
UNIT 11 BRAND MANAGEMENT

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11.0 OBJECTIVES

Whenever we go out shopping, most of us have the likeness to buy a particular brand in a particular product category. Switching of brands happen only when we do not receive the perceived value of a product or service. This is where brand management comes into picture. Brand management is the process of monitoring and maintaining a brand's credibility and improving its customer's perception in a way that builds brand awareness and loyalty. After studying this Unit you should be able to:

- Define brand and the key concepts involved in the creation of brands and communicating it to the customers;
- Identify the role of a merchandiser in managing the brands and creating a positive image of the organization; and
- Understand the factors influencing the success of a brand and its position.

11.1 INTRODUCTION

In the last Unit, we understood the importance of creating and developing a product. This was done by understanding customers' needs thereby achieving the organizational goals effectively. In addition to understanding customers' needs, it is equally important to communicate these understood values to the target customer. Companies achieve this objective with the help of branding. This Unit aims to orient you to branding as a concept and its theoretical framework. It attempts to highlight the significance of branding

as a tool to manage the products effectively. While branding is the process of building a brand, **brand management** is the process of monitoring and maintaining it.

11.2 BRANDS - THE SCOPE

The term ‘brand’ can be applied to any company or product which possesses a distinct identity and which communicates some value and meaning to its customers. So, the central aim of a brand is to differentiate from its competition and influence its target buyers’ behaviour. According to Kotler “Companies address needs by putting forth a value proposition, a set of benefits they offer to customers to satisfy their needs. The intangible value proposition is made physical by an *offering*, which can be a combination of products, services, information, and experiences”.

A brand is an offering from a known source. A brand such as Big Bazaar carries many associations in mind of the people. It offers many schemes like ‘Wednesday Bazaar’, ‘Sabse Saste 5 Din’ or ‘The Great Exchange Offer’. These associations make up the brand image. We, therefore, relate Big Bazaar with saving. All companies strive to build brand strength i.e. a strong, favorable, and unique brand image.

According to AMA (American Marketing Association), “Brand is a name, term, design, symbol, or any other feature that identifies one seller’s good or service as distinct from those of other sellers”. The term branding is used to refer to the process of developing and maintaining all aspects of a brand. In retail, the customers have a great influence on the POS (point of sale) environment. Therefore, it is very important for brands to influence the customers before they enter the store. As a result, these brands need to pursue the retailers to stock their products and also influence the target customers to buy the brand as they go to the store. The concept of branding has been there since decades. It has always been used to differentiate the products. In the initial days, European craft people used symbols and their trademarks to protect the originality and quality of their work.

In fine arts, branding began with artists signing their works. Brands today play a number of important roles that improve consumers’ lives and enhance the financial value of companies. In today’s competitive market place companies are outsourcing less critical activities as these wish to focus on the areas which are critical and best value to be developed. These values are handled in such a manner that it becomes a distinct feature for the company which leads the company position to a better place than its competitors.

Branding is the exercise of creating a distinct image of the brand in the mind of the customer. This is done by maintaining uniformity at all possible levels of communication with the customers. To do this, the product has to be given a brand name and maintain same colour, slogan or sign of the brand in its communication. When the customers see the same combination of these elements with the product name they start relating the brand name with the product and create a distinct image for the brand in their mind. This recognition and differentiation help the customers to take purchase decision. Besides this, it is equally important to communicate customers about the functions and usability of a product. Branding involves creating mental structures and helping consumers organize their knowledge about products and services.

