Brand Franchise

CHAPTER – 2

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Brands in the field of marketing originated in the 19^{th} century with the advent of packaged goods.

Around 1900, James Walter Thompson published a house ad explaining trademark advertising. This was an early commercial explanation of what we now know as branding. Manufacturers learnt that market power lies with building their own brands. Perhaps the most distinctive skill of professional marketers is their ability to create, maintain, protect and enhance brands. Companies soon adopted slogans, mascots, and jingles which began to appear on radio and early television.

By the 1940s, manufacturers began to recognize the way in which consumers were developing relationships with their brands in a social/psychological/anthropological sense.

From there, manufacturers quickly learned to associate other kinds of brand values, such as youthfulness, fun or luxury, with their products. This began the practice we now know as branding, where it is felt that consumers buy the brand instead of the product. This trend continued to the 1980s, which have been described as "brand equity mania".

In 1988, Phillip Morris purchased Kraft for six times what the company was worth on paper; it was felt that what they really purchased was its brand

"Value" has different interpretations: from a marketing or consumer perspective it is "the promise and delivery of an experience"; from a business perspective it is "the security of future earnings"; from a legal perspective it is "a separable piece of intellectual property." Brands offer customers a means to choose and enable recognition within cluttered markets.

The art of creating and maintaining a brand is called brand management.

Sustaining brands is an important and a challenging task. Brands are very much like humans; they have their history, personality, image, identity and value. If they are not sustained and are not properly developed, they start to stagnate and diminish.

Brand Management Practically this involves managing the tangible and intangible aspects of the brand. For product brands the tangibles are the product itself, the packaging, the price, etc. For service brands the tangibles are to do with the customer experience - the retail environment, interface with salespeople, overall satisfaction, etc. For product, service and corporate brands, the intangibles are the same and refer to the emotional connections derived as a result of experience, identity, communication and people. Intangibles are therefore managed via the manipulation of identity, communication and people skills.

Creating a brand is a necessity of modern business. The intangible value of brands frequently exceeds the tangible value of companies. Creating a relevant and edge-cutting brand design is a vital component of the companies' survival strategy.

If a company treats a brand as a name it misses the point. Let's take a look at what branding is to gain a better understand of its importance to businesses.

A brand is a symbolic embodiment of all the information connected to a company, product or service. A brand serves to create associations and expectations among products made by a producer.

A brand often includes an explicit logo, fonts, color schemes, symbols, sound which may be developed to represent implicit values, ideas, and even personality.

Brand recognition and other reactions are created by the accumulation of experiences with the specific product or service, both directly relating to its use, and through the influence of advertising, design, and media commentary.

“Biggest marketing successes come with basic, powerful explanation of the product being offered”- Jack Trout

E.g.: When automobile was born it was christened a “horseless carriage” & “Cable television” accurately described how the system works.

It is important to bear in mind that you cannot please every customer in the marketplace. In fact, attempting to make you or your product ‘all things to all people’ will only result in a vague, diluted and rather weak branding. Whereas, clearly defined branding differentiation, based on what your most valuable customers desire, need and generally value the most will result in strong branding and sales.

David Aaker in his book "Building strong brands" said brand strategists should create not only a core identity -- the timeless essence of a brand -- but an extended identity, which "fills in the picture, adding details that help portray what the brand should stand for." Saturn's core identity, for example, is an extraordinary quality created by an organization that treats the customer as a respected friend. That identity includes the product itself; the no-pressure feel of the retail experience; the no-haggle pricing; the "A different kind of company, a different kind of car" slogan; and the brand personality.

A brand is an image: A brand is synonymous with the image of the company it stands for. Is your business young and hip, or traditional and reserved? Your brand image should reflect that. A brand image can also be tangibly represented through a logo, color palette, design techniques and more.

A brand personality can make a brand more interesting and memorable and can even become a vehicle to express a customer's identity. Thus, a Harley Davidson motorcycle rider "might feel more macho and freer of a confining job and its attendant lifestyle," said David Aaker.

A brand is a message: A brand is made up of all the messages your business communicates from your advertising to your customer interactions and everything in between.

A brand is a promise: A brand is nothing if it doesn't stand for something and offer some kind of promise to customers. In other words, customers should be able to count on your brand to deliver a consistent experience or value every time they come into contact with it.

Researchers such as Philip Kotler, Aaker, Dick Alan, Ramaswamy and Namnakumari etc have realized the importance of branding in today's marketing world and thus they have done extensive research on this topic.

In his book, Building Strong Brands (1996), David Aaker, a professor at the University of California at Berkeley's Haas School of Business, uses case studies on brand building to show how to create strong brand identities, manage extended systems of sub-brands, develop brand equity measures and organize for brand building.

The brand challenge is to develop deep set of positive associations for the brand (Philip Kotler). This association when seen in large number of consumers at a time and in an obvious fashion it can be said that company has successfully created brand franchise.

In order to succeed, a brand has to affect both: the rational and emotional aspects of human nature. A product selling, based only on their natural benefits and qualities, is not possible any more therefore brands need something more to attract customers to their products. Branding has become a strong marketing tool for the product promotion. There are many sides of it. One of them is a brand franchise.

Marketers say that "branding is the art and cornerstone of marketing". A brand which is widely known in the marketplace acquires **brand recognition**.

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A brand image is how a brand is perceived, a brand identity is aspirational- how a brand would like to be perceived.

The psychological aspect of a brand referred to as the **brand franchise** is a symbolic construct created within the minds of people and consists of all the information and expectations associated with a product or service.

Brand franchise being one very important aspect of brand management and a term that portrays a picture larger than brand loyalty, it needs to be studied in-depth to understand its impact on other variables of marketing and factors to be considered while carrying on brand building exercises.

