

Marketing Management - II
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Lecture No. W4-L4
Branding Strategies II

So, this is our fourth session of week fourth on marketing management advanced concept. This is Jayanta Chatterjee and I have Dr. Shashi Shekhar Mishra with me and we were discussing yesterday about brands and the particular concept of flanker brands and we are discussing about Coke and the Thumbs Up, how Thumbs Up protects Coke from attack of Indian asset or certain type of new market opportunity also which is represented by Thumbs Up.

A different taste and a different promise and the other kind of flanker brands are could be by variants. So, for example, Dauber red tooth powder was original product it has its own market very popular in rural India. But then it was introduced in its new avatar like Dauber red toothpaste and that was positioned with the herbal health promise against Colgate and other foreign brands.

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Flanker Brand

- Different brand name – same product
 - Purpose: Pre-empt competition, cover the market more completely (protect your flanks)
 - Problem: some cannibalization is expected.
- *E.g. Thums Up and Coca Cola in India*
- *Tide and Cheer from P&G*
- *Dabur Red tooth powder, tooth paste*

And in a way, I would say this Dauber red is a brand architecture which is now being emulated by Pathanjali and others. Also, I think the older too in this field will be Dauber red and Vicco Vajarthanthi and which are now and now many other players are coming in this segment.

Because of this increasing interest you have mentioned in health and naturalness of all products.

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Case 3

- Your brand is strong in your current market. The market is saturated and you are looking to diversify. What do you do?
 - Identify another product and give it the same brand name
- If the new product is in the same product line – Line Extension
- If the new product is from a completely different product line – Brand Extension

Okay, I will now go to the next case as or next situation, where your brand is strong in the current market the market is saturated and you are looking to diversify. That means, you have a strong position in a market which is evolved and then it is already kind of reaching saturation.

In India, we don't see so many such markets because India is still growing rapidly in terms of consumption. I think all manufactured products in India are today maybe catering to be almost at most maybe thirty forty percent of the population. Sixty percent of the population particularly the rural population are still quite hungry. Yeah, we know that these common term point in the cad mixes bottom of the pyramid. Yes, that is a still untouched segment.

The bottom of the pyramid is very wide so there are challenges in that market but there are huge opportunities in that market that is why market saturation is something that is, it happens in India in a transient manner when the market expand with the other price points emerging but there are still are examples which are worth looking at so. For example, that you can take that same name which is very strong brand appeal and you can give that name to a different kind of product line of sometimes that happen you to regulatory reasons.

Like for example, cigarettes are cannot be promoted and wills is a very strong brand of ITC and then they used the same brand instead of using it for cigarettes they use it. They interpret

that for life style and then give it to a whole line of apparels clothing so wills then become a clothing and fashion brand and it still borrows from the attraction young people had some of them are now young maybe middle-aged people and they are still recognized wills and therefore it goes.

So, line extension by in the one good example of this line extension is that what we were showing previously, also this Dabur red it was basically a powder form correct now they came the same brand correct in this toothpaste so another form. But it is a same product category now you what you are to going to talk about his brand extension is taking this brand actually a different product categories absolutely.

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Brand Extension

- Same brand name, new product line e.g. Reebok shoes and Reebok water. Nike shoes and Nike casuals. Harley Davidson Bikes and men's cologne.
- The concept of congruence determines the success of a brand extension strategy. E.g. Johnson's baby powder and Johnson's baby oil – high congruence. But imagine Harpic toilet bowl cleaner and Harpic toothpaste!!!

So thereby actually your overall revenue so there we can see for example Reebok so Reebok shoes but Reebok is associated or Reebok shoes are associated with Jogging, Running, Walking, Trekking, Fizzer active lifestyle oriented product. So, using that extension, therefore from shoes you can introduce Reebok water which is a flavored water with certain added elements to give you energy.

When you are in sports or active life style activities so similarly NIKE shoes are associated with a jogging, playing different games so you can therefore use that and go on a extension and introduce various kinds of casuals or sports attire which you can use while playing basketball or while jogging, or while running, walking so you create a whole line of apparels, a casual's wear apparels which then gives you additional benefit.