The core objective of a brand is to create a meaningful difference in the customers’ mind. In the absence of a meaningful difference, the brand fails to drive the customer to buy its product. So, the whole idea of branding strategy is to create a superior or

valuable image of the brand in customers' mind. Brand differences often are related to attributes by creating competitive advantages through non-product related means. Calvin Klein, Gucci, Tommy Hilfiger and others have become great brands by successful communication of their superior intangible values and benefits to customers. This could happen because these brands were able to identify the customers' emotional and rational desires. Let us understand by the following example: Zara, the brand, owned by a Spanish group, has been consistently offering reasonably priced apparels at an exceptional speed. The tightly controlled production systems allow this brand to move quickly from design drawing to ready apparel in stores in a period of two to three weeks. The arrangement of vertical supply chain facilitates the international retailer to achieve its target in a set time frame. Zara is famous for its highly integrated production and distribution model. Zara's lead time (the time between passing an order and the stock arriving in-store) gives it its competitive advantage.

ASOS encapsulates another development in the competitive platform. ASOS- 'As seen on screen,' is an online fashion site that was established in June 2000. In 2013 it had five million users globally delivered to over 200 countries and became one of the most visited fashion sites in the world. The fashion site gained a competitive advantage by adding new dimensions to cost, speed, fashionability, convenience and connectivity. With the presence of ASOS, Zara's integrated production became old news. Above all, both the brands, Zara and ASOS, illustrate a standard criteria for competitiveness within the fast-fashion world.

- Cost
- Speed
- Fashionability
- Interactivity

Any brand competing in the market when achieve these measures of competitiveness, it raises the bar for other competitors to either match or surpass and eventually new platform for differentiation and advantage emerge.

11.3 BRAND AND ITS POSITIONING

Creating an absolute high value may involve a lot of extra effort in terms of resources; therefore the retailers have to look for creating a relatively higher value than its competition. This is nothing but creating competitive advantage for the customer. Competitive advantage is defined as the retailers' ability to perform in one or more ways that the competition is not able to match the same. Michael Porter suggests that it is important for an organization to build a sustainable competitive advantage, which implies that organization has to choose such an advantage for the customer which they are able to sustain in the long run. It is also important that competitive advantage must be seen by customers as a value to the customer. For example, if a company delivers faster than its competitors, this will not be a customer advantage if customers do not value speed. Companies must focus on building customer advantages. Then they will deliver high customer value and satisfaction, which leads to high repeat purchases and ultimately to high company profitability.

Ries and Jack Trout in their book have defined *positioning as a creative exercise which is done to the minds of the prospects and is the shortest route to heart*

or generic version of the product. Competition would then probably be based on price.

- These differences in response are a result of consumers' knowledge about the brand. Brand knowledge is the experiences, memories, images, feelings and beliefs which the consumers have for a brand in their minds. Brand knowledge keeps on getting stronger with time. Our feelings and memories attached with Fabindia, Raymond, Nalli, Big Bazaar have made these brands extremely powerful in the Indian market.
- The differential response by the consumers that makes up the brand equity is reflected in their perceptions, preferences, and behaviour. The key job for the marketers is to create an experience for the consumers that lead to the desired response. The repeated exposure of the consumers to these experiences leads to the desired brand knowledge in the long run.

11.5 BRAND ELEMENTS

Brand elements make the brand recognized and differentiated. Marketers secure these elements by trade marking them. World's most of the strong brands employ multiple brand elements. For example, swoosh of Nike, along with other elements like their slogan 'Just do it'. These brand elements independently make the brand well recognized internationally. These brand elements contribute to build the brand equity.

Criteria for Choosing Brand Elements

Choice of the brand elements depends upon six different criteria. These criteria are: memorable, meaningful, likable, transferable, adaptable and protectable. The first three elements out of the list have an objective of increasing recognition of the brand and the last three elements are for increasing the brand equity.

