# CHAPTER II

## REVIEW OF LITERATURE

<table>
<thead>
<tr>
<th>CONTENTS</th>
<th>PAGE NO.</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRAND DEFINED</td>
<td>33</td>
</tr>
<tr>
<td>INNOVATION OF PRODUCTS</td>
<td>35</td>
</tr>
<tr>
<td>BRAND EXTENSION STRATEGY</td>
<td>36</td>
</tr>
<tr>
<td>EVALUATION OF BRAND EXTENSION</td>
<td>37</td>
</tr>
<tr>
<td>EXAMPLES OF BRAND EXTENSIONS:</td>
<td>41</td>
</tr>
<tr>
<td>CLASSIC EXAMPLE OF BRAND FAILURE: VANILLA COKE.</td>
<td>43</td>
</tr>
<tr>
<td>REASONS WHY VANILLA COKE FAILED IN INDIAN SUBCONTINENT</td>
<td>44</td>
</tr>
<tr>
<td>WHY AMUL ENTERED THE PIZZA MARKET</td>
<td>45</td>
</tr>
<tr>
<td>SUMMARY OF THE CAUSES FOR FAILURE OF AMUL PIZZA:</td>
<td>47</td>
</tr>
<tr>
<td>PEPSI-COLA MADE A POORCHOICE</td>
<td>47</td>
</tr>
<tr>
<td>KELLOGS CEREAL</td>
<td>49</td>
</tr>
<tr>
<td>DIFFERENCE BETWEEN PRESENT AND PAST STUDIES</td>
<td>50</td>
</tr>
<tr>
<td>FORMULATION OF THE PROBLEM</td>
<td>51</td>
</tr>
<tr>
<td>JUSTIFICATION OF THE PROBLEM</td>
<td>51</td>
</tr>
<tr>
<td>REFERENCES</td>
<td>52</td>
</tr>
</tbody>
</table>
BRAND DEFINED:

Though the term brand is defined differently yet the thrust is on the same focal point i.e. the promise we make. Brand is who you are, what you promise, and your ability and willingness to deliver on that promise. A brand is a mark that identifies a property, and it is also a promise of quality, of style, and of a way of doing business. A brand is the imprint or impression left on constituents that an organization collectively possesses through the natural expression of its core values. A promise—two words, eight letters—is all it takes. Don’t make it complicated, black box, or mysterious. Any name, symbol, or identifying characteristic of a product or service that adds value that the product or service wouldn’t otherwise have if it were generic. Brands and branding are hot topics. It is almost impossible nowadays to open any serious newspaper or magazine (be they general or specialist) without coming across an article that touts the importance and value of brands. The arguments used to support this assertion generally run something like this: (Aaker and Keller, 1990):

- Products and services have become so alike that they fail to distinguish themselves by their quality, efficacy, reliability, assurance and care. Brands add emotion and trust to these products and services, thus providing clues that simplify consumers’ choice.

- These added emotions and trust help create a relationship between brands and consumers, which ensures consumers’ loyalty to the brands.

- Brands create aspirational lifestyles based on these consumer relationships. Associating oneself with a brand transfers these lifestyles onto consumers.

- The branded lifestyles extol values over and above the brands’ product or service category that allow the brands to be extended into other product and service categories. Thus saving companies the trouble and costs of developing new brands, while entering new lucrative markets.

- The combination of emotions, relationships, lifestyles and values allows brand owners to charge a price premium for their products and services, which otherwise are barely distinguishable from generics.
INNOVATION OF PRODUCTS

Successful organizations all over the world recognize the importance of new product launches (brand extension) as a means of organic growth and as a means to differentiate themselves from others. At the same time, it must be remembered that it is not an easy task to create winning products in an increasingly competitive environment. Considering the high failure rate of new products, launching a new product is a risky proposition (Panwar and Bapat, 2007). Under this circumstance brand extension might receive success if consumers accept the extended brand category product. Brand extension involves the use of a brand name established in one product class to enter another product class (Aaker, 1990; Tauber, 1988). This strategy is often seen as beneficial because it reduces new product introduction marketing research and advertising costs, and increases the chance of success due to higher preference derived from the core brand equity (Chen and Liu, 2004). All investigations on the determinants of successful brand extensions initially assume that a brand is an accumulation of associations (Keller, 1993) and the parent brand associations can influence consumers' reactions to brand extensions (Aaker and Keller, 1990; Bhat and Reddy, 2001). In previous studies different authors identified some antecedents of brand extension attitude of consumers. The antecedents they have identified are parent brand trust and parent brand affect. According to Chaudhuri and Holbrook (2001), brand attitude can be measured via brand trust, brand affect, and brand quality. Brand attitude is the highest level of brand association and it frequently forms the basis of consumer behavior (e.g., brand choice) (Keller, 1998). Aaker and Keller (1990) proposed a relation between perceived quality of parent brand and consumers’ attitude toward the extensions. Chen (2001) also suggested that the perceived brand quality provides the reasons to buy and it affects the user’s attitude toward brand extension. On the other hand Reast (2005) stated that when the extended brand is launched the expected loyalty factor will drive trial – if the consumer is loyal to the parent brand there is a good chance that they will try the extended brand. Thus, the parent brand can lower the risks of new product failure (Thiele and Mackay, 2001). Aaker and Keller’s (1990) framework has been subjected to substantial scrutiny as a widely replicated study (Bottomley & Holden, 2001). Barwise (1993) argued that a model which does not
stretch beyond Aaker and Keller’s (1990) choice of brand extensions is of limited scope and therefore of negligible value.

