Chapter I

Introduction
CHAPTER - I

INTRODUCTION

1.1 BRAND

The tight economic conditions, a need for growth and other factors forced firms to rethink their “one brand-one product policies”. New product introductions are often vital to the long run success of a firm. If a company knows that their consumers were brand loyal and perceived their products as high quality, it was easier to introduce another product (Bless and Greifeneder 2009). When a firm introduces a new product, it has three main choices as to how to brand it. It can develop a new brand, individually chosen for the new product or it can apply one of its existing brands or it can use a combination of a new brand with an existing brand. Brand acts as an umbrella for new products. The AMA definition of a brand: “A name, term, sign, symbol, or design, or a combination of these, intended to identify the goods or services of one seller or group of sellers and to differentiate them from the competition”. The challenge for all brands is that they have distinct clear image that matters to consumers and truly differentiates from the rest (David Aaker). A company’s brand is the primary source of its competitive advantage and a valuable strategic asset. Recognising that one of their most valuable assets is their brands, many firms have since decided to leverage that asset by introducing a host of new products under some of their strongest brand names.

1.2 BRAND EXTENSION

In 1979, Edward M. Tauber coined the term "Brand Extension" to describe using the leverage of a well-known brand name in one category to launch a new product in a different category. According to Keller (2003), a brand extension is when a firm uses an established brand name to introduce a new product. Brand extension can be broadly classified into two general categories. A line extension often involves a different flavour or ingredient, variety, a different form, size or different application for the brand. In category extension, the parent brand is used to
enter a different product category from that currently served by the parent brand. The dove brand has extended itself from skin care to hair care.

1.3 THE NEED FOR BRAND EXTENSION

Brand extension is an attractive option for the companies because it has many advantages. Brand extensions facilitate new product acceptance. Consumers form expectations over time concerning well-known and well-liked brand performance. The established reputation of existing brands help to reduce the perceived risk and facilitate adoption of brand extensions. Varieties of products with identical packaging increase their visibility when stocked together. It is easier to convince retailers to stock and promote brand extensions. Brand extensions allow for packaging and labeling efficiencies. Brand extensions bring new consumers into brand franchise and increase market coverage. Brand extensions help to provide feedback benefits to the parent brand by clarifying the meaning of a brand to consumers and defining the kinds of markets in which it competes. Brand extensions enhance the parent brand image by strengthening an existing brand association, improving the favorability of an existing brand association, adding a new brand association or combination of these. Another type of associations that may be improved by successful brand extension is consumer perception of the credibility of the company behind the extension.

1.4 DISADVANTAGES OF BRAND EXTENSION

According to Al Ries and Laura Ries (2002) “In The 22 Immutable Laws of Branding” the easiest way to destroy a brand is to put its name on everything. Brand extensions can fail and hurt parent brand image. Brand extensions can succeed but cannibalize sales of parent brand. Brand extensions can succeed but hurt the image of the parent brand if it has inconsistent attribute or benefit associations. Brand extensions can succeed but diminish identification with anyone category and thus reduce brand awareness. The very similar and inconsistent brand extensions can dilute brand meaning. Brand extensions can cause the company to forgo the chance to develop a new brand with its own unique image and equity. Brand extensions can
confuse or frustrate consumers as to which version of the product is the “right one” for them. Consumers forsake the core brand in favour of extended brands.

1.5 BRAND EXTENSION ASSUMPTIONS

Brand extension strategy is based on few assumptions. The first assumption is that consumer holds positive belief and attitude towards the parent brand. The second assumption is that the positive associations can be transferred to the new product. The third assumption is that negative associations may also be transferred to the new product and the negative associations lead to the erosion of value of both the brands, especially the parent brand.

1.6 MAIN REQUIREMENTS FOR SUCCESS OF BRAND EXTENSION

The companies are taking hard steps to improve the success rate of brand extensions. In order to do so, it is imperative to understand the parameters or factors affecting the brand extensions evaluation. The success or failure of brand extensions is vastly dependent on how the consumers evaluate them. A favourable consumer evaluation can lead to positive feedback effects whereas an unfavourable extension evaluation can lead to negative feedback effects. Theoretical and managerial understanding of how consumer evaluates the brand extension is given substantial importance.