1. **Memorable:** A brand should be easy to recall and recognize. The short and simple name helps to meet this condition e.g. Nike, Westside, Zara etc.
2. **Meaningful:** All the brand elements should be credible and suggestive of the corresponding category. For example, Fabindia, Big Bazaar, Shoppers Stop.
3. **Likeability:** Consumers should find the brand elements to be aesthetically appealing. The elements should be verbally and visually likeable such as Hidesign, Flying Machine and Peter England evoke many images in our minds.
4. **Transferable:** Brand elements should be able to add value to the brand equity in such a way that any new product in the same or different category must be able to take advantage out of it. For example, a fashion brand like Giorgio Armani stands for brand's premium class. The brand offers clothing, accessories and skincare products; each of its product line enjoys the benefit of its high brand equity.
5. **Adaptable:** The brand elements should be adaptable and updatable without losing its essence of originality. The magic of a strong brand is that it has wide application on various product lines. For example, Fabindia started with only clothing but later the brand introduced a variety of lifestyle categories like home furnishings, organic products, furniture and accessories. Nowhere in this process has the essence of the brand's originality been lost.

6. **Protectable:** The companies should legally protect their names by retaining trademark rights with them. This helps the companies to take advantage of the name and developing the name as synonymous to the product category in the long run.

Developing Brand Elements

Identification of brand elements is done through a series of researches. Most of the companies hire marketing research firms. These firms use human brainstorming sessions and vast computer databases. These brand elements play a number of brand-building roles. Brand elements are selected which are easily recognized, recalled, inherently descriptive and persuasive. Well-connected brand elements help marketing communications to build awareness and link brand associations. Associations arising from the likeability and appeal of a brand contribute to its brand equity as well. Some of the brand elements which are used effectively are:

Brand Name: Brand name is a very important vehicle for providing the customers with assurance regarding quality and consistency of standard. It can also provide assurance as to the suitability of fashion of the season. Brand name is one of the most powerful sources of identity. Therefore, choice of a brand name calls for serious efforts from the company. Consumers may talk of their Nike instead of their training shoes, or of a Burberry instead of a raincoat. It should be easy to pronounce, familiar and meaningful. Strong brand names can be very advantageous when establishing overseas markets.

Brand Character: A brand character or emblem serves to symbolise brand identity through a visual figure/symbol other than the brand name. For example, Lacoste is always associated with a crocodile picture with its brand name and Puma is associated with the picture of a puma.

A brand character plays important functions such as:

- It helps us to identify and recognise the brand. They are particularly useful when marketing to children, since children favour pictures over text.
- It gives the brand durability, as emblems are permanent signs.
- It helps to differentiate and personalise the brand. An emblem transfers its personality to the brand. In doing so, it not only enhances brand value but also facilitates the identification process for consumers.

Brand Logo/Symbol: Brand logos help to understand the brand culture and personality like everybody knows 'a' with a smile of Amazon, 'AND' of Anita Dongre, 'swoosh' of Nike etc. These symbols and logos help brands to identify with them. When companies change logos, it usually conveys that either they or their brands are about to be transformed.

Another significant element of branding is suitable packaging. This is important in image creation, leading to differentiation in the marketplace which can be achieved very effectively through the use of labelling. Use of only one brand name across the entire organization and its offerings can create a powerful image in the mind of the consumer. In time, use of well-established brand names can be stretched to introduce new products into different markets. This policy of brand stretching goes beyond brand extension, where new products are introduced into the same category. Use of this approach can

increase the survival chances of new products and reduce launch costs. Major brands are now becoming more 'elastic' in the sense that companies are increasingly defining them as a way of life and stretching them into new areas. Spice now uses its name for airlines, music, finance, mobile phones, and cinemas. At a time where many companies are making similar types of products within similar price bands, functionality does not often succeed as a means of differentiation. Therefore it is essential that companies emphasize the emotional aspects of their brands in the hope that consumers will identify with sets of values that the brand is meant to represent. Even here, however, brands that stress on highly intangible, emotional qualities must provide merchandise that is consistent with the brand promise.

Intext Activity1

Explore brands such as Lacotse, Amazon, Anita Dongre and Nike and write down your experience in 500 words.