**BRAND EXTENSION STRATEGY:**

A brand extension strategy involves using an established brand name in one product class to enter another product class. Many firms have used this strategy in the last decade to further leverage brand equity. A “good” brand extension strategy is one where the brand name aids the extension, while a “very good” brand extension also enhances the brand name (Aaker, 1991). Consumer evaluation of a brand extension is often described as a process by which the core brand associations of the parent brand transfers to the extension. Thus, a key aspect contributing to the success of such strategies is to understand how consumer perceptions towards the brand in the established as well as new category are altered by the extension. According to Keller (2003), a brand extension is defined as when a firm uses an established brand name to introduce a new product. The basic premise on which brand extensions are based is that consumers hold positive attitude toward the parent brand that can be transferred to an extension without any negative consequences as long as there is a “fit” between the two (Aaker and Keller 1990). This means that the brand-extension associations must be consistent with those of the parent brand in order for it to be successful. The introduction of brand extensions with inconsistent associations may fail and, in some cases, can even dilute the parent brand equity (Loken and Roedder John 1993). Most research on extension evaluation has focused on the issues surrounding “fit” between the parent brand and the extension and moderating variables that affect this fit. The introduction of a brand extension in an established product category results in restructuring of the category, related brand associations, and pertinent consumer knowledge, thereby, affecting consumers’ attitudes toward the existing brands in the target category (Czellar 2003). Woodside and Clokey (1974) identified that consumers’ attitudes are affected by competitor activity, as well as, numerous other information sources. They developed a Multiattribute/Multi-brand model of attitude formation and systematically evaluated the process of brand attitude formation. The results of the Woodside and Clokey (1974) study state that, “brand choice was more accurately predicted when attitudes toward other brands were also considered.” Similarly, the results of the Abe and Tanaka (1989) study indicate that the brand evaluation process is not independent of other
brands in the competitive markets. Chintagunta (1996 and 1999) examined the impact of the introduction of line extension and a new brand on the market structure. The results of his research conclude that the introduction of a new brand significantly alters the existing market structure by shifting the brands in the perceptual map, and by changing the importance attached to different product category attributes. These market structure changes caused by new brand entrants in an established product category significantly affect the “subjective brand judgments, brand preferences, and choice,” (Pan and Lehman 1993) due to a shift in similarity judgments between/among the existing brands caused by the new entrant with attribute(s) similar to the existing brands (Baker, Hunt, and Scribner, 2002).

EVALUATION OF BRAND EXTENSION:

The above discussion indicates that the introduction of a new brand in an established product category alters the existing market structure and that the evaluation of brands are interdependent resulting in modified brand preferences and choices for the existing brands (Chintagunta, 1996 and 1999). Since a new brand entry alters the evaluation of existing brands in a category, it can be argued that the existing brands can also have a reciprocal impact on the evaluation of a brand extension. That is, the positive evaluation of a brand extension while ignoring the brands it will compete with in the target category may not present a complete and accurate picture of the brand extension evaluation process. The established positive beliefs and attitudes towards the existing brands and the target category as a whole can be expected to adversely affect a brand extension when it is evaluated in the presence of competing brands as opposed to when it is not, when a brand extension is introduced, the extension category is usually mature and is already populated with a number of brands (Tauber, 1988). The competitive intensity refers to the relative proximity of brands on a given attribute: “The relative proximity of brands in the attribute space provides a measure of the intensity of competitive rivalry among brands” (Chintagunta, 1999). However, some brands within a product category occupy a dominant position where the entire category is essentially defined by the dominant brand. In such instances it is likely that the dominant brand’s association will be the association by which the category is known. In other cases, a category is represented by multiple brands, in which case brands share some associations with each other and with the category as a whole (MacInnis and
Nakamoto 1989; Chakravarti et al., 1990). Brand-category association strength is a measure of how readily a brand can be recalled upon invoking a category and this association represents the strength of a consumer’s cognitive structure regarding a brand and its link to a category. “If a product category automatically activates a certain brand in memory, the brand is placed in a prominent position relative to other brands to be evaluated. Such a category-dominant brand may even preempt the choice process,” (Herr et al., 1996). A market structure is often defined in terms of perceptual space and the attributes that define this space (Chintagunta 1996). When a new brand is introduced, it alters the market structure in terms of the product consideration set, perceptual space, and the attributes associated with it (Chintagunta, 1996 and 1999).

