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## **BRAND SUCCESS**

**T**his chapter aims at understanding, defining and illustrating the phenomenon of success and failure of brands. First of all, the explanations available in marketing literature are reviewed. Then a definition of brand success is proposed. Thereafter the success and failure of brands in personal care products (shampoos, talcum powders, toilet soaps and toothpastes) is examined.

One fundamental problem faced in marketing is that of defining brand success. What is success in the market? Does it mean market share or growth or profit or all the three? Is there a framework that assists a practitioner or an academic in understanding brand success? The discussion in marketing literature centers around why certain brands are successful and why certain others are failures. What is usually missing is an explanation as to how a certain brand can be classified as a success or a failure.

Put differently, marketing literature takes a stand on brand success or failure without defining it.

- ♦ Is there a way to define brand success irrespective of product category?

- ♦ Is it possible to get at least a working definition of brand success which can then be used to separate successes from failures?
- ♦ Is it possible to determine at what sales turnover a brand is a success or a failure in a product category?

These and several other related questions need close examination especially in the Indian context.

Most definitions of success in extant literature are strategic in nature. They deal with organisational success. What is perhaps of as much interest is a coherent theory of success or failure at the brand level. Literature, as was revealed by the survey of close to 100 relevant articles, does not appear to define “brand success” directly. The definitions and explanations available in literature have been classified under eight headings: i) Strategic Success ii) Pioneer Advantage iii) Product Success iv) Product Failure v) Brand Success vi) Brand Failure vii) Common-sense definitions viii) Other definitions. The first two sets of definitions deal with success at the strategic-level. The next two sets of definitions deal with success or failure at the product-level providing explanations for the success or failure of any product in general. The two sets of definitions after that deal with the explanations at the brand-level.

#### □ STRATEGIC SUCCESS

**H**amel and Prahalad<sup>1,2</sup> give an anatomy of strategic failure. Failure results from unseen strategic in- of competitors, or underestimating their resources or their unconventional entry tactics. This leads to competitive surprise, lost battles and eventual exits.

They also give a definition of when a product can be considered a failure. They raise 4 questions

- i) Did we learn anything to improve next time?
- ii) Did we have reasonable expectations from the market?
- iii) Can we quickly recalibrate and try again?
- iv) Does the potential of opportunity warrant another try?

They contend that if the answer for all the questions is a "No," only then can the product be termed a failure.

They point to "strategic intent" (how an organisation looks at itself tomorrow) as the most important factor that contributes to organisational success. Examples given of strategic intent are: (i) "Encircle Caterpillar" strategy of Komatsu (ii) "Beat Xerox" of Canon; (iii) "Second Ford" of Honda. As far as strategic success is concerned, they hold, "A company can be successful in the long run only if it creates competitive space beyond its current business". While these observations are correct they are all qualitative and not amenable to precise measurement.

Buzzell and Gale<sup>3</sup> are of the view that market share leads to profitability. They use PIMS data (Profitability Impact of Market Share) to arrive at this conclusion. David Szymanski and colleagues<sup>4</sup> are of the opinion that market share does have a positive impact on profitability. They measure this after verifying literature on 276 market share-profitability relationships in the US. They add that firm-specific intangible factors do moderate this relationship (eg.: work culture in an organisation). This is in line with the PIMS approach. It indicates that market share is an important variable in defining success.

But the PIMS approach cannot be applied directly at the brand level. The relationships worked out in the PIMS study are more relevant at an aggregate level. For instance, the PIMS study works out the relationship between vertical integration or fixed capital intensity with market share. These and other measures are more applicable at the organisational level rather than the brand level. For example, it is known that strong brands subsidise weak brands for sometime in most organisations. The timeframe for subsidisation depends on the policies of the organisation and its ability to subsidise and support. In such a scenario some important questions would be:

- i) How long should a brand be supported after launch?
- ii) How long to wait to take stock of success after the brand has been launched?

iii) How long should the brand survive in the market to be counted as a success?

These questions cannot be handled by the PIMS approach because the keystone of the approach is the organisation and not the brand.

Kaplan and Norton<sup>5</sup> construct a balanced score board based on customer perspective, internal perspective, innovation perspective and financial perspective to understand success. The variables suggested by Kaplan and Norton are fundamentally strategic. They cannot be scaled down to account for brand success. For instance, factors like relative cost and relative size are more meaningful at the organisational level rather than at the brand level.

#### □ PIONEER ADVANTAGE

Opinion is divided on the issue of pioneer advantage. There is no conclusive evidence to suggest that being a pioneer is always advantageous. However it is also difficult to reject pioneer advantage outright.

Robinson and Fornell<sup>6</sup> conclude from their analysis that pioneer advantage is a major determinant of success in consumer goods business. This can be countered with examples from the Indian as well as Western markets. The scooter market in India had *Lambretta* as its pioneer. It soon lost out to *Bajaj*. *Suvega* in mopeds lost out to *Luna* and *TVS*. It is difficult to generalise on pioneer advantage.

Murthi and colleagues<sup>7</sup> conclude that pioneer status has an advantageous impact on market share irrespective of the managerial skills exercised by the firm. This means that pioneer advantage per se impacts market share more significantly than the manager's skills of managing the brand.

Golder and Tellis<sup>8</sup> conclude the opposite. They hold that pioneers have really not been successful in the market. It is really the early market leaders that (the first few companies, not necessarily the very first) had

long-term success. The first problem is defining a 'pioneer'. Is pioneer the technological pioneer or the market pioneer? They also point to methodological lacunae in the collection of PIMS data. PIMS data for instance relies on self-reporting for classifying a firm as a pioneer, an early follower or a late entrant. Thus PIMS might be recording only successful pioneers. This makes the linkage between pioneer advantage and success tenuous. Since evidence exists on both sides it is difficult to say conclusively if pioneer advantage always leads to success.

There is some strength in the view that pioneer advantage may not translate into market share but it is difficult to generalise even this. Pioneer brands in the Indian market like *Lifebuoy* and *Lux* retain a high market share even today. Thus it appears that unless the pioneer innovates and builds, pioneer advantage is by no means assured. Roger Kerin and colleagues<sup>9</sup> contend that the first mover status may or may not produce sustainable advantage due to multiple controllable and uncontrollable factors.

Thus from literature it is possible to conclude that though pioneer status gives an initial lead, much depends on how pioneer advantage is put to use. Otherwise early entry advantage of a brand might fritter away.

#### □ PRODUCT SUCCESS

Gary Hamel and Prahalad<sup>2</sup> point out that success in international markets comes from rapid introduction of incrementally better products.

Levitt<sup>10</sup> proposes that differentiation is the key to product success. Even in industrial products where branding is less important, buyers differentiate products based on specifications, delivery terms and quality. The more one differentiates the product the greater is the probability of success.

Subash Mehta and Anil Pandya<sup>11</sup> use several variables like brand loyalty, quality variations, certainty of

untried brands, danger of consequences, price quality relationship, confidence to judge quality and technological complexity to predict new product success. They find that probability for a new product to succeed is higher in the case of washing powders, light bulbs, tooth-pastes as compared to headache pills and pressure cookers. The implication is that wherever involvement is high, loyalty is high, hence new product success in those product categories is difficult.

Doctors<sup>12</sup> opines that the products marketed by an organisation should be divided into 3 types (triage) namely (i) high profit (ii) medium profit and (iii) low profit yielding. For the high profit yielding products he recommends attempts to increase volume turnover because the product is already strong in the market. For the medium profit yielding products he suggests two options.

- a) Repositioning: For those that show growth potential.
- b) Consolidation: For those that do not have prospects consolidation is suggested.

Finally for the low profit yielding products killing is recommended.

#### □ PRODUCT FAILURE

Chibba<sup>13</sup> calculates the Delta Habit Factor to predict the success of a brand. This is based on factors like:

- a) changing duration of consumption of the product
- b) evolving new occasions for the use of the product
- c) changing sharing habits of the product
- d) changing buying habits of the product
- e) doing new things
- f) changing the frequency of consumption of the product.

In short for products to succeed they should display the ability to “change usage/buying habits”.

The Delta Habit Factor (DHF) is an index calculated based on six variables that measure the change of us-

age habits of consumers. When the DHF score is below 3 out of 5, it is easy to induce trial but difficult to get consumers to stay. When the DHF score is more than 3 trial is difficult but retention is easy. This implies that for prolonged success initial trial has to be low. This may not be true. This at least was untrue of acknowledged successes in Indian markets like *VIP* luggage and *Nirma* detergent powder.

A better appraisal would have been that products that assist either through utility or through snob value gain success. The sample chosen is 6 successes (*Raymond*, *Charms*, *VIP*, *Maruti*, *Maggi*, *Rin*) and 5 failures (*Bombay Dyeing*, *Chesterfield*, *Pepsi*, *LML*, *Hostess Chips*). This is a small sample to arrive at a success/failure theory. Besides, *LML* is already on its way to success and *Charms* has dropped out of sight.

The key to success according to him seems to lie in the ability to change habits. This is contrary to what is normally observed. In fact the opposite can be argued. A consumer will not change his habits unless adequate reasons are provided to him for shifting over. A possible way to modify Chibba's definition is to say that products that assist consumers functionally or psychologically are the ones that achieve success.

#### □ SUCCESSFUL BRANDS

David Arnold<sup>14</sup> mentions four criteria for the success of a brand. These are:

- a) at the product level it should deliver benefits
- b) it should offer some intangibles besides tangible benefits
- c) the benefits it offers must be consistent with its personality
- d) the benefits offered must be relevant to the customer

Stephen King<sup>15</sup> examines the performance of *Andrex*, the largest selling toilet paper in the UK market between 1958 and 1969. He concludes that in terms of

physical attributes there was very little difference between *Andrex* and competitor *Delsey*. The difference was really the set of values that were seen as belonging to *Andrex* which were intangibles. In other words, his opinion is that a successful brand should be seen as delivering something more than functional benefits.

Vijay Viswanath and Jonathan Mark<sup>16</sup> suggest that market share alone does not drive profitability. Profit is also a function of the product category. They develop a 2 x 2 matrix with the degree of premiumness of category and the relative market share as the axes. They propose different strategies for brands in each of these quadrants. They opine that 15 to 20% return on sales is high return and less than 5% is low return. The idea that success is a function of the product category needs attention. For instance, in India, branded edible oils have a low return on sales while *Godrej* gets very high return on the sales of its iron safes. But are the figures suggested by the authors for low and high return of sales, applicable to the Indian market? To what extent is a product category really the determinant of success? For instance, liquor and cigarettes are two vulnerable categories and profits are constantly under strain in both these categories. That did not prevent ITC from building a 10 billion rupee brand in '*WILLS*' or the UB group from sustaining an all-time winner like *Bagpiper Whisky*.

#### □ BRAND FAILURE

Hugh Davidson<sup>17</sup> analyses brand failures in the United Kingdom and concludes that most brands that fail are me-too's. According to him, successful products display one or more of the following three characteristics:

- a significant price or performance advantage;
- some significant difference from the existing brands;
- a new untried idea.

The theory of success seems to be right at least in so far as it urges offering a price or performance advantage to the customer. Merely trying a new idea may



not cause success though an interesting idea is more likely to be tried.

#### □ COMMON SENSE DEFINITIONS

**B**efore providing a definition for brand success certain common-sense definitions need to be examined.

Which of the following should be the benchmark of success:

- market share
- profit
- duration (number of years of stay in the market)
- a combination of the above three measures?

Of these three profit has not been included in the analysis because profit is a function of

- the staying power of the organisation and
- the objectives of the organisation.

Some organisations enter areas which yield immediate results (eg. software) while others enter markets attractive in the long-term (eg. five-star hotels) even if the gestation period is long.

It might be contended that the above observations are true for market share as well. That is, the market share a firm would like to achieve is also contingent on its own objectives. However, research leads us to believe that irrespective of an organisation's objectives, there is a threshold market share or a critical sales volume that a national brand should acquire if it has to be viable. It also appears that a brand should survive a minimum number of years (even if it dies after that) to be considered successful. In other words, market share as a primary measure, along with the number of years of stay in the market as a supplementary input is a good composite of brand success.

#### □ OTHER APPROACHES

**A**n A&M study<sup>18</sup> makes consumer the focus and obtains brand ratings for 61 Indian brands through

attitudinal statements. The limitation of this approach is that the method identifies brands that are liked and not necessarily brands that are successful. Often, the two might be the same but not always. For instance, in the Indian market the most well known brands of toys are *Leo* and *Funskool*. They are leaders in the organised sector. Yet they are struggling to survive in a market dominated by the unorganised sector. *Leo* toys took more than 10 years to break even. Similarly in the portable generators market only two players have been able to survive; namely *Shriram Honda* and *Birla Yamaha*. The third, *Enfield* had to exit because of lack of market attractiveness. Even *Birla Yamaha* was struggling till two years back. In short, it is possible that a brand is liked and yet fails in the market.

Therefore some market related measures have to be necessarily considered to estimate the viability of brands. The present study is more concerned with the success and failure of brands than with their likeability. Also, in the present Indian personal care market which is quite competitive, it is felt that successful brands have to be popular as well.

#### □ DEFINING SUCCESS

It is clear that most literature explains success. Some times there is an attempt to measure success. Measurements of success at the strategic level have to be modified to suit brands if they have to be used to measure brand success. Besides, all the explanations provided have one crucial limitation—they explain brand success, but do not define it. Hence, a definition for brand success is now proposed as follows:

***Brand success is the ability to retain a reasonable market share despite market redefinitions. (Please read on to find out more about market redefinitions.)***

#### □ CONCEPT OF MARKET REDEFINITION

Derek Abell's<sup>19</sup> work deals with the pitfalls of defining the market. What is the market? Consider

the market for detergents in India. Traditionally, the detergent powder market was seen as different from the detergent cake market by marketers in India. Powder was supposed to be priced high and cake to be priced low. The entry of 'Nirma' changed this. *Nirma* was a detergent powder but was priced at one-third the price of the leading competitor. This changed the complexion of the market. *Nirma* became a Rs.5 billion brand and in the process **redefined** the market. Consumers from the high price segment migrated to low priced segment. After *Nirma*, several low priced detergents powders were launched and are successful (*Wheel*, *Ariel Supersoaker*). This is a case of what might be called '**Segment Redefinition.**' Consumers moved in large numbers from high-price segment to low-price segment.

The opposite happened when *Titan* watches were launched. Consumers moved in large numbers from the low priced *HMT* to high priced *Titan*. The reason was the manner in which the watch was positioned. A watch became a life-style product instead of just a chronometer. This is again a case of '**Segment Redefinition**'.

There are also cases of '**Product Redefinition.**' The introduction of 'sachet' shampoo redefined the product 'shampoos'. Usually lower quantity packages cost more per gram than bigger packages. In sachet shampoos it is reverse. There is a reason for this. Low priced sachets were pioneered by *Velvette* and *Chik*. *Velvette* could price the sachet low because it sourced it from several small scale industries and these enjoyed excise duty concessions. *Velvette* thus gave the consumer a product that was not only priced low but also offered greater quantity for the same price as compared to the bottle. This was an added attraction in an infrequently used product like shampoo.

*Velvette* shampoo rapidly gained market share at the expense of non-sachet shampoos. *Chik* followed suit. Initially, traditional Lever's brands like *Clinic Plus* and *Sunsilk* lost share. But very soon they brought in their own sachet versions. They also reformulated their product by adding a conditioner to it. Today sachet

shampoos hold close to 50% of the shampoo market. *Clinic Plus* and *Sunsilk* both benefitted as close followers in the sachet segment. They regained their market share. The brands that were slow to introduce sachets lost market share. This is a case of **Product Redefinition**.

Another case of 'Product Redefinition' can be seen in the toothpaste market. Most toothpastes in the market were white toothpastes before 1990. In 1989, Hindustan Levers relaunched its *Close-Up* with additional inputs of advertising and promotion. *Close-Up* is a gel toothpaste. It looks and tastes different from the market leader *Colgate Dental Cream*. What is more important is that the product was positioned on the "Social confidence" platform as different from the 'Family' platform of *Colgate Dental Cream*. (The 'social confidence' theme was executed very well through advertising content that was predominantly Indian.)

The result was a remarkable growth in *Close-Up's* market share. *Colgate* stood the risk of losing consumers. It launched its own version of gel toothpaste called *Colgate Gel*. *Colgate Gel* despite its late entry, gathered an 8% market share. Today, gel toothpastes contribute close to 1/3rd of the toothpaste market and are growing faster than the white segment. All toothpastes that neglected the gel version like *Promise*, *Babool* and *Forhans* lost market share. This again is a case of "**Product Redefinition**."

As can be inferred from the above examples product redefinition takes place when the product's form, shape, taste, packaging etc. change, leaving laggard brands behind. A parallel trend is noticed in "polypacks" for teas. *Tata Tea* was the first brand to bring in polypacks. This reduced the cost of packaging. This was adopted by Brooke Bond Lipton's *Taaza* which became the largest selling tea brand in the country upsetting stable-mate *Brooke Bond Red Label*. In the ceramic tiles market, floor tiles brought in by *Spartek* in the mid eighties now contribute to one-third of the tile market. Greaves brought in *Garuda*, the diesel 3-wheeler thereby forcing *Bajaj* (a petrol-powered 3-wheeler brand) to respond in kind. The polypropylene car battery may

slowly edge out the hard rubber battery. Such product redefinitions can be witnessed in many markets.

'**Category Redefinition**' is more difficult to handle than product redefinition. When the category gets redefined a product that was hitherto put to a different use becomes a competitor. In the case of shampoos again, besides competition from other shampoos there is competition from soaps which are used for hair wash. Even among shampoos there are different product forms like herbal powders (eg. *Raaga*, *Meera*) and ayurvedic shampoos (eg. *Nyle*, *Ayur*). Thus a synthetic shampoo like *Clinic Plus* faces competition from traditional preparations like *Raaga* besides contending with a totally different product category like *Shikakai* soap. *Clinic Plus*' success stems from the fact that it has not only handled competition from shampoos but also from hair wash soaps. In fact, shampoos have redefined the category of hairwash which was for long, a preserve of shikakai soaps and home made preparations. This is a case of 'Category redefinition'.

Category redefinition causes a completely different product to become a competitor. It causes the use or the user to change. Reinforced concrete pipes, PVC pipes are all competitors to asbestos pipes. But this was never imagined initially because they were operating in different ranges of diameters/cross-sections and were made of different material. The scope of the fixed telephone market is being redefined by the cellphones while wireless-in-local-loop is trying to redefine the scope of the cellphone market itself. Fax and Wide Area Networks (WAN) are redefining the document market which was basically the domain of courier agencies. These are instances of category redefinition.