Brand franchise is an important marketing factor for every company who wants to sustain and grow in the market. It is mainly an important and influencing factor for commodities that are of higher value as consumers are always reluctant to experiment due to the higher risk involved in doing so.

There are several benefits one can derive from gaining more information on a brand franchise.

One of the benefits a brand franchise value offers business owners is the possibility to raise prices for their products. A company with a high level of the franchise value is free from competing on the price basis. A high brand franchise value means that your company has a strong customer demand for your products. People see in the products not only their natural benefits, but also they attach some psychological additional values to them. Many customers believe that purchasing such psychological values is well worth of paying extra money.

Another benefit a brand franchise can offer is starting or extending your business by increasing your companies' franchise value.

In addition to all these brand franchise benefits, there is one more we can look at. It is a benefit of knowing and being able to discern high franchise values in companies for investments. Since acquiring a strong stock portfolio, people have to know what companies to invest in. The companies with a high level of a brand franchise value can help you in raising your portfolio beyond average.

Branding has become a strong promotional marketing tool. Investing funds into building a brand franchise value or getting a good franchise for starting a business can produce a high level of the future ROI.

First of all, let us make it clear what we mean by saying a brand franchise value.

Frequently, it is referred to the recognition some brands win among the customers. In some cases, the brand's franchise value is so high that the name of such brand or product becomes a substitution for the product category name itself in people's common speech. Xerox, Coke & Colgate are good examples of such a high level of the franchise value.

Some marketers distinguish the psychological aspect of a brand from the experiential aspect. The experiential aspect consists of the sum of all points of contact with the brand and is known as the brand experience. The psychological aspect, referred to as the brand franchise, is a symbolic construct created within the minds of people and consists of all the information and expectations associated with a product or service.

Brand loyalty has been proclaimed by some to be the ultimate goal of marketing (Reichheld and Sasser 1990). In marketing, brand loyalty consists of a consumer's commitment to repurchase the brand can be demonstrated by repeated buying of a product or service or other positive behaviors such as word of mouth advocacy (Dick and Basu 1994). Brand loyalty is more than simple repurchasing, however. Customers may repurchase a brand due to situational constraints, a lack of viable alternatives, or out of convenience (Jones, Mothersbaugh, and Beatty 2002).

Such loyalty is referred to as "spurious loyalty". True brand loyalty exists when customers have a high relative attitude toward the brand which is then exhibited through repurchase behavior (Dick and Basu 1994). This type of loyalty can be a great asset to the firm: customers are willing to pay higher prices, they may cost less to serve, and can bring new customers to the firm (Reichheld and Sasser 1990; 1993).

To estimate your brand franchise value you need to receive the answers to some of these questions:

1. Are people willing to pay more money for your brand goods than for the others, none or less branded products of the same product line?

2. If your brand products are not on the shelves of a store, will your product consumers go on and buy any other brand product?

Companies have to understand that they are not competing for money only. Most customers admit that the highest priority and shortage in their lives is not money. It is time and attention.

3. If a new brand entered the market in the same product line, will your customers want to make a test purchase of that product?

Research show that it is six times more expensive to attract new customers than to retain the ones you already have. Therefore, developing the brand attachment and creating a brand personality, you save yourself much funds and trouble.

Brand franchise being one very important aspect of brand management and a term that portrays a picture larger than brand loyalty, it needs to be studied in-depth to understand its impact on other variables of marketing and factors to be considered while carrying on brand building exercises.

Brand franchise is an important marketing factor for every company who wants to sustain and grow in the market. It is mainly an important and influencing factor for commodities that are of higher value as consumers are always reluctant to experiment due to the higher risk involved in doing so.

Another reason for evaluating the brand franchise is a necessity to know its present condition and ability to produce brand profits and ROI. There are times. when the brands are able to produce much profit and make great returns on investments and such time and opportunities have to be used to their fullest extant.

Few brands. which had high positions in the range of the international branding companies' and also enjoyed advantage of high level of brand franchise before entering the Indian market are Coca Cola. McDonald's. Nike or Procter & Gamble - all these brands were able to preserve their personality, values, identity and recognition, however, at the same time, they found a way to local people's lives and hearts.

A brand is an image in the minds of the consumers. They associate certain characteristics and values with its name ex: Mercedes means luxury. When a company deals in various categories it's a challenge to create an image that exceeds the expectation of the variety of people it will deal with in different sectors.

Same is true for the Indian automobile industry which is divided in segments right from mini car to super luxury and is further bifurcated in sub-segments making it a complex work for the marketers. Manufacturers have to face competition from both the local and international players. Top brands worldwide find it easier to establish themselves in new markets due to their strong presence and awareness among buyers.

An ancient and famous Indian proverb says: "If you don't have a goal, how can you know when you have arrived?" In order to establish and grow a corporate brand successfully, the management team has to track and measure the strength of the current corporate brand and the entire brand portfolio. Research can help understand the business landscape in more depth and serves as a foundation for the future corporate brand strategy.

A recurring challenge for brand managers is to build a consistent brand. To rise above the clutter, a company must go beyond intuition and turn to a more rigorous, fact-based analysis of the effectiveness of its brands.

Research has proved that when brand franchise is created it helps a company establish itself in a new market. People will rely on a tried and trusted brand more then on a new player. But not much has been written or researched on why these established players fail to impress when they try to cross segments and capture a new part of the market. Some study do go to prove why every segment needs different strategies but its never specifically done in automobile industry thus creating a need for in-depth analysis.

Companies can build better brands for less money with analytic tools that help define and deliver brands more precisely. Modern research tools have become very sophisticated and at the same time easy to employ. There is no excuse for not trying to get a market and customer driven perspective of the brand portfolio including the corporate brand.