2 TRENDS AND PROGRESS IN NEW PRODUCT LAUNCHES
AND BRAND EXTENSIONS

As the major research was related to the consumer perceptions of the brand extensions, the identification of the real brands and extendable categories was based on exploratory research. Newspaper reports (The Economic Times), from January to August 2005, were scanned for identifying appropriate brand and product categories. In the area of new launches and brand extensions, the following events deserved our attention:

2.1 Fast Moving Consumer Goods

Fourteen FMCG companies registered double-digit growth in the year 2004-05.\(^{37}\) The companies that experienced faster growth were Proctor & Gamble, Reckitt Benckiser, Johnson and Johnson, Dabur, Eveready Industries, Adani Wilnar and Godrej. The companies which experienced the steepest fall was Nirma. Hindustan Lever Ltd. (HLL) experienced a marginal fall of 1.2%. However, HLL and Nirma continue to be the two largest contributors to the Industry's total sales of 19.3% and 3.2% respectively.

Improved consumption in the FMCG industry, valued at Rs. 48,000 crore, is compelling to derive higher growth from the personal care and health hygiene related products.\(^{38}\) Products like specialized skin care, post-wash conditioners, body wash, hair gels, deodorants and hair colors are attracting the consumer attention. Although the mass-end constitutes the major share, the attraction for the premium segment is for higher profitability.

Various new launches were undertaken by the major players such as HLL, Cadbury, Dabur and Wipro. After hawking Lifebuoy, Wheel and Rin for the masses for 73 years, Hindustan Lever has turned the focus on the young and wealthy.\(^{39}\) The new team at HLL is expected to concentrate on brands across all categories, including Axe, Dove, Lakme, Lux Body wash and Ayush therapy centers. Dove skin care is likely to be extended

\(^{38}\) The Economic Times, 4 May 2005, page 9.
\(^{39}\) The Economic Times, 8 March 2005, page 9.
beyond soap to include body wash, skin firming creams, moisturizers, gels and so on. HLL's portfolio comprises mass market as well as top end products. HLL is ensuring that distribution of categories like colour cosmetics, deodorants and others, particularly top-end personal wash category is focused on. Today, consumers have a wider choice and increasing disposable income. Average consumer is exposed to 350-400 advertisements in a week. HLL will focus on a more localized business strategy for its processed food division. The company, having reworked its supply chain and distribution system, is rebranding and competitively pricing its salt and atta brands. HLL is considering to relaunch its food brand "Annaporna", which is a strong brand. For HLL, tea, coffee, jams, squash, atta, salt and soups will be the focus areas. Most HLL's innovations, in the ready to eat segment, have never left beyond the test marketing stage.

Nirma would unleash a price war in the cement market once the company produces cement at its proposed 12 lakh tonne unit in Mahuva, Near Bhavnagar, Gujarat. Nirma unleashed a price war in the FMCG market a decade ago forcing companies like HLL and Proctor & Gamble to rethink on their strategies, and, in the process, it emerged as the country's largest player in the soaps and detergent business. It can be considered as a brand extension. In case Nirma decides to enter into cement category. Consumer goods companies such as Proctor & Gamble, ITC, Colgate and Gillette are also reshaping their strategies to tap the huge consumption unfolding in the home and personal care segments on account of increased urbanization. ITC has already started sampling some of its products. Some of the product launches may accelerate the personal care market which is estimated to be worth Rs. 15,000 crore with soap and detergents contributing Rs. 7,000 crore.

Frito Lay, a leading brand in Potato Chips and Snack food category, is growing in India at 45 percent as against 15 percent in other Asian countries. For Frito Lay, potato chips and snack food is more profitable segment for its parent company - Pepsi- than the soft drink business. Frito Lay has clocked a turnover of Rs. 500 crore, and its biggest

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breakthrough was kurkure which created a bridge for the company. Competitors like Haldiram have also entered the "finger snack" category. The key driver behind Frito Lay's success is keeping consumer excitement high, along with their flavor innovations from the international range of Spanish, Carribean, etc., to the purely desi chaat street. When Frito Lay entered India, it was largely the kids focused as it believed that they were an easier target. Over the years, Frito Lay quickly expanded its appeal to a wider clientele. Cheetos was targeted at kids, Lays is aimed at teenagers while Lehar brand continues to appeal to the older age groups.

