

**Marketing Management - II**  
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**Lecture No. W3-L1**  
**Introduction to Brand, Branding and Brand Equity**

Hello and welcome to our course marketing management part two, we are in week four and this is going to be a first session on this topic, new topic that is brand management. I am Shashi Shekhar Mishra and I am offering this course in association with my senior colleague professor Jayanta Chatterjee. We are from department of Industrial and Management Engineering at IIT Kanpur. So, in this topic we are going to discuss about, broadly the three things which is about introduction to brand, the world of brands.

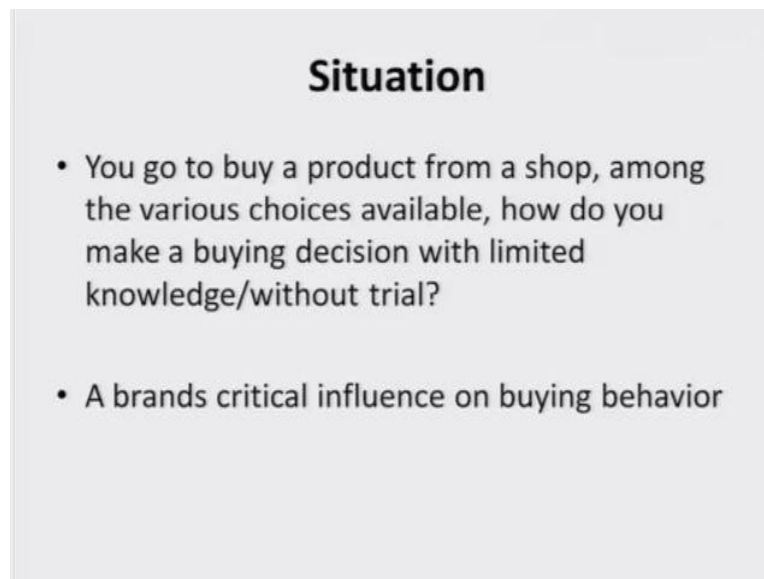
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It is a very unique or interesting area where people are really fascinated both on as a consumer as well as a as a probably professional also. Brand is a fascinating area to work in and to academician also. There is a lot of interest in to this topic of brands, then we will also look in to the concept of brand equities, what is this brand equities is? How do we measure it? How to we define it? And basically, how does basically it is critical to a firm. Then we will look into the far this third thing which is about devising brand strategy. So, how do we devise thus the brands strategy?

So, now I just talk to you about one situation, you can go back to one of your previous buying situation or a purchase situation, where you have you might a purchase your first car or you might have purchased first time any electronic gadget and there in when you or you can think of the next time you go and try to observe or try to be conscious about, what I am writing here on this slide is that you go to buy a product from a shop among the various choices available.

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**Situation**

- You go to buy a product from a shop, among the various choices available, how do you make a buying decision with limited knowledge/without trial?
- A brands critical influence on buying behavior

How do you make a buying decision with limited knowledge or without trial? So, when you go to buy a something very new for all probably for the first time and you have limited information about the important attributes in the product that should be looked to make the purchase and the performance of the product or a different offering from the different seller on those important attributes and various other information.

That is related with the product category so, when you do not have much of the information or much of the experience if you are not expert in that area. How do you make your buying decision in those situations? Now quite often you will see when you will consciously observe yourself that your purchase decision is predominately are very in critical way it is being influence by the brands.

And then it makes us to thing that why this brand are very important. So, we look in to this thing like what is a brand? And why? What kind of role they play in buying situation? How they are beneficial to customers as well as sellers. Now to look into a formal definition of a

brand this is the definition as you can see on the slide. It is given by American marketing association the definition is, that a brand is a name.

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Term sign symbol or design or a combination of them intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitor. So basically, brand can be a combination of any of these things like name term sign symbol or design and that is basically used to differentiate you as a seller from your competitors.

Now one thing, one has to understand is that though this term brand has come to the picture or a probably prominent in loss couple of the decades and the as the world is more connected. The brands are came to be seem probably across more prominently, but you will find out that brand as a concept or their uses are utilization has been they are from centuries or may be thousands of year old. You can see that famous rishi of this Chyawanprash his name the product Chyawanprash came into the picture so, the entire product category is known as Chyawanprash.

