

I'll tell you why I like the cigarette business. It cost a penny to make. Sell it for a dollar. It's addictive. And there's a fantastic brand loyalty.

Warren Buffet

People will accept your ideas much more readily if you tell them Benjamin Franklin said it first.

David H. Comins

## Product & Brand Strategy

Dr. Paurav Shukla

### Objectives

- Products and Brands
- Building and reinforcing a brand
- Multibranding, line and brand extensions
- Branding decisions
- Innovation: viewpoints and opportunities
- Challenges in New Product Development (NPD)
- Stages & Management of NPD
- Diffusion & Adaptation of New Products

### Product

A product is anything that meets the functional needs of customers.

Doyle, P. (1989). Building Successful Brands: The Strategic Options. Journal of Marketing Management, 5 (1), 77-95.

### Classifying products

- |   |  |
|---|--|
| <ul style="list-style-type: none"><li>▪ Consumer products<ul style="list-style-type: none"><li>▪ Convenience Products</li><li>▪ Shopping Products</li><li>▪ Speciality Products</li><li>▪ Unsought Products</li></ul></li></ul> | <ul style="list-style-type: none"><li>▪ Industrial or Business-to-Business Products<ul style="list-style-type: none"><li>▪ Raw Materials</li><li>▪ Major Equipment</li><li>▪ Accessory Equipment</li><li>▪ Component Parts</li><li>▪ Process Materials</li><li>▪ Consumable Supplies</li><li>▪ Industrial Services</li></ul></li></ul> |
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Dibb, S., Simkin, L., Pride, W., Ferrell, OC (2005) Marketing: concepts and strategies, 5th edition, Boston, Houghton Mifflin.

### Product to Brand

- Decommoditization
- Increasing corporate value
- Attracting & retaining customers

Shukla, P. and Purani, K. (2003), "Permission Marketing & Youth: Expectations and Attitudes," in Strategic Marketing in the Global Economy, Manoj Kumar and Prashant Mishra, Eds. New Delhi: Excel Books.  
Onkvisit, S. and Shaw, J. (2004). International Marketing Analysis and Strategy. London: Routledge.

## Brand

A brand can be defined as a specific name, symbol or design – or more usually, some combination of these – that is used to distinguish a particular seller's product.

Aaker, D.A. and K.L. Keller (1990), "Consumer evaluations of brand extensions," *Journal of Marketing*, 54 (1), 48-57.  
Kotler, P. (2003), *Marketing management*, Upper Saddle River, NJ: Prentice Hall  
Doyle, P. (2002), *Marketing management and strategy*, Harlow: Prentice Hall.

## Why Branding?

- To create identification & brand awareness
- Guarantee a certain level of quality, quantity, and satisfaction
- Help with promotion
- Brands made consumers
  - More creative
  - Show increased arousal



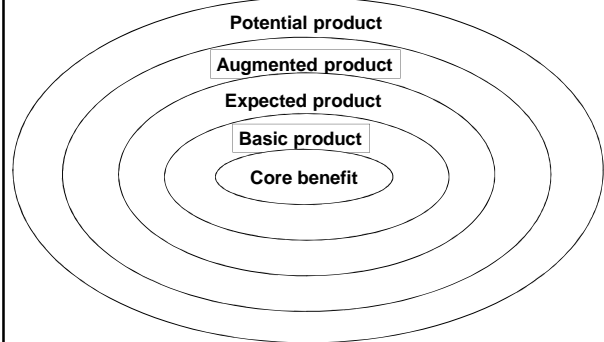
**To Induce Repeat Sales**

## World's most powerful brands

1	1	Coca-Cola		US	Beverages	65,924	3%
2	2	Microsoft		US	Computer software	58,106	3%
3	3	IBM		US	Computer Services	52,081	2%
4	4	GE		US	Diversified	51,588	5%
5	5	Nokia		Finland	Consumer Electronics	33,896	12%
6	7	Toyota		Japan	Automotive	32,070	15%
7	5	Intel		US	Computer Hardware	30,954	4%
8	9	McDonald's		US	Restaurants	29,336	7%
9	8	Disney		US	Media	29,210	5%
10	10	Mercedes		Germany	Automotive	23,958	8%

Source: [www.interbrand.com](http://www.interbrand.com)

## Product and Brand Levels



Theodore Levitt, (1980), "Marketing success through differentiation – or anything," *Harvard Business Review*, January – February, Reprinted in Theodore Levitt (1986), *The marketing imagination*, Free Press, pp. 72-93

