sixteenth century to identify themselves and to stop cellar owners from using less expensive substitutes. After the industrial revolution, branding became more popular in the 19th century, and the emergence of new professions like marketing, manufacturing, and business management established the study of brands and branding as an important aspect of business. Midway through the 20th century, branding began to gain momentum. As industrialization gained traction, mass and uniform production gradually emerged. identical goods and technologies. The first industries to be impacted by this phenomenon were the consumer products sector, particularly those that produced non-durable items like detergents, soaps, coffee, tea, and chocolate. Due to this occurrence, branding is now required for manufactures.

The process of continuously altering a brand to accommodate shifting customer and market behaviour is known as brand evolution. Although this process naturally unfolds gradually, even minor adjustments might affect your audience and revenue. To stay ahead of the competition and keep up with industry developments, it is imperative that your brand changes over time. Learn more about how your company can profit from brand evolution.

Examples

6.2 What is Brand?

A product's name, symbol, sign, or design that is applied to it to facilitate easy identification is referred to as its "brand." It gives a product a unique identity. Therefore, a brand is the culmination of all the expectations a stakeholder or customer has when interacting with a company or making a purchase. A brand is a promise or an expectation that has to be kept. Trust can be shortened to a brand.

Definition

A name, term, symbol, design, or a combination of these that is meant to distinguish and set one business or group of businesses apart from competitors' products or services, according to the American Marketing Association (AMA). Therefore, in a technical sense, a marketer has developed a brand anytime they come up with a new name, logo, or symbol for a new product. Few instances Nike - Name Coca-Cola - Swoosh (Symbol) and slogan Simply do it. Golden Arc – McDonald's – M

6. 3 What is Brand Value Pre-Position

What is a Brand Value Proposition?
A brand value proposition is a synopsis of what a business provides to its intended clientele in order to set itself apart from rivals. It explains the primary advantage of doing business with the company and the reasons why clients ought to select it over competing offerings.

Why Value Propositions Matter?

A company's value proposition statement is essential since it outlines the products and services the business provides to its target market. It aids in setting the company apart from its rivals and conveying the main advantage of doing business with them.

Your tagline should target a certain customer base and be unique to your business when included into your marketing plan. It can assist you in concentrating on what makes you different and is a fantastic technique to market your good or service.

Choose the most persuasive argument to ensure that your offer reaches and appeals to your intended audience.

Why A Unique Value Proposition is Critical?
There isn't anything unique about providing families with everyday products at low prices, and as you've learned, you're an easy target without uniqueness. Great value propositions solve problems and stick in your head and become synonymous with the brand itself.

- "The Quicker Picker Upper."
- "Think Different."
- "Live Mas."
- "Tastes So Good, Cats Ask for It by Name."

Any competitor looking to capture market share from these brands will not do so by having a comparable value prop. A well-designed value proposition can stick in our minds and create brand equity for the company in question. (The above brands are Bounty, Apple, Taco Bell, and Meow Mix.)

But what makes a good value proposition? Let's look at some examples in more detail.

The basics of a good value proposition.

the value proposition canvas is just a customer archetype you can reference when creating your value prop.

Every value proposition should address some need that your target market experiences. Hopefully, you know these needs based on your past brand strategy and marketing research. Your goal is to identify and reflect one or two of these needs and reflect that in a branded slogan.

Remember that we base these value propositions on how your target market defines your value, not necessarily how you represent your value. For example, consider Taco Bell's above mantra, "Live Mas." (Spanish for "Live More"). Taco Bell might distinguish its company from competitors like Del Taco or Chipotle on its low prices, efficient supply chain, or authentic Mexican recipes. But they do not push these values forth in its value proposition.

Instead, the company speaks to its audience with the Live Mas mantra, offering a loftier value that promises a more upscale experience. And while plenty of people certainly shop Taco Bell for its low prices, this aspirational ideal helps differentiate it from similar low-budget quick-service restaurants.

The best value props don't meet a customer's expectations; they exceed their expectations. A level of fantasy is involved even in a simple case such as "save money. Live better." Saving money meets expectations, but living better exceeds them.

Fundamental Steps to Creating An Effective Value Proposition
As with any aspect of product marketing, a strategic approach leads to better results than an off-the-cuff decision. Unfortunately, many brands create unique value propositions in a highly caffeinated meeting where creativity flows. Caffeination and creativity are fine, but a framework within your strategy helps identify the customer value proposition, meaning, what the consumer expects, not what the brand wants.

Be clear and direct.
At its core, a good value proposition identifies the attributes most likely to resonate with customers and explains them in a clear, memorable way. It can take many forms, depending on your company and your customers. For example, many value propositions are clear and concrete:

• "Save Money. Live Better." – Wal-Mart
It doesn't get much clearer than that. Renowned for its rock-bottom prices, Wal-Mart wants all potential customers to understand how they have a low prices guarantee. When you shop at Wal-Mart, you'll save money and enjoy a higher quality of life. Other examples of this type of direct value proposition include:

• "Shave Time. Shave Money." – Dollar Shave Club
• "Soup That Eats Like a Meal." – Campbell's
• "Share Moments, Share Life." – Kodak

Pulling from copywriting best practices is a bright idea for creating a value prop. Focus on brevity and using simple words that your audience will understand.

Be aspirational.
Value propositions don't need to be direct. They can also be high-minded and aspirational:

• "Just Do It." – Nike
As a seller of athletic goods, Nike understands that motivation is the most significant barrier to our fitness goals (and commensurately, purchasing of their gear takes us there). Its tagline is a call to action and a value proposition: Get out there and do it!

This style doesn't mention a direct feature or function of the product. Instead, it takes a more imaginative approach and invites users to envision how others might say great things about them based on their brand choice. Some examples of aspirational value propositions include:

• "Maybe She's Born with It. Maybe It's Maybelline." – Maybelline
• "Open Happiness." – Coca-Cola
• "I'm Lovin' It." – McDonald's

Feature descriptions.
Some companies opt for value propositions that describe key features of their product or service:
• "Watch Anywhere. Cancel Anytime." – Netflix

This value prop helps customers know what to expect when they sign up with Netflix. You can watch shows on any device with no long-term subscriptions or contracts. These are essential benefits that help differentiate Netflix from other streaming service providers in the video-on-demand space, such as Hulu (who has a relatively similar brand slogan – “Anywhere, Anytime.”)

Here are a few more examples of brands with feature-oriented value propositions:
• “Melts in Your Mouth, Not in Your Hands.” – M&M’s
• “Can You Hear Me Now? Good.” – Verizon
• “Snap! Crackle! Pop!” – Kellogg’s

6. 4 Brand Management

Understanding the meaning of "brand" thoroughly is the first step in brand management. Brand management is the process of applying marketing strategies to a particular product, product line, or brand. Maintaining a company's reputation and ensuring that customers receive it as intended are two important aspects of brand management. For instance, a customer who likes Amul butter may try additional Amul goods since they feel that the brand offers value and they can be trusted. A set of strategies called brand management are employed to raise a product or services perceived value. Positive brand connection is how effective brand management creates devoted customers. Managing a brand's material and immaterial aspects is part of brand management.

When it comes to product branding, tangibles consist of the actual product, its cost, its packaging, etc. For example, paperboat packaging They are distinguished from typical drinks by a sleek, pear-shaped standee bag that feels and looks like paper. The sensation of drinking from a pouch was similar to pressing fruit directly into your mouth as a child; the pouches' distinctive, boat-inspired tops added to the experience. Paperboat distinguishes out due to its exquisite packaging. In contrast, the customer experience is one of the tangibles for service brands. Emotional ties to the good or service are among the intangibles. For instance, Dr. Batra's, VLCC, Zomato, Swiggy, and UBER Eats

6.5 Importance of Branding

(a) To Consumers Brands play an important role and occupy a unique position in consumer’s lives. Brands are important to consumers in different ways. They are:

1. Identification of source of product: Brands allow the identify the source of the maker. It helps the consumers to know who the manufacturer e.g. Philips Air fryer, Philips Iron, Philips Led light bulb often consumers make their buying decision on the basis of the name of the manufacturer.

2. Allow consumers to assign responsibility to a particular manufacturer or distributor: Brands have special meaning to consumers. Because of past experiences Design Marketing Identity Trust Strategy Value Advertising with the product and its marketing programme over the years, consumers find out which brands satisfy their needs and which ones do not. E.g. TATA – Trust. This enhances the responsibility of the manufacturers to constantly keep the consumer’s interest in mind.

3. Risk reducer: Brands can reduce the risks in product decisions. Often consumers buy products of a well-known brand due to their positive past experience. The risk is high when the brand is unknown.

4. Search cost reducer: When consumers identify the brands or have experienced the brand it becomes easy for them during product decision and don't need any extra information. Both internally as well as externally.

5. Promise, bond, or pact with maker of product: Brands share a great relationship of trust with consumers. They in turn expect brands to provide them with consistency in product/service. When consumers are satisfied with brand they will continue buying it.

6. Symbolic device: Brands can serve as symbolic devices, allowing consumers to project their self-image. Consuming such products is a means by which consumers can communicate to others or even to themselves the type of person they are or would like to be. E.g. I phone user or Mercedes owner considers themselves as classy, elite.

7. Signal of quality: Brands indicate the quality of product the consumer is buying. Buying a branded product means a consumer is guaranteed a consistent quality, e.g. Lays v/s unbranded potato chips.

(b) Importance of branding firm's perspective: To Firms Brands also provide a number of valuable functions to their firms. They are:

1. **Means of identification**: Brands basically, serve as an identification purpose. It simplify product handling or tracing for the firms. Brands also help organise inventory and accounting records.

2. **Means of legally protections:** A brand also offers the firm legal protection for unique features of the product. The brand name can be protected through registered trademarks; manufacturing processes can be protected through patents; and packaging can be protected through copyrights and designs. E.g. Dove bar of Soap unique curve shape with iconic Dove bird logo.

3. **Signal of quality level**: Brands can indicator a certain level of quality so that satisfied buyers can easily choose the product again. This brand loyalty provides predictability and security of demand for the firm and creates barriers of entry that make it difficult for other firms to enter the market.

4. **Endowing products with unique associations:** Investments in the brand can endow a product with unique associations and meanings that differentiate it from other products e.g. Nike – swoosh, Thumps up, a stronger cola.

5. **Competitive advantage:** Manufacturing processes and product designs can be easily copied or duplicated but years of marketing activities and product impression lasts in the minds of consumers E.g. Colgate toothpaste, Cadburys, Bisleri, Raymonds, Maggie etc. are some of the brands that consumers have literally grown up.

6. **Financial returns:** Strong brands generate profit for the firm which in turn creates value to shareholders. Hence strong brands are profitable to firms.

6.6 Branding Challenges and Opportunities

Although brands may be as important as ever to consumers, in reality brand management may be more difficult than ever. Some of the challenges and opportunities that the brand managers have are as follows:

1**. Savvy customer:** In recent times, customers and business have become more and more experienced with marketing, are more knowledgeable about how it works, and more demanding. Today customers are savvy they can access information and support from various resources such as websites, influential blogs, peer group and so on. One of the key challenges in today's marketing environment is the vast number of sources of information consumers may consult. E.g. if we wish to buy cell phone or clothes or want to try a new restaurant etc. The options can be innumerous such as friends/peers, magazines, advertisement, company websites, consumer reviews, celebrity's endorsement, parents/adults, bloggers etc. A study has shown that during economic downturn branding is challenging. At these times consumers buy lower priced brands. They switched to less expensive product and found them better performance than they expected and no longer preferred higher-priced products e.g. One plus v/s I phone. Anyway, there will always be economic cycles and ups and downs, there are strategies that can help marketers survive or even thrive in a recession, both in the short run and over the long haul.

2. Brand proliferation: In recent times there has been an important change in the branding environment is the proliferation of new brands and product. There has been a rise in line and brand extensions e.g. Earlier in 1950-1980 there was only Surf detergent; while today there is Surf blue, Surf matic, front loading/top loading; Surf excel detergent bar, Surf Excel liquid. Marketers of brands such as Coke, Nivea, Dove, Maggi and others have added a host of new products under their brand umbrellas in recent years. There are few single (or "mono") product brands around, which complicates the decisions that marketers have to make. With so many brands engaged in expansion, channels of distribution have become congested, and many brand battles are waged just to get products on the shelf. The average supermarket now holds thousands of different brands, three times the number 30 years ago.

3. Media Transformation: In recent times media has transformed. There is fragmentation of media while traditional media such as Print, TV, radio etc. are wearing away at the same there is an emergence of interactive and nontraditional media, promotion, and other communication alternative. Today marketers are spending more on non-traditional forms of communication and on new and emerging forms of communication such as interactive digital media; sports and event sponsorship; in-store advertising; mini billboards in transit vehicles, parking metres, and other locations; and product placement in movies. At such a situation allocation of media budget becomes a challenge.

4. Increased Competition: One reason marketer has been forced to use so many financial incentives or discounts are that the marketplace has become more competitive. Both demand-side and supply-side factors have contributed to the increase in competitive intensity. On the demand side, consumption for many products and services has flattened and hit the maturity stage, or even the decline stage, of the product life cycle. As a result, marketers can achieve sales growth for brands only by taking away competitors' market share.

5. Globalization: Today every brand or firm has embraced globalisation, a means to open up in new markets. Though there is a potential source of revenue, it has also increased the number of competitors in existing markets, threatening current sources of revenue.

6. Low-priced competitors: There is a penetration by generics, private labels, and low-priced "clones" imitating product leaders has increased on a worldwide-basis. Retailers have gained power and often dictate what happens within the store. The centre of focus and weapon is "Price" which has made brands to push their brands and have demanded a return from trade to promote their stocks and display their national brands e.g. Surf Excel v/s RIN v/s Nirma.

7. Brand extensions: Many companies have taken their existing brands and launched products with the same name into new categories e.g. TATA SALT, TATA SAMPAN MASALA, TATA NANO.

8. Deregulation: Certain industries like telecommunications, financial services, health care, and transportation have become deregulated, leading to increased competition from outside traditionally defined product-market boundaries.

9. Increased Costs: Day by day competition is increasing the cost of introducing a new product or supporting an existing product has increased rapidly, making it difficult to match the investment and level of support that brands were able to receive in previous years.

10. Greater Accountability: Finally, marketers often find themselves responsible for meeting ambitious short-term profit targets because of financial market pressures and senior management imperatives. Stock analysts value strong and consistent earnings reports as an indication of the long-term financial health of a firm. As a result, marketing managers may find themselves in the dilemma of having to make decisions with short-term benefits but long-term costs (such as cutting advertising expenditures). Moreover, many of these same managers have experienced rapid job turnover and promotions and may not anticipate being in their current positions for very long time.

6. 7 Elements of Brand Management

Branding is the art and cornerstone of marketing. Without brands, human beings would be like fish without water. Brands are unique in many ways as they are characterized by enormous amount of complexity, which results from the service attributes of the retailers as well as from the multiplicity of the brand attributes. Considering the presence of more than 12 million kirana stores in the country, neighborhood kirana store stands to be the strongest retail brands in India. It draws its brand strength from location, accessibility, personal attention philosophy, long trading hours, affordable prices and service. Similarly, in the consumer goods industry especially FMCG and consumer electronic products category, each brand has its position in the customer's mind and delivers high set of values than these of other competing brands.

Elements of branding are studied under following four key concepts:
1. Brand identity.
2. Brand image.
3. Brand position.
4. Brand equity

1. Brand Identity:
In retailing world, different brands vary in the power and value they command. Some brands are very popular and have high level of awareness in terms of name recall and recognition while others are entirely unheard by the people. Aaker defines brand identity as "a unique set of brand associations that the brand strategist aspires to create or maintain. These associations represent what the brand stands for and imply a promise to customers from the organization members". Brand identity refers to an insider's concept reflecting brand manager's decisions of what he wants to communicate to its potential customers. However, overtime, a product's brand identity may acquire (evolve), gaining new attributes from consumer perspective but not necessarily from the marketing communications an owner percolates to targeted consumers. Brand identity needs to focus on authentic qualities – real characteristics of the value and brand promise being provided and sustained by organizational and/or production characteristics. Thus, brand identity refers to an insider's concept reflecting brand manager's decisions of what the brand is all about.

2. Brand Image:
Brand identity describes what the brand is all about, what its inherent features are and how it is different from other competing brands while brand image reflects the perceptions of customers about the brand. Brand image is the sum total of impressions created by the brand in the consumer's mind. It is based on the concept that consumers buy not only a product but also the bundle of associations such as wealth, power, sophistication, etc.
Brand image can be reinforced by brand communications such as packaging, customer service, promotion, advertising, word-of-mouth and so on. The image of a brand can lead brand value upwards or downwards. For instance, when the stock broking agent is 'Reliance' or coconut oil is 'parachute', its value moves upwards. This shift is the result of brand name.

The name adds visual and verbal dimensions in consumer's mind and acts as intervening variable moving the value upwards. For instance, the name of a product from the house of Tata or Shaktiman adds radical value to the product. Alexander proposed that types of brand associations can be hard and soft and brand images consist of three elements: image of provider, image of product and image of user.

Brand images are usually evoked by asking consumers the first words/images (views come to their mind when a certain brand is mentioned sometimes called "top of mind"). When responses are similar, quick or describe the product/experience in some way, image is said to be strong. In case responses are highly variable, not quick, or refer to non-image attributes such as cost, it indicates weak brand image.

3. Brand Position:
A brand is the part of the brand identity and value preposition that is to be actively communicated to the target audience that sets it apart from the competition. A brand

manager needs to establish communication objectives and plan the creative execution strategy.

The beginning of an execution strategy is the brand positioning statement. The statement basically describes the "place" that a brand should occupy in the minds of target customers. In simple sense, it means how a brand is seen in the market place focuses on what is unique to the brand.

Creating a unique position in the market place involves the careful selection of target market and establishing clear differential advantages in the minds of customers. This is achieved through brand image, brand name, service, design, guarantee, warrantee, packaging, delivery, etc.

4. Brand Equity:
Brand equity is one of the popular and widely used concepts in marketing that hardly emerged three decades before but is gaining popularity and vital place in marketing strategy. The reason behind the growing popularity of brand equity concept is because of the fact that several marketing researchers have concluded that brands are one of the most valuable assets that a company has.

According to **Aaker**, "Brands have equity because of their high awareness, many loyal customers, a high reputation for perceived quality, proprietary assets such as access to distribution channels or to patents or the kind of brand associations (such as personality associations).The brand equity is an intangible asset that depends on associations made by the consumer. There are generally three perspectives from which brand equity can be viewed.

These are:

(i) Financial:
One of the widely used ways to measure brand equity is to determine the price premium that a brand holds over a generic product. For example, if consumers are willing to pay Rs.20,000 more for a branded jewellery over the same unbranded brand, this premium provides important information about the value of the brand. However, marketing expenses must be taken into account when using this method to measure brand equity.