To sum up, the word 'Redefinition' itself has been borrowed from Abell<sup>19</sup>. The scheme of segment, product and category redefinitions has been developed by the author. The three forms of redefinition fall under the broad heading of **Market Redefinition** as defined by Abell. Market Redefinitions are changes in the market that alter the terms of competition significantly.

This long preface before proposing the definition of brand success has been provided to emphasise that market share measures and definitions that do not integrate market redefinition are not rigorous. If a brand is fundamentally strong as well as proactive it should be able to outlive market redefinitions (whether segment related, product related or category related).

#### □ METHODOLOGICAL FRAMEWORK

How do we measure brand success? From whom should we inquire if a particular brand is a success or a failure? The first choice would be to get the data directly from the customer. But if the customer is not so concerned about the success of a brand, he can give an opinion on whether he likes the brand or not with no views on whether the product is a successful one or not.

The other choice is to ask the manufacturer himself as to what success is according to him. From a theoretical point of view, this is an attractive proposition. Bonoma<sup>20</sup> contends that a manager's opinion of the success or failure of a brand is what should be taken as a definition of its success. When two brands *Right Guard* and *White Rain* were launched in the US, about 800 executives expressed an opinion that the former was a failure and that the latter was a success. The reason given was that the former acquired lower market share than expected while the latter managed to gather higher market share than was expected. In other words, the manager's view of success is the benchmark of success. Or if the brand satisfies the objectives set by the organisation for it, it is successful.

This, prima facie, sounds reasonable. But how is one to know whether the target set was realistic or not? Several multi-national organisations set unrealistic targets for themselves in the Indian market (eg: scotch whisky brands in India). The problem gets complicated with defining "Failure." Even after a brand is written off, an organisation does not admit it as a failure.

In other words, the organisation can be an unreliable guide in defining success. The process of explaining success also gets prejudiced when the sole source of information is the organisation or the manager. Mary Curren and colleagues<sup>21</sup> in their research contend that managers tend to find reasons for brand success in themselves and reasons for failure in the environment. Given this, a manager cannot be the sole or uncontested source of information while defining brand success, he is although, the starting point of enquiry about success.

It is therefore appropriate to get different view points on what success means. This is done by contacting the 'Experts.' An expert is anybody who can offer an informed opinion about a brand's performance. The following people qualify for the definition of experts:

- a) The manager (marketing), because he markets the product/ brand.
- b) The competitors (marketing managers) who fight the brand in the market.
- c) The advertising agencies which besides developing communication strategies track the brand's health over a period of time.
- d) Market research agencies and advertising agencies of competing products which routinely gather information about brands in a particular product category.
- e) Credit rating agencies which rate the commercial paper and other instruments of the company and hence come by a great deal of information about brands.
- f) Market-watchers and consultants who assist marketing programs of organisations. These include independent marketing consultants as well as agencies dedicated to specific disciplines in marketing like direct marketing, sales promotion, etc.
- g) Academics from reputed institutions who tend to take a dispassionate view on brand success.

When information about a brand is cross checked from several sources (as pointed above) there is a high probability of arriving at a fair estimate of whether the

brand in question has been successful or not. It is also possible after examining several brands in a product category, to form a theory of brand success for that particular product category.

There is of course a caveat. Each of the above category of experts has his or her self-serving bias. Just as a manager tends to play up the success of his brands and play down the failures, the competitor-manager tends to do the opposite for the same brand. Similarly, an advertising agency tends to justify the poor performance of a brand it has handled because as far as the agency is concerned it is an 'Account' that gives it revenue. Academics are likely to take a more unbiased view because they neither represent the company that makes the product nor the competitor that fights it.

In other words, if the researcher exercises due care, it would be possible to form an idea of what brand success means for a particular product category using expert opinion. What follows now is an account of how the above approach has been used in explaining the success and failure of brands in personal care products category. In all, 256 experts have been contacted in 4 stages to understand the success and failure of 72 brands. The account has been limited to four personal care product categories namely shampoos, talcum powders, toilet soaps and toothpastes. Obviously the above approach can be used to comprehend brand success in other product categories as well.

Initially there is a description of Indian shampoo market and an account of the success and failure of Indian shampoo brands. This is followed by a similar account for talcum powder, toilet soap and toothpaste brands from the Indian market.

#### □ SHAMPOOS

The shampoos market in India is about Rs. 3500 million in size. The leaders in this market are Hindustan Levers brands—*Clinic Plus* and *Sunsilk*. Both the brands have several variants and have been remarkably successful for more than two decades now.



*Clinic Plus* has 'medicinal' or 'health' positioning while *Sunsilk* is positioned on the 'beauty' platform. But for some time now both of them are moving towards a central position between 'health' and 'cosmetic' positions. A brand that has successfully positioned itself centrally is P&G's *Pantene* ("Hair so healthy it shines.") To counter *Pantene*, Hindustan Levers launched *Organics* which has not been too successful so far. Colgate Palmolive launched *Optima* with the same intention and backed it with aggressive sales promotion. But, by and large *Pantene* has been more successful than its competitors.

Hindustan Levers has recently launched *Lux* shampoo. *Lux* is positioned as a 'cosmetic' shampoo. It is likely that *Sunsilk* will vacate its 'cosmetic' position for *Lux*. P&G has also recently launched its famous *Head and Shoulders* shampoo in India with its anti-dandruff positioning. Colgate-Palmolive's previous launches—*Halo* and *Palmolive* are performing poorly in the market. *Palmolive* may not have much of a future because its anti-dandruff platform has been taken over by *Clinic Plus*.

The brands launched in the early 90's in South India have changed the complexion of the shampoo market. *Velvette* launched a one-rupee satchet (till then sold in bottles only) which was extremely successful. This was followed by Beauty Cosmetics' *Chik* brand which tasted similar success for identical reasons i.e., low price and convenient packaging. However, neither *Velvette* nor *Chik* could sustain growth because they failed to upgrade their product.

Beauty cosmetics have two other brands which are significant. These are *Nyle* herbal shampoo and *Meera* herbal powder. *Meera* herbal powder fares well owing to its pioneer advantage in the powder segment and weak competition from another south-based brand—*Raaga*. *Nyle* herbal shampoo though equipped with a reasonable market share is under pressure due to aggressive promotion spends from MNC brands like *Pantene* and *Organics*. The same is true for the North-based herbal shampoo *Ayur*.

There are other weak brands in the market like *Lakme* (Lakme Ltd), *Ponds* (Ponds India Ltd.) and *Ultra Doux* (Garnier Labs). Of these *Ultra Doux* is priced premium and is possibly aiming to be a niche brand. *Lakme* and *Ponds* did not fare well because they did not offer anything new. Lack of distribution reach was also a factor which contributed to Lakme's failure in the market.

Shampoos, by and large, are seen as a high growth category. Besides, in this market, different types of products like synthetic shampoos, herbal shampoos, herbal powders and *Shikakai* (herbal) soaps compete. Most organisations are preparing themselves for heavy promotional expenditure and new product launches to corner share in this rapidly growing market.

#### □ GENERAL SUCCESS

##### Success Benchmark

It was generally agreed that a national shampoo brand that has a market share of 7% (by volume) and grows faster than the market is successful. This should possibly be achieved within 2 years of its launch. For other personal care products the percentage market share which is considered a success might be a little lower. The steady state market share for the brand should be more than 7% if benchmark the brand aims at long-term success.

#### □ BRAND SUCCESS

##### Ayur

*Ayur* is seen to be a reasonable **success** because it offers herbal benefit at a low price. It was launched in the North Indian market as an ayurvedic shampoo in bottles. North India is basically a bottle market. Coupled with low price, this brand gained market share. However, it has probably conceded share to new launches like *Pantene*. Most experts feel that its performance as a successful shampoo is more because of

low price than its ayurvedic connotation. It is generally agreed that it was a combination of low price and herbal benefit that gave *Ayur* market share. However, it has intense competition from *Nyle* which offers similar benefits.

### **Chik**

Though *Chik* was initially successful, it may eventually end up a **failure**. There were reasons for its initial success. These were mainly its pioneering of low priced sachets along with *Velvette* and the excise duty concessions enjoyed by it which gave it flexibility in pricing. Initially, *Chik* and *Velvette* took the MNCs by surprise when they piloted the sachet revolution. But excise duties came down and *Chik* became less and less competitive vis-à-vis *Clinic* and *Sunsilk*. Meanwhile, *Clinic* and *Sunsilk* brought in their own sachets. Thus, to differentiate its offer, *Chik* has to give something more than just low price.

The consumer identified *Chik* as (i) One rupee “shampoo” (ii) “Khushboo shampoo” (Khusboo was the celebrity who endorsed the shampoo) or “Jasmine shampoo”, etc. but its strongest identity was as a one rupee shampoo. So when *Chik* increased the price to Rs. 1.25, sales dropped. Eventually when the price was rolled back to one rupee, the consumers were already lost to other shampoos. Besides, when other shampoos were changing their platform to accommodate the changing needs of the market, *Chik* did not. While *Sunsilk* and *Clinic* were offering emotional benefits as well as functional benefits, *Chik* was confining itself to functional attributes like jasmine content. In sum, it is felt that *Chik* will never pickup if it is not upgraded and made more contemporary.

### **Clinic Plus**

*Clinic Plus*' success is basically seen as a positioning success because it sold on the “anti-dandruff/health” platform. It later successfully broadened this position

to connote “Family” and “Health.” It captured the South Indian market which is predominantly a “health” market (The North Indian market is by and large seen as a “cosmetic” market). It can also be called successful because it has outlived redefinitions like satchets, and was quick to strike back with its own version of low-priced satchet shampoo in response to *Velvette* and *Chik*. Many rural customers identify it as “Doctor shampoo” because of the “+” sign on the package. Further the biggest achievement of the *Clinic* family is that it has a distinct identity in the minds of the consumers. Some of its extensions like *Clinic All-Clear* have also been successful.

### **Halo**

*Halo* may be heading for a **failure** because of lack of upgradation. *Halo* started as an egg-based shampoo and while it was positioning on ingredients the market had already graduated to positioning by benefit. Though it was not late for satchets, *Halo* it was not as aggressive as *Sunsilk* or *Clinic* in spite of its long presence in the market. Now with the organisation’s focus having shifted to *Optima*, it remains to be seen as to how much attention *Halo* will receive. Most experts agree that *Halo’s* problem is lack of constant upgradation.

### **Lakme**

It is generally felt that *Lakme* **failed** due to organisational constraints. *Lakme* did spend initially on shampoos but could not achieve breakthrough volumes. It may eventually exit the shampoo category because of distribution problems. *Lakme* directly reaches one lakh retail outlets as compared to *Levers’* six lakhs. With this reach it can never get a satchet to click. *Lakme* also could not price the shampoo too low given its premium image. It did not face similar distribution problem in talcs because *Lakme* talc is a North and East brand where it has distribution strength. In shampoos, however, satchets are a South phenomenon and volumes

come from satchets. With all these weaknesses, *Lakme's* exit from the shampoo market is almost inevitable. Thus, the reason for *Lakme's* failure could mainly be attributed to lack of distribution strength.

### **Meera**

*Meera* is rated as a **success**. Though it is a powder and not a shampoo, it still competes with the latter. Herbal powders are popular in the South and it may be because Beauty Cosmetics is a South based company and was the first to launch a herbal powder. Besides, *Meera's* distribution is strong in the South. Oddly, none of the major players (i.e. HLL, P&G, Colgate-Palmolive) track *Meera*. This is despite the fact that *Meera* is 20 crores strong, and might mean a powerful flank attack on the category of liquid shampoos itself. MNCs believe that herbal powders are a local phenomenon and do not matter at the national level. Further, they also believe that the benefits offered by these powders are very different from the ones offered by the MNC shampoos. This may or may not be correct. In short, *Meera* is a brand with lot of potential and can be considered successful today.

### **Nyle**

*Nyle* is seen as a **successful** shampoo. Though the organisation claims that it is an upgradation of *Ayur* most market observers do not agree with the claim. They club it with *Ayur* in the low price-herbal benefit category. Several however are agreed on the fact that its product as well as advertising ambience are superior to *Ayur*. It raced past *Ayur* in market share but it is also probably buckling under the onslaught of the new MNC shampoos. In fact, along with *Ayur*, it is seen as a brand in the grey area between success and failure. Thus, much of its success will depend on how deftly the brand is managed in future.

### **Optima**

*Optima* will possibly not be successful more for organisation-related reasons rather than product-related reasons.

Many experts felt that the problem with *Optima* was not its “Keratin” content which was quite a relevant benefit, but the inability of the organisation to try hard enough. Some speculated that the reason for its relative inaction on shampoos was Levers’ providing tough competition in the toothpaste market through *Close-Up* and *Pepsodent*. It was also felt that the initial advertising and communication efforts were not sustained. To sum up, experts felt that *Optima*’s poor performance was not due to containing an alien ingredient like Keratin but due to the fact that the organisation did not persist with the product.

### **Organics**

*Organics* has not been as successful as the other Levers’ shampoos. Most experts do not think that the product itself was the reason for its relative poor performance. Many felt its positioning was responsible for its indifferent performance. Most shampoos concentrate on the “hair/shaft” while *Organics* emphasises ‘hair root’ conditioning. This probably was not seen as a relevant benefit. Further it was launched 4 months after *Pantene*. P&G lost no time in promoting *Pantene*. However, it could be argued that *Organics*’ market share should probably not be viewed in isolation. Levers is likely to see it as one more brand along with *Sunsilk*, *Clinic Plus*, etc. For P&G, however, *Pantene* is the first shampoo launched in India and they therefore put all their might behind it. Thus, it is possible that the relative indifferent performance of *Organics* is due to its positioning.

### **Palmolive**

It is felt that *Palmolive* will **fail** because of lack of support. Not many experts are agreed that *Palmolive* is a me-too to *Clinic-Plus*. Though like *Clinic*, *Palmolive* too rests on the anti-dandruff platform it never really exploited its positioning. It is possible however that anti-dandruff platform itself is a niche and may not bring in

volumes. That is probably why *Clinic Plus* is broadening its positioning from “anti-dandruff” to “health”. In other words, *Palmolive* might fail more because of lack of organisational persistence rather than it being a me-too to *Clinic Plus*.

### **Pantene**

*Pantene's* owes its success basically to its product and its positioning. Even competitor brand managers are agreed that the product per se is good. Positioning also contributed. “Hair so healthy that it shines” was a positioning statement that bridged the “cosmetic” and “health” platforms. An important reason for *Pantene's* success was the extensive household sampling conducted to promote the product. Since the product was good, sampling proved a very effective tool in establishing rapport with the customer. Several experts feel that besides positioning, advertisement of *Pantene* was an important contributor to its success (For instance, the cascading hair shots won the appreciation of several consumers). *Pantene* might probably have spent on the brand more than what it got in as revenue. It is likely that it needs a 12% steady state market share to recover the money spent on the brand. Most experts believe that it can achieve this target. In short, there is no doubt that *Pantene's* success is due to its product strength ably assisted by its positioning.

### **Ponds**

*Ponds* shampoo possibly **failed** because its identity/positioning was not clear. *Ponds* came in with a pillow pack when the market was moving towards satchets. It was also seen as a strong shampoo. However its biggest problem was that it did not have any strong identity. Several experts could not remember what *Ponds* shampoo stood for. Some speculated that it was probably a poor brand extension from talcum powders. The merger with Levers would probably have put the *Ponds* shampoo on the back burner given that Levers already has strong brands like

*Clinic* and *Sunsilk* in its stable. In other words, *Ponds* shampoo might have lost out because of its lack of a clear identity in the market.

### **Raaga**

*Raaga* is likely to be a **failure**. It is a sachet herbal powder like *Meera*. Its chief problem is that it is handicapped by organisational constraints. It was a brand with a promise to start with. For instance, its advertising was very effective and registered very high recall. But this was not followed up with effort in distribution. Its turnover is hence shrinking. Besides, *Raaga* could never adequately distinguish itself from *Meera* in terms of the proposition it offers. Thus it ran the risk of being perceived as a me-too. To sum up, *Raaga* is seen as an organisational failure rather than a product failure.

### **Sunsilk**

*Sunsilk's* **success** owes as much to its being a brand on the move as to its “Beauty/Cosmetic” positioning. It has a specific variant for different geographic regions in India. It brought in sachets quickly after *Velvette* did. It also brought in the shampoo plus conditioner combination first into the market, and was the first to bring in a black coloured shampoo and eventually overtake *Halo's* volumes. It was the first beauty/cosmetic shampoo. With the launch of *Lux*, its positioning is now being changed from cosmetic to cosmetic plus health benefit (eg: ceramides variant). Thus, its aggressiveness contributed as much to its success as its positioning.

### **Ultra Doux**

Many observers might see *Ultra Doux* as a **failure** but there are several reasons for this avowed failure. To start with, *Ultra Doux* is relatively high-priced. Besides, world over Garnier Laboratories (the company that owns *Ultra Doux* brand) builds its brands slowly



and steadily. It persists with its brands for a long time and is satisfied with low market share. Thus from the company's point of view the shampoo might be progressing satisfactorily. Though the brand corners shelf space in shops its advertising does not bring out anything special about the shampoo except for claiming that it is "French." Understandably this did not evoke enthusiasm in the consumers. The advertising intensity is also not significant. Besides, in a rapidly expanding market like shampoos there is need for aggressive pursuit of a market position, a strategy that *Ultra Doux* does not follow. In other words, there are many reasons besides high price for *Ultra Doux's* indifferent performance.

### **Velvette**

*Velvette* also had a good beginning but is very likely to end up as a **failure**. *Velvette* was the pioneer of the satchel revolution, but like *Chik*, with the fall in excise duties, it also lost out to MNC brands. However, unlike *Chik* it had other problems. Its distribution alliance with Godrej was severed and a new alliance with NEPC was worked out. This did not quite work out in the way it should have. Besides, for some reason the brand was not supported adequately on the media. Instead, the focus of the organisation now seems to be a memory enhancing product by name "*Memory plus*." There has also been no product upgradation in *Velvette* for some time. It appears that the shampoo is now not a priority product for the organisation. Thus, there is general agreement that *Velvette* failed due to organisational dithering.

### □ **TALCUM POWDERS**

**T**he talcum powders' market is about 20,000 T in size. It is growing much more slowly as compared to the other three product categories. *Ponds'* umbrella of brands are the undisputed leaders of the talcum powder market. The flagship brand is *Ponds' Dreamflower Talc*

which is the biggest talcum powder brand in the market. *Ponds Magic* which has been launched as its brand extension has also done remarkably well. *Ponds'* sandalwood variant is not doing very well largely due to tough competition from South-based brands like *Gokul* which have been traditionally strong in the sandalwood segment.

