

Products, brands and customer based brand equity

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Learning Objectives

- Define “brand,” state how brand differs from a product, and explain what brand equity is
- Importance of branding and applications
- Describe the main branding challenges and opportunities
- Define customer-based brand equity
- Sources and outcomes of customer based brand equity

What price will you pay for this?



This is a regular jeans.

If it was bought from Primark.

If it was bought from Gap.

If it was bought from Harrods.

If it was Levis 501 collectors edition.

What is a Brand?

Brand Elements

Brands versus Products

Brand Elements

- Different components that identifies and differentiates a brand
 - Name, logo, symbol, package design, or other characteristic
- Can be based on people, places, things, and abstract images



Criterion	Brand Element				
	Brand Names and URLs	Logos and Symbols	Characters	Slogans and Jingles	Packaging and Signage
Memorability	Can be chosen to enhance brand recall and recognition	Generally more useful for brand recognition	Generally more useful for brand recognition	Can be chosen to enhance brand recall and recognition	Generally more useful for brand recognition
Meaningfulness	Can reinforce almost any type of association, although sometimes only indirectly	Can reinforce almost any type of association, although sometimes only indirectly	Generally more useful for non-product-related imagery and brand personality	Can convey almost any type of association explicitly	Can convey almost any type of association explicitly
Likability	Can evoke much verbal imagery	Can provoke visual appeal	Can generate human qualities	Can evoke much verbal imagery	Can combine visual and verbal appeal
Transferability	Can be somewhat limited	Excellent	Can be somewhat limited	Can be somewhat limited	Good
Adaptability	Difficult	Can typically be redesigned	Can sometimes be redesigned	Can be modified	Can typically be redesigned
Protectability	Generally good, but with limits	Excellent	Excellent	Excellent	Can be closely copied

KELLER, K. L., *Strategic Brand Management: Building, Measuring, and Managing Brand Equity*, Prentice Hall.

Brand versus Product

Brand	Product
Has dimensions that differentiate it in some way from other products designed to satisfy the same need	Anything available in the market for use or consumption, that may satisfy a need or want
Can be differentiated on the basis of: <ul style="list-style-type: none"> • Packaging • Services provided • Customer advice • Financing • Delivery arrangements • Warehousing • Other things valued by the customers 	Can be categorized into five levels namely: <ul style="list-style-type: none"> • Core benefit level • Generic product level • Expected product level • Augmented product level • Potential product level

To Sum Up ...

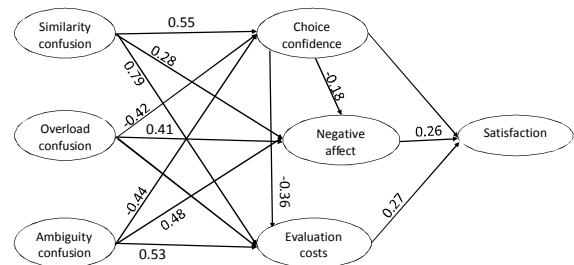
- Through branding, organizations:
 - Create perceived differences amongst products
 - Develop loyal customer franchise
 - Create value that can translate to financial profits

What happens if consumers are confused between two brands?

Consumer confusion

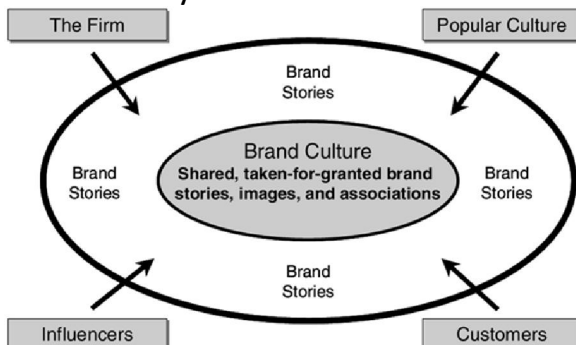
- Is it good to confuse customers with a similar looking brand/product design?
- Is it good to offer lot of information about the product/brand to potential and regular customers?
- Should the message be made ambiguous so the customer can derive their own interpretation?

What do we know?



WANG, Q. & SHUKLA, P. 2013. Linking sources of consumer confusion to decision satisfaction: the role of choice goals. *Psychology & Marketing*, 30, 295-304.

Why Do Brands Matter?



Holt, D. Brand and Branding, HBS Note, 2003.

Kodak brand story

Perceived strengths	Perceived vulnerabilities	Reliable:	
Quality:	Higher priced	Trusted	Brainwashed
Best film	Not great value	Leader	For the easily influenced
Best pictures	Lower quality cameras	Dependable	
Best processing		No worries	
Best paper		Lasts through time	
Consistency		Everywhere	
		Heavily advertised	
Simplicity:		Family:	
Easy to use	Low technology	Mom	Not single
Compact cameras	Not innovative	Apple pie	
Not sophisticated	Plain	Kids	
		Part of family life	
		Nurturing	
Traditional:			Emotional:
American	Status quo		Kodak Moment
Mainstream	For conformists		Expressive
Older	For materialists		Moods
Conservative	Monopolistic		Precious times
	Not contemporary or hip		Special events
	Not young		Rewarding
			Sharing