(ii) Brand Extensions:
A successful brand like Dabur's "Vatika" may be used as a platform to launch new related products. The main benefit of brand extension is to take the benefits of brand awareness and thus reducing the advertising expenditures and risk associated with new launch. Subsequently, appropriate brand extension can enhance the core brand. As compared to financial measures of brand equity, brand extensions are more difficult to quantify.

(iii) Consumer related:
A strong brand not only sells itself but increases the consumer's attitude strength toward the product associated with the brand. Attitude strength comes from experience with a

product. Reports have shown that actual experience by the customer implies that trial samples are most effective than advertising during introduction stage of building a strong brand. Higher the consumer associations and awareness, higher will be brand loyalty.

- **Keywords**

Branding: A name, term, symbol, design, or a combination of these that is meant to distinguish and set one business or group of businesses apart from competitors' products or services.

Brand Value Proposition: A brand value proposition is a synopsis of what a business provides to its intended clientele in order to set itself apart from rivals.

Brand Image: Brand image is the sum total of impressions created by the brand in the consumer's mind.

Brand Identity: Brand identity as "a unique set of brand associations that the brand strategist aspires to create or maintain.

Brand Management: Brand management is the process of applying marketing strategies to a particular product, product line, or brand.

Brand Equity: Brand equity is a marketing term that describes a brand's value. That value is determined by consumer perception of and experiences with the brand.

❖ **Exercise**

- **Detailed Questions**

1) Define Brand and evolution of brand with suitable examples.
2) Explain elements of Brand Management.
3) Elaborate branding challenges and Opportunities.
4) What is brand value pre-positioning?

- **MCQ (Multiple Choice Questions)**

1. Which of the following statement is true?
a) Branding helps to organize inventory
b) Branding helps in getting a competitive advantage
c) Brand signals a certain level of quality
d) All of the above
Answer: All of the above

2. God's own country is a name given to
a) Madhya Pradesh
b) Kerala
c) Karnataka
d) None of the above
Answer: Kerala

3. ___________is the added value endowed on services and products.
a) Brand value
b) Brand strategy
c) Brand equity
d) None of the above
Answer: Brand Equity

4. Brand equity is a result of
a) Similarity in consumer response
b) Differences in consumer response
c) a & b
d) None of the above
Answer: Differences in consumer response

5. Marketers can apply a branding on
a) Physical good
b) A service
c) A store and organization
d) All of the above
Answer: All of the Above

UNIT – 7	BRAND POSITIONING AND EQUITY

7.1. Introduction

A brand's positioning describes the distinct value that it offers to its target audience. It's a tactic used by brands to communicate their value proposition—the reason a buyer would choose their brand over competitors—while establishing their brand identity. It's a tactic used by brands to communicate their value proposition—the reason a buyer would choose their company over competitors—while establishing their brand identity. Furthermore, brand positioning is employed when a business wishes to present itself to its target market in a particular light so that consumers would associate the brand with its value proposition.

An internal positioning summary known as a brand positioning statement is what businesses use to explain and highlight the benefits that their brand offers to both target markets and consumers. It is employed as a means of clearly stating the value proposition of a brand. Brand positioning statements should strike a balance between aspiration and reality since they are typically a component of a bigger marketing plan.

7.2. Definition

Brand positioning has been defined by Kotler as “the act of designing the company’s offering and image to occupy a distinctive place in the mind of the target market”.

Put differently, brand positioning explains how a company differs from its rivals and where it stands in the minds of consumers. Therefore, building brand associations in consumers' brains to influence their perception of the brand is a key component of a brand positioning strategy.

When creating a brand positioning statement, it is important to consider the following:

- Who is the target market or customer?
- What is your product or service category?
- What is the greatest benefit and impact of your product or service?
- What is the proof of that benefit and impact?

What makes a brand positioning successful is:

- Being aware of your clients' demands
- Recognizing the brand positioning of competitors
- Recognizing your brand's advantages and how it may fulfill its criteria
- Developing a distinctive brand concept that appeals to consumers right away

7.3. Importance of Brand Positioning

- One can clarify your brand and identify the central idea of your business proposal by using brand positioning.
- Knowing this helps you plan out the channels and methods for communicating with customers about your brand and products.
- Knowing where you stand out in the industry can help you carve out a distinct niche for yourself in your target market and highlight your advantages and USPs.
- Customers will gain a great deal of clarity about your unique offerings, what sets your brand apart, and how your products stand out from the competition in a qualitative way from a well-crafted brand positioning plan that communicates effectively.
- Customers become willing to spend a higher premium when your brand communicates the unique quality of your products.
- One can communicate with customers and rivals with confidence and consistency when you have a clear brand positioning. Following the development of the brand character and key messages, you can establish a clear set of creative guidelines. Having a clear vision and knowing your brand's unique selling points (USPs) enables you to create engaging, relevant, and on-brand campaigns that appeal to your target market.

7.4. Brand Positioning Map

A two-dimensional diagram with horizontal and vertical axes is called a brand positioning map. It displays how well-known brand rivals are positioned in terms of costs, quality, and services. This kind of map provides you with information about how consumers view the brands of your rivals and how a new product might fit into the market. If your brand is strong enough to cover those gaps, you can adjust your strategy. This is an example of a brand positioning map for chocolate brands that considers both price and quality.

7.5. Brand Positioning Examples

Airtel

The telecom company Airtel is among the best instances of brand positioning in India. The focus of its early advertising was connectedness. Its commercials demonstrated how individuals could maintain relationships with friends and family even when traveling to the most isolated regions of India. The advertisements focused on bringing people together. It was a latecomer to the telecom industry, but its impactful advertising efforts helped it take a sizable market share. It is recognized as having the largest customer base as of right now. Still, the company constantly innovates. The young people fell in love with the jingle "haan mein crazy hoon" like wildfire. 'Sab kuchh try karo, fir sahi chuno' was their previous catchphrase, and it sent a strong statement about their dedication to nationwide delivery. Additionally, the company is vigilant about resolving telecom problems. It has made it the go-to option for television viewing, internet access on mobile devices, and other gadgets.

Dabur

Another well-known example of excellent brand positioning is Dabur. With a tagline that reads "Celebrate life" to "live better with Dabur," and a product line that is accredited and composed only of ayurvedic ingredients, Dabur is known as the world's largest ayurvedic and natural health company. Each product has a catchphrase that is short but effective, such as "keep dental problems away" or "daant swasth, life mast" for Dabur Red toothpaste. The company was able to highlight the use of ayurvedic products in a SWOT analysis of its rivals. Dabur made sure that all of its wide range of goods were made using only the cleanest ayurvedic raw components. Its range now includes over 250 ayurvedic products. Its botanical selection meets the needs of a wide range of demographics. It features a wide range of goods for skin, hair, health, and beauty. Dabur did not spend money on needless, extensive advertising and promotions. Rather, it made investments in infrastructure development, reached out to India's rural areas, and increased the range of products it offered at cheap prices.

7.6. Characteristics of a Good Brand Positioning Strategy

Relevant

Your choice of positioning approach should make sense for the customer. You're in trouble if, when making the purchase, he decides that the positioning is unimportant.

Clear

Your message ought to be understandable and straightforward. For instance, a coffee product with a rich flavor and aroma that you won't soon forget can project a distinct image and set your business apart from rivals.

Unique

A strong brand positioning means you have a unique, credible, and sustainable position in the customers' mind. It should be unique or it's of no use.

Desirable

The unique feature should be desirable and should be able to become a factor which the customer evaluate before buying a product.

Deliverable

The promise should have the ability to be delivered. False promises lead to negative brand equity.

Points of difference
The customer should be able to tell the difference between your and your competitor’s brand.

Recognizable Feature
The unique feature should be recognizable by the customer. This includes keeping your positioning simple, and in a language which is understood by the customer.

7.7. Positioning Statement

A positioning statement is the most common way to express positioning. A positioning statement is one sentence that sums up your target market and the impression you want them to have of your company. The identity that a company aspires to is expressed in its positioning statement. Similar to a mission statement, a positioning statement serves as the foundation for a company's identity. The positioning statement outlines the space that the business hopes to take up in the minds of its target audience. Since it is aimed largely at potential clients, it directs the creation of a marketing strategy.

A good positioning statement of an organisation answers three questions:

- Who are the customers?
- What is the set of needs that the product fulfills?
- Why is the product the best option to satisfy those needs?

The positioning statement identifies the target audience, their needs, and then states how those will be solved by the organisation.

- A few things that go into creating an effective positioning statement would include:
- Defining Target Audience
- Defining the Target Market
- Creating a Value Proposition Statement
- Create Content to Prove Value Positioning statements should also be statements of truth.

Effective positioning is credible and convincing, reflecting customers’ actual experiences with the product or service. If a positioning statement does not reflect the customer’s reality, the positioning will fail since it will not take hold in the minds of consumers.

7.8. Types of Positioning

Value based Positioning:
A value-based brand positioning approach bases the brand's positioning on the benefits that consumers receive from purchasing or using the company's products.

To put it plainly, this kind of brand positioning selects the brand's positioning according to its value proposition.

Feature based Positioning:
Businesses typically position their products by emphasizing more on attributes unique to each product, such as price, quality, or other minor aspects that may vary based on the product offered, when there is intense competition and the items are identical. USP-focused positioning is another name for this kind of positioning technique, which is frequently utilized in the mobile sector.

Problem and Solution based Positioning:
The majority of brands concentrate on presenting their goods as a one-stop shop for a certain issue. They identify the problems and obstacles that customers have while using other marketing techniques and communication channels, and they use this information to promote their product.

Lifestyle based Positioning:
A brand that attempts to market itself as a lifestyle brand does so in an effort to market its identity and image above its products. The primary goal is to connect the brand with a way of life; aspirational value is prioritized over product value. Companies that sell cigarettes, alcohol, and tobacco products frequently use lifestyle positioning in their advertising.

Parent brand driven Positioning:
Establishing the parent brand's reputation and brand promise is the goal of this positioning strategy. Under the parent brand, every product and subbrand appears to live up to the established promise.

Experience based Positioning:
The term "experience-based positioning" describes how an offering is positioned in relation to the customer's purchase or consumption experience.

The primary goal is to create a distinctive customer experience that sets the offering apart from the competitors.

Businesses that provide services, such as hotels and restaurants, employ this kind of brand positioning approach.

Repositioning
Repositioning refers to altering the product's perception in the marketplace. Errors in positioning and a dynamic market may force a business to reconsider its approaches and consider altering the way its goods are positioned. Repositioning is a significant shift in a brand's or product's positioning because, as a product goes through its life cycle, consumer perceptions of it alter. Marketers occasionally reposition even popular products. By appealing to a larger target demographic, this is done to broaden

the product's reach and boost sales. Businesses may also think about repositioning a product if its performance is deteriorating or if the environment has undergone significant changes.

According to Lamb, Hair, & McDaniel (2009), “Repositioning is changing consumers’ perceptions of a brand in relation to competing brands.”

7.9. Brand Equity

The value your company's name has in the marketplace over and above what your accounting records indicate is known as brand equity. Positioning is the process of using marketing to show potential buyers how your business, goods, or services are distinct from the competition. For firms to be successful, one of their main communication goals is to establish and preserve a strong brand.

Customers are willing to pay a premium price for a company's products when it has strong brand equity, even if they could acquire the same item from a rival for less. In essence, clients pay more to conduct business with a company they respect and are familiar with. The price differential flows to the margin of the company with brand equity because it does not have to pay more than its rivals to produce and sell the product. Because of its strong brand, the company can charge more for each sale.

7.10. Brand Promise

In essence, the unique experience your brand guarantees to deliver to your clients is what you call the brand promise. It conveys the emotions you want customers to have when using your goods and services. The brand promise is what your customers rely on year-in, year-out, and hopefully the reason they return to you. The brand promise must to be distinct and connected to your edge over competitors—something that no other brand can or will deliver in the same manner as you. It highlights the key advantages offered by your brand, such as those that help consumers feel emotionally connected to you.

The following are examples of effective brand promises:

- **The Coca-Cola Company:** to refresh the world in mind, body, and spirit, and inspire moments of optimism
- **TOMS Shoes:** through your purchases, TOMS helps provide shoes, sight, water, safe birth, and bullying prevention services to people in need. One for one.
- **Target:** expect more, pay less
- **The Hershey Company:** bringing goodness to the world

- **Exercise**
  - **Write long Questions:**

1. Define Positioning. Explain its importance.
2. Explain the characteristics of a good brand positioning strategy**.**
3. Write a brief note on types of brand positioning strategy.

- **Fill in the Blank:**

1. A brand's ____________ describes the distinct value that it offers to its target audience.
   a. Positioning
   b. Pricing
   c. Segmenting
   d. Processing
   Ans: a. Positioning

2. A _________________approach bases the brand's positioning on the benefits that consumers receive from purchasing or using the company's products.
   a. Product-based brand positioning
   b. Pricing-based brand positioning
   c. Philip Kotler
   d. Value-based brand positioning
   Ans: a. Product-based brand positioning

3. The term _________________ describes how an offering is positioned in relation to the customer's purchase or consumption experience.
   a. Value-based positioning
   b. Parent brand positioning
   c. Experience-based positioning
   d. None
   Ans: c. Experience-based positioning

4. “The act of designing the company’s offering and image to occupy a distinctive place in the mind of the target market”. This definition of positioning is given by which author?
   a. Cundiff and Still
   b. Theodre Levitt
   c. Philip Kotler
   d. None
   Ans: c. Philip Kotler

5. The value your company's name has in the marketplace over and above what your
   accounting records indicate is known as _____________.
   a. Editing
   b. Brand equity
   c. Branding
   d. Customising
   Ans: b. Brand equity

6. A two-dimensional diagram with horizontal and vertical axes is called a __________.
   a. brand positioning map
   b. perceptual map
   c. Jingle
   d. brand positioning map
   Ans: d. brand positioning map

7. In essence, the unique experience your brand guarantees to deliver to your clients is what you call the _______________.
   a. Brand Promise
   b. Branding
   c. Pricing
   d. Promoting
   Ans: a. Brand Promise

8. The ______________ identifies the target audience, their needs, and then states how those will be solved by the organisation.
   a. Targeting
   b. Pricing
   c. Positioning statement
   d. None
   Ans: c. Positioning statement

9. ______________ refers to altering the product's perception in the marketplace.
   a. Differentiation
   b. POD
   c. Repositioning
   d. Augmenting

Ans: c. Repositioning

10. "Repositioning is changing consumers' perceptions of a brand in relation to competing brands." Who gave this definition?
    a. Lamb, Hair, & McDaniel Product
    b. Philip Kotler
    c. Vashisht
    d. None of the above
    Ans: a. Lamb, Hair, & McDaniel

- **Short Question Answers:**

1. Explain brand positioning map.
2. Write brief note on brand promise.
3. Explain positioning statement.

UNIT – 8	STRATEGIC BRANDING AND DECISIONS - GROWING AND SUSTAINING BRANDS

8.1 Introduction

Strategic branding and its associated decisions represent far more than mere components of marketing management; they are fundamentally the bedrock of a company's identity and its positioning within the marketplace. In today's era, where markets transcend local boundaries to become increasingly global, and competition intensifies by the day, the essence of strategic branding decisions has never been more critical. These decisions are pivotal for setting a company apart from its competitors, sculpting a distinctive identity, and nurturing an enduring connection with consumers. Strategic branding transcends the visual aesthetics and communicative elements traditionally associated with branding; it delves into the realm of perceptions, emotions, and the deep-seated associations consumers forge with a brand.

The strategic branding process is an intricate tapestry that weaves together various elements of a business's operations, from product development and innovation to customer service and engagement strategies. It encapsulates the essence of what a brand stands for, its values, personality, and the promises it makes to its customers. This comprehensive approach to branding is what enables a business to resonate with its audience on a deeper level, fostering loyalty and driving long-term success in a saturated marketplace.

The Role of Strategic Branding in Business Decisions

Strategic branding influences a myriad of business decisions, showcasing its integral role in shaping a company's trajectory. It guides product development by ensuring that new offerings align with the brand's identity and meet the evolving needs of the target audience. For instance, when Apple Inc. introduces new products, it does so with a keen emphasis on innovation, design, and user experience—core aspects of its brand identity. This strategic alignment ensures that each product reinforces Apple's market positioning as a leader in technology and innovation.

Furthermore, strategic branding shapes customer engagement strategies, dictating how a brand communicates with its consumers across various touchpoints. This encompasses everything from advertising campaigns and social media interactions to customer service experiences. A brand like Nike, for example, engages with its audience through inspirational messaging, community-building initiatives, and personalized interactions, all of which reflect its brand ethos of inspiration and innovation in sports.

The Impact of Strategic Branding on Market Success

The impact of strategic branding on a business's success in the competitive market landscape cannot be overstated. A well-crafted brand strategy not only differentiates a company from its competitors but also builds brand equity, which is a critical asset in driving business growth. Brand equity refers to the value derived from consumer perception of the brand name, which can result in higher sales volumes, premium pricing capabilities, and greater customer loyalty.

Moreover, strategic branding plays a crucial role in customer decision-making processes. Brands that effectively communicate their value proposition and connect with consumers on an emotional level are more likely to influence purchase decisions. This connection transforms customers into brand advocates, who then play a pivotal role in organic marketing efforts through word-of-mouth and social sharing.

Strategic Branding in the Context of Marketing Management and Business Strategy
Incorporating strategic branding within the broader context of marketing management and business strategy is essential for ensuring cohesive and aligned business operations. It requires a comprehensive approach that integrates branding decisions with overall business objectives, market analysis, and competitive strategies. This alignment ensures that every facet of the business contributes to building a strong, coherent brand image that supports the company's long-term goals.

In conclusion, strategic branding and decisions are not just ancillary elements of marketing management; they are central to defining a business's identity, positioning in the market, and its relationship with consumers. As we delve deeper into this chapter, we will explore the multifaceted nature of strategic branding, its implications for business decisions, and the strategies for growing and sustaining brands in a highly competitive market environment. The subsequent sections will provide insights into the strategic considerations, methodologies, and best practices that underpin successful brand management, ultimately highlighting the indelible link between strategic branding and the overarching success of a business.

8.2 Strategic Branding and Decisions: Definition and Concept

Strategic branding and decisions represent the cornerstone of a brand's identity and its journey towards achieving long-term vision and market positioning. These decisions are far-reaching, impacting how a brand is perceived and valued by its audience. By delving into the definitions and concepts as outlined by leading marketing scholars like David Aaker, Kevin Lane Keller, and Philip Kotler, we can gain a comprehensive understanding of the essence and significance of strategic branding.

- **The Essence of Strategic Decisions in Branding**

Strategic decisions in branding are high-level choices that chart the course for a brand's future, shaping its identity, target markets, and overarching strategy. These decisions dictate the brand's direction, influencing every aspect of its interaction with the market and its audience. For instance, choosing to position a brand as an eco-friendly leader in the automotive industry dictates product development, marketing campaigns, and even corporate policies towards sustainability.