*Heaven's Garden* is a North based brand which sells in U.P and Bihar. It sells basically on its low price. *Santoor's* talcum powder brand extension of the toilet soap competes on the "daylong freshness" platform. Similarly, *Cinthol* and *Liril* are brand extensions of toilet soaps. In fact, till recently, all the competitors of *Ponds* have been brand extensions. In a way this helped *Ponds'* because for *Ponds'* talcum powders is the life-line. The standalone brands that are likely to compete vigorously with *Ponds* are *Zee* and *Yardley*. *Zee* started as a successful South based brand and is now going national. *Yardley* (Bond cosmetics), an international major will most probably be a niche brand because of its high price. Two other brand extensions need mention, namely *Premium* and *Denim*. *Premium* (J.K. Helene Curtis) has an entire range of men's toiletries under its umbrella while *Denim* is a Hindustan Levers brand and is an extension of *Denim* aftershave lotion.

*Ponds* is a very strong player in the talcum powder market with more than half the market share. Any competitor who would like to make his presence felt should be prepared to spend extensively on promotion and brand building to compete effectively with *Ponds*.

## □ GENERAL SUCCESS

### Success Benchmark

The general opinion is that if a national talcum powder brand touches a 7% volume share in 3 years and grows faster than the market it can be considered a success. It is estimated that the break even tonnage is just 600 T (3.0%) for brands and 300 T for brand extensions. However, this tonnage may not build a sustainable brand. Besides, what matters in low tonnages is

its distribution over a relatively narrow geographical spread. Then even small tonnages will become viable due to low advertising and distribution costs. A market share of 7% has more or less been accepted as commendable. In fact, till about two years back very few brands touched this figure. *Zee* has the possibility of touching 7%. However, along with the gaining of market share in a particular market segment, the money spent on gaining it should also be considered. Thus, if a 7% tonnage share is gained in 3 years and the brand keeps growing thereafter it can be considered a success.

### **Key Success Factor**

It is generally agreed that the key success factor in talcum powders' market is the ability to position the brand as radically different from that of *Ponds*. *Ponds* is a pillar brand that occupies a central position in the talcum powders market. Recent successes like *Zee* owe it to their positioning being very different from *Ponds* besides effective management of the marketing mix. However, a few experts feel that while positioning being different from *Ponds* is important, it is even more important that the positioning offered is both meaningful and relevant. In fact, if the position is adequately differentiated, it is good enough. For instance, Lakme's '*Exotica*' sells on the same platform as *Ponds*' *Magic* (i.e. lingering freshness). Yet it managed to carve a niche for itself. To sum up, while it is important that the positioning of a new talc is very different from *Ponds*, it being relevant and meaningful is as important as its differentiability.

### **Packaging**

There is a general agreement that satchets will fail in talcum powders because of dispensing and fragrance problems. Satchets are likely to be successful in infrequently used products like shampoos, cough syrup and pickles. For a product that is used everyday like talcum powder, a satchet is not an attractive option for

the consumer. Besides dispensing and fragrance problems, filling a satchel with talcum powder invites technical problems too. But if the satchel technology itself changes then it might be possible to pack talcum powders effectively. For instance, if the satchel has a dispenser attached to it, it might be more convenient to use. In other words, the speculation is that satchel will not be successful in talcum powders.

### **Pricing**

Experts feel that launching a low-priced talcum powder will prove to be a success. In other words, a *Nirma* can be repeated in talcum powders. At present such a low-priced option is not available in the market but it is an opportunity for any proactive organisation. However, some observers feel that since a talcum powder is used on the skin by direct application and stays there, a low priced alternative may not be successful because a typical consumer would not like to use a low-priced talc and risk his/her skin. Thus the experts are of the view that low-priced products are successful in product categories that are more functional than emotional. In talcum powder, where the benefit is more emotional it may fail.

But the opposite can also be argued. If there is scope for a low-priced toilet soap which is used on skin (*Lifebuoy*), there is equal scope for a low priced talcum powder. Further, low-priced talcum powders are already available in the market (*Heaven's Garden*) though these are regional brands. In fact the expectation is that as the income groups currently using talcum powders graduate to deodorants, income groups on the lower rungs of the ladder will become talcum powder consumers. Besides, an estimated 60% of a talcum powder's cost is the tin container. Thus if the packaging changes to plastic (many brands have already done it) there are possibilities of cost reduction. Thus there is no reason to believe that a low-priced talcum powder will fail.

## □ BRAND SUCCESS

### Cinthol

*Cinthol* talcum powder cannot be considered a success owing to its limited market share. This is because of it being treated as a brand extension and not as a brand. The company does not spend much on its promotion. As a brand extension it can do with a limited market share but with vigorous competition from new brands it is on the losing side. Since the brand relies on spill-over benefits, frequent changes effected in the soap's positioning may not augur well for the extension. These are some of the reasons for the indifferent performance of *Cinthol talc*.

### Denim

It is too early to consider whether *Denim* has been a success or failure. Many experts feel that *Denim* cannot be termed a failure as its tonnage is growing and it is picking up market shares all over the country. It is probably eating into *Zee's* share in the West. Further, in the *Denim* family, the after shave is the flagship and not the talc. Thus it is possible that more attention is being paid to the aftershave than to the talc. The talc also reportedly had distribution problems in the South besides capacity constraints initially. Hence, it is too early to pronounce it a failure especially given its growing tonnages.

### Gokul

*Gokul* is seen by most observers as a **successful** brand. Its fundamental strength is its pioneer advantage in the sandalwood segment. South India has traditionally been the home for sandalwood-based products. In this market, *Gokul* was one of the early entrants. In Tamil Nadu, it sells as "Krishna Powder." In other words, *Gokul's* traditional image and early entry made it a regional success.

### Heaven's Garden

In the current scenario, *Heaven's Garden* is **successful** as a regional brand. It is low-priced and confined to the North and East. But in the future it might be a little difficult to sustain it because the company has not made efforts to build the brand. It advertises very little and relies on price and dealer push to sell. One merit of the brand however, is its strong "first puff fragrance" which finds favour in the North. It is by repeating strong fragrance that *Ponds' Magic* is now capturing market share in the North at the expense of *Heaven's Garden*. Also with duties coming down on talcum powders, the MNCs are in a much better position to compete with regional players. All these point to the fact that *Heaven's Garden* may have a tough battle ahead in the market.

### Exotica

*Lakme's* performance in the market has been lukewarm till recently. However, *Exotica* recently launched by *Lakme*, cornered 700 T already in the market and for a new brand this is no mean achievement. Further, *Lakme* does well only in the North and East, but talcum powder market is basically rooted in the South. Despite efforts on its part, *Lakme* could not penetrate the South market. Hence, *Lakme's* national level percentage figures look somewhat low. Besides, this year, *Lakme* expects strong competition from *Ponds Magic* which again is strong in the North and East. Thus experts feel that *Lakme's* relative lack of success is not because the organisation's priorities are different, but because of the problems inherent in a regional brand.

### Liril

*Liril* is also not a very successful talc. The reasons for its lack-lustre performance are more or less the same as that of *Cinthol*. However, in the recent past there have been attempts to revitalise the brand ("Uncap the

Liril fresh feeling"). In short, *Liril* is also being managed as a brand extension and not as a brand.

### **Ponds Dreamflower Talc (DFT)**

*Ponds DFT* is a **success** due to several reasons including early entry advantage. In its early years, it successfully trounced Levers' brand *Himalaya Bouquet* despite being high priced itself. By the time the other brands vied for market share, *Ponds* was already a market leader. As most other brands were brand extensions, (*Cinthol*, *Liril*, *Lakme*), it is possible that they did not mean credible competition to a strong brand like *Ponds*. However, it should not be forgotten that *Ponds* is basically a **good** product. Besides, it sourced the tin (packaging) and talc at bargain prices, being a bulk buyer. Unlike in the past *Ponds* also faces competition now from stand-alone brands like *Zee* and *Yardley* but has still managed to grow. Thus, *Ponds* is successful due to several reasons including its early entry advantage.

### **Ponds Magic**

*Ponds Magic* is seen as one of the most **successful** brand extensions of the nineties. It was also successful as a brand per se because it is now estimated to be 70% the size of *Ponds DFT*. This of course caused cannibalisation of the mother brand but it upgraded a lot of customers to the high-priced *Magic*. Further it acted as a complement to DFT in the North and the East. In the North it might have gained volumes at the expense of established brands like *Heavens' Garden*. In conclusion, it can be termed as a successful brand.

### **Ponds Sandalwood**

*Ponds Sandalwood* is a brand that did not perform to the expectations of the company. Sandalwood segment is a small segment basically concentrated in the South. *Ponds* cannot stake its entire efforts on this segment.

Besides, its competitor, *Gokul* has traditionally been strong in this segment. So getting incremental share in this market is difficult for *Ponds* because its image is very different from that of *Gokul*. Thus the sandalwood variant will remain a minor brand.

### Premium

*Premium* is not a very successful talc. This is despite the fact that the organisation put in good efforts to promote the brand. Recent figures show a growth in tonnage for the brand. It was also quite active for some time with below-the-line promotion. However, it is seen as not offering anything new. Besides, the entire *Premium* range of toiletries is not faring too well because the market for men's toiletries in India is limited. Thus it is seen as a brand with limited promise and appeal.

### Santoor

*Santoor* is seen as heading for a **failure**. Despite being supported by the organisation it may not be successful because its positioning is not unique. Firstly, the sandalwood segment is small, hence a sandal talc has limited scope. Secondly, *Santoor* (soap) mother brand's equity is "skin-care". This cannot be extended to a talcum powder, because a talc offering skin-care positioning does not gel with the product. The current positioning "sandalwood fragrance all day long" makes the product, if successful, a niche product. In other words, experts are of the opinion that *Santoor* failed because of the problems inherent in the positioning chosen for the brand extension.

### Yardley

Experts feel that though *Yardley* may not be a **big success** it will have its own niche. At two and a half times the price of *Ponds*, *Yardley* cannot hope for big tonnages. With its 1% national share it is possible that the organisation is happy. However many experts feel that it can



make itself more relevant in the market. Variants like 'Petunia' do not enthruse a customer. Similarly, its advertising is somewhat low key given its price. While there might be a niche for a high priced talcum powder, whether *Yardley* with its current offering can fill the gap is what is being questioned. Further, at that price will the consumer not go straight for a deodorant rather than a talcum powder? So it is likely that *Yardley* might be competing with deodorants and not talcum powders. In other words, the general view is that *Yardley's* marketing mix has to modified if it has to be made successful.

### **Zee**

*Zee* is rated by most market observers as a likely **successful** brand. Its effective marketing program was as responsible for its success as its focussed positioning ("For Men"). The initial success of *Zee* was due to good management of the marketing mix. It initially concentrated in the southern cities of Bangalore and Madras. This facilitated focussed distribution. The decision to price the product above Pond's and give it a distinctive packaging added to its image. These gave it the initial volumes. It then spread to the whole of South and then to Maharastra. Now it has gone national. This step-by-step methodical approach was responsible for *Zee's* success.

### **□ TOILET SOAPS**

**T**he toilet soap market is about 4.5 lakh tons in size. Though there are now more than 200 brands in the toilet soap category, most of the national brands are manufactured by three companies. These are the (a) Hindustan Levers Ltd. (HLL) (b) Godrej Soaps and the (c) Tata Oil Mills Company (TOMCO). TOMCO has been taken over by Hindustan Levers in the early nineties. Godrej had an abortive alliance with Procter and Gamble during the same period. This adversely affected the brands of both the companies initially.

### **Hindustan Levers' Brands**

Hindustan Levers is by far the strongest player in the soaps market in India. It has leading brands, the most popular among them being the three 'L's—*Lifebuoy*, *Lux* and *Liril*. *Lifebuoy* is reportedly the world's biggest toilet soap brand in terms of tonnage. It is one of the cheapest brands in the market and is 102 years old. Next in prominence is *Lux*. It is the second biggest toilet soap brand in the Indian market. Its positioning has been consistently the 'beauty secret of cine-stars.' The third 'L', *Liril* was launched in the mid 70s. It was the first 'freshness' soap in the market backed up by an aggressive advertising campaign and a product with lime freshness.

*Pears* is another strong niche brand in the Levers' stable. It is one of the oldest soaps in the market. It is a transparent glycerine soap positioned on 'skin care.' Another strong brand in the Levers' portfolio is *Rexona*. It is positioned on 'smooth-skin.' *Breeze*, a medium priced brand positioned on "beauty" has reportedly taken off after several relaunches.

### **TOMCO Brands**

After TOMCO's takeover by Levers, all its brands are reportedly gaining volumes. The biggest among TOMCO's soaps is *Hamam*, which for a long time was positioned as the 'family soap'. The other brand which provided some competition for *Lifebuoy* in the past was *OK Bath*. TOMCO has several other soaps like *Moti*, *Ria*, *Jai*. *Moti* and *Jai* have now been relaunched by Levers after takeover. *Jai* is now reportedly doing well.

### **Godrej Brands**

One of the earliest Indian companies to enter the toilet soap market—Godrej is a pioneer in the use of vegetable oil technology in making toilet soaps. Because of the average Indian's aversion to animal fat, the

founder of Godrej modified the soap making process to use vegetable oil in place of animal fat as input. Its strongest brand is *Cinthol* with 5 variants. It competes directly with Hindustan Levers' *Liril*. Recently it launched a premium variant called *Cinthol Ultimate* which promises moisturising as well as fighting of body odour.

The other brand that holds promise for Godrej is *Ganga*. It was in trouble due to changes in positioning. In the eighties, Godrej launched several brands like *Evita*, *Fresca*, *Vigil*, *Limelite*, *Crowning Glory*, *Marvel* unsuccessfully. *Evita* was launched on the skin-care platform while *Limelite* tried to be a 'woman's soap', and *Crowning Glory* was positioned as "a body as well as hair" soap. It is likely that *Godrej* will now concentrate on its important brands *Cinthol* and *Ganga* in the near future.

### Other Brands

The most significant among the other toilet soap brands is *Nirma Beauty* (Nirma Chemical Works). In a market where brands meet with failure more often than success, *Nirma Beauty* chalked up an impressive market share. This is a creditable achievement by any standards because only three soaps launched in the last three decades have been successful. (In the 70's - *Liril*, in the 80's - *Santoor*, in the 90's - *Nirma Beauty*). *Santoor* (Wipro Consumer Products) launched in the eighties now needs a facelift failing which it might head for stagnation.

Though a regional brand *Mysore Sandal* (Karnataka Soaps & Detergents Ltd.) is strong in the whole of South India. It is positioned on 'sandalwood fragrance' and backed by 'tradition'. However, the brand is now suffering due to organisational problems. Another niche brand that upgraded well is *Margo* (Calcutta chemical works) which is positioned on the 'neem leaves' and 'health' platform.

*Dettol* (Reckitt & Coleman) which is popular as an antiseptic liquid successfully extended itself into a germ-kill toilet soap (“100% bath” positioning). *Palmolive* (Colgate Palmolive) is positioned as a beauty soap and is finding its feet after several years of its launch. Other interesting brand concepts that did not fare well in the market are Calcutta Chemical Works’ *Aramusk* (“man’s soap”) and Hindustan Levers’ *Le Sancy* (“longlasting soap”). An interesting failure in the toilet soap market is P & G’s ‘*Camay*’. A discussion on the reasons for the success and failure of the above brands follows.

#### □ GENERAL SUCCESS

##### Success Benchmark

The possible minimum volume figures to be achieved for success in a given price range for a national brand is shown in Table 1.1. The total toilet soap market is estimated to be 4.5 lakh tons. From the above table, it can be seen that, for a low-priced soap to be successful, a minimum of 3% of the total tonnage needs to be achieved. This would mean 13,500 tons annually. If a low-priced toilet soap sells less than this, it may not be viable. Similarly, the corresponding success thresholds for medium priced (between Rs.5 and Rs.9 for 100gm) and high-priced (more than Rs.9 for 100gm) soaps are 9000 tons (2%) and 4500 tons (1%) respectively. These figures are not statistically valid but they were seen by experts as good for approximately assessing the success and failure of a particular brand in the toilet soap market.

However, limitations of the above estimates have to be pointed out too. Several experts feel that a low priced soap needs much more tonnage than 3% of the total market given that the margins are low in this segment. An interesting feature about the toilet soaps market is that most successful brands are at least 20 years old except *Santoor* which is about a decade old and *Nirma Beauty*, which is less than a decade old. Thus,

the structure of the market opposes new brands. Another point of contention was that several soaps were available not as 100 gm packs but as 75 gm or 150 gm packs. Some experts feel that a soap costing Rs. 7.50 per 150 gm (*Lifebuoy*) cannot be treated as an equal to another costing Rs. 5 per 100 gm, though the per gram cost is the same in both cases. The consumer is buying it as a 150 gm soap; hence the cut-off indicated on per 100 gm basis may not be right, it was contended. Further, a premium soap is not bought strictly on price, and so price bands may not always define the brand choice. However, since a practising manager needs thumb rules, the above table was seen by many experts as a reasonable estimate of the success cut-offs.

Price Category	Price Band	Example	Cut-off% for Success	Cut-off Tonnage for Success
Low price	Less than or equal to Rs.5 per 100 gm.	Nirma Bath Lifebuoy	3%	13500 T
Medium price	Between Rs.5 & Rs.9 per gm.	Ganga Nirma Beauty	2%	9000 T
High price	More than Rs.9 per 100 gm.	Mysore Sandal	1%	4500 T

**Table 1.1** Price category, brand and cut-off value for success

### Key Success Factor

In the market most observers are agreed on the fact that the key success factor in toilet soaps is **positioning**. But this observation has to be followed up with several caveats. Firstly, the product should deliver, besides positioning, good quality. Positioning alone will not help. Secondly, since most of the soap

brands in the market look alike, if a product that is unique in shape, colour, packaging and fragrance can be added to unique positioning, so much the better. For instance, *Mysore Sandal* and *Pears* are not only positioned uniquely but also smell, feel and look very different from other soaps. In other words, a totally novel offer is more likely to be successful.

But why should positioning be so important in toilet soaps as compared to other product categories? Is 'positioning' not the life blood for any fast moving consumer good? That is so. But positioning is particularly important in toilet soaps because even a layman can list out 15 to 20 brands of toilet soaps without hesitation. The only way of cutting through clutter is by clear positioning. Hence, it can be argued that distinctive positioning and a product that is very different from the existing ones is the key to success in the toilet soaps market.

### **Brand Life**

There was a general agreement that a toilet soap brand that lasts between **12 - 15 years** in the market with a reasonable market share is a **success**. (Many believed that this life estimate holds good not just for soaps but also for most fast moving consumer brands.) It is difficult to hope for the success of a *Lux* or a *Lifebuoy* often in the market. Thus, if a brand lives for 12 years, it would have more than paid back all the money put into it. Most brand managers are of the belief that the brands introduced today will not last for long. Hence, it is possible that a brand is designed for finite life. A strong brand should break even in six years. Suppose it lives for another six years with a steady market share, it will pay back all the money put into it.

