

## **BRANDING AND BRAND EXTENSION STRATEGIES**

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**Dr. R. VENKATESH, MBA, PhD (IIT Madras)\***

### **INTRODUCTION**

The objective of this paper is to study branding and brand extension strategies in the marketing of goods and services, mainly pertaining to the Indian scene. The paper is conceptual in scope and the methodology based on literature, case studies and broadcast media, primarily advertising through TV channels.

Intense competition among corporates offering a rich diversity of products and services to the people has now become a pronounced feature of the marketplace. It is almost a truism to state that a product sells by its brand name in such a context. Indeed, branding adds enormous value to a product when it is well recognized and further, when it induces positive associations in the mind of the consumer.

The evolution of the branding phenomenon itself is an amazing development in the recent decades. Starting with the grooming segment – 7o'clock blades and the razor going with it – in the years following the second world war, the process of branding became an essential feature of business. Brand in fact morphed into a platform from which to launch future quality products. Here, one cannot ignore the element of luck since a positive evaluation by the consumer is crucial for success.

Obviously, a brand must be easy to remember and lead to repeat usage. It must also carry a consistent image over a period of time in the mind of the consumer. It is not an exaggeration to say that a brand builds a special relationship with the consumer.

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\* Professor, VIT Business School, VIT University – Chennai Campus, Vandalur – Kelambakkam Road, Chennai 600 127.

**Special relationship with the consumer:**

“Products are created in the factory but brands are created in the mind,” as a marketing expert put it. Professionals in the field have come out with interesting insights about brands over the last few years. Some examples are the following: “A brand for a company is like a reputation for a person. You earn reputation by trying to do hard things well.” (Jeff Bezos) “Brand value is very much like an onion. It has layers and a core. The core is the user who will stick with you until the very end.” (Edwin Artzt) “A brand is a set of differentiating promises that link a product to its customers.” (Stuart Agres).

The abundance of various goods in the malls and super departmental stores has made the purchase decision of the shoppers rather difficult. Only the brand names come to the rescue of the buyers on many occasions. ‘Colgate’ toothpaste and ‘Britannia’ biscuits easily spring to the mind. It is not as if consumers are not willing to experiment with certain other items in the same product range. But a large majority of buyers go with the brand name.

As a name or symbol to identify the source of a product, brand is an invaluable ally to the consumer. A large number of companies can be found in recent years to build their brand equity which is indeed an intangible asset. In a way, it determines the price premium that a brand commands over a generic product. If the consumer is willing to pay Rs. 5000/- more for a branded personal computer over the same instrument but unbranded, one can get vital information about the value of the brand. Al Ries and Jack Trout, in the book ‘Marketing Warfare’,<sup>1</sup> point to a remarkable but not so easily recognized fact. “If you can win a marketing battle and become the leading brand in a given category, you can enjoy the victory for a long time.... A survey of 25 leading brands from the year 1923 proves this point. Sixty years later, 20 of those brands were still in first place. Four were in second place and one was in fifth place. In six decades, only 5 out of the 25 brands lost their leadership position. It’s difficult to dethrone a King”.

“Ivory in soap, Campbell in soup, Coca-cola in soft drinks. These represent strong marketing positions which can be taken only at great expense and with great skill and energy”.

**Seven P’s of Services marketing and their links to branding:**

Marketing literature abounds in several strategies. Each one of the seven Ps of services marketing viz., Product, Price, Place, Promotion, physical evidence, Process and People – plays a crucial role in brand marketing also. Customers always tend to go in for trusted and popular brands. Health drinks like Complan, Horlicks and Boost vie with each other to claim customers’

attention. The popularity of breakfast mixes made by MTR Foods for instance, among Indians settled abroad owes much to the quality of the product aimed at South Indian Palette.

Often a product's packaging rather than the product itself takes on more importance in the minds of the consumer. Price also plays a part in the sales – for instance, 'Clinic Plus' shampoo, 'Bru' instant coffee are sold at one rupee in sachet form and they draw large numbers of lower middle class people. Even well known cereal products like 'Kellogg's' and 'Lays' chips have now come out with small packets to entice the masses. How human attention is drawn to such events and how 'cultural capital is created and traded' must make an absorbing study in itself. The new attention economy will "anoint a new set of moguls in the business world," as Richard Lanham puts it<sup>2</sup>. The brands acquire a halo in certain malls and supermarkets and thus 'place' becomes crucial in marketing. Promotion is done through several channels and even well recognized brands have to sustain sales without slackening this aspect. In the view of some experts, promotion is akin to a dangerous narcotic. "promotions undermine image building investments in advertising to make brand loyalty by encouraging consumers to make purchase decisions on the basis of price rather than brand attributes,"<sup>3</sup> Rebates, offers, give-aways and sweepstakes are some components of promotion of products.

'Physical evidence' is a component which vitally permeates the service spaces in the places of distribution. Ambience matters a lot and prices vary according to its level. For example, the cakes sold in ordinary bakeries differ in prices from those retailed by brands like 'Hot Breads' and McDonalds'.

