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Emotions and risks that companies must be mindful about during brand promotions

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In the big bad world of advertising and branding, things are not all rosy and are even more so in the pandemic pandemonium. We all know manufacturers make products while people buy brands. A product is in the minds of the manufacturer and the brand is in the consumer's mind. A manufacturer will imagine and want its advertising agency to know that its brand is everything that can be imagined with all the possible positive attributes. However, if the consumer does not perceive the product/brand that way, there is absolutely no chance for that brand to survive. Examples are plenty of companies making elaborate brand strategies only to fail miserably in the marketplace simply because of poor positioning in the minds of the consumers. This is branding 101.

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A brand assures people that their expectations from it will be met. Yet, brand loyalties vary greatly by product category. This is because of two major factors influencing the strength of loyalty: Perceived risk and emotional reward. The risk that people feel involved in a purchase strongly affects loyalty to a brand. For example, loyalty in the water purifier industry is pretty high just as it is in the case of healthcare industry. Buying your first water purifier in India is a high risk game (in terms of price, quality of purified water, the technology of purification, running costs, etc) for most consumers and once the purchase is made, and are satisfied with the service/performance, it is very difficult to make him or her change the brand. New entrants into the market will have to offer a very compelling reason (on price or disruptive scientific breakthrough) for people to switch. Else they will have to expand the market to new users for grow.

Emotional reward also has strong influence on loyalty. Brands that provide such benefits as status, pleasure, feel of attractiveness, sex appeal or emotional wellbeing are likely to have loyal customers. For example, women always refer to “my” perfume. I have never come across a woman refer to “my” washing powder. This is true of mobile phones too these days. The intangible yet powerful connection between the brand’s imagery and its benefits create a sense of non-substitutability.

The best is a high-risk, high-emotional reward category. In such categories, brands can be priced to generate relatively high margins due to their perceived value. Hair colour market is a good example of high-risk/high-emotional reward category. L’Oreal established a sizeable share with a premium positioning, highlighting ammonia-free benefit and a user psychology that “I am worth it.” In no time, they were able to become India’s No. 1 hair dye brand in value term, beating long-term players like Godrej.

There are several implications of the risk/emotion theory for marketers: First, the risk/emotion index can help establish pricing strategy for a new brand. People will pay more as the index of risk/emotion increases. Promotions should not offer “bargains,” but enhance the quality and added value of the brand. Look at what Toyota has been doing with various models without offering price-offs.

Second, actions that lower the risk/emotion index should be taken with extreme care. For example, the financial services market has all the makings of a high risk/high emotion category when services are personalised, as they are from financial advisors, “personal bankers” and the like. However, when services become de-personalised and automated, people will readily switch from one brand to another. Witness the current switching between banks as compared to the time when a few multinational banks offered ATM facility. Convenience, lower price, marginally higher interest rates, even a few fringe benefits such as no cost trading accounts or no minimum balance accounts can initiate brand switching. Eventually, though public sector banks may fare better because of the trust factor, for most low- and middle class customers.

Finally, as marketers, we must all examine our category and brands to see how the risk/emotion index might be increased to our advantage. An emotional benefit may be hiding in our product that, if properly communicated, can strengthen customer loyalty. Hindustan Unilever has recognised this fact pretty early while addressing the Indian housewife appropriately. No wonder Lalitaji and numerous other models made housewives feel proud through a reflection of self. And, history shows their brands have done well. By connecting their mediocre quality products to a meaningful emotional benefit, many new share points have been turned up for these brands. Again, people buy brands that are perceived to be better in their minds even if there are superior quality competing products in the market.

With the right execution of the right brand strategy, taking risk and emotional reward into account, marketers can increase customer loyalty and profitability. The time to reinvent your brand positioning is right here and now when every brand is worried about growth.

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