However, this does not mean that the brands **SHOULD** be designed for finite life. It means that brands are expected to have a shorter life span as compared to the past. Finally, some experts even ruled out that a brand's life is finite. A brand should, in

principle, last forever (that is, if it satisfies a need and incrementally improves itself). Hence, there is no reason to believe that brands should be designed only for finite life in the years to come. In sum, though it is agreed that a 12 – 15 year span is good enough for a brand to be counted a success, it does not necessarily follow that brands should be designed for finite life.

## □ BRAND SUCCESS

### **Aramusk**

*Aramusk* is branded a **failure**. This is confirmed by the low tonnage it sells. The most important reason for its failure is probably organisational dithering, though several other reasons may have contributed to it. In the eighties (when *Aramusk* was launched), it could be said that there was no gap or position for a MALE SOAP. Rarely, a man went and bought a soap for himself, although he might buy a perfume/deodorant for himself on his own. By and large, even today, it is the housewife who makes the choice. Organisational reasons like strike at Calcutta Chemical Works cannot be cited because *Aramusk* is even now available in the shops. Perhaps the most important reason for its failure was the erratic support extended to the brand in terms of advertising, sales promotion and distribution. Thus, it is possible that *Aramusk* failed due to organisational reasons.

### **Breeze**

*Breeze* is now reportedly doing well, though several of its previous launches fared poorly. In fact, *Breeze* along with *Jai*, is seen as Lever's reply to *Nirma Beauty*. In the past, the brand was merely seen as "poorman's Lux". Now there is an attempt to imbue its positioning with some values of its own. The renewed vigour in promoting it coupled with its attractive pricing is likely to make the brand successful.

### Camay

*Camay* is seen by most market watchers as a **failure**. The fact that *Camay* is an international brand helped as well as hindered its growth in India. The crux of the problem seems to be *Camay's* decision to go for a low priced variant while its international positioning is quite the opposite. Initially, the popular variant got volumes but the *Camay* International customer could not reconcile himself with the low priced variant. Frequent changes in advertising/communication (from "International stars from Paris" to "Sushmita Sen's endorsement" to "comical execution through Satish Shah" to "*Camay* milk cream endorsed by Lisa Ray") created a confused identity for the brand. The result was that, as a low priced variant, it sounded like a pale copy of *Lux*. All these factors would have contributed to *Camay's* indifferent performance.

### Cinthol

*Cinthol* is rated as a **successful** toilet soap. In marketing terms it can be called a maverick brand. At any point of time *Cinthol* has 5 variants. These variants keep changing depending upon the changes in the market. There is the 'Old *Cinthol*' which has a loyal customer base. There is a low-priced variant which brings in the volumes. Its positioning changed from "deodorant" to "macho" (endorsed by Vinod Khanna) to "freshness" (to take *Liril* head on). There is probably some common ground between deodorant and freshness positionings but in the normal course such frequent positioning changes kill a brand. In sum, though *Cinthol* is faring well, frequent positioning changes can endanger its brand equity in the long run.

### Crowning Glory

*Crowning Glory* **failed** because of improper targetting. It would have probably done well if it had been left as a niche "hair care soap." Instead, its positioning was



broadened to include soap for hair as well as body. The audience aimed by the soap were upmarket as can be gathered from the advertising (celebrity endorsement by Dimple Kapadia). However, the premium segment does not use the same soap for body as well as hair. A counter example to this is "*Kesh Nikhar*" used in Punjab. It is a soap used for body as well as hair though, it is positioned for hair. This is because of its low price factor. Consumers in that segment do not use different soaps for different occasions. Experts thus believed that *Crowning Glory* would probably have been successful with a low price and functional execution of product advertising. A premium haircare soap on a beauty platform would confine it to a niche. The mixing up of premium positioning with a product that promises hair care as well as body care probably led to *Crowning Glory*'s failure.

### **Dettol**

*Dettol* soap is a **successful** brand extension. There is not much expenditure on its advertising. It gets spill-over benefit from the advertisements of its parent—*Dettol* antiseptic liquid. Also, its brand image ("100% bath for grimy occasions") is in line with the parent's brand image. (In the past, there were attempts to make it a beauty soap which failed. The brand has since single-mindedly emphasised its germi-check heritage.) All experts agree that, as a brand extension, it is a resounding success.

### **Ganga**

Though *Ganga*'s performance is currently below expectations, it is seen as a brand with great potential. It started off well. But the merger of P&G and Godrej was responsible for confusion in the positioning of *Ganga*. On this issue there is a difference of opinion among experts. Some feel that the "religious positioning" or "purity platform" with which *Ganga* started was ideal. The others support the post-merger "family positioning." By hindsight, it is easy to see that the positioning change did not help *Ganga*. Now, with the

merger called off, a new variant called “*Doodh Ganga*” has been launched (promoted by the earthy superstar Govinda to underscore the values for which *Ganga* stands). In sum, *Ganga* is not a brand that can be written off.

### **Hamam**

*Hamam* is a **successful** soap. Besides its “family soap” positioning, several reasons are cited for its success. Firstly, it is primarily a South Indian brand and recommended by doctors. This gave the soap credibility. It is one of the oldest skin care soaps in the market. Further, traditionally it has been priced neither too low nor too high. All this led to its growth as a successful brand. After TOMCO’s takeover by Levers, it has been repositioned as an “*Honest Soap*”. Its latest variant has ingredients like basil leaf and neem. Its current positioning takes it close to *Margo’s*. Though it is difficult to speculate the effect of these changes on the brand immediately, the soap is seen as an important player in the market with significant volumes.

### **Jai**

*Jai* was branded a failure which it was with TOMCO. When Levers took over the brand, it is reportedly heading towards **success**. Under TOMCO, the soap languished because it did not get adequate support. It was positioned as a “romantic soap” and packaged in aluminium foil. After Levers took over, it changed the packaging to paper and supported it with its distribution muscle and high decibel advertising. Its consumption is growing fast. Thus, *Jai*’s earlier failure was more on account of the organisation (TOMCO) rather on than the brand itself. Under Levers, it might get rejuvenated.

## Le Sancy

Given its low off-take, *Le Sancy* is a **failure** for which several reasons can be cited. It positioned itself as “the long-lasting soap.” It was later discovered that the long-lasting benefit can be an add-on benefit for the consumer but not the core benefit. A core benefit is something like beauty, skin care, health, etc. Further, its price puts it in the premium segment. For the premium segment can long-lastingness be a benefit at all? However, the product did deliver what it claimed. Initially, there was a novelty value added to the product because it looked different (egg-shaped). So there were trials. But post-use, the consumers might have found the very novel shape difficult to use on the body. To sum up, *Le Sancy* was a failure because of its ‘positioning’ and its irrelevance to what it offered. Most experts feel that high price was not really the reason for its failure.

## Lifebuoy

*Lifebuoy* is the largest selling soap in India and also probably throughout the world. It is **the** most successful toilet soap brand in the country. It is a recruiting brand and any non-user of soap who gets converted is first likely to buy *Lifebuoy*. It is priced low and is hence in the reach of the common man. It is a 150 gm soap and therefore offers value for money. Besides being hardworking, it is long lasting which is another issue important from the target segment’s point of view. Further, its health positioning and the dream it sells of being a ‘WINNER’ has an important role to play in its success. It has also successfully made itself contemporary without losing its core values. Since the sixties, its “Tandurusti-ki-raksha” pitch has not changed. It is now experimenting with brand extensions. This transition and upgradation of *Lifebuoy*, however, needs to be handled carefully. By and large, *Lifebuoy* is rated as a very successful soap.

### Lifebuoy Plus

*Lifebuoy Plus* is seen as a **successful** brand extension. More importantly, it is seen as a gateway for upgrading the Lifebuoy umbrella. In its earlier incarnation of *Lifebuoy Personal*, the brand was not very successful. If Levers is successful in its present attempt, it will make *Lifebuoy* a very profitable brand. Market watchers feel that *Lifebuoy Plus* is more than just an upgradation. It opened up a new segment which can be labelled "FIGHTING SWEAT." This probably attracted a host of new customers besides upgrading some of the *Lifebuoy* customers. However, there is a danger in launching too many brand extensions. *Lifebuoy Plus* fights body odour. *Lifebuoy Gold* is a germ-killer family soap. *Lifebuoy Family* was launched and dropped. There might eventually be a question as to what *Lifebuoy* really stands for. In sum, while *Lifebuoy Plus* may be heading for success, its performance will also depend on how the other brand extensions and the parent brand itself are managed.

### Liril

Most experts feel that *Liril's* **success** is basically a positioning success. It was probably the only soap launched in the seventies to be successful. Its positioning connotes youth, freshness and freedom. Though positioning was fundamentally the reason for *Liril's* success, the contribution of the uniqueness of the product, packaging, lime freshness, product delivery etc. should not be underplayed. Besides, *Liril* was the first "FRESHNESS SOAP" in the market which opened up a whole new segment on freshness. It is also marked itself distinct through attractive advertising campaigns. It did face tough competition from *Cinthol* in the early nineties but it came back. Thus it may be concluded that *Liril* is a positioning success assisted by a good product and promotion.

## Lux

*Lux's success* is by and large attributed to its positioning. Its positioning in the Indian and the international markets is the same. The theme is basically that *Lux* holds "the secret to the beauty of film stars." It is difficult to get a more attractive proposition in a category where brands sell because of what they stand for rather than what they are. The result is that *Lux* is the second largest selling soap in the country. *Lux* is expected to continue as a successful soap.

## Lux International

*Lux International* is a **success** today. But the brand extension exercise of *Lux* ended up as a failure several times in the past. (For instance, the seventies launch of *Lux Supreme* did not fare well.) In its present launch however, like *Lifebuoy Plus*, it managed to upgrade some of the parent brand's customers besides attracting users from other premium soaps like *Liril*. Part of the reason for its success is that *Lux International* was probably the first premium beauty soap. If it continues its winning trial it will make the *Lux* umbrella more profitable.

## Margo

*Margo* is another of the oldest soaps that has **successfully** stood the test of time. There is almost unanimous agreement on positioning being the most important reason for *Margo's* success. *Margo* is primarily a soap popular in Eastern India. As we can see, the market structure in soaps favour old soaps that have incrementally contemporarized. *Margo* did that four years ago and roped in young customers thereby increasing market share. It already has loyalty among middle aged customers. Its strength is its health positioning supported through ingredients like neem leaves. Some experts are of the opinion that if *Margo* had been with an organisation other than the Shaw Wallace Group (which

owns Calcutta Chemical Works which in turn owns *Margo*) it would have been a much bigger brand. Since Calcutta Chemical Works has been taken over by Henkel recently, the brand might see renewed activity. In sum, *Margo* is a success because of its health positioning and its ability to remain contemporary.

### **Mysore Sandal**

*Mysore Sandal* is a **reasonably successful** brand which could have been more successful. Given the competition in the nineties, it could lose out market share unless it is more proactive. It is successful because it is a unique product. Either in a packed or unpacked condition, it cannot be mistaken for any other soap. Its ingredients, packaging, shape, fragrance are all distinct. Another important reason for its success is the 'HERITAGE' dimension. The fact that it is a traditional soap with early mover advantage and has a core set of loyal users also helps. It is possible that the brand might shrink and eventually become a Karnataka brand. This is because the organisation that holds the brand (Karnataka Soaps and Detergents Ltd.) itself is not doing well. However, many experts agreed that its potential is more than its current sale. In sum, the opinion that *Mysore Sandal* is successful because it is a distinct product with a clear positioning has been endorsed.

### **Nirma Bath**

*Nirma Bath* as of now is seen as **not successful**, but given the organisation's persistence it is difficult to write off the soap. The reason for its current lukewarm performance probably lies in its communication strategy. It offered a little more than what *Lifebuoy* did but *Lifebuoy* is rooted as a habit and is not only low priced but also sells the dream of being the "WINNER" well. On the other hand, *Nirma Bath* merely portrayed a workman as a workman in dirty clothes. There was no aspirational value in the advertisement. Some experts

were not sure if *Nirma Bath* gave the high margins to dealers as *Nirma Beauty* did. However, the organisation does not give up easily and current reports are that it is picking up volumes.

### **Nirma Beauty**

*Nirma Beauty* is seen by most experts as a big **success**. The first reason for *Nirma Beauty*'s success is that it offers a good product cheaper than *Lux*. In a sense, it could be called "poorman's *Lux*." Due to its 80% TFM (total fatty matter) content, it lathers more than what *Lux* does and at a lesser price. It is also positioned as a 'beauty' soap though not as a cine-star soap. Secondly, very high dealer margins have been paid which greatly enhanced *Nirma*'s marketability. Thirdly, the advertising (the more recent executions featuring Manisha Koirala) is effective. Last but not the least, the organisation persisted with the brand long enough for it to get a hold in the market.

### **OK Bath**

*OK Bath*'s indifferent performance is seen as a result of TOMCO's failure to persist with the brand. It was one of the brands that competed with *Lifebuoy* and managed to erode some of its share initially. To begin with, the two things it offered, namely (i) "big soap—more soap for the same price" and (ii) 'red' and 'pink' variants seemed to produce results. But there was no aspirational value in its advertising. This brought it close to making it a me-too to *Lifebuoy*. It is thus likely that the brand languished along with other TOMCO brands because of lack of consistent brand support. In other words, *OK* suffered more due to organisation-related reasons rather than brand related reasons.

### **Palmolive**

*Palmolive* has so far not been very successful although it tried to communicate a complicated idea, that is, a

different soap for a different skin type. It took some time before the consumers understood the communication. Besides, *Lux* quickly brought in the same variants as *Palmolive* which confused the consumer. There might also have been some initial problem in extending a brand that was a shaving cream into a women's soap. Though it is just about 4000 T strong six years after its launch, it grew by 16% last year. Its new extension variant "Naturals" and its sponsorship of '*Palmolive skin-care*' chat are likely to have a salutary effect on the brand. Thus, while *Palmolive* may not be a success, it cannot be put down as a failure.

### **Pears**

*Pears* is a **success** basically because it is a distinctive, unique product. Besides the product being good, it delivers a relevant benefit. The positioning is single mindedly medicinal and it does not offer any cosmetic benefit. It also does not have a very pleasant smell. But it protects the skin because of its glycerine content. For this reason, some consumers switch to *Pears* in winter. It has tradition on its side being a very old soap in the market, possibly the oldest among the existing brands. Further, it is used by mothers as a weaning soap for their growing kid daughters. It is high priced and hence is a profitable brand. Thus its unique product and distinct positioning are responsible for its success.

### **Ponds**

*Ponds* toilet soap **failed** because it did not offer anything new. Firstly, the product offered nothing novel. Secondly, it was somewhat high priced. Thirdly, it had introduced many variants before the flagship brand stabilised. This could have possibly caused cannibalisation within the family. Some experts saw it as a case of poor brand extension. The skin care equity that *Ponds* had with its face cream and talc could not be transferred to the soap. Thus it is felt that *Ponds* is a case of failure where the brand offered nothing new.



### **Protex**

It is generally felt that *Protex's* **failure** was because of poor communication. The problem was not that the product or the promise were not distinctive because, both *Lifebuoy Gold* in India and *Safeguard* abroad have the same positioning (germ- protection and family care) and are doing well. There is no reason why the same position should not have worked for *Protex*. Besides, while *Protex* had three variants, their specific benefits were not clearly communicated. Some experts speculated that it might be an idea ahead of its time when introduced. This in the author's opinion is unlikely. The other reasons for failure could be lack of investment in the brand. In sum "poor communication" seems to be the basic reason for the failure of *Protex*.

### **Rexona**

*Rexona's* **success** owes to several other aspects besides being priced reasonably. Its traditional rival in the market has been *Hamam* which was a TOMCO brand while *Rexona* is a Levers brand. Both of them compete on the skin care platform. Though initially *Hamam* was in the lead, it was overtaken by *Rexona* in the nineties. A part of the problem were organisational problems that besieged TOMCO. The other part of the explanation is provided by the proactiveness of *Rexona*. For instance, its 'COCONUT' content advertising was favourably received by the market. Further, its variants like *Rexona Sandalwood* have also done well in the market contributing to the overall success of the brand. What is more, the Sandalwood variant has helped *Rexona* penetrate the the North, while for long the mother brand was a South Indian brand. *Rexona* is therefore seen as a brand with a lot of potential even now besides being a successful brand.

### **Santoor**

*Santoor* is a **successful** soap though of late its tonnages have been slipping. It is successful because it has a

unique proposition to offer (“age-defying complexion”) and a product to back it. It has the ingredients of sandalwood and turmeric which deliver the proposition. Its pricing made it the only sandalwood soap available at that price. The two together have contributed to its success. In the recent past, it had threats from competitors like *Rexona sandalwood* but most experts are agreed that it is a brand with a lot of potential. In other words, *Santoor* owes its success to the proposition and the product.

#### □ TOOTHPASTES

The toothpaste market is about 55,000 tons in size. The leader in the toothpaste market is by far *Colgate* with its flagship brand—*Colgate Dental Cream* which alone accounts for nearly 50% of the tonnage of the Indian toothpaste market. In the nineties, however, *Colgate* has been under sustained attack from Hindustan Levers’ brands—*Close-Up* and *Pepsodent*. *Close-Up* launched a ‘gel’ toothpaste and aggressively promoted it on the ‘youth’ platform. It holds about one-fifth of the market now. *Colgate* launched its own gel version called *Colgate Gel* to get back volumes. *Colgate* also has niche brands under its umbrella like *Calciguard*, *Total* etc. After several relaunches on the part of Hindustan Levers, *Pepsodent* is reportedly doing well on the ‘toothcare’ platform. Together, *Close-Up* and *Pepsodent* can mean a formidable challenge to *Colgate* in the future. To consolidate its position in the market, *Colgate* tookover a languishing brand *Cibaca*. In the seventies, *Colgate* faced tough competition from Balsara’s brands namely, *Promise* and *Babool*. Both the brands are performing somewhat indifferently now.

Most other toothpaste launches did not meet with success of which some are *Signal* (Hindustan Levers), *Forhans* (Geoffrey Manners) and *Prize* (Balsara Hygiene products) because they were ‘FLOURIDE’ toothpastes. Flouride was feared to cause flourosis. *Forhans* also lost due to organisational dithering. *Vicco-Vajradanti* (Vicco labs) is a regional brand which is possibly not aiming at becoming a national player. *Effermint* (Tata

Oil Mills) and *Ponds* (Ponds India Ltd.) lost because they did not offer anything new. *Nirma* toothpaste did not meet with success initially, but it can make a comeback given the traditional strategy followed by *Nirma Chemical Works* which is a combination of low price and aggressive dealer push.