The findings from research reported by Pan and Lehman (1993) suggest that new brand entrants alter the subjective evaluation of the existing brands through an “attraction effect.” The attraction effect works by affecting the perceptual space and its dimensions when a new brand is introduced and positioned against the existing brands. Highly rated brand extensions considered to be a good fit with the parent brand are not evaluated as favorably in the presence of competing brands as when they are evaluated on their own. Most notably, the measures of fit that make an extension relevant with the parent brand may no longer be sufficient in a competitive setting. This means that a brand extension must fit not only with the parent brand, but it must also be introduced with a good understanding of the effect of the competing brands in the target category (Harish Kapoor and Louise A. Heslop, 2007).

Brand extension consists in using an existing brand name into a new category of product (Sicco van Gelder, 2002). It means a product with a different nature and different functions compared to other products of the brand (Cegarra & Merunka, 1993). Consumer acceptance for brand extensions is greater because brand attitude and knowledge are transferred to new products. This transfer relies on different psychological mechanisms such as semantic generalization (Fry 1967; Kerby 1967; Osgood, 1962), halo effect (Thorndike, 1920), assimilation-contrast theory (Fry 1967; Sherif 1963), categorization theory (Collins and Loftus 1973; Rosch and Mervis 1975) and conceptual coherence (Murphy and Medin 1985). Based on these psychological mechanisms, explanatory models have been proposed in the literature. They emphasize the role of perceived similarity between existing product categories and
new products (Boush. et.al. 1987; Fry 1967) and perceived fit between existing products and new products (Aaker and Keller 1990) or between brand and new products (MacInnis and Nakamoto 1990; Park et. al., 1991; Tauber 1981). However, the perceived fit concept remains fuzzy. There is no consensual definition in the literature. It consists in symbolic idealness associated to the brand and shared by extension (MacInnis and Nakamoto 1990), or product’s ability to accommodate the brand concept (Park et. al. 1991). Since in these prior studies, the perceived fit between brand and brand extension relies indirectly on brand image, the reference to brand image concept would probably provide a better conceptual framework to improve the knowledge of perceived fit (nature, components) and to understand the reasons of brand extension success or failure.

While the use of brand image has proliferated in several studies, there is no consensus on how to define or measure this concept (Dobni and Zinkhan 1990; Poiez 1989; Reynolds and Guttman, 1984). However, a recent approach of brand image developed from brand identity concept will be used to explain brand image effect on consumer’s brand extension evaluation (Viot, 2002).

<table>
<thead>
<tr>
<th>Definition of brand image dimensions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand personality</td>
</tr>
<tr>
<td>Brand values</td>
</tr>
<tr>
<td>Brand-consumer relationship</td>
</tr>
<tr>
<td>User image</td>
</tr>
</tbody>
</table>

<p>| |</p>
<table>
<thead>
<tr>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand personality is “the set of human characteristics associated with a brand” (Aaker, 1997).</td>
</tr>
<tr>
<td>Values are “fundamental principles that regulate brand behavior” (Kapferer, 1998).</td>
</tr>
<tr>
<td>“The brand is treated as an active, contributing partner in the dyadic relationship that exists between the person and the brand” (Fournier, 1998).</td>
</tr>
<tr>
<td>“The set of human characteristics associated with the typical user of a brand” (Plummer).</td>
</tr>
</tbody>
</table>

FIGURE 10: Dimensions of brand image
(Adapted from Aaker and Joachimsthaler, 2000)

Brand image dimensions have been defined and selected in accordance with brand identity literature (Aaker and Joachimsthaler, 2000; de Chernatony 2001; Kapferer, 1998; Keller, 1998). This choice was dominated by parsimony principle in order to create a scale usable by practitioners and acceptable to theorists. In Viot (2002) study, a
second order factor analysis has shown that brand personality and brand symbolic values are related to the inner dimension of brand image and that brand - consumer relationship and typical consumer of a brand are two features of the social dimension of brand image. In general, the fit consists in few brand associations in consumer’s mind (McInnis and Nakamoto, 1990; Park and et.al. 1991). The logical fit between brand and brand extensions can rely on attributes related to the inner dimension of brand image (personality and symbolical values of the brand) and/or on attributes related to the social dimension of brand image (brand consumer-relationship and users image) (Catherine Viot, 2002).

