

Creating and Managing Brand Equity

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Of late, we find a number of brand extensions in the market place, viz., 'Five Star' chocolate to 'Five Star' Ice Cream, 'Surf' detergent powder to 'Surf Ultra' - concentrated detergent powder and 'Surfomatics' - detergent powder for washing machines, 'Liril' lime toilet soap to 'Liril' cologne toilet soap, 'Cinthol' lime toilet soap to 'Cinthol' cologne toilet soap, and so on. In order to understand whether these are moves in the right direction or not, one needs to understand what a brand is and what are the issues associated with branding decisions.

'Swastik' is the famous Nazi symbol. 'Hand' is the symbol of Congress(I). 'Flash' is the symbol that comes to the mind of many a consumers when they think of the detergent cake Rin. Such graphic symbols are used for identification and for portraying images. Business symbols appear in the form of brand, brand mark, brand name or trade mark. The following are the definitions of these terms as given by Philip Kotler in his book, "Marketing Management - Analysis Planning and Control".

A brand is a name, term, sign, symbol, or design, or a combination of them which is intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.

A brand name is that part of a brand which can be vocalized - the utterable.

A brand mark is that part of a brand that can be recognised but is not utterable, such as a symbol, design, or distinctive colouring or lettering.

Trade mark is a brand or part of a brand that is given legal protection because it is capable of exclusive appropriation.

Not all the products are sold in the branded form. We have rice, sugar, salt, groceries that are shipped by their producers to middlemen who would sell them out of bags without any identification of the supplier. Even among these categories, we have a number of branded spice powders and branded salts. The unbranded product is called the 'generic' product.

The following are the desirable qualities for a brand name:

1. It should suggest something about the product's benefits: Fresca toilet soap, Fair & Lovely beauty cream, Eveready torches.
2. It should suggest product qualities such as action, colour, or whatever: Hotshot camera, Velvet Touch paint.
3. It should be easy to pronounce, recognise, and remember. Short names help: Rin detergent cake, Vim cleaning powder.
4. It should be distinctive: It's Me shampoo.

A brand name should project the image the marketer would like to give to the brand. Also, people have different associations with different words and names. Marketer should be able to choose a name which does not have any negative association in the minds of the target consumers. Consider for example the brand names of the cigarettes sold in India. Most of them are foreign sounding names (Scissors, Panama, Wills and so on) except probably Charminar. On seeing the success of Charminar cigarettes one cigarette manufacturing company wanted to create a new brand called Gopuram (Temple Tower) and launched it in Madurai, a city in Tamilnadu. The illustration of the Gopuram on the cigarette case, resembled the gopuram of Goddess Meenakshi temple at Madurai. But the cigarette simply did not take off because of the conflict in the minds of the consumers between smoking and Goddess Meenakshi. However, Ganesh Beedi is selling well probably because people don't feel bad about a male bachelor God Ganesh being associated with smoking.

Similarity in names can lead companies into legal wrangles. Following the success of Nirma, a number of brands with similar sounding names have entered the market, like, Nirla, Neema, Nilma and so on. When the popular 7 O' Clock blade by Gillet was re-launched by Indian Shaving Products (promoted by the Poddars and Gillette), Malhotra responded with a blade called 'Saat Baje', meaning 7 O' clock in Hindi. When TOMCO is marketing a detergent by name Dubble, some years back WIPRO introduced a toilet soap for children called Bubble which landed them into a legal battle.

Companies either go for individual branding (like Hindustan Lever's Rexona, Vim, Rin etc.) or family branding (like Eveready, Colgate or Amul). Individual brands can be used to target marketing efforts to different market segments. Hindustan Lever sells Rexona soap for the popular segment as well as Pears Soap to the premium skincare segment. If both were to be called by the same name, the desired distinction may not register clearly in the minds of the consumers. The advantage of a family brand strategy is that combined promotions of all products in the family will contribute to strengthening the brand name.

Brand extensions occur when:

1. Individual brands are extended to create a family brand. (e.g. extension of Ponds name from dreamflower talc to sandal talc.)
2. Related products are added to an existing family brand. (e.g. Amul's addition of chocolate line)
3. An individual or family brand is extended to unrelated products. (e.g. extension of Enfield name from motorcycles to television and gensets).

Brand extension as a strategy has its own limitations. The name IBM is associated with computers. Tomorrow if IBM were to sell ice creams, the concept may not appeal to consumers. Precisely this is what happened to Ponds toothpaste. In a blind test situation, people were not able to differentiate Ponds' toothpaste from that of Colgate. However when the Ponds name was attached to the paste along with the graphics found on Ponds Dreamflower talc people did not like it. Ponds to many people is a face powder which has something to do with fragrance and freshness and is used for external application only. Whereas the main attribute of a tooth-paste is taste and this mismatch between taste and fragrance created a dissonance in the minds of the people and the consumers rejected Ponds tooth paste. On the other hand Ponds toilet soap was accepted by the consumers as the end benefits of freshness and fragrance in body talc could be easily translated to a toilet soap with the same name. Dettol is struggling to get away from its 'cut and care' image of its antiseptic lotion to promote its 100 percent bath soap.

Al Ries and Jack Trout in their book on 'Positioning - Battle for Your Mind' have expressed their apprehensions about brand extension strategy. According to them a name is like a rubber band. It will stretch, but not beyond a certain point. Furthermore, the more you stretch a name, the weaker it becomes. (just the opposite of what one might expect.) The following guidelines may be used for deciding when to use a family name and when not to use the family name.

1. **Expected Volume:** Potential winners should not bear the family name. Small volume products should.
2. **Competition:** In vacuum, the brand should not bear the family name. In a crowded field it should.

3. Advertising Support: Big budget brand should not bear the family name. Small budget should.

4. Significance: Breakthrough products should not bear the family name. Commodity products such as chemicals should.

5. Distribution: Off-the shelf items should not bear the family name. Items sold by sales representatives should.

Also, the brands are perceived by consumers as premium or popular or economy ones. A premium brand can be extended to another premium product or a popular one; but a popular brand name cannot be extended to a premium product. Nirma is a popular brand name and its effort to promote a premium toilet soap under the Nirma name has not been very successful. Similarly Surf is a Premium name and we have to wait and watch whether its extension as Surf Ultra to a Super Premium Product will work. Surf in the minds of many housewives is a bulky packet sold at Rs. 20/- for 500 grams. Now suddenly if half the quantity of Surf Ultra is to cost double the price of Surf, it is likely to cause disharmony in the consumers' mind.

In spite of all these limitations, why do companies continue to go for brand extensions? With the media costs sky-rocketing, the cost of launching a new brand nationally has gone up to anywhere in the range of Rupees three crores to five crores while the investment in plant and machinery may be much less in case of many fast moving consumer goods items such as toilet soap, tooth paste or packaged table salt. Hence it acts as a barrier for new entrants while well entrenched companies are trying to get maximum mileage out of their established brands. Even the phased out brand names such as `Sunlight' are brought back to life.

Successful brands are great assets to companies as they command a price premium over generic products, earn the customer loyalty for the companies and even pre-empt competitors from entering the market segment. The value of brands owned by Hindustan Lever would be well over their total assets. Hence companies should exercise great care in lending their brand names to other products and end up diluting their brand image among the consumers.