David Aaker's perspective on strategic branding as a discipline focused on creating and sustaining brand equity through distinctive brand assets underscores the importance of awareness, relevance, esteem, and differentiation. Aaker's framework suggests that strategic branding is about building a brand's equity by enhancing its visibility, relevance to the target audience, respected status, and distinctiveness from competitors.

Kevin Lane Keller adds another layer to the concept by emphasizing the creation of a strong, positive perception of a brand in the customer's mind. This perception is cultivated through a combination of visual elements, such as logos and design, and the brand's mission statement and core messages. Keller's definition highlights the importance of a cohesive and consistent brand presentation in shaping customer perceptions.

Philip Kotler's definition introduces the concept of a brand's unique value proposition, incorporating both the functional and symbolic values associated with the brand. Kotler points out that strategic branding is about articulating what makes a business unique, including the tangible benefits it offers and the intangible feelings it evokes in customers. This approach is crucial for carving out a niche in competitive markets.

- **Strategic Branding in Marketing and Business**

In the realm of marketing and business, strategic branding decisions are instrumental in determining a brand's trajectory and how it is perceived by consumers. These decisions encompass the brand's identity, its appeal to specific target markets, and the strategies for communicating its values and benefits. For example, Apple's strategic decision to emphasize innovation and premium quality has not only distinguished it within the technology sector but also fostered deep customer loyalty and a powerful brand identity.

These strategic branding decisions guide a brand's marketing initiatives and solidify its market position over the long term. They are essential for ensuring that the brand remains relevant and compelling to its target audience, driving consumer behavior, and building brand loyalty.

- **Real-World Applications and Impact**

Strategic branding and its associated decisions have real-world implications for businesses aiming to thrive in competitive environments. Companies like Tesla have leveraged strategic branding to position themselves as leaders in innovation and sustainability, influencing consumer perceptions and driving market demand. Similarly, Nike's strategic branding decisions around empowerment and performance have enabled it to resonate deeply with consumers, building an enduring brand that stands out in the crowded athletic apparel and footwear market.

In conclusion, strategic branding and decisions are fundamental to defining a brand's identity, its market positioning, and its relationship with consumers. By drawing on the insights of scholars and applying them to real-world examples, it is clear that strategic branding is a dynamic process that requires careful consideration and consistent application. It is through strategic branding that businesses can create a niche, build brand equity, and secure a lasting legacy in the markets they serve.

8.3 Significance of Strategic Branding Decisions

The essence of strategic branding decisions stretches far beyond mere aesthetic considerations, delving into the core of how a brand interacts with its market and establishes its identity. These decisions are paramount in steering a brand's course, ensuring its relevance, and fostering a deep connection with its target audience. The impact of strategic branding decisions is profound, as they shape consumer perceptions, drive brand loyalty, and carve out a distinctive space for the brand in a competitive landscape.

- **Impact on Consumer Behavior and Brand Loyalty**

Strategic branding decisions play a crucial role in influencing consumer behavior. By crafting a brand identity that resonates with the target audience, companies can inspire trust, admiration, and loyalty. For instance, Apple's decision to focus on innovation, design, and user experience has not only differentiated it from competitors but has also cultivated a devoted customer base that perceives Apple products as a lifestyle choice rather than mere gadgets. This strategic positioning influences consumer purchasing decisions, making them more likely to choose Apple over others, regardless of price differences.

- **Differentiation in Competitive Markets**

In today's saturated markets, differentiation is key to a brand's visibility and success. Strategic branding decisions determine a brand's unique position and narrative, making it stand out. Nike's emphasis on empowerment, performance, and innovation, encapsulated in its "Just Do It" slogan, differentiates it by not just selling sports apparel but selling an idea and an identity. This distinct positioning taps into the consumers' aspirations, setting Nike apart in the athletic wear industry.

- **Theoretical Perspectives on Strategic Branding**

David Aaker's notion that a brand extends beyond a logo to encompass the overall impression and experience offered to the audience underlines the holistic nature of strategic branding. This perspective emphasizes that every interaction and touchpoint with the brand contributes to the overall brand equity. Kevin Lane Keller's definition further enriches this understanding by highlighting that a brand comprises expectations, memories, stories, and relationships that influence consumer choice. These scholarly views underscore the complexity and multidimensional nature of branding, which strategic decisions aim to orchestrate and optimize.

Marty Neumeier's definition of a brand as a person's gut feeling about a product, service, or organization brings to light the emotional and perceptual aspects of branding. Strategic branding decisions, therefore, must be made with a deep understanding of the psychological impact of a brand on its audience, aiming to evoke positive feelings and associations.

- **Real-World Implications and Examples**

The strategic branding decisions of companies like Apple and Nike showcase the powerful impact of well-considered branding strategies on market success and customer loyalty. However, the landscape is also littered with examples of poor strategic branding decisions that have led to confusion, loss of customer trust, and brand devaluation. For instance, a company that frequently changes its logo or brand messaging without a clear strategy might confuse its audience and dilute its brand identity.

Conversely, companies like Tesla have excelled by making strategic branding decisions that align with their vision of innovation and sustainability. Tesla's minimalistic branding and focus on clean energy resonate with a growing segment of environmentally conscious consumers, showcasing how strategic branding can both reflect and shape consumer values and trends.

- **Key Takeaways**

Strategic branding decisions are instrumental in defining a brand's trajectory, influencing consumer behavior, and securing a competitive edge. The significance of these decisions cannot be overstated, as they encompass the essence of what the brand stands for and its promise to the customers. Through careful selection of brand elements, thoughtful sponsorship choices, and aligned development strategies, companies can forge long-term relationships with their customers and achieve sustained business profitability. The insights from scholars and real-world examples highlight the transformative power of strategic branding decisions in creating brands that are not only recognized but revered.

8.4 Types of Strategic Brand Decisions

Strategic brand positioning is a pivotal element in defining a brand's trajectory in the competitive business landscape. It shapes the brand's perception among consumers, fosters brand loyalty, and sets the foundation for differentiating the brand in a crowded market. This extensive analysis delves into the nuances of strategic branding decisions, emphasizing brand positioning and branding decision-making, and enriched with theoretical insights and real-world examples.

8.4.1 Brand Positioning and branding decision:

Brand positioning is a strategic cornerstone in the architecture of a brand's identity and market strategy. It is a process aimed at designing a brand's offerings and image to secure a unique and memorable place in the target market's consciousness. This process is not about bombarding the market with ads or catchy taglines; it is a nuanced approach to subtly distinguish a brand from its competitors and embed it deeply in the minds of consumers. The essence of brand positioning lies in its ability to make a brand stand out and be memorable, crafting a unique space that resonates with customers on a deeper level.

Brand positioning is the positioning strategy of the brand with the goal to create a unique impression in the minds of the customers and at the marketplace. Brand positioning has to be desirable, specific, clear, and distinctive in nature from the rest of the competitors in the market. It can also increase top of the mind awareness for customers. Effective brand positioning enables a firm’s brand to be readily distinguishable from competing brands in the marketplace. Distinguishing the brand from other brands can be in terms of associated brand attributes, benefits to users, and/or market segment emphasis, among other factors. Effective brand positioning further emphasizes elements of superiority along one or more distinguishing dimensions which are valued by consumers.

- **The Core of Brand Positioning**

Brand positioning is the art and science of making a brand occupy a distinctive and desirable position in the target customer's mind. It requires the brand to be specific, clear, and distinguishable from its competitors, ensuring that it remains top of mind for consumers. This strategic positioning is about leveraging the brand's unique attributes, benefits, and market segment focus to establish a competitive edge.

Al Ries and Jack Trout elucidates in their book “Positioning: The Battle for Your Mind,” that positioning is about creating a unique place in the customer’s mind. They suggest that businesses should focus on a single attribute or benefit that sets them apart from their competitors. This focus helps in simplifying the brand's message and making it more memorable to the target audience.

Jean-Noel Kapferer, a marketing professor, suggests that brand positioning is about creating a unique identity for the brand that resonates with the target audience. He emphasizes the importance of creating an emotional connection with the customers.

Seth Godin, a marketing expert, suggests that brand positioning is about creating a story that resonates with the customers. He emphasizes the importance of creating a narrative that is authentic and engaging.

- **Strategic Decisions in Brand Positioning**

The Core of Brand Positioning delves into the intricate process of strategically curating a brand's essence to secure a unique and coveted space in the consumer psyche. This multifaceted approach, blending both art and science, demands that a brand distinctly articulate its identity, benefits, and unique selling propositions. The ultimate goal is to achieve prominence in the consumer's mind, ensuring the brand is not only recognized but also preferred over competitors. This aspect of strategic branding is pivotal in leveraging a brand’s inherent attributes and aligning them with the needs and desires of the target market to carve out a competitive advantage.

Al Ries and Jack Trout, in their seminal work, “Positioning: The Battle for Your Mind,” revolutionized the concept of brand positioning by advocating for the creation of a unique mental slot for a brand within the customer’s consciousness. They argue for the power of simplicity, advising businesses to hone in on a singular attribute or benefit that distinctly sets them apart from the fray. This razor-sharp focus facilitates a clearer and more impactful brand message, enhancing recall and affinity among the target audience. For instance, Volvo has long positioned itself around the singular attribute of safety, embedding itself in the consumer's mind as synonymous with automotive safety. This clear focus has allowed Volvo to dominate this unique segment within the broader automotive market.

Jean-Noel Kapferer expands on this concept by highlighting the creation of a unique brand identity that not only aligns with the target audience's expectations but also fosters an emotional bond. **Kapferer's** perspective underscores the significance of emotional resonance in brand positioning, suggesting that brands should transcend functional benefits to connect on a deeper, more personal level with consumers. Apple’s brand identity, emphasizing innovation, design, and user experience, serves as a prime example. This identity resonates deeply with consumers' aspirations and lifestyles, creating a loyal community of users who identify with Apple's ethos.

Seth Godin further enriches the dialogue on brand positioning by focusing on the power of storytelling. He posits that effective brand positioning crafts a compelling, authentic narrative that captures the imagination of the audience. This storytelling approach is about more than just conveying product features; it's about engaging customers with a narrative that they find relevant and inspiring. For example, Nike’s “Just Do It” campaign weaves a narrative of perseverance, ambition, and the overcoming of obstacles, resonating with a broad audience base and embedding Nike’s brand in their collective consciousness as a source of inspiration.

In essence, the core of brand positioning is about defining a brand’s space in the market and in the minds of consumers through a blend of unique attributes, emotional resonance, and compelling narratives. It is a strategic endeavor that requires clarity, focus, and an in-depth understanding of the target audience. By adopting the insights of Ries and Trout, Kapferer, and Godin, brands can navigate the complex landscape of consumer perceptions and preferences to establish a strong, enduring brand position. This strategic positioning not only distinguishes a brand from its competitors but also builds a lasting relationship with its audience, laying the foundation for sustained success and growth.

- **Real-World Application: Amazon's Success Story**

Amazon's journey from a simple online bookstore to the world's most customer-centric company exemplifies successful brand positioning. Its mantra, "We are here for YOU!" encapsulates its entire brand strategy, focusing on customer needs, preferences, and convenience. Amazon's brand positioning strategy is deeply embedded in every aspect of its operations, from product selection and pricing to delivery and customer service. This unwavering focus on customer satisfaction has not only differentiated Amazon from its competitors but has also fostered immense loyalty and trust among its customer base.

The evolution of Amazon showcases the transformative power of consistent and strategic brand positioning. Despite its massive growth and diversification, the core of Amazon's brand positioning has remained unchanged: a relentless obsession with customer satisfaction. This consistency has played a crucial role in Amazon's ability to maintain its brand identity and continue attracting a dedicated customer segment willing to engage with the brand.

- **Strategic Decisions in Brand Positioning**

Making strategic branding decisions that align with the brand's vision and values is crucial for differentiating a brand in the marketplace. These decisions encompass various aspects, including the selection of brand elements, sponsorship choices, and development strategies. Each of these elements contributes to building long-term relationships with customers and enhancing overall business profitability.

Effective brand positioning requires a deep understanding of the target market, competitive landscape, and the brand's unique value proposition. It involves making informed decisions about how to communicate the brand's identity and values through every customer interaction. This strategic approach ensures that the brand's messaging is consistent, authentic, and resonates with the target audience.

Brand positioning is an essential aspect of marketing that enables businesses to create a distinct and valuable brand identity. By carefully crafting and implementing strategic branding decisions, businesses can establish a unique market position that distinguishes them from competitors. This not only attracts a specific customer segment but also builds a strong foundation for long-term brand loyalty and success. The example of Amazon serves as a powerful illustration of how consistent and customer-focused brand positioning can lead to unparalleled market dominance and customer devotion. In the competitive landscape of today's market, strategic brand positioning is not just an option; it's a necessity for any brand aiming to thrive and leave a lasting impact.

8.4.2 Brand name selection and branding decision:

The process of selecting a brand name stands as a critical juncture in the journey of branding, often dictating the initial and enduring perception of the brand among customers. The brand name serves as the primary interface between the customer and the brand, laying the foundational stone for brand identity and customer relationship. A well-chosen brand name transcends mere identification; it encapsulates the essence of the brand, its mission, and its values, weaving them into a narrative that resonates with the target audience.

Importance of a Good Brand Name

A potent brand name is more than just a label; it is an ambassador of the brand's ethos, a beacon that guides customer perceptions and expectations. The characteristics of a good brand name include being memorable, easy to pronounce, spell, and possessing the uniqueness and distinctiveness that mirror the brand’s personality and core values. This nomenclature is pivotal in setting the tone for customer interactions and engagements, influencing brand recall and loyalty.

Systematic Approach to Brand Name Selection
The selection process, as outlined by Monash Business School, is methodical, aiming to bolster the brand’s market success from the outset. This process typically begins with a thorough analysis of the product’s benefits, the demographics of the target market, and the overarching marketing strategies planned for brand deployment. Critical considerations include assessing potential trademark infringements, translatability into foreign languages, and the scope for legal protection, ensuring the brand name’s viability across different markets and legal jurisdictions.

Expert Perspectives on Brand Naming
David Ogilvy's Approach to Brand Naming

David Ogilvy, often referred to as the "Father of Advertising," championed the principles of simplicity, memorability, and recognizability in selecting a brand name. He believed that the essence of an effective brand name lies in its ability to be easily recalled and recognized by consumers. A prime example of this philosophy is the brand name "Dove." The simplicity of the name, combined with its association with peace and purity, aligns perfectly with the brand's identity, which emphasizes gentle care and nourishment for the skin. This straightforward yet evocative name encapsulates the brand's value proposition, making it memorable and instantly recognizable to consumers worldwide.

Kapil Jain on Resonance with the Target Audience
Kapil Jain, a respected marketing professor, emphasizes the importance of a brand name's resonance with its target audience. He argues that a brand name should serve as a mirror, reflecting the aspirations, desires, and preferences of its intended consumers. For instance, the brand name "Red Bull" resonates powerfully with its target market of young, energetic individuals seeking stimulation and adventure. The name conjures images of vitality and power, perfectly mirroring the consumer's desire for an energy boost and an adventurous lifestyle. This alignment between the brand name and the audience's expectations significantly enhances the brand's appeal and market success.

Mark Ritson on Authenticity and Engagement
Mark Ritson, known for his incisive analysis of marketing strategies, underscores the necessity of authenticity and engagement in a brand name. He posits that a brand name should authentically convey the brand's story, values, and ethos, thereby fostering a genuine connection with the audience. A stellar example of this concept is "Patagonia," a brand that epitomizes environmental sustainability and outdoor adventure. The name itself, referring to a rugged, unspoiled region in South America, instantly communicates the brand's commitment to preserving nature and its appeal to those who cherish the outdoors. This authenticity in the brand name strengthens consumer engagement, as it aligns with the values and interests of its target audience, creating a loyal community of brand advocates.

Exemplary Case: Google
Google exemplifies masterful brand name selection. Derived from "googol," it reflects the company’s ambitious vision to organize and render the world’s information universally accessible and useful. The name, by virtue of being distinctive, memorable, and easy to articulate, has become emblematic of internet search,

showcasing the profound impact a thoughtfully chosen brand name can have on the brand's identity and market dominance.

In essence, the selection of a brand name is a strategic branding decision of paramount importance, significantly influencing a brand's market penetration and success. It is the first touchpoint for customer interaction, a crucial element in building brand identity, and a significant factor in fostering customer loyalty and brand advocacy. Businesses that approach brand name selection with strategic intent, aligning it with their brand's vision, values, and market positioning, set a solid foundation for differentiating themselves in a competitive landscape. This strategic decision not only aids in capturing the target market's attention but also plays a crucial role in the long-term establishment and growth of the brand in the global marketplace. Through strategic, thoughtful naming, businesses can ensure their brand not only enters the market but also leaves a lasting imprint on the consumer psyche, paving the way for enduring success and recognition.

8.4.3 Brand Sponsorship- branding decision:

Brand sponsorship stands as a pivotal strategic branding decision, wherein businesses invest in affiliating with a product, individual, or event to gain heightened exposure and promote their brand. This sophisticated form of advertising transcends the bounds of traditional marketing tactics, offering brands a unique platform to bolster their market presence, amplify brand awareness, and ultimately, drive sales through direct association with entities or events that resonate with their brand ethos.

The Expansive Realm of Brand Sponsorship

The domain of brand sponsorship is remarkably broad, covering an array of platforms from concerts and sports games to business conferences and charitable endeavors. This diversity presents brands with unparalleled opportunities to align with events or figures that not only share their values but also appeal directly to their target demographic. This strategic alignment serves to enhance the brand's relevance and deepen its connection with its audience. For example, a technology firm sponsoring a tech innovation summit not only underscores its commitment to technological advancement but also strategically positions itself as a leader in innovation in the minds of participants and viewers alike.

Such effective brand sponsorship initiatives serve to significantly differentiate a brand within the competitive market. By associating the brand with specific attributes or benefits that are highly valued by consumers, brand sponsorship can markedly elevate a brand's visibility and desirability among its target segments.

Expert Perspectives on Brand Sponsorship

Brand sponsorship emerges as a pivotal strategic decision in the contemporary branding landscape, offering a multifaceted platform for brands to elevate their market presence and foster deeper connections with their audience. This approach transcends traditional advertising by embedding brands within the fabric of events, personalities, and causes that resonate with their target demographic. The insights of renowned marketing experts Kapil Jain, David Aaker, and Mark Ritson shed light on the nuanced dynamics of brand sponsorship, highlighting its potential to significantly impact brand perception and customer relationships.

Kapil Jain on Creating a Distinctive Value Proposition

Kapil Jain emphasizes the critical nature of brand sponsorship in establishing a brand's unique position in the market. He argues that through strategic sponsorship choices, a brand can delineate itself, crafting a value proposition that is not only distinct but also resonates with the brand's identity and audience's expectations. Jain's perspective encourages brands to thoughtfully select sponsorships that align with their core values and message, thereby enhancing their visibility and appeal in a saturated marketplace. For example, a sustainable fashion brand sponsoring eco-friendly initiatives or fashion shows underscores its commitment to sustainability, reinforcing its value proposition and appealing to environmentally conscious consumers.

