

CUSTOMER BASED BRAND EQUITY

What is Customer Based Brand Equity?

- ▶ “Customer based brand equity is the differential effect that brand knowledge has on consumer response to the marketing of that brand”.
- ▶ "Brand equity is that incremental value that accrues to a product when it is branded."
- ▶ *In other words: the power of the brand lies in what resides in the minds and hearts of customers*

Customer Based Brand Equity [continued]

Three key ingredients of the definition:

- ▶ **Differential effect:** The brand needs to be unique and different in the minds of the consumer. Hence, the starting point of establishing a strong brand equity is crafting a unique brand positioning.
- ▶ **Brand Knowledge:** this differential effect needs to be communicated to the consumers and that is how consumers will have a knowledge about your brand (this is when brand equity is created). This knowledge is created through the sources of brand equity explained before.
- ▶ **Consumer response to marketing:** signifies the outcomes of brand equity.

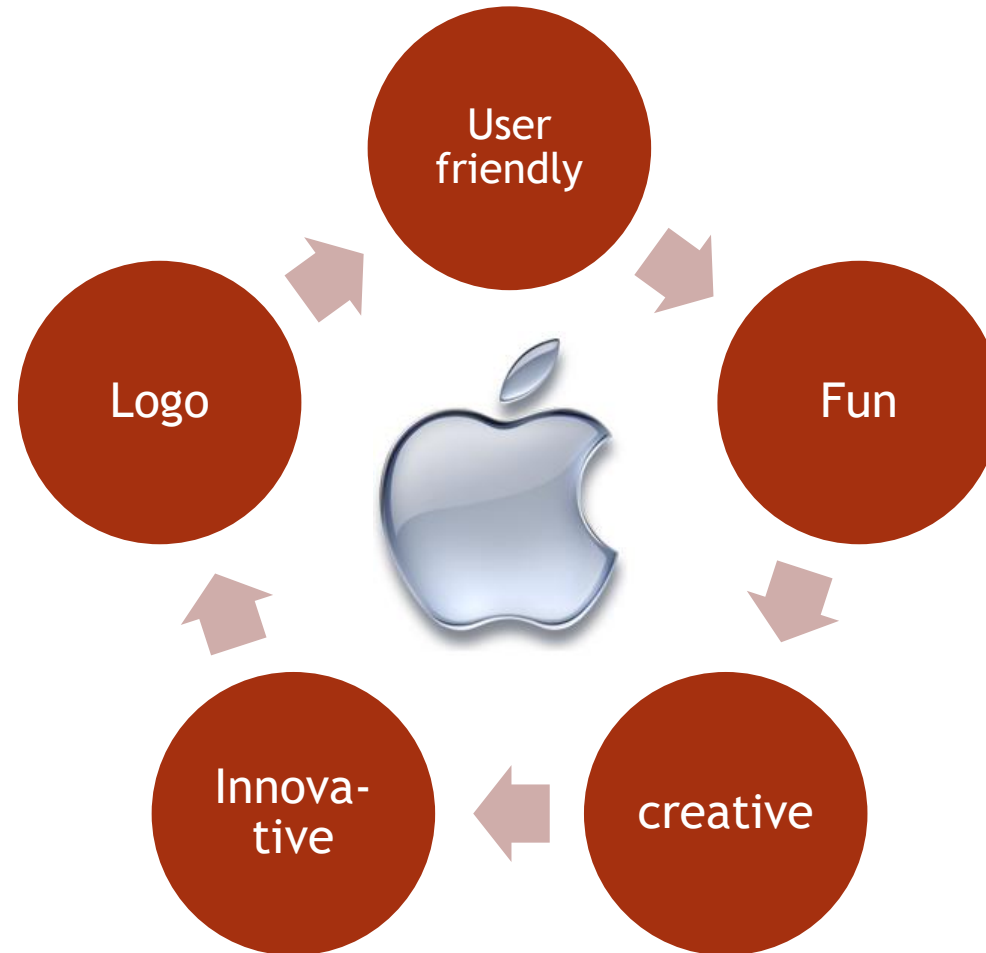


Brand Knowledge

Brand Knowledge is the key to creating **Brand Equity**.