Brand extension evaluation is more complex than a simple transfer of affect which involves an assessment of parent brand associations and their importance in the extension product category. In other words, consumers are expected to weigh each attribute or association inferred in the extension from the parent brand by their subjective evaluation of the importance. They sum the cognitive evaluation for the different attributes to form a cognitive structure for the extension. The cognitive structure then guides formation of affect and purchase intentions towards brand extension. As far as the consumer evaluations of brand extensions is concerned, one central issue is the psychological mechanisms through which consumers evaluate brand extensions. The product category similarity asserts that consumers’ brand extension evaluations are determined by the similarity between the core product
category and the extension product category (Bridges 1992 & Sunde and Brodie 1993). Because the basis of brand extension evaluation relies on the similarity between two product categories, it can be called product-to-product similarity. The brand concept consistency argues that the conceptual consistency between the brand name and the extension category is also a major factor in determining consumers' brand extension evaluation in addition to the product category similarity (Park et al., 1991).

The factors for successful extensions were identified by many researchers. The following success factors have been researched between 1994 and 2004 from consumer evaluation perspective. As Keller (1998) states (based on the findings of Aaker and Keller, 1990): "Successful brand extensions occur when the parent brand is seen as having favourable associations and there is a perception of fit between the parent brand and the extension product." There are many bases of fit: product-related attributes and benefits as well as non-product related attributes and benefits related to common usage situations or user types. (Jin K. Han 1998)

In addition to fit, several other factors have been identified as contributing to consumers brand extension evaluation. Success of brand extensions was measured on the basis of awareness and usage levels the overall growth of parent brand was also considered. Bottomley & Holden (2001) Parent brand health - brand awareness, levels of regular consumption and levels of affinity; Parent brand image - brand aspiration levels vs competitors; Extension fit with parent brand – how closely are the parent brand’s key attributes shared by the extension; Extension’s added value to parent brand - what consumer need does the extension meet in addition to the parent brand; Brudvig and Raman (2006) have listed the following: Company characteristics such as consumers’ perceptions of the company’s skill and capabilities (Keller and Aaker 1992; Sundeand Brodie 1993); Product variables such as perceived quality (Keller and Aaker 1992); Transferable attributes (Keller and Aaker 1992), Feature similarity (Park, Milberg and Lawson 1991); Marketing mix variables such as advertising influences (Bridges, Keller and Sood 2000; Lane 2000); Placement (Desai and Keller 2003); Individual difference variables such as attitude to the brand (Broniarczyk and Alba 1994) and brand familiarity (Desai and Keller 2003); Czellar (2003) notes that four themes correspond to the major stages.
of the extension evaluation process: Fit perception, Formation of primary attitudes toward the extension, Link between brand extension attitude and behaviour, Reciprocal effects of brand extension attitude on parent brand/extension and category attitude. Czellar assumes that external factors like the behavior of competitors and distributors, heterogeneity of consumers, consumer expertise and the amount and type of information offered by the brand influence the evaluation of a brand extension.

The parameters affecting brand extensions’ success may be

1. Reputation of the core brand (Bottomley & Holden 2001)
2. Fit between core brand and brand extension product (Dr. Leif E. Henn et al., 2001)
3. Quality association with the core brand (Henrik Sattler Grit Satloikal 1996)
4. Perceived risk level involved in the extended product category
5. Previous extensions of the core brand

The various marketing literature show that consumers often rely upon a recognized brand as a means of coping with perceived risk. Perceived risk is usually conceptualized as a two-dimensional construct i.e. uncertainty about the consequences of making a mistake and uncertainty about the outcome. The well-known brand is a risk reliever and enhances the likelihood of product trial. Brands with high perceived reputation should provide consumers with greater risk relief and so encourage more positive evaluation than the brands of lower reputation. Several studies reported that the greater the similarity between the original and extended category, the greater the transfer of positive (or negative) effect to the extended brand. (Keller and Sood 2001/2). If the brand is associated with high quality, the extension is benefitted and if it is associated with inferior quality, the extension should be harmed. Predominantly, the quality of the core brand always has a huge impact on the brand extension success. M. Sayeed Alam et al., (2010) in their article on “Evaluation of brand extension (similar and distance product category) with
respect to degree of fit and quality of the core brand” found that fit between the core brand and the extension was one of the major variable of brand extension success but the brand quality would not guarantee to extend the brand to a product category which is dissimilar to the core brand.