Nestle is focussing on its existing brands and is keen to accelerate its innovation process. Nestle is expected to launch new products by leveraging its strong brand such as Maggi. With the increased health consciousness, many launches in the first quarter are laced with diet, lite and sugarfree varieties. GSK Consumer has gone a step further by launching diet horlicks. Pepsi is also focusing on Diet Pepsi. Frito Lay launched Lays Lite. Amul introduced low calorie slim ice-cream. It is expected that the number of diabetics in India will shoot up from 31 to 80 million in the next 25 years. The higher growth of diabetics will offer good opportunity for marketers to launch diet products.

The Indian atta market is estimated at around 45 mt, of which branded atta is only 3 lakh mt. The share of branded atta is less than 1%. Godrej Industries Ltd. launched "Sofit" ready to eat cereal powered with soya in strawberry, chocolate and honey flavors. The launch of Sofit, in the ready to eat cereals category can be considered as brand extension. Fortune is now the leading brand of edible oil in the market, as per AC Neilsen retail audit. Fortune is the consumer focused brand with quality and price as its bulwark. Brand has been positioned as oil that benefits everyone in the family. It has focused on brand recall at the regional level. It also propelled Fortune into other categories such as sunflower, mustard, groundnut and refined cottonseed oil.

Dynamix launched Dynamix Butter from cow milk.\textsuperscript{45} It has a salt content of 2-2.5 \%. It is available in the supermarket. The entry of Dynamix in butter can be considered as a brand extension. Pillsbury has launched Pillsbury eggless cooker cake mix.\textsuperscript{46}

**Banking:**

Merill Lynch is looking for a banking license in India and the initiative is likely to be kicked off in the next few months.\textsuperscript{47} The grapevine is that other investment banks like Goldman Sachs and Lehman Brothers are also exploiting the options. The entry from the investment banking category to retail banking can be considered as brand extension. The proposed bank will offer derivative products like interest rate and currency swaps and will also extend guarantees to corporates. The Credit Suisse group is also looking at ramping up its Indian operations. Most global banks are taking a relook at India because of the growth in retail and corporate banking. It is also expected that Reliance will also enter banking segment as it is already having presence in the financial and insurance sectors.

**Automobiles**

India's annual two-wheeler production is slated to touch the 10 million units mark by 2010. Two-wheeler majors, including Hero Honda, Bajaj Auto, Honda Motors and Scooters and Suzuki, are increasing their capacities.\textsuperscript{48} Hero Honda, which controls more than 51 \% market share in the two-wheeler segment, plans to set up a third plant in Uttaranchal. Hero Honda is looking to produce 3 million units in the coming years. With the 125 cc motorcycle model priced close to the 100 cc, demand may shift in favour of higher size engine category. The reason for higher two-wheeler growth can also be attributed to the dip in the prices over the years.\textsuperscript{49} This can be confirmed by the fact that consumer had to pay Rs. 46,000 for a Hero Honda a Splendour ten years ago. Today, one

\textsuperscript{45} *The Economic Times*, "Brand Equity", 2 March 2005, page 2.
\textsuperscript{46} *The Economic Times*, "Brand Equity", 2 March 2005, page 2.
\textsuperscript{47} *The Economic Times*, 7 March 2005, page 1
\textsuperscript{48} *The Economic Times*, 21 February 2005, page 5
\textsuperscript{49} *The Economic Times*, 17 January 2005, page 1
can buy a Splendour for just Rs. 41,000. Similarly, Bajaj Auto's entry price was Rs. 42,000 in the year 1996 and now, a customer has to pay Rs. 31,000 only. Lower vehicle price has been one of the key drivers for the two-wheeler growth over the past three years. Market leader, Hero Honda, initiated aggressive pricing of CD Dawn in the year 2004. Bajaj Auto Ltd also introduced the CT 100, an executive or mid-market range motorcycle, for just Rs. 500-600 less than the other executive range motorcycles.