You see the painting in the olden days they use to be sold by the name of the artist actually. So, those are also type of brands which used to get sold and they were quite famous brands in those times. So this is one formal definition of the brand but the better way of understanding probably the brand is I found this definition to be better that brand is.

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## What is a Brand?

For more than a name and a logo, it is an organization's promise to a customer to deliver what the brand stands for not only in terms of functional benefits but also emotional, self-expressive, and social benefits. But a brand is more than delivering on a promise. It is also a journey, an evolving relationship based on perception and experience that a customer has every time he or she connects to the brand (David Aaker).

More than a name or a logo as Professor David Aaker says, that it is in organizations promise to a customer to deliver what the brand stands for not only in terms of functional benefits but also emotional self expressive and social benefits. So, it says that brand is not just a name, logo, jingle.

It is basically an organization or a seller promise to its target customer that what this brand stands for and brand not only offers the very common myth is that brands are only about emotional benefits no brands also offer functional benefits. But one has to understand in which way these functional benefits are delivered through the brands. So, brands offer functional benefits as well as emotional benefits they are basically ways of self-representation and social benefits.

Now Professor Aaker goes further and says that brand goes beyond, even this promise and they are basically a brand is more than delivering on a promise. It is also a journey and evolving relationship based on perception and experience. That a customer has every time he or she connects to a brand so, whenever each time connected you get connected with the brand. You have a certain type of experiences whenever you find a mention of a brand, certain kind of perception comes in to the mind, certain kind of discussion happens about the brand.

So, all this basically the sum of all these association basically contributes to the building. The image of the brand and you can see that brand is a basically a way, that tangibilizes the

abstract relationship between a customer and a company. A better way of understanding how the brands are different from the product is this statement by Stephen King of WPP group London where he says that,

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A product is something made in a factory, a brand is something that is bought by a customer. One has to understand that organization manufacture a product but what a customer buys is or what exists in mind of the customer is? A brand a product can be copied by a competitor, a brand is unique brands are really difficult to imitate and they are one that intangible resource are that, that is very difficult to imitate and that is very difficult to copy actually and then as a as a entry barrier or is a basically competitive barrier brands are very difficult to basically surpass.

You will see across the world we will talk about some of the brand top brand in the world. We will see that it is very difficult for competitors to surpass these brands. A product can be quickly outdated, a success brand is timeless and this is a fact basically one has to understand that products you will see that products will keep coming in the market.

They will also get oscillated from the market. However, the brand exists in the market and the smart marketers can utilizes the power of the brand to achieve the important organizational goals. Now what do what is the benefit of this brand in the buying situation? That one has to understand and when the role of the brand is very critical in purchase decision. Now when the benefit require experience to be judged or credibility to be accepted as present.

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### Role of Brands in Consumer Purchase

- Benefits require experience to be judged or credibility to be accepted as present.
- High perceived risk in any buying situation and consumer perceive difference in various offering
- Time, effort, and expense to acquire and evaluation of various brands are high

Then you have to basically rely more on the brand like when you go to a doctor, and in that situation probably you rely more on the reputation of the doctor to believe, that the kind of treatment is going to give you is accurate its good for your health or for the sake you go to a educational institution what you see is that what its reputation is? What you will experience later on in the absence of an experience? The possibility that is you will rely more on the reputation of that institute more.

The second thing which contributes that or which makes brands really important in the consumer purchase. Decision making is that when there is high perceived risk in any buying situation, then brands are extremely important. We quite offer see that the customer try not to take big risk and try to minimize their risk. If you try to see whether they were the if the customers are offered higher benefits or a new offering, on the other side they are offered a brand which comes with the standard benefits or a commonly accepted benefit in the market.

Customers are more likely to most of the customers you will find out that in high risk mind situation, they will go with safer option or more bankable option. In the form of the more reliable brand and another thing is that when the customer purchase see meaning difference in the different sellers offering. Then also the role of the brand are important whenever, there is situation whenever there are product categories where customer do not make much of the difference among the offering of the different seller in those situation, is very difficult to make any brand actually or to create a brand.