When the new extension is launched, consumers evaluate it on the basis of their attitude towards the parent brand and the extension category. If a consumer does not know the parent brand and its products at all, he/she will evaluate the new extension solely on the basis of his/her experience with the extension category (Sheinin, 1998). Conversely, if the extension product category is new to them, an attitude towards the extension will be formed only on the basis of attitude toward the parent brand. If the consumer knows both the parent brand and the extension category, a third effect arises: the perception of fit between the parent brand and the extension category. (Mather, Damien W & Sunde, Lorraine J 1996).

1.7 BRAND EXTENSION AND BRAND AWARENESS

A brand is a network of associations which drive the consumer buying. The logic of brand extension is to transfer these associations in the extensions context so that the desired outcome is brand equity. The ultimate success of an extension will depend on its ability to both achieve some of its own brand equity in the new category as well as contribute to the equity of the parent brand. David Aaker propounded that brand equity can be measured with the help of 5 brand related dimensions, which are either process related or outcome related. These 5 dimensions are:

1. Brand loyalty
2. Brand awareness
3. Perceived quality
4. Brand association and
5. Other proprietary brand.
A very widely accepted model of brand equity was also propounded by Keller. He believes that brand equity is the result of brand knowledge. Brand knowledge is defined in terms of two components - brand awareness and brand image. Awareness is a fundamental brand measure and is required in most strategies. Awareness can be thought of as existing at different levels amongst the marketplace. Firstly, there is simple awareness of the brand name, secondly factual knowledge about the brand and lastly usage or familiarity. Simple name awareness means that the name is whether known or not. Factual awareness means that whether there is a clear understanding of what is covered by the brand.

Brand image refers to the set of associations linked to the brand that consumers hold in memory. The more prominently an existing brand that has already achieved a certain level of awareness and image is used to brand an extension, it will be easier to create awareness and image for the extension. Brand associations are extremely important as they define what a brand stands for over a period of time. David Aaker in his “Managing Brand Equity” provides a framework which will be useful for marketers to formulate different kinds of brand associations. They are spontaneous signals which help the marketer to associate their brands with the psychic of consumers. Brand associations can also convey perceived value and quality. In a highly competitive context, managing brand associations become very complex because there is not only to preserve and nurture the associations created but also to differentiate the brand from competitive offerings.

1.8 BRAND EXTENSION AND ADVERTISING

Dr. Edward M. Tauber, the pioneer of brand extension research said: “Brand extensions have risk- even more so than line extensions - because they need marketing support to educate consumers in the new category”. Manufacturers who enjoy a favourable image generally find that their new products are accepted more readily than those of manufacturers who have less favourable or neutral image. Consumers have greater confidence that they will not be disappointed in a major brand product. Advertising plays an important role in establishing a favourable brand image (Eva Martínez 2009). Reputation of a brand in brand extension is often considered as the outcome of product quality, the firm’s marketing activities and
acceptance in the market place. Products that are heavily advertised are often perceived as higher in quality than non-advertised brands. Yekta, et.al., (2011) found that “Quality”, “Services after sale”, “Determining the suitable strategies in Brand field”, “Top management commitment and support” and “Advertisement” were the top five critical success factors of brand extensions.

Brand extension attitude formation leads to concrete consumer behaviour in the marketplace in terms of intentions, choice and repeat purchase. In real marketplace conditions, consumers are exposed to a host of information about the extension through different media. Their attitudes towards the extension are sensitive to competitor activity, retailer decisions as well as other information sources like press, consumer reports and word-of-mouth.

Advertising can be used in several ways to directly improve consumers' fit perceptions. Through increased exposure, it can facilitate information retrieval processes and thus improve perceptions (Wen-chang Fang 2004). Brands with dominant attribute-based extensions (physical features) received lower evaluations than the brands with non-attribute based extensions (brand users) when extended to the category with no physical attributes in common. The elaborational communication strategy helped to improve the extensions evaluations. On the other hand, brands with dominant non-attribute based extensions received lower evaluations than the brands with attribute based extensions when extended to the category with physical attributes in common. The relational communication strategy helped to increase the salience of the physical relationship between the categories (Sheri Bridges, Kevin Lane Keller and Sanjay Sood 2000).

