

ENVISAGING THE FEASIBILITY OF DEVELOPING A FLEXIBLE BRAND

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Abstract: *There has been significant research undertaken about brands, its elements and brand extension. But behavior of brands over a period of time, its capability to undergo extension and develop a flexible nature is an oblivious concept. Flexible brands assuring long term extensions facilitate companies to use single brand umbrella, thus optimize the brand portfolio and reduce the cost involved in brand building. The authors examine the limitations of a brands and their incapability to accommodate enduring extensions due to excessive association with product including the contribution of brand image to develop a flexible brand. The frame work also envisions viability of developing a flexible brand to assist organizations in leveraging on the brand equity of a flexible brand.*

Key words: Brand, Brand equity, Brand image, Rigid brand, Flexible brand, Brand identity, Brand extension.

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1. Introduction:

“Brand is a name, term, sign, symbol or design, or a combination of them, are intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors” (Kotler, 2009). Creating brands are crucial for, success of any product or service in highly competitive and fragmented market space. Brand creates a lasting impression in the minds of consumer through its ability to gain an exclusive and positive inclination towards itself. Brands also ensures in reducing the perceived risk of the buyer by providing a sense of legitimacy to one’s choice. In companies’ view point, a brand facilitates sustainable future cash flows and also through high customer loyalty provides unwavering future sales. Brand management entails a long term vision for the brand itself. There should be a clear statement of where the management wants to lean the brand (Kapferer, 2008) Hence, the process of brand development should have a long term brand vision perspective at its epicenter.

Brand equity deals with the value, usually defined in the economic terms, of a brand beyond the physical assets associated with its manufacturer or provision (Aaker, 1993).Also, brand equity can be conceptualized as a blend of awareness, liking and exclusivity of brand’s attributes and associations in the minds of consumer. Companies should channelize all its efforts which would result in augmenting brand equity. Brands with such high brand equity tend to become strong brands over a time period .Interestingly marketers are particularly not articulate in identifying the characteristics of brand strengths beyond share of market (Aaker, 1993). But it could be said that strong brand do not just focus on high market share but also on developing a long term sustainable competitive advantage by developing loyal customers.

Creating new brand for every new product is a mammoth exercise involving advertisement and media campaigns which demands excessive resource such as money and time. As in the case of HUL, where every new product receives a new brand name addressing one specific need like *Life buoy* being toilet soap for hygiene and health needs and *Pears* being a product for gentle skin care. In such a scenario company can leverage on the brand only through limited brand extensions.

Also, if a brand corresponds to a specific product and a specific need, it might not be viable to use it for other products. Although, a brand is built on single product, as time proceeds through communication, advertising and promotional activities, it becomes feature prosperous which give it a definition. The brand owning a definition, becomes a judicious

recipe of tangible product benefits (such as product features) and intangible perceived benefits through visual brand elements such as logos , images etc thus carving out a personality for itself. Strong personality of the brand blurs the distinction between the product and the brand such that both become synonymous to each other. This situation can be observed in brands such as *Harley –Davidson* and *Xerox*.

The above mentioned type of brand building processes leads to a situation where brands find difficult to move out of their product category because of their strong associations to product attributes, features and narrow target group making it complex to continuously innovate and respond to changing customer needs. Such a brand's incapability to adapt itself to different situations makes it rigid.

A rigid brand poses many risks such as making brand extensions difficult and in the long run lack of innovation in the brand creates a mismatch between customer perception and brand promise. To overcome these challenges the brand building exercise carried out by the companies should incorporate long term vision for brand development accommodated by pioneering marketing strategies in unison with companies' long term goals such that brand exhibits properties of being flexible.

