

Brand Management
Professor Abhishek Kumar
Dept. Of Management
Army Institute of Management, Kolkata
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Welcome to another lecture on brand management. If you recollect in the last session, we were discussing the evolution of brand manager system. What we have seen so far is the criticism of this system. You may recollect that we were discussing that the brand managers mostly are young, inexperienced and they largely have quantitative skills and they are also short term focused. The criticism came from none other than Professor Philip Kotler, the great marketing guru who said that brand managers are production oriented and not sufficiently customer oriented. In the last class, we also had a detailed discussion on what is the meaning of a brand manager being production oriented and not customer oriented.

Some other criticisms that were leveled against the brand manager system is that they have a short term focus, their tenures in the job are short, they have very little external focus and external focus means they do not focus sufficiently on the marketplace nor on the consumers. And because of all these inadequacies, they have an ignorance of key matters. And then we also raised questions on continued viability of this system because the enterprises are changing. They are changing because of entrepreneurial nature that is entering the system and they are also changing because they are now becoming more and more technology enabled.

And because of all this, the marketing function itself is changing. So therefore, we come to this point where we say that brand manager system will continue and continue with reasonable success or great success if and only if the system would be able to actualize entrepreneurial aspect of the brand of the organization and of the brand manager per say because brand managers can also act like entrepreneurs and till date they have not been acting like entrepreneurs. They have been acting like technical specialists. They have been acting like managerial experts or marketing experts, but not really as entrepreneurial agency. So if a brand manager system can incorporate the entrepreneurial aspect of an organization of a brand and of the manager, the brand manager system would be able to deliver brand manager better results than it has done in the past.

Let us move forward. What really is a brand manager system? Now while we have discussed the criticism to it, the inadequacies of brand manager system, but we have not really discussed so far what actually is a brand manager system. Now if you look at the

first point in the slide, it says that the brand manager system refers to the type of organizational structure in which brands or products are assigned to managers who are responsible for their performance. Now what does it mean? It perhaps means that a manager would be assigned one brand or perhaps a number of brands and products who will be responsible for their performance. Now what do you mean by performance of a brand or a product? Of course, there can be a large number of metrics which can be decided and measured by which we can understand whether the brand is performing well or not.

However, one must keep in mind that the performance of brand manager does not necessarily mean performance of the product or the brand in terms of sales revenues. While it may be one aspect of performance, but it is not the only aspect of performance. For example, a brand manager is supposed to have done well if the brand that he manages is ensuring a top of the mind recall, which means that if you go to a consumer and you ask which are the brands that come to your mind when you think of a certain product category. For example, if I ask a set of consumers which cycle brand comes to your mind. Some of them may say Atlas, some may say Hero and if you look at the numbers say out of 10, if say 8 or 7 people take Hero as the first, so we can say that the brand manager has performed well because 70 to 80 percent of the respondents have Hero as the top of the mind recall when it comes to the product category of bicycles.

So, this type of matrices must be created so that we can measure performance of a brand manager. Second point, brand managers are central coordinators of all marketing activities for their brand and are responsible for developing and implementing the marketing plan. Now, what is a marketing plan? It is something very simple and it is also very comprehensive. Marketing plan is the plan that an organization makes so that its products, its brands sell in the marketplace and the organization earns revenue through the sales of those brands and products and marketing plan involves all the marketing activities whether it is strategic or tactical and which lead to the actual sales of the products. In another words, we can also say that marketing plan enhances the revenue potential of a brand or a product.

Enhancing revenue potential means that it creates a pull in the marketplace so that people are drawn towards your brand and product and they buy without any push. So, marketing plan is actually a plan and activity that creates revenue potential for the product and the brand. So, brand managers are the central coordinators of all marketing activities for their brand and these marketing activities are drawn from the marketing plan of that organization and of that brand. Now, when we say marketing activities what do they mean? Broadly they come under two heads and you would understand if you have spent some time in the marketing function that there are two types of marketing activities

they are called above the line and below the line. In above the line marketing activities what brand managers do is or the nature of activity under the category of above the line is that the activities reach out to a large number of consumers through mass media.

It could be advertising, it could be TV, newspaper, radio advertising, it could even be digital marketing where you reach out to a targeted group in a technologically enabled environment in a technologically enabled way, but it remains a above the line activity. Below the line activity is our set of activities where you are actually able to speak to the consumer and interact with the consumer. If it could be something like what is called an activation where you organize an event and you organize an interaction with the customer. So, customers actually come to the venue, come to a decided place where the representatives of the brand are able to meet and interact with the customer. It could be things like product trial where you are asking or requesting the customer to take a look at the product and perhaps use it at that point or at a later point.