1.9 BRAND EXTENSION AND BRAND EXTENDABILITY

Brand extendibility is the function of connections it enjoys in the minds of the consumers. Brand extendibility depends on how strong the consumer’s associations are to the brand values and promise. Studies relating to brand extension revealed that consumer evaluation on brand extensions are influenced by the type of association as a brand possesses (Chen 1996). Three types of associations are identified. The first type is brand-specific association. According to Broniarczyk and
Alba (1994), a brand is said to have a specific association if it is unique and highly salient in its product category. Some brands are linked with a particular product category rather than a particular attribute. The third type is abstract association identifies that brands are built on generalized image. Keller points that abstract association tends to be more durable and accessible in consumers memory than other types of associations. Brand associations have an important bearing on the brand’s ability to stretch. That is a brand’s ability to extend into similar and dissimilar categories depends on the type of associations. Firms that propose to extend their brands within its product category can expect favourable evaluations from the consumers. Brands with specific association are powerful in their product category and this association can act as a shield against competition.

1.10 STATEMENT OF THE PROBLEM

During the last few years, many new product lines have been extended and launched in the body care segment. The new consumption pattern create a niche for many body care product manufacturers and marketers to yield the market share and establish its new or stronger position in this segment. The research says that 2 out of 10 new products fail due to non-familiarity, non-recognition in the market, poor idea, poor match for the company, small market size, inadequate marketing research and insufficient return on investment. Brand extensions are associated with diversification, so there is a sizable impact on the company as a whole. There are doubts that the brand extension might affect the parent brand and its extended brands in different ways. There is uncertainty in the mind of consumers when they can not foresee the consequences of their purchase decisions. In making product decisions, consumers perceive risk because they may have little or no experience with product or product category. The perception of risk varies as it depends on the person, the product, situation and the culture. The certain brand extensions might exploit the brand assets while other extensions might destroy the parent brand’s personality.
1.11 SIGNIFICANCE OF THE STUDY

Today brand extension strategies are widely employed because of beliefs that they build and communicate strong brand positioning, enhance awareness and increase profitability. Brands are often extended beyond their original categories to include new product categories. Research has proved that the success of brand extension depends on the transfer of parent brand awareness and associations to the extension. Since the brand name on an extension is already familiar to consumers, marketers typically spend less on the initial promotion of an extension than on introducing a product with a new brand name. Since consumers may already be knowledgeable about the parent brand, they are likely to base their evaluation of the extension upon their knowledge of the parent brand. The brand associations with the parent brand would therefore play an important role in forming initial opinions of a brand extension until familiarity grew. When faced with an extension for the first time, the tangible and intangible attributes of the parent brand may be evoked in consumers’ minds and these attributes may then be inferred in the extension. With this background, the present research is attempted to study the consumers’ evaluation of brand extensions in body care products.

While many new products generally fail, every year the most successful ones tend to be brand extensions (Aaker 1991). The purpose of this study is to understand consumers’ evaluation of brand extensions of body care products. Hindustan Unilever Limited (HUL), the Indian subsidiary of Unilever is India’s largest Fast Moving Consumer Goods Company with a heritage of over 75 years in India and touches the lives of two out of three Indians. The Company is a part of the everyday life of millions of consumers across India with over 35 brands spanning 20 distinct categories. Most of these brands had been market leaders for several years in their respective product categories. In the early 2000s, as HUL struggled to generate growth, brand extension became an important strategic option. By early 2003, HUL had launched a number of brand extensions with varying degrees of success. Among HUL product categories personal wash segment is more revenue generating product category. HUL’s market share in the personal wash segment is about 56-58%. The body care products are the backbone of personal care industry. HUL targets different types of consumers with different set of bath products. For striving
customers it offers Lifebuoy and Breeze, for aspiring it offers Hamam and basic Lux variants and for affluent customers it has Pears, Dove and superior range of Lux. The researcher has taken the flag ships brands Lifebuoy, Lux, Rexona, Pears and Dove for this study. The effectiveness of advertisement on success of brand extensions would be vital for proper understanding and creation of suitable programmes for success of brand extensions. The exact understanding of preference and extendability of brand extensions for future would be necessary for new product development and tap the market potential for new brand extensions and also improve the operational efficiency of business performance.