To introduce flexibility into a brand, brand elements play a pivotal role. Among the wide spectrum of brand elements, few elements contribute largely to the intangibility of the brand. "Creating and managing a brand requires a brand strategy, at the heart of which is brand identity, which provides direction, purpose and meaning to a brand" (McLoughlin, Aaker, 2010). Brand identity and image are two such brand elements which decide the picture of brand its due course of extension. However, brand awareness and brand loyalty are other two important elements which contribute indirectly to flexibility. These elements help in building strong and sustainable brand equity and also facilitate extensions. Brand awareness is the ability of a potential buyer to recognize or recall that a brand is a member of certain product category. (Aaker, 1991). Brand awareness consists of brand recognition and brand recall performance. Brand recognition is consumers' ability to confirm prior exposure to the brand when given the brand as a cue. Brand recall is consumers' ability to retrieve the brand from memory when given the product category, the needs fulfilled by the category, or a purchase or usage decision as a cue (Keller, 2008). Brand awareness would play a pivotal role in developing flexible brand, since, consumers show acceptance to the brand readily during brand extension or brand is ventured in new market.

A pool of loyal customers helps in mitigating risk during brand stretching by becoming early adopters and accepting the products. Brand loyalty is the buying of same brand repeatedly because of a strong preference for it. (Hoyer,2009).Brand loyalty for a flexible brand is crucial because it helps in creating tangible benefits such as customer retention and intangible benefits as in the form of pre existing customer base when brand is extended, who promote the brand using word-of-mouth publicity. Brand loyal customer base helps a flexible brand to cut short its marketing expenses and also gives a buffer time to combat competitive forces. When Porsche decided to enter 4×4 segment with its Porsche cayenne, the first to buy the cayenne were existing Porsche owners. But, a loyal customer base need not ensure a successful extension in all cases. As in the classical case of Mercedes, when it tried to compete with Volkswagen through its new class A, existing customer response to it was negative. Hence extension calls for knowing brand's identity. Brands launch new products, penetrate new markets and reach new targets. This may cause both fragmented communication and patch work images (Kapferer, 2006).

Brand identity is the common element sending a single message amid the wide variety of its products, actions and slogans (Kapferer, 2006). Brand identity is revealed through its product, organizational culture and communication to the target group. A flexible brand should develop an identity on the core values of the company and coherently convey it to the outside world in every action of it. So, a company willing to develop a flexible brand, if has, quality as its core promise to customer, should divulge the message through existing products, new products and every other media communication. Brand identity of a flexible brand would be to reveal the brand's core promise and organization's belief of values rather than product benefits alone.

Brand Image research focuses on the way in which certain groups perceive a product, a brand, a politician, a company or a country (Kapferer, 2006). Brand image is what sense the public makes out of the various brand elements, advertisements, sponsorships and promotional mix. Image of a flexible brand would be such that it transcends the barriers of attributes of specific product categories and manifest in tandem with emotional appeal. For example, Johnson and Johnson is a brand posing the image of care and affection, so, it would be possible for Johnson and Johnson to undertake brand extension easily which is evident by the fact that Johnson and Johnson has successfully diversified into different areas such as

surgical products, prescription products and consumer products like baby care, skin and hair care, oral care, nutritionals, pain relief, topical care etc

2. Flexible brand:

A flexible brand is the one having high brand equity, allowing brand extension into different product domains easily, having potential for global expansion and scope for continuous innovation. A flexible brand may not guarantee unlimited brand extension opportunities but it certainly mitigates the risks associated with a rigid brand.

3. Research questions:

- To study the brand associations and reasons for brands developing rigidity
- Investigating the impact of brand image in building flexible brands

