

Brand Management
Professor Abhishek Kumar
Dept. Of Management
Army Institute of Management, Kolkata
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Welcome to another lecture on Brand Management. In this series of lectures, we are exploring what is a brand, how brands come about in society, in marketplace, how are they created, how are they established, how are they strengthened and how they become very important in the lives of consumers and sometimes so important that consumers, people start forming relationship with those brands, sometimes even in exclusion of real people. So we have seen that brands perform a function which is that of filling a gap in a person's life and that gap it fills in many different ways. It can be a gap that is realized by a person, it can also be a gap that is not realized by a person and brand managers do exactly this. What they try to find is a need which is unfulfilled in the lives of a person or a need which is even unrecognized by a person. A consumer does not know that he needs this and brand manager tries to identify this by observing the behavior of the consumer by understanding the social and the economic section or segment of which the consumer is a part of and then brand manager creates a product and then on top of it he gives the product a name and then creates a brand around it and that brand is supposed to serve a certain need of the consumer, both felt need and sometimes even unfelt or unrecognized need.

Now if you recollect in the last lecture, we have looked at the role of brand manager in various organizations and particularly what really a brand manager does, how his role has evolved over last more than 100 years and how the brand manager performs his duties on a daily basis. What exactly does a brand manager do and what are the teams, what kind of activities he performs so that he enhances the revenue potential of his brand and therefore on the organization which owns that brand. So this is what we saw in the last class and over last about 10 sessions. Today what we are going to see is brand extensions.

Now we have reached a stage where brand has already assumed a personality, brand has now an identity, brand perhaps has even become a leader and it is the brand manager who has performed all these activities so that we have reached a stage where brand has matured and brand has perhaps become a leader. Only when you reach that stage where your brand starts commanding loyalty in the marketplace, when your brand becomes recognizable, when your brand is associated with some industries or some product category, that is when you come to this point where you question yourself and when I say you, it means the brand manager. Brand manager questions himself that am I doing

injustice to my brand by not extending it into another products and another product category. So this question of extending one's brand or creating brand extension is an important question that every brand manager faces and how he deals with this question, how he should deal with this question, what are the factors that he must consider while he is dealing with this question and perhaps working on it are the issues that we will deal with in today's lecture. Let us move forward.

Now moment a brand manager knows that this is the brand he is thinking of extending into another category or into another product line. First thing that he must think about is what really is the zone of acceptance. What is this zone of acceptance? Say a product, take a product which is say 5 star hotel, you can take a brand say a common brand which is known to all of us in India that is Taj group of hotels. Now if the brand in a 5 star hotel category is Taj hotels, now what is the zone of acceptance of Taj hotels? Now it is obvious that from a 5 star hotel, you can extend it into a 4 star hotel, you can even extend it into a 3 star hotel, you can extend it to something related to say residences. So for example, if somebody wants to stay in a hotel instead of 1 day, 2 days, 7 days, someone wants to stay for months, so you can extend the Taj hotel brand into a service where you provide extended stay, which means someone can stay there for 1 month, 2 months, 6 months or even longer.

So Taj hotel can go into that kind of category and start offering services. So that comes within the zone of acceptance. When you as a brand manager extend your Taj brand into these categories, people will not mind, they will be inclined to accept that yes, Taj can actually offer this service. You may also have observed that Taj has a service called Taj sats, where they provide food on the airlines. Now that is something which is slightly far away from what Taj actually does.

It provides 5 star hotel services. But in the hotel services, it also provides food and food in a way in the restaurants which are at the level of a 5 star or a 4 star service. Now when Taj entered into airline food delivery, people may not have minded so much because airline is still considered some kind of upmarket service and Taj providing food to the air travelers is something that one can still accept. So it is not very unrelated and it can come under the zone of acceptance for Taj hotel brand. However, suppose you as a brand manager, you decide that you will launch Taj brand of shoes.

Now the very sound of it may seem very unnatural and unacceptable because you do not really associate Taj brand of hotel with another brand of shoes or let us say Taj brand of cycle or Taj brand of agar bhattis. So these very obviously fall outside the zone of acceptance. So as brand manager, you must be conscious of this zone of acceptance that these are the categories that customers are likely to accept coming from my brand and

some categories customers are definitely going to reject. But here there is also a point that you must consider and that is the product categories that are lying on the edge. So you are not very sure whether consumers will accept this or consumers will not accept this.