David Aaker on Cultivating a Unique Brand Image
David Aaker views brand sponsorship as an integral component of brand strategy, serving as a vehicle for articulating and reinforcing a brand's image and value proposition. He suggests that effective sponsorship acts as a mirror, reflecting the brand's ethos and aspirations, thereby enriching the brand's narrative in the consumer's psyche. Aaker's approach advocates for sponsorships that not only elevate brand visibility but also embed the brand's unique attributes and benefits into the collective consciousness of the target audience. For instance, a tech company sponsoring innovation summits or tech challenges can bolster its image as an industry innovator and thought leader, attracting a clientele that values cutting-edge technology and creativity.

Mark Ritson on the Emotional Dimension of Brand Sponsorship
Mark Ritson explores the emotional underpinnings of brand sponsorship, positing that the ultimate goal of such endeavors is to forge an emotional bond between the brand and its customers. This emotional connection is pivotal, as it transcends the transactional nature of consumer-brand interactions, cultivating a sense of loyalty, trust, and affinity towards the brand. Ritson's insight highlights the importance of selecting sponsorships that evoke feelings and narratives that are authentic and engaging, ensuring that the brand becomes an integral part of the customer's identity and lifestyle. An example of this can be seen in sports apparel brands sponsoring marathons or athletic events that not only showcase the brand's commitment to sports and fitness but also inspire and connect with individuals passionate about these pursuits.

The Synergy of Expert Insights in Brand Sponsorship Strategy
The amalgamation of Jain's emphasis on distinctiveness, Aaker's focus on brand image cultivation, and Ritson's exploration of emotional connection presents a holistic framework for brand sponsorship strategy. This integrated approach underscores the necessity of selecting sponsorships that are not only strategically aligned with the brand's positioning and values but also capable of resonating on an emotional level with the target audience. The synergy of these expert perspectives guides brands towards sponsorships that are meaningful, impactful, and capable of significantly enhancing brand equity.

For example, a beverage brand sponsoring music festivals or cultural events can leverage these platforms to showcase its brand personality, connect with consumers through shared experiences, and create memorable moments that reinforce brand loyalty. Similarly, a brand's support for social causes or community initiatives can exemplify its commitment to social responsibility, endearing it to consumers who prioritize ethical consumption.

Brand sponsorship, as elucidated by Kapil Jain, David Aaker, and Mark Ritson, offers a strategic avenue for brands to differentiate themselves, cultivate a unique brand image, and establish deep emotional connections with their audience. By integrating these expert perspectives into their sponsorship strategy, brands can navigate the complexities of the modern marketplace, achieving not only increased visibility and market presence but also fostering genuine relationships with consumers. This emotional resonance and distinct value proposition are key to building a strong, loyal customer base and propelling the brand towards long-term success and sustainability in the competitive business landscape.

Illustrative Examples of Effective Brand Sponsorship

- Nike’s Athletic Sponsorships: Nike’s strategic alliances with iconic athletes such as Michael Jordan, LeBron James, and Cristiano Ronaldo have been instrumental in sculpting an aura of excellence, performance, and ambition around the brand. These high-profile partnerships have deeply resonated with Nike's target audience, solidifying its status as a vanguard sports and lifestyle brand.

- Coca-Cola’s Olympic Partnership: Coca-Cola’s enduring sponsorship of the Olympic Games serves as a prime example of how brand sponsorship can elevate a brand’s image on a global scale. This association imbues Coca-Cola with universal values of unity, joy, and global camaraderie, enhancing its global brand appeal.

- Pepsi and Music Events: Pepsi’s engagement with music-centric events like the Super Bowl halftime show and the MTV Video Music Awards positions the brand at the nexus of entertainment and youth culture. This strategic alignment appeals to a diverse audience, reinforcing Pepsi's image as a dynamic and culturally relevant brand.

Strategic Alignment with Brand Vision and Values

The success of a brand sponsorship endeavor hinges on its strategic alignment with the brand’s core vision and values. This alignment ensures that the sponsorship not only amplifies the brand’s message but also fortifies its market position and resonates with the intended customer segment. The synergy between a brand's values and its sponsorship choices is crucial in attracting a customer base that is not only willing to engage with the brand but also prepared to invest in it.

For instance, a brand that values innovation and sustainability might choose to sponsor events that promote environmental awareness or technological advancements, thereby reinforcing its brand message and appealing to a like-minded audience. This strategic congruence between the brand’s ethos and its sponsorship activities can significantly enhance the brand’s credibility and appeal, contributing to a stronger brand identity and a loyal customer base.

Brand sponsorship is a critical component of a comprehensive branding strategy that can significantly impact a company’s success. By carefully selecting sponsorships that align with the brand’s vision and values, businesses can distinguish themselves from competitors, enhance brand awareness, and cultivate a loyal following. The strategic use of brand sponsorship, when effectively aligned with a brand's overarching goals and consumer expectations, serves as a powerful tool for building and sustaining a strong, resonant brand identity. Through the meticulous selection of sponsorships and a deep understanding of the target audience, brands can leverage this dynamic marketing strategy to achieve substantial market presence and foster enduring customer relationships.

8.4.4 Brand Development-branding decision

Brand development stands as a cornerstone in the strategic formulation of a brand’s essence, embodying the creation and nurturing of a brand's identity and personality. This intricate process is fundamental in establishing a brand’s unique image and value proposition that deeply resonates with the target audience. Through effective brand development, a brand can distinguish itself in the competitive marketplace, crafting a unique space where its vision, values, and messaging coalesce to form a compelling brand identity.

The Essence of Brand Development

Brand development transcends the mere visual aspects of branding, such as logos and color schemes, delving into the strategic crafting of a brand’s core identity, messaging, and experience. This comprehensive approach ensures that every facet of the brand communicates a consistent and coherent message that aligns with the brand’s overarching vision and values. Forbes highlights that brand development is an ongoing journey of building and maintaining a brand’s reputation, necessitating a deep dive into the brand strategy, identity, messaging, and the overall brand experience offered to consumers.

Scholarly Insights on Brand Development

- **Jennifer L. Aaker** emphasizes the creation of a brand identity that not only resonates with the target audience but also encapsulates a unique brand personality. Aaker advocates for the importance of understanding the psychological and emotional aspects of the target audience, allowing for the development of a brand personality that genuinely connects with consumers.
- **Rajendra K. Srivastava** focuses on the necessity of crafting a unique image and value proposition for the brand. He underscores the significance of differentiation in the marketplace, suggesting that a clear and compelling value proposition is key to setting a brand apart from its competitors.
- **Bernd Schmitt** delves into the emotional dimension of brand development, arguing that creating an emotional connection with customers is paramount. He posits that brands must strive to develop a personality that not only resonates with their target audience but also evokes positive feelings and associations, thereby fostering brand loyalty and affinity.

Apple: A Paradigm of Successful Brand Development

Apple exemplifies the pinnacle of brand development success, having meticulously crafted a brand personality that is both sleek and minimalist. This branding strategy is reflected in every aspect of Apple’s offerings, from product design and packaging to advertising and customer service. Apple’s ability to consistently communicate its brand identity across all touchpoints has cultivated a loyal customer base that perceives Apple products as not merely gadgets but as integral components of their lifestyle. This deep connection with the brand has enabled Apple to command a premium for its products, demonstrating the powerful impact of successful brand development.

The Strategic Imperatives of Brand Development

Strategic brand development is instrumental in enabling businesses to carve out a distinctive niche in their respective markets. It requires a thorough understanding of the target audience, including their needs, desires, and the emotional drivers behind their purchasing decisions. Additionally, a clear articulation of the brand’s vision and values is essential, serving as the foundation upon which all brand development efforts are built.

Businesses must engage in continuous dialogue with their customers, gathering insights that can inform the evolution of the brand's identity and offerings. This dynamic process of brand development ensures that the brand remains relevant and resonant with the changing preferences and expectations of its audience.

In summary, brand development is a critical aspect of strategic branding that significantly influences a company's success. By making informed branding decisions that align with the brand's vision and values, businesses can effectively differentiate themselves in a crowded marketplace. The insights provided by marketing scholars, coupled with the real-world success of brands like Apple, underscore the importance of developing a unique brand identity and value proposition. Through strategic brand development, businesses can attract a dedicated customer segment, foster emotional connections, and build a loyal customer base willing to invest in the brand, thereby ensuring long-term success and sustainability.

Case Study: Rebranding of Old Spice

Background: Old Spice, a long-established brand known for its range of men's grooming products, faced a significant challenge in the early 2000s. Its image had become outdated, often associated with an older generation. To stay relevant and competitive in a changing market, Old Spice needed to revitalize its brand.

Strategic Branding Decisions:

1. **Brand Re-positioning and Development:** Old Spice embarked on a re-positioning strategy, aiming to appeal to a younger demographic. They shifted their brand image from being "your grandfather's brand" to a more modern, adventurous, and humorous one.
2. **Brand Sponsorship:** The brand leveraged sponsorships and partnerships that resonated with a younger audience, including sponsoring extreme sports events and athletes.
3. **Innovative Marketing Campaigns:** Old Spice launched a series of innovative and humorous marketing campaigns. The "The Man Your Man Could Smell Like" campaign, featuring Isaiah Mustafa, became a viral sensation, drastically changing public perception.
4. **Product Line Extension:** Along with its rebranding efforts, Old Spice introduced new product lines, including body washes and deodorants, catering to the broader needs of a younger audience.

Outcome: The strategic branding decisions made by Old Spice were highly successful:

- The brand successfully repositioned itself, attracting a younger consumer base.
- Their marketing campaigns received widespread acclaim, significantly increasing brand visibility and popularity.
- Sales figures saw a substantial rise, with Old Spice becoming one of the leaders in men's grooming products.
- The brand successfully changed its image from outdated to modern and trendy.

Conclusion: The Old Spice case study is a prime example of the power of strategic branding and decisions. It demonstrates how an established brand can reinvent itself through well-thought-out branding strategies, effective marketing, and keeping pace with changing consumer preferences.

Key Takeaways

The realm of strategic branding and decisions is pivotal in shaping a business's identity and standing in the marketplace. It involves a holistic approach that goes beyond mere visual aesthetics, encompassing the intricacies of brand positioning, the nuances of name selection, the strategic alignment of sponsorships, and the dynamic process of brand development. The art of strategic branding lies in its ability to not only create a unique and memorable presence in the consumer's mind but also to adapt and evolve in response to changing market trends and consumer preferences. Ultimately, the decisions made in this arena have a profound impact on consumer behavior and brand loyalty, serving as key differentiators in a competitive landscape.

❖ **Keywords**

1. **Strategic Branding:** A comprehensive approach to establishing and managing a brand's identity, positioning, and overall perception in the market to achieve specific business objectives.
2. **Brand Positioning:** The strategy of designing a brand's offering and image to occupy a unique and desirable place in the minds of the target market.
3. **Brand Name Selection:** The process of choosing a suitable name for a brand that is memorable, easy to pronounce and spell, and reflects the brand's personality and values.
4. **Brand Sponsorship:** The decision-making process regarding the promotion of a brand through various forms of sponsorship, such as events, teams, or individuals, to enhance brand visibility and reputation.
5. **Brand Development:** The creation and evolution of a brand's identity, personality, and overall image, including elements like logo, design, and brand messaging.
6. **Brand Extension:** Expanding a brand into new product categories or markets, leveraging the existing brand's reputation and customer base to gain a foothold in new areas.
7. **Brand Re-positioning:** The strategy of altering a brand's current position in the market to better meet the needs of the target audience or to respond to changes in the market environment.
8. **Brand Equity Management:** The ongoing process of maintaining and enhancing the value of a brand in the eyes of consumers, including consistency in branding elements and messaging.
9. **Customer Perception:** The way customers view and interpret a brand, influenced by branding decisions and marketing strategies.
10. **Market Differentiation:** The process of making a brand or product stand out from competitors by highlighting unique features, benefits, or attributes.

- **Exercises**
  - **Answer the following questions:**

1. Explain the concept of strategic branding and its importance in modern marketing.
2. Describe how Apple has successfully implemented strategic branding decisions.
3. Discuss the role of brand name selection in strategic branding with an example.

4. Explain how brand sponsorship can impact a brand's market presence, using Nike as an example.
5. Describe the process and significance of brand re-positioning with a real-world example.
6. Discuss the importance of brand equity management in strategic branding.
7. Explain how strategic brand development decisions influence a brand's market success.
8. Discuss the challenges and opportunities in brand extension strategies.
9. Describe the impact of poor brand positioning decisions with an example.
10. Explain how strategic branding decisions influence consumer perception and behavior.

- **Multiple Choice Questions:**

1. Strategic Branding primarily involves:
   a) Financial planning
   b) Product design
   c) Creating and maintaining a brand's identity
   d) Sales techniques

2. The primary goal of brand positioning is to:
   a) Increase sales immediately
   b) Occupy a unique place in the target market's mind
   c) Reduce marketing costs
   d) Expand the product line

3. Which aspect of strategic branding focuses on the brand's name and its impact?
   a) Brand Equity Management
   b) Brand Positioning
   c) Brand Sponsorship
   d) Brand Name Selection

4. Brand sponsorship in strategic branding is crucial for:
   a) Legal reasons
   b) Promoting the brand through partnerships
   c) Internal company communications
   d) Product manufacturing

5. Effective brand development is critical for:
   a) Managing financial risks
   b) Creating and maintaining a brand's identity
   c) Immediate increase in stock value
   d) Employee training

6. Brand re-positioning is necessary when a brand needs to:
   a) Change its core values
   b) Adjust its image or perception in the market
   c) Increase its budget
   d) Launch a new product

7. What does brand equity management primarily focus on?
   a) Product pricing strategies
   b) Maintaining consistency in brand elements

c) Reducing production costs
d) Expanding to new geographic locations

8. The main idea of brand positioning is:
   a) To create a new market segment
   b) To influence the brand's perception in a subtle yet memorable way
   c) To develop new products
   d) To focus solely on advertising

9. Brand name selection should ensure the name is:
   a) Long and descriptive
   b) Easy to remember, pronounce, and spell
   c) Similar to competitors
   d) Focused on the founder's name

10. Strategic branding decisions are critical for:
    a) Short-term financial gains
    b) Shaping the trajectory and perception of a brand
    c) Deciding the company's location
    d) Determining employee benefits

- **Fill in the Blanks**

1. Strategic branding is the process of __________ and maintaining a brand's identity in the market.
2. Apple's success in strategic branding is attributed to its focus on __________, design, and user experience.
3. The selection of a brand name plays a crucial role in __________ branding, impacting the brand's perception and recall.
4. Nike's market presence has been significantly enhanced through brand __________, involving partnerships and endorsements.
5. Brand __________ involves adjusting a brand's image or market perception to align with current consumer expectations or market trends.
6. Managing __________ equity is a fundamental aspect of strategic branding that influences a brand's value and consumer loyalty.
7. Strategic __________ development decisions are pivotal in establishing and nurturing a brand's identity and market success.
8. Brand extension strategies present both challenges and __________ for expanding a brand's reach into new markets or product categories.
9. Poor brand positioning decisions can lead to a __________ impact on the brand's market perception and success.
10. Strategic branding decisions play a vital role in shaping consumer __________ and behavior towards a brand.

- **True or False**

1. Strategic Branding only concerns the visual elements of a brand, such as the logo and colour scheme.
2. Brand positioning's primary goal is to secure a unique and memorable place in the target market's mind.
3. Brand name selection is unrelated to the brand's success and market perception.
4. Brand sponsorship is limited to sports teams and events.

5. Re-positioning a brand is often necessary when the market dynamics remain constant.
6. Brand equity management focuses exclusively on the financial valuation of a brand.
7. Strategic brand development decisions have no impact on a brand's long-term success.
8. Brand extension strategies are risk-free and always result in increased brand equity.
9. A poorly chosen brand name can have a lasting negative effect on brand perception and success.
10. Strategic branding decisions influence only the external marketing aspects and not the internal corporate identity.

- **Differences Between**

a) Brand Positioning vs. Brand Name Selection
b) Brand Sponsorship vs. Brand Equity Management
c) Brand Re-positioning vs. Strategic Brand Development:

- **Write Short Notes on:**

a) Brand Equity Management
b) Strategic Branding

UNIT – 9	MEASURING AND INTERPRETING BRAND PERFORMANCE

9.1 Introduction

Brands represent enormously valuable pieces of legal property, capable of influencing consumer behavior, being bought and sold, and providing the security of sustained future revenues to their owner. The value directly or indirectly accrued by these various benefits is often called brand equity.

For brand equity to provide a useful strategic function and guide marketing decisions, it is important for marketers to fully understand the sources of brand equity, how they affect outcomes of interest (e.g., sales), and how these sources and outcomes change, if at all, over time.

Understanding the sources and outcomes of brand equity provides a common denominator for
interpreting marketing strategies and assessing the value of a brand: The sources of brand equity help managers understand and focus on what drives their brand equity; the outcomes of brand equity helps managers understand exactly how and where brands add value.

Towards that goal, we review measures of both sources and outcomes of brand equity in detail.

We then present a model of value creation, the brand value chain, as a holistic, integrated approach to understanding how to capture the value created by brands. We also outline some issues in developing a brand equity measurement system.

9.2 Measuring and Interpreting Brand Performance

To understand the effects of brand marketing programs, it is important to measure and interpret brand performance. A useful tool in that regard is the brand value chain. The brand value chain is a means to trace the value creation process for brands to better understand the financial impact of brand marketing expenditures and investments. The brand value chain helps to direct marketing research efforts. Taking the customer's perspective of the value of a brand, the brand value chain assumes that the brand value creation process begins when the firm invests in a marketing program targeting actual or potential customers.

The marketing activity associated with the program then impacts the customer "mindset" with respect to the brand, what they know and feel about the brand. The customer mindset includes everything that exists in the minds of customers with respect to a brand, thoughts, feelings, experiences, images, perceptions, beliefs, attitudes, etc. consistent with the customer-based brand equity model, five key dimensions that are particularly important measures of the customer mindset:

1. Brand awareness
2. Brand associations
3. Brand attitudes
4. Brand attachment
5. Brand activity or experience

The customer mindset affects how customers react or respond in the marketplace in a variety of ways. Six key outcomes of that response are:

1. Price premiums
2. Price elasticities
3. Market share
4. Brand expansion
5. Cost structure
6. Brand profitability

Based on all available current and forecasted information about a brand, as well as many other considerations, the financial marketplace then formulates opinions and makes various assessments that have very direct financial implications for the value of the brand. Three particularly important indicators are the stock price, the price/earnings multiple, and overall market capitalization for the firm.

The model also assumes that several linking factors intervene between these stages. These linking factors determine the extent to which value created at one stage transfers or "multiplies" to the next stage. Thus, there are three sets of multipliers that moderate the transfer between the marketing program and the subsequent three stages, the program multiplier, the customer multiplier, and the market multiplier.