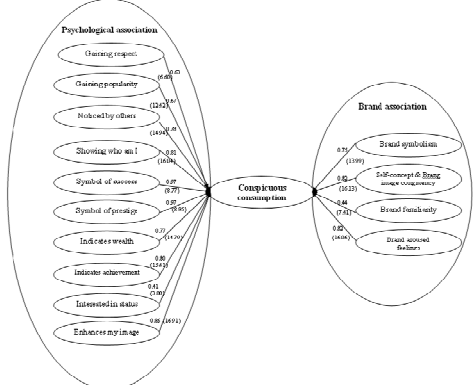
## Brand identity



## Branding decisions

- Traditional views
  - Economics: rational
  - Psychology: not rational, affected by emotion, context etc.
- Marketers assume that
  - consumers are largely conscious thinking machines
  - they are aware of what they're doing
  - product utility in use has been seen as the consumers' prime consideration in product evaluation and purchase
- Therefore, the rational element has been considered dominant by researchers and marketers alike

### Branding decisions: alternative perspective



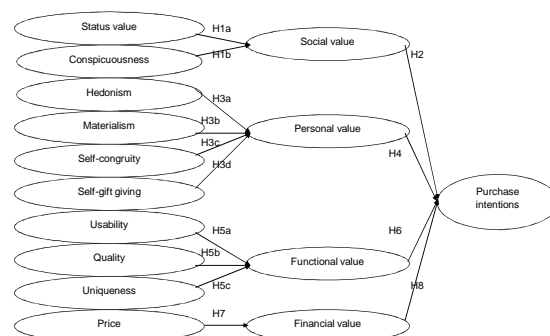
### Branding decisions: cross-cultural perspectives

Item	Estimates		
	UK	India	Combined
Gain respect	0.47	0.44	0.58
Gain popularity	0.54	<b>0.94</b>	<b>0.85</b>
Noticed by others	<b>0.65</b>	<b>0.70</b>	<b>0.80</b>
Show who I am	<b>0.72</b>	0.24	<b>0.74</b>
Symbol of prestige	0.45	0.27	0.33
Symbol of success	0.36	0.20	0.44
Indicates wealth	0.29	0.54	0.23
Indicates achievement	<b>0.60</b>	0.52	0.49
Status is important to me	0.45	0.49	0.25
Image enhancement	0.50	0.43	0.13
Try new products	0.51	0.15	0.20
Pay more for good things	0.56	0.32	0.29
Value for money	<b>0.69</b>	0.16	0.46
Attractiveness	<b>0.63</b>	0.39	<b>0.65</b>

### Branding decisions: cross-cultural perspectives

Item	UK	India	Combined
Brand familiarity	<b>0.73</b>	<b>0.61</b>	<b>0.81</b>
Brand symbolism	0.35	<b>0.75</b>	<b>0.67</b>
Image congruence	0.36	0.37	0.41
Brand awareness	<b>0.75</b>	0.24	0.38
Positive feelings toward the brand	<b>0.81</b>	0.24	0.57
Country of origin	<b>0.69</b>	<b>0.65</b>	<b>0.75</b>

### Luxury consumption in recession



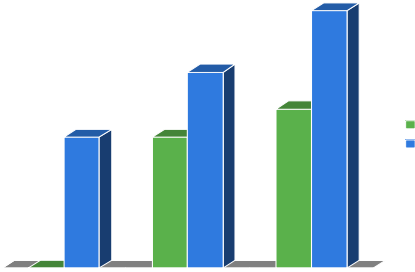
### What brand exposure does?

- Can simple exposure change actual purchasing behaviour?
  - Consumers exposed to photos of people with Dasani and then given choice of bottled water
  - Dasani bottle is subtly displayed in photos near person
  - Consumers viewed 20 photographs for 2 seconds each
  - People in photos were engaged in various everyday activities
  - 0, 4, or 12 of the photos contained a Dasani brand bottled water positioned by the individual
  - Participants instructed to focus on the faces of the individuals
  - Participants given a choice among 4 bottled waters
  - Participants' awareness of having seen the brand was assessed

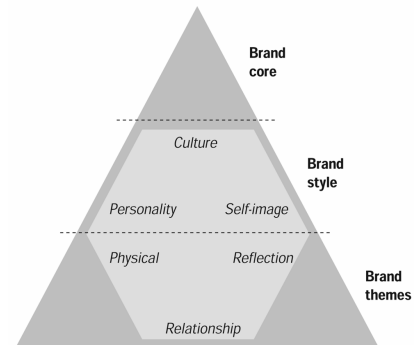
### What brand exposure does?