Two-wheeler sales hit 60.07 lakh units, up by 17% over 51.23 lakh units in 2003. Fuel prices may have risen 34% over the past three years, but its effect has been more or less nullified by rising fuel efficiencies. Thanks to motorcycles sales, which have been growing at 27% annually over the last four years, moped sales have shown a negative trend. Motorcycle growth rate is 27% while the overall two-wheeler growth rate is 11%. Presently, motorcycles account for more than 80% of overall two-wheeler sales against 30% in 1996. Competitive pricing of entry level motorcycles and availability of cheaper second-hand motorcycles have led to a drop in demand for mopeds. Besides, women prefer gearless scooters to mopeds. Players like TVS have realized this and indicated that it does not make economic sense to invest in mopeds. Replacement cycle for two wheelers is falling from five to three years, with consumers upgrading their preference for faster to high-end vehicles. Replacement accounts for 60% of the vehicles sold, which accounted for 33.9 lakh units out of 56.3 lakh units sold in 2004. It was estimated that replacement will reach 37.8 lakh units out of 65.03 units sold in 2005. Falling interest rates, changing lifestyles, availability of financing for second-hand vehicles have been important drivers for shorter replacement cycles. It is also found that customers pay off their entire loan installments and use the money to buy higher-end vehicles at lower EMIs.

After making a successful foray into the sports utility vehicle (SUV) and three-wheeler segments, Mahindra & Mahindra is now contemplating an entry into the fast growing motorcycle market. The auto major is evaluating the option of launching 100 cc and 125 cc bikes in the domestic market. If the company decides to enter into two-wheeler segment, it will make Mahindra & Mahindra the most diversified auto maker. The company's existing production portfolio includes tractors, multi-utility vehicles, sports
utility vehicles, commercial vehicles and three-wheelers. Mahindra & Mahindra is following a combination of new brand and brand extensions. Some two-wheeler makers doubt whether Mahindra & Mahindra's resolve to get a foothold in the highly competitive motorcycle market will be successful, while optimists say that the market is big enough to accommodate yet another player. The market is growing at 12-15 % per annum with annual incremental growth in excess of 6 lakh units. Hero Honda is planning to enter into scooter market by the year 2006.\textsuperscript{50} The Company launched the new 125 cc "Super Splendour" bike which is manufactured at the company's state-of-the-art plant at Gurgaon, Haryana. The two-wheeler industry is expected to grow at 17 %, with motorcycles clocking a growth of 20 %.

The two-and-three wheeler maker, Bajaj, is looking to change its description.\textsuperscript{51} Bajaj Auto Limited wants to go beyond the tag of two-and-three wheeler Company to become the marketer of light four-wheeler company. Bajaj has taken up the challenge of Ratan Tata, Chairman of Tata motors, to manufacture and market a four-wheeler at Rs. 1 lakh. Customers who are most likely to crack the Rs 1 lakhs would be two-wheeler and three-wheeler owners rather than four-wheeler owners. Making a vehicle at Rs. 1 lakh would not be difficult, but making money on it may be the real challenge. Bajaj made the maximum profit in two-wheeler in the five years from 1998 to 2003, when the automotive industry was facing teething problems. The idea is to leverage the existing two-and-three wheeler knowledge within the company and use it to extend the product line. Afterall, 1 litre motorcycle engine is not different from the one used in Maruti 800. The product extension would also mean capacity utilization for Bajaj.

Passenger cars are also experiencing the growth story as sales have touched 8,02,788 units in 2004 as against 6,44,047 units in 2003, registering a 24 % growth. Car capacities are set to increase and outpace the demand.\textsuperscript{52} The country's largest car maker, Maruti Udyog Limited, will increase capacity through a third plant. Tata motors, Hyundai, Ford and Toyota also have plans to expand their existing capacities. Automobile majors are

\textsuperscript{50} The Economic Times, 4 March 2005, page 7
\textsuperscript{51} The Economic Times, 25 March 2005, page 5.
\textsuperscript{52} The Economic Times, 17 February 2005, page 7.
likely to spend Rs. 2500 crores on capacity expansion in the next few years. MUL has a capacity of 5.5 lakh units. Hyundai and Tata Motors have a capacity of 1.5 lakh units. Honda has a capacity of 30,000 units. A slew of new launches, rising income levels and attractive finance schemes have seen sales of passenger vehicles--comprising cars, utility and multi-purpose vehicles--go up to a new high in domestic market as the demand had crossed 1 million units in 2004.

Other Brand Extensions

Godrej and Boyce may see a new division, furniture, emerging as its top revenue earner in the near future. The furniture unit has charted a strategy to double its turnover to Rs. 1,000 crore in three years. The growth strategy incorporates various initiatives, including supply contracts with overseas companies and focus on the home segment. Godrej is looking at a growth rate of 30% from the furniture division. The strategy is based on entry into new segments and new business opportunities including exports. Despite the venerable brand name 'Godrej', the corporate brand "Godrej" was threatened by losses and high overheads. To tide over the situation, Godrej launched a microwave oven and DVD player. Godrej's market share in refrigerators have dipped from 20.3 % to 19.2 %, while in washing machines, it slid from 6.7 % to 6.2 %. Now LG is a leading player with a market share of 28 % in refrigerators and 34.9 % in washing machines.

