

Brand Management
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If a deeper look will reveal that essentially there are 3-4 things that indicate a disciplined life emerges from 3 or 4 sources. The first idea that we as a human being receive about the discipline or about habit is the movement of earth. Now when you wake up in the morning and if it is a summer season you are likely to wake up to a day which is hot. Sun is shining brilliantly and strongly and you feel hot, you feel warm and it is very unlikely that you would wear a sweater when you wake up in the summer season. Similarly for rainy season when you wake up it is likely that when you look outside your window you will see it is raining or at least it is cloudy. So what I am trying to say is that we develop habit as per the rotation and revolution of earth.

In the morning we will behave in a certain way, in the afternoon we will behave in a certain way, in the evening and at night we will behave in a certain way. Nowhere it is written that at night we are expected to sleep but we do sleep, everybody sleeps so that kind of habit is very very deeply ingrained inside our mind. And that habit gets reflected later on in our behavior in the market place. So for example at night the while sleeping or while preparing to sleep the kind of products that we would require are the ones that would help us sleep easily.

So if we understand this idea that habit formation or if the companies or the brands understand the habits that people have they will be able to create products and services that they will be able to sell to consumers relatively easily. So this movement of earth, this time element in a human beings life is of paramount importance and they create habits in human beings and these habits later take newer and newer forms and that takes us to a stage where we refuse to compromise on products and brands. So for example you if you like eating a certain type of rice you would not like to experiment with another type of rice. So these are the things that I am trying to say you get used to a taste of the rice just the way you get used to the taste of a fizzy drink like coca-cola or Pepsi. Now if movement of earth, rotation and revolution of earth is the source of habit.

Another source of habit is religion. Now today when I woke up I am a Hindu, tomorrow when I woke up I will still be a Hindu alright overnight I am not going to change my religion. Now what happens when I am not changing my religion overnight or very frequently. What happens is, it conditions my thinking, it not only conditions my attitude towards God. It also prescribes for me a certain way of life.

For example some religions for example Jainism prescribes that you should be vegetarian. Now if you know that a large part of population in your target area, are the followers of Jainism you are not likely to launch a product that has non-veg content alright. So one aspect is this that religion determines our way of life and our way of life determines what kind of products and services we would consume. It goes slightly deeper than that not only it constructs our way of life, it constructs our value system. So for example if we continue with the example of vegetarianism in Jain religion it has constructed the value system of people who are the followers of different religion.

For example many followers of Jain religion they say that they would not eat anything that grows under the earth. Now this is at the value system level and not really at the practice level or at the way of life level. So similarly the symbols that are associated with religion we are accustomed to those symbols. So for example when we see say symbols related to Hinduism whether it is Om or pictures of various gods and goddesses. We are likely to bow down our head before them.

And if we bow before them what are we really doing, we are bowing to an authority figure. Now in Hindu religion you will see that there are many authority figures who are also women. There are men and there are women. Now if a product or a brand wants to leverage this and use the pictures of symbols associated to a religion you can imagine what impact it will have on the consumers of that brand especially if they have religious inclinations. So what I am trying to say is that religion also conditions our mind in such a way that we become habituated to a certain way of life and that certain way of life creates conditions for us to buy certain products and services and not buy certain products and services.

Third point which constructs our habit is family. Now what does it mean? It means first and foremost that we are born to a certain father and a certain mother. Now today I am going to school tomorrow and in the afternoon or in the evening when I return I find the same father and same mother in at home we do not find some other father and some other mother at home it is the same one. Similarly we come back to the same home we go from one home and come back to another home that also does not happen. So in our life family provides enormous stability, that stability is of people that stability is of experience and because we have the same father and same mother and same family and the same house for a reasonably long period of time what happens is our way of thinking our way our value system our way of living life develops a certain consistency a certain character.

and because of that character we develop habits and we keep doing that thing again and

again and again and that leads to certainty in life. All of us know that we are a little uncomfortable when life is uncertain all of us know of course that death is certain but we do not know when the death will come. So therefore there is an uncertainty about death and that uncertainty about death also leads to uncertainty about life. When I come out of the house, will I get a bus will I not get a bus. Will I get a taxi at a low fare or at a high fare will I miss my metro.