11.6 DESIGNING MARKETING ACTIVITIES

Appropriate choice of brand elements makes a significant contribution to building brand equity but the primary contribution comes from the product and marketing activities. Besides advertisements prospective customers come to know about the brand through personal observation, word of mouth or interaction with the sales person. Any exposure to the customer about the brand contributes to the brand contact with the customers. This experience can be positive or negative. The company must put effort into managing these experiences besides producing powerful advertisement campaign. These brand contacts play a very important role in building the image of the brand. Marketers create these brand contacts with the help of clubs, consumer communities, trade shows, event marketing, sponsorship, sales promotion schemes, public relations, press releases, and social cause marketing. Marketing through digital media is also popular as it refers to advertising through the digital channels such as search engines, websites, social media, email and mobile apps. A digital marketing campaign may include one or more components (internet advertising, mobile advertisements, television, SMS etc.) while a social media strategy may include one or more social media platforms (facebook, twitter etc.) While designing the brand building marketing programmes, marketers emphasize on three important themes, namely: personalization, integration and internalization.

Personalization

It is about making sure that the target customer receives the brand communication in such a way that it appeals to the personal desires of the customer. The brands do it by understanding the needs of customers, designing products and services for them and focusing on communication according to the identified needs and benefits of the product. This way customers are able to relate to the brand communication extremely well.

Integration

Brands are able to communicate an integrated picture to the target customers by being consistent with their brand elements. This helps in building strong brand equity.

Internalization

It happens at various levels of brand communication. Most importantly, the organization works on the internal brand communication with its employees. This helps them to

create a strong bond about the brand with its employee. This way the employees are able to live the brand promise during their interactions with the customers.

11.7 FORMULATING A BRANDING STRATEGY

Branding strategy formulation involves deciding the nature of new and existing brand elements to be applied to new and existing products. It is especially critical when the company introduces a new product. It has three main choices:

1. It can develop new brand elements for the new product
2. It can use some of its existing brand elements or
3. It can use some of its existing elements along with its new element

The above strategies are used to introduce a new product in such a way that the target customers are able to relate the new product with the brand equity of the existing brands.

When the organization uses its existing brand elements on a new product, it is termed as *brand extension*. When some of the new elements are introduced in addition to the existing brand it is termed as *sub branding*. For example, Fabindia introducing fashion accessories apart from the product. This is brand extension. When the same brand name is used for multiple products, it is termed as *family brand*. For example, Calvin Klein offers clothing, accessories, skin and beauty products under the same name. Brand extension can be used to introduce a new product within the same product line or different product line. This way the company targets to introduce the product to a different customer segment.

In *category extension*, the parent brand is used to enter a different product category from that currently served by the parent brand. A *brand line* consists of all products—original as well as line and category extensions sold under a particular brand. A *brand mix* (or brand assortment) is the set of all brand lines that a particular seller makes available to buyers.

Many companies are now introducing branded variants, which are specific brand lines supplied to specific retailers or distribution channels. They result from the pressure, the retailers put on manufacturers to provide distinctive offerings. A mobile company may supply its low-end mobiles to mass merchandisers while limiting its higher-priced items to specialty mobile shops. Apple launched its 10 series in two price ranges with 'x' and 'x plus' as specifications given to each of them.

Points-of-Parity and Points-of-Difference

Once the competitive frame of reference for positioning has been fixed by defining the customer target market and nature of competition, marketers can define the appropriate set of difference and similarity in terms of their POD (point of difference) and POP (points of parity).

Points of Parity (POP) are the attributes which are common to some of the brands. Due to these attributes, the customer considers them together while considering a purchase. For example, if one has to go for buying casual wear, the brands which arise in a customers' mind are Shoppers Stop, Lifestyle, Pantaloons. The features shared by these retail brands in common are retail departmental stores offering wide variety of fashion brands for clothing.

Points of Difference (POD) are the attributes which make a brand stand out amongst other competing retail brands.

Competitive points-of-parity are associations designed to counter competitors' points-of-difference. If a brand can offer higher value addition in those areas where the competitors are trying to find an advantage then it is said to be at a competitive position.