With the increasing growth in DVD market, most durable companies are launching DVDs with their existing brand name as brand extensions. Onida has added microwaves after launching washing machines and it also has aggressive plans for entry into air conditioners. LG Electronics has launched all formats of DVD Rewriter. It can read and write DVD R/- RW, DVD R+R/+RW, DVD RAM, CD-R, CD-RW formats with storage capacity of 4.7 GB data. Ruff Kids has entered into T shirt, cap and cotton shirt segments, with the same brand name targeting children between 1-16 years of age.

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Kingfisher plans to be India's largest carrier by the year 2010. The kingfisher brand has evolved from the liquor brand to mineral water and now to the airlines business. The major reason for entering the airline market seems to be the "Open Air" policy of the Government of India opening the doors to private operators. With the opening of the aviation sector, certain brands such as Jet Airways, Sahara Airlines and Deccan have entered the fray. India is considered to be underserved with a limited air network having only 180 large jets compared to 7,000 aircrafts in the US. The entry of Kingfisher and Sahara can be considered as brand extensions. The 'Unique Selling Proposition' is the buzz word and youthful image is the attraction of the customers. These brand associations exhibit similarity both in the parent and the extended categories.

One of the examples of brand extensions is the recent launch of Onida in microwave product segment, in all the three major models - solo, grill and convection. The prices of the microwave range between Rs. 4990 to Rs. 9990. Some of the special features of the product include easy touch pads and ten temperature settings.

Tommy Hilfiger, brand in the product categories of handbags, belts, small leather goods, caps, watches, undergarments, fragrances, footwear and bed/bath range, has launched product in jeanswear and sportswear as brand extensions. Godrej will continue to invest in new offerings, communications and strengthen its distribution and supply chain management. Godrej launched Cinthol Deo talc and cologne variants, while deluxe leather variant was test marketed in the north.

Yamaha India is setting up a wholly-owned subsidiary in India to primarily market its two wheelers. Besides, Yamaha would trade in others products, including all terrain vehicles, outboard motors, snowmobiles, generators, multi-purpose engines, water pumps, electric hybrid bicycles, racing cars, golf cars and helicopters as brand extensions. Philips, leveraging on its brand equity in DVD market, has smartly cut its price and now

its DVD sale is equal to its TV sales. The market for small kitchen appliances has touched Rs. 2,000 crore and consists of off-brands as the market is still reserved for small-scale sector. Philips has chosen to be present in mixer, grinder, even though it is not a market leader. Usha, Kenstar, Philips and Bajaj equally share the market in this segment. The presence of all these players by leveraging their respective brands in the kitchen appliances can be considered as brand extensions. Other players such as Braun, Maulinex have failed in the product category just because of wrong product design or due to sheer distribution issues.

New Launches

Marketers are striving hard to find an appropriate gap for new product categories. Coca-Cola is considering to introduce water, fresh juices and other healthy food varieties. There are smart players who are eager to secure a position in an emerging gap. In many categories such as chocolate, kitchen appliances, water purifiers and cosmetics, the market does not have many players. The demand in these categories is met from imports. Babycare is one category which has few takers. Companies are hesitant due to various reasons. They either perceive these to be "too small to offer" for growth opportunity or there is also a possibility of the category being dominated by local players. Others do not step into the market as they feel that the market does not need more brands. It is noticed that there are two phases of growth. In the first phase, one or two companies, operate in the segment and take it to a critical mass. Then there is proliferation of competition and the market grows. However, with an excess of brands in the category, the mentality among the competitors is to snatch market share from one another rather than grow in the entire market.