Coming to 'process', it is clear that it can take many forms including door-to-door advertising. Eureka Forbes, a popular brand of vacuum cleaner and water purifier, has almost perfected this art as evidenced by the company's sales force calling on homes frequently enquiring about the products. People as the customers are the pivot for all these activities and no doubt brands of various products vie with each other to get their patronage. Similarly, the people who constitute sales personnel must be well versed in selling the brands with their communication skills.

The millions of consumers with larger disposable incomes in their pockets have made the task of corporates manufacturing a host of domestic products more difficult instead of easy on account of the competition. Here again, new innovative strategies are now coming to the fore. A notable one is what is called 'brand extension' – a successful brand is used as a platform to launch

related products. There are several advantages here such as the “leveraging of existing brand awareness thus reducing advertising expenditures, and a lower risk from the perspective of the consumer.” If brand extensions are appropriate and succeed in the market place, the company gets enormous benefit since the core brand gets reinforced and enhanced.

### **How ‘Amul’ as a brand captured the market:**

‘Amul,’ Asia’s largest milk brand, is owned by the Gujarat Co-operative Milk Marketing Federation Ltd. Indeed, a discernable shift toward health-based drinks from carbonated drinks has made ‘Amul’ emerge as a leading brand. Recognising the potential of flavored milk, buttermilk, and other milk-based beverages, ‘Amul’ adopted tetra packing (easy-to-carry) with a shelf life of six months at room temperature. The company targeted teenagers and youth who are the biggest consumers of colas and aerated drinks.

To ensure viability at key retail outlets, point-of-sales support was given and the new variants of the brand advertised through major channels like MTV and Cartoon Network. It is no wonder ‘Amul’ became the fastest growing brand in non-carbonated soft drinks category.

In the western countries also, the changing consumer preferences have led to better sales of flavored milk and cream categories while canned and dried milk have stalled. ‘Craven dale’, a leading milk brand, is supported by quirky animated TV ads and ‘Dairy Crest’ has rebranded its milk under the country Life banner.

### **Kerala Tourism- first tourist brand in India**

There are interesting vignettes in the scenario of brand marketing. In their book on ‘Marketing Management – A South Asian Perspective’, Philip Kotler et al <sup>4</sup> describe how branding creates mental structures and ultimately provide value to their firm. This is how they illustrate a case:

“Kerala tourism is the first tourist brand in India to register its brands and sub-brands, logos and the base line to protect the brand’s equity, thereby demonstrating the economic rationale of branding in a pure service category like tourism.” The slogan ‘Kerala : God’s own country’ registered as a brand with Government of India’s Trade Marks Registry is cited as an example. There are other products and logos such as Kerala Travel Mart, Kerala Road Show, Evergreen Kerala etc., Recently, Kerala Tourism held a successful show in London, U.K., to

impress Britons to visit Kerala. It may be noted that the largest number of foreign tourists coming to Kerala hail from the U.K.

### **Other Case Studies:**

There are interesting case studies of success in the field of branding. Launched in 1997, Britannia Tiger became the largest brand in the company's portfolio.<sup>5</sup> This is in the popular Glucose biscuits category and as a mid-meal snack, projected as both nutritious and loved by children. Other brands of biscuits include Parle, Bakeman, Dukes, Horlicks, Craze etc. Again, Pepsi Max has emerged as the beverage giant's latest offering for the Indian market. In fact, this is one of PepsiCo's most successful brands and has rapidly built market share all over the world.

That brand positioning must be distinct and clear and also equal importance must be given to the setting and language is highlighted by these brands. Above all, the target group must not feel alienated and the brand message must be conveyed suitably to the people.

In the automobile field, Volkswagen has recently tried to prove that cutting edge technology can be made available to customers belonging to all the Target Groups- from the luxurious Phaeton to the more affordable Polo. The innovations are not restricted to the high-end cars but they "percolate all the way down to the Polo".

Brand extension strategies are often adopted in product development in order to reduce the financial risk by using the parent brand name. These are also in a way extension of the same parent product serving a section of people but increasing the variety of the offering. For instance, Coke vs Diet Coke in the same product category of 'soft drinks'. The psychology of customers is simple to understand- they are more likely to buy a new product which has a 'tried and trusted brand name' on it. Obviously, a fall-out of strategy, if successful, is that the company comes to possess a larger hold over the market.

Whenever a company introduces a variant (same product category) in order to test the market, the results may not be all that rosy. Colgate Regular toothpaste has long been a leader in the oral hygiene area but when it introduced 'Colgate Sensitive', 'Colgate MaxFresh' and 'Colgate Active salt', there was only a mixed response. However, adhering to the brand name helped in keeping 'Colgate' as a leader in the field and a household name. In the case of Maggie noodles, the product variant like vegetable noodles, Tricky Tomato noodles etc. have produced a

similar effect. The same applies to Horlicks which expanded into Horlicks Lite, Junior Horlicks, Chocolate Horlicks etc.