1.12 SELECTION OF PRODUCT, COMPANY AND BRANDS

The selection of the product and company is based on the data collected through Focus Group Discussion.

1.12.1 Body Care Product Industry

According to the survey, India will be one of the world’s largest consumer markets by 2025. The size of the organised Fast Moving Consumer Goods industry in India is currently worth Rs.86,000 Cr and has been growing at a steady rate of 4%. The FMCG sector consists of personal care and household care products and food and beverages. Soaps are the largest product category within the FMCG sector with volume of Rs.4,800 Crores. With increasing awareness of hygienic standards, the market for the soaps could grow at a rate higher than 8% annually. For the purpose of gaining a competitive edge, Indian companies are now relaunching their brands with value-additions to woo consumers across India.

India is a country with a population of 1,030 million people. The household penetration of soaps is 98%. People belonging to different income levels use different brands which fall under different segments, but all income levels use soaps, making it the second largest category in India. Soap is a product for many people and the lathering up can be a treasured part of a morning or nightly routine. Whether it might be scented or unscented, in bars, gels, and liquids, soap is a part of our daily lives. Soap is primarily targeted towards women, as they are the chief decision-
makers in terms of soap purchase and for medicated positioning like germ killing
and anti-bacterial are marketed to families. Soaps are categorized into men's soaps,
ladies' soaps and common soaps. There are few specialty soaps like the Glycerine
soaps, sandal soaps, specially flavored soaps, medicated soaps and baby soaps.
Specialty soaps are high valued which enjoy only a small share of the market in
value terms.

1.12.2 Hindustan Unilever Ltd (HUL)

Hindustan Unilever Limited (HUL) is India’s largest Fast Moving Consumer
Goods (FMCG) company based in Mumbai with a turnover of over Rs.20,000 Cr in
2008-09 and is part of the Anglo-Dutch 40 bn euro multinational group, Unilever,
spanning 400 brands across 20 product categories in 100 countries. HUL reaches
over 700 million consumers through 6.3 million outlets. In 1885, William Hesketh
Lever set up the ‘Lever Brothers’ in England and by end of the 18th Century had
invested in three manufacturing plants in the US. Lever Brothers built market share
by launching a series of successful new brands. Brands were built through heavy
advertising and re-investment of profits. By 1979, Unilever was the world’s largest
manufacturer of soap, detergents, toothpaste, shampoo, processed foods, ice cream
and frozen food products. It is the owner of some well-known brands such as Lipton,
Sunsilk, Pepsodent, Dove, Lux and Lifebuoy.

It was incorporated in 1933 in India as Lever Brothers India Limited and
became Hindustan Lever Limited in 1956 with the merger of Lever Brothers,
Hindustan Vanaspati Mfg. Co Ltd and United Traders Ltd. Hindustan Lever Ltd was
renamed as Hindustan Unilever Ltd in the year 2007. HUL went on to become
the market leader in the FMCG segment in India with nearly $2.8 bn sales turnover in
2008, in over 20 consumer product categories including tea, detergents, ice cream
and shampoo. HUL products are manufactured in more than 37 factories across
India and distributed through a network of 2,500 stockists and 6.3 million retail
outlets which serve the entire urban population and 250 million retail consumers.

HUL is the market leader in 4,800 Crores toilet soap market with a market
share of 64%. It draws almost 40% of its turnover from soaps and detergents. It has
eight prominent toilet soap brands in India - Lux, Lifebuoy, Hamam, Rexona, Breeze, Liril, Dove and Pears.

1.12.3 Power Brands of HUL

The company has several leading toilet soap brands in different price segments and dominates at least 64% of the market share in the toilet soap market. Lifebuoy, Hamam, Liril, Lux and Pears are all leading brands.