The area of exploration and innovation within a segment is the only answer to growth. Paras Pharmaceutical demonstrated a knack for creating brands out of nowhere. The Krack and Moov brands were a runaway success. Paras tried to redefine category with famous brands such as Moov, Dermicool, D'cold, Borosoft, Ringguard. Moov was positioned against Iodex, that often strained clothes while dermicool offered a cooling sensation for the first time with a prickly heat powder. Rice, jewellery, sugar and cement categories are also witnessing new entrants. The market size of baby care segment is
estimated to be worth Rs. 200 crores and is still undertapped. Dabur and Wipro were fast enough to establish the ground. The category has been dominated by Johnson & Johnson with 75% market share. Other two brands, Himalaya and Emami, have also entered the scene. It was a market dominated for a long time by one player with high brand recall and large investments in R&D. The entry of Dabur, Wipro and Himalaya can be seen as brand extensions. Himalaya is staking a claim with its herbal positioning. It hopes to corner a modest 5% initially in the babycare segment. Himalaya's positioning in the babycare segment is based on safer, herbal and efficacious positioning. P&G has placed itself in the diapers subcategory with pampers. Currently, market sizes are estimated at Rs. 60-70 crore and account for a relatively smaller number of players. The above newspaper reports highlight the various brand extensions in the Indian Market.

The primary objective of exploratory research is to provide insights into, and an understanding of, the problem confronting the researcher. At this stage, the information required is loosely defined. The research process is generally unstructured and flexible. Given the characteristic of research, the findings of exploratory research should be regarded as tentative or as potential input for further research which is structured in the form of a consumer survey.

Discussions were held with the brand and marketing managers, distributors and retailers of various companies with the objective of getting their views about the product categories and brands to be chosen as the candidates for hypothetical extension. Most respondents agreed that extending a brand involves the leveraging the strength of an existing brand. It was clear that generally those brands which have strong brand equity will succeed in brand extension. However, a brand with a strong brand equity in a given product or service category may not always be a runaway success. In fact, it can also meet with certain failure. The example of failure of Nirma in toothpaste category is worth mentioning. Although Nirma held a strong brand association in detergent and detergent cake, the launch of Nirma toothpaste was a total failure. It is, therefore, important to identify the factors which can contribute to the brand extension success. Experts were

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also of the opinion that it is the market which decides the success or failure of brand extensions.

The major points drawn from the discussions with the brand experts, traders and newspaper reports are as follows:

1. Market is constantly witnessing the launch of new products. Brands are considered to be one of the most valuable assets of a company. Therefore, in markets which are highly competitive and in situations where cost of introducing new brands is high, brand extension strategy is considered to be cost effective and viable. The basic rationale in brand extensions is to leverage the equity of existing brands. In the study, any product which is new to the company can be considered as a new product. It may be possible that similar products may be available in the market.

2. For the choice of the product category for the study, we propose to test the success of a new product launch as a brand extension by taking a known real brand as an example. The choice was governed by the following factors:

   (a) The major criterion for choosing the product category was based on extensive reach of product category. The product category was so chosen that it may not be difficult for the respondent to relate it to the given product category while conducting a consumer survey.

   (b) The chosen product category should be experiencing lot of activities such as growth, increase in the consumer interest, entry and proposed entry of other players or likelihood of increase in competition.

3. Based on the above criteria, the following product categories were chosen:

   (a) **Deodorant**: With the increased interest in consumer well-being, urbanization and good prospects of organized retailing, deodorant category was chosen as a product category for the study. Presently, domestic brands from Hindustan Lever Ltd. such as Axe, Rexona and other imported brands are available in the market. There was a felt need for an entry of a known brand name in deodorant brand. Experts
were also of the opinion that deodorant product category will witness further growth in future with increase in disposable income. So a strong brand can take advantage of future growth prospects. This will result in strengthening the brand equity of a strong brand by means of extension. For example, Hindustan Lever Limited is increasingly focusing on colour cosmetics, deodorants and other particularly top-end personal wash category as their future marketing strategy.

(b) Potato Chips: It is also expected that in terms of market value, India is considered to be twice that of China in the snack food category. Potato chips is part of the fastest growing snack food category and it is emerging as a more profitable segment for Pepsico than their traditional soft drink. Frito Lay brand is a success story in Potato Chips category in terms of growing consumer acceptance and growth in the potato chips category. This can be corroborated by the fact that Frito Lay India, a dominant and national player in potato chips, has witnessed the revenue growth from Rs. 130 crore to Rs. 500 crore in just four years. The key driver behind the success of Frito Lay brand is keeping consumer excitement high, with their flavour innovations from the international range of Spanish, Caribbean, etc, to the purely desi chaat street. Over the years, Frito Lay India quickly expanded its appeal to a wider audience. Moreover, the pricing strategy has ensured that Frito Lay products are not only picked up by consumers but also by retailers.

