CHAPTER 6

ANALYSIS OF OBJECTIVE 3

6.1 Background:

In certain market areas, the Global brand is a necessity, whereas in many other cases it is a means of exploiting the advantages of new opportunities in communication (Kapferer, pp 338). The purpose of Global brand management is to conceive of and control a brand's Global direction, and this is done by defining and communicating the brand's core values. The execution of this communication lies in consistently applying a specific style, tone, and image. Technically any brand that has been marketed extensively around the world to a wide variety (economically, socially and politically) of countries are known as Global brands. A number of well-known Global brands have derived much of their sales and profits from non domestic markets for years. The successes of these brands have provided encouragements to many firms to market their brands internationally. To maintain market share, Global brands will have to be priced competitively and provide real consumer value. Global marketers must examine the adequacy of their brand strategies in light of such competition. This may make the cost and efficiency benefits of Global brands even more appealing. Again, a product that is distributed nationally under a brand name owned by the producer or distributor are known as National brands, (we have considered it as Indian brands) which are owned and promoted usually by large manufacturers. Both Global and Indian brand in Indian market plays a vital role after Globalization and liberalization (1991).

In addition to considering market conditions, managers who are responsible for brand image strategy decisions need to gauge consumer response to marketing strategies. An
Increasingly common approach is to assess a brand's performance in relation to that of other brands by measuring its market share (e.g., the Simon and Sullivan 1993 and Smith and Park 1992 studies assessing the effectiveness of brand extension strategies). Of interest here is the relationship between brand image customization/standardization strategy and market share, and whether it is. In fact, Samiee and Roth (1992) investigated the direct effect of degree of marketing standardization on product performance and found no significant relationship. The important question is what market conditions moderate the effects of marketing (specifically image) strategies on performance.

Global brands are defined as brands that use the same marketing strategy and mix in all target markets. With Globalization as a precedential force for companies to succeed in the marketplace, it has become increasingly important to understand consumers’ perception and factors that influence their purchasing behaviour. According to Townsend et al., (2009) Global brands may be the most readily observable outcome of an organizations' attempt to adjust to the Globalization process. Global branding has thus become more predominant as organizations are increasingly focusing on implementing unambiguous and globally consistent brand architectures as a way to enhance Brand Equity (Douglas, Craig and Nijssen, 2001). A key advantage of Globalization is firms' opportunity to benefit from strong economies of scale. It is well-known that a standardized brand can generate significant cost reductions in all areas of the business system, including research and development, manufacturing, and logistics. The shift to a single Global brand name also provides substantial savings in packaging and communication costs (Bartlett and Ghoshal 1986). Such reductions in costs ultimately help in reducing prices and enhance financial performance. Another advantage is the development of a unique brand
image across countries. Amidst rapid Globalisation, consumers are ever more faced with the varieties between Global and Indian brands, making their choice of consumption worth researching (Steenkamp, Batra, and Alden 2003). While Globalisation may be the success factor of many large organisations, local companies can also obtain competitive advantages by understanding consumers’ preference for different product or services. Global brands are more likely to be preferred by consumers as they have the ability to associate status, wealth and prestige with the self-identity of a consumer and further enhance social standings in a social class (Alden & Steenkamp, 1999).

The literature on Global brands has provided some indications of the importance of Brand Equity. For Global brands, research shows that perceived brand Globalness could create consumer perceptions of Brand Superiority (Kapferer 1992, 2004; Shocker, Srivastava, and Ruekert 1994). Research also confirms that quality is among the most important factors that drive consumer preference for Global brands (Steenkamp, Batra, and Alden 2003). In addition to quality, Global brands have been associated with high prestige or status (Batra et al. 2003; Kapferer 1992). Some research studies have shown that consumers may prefer brands with local connections, and some argue that there is no intrinsic consumer preference for international and Global brands.

Some authors have shown that consumers prefer brands that they perceive as originating from a non local country, especially from Western countries, more than they do local brands and that preference is linked not only to perceived quality but also to social status (Alden, Steenkamp, and Batra 1999). However, because of the significant differences in consumers, their cultural and socioeconomic conditions, and market structures, customization to local markets may be worth the additional expense
Steenkamp et al. 2003, further stated that consumers regard Global brands as having higher prestige and are preferred essentially because of brand Globalness, in regards to be internationally desirable and demanded. Additionally, it was found that Global brands even appeal to local consumers due to higher perceived quality, status and prestige.

No research has been conducted on the difference of performance of Global and Indian Brand Equity. Hence our third objective of the study is:

**To assess the performance of Global brands and Indian brands for Durables and FMCG products.**

The performances of different brands are measured for both Durables and FMCG sector by comparing their market share and measuring the intrinsic values of the brand as proposed by Keller, 2001.