Determining POPs and PODs for a Brand

While determining points-of-difference, two important points to be considered are that consumers find the POD desirable and the company has the capabilities to deliver on the POD.

There are three key consumer desirability criteria for PODs:

1. **Relevant:** Target consumers must find the POD personally relevant and important.
2. **Distinct:** The offered value must be distinguishable and superior for the customer. When entering a category where there are established brands, the challenge is to find a viable basis for differentiation.
3. **Believable:** The customer must find the superior value of the brand believable. A brand must offer a compelling reason for choosing it over other options.

Parallel to the above mentioned points, there are three key deliverability criteria also and those are:

1. **Feasible:** The firm must be able to actually create the POD. The product design and marketing offering must support the desired association.
2. **Communicable:** The PODs must be communicated in such a way that the consumers do not have any apprehension about believing on it.
3. **Sustainable:** Sustainability largely depends on internal commitment and use of resources as well as external market forces effectively and consistently. It is generally easier for market leaders such as Gillette, Intel, and Microsoft, whose positioning is based in part on demonstrable product performance, to sustain their positioning than for market leaders such as Gucci, Prada, and Armani, whose positioning is based on fashion.

Check Your Progress II

Note: Use the space provided for your answer

1. Fill in the blanks:
 - (a) is the value of the brand as a separate asset.
 - (b) The six criteria for choosing brand elements are
 - (c) serves to symbolise brand identity through a visual figure/symbol other than the brand name.

2. Define licensing.

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11.8 BRAND PORTFOLIO

Brand portfolios the set of all brands and brand lines, a particular firm offers for sale to buyers in a particular category. Different brands may be designed and marketed to appeal to different market segments.

A brand portfolio must be judged by its ability to maximize brand equity. The optimal brand portfolio is one where each brand maximizes equity in combination with all other brands in the portfolio. In designing the optimal brand portfolio, marketers generally need to make a choice between market coverage and other considerations with costs and profitability. If profits can be increased by dropping brands, a portfolio is too big; if profits can be increased by adding brands, a portfolio is not big enough. In general, the basic principle in designing a brand portfolio is to maximize market coverage, so that no potential customers are being ignored. Each brand should be clearly differentiated and appealing to a sizeable marketing segment to justify its marketing and production costs. Brand portfolios need to be carefully monitored over time to identify weak brands and kill unprofitable ones.

11.9 ROLE OF A MERCHANDISER IN BRANDING

The retail brand management process involves the creation and reinforcement of the 'branded shopping experience'. 'Branding an experience requires a skillful and integrated marketing approach, blending a communication, service and location strategy to complement the product offered'. This statement highlights contribution of these interrelated components of a retail strategy, focusing on the product range and exploring the linkage as the core role of a merchandiser.

When a retail merchandiser is reviewing the choice within a product category, the individual roles that are played by the different brands or product variations are considered very closely. Some products within a category are 'traffic builders', generating high sales and having large market share, put single comma they draw customers into the store and their absence would risk customer loss. Other products, such as own-label goods, have roles that are clearly concerned with achieving sales or profit objectives. Some stock keeping units (SKUs) create excitement or play a key role in the reinforcement of the retail brand image. The right mix of these products is important to maintain for creating brand image.

Each member of the category should be making an individual contribution to the performance of the category. In this process the merchandiser has to ask and find solution to the following questions:

- Which brand could be deleted so that the sale successfully transfers to another more profitable brand?
- Does the category generate enough excitement for the shoppers?

- If the category is showing growth pattern, can interest be increased and sales within the whole category further improved by offering more variations of excitement generating products?