Will I get an A plus from my teacher or will I get B plus. Will I be happy in the class today or will I not be happy. Will my friend come to class or will he not come to class. So these things are little anxiety provoking events and if they can be tied down to our habits what becomes in our life or what comes to our life is certainty and that certainty creates habits and those habits make our life comfortable makes our life predictable. Now when we project or extrapolate the same habit or same way of life or same value system or the same habit creation into the marketplace what we get is brand stickiness.

Now what really is brand stickiness? If you think a little more a little deeply about your buying behavior at the marketplace you will realize we continue to buy what we buy. Alright! So for example I often go to buy aata for my home. Now when I go to buy aata. I remember that there are large number of plastic wrapped aata packets available 5 kg packets available in the departmental store. What I do is I straight away go to one particular brand.

I pick up the packet and go to the counter. Now I was thinking why do I pick up only that particular packet? That particular brand and not any other but because all others are equally good. What I thought was when I thought deeply what I realized was that when I pick up that packet of brand of aata. I experience a certain touch. The material with which that packing that aata packing is done is of a certain quality and when I pick up that packet I experience a touch which is familiar.

When I touch another packet of aata. I do not experience that familiar touch I experience something else. In that packaging there is also a perforation that perforation also pricks my finger in a certain way. And that pricking also perhaps I enjoy and that is why I pick up that packet in a certain way. So I pick up that packet so that I continue to experience that touch and that prick.

So it may not be too much about brand or it may be ultimately but at that moment when I am picking out of three brands I am picking one and that one again and again it is perhaps related to that also and not just the quality of taste and quality of processing etc. There may also be something about color. The color that attracts me color of the packaging the way the name is written and so on. So that may also attract me towards it and I continue

to pick up the same brand of aata again and again year after year. So what we are trying to see is we value consistency of experiences it is this consistency of experiences that make me buy the same brand again and again.

Alright! And one more reason why we buy same brand again and again is because we value the promise this brand makes. Now this promise may not be only limited to the sensory touch or the feel it may not be limited to only the color of the brand or the name of the brand it goes beyond that and promise is an all encompassing promise. So for example if it is aata it may be about taste. It may be about the color of the roti which comes out if you use that particular aata and of course all other things that I have spoken about. So with brands what are we really valuing we are valuing familiarity we continue to experience that the same experience because we are familiar with it and we want to avoid uncertainty.

So if I buy another brand of aata I am not sure whether it will give me the same experience of taste and shape and color and so on. Let us move forward as we try to transpose this idea of habit formation into the economic activity or into the marketplace. Now why do we need this habit formation in the marketplace especially when it comes to brands. Now I remember while I was working in an organization we had two business leaders one was the head of the northern region and another was the head of western region. Now you know that when the budgeting takes place we have to predict we have to say that this year my revenues will be so much.

My targets will be X amount alright and then for the whole year whole financial year the whole team will try and reach that target. Now for the simplicity sake I will say that the northern region and western region both the regions had the target of 100 crores each. Now when our CEO will ask them ask both the heads to predict or to take a target they will all say or in this case northern region the person who was heading the northern region he would say that even though my target is 100 crores I will deliver 160 crores alright and another person who was the head of western region he will say that I will deliver 110 crores. Now as now both of them have taken a target everybody will be very happy and say that okay northern region person has taken a very ambitious target of 160 crores even though the actual target is 100 crores everybody will praise the head of the northern region and everyone will say that the western region head has been very conservative and he has taken a target of only 110 crores. Now as the time passed by you know that any financial year is divided into four quarters and every quarter there is a revision that takes place.