### 6.2 Measuring Brand Performance for Durables:

A brand has to express its meaning through certain associations formed directly from a customer’s own experiences and contact with the brand or indirectly through the depiction of the brand in advertising or by other means of communication. In this study brand meaning has been examined mainly by performance and Imagery. According to Keller (2001), Brand Performance refers to the intrinsic properties of the brand in terms of inherent product or service characteristics. These features are related to the functional performance of the product and are expected by all consumers. These features are taken to measure the Brand Performance in terms of intrinsic properties. In this study different tangible and intangible product attributes for both refrigerators
and washing machines are used to identify different performance dimensions for both the Global and Indian brand for Durable sector.

In case of Durables, **Brand Performance** is measured with the help of following statements:

- How convenient to use this product?
- How durable is this brand?
- How stylish do you find this brand?
- How efficient is this brand’s after sales service?
- To what extent this brand’s provide offer?
- How efficient is this brand regarding electricity consumption?

These attributes are measured in a seven point rating scale. The above attributes are chosen because a consumer forms an intention to purchase the products based on these intrinsic performance.

The following table shows the mean score of L.G. and Godrej to measure the Brand Performance:

**Table 6.1: Brand Performance of Durables**

<table>
<thead>
<tr>
<th>Intrinsic Attributes</th>
<th>L.G. Mean Score</th>
<th>Godrej Mean Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convenient to use</td>
<td>5.196</td>
<td>5.028</td>
</tr>
<tr>
<td>Durability</td>
<td>5.188</td>
<td>5.18</td>
</tr>
<tr>
<td>Stylish</td>
<td>5.296</td>
<td>4.876</td>
</tr>
<tr>
<td>consumes less electricity</td>
<td>4.824</td>
<td>4.64</td>
</tr>
<tr>
<td>after sales service</td>
<td>4.672</td>
<td>4.656</td>
</tr>
<tr>
<td>Offer</td>
<td>4.66</td>
<td>4.152</td>
</tr>
</tbody>
</table>
It has been observed from the study that, in case of Global brand L.G., its Brand Performance is highly evaluated in all the attributes and the Indian brand Godrej’s Performance is slightly lower than the Global brand. The difference is maximum in case of Style and Offer and minimum in case of Durability.

6.3 Brand Market Performance for Durables:

Market share of a brand is also one of the major tools of measuring Customer Based Brand Equity. Srinivasan et. al (2005) suggested that there is a positive impact of brand’s equity on brand’s market share. Again, Tolba and Hassan (2009) found that brand market performance is significantly correlated with Customer Based Brand Equity constructs. From this literature review, it has become important to study the market share of different brands.

- Market share of Durables:

Brand Performance measures, such as market share, market price, and distribution coverage, do not require surveys (Aaker 1996). Hence based on different reports the following table shows the market share of L.G and Godrej for three consecutive year (from 2008 to 2010-11).

Table 6.2: Market share for Durables:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>L.G.(Washing Machine)</td>
<td>23</td>
<td>28.85</td>
<td>33</td>
</tr>
</tbody>
</table>
By comparing both market share of the brand and Brand Performance based on consumer’s perception, it was found that, the performance of the Global brand is high in both market share (Table 6.2) and Brand Performance (Table 6.1) compared to the Indian brand Godrej under Durable sector.

• **Performance of brands in Guwahati market:**

While comparing the brand’s performance in Guwahati market by conducting personal interview of the managers of five retail outlets in Guwahati and dealer of the L.G. and Godrej brands in Guwahati market, it has been found that, the market share of L.G. is highest among the all brands under home appliances (White goods) segment, with almost 25-30% market share. Again Samsung stood the second position with market share of 20-25%. The Indian brand Godrej’s performance is also very high with market share of 15-20% for refrigerator and washing machine.
6.4 Measuring Brand Performance for FMCG:

Fast Moving Consumer Goods (FMCG) are popularly named as consumer packaged goods. Items in this category include all consumables (other than groceries/pulses) people buy at regular intervals. The most common in the list are toilet soaps, detergents, shampoos, toothpaste, shaving products, shoe polish, packaged foodstuff, and household accessories and extends to certain electronic goods. These items are meant for daily of frequent consumption and have a high return. The Indian FMCG sector with a market size of 12,000 crore is the fourth largest sector in the economy.

The Indian fabric wash market consists of synthetic detergents comprising of bars, powder and liquid wash materials. Although the per capita consumption of detergent in India (2.7 kg p.a.) is lower those countries like Malaysia, Philippines (3.7kg) and the USA (10 kg). The Indian detergent market is expected to grow at 7-9% pa in volume terms. The synthetic detergent market can be classified into Premium (Surf, Ariel), mid-price (Rin, Tide, Henko) and Popular segments (Nirma, Wheel and Ghari), which account for 15%, 40% and 45% of the total market, respectively. The product category is fairly mature and is dominated by few major players like, HUL, P&G, Nirma and Ghari detergent.

Similarly to assess the performance of Global and Indian brands for FMCG sector, Brand Performance is measured with the help of following statements:

• How hygienic is this product?
• To what extent this brand’s provide offer?
• How efficient is this brand in cleaning clothes?

