Chapter 1

Introduction
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Around 1900, James Walter Thompson published a house advertisement explaining trademark advertising, in an early commercial description of what we now know as branding. Companies soon adopted slogans, mascots, and jingles which began to appear on radio and early television. By the 1940s, Mildred Pierce manufacturers began to recognize the way in which consumers were developing relationships with their brands in a social, psychological and anthropological sense. From these, manufacturers quickly learned to associate other kinds of brand values, such as youthfulness, fun or luxury, with their products. This began the practice, of now know as branding, where it is felt that consumers buy the brand instead of the product. This trend arose in the 1980s into what has been described as "brand equity mania".

Marketers engaged in branding seek to develop or align the expectations behind the brand experience, creating the impression that a brand associated with a product or service has certain qualities or characteristics that make it special or unique. A brand image may be developed by attributing a "personality" to or associating an "image" with a product or service, whereby the personality or image is "branded" into the consciousness of consumers. A brand is therefore one of the most valuable elements in an advertising theme. The art of creating and maintaining a brand is called brand management.

A brand which is widely known in the marketplace acquires brand recognition. When brand recognition builds up to a point where a brand enjoys a critical mass of positive sentiment in the marketplace, it is said to have achieved brand franchise. One goal in brand recognition is the identification of a brand without the name of the company present.

Brand building, as companies know it today has long been acknowledged as the key to wealth creation. Building a Brand is not confined to merely advertising or creating visibility, it is about offering the right marketing mix elements – product attributes, pricing, place and promotion. It is not just naming a brand, it is about creating value with regard to the offering of the organization.
Brand Equity

Brand equity in simple terms, is the value a brand adds to a product category. Major factors that contribute brand equity are brands awareness, brand associations, perceived quality and brand loyalty. Brand equity measures the total value of the brand to the brand owner, and reflects the extent of brand franchise or services. It is a set of brand assets and liabilities linked to a brand, its name and symbol, that add to or subtract from the value provided by a product or service to a firm and or to that firm's customers.

Brand equity is defined as the main concern in brand management and IMC campaign. Every marketer should pursue the long term equity and pay attention to every strategy in detail. Because a small message dissonance would cause great failure of brand extension.

Brand equity provides value to Firm by enhancing the following aspects:

1. Programs to attract new customers or recapture old customers.
2. Brand loyalty, the perceived quality, the associations, and the well-known name can provide reasons to buy and can affect use satisfaction.
3. A platform for growth via brand extensions.
4. It provide leverage in the distribution channel.
5. Brand equity assets provide a competitive advantage that often presents a real barrier to competitors.

Brand extension

A popular marketing strategy in the globalised market is to introduce new products using an established Brand name. An existing strong brand name can be used as a vehicle for new or modified products. When they wish to enter markets from which they have been absent, more and more companies do so using the name of one of their existing brands, rather than using a new brand name created for that purpose.
Brand extension or brand stretching is a marketing strategy in which a firm that markets a product with a well-developed image uses the same brand name but in a different product category. Brands use this as a strategy to increase and leverage equity. It increases awareness of the brand name and increases profitability from offerings in more than one product category. However, a brand's "extendibility" depends on how strong consumer's associations are to the brand's values and goals. While there can be significant benefits in brand extension strategies, there can also be significant risks, resulting in a diluted or severely damaging a brand image. Nevertheless, wrong brand extension may dilute and deteriorate the core brand and damage the brand equity. Traditionally, it was thought that a brand with a strong equity can be extended to other categories.

The following are the factors for which brand extension is considered necessary.

1. Companies now understand that being a brand involves something more than just a communication or graphic packing exercise, it is a real mode of behaviour.
2. The second major factor is the cost of advertising.
3. Brand extension is the only way of defending a brand of risk in a basic marketing
4. It gives access to an accumulated image capital.
5. Extending the brands enables the reinforcement of the image capital of the brand and fuels it.
6. It enables the brand to break away from the mono-product.

STATEMENT OF THE PROBLEM

In an increasingly competitive world market, a key component of a healthy product is the brand that accompanies it. The brand spell out the plight of brand management in today's competitive environment. A brand name and its associated brand equity is one of the most valuable assets any firm has. Markets must create competitive advantage by constantly adapting and instigating change. An innovative brand loses its competitive edge and the ability to command price. Brands are in crisis because of the
difficulty in competing for the consumers attention among new brands launched each year, but because it is difficult for the consumer to perceive the differences between a certain brand and that of the competition.