- ▶ Marketers need to make sure that the right knowledge about the brand exists on the minds of the consumers.
- ▶ Brand Knowledge is a very complex structure. We need to understand the parameters that form the brand knowledge construct.
- ▶ Brand Knowledge = Brand Awareness + Brand Image.
- ▶ Brand image is the summation of all the brand associations that exists in the minds of the consumers.
- ▶ Brand awareness = brand recognition + brand recall.
- ▶ The associative network memory model is used to understand how brand knowledge exists in customer memory

Possible Associations of the brand “Apple”



Possible Associations of the brand “Fair & Handsome”



Associative network memory model

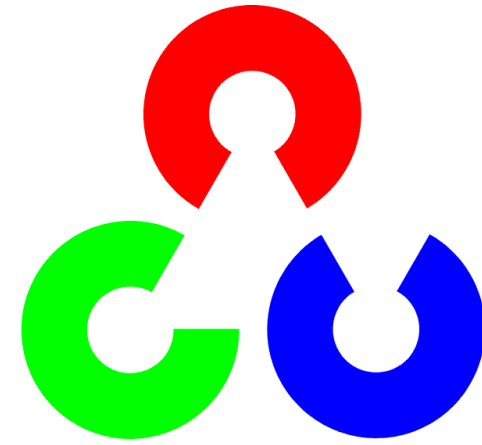
- ▶ Views memory as a network of nodes and connecting links, in which nodes represent stored information or concept, and links represents the strength of association between the nodes.



4 Steps in Building a Strong Brand

1. Consumers' understanding about who is this brand - **The brand Identity.**
2. Consumer's understanding about what are the associations of a brand which can be functional and emotional in nature - **Brand Meaning.**
3. Consumer's reactions / perceptions / feelings about a brand which is usually after consumption - **Brand Responses.**
4. Consumer's connection and bond with a brand - **Brand relationships.**

Sources of brand equity



- ▶ Brand awareness
 - ▶ Brand recognition
 - ▶ Brand recall
- ▶ Advantages of brand awareness
 - ▶ Learning advantage
 - ▶ Consideration advantage
 - ▶ Choice advantage
- ▶ The elaboration likelihood model: consumers may make choices base on brand awareness considerations when they have low involvement