These attributes are measured in a seven point rating scale. The above attributes are chosen because a consumer forms an intention to purchase the products (detergent) based on these intrinsic performance.
Table 6.3: Brand Performance for FMCG (Detergent):

<table>
<thead>
<tr>
<th>Intrinsic</th>
<th>Ariel (mean Score)</th>
<th>SurfEx (mean Score)</th>
<th>Tide (mean Score)</th>
<th>Henko (mean Score)</th>
<th>Rin (mean Score)</th>
<th>Ghari (mean Score)</th>
<th>Nirma (mean Score)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hygienic</td>
<td>4.716</td>
<td>5.768</td>
<td>4.972</td>
<td>4.408</td>
<td>3.79</td>
<td>3.59</td>
<td>3.14</td>
</tr>
<tr>
<td>Cleanliness</td>
<td>4.3</td>
<td>5.048</td>
<td>4.34</td>
<td>3.818</td>
<td>3.58</td>
<td>3.23</td>
<td>3.24</td>
</tr>
<tr>
<td>Offer</td>
<td>4.49</td>
<td>5.42</td>
<td>4.78</td>
<td>4.09</td>
<td>3.74</td>
<td>3.4</td>
<td>3.20</td>
</tr>
<tr>
<td>Average</td>
<td>4.50</td>
<td>5.41</td>
<td>4.70</td>
<td>4.11</td>
<td>3.70</td>
<td>3.41</td>
<td>3.19</td>
</tr>
</tbody>
</table>

6.5 Market share of FMCG (Detergent):

The market share of detergent is mainly dominated by few major players in each price category. The overall market share is high for the Popular segment and gradually it diminishes towards the Premium segment.

The following table shows the market share of detergent brands for two consecutive years (from 2009 to 2010-11).

Table 6.4: Market share for (detergent) FMCG:

<table>
<thead>
<tr>
<th>Brand name of Detergent</th>
<th>Market share (2009-10)</th>
<th>Market share (2010-2011)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ariel</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Surf excel</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Tide</td>
<td>8</td>
<td>13.5</td>
</tr>
<tr>
<td>Henko</td>
<td>10</td>
<td>8.3</td>
</tr>
<tr>
<td>Ghari</td>
<td>12.6</td>
<td>17.3</td>
</tr>
<tr>
<td>Nirma</td>
<td>13.2</td>
<td>6</td>
</tr>
<tr>
<td>Rin</td>
<td>5.1</td>
<td>12.8</td>
</tr>
</tbody>
</table>
Interpretation: It has been observed from Table 6.3 that,

Overall comparison of the brand:

i. Surf excel scored highest in overall Brand Performance (mean score 5.41) and Nirma scored lowest in Brand Performance (mean score 3.19).

ii. In case of hygienic factor, Surf excel scored highest (mean score 5.77) and Nirma scored lowest (mean score 3.14).

iii. For cleanliness, Surf excel scored highest (mean score 5.05) and Ghari scored lowest (mean score 3.23).

iv. In case of offer, the mean score is maximum for Surf excel (mean score 5.42) and lowest for Nirma (mean score 3.20).

v. It was also observed that the average mean score for the three Global brand (mean score 4.44) is greater that the average mean score of the four Indian brands (mean score 3.93).

Brand Performance under Premium Segment: Both the market share (Table 6.4) and the Brand Performance (Table 6.3) based on consumer’s perception is high for the Indian brand Surf excel compared to the Global brand Ariel.

Brand Performance under Mid Price Segment: The market share (Table 6.4) for the Mid Price segment is quite competitive between Tide and Rin, and the Brand Performance (Table 6.3) based on consumer’s perception is high for the brand Tide in Guwahati market.

Brand Performance under Popular Segment: Both the market share (Table 6.4) and the Brand Performance (Table 6.3) based on consumer’s perception is high for the
brand Ghari, compared to Nirma except for the attribute “Cleanliness” where the
difference between the two is very minimal.

6.6 Conclusion:

According to Aaker, 1996, the performance of a brand as measured by market share
provides a valid reflection of the brand's standing with customers. When the brand has
a relative advantage in the minds of customers, its market share should increase or at
least not decrease. We measured Brand Performance from both customer's point of
view (as proposed by Keller, 2001) and in addition to providing a summary measure
of Brand Performance in financial terms as the market share of the brand (as proposed
by Aaker, 1996), we have found that the brand with high market share has got high
performance (intrinsic value) in the Customer Based Brand Equity Model, supporting
Aaker's (1996) conceptualization. In case of Durable, the study found that the Global
brand L.G. scored high in both intrinsic Performance and market share (from Table
4.1, Table 6.1 and Table 6.2) compared to the Indian brand Godrej.

Similar results have found for FMCG under the three detergent segments (comparing
Table 6.3 and Table 6.4). For Premium Segment, Surf Excel scored high in both
intrinsic performance as well as market share. Under Mid Priced segment, Tide scored
high in performance and market share compared to Henko and Rin. Under Popular
segment, Ghari scored high in performance and market share compared to Rin, but the
difference is minimum for intrinsic performance.

Our study supports the findings of S.P.Raj (1988), which states that higher the market
share, higher is the Brand Performance (Loyalty).