One of the major sources of value created by a brand lies in the memorial associations consumers have for products sold with that brand. Such associations are often established through brand – building efforts that seek to develop greater brand awareness and faster favourable brand attitudes among consumers. A brand that is strongly associated with a particular product category will often enjoy substantial success in that category because it can effectively isolate itself from competing brands.

Understanding how consumers relate to brand names has been important for marketing. Existing brands increasingly have been relied on by marketing managers to introduce new products. Eight out of ten new products are introduced as an extension of an existing brand name. This is a growing universal trend for companies to opt for brand extension strategy when introducing new products into the market. Brand extension has become a popular strategy to capitalize on brand equity.

Marketers try a brand extension instead of introducing a new brand, as they believe that consumers will relate brand extension to their existing positive attitude and image of the brand. The underlying rationale is that extending a well established brand will transfer positive associations to the new product category.

In modern business world, brand extension has gained more importance because by stretching the brand to other products, a firm can reinforce the brands core associations, strengthen and expand the customer franchise and build the overall business. On the other hand brands stretched too far is diluting the core associations and eroding the customer base. Considerably less attention has been devoted to examining the potentially diluting impact of successful brand extensions or those not explicitly associated with negative information.
The effectiveness of brand extension depends on at least two factors:

1. The perceived quality of the original brand
2. The similarity between the extension and the original brand.

The purpose of this research is to investigate the customer response to brand equity and brand extension.

OBJECTIVES OF THE STUDY
1. To study the level of awareness of customers towards selected Branded consumer durables.
2. To study the factors that influenced the customers in the purchase of selected brands of Consumer durables.
3. To study the customers’ existing purchasing practice and their preference towards future purchase.
4. To study the Brand influence on customers towards purchase and use of selected consumer durables.
5. To study the customer satisfaction towards the selected Branded consumer Durables.
6. To study the impact, preference and satisfaction towards Brand extension.
7. To offer suggestions on the basis of results of the study.

METHODOLOGY USED IN THE STUDY
i) Area of the study
Area of the study refers to Coimbatore city which is known for textiles, foundries, pump and motor industries. It also remains as Education and Health care hub.

ii) Source of the data
The study has used primary data which is collected from 500 customers and 50 dealers of consumer durables using two separate interview schedules. The interview schedules have been prepared in such a way that the respondents were able to give their opinions freely and frankly.
iii) Sampling design

Two stage random sampling has been used in this study. In the first stage, the brands are selected and in the second stage, the customers were identified from the list provided by the dealers who deal with these brands. Regarding collection of data from dealers, the above dealers alone were considered.

iv) Tools for analysis:

The following statistical tools were used in this study.

- Descriptive analysis
- Diagrams and graphs
- Chi – Square analysis
- Five point scaling technique
- Average Rank analysis
- Average score analysis
- Multiple regression analysis
- Factor analysis
- SWOT analysis
- Kruskal wallis (H) test
- Gap analysis, t-test

All tests were carried out at 5% level of significance.

LIMITATION OF THE STUDY:

As the study involved lot of time, the collection of data was a real challenge due to the problem in identification of proper customers. However adequate time was given to the customers in providing data as an attempt to collect the unbiased data.

CHAPTER SCHEME

The thesis is arranged into the following five chapters.

CHAPTER 1: INTRODUCTION

This chapter deals with introduction, statement of the problem, objectives of the study, methodology & limitation.
CHAPTER II: REVIEW OF LITERATURE

This chapter deals with review of various studies conducted in this area or in the related area.

CHAPTER III: BRANDING, BRAND EQUITY AND BRAND EXTENSION

This chapter presents a detailed theoretical input relating to Branding, Brand Equity and Brand extension.

CHAPTER IV: ANALYSIS AND DISCUSSION

In this chapter, data collected from the customers and dealers were analysed and presented the form of descriptive analysis and statistical analysis.

CHAPTER V: RESULTS AND RECOMMENDATIONS

This chapter brings out the results of the study, recommendations and conclusion.

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