## □ GENERAL SUCCESS

### Success Benchmark

If a toothpaste (national brand) acquires a market share of 5% in two years and grows faster than the market, it is a successful brand. It is difficult to attain 5% market share in toothpastes and grow. Toothpastes successful at one time like *Babool* and *Promise* have slid down to this share. In fact, very few toothpastes have touched double digit marketshare. The latest one to do is *Pepsodent*. Therefore, experts agree that a toothpaste brand that gains 5% market share in two years and grows faster than the market is a success.

### Key Success Factor

Unlike the case of shampoos and soaps, the initial trial itself is low in toothpastes. Thus, initial trial was seen by some experts as the key success factor. It is true that breaking morning habits is difficult and hence, dislodging a strong brand like *Colgate Dental Cream* may not be easy. But trial can be forced through good promotion schemes. Therefore, trial per se may not be the key to success. For instance, one important reason for *Vicco Vajradanti's* poor performance was that its taste was not accepted. How the toothpaste tastes while brushing is important in determining whether the consumer would prefer to continue using the brand. Also, the benefits offered by the toothpaste should be relevant. For instance, this is true of *Pepsodent's* "Germi-check" and *Colgate's* "Freshness" benefits. In short, experts opined that while trial is an important aspect, clear benefits and pleasant in-use experience would probably better qualify for being termed as key success factors.

### **Packaging**

Sachets have not been successful in toothpastes so far. However, experts did not agree that sachets are bound to fail. Firstly, many felt that sachets have been introduced in a limited way and they have been reasonably successful in the South. Secondly, they might have a role in rural markets if the idea is communicated well. Besides, sachets are useful as promotional material or for inducing trial. Thirdly, there is a possibility of innovation in sachet packaging. For instance, if there is a dispenser at the top of the sachet it might be successful. (e.g.: "Indana ghee" has a cork to dispense the contents from its plastic container. *Close-Up* toothpaste has a sachet version with a cork.)

However, there is also the other side. Sachet is a one-shot consumption item. Once a sachet is opened, the freshness of the toothpaste is no longer assured. Besides, there is no incentive to buy a sachet for a product that is used everyday. For that, a 100gm. pack seems more suitable. If sachets have to be consumed in one shot, the quantity packaged may have to be reduced further. This may make the sachet unviable. Thus sachets may have to be positioned for travellers which means targeting railway stations and bus stations. This might limit the size of the market. Further, retailers do not want to push sachets because of the lower margins they yield. Also, there are problems in filling a white toothpaste in a sachet because it dries. There were reports of ant infestation as well. In sum, though sachets have not been successful in toothpastes as of now they might have a promotional role to play in the future.

### **□ BRAND SUCCESS**

#### **Babool**

*Babool* is a brand that can fare better than what it does as of now. It has the ingredients of being a successful brand i.e., herbal protection at an affordable price.

However, the brand was not supported consistently, possibly because of the limited resources at the disposal of the organisation. *Babool* initially tried to be a national brand but then found merit in being a brand confined to a few states like Rajasthan, Gujarat, Maharashtra, MP, UP (it is in these states that the 'Babool' tree is found and hence people there know of its benefits). This naturally reduced its market share though it made it a more focussed brand. One mistake that *Babool* committed was to advertise it as a brand with a specific price (Rupees ten at that time). It got locked in as a ten rupee priced toothpaste but it could not remain at that position for long.

A further problem that *Babool* faced was in the experience while in actual use. The in-use experience of the product was not very pleasant. The toothpaste was seen as bitter. This could have been mitigated through advertising but that was not done. Finally, *Babool* should have focussed on herbal benefits rather than on price. *Nirma* detergent powder and *Nirma Beauty*—both low priced brands—sell convenience and beauty primarily and not low price utility. In short, *Babool* is performing indifferently because it presented only the low-price benefit and not so much its herbal benefit.

### **Cibaca**

*Cibaca* failed because of several market related reasons. Firstly, it lost valuable time explaining to the market that it was the same as *Binaca*, its earlier incarnation. Also, the fact that it had a Fluoride variant did not help its brand image. *Cibaca* had therefore to concentrate on 'Cibaca Top', a non-fluoride variant, after the fluoride controversy. In the process, some market share had to be conceded. Further, after the sale of the brand abroad, the Indian company was saddled with a brand that could not be upgraded. Hence, the brand in India was sold off to *Colgate* for 131 crores, a good sum, considering that *Cibaca* was not faring well in the market. But *Colgate* is possibly more interested in *Cibaca* toothbrush than the toothpaste, the former being a leader in its market. Strangely enough, *Cibaca* has been

relaunched on the “freshness” platform which is not very different from *Colgate’s* proposition. As of now, *Cibaca* is a small brand and is likely to remain that way in the future.

### **Close-Up**

It is generally felt that *Close-Up’s* success is basically because of its positioning. There are other reasons that contributed to its success. Firstly, the product “GEL” was novel. (Gel toothpastes existed since the seventies but Levers actively supported them only in the late eighties.) Secondly, enough advertising and promotional support was given to *Close-Up* after its ‘87 launch. Thirdly, its in-use experience had positive response from consumers. It was refreshingly different from *Colgate*. Finally, its positioning abroad (“SOCIAL CONFIDENCE”) was creatively tailored to the Indian market. This was backed up with effective advertising. In other words, though experts were agreed that *Close-Up* is a positioning success there were several other reasons that supported it.

### **Colgate Dental Cream**

*Colgate Dental Cream* (CDC) is a very successful toothpaste but it now faces formidable competition from other brands. Pioneer advantage and family habit put together make *Colgate* a formidable brand. Being a pioneer gave CDC the advantage of being everything to everybody. (It claims successfully to be a germi-check toothpaste, a family toothpaste as well as a toothpaste that tastes good.) It is reasonably priced. Its positioning “SURAKSHA CHAKRA” has been consistently maintained. It also has a significant presence in the rural areas because of its rural van services and its brand extension—*Colgate* toothpowder. Incidentally, *Colgate* toothpowder has been developed specifically for India. The toothpowder gives the brand high awareness in the length and breadth of the country. *Colgate* was, till recently, ranked as the brand with the highest top-mind-awareness among consumers in the country. It is a successful toothpaste.

## Colgate Gel

*Colgate Gel* is a **successful** toothpaste as well as a successful brand extension. *Colgate* would have lost its market position if it had not introduced the 'gel' version. 'Gel' was a redefinition of the market. Several non-gel toothpastes (eg: *Babool*, *Promise*, *Forhans*) lost out after the relaunch of *Close-Up*. In a **sense**, joining the gel bandwagon helped *Colgate* retain its position and grow. The advertisements were **also eye-catching**. However, it was also helped by its **heritage**, namely the *Colgate* brand name. Any other gel toothpaste brand would not have gained an 8% market share. In other words, *Colgate Gel* was successful because it identified a new trend quickly and backed it with *Colgate's* brand name.

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## Forhans

*Forhans* failed due to several reasons. Some of these were within the control of the organisation and some were not. *Forhans* was a leading toothpaste in the seventies. Its descent since has been steady. One important reason for its slide was the fluoride controversy. *Forhans Fluoride* lost significantly because of the adverse publicity fluoride received. Added to this was the fact that *Forhans* tried to become "foaming *Forhans*." This cost it, its traditional franchise of middle-aged, traditional consumers. Once again, now, *Forhans* is trying to position itself as "FEEL FRESHNESS FORHANS" which is something for which *Forhans* was never known. A better option is probably to incrementally shift away from the strong medicinal position that *Forhans* had. Another option would have been to launch a toothpaste with a new positioning because *Forhans* has medicinal connotation.

## Nirma

*Nirma* toothpaste, from its past performance has to be described a **failure**. Typically, *Nirma* tried its time-tested low-price strategy in toothpastes. It did not work.

Some experts speculated that this was because the product offered was poor. Yet others opined that a detergent's brand name cannot be extended to a toothpaste. This myth has however been exploded by the success of *Nirma Beauty Soap*. Finally, *Nirma* toothpaste cannot be written off because typically *Nirma's* brands lie low for two to three years before they take off. Very likely will *Nirma* toothpaste be relaunched as poorman's *Colgate*.

### **Pepsodent**

*Pepsodent* emerged **successful** in the nineties reportedly after its seventh relaunch. This shows that brand success is as much a function of organisational persistence as it is of what the brand offers. Several reasons contributed to *Pepsodent's* recent success. Firstly, the product was reformulated. Secondly, the current communication with its emotional overtones has been much more successful than the past advertisements. Thirdly, the "GERMICHECK" attribute got strongly registered with the consumer. Fourthly, a lot of effort was put into sampling the product directly to the target consumers. Fifthly, the organisation (Levers) persisted with the product for the past two years much more assiduously. Hence, it is likely that the variant *Pepsodent-G* will slowly replace *Forhans* in the gum care category. All these reasons contributed to *Pepsodent's* success.

### **Ponds**

*Ponds* toothpaste **failed** primarily because it did not offer anything new. Besides, it was a poor brand extension. It is possible that it was not so much a poor brand extension as it was poor management of the marketing mix.

### **Prize**

*Prize*, again was a **failure** because it was a fluoride toothpaste. It is a *Balsara* product. Its stay in the market was so brief that not many consumers or experts



recollect it. Besides, *Colgate* in a typically reactive move flanked it with *Colgate Fluoriguard* which made it difficult for *Prize* to survive in a niche market.

### **Promise**

Expert opinion is that *Promise* **failed** because there has been no product upgradation or support for long. There was also confusion in the positioning in later stages. For a long time not much was done to the product. Balsara's resource problems might also have prevented it from launching a gel version. The initial positioning of 'CLOVE OIL' (health and tradition) was very focussed. It should have been steadily made more contemporary. Instead, that positioning was almost abandoned when *Promise* claimed to be a 'FRESHNESS' toothpaste. It sounded like a me-too to *Colgate*. On the pricing front also, *Promise* was usually priced 10% lower than *Colgate*. In the interregnum its price equalled *Colgate*'s. Thus, *Promise*'s failure was a result of lack of overall upgradation and prudent management of the marketing mix.

### **Promise Just-For-Kids (JFK)**

*Promise JFK* **failed** because it was difficult to sell a kid's toothpaste in any market. World over, kid's toothpaste as a segment is just 2% of the total toothpaste market. Some experts feel that it failed because parents do not want their children to eat a toothpaste. The tooti-frooti flavour of *JFK* is likely to encourage that. However, the over-riding reason for its failure could be that Indian families do not buy more than one toothpaste. Toothpaste continues to be a family product and a separate toothpaste for children has not found acceptance yet.

### **Signal**

*Signal*, a Levers brand **failed** in India not only because it was a fluoride toothpaste but also because it did not offer anything new. It was a striped toothpaste but this

may not have meant much to the consumer. It sells well in the Middle East which is why its advertisements are seen on Zee TV. In India, however, its performance has been indifferent.

### **Vicco Vajradanti**

Several reasons are cited for *Vicco Vajradanti's* failure. The word failure is being used keeping in view the potential of the brand. The organisation itself, it appears, is satisfied with the performance of the brand. One problem is that Vicco has limited distribution reach. Also, the advertising made it a niche product. If the communication, packaging and the product had been incrementally upgraded it would not have been confined to a niche. Besides, like *Babool*, the in-use experience of Vicco was not seen as pleasant by consumers. Thus, if *Vajradanti* is not faring well, it is possibly because of the organisation which is sufficiently not aggressive in the market.

### **Redefining of Brands**

Among the categories discussed above, there were market redefinitions in shampoos and toothpastes. As already mentioned, the significant redefinition of the nineties in the shampoo market was 'sachet'. The brands that retained market share despite this redefinition are *Clinic Plus* and *Sunsilk*.

Similarly, the redefinition in toothpastes is 'gel.' The brand that braved this redefinition was Colgate through its brand extension *Colgate Gel*. In the talcum powder and toilet soap markets, there were no significant redefinitions. Talcum powders' category could be redefined by deodorants in the future. In the West, talcum powder is less popular than perfumes and deodorants. So far in India, substitutability has not worked adversely for talcs. Similarly, in toilet soaps, there was an attempt of redefinition through face washes and liquid gels. Face wash needs concept selling and it will

take a while before the consumer accepts it. Liquid gels have not been very successful owing to their price. Of the liquid gels launched, only *Lifbuoy* and *Dettol* can claim some success. But it is likely that they are being used more as hand washes rather than face washes. Thus, *Colgate* in toothpastes and *Sunsilk* as well as *Clinic Plus* in shampoos fit the definition of brand success as suggested by this chapter.

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# 2

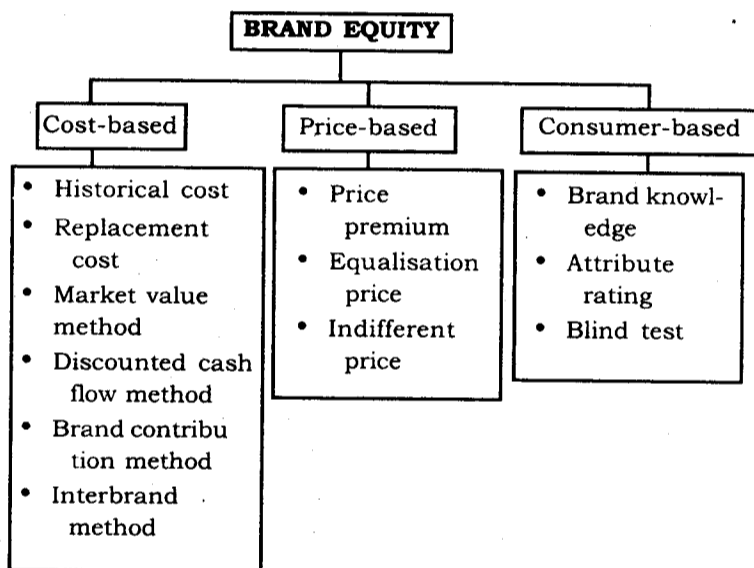


## **BRAND EQUITY**

**I**s brand equity the price at which a brand can be sold by an organisation to another? Is it better measured by the level of awareness or the buying intention for the next ten purchases? Is brand loyalty a straight measure of brand equity? Is it the price of the brand under study when all brands in the market are forced to have equal share?

It is all this and more. In fact, brand equity cannot be defined without reference to the point of view from which it is being defined. Brand equity is probably the most popular topic on debate in issues related to marketing. What is brand equity? Several attempts have been made to define this. There are some like Arthur Anderson Consultants who have developed an elaborate methodology to define brand equity. To begin with, we can divide all definitions available on brand equity into the following categories:

- (a) Cost-based;
- (b) Price-based; and
- (c) Consumer-based.



**Exhibit 2.1** Brand equity based on cost, price & consumer

The methods mentioned in the exhibit are not elaborate and interested readers should study the references mentioned at the end of the chapter for getting a deeper insight into these methods.

## □ COST-BASED METHODS

### Historical Cost<sup>1</sup>

This is the money that has been spent on the brand till date. Suppose Rs.100 million have been spent so far in creating a brand called 'X'. The value at which the brand can be sold to another organisation should be Rs.100 million. This appeals intuitively though there are several problems in using historical costs. First, a prospective buyer is interested in the future cash flows from a brand and the fact that 100 million was spent on brand 'X' does not guarantee the realisation of even a fraction of that amount in future sales.

Costs incurred in brands are no measure of the efficiency with which the money was spent. The R&D

budgets of *GM, Siemens, Philips, Xerox* and *IBM* are much more than their respective Japanese competitors namely *Honda, Hitachi, Sony, Canon* and *NEC*. Yet the number of successful models produced by the Japanese far outnumber the ones produced by their western counterparts. Poorly spent finances hardly get translated into brand equity. Historical costs may or may not be an adequate measure of a brand's future potential even when the costs are adjusted to the current prices.

### Replacement Cost<sup>2</sup>

Consider a brand, say *Colgate*. How much would it cost to create a brand with similar turnover, profitability, distribution reach, brand loyalty, etc? This cost is its brand equity.

To begin with, measuring each of the above costs is not very easy. *Colgate* has a turnover of Rs.6810 million, a gross profit figure of Rs.146 crores, reaches at least 3 lakh retailers directly (many times this number indirectly) and finally is probably the most popular brand in the country. (It often topped the consumer awareness list published by the magazine A&M.\*)

Promotional expenses on launch alone cost close to 5 crores today for a national brand. Add to this the production, distribution and marketing overheads. A simple calculation can demonstrate this figure. Consider the example of another brand, *Close-Up*. *Close-Up* has been in existence for some time now. Say Rs.200 crores was spent cumulatively on production and marketing over the years to achieve the present turnover. To this, add the amount for the brand loyalty and distribution equity it commands. Let us add another 50 crores to take care of that. In other words, the brand value of *Close-Up* is 255 crores. (We did not attempt a similar exercise with *Colgate* because it is an old brand and the calculations will become cumbersome.) Thus, replacement cost can be calculated as follows:

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\* Advertising & Marketing

Replacement cost } = (Launch cost + production and administrative costs incurred over the years + brand premium acquired over the years due to brand loyalty, distribution, etc.)

First, procedurally this is not very simple. Of course, it is better than historical cost because it considers today's costs. But this suffers again from the same set-backs as the previous method. What is the guarantee that if a brand is created at the cost of Rs.255 crores today it will obtain a market share of about 17% as *Close-Up* did? This indeed is the million dollar question.

Present costs (as in replacement cost method) are as bad indicators as past ones (as in historical cost method) as far as evaluating brand equity is concerned.

### Market Value Method<sup>2</sup>

The brand value for a particular brand is obtained by comparing it with the value that had been realised in a comparable, current merger or acquisition.

Given below is a list of acquisitions from the recent past and the price at which these acquisitions have been made:

		PRESENT	(Rs. in Million)
Brand	Taken over by	Price	
Eveready	Mcleod Russel	2900	
Kelvinator	Whirlpool	2500	
Farex, Glucon-D, etc.,	Heinz	2100	
Thums Up, Gold Spot	Coca-Cola	1800	
Cibaca	Colgate	1310	
Transelektra	Godrej	800	
PAST			
Company	Taken over by	Year	Price
Ashok Leyland	Hindujas	1987	780
Assam Co.	Jay Mehta	1991	600
Shaw Wallace	M R Chabbria	1985	390
Berger Paints	Vijay Mallya	1988	360
Warner Tea	G S Ruia	1983	130
Universal Luggage	Dilip Piramel	1988	40

Source: *Business World*, Oct 5-18, 1994

**Exhibit 2.2** List of acquisitions during the past and present



*Cibaca* for instance has been bought by *Colgate* for a sum of Rs.1310 million. If *Cibaca's* equity is Rs.1310 million, what is the equity of *Colgate*? Perhaps since *Colgate* has about 17 times as much turnover as *Cibaca*, if we multiply the equity of *Cibaca* with a factor 17 we will arrive at *Colgate's*. That puts it at Rs.22,270 million. (If the ratio of market shares is not seen as realistic there are other multipliers like P/E value of the respective equity shares that can be used to arrive at a suitable value for *Colgate's* brand equity.)