And from this point one has to understand that branding across the product category and different situation. The efforts required in the ability to basically brand product will also vary, that in certain situation you will have more scope of branding a product then compared to the other branding category or other situation where consumers don't make much of the differents between offerings of the different sellers. Then we have the situation where time effort.

And expenses to acquire and evaluate various brands are high. So, this situation where the such cost are the time require or the expertise which are require to evaluate the different offering is very high and consumers are not ready to invest that much amount of time or they dont like to invest that much amount of time. They are probably branding is something which which can generate a very fruitful results for an organizations. So, these are the important thing that one has to keep in mind when thinking about the branding and the consumer behavior.

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Then what are the benefits that brand offers to a seller. So, the very first thing as the definition of AMA also says the biggest benefit for the concept the biggest benefit is that identify the makers that differentiate offering of one seller from the other seller. The second thing is that it simplifies the product handling. So, in any organization you will see that in operations are the processes managing the product handling is very easier at the same time like it is true for the manufacturing label and at the same time it is also true for the distribution and sales also it help in organizing the counting.

Brands are something which is very important to organization because they also offering legal protection that anybody cannot just imitate your brand or register intellectual property, your logo or any other intellectual property. So, they provide you're sort of legal protection they safeguard you against such kind of competitive imitation also then brand often signifies the quality from a seller they create barriers to entry now one has to understand that this the concept of that this they they create barriers to entry for the competitors.

In certain situation, it is possible that one can imitate that product very easily but it is quite often it is seen that there are very strong brand person in the market. The customers will show extreme level of resistance to any new entry or any competitive offering as you can see that we have discussed in some of other session in marketing management one also that the carbonated drinks sector. We are some of these brands Coca-cola and Pepsi are present.

You will find out introduction of any new brand or taking away in fact the market share by one player to another other is very difficult. Because consumers don't purchase the beverage actually, they purchase that brand image or the perception about the brand. So and it has been quite proven or validated but this fact that customers don't switch in fact that they predominately consume a brand then a product by the fact that this blind test have revealed. That when the consumers are offered something where with blind folded that blindfold is removed.

Their choice is differ, then brand are a source of competitive advantage. They are basically a metal barrier for any new competitive offering to overcome and that is how it is basically a competitive advantage to form brands are one source of price premium and that is where we also try to measure strength of the brand, that the stronger brand is the consumer will be ready to pay the extra price for that. So, these are the important things from the perceptive of the seller that why they should run for the product.

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### Top Brands

Brand Name	Valuation (\$ m)
	170276
	120314
	78423
	67670
	65095
	49048
	45297
	42267
	39809
	37948

Source: <http://interbrand.com/best-brands/best-global-brands/2015/ranking/>

Then I would just like to see that there are some of the brands across the world. I will set top ten brands. This is the basically the result of inter branch survey of 2015, where they have certain methodology to come out with the evaluation of the different brands top brands across the world and now you can see there are top brands across the world.

The first one is on the table is this the brand Apple which is roughly around hundred and seventy billion dollars. Now minded one thing which is important there is this valuation is not so secrete in the sense like, there are couple of other agencies to do this valuation. They might come out with a different kind of valuation and one thing which sure is that nobody is ready to agree what is the exact valuation of these brands but still you can judge from these valuation that they have a significant the brands have the significant value for the organization.

And they basically are a source of future cash flow or they offer and large number of advantage for a any firm to operate in any competitive environment. So, the top on the table is basically Apple you can the brand is roughly about hundred and seventy billion dollars then you have Google though it has a very high brand evaluation. You will see that Google effort and marketing communications are not there in that high in terms of its.

Basically, investment into the branding or the promotion however, whatever it basically invests or its return on a investment on those efforts are very high because of their smart way of their marketing in design. Then the third brand which is basically a mass market product

the Coca-cola. It is to be couple of years back about a decade back it used to be the top most brands in the world.

But over the period of the time, this technology runs like Apple and Google are taken over them Coca-cola roughly come around seventy-eight billion dollars in 2015 survey. And then you have some other technology giants like Microsoft, IBM and you have this automobile mature Toyota into the picture and then Samsung G, McDonalds. McDonalds is a restaurant names you many of you might have already visited to the restaurant of McDonalds.