Now as the quarter by quarter results come out we will see or we used to see that 160 crore target was after first quarter revised at 150 after second quarter it was revised to

130 third quarter it was revised to 120 and fourth quarter it was revised to 105 whereas in the case of western region the person did not revise his target at all he kept it at 110 crores alright and at the end of the financial year what we saw was that the northern region achieved about 105 crores and western region also achieved around 107 crores. Now achievement is more or less the same however in one case there is a wilder fluctuation from 160 to 105 and other case there is a smaller fluctuation of 110 to from 110 to 107 crores. Now you must think about this which circumstance or which event or which scenario is a better scenario 160 to 105 is a better scenario or 110 to 107 is a better scenario. I am sure you would agree that predictability a higher predictability where someone is trying for 110 and getting around 107 is a better scenario and it will help us in planning for the future it also tells us that the head of the western region had better understanding of his team members and of the marketplace. He also had a better grip on his consumers and their spending ability.

So what I am trying to say is that this habit formation so when consumers buy they continue to buy the same product we need to understand and this happens because of the brand or the brand promise. So as a brand manager as a CEO as a business head if we understand this that people continue to buy what they buy they do not change their preferences very easily because of that what happens is we get predictability in revenues and we are able to prevent wild fluctuations in the revenues of a brand and therefore of a company. So what we are trying to understand here is that if brand remains consistent if brand if the consumers of the brand remains loyal the revenues become predictable and if revenues become predictable companies are able to do some planning. What kind of planning would they do? They would plan expenditure they would plan campaigns they can plan growth related initiatives they can plan new investments. Now if it is widely fluctuating your budget is 100 crore what you actually get is 20 crore then all your plans will not fracy they will all go awry.

So that is why brands play a very important role in ensuring predictability of revenues for the company. Next point is brands promise long term viability. What is long term viability? The same thing let us come back to the same issue that when people buy they continue to buy the same product for a long long time. In this slide you can see that there are some most valuable brands some pictures are given. Now some of the oldest brands you can see are like Coca Cola, Toyota, McDonald's etc.

Now most of you would know that Coca Cola is more than 100 year old brand. Similarly Tata in India is more than 100 year old brand. 1907 Tata Steel was formed and today Tata Steel as all of us know is called salt to software conglomerate. The TCS Tata consultancy services now called TCS was the highest contributor to Tata sons and TCS had long overtaken Tata Steel which was earlier the most important brand within Tata

sons. Most recently you may have seen that in the last financial year results Tata Steel was the highest contributor to Tata sons revenues by contributing a profit of more than 43000 crores which was even higher than TCS.

What I am trying to say is that Tata Steel which was established in 1907 even in 2022 continues to be successful and not only be successful but contribute to the Tata sons kitty even more than many new age companies. So those consumers of Tata Steel those who were buying steel from Tata Steel earlier they continue to buy steel from Tata Steel so that you can see the growth in the business of Tata Steel and therefore in the brand. So what I am trying to say is that once the brand promise so every brand makes a promise to the consumer and that promise once consumers accept and once consumers start valuing that promise they begin buying that product again and again and therefore you also see what is the life of a human being. Generally it is understood that life of a human being is about 75 to 80 years. Now in one lifetime he is exposed to a certain number of products and brands those certain number of products and brands he will continue to buy once the habits are set he will continue to buy those products and services throughout his lifetime and he does not stop with that because he is a family member.

So he is also a father she is a mother he is a child he has brothers sisters and then he has extended family not only that he is also working at some company or in some workplace and as he becomes senior he becomes opinion leader he starts exerting influence on people around him. So because of that what happens he encourages people to consume the same products and services that he has been consuming over last his lifetime. So what happens is that he passes on his legacy of purchase preferences or brand preferences to people down the line to subsequent generations and this way you ensure that people that the brands continue to have a life beyond a single human beings lifetime. If again I will go back to the example of Tata Steel. Now most of you would know that Tata Steel is was founded at a place called Jamshedpur.