Profitable brand management requires successfully designing and implementing a brand equity measurement system. A brand equity measurement system is a set of research procedures designed to provide timely, accurate and actionable information for marketers so that they can make the best possible tactical decisions in the short-run and strategic decisions in the long-run.

Implementing such a system involves two key steps, conducting tracking studies and implementing a brand equity management system.

Tracking studies involves information collected from consumers on a routine basis over time.
Tracking studies provide valuable tactical insight into the short-term effectiveness of marketing programs and activities. Whereas brand audits measure "where the brand has been," tracking studies measure "where the brand is at" and whether marketing programs are having their intended effects.

Three major changes must occur as part of a brand equity management system. First, the company view of brand equity should be formalized into a document, the brand equity charter. This document serves several purposes: It chronicles the company's general philosophy with respect to brand equity, summarizes the activity and outcomes related to brand audits, brand tracking, etc., outlines guidelines for brand strategies and tactics, and documents proper treatment of the brand. The charter should be updated annually to identify new opportunities and risks and to fully reflect information gathered by the brand inventory and brand exploratory as part of any brand audits. Second, the result of the tracking survey and other relevant outcome measures should be assembled into a Brand Equity Report that is distributed to management on a regular basis. The Brand Equity Report should provide descriptive information as to what is happening within a brand as well as diagnostic information as to why it is happening. Finally, senior management must be assigned to overseas how brand equity is treated within the organization. The people in that position would be responsible for overseeing the implementation of the Brand Equity Charter and Brand Equity Reports to make sure that as much as possible, product and marketing actions across divisions and geographical boundaries are done in a way that reflect the spirit of the Charter and the substance of the Report so as to maximize the long-term equity of the brand.

9.3 Developing A Brand Equity Measurement and Management System

A brand equity measurement system uses a set of research procedures that is designed to provide timely, accurate, and actionable information for marketers for their tactical decisions in the short run and strategic decisions in the long run. The goal in developing a brand equity measurement system is to be able to achieve a full understanding of the sources and outcomes of brand equity and be able to, as much as possible, relate the two. The ideal brand equity measurement system would provide complete, up-to-date, and relevant information on the brand and all its competitors to relevant decision makers within the organization. Three key components of a brand equity measurement system are brand audits, brand tracking, and brand equity management systems.

9.3.1 Brand Audit

A brand audit is a comprehensive examination of a brand. Specifically, a brand audit involves a series of procedures to assess the health of the brand, uncover its sources of brand equity, and suggest ways to improve and leverage its equity. A brand audit requires understanding sources of brand equity from the perspective of both the firms, it is necessary to understand exactly what products and services are currently being offered to consumers and how they are being marketed and branded. From the perspective of the consumer, it is necessary to dig deeply into the minds of consumers and tap into their perceptions and beliefs to uncover the true meaning of brands and products.

The brand audit can be used to set strategic direction for the brand. Are the current sources of brand equity satisfactory? Do certain brand associations need to be strengthened? Does the brand lack uniqueness? What brand opportunities exist and what potential challenges exist for brand equity? As a result of this strategic analysis, a marketing program can be put into place to maximize long-term brand equity. A brand audit should be conducted whenever important shifts in strategic direction are contemplated.

Moreover, conducting brand audits on a regular basis (e.g., annually) allows marketers to keep their “fingers on the pulse” of their brands so that they can be more proactively and responsively managed. As such, they are particularly useful background for managers as they set up their marketing plans. A brand audit consists of two steps:

1. ***Brand Inventory:*** The purpose of the brand inventory is to provide a current, comprehensive profile of how all the products and branded profiling each product or service requires that all associated brand elements be identified as well as aspects of the marketing program. This information should be summarized in both visual and verbal form. The outcome of the brand inventory should be an accurate, comprehensive, and timely profile of how all the products and services sold by a company are branded and marketed. As part of the brand inventory, it is also advisable to profile competitive brands, in as much detail as possible, in terms of their branding and marketing efforts.

The brand inventory is a valuable first step in the brand audit. It helps to suggest what consumer current perceptions may be based on. Thus, the brand inventory provides useful information for interpreting follow-up research activity such as the brand exploratory that collects actual consumer perceptions toward the brand. Second, the brand inventory may provide some initial insights into how brand equity may be better managed.

2. *Brand Exploratory*: The second step of the brand audit is to provide detailed information as to what consumers think of the brand by means of the brand exploratory, particularly in terms of brand awareness and the strength, favorability, and uniqueness of brand associations. The brand exploratory is research activity directed to understanding what consumers think and feel about the brand and its corresponding product category in order to identify sources of brand equity.

Although the “supply-side” view of the brand as revealed by the brand inventory is useful, actual consumer perceptions, of course, may not necessarily reflect the consumer perceptions that were intended to be created by the marketing program. Thus, the second step of the brand audit is to provide detailed information as to what consumers think and feel about the brand by means of the brand exploratory.

Several preliminary activities are useful for brand exploration. First, in many cases, several prior research studies may exist and be relevant. Reports may have been buried, and perhaps even long forgotten, which contain insights and answers to several important questions or suggest new questions that may still need to be posed. Second, it is also useful to interview internal personnel to gain an understanding of their beliefs about consumer perceptions for the brand and competitive brands. Past and current marketing managers may be able to share some wisdom not necessarily captured in prior research reports.

9.3.2 Brand Tracking

Brand audits are a means to provide in-depth information and insights that are essential for setting long-term strategic direction for the brand. In terms of more short-term tactical considerations, less detailed brand-related information should be collected because of conducting ongoing tracking studies. Tracking studies involve information collected from consumers on a routine basis over time. Tracking studies typically employ quantitative measures to provide marketers with current information as to how their brands and marketing programs are performing based on a few key dimensions identified by the brand audit or other means. Tracking studies are a means to understand where, how much and in what ways brand value is being created.

Tracking studies play an important function for managers by providing consistent baseline information to facilitate their day-to-day decision-making. As more marketing activity surrounds the brand, it becomes difficult and expensive to research each individual marketing action.

Tracking studies provide valuable diagnostic insights into the collective effects of a host of marketing activities on the customer mindset, market outcomes, and perhaps even shareholder value. The reality is that marketing can create all types of effects in the minds of consumers that may influence how they respond to subsequent marketing activity. Regardless of how few or many changes are made in the marketing program over time, it is important to monitor the health of the brand and its equity so that proper adjustments can be made if necessary.

Several ingredients characterize a successful tracking program. To capture the effects of the complex, varied marketing activity that make up many marketing programs, it is important to adopt detailed, rich marketing models. If well-specified, these models should directly suggest a comprehensive, robust set of measures to employ in tracking. At the same time, it is important to adopt a modular approach to tracking – not every type of measure needs to be included in every tracking survey every time. For example, detailed measures of specific performance and imagery benefits may be included less frequently than basic measures of brand awareness, attitudes and behaviors that are likely to be impacted by a broad range of marketing activity.

Finally, firms must obviously adopt good survey practices and carefully design surveys, collect data, and interpret results.

9.3.3 Brand Equity Management System

Brand tracking studies – as well as brand audits – can provide a huge reservoir of information concerning how to best build and measure brand equity. Nevertheless, the potential value of these research efforts will not be realized unless proper internal structures and procedures are put into place within the organization to capitalize on the usefulness of the brand equity concept and the information that is collected with respect to it. A brand equity management system is defined as a set of organizational processes designed to improve the understanding and use of the brand equity concept within a firm. Although there are many aspects to a brand equity management system, two useful tools that can be employed are highlighted here.

Brand Equity Charter

The first step in establishing a brand equity management system is to formalize the company's view of brand equity into a document, the brand equity charter, which provides relevant guidelines to marketing managers within the company as well as key marketing partners outside the company (e.g., ad agency personnel).

This document should:

1. **1.** Define the firm's view of the brand equity concept and explain why it is important.
2. **2.** Describe the scope of key brands in terms of associated products and how they have been branded and marketed (as revealed by historical company records as well as the most recent brand inventory).
3. **3.** Specify what the actual and desired equity is for a brand at all relevant level of the brand hierarchy.
4. **4.** Explain how brand equity is measured in terms of the tracking study and the resulting brand equity report.
5. **5.** Suggest how brand equity should be managed in terms of some general strategic guidelines (e.g., stressing clarity, relevance, distinctiveness, and consistency in marketing programs over time).
6. **6.** Outline how marketing programs should be devised in terms of some specific tactical guidelines (e.g., ad evaluation criteria, brand name choice criteria, etc.).
7. **7.** Specify the proper treatment of the brand in terms of trademark usage, packaging, and communications.

Although parts of the brand equity charter may not change from year to year, it should nevertheless be updated on an annual basis to provide a current brand profile and identify new opportunities and potential risks for the brand to decision-makers.

Brand Equity Report

The second step in establishing a successful brand equity management system is to assemble the results of the tracking survey and other relevant performance measures for the brand into a brand equity report to be distributed to management on a regular basis (monthly, quarterly, or annually). Much of the information relevant to the report may already exist within or be collected by the organization. Yet, the information may have been otherwise presented to management in disjointed chunks such that a more holistic understanding is not possible. The brand equity report attempts to effectively integrate all these different measures.

The brand equity report should provide descriptive information as to what is happening with a brand as well as diagnostic information as to why it is happening. It should include all relevant internal and external measures of brand performance and sources and outcomes of brand equity.

One section of the report should summarize consumer perceptions on key attribute or benefit associations, preferences, and reported behavior as revealed by the tracking study. Another section of the report should include more descriptive market level information such as:

1. **1.** Product shipments and movement through channels of distribution.
2. **2.** Relevant cost breakdowns.
3. **3.** Price and discount schedules where appropriate.
4. **4.** Sales and market share information broken down by relevant factors, e.g., geographic region, type of retail account or customer, etc.
5. **5.** Profit assessments.

Collectively, these measures can provide insight into the market performance component of the brand value chain.

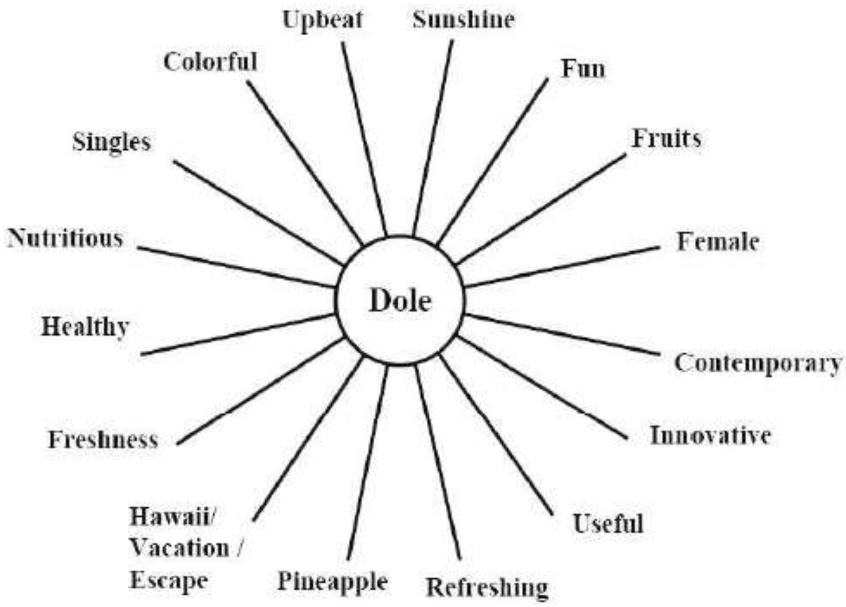
9.4 Measuring Sources of Brand Equity

The value of a brand – and thus its equity – is ultimately derived in the marketplace from the words and actions of consumers. Consumers decide with their purchases, based on whatever factors they deem important, which brands have more equity than other brands. Although the
details of different approaches to conceptualize brand equity differ, they tend to share a common core: All definitions typically either implicitly or explicitly rely on brand knowledge structures in the minds of consumers – individuals or organizations as the source or foundation of brand equity. In other words, the real power of a brand is in the thoughts, feelings, images, beliefs, attitudes, experiences and so on that exist in the minds of consumers. This brand knowledge affects how consumers respond to products, prices, communications, channels, and other marketing activity – increasing or decreasing brand value in the process. Along these lines, formally, customer-based brand equity has been defined as the differential effect that consumer brand knowledge has on their response to brand marketing activity.

Brand knowledge is not the facts about the brand – it is all the thoughts, feelings, perceptions, images, experiences, and so on that becomes linked to the brand in the minds of consumers. All of these types of information can be thought of in terms of a set of associations to the brand in consumer memory. Accordingly, brand knowledge can be viewed in terms of an associative network memory model as a network of nodes and links where the brand can be thought of as being a node in memory with a variety of different types of associations potentially linked to it.

A "mental map" can be a useful way to portray some of the important dimensions of brand knowledge. Figure 3.1 displays a very simple hypothetical mental map highlighting potential brand associations for a consumer for the Dole brand.

Figure 4.1 Mental Map for Dole Brand



Two particularly important components of brand knowledge are brand awareness and brand image. Brand awareness is related to the strength of the brand node or trace in memory as reflected by consumers' ability to recall or recognize the brand under different conditions.

Brand awareness can be characterized by depth and breadth. The depth of brand awareness relates to the likelihood that the brand can be recognized or recalled. The breadth of brand awareness relates to the variety of purchase and consumption situations in which the brand comes to mind. Brand image is defined as consumer perceptions of and preferences for a brand, as reflected by the various types of brand associations held in consumers' memory.

These associations range along several different dimensions, such as their strength, positivity, uniqueness, and abstractness. Strong, favourable, and unique brand associations are essential as sources of brand equity to drive consumer behavior.

According to a customer-based brand equity perspective, the indirect approach to measuring brand equity attempts to assess potential sources for brand equity by measuring consumer mindset or brand knowledge. The indirect approach is useful in identifying what aspects of the brand knowledge may potentially cause the differential response that creates brand equity in the marketplace. Because any one measure typically only captures one aspect of brand knowledge, multiple measures need to be employed to account for the multidimensional nature of brand knowledge. Brand awareness can be assessed through a variety of aided and unaided memory measures that can be applied to test brand recall and recognition; brand image can be assessed through a variety of qualitative and quantitative techniques.

9.4.1 Qualitative Research Techniques

There are many ways to uncover and characterize the types of associations linked to the brand. Qualitative research techniques are often employed to identify possible brand associations and sources of brand equity. Qualitative research techniques are relatively unstructured measurement approaches whereby a range of possible consumer responses are permitted. Because of the freedom afforded both researchers in their probes and consumers in their responses, qualitative research can often be a useful "first step" in exploring consumer brand and product perceptions. Consider the following three qualitative research techniques that can be employed to identify sources of brand equity.

9.4.2 Free Association

The simplest and often most powerful way to profile brand associations involves free association tasks whereby subjects are asked what comes to mind when they think of the brand without any more specific probe or cue than perhaps the associated product category (e.g., "What does the Rolex name mean to you?" or "Tell me what comes to mind when you think of Rolex watches.").

Answers to these questions help marketers to clarify the range of possible associations and assemble a brand profile. To better understand the positivity of brand associations, consumers can be asked follow-up questions as to the favorability of associations they listed or, more generally, what they like best about the brand. Similarly, consumers can also be asked direct follow-up questions as to the uniqueness of associations they listed or, more generally, what they find unique about the brand. Thus, additionally useful questions include:

1) What do you like best about the brand? What are its positive aspects? What do you dislike? What are its disadvantages?

2) What do you find unique about the brand? How is it different from other brands? In what ways are it the same?

These simple, direct measures can be extremely valuable at determining core aspects of a brand image. To provide more structure and guidance, consumers can be asked further follow-up questions to describe what the brand means to them in terms of "who, what, when, where, why, and how" type of questions such as:

1. Who uses the brand? What kind of person?
2. When and where do they use the brand? What types of situations?
3. Why do people use the brand? What do they get out of using it?
4. How do they use the brand? What do they use it for?

9.4.3 Projective Techniques

Uncovering the sources of brand equity requires that consumers' brand knowledge structures be profiled as accurately and completely as possible. Unfortunately, under certain situations, consumers may feel that it would be socially unacceptable or undesirable to express their true feelings. As a result, they may find it easier to fall back on stereotypical, "pat" answers that they believe would be acceptable or perhaps even expected by the interviewer. For example, it may be difficult for consumers to admit that a certain brand name product has prestige and enhances their self-image. As a result, consumers may instead refer to some product feature as the reason why they like or dislike the brand. Alternatively, it may just be that consumers find it difficult to identify and express their true feelings when asked directly even if they attempt to do so. For either of these reasons, an accurate portrayal of brand knowledge structures may be impossible without some rather unconventional research methods.

Projective techniques are diagnostic tools to uncover the true opinions and feelings of consumers when they are unwilling or otherwise unable to express themselves on these matters. The idea behind projective techniques is that consumers are presented with an incomplete stimulus and asked to complete it or given an ambiguous stimulus that may not make sense in and of itself and are asked to make sense of it. In doing so, the argument is that consumers will reveal some of their true beliefs and feelings. Thus, projective techniques can be especially useful when deeply rooted personal motivations or personally or socially sensitive subject matters may be operating. Projective techniques often provide useful insights that help to assemble a more complete picture of consumers and their relationships with brands. All kinds of projective techniques are possible. Here we highlight two:

1. **Completion & Interpretation Tasks**: Classic projective techniques use incomplete or ambiguous stimuli to elicit consumer thoughts and feelings. One such approach is with "bubble exercises" based on cartoons or photos where different people are depicted buying or using certain products, services, or brands. Empty bubbles, as found in cartoons, are placed in the scenes to represent the thoughts, words, or actions of one or more of the participants in the scene. Consumers are then asked to figuratively "fill in the bubble" by indicating what they believed was happening or being said in the scene. The stories and conversations told through bubble exercises and picture interpretations can be especially useful to assess user and usage imagery for a brand.

2. **Comparison Tasks:** Another technique that may be useful when consumers are not able to directly express their perceptions of brands is comparison tasks where consumers are asked to convey their impressions by comparing brands to people,

countries, animals, activities, fabrics, occupations, cars, magazines, vegetables, nationalities, or even other brands. For example, consumers might be asked: “If Nike were a car, which one would it be? If it were an animal, which one might it be? Looking at the people depicted in these pictures, which ones do you think would be most likely to wear Nike shoes?” In each case, consumers could be asked a follow-up question as to why they made the comparison they did. The objects chosen to represent the brand and the reasons why they were chosen can provide a glimpse into the psyche of the consumer with respect to a brand.

Although qualitative measures are useful to identify and characterize the range of possible associations to a brand, a more quantitative portrait of the brand often is also desirable to permit more confident and defensible strategic and tactical recommendations. Whereas qualitative research typically elicits some type of verbal responses from consumers, quantitative research typically employs various types of scale questions so that numerical representations and summaries can be made. Quantitative measures are often the primary ingredient in tracking studies that monitor brand knowledge structures of consumers over time.