You know enough about this brand and then you have at the ten places this Amazon. So you can see that how much this intangible value, this brand have for their organization. Certain executives in fact believe that given a choice ready to sacrifice everything, expect I mean a in place of brands because if they have the power of the brand the customer or the consumers will remain attached to them and they can again achieve the success in the market.

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**What is Branding?**

**Branding** is endowing products and services with the power of the brand.

- Branding is all about creating difference
- Who the product is
- What it does
- Why consumer should care

Branding is about creating mental structure to organize knowledge and clarifies decision making to benefit the firm

So, what is this branding actually the brand has so important then what is branding? So, branding is basically in doing products and services with the power of the brand. And when we say that we want to brand something it means that branding is all about creating difference. Branding means that has product has this has a differential advantage with respect to in any generic product or any unbranded product, as basically branded product consumer understands who the product is?

What is does and what consumer why the consumer should care about that product? Branding is about creating mental structure to organize knowledge and clarifies decision making to benefit the form. You will see that the brand exists the knowledge or mental structure in the minds of the consumer.

They have certain kind of positive associations in the mind of the consumers and if there is no consumer knowledge in the mind of the consumer. If there is no knowledge in the minds of the consumer, the brand will not exist or the brand strength will be very weak.

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Now the question comes what can be branded? Here are the different types of things that can be branded physical goods. You can be see so many product in the consumer market that exists in their branded like the physical goods, like Maggie, Nike Shoes, Lux soap these all are basically the examples of physical goods that comes as the brand offering, then you have services from McKinsey consulting State Bank of India, Air India the national carrier for airlines.

These are basically the some of the brand from services sector, then you have the stores that can also be branded in the form of Big Bazaar pantaloons shoppers stop and many more. And that area the person can be also branded whether this is the coincidence or it is a basically just something which has happened or sometimes people are branded deliberately.

So, the brand of Virat Kohli, one of the biggest or the most bankable the sport celebrity in the current time. Then you have as a brand as a political figure Narendra Modi campaign of 2014

election then you have Sachin Tendulkar and many more sports celebrities they are bankable brands.

Then you have places like Pink city Jaipur and state like Kerala which promotes this heavily about tourism in their place then you can also brand organizations like UNICEF or institute IIT Kanpur, it's a very reputed academy brand. Then the idea is also a brand like these days very popular ideas which are exists in the space is this Swatch Bharat is on this Beti Bachao Beti Padhaobein.

So, you can see there are different category of the offering which can be branded, the idea is that go back and think about each of this brand. The example, I have given and try to understand why these brands are? What is the difference or what is the unique feature under each of these brands? That makes them difference makes from the other brands in the market. And that will help you understanding how the brands are created or what kind of things can be branded.

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**What is Brand Equity?**

- Brand equity** is the added value endowed on products and services, which may be reflected in the way consumers, think, feel, and act with respect to the brand.
- CBBE can be defined as the differential effect that Brand knowledge has on consumer response to marketing of that brand.
- Three key ingredients: Perceptual Difference, brand knowledge & associations, differential response

Then next concept is there what is brand equity. The brand equity is the added value endeavor in the on products and services which is which may be reflected in the way consumers think feel and act with respect to the brand. In this concept of the brand equity, the equity and the brand holds the concept of the customer base brand equity is quite commonly referred in the consumer base brand equity which is also abbreviated as CBBE can be defined as the differential effect that brand knowledge on consumer response to marketing of the

brand, three ingredients in this consumer brand based brand equity is that perceptual difference brand knowledge and associations and differential response.

So, it is about the the consumer based brand equity has three dimensions. How it can be created, it is that there is a difference in the offering of the seller and how this offering difference is created in the in the form of the mental knowledge of the structure in the mind of the consumer through the different communication and marketing activities and what is the consumers differential response to this kind of mental knowledge structure so that basically constitute of the concept of brand equity.

I will stop here and when we you meet in next session we will talk further about this concept of brand equity and the remaining concept related to the brands. Thank you very much.