The financial risk of entering new markets has become formidable for many consumer markets has been estimated to range from $50 million to more than $100 million (Brown, 1985), with total cost run to$150 million(Tuaber, 1998). An important brand association is the overall brand attitude. Brand attitude such as durability, incidence of defects, serviceability, features, performance, or “fit and finish” (Garvin, 1984). A notable gap in the previous research on the evaluation of brand extensions is its failure to recognize the pre-existence of competing brands in the extension category and has not accounted for their impact on the evaluation process. The past research seems to be based on the assumption that the extended brand is the only product in the target category or, if the competition exists, the extension is somehow unaffected from it. However, the market reality is very different from these assumptions, especially in the consumer goods categories, in which numerous brands compete for the same market and any proposed extension would encounter well-established brands. Tauber (1988) describes this situation succinctly: “We [businesses] are trying to extend into an established, or perhaps a new but rapidly growing category. In the majority of cases, another brand dominates the category. Our product, although not deficient, is most likely to be “me too” or, at best, marginally superior.” “Today most products are brought, not sold,” write Al and Laura Ries (1998) in “The 22 Immutable Laws of branding.” “Branding 'pre sells' the product or service to the user. Branding is simply a more efficient way to sell things.” Although this is true, this new focus means that perfectly good products can fail as a result of bad branding. So, while branding raises the rewards, it also heightens the risk. The larger the number of loyal customers, the more stable the brand’s market share, and the less vulnerable it will be to competitive
efforts (Moran, 1976; Rubinson, 1979). Conversely, a brand with a large number of non-loyal customers is more open to share erosion. In the field of marketing, brands originated in the nineteenth century with the advent of packaged goods. According to Unilever records, Pears Soap was the world's first registered commercial brand. Industrialization moved the production of household items, such as soap, from local communities to centralized factories. When shipping their items, the factories would brand their logotype insignia on the shipping barrels. These factories generating mass-produced goods, needed to sell their products to a wider range of customers, to a customer base familiar only with local goods, and it turned out that a generic package of soap had difficulty competing with familiar, local products. The fortunes of many of that era's brands, such as Uncle Ben's rice and Kellogg's breakfast cereal, illustrate the problem. The packaged goods manufacturers needed to convince buyers that they could trust in the non-local, factory product. Campbell soup, Coca Cola, Juicy Fruit Gum, Aunt Jemima and Quaker Oats, were the first American products to be branded to increase the customer's familiarity with the products. Around 1900, James Walter Thompson published a house advert explaining trademark advertising, in an early commercial description of what now is known as 'branding. Soon, companies adopted slogans, mascots, and jingles that were heard on radio and seen in early television. By the 1940s, Mildred Pierce manufacturers recognized how customers were developing relationships with their brands in the social, psychological, and anthropological senses. From that, manufacturers quickly learned to associate other kinds of brand values, such as youthfulness, fun, and luxury, with their products. Thus began the practice of 'branding', wherein the customer buys the brand rather than the product. This trend arose in the 1980s 'brand equity mania'.

In 1988, Philip Morris bought Kraft for six times its paper worth. It is believed the purchase was made because the Phillip Morris Company actually wanted the Kraft brand rather than the company and its products. April 2, 1993, labeled Marlboro is described by Klein (2000) as the death day of the brand. On that day, Phillip Morris declared a 20 per cent price cut of Marlboro cigarettes in order to compete with cheaper price cigarettes. At the time, Marlboro cigarettes were notorious for their heavy advertising campaigns, and nuanced brand image. On that day, the prices of many branded companies Wall Street stocks fell: Heinz, Coca Cola, Quaker Oats, PepsiCo
seemingly the signal of the beginning 'brand blindness' (Klein, 2000). Nine out of ten new brands fail. (Matt Haig, 2003). A brand is the relationship that is proposed or exists between a business and its customers (Gerard Tannam, 2004). Failures are not necessarily the result of sub-standard engineering, design or marketing. Based on this critical definition, there are hundreds of bad movies that have reached a cult status and financial success while many a good movies have been box office bombs. Other premier products fail because of competitive actions. Sony Beta format was a clearly superior product to VHS, but their decision to not enable the format to be standardized negatively impacted distribution and availability, which resulted in a product failure (Ankit Kapoor and Gaurav Dubey, 2006). It may be worthwhile for marketing managers and practitioners to give as much importance to brand failures as they give to successful brands. As it not only help the companies introspect and think where it went wrong, but what are the things that need to be avoided in the future so that the company does not encounter such things in the future. Jack Trout, (1998) author of several great books including Differentiate or Die, says he sees two types of organizations. One type understands branding. They are out there doing battle with ‘‘higher quality’’ or good value or good old ‘‘better products.’’ They feel that they are better than their competition and that the truth will win out. The other type of organization understands the need to be different, but, after some prodding, these organizations will admit that they just don’t know how to do it. Their excuse: “Our product or sales force just isn’t that much different from our competitors’ brand”.