(c) Banking: The growth in banking can be assessed by the scheduled commercial banks' credit and deposit performance. As per the CMIE report on Money and Banking, total bank credit has grown from Rs. 5,38,433 crore in the year 2000-01 to Rs. 8,80,312 crore in the year 2003-04, and deposit from Rs. 9,49,433 crore to 15,11,273 crore during the same period. In terms of deposits, the market share of private sector banks has increased from 12.30 % to 17.83 %. With the initiation of financial sector reforms, many development banks have entered into retail banking business. The progress of newer private sector banks such as ICICI Bank, UTI Bank, HDFC Bank, Centurian Bank of Punjab is commendable. These
banks are giving a tough competition to the established nationalised bank brands by paying attention to building their brands.

The increased thrust in the retail banking can also be corroborated by the fact that the total scheduled bank personal loans portfolio, which includes loan for consumer durable, home loans and other personal loans, has increased substantially during the four years. This underlines fact that there is tremendous growth potential in retail banking segment. Newer private sector banks are strong in Metropolitan and Urban Areas, and, now, they are also showing keen interest to enter with full force into rural areas which still remain untapped. With the increased urbanization, rise in the disposable income and other factors, banks are also focusing on fee-based incomes. Banks are also entering into alliance with the insurance companies to sell insurance products. Revenue generated bancassurance can be regarded as fee-based income. The entry of various brands such as ICICI (Development Bank), HDFC (Housing Loan) and IDBI (Development Bank) into general banking can be considered as brand extensions. Many foreign banks and corporates have also evinced interest to leverage their brand in Indian banking. Certain international giants such as Merill Lynch, Goldman Sachs, Credit Suisse have also shown interest to enter into the Indian banking sector. Similarly, Indian corporate giants such as Reliance and Tata have also shown interest to enter into Indian Banking.

(d) **Automobiles**

(i) **Passenger Cars** : The Domestic Passenger Car Industry has grown from Rs. 16,954 crore in the year 2000-01 to Rs. 22940 crores in the year 2003-04. Domestic demand for passenger car is estimated to be Rs. 22,328 crore. Major players in the market are Maruti Udyog, Hyundai Motor India, and Tata Motors. The existing players are keen to increase their capacities, and, it is estimated that the incremental capacity will increase by 5 lakh vehicles in the coming years. Investment of about Rs. 2,500 crore is likely in the next few years. The year 2004 was a landmark year for passenger car industry with
new launches, rising customer interest supported by attractive finance schemes have resulted in sales of 1 million passenger vehicles, comprising cars, utility and multi-purpose vehicles. Bajaj Auto Limited has also evinced interest in entering into light four-wheeler category.

(ii) Motorcycles: As per the CMIE report on Industry Market size and shares, the total domestic market for motorcycle has grown from Rs. 6,152 crore in 2000 to Rs. 11349 crore in 2003-04. The major players are Hero Honda Motors, Bajaj Auto and TVS Motor. Various new players such as Mahindra & Mahindra are keen to enter into the Bike segment.

4. Identification of Real Brands for Hypothetical Brand Extensions

Identification of real brands was governed by several factors such as:

(a) The exiting real brand is widely known among the marketers and channel members. In the opinion of marketers and distributors, consumers can also relate to the brand which is selected.

(b) The selection can be the future possible brand extensions in the product categories selected.

On the basis of above factors, marketers and channel members were requested to give their opinions and the brand associations attached with the real brand.

1. Product Category: Deodorant

Experts were of the opinion that, in future, deodorant segment is likely to grow by leaps and bounds and the existing strong brand has got a lot of potential to enter in deodorant category. Experts suggested that existing soap brand has strong possibility to enter in deodorant segment. Soap is widely known to most of the consumers. As the study was to be conducted in Gujarat, the brands which immediately came to top of the mind were Lux and Nirma. We further explored the websites of the brands and the following information was obtained about the following brands:
(a) **Lux**: Lux is one of the most trusted brands in the country. It is celebrating its 75 years of stardom in India. Lux soap was launched in India in 1929. It has a market share of 15%. Three in every five Indian consumers enjoy the luxurious bathing pleasure of Lux. This strong association with consumers has led to Lux becoming one of the most trusted brands in the country. After the overwhelming success of the 'Har Star Lucky Star' promotion to mark the completion of 75 years in India, Lux was launched in a set of exclusive variants such as aromatic glow and chocolate seduction. Lux has the tradition of associating with leading film actresses in the past. Lux has broken this tradition by also associating leading film actor, Shahrukh Khan with the Lux Brand. So Lux is associated with Beauty and Glamour. The galaxy of stars having association with Lux includes Machubala, Nargis, Meena Kumari, Mala Sinha, Sharmila Tagore, Waheeda Rehman, Saira Banu, Hema Malini, Zeenat Amaan, Juhi Chawla, Madhuri Dixit, Sridevi, Aishwarya Rai and Kareena Kapoor.

