The Effectiveness of Multibranding and Consumers Choice in International Marketing

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Abstract:
This paper identifies some of the influential work in the branding area, highlighting what has been learned from an academic perspective on important topics such as brand positioning, brand integration, brand equity measurement, brand growth, and brand management. Choice modeling implications of the branding concept and the challenges of incorporating main and interaction effects of branding as well as the impact of competition are discussed. This article emphasizes the importance of multibranding, the right time to activate it, and the profitability and risks involved along with the essentials of multibranding in the international scenario. Notwithstanding the possible risks, the pros and possibilities for a defined multibranding strategy look very attractive. It is a proven strategy for many companies to grow their business by opening up new segments and thereby gain a lead over competition. It may even be the case that distributors allow only one brand per manufacturer to enter their business portfolio. In practice, one of the major risks is that the company and its management keeps too strong a focus on the core brand or parent brand, and then hold back elementary support from the other brands in the portfolio. Considering the competition in hasty globalization, the brand battlefield requires many skills and continuous support from both the management and the marketers. Branding has emerged as a top management priority in the last decade due to the growing realization that brands are one of the most valuable intangible assets that firms have. Driven in part by this intense industry interest, academic researchers have explored a number of different brand-related topics in recent years, generating scores of papers, articles, research reports, and books.

Keywords: Brand integration, globalization, strategic support, brand positioning, brand marketing, aggressive competitors.

Introduction: Brands serve several valuable functions. At their most basic level, brands serve as markers for the offerings of a firm. For customers, brands can simplify choice, promise a particular quality level, reduce risk, and/or engender trust. Brands are built on the product itself, the accompanying marketing activity, and the use (or non-use) by customers as well as others. Brands thus reflect the complete experience that customers have with products. Brands also play an important role in determining the effectiveness of marketing efforts such as advertising and channel placement. Finally, brands are an asset in the financial sense. Thus, brands manifest their impact at three primary levels – customer-market, product-market,
and financial-market. The value accrued by these various benefits is often called brand equity. Our primary goal in this paper is to both selectively highlight relevant research on building, measuring, and managing brand equity and to identify gaps in our understanding of these topics. We put considerable emphasis on the latter and suggest numerous areas of future research.

Five basic topics that align with the brand management decisions and tasks frequently performed by marketing executives are discussed in detail: 1) developing brand positioning, 2) integrating brand marketing; 3) assessing brand performance; 4) growing brands; and 5) strategically managing the brand. We then consider the implications of this work for choice models. Finally, we present a simple framework for integrating the customer-market, product-market, and financial-market level impact of brands and how the brand is created and developed by company actions.

Multibranding, as a very important branding strategy, helps the company target different market segments, spread risk and meet the consumers’ need for variety seeking it is not as a simple game of creating more brands within the same company, but as a synchronized plan of action, a clearly identified strategy for each brand, with each crafted market segment strongly differentiating from the other.

Competition in the global business environment is tough and achieving a unique position and competitive advantage has become quite difficult and expensive. The high levels of investment necessary to maintain production capabilities and rising costs of R&D for product differentiation make strong marketing capabilities and unique essential prerequisites for modern companies to stay competitive. How can companies and management teams catch up?

The search ends in multibranding which is the marketing of two or more mutually competing products under different brand names by the same company. The motive may be that the company wishes to create internal competition to promote efficiency; or to differentiate its offering to different market segments; or to get maximum mileage out of the established brands it has acquired. When a company has achieved a dominant market share, multibranding may be only option for increasing sales still further without sacrificing profitability. For example, Unilever sells washing powders under the Persil, Omo and Surf names; Cadbury sells chocolates under the Dairy
Milk, Bournville and Fruit & Nut names; Heinz sells canned convenience foods under the Baked Beans, Spaghetti Hoops and Alphabetti Spaghetti names.

**Using of A strong multibranding strategy:** A strong multibranding strategy can add significant value by helping the entire corporation and the management team to implement the long-term visions, creates unique position in the marketplace of the company and its brands, and unlock the leadership potential within the organization. However, many mature markets today are strongly segmented because of widely differing customer needs and in addition, modern customers are no longer loyal to one single brand.

Today, there is a general requirement for high levels of investment to maintain efficient production capabilities and scale in many industries (e.g., technology and pharmaceutical), and to stay competitive in R&D for new products and services. Products life cycles are getting shorter and corporations have to seek solutions to recover their development and marketing costs within these shorter life cycles. These factors together are forcing corporations to evaluate their cost structure and a multibranding strategy can help the management achieve its goal by bridging across product categories and services.

**Developing Brand Positioning:** Brand positioning sets the direction of marketing activities and programs – what the brand should and should not do with its marketing. Brand positioning involves establishing key brand associations in the minds of customers and other important constituents to differentiate the brand and establish (to the extent possible) competitive superiority. Besides the obvious issue of selecting tangible product attribute levels (e.g., horsepower in a car), two particularly relevant areas to positioning are the role of brand intangibles and the role of corporate images and reputation.

**Is Multibranding Always Profitable?**

Multibranding is not just simple game of creating more brands within the same company. The following points must also be considered:

- A clearly identified strategy needs to be in place and approved by the management.
- Each product of the company should be positioned differently so that the economic interests of each brand are maintained.
There needs to be a firm commitment to complete fully with all (company) brands.

The organizations must be designed in a way to meet the globalized multibrand architecture for better application of strategies and investment.

According to David Novak, Tricon’s Chairman and CEO, “We believe that the multibranding concept is a key enabler for accelerating US same-store-sales growth, facilitating the remodeling of our US restaurant system with solid returns and expanding distribution into new trade areas.”

According to Dave Deon, Tricon’s CFO, “Multibranding is a big idea for the company.” “The biggest thing that multibranding offers is the chance to leverage our existing assets that have lower volumes than, say, a McDonald’s, for instance.”

In the soap business, Lux devised a multibranding strategy to avert the threat from competitors. Lux introduced a number of soaps that did well in the market and gave the parent brand a protective cushion. Lux also brought in Jai to the market to consolidate its overall market share. Colgate is another brand that has successfully adopted a similar strategy in toothpaste segment.

The advantages of multibranding in international scenario:

- ‘Multibrand’ is customer-centric; it facilitates the opportunities for better Customer Relationship Management (CRM), enabling manufacturers to fulfill (individual) consumer needs more precisely.
- The ability to handle strategy in price segmented markets.
- Given a brand problem requiring serious product recalls, this does not have too much direct impact on the other brands in the portfolio.
- The firm can distance products from the other offerings it markets.
- The image of one product is not associated with the other products the company markets.
- The products can be specifically targeted.
- If the product fails, the effect on other products is minimized.
- The benefits of multibranding include increasing sales volumes and unit profitability.

Is FMCG Market Leaders Everywhere?

In the banking and insurance field, multibranding is the mainstream strategy that is used by most companies; while FMCG market leaders such as Unilever,
Nestle, Masterfoods, Interbrew, L’Oreal, P&G, Henkel and the like use active multibranding strategies for their very differentiated markets such as ice cream, body care, hair care, beer, snack food and sauces. In the same manner, in other industries such as food and drink, airlines and tobacco, most manufacturers use active multibranding strategies in order to establish strong positions in differentiated segments. Even retailers run active multibranding strategies such as in the consumer DIY markets. For example, Group Casino has highly differentiated brands such as Gant, FranPrix, Leader Price, Champion and Monoprix. In the same way, chemical companies such as Akzo Nobel, Bayer and DuPont have active multibrand strategies.

Park Avenue, the Raymond brand of ready-mades, was introduced to cater to the new breed of professionals that was a part of the liberalized era. For the youth who were more into casual wear, there was the Parx range of casuals across various product categories. After that, Manzoni, an absolutely top-of-the-line of ties, suits and jackets was introduced. Manzoni has been a complete sellout in a period of six months whereas the other brands have flowered independently too – reinforcing the brand values of the core brand Raymond, and consolidating the overall market share.

Integration of Brand Marketing

A variety of branding and marketing activities can be conducted to help achieve the desired brand positioning and build brand equity. Their ultimate success depends to a significant extent not only on how well they work singularly, but also on how they work in combination, such that synergistic results occur. In other words, marketing activities have interaction effects among themselves as well as main effects and interaction effects with brand equity. Three noteworthy sub-areas of this topic are the brand-building contribution of brand elements; the impact of coordinated communication and channel strategies on brand equity; and the interaction of company-controlled and external events.

How To Make Multibranding Successful?

Videocon’s case history, when it unfolds its detailed chapters, represents a classic multibranding success story. In the consumer electronics sector, Videocon was a mass brand and very middle-class in ‘character’. As a core brand, it did not have any brands at the top end or at the flanks to ward off the thrust from the Sony, the Panasonics and the VFM Korean range of
products. So Videocon developed Bazooka as a top-of-the-line product to spearhead a frontal assault. Toshiba too was introduced to reinforce this strategy to take all comers. Private was introduced as a sub-brand and gave tremendous protection to the brand in all the size categories and especially from price-aggressive competitors. The coup de grace was to bring in Sansui to protect the flanks, completing the protection of the core brand, Videocon, from virtually all sides.

**Effective Guidelines for Successful Multibranding**

- Build your own multibrand Architecture, as every model does not suit all organizations.
- Engross your stakeholders including the customers while deciding the multibranding strategies.
- Augment the corporate vision.
- Take advantage of new technology.
- Encourage people to become brand ambassadors.
- Create the right distribution system.
- Design effective promotional campaign.
- Measure the brand performance.

**Conclusion:** The growth of the technology and the Internet has rendered the multibranding task of companies easier and has changed the outlook of the corporate houses. The transformation of main brand into the sub brands will pave way for acquisitions, buyouts and mergers, alternately leading to the overall consolidation of the main brand. Information and knowledge management will be the leading and the decisive factors for a successful multibranding strategy for local and international market expansion. Branding and brand management has clearly become an important management priority for all types of organizations. Academic research has covered a number of different topics and conducted a number of different studies that have collectively advanced our understanding of brands. Table 1 summarizes some of the generalizations that have emerged from these research studies that were reviewed in this paper. To put the academic literature in marketing in some perspective, it could be argued that there has been a somewhat of a preoccupation with brand extensions and some of the processes that lead to the development of brand equity. By contrast, there has been relatively limited effort directed toward exploring the financial, legal, and social impacts of brands. In terms of methodology, considerable effort has been devoted to controlled experimentation (often with student
subjects), although some work has focused on choice modeling of scanner data. Little integration of these two streams with each other or the qualitative work on branding has appeared.

References