Or Harley Davidson associated with macho men you know it's almost like a cult brand for bikers. So, there are Harley Davidson bikers clubs so Harley Davidson saw in this an opportunity and they created Colton and they are I think experimenting now with even different kinds of leather dresses which therefore has a Harley Davidson brand and caters to almost the same market.

So, when we do this kind of extension we are often serving the same customer, same set of customer the same set of customers but for associated needs but completely different needs but associated needs. I think I will take it to the, what you talked about the same set of customers from where this concept brand extension came was initially. At the beginning of the previous session you talked about the cost of launching a new brand.

So, the cost of a new product or new brand is extremely high correct and in that case brand extension is a way that you reduce your cost of promotion because you have a set of loyal customers they have a very good recognition of your brand and they understand or they follow your brand very closely.

So, anything launched by a Nike or Reebok or Harley Davidson, its existing customer of its existing products correct are going to always have is likely to give it try to that new launch actually absolutely and that is why this brand extension makes a lot of sense because more economic sense. Yeah so, from seller side its very cost effective in terms its launch cost is very less and the failure is also very I mean it seemed that relatively the failure rate in the brand might be lower than compared to a newer brand.

Absolutely and then the thing because you are starting with a sort of asset bank. Yes, in a way so you are leveraging done here you already have a certain kind of brand equity and you are just leveraging the same brand equity absolutely into an another new product category what has to be understood is in which cases. Generally, it is seen that you can extend the brand so I think there are three dimensions under which you can leverage the brand equity if you have a certain kind of substitute products.

So, if you are a manufacturer of tea and if you see that upcoming segment or upcoming market is coming for coffee or other beverage. You can take the same brand, So Nes tea or Nes coffee the difference Nescafe is a very famous brand. But you can use that Nes and you

said Nes tea. Yeah, so that is one thing and then you see that the complementary tea is another dimension.

The second dimension where you see if you make certain kind of product, if you make a keyboard and if you launch basically a mouse there or if you are a manufacturer of LCD and if you come out with any complementary product with that LCD, LED TV then that will go as a basically you can launch it as a basically as a brand extension in the new product category. Because customers understand that you are a brand that is present in that space.

And the third dimension could be the transferability we are probably customer understand that you have those capability as a manufacturer or the seller that if you make this kind of product you can also make this kind of product. So, if you are probably making certain kind of shoes you can probably also make the other sports item or those kind of things. Yeah and that is why this these are the three dimension where probably we see the leverages being taken out of an existing brand.

In the brand extension, I think originally this economic benefit that you derive from this extension effort attracted most companies. So, Sony was a strong player in music system around the world in consumer electronics. So, they first expanded from their position too they introduced Sony camera then they saw why not we go into the adjacent area, adjacent market. So, they started producing cassette and the CD's which go into music system. So, they acquired content manufacturing company.

They went one step forward and they acquired movie making companies. So, because movies and they are all part of the same entertainment basket and thereby they often actually we have seen that conglomerates like, Sony have been created by this process of creating a brand extension so therefore there in time today Sony therefore as become an umbrella brand not only for consumer electronics. But today it is an umbrella brand within which there are studios within which there movie distribution companies within which there are exhibition and you know. Because Sony owns large number of movie halls around the world and so on.

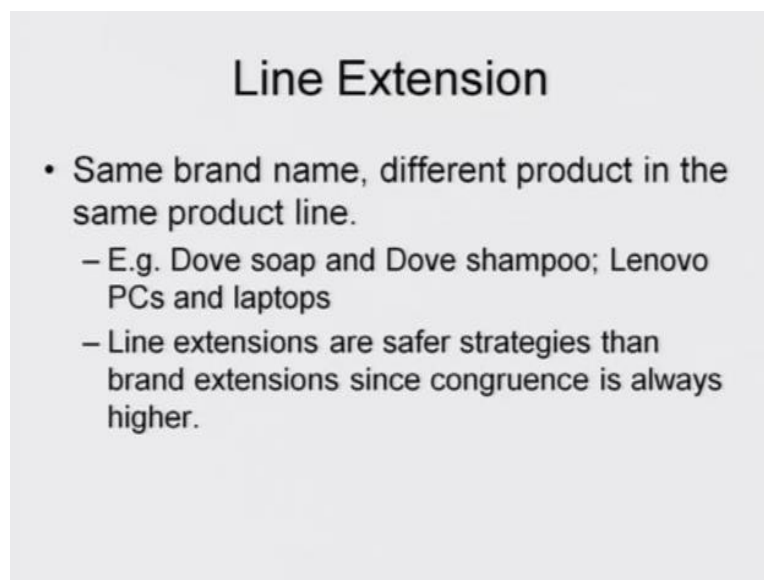
A very important point of course is this word I you just use a adjacency with that I want to introduce this other word which is on the screen congruence which means that there must be