(b) **Nirma**: Nirma Detergent created a marketing miracle when it introduced the detergent powder in the domestic marketplace. In the year 1969, when other detergent brands were priced so exorbitantly, it was a god-sent for most of the Indians. Nirma envisioned the vast Fabric wash market segment and sensed a tremendous potential therein. This product was priced at almost one third of its competitor brands, resulting into instant trial by the consumers. This brand had been ranked as the “Most widely distributed detergent powder brand in India” as per All India Census of Retail Outlets carried out in 435 urban towns by the AIMS (Asian Information Marketing & Social) Research agency ['Brand Equity': *The Economic Times*, March 11, 1997].

As per the ORG-MARG Rural Consumer Panel [December 1998] survey, Nirma has been ranked as the highest brand in terms of penetration in washing powder category [*BT Rural Market Watch Eusiness*]. Subsequently, Nirma was launched in soap segment which includes Nirma Bath soap, Nirma Beauty Soap, Nirma
Lime Fresh Soap, Nirma Rose and Nirma Sandal. In 1992, sensing a strong need to expand the market through Penetrative Pricing, Nirma entered this market with the launch of 'Nirma Bath Soap', which is a carbolic (Red) soap. Although the use of carbolic soap segment is on the decline, Nirma Bath has contributed to larger volumes each year. With its market promise to offer "Better Products, Better Value, Better Living" Nirma introduced 'Nirma Beauty Soap' in the year 1992. Available in three different variants and pack sizes, this soap has a TFM content of 70%. Due to its aromatic perfume and a higher TFM content, this brand, within a short span of five years, had achieved the status of the third largest selling toilet soap and still continues its outstanding performance.

2. **Product Category: Potato Chips**

Branded potato chips have witnessed spectacular growth. Experts agree that consumers still remember Uncle Chips and its ad tag line "Bole Mere Lips, I love Uncle Chipps". Thereafter, Frito Lay has already made a mark which can also be confirmed by its double digit growth, higher brand recall and increased penetration, prominently with children. Experts felt that as this category is growing so there can be scope for the existing strong brands to leverage its brand equity.

It was decided to choose a brand from the leading food processing sector. While considering the food processing sector, Amul and Maggi rapidly came into consideration. Amul is India's largest food processing brand. In terms of individual value of sales turnover, Amul fetched a turnover of more than Rs. 3,774 crore. Although Amul is better associated with dairy products, Amul brand was also launched in Ready to Eat Pizza and Soya Snack food. So, further entry into Potato chips can be considered as a logical brand extension. Maggi is also a known brand name in the noodles and tomato ketchup category. Its other sister brands are also present in coffee, chocolates and other product category. Further, following information can be furnished from the websites about the brands: Amul and Maggi.
(a) Amulya means "priceless". It is derived from Sanskrit. Its variants, all meaning "priceless", are found in several Indian languages. Amul products have been in use in millions of homes since 1946. Amul Butter, Amul Milk Powder, Amul Ghee, Amulspray, Amul Cheese, Amul Chocolates, Amul Shrikhand, Amul Ice cream, Nutramul, Amul Milk and Amulya have made Amul a leading food brand in India. Its turnover was Rs. 37.74 billion in 2005-06. Today Amul is a symbol of high-quality products sold at reasonable prices.

(b) Maggi, the 2-Minute Noodles, is one of the largest snack food brands in the country and defines the Instant Noodles category in the country. MAGGI 2-MINUTE Noodle is launched with an improved version with 20% of calcium and protein for the core target group. It is available in 4 flavours: Masala, Chicken, Tomato and Curry. Maggi is the leader in the Instant Noodles category because it is constantly improving its understanding of the consumer to ensure excellent and tasty products that provide nutrition, health and wellbeing. The new Maggi dal atta noodle is yet another innovation. Sales of Maggi 2-minute noodle in India is the highest compared to other Nestle products worldwide.