### Discounting Cash Flow Method<sup>1</sup>

This method consists of (i) estimating the cash flows that would accrue to a brand in future; (ii) converting these to present value using the time value of money. To explain in detail, consider *Usha* fans. If the estimate of sales for the next 10 years is S1, S2, ... S10 and a discount of 15% is applicable to these amounts, the present value of cash flows is as given below:

$$P = \frac{S1}{(1.15)} + \frac{S2}{(1.15)^2} + \frac{S3}{(1.15)^3} \dots + \frac{S10}{(1.15)^{10}}$$

where P is the value at which the brand can be sold off to another organisation. In other words, it is a measure of brand equity.

This is more reliable as an estimate compared to the historical method. But estimating the sales of a product several years down the line is difficult. Competitors might outperform *Usha*. The nature of the industry might change as the shampoo industry has changed after the introduction of satchet shampoos. *Velvette* which was an unknown brand shot to limelight with satchet shampoos. If a similar change occurs in the fan market, "Usha" may or may not retain its premier status. In short, this method is useful when the industry and the company's turnovers are stable and predictable.

### Brand Contribution<sup>2</sup>

This method tries to identify the value that is added by the "BRAND" to the product. Brand contribution

compares the profits earned by the brand with the profits earned by an unbranded or generic product in the same category. The difference between the two is treated as a measure of brand value. This, of course, is not acceptable as a price at which the brand can be sold. (The organisation will demand several times this value for selling the brand.) This will be useful more as a measure of the brand's strength in the market in which operates. This when multiplied by a suitable integer yields brand equity.

$$\text{Brand equity} = K \times (\text{profits from the brand} - \text{profits for an unbranded product in the same category})$$

### Inter-brand Method<sup>1</sup>

The Interbrand Co., UK developed a structured method for arriving at brand equity. This method aims at arriving at a value at which a brand can be sold by one company to another. The steps used in this method are described below. The method in its entirety is more complex and is meant only as an appreciation of the same.

- a) The weighted average of the last three years' profits of the brand is computed.
- b) This figure when multiplied with a number gives the value of brand equity. The number is arrived at by multiplying the P/E of the company or industry in which the company operates and a factor called brand strength.
- c) Brand strength is dependent on certain variables like leadership, stability, internationality, etc. of the brand.

$$\text{Brand equity} = (\text{weighted average of brand profits} \times \text{P/E of the industry} \times \text{Brand strength})$$

Consider a brand X, whose profits are shown below:

Year	Profits (Rs. in million)	Weightage
1993	15	1
1994	20	2
1995	30	3

$$\text{Average Profit} = \frac{(15 \times 1) + (20 \times 2) + (30 \times 3)}{1 + 2 + 3}$$

$$= \text{Rs.24.2 million}$$

“Brand Strength” depends upon the variables given below. The implication of the variables is also explained.

Factors	Implication	Maximum Score	Score for Brand “X”
Leadership	Is the brand a leader in market share, pricing	25	13
Stability	Is there brand loyalty? Does the brand have stable market share?	15	7
Internationality	What is the brand's acceptance level internationally?	15	1
Support	Is the brand actively promoted and supported by the company?	15	8
Protection	Is it adequately protected by trademark?	5	2
Market	Is the market in which the brand operates stable?	5	2
Trend	What is the long-term future for the brand?	20	10
<b>Total</b>		<b>100</b>	<b>43</b>

**Exhibit 2.3** Brand strength

$$\text{Brand strength score} = \frac{43}{100} = 0.43$$

Suppose the P/E value of the industry is 15, then the multiple = brand strength score x P/E.

$$= 0.43 \times 15 = 6.45$$

$$\text{Brand equity} = 6.45 \times 24.2 = \text{Rs. 156.09 million}$$

This is the price at which it is recommended that brand X be sold to any corporation that would like to buy it (eg.: Colgate buying Cibaca). It might be observed that this method despite all its emphasis on quantification has several qualitative factors incorporated in it that finally decide the brand's equity. For instance, "Brand Strength" computation rests more or less on subjective judgement. It is difficult, if not impossible, to eliminate the influence of the subjective element from the computation of brand equity even in methods with a quantitative orientation. Of course, ultimately the price at which the brand changes hands depends on other factors like the eagerness of the company buying the brand and the potential benefits it sees in the brand.

Why multiply the earnings with the P/E ratio? The P/E ratio of the industry is the ratio of the price of a company's share in the industry to the average earnings per share for that industry. This represents the amount someone is ready to pay to obtain an earning "E" from the company. Logically, when these figures are multiplied by the weighted earnings, it should give the price of the company. This when multiplied by a fraction called brand strength gives the price of the brand. This, roughly, is the rationale of the inter-brand method.

#### □ PRICE-BASED METHODS

There are some methods which measure brand equity with the retail price of the brand as the basis.

##### Price Premium Method

This is done by comparing the difference between the retail price of the "brand" and the retail price of an unbranded product in the same category. Here again, the difference will give an indication of brand equity. This measure will also give us an indication of "Brand strength" only. That is, higher the retailer premium that a brand can charge, greater is its equity in the mind of the customer.

But this is less useful than the profit premium method in understanding brand strength because if we take the toothpaste market, there are brands at different prices. Comparing *Colgate Total* (the most expensive toothpaste) with an unbranded product will give it a high brand equity as compared to *Colgate Dental Cream*. However, for the common man, *Colgate* means *Colgate Dental Cream* only. How then can we accept a higher brand equity for *Total* as compared to *Colgate Dental Cream*?

Similarly, some toothpastes like *Babool* are deliberately priced low to penetrate the market. On the basis of the lower retail price premium it commands, it would not be right to say that *Babool* enjoys less brand equity than what say, *Promise* does. Further, low priced brands like *Nirma* and *Lifebuoy* will have their brand equity close to zero if this method were adopted. Such a computation would be unrealistic.

#### Market Share Equalisation Method <sup>4</sup>

This method uses an ingenious way of tackling the brand equity problem.

Let us suppose that there are totally hundred consumers of toothpastes in the country. Of these, 65 use *Colgate*, 20 use *Close-Up*, 10 use *Promise* and 5 use *Babool*. (These figures are close to the brands' market shares. We will ignore the differences in different brand extensions of *Colgate* for simplicity and attribute the entire market share of *Colgate* to its dental cream.) We also assume that there are only 4 toothpastes in the market.

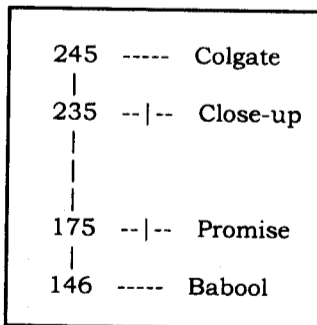
BRAND	PRICES (Rs. per 100 gm)	NO. OF PEOPLE USING
Colgate	17.40	65
Close-Up	22.50	20
Promise	17.40	5
Babool	14.60	10

What are the prices at which the market share for each of these brands is equal?

It is obvious that *Colgate* is the most popular brand. But when its price is raised beyond a point, people will switch from *Colgate* to other brands. What is the point at which 40 people switch from *Colgate* and distribute themselves among the other brands equitably. This situation is shown in the following table:

Brand	Prices	No. of People
Colgate	24-50	25
Close-Up	23-00	25
Promise	17-50	25
Babool	14-60	25

At this point, we have forced a situation where the market shares are equal. The prices here straight away give an indication of brand equity. If we divide the prices in paise by ten we get the numbers in the brand equity map. In other words, the brand equity of *Colgate* is equal to 245 while that of *Babool* is 146.



**Exhibit 2.4** Brand equity map

This map shows us that *Colgate* and *Close-Up* are high in terms of brand equity while *Promise* and *Babool* are low.

A study conducted on 52 respondents by students of IIM, Bangalore reveals that at market share equalisation, *Close-Up* commands a price premium of Rs.2.71 while *Colgate* commands Rs.6.12. This indicates that for

this group of respondents, *Colgate* as a brand enjoys greater equity than *Close-Up*.

**Price-Premium at Indifference <sup>5</sup>**

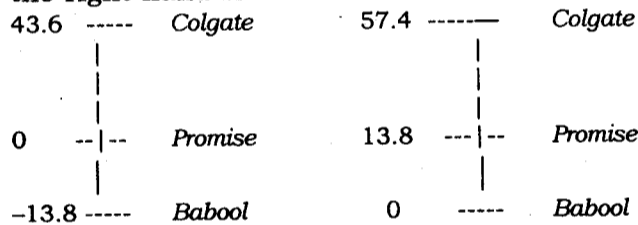
This method tries to compare the free prices of brands at the point of indifference. Take two brands say, again *Colgate* and *Promise*. Repeat the same experiment that we performed in the market share equalisation method. Keep increasing the price of *Colgate*. Let us say on an average, a customer jumps from *Colgate* to *Promise* at Rs. 25.

$$\begin{aligned} \text{Brand Equity of Colgate} &= \left\{ \frac{\text{Revised price of Colgate}}{\text{Price of Promise}} - 1 \right\} \times 100 \\ &= \left\{ \frac{25}{17.4} - 1 \right\} \times 100 \\ &= 43.7 \end{aligned}$$

A similar method can be extended to calculate the brand equity of other toothpaste brands in the market. This method uses one of the brands as an anchor point to define brand equity. Some brands may have negative equity. For instance, if an average customer jumps from *Babool* to *Promise* at Rs.15, the equity of *Babool* will be as shown below:

$$\begin{aligned} \text{Brand equity of Babool} &= \left\{ \frac{15}{17.4} - 1 \right\} \times 100 \\ &= -13.8 \end{aligned}$$

This will lead to negative brand equity. Nevertheless since equity is relative, it should not matter. Adjusting the origin of *Babool* to '0', we get the figure on the right hand side.



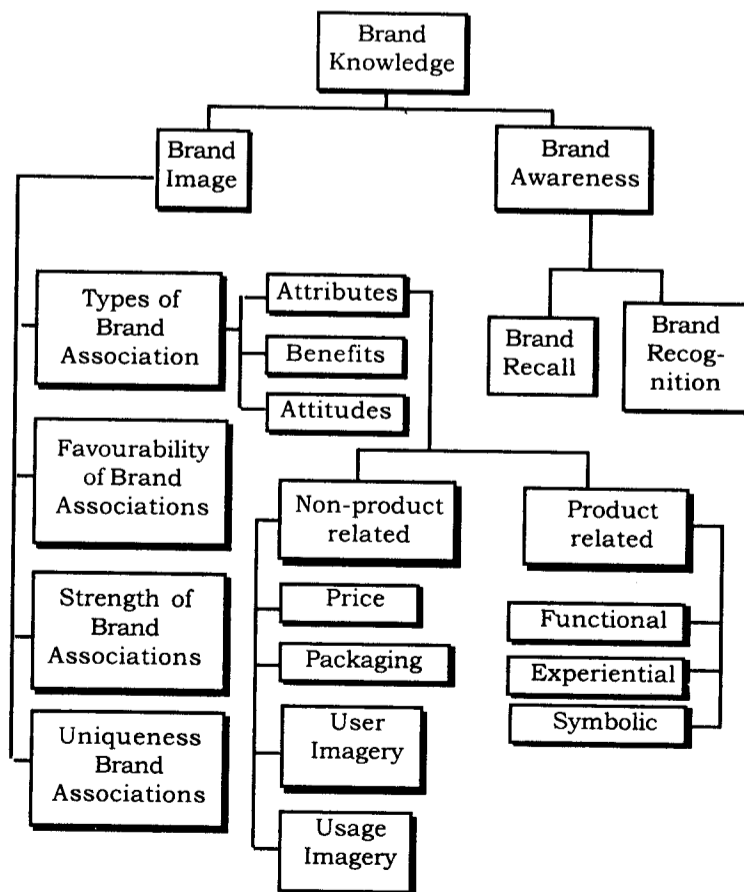
The plot shows that *Colgate* has much higher equity than *Promise* or *Babool*. Between *Promise* and *Babool*, the former has greater equity.

□ **CUSTOMER-BASED BRAND EQUITY**

**A**nother approach of measuring brand equity is making the customer's knowledge of the brand the focus.

**Brand Knowledge Method**<sup>3</sup>

Brand knowledge can be expressed as a sum of brand awareness and brand image. Each of the parameters (i.e. brand recall/strength of brand associations/ attitudes/ user image) can be measured on a 1 to 10 scale. A weighted sum of these parameters will be the measure of brand equity.



**Exhibit 2.5** Dimensions of brand knowledge



**Brand recall** Here is an illustration to measure brand recall. Suppose you want the consumer to recall, let us say, "NIRMA," the following set of questions can be asked:

- a) What brand comes to your mind when I say 'detergent powder'? (This is called top-of-mind-awareness.)
- b) Which detergent brand comes to your mind when I say "Low price?" (The answer could be "Wheel"/"Nirma"/or a regional brand.)
- c) Which brand comes to your mind when I say "white/cream detergent cake?"
- d) The advertisement for which brand says "Do you now understand why I buy this?" (This is an allusion to the housewife in the *Nirma* advertisement mentioning she buys *Nirma* because it saves money.)

If the answer to the first question is "NIRMA," then its Brand Recall score is high. It can be given a score of 10. If the respondent does not have any brand on top-of-mind awareness identifies *Nirma* for question 2 which contains a stronger clue, his association with the brand is that much weaker. He may be assigned a brand recall score of 6. Now, in question 3, a stronger hint is being supplied because "NIRMA" is the most popular among white/cream detergent cakes. If the respondent does not identify *Nirma* in Questions 1 and 2 but does for question 3, he gets a brand recall score of 4. The fourth question is almost a giveaway which points straight to the *Nirma* advertisement. If the respondent identifies *Nirma* here, he is given a score '2'. If he fails to identify it even here, he gets a score '0'.

Thus, a scale can be developed where high score signifies high brand recall and low score the opposite. In a similar manner the other parameters like brand recognition, favourability of brand associations, strength of brand associations, etc. can be measured on a 0 to 10 scale.

When these scores are summed up and averaged, we get a measure of brand equity. This method is probably the most comprehensive measure, if consumers can be accepted as the focus of brand equity. Such methods

argue that equity does not lie in the price at which a brand can be sold but in the mind of the customer. Even if consideration obtained for selling a brand can be a measure, it is argued that this consideration itself depends on how many people like the brand or its customer based brand equity.

The results of brand equity computed in this manner by a group of students from Indian Institute of Management, Bangalore is shown below. These values represent the equity of a few brands of toilet soaps and toothpastes in the minds of a few consumers in Bangalore.

SOAPS			
Lux International	- 7.57	Dettol	- 5.71
Liril	- 7.16	Rexona	- 5.65
Cinthol	- 7.03	Hamam	- 5.48
Camay	- 6.88	Ganga	- 5.21
Pears	- 6.85	Lifebuoy	- 5.15
Lux	- 6.51	Margo	- 4.99
Mysore Sandal	- 6.17	Nirma Beauty	- 4.77
Santoor	- 5.97	Nirma Bath	- 4.53
TOOTHPASTES			
Colgate Gel	- 7.40	Promise	- 5.81
Close-Up	- 6.98	Cibaca Top	- 5.46
Pepsodent	- 6.44	Neem	- 5.00
Colgate Dental Cream	- 6.29	Babool	- 4.81

**Exhibit 2.6** Brand equity scores (out of 10)

The above figures show that among soaps, *Lux International* has the highest equity while *Nirma Bath* has the lowest. Similarly, among toothpastes, *Colgate Gel* has the highest equity while *Babool* has the lowest.

However, there are problems with this method. Like most attitude scores, the score obtained for brand equity with the customer as the focus needs extensive validation. That means it has to be administered to several groups of people containing a representative sample of consumers.

Until several such studies are carried out on different products/brands a score cannot be interpreted. For instance, the most popular brand in India is *Colgate* (as revealed by several A&M studies) with a score of 82. If *Nirma* gets a score of say 55 should it be compared with *Colgate* (because it has the highest equity any brand can have) or should it be compared only with other detergent brands?

In short, the problems associated with this method are related to validation and standardisation.

### Attribute-oriented Approach

The approach in this method is as follows:

Take a particular brand. List all its attributes. Get ratings for each of these attributes on a 0–10 scale from consumers. Sum up the scores. This represents the equity of the brand scale. Repeat a similar exercise on competing brands and we have the brand equity for all the brands.

Suppose one gets the following hypothetical scores for 4 talcum powder brands:

	<b>Ponds</b>	<b>Cinthol</b>	<b>Liril</b>	<b>Gokul</b>
Freshness	8	7	8	6
Fragrance	7	7	7	8
Long-lasting	9	9	8	6
Appearance	8	7	6	5
Desirability	8	6	7	6
	40	36	36	31

If the scores are converted to a scale of 100, the total score for *Ponds* is 80, *Cinthol* 72, *Liril* 72 and *Gokul* 62. This score represents the 'Brand Equity.' However, brand equity usually is more than what the attributes bestow on the brand. This becomes the limitation of the method.

**Blind Test<sup>6</sup>**

A variant of the blind test is recommended by researchers for measuring equity. Here a distinction is sought to be drawn between subjective and objective attributes. Brand equity in this case is defined as the difference between the overall performance of a brand and the sum of the scores it obtains on the objective parameters. Consider 100 c.c. vehicle brands: *Yamaha RX*, *TVS Shaolin* and *Hero Honda-Splendour*.

At the overall brand level, there is preference for one brand or the other. Let us say out of 100, the score given to *Yamaha* is 78, *Shaolin* is 82 and *Splendour* is 85. This is the preference at the brand level. This is the score obtained when you ask the consumer "How much does this brand score on 100 according to you?" Now consider objective parameters like (i) fuel (eg.: 70 km/litre); (ii) pick up (eg.: 70 kmph in 10 sec.); (iii) load it can carry (say 100 kg.). Perform a blind test on these attributes for all the vehicles without revealing the brand name to the customer. Suppose the following ratings (on an average) are obtained from a sample of 250 respondents for each of the objective attributes on a 0 to 10 scale:

	Shaolin	Splendour	Yamaha
Fuel efficiency	6	9	8
Pick-up	6	6	7
Load Carrying capacity	7	6	6
	19	21	21
Out of 30	19	21	21
Out of 100	$\frac{19 \times 100}{30}$	$\frac{21 \times 100}{30}$	$\frac{21 \times 100}{30}$
	63	70	70

Convert these scores to the scale of 100:

The aggregate score on all three attributes is:

	Shaolin	Splendour	Yamaha
	63	70	70
Brand equity for Shaolin	=	82 - 63 =	19
Brand equity for Splendour	=	85 - 70 =	15
Brand equity for Yamaha	=	78 - 70 =	8

The results based on subjective, inexplicable parameters show that the equity is the highest for *Shaolin* and lowest for *Yamaha*.

