



Why Brands Are So Important

Without a strong brand-building philosophy, many developing companies may never truly emerge to global prominence.

India's strong future growth potential and its increasingly affluent and aspirational population have made it a magnet for major global corporations. Every organisation with serious plans of tapping into the significant customer base has a strong portfolio of global brands or locally developed brands on offer. Unfortunately, the same cannot be said for local Indian businesses, small, medium and large.

Brand building as a practice has significant potential to develop in India, with very few organisations understanding the importance of having a strategic brand development process. There are numerous examples of successful Indian brands but most of them are global brands that have been introduced into the market. Conglomerates like Tata, Reliance and automobile manufacturers like Maruti Suzuki and Mahindra & Mahindra have made headlines for buying out other brands, but there is huge potential for such indigenous brands to grow and develop. There are currently **no Indian brands in Interbrand's top 100.**

Wake up to your brand

The initial barrier to overcome before implementing successful brand building strategies is the ignorance of the importance of having a brand. A change in mindset driven by education is required

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for Indian businesses to understand the crucial importance of having a brand as a differentiator in the marketplace. Without a brand, two things can quickly happen to a product offering – it can become a commodity without any differentiating characteristics or it can be driven out of the category where preference and purchase are driven by brand equity. This is true everywhere and equally true in an increasingly competitive business environment like that in India.

Indian conglomerates and many medium-sized businesses have largely been satisfied by the equity of the corporate brand to pull them through the competitive market landscape. Extremely diversified conglomerates with long-standing legacies have been successful in using the strength of their corporate brand to grow but this is not a recipe of success for every business. This strategy also has its pitfalls owing to two key factors. First, multinationals with established portfolio brands and strong brand building practices would gain competitive advantage over Indian businesses as they transition global best practices to their Indian operations. Secondly, corporate brand equity as a success factor can only work for established Indian businesses and not for organisations in the first or second growth or maturity stages. Additionally, corporate brand equity is difficult to manage in diversification stages because the equity

necessarily does not transcend effectively into new business segments.

Why it's important

The current interest levels of branding discipline needs to improve in Indian businesses. It is currently collapsed into the traditional marketing function in the majority of organisations, which in reality has nothing to do with brand building. Starting from the top level board to middle management, Indian businesses have a serious need to understand branding as a crucial process in an organisation's growth strategy. This is true not only for consumer product manufacturers but also for organisations in retail, services, banking and B2B.

Another crucial factor that has limited the adoption of brand building strategies in Indian businesses is the lack of exposure. Though this situation is now rapidly changing with Indian entrepreneurs being well travelled, well read and having a strong understanding of brand building strategies. But, previously, the majority of successful Indian businesses were started and run by individuals who had a strong understanding of the Indian market and were marketing and sales wizards, but they never understood the need to build strong brands. This thinking still runs deep in family-owned businesses and has been passed on through the generations. The thinking is reinforced not only by a lack of exposure but also many a time by the lack of a need to create brands in the product categories these businesses operated in (for example, B2B branding is a fairly recent phenomenon globally). But markets have evolved rapidly and so have success factors. Having a differentiated branded offering is no longer a "nice to have" but a "must have".

With more exposure towards brand building practices, the indifferent attitude towards brand building is slowly changing in India. But much needs to be done before it is recognised and implemented as a strategic tool in organisations uniformly.

The fact that brand building in India is challenging needs to be recognised. A big proportion of the Indian population belongs to the aspirational middle class. For this segment, global brands stand for status and are symbols of success, both financially and also in terms of standing in society. Homegrown Indian brands are not perceived to bring them the status and "flaunting power" they desire. This prevalent consumer mindset has allowed global brands to enter India and upstage established Indian brands.

In addition to gaining a strong competitive edge in the segments and industries they operate, building brands will also provide Indian businesses with multiple avenues to expand and grow their

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organisations. Most of the latest innovations and tools in the domain of digital marketing are based on the premise of strong brands. In the absence of brands, emerging platforms like social media marketing, digital campaigns, buzz marketing, content marketing etc. cannot be effectively utilised. Without brands, customer experiences cannot be created. Again with the absence of brands, commoditising and copycat offerings can quickly dilute differentiating features of products. All these elements are important in today's business environments to outsmart competition and stay ahead of the curve. Organisations in India need to have strong brand-driven strategies enabling them to create niche spaces for their brands in relevant product categories and also effectively compete with the powerful marketing functions and significant branding and marketing budgets of multinational organisations.

There is a significant opportunity for Indian businesses to gain market standing, tap into emerging customer needs, create distinct and appealing positioning, carve out niches and build strong and lasting legacies. But for all these to happen, they need to create and build strong local brands, which not only have the potential to gain leadership positions in the country but also have the ability to expand and become truly global Indian brands.

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