For example, say Taj line of boutiques, which is say fashionable boutique, a showroom where fashionable garments are sold. Now, will it be accepted, will it not be accepted is a decision that a brand manager will have to consider, research and take. Because many of us know that in these hotels, there is most likely a boutique present, which is to help the foreign travelers who may not be aware of local markets etc. So they may purchase local garments or local dresses which has local taste from these shops or these boutiques inside the five star hotel. So does it fall within the zone of acceptance or does it not fall in the zone of acceptance is something that the brand manager has to think about.

And I must again insist here that you must look at the brand associations which we have spoken about earlier, we have spoken about verbal, visual, emotional and sensory brand associations. And when you are analyzing the brand associations of your consumers with your brand and in this case Taj, if you feel that consumers are associating Taj brand with something which is related to say clothes or fashion or dress or fabric or makeup, cosmetics and so on so forth. If you feel that consumers are actually associating your brand with something which is related to these product categories, you may think of extending the Taj brand into these product categories. So this is what I want to say initially that all brand managers must create a zone of acceptance for your brand and perhaps plot various ideas closer to the core and further to the core and see where which product idea resides and then decide then perhaps have a discussion among the marketing team, analyze the brand associations that you have identified and identified and then make decision of brand exception. This is the most fundamental activity that a brand manager must do before he makes a decision of extending his brand into other product categories.

Now, let us understand what really is brand extension when we do a brand extension what are we really doing. Look at the first point when a firm uses an established brand name to introduce a new product. So, it is very simple that firm is using an existing name. So, the example that we are dealing with Taj brand, Taj brand of hotels. So brand manager or a company is using name of the company by the way is Indian Hotels Corporation Limited IHCL which owns Taj brand.

So brand name of Taj being used to introduce a new product. Suppose it is a say Taj chain of boutiques. So, new product is dress, designer dresses under the brand name of Taj. Now, what is the company doing? Company is using an established brand name

which is Taj to introduce a new product which is a chain of boutique chain of designer dresses. So, it is a new product, but an old name.

Now, let us look at various classification within brand extension. One type of extension is line extension and other type is category extension. Now, when we are talking about Taj hotel launching a chain of boutiques for designer dresses, it is not a line extension, it is a category extension because you are moving into a different product category. So, you are not in the hotel business anymore, you are moving into a different product category which is boutique of designer dresses and you will perhaps start competing against similar boutique category like Ritu Kumar and so on so forth. So, you are moving into a different category of product by using an established name of Taj.

Line extension however is using a sub brand to target a new market segment within the same product category which means what? Five star hotel by which for which Taj brand is known for, it moves into a new market segment within the same category which means that it is into the hotel business and five star hotel. So, if you decide to create a four star brand and which Taj hotel has done, they have created Vivanta by Taj. So, this way they are remaining in the same product category but offering a sub brand. So, new brand is what Vivanta by Taj. You may also be aware that Taj has launched another brand called gateway.

So, all of them belong to Taj and they belong to the same product category. So, that will be called a line extension whereas when you move to a new product category that it will be called category extension. So, this is what you must understand that there is a difference between line extension and category extension. In category extension, you move into a completely new product.

Let us move forward. Now, let us go slightly deeper into line extension. Line extension also means multiplication of sizes and formats. Now, let us take another example, say Head and Shoulders shampoo, which is offered by Procter and Gamble. Now, the brand is Head and Shoulder. Now, how do you get Head and Shoulder shampoo? You perhaps buy a bottle of Head and Shoulder shampoo, but one bottle is how much it is perhaps 200 milliliter or 150 milliliter is the standard bottle in which you get P and G Head and Shoulder shampoo.

But now you decide that it is too big and it is too expensive. You want to reach out to a customer who may not be able to buy a 150 rupee shampoo. You want to give him or her a smaller size. So, you launch a sachet which is available for at 2 rupees or 1 rupee or 5 rupees. Now, what you are doing with a 5 rupee sachet, you are targeting another set of consumers who will be able to afford at that size Head and Shoulder shampoo.

What you are also doing is you are encouraging the consumer to consume it on an occasion base. So, suppose you consumer travels to a new city and in that new city he is likely to stay for 1 or 2 days. Now, for that 1 or 2 days, he may not buy a complete bottle of 200 milliliter shampoo. He may require a small sachet which he can use for which is for 1 or 2 use. So, what you are doing is you are multiplying the possibilities where your product can be used.