Study 1

4. Research hypothesis:

In this study researchers examine the relation between product oriented brand association and the consumer purchase intention to buy a new product introduced from an existing brand. “One of the most important strategic benefits of owning a strong brand is that this strength can be leveraged into new categories. This insight has resulted into proliferation of brand extension in many industries ranging from packaged food products to consumer electronics” (Schmitt and Rogers, 2008). Successful brand extensions reduce the cost of advertising, give the access to an accumulated image capital and enable the original brand to break away from mono product. Associations that are unique strong and favorable should create positive brand image which when processed by consumers will bias consumer brand behavior towards brand equity enhancement. (Keller,1993).The brand equity if obtained due to long term product association with the brand will create a positive brand attitude but may prove precarious in the process of brand extensions as customers relate the brand with parent product rather than the brand promise. When brand is associated with a single product benefit, fewer extensions are possible which by itself is a rigid designator. But when brand positioning is based on value proposition, customer purchase intention for the extended brand is likely to be positive as the original brand promise is not confined to product alone. Hence the following hypothesis can be deduced.

H₁: Higher is the brand association with the product, lesser is the scope for brand extension.

5. Sampling and procedure

In accordance with the objective of the study, an exploratory research was carried out to decide on the brands to be selected for the purpose of study. This study was on the sample of 20 selected consumers who were asked to name 10 consumer durable brands. Further respondents were requested to name 5 products associated with each brand in the order of preference. Ten brands obtained in the response were Philips, Samsung, LG, Onida, Godrej, Whirlpool, Videocon, Sansui, Panasonic and Sony. The products listed included, TV, washing machine, refrigerator, air conditioner, mixer grinder etc. TV being the most repetitive product corresponding to 8 out of 10 brands and most preferred in 6 out of 10 brands, it was logical to choose TV to be the basic product which eventually was used for studying brand extension.

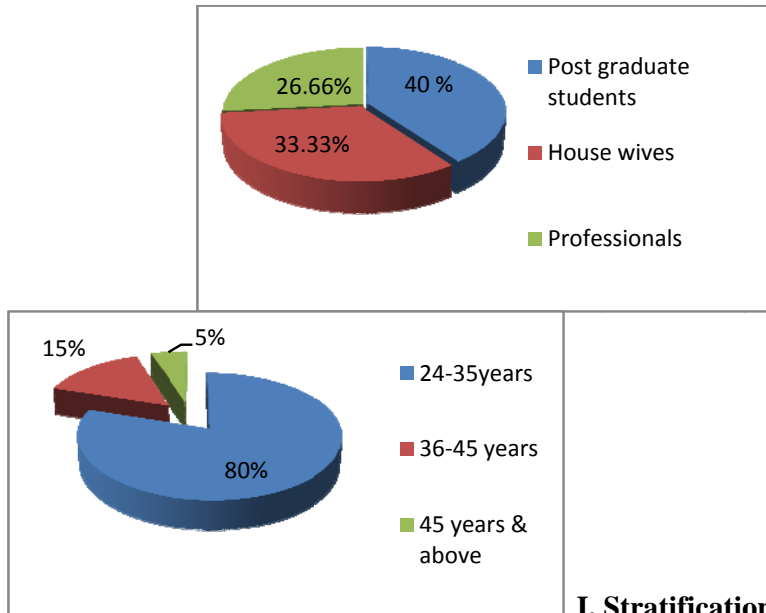
Since the objective of the study was to examine the above discussed relation between product association and brand extension, a brand with least number of product associations, namely Sansui and the brand with most diverse product range. Interestingly, the product TV was most preferred in both brands Philips and Sansui. Hence it was chosen to carry out further study.

To study the aforementioned hypothesis convenient sampling method was adopted. A questionnaire was prepared based on the initial study and 125 respondents were requested to participate and 60 of them agreed to be the part of study. Questionnaire was prepared in English and sent by e mail to the respondents who then returned the completed questionnaire to the researchers by e mail. The researchers asked the participants to indicate if they had any difficulty in understanding and answering the questionnaire. The respondents included 24 post graduate management students, 20 housewives and 16 professionals. Around 75% of the respondents were in the age bracket of 24-35 years.