9.4.4 Awareness

The ability to identify various brand elements (i.e., the brand name, logo, symbol, character, packaging, and slogan) under different conditions. Brand awareness relates to the likelihood that a brand will come to mind and the ease with which it does so given different types of cues. Several measures of awareness of brand elements can be employed. Choosing the appropriate measure depends on the relative importance of brand awareness for consumer behavior in the category and the resulting role it plays to the success of the marketing program for the brand. For example, if research reveals that many consumer decisions are made at the point-of-purchase where the brand name, logo, packaging, and so on will be physically present and visible, then brand recognition and visual awareness measures will be important.

If research reveals that consumer decisions are mostly made in other settings away from the point-of-purchase where the brand elements are not physically present, then brand recall and verbal measures will be more important. As a cautionary note, even though brand recall per se may be viewed as less important when consumer decisions are made at the point-of-purchase, consumers’ brand evaluations and choices will still often depend on what else they recall about the brand given that they are able to recognize it there.

9.4.5 Recognition

Recognition processes require that consumers be able to discriminate a stimulus – a word, object, image, etc. – as something they have previously seen. Brand recognition relates to consumers’ ability to identify the brand under a variety of circumstances and can involve identification of any of the brand elements. The most basic type of recognition procedures gives consumers a set of single items visually or orally and asks them if they thought that they had previously seen or heard these items. To provide a more sensitive test, it is often useful to include decoys or lures – items which consumers could not have possibly seen. In addition to “yes” or “no” responses, consumers also can be asked to rate how confident they are in their recognition of an item. There are also several additional, somewhat more subtle recognition measures that involve “perceptually degraded” versions of the brand. In some cases, the brand element may be visually masked or distorted in some way or shown for an extremely brief duration.

For example, brand name recognition could be tested with missing letters. These additional measures can provide more sensitive measures of recognition than simple “yes” or “no” tasks.

By applying these direct and indirect measures of brand recognition, marketers can determine which brand elements exist in memory and, to some extent, the strength of their association.

One advantage to brand recognition measures versus recall measures is that they can be used in any modality. For example, because brand recognition is often visual in nature, visual recognition measures can be used. It may be difficult for consumers to describe a logo or symbol in a recall task either verbally or pictorially but much easier for them to assess the same elements visually in a recognition task. Nevertheless, brand recognition measures only really provide an approximation as to potential recall-ability. To determine whether the brand elements will be recalled under various circumstances, measures of brand recall are necessary.

9.4.6 Recall

Brand recall relates to consumers’ ability to identify the brand under a variety of circumstances.

With brand recall, consumers must retrieve the actual brand element from memory when given some related probe or cue. Thus, brand recall is a more demanding memory task than brand recognition because consumers are not just given a brand element and asked to identify or discriminate it as one, they had or had not already seen.

Different measures of brand recall are possible depending on the type of cues provided to consumers. Unaided recall based on “all brands” provided as a cue is likely to identify only the very strongest brands. Aided recall uses various types of cues to help consumer recall. One possible sequence of aided recall might use progressively narrowly defined cues – such as product class, product category, and product type labels – to provide insight into the organization of consumers’ brand knowledge structures. For example, if recall of the Porsche 944 – a high performance German sports car – in non-German markets was of interest, the recall probes could begin with “all cars” and move to more and more narrowly defined categories such as “sports cars,” “foreign sports cars,” or even “high performance German sports cars.” For example, consumers could be asked: “When you think of foreign sports cars, which brands come to mind?”

McDonalds Everyone knows the golden arches as McDonalds.	**Nike** We associate a tick icon with the brand Nike.	**Apple** We all know this is the icon on our iPhone and iPads.

Other types of cues may be employed to measure brand recall. For example, consumers could be probed based on product attributes (e.g., “When you think of chocolate, which brands come to mind?) or usage goals (e.g., “If you were thinking of having a healthy snack, which brands come to mind?”). Often, to capture the breadth of brand recall, it may be important to examine the context of the purchase decision or consumption usage situation. For example, consumers could be probed according to different purchase motivations as well as different times and places when the product could be used to see which brands came to mind (e.g., different times of the day, days of the week, or times of the year; at home, at work, or on vacation). The more that brands have strong associations to these considerations, the more likely it is that they will be recalled when they are given those situational cues. Combined, measures of recall based on product attribute or category cues as well as situational or usage cues give an indication of breadth of recall.

Besides being judged as correctly recalled, brand recall can be further distinguished according to order, as well as latency or speed of recall. In many cases, people will recognize a brand when it is shown to them and will recall it if they are given enough cues. Thus, potential recall-ability is high. The bigger issue is the salience of the brand – do consumers think of the brand under the right circumstances, e.g., when they could be either buying or using the product? How quickly do they think of the brand? Is it automatically or easily recalled? Is it the first brand recalled?

9.4.7 Image

Brand awareness is an important first step in building brand equity, but usually not sufficient.

For most customers in most situations, other considerations, such as the meaning or image of

the brand, also come into play. One vitally important aspect of the brand is its image, as reflected by the associations that consumers hold toward the brand. Brand associations come in many different forms and can be classified in many different dimensions. Consistent with the laddering concept described above, it is useful to make a distinction between more “lower level” considerations related to consumer perceptions of specific attributes and benefits versus more “higher-level” considerations related to consumer responses and their judgments and feelings toward the brand. There is an obvious relationship between the two levels as consumers’ responses typically are a result of perceptions of specific attributes and benefits about the brand. We next consider both types of associations.

9.4.7.1 Specific, Lower-level Brand Associations

Beliefs are descriptive thoughts that a person holds about something. Brand association beliefs are those specific attributes and benefits linked to the brand and its competitors. For example, consumers may have brand association beliefs for Sony Playstation home video games such as “fun and exciting,” “cool and hip,” “colorful,” “good graphic quality,” “advanced technology,” “variety of software titles,” and “sometimes violent.” They may also have associations to the brand logo and the slogan, “Live in Your World. Play in Ours.” Playstation user imagery may be “used by a teenager or 20-something male who is serious about playing video games, especially sports games.”

The qualitative research approaches described above are useful in uncovering these different type of salient brand associations making up the brand image. Any potentially relevant association can and should be measured. Although a myriad of different types of brand associations are possible, brand meaning broadly can be distinguished in terms of more functional, performance related considerations versus more abstract, imagery–related considerations. Thus, brand meaning is made up of two major categories of brand associations that exist in customers’ minds – related to performance and imagery – with a set of specific subcategories within each. These brand associations can be formed directly – from a customer’s own experiences and contact with the brand – or indirectly – through the depiction of the brand in advertising or by some other source of information (e.g., word-of-mouth). We next describe the two main types of brands meaning and the sub-categories within each.

9.4.7.2 Brand Performance

Brand performance relates to the ways in which the product or service attempts to meet customers’ more functional needs. Thus, brand performance refers to the intrinsic properties of the brand in terms of inherent product or service characteristics. How well does the brand rate on objective assessments of quality? To what extent does the brand satisfy utilitarian, aesthetic, and economic customer needs and wants in the product or service category?

The specific performance attributes and benefits making up functionality will vary widely by category. Nevertheless, there are five important types of attributes and benefits that often underlie brand performance and can be measured, as follows:

1. ***Primary Characteristics & Supplementary Features:*** Customers often have beliefs about the levels at which the primary characteristics of the product operate (e.g., low, medium, high, or very high). Additionally, they may also have beliefs as to special, perhaps even patented, features or secondary elements of a product that complement these primary characteristics.

2. ***Product Reliability, Durability, & Serviceability:*** Reliability refers to the consistency of performance over time and from purchase to purchase. Durability refers to the expected economic life of the product. Serviceability refers to the ease of servicing the product if it needs repair. Thus, measures of product performance can capture factors such as the speed, accuracy, and care of product delivery and

installation; the promptness, courtesy, and helpfulness of customer service and training; the quality of repair service and the time involved; and so on.

3. ***Service Effectiveness, Efficiency, and Empathy:*** Service effectiveness refers to how completely the brand satisfies customers' service requirements. Service efficiency refers to how these services are delivered in terms of speed, responsiveness, etc. Service empathy refers to the extent to which service providers are seen as trusting, caring, and with the customer's interests in mind.

4. ***Style and Design:*** Consumers may have associations to the product that go beyond its functional aspects to more aesthetic considerations such as its size, shape, materials, and color involved. Thus, performance may also depend on sensory aspects as to how a product looks and feels and perhaps even what it sounds or smells like.

5. ***Price:*** Finally, the pricing policy for the brand can create associations in consumers' minds
to the relevant price tier or level for the brand in the category, as well as to its corresponding price volatility or variance (in terms of the frequency or magnitude of discounts, etc.).

9.4.8.3 Brand Imagery

The other main type of brand meaning involves brand imagery. Brand imagery deals with the extrinsic properties of the product or service, including the ways in which the brand attempts to meet customers' more psychological or social needs. Brand imagery is how people think about a brand abstractly rather than what they think the brand does. Thus, imagery refers to more intangible aspects of the brand. All different kinds of intangibles can be linked to a brand, but five categories can be highlighted:

1. ***User Profiles:*** The type of person or organization who uses the brand. This imagery may
result in a profile or mental image by customers of actual users or more aspirational, idealized users. Associations of a typical or idealized brand user may be based on descriptive demographic factors or more abstract psychographic factors. In a business-to business setting, user imagery might relate to the size or type of organization.

2. ***Purchase Situations:*** Under what conditions or situations the brand could or should be bought and used. Associations of a typical purchase situation may be based on a few different considerations, such as: (1) Type of channel (e.g., department store, specialty store, or direct through internet or some other means); (2) Specific store (e.g., Lord & Taylor, Radio Shack or Bluefly.com); and (3) Ease of purchase and associated rewards, if any.

3. ***Usage Situations:*** Under what conditions or situations the brand could or should be used. Associations of a typical usage situation may be based on several different considerations, such as: (1) Particular time of the day, week, month, or year to use the brand; (2) Location to use the brand (e.g., inside or outside the home); and (3) Type of activity where the brand is used (e.g., formal, or informal).

4. ***Personality and Values:*** As noted above, brands may also take on personality traits and values like people. Brand personality is often related to the more descriptive usage imagery but involves much richer, more contextual information.

5. ***History, Heritage, and Experiences:*** Finally, brands may take on associations to their past and certain noteworthy events in the brand history. These types of

associations may involve distinctly personal experiences and episodes or be related to past behaviors and experiences of friends, family, or others.

Example: Take a brand with rich brand imagery, such as Nivea skin cream in Europe. Some of its more intangible associations include family/shared experiences/maternal; multipurpose; classic/timeless; and childhood memories.

9.4.8.4 General, Higher-order Brand Associations
The purpose of measuring higher-order brand associations is to find out how consumers combine all the specific considerations about the brand in their minds to form different responses. Brand responses refer to how customers respond to the brand and all its marketing activity and other sources of information. Brand responses can be distinguished according to brand judgments and brand feelings, i.e., in terms of whether they arise more from the "head" or from the "heart." Scale questions can be developed to tap into each of these dimensions.

Brand Judgments
Brand judgments focus upon customers' own personal opinions and evaluations regarding the brand. Brand judgments involve how customers put together all the different performance and imagery associations for the brand to form different kinds of opinions. Although customers may make all types of judgments with respect to a brand, four types of summary brand judgments are particularly important:

1. Brand Quality: Among the most important attitudes that customers may hold relates to the perceived quality of the brand. Other notable attitudes related to quality pertain to perceptions of value and satisfaction.

2. Brand Credibility: Customers may form judgments that transcend more specific brand quality concerns. Brand credibility refers to the extent to which the company or organization making the product or providing the service is seen as being:

(1) Competent, innovative, and a market leader (brand expertise); (2) Dependable and keeping customer interests in mind (brand trustworthiness); and (3) Fun, interesting, and worth spending time with (brand likability).

3. Brand Consideration: Consideration deals with the likelihood that customers will include the brand in the set of possible options of brands they might buy or use. Consideration depends in part on how personally relevant customers find the brand, i.e., the extent to which customers view the brand as being appropriate and meaningful to themselves.

4. Brand Superiority: Finally, superiority relates to the extent to which customers view the brand as unique and better than other brands. Do customers believe that the brand offers advantages that other brands cannot?

Brand Feelings
Brand feelings are customers' emotional responses and reactions with respect to the brand. Brand feelings also relate to the social currency evoked by the brand. What feelings are evoked by the marketing program for the brand or by other means? How does the brand affect customers' feelings about themselves and their relationship with others? These feelings can be mild or intense and be positive or negative in nature. Six important types of brand-building feelings are:

1. Warmth: Warmth refers to more soothing types of feelings – the extent to which the brand makes consumers feel a sense of calm or peacefulness. Consumers may feel sentimental, warmhearted, or affectionate about the brand. Hallmark is a brand typically associated with warmth.

2. Fun: Feelings of fun are also upbeat types of feelings when the brand makes consumers feel amused, light-hearted, joyous, playful, cheerful, and so on. Disney is a brand often associated with fun.

3. Excitement: Excitement relates to more upbeat types of feelings – the extent to which the brand makes consumers feel energized and a feeling that they are experiencing something special. Brands that evoke feelings of excitement may result in consumers feeling a sense of elation or "being alive" – cool, sexy, etc. MTV is a brand seen by many teens and young adults as exciting.

4. Security: Security feelings occur when the brand produces a feeling of safety, comfort, and self-assurance. Feelings of security are when consumers do not experience worry or concerns that they might have otherwise felt as a result of the brand. All state insurance is a brand that communicates security to many.

5. Social Approval: Social approval is when the brand results in consumers having positive feelings about the reactions of others, i.e., when consumers feel others look favorably on their appearance, behavior, and so on. This approval may be a result of direct acknowledgement of the consumer using the brand by others or less overt and a result of attribution of the product itself to consumers. Mercedes is a brand that may signal social approval to consumers.

6. Self-respect: Self-respect occurs when the brand makes consumers feel better about Notes themselves, e.g., when consumers feel a sense of pride, accomplishment, or fulfillment. A brand like Tide laundry detergent can link its brand to "doing the best things for the family" to many homemakers.

The first three are more experiential and immediate, increasing in level of intensity. The latter three are more private and enduring, increasing in level of gravity.

9.5 Measuring Outcomes of Brand Equity

The previous section described different approaches for marketers to gain a good understanding of consumer brand knowledge structures to be able to identify and quantify potential sources of brand equity. Because of creating such knowledge structures, consumers should respond more favorably to the marketing activity for a brand than if the brand had not been identified to consumers. Specifically, a product with positive brand equity can potentially enjoy the following seven important customer-related benefits:

1) Be perceived differently and produce different interpretations of product performance.
2) Enjoy greater loyalty and be less vulnerable to competitive marketing actions.
3) Command larger margins and have more inelastic responses to price increases and elastic responses to price decreases.
4) Receive greater trade cooperation and support.
5) Increase marketing communication effectiveness.
6) Yield licensing opportunities.
7) Support brand extensions.

These benefits, and thus the ultimate value of a brand, depend on the underlying components of brand knowledge and sources of brand equity. Via the indirect approach, individual components can be measured, but to provide more direct estimates, their resulting value still must be estimated in some way. The direct approach to measuring customer-based brand equity attempts to assess the impact of brand knowledge more explicitly on consumer response to different aspects of the marketing program for the firm. The direct approach is useful in approximating the possible outcomes and benefits that arise from differential response to marketing activity due to the brand, either individually or in aggregate.

9.6 Comparative Methods

The main way to measure the outcomes and benefits of brand equity is with comparative methods. Comparative methods involve experiments that examine consumer attitudes and behavior towards a brand to estimate the benefits arising more directly from having a high awareness and a positive brand image.

There are two types of comparative methods. Brand-based comparative approaches use experiments in which one group of consumers respond to the marketing program or some marketing activity when it is attributed to the target brand and another group responds to that same activity when it is attributed to a competitive or fictitiously named brand. Marketing based comparative approaches use experiments where consumers respond to changes in the marketing program or marketing activity for the target brand or competitive brands. We describe each of these two approaches in turn. Conjoint analysis is then identified as a technique that, in effect, combines the two approaches.

Brand-based Comparative Approaches

As a means of measuring the outcomes of brand equity, brand-based comparative approaches hold the marketing activity under consideration fixed and examine consumer response based on changes in brand identification. These measurement approaches typically employ experiments where one group of consumers respond to questions about the product or some aspect of its marketing program when it is attributed to the brand and one (or more) groups of consumers respond to the same product or aspect of the marketing program when it is attributed to some other brand or brands, typically a fictitiously named or unnamed version of the product or service or one or more competitive brands. Comparing the responses of the two groups provides some useful insights into the equity of the brand. Consumer responses may be based on beliefs, attitudes, intentions, actual behavior or even feelings.

The classic example of the brand-based comparative approach is “blind testing” research studies where consumers examine or use a product with or without brand identification. These studies often reveal how dramatically consumer perceptions differ depending on the presence or absence of brand identification. Brand-based comparative approaches are also especially useful to determine brand equity benefits related to price margins and premiums.

Critique: The main advantage to a brand-based comparative approach is that – because it holds all aspects of the marketing program fixed except for the brand – it isolates the value of a brand in a very real sense. Understanding exactly how knowledge of the brand affects consumer responses to prices, advertising, etc. is extremely useful in developing strategies in these different areas. At the same time, there is almost an infinite variety of marketing activities that potentially could be studied so that the totality of what is learned will depend on how many different applications are examined.

A crucial consideration with the brand-based comparative approach is the experimental realism that can be achieved when some aspect of the marketing program is attributed to a fictitiously named or unnamed version of the product or service. Brand-based comparative methods are particularly applicable when the marketing activity under consideration represents a change from past marketing of the brand, e.g., a new sales or trade promotion, ad campaign, or proposed brand extension. If the marketing activity under consideration is already strongly identified with the brand (e.g., an ad campaign that has been running for years), it may be difficult to attribute some aspect of the marketing program to a fictitiously named or unnamed version of the product or service in a believable fashion.

There will necessarily be a trade-off involving a sacrifice of some realism to gain sufficient control to be able to isolate the effects of brand knowledge. Detailed concept statements of the marketing activity under consideration can be employed in some situations when it may be otherwise difficult for consumers to examine or experience that element of the marketing program without being aware of the brand.

Marketing-based Comparative Approaches

Marketing-based comparative approaches hold the brand fixed and examines consumer response based on changes in the marketing program. For example, there is a long tradition exploring price premiums with these types of comparative approaches. In the mid-1950's, Pessemier (1959) developed a dollar metric measure of brand commitment which involved a step-by-step increase of the price difference between the brand normally purchased and an alternative brand. Variations of this approach have been adopted by a number of marketing research suppliers to derive similar types of demand curves, and many firms now try to assess price sensitivity and thresholds for different brands. For example, Intel has routinely surveyed computer shoppers to find out how much of a discount they would require before switching to a personal computer which did not have an Intel microprocessor in it or, conversely, what premium they would be willing to pay to buy a personal computer with an Intel microprocessor in it.