<table>
<thead>
<tr>
<th>Product category</th>
<th>Affluent</th>
<th>Aspiring</th>
<th>Striving</th>
</tr>
</thead>
<tbody>
<tr>
<td>Body care</td>
<td>Dove, Pears</td>
<td>Lux and Hamam</td>
<td>Lifebuoy and Breeze</td>
</tr>
</tbody>
</table>

Sales of Lux and Lifebuoy together account for 67% of HUL’s soap segment revenues. Dove, Lux, Liril, Rexona, Pears and Lifebuoy are the outcome of such a well planned brand strategy implemented over time. Lifebuoy is more than 100 years old and Liril is 15 years old. As per a BCG study the cash cow brands for HUL include; Lifebuoy, Lux, Liril, Rexona, and Breeze. The company’s premium soap brands are Dove and Pears. In fact, the Dove portfolio delivers Rs.400 Crores in sales.

1.12.4 Brand Management of HUL

HUL’s market share dropped to 54.3% in March 2008 from 55.9% in March 2006 in toilet soap category. The other major players include Dabur India, Wipro Consumer Care and Lighting, Colgate Palmolive Ltd and ITC Limited which entered the fray in 2008. Hindustan Unilever has been steadily losing its share since January 2008. Introduction of cheaper soaps and aggressive marketing strategies adopted by other players contributed to this fall in the market share.

HUL diversified its personal care product portfolio in India across categories and price points through brand extensions of its popular brands. It makes sense to have a limited number of large brands which could be extended to multiple categories/product lines which would reduce the clutter in the market. Another logic
was the Pareto Principle of 80/20. Twenty percent of the brands contributed 80% revenue, hence the company wanted to spend the marketing budget on those big brands that contributed to the revenue. Power brands had to grow at higher rates to compensate for the loss of sales from other brands. Unilever’s Indian arm, too, adopted the same strategy. Hindustan Unilever decided to spend on only 30 brands and 10 regional brands from its original basket of 110 brands. The power brand was chosen on the basis of size, brand strength, uniqueness and growth potential. After the power brand strategy implementation, HUL’s topline took a major hit. Profits went up by 22%.

1.12.5 Lux Soap

Lux-derived from the word luxury was launched in 1899 as a laundry soap in the UK. In 1925, the brand was extended to the toilet soap category. Lux soap was first launched in India 1929 and featured Leela Chitnis as its brand ambassador. It was positioned as the beauty soap of film stars. Between 1930s and 2000, the brand was endorsed by various leading female film stars including Madhubala, Nargis, Meena Kumari, Mala Sinha, Sharmila Tagore, Waheeda Rehman, Saira Banu, Hema Malini, Zeenat Amaan, Juhi Chawla, Madhuri Dixit, Sridevi, Aishwarya Rai, Kareena Kapoor and Katrina Kaif. Since its launch in India, Lux has offered a range of soaps in different colours and world class fragrances. Between 1930s and 1970s, its packaging and colour underwent frequent changes to reflect the fashion trends. In the early 1990s, Lux launched its own range of shower gels, liquid soaps and moisturizing bars. Lux beauty facial wash, Lux beauty bath and Lux beauty shower were launched in 1992.

Lux brand has two sub brands: Lux Beauty Soap and Lux international. Lux International is for the premium segment while Lux beauty soap is targeted at regular consumers. HUL introduced Lux International in India in 2002, after a successful launch in the US, Europe and South East Asia. The marketing strategy for Lux is to increase market share by launching multiple sub-brands targeted at niche segments and pre-empting shelf space and media space. The brand has been extended into new categories like Lux Body wash Liquid soap and Lux shampoo. Lux shampoos were made available in 4ml and 7 ml sachets priced at 50 paise and
Re.1 respectively. The shampoo range was endorsed by film stars Susmita Sen, Tabu, Mahima Chaudhry and Urmila Matondkar. In 2002, Lux shampoo had a 4.6% market share in South and 7.3% share across the country.