**EXAMPLES OF BRAND EXTENSIONS:**

**Barron’s (Dictionary of Business Terms)** defines brand extension as ‘the addition of a new product to an already established line of products under the same name’. As Matt Haig (2003) elaborates “that’s the definition – but what’s the incentive?” Many companies believe that once they have created a successful brand, they should extend it into other product categories. After all, it is not the product that makes a brand, but rather an association. For instance, IBM doesn’t simply make computers; it offers ‘solutions’. As such, it has been able to enter related categories such as software and networks. However, although brand extension may increase sales in the short term, it can devalue the identity of the brand in the long term. And when that happens, every product that falls under the brand name starts to suffer. As marketing experts Jack
Trout and Al Ries (1986) have argued throughout most of their writing careers, line extensions cost market share. In the United States, 7-Up cut its share of the market in half when it added brand variations such as 7-Up Gold. ‘Invariably, the category leader is the brand that is not line extended,’ argues Jack Trout. However, if properly executed, extensions can work. For instance, in 1982 Coca-Cola launched Diet Coke. Today, it’s the third most popular cola drink and boasts over a billion dollars worth of sales every year. Gillette razors and shaving cream are a further example of a successful extension. But when companies fail to understand the true nature of their brand the results can be disastrous. Of course, the reasons for brand extension are obvious. When a company has saturated a market with one product, it has two options for growth. Either it can expand into a new market or launch a new product. If it goes for the latter option, there are economic reasons for using the same brand name. After all, the extension results in immediate consumer recognition, less money spent on advertising (required to generate awareness of the name), and increased visibility of the parent brand. Costs are saved further if extension can use the same distribution network as the original product. Then there are the examples of successful brand extensions that encourage other brands to follow suit. Of these, Virgin is the most obvious. ‘Brands are built around reputation, not products,’ says Richard Branson (1999). Yet even Virgin has proved considerably more successful in some categories than others. Virgin Cola, for instance, proved a complete flop. Furthermore, Virgin has built its reputation as the consumer’s champion, entering significantly different markets (bridal wear and pensions, for example) without diluting its identity. The consumers’ perception of Virgin is also unified by the charismatic figure of Richard Branson himself. Think Virgin, and it’s not too long before you think of Branson. So while the Virgin product and service offerings broaden year by year, the brand identity remains coherent. Most other brands, however, do not have such versatility. For instance, Volvo has built up its reputation around the notion of ‘safety’. If it was suddenly to launch a car without airbags, it would contradict its established brand identity. And yet, despite the danger involved, brand extensions are everywhere. Nine out of ten new grocery products are line extensions. Think also of the beer market. US beer drinkers 25 years ago had a choice of three major brands – Miller, Coors and Budweiser. Today there are over 30 varieties of these same brands, yet the number of beer drinkers remains roughly the same. Most of the brands which boast successful extensions have moved into related categories. Coca-Cola had a global hit.
when it launched Diet Coke. It was less successful however when it introduced its own range of clothing. Gillette is often celebrated as a great ‘how to’ model for brand extension. It moved smoothly from selling razors to selling shaving cream. With such compatible products the success of one product feeds the success of the other, and the brand as a whole feels the benefit. Often however, extensions have been made by companies with no apparent understanding of what their brand is about. Many believe they can have their cake and eat it, that having built a strong brand perception based around one product category; they can transfer it to unrelated products and increase sales on the back of the same brand name. Other companies that may have a better understanding of their brand identity may still weaken their brand assets by launching products so similar that they cannibalize their original market.

CLASSIC EXAMPLE OF BRAND FAILURE VANILLA COKE:

The Coca-Cola Company (NYSE: KO) is an American multinational beverage corporation of manufacturer, retailer and marketer of non-alcoholic beverage concentrates and syrups. The company is best known for its flagship product Coca-Cola, invented in 1886 by pharmacist John Stith Pemberton in Columbus, Georgia. The Coca-Cola formula and brand was bought in 1889 by Asa Candler who incorporated The Coca-Cola Company in 1892. Besides its namesake Coca-Cola beverage, Coca-Cola currently offers more than 500 brands in over 200 countries or territories and serves over 1.6 billion servings each day. The company operates a franchised distribution system dating from 1889 where The Coca-Cola Company only produces syrup concentrate which is then sold to various bottlers throughout the world who hold an exclusive territory. The Coca-Cola Company owns its anchor bottler in North America, Coca-Cola Refreshments. The Coca-Cola Company is headquartered in Atlanta, Georgia, United States. Its stock is listed on the NYSE and is part of DJIA, S&P 500 Index, the Russell 1000 Index and the Russell 1000 Growth Stock Index.

Vanilla Coke, It came from the Carbonated Drink maker Giant Coca-Cola. Trade name of a sweetened, carbonated drink originally made with coca leaves and flavored with cola nuts, and containing caramel and caffeine. This company had already beared the burnt of New Coke which they launched in 1985, a product which stayed in the market for only 79 days i.e. only 11 weeks. The Coca-Cola Company announced in early 2002 that Vanilla Coke would be introduced initially in the United States with distribution
starting May 15, 2002, followed by a rollout in Canada. The introduction of vanilla flavor was hailed by The Coca-Cola Company as “the greatest innovation since Diet Coke in 1983.” After a slump in the sales it was discontinued in November 2005 in Britain and North America. In April 2004, Coca Cola India (Coke) had launched Vanilla Coke, Coke's first flavor extension in India. The response to the product was good in south East Asian market like Bangkok & Hongkong which encouraged the co. to think that it would kick off in India too. The concept of ice-cream floats in cola was quite common in urban restaurants in India. Vanilla Coke targeted urban teens and young adults (12 to 29 age group) in the high and middle income groups. It carried the tag line Ice Creamy Thanda. The India campaign took a cue from the “hip-hop” commercial used in Hong Kong, where it had been successfully launched earlier. The 60-second ad was played on youth-centric channels like MTV, Channel [V], HBO and AXN and even regional channels like Sun TV. With a retro-Bollywood theme, the ad urged consumers to “try something new and different”, in classic 1970s style.