Even as the company reinvents Maggi into new product categories, it has decided to push the smaller pack of Maggi 2-minute noodles aggressively, albeit four years after the pack was launched in India. It is promoting the smaller pack through a lower-price point strategy ir. the same way as soft drink companies like Coca-Cola and Pepsi. This is being done to achieve volumes through affordability.

3. **Product Category : Banking**

As retail banking is gaining momentum, more and more players in other sectors are also keen to enter into the banking sector. In terms of value and growth, banking will continue as an attractive business option. Many companies including Big Bazaar have drawn up plans to enter as Non Banking Financial Companies. One of the emerging
trends is that banks are entering into marketing of insurance products. As banks are entering into insurance business, it will also be logical in case the dominant insurance player, LIC, with its Jeevan prefix also enters into the banking category. As the business of banking depends on trust and confidence of depositors, LIC, with its entry into banking, can leverage on the trust and confidence of customers. Recently, Reliance has also shown interest to enter into the banking category. Reliance Capital, at present, is No. 3 in terms of networth among the financial services providers. It was, therefore, decided to include LIC and Reliance. Some of the relevant information about the brands are as follows.

(a) LIC has retained its No. 1 position as the Most Trusted Service Brand as per the released in The Economic Times. As LIC is in the business of assurance, it commands tremendous respect and trust among the existing policy holders. LIC has targeted both urban and rural segments. For urban customers, it has extended the services of online premium collection through ATM and Electronic Clearing System. In rural areas, with its strong agent network, LIC has been able to further deepen its reach.

(b) Reliance Capital intends to actively pursue growth opportunities in the fast-growing financial services sector in the country and is planning to offer the full range of financial services with activities encompassing, inter alia, asset management and mutual funds, life and general insurance, and other financial services. The financial services sector is one of the key growth sectors of the economy. Globally, 5 of the top 20 Fortune 500 companies are financial services companies. 21% of the total revenue and 27% of total profit of all Fortune 500 companies are generated by the financial services sector, the largest by any single sector. Reliance Capital has become the third largest private sector company in the financial services sector, after ICICI and HDFC, in terms of net worth.
Motorcycles: Members agreed that Motorcycle is the growing business and there is a room for entry of established brand. For brand extensions, we can explore the possible entry from any other category into motorcycles. Leading brand from passenger car seemed to be the logical choice, and, therefore, we selected the brand 'Tata'. Tata has also successfully launched into the passenger car market. Tata is already an established player in the heavy vehicle segment and it is strongly associated with trust, leadership and quality. Some of the relevant information about Tata is as follows:

(a) Tata Motors is the India's largest automobile company, with a total revenue turnover of Rs 24,000 crore (USD 5.5 billion) in 2005-06. The company began manufacturing commercial vehicles in 1954 with a 15-year collaboration agreement with Daimler Benz of Germany. It is the leader by far in commercial vehicles in each segment, and the second-largest in the passenger vehicles market with winning products in the compact, midsize and utility vehicle segments. The company is the world's fifth-largest medium and heavy commercial vehicle manufacturer. Tata Motors' product range covers passenger cars, multi-utility vehicles as well as light, medium and heavy commercial vehicles for goods and passenger transport. Seven out of ten medium and heavy commercial vehicles in India bear the trusted 'Tata' logo. In 1998, the Tata Indica — India's first indigenously manufactured passenger car — was launched. Within two years of its launch, Tata Indica became a known name in passenger car category.

Passenger Cars: In India, the growth in the passenger cars is fuelled by higher disposable income, attractive financial schemes and host of other factors. Existing fast-selling brands such as Maruti 800, Alto, Santro, Tata Indica have already made their presence felt. Tata has formally announced its intention to market a passenger car with a price tag of Rs. 1 lakh. This will definitely affect the existing two-wheeler major brand, Bajaj. Since Bajaj has also reciprocated with its plan to compete with the 1 lakh price tag of Tata by launching a passenger car, it would be interesting to evaluate the entry of Bajaj into the passenger cars category. Relevant information about the Bajaj brand is as follows:
Bajaj: It conveys to its customers confidence and inspiration to its prospective customers. It reinforces the distinctiveness and the power of Bajaj brand. Bajaj has been able to create a special affection in the hearts and the minds of its customers. The brand essence of Bajaj is related to excitement. Bajaj strives to inspire confidence through excitement engineering. The major brand values of Bajaj are learning, innovation, perfection, speed and transparency.

References: