



FINANCIAL SECTOR REFORMS IN INDIA

It was in this backdrop that wide-ranging financial sector reforms in India were introduced as an integral part of the economic reforms initiated in the early 1990s with a view to improving the macroeconomic performance of the economy. The reforms in the financial sector focused on creating efficient and stable financial institutions and markets. The approach to financial sector reforms in India was one of gradual and non-disruptive progress through a consultative process. The Reserve Bank has been consistently working towards setting an enabling regulatory framework with prompt and effective supervision, development of technological and institutional infrastructure, as well as changing the interface with the market participants through a consultative process. Persistent efforts have been made towards adoption of international benchmarks as appropriate to Indian conditions. While certain changes in the legal infrastructure are yet to be effected, the developments so far have brought the Indian financial system closer to global standards.

The reform of the interest regime constitutes an integral part of the financial sector reform. With the onset of financial sector reforms, the interest rate regime has been largely deregulated with a view towards better price discovery and efficient resource allocation. Initially, steps were taken to develop the domestic money market and freeing of the money market rates. The interest rates offered on Government securities were progressively raised so that the Government borrowing could be carried out at market-related rates. In respect of banks, a major effort was undertaken to simplify the administered structure of interest rates. Banks now have sufficient flexibility to decide their deposit and lending rate structures and manage their assets and liabilities accordingly. At present, apart from savings account and NRE deposit on the deposit side and export credit and small loans on the lending side, all other interest rates are deregulated. Indian banking system operated for a long time with high reserve requirements both in the form of Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR). This was a consequence of the high fiscal deficit and a high degree of monetization of fiscal deficit. The efforts in the recent period have been to lower both the CRR and SLR. The statutory minimum of 25 per cent for SLR has already been reached, and while the Reserve Bank continues to pursue its medium-term objective of reducing the CRR to the statutory minimum level of 3.0 per cent, the CRR of SCBs is currently placed at 5.0 per cent of NDTL.

As part of the reforms programme, due attention has been given to diversification of ownership leading to greater market accountability and improved efficiency. Initially, there was infusion of capital by the Government in public sector banks, which was followed by expanding the capital base with equity participation by the private investors. This was followed by a reduction in the Government shareholding in public sector banks to 51 per cent. Consequently, the share of the public sector banks in the aggregate assets of the banking sector has come down from 90 per cent in 1991 to around 75 per cent in 2004. With a view to enhancing efficiency and productivity through competition, guidelines were laid down for establishment of new banks in the private sector and the foreign banks have been allowed more liberal entry. Since 1993, twelve new private sector banks have been set up. As a major step towards enhancing competition in the banking sector, foreign direct investment in the private sector banks is now allowed up to 74 per cent, subject to conformity with the guidelines issued from time to time.

The Indian financial system has undergone structural transformation over the past decade. The financial sector has acquired strength, efficiency and stability by the combined effect of competition, regulatory measures, and policy environment. While competition, consolidation and convergence have been recognized as the key drivers of the banking sector in the coming years.

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By: Ms. Sandhya. Ch.V.L, Lecturer, AMC College of Engineering, Bangalore

"An Intersection of Branding and the Consumer Responsiveness: An Overview"

By:

Mr. Avik Ranjan Roy, Faculty, Indesign Solutions, Kolkata

ABSTRACT

A brand is a collection of images and ideas representing an economic producer; more specifically, it refers to the descriptive verbal attributes and concrete symbols such as a name, logo, slogan, and design scheme that convey the essence of a company, product or service. 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. 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 and sound which may be developed to represent implicit values, ideas, and even personality. The key objective is to create a relationship of trust.

Branding may refer to:

- ✪ Livestock branding, the marking of animals to indicate ownership
- ✪ Human branding, as body modification or punishment
- ✪ Wood branding, permanently marking, by way of heat, wood (also: plastic, cork, leather, etc.)
- ✪ Vehicle title branding, a permanent designation indicating that a vehicle has been "written off"
- ✪ Brand, a name, logo, slogan, and/or design scheme associated with a product or service
 - Brand management, the application of marketing techniques to a specific product, product line, or brand
 - Nation branding, the application of marketing techniques for the advancement of a country
 - Personal branding, people and their careers marketed as brands

- Co-branding, associates a single product or service with more than one brand name
- Branding agency, a type of marketing agency which specializes in creating brands

Advantages of Branding:

The advantages of branding are numerous. For one, you build a strong trusted reputation when a good branding campaign is performed over time. Secondly, branding is advertising that continues on far after an advertising campaign if done right. Branding is having future and present customers remember your company name and/or logo and what business doesn't want that?

Advantages In Points-Format:-

- 1) Product dies but a good brand doesn't: The first card T-model is no more but the brand 'FORD' is still alive. 'Pears' soap that was launched some where in the end of 1800 is still alive although they have changed the product.
- 2) Sales or Market share: A brand generates familiarity and trust and hence leads to greater sales
- 3) Premium price: Because of the trust the brand generated, you can charge extra price and people are willing to pay for that
- 4) Differentiation: Creating a brand is nothing but creating a strong association. And this association clearly differentiates your product from the rest

BRAND-LOYALTY

Brand loyalty has been proclaimed by some to be the ultimate goal of marketing. In marketing, brand loyalty consists of a consumer's commitment to repurchase the brand and can be demonstrated by repeated buying of a product or service or other positive behaviors such as word of mouth advocacy. True brand loyalty implies that the consumer is willing, at least on occasion, to put aside their own desires in the interest of the brand.

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.[4] 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.[2] 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.[1][5] For example, if Joe has brand loyalty to Company A he will purchase Company A's products even if Company B's are cheaper and/or of a higher quality.

An example of a major brand loyalty program that extended for several years and spread worldwide is Pepsi Stuff. Perhaps the most significant contemporary example of brand loyalty is the fervent devotion of many Mac users to the Apple Company and its products.

From the point of view of many marketers, loyalty to the brand - in terms of consumer usage - is a key factor:

Usage rate

Most important of all, in this context, is usually the 'rate' of usage, to which the Pareto 80:20 Rule applies. Kotler's 'heavy users' are likely to be disproportionately important to the brand (typically, 20 percent of users accounting for 80 percent of usage -- and of suppliers' profit). As a result, suppliers often segment their customers into 'heavy', 'medium' and 'light' users; as far as they can, they target 'heavy users'.

Loyalty

A second dimension, however, is whether the customer is committed to the brand. Philip Kotler, again, defines four patterns of behaviour:

Hard Core Loyals - who buy the brand all the time.

Soft Core Loyals - loyal to two or three brands.

Shifting Loyals - moving from one brand to another.

Switchers - with no loyalty (possibly 'deal-prone', constantly looking for bargains or 'vanity prone', looking for something different).

Factors Influencing Brand Loyalty

It has been suggested that loyalty includes some degree of pre-dispositional commitment toward a brand. Brand loyalty is viewed as multidimensional construct. It is determined by several distinct psychological processes and it entails multivariate measurements. Customers' Perceived value, Brand trust, Customers' satisfaction, Repeat purchase behaviour and Commitment are found to be the key influencing factors of brand loyalty. Commitment and Repeated purchase behaviour are considered as necessary conditions for brand loyalty followed by Perceived value, satisfaction and brand trust.

Industrial Markets

In industrial markets, organizations will regard the 'heavy users' as 'major accounts', to be handled by senior sales personnel and even managers; whereas the 'light users' may be handled by the general sales force or by a dealer.

Portfolios of Brands

Andrew Ehrenberg, then of the London Business School said that consumers buy 'portfolios of brands'. [citation needed] They switch regularly between brands, often because they simply want a change. Thus, 'brand penetration' or 'brand share' reflects only a statistical chance that the majority of customers will buy that brand next time as part of a portfolio of brands they favour. It does not guarantee that they will stay loyal.

Influencing the statistical probabilities facing a consumer choosing from a portfolio of preferred brands, which is required in this context, is a very different role for a brand manager; compared with the - much simpler - one traditionally described, of recruiting and holding dedicated customers. The concept also emphasises the need for managing continuity.

Market Inertia

On the other hand, one of the most prominent features of many markets is their overall stability - or inertia. Thus, in their essential characteristics they change very slowly, often over decades - sometimes centuries - rather than over months. This stability has two very important implications. The first is that if you are a clear brand leader you are especially well placed in relation to your competitors, and should want to further the inertia which lies behind that

stable position. This will, however, still demand a continuing pattern of minor changes, to keep up with the marginal changes in consumer taste (which may be minor to the theorist, but will still be crucial in terms of those consumers' purchasing patterns - markets do not favour the over-complacent.). But these minor investments are a small price to pay for the long term profits which brand leaders usually enjoy. Only farm-hands make a career out of milking cows, and only fools jeopardise the investment contained in an established brand leader.

The second, and more important is that if you want to overturn this stability, and change the market (or significantly change your position in it), then you must expect to make massive investments to succeed. Even though stability is the natural state of markets, however, sudden changes can still occur and the environment must be constantly scanned for signs of these.

Examples of Brand Loyalty Promotions: Pepsi Stuff

Loyalty for Life - The Consumer View

It is interesting to get the customer or consumer view on brand loyalty. Is it possible? An achievable goal? Or is it a forlorn aspiration for a brand? The following website poses the same question and has managed to draw in contributions from folk around the globe. <http://www.loyaltyforlife.co.uk>. On the face of it it seems we want brands that change and grow with us. Brands that offer us something at every step. Younger audiences talk about this a lot. They also want to feel that they or their tribe are getting something back from the brand.

People talk about football teams as the ultimate in loyalty. You pin your colours to your chest early on in life and you do not change. No matter how badly they might let you down. Can brands in other categories match that? It's difficult but you can draw similarities between other high commitment brands, brands that take you from prospect to customer and to advocate in the blink of an eye - take Skoda for example.

For the older audiences the basics have to be in place. The product or service has to live up to the brand promise. Always. And then people want to feel valued. A simple letter will do. A thank-you. When was the

last time your bank wrote to you just to say thanks for being a customer?

So is Loyalty for Life possible? Some think so and to get there one contributor says: "Tune into my aspirations and values; change with me through my life; be easy to find; give me something back; don't ever assume I will come back to you and when I have a problem, surprise me with how easy you are to deal with. Simple really."

The brand, and "branding" and brand equity have become increasingly important components of culture and the economy, now being described as "cultural accessories and personal philosophies".

In non-commercial contexts, the marketing of entities which supply ideas or promises rather than product and services (e.g. political parties or religious organizations) may also be known as "branding".

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, sometimes referred to as the brand image, is a symbolic construct created within the minds of people and consists of all the information and expectations associated with a product or service.

Marketers engaged in branding seek to develop or align the expectations behind the brand experience (see also brand promise), creating the impression that a brand associated with a product or service has certain qualities or characteristics that make it special or unique. A brand is therefore one of the most valuable elements in an advertising theme, as it demonstrates what the brand owner is able to offer in the marketplace. The art of creating and maintaining a brand is called brand management. This approach works not only for consumer goods B2C (Business-to-Consumer), but also for B2B (Business-to-Business), see Philip Kotler & Waldemar Pfoertsch.

A brand which is widely known in the marketplace acquires brand recognition. When brand recognition builds up to a point where a brand enjoys a critical mass of positive sentiment in the marketplace, it is said to have achieved brand franchise. One goal in brand recognition is the identification of a brand without the name of the company

present. For example, Disney has been successful at branding with their particular script font (originally created for Walt Disney's "signature" logo), which it used in the logo for go.com.

Consumers may look on branding as an important value added aspect of products or services, as it often serves to denote a certain attractive quality or characteristic (see also brand promise). From the perspective of brand owners, branded products or services also command higher prices. Where two products resemble each other, but one of the products has no associated branding (such as a generic, store-branded product), people may often select the more expensive branded product on the basis of the quality of the brand or the reputation of the brand owner.

Brand name

The brand name is often used interchangeably with "brand", although it is more correctly used to specifically denote written or spoken linguistic elements of a brand. In this context a "brand name" constitutes a type of trademark, if the brand name exclusively identifies the brand owner as the commercial source of products or services. A brand owner may seek to protect proprietary rights in relation to a brand name through trademark registration. Advertising spokespersons have also become part of some brands, for example: Mr. Whipple of Charmin toilet tissue and Tony the Tiger of Kellogg's.

The act of associating a product or service with a brand has become part of pop culture. Most products have some kind of brand identity, from common table salt to designer clothes.

Brand identity

How the brand owner wants the consumer to perceive the brand - and by extension the branded company, organisation, product or service. The brand owner will seek to bridge the gap between the brand image and the brand identity. Brand identity is fundamental to consumer recognition and symbolizes the brand's differentiation from competitors.