REASONS WHY VANILLA COKE FAILED IN INDIAN SUBCONTINENT:

- Consumers also did not like the taste of Vanilla Coke.
- The campaign was not targeted at the right segment. For teenagers, as they not seen the old stars so could not easily relate the old characters and the concept. The brand may have lost out in that respect.
- The brand was priced at a premium over the ordinary coke.
- ‘Irrelevant’ advertising was cited as one of the reasons for Vanilla Coke's failure.
- Wrong positioning & mismatch of target group and communication.
- Commercial itself was out of context and had no connection with Coke as a brand.
- A product that has not worked good or a product which has been a source of loss.
- Vanilla coke is one product that was not a big hit.
- Even it is not a long period which Vanilla coke has consumed but still there are signs that it won’t be a success. So it’s better for the company to get rid of it.
WHY AMUL ENTERED THE PIZZA MARKET?

Amul (“priceless” in Hindi. The brand name “Amul,” from the Sanskrit “Amoolya,” (meaning Precious) was suggested by a quality control expert in Anand.) Formed in 1946, is a dairy cooperative in India. It is a brand name managed by an apex cooperative organization, Gujarat Co-operative Milk Marketing Federation Ltd. (GCMMF), which today is jointly owned by some 2.8 million milk producers in Gujarat, India. Amul is the largest food brand in India and world’s Largest Pouched Milk Brand with an annual turnover of US $1700 million (2009–10). Currently Unions making up GCMMF have 2.9 million producer members with milk collection average of 9.10 million liters per day. Besides India, Amul has entered overseas markets such as Mauritius, UAE, USA, Bangladesh, Australia, China, Singapore, Hong Kong and a few South African countries. Its bid to enter Japanese market in 1994 did not succeed, but now it has fresh plans entering the Japanese markets. Other potential markets being considered include Sri Lanka. An unlikely entrant has stirred the pizza market in India. Indian company Amul, well known for its milk products, has introduced a pizza for 20 rupees (41 US cents), or one-third that charged by competitors. Amul is one of the largest food cooperatives in the world and carries immense financial and advertising clout. Its parent
company, the Gujarat Cooperative Milk Marketing Federation (GCMMF), turned around 25 billion rupees last year. And even though they may not admit it, competitors have started tightening their belt, in different ways. But what prompted Amul to enter a new territory, at a time when the field is flooded with new entrants, many of them multinationals? Industry analysts point to two reasons. The main one is the growing acceptance of pizza by the Indian customers’ palate. Pizza has become popular in all major cities and towns. According to industry sources, it now forms almost 50 percent of the fast-food business. Pizza joints are as ubiquitous as outlets for vada pav and pav bhaji, two local delicacies. That the pizza has finally become a part of the Indian eating experience is confirmed by the fact that several railway stations have set up special stalls to hawk various brands of pizza. Until now, the Indian railway traveler had to make do with stale tea and rancid sandwiches. The continued presence of Domino's and Pizza Hut is attracting other multinationals. After delivering turnips like the Pillsbury Cooker Cake mix, General Mills India (formerly known as Pillsbury India) has now made a conscious decision to focus only on those products that can clearly deliver profitability. According to General Mills India president Tanmay Ganguly (2006), in line with this broad strategy, the company will make forays into categories where consumer habits have already been created. And that includes the pizza market. Local outfits, too, are making their presence felt. The south India-based Pizza Corner is now consolidating its presence up north. It is doubling the number of outlets in the national capital New Delhi to 20. Pizza Corner also intends to tap the markets of Mumbai, followed by Jaipur and Agra. And keeping in line with the industry trend, Pizza Corner has a tie-up with Nestle India for its Nescafe Coffee and Maggi sauce, and with Kwality Walls for ice cream. The second reason for Amul’s invasion into the pizza market is its inherent advantage: the fact that it does not view pizza as an end-product as much as a medium for pushing sales of its own cheese.” They are interested in making profits from cheese, rather than from pizza. Given that a six-inch-diameter pizza contains around 40 grams of cheese, the cost of this comes to hardly 5.50 rupees per pizza. So, even at 20 rupees per pizza, there is enough margin left to be shared with retailers,” points out a retailer. According to an Amul marketing officer, the company benchmarked on three aspects to create its brand image. “The first step was meant to spur more volumes of Amul pizzas, the second step was to create an association between the brand Amul with pizza and the third aspect was to convert the brand association into a FMCG [fast-
moving consumer goods] product.” Amul supplies retailers the cheese along with the technical training and recipe for pizza making. Besides, it negotiates with bulk suppliers of vegetables and the pizza base to offer these at wholesale rates to the outlets.