So, line extension means that you are making your brand available in large number of sizes and formats that is called line extension. You can also when you are adding new variations. So, for example, the same Head and Shoulder shampoo, if you say that it is available in Head and Shoulder of course is known for anti dandruff, but you can say that along with anti dandruff, it also adds to the shine of your hair. So, when you say that you are adding something more to the offering of the same product. So, when you offer multiplication of taste, so for example, there is a restaurant which is known for Chinese food.

Now, it starts offering Thai food as well. So, it is the under the same brand what it is doing is you do not get only Chinese food, you also get Thai food. So, it is something like a line extension. So, this is how line extension is understood and line extension is part of brand extension. Let us move further and look at range extension or category extension little more deeply.

In this category, we must keep in mind that we should not stray too far from the original brand. Here again, I will urge you to go back to the zone of acceptance and see whether the idea that you have for extension, it is not going too far from the core. So, it should not go outside the zone of acceptance. If it remains within the accept zone of acceptance of the original brand, it is fine. You must also keep in mind that through your category extension for example, we are talking about a chain of boutiques selling designer dresses by Taj hotels.

Now, is it straying too far from the original brand? It is a question that your brand manager has to answer. Is it satisfying a similar consumer need? This is again a question that the brand manager will have to answer. They will have to have an internal discussion and decide whether it is straying too far or it is not straying too far and it is within the zone of acceptance. Again, as I said earlier, to make these decisions, you must look at not primary but secondary brand associations that your consumers have of your brand. And as I have said earlier, those are verbal, visual, emotional and sensory brand associations.

Let us move forward. In this, I have tried to express it in the form of an XY axis configuration. If you see on the X axis, you have product differentiation and on Y axis, you have indicator of origin. Origin means the original brand, the core brand and at the intersection, you have 00 where there is no product differentiation and there is only one product which is the original product. As you keep moving away, you keep moving away from the original product or the core product and on X axis if you are moving away, you are differentiating your offering from the original product. Now, look at various options given in the XY space.

At the top is umbrella or corporate brand. So, for example, say Tata. Now, Tata is a corporate brand, it is an umbrella brand and under Tata, a large number of product categories exist. They offer salt also, they offer steel also, they even offer motors or cars, they offer trucks, they offer software, all kinds of they offer watches, they offer dresses, they offer perfumes. So, all kinds of products are being offered under the Tata brand.

So, while if you say Tata salt or Tata steel or Tata motors, so they are close to the origin because the word Tata is being used, but the kind of differentiation that they have is huge because large body of unrelated products are coming under corporate brand. The next one is category related or unrelated extension. So, which means within the category are you making an extension or you are making an unrelated extension. Here I will give an example of Titan. Now, if you remember, Titan when it started, it started with only watches. Alright

Then as time progressed, they realized that Titan has large body of brand associations, which is not restricted to time. They can offer other related services related products with which consumers are ready to accept. So, you know that Titan launched many other products other than watches. For example, they have started offering perfume, they have started offering fast track watches which are at the lower level of consumption, then they have also got into fashion.

So, they have one they have got into eyewear. So, they start offering glasses or spectacles, then they have also now got into fashion. So, they have started offering branded wear. So, now when you look at Titan and then you look at Tanishq and then you look at Titan eyewear and you look at Tanera, you see, you can yourself decide some of them are related category extension and some of them are unrelated category extension. So, this is how you have to understand this idea of brand extension and how they can be worked upon. Range extension, line extension and product brand is something that you have understood, especially from the previous two slides.

So, line extension is multiplication of formats in different sizes, tastes, etc. and range is

slightly beyond in a different product category. Let us move forward. So, brand extension, let us try and summarize is extending into a different product category. It satisfies a different needs of consumers and it uses the same name.

So, any extension is a brand extension. If it is into a different product category, it satisfies different needs of consumers, but it uses the same name. So, this is like a check that is it a brand extension, if it satisfies these three categories, you can say that yes, it is a brand extension. Let us move forward. In this example, you can see that Ashok leyland, which is known for buses has extended itself into excavators into construction equipments. Now, here you see what is happening Ashok leyland has extended its brand from buses, which is its core brand to another set of equipment, which is a earth mover or a construction equipment, which is related in some way, but not really directly related.