The problem with this method is identifying the subjective and objective parameters. In a 2-wheeler's case, it might be easy whereas in a talcum powder's case it is not. Why should only subjective factors be taken as a measure of brand equity? Some of these limitations have to be reckoned with in measuring brand equity in this method.

### SUMMARY

It might be observed that the word "BRAND EQUITY" acquires different connotations when different people use it. Or brand equity gets defined differently from different points of view. The definitions have been classified under 3 headings namely (i) cost-based (ii) price-based and (iii) consumer-based. The cost-based definitions try to arrive at a cost at which the brand, if necessary, can be sold to some other organisation, like an asset. Price-based definitions use the retail price of the brand as the basis for computing brand equity. Finally consumer-based definitions use some sort of attitudinal scale to arrive at a number that measures brand equity.

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# 3

## ..... **BRAND EXTENSION**

**B**rand extension like brand equity is a much debated topic. This chapter categorises brand extensions into three types and discusses examples from the Indian market to illustrate these categories. Further issues like need for brand extension, its pros and cons, and image fit between the parent and the extension etc. are also discussed.

### □ **TYPES OF BRAND EXTENSIONS**

**E**rand extensions are of two types

- (i) Extension into related categories;
- (ii) extension into unrelated categories.

An example of the first is *Cinthol* soap launching a lime fresh/cologne fresh version or becoming a talcum powder. An example of the second category is the name *Tata* being **used** for both steel and tea. There is **nothing common to steel and tea**. Yet *Tata* as a brand name established itself **sucessfully** in both the categories and hence called an **unrelated extension**.

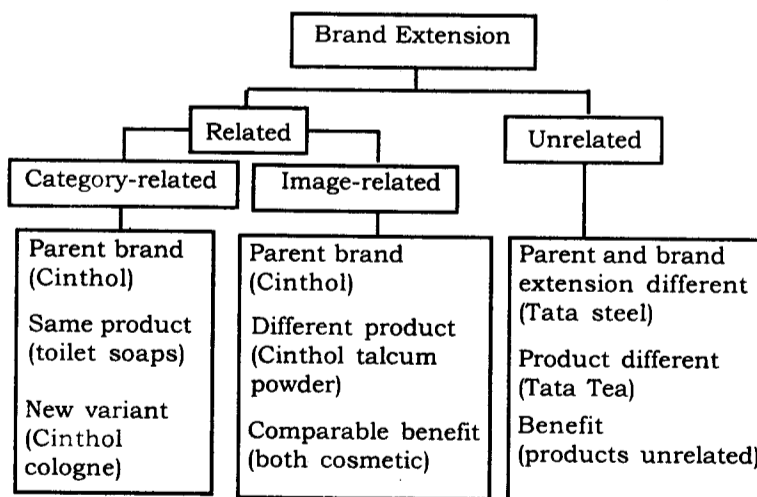
**Related extensions** could further take two routes:

- (i) **extension into the same product category**

(ii) extension into a category that is different but similar in benefits, association and appeal to the parent brand. An example of the first is *Cinthol* soap launching its lime fresh/cologne fresh/spicy fresh versions. Here the product has not been changed but stretched to accommodate variety. Both *Cinthol* (Old) and *Cinthol Lime Fresh* are soaps. This could be called **category-related extension**.

In the second case, however, *Cinthol* from a toilet soap becomes a talcum powder. Though products are different, they are linked by the appeal they hold for customers. Both are cosmetics. This has been labelled as **image-related extension**.

The diagram that follows tabulates the above types of brand extension.



**Exhibit 3.1** Classification of brand extension

□ **NEED FOR THREE-FOLD CLASSIFICATION**

One problem that necessitated the classification of extensions into category-related, image-related and unrelated extensions is the lack of clarity in the definitions available. For instance, Jean-Noel Kapferer<sup>1</sup> does not include the following as brand



extensions: (i) a brand prescribed differently (eg. a shoe polish with a sponge applicator is a more modern version of its normal tin) (ii) different sizes (iii) different tastes or flavours. According to him, there will be no category-related extensions because he would not accept *Cinthol Cologne Fresh* as a brand extension of *Cinthol* (Old). He prefers to call them variants.

Even by our classification, the following will not be brand extensions: (i) different sizes (ii) different packaging. Differences in sizes cannot be considered as extension of brands because the brand name remains the same. On the other hand, in a variant, the product is different from the parent brand eg.: *Cinthol Spicy Fresh*. Thus the variant gets tagged to the brand name. Differences in packaging cannot be considered as brand extensions again because the brand name remains the same. *Velvette* satchel shampoo cannot be considered as an extension of *Velvette* bottle because neither the brand name nor the contents have changed.

**Therefore, variants of flavours and tastes are considered as category-related extensions while changes in packaging and sizes are not according to our scheme of classification.**

A source of considerable confusion is the manner in which the word "Line-Extension" has been used in literature. Subrato Sengupta<sup>2</sup> explains his view as follows :

*"Line extension and brand extension are often used interchangeably. This would not be right. Line extensions should refer only to additions to an existing product line of a company in a given category. Thus, Marvel is an addition to the Godrej toilet soapline which already has Cinthol & Fresca."*

However, like Kapferer, Sengupta suggests that brand extension means extending to a completely new category. But as we have argued this will not take into account dilution or enhancement of image for the parent brands due to the variant. The variant in due course might emerge as strong as the brand itself. It cannot then be christened overnight as a successful brand extension. Further, consider *Lifebuoy* soap and *Lifebuoy*

liquid soap. This will not be considered a brand extension at all by either Sengupta's or Kapferer's definition. Nevertheless, the latter is a brand extension exercise which tries to rope in up-market users for the brand. There is also an expectation of a positive rub-off on the parent brand. Hence category-related extensions have to be treated as brand extensions in their own right.

Al Ries and Jack Trout<sup>3</sup> treat line-extension and brand extension synonymously. This, as we have seen brings confusion in classification. Srinivas Reddy and colleagues<sup>4</sup> treat the wordline-extension to signify category-related or image-related extensions. Aaker<sup>5</sup> treats category-related extensions as line-extensions and others as brand extensions.

Given the varied views in literature, it is quite clear that category-related, image-related and unrelated extensions emerge as three distinct categories of brand extension, though they are called by different name by different researchers and authors.

**Thus the word "line-extension" will not be used at all because it has been defined differently by different experts. Instead, the three-fold classification of category-related, image-related and unrelated brand extensions will be used in this chapter.**

Given below are examples that list the three types of extensions for a given parent brand. The items marked with an asterisk (\*) are hypothetical extensions while the others are real life extensions.

<b>Brand</b>	<b>Category-related</b>	<b>Image-related</b>	<b>Unrelated</b>
Ariel	Ariel Super Soaker	Ariel toilet soap*	Ariel lubricating oil*
Cinthol	Cinthol Lime fresh	Cinthol talcum powder	Cinthol Stainless steel*
Colgate Dental Cream	Colgate Gel	Colgate tooth brush	Colgate furniture*

Godrej Shaving Cream	Godrej Shaving Cake	Godrej Hair Dye	Godrej Electronic Typewriter
Horlicks (White segment)	Horlicks Chocolate (brown segment)	Horlicks Biscuits	Horlicks Computers*
Nirma Washing Powder	Nirma Washing Cake	Nirma toothpaste	Nirma drilling machine*
Pond's DFT	Pond's Magic	Pond's Cold Cream	Pond's Screw drivers*
T-Series folk music audio cassettes	T-Series film music audio cassettes	T-Series video cassettes	T-Series washing powder
Usha ceiling fan	Usha table fan	Usha sewing machine	Usha industrial pumps
Lifebuoy soap	Lifebuoy liquid soap	Lifebuoy detergent*	Lifebuoy seamless pipes*

**Exhibit 3.2** A hypothetical list of category related, image related and unrelated brand extensions of existing brands

There might be a question as to whether *Pond's* is a company name or a brand name. The point is that the company intends to highlight its name along with the variant. It becomes a part of the brand name. It is difficult to think of *Magic* without thinking of *Pond's*. The product's advertising highlights it. Besides those companies that do not want to highlight the company name do not do so. Examples of this are *Liril*, *Lux*, *Lifebuoy*, etc. These brand names do not use their organisation's name Levers directly. It is the brand name that gets highlighted. The relationship between the parent and the three types of brand extensions are as follows:

- Brand & Category-related → Products have same use, slightly different benefit, same or different set of customers.
- Brand & Image-related → A relationship that transfers the emotional benefits and image of the parent to the extension.
- Brand & Unrelated → Almost no relationship except brand name.

#### □ NEED FOR BRAND EXTENSION

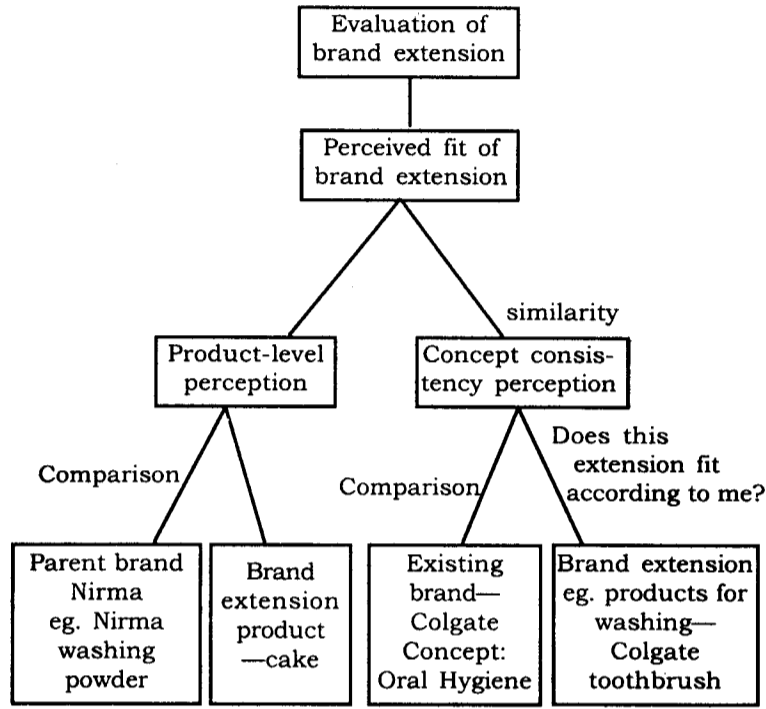
The cost of establishing a new brand especially in the international markets is enormous. It is also a known fact that about one in ten product launches meet with success. This makes the proposition of launching a new brand risky. Often marketers tend to play safe by extending the brand to either the same category or a different category that is in line with the parent brand's promise. In short, marketers view brand extension as a risk minimisation exercise. Curiously, the consumer also looks at it in the same way<sup>6</sup>. A consumer is more comfortable with a brand name that he knows rather than the one that he doesn't. Secondly, established brands are used by consumers as quality cues. This means that they use brand name as an indirect measure of quality. Brand extensions benefit from "spillover of advertising" from other products affiliated with the brand<sup>7</sup>. This means *Dettol* soap will get some mileage out of advertising for *Dettol* antiseptic liquid because the two bear the same brand name. Hindustan Levers introduced 16 new products and Godrej 12 in the year 1992. Of these, 12 and 10 respectively were extensions of existing brands<sup>8</sup>.

The following reasons could be added to the ones mentioned already for brand extension<sup>9</sup>:

- a) **Energising a brand**: A brand wants to increase visibility. It extends into more variants (eg.: *Pond's Dream Flower Talc* extends to *Pond's Magic*)
- b) **Expanding core promise to new users**: A brand name might mean a salient idea or a core promise. *Godrej Shaving Cream* was extended into a shaving cake to accommodate the price-sensitive buyers.
- c) **Blocking or Inhibiting Competition**: Sometimes when competition is intense it becomes necessary to cover every niche. This can be seen in the detergent powder market (eg.: *Surf* has been extended to *Surf Easy Wash* and *Surf Ultra & Ariel* into *Ariel Supersoaker*).

- d) **Managing a dynamic environment:** A new trend brought in by competition, if ignored, might fundamentally alter the market. When such an outcome is feared, a product similar to the competitor's is launched as a brand extension. *Close-Up* created a new segment in the toothpaste market namely the gel segment. *Colgate* had to launch *Colgate Gel* to protect its turf. When *Palmolive* soap was launched in three variants for three different types of skin, *Lux* struck back with the same three variants.

The following gives the scheme of brand extension evaluation as seen through the eyes of the consumer.



(Adapted from "Evaluation of brand extensions: The role of product level similarity and brand concept consistency" by C.Whan Park, et al. *Journal of Consumer Research*, 1991)

**Figure 3.1** Brand extension evaluation (by the consumer)

The above figure shows that a consumer checks the brand extension on the dimensions of product similarity

and concept consistency. When a consumer considers an extension like *Nirma* detergent cake after the successful acceptance of the parent *Nirma* detergent powder, the product similarity dimension induces acceptance. On the other hand, when the same *Nirma* tried to become a beauty soap, the market took several years to accept the offering because of the perceived mismatch in the concept consistency dimension. It is for this very reason *Colgate* tooth brush is acceptable as a brand extension of *Colgate* toothpaste. There is perceived concept consistency in the extension.

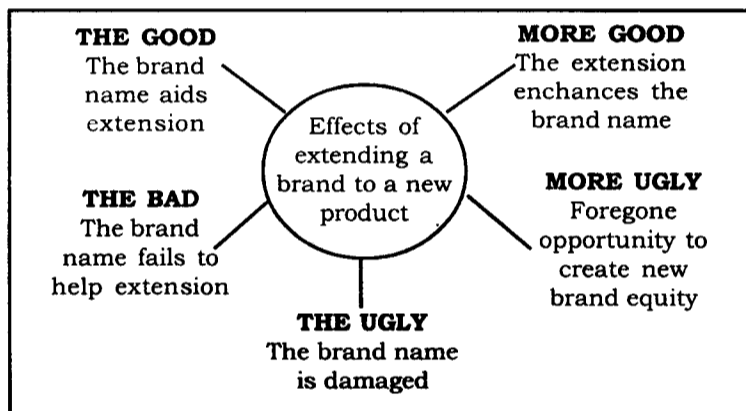
#### □ PROS AND CONS OF BRAND EXTENSION

Some benefits of brand extension have already been identified. The most important benefit seems to be the fact that from both the consumer's side and the producer's side, risk is minimised. The second advantage is the cost of the extension involved. This is much less in case of extensions than in new brands. However, there are contrary view points as well. Extensions rarely expand category demand and retailers cannot provide more shelf space to a category just because there are more variants. The costs of over extension can remain hidden. Siddharth Sen, Group Marketing Advisor for Hindustan Levers<sup>10</sup> is of the opinion that worldwide, whenever there is a new category, there is a new brand because pioneering work is often done by a new brand. Marketing pundits Al Ries and Jack Trout opine that a brand can be used for only one product. They opine, "IBM is identified with computers, whatever else it might do. No brand extension ever became a leader. Hence it is better to start afresh with a new brand<sup>10</sup>."

It might be interesting to speculate the impact of the failure of an extension on the parent's well-being. Views on this are varied. Inadequacies in Apple Computers' Newton machine cast a doubt on the core competencies of the company. This notwithstanding, consumers are often willing to forgive strong brands when they stumble. What's more, failed extensions are with-

drawn sooner than later <sup>9</sup>. Thus there is the view that an extension's failure need not necessarily damage the parent's image. Parle Agro's *Frooti* orange was a failure. This didn't affect *Frooti* mango, the best selling tetrapak. In other words, a failure is rarely noticed if the parent brand continues to perform <sup>8</sup>.

But will the parent continue to perform? There are at least some voices of dissonance. *Audi 5000*, an automobile had problems of sudden acceleration which lead to several accidents in the United States. This lead to the drop in sales of other models also like *Audi 4000* <sup>11</sup>. Nevertheless, there is increasing evidence that the failure of an extension need not necessarily harm the parent brand. Some examples can be cited from the Indian market. The failure of *Palmolive* Regular soap did not affect the *Palmolive* shaving cream's sales. Similarly, *Pond's* soap's failure did not affect the sales of *Pond's* talcum powder. Further, *Nirma Bath's* early lukewarm performance does not seem to have affected *Nirma* Washing powder's performance. It was more affected by *Wheel's* aggressive counter attack in the washing powder market. It can thus be hypothesised that failure of an extension need not precipitate a negative rub-off on the parent brand. This can happen however as in *Audi's* case when the products are psychologically close in the mind of the customer.



(Adapted from David Aaker's "Managing Brand Equity: Capitalizing on the value of a brand name," *Free Press Publication*, 1991 p. 209)

Fig. 3.2 Brand extension

It could thus be inferred that the failure of category-related extensions expose the parent brand to the risk of failure if the parent and the extension are perceived to be very closely related. The risk is probably less with image-related extensions and much less with unrelated extensions.

#### □ WHAT TO EXTEND INTO

On the face of it, this question seems to be an easy one to answer. It might seem that the best thing to do is to go for a Category-related extension. If that doesn't find favour, then an 'Image-related' and after that an 'Unrelated' extension. However, this simplistic view may not be entirely correct. If this were true, it would be difficult to explain the success of *Tata* and *Godrej* whose brand names appear on so many successful but unrelated products. The same is internationally true of brand names like *Honda*, *Sony*, *Yamaha* and *Panasonic*.

What is 'related' and what is not 'related' are also not easy to determine. Is 'benefit' the best way to judge similarity? Not necessarily. Milk, spinach, and sardine do not sound close. But they all offer the same benefit of "High calcium content". This in itself does not render it possible for the same brand to cover the three products because the consumer does not see the underlying commonality in benefits<sup>12</sup>. Thus the important question is whether the consumer sees the underlying benefit that is common to the parent and the extensions. 'Crest' chewing gum was perceived as good for teeth because *Crest* toothpaste fought cavity decay but consumers were reluctant to use it for fear that it would taste like toothpaste. McDonald's film processing gave the impression that pictures would be developed quickly but would be 'greasy.' The consumers were transferring the 'greasy' characteristic of the burger to the photofilms<sup>11</sup>. This is allowing imagination to go too far but that precisely is the trouble with brand extensions. Similarly, consider 'toys.' They may not have anything in common with McDonald's burgers. But the



advertising campaign of McDonald's "food, folks and fun" can be extended to toys invoking the fun dimension<sup>13</sup>.

Thus the most important thing for the success of a brand extension is that the consumer should see something good in it and something common with its parent.