Brand identity may be defined as simply the outward expression of the brand, such as name and visual appearance. Some practitioners however define brand identity as not only outward expression (or physical

facet), but also in terms of the values a brand carries in the eye of the consumer. In 1992 Jean-Noel Kapferer developed the Brand Identity Prism, which charts the brand identity along a constructed source and constructed receiver axis, with externalization on the one side and internalization on the other. On the externalization side brand identity consists of "physical facet", "relationship" and "reflected consumer". On the internalization side brand identity consists of "personality", "culture (values)" and "consumer mentalisation". In this respect Kapferer positions brand personality as one factor within brand identity.

Brand personality

Brand personality is the attribution of human personality traits to a brand as a way to achieve differentiation. Such brand personality traits may include seriousness, warmth, or imagination. Brand personality is usually built through long-term marketing, as well as packaging and graphics.

Brand promise

Brand promise is a statement from the brand owner to customers, which identifies what consumers should expect from all interactions with the brand. Interactions may include employees, representatives, actual service or product quality or performance, communication etc. The brand promise is often strongly associated with the brand owner's name and/or logo.

The brand promise may be expressed in a "tag line", for example a dining restaurant may create the following brand promise: "Carl's Steak House -"Our food is the best, but the memories we help you create are even better."" Other brand owners may develop their brand promise into a detailed statement on the values, characteristics and behaviour of their brand. For example BP describes its brand promise as "our fundamental beliefs" which have evolved over time. BP continues "At the core of BP is an unshakable commitment to integrity, honest dealing, treating everyone with respect and dignity, striving for mutual advantage and contributing to human progress."

Brand value

Brand equity or brand value measures the total value of the brand to the brand owner, and reflects the extent of brand franchise.

A brand can be an intangible asset, used by analysts to rationalize the difference between a company's "book value" and market value. For example, the market value of a company can far exceed its tangible assets (physical assets owned by the company, such as stock or machinery), and its brand value can account for some of the difference. Up to 85 percent of a company's market value might be intangible (for example know-how, existing client relationships), and Interbrand, a brand consultancy, states that tangible assets may account for less than five percent of a company's market value, for example in the case of Coca-Cola or Microsoft.

Brand value, especially in the case of consumer product brands, may arise out of customer loyalty. Brand value may also arise in terms of staff retention benefits (e.g. the ability of the company to attract and retain skilled and/or talented employees offering competitive salaries).

Brand value can be negatively influenced. For example, in 1999 Nike's brand value was estimated at 8 billion US\$. Facing media exposure and consumer boycotts over supply chain issues, Nike's brand value declined in following two years to 7.6 billion US\$, and rose back to 9.26 billion US\$ in 2004 after Nike addressed its supply chain issues.

Campaigning groups may deliberately target a company's brand value to force a company into adopting a certain position or practices. Some campaign groups have thought to do this by deliberately subverting a brand's image, logo or message, creating a negative association among consumers. This attack may be visual, as pioneered by groups such as Adbusters, or focusing on the message. For example, BP's "Beyond Petroleum" branding is subverted by campaigners into headline such as "BP: Beyond Petroleum or Beyond Preposterous?" or "BP must move beyond petroleum as profits soar".

Brand monopoly

In economic terms the "brand" is, in effect, a device to create a "monopoly" — or at least some form of "imperfect competition" — so that the brand owner can obtain some of the benefits which accrue to a monopoly or unique point of sale, particularly those related to decreased

price competition. In this context, most "branding" is established by promotional means. However, there is also a legal dimension, for it is essential that the brand names and trademarks are protected by all means available. The monopoly may also be extended, or even created, by patent, copyright, trade secret (e.g. secret recipe), and other sui generis intellectual property regimes (e.g.: Plant Varieties Act, Design Act).

In all these contexts, retailers' "own label" brands can be just as powerful. The "brand", whatever its derivation, is a very important investment for any organization. RHM (Rank Hovis McDougall), for example, have valued their international brands at anything up to twenty times their annual earnings.

Branding policies

There are a number of possible policies:

Company name

Often, especially in the industrial sector, it is just the company's name which is promoted (leading to one of the most powerful statements of "branding"; the saying, before the company's downgrading, "No one ever got fired for buying IBM").

In this case a very strong brand name (or company name) is made the vehicle for a range of products (for example, Mercedes-Benz or Black & Decker) or even a range of subsidiary brands (such as Cadbury Dairy Milk, Cadbury Flake or Cadbury Fingers in the United States).