**SUMMARY OF THE CAUSES FOR FAILURE OF AMUL PIZZA:**

Amul was successfully able to launch the Pizza. Amul had an advantage with regard to Pricing. The problem it had was of winning the trust of the consumer over the quality and freshness of the Pizzas as they were frozen and were manufactured quite a few days back. Packaging of the Pizzas was also questionable. The taste of Pizzas was not at all appreciable. Amul’s Franchisee Model was very faulty. The selection of the mix of tools i.e., advertising, sales promotion and publicity was inappropriate. Amul was not fast enough to see the changing trends and accordingly introduce the product. Amul’s strategy of creation of a mass market was entirely wrong. Amul lost out because of its inability to communicate the Positioning in a proper manner. Amul failed to do Product Differentiation properly. Amul’s Pizzas were not up to the quality levels defined by its all the other products. Amul overlooked the threat from Pizza Professionals like Pizza Hut and Dominos. Amul followed a strategy of Forward Integration, which it shouldn’t have done. Amul missed out on the fact that Cultural Factors and Reference Groups have a very major impact on buying decisions. Since the Customer Satisfaction is not there, the brand missed out on Consumer Loyalty. Amul has a very earthy feel about the brand whereas Pizza as a product carries a different image altogether; whereas Amul would have betted on making the product a success through its exceptionally strong network but the product would have its competition through the established players in urban markets; and for rural markets the product itself is not that in much demand.

**PEPSI MADE A WRONG CHOICE:**

Pepsi (stylized in lowercase as Pepsi, formerly stylized in uppercase as PEPSI) is a carbonated soft drink that is produced and manufactured by PepsiCo. Created and developed in 1898 and introduced as “Brad's Drink”, it was later renamed as Pepsi-Cola on June 16, 1903. Pepsi was first introduced as “Brad's Drink” in New Bern, North Carolina, United States, in 1898 by Caleb Bradham, who made it at his home where the drink was sold. It was later labeled Pepsi Cola, named after the digestive enzyme pepsin and kola nuts used in the recipe. Bradham sought to create a fountain drink that was
delicious and would aid in digestion and boost energy. In 1903, Bradham moved the bottling of Pepsi-Cola from his drugstore to a rented warehouse. That year, Bradham sold 7,968 gallons of syrup. The next year, Pepsi was sold in six-ounce bottles, and sales increased to 19,848 gallons. In 1909, automobile race pioneer Barney Oldfield was the first celebrity to endorse Pepsi-Cola, describing it as “A bully drink...refreshing, invigorating, a fine bracer before a race.” The advertising theme “Delicious and Healthful” was then used over the next two decades. In 1926, Pepsi received its first logo redesign since the original design of 1905. In 1929, the logo was changed again. In 1931, at the depth of the Great Depression, the Pepsi-Cola Company entered bankruptcy - in large part due to financial losses incurred by speculating on wildly fluctuating sugar prices as a result of World War I. Assets were sold and Roy C. Megargel bought the Pepsi trademark. Eight years later, the company went bankrupt again. Pepsi's assets were then purchased by Charles Guth, the President of Loft Inc. Loft was a candy manufacturer with retail stores that contained soda fountains. He sought to replace Coca-Cola at his stores' fountains after Coke refused to give him a discount on syrup. Guth then had Loft's chemists reformulate the Pepsi-Cola syrup formula. On three separate occasions between 1922 and 1933, the Coca-Cola Company was offered the opportunity to purchase the Pepsi-Cola company and it declined on each occasion.

What the world was waiting for, the company decided, was a clear cola. After all, there had already been a variety of diet colas, cherry colas, sugar-free colas, caffeine-free colas, caffeine-enhanced colas, and all had achieved at least some form of success. So why not a clear cola? After months of tests and experiments the company arrived at its new, clear formula and decided to call it Crystal Pepsi. They also produced a diet version – Diet Crystal Pepsi. Both products, Pepsi believed, answered the ‘new consumer demand for purity.’ After all, this was a time when consumers were starting to opt for a bottle of Evian or Perrier just as often as they were picking up a bottle of Coke or Pepsi. The only problem was that a product with the word ‘Pepsi’ in its name was expected to taste like, well, Pepsi. But it didn’t. In fact, nobody seemed to know what it tasted of. Anyway, after a little more than a year, Pepsi halted the production of Crystal Pepsi and started work on a new clear formula. In 1994, the reworked product appeared on the shelves, branded simply as Crystal, and available only in regular. However, the negative associations persisted and Crystal mark two did even worse than its unpopular
predecessor. Pepsi eventually admitted defeat and scrapped the whole concept of clear cola. But never one to give in easily, Pepsi remained aware of the ‘new consumer demand for purity.’ In 1994, the same year it launched Crystal, Pepsi decided it wanted a piece of the growing bottled water market. It therefore launched its own bottled water product, entitled Aquafina, which had considerably more success than Crystal in the US market. In addition to Crystal, there have been other, more general marketing problems for Pepsi over the years. In particular, it has had trouble differentiating its brand identity from Coca-Cola. As it wasn’t the first to market the cola category, Pepsi was never going to be the generic name. People rarely say, ‘I’m going to have a Pepsi’. Even when they have a Pepsi bottle in their fridge they would be more likely to say, ‘I’m going to have a Coke.’ However, although this situation couldn’t be avoided, Pepsi’s branding for many years failed to give the product a stand-alone identity. Crucially, Pepsi breached what Al and Laura Ries (1986) refer to as ‘The Law of the Color,’ one of their 22 Immutable Laws of Branding in the book of the same name. As they state: There is a powerful logic for selecting a color that is the opposite of your major competitors [. . .] Cola is a reddish-brown liquid so the logical color for a cola brand is red. Which is one reason why Coca-Cola has been using red for more than a hundred years. Pepsi-Cola made a poor choice? It picked red and blue as the brand’s colors. Red to symbolize cola and blue to differentiate the brand from Coca-Cola. For years Pepsi has struggled with a less-than-ideal response to Coke’s color strategy. Recently, though, Pepsi has sacrificed red for mainly blue to create a stronger distinction between the two leading brands. Now Coca-Cola equals red and Pepsi equals blue.