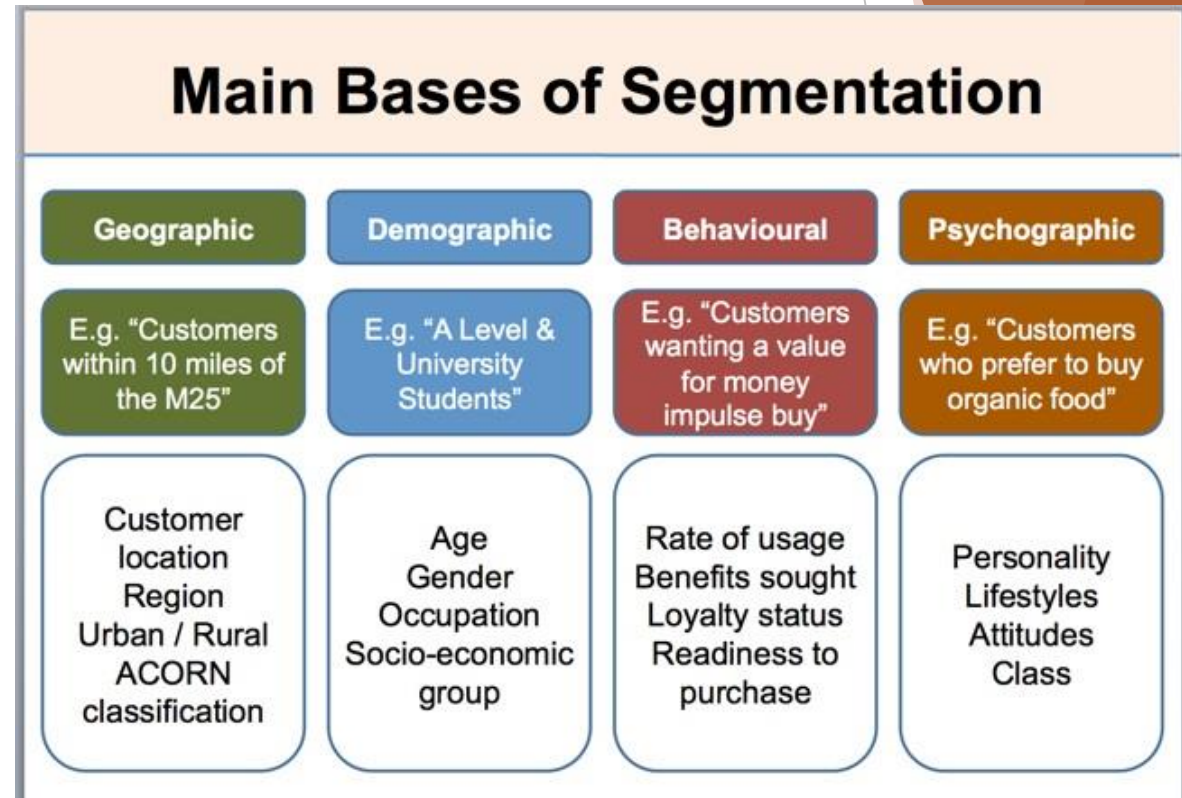
Establishing brand positioning

▶ Basics include

- ▶ Target Market
- ▶ Nature of competition
- ▶ Points of parity (POP)
- ▶ Points of difference (POD)

Target Market

- ▶ Based on segmentation
 - ▶ Product Oriented segmentation

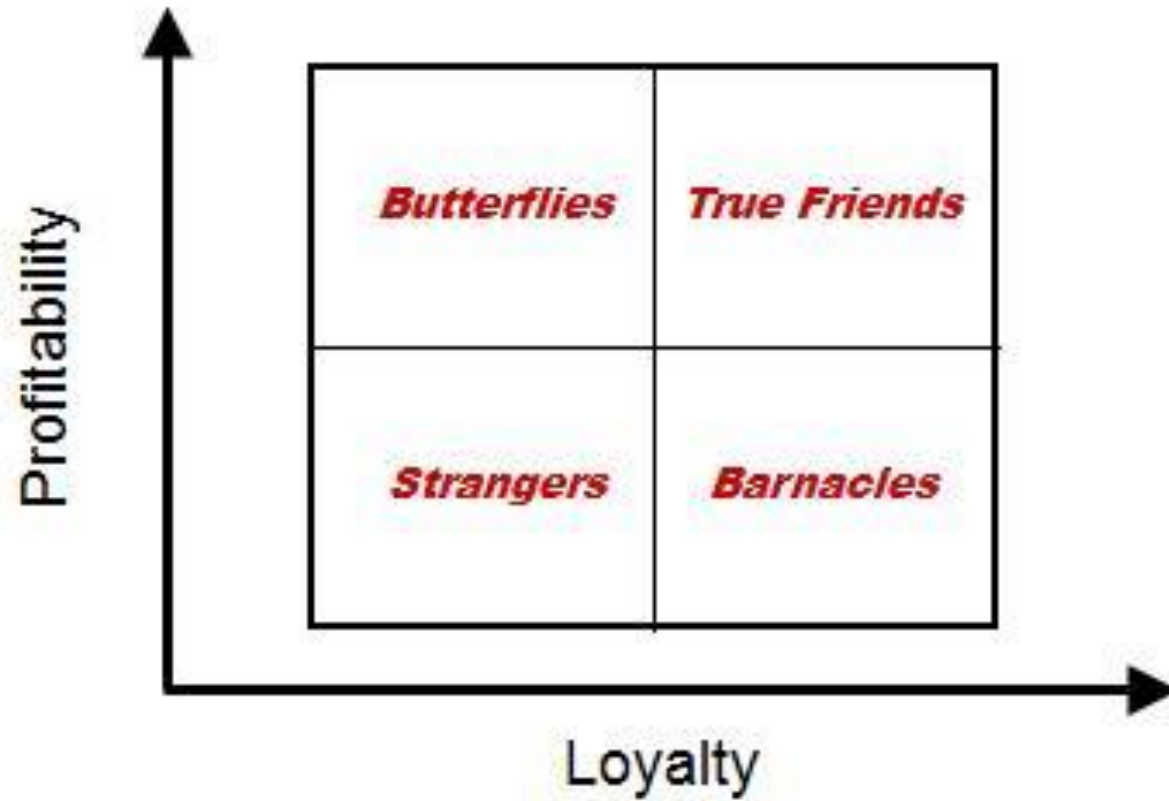


Target Market

- ▶ Customer oriented segmentation
- ▶ In terms of Colgate toothpaste:
 - ▶ The sensory segment: Seeking flavor and product appearance
 - ▶ The sociable: Seeking brightness of teeth
 - ▶ The worries: Seeking decay prevention
 - ▶ The independent segment: Seeking low price



Building the right Relationship with the right Customer



Nature of competition

One of the primary differences between direct and indirect competitors is the business type.