Questionnaire was designed to measure the brand extensions of Philips and Sansui products. Respondents were solicited to assume that they own a TV of above mentioned brand and their purchase intention for the extensions like Washing machine, Air conditioner, Refrigerator, Mixer grinder and vacuum cleaner was asked to be rated using a 5 point likert scale .(1-Most likely, 2- Likely,3- Cant say, 4- Unlikely, 5- Most unlikely) .

Type of respondents

Age of respondents



I. Stratification of respondents

6. Measurement and analysis:

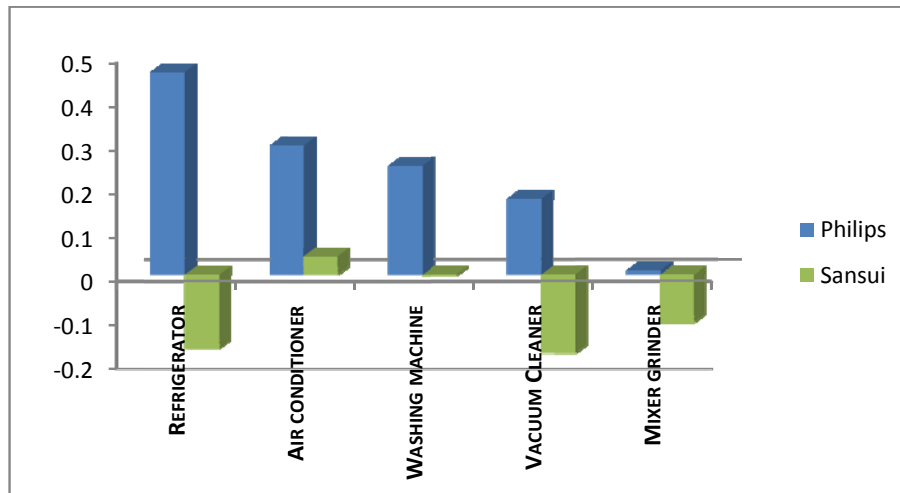
The data obtained for brand extensions of Philips and Sansui products was tested for correlation between the purchase intention of TV and related extensions.

I. Correlation coefficients for Philips product extensions:

Philips TV	Refrigerator	Air conditioner	Washing machine	Vacuum Cleaner	Mixer grinder
	0.465	0.2970	0.251	0.174	0.0094

II. Correlation coefficients for Sansui product extensions:

Sansui TV	Air conditioner	Washing machine	Mixer grinder	Refrigerator	Vacuum Cleaner
	0.042	-0.0025	-0.11	-0.17	-0.18



II. Correlation coefficients for Philips and Sansui product extensions

Considering table I where correlation between Philips TV and other extended products is demonstrated, it can be observed that the correlation coefficient is highest for refrigerator (0.465) and least for mixer grinder (0.0094) and the values for other extensions fall in an optimum range with air conditioner, washing machine and vacuum cleaner scoring 0.297, 0.251, and 0.174 respectively. This data depicts an interesting phenomenon wherein which all the above mentioned extensions are positively correlated to the original product of study.

In table II, the correlation coefficient between Sansui TV and other extended products can be observed. Here, Air conditioner has received the highest score which being 0.042 and vacuum cleaner being the least with score -0.18. On contrary to what was observed in Philips, Sansui products like washing machine, mixer grinder and refrigerator have received -0.0025, -0.11, -0.17 respectively.

To test the hypothesis, assuming a chance error of 5% ($\alpha=0.05$) and with degrees of freedom 58($df=60-2$) one tail correlation test was conducted. Critical value for correlation coefficient was found to be 0.2144. The obtained values of correlation coefficient for extended Philips products was found to be greater than the critical value except for vacuum cleaner and mixer grinder with values 0.174 and 0.0094. But, in the case of Sansui, correlation coefficient values for all the extended products were found to be less than the critical value (0.2144). Moreover Sansui air conditioner was the only product with a value in positive and all other products had values in negative range.