1.12.6 Lifebuoy Soap

Lifebuoy is a iconic soap brand shifting its traditional marketing focus from macho Indian male by targeting on Indian women. Lifebuoy’s use would help family combat germs and keep diseases at bay. Having completed more than 110 years of lifecycle, the brand still enjoys a strong consumer faith in Fast Moving Consumer Goods (FMCG) market. The brand ranked top 9th in a survey “Brand Equity Most Trusted Brands of 2008”. Its core positioning enabled the brand to enjoy glorious periods of growth in its lifecycle for several decades during the mid 20th century. But competition from low cost producers hurt Lifebuoy and dragged market share by value of Lever’s soap business to 59.1% in 2000 from 62.7% in the previous year. In order to continue lifecycle, the brands must move the times to stay relevant to modern consumers. Brand development is an art and science of building and developing the brand image by understanding the needs of modern consumers. The consumers are driven by increasing health and hygiene concerns and continue to move towards Lifebuoy Hand wash, Lifebuoy Sanitiser in 2011.

1.12.7 Rexona Soap

Rexona is an indigenous brand created by HUL to market in India. Rexona soap was launched in India in 1947. Although the brand does not have any significant market share, it has a loyal customer base. Rexona soap was positioned as natural skin care soap for a silky glowing skin. Rexona comes with the natural goodness of Coconut and Olive oils, which moisturize the skin and leave it silky smooth. Coconut oil has been an inherent ingredient in the soap for more than 2 decades and has become synonymous to Rexona brand. Olive oil has been introduced in the soap in 2009. With its excellent quality and good communication, initially the brand was well received by Indian consumer. But over the period this product lost its way and was competing with HUL’s own brand Hamam. In 2003, HUL decided to merge this brand with Lux as a part of the “Power Brand” strategy.
Thus came the variant “Rexona with Lux cream”. In 2005 HUL again decided to make Rexona independent. Indian consumers were not bothered by their own odour. Infact they believed that body odour was the other person’s problem. So, HUL had the task of building awareness on the need of the consumers to smell good. For that Rexona ads educated the consumers the main source of odour is armpit which generate 90% of odour and only 1% sweat. Rexona was introduced initially in the form of Roll-on and stick and later to aerosols. The sticks were priced smartly to induce the customers to try the products. The effective campaigns and smart pricing created a category of Deo in India. The deo market zoomed from 0 to 70 crore in less than 3 year’s time. Rexona faced competition basically from grey market international brands like brut. Rexona was perceived by Indian consumers as an Indian brand because of its presence in the soap category. Ironically, the Rexona soap is available only in India. Because of the low pricing and its local association, Rexona could not be positioned as a premium deo. In 2008, Rexona was communicated as “Rexona is now Hamam Abhyanga Snan” as a second attempt of migration. But again the soap was relaunched and repositioned as soft, silky and radiant skin soap. It is targeted to middle class working women belong to age group of 25-40.

1.12.8 Pears Soap

Pears soap is now made in India by Hindustan Unilever company in which Unilever controls a fifty-two percent stake The concave shape of the soap is formed by shrinkage while the soap is drying and is not due to deliberate moulding. Bars of soap produced in the factory come in two sizes: 75 g and 125 g. The soap comes in three colours - the classic amber, the green, and mint (blue color). Each variety has a unique aroma. The soap now comes in two new sizes: 69 g and 119 g. The Pears Natural skin care range is a brand extension of the multinational's well-known glycerine soap brand 'Pears'. The idea is to exploit the mother brand’s equity to drive volumes. The range introduced in the market includes a herbal skin care cream and a fairness cream. The communication strategy for the brand seeks to induce the habit of regular skin care among the target consumers - women in the 25 to 35 age group. The range is positioned on the natural skin care platform.
1.12.9 Dove Soap

Dove was first launched in the US in 1957 promising women it would not dry out their skin like soap. In 1991, Dove began its global roll out and over the next 3 years it was launched in 55 countries. In the early 90s, the market share of Dove Soap was flat and sales actually declined from 1995 to 1996. But as Unilever has pushed forward with its extensions, sales of Dove had begun to grow. Products include antiperspirants/deodorants, body washes, body lotions/moisturizers, hair care and facial care products. While the Dove beauty bar was initially marketed as a product for women and it now offers a line of skin care products designed for women. Dove launched its hair care range in India in 2007 and became the fastest growing shampoo brand in the country. It’s highly conditioned formulation delivers the moisture promise of Dove. The range includes Daily Shine, Dryness Care, Dandruff Care, Hair Fall Rescue, Intense Repair Therapy, Nourishing Oil Care and Color Rescue. HUL acquires 63% market share in hair care products. Dove was launched at a very premium price of Rs.50 while the other existing branded soaps were priced between Rs.10-15. Gradually price have been reduced and are around Rs.28.