Marketing-based comparative approaches can be applied in other ways. Consumer response to different advertising strategies, executions or media plans can be assessed through multiple test markets. For example, IRI's electronic test markets and other such research methodologies can permit tests of different advertising weights or repetition schedules as well as ad copy tests. By controlling for other factors, the effects of the brand and product can be isolated. Potential brand extensions can also be explored in this fashion by collecting consumer evaluation to a range of concept statements describing brand extension candidates.

Critique: The main advantage with the marketing-based comparative approach is the ease of implementation. Virtually any proposed set of marketing actions can be compared for the brand. At the same time, the main drawback of the comparative approach is that it may be difficult to discern whether consumer response to changes in the marketing stimuli is being caused by brand knowledge or more generic product knowledge. In other words, it may be that for any brand in the product category, consumers would be willing or unwilling to pay certain prices, accept a particular brand extension, etc.

9.7 Holistic Methods

Comparative methods attempt to approximate specific benefits of brand equity. Holistic methods attempt to place an overall value for the brand in either abstract utility terms or concrete financial terms. Thus, holistic methods attempt to “net out” various considerations to determine the unique contribution of the brand. The residual approach attempts to examine the value of the brand by subtracting out consumers’ preferences for the brand based on physical product attributes alone from their overall brand preferences. The valuation approach attempts to place a financial value on brand equity for accounting purposes, mergers and acquisitions, or other such reasons. We describe each of these two approaches in turn.

Residual Approaches

Several researchers have employed “residual approaches” to estimate brand equity. A basic tenet behind these approaches is that it is possible to infer the relative valuation of brands through the observation of consumer preferences and choices if as many sources of measured attribute values are considered as possible. According to these approaches, brand equity is what remains of consumer preferences and choices after subtracting out objective characteristics of the physical product. Dillon et al. (2001) presents a model for decomposing ratings of a brand on an attribute into two components: (1) brand-specific associations (i.e., features, attributes or benefits that consumers link to a brand) and (2) general brand impressions (i.e., overall impressions based on a more holistic view of a brand). They empirically demonstrate their model properties in three product categories: Cars, toothpaste, and paper towels.

Critique: Residual approaches provide a useful benchmark to interpret brand equity. They may be useful for situations when approximations of brand equity are necessary and thus may also be valuable to researchers interested in a financially oriented perspective on brand equity. The disadvantage with these approaches is that they are most appropriate for brands characterized with a predominance of product-related attribute associations because they are unable to distinguish between different types of non-product-related attribute associations. Consequently, its diagnostic value for strategic decision-making in other cases is much more limited.

This approach contrasts sharply with a “process” view, as reflected by the brand-based and marketing-based comparative approaches, which stress looking at consumer response to the marketing of a brand and attempt to uncover the extent to which that consumer response is affected by brand knowledge. Consumer response is defined in terms of perceptions, preferences, and behaviors and, most importantly, with respect to a variety of marketing activities. That is, comparative approaches go beyond attempting to dissect overall consumer product preferences towards a brand to assess how consumers respond to the marketing of a brand and, especially, new marketing activity supporting it.

Valuation Approaches

The ability to evaluate and put a price tag on a brand’s value may be useful for a number of reasons: (1) mergers and acquisitions – both to evaluate possible purchases as well as to facilitate disposal; (2) brand licensing – internally for tax reasons and to third parties; (3) fund raising – as collateral on loans or for sale or leaseback arrangements; and (4) brand management decisions – to allocate resources, develop brand strategy, or prepare financial reports.

For example, many companies are attractive acquisition candidates because of the strong competitive position of their brands and their reputation with consumers. Unfortunately, the value of the brand assets in many cases is largely excluded from the company's balance sheet and therefore of little use in determining the firm's value. It has been argued that adjusting the balance sheet to reflect the true value of a company's brands permits a more realistic view and allows assessment of the purchase premium to book value that might be earned from the brands after acquisition. Such a calculation, however, would require estimates of the capital required by brands and the expected after-acquisition Return-on-Investment (ROI) of a company.

Separating out the percentage of revenue or profits that is attributable to brand equity is a difficult task. In the U.S., there is no conventional accounting method for doing so, and market-based estimates of value can differ dramatically from those based on U.S. accounting conventions. In determining the value of a brand in an acquisition or merger, three main approaches are possible:

1. **Cost Approach**: This view maintains that brand equity is the amount of money that would be required to reproduce or replace the brand (including all costs for research and development, test marketing, advertising, etc.). One commonly noted criticism of approaches involving historic or replacement cost is that it rewards past performance in a way that may bear little relation to future profitability – e.g., many brands with expensive introductions have been unsuccessful. On the other hand, for brands such as Heinz, Kellogg's, and Chanel who have been around for decades, it would be virtually impossible to find out what was the investment in brand development and largely irrelevant too.

Finally, it obviously is easier to estimate costs of tangible assets than intangible assets, but the latter often may lie at the heart of brand equity. Similar problems would exist with a replacement cost approach – e.g., the cost of replacing a brand would depend a great deal on how quickly the process was to take and what competitive, legal, logistical obstacles might be encountered.

2. **Market Approach**: According to this view, brand equity can be thought of as the present value of the future economic benefits to be derived by the owner of the asset. In other words, the amount an active market would allow such that the asset would exchange between a willing buyer and willing seller. The main problem with this approach is the lack of open market transactions for brand name assets and the fact that the uniqueness of brands makes extrapolating from one market transaction to another problematic.

3. **Income Approach**: The third approach to determining the value of a brand argues that brand equity is the discounted future cash flow from the future earnings stream for the brand. Three such income approaches are:

a. Capitalizing royalty earnings from a brand name (when these can be defined).
b. Capitalizing the premium profits which are earned by a branded product (by comparing its performance with that of an unbranded product).
c. Capitalizing the actual profitability of a brand after allowing for the costs of maintaining it and the effects of taxation.

Case Study: Brand Development by Identifying Brand Values

Introduction

The Cadbury brand name has been in existence since 1824 when John Cadbury opened his first shop in Birmingham, England. (Cadbury Ireland, as a subsidiary of) Cadbury Schweppes is the fourth largest confectionery business in the world selling chocolate, sugar and gum-based products. Cadbury Ireland is the number one confectionery company in Ireland. Today Cadbury's best tasting chocolate constitutes the main ingredient of much of these products including everything from solid blocks to chocolate filled bars and novelties. The Cadbury brand is associated with best tasting chocolate. This case shows how marketing managers at Cadbury are working to ensure this association is continually developed through their new 'Choose Cadbury' marketing strategy. Key concepts of quality, taste and emotion underpin the Cadbury brand. These core values help to differentiate Cadbury from other brands and ensure its competitive advantage.

The Cadbury Family of Brands

The Umbrella Brand

Research data shows that the Cadbury brand equity is highly differentiated from other brands with consumers. Brand equity is the value consumer loyalty brings to a brand and reflects the likelihood that a consumer will repeat purchase. This is a major source of competitive advantage. The Cadbury umbrella brand has endured in a highly competitive market, and has established the link, in the mind of the consumer, that Cadbury equals chocolate. An umbrella brand is a parent brand that appears on several products that may each have separate brand images. The Cadbury umbrella brand image consists of four icons namely the Cadbury script, the glass, and a half, dark purple colour and the swirling chocolate image. These elements create a visual identity for Cadbury that communicates the ultimate in chocolate pleasure. Consumer research is conducted regularly so managers can learn more about how the market perceives the brand. This research has confirmed that the swirling chocolate and 'glass and a half' are powerful images. Both clearly portray a desire for chocolate while the half full glass suggests core values of goodness and quality.

Product Brands

The Cadbury brand has a profound impact on individual product brands. Brands have individual personalities aimed at specific target markets for specific needs e.g., Time-out, for example, is an ideal snack to have with a cup of tea. These brands derive benefit from the Cadbury parentage, including quality and taste credentials. To ensure the success of product brands every aspect of the parent brand is focused on.

A Flake, Crunchie or Timeout are clearly different and are manufactured to appeal to a variety of consumer segments. However, the strength of the umbrella brand supports the brand value of each chocolate bar. Consumers know they can trust a chocolate bar that carries Cadbury branding. The relationship between Cadbury and individual brands is symbiotic with some brands benefiting more from the Cadbury relationship, i.e., pure chocolate brands such as Dairy Milk. Other brands have a more distant relationship, as the consumer motivation to purchase is ingredients other than chocolate, e.g., Crunchie. Similarly issues such as specific advertising or product quality of a packet of Cadbury biscuits or a single Crème Egg will, in turn, impact on the perception of the parent brand.

Similarly, the umbrella brand has a strong brand value and a reputation that must be supported by its individual brands.

Identifying Brand Values

We are all consciously and unconsciously affected by brands in our daily lives. When we go to purchase a pair of training shoes, we rarely make a purely practical decision. There are numerous branded and non-branded options available. For many people, a pair of trainers must sport a brand logo because that will communicate certain values to other people.

The confectionery market elicits similar conscious and unconscious feelings of passion, loyalty, and enthusiasm. For many people, chocolate is Cadbury, and no other brand will do. This consumer loyalty is critical because of the value of the chocolate confectionery market and because, in all markets, a small number of consumers account for a large proportion of sales. Loyal customers are the most valuable customers to have because they will buy your product repeatedly.

Branded products command premium prices. Consumers will happily pay that premium if they believe that the brand offers levels of quality and satisfaction that competing products do not.

The most enduring brands have become associated with both tangible and intangible properties over time. The most successful provoke a series of emotional or aspirational associations and values in our minds that go way beyond the physical product.

Cadburys has identified these brand values and adjusts its advertising strategies to reflect these values in different markets. Its strategy can vary from increasing brand awareness, educating potential customers about a new product, increasing seasonal purchases, or as is currently the case in the 'Choose Cadbury' campaign to highlight the positive emotional value of the brand.

Questions

1. Explain the benefits and value an umbrella brand can bring to a family of branded products.
2. What is the objective of advertising a brand? Explain this by referring to the 'Choose Cadbury' marketing strategy.

Chapter Summary

Several important themes were emphasized in this unit. One assertion of the unit is that brand equity can be measured indirectly, by measuring the potential sources of brand equity in terms of consumer brand knowledge, and directly, by measuring the different possible outcomes or manifestations of brand equity in terms of differential effects of marketing activity.

- Measuring sources of brand equity involves profiling consumer knowledge structures.
- Measuring outcomes of brand equity involves approximating the various benefits realized from creating these sources of brand equity.
- There are many different ways to assess consumer knowledge and thus potential sources of brand equity.
- Although it is particularly important to capture the breadth and depth of awareness; the strength, favourability, and uniqueness of brand associations; the favourability of consumer responses; and the intensity and activity of consumer loyalty, other qualitative and quantitative measures can and should be employed. Successful brand management requires a keen understanding of exactly how consumers think, feel, and act towards brands.
- The brand equity report should provide descriptive information as to what is happening with a brand as well as diagnostic information as to why it is happening.
- Brand knowledge is not the facts about the brand - it is all the thoughts, feelings, perceptions, images, experiences, and so on that become linked to the brand in the minds of consumers.
- Projective techniques are diagnostic tools to uncover the true opinions and feelings of consumers when they are unwilling or otherwise unable to express themselves on these matters.
- Recognition processes require that consumers be able to discriminate a stimulus – a word, object, image, etc. – as something they have previously seen.

❖ Keywords

Brand Image: Brand image is a broader term than brand personality and includes consumer's impressions about the brand's physical attributes, its performance, the functional benefits, the kind of people who use it, the emotions, and associations it develops, and the imagery or the symbolic meanings it generates.

Brand Imagery: How people think about a brand abstractly.

Brand Performance: The ways in which the product or service attempts to meet customers' more functional needs.

Brand Personality: Brand personality is viewed as a main driver of consumer preference and usage in many product categories.

Brand Recall: Brand recall relates to consumers' ability to identify the brand under a variety of circumstances.

❖ Exercise

- ***Choose the appropriate answer:***

1. Which one is not the key dimensions that are particularly important measures of the customer mindset
(i) Brand associations
(ii) Brand value
(iii) Brand attitudes
(iv) Brand attachment

2. Brand audit consists into two parts one is brand exploratory and other one
(i) Value chain
(ii) Brand recall
(iii) Brand inventory
(iv) Brand recognition

- **Fill in the blanks:**

1. .... relates to the likelihood that a brand will come to mind and the ease with which it does so given different type of cues.
2. A .... is a comprehensive examination of a brand.
3. .... studies involve information collected from consumers on a routine basis over time.
4. .... are diagnostic tools to uncover the true opinions and feelings of consumers when they are unwilling or otherwise unable to express themselves on these matters.
5. .... refers to more soothing types of feelings - the extent to which the brand makes consumers feel a sense of calm or peacefulness.

- **State whether the following statements are true or false:**

1. Brand recall is a more demanding memory task than brand recognition.
2. Brand imagery deals with the intrinsic properties of the product or service.
3. Self-respect occurs when the brand makes consumers feel better about themselves.

- **Review Questions**

1. Can you measure the brand performance? Discuss.
2. What are the roles of brand audit?
3. Why do organizations follow brand tracking systems?
4. What are the sources of measuring brand equity? Explain with suitable example.
5. How do you recognize a brand? Discuss.
6. Briefly explain what is a ‘Brand Judgment’?
7. How do we measure the outcomes of brand equity?
8. Write short note on valuation approaches.
9. Why does an organization need brand equity report? What is the purpose of this report?
10. Discuss the projective techniques of measuring brand equity.

UNIT – 10	INTERNATIONALIZATION OF BRANDS

10.1 Introduction

In current times every company is wanting to be a global player, some companies this out of compulsion, for some its natural extension, whatever the case companies need to have marketing programs, which can create and sustain brand equity across geographical boundaries and market segments. However, before studying the global view for marketing strategies, it is important to understand regional market segments, profile, etc.

An interesting phenomenon has raised its head in recent time where companies are focusing on regional markets to counter globalization. In this regionalization, companies focus on geographic locations treating them as market segments. For example, Pepsi has created four regions within the USA to focus on individual market segments and designing a marketing program. The reason why companies are employing a regional approach is that mass markets must cease to exist, as diversity in forms of culture, demographics, etc. are in the forefront.

A typical large US city has Asian, Hispanic, and African American population, there are by creating a need for marketing programs, which can make products and services reachable to this audience. The world is becoming flat just no in terms of communication power but also in terms of migration and movement of labor across the globe. Globalization is here to stay, and every company is in the fray to take advantage of this phenomenon. There could be many reasons for which companies may decide to be a global player.

Bigger markets like China and India provide unending opportunities not only as a market but also as production hubs there by reducing overall cost for to be global players. Furthermore, by catering to different markets, companies can reduce the risk because of diversification.

It is clear there are many reasons for becoming a global player, but there are outright advantages also for global marketing programs. Looking at the production side, as production increases per unit cost of the product will decrease, thereby reducing cost of the marketing program. As standardization increases in packaging, distribution and other marketing activities costs associated with them would decrease. For example, Sony its marketing campaign has universal appeal thereby assigning equal cost to products and geographies. Another advantage is that with a global presence and acceptance confidence with consumer reaches altogether a different level. It creates a sense of pride and ownership looking at the universal demand for the product.

With the uniform marketing program across geographical boundaries, companies can have consistent brand knowledge, this is especially important for mobile consumers. Furthermore, another advantage for companies is the ability to sell a good product universally at one go, thereby gaining a complete first mover advantage.

But with advantages in operating on a global scale there are also challenges and disadvantages. With standardization companies are unable to satisfy needs of consumer, which comes with different culture, demographics, etc., For example, consumption of carbonated drinks and beer is much more in USA, Australia in comparison to that of India and China. As perception and needs vary from culture to culture, consumer response to a standard marketing program may not equally have felt as per company acceptance.

Every product undergoes a life cycle which begins from the day it is launched in the market, so every geographical location may be having different product life cycle stage, so marketing programs also accordingly must vary. Another challenge companies face is that of environmental, social, political, and regulatory. Therefore, for brands to succeed across geographical boundaries companies need to device marketing programs, which can create global consumer-based brand equity. And for that marketing programs must highlight points of differences and points of similarities across boundaries.

Furthermore, companies should understand brand building is tedious and time consuming. Brand names, logos, and symbols must be designed in a way that properly communicates brand knowledge and does not create confusion in the consumer’s mind. And at the same time construct and execute a global brand equity measurement system so that always focus remains of developing a strong consumer-based brand equity.

- **Why should companies take a global approach?**

Means of communication are constantly evolving, just like means of transportation, connectivity, and all other elements that were once barriers to globalization. People are migrating more than ever, and the labour market has officially become global. That means that every company must follow suit.

Huge markets like India and China provide brands with ideal opportunities for brand expansion. Furthermore, they are much cheaper regarding production and distribution channels, which lowers the overall cost of going global. Therefore, it’s no wonder that these markets are the goal of many companies looking to go global.

10.2 Global Marketing Advantages And Disadvantages

Advantages:

- Economies of scale in production and distribution.
- Lower marketing costs.
- Power and scope Consistency in brand image.
- Ability to leverage good ideas quickly and efficiently.

- Uniformity of marketing practices.
- Helps to establish relationships outside of the "political arena."
- Helps to encourage ancillary industries to be set up to cater for the needs of the global player.

Disadvantages:

- Differences in consumer needs, wants, and usage patterns for products.
- Differences in consumer response to marketing mix elements.
- Differences in brand and product development and the competitive environment.
- Differences in the legal environment, some of which may conflict with those of the home market.
- Differences in the institutions available, some of which may call for the creation of entirely new ones (e.g., infrastructure).
- Differences in administrative procedures Differences in product placement.

10.3 Issues With Global Marketing: Standardisation Vs Customisation

Marketing Customized v/s Standardized Marketing Strategy In recent years, there has been an urgency amongst local organizations to diversify their operations in the international market to enhance their revenues, competitiveness, and global market share. Globalization has led to an increased integration of economies and trade amongst several nations across the globe. These factors have made it essential for organizations to adopt international marketing strategies to guard them against foreign competition. However, there have been certain controversies regarding which international marketing strategy should be implemented to maximize an organization’s goals and objectives. Also, the design of the international marketing strategies involves evaluation of external environmental factors, which vary from country to country. Customized Strategy Customized strategy is based on the ideology that due to cultural and other differences amongst countries, marketing strategies should be tailor made for each country. This strategy is influenced by three distinct differences amongst countries:

a) Buyer behavior characteristics
b) Socioeconomic condition
c) Competitive environment Standard Strategy.

The Standard strategy is incomplete in contrast to the customized strategy. It is argued that due to globalization, several economies have been integrated and hence leading to organizations to create homogeneous products. Standardizations strategy helps Multinational corporations increase their competitive advantage by achieving cost competency and benefits from economies of scale.