some rational some logic by which the customer will be able to create in his or her mind that will.

Yeah, this goes together so if Johnson is very doing very well Johnsons baby powder then it makes sense to introduce Johnson baby oil and they are all targeted to one segment and its high congruence. Yeah, but sometimes this congruence point is very important because like say Harpic toilet cleaner, right?

So, it is now, things that we do in the toilet. So, like, but if we now create a Harpic toothpaste then this congruence will be determinant. So therefore, that kind of brand extension, here we have put it in a humorous manners but even large companies sometimes have made this mistake. They have introduced products which are gone against the logic of congruence and thereby that particular brand extension has failed.

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Line Extension

- Same brand name, different product in the same product line.
 - E.g. Dove soap and Dove shampoo; Lenovo PCs and laptops
 - Line extensions are safer strategies than brand extensions since congruence is always higher.

And often sometimes it has harmed the original same brand name and different product in the same product line continuing examples like dove soaps and dove shampoo or Lenovo PCs and laptops as you are meditating or Sony as we discussed. And the main important point is that line extensions are safest strategies than brand extensions. Since, congruence in line extension is always higher.

So therefore, like going from pc to laptop or from soap to shampoo is a sharer recipe than say going from soap to toothpaste. Because you are extending it a little. The adjacency is far removed in some cases, so maybe even the if dove tomorrow comes up with a toothpaste it

will, its promotion will be tougher. Because all the promises that are the view you know that it has moisturizing properties works well for soap or shampoo, but the moisturizing is a known issue when it comes to toothpaste then it will not be that easy even though it will be going to the same type of customers.

Even though it will be for similar type of ritualistic activities, our daily activities, our chores but yet it will be tougher to promote dove toothpaste. Because they will have to come up with another property that will link the two. Sometimes people use you know just the flavor or the scent or the certain type of other attributes like for example, soap and talcum powders sharing the same brand name there are many examples.

But shampoo to toothpaste there are not very many examples. Because they are the properties are challenged I think.

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Case 4

- Your brand is sold in the B2B market as a component of another product. You want the brand to get consumer recognition and equity. What do you do?
 - Tell consumers about your brand's presence in the final product
- **Ingredient branding:** Branding an ingredient of the main brand, which is often manufactured by a different company.
- *E.g. Intel Inside is an ingredient brand of HP, Dell, Lenovo, etc. computers*

I will now go into some b2b cases so one of the in b2b, we know that we are fundamentally focused on utility and property and functions but and many times consumer don't recognize. So, when it comes to a computer, the brand appeals to the customer directly. Because the customer sees the computer or the laptop but Intel which is the heart and soul of the in a way of these machines but it is inside the consumer doesn't see but at one point of time.

Intel understood that it is very important for them to protect and create a brand position because they were threatened by emergence of people like AMD and they said that we must create a situation that where people will ask the computer seller. Normally we never ask the

computer seller that whose graphic card you have but Intel wanted that the buyer should ask that do you have is your computer based on Intel?

So, they created that famous Intel inside campaign they poured in billions of dollars in that campaign. But it has now created a situation for them that they can even allow local manufacturers to leverage their products based on just based on the Intel name so a completely known brand in the sense of a computer global brand in any market like India can survive and grow by giving the Intel promise by saying that I have the motherboard from Intel everything inside the computer is from Intel.

So, this ingredient brand building a Intel is a very good example of that. And so, it is a not only the it keeps you know going back to porters, five forces so it kind of is a good counter to the buyer's power. So, buyers like Hp, Dell etcetera they have to give respect to the Intel inside brand position and there by the Intel continues to command price premium over its competitors like AMD and so on. So that is another very good example of brand and its power and its long-term benefit.