Edward M. Tauber studied 276 brand extensions and concluded that most of them fit into one of the following 7 categories<sup>14</sup>. Examples from the Indian market are provided for Tauber's framework.

1. Same product in a different form	:	Godrej shaving cream to shaving cake
2. Distinctive taste/ingredient	:	Horlicks to Elaichi/Chocolate Horlicks
3. Companion product	:	Colgate toothpaste to Colgate tooth brush
4. Customer franchise	:	Liril soap to talcum powder
5. Expertise	:	Bajaj from scooters to 100 c.c. vehicles
6. Benefit/Attribute/Feature	:	Ponds Freshness Talc to soap
7. Designer/Ethnic Image	:	Park Avenue men's garments to men's toiletries

**Exhibit 3.4** Tauber's framework pertaining to the Indian market

**□ PARENT-EXTENSION IMAGE FIT**

Given below are the results of a survey conducted by a group of MBAs on 50 housewives in a BHEL colony. The housewives were given a particular brand name. They were asked to mention the other product categories on which they would like to see the same brand name. Despite being housewives they displayed knowledge of numerically controlled machines because of living in close proximity to an industrial giant. The results are shown in Exhibit 3.5 and 3.5A.

Another list is given below from a similar study conducted on brand extensions with housewives as subjects.

Brand Name	Categories with High Association	Probable Reasons	Categories with Low Association	Probable Reasons
Birla	Numerically controlled machine	People identify the brand name 'Birla' with industrial products rather than consumer products though Birlas make textiles, etc.	Soap, Toothpaste	No Birla company known to make these, hence low association
Close-Up	Mouth wash	Close identification with parent brand's benefit i.e. toothpaste	Detergent powder	No benefit match (No association with any other personal care products probably because parent is closely identified with toothpastes)
HMT	Fans, tubelights	Common man identifies HMT with durability because of its initial success in watches. That image persists. The more knowledgeable associate it with machines.	Sugar, salt	Consumer softs is a field in which HMT never manufactured anything
Lifbuoy	Dish cleaning cake	Low price, hardworking character of the parent product	Watches, stereos, etc.	High priced products, besides product category different (durables)
Sunsilk	Soap	Has the same cosmetic benefit	After shave lotion	Parent product (Shampoo) has feminine connotation
Vicks	Anti-pyrexia drug (fever suppressin drug)	This is because Vicks is a brand that can tackle "simple" disorders	Toothpaste, chocolate	No match of benefits

Exhibit 3.5 Study of parent-extension image fit

Brand Name	Preferred Extension Product Category
Bata	Leather clothing, Handbag
Titan	Wall clock, Refrigerator
Lux	Shampoo, Nail polish
Tata	"ANY PRODUCT"
Godrej	Automobiles, rolling shutters
Pond's	Perfume, Hair Gel
Colgate	Shaving Cream, Shaving Foam
TVS-Suzuki	Tyres, 3-wheelers

**Exhibit 3.5A** Study of brand names and their preferred extension product categories

It is easy to see the relationship between the prospective extension and the parent brand. In all the above cases there is some related expertise that the customer looks for in the parent when he/she compares it with a brand extension. In some cases, the consumer is ready to accept brand extension into any product category because of the credibility of the parent brand (eg: *Tata*).

#### □ CLASSIC PARADOX OF BRAND EXTENSION

It is true that a brand needs to be strong in the first place to be extended to some other category. If the parent brand itself is not identified with some values strongly how can it be extended into any other category? However, it will not be possible to extend the brand if it is too strong in a particular category. Examples of such strong brands are *Horlicks*, *Colgate* and *Pond's*. It is difficult to visualise these brands as anything other than health beverage, toothpaste and talcum powder respectively. *Colgate* could successfully extend into brushes and widen its appeal to "Oral hygiene." But it is difficult to see if *Colgate* can be stretched beyond this. *Pond's* could not be stretched into any other category except cold cream. It could not make its mark as a toothpaste or toilet soap. It is likely to be successful in its recent incarnation as a deodorant.

In other words, very strong brands will find it as difficult to stretch as very weak brands though for altogether different reasons.

It could be argued that in the above cases the problem was with the product rather than the brand. It could be contended that *Pond's* soap and toothpaste had nothing new to offer in those categories and that the failure cannot be attributed to the inability of *Pond's* brand name to be stretched. But that answers brand extension failure only partially. It might be true that *Pond's* in those categories had nothing new to offer. It is also however true that *Pond's* is strongly identified with the parent category, i.e. talcum powder. Together they make extension of the brand difficult. Consider for instance whether *Colgate* can be accepted as a talcum powder? Unlikely. It is quite strongly identified with oral hygiene. Similarly, *Horlicks* biscuits did not fare well. One factor seems to be common to all the three brands mentioned. All of them have close to or more than 50% of the market share.

It seems to point to that fact that any brand that has about half the market will find it difficult to be extended to other categories because it will be generically identified with the parent category. Even when extended the brand can be stretched only to those product categories that are very close to the parent (very likely category-related extensions).

#### □ CATEGORY-RELATED EXTENSIONS

Category-related extension is the other name for a variant. For instance, *Pond's* talcum powder launching the sandalwood variant. This is done when (i) the brand is seen to have lost some of its lustre (ii) the brand volumes are slipping and the organisation suspects that it is lack of variety in the brand that causes this (iii) competition has come too close or launched a brand similar to the parent.

The advantages of a category-related extension seem to be obvious. It is the easiest to stretch a brand into a variant because it would not demand elaborate com-

munication. Consider the case when you stretch a cosmetic brand into a durable. A very strong case has to be built up through advertising for the extension. This seems to tilt the odds in favour of category-related extensions. Further, a category-related extension reduces the cost. The extension of *Cinthol* into its lime and cologne versions reduced the entry cost by a third<sup>8</sup>.

While the advantages are obvious, so are the pitfalls. First, too many variants might stretch the brand beyond credibility. When *Palmolive* introduced three soaps one for each type of skin, the product itself did not sound credible. Similarly, *Cinthol* has now 5 variants. Can we add a sixth and a seventh to this? The stretching cannot be accommodated beyond a point. Secondly and more importantly there is the danger of the new variant cannibalising the parent brand. *Cannibalisation* is the variant eating into the market share of the parent brand. But it has been observed in India as well as abroad that if an extension is successful, it brings in volumes even after accounting for the loss due to cannibalisation. Hindustan Lever in India prepares itself for a 20% cannibalisation when it goes in for category-related extensions. In the cigarette industry in the US, a study of category-related extensions in 34 brands over a 20 year period showed that brand extensions bring in greater volumes despite cannibalisation<sup>4</sup>.

In other words, carefully planned category-related extensions can bring in additional volumes despite cannibalisation.

## □ EXAMPLES OF CATEGORY-RELATED EXTENSIONS

**W**hat follows now is a list of category-related extensions and how they fared in the Indian market.

### **Ariel to Ariel Super Soaker**

The highest priced detergent powder in the country launched a brand extension at a quarter of its parent's

price. It is likely that the extension will do well. The question is what will happen to *Ariel's* credibility as a premium brand. It is difficult to say anything about this. But this is in keeping with P&G's new thrust of accepting value-for-money brands the world over. However it is understood that *Ariel* the parent will not be dropped. Ultimately, the extension expanded the user base of the brand.

#### **Cinthol to Cinthol Cologne Fresh**

*Cinthol* brought in several variants like lime fresh, cologne fresh, spicy fresh and fresh. The aim was to compete with *Liril* head-on. *Cinthol* was successful in that. (It managed to transcend from a mere deodorant soap to a premium youth soap.) It has definitely gained volumes and is now neck-to-neck with *Liril* in the premium segment. Despite increased volumes, one question remains: How many variants can a brand take? There are already 5 for *Cinthol*. Are they too many? Can it launch another couple of variants without diluting the core value of the brand *Cinthol*? Unlikely, but that is the gamble one takes with variants. It is expected that the slow-moving variants will be phased out.

#### **Colgate Dental Cream to Colgate Gel**

This brand extension came as an after thought, i.e. after Levers launched its gel version—*Close-Up* and made it a runaway success. *Colgate's* volumes were slipping. *Colgate* brought in its own gel version which garnered an 8% market share. The success of this brand extension can be attributed to having the right product form and the backing of the *Colgate* brand name.

#### **Nirma Powder to Nirma Detergent Cake**

Both have been hugely successful, the cake being the less expensive one. The reason for the powder's success was the price difference between the then leading brand '*Surf*'

and *Nirma*. The cake found ready acceptance in price-sensitive households, (rural ones especially) though they too are increasingly switching over to washing powder now. The main reasons for the success of the extension are relevant product form, credible brand name and affordable price.

### **Ponds DFT to Ponds Magic**

The idea was to have a premium talc in the *Pond's* family. This is likely to be more successful than other category-related extensions because *Pond's* itself has some sort of premium image. The extension has reportedly helped *Ponds* gain volumes. *Magic* was based on the promise of "lingering fragrance" which found favour in the market.

### **Vim Utensil Washing Powder to Utensil Washing Bar**

The idea is probably to give the housewife the satisfaction of scrubbing which is better realised through a bar. This makes it an interesting proposition with a possibility of success.

## **□ IMAGE-RELATED EXTENSIONS**

This is the case when *Liril* which is a toilet soap becomes a brand name for a talcum powder. Does the image of the extension match that of the parent? This question is of paramount importance in image-related extensions. For instance, what is common to a talcum powder and a soap? Both are personal care products. Does it mean that *Liril* can be extended to any personal care product? But does the brand name *Liril* sound very attractive for a toothpaste?

This is the problem with image-related extensions. While it is true that the image of the extension should match with the parent, at what level of abstraction it

should match is something that can only be guessed. The time-tested way of getting ideas for potential brand extensions is through Focus Group Interviews of consumers.

This should be followed up by a pilot survey among the prospective consumers to see if the extension is in tune with their tastes.

The advantage of an image-related extension is obvious. It saves launching costs. Besides, due to the synergy between the parent and the extension, it is easy to promote the extension brand. An extension need not start afresh to establish its identity unlike a stand alone brand.

Brand Name	Brand Extension	End Users/Uses
Amrutanjan	Cold rub to inhaler	same end use
Amul	Milk to cheese spread	same customers
Archies	Posters to cards	"
Britannia	Biscuits to bread	"
Camlin	Pen to paper	"
Eveready	Drycells to torches	"
J&J	Baby soap to baby oil	"
Lakme	Nail polish to creams & moisturizers	both cosmetics
Maggie	Noodles to sauces	complements
Old Spice	After shave lotion to shaving cream	both men's toiletries
Prestige	Pressure cookers to non-stick cookware	both kitchenware
Symphony	Air-coolers to water heaters	both durables
Vicks	Vaporub to inhaler	same benefit
Zodiac	Ties to belts	same customers

**Exhibit 3.6** Examples of image-related extensions

These extensions are congruent with the personality of the parent and most of the extensions have been successful.

There is high probability of success for an image-related extension provided the 4Ps (product, price, place and promotion) of the extension are managed well.



The following extensions were indicated as acceptable by 76 undergraduates in United States:

Product	Parent	Brand Extension	Association
Close-Up	Toothpaste	Breath Mints	Breath freshening
Crest	"	Tooth brush	Dental protection
Camay	Toilet soap	Moisturizer	Skin softening
Apple	Computers	Instructional tape	User friendly
IBM	"	Cellular phone	Technology
Budweiser	Beer	Beer mug	Logo

(Adapted from "The importance of the brand in brand extension" by Susan M. Broniarzyk & Joseph W. Alba, *Journal of Marketing Research*, May 1994).

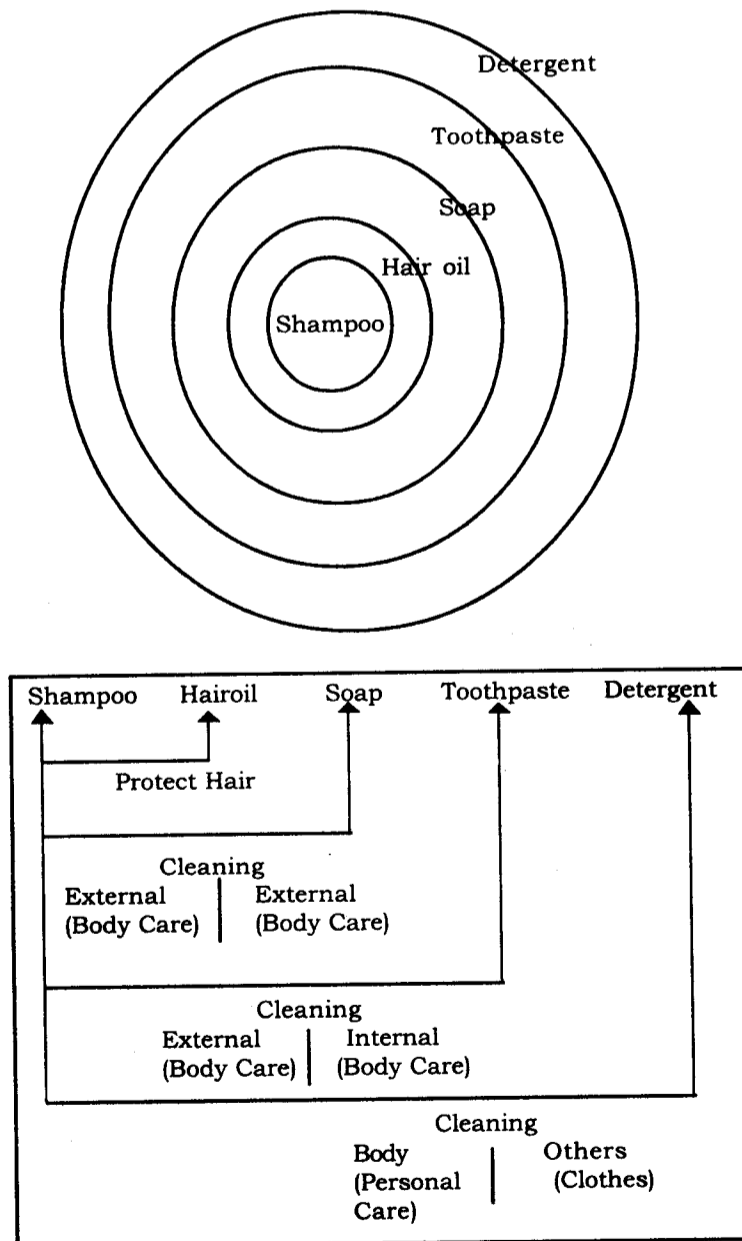
**Exhibit 3.7** Parent brands and their associated brand extensions

It is easy to guess the mind of the consumer in the exercise extension for the first three cases (i.e. *Close-Up*, *Crest* and *Camay*). That is, it is easy to imagine the extension of a toothpaste into a breathmint or toothbrush. The preferences in the last three cases are difficult to imagine. It is difficult to see what is common to *IBM* and cellular phone technology when there are so many other technologies close to *IBM's* Mainframe business. Similarly it is easier to associate a beer mug proposed as an extension for *Budweiser* beer than imagine it oneself.

In image-related extensions, it is difficult to imagine either the product category that is in line with the values of the parent or the level of abstraction at which the consumer sees the relationship between the parent and the extension.

The diagram below shows five concentric circles. A shampoo brand is trying to extend into another product category. Hence the shampoo is in the inner most circle. The other four circles represent the brand extension possibilities namely hair oil, soap, toothpaste and detergent. In terms of desirability of brand extensions as seen from a hypothetical marketing

**manager's** point of view, hair oil is seen as the closest while detergent is seen as the farthest. Exhibit 3.8 explains the abstraction.



**Exhibit 3.8** Hypothetical abstraction diagram for a brand—shampoo

This is a hypothetical abstraction diagram. Hair oil is the closest to the parent brand (Shampoo) because both protect hair. Soap is next in line because both toilet soap and shampoo are external cleaning agents. Toothpaste is slightly farther in perceived relationship as an extension because shampoo cleans externally while toothpaste cleans internally. Thus as we go farther from the parent, the complexity of abstraction increases. For instance, it can be argued "cleaning" is what is common to a shampoo and a detergent. But the similarity ends there. The shampoo cleans hair and the detergent cleans clothes.

No extension should be rejected as being vague or unrelated. It is better to get the products into which the brand is to be extended as well as the acceptability of the extension from the customer himself/herself. The above diagram is a hypothetical one. It is quite possible that the consumer sees hair oil as very different from shampoo. Consider Mrs. A who might say "Shampoo cleans hair, hair oil dirties it." It is possible that a survey shows soap to be closer to shampoo than hair oil. Therefore, the following steps are recommended while deciding on a brand extension.

- i) Conducting a pilot study to obtain the range of extensions acceptable to the consumer.
- ii) Testing their acceptability as extensions on a larger sample of consumers.

This is the ideal way of choosing brand extensions because it is the consumer who ultimately decides whether an extension is acceptable or not.

## □ EXAMPLES OF IMAGE-RELATED EXTENSIONS

### **Ambassador Shoes to Shirtings**

*Ambassador* is a very popular shoe. But it has a somewhat staid image. Whether the brand extension would work remains to be seen. There is tough competition from established brands like *Van Heusen*, *Vivaldi* and *S Kumar*. Though in terms of price it is affordable, it is difficult to see a slot for it given the competition. Besides, it is now

reported that *Bata* is taking a close look at its core business i.e. shoes and is likely to do away with businesses unrelated to the core area. All this does not augur well for the brand.

*Park Avenue* tried just the opposite i.e. migrating from shirts to shoes and further to men's toiletries. This might work better than the extension of shoes to shirts because dress material needs lot of display space unlike shoes. While space is a problem with *Bata* showrooms, *Park Avenue* showrooms are, of necessity, roomy and spacious. Though the *Park Avenue* shoes are priced around Rs 1000/- it is likely to fare better than the *Ambassador* extension. In other words, *Ambassador's* extension into shirts may not work.

Brand extension from product category 'a' to 'b' is not the same as the extension from 'b' to 'a'. The extension may have synergy but may not work because of operational problems like floor space, distribution, logistics etc. in short, the management of the marketing mix.

### **BPL TV to other durables**

*BPL* is one of the few companies that managed to grow in all the product categories it markets i.e., TV, refrigerator, audio & video systems etc. *BPL* seems to have been successful largely because of image management. Having launched some of the most premium products like Home-video systems, *BPL* was able to convey the image of a high technology company. This will stand its future brand extensions in good stead. However, now *BPL* will have to manage its brands carefully because more technologically advanced brands like *Sony* are available in India. But it is likely that *BPL's* brand extensions will work.

### **Cinthol Soap to Talcum Powder**

*Cinthol* as a soap has been a successful brand. However its talcum powder is far behind the leader *Pond's*. *Cinthol* talc is seen more in league with smaller players in the talcum powder market like *Liril*, *Cuticura* etc. However