1.13 BRIEF NOTE ON STUDY AREA

The study considered the consumers of body care products in Chennai City. Chennai is the capital of Tamil Nadu and it is located on the Coromandal coast of Bay of Bengal. It is a major commercial, cultural, economic and educational center in South India. The Chennai Metropolitan Area is the fourth largest metropolitan area in India and the 30th in the world in terms of population. As per the reports of Census India, population of Chennai in 2011 is 46,81,087 of which male and female are 23,57,633 and 23,23,454 respectively. The population growth rate is 7.77%. The sex ratio of Chennai city is 986 per 1000 males. In education section, total literates in Chennai city are 38,50,472 of which 20,04,498 are males while 18,45,974 are females. Average literacy rate of Chennai city is 90.33 percent of which male and female literacy was 93.47 and 87.16 percent respectively.
POPULATION STATISTICS OF CHENNAI

<table>
<thead>
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<th>Chennai City</th>
<th>Total</th>
<th>Male</th>
<th>Female</th>
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<td>Population</td>
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<td>Literates</td>
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<td>Average Literacy (%)</td>
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<td>93.47</td>
<td>87.16</td>
</tr>
<tr>
<td>Sex ratio</td>
<td></td>
<td></td>
<td>986</td>
</tr>
</tbody>
</table>

The Chennai city is divided into 5 regions.

1. Egmore- Nungambakam
2. Mambalam-Guindy
3. Mylapore-Triplicane
4. Perambur-Purasawalkam
5. Tondiarpet

The sample size of 100 from each region, thus, totally 500 samples has been selected for the present study by adopting non-probability convenience sampling. The data and information have been collected from the respondents through pre-tested, interview schedule by direct interview method.

1.14 PERIOD OF STUDY

The data and information collected from the consumers pertains to the year 2010-2011.

1.15 ORGANIZATION OF THESIS

The first chapter deals with the introduction, statement of the problem, period of the study and limitations of the study.

The review of literature is presented in the second chapter.

The third chapter deals with research methodology.
The fourth chapter deals with analysis and interpretation.

The fifth chapter deals with findings and recommendations.

1.16 TERMINOLOGY

1. **FMCG** - Fast Moving Consumer Goods. An expression used to describe frequently purchased consumer items such as foods, cleaning products and toiletries.

2. **Brand** - “A name, term, sign, symbol, or design, or a combination of these, intended to identify the goods or services of one seller or group of sellers and to differentiate them from the competition.

3. **Flagship brand** - It is company's core product or service which is most recognizable by the public and embodies the expertise, values and product line of the business.

4. **Brand building** - Involves all the activities that are necessary to nurture a brand into a healthy cash flow stream for the company after launch.

5. **Parent Brand** – The pre-existing brand that gives birth to the sub-brand.

6. **Line extension** - Parent brand is used to brand a new product that targets a new market segment within a product category currently served by the parent brand.

7. **Brand extension/Category extension** is a marketing strategy in which a company that markets a product with a well-developed image uses the same brand name but in a different product category.

8. **Brand Awareness** – It refers to the strength of a brand’s presence in the consumer’s mind.

9. **Brand association** - It is anything linked in memory to a brand.

10. **Fit** – Product category and brand image similarity.
11. **Target Market** - The market segment or group of customers that a company has decided to serve and at which it consequently aims its marketing activities.

### 1.17 LIMITATIONS OF THE STUDY

The field of study is restricted only to Chennai area. The findings may not be applicable to other areas. The sample size 500 may not be representative of the whole population. Though this study is carried out in a specific culture (Chennai), no attempt is done to measure cultural values, beliefs on consumer preferences. Moreover, this study has been done on the basis of selected dimensions only. A list of only 5 brands was considered for the study of consumer evaluation.

The present study is based on the primary data collected from the consumers of body care products. Hence, the drawbacks and limitations of the field level survey are very much applicable to the present research. The data collected from the consumers are subjected to recall bias. It is cross-sectional study. The opinion of the consumers may change over a period of time.