11.10 FACTORS INFLUENCING SUCCESS OF A BRAND AND ITS POSITION

Following factors may contribute to the performance of a brand:

1. **Market Dominance:** It is the brand’s ability to influence its market and be a dominant force with a strong market share such that it can set price points, command distribution, and resist competitive invasions. A brand that leads its market or market sector is a more stable and valuable property.
2. **Longevity:** It is the ability of the brand to survive over a long period of time based on consumer loyalty and past history. Long-established brands that have become part of the ‘fabric’ of their markets are particularly valuable.
3. **Geographical Presence:** It is the ability of the brand to cross geographic and cultural borders. Brands that are international are inherently more valuable than national or regional brands, due to their economies of scale.
4. **Relevant:** It is the ongoing direction and ability of a brand to remain contemporary and relevant to consumers.
5. **Communication Support:** It is the amount and consistency of marketing and communication activity. Those brand names that have received consistent investment and focused support must be regarded as more valuable than those that have not. While the amount spent in supporting a brand is important, the quality of this support is equally significant.
6. **Identity:** A registered trademark is a statutory monopoly in a name, device, or in a combination of these two. The strength and breadth of the brand’s protection is critical in assessing its worth.

Check Your Progress III

Note: Use the space provided for your answer

1. How can the merchandiser get advantage from branding of the products he is handling?
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2. What is brand portfolio?
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11.11 LET US SUM UP

In order to be successful in the market place, the retail organizations have clearly recognized the importance of developing expertise at the product level as well as its communication to the target customers effectively. At the product level, identifying and building upon some uniqueness is extremely important. It not only gives a distinct identity to the product to become a successful brand but also helps the organization to create competitive advantage in the market. At the communication level, the product/brand has to win mind share of the customers by relating it with some benefit for the customer that could be tangible or intangible in nature. Merchandiser's ability to recognize the PODs and POPs of the brand at the store level is important in the overall performance of the brand and its product categories.

11.12 KEY WORDS

- POS** : Point of sale, is the place where the goods are sold to customers i.e. the checkout. It indicates to the technology used to finalize a transaction with the customer.
- Medieval guild** : Guilds existed throughout Europe during the middle ages. Guilds were groups of individuals with common goals. Guilds filled many niches in medieval economy and society. Urban occupational guilds were divided into two types: merchant and craft.
- Product mix** : It is total range of products that are offered to the customers at the retail shop floor.
- Economies of scale** : Reduction in cost per unit gained resulting from increased production, through realization operational efficiencies.
- Contribution margin** : The difference between total sales revenue and total variable costs.
- One to one marketing** : One to one marketing encourages personalized interaction with the customers during a promotion campaign of a brand.
- Experiential marketing** : Experiential marketing is a form of marketing activity that focuses primarily on helping consumers experience a brand. The goal of experiential marketing is to form a memorable and emotional connection between the consumer and the brand so that it may generate customer loyalty and influence purchase decision.
- Permission marketing** : Permission is an approach to selling product and services to a customer in which a prospect in advance agrees to receive marketing information.

11.13 REFERENCES AND SUGGESTED READINGS

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Links:

<https://www3.nd.edu/~jsherry/pdf/2012/FastFashionSustainability.pdf>

<https://www.forbes.com/companies/zara/>

11.14 CHECK YOUR PROGRESS – POSSIBLE ANSWERS

Check Your Progress I

1. Branding is a source of competitive advantage because it is easy for competitors to duplicate manufacturing processes and product designs, but they cannot easily match lasting impressions of a brand in the minds of customers.
2. The term branding refers to the process of developing and maintaining all aspects of a brand. This is done with the help of its brand elements which are brand name, brand logo and brand character.

Check Your Progress II

1. (a) Brand equity
(b) Memorable, meaningful, likeability, transferable, adaptable and protectable
(c) Brand character
2. Licensing is a business arrangement where a company sells the rights to another company to use their name who can then develop, manufacture and market specified branded merchandise under license.

Check Your Progress III

1. Branding helps a retail merchandiser in making the choice within a product category. Some brands within a category are ‘traffic builders’, generating high sales and having a large market share: they draw customers into the store and their absence would risk customer loss.
2. The brand portfolio is the set of all brands and brand lines a particular firm offers for sale to buyers in a particular category.