- ▶ In order to be considered a **direct competitor**, the competing business must be in the same specific industry as the company under consideration.
 - ▶ Example: direct competitors of Pepsi will be Coke
- ▶ **Indirect competitors**, on the other hand, would be brands that offer the similar product or service, as alternatives.
 - ▶ Example: Indirect competitor of Pepsi will be water

Samsung GALAXY S

POP and POD

- ▶ **Points-of-parity (POP):** The aspects of the product offering that are largely similar to the offerings of like competitors.
- ▶ **Points-of-difference (POD):** The aspects of the product offering that are relatively distinct to the offerings of like competitors.
- ▶ An appropriate balance is required for market success. Too much reliance on points-of-parity in the product's positioning and it could be perceived as a 'me-too' product offering. And too little emphasis on points-of-parity and the product might be perceived as not meeting the core needs for the target market.



Is USP and POD the same?

- ▶ The concept of **POD** is similar to the notion of unique selling proposition (**USP**) pioneered by the Ted Bates Advertising Agency. USP signifies that advertising should give consumers a compelling reason to buy a product that competitors could not match.
- ▶ Conclusion: the POD should be unique and should be sustainable as well.

Updating positioning over time



Updating positioning raises two main issues:

- ▶ **Laddering** - how the brand meaning is further deepened in the minds of the consumers.
- ▶ **Reacting** - how due to competitive action a brand is forced to react as it loses its POD.



Laddering

A means-end chain has been devised as a way of understanding higher level meanings of the brand

- ▶ **Attributes** (descriptive features that characterize a product)
- ▶ **Benefit** (the personal benefit and meaning attached to product attributes)
- ▶ **Personal values** signify the need that the benefit address



Reacting

- ▶ **Do nothing:** If competitor brand is unlikely to create a sustainable POD because they do not have the resources. Continue brand building process.
- ▶ **Go on the defensive:** Further invest in strengthening POP and POD if competitors is trying to disrupt your POD. DEFEND your positioning. Example: Magic continuously defends its positioning.
- ▶ **Go on the offensive:** completely change the positioning of the brand ...very risky for established brands.



Brand Mantra



- ▶ A brand mantra is a 3-5 word shorthand encapsulation of your brand position. It is **not** an advertising slogan, and, in most cases, it **won't** be something you use publicly.
- ▶ The Brand Mantra is the genetic code for your brand, consisting of three words that stand at the core of your brand and best define who and what your brand stands for, epitomizing the essence of your brand and the core value that you offer your customer

BRAND	EMOTIONAL MODIFIER	DESCRIPTIVE MODIFIER	BRAND FUNCTIONS
	Pure	Family	Drink

	Emotional Modifier	Descriptive Modifier	Brand Functions
	Authentic	Athletic	Performance
	Fun	Family	Entertainment
	Fun	Family	Food

Parameters of brand mantra

- ▶ **Brand function** (what?) describes the nature of the product/service and the benefits the brand provides.
- ▶ **Descriptive modifier** (whom?) clarifies the core target customers.
- ▶ **Emotional modifier** (how?) how exactly the brand provides the benefits and in what ways?

	EMOTION MODIFIER	DESCRIPTIVE MODIFIER	BRAND FUNCTION
	Simple	Quality	Lifestyle
	Fun	Family	Furniture

360 Degree Branding

360 degree branding signifies the notion of surrounding the customer or prospect with a brand's messages.

- ▶ It is a phrase that suggests that a brand's touch points should be everywhere the target audience is.

“we want to be everywhere that makes sense for our customer. We go to the places they are”- Ford's marketing manager.



360 Degree Branding

- ▶ **touch point** refers to any message medium capable of reaching target customers and presenting the brand in a favorable light.
- ▶ Before the touch point was **ATL** (above the line communication) oriented. However, now companies have shifted towards a **BTL** (below the line) approach to effectively communicate a brand's message to their target consumers.

ATL & BTL

Above the line (ATL) communication uses traditional mass media as a medium to promote brands and reach out to target consumers.

ATL technique majorly employs TV and radio advertising, print advertising and internet banner ads.

- ▶ ATL communication presents the message to the target consumers AND ALSO consumers who DO NOT belong to the brand's target group.