Figure 1: Customization Strategy

Figure 2: Localization Strategy

Figure 3: Global Strategy

Standard strategy reduces costs for organizations through elimination of Research and Development in foreign countries. For instance, Gillette Razor uses the same technology to manufacture the Mach 3 all over the world across various countries. It also helps to reduce costs that are required for product design and packaging in foreign subsidiaries. For example. Sony uses the same packaging across several countries for its Playsation product. Also, the Standard strategy helps Multinational corporations to achieve a common global image for its products across the universe and eventually aid them in increasing its global sales. For instance, an individual loyal to a product in one country will buy the same product in another country due to brand loyalty. It has been proven that products successful in one country will achieve success in another country with similar markets and competitive conditions.

There have been cases of successful implementation of standardized strategies by Multinational Corporations. For instance, amongst consumer durable-the strategy used by Mercedes Benz to sell its cars across the globe. Amongst non-durable goods. Coca-Cola has prevailed successfully in the global market while for industrial Boeing jets are sold using common marketing strategies across the globe.

10.4 Global Brand Strategy

What is global strategy? And why is it important?

“Global Strategy” is a shortened term that covers three areas: global, multinational, and international strategies. Essentially, these three areas refer to those strategies designed to enable an organization to achieve its objective of international expansion.

In developing global strategy', it is useful to distinguish between three forms of international expansion that arise from a company's resources, capabilities and current international position. If the company is still mainly focused on its home markets, then its strategies outside its home markets can be seen as international. For example, a dairy company might sell some of its excess milk and cheese supplies outside its home country. But its main strategic focus is still directed at the home market.

In South Korea, international and global soft drinks strategy will involve mixing both the global brands like Coke and Sprite with the local brands like Pocara Sweat (and, no, I don't know what the brand tastes like!) However, the Apple iPod was essentially following the same strategy everywhere in the world: in this case, the advertising billboard was in North America, but it could have been anywhere. One of the basic decisions in global strategy begins by considering just how much local variation, if any, there might be for a brand.

Another more basic decision might be whether to undertake any branding at all. Branding is expensive. It might be better to manufacture products for other companies that then undertake expensive branding.

Apple iPods are made in China with the Chinese company manufacturing to the Apple specification. The Chinese company then avoids the expense of building a brand. But faces the strategic problem that Apple could fail to renew its contract with the Chinese company, which might then be in serious financial difficulty.

As international activities have expanded at a company, it may have entered several different markets, each of which needs a strategy adapted to each market. Together, these strategies form a multinational strategy. For example, a car company might have one strategy for the USA – specialist cars, higher prices – with another for European markets – smaller cars, fuel efficient – and yet another for developing countries – simple, low-priced cars. For some companies, their international activities have developed to such an extent that they essentially treat the world as one market with very limited variations for each country or world region. This is called a global strategy. For example, the luxury goods company Gucci sells essentially the same products in every country. Implications of the three definitions within global strategy:

10.4.1 International strategy: the organization's objectives relate primarily to the home market. However, we have some objectives regarding overseas activity and therefore need an international strategy. Importantly, the competitive advantage – important in strategy development – is developed mainly for the home market. (Figure 1)

10.4.2 Multinational strategy: the organization is involved in several markets beyond its home country. But it needs distinctive strategies for each of these markets because customer demand and, perhaps, competition, are different in each country. Importantly, competitive advantage is determined separately for each country. (Figure 2)

10.4.3 Global strategy: the organization treats the world as largely one market and one source of supply with little local variation. Importantly, competitive advantage is developed largely on a global basis. (Figure 3)

Why is global strategy important? There are at least four answers to this question depending on the context: From a company perspective, international expansion provides the opportunity for new sales and profits. In some cases, it may even be the situation that profitability is so poor in the home market that international expansion may be the only opportunity for profits.

For example, poor profitability in the Chinese domestic market was one of the reasons that the Chinese consumer electronics company, TCL decided on a strategy of international expansion. It has then pursued this with new overseas offices, new factories, and acquisitions to develop its market position in the two main consumer electronics markets, the USA, and the European Union.

In addition to new sales opportunities, there may be other reasons for expansion beyond the home market. For example, oil companies expand to secure resources – called resource seeking. Clothing companies expand to take advantage of low labour costs in some countries – called efficiency seeking. Some companies acquire foreign companies to enhance their market position versus competitors – called strategic asset seeking. How do you build a global strategy?

'From a customer perspective, international trade should – in theory at least – lead to lower prices for goods and services because of the economies of scale and scope that will derive from a larger global base. For example, Nike sources its sports shoes from low labour cost countries like the Philippines and Vietnam. In addition, some customers like to purchase products and services that have a global image. For example, Disney cartoon characters or 'Manchester United' branded soccer shirts.

From the perspective of international governmental organizations – like the World Bank - the recent dominant thinking has been to bring down barriers to world trade while giving some degree of protection to some countries and industries. Thus, global strategy is an important aspect of such international negotiations.

From the perspective of some international non-governmental organizations like Oxfam and Medicine sans Frontières, the global strategies of some – but not necessarily all – multinational companies are regarded with some suspicion. Such companies have been accused of exploiting developing countries – for example in terms of their natural mineral resources – in ways that are detrimental to those countries. This important aspect of global strategy is explored in the separate web section on Globalization.

10.4.4 What are the Benefits of a Global Strategy? And what are the Costs?

Benefits of a global strategy

The business case for achieving a global strategy is based on one or more of the factors set out below -

1. **Economies of scope**: the cost savings developed by a group when it shares activities or transfers capabilities and competencies from one part of the group to another – for example, a biotechnology sales team sells more than one product from the total range.

2. **Economies of scale**: the extra cost savings that occur when higher volume production allows unit costs to be reduced – for example, an Arcelor Mittal steel mill that delivers lower steel costs per unit as the size of the mill is increased.

3. **Global brand recognition**: the benefit that derives from having a brand that is recognized throughout the world – for example, Disney.

4. **Global customer satisfaction**: multinational customers who demand the same product, service, and quality at various locations around the world – for example, customers of the Sheraton Hotel chain expect and receive the same level of service at all its hotels around the world.

5. **Lowest labour and other input costs**: these arise by choosing and switching manufacturers with low(er) labour costs – for example, computer assembly from imported parts in Thailand and Malaysia where labour wages are lower than in countries making some sophisticated computer parts (such as high-end computer chips) in countries like the USA.

6. **Recovery of research and development (R&D) costs and other development costs across the maximum number of countries** – new models, new drugs and other forms of research often amounting to billions of US dollars. The more countries in the world where the goods can be sold means the greater number of countries that can contribute to such costs. For example, the Airbus Jumbo A380 launched in 2008 where development costs have exceeded US$ 10 billion.

7. **Emergence of new markets**: means greater sales of essentially the same products.

Cost of a global strategy

The cost of operating a global strategy may be greater than the benefits – there are at least six economic cost of international and global strategies:

1. **Lack of sensitivity to local demand**: Leavitt argued that people would be prepared to compromise on their individual tastes if the product was cheap enough deriving from economies of scale and scope. Is this really, correct? Other writers argued that there could be costs in adapting products to match local tastes, local conditions like the climate and other local factors like special laws on environmental issues.

2. **Transport and logistics costs**: if manufacturing takes place in one country, then it will be necessary to transport the finished products to other countries. The costs for some heavy products, like steel bars, may be greater than the economies of scale from centralized production in one country.

3. **Economies of scale benefits may be difficult to obtain in practice**: plant takes time to commission, local competitors still using old plant and cheap labour may still be competitive. For an example, see the Tate & Lyle Case in Chapter 19 of Lynch.

4. **Communications costs will be higher**: standardization of products and services needs to be communicated to every country. In virtually every case, it will also be necessary to monitor and control the result. All this is time-consuming, expensive and at the mercy of local managers who may have their own agendas and interests.

5. **Management coordination costs:** in practice, managers and workers in different countries often need to be consulted, issues need to be explored and discussed, local

variations in tax and legal issues need to be addressed. This means that senior managers operating a global strategy need to spend time visiting countries. It cannot all be done on the telephone and worldwide web. This takes a tremendous toll on people personally.

6. **Barriers to trade**: taxes and other restrictions on goods and services set by national governments as the goods cross their national borders.

7. **Other costs** imposed by national governments to protect their home industries - like special taxes or restrictions on shareholdings.

10.5 Building A Global Brand- Global Brand Positioning:

To best capture differences in consumer behavior, and to guide our efforts in revising the marketing program, it is highly recommended that companies evolve a global brand positioning which derives from a deep understanding of how brands must be positioned across various markets. Recall that brand positioning means creating mental maps, defining core brand associations, identifying points-of-parity and points-of- difference, and crafting a brand mantra. Many companies have a global brand positioning document that typically addresses several questions. The answers to these questions will guide how to structure a global brand positioning and will help identify which aspects of a brand's positioning can be modified based on local considerations. These questions include:

- How valid is the mental map in the new market?
- What is the level of awareness?
- How valuable are the associations?
- What changes need to be made on the mental map?
- By what means should this new mental map be created?

10.5.1 Global Customer-Based Brand Equity

To build customer-based brand equity, marketers must:
1. Establish breadth and depth of brand awareness.
2. Create points of parity and points of difference.
3. Elicit positive, accessible brand responses.
4. Forge intense, active brand relationships.

Achieving these four steps, in turn, requires establishing six core brand building blocks.

10.5.2 Core Brand Building Blocks:

Creating brand salience, Developing brand performance, crafting brand image, Eliciting brand responses. Example: positive brand judgments, creating brand feelings, cultivating resonance. For example, brand managers should be aware of how the sequential timing of introduction can impact brand salience and brand perceptions across different markets.

Different orders of introduction can profoundly affect consumer perceptions about what products the brand offers, the benefits supplied, and the needs satisfied. Brand imagery associations may vary considerably across markets because of variations in brand history and heritage. Brand judgments must be positive in new markets—consumers must find the brand to be of good quality, credible, worthy of consideration, and superior.

Finally, achieving brand resonance in new markets means that consumers must have sufficient opportunities and incentives to buy and use the product, interact with other consumers and the company itself, and actively learn and experience the brand and its marketing.

10.5.3 Questions for Global Branding Positioning

How valid is the mental map in the new market? How appropriate is the positioning? What is the existing level of awareness? How valuable are the core brand associations, points of parity, and points of difference? -What changes should we make to the positioning? Do we need to create any new associations? Should we create any existing associations? Should we modify any existing associations? -How should we create this new mental map? Can we still use the same marketing activities? What changes should we make? What new marketing activities are necessary?

10.5.4 Building Global Customer-Based Brand Equity

In designing and implementing a marketing program to create a strong global brand, marketers want to realize the advantages of a global marketing program while suffering as few of its disadvantages as possible.

Ten Commandments of Global Branding (sos) -

1. **Understand similarities and differences in the global branding landscape:** The first—and most fundamental—guideline is to recognize that international markets can vary in terms of brand development, consumer behavior, marketing infrastructure, competitive activity, legal restrictions, and so on. Virtually every top global brand and company adjusts its marketing program in some way across some markets but holds the parameters fixed in other markets. Marketers should also resist the attempt to view a single continent or country as a unified market with similar tastes.

2. **Don't take shortcuts in brand building:** In terms of building global customer-based brand equity, many of the basic tactics we discussed in Part II of the text still apply. We must create brand awareness and a positive brand image in each country in which a brand is sold. The means may differ from country to country, or the actual sources of brand equity themselves may vary. Building a brand in new markets must be done from the bottom up. Strategically, that means concentrating on building awareness first, before the brand image. Tactically, or operationally, it means determining how to best create sources of brand equity in new markets. Distribution, communication, and pricing strategies may not be appropriate in either of the two markets, even if the same overall brand image is desired in both. If the brand is at an earlier stage of development, rather than alter it or the advertising to conform to local tastes, marketers will try to influence local behavior to fit the established uses of the brand. Consumer education then accompanies brand-development efforts.

3. **Establish marketing infrastructure**: A critical success factor for many global brands is their manufacturing, distribution, and logistical advantages. These brands have created the appropriate marketing infrastructure, from scratch if necessary, and adapted to capitalize on the existing marketing infrastructure in other countries.

4**. Embrace integrated marketing communications**: Many top global firms have introduced extensive integrated marketing communications programs. Overseas markets do not have the same advertising opportunities as the expansive, well-developed U.S. media market. As a result, U.S.-based marketers have had to embrace other forms of communication in those markets—such as sponsorship, promotions, public relations, merchandising activity, and so on—to a much greater extent.

5. **Cultivate brand partnerships**: Most global brands have marketing partners from in their international markets, ranging from joint venture partners, licenses or franchisees, and distributors, to advertising agencies and other marketing support people. By exporting existing brands of the firm into the new market, by acquiring existing brands already sold in the new market but not owned by the firm and by creating some form of brand alliance with another firm.

6. **Balance standardization and customization**: One implication of similarities and differences across international markets is that marketers need to blend local and global elements in their marketing programs. The challenge, of course, is to get the right balance—to know which elements to customize or adapt and which to standardize. Some of the factors often suggested in favor of a more standardized global marketing program include the following:

- Common customer needs
- Global customers and channels
- Favorable trade policies and common regulations
- Compatible technical standards
- Transferable marketing skills.

7. **Balance global and local control**: Building brand equity in a global context must be a carefully designed and implemented process. A key decision in developing a global marketing program is choosing the most appropriate organizational structure for managing global brands. In general, there are three main approaches to organizing for a global marketing effort:

1. Centralization at the home office or headquarters
2. Decentralization of decision-making to local foreign markets
3. Some combination of centralization and decentralization

8. **Define operable guidelines**: Brand definitions and guidelines must be established, communicated, and properly enforced so marketers in different regions have a good understanding of what they are and are not expected to do. The goal is for everyone within the organization to understand the brand's meaning and be able to translate it to satisfy local consumer preferences. Brand definition and communication often revolve around two related issues. First, some sort of document, such as a brand charter or a global brand positioning statement document, should detail what the brand is and what it is not. Second, the product line should reflect only those products consistent with the brand definition.

9. **Implement a global brand equity measurement system**: A global brand equity management system defines the brand equity charter in a global context, outlining how to interpret the brand positioning and resulting marketing program in different markets, as suggested by the previous global branding commandment. With the global brand strategy template in place, brand tracking can assess progress, especially in terms of creating the desired positioning, eliciting the proper responses, and developing brand resonance.

10. **Leverage brand elements**: Proper design and implementation of brand elements can often be critical to the successful building of global brand equity. Nonverbal brand elements such as logos, symbols, and characters are more likely to directly transfer well—at least if their meaning is visually clear—than verbal brand elements that may need to be translated into another language.

10.6 Customizing Marketing Mix Elements in Local Markets for Global Brands

Many brands need to customize specific aspects of the marketing mix to better appeal to local market conditions. We next review the four major elements of a marketing program—product, communications, distribution, and pricing strategies—in terms of adaptation issues Product Strategy: One reason so many companies ran into trouble initially going overseas is that they unknowingly— or perhaps even deliberately—overlooked differences in consumer behavior. Because of the relative expense and lack of a developed marketing research industry in smaller markets, many companies chose to forgo basic consumer research and put products on the shelf to see what would happen.

As a result, they sometimes became aware of consumer differences only after the fact. To avoid these types of mistakes, marketers may need to conduct research into the local market.

Communication Strategy: Advertising is one area of marketing communications in which many firms face challenges internationally. Although the brand positioning may be the same in different countries, creative strategies in advertising may have to differ to some degree. Different countries can be receptive to different creative styles.

Distribution Strategy: Distribution channels present challenges to many firms because there are few global retailers, especially supermarkets and grocery stores. There are many distribution challenges, particularly in continents such as Africa where consumers live in urban and rural areas.

Pricing Strategy: When it comes to designing a global pricing strategy, the marketers need to understand in each country what consumer perceptions of the value of the brand are, their willingness to pay, and their elasticities with respect to price changes. Sometimes differences in these considerations permit variations in pricing strategies.

Conclusion
Creating global consumer-based brand equity depends solely on effective regional marketing programmes. Brand building takes time, even for companies who stay local. Global marketing campaigns need to highlight the similarities and differences of the brand. Furthermore, they need to think about how they will appropriately communicate their messages via logos, brands, and symbols in different areas. Finally, much like the local marketing programmes, the global ones also need a measuring system. When you’re going global, it’s crucial to have a brand equity measurement system so you can see if your massive investments were worth it.

- **Exercise**

1. "Going global, thinking local." Explain what this phrase means and critically discuss the potential benefits and conflicts for a company in following this logic.

2. Is a global organization, in the 21st century, obligated to provide opportunities for its employees to become more culturally sensitive or increase their cultural awareness through an understanding of the cultural system of values, assumptions, and symbols? What do they stand to lose if they don't?
3. LIST various reasons a business may expand its international markets.
4. Discuss Global Brand Strategies in detail.
5. Discuss the Challenges and Opportunities of Branding in a global market.

-: NOTE :-

BAOU
Education for All

યુનિવર્સિટી ગીત

સ્વાધ્યાયઃ પરમં તપઃ
સ્વાધ્યાયઃ પરમં તપઃ
સ્વાધ્યાયઃ પરમં તપઃ

શિક્ષણ, સંસ્કૃતિ, સદ્‌ભાવ, દિવ્યબોધનું ધામ
ડૉ. બાબાસાહેબ આંબેડકર ઓપન યુનિવર્સિટી નામ;
સૌને સૌની પાંખ મળે, ને સૌને સૌનું આભ,
દશે દિશામાં સ્મિત વહે હો દશે દિશે શુભ-લાભ.

અભણ રહી અજ્ઞાનના શાને, અંધકારને પીવો ?
કહે બુદ્ધ આંબેડકર કહે, તું થા તારો દીવો;
શારદીય અજવાળા પહોંચ્યાં ગુર્જર ગામે ગામ
ધ્રુવ તારકની જેમ ઝળહળે એકલવ્યની શાન.

સરસ્વતીના મયૂર તમારે ફળિયે આવી ગહેકે
અંધકારને હડસેલીને ઉજાસના ફૂલ મહેંકે;
બંધન નહીં કો સ્થાન સમયના જવું ન ઘરથી દૂર
ઘર આવી મા હરે શારદા દૈન્ય તિમિરના પૂર.

સંસ્કારોની સુગંધ મહેંકે, મન મંદિરને ધામે
સુખની ટપાલ પહોંચે સૌને પોતાને સરનામે;
સમાજ કેરે દરિયે હાંકી શિક્ષણ કેરું વહાણ,
આવો કરીયે આપણ સૌ
ભવ્ય રાષ્ટ્ર નિર્માણ...
દિવ્ય રાષ્ટ્ર નિર્માણ...
ભવ્ય રાષ્ટ્ર નિર્માણ

DR. BABASAHEB AMBEDKAR OPEN UNIVERSITY
(Established by Government of Gujarat)
'Jyotirmay' Parisar,
Sarkhej-Gandhinagar Highway, Chharodi, Ahmedabad-382 481
Website : www.baou.edu.in