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Case 5

- You have a strong brand but want to penetrate the market even better. What do you do?
- **Complementary Branding OR Co-branding** – when two or more mutually reinforcing brands get together to jointly promote themselves (one is not an ingredient of another).
- E.g. co-branded credit cards like SBI -Visa or MasterCard, OR IRCTC and Ginger Hotels.

Now this is another case, that if you have a strong brand but want to penetrate the market even better you are in the same market, but you want to go deeper you want to snatch market share away from competitors or expand the market. So sometimes we use for this complementary branding you know like for example, State Bank of India. State Bank of India is a already a very strong bank but it seems that there is one kind of revenue streams which happens through this credit card mechanism.

So, they create a co-brand by tying up with visa or master card then they have SBI visa and SBI master card and so on. Or for example, I which has a very powerful internet commerce, ecommerce engine one of the biggest in India and one of the most robust and they see that people who travel they often look for transit accommodation transit accommodation. Some budget hotel near the station then they may have to catch the flight next morning or take another train.

And so on so they tired up with ginger hotels and in the process what earlier they attempted to do this rail Yatri Niwas now those have been upgraded this combination or co-branding is our king pretty well so these were some examples of different situation.

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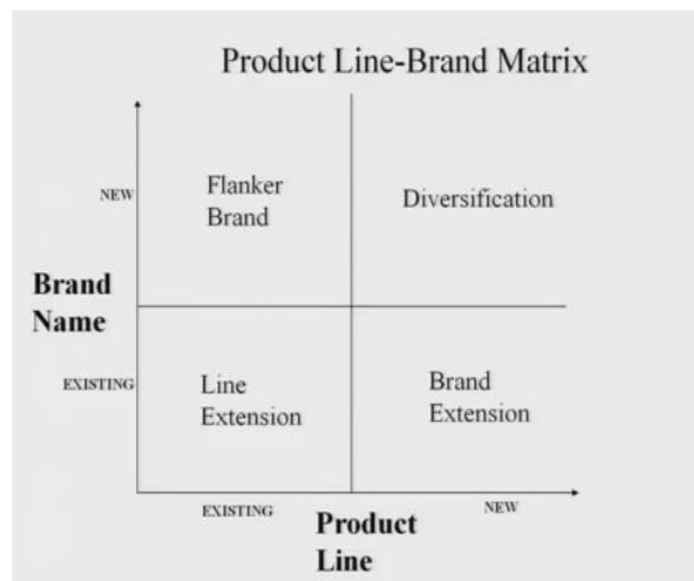
And we can now in two matrices we can put it all together so if we have on product old and new and market old and new then we can see that these are this is in a way another representation of the famous Ansoff matrix. So existing product, new product and its existing market, new market this two by two will lead us to different types of brand strategies.

So, when we are an existing product in an existing market, it actually has to use market penetration. So there where strategies are sub branding, FLANKER branding, co-branding. When we have we are in an existing market but we have a new product then we need to do market development therefore, we have to do brand extension, line extension.

If we have a new market, new product situation that it is a total diversification. So that is often I would not even call it brand extension. As it is shown on this slide, I would say it is brand extension as well as brand recreation. I would like to use that word and then if it is an existing product but you are going into a new market then it is product development. So, they are actually you can go for things like ingredient branding and co-branding etcetera.

So, this is one matrix and the other one is this product line versus brand name.

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So, if it is a product line is existing product line brand name is existing then it is line extension. If the product line is existing and the brand name is new then it is a kind of a flanker brand, like we discuss the example of tide or if it is the product line is new the brand name is new then it is of course another recreation or diversification and if it is the brand name is existing but the product line is new like you know dove shampoo then it is brand extension from soap to shampoo from tooth powder to toothpaste so on and so forth.

So that kind of completes our discussions on certain different situation to complement what have already discussed is the fundamental concepts of brands and maybe we will later on look up look at some more detailed cases, short cases that can be discussed either in the global scenario or in the Indian scenario in the subsequent two sessions of this week. Thank you! Thank you!