So, it has something to do with movement, but not movement of people, but movement of material. So, it is a different product category definitely, it is addressing different needs of consumers again definitely and it has the same name. So, you can see in this picture, this excavator has this word written deer. Now, deer is not deer it is John Deere. So, what Ashok leyland did Ashok leyland entered into an MOU with a company called John Deere, which is known for manufacturing tractors and excavators and so on.

And together, they are offering this product called excavators under the brand name of Ashok leyland. So, this is a good example of brand extension. Let us see some more. Another example and you will be familiar with this is the Times of India. Now, Times of India all of us know is a newspaper, but now, we also know that there is a website called India Times and through India Times, Times of India is making available all its web editions.

So, India Times is a brand extension of Times of India into a completely new space and that new space is web, World Wide Web and in through that space, it is offering similar service. So, it is a brand extension of Times of India. However, whether it is a line extension, you will call it a line extension or you will call it a range extension or you will call it a completely different kind of thing is something that you have to decide. But if you look at the criteria in my view, it will be called a range extension because the service is more or less similar, but the space has become different. So, it could be a range extension, it could even be a line extension depends on how you understand.

Similarly, Times of India at one point of time launched a new newspaper called the Crest edition and that is for people who wanted a little more content and more serious matters to be discussed in the newspaper. So, this edition had longer articles and more serious analysis of issues that were happening around the world. So, this was also a

brand extension, perhaps it was a line extension because it was multiple, it was changing the size and the format of the offering. Let us move forward. Femina, all of us know that there is a magazine called Femina and it targets women who are fashion conscious, women who are interested in knowing about career, about how to keep their houses, manage the houses and manage their houses, how to have a vacation and how to plan for it and so on.

Mainly issues around women. Now, this is a very popular brand again owned by Times of India, but and this is a very popular magazine. Now, when they wanted to make an extension or brand extension of this magazine, what did they do? They created Femina Miss India. All of us know Miss India is a competition, it is a beauty pageant and Femina decided to enter into the beauty pageant product or industry and it branded it with Femina. Now, often we may not be aware that we may not be aware about the business size of these two brands. Femina as a magazine, we may not be aware what is its revenue, what are the profits and similarly we may not be aware about the revenue and profits of Miss India pageant that happens once in a year.

However, I must tell you that sometimes it also happens that the revenue potential and the actual revenue and profit of an event like Femina Miss India often exceeds it is much more than the revenue and profit of Femina magazine. So, what I am trying to say is that sometimes extensions become larger than the original brand and this is one such example. Another example is Club Mahindra holidays. All of us know about Club Mahindra holidays, they have resorts all over the country and what they sell is time sharing. So, if you are aware of this concept, what they do is they tell you that we have these 20 Club Mahindra resorts across the country and in a year you can go to these, you can choose when you want to go, where you want to go and everywhere you will in a year you have 20 days or 10 days or 30 days of holidays and it will be free of cost for you because you have become a member of this Club Mahindra time sharing.

So, this is the original concept of Club Mahindra and they were fairly successful in selling this. Of course, their brand tagline was fun family forever because time sharing, you are only sharing that what you are being given is that time whether it is 2 day, 5 day, 10 days, but you are given that time and that you have given for you have been given for a long period 20 years, 30 years and so on. So, this was their original offering and then they decided to extend their brand into Mahindra life spaces. What are Mahindra life spaces? This is their real estate brand. So, they thought that instead of only creating resort, why do not we also create residences, why do not we also create office spaces.

So, they created this company and this was their real estate arm and they leveraged their experience of managing resorts into managing office and residential spaces. So, this is a

range extension or is it an unrelated category extension, it is something that you must ponder over, but this is a real example that we have seen happening in front of our eyes. So, next example is Synthol which is a popular soap offered by Godrej. It is particularly known for lime flavor.

Now, see what the company has done with Synthol. See what are the products that the company has launched as brand extension of Synthol. They have launched talcum powder and they have launched a deodorant spray. Now, both of them leverages upon the original idea that Synthol stands for and that is the cleanliness that is smelling nice and perfumed cleanliness and so on. Both talcum powder and deodorant leverages upon that idea. So, while we may not call them line extension, but they are definitely category extension.

They are entering new product categories and therefore, they can be called as category extension or range extension. Thank you very much. Thank you.