Consumers

- Encompass all types of customers, including individuals as well as organizations
- Functions provided by brands to consumers
 - Identify the source or maker of the product
 - Simplify product decisions
 - Lower the search costs for products internally and externally
 - Helps set reasonable expectations about what consumers may not know about the brand

Consumers

- Signal product characteristics and attributes
 - On the basis of attributes products can be classified as:
 - Search goods
 - Experience goods
 - Credence goods
- Reduce risks in product decision
 - These risk can be categorised as
 - Functional ,physical, financial, social psychological, and time

Firms

- Brands provide valuable functions
 - Simplify product handling and tracing
 - Help organizing inventory and accounting records
 - Offer the firm legal protection for unique features or aspects of the product
 - Provide predictability and security of demand for the firm and creates barriers of entry for competitors
 - Provide a powerful means to secure competitive advantage

Should branding be considered part of advertising?



Why branding should not be considered part of advertising?

- Branding is a strategic point of view, not a select set of activities.
- Branding is central to creating customer value, not just images.
- Branding is a key tool for creating and maintaining competitive advantage.
- Brands are cultures that circulate in society as conventional stories.
- Effective brand strategies must address the four distinct components of brand value.
- Brand strategies must be “engineered” into the marketing mix.

Can Anything Be Branded?



Role of Branding in Luxury

Sports , Arts, and Entertainment

Geographic Locations

Ideas and Causes

To Sum up....

- Branding is universal and pervasive in different product categories
- Applicable to both tangible and intangible offerings of an organization
- Technological developments have impacted the way firms market their offerings
- Organizations reap financial benefits from positive brand images

Strong Brands

- Brands that have been market leaders in their categories for decades
- Any brand is vulnerable and susceptible to poor brand management



Factors Responsible for Branding Challenges

Savvy customers

Economic downturns

Brand proliferation

Media transformation

Factors Responsible for Branding Challenges

Increased Competition

Increased costs

Greater accountability

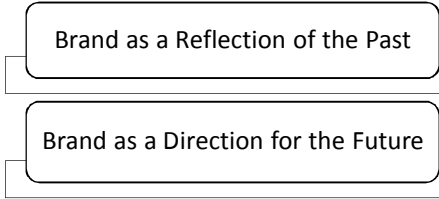
Brand Equity

- Principles of branding and brand equity
 - Differences in outcomes arise from the “added value” endowed to a product
 - The added value can be created for a brand in many different ways
 - Brand equity provides a common denominator for interpreting marketing strategies and assessing the value of a brand
 - There are many different ways in which the value of a brand can be exploited to benefit the firm
- Let’s go to interbrand and check brand valuation

Defining Customer Based Brand Equity (CBBE)

- Approaches brand equity from the perspective of the consumer
- Stresses that the power of a brand lies in what resides in the minds and hearts of customers
- Differential effect that brand knowledge has on consumer response to the marketing of that brand

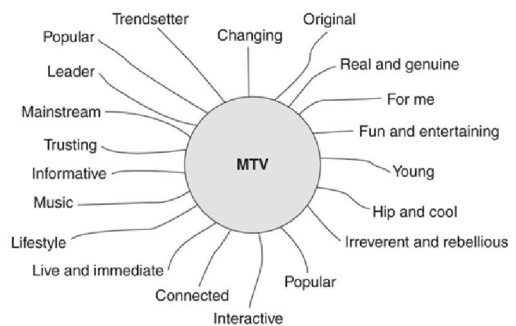
Brand Equity as a Bridge



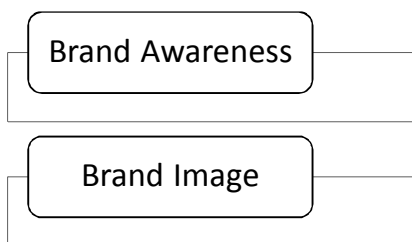
Associative Network Memory Model

- Marketers need an insightful way to represent how brand knowledge exists in consumer memory
- Views memory as a network of nodes and connecting links
 - Nodes - Represent stored information or concepts
 - Links - Represent the strength of association between the nodes
- Brand associations are informational nodes linked to the brand node in memory

Network memory



Sources of Brand Equity



Brand Image

Strength of Brand Associations	<ul style="list-style-type: none"> • More deeply a person thinks about product information and relates it to existing brand knowledge, stronger is the resulting brand association
Favorability of Brand Associations	<ul style="list-style-type: none"> • Is higher when a brand possesses relevant attributes and benefits that satisfy consumer needs and wants
Uniqueness of Brand Associations	<ul style="list-style-type: none"> • "Unique selling proposition" of the product • Provides brands with sustainable competitive advantage

To Sum up ...

- Consumers perception of the brand plays a key role in determining the worth of the brand
- Brand equity offers guidance to interpret past marketing performance and design future marketing programs
- Other factors that influence brand success and equity are:
 - Employees, suppliers, and channel members
 - Media and government

To Sum up...

- To create brand equity, marketers should:
 - Create favorable consumer response i.e. brand awareness
 - Create positive brand image through brand associations that are strong, favorable, and unique