It was founded in 1907 as I have told you earlier and at that time Jamshedpur was not really Jamshedpur it was a place called Kalimati and people from all over the country when they came to know that Jamshedji Tata is setting up a steel plant they came there in search of jobs. Now Jamshedji Tata what did he do he did not just establish Tata Steel plant but he also created a township which is now called Jamshedpur. In that township he established parks, gardens, quarters and all kinds of facilities. You will see that there are schools, there are hospitals and there is even a zoo at Jamshedpur so that people who work in Tata Steel have a good standard of good living standard. Now as you know that company is more than 100 year old what happened in Jamshedpur was people who were working in Tata Steel they became older, they became parents, then they became grandparents, then they passed away and then their parents became older and so on.

So Tata Steel they created a plan and what was that plan that once you complete 20 years of your life of your job in Tata Steel one of your sons will get a job in Tata Steel alright. Then when you complete 25 years of your life of your work in Tata Steel one more of your son or daughter gets a job in Tata Steel. So you can see how the generation is being perpetuated within the Tata Steel family. So in now more than 100 years you can see 4 almost 4 generation or 5 generations of people have been associated with Tata Steel within the same family. So you can see how brand is being developed within a family and that is why today Tata Steel of course is the mother brand for the Tata Group because it is the first brand.

So you see that how Tata Steel began its journey and then it diversified into so many other brands like Tata Motors, Tata Salt, Tata Software. Now you are hearing about Tata Aerospace also. So what I am trying to say is that the journey started with one brand and because of course it was the processes were very sound Tata Steel was pioneer in taking care of its employees and so on. So there are many reasons but because of that what happened was Tata brand grew and because it grew it was able to diversify into new and unrelated businesses and brand of Tata became stronger and stronger. And because it became stronger it facilitated managerial interventions.

What is managerial intervention? It means that you can extend your brand. So it started with Tata Steel. If you know Jamshedpur you will see that you don't have only Tata Steel in Jamshedpur. You have Tata Motors which produces trucks and buses. You also have Tata Timken which produces ball bearings.

It had now it is only Timken but earlier it was Tata Timken. It has several companies which are ancillary units of these companies which contribute towards making the products which are related to Tata Steel and Tata Motors. So it has facilitated managerial interventions which means you are creating a company out of another company. You are creating new products or new brand out of existing brand. You are creating you are multiplying products within the same brand.

So for example Tata Steel it does not make only automobile steel. It makes steel for industries. It makes steel for buses. It makes steel for classrooms.

It makes steel for many things. Wherever you use steel you can use Tata Steel. So managerial interventions have been made because Tata Motors or Tata Steel or Tata Consultancy Services or any other company of Tata have gained strength over time primarily drawing from Tata Steel. So let us conclude here by saying that brands make a promise and where do they make this promise? They make this promise at the

marketplace and in the marketplace you have sellers and you have buyers. Remember every buyer is a seller and every seller is also a buyer.

So therefore everyone is looking for a promise. Promise of quality, promise of delivery and promise of consistency of experience only when they feel that this promise is fulfilled again and again and again Alright! So only then consumers invest themselves. Themselves means they invest their money, they invest their emotions and they sometimes even invest their identity. So I go back to Tata example. People who live in Jamshedpur they call themselves the citizen of Jamshedpur. They may call of course citizen of India but their identity is also their identity of being a citizen of Jamshedpur is equally important.

So it has contributed to the identity of an individual that they are associated with a certain brand. So what I am trying to say is that when the brands fulfill their promise year after year, decade after decade, sometimes century after century it becomes very powerful, it becomes very meaningful to consumers and therefore they invest themselves. They invest their money, they invest their emotion, they invest even their identity into those brands so that they lead a more fulfilling life. So brands and marketplace they go together. Brands are in the marketplace and marketplace becomes a lively and an exciting marketplace when it has brands.

So let us stop here and let us examine our own behavior related to brands and in the next class we will examine how products travel the journey towards becoming a brand. How products are products and what additional ingredient we add into the products so that they become brands. Thank you very much.