So, brand managers when we say that they are central coordinators of all marketing activities they are coordinators of both above the line and below the line activities for the brand. Of course, their role is not limited to these two, but these two are primary responsibilities of brand managers. Last point brand managers in other words represent one way that brands can and have been managed there are and have been others. It means that since we are studying evolution of brand manager system and we have started with the criticism and the nature of brand manager system what we are saying is that this has not always been so. It is not that we always had brand managers, it is not that we always had one person responsible for one brand.

There were other models that were practiced in the past and this system or brand manager system is just one of the ways in which brands have been managed. So, now we will look at various other ways in which brands have been managed in the past. Now, if you look at this slide you will see that brand management as a discipline has developed largely in United States and why United States because all of us know that United States is the leader in terms of capitalist economy and most of the large organizations in the world have their home in United States. So, most of the experiments and experiences that have happened in the field of marketing, in the field of organizational development have happened in United States. Not to say that it has not happened in Europe or other parts of the country, other parts of the world, but United States and the companies in US have been leaders in this field and that is why it is generally a practice that we study the processes, the policies, the practices engaged in by the companies in the United States.

Now, if we look at the brand manager system per say and more generally if we look at

how brands have been managed we will see that historically this whole development can be divided into four distinct phases or four distinct periods. They may be a little overlapping, but reasonably distinct distinction we can make out in these four phases. The first phase is the period of 1870s to 1900s. Now, if you remember Coca Cola was born in sometime in 1880s. Now, if you remember Coca Cola was born in 1970s.

So, what we are also trying to say that brands began their developments in this period. This is also the period if you recollect our initial lectures on brand management that this is the period when industrial revolution took place and because of industrial revolution a large number of products started flooding the market and because there were plethora of products available in the market across all product categories consumers started to demand something that will distinguish one product from the other and that is how this field of brand management developed. Today, we are studying the same period of 1870s to 1900s the period of industrial revolution where the brands have also started developing. So, this movement has happened more or less simultaneously development of large scale production of goods through machines and through technology and simultaneously or almost simultaneously development of brands as distinguishing marks for the products and service initially products and later on services. Now, if you look at the first point in 1870s to 1900s determined firm owners and entrepreneurs.

So, firm owners were actually entrepreneurs as well because they ran their business with entrepreneurial zeal at that time organizations were not very large even if they were large all the parts were concentrated in the firm owner or the firm entrepreneur and sometimes they also had high level managers who could either be their partners or they could be their family members or perhaps their friends. So, this is how the organization used to run in those days and the firm owner entrepreneurs and high level managers they were the ones who first created the wave of successfully nationally branded consumer products. So, Coca Cola is one example, but another example is National Biscuit Company which you can see on your screen. So, this company was also created by owner entrepreneur and he with a missionary zeal wanted to take his product to all corners of America so that everybody can buy his biscuits. So, what we are trying to say is that the initial phase of brand manager system was handled by owner entrepreneurs and it is they who thought that it is my responsibility it is our responsibility and we will take our brand to places.

Now, whether they were capable or not capable is something very difficult to say, but and we do not know how many brands have fallen by the wayside, how many could succeed, how many failed it is not very easy to say, but today the brands that exist which also existed at that time like Coca Cola we can say that they were fairly successful. So, what we are trying to say is that the initial wave of brand manager system was actually brands managed by owner entrepreneurs. Another aspect that we must not ignore is that

these accomplishments of owner entrepreneurs were due to dramatic improvements in product quality, consistency, advertising, and building general relationships. Now, imagine that these owner entrepreneurs are running the whole organization and they are considering themselves as responsible for each and every aspect of their business brand being one of them. Now, because they have that integrated view of their brand and of their business, they are able to relate the two.

They know that if brand improves if brand improves if brand goes across the country, more and more people will demand my brand and they would expect a certain quality of taste or experience and to ensure that taste and experience they will have to put the back end in order. They will have to create a back end that ensures that the product quality for example, Coca Cola is served in say New York and the same Coca Cola is served in Chicago. Both of them should have the same taste. So, because of that or because of that requirement that need the owner entrepreneurs realize that they have to put policies and processes in place. They have to ensure that the quality remains the same all across the country.

The consistency of taste and consistency of communication also becomes very important. So, because they had that integrated view of the whole business, they realize the interconnections and they worked upon it and because they worked upon it, the brand grew and they were able to achieve consistency in quality, communication and delivery. When we say delivery, we are also talking about channel relationships. What do we mean by channel relationships? What we are trying to say is that production of a product cannot happen everywhere. There can be 1, 2, 5, 10 units where production is happening.

But once the production is complete, the finished product has to reach different corners of the country and for it to reach different corners of the country, it requires movement, movement from one unit to another unit and that is how channels are built. In these channels, through these channels, the products move and these channels could be warehousing partners, it could be retailers, it could be stockists who hold your product and then who release it to wholesalers and retailers and finally, the point of consumption where customer actually buys your product and consumes it. So, these owner entrepreneurs, they were conscious of this fact that they have to build these channel relationships, only then their product will smoothly travel from the place of production to the place of consumption and all this happened in this period of about 30 to 40 years. So, this is how the brands were managed in the early stage of their development, particularly 1870s to 1900s.

Let us move forward. Phase 2, phase 2 roughly is the period of 1915 to 1929, a period of about 15, 20 years and in this period existing brands were managed and new ones

brought into being in the early stages of the development by functionally specialised middle level managers, frequently working with advertising agencies on strategy as well as promotion and brand management passed from the old owner entrepreneurs and top general managers to functionally specialised middle and upper middle level managers who usually work closely with advertising agencies. Now, what are we really trying to say that in this period 15 to 29, if you see already about 40 years have gone by. So, from 1870s to 1900 itself is 30 years and then here another 15 years. So, about 40, 45 years have already gone by and these in these 40, 45 years, those owner entrepreneurs have either become very old or they have passed away and they have passed on their responsibility to other professionals and other middle level managers. Sometimes these middle level managers are specialised, they are functionally specialised and what does it mean? It perhaps means that these middle level managers have been working in one particular field, it could be marketing, it could be distribution, it could be sales, it could be working with an agency and they have been working over a long period of time because of which they have developed some kind of competence and they have been working with particularly agencies because agencies are considered to be the creative core of any brand.

So, it is the agencies that create new campaigns, give new ideas to the brand managers and together they execute those campaigns. So, these middle level managers were perhaps working very closely with these advertising agencies and so as the owner entrepreneurs became very senior and old, the responsibilities fell on the middle level managers and they took on the responsibility and they started handling brands. It is also a point that must be noted that they were specialised and upper middle level managers. So, if you remember the criticism of brand manager system that today they are inexperienced, they are young and so on, but you can see in phase 2, in phase 1 they were owner entrepreneurs, in phase 2 they are specialised middle and upper middle managers. So, they are not really young managers they are upper middle managers and they will work closely with advertising agencies.

They also realised, look at the last point, they also realised that for them to deliver on growth of brands, they will have to not only work closely with agencies, they will have to create new agencies because agencies at that time were very small and those agencies did not have the bandwidth to create so many brands because new brands were being created and the agency was not able to respond swiftly enough to create new identities, new personalities and so on so forth. So, dedicated agencies were created so that they can work for the brand in a dedicated manner. This was phase 2 in the evolution of brand manager system. Now let us look at phase 3. So, now we reach the third phase of the evolution of brand manager system and by the time we reach third phase which is 1930 to 1949 which is approximately 20 years, you see we have already come quite far from

1870s when these original brands were established and by now most of the owners have passed away and it is the professionals who have taken over the organisation.

Of course, new brands, new companies are coming into picture and then they are going through the same cycle. So, in this period formal brands, so remember this is the first time in this period the title, the name, the designation of brand manager was introduced, was being used and it was first introduced by a company called P&G which we also know as Procter & Gamble. Of course, a few other companies were also there who followed P&G or who introduced this concept of brand managers, but not many companies followed this trend. In fact, for a long long time, I mean in this period itself you can see that about 20 years they persisted with this brand manager system, but in literature if you look at the literature on brand managers you will see that very little literature is available on existence of brand managers till about 1950s. So, if P&G is considered as the leader, as the innovator in the managerial structure, in innovating the managerial structure around brands and you know P&G is a powerful company which owns many brands.

In this slide also you can see several brands that are owned by P&G like Olay, Rejoyce, Wix, Tide and so on. So, we are familiar with most of these brands and P&G is a big company, it is a large American company which owns many brands. So, they introduced this idea of brand manager, but unfortunately not many companies followed P&G or followed this structure. Why did they not follow? Because they felt that the older system is working fine and they do not really have to change the structure. Within P&G why it happened is also an interesting story.

So, at that time P&G had a brand called Camey, you can look at the one of the old advertisements of Camey soap. Some of you might recall that Camey soap was also available in India for quite some time, then for unknown reason this brand was withdrawn. So, if you look at the Camay advertisement, you will know that it is a soap and if you look at this slide you will see that a person called McElroy. He was the person who owned Camay brand, owned Camay brand means was the brand manager of Camay brand and McElroy's boss, the CEO wanted his brand managers to be innovative. He wanted his brand managers to come up with new campaigns, look at new ways of looking at the brand and communicate that brand to the consumers and he was also interested in creating new innovative managerial structures around the brand.

So, inspired by his CEO McElroy who was the brand manager of Camay, he said that every P&G brand, so every brand you can see Olay, Braun, Vicks and so on. So, each brand of P&G should have its own brand manager and this own brand manager, this dedicated brand manager should be responsible for the advertising and all other

marketing activities related to that brand. So, McElroy, he argued very forcefully about this idea inside P&G and everybody accepted that yes, this is a good idea and let us do it. So, P&G was the first company to institute brand manager system within its fold.