Individual branding

Each brand has a separate name (such as Seven-Up or Nivea Sun (Beiersdorf)), which may even compete against other brands from the same company (for example, Persil, Omo, Surf and Lynx are all owned by Unilever).

Attitude branding

Attitude branding is the choice to represent a larger feeling, which is not necessarily connected with the product or consumption of the product at all. Marketing labeled as attitude branding include that of Nike, Starbucks, The Body Shop, Safeway, and Apple Computer. In the 2000 book, No Logo, attitude branding is described by Naomi Klein as a "fetish strategy".

"A great brand raises the bar -- it adds a greater sense of purpose to the experience, whether it's the challenge to do your best in sports and fitness, or the affirmation that the cup of coffee you're drinking really matters." - Howard Schultz (president, ceo and chairman of Starbucks)

"No-brand" branding

Recently a number of companies have successfully pursued "No-Brand" strategies, examples include the Japanese company Muji, which means "No label, quality goods" in English. Although there is a distinct Muji brand, Muji products are not branded. This no-brand strategy means that little is spent on advertisement or classical marketing and Muji's success is attributed to the word-of-mouth, a simple shopping experience and the anti-brand movement. Other brands which are thought to follow a no-brand strategy are American Apparel, which like Muji, does not brand its products.

Derived brands

In this case the supplier of a key component, used by a number of suppliers of the end-product, may wish to guarantee its own position by promoting that component as a brand in its own right. The most frequently quoted example is Intel, which secures its position in the PC market with the slogan "Intel Inside".

Brand development

In terms of existing products, brands may be developed in a number of ways:

Brand extension

The existing strong brand name can be used as a vehicle for new or modified products; for example, many fashion and designer companies extended brands into fragrances, shoes and accessories, home textile, home decor, luggage, (sun-) glasses, furniture, hotels, etc.

Mars extended its brand to ice cream, Caterpillar to shoes and watches, Michelin to a restaurant guide, Adidas and Puma to personal hygiene. Dunlop extended its brand from tires to other rubber products such as shoes, golf balls, tennis racquets and adhesives.

There is a difference between brand extension and line extension. When Coca-Cola launched "Diet Coke" and "Cherry Coke" they stayed within the originating

product category: non-alcoholic carbonated beverages. Procter & Gamble (P&G) did likewise extending its strong lines (such as Fairy Soap) into neighboring products (Fairy Liquid and Fairy Automatic) within the same category, dish washing detergents.

Multi-brands

Alternatively, in a market that is fragmented amongst a number of brands a supplier can choose deliberately to launch totally new brands in apparent competition with its own existing strong brand (and often with identical product characteristics); simply to soak up some of the share of the market which will in any case go to minor brands. The rationale is that having 3 out of 12 brands in such a market will give a greater overall share than having 1 out of 10 (even if much of the share of these new brands is taken from the existing one). In its most extreme manifestation, a supplier pioneering a new market which it believes will be particularly attractive may choose immediately to launch a second brand in competition with its first, in order to pre-empt others entering the market.

Individual brand names naturally allow greater flexibility by permitting a variety of different products, of differing quality, to be sold without confusing the consumer's perception of what business the company is in or diluting higher quality products.

Once again, Procter & Gamble is a leading exponent of this philosophy, running as many as ten detergent brands in the US market. This also increases the total number of "facings" it receives on supermarket shelves. Sara Lee, on the other hand, uses it to keep the very different parts of the business separate — from Sara Lee cakes through Kiwi polishes to L'EGGS pantyhose. In the hotel business, Marriott uses the name Fairfield Inns for its budget chain (and Ramada uses Rodeway for its own cheaper hotels).

Cannibalization is a particular problem of a "multigrain" approach, in which the new brand takes business away from an established one which the organization also owns. This may be acceptable (indeed to be expected) if there is a net gain overall. Alternatively, it may be the price the organization is willing to pay for shifting its position in the market; the new product being one stage in this process.

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Edited and issued on behalf of NAFEN by Dr. P. K. Gupta, Secretary General, NAFEN, 11/6B, Shanti Chambers, Pusa Road, New Delhi-110 005. Phone: +91-11- 2585 3104, 2585 4212, 2585 0446, 25815186 Fax: +91-11-2578 9399 e-mail: nafenindia@nafenindia.com