Only slightly different is brand extension – for example, Horlicks getting into the noodles area and calling it Horlicks Foodles and Maggie straying into the pasta field and Colgate making ‘Colgate mouth wash’ etc. In all the cases of brand extension, the companies manufacturing the goods believe that the sales and profits will grow on account of the success of the original, core brand name.

Branding decisions are crucial to a company and require careful consideration. Four strategies are listed in the context by Philip Kotler et.al..

These are (i) individual names : Procter & Gamble has several individual brands in different product categories like Vicks(healthcare), Whisper (family hygiene), Ariel and Tide (fabric care), Pantene, Head & Shoulders(hair care) and Pampers (baby care). The distinct advantage here is that the company does not tie its reputation to the product.

The literature covering brands throws up several interesting facts about brand names which come in many styles. For instance, (i) acronyms are used such as in IBM (ii) alliteration and rhyme are used as in Dunkin Donuts, (iii) evocative like Amazon or Crest, (iv) foreign words as in Volvo or Samsung and (v) Founders’ names are used like Hewlett Packard or Disney. Those brands having aspects that satisfy the consumer’s self expression and personal identity are “iconic brands”. Some of these are “cultural icons” and Apple Inc., Nike, Adidas etc. Shoppers often indulge in a ritual like behavior when buying such products. Again, the supplier of a key component which is used by producers of an end-product may wish to guarantee its own position by promoting that component as a brand in its own right. One can cite the example of Intel which has secured its place in the PC market with the slogan “Intel Inside”.

Companies adopt different strategies to impress consumers and make them remember the brand name. In recent years, some have gone in for celebrity advertising. Examples are: ‘Binani Cement’ featuring actor Amitabh Bachchan, ‘Boost’ health drink with cricketer Sachin Tendulkar or ‘Vivel’ soap with actor Trisha. Others prefer to go in for a brand ambassador – the same individual appears for the product in different variations of ads – for instance, actor Prabhu appearing for ‘Kalyan’ Jewellers or actor Sneha for ‘Ashirwad’ atta. Yet others resort to

telecasting strange and bizarre events occurring in different parts of the country – look at ‘Nijam’ or Truth telecast by Sun TV by the Aachi group manufacturing masala products.

Whether celebrity ads are effective in the long run or not, brand reinforcement for a product depends mostly on its inherent quality and the psychology of the consumer. Even a minor message of dissonance may lead to the failure of brand extension. Ironically enough, this aspect takes on the form of a moderating variable. Even consumers in rural areas have become knowledgeable and they evaluate several features of a product like the quality of the core brand and the ‘fit in category’. Their perception of ‘fit’ matters most and a ‘positive fit’ leads to success of the product.

### **Pros and Cons of Brand Extensions:**

It is commonly agreed that brand extension is a marketing strategy enabling a firm producing a product with a well defined image to use the same brand name in a different product category. There is the advantage of increased awareness among consumers of the brand name and greater profitability from offerings in more than one product category. No doubt, the success of this brand extension depends on how strongly the consumers regard the brand’s values and goals.

Some examples of successful brand extension are: Ralph Lauren’s Polo brand extending from clothing to home furnishings like bedding and towels; Arms & Hammer extending from basic baking soda to the oral care and laundry care categories; Virgin Group, to start with a record label, extending its brand many times from transportation (aeroplanes, trains) to games and video stores like Virgin Megastores. Also, Videocon venturing into mobile phones from washing machines. Instances of unsuccessful brand extension include the following: Bic perfume (from small, disposable pocket pens), Levi’s tailored classic suits (extended from casual clothes and jeans), Campbell’s spaghetti sauce (from Campbell’s soups)

There are thus significant benefits in brand extension strategies. At the same time, one must admit that there are major risks also resulting in a diluted or severely bruised brand image. It all requires sound judgment and “poor choices for brand extension may dilute and deteriorate the core brand and damage the brand equity.” Experts in the field point out that the failures of brand extension are at a higher rate than the successes.

Brand equity is vital in brand management where extension strategies are to be carefully pursued. A small “message dissonance” may result in total failure. Consumer psychology plays a

crucial role here since consumers are able to compare the difference between the core brand and extension product.

Thanks to the advent of globalization, the Indian consumer has become demanding and savvy. As the Chief Mentor of Infosys, N.R. Narayanamurthy puts it “This has raised customer expectations. They refuse to deal with companies that sell shoddy products, pollute the environment or short-charge the investors”. Whatever may be the product, goods and services, and their brand, fair pricing and transparency in communicating the message will be key determinants for maintaining the market share.

### **CONCLUSION:**

A sort of ferment is now taking place in the business world with a multitude of companies producing a mind-boggling variety of goods catering to the needs of people. The service sector is also similarly placed in so far as it seeks to rivet the attention of clients on what it can offer. One can plainly see that all the manufacturing and business houses are unabashedly engaged in a rat race to draw more and more customers to their fold.

Against this background, branding and brand extension strategies play a crucial role. The world, undergoing a rapid transformation, will inevitably witness a proliferation of brands and brand extensions in the goods and services sector. But, it is for the business and industrial organizations to ensure that the core brand name is not adversely affected.

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