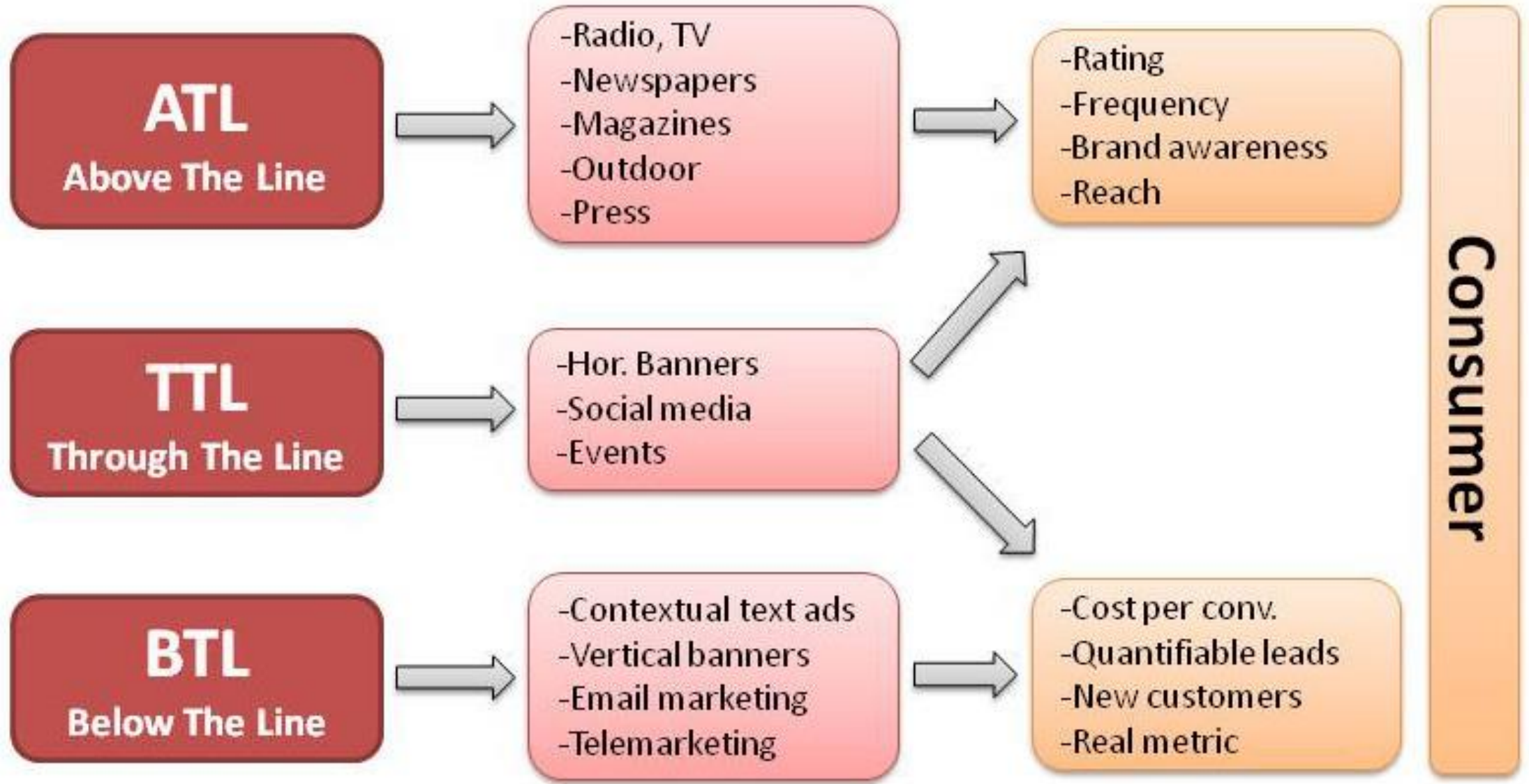
Hence, don't you think a lot of money is being wasted? Because you are spending money to talk to consumers who are NOT YOUR target consumers.

ATL & BTL

Below the line (BTL) communication techniques are devised to reach consumers directly through alternative forms of marketing other than traditional advertising channels used in ATL.

Example: direct marketing, personal selling, public relations and other unique ways like the what Lifebuoy did in India. **[Roti Ad]**

- ▶ BTL communication **ONLY** reaches the target consumers of the brand which is why its **IMPACT** is stronger. That's the beauty of it. You are spending money to talk to consumers (communicate) who are **YOUR** target consumers **ONLY**.



thank you