KELLOGS CEREAL:

Kellogg Company (often referred to as Kellogg or Kellogg's in its corporate logo, or even more formally as Kellogg's of Battle Creek), is a producer of cereal and convenience foods, including cookies, crackers, toaster pastries, cereal bars, fruit-flavored snacks, frozen waffles, and vegetarian foods. The company's brands include Corn Flakes, Keebler, Pop-Tarts, Eggo, Cheez-It, Nutri-Grain, Rice Krispies, Bear Naked, Morningstar Farms, Famous Amos, Special K, All-Bran, Frosted Mini-Wheats, Club and Kashi. Kellogg products are manufactured in 18 countries and marketed in more than 180 countries around the world. Its global headquarters are in Battle Creek, Michigan, USA. Its largest factory is Trafford Park in Manchester, UK which is
Kellogg's European headquarters. Kellogg trades under the ticker symbol NYSE: K. The Kellogg Company also holds a Royal Warrant from HM Queen Elizabeth II and the Prince of Wales.

Kellogg’s may have had problems when marketing in certain foreign territories such as India, but the company has also come unstuck on its home turf, most notably with its Cereal Mates product. The idea was simple. Cereal Mates were small boxes of Kellogg’s cereal packed with a container of milk and a plastic spoon. The advantage of the product was equally straightforward namely, convenience. An increase in working hours in the United States, combined with the rise in fast food chains, led Kellogg’s to believe that there was a demand for an ‘all-in-one’ breakfast product. To maximize Cereal Mates chances of success, the line included the four most powerful Kellogg’s brands in the US – namely Corn Flakes, Frosted Flakes (Frosties), Fruit Loops, and Mini Wheats. However, despite Kellogg’s best efforts, the Cereal Mates brand proved a major flop, and in 1999, the year Kellogg’s rival General Mills took over as the United States’ number one cereal maker, the product was pulled from the shelves.

DIFFERENCE BETWEEN PRESENT AND PAST STUDIES:

The present Study is different from studies as reviewed in this chapter in the following respects:

- It tries to further elaborate the concept of Brand Failure by surveying the available relevant literature.
- It attempts to identify the factors which have led to brand failure of the brands under study.
- It assesses the underlying perceptions developed by consumers in emerging markets regarding as to why brands fail.
- It makes use of the performance Analysis to study the performance of different brands in terms of the desired characteristics of the brands viz a viz the importance of the underlying factors.
- It compares the brand failures viz a viz ideal brand concept in terms of consumer acceptance/importance using perceptual maps.
➢ It attempts to formulate an optimal strategy to avoid brand mistakes and escape brand failures.

➢ It further consolidates the scarce research available in the field of brand failure.

FORMULATION OF THE PROBLEM:

Taking into consideration what has been discussed the following problem is formulated for further research:

“BRAND FAILURES- AN EMPIRICAL STUDY OF CONSUMER EVALUATIONS IN EMERGING MARKETS.”

JUSTIFICATION OF THE PROBLEM:

The aim of this piece of research is to analyze as to when companies make branding blunders. Building brands with the high budgeted advertising and then watching in a state of limbo brands failing is a matter of concern for all in today's business world. Failure indeed is inevitable, however by analyzing the “horror stories” of brand failures, can help in identifying the key danger areas, and, that is the rationale of this research;

➢ To identify when good brands do bad and suggest some measures by highlighting the lessons of brands failures. The study would thus analyze the brand failures and examine what breaks bond between the customer and the brand.

➢ Emerging Indian market has witnessed failures varying from low magnitude to very high magnitude, however not much research has been done in this area.

➢ The present study empirically tests the factors which are responsible for brand failures in emerging markets.

➢ The basic aim of this piece of research is to understand the way consumers evaluate the reasons as to why brands fail.

➢ Since this study is exploratory study, it is hoped that other studies follow the suit. This will perhaps help in better understanding of Brand failures and as a result companies can take leverage for avoiding brand failures.
REFERENCES:

- Ankit Kapoor and Gaurav Dubey. 2006. Why Brands Fail, cool Avenues.com


• James Walter Thompson.1900.The Brands played on. Editorial emergency.com

• kapferer, jean-noël 1997, Strategic Brand Management, Great Britain, Kogan Page.


• Maitt Haig’s .2003. Brand Failures. Biddles Ltd

• Rubinson Joel 1979. Brand strength means more than market share, Journal of Advertising Research, 19 (October) no.5.

• Sicco van Gelder, 2002. Global brand strategy, Ebbw Vale