## What brand exposure does?



## Brand prism



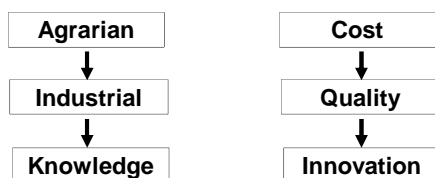
## Three pillars of branding excellence

- Brand relevance
- Brand personality
- Customer-brand relationships

## Brand report card

- The brand excels at delivering the benefits customers truly desire
- The brand stays relevant
- The pricing strategy is based on customers' perceptions of value
- The brand is properly positioned
- The brand is consistent
- The brand portfolio and hierarchy make sense
- The brand makes use of and coordinates a full repertoire of marketing activities to build equity
- The brand's managers understand what the brand means to customers
- The brand is given proper support, and that support is sustained over the long run
- The company monitors the sources of brand equity

## Shifts in societies & competition



Toffler, A. (1981). *Third wave*. New York: Bantam Books.  
Shukla, P. (2002). "The Place Impact and 10 commandments of new age marketing," in Local Champions to Global Masters: Mobilizing for Growth, Upinder Dhar, Ed. New Delhi: Excel Books.

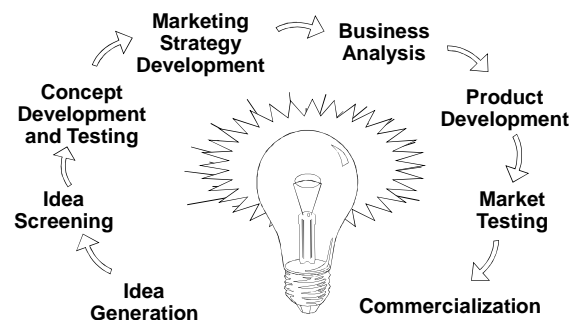
## Challenges in NPD

- Idea Shortage
- Fragmented Markets
- Social & Governmental Constraints
- Cost
- Capital Shortage
- Need for Speed
- Shorter Product Life Cycles

## Cost of NPD

Stage	No. of Ideas	Pass ratio	Cost per product idea	Total cost
Idea screening	64	1:4	\$1,000	\$64,000
Concept test	16	1:2	20,000	320,000
Product development	8	1:2	200,000	1,600,000
Test marketing	4	1:2	500,000	2,000,000
National launch	2	1:2	5,000,000	10,000,000
Total			5,721,000	13,984,000

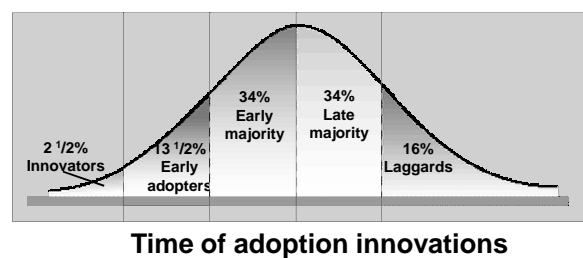
## New product development process



## Where new ideas come from?

- Lead users
- Scientists, Engineers, Designers
- Employees
- Competitors
- Sales representatives, Middleman
- Top management, other professional agencies

## Adopter categorization



## Brands and Culture

- Cultural Influences
- Innovative Products and Adaptation
- Diffusion of Innovations
- Degree of Newness
- Characteristics of Innovations

## Degree of Newness

- Congruent innovation
- Continuous innovation
- Dynamically continuous innovation
- Discontinuous innovation

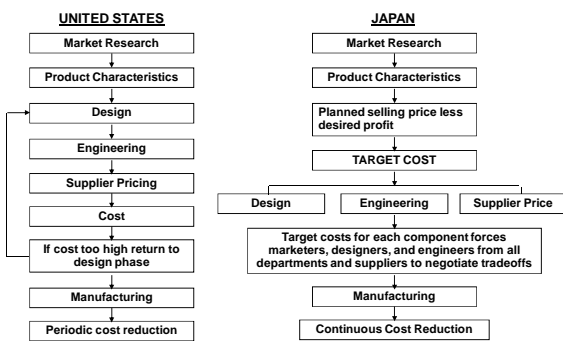
## Characteristics of the innovation rate of adoption

- Relative advantage
- Compatibility
- Complexity
- Divisibility
- Risk
- Communicability

## Why new products fail?

- Development too slow
- Lack of differential advantage
- Poor planning
- No management enthusiasm

## Product Development Process US & Japan



SOURCE: Adapted from Ford S. Worthy, "Japan's smart Secret Weapon," *Fortune*, August 12, 1991, p.73.