Study 2

With the intent to study and analyze the significance of brand image and its role in developing a flexible brand, following research methodology was adopted. Kingfisher a diversified brand ranging from breweries to motor sport was selected to understand its image spectrum. Brand image is usually considered as customer's perceptions of the "brands tangible and intangible associations" (Engel, Blackwell and Miniard, 1993) .To decide on brand image an exploratory research was carried out where a convenient sample of 20 respondents consisting of post graduate management was selected. They were subjected to questions asking them to mention adjectives which best describes kingfisher and adjectives which cannot be associated with kingfisher. The most repeated adjectives describing kingfisher thus obtained were excitement, flamboyant, fun, cheerful, youthful, freedom and enthusiasm. Adjectives least preferred to be associated with kingfisher were found to be care, security, trustworthiness. Among the responses adjectives conveying similar meaning as of those mentioned above were eliminated.

Considering the above mentioned adjectives to depict the brand image of kingfisher, brand extensions were tested. For this purpose, a questionnaire was prepared consisting four extensions of kingfisher namely Kingfisher hotels, kingfisher holidays, Kingfisher hospitals & kingfisher financial services. Questionnaire was administered to the same sample of 60 respondents as mentioned in study 1. However, the sample of 20 post graduate students considered for determining image spectrum in the previously mentioned research were not considered to prevent response bias. The respondents were asked to rate their purchase intentions for the extensions on a 5 point likert scale (1-Most likely, 2- Likely, 3- Can't say, 4- Unlikely, 5- Most unlikely) considering themselves to be customers of kingfisher.

7. Measurement and analysis:

III. Correlation coefficients for Kingfisher extensions:

Kingfisher	Hotels	Holidays	Hospitals	Financial services
	0.618	0.433	-0.064	-0.127

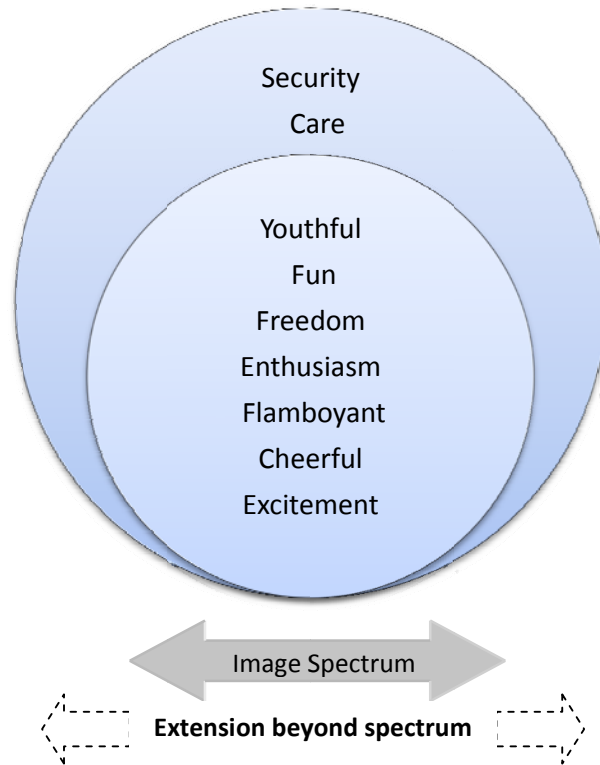
As tabulated above, the correlation coefficients for the extension ranged from -0.064 to 0.618. Hotels and Holidays received coefficients of 0.618 and 0.433 respectively indicating a strongly positive correlation. On the other hand, hospitals and financial services had

coefficients of -0.064 and -0.127 showing a negative correlation for the extensions. Between hospital and financial services, financial services received a more negative value.

8. Findings and discussions:

Brand Sansui associated with product TV when tested for extension, received a negative response with all the correlation coefficients being negative. Whereas for brand Philips, correlation coefficients indicating the purchase intentions for the extensions were found to be positive. Considering the brand Sansui's association with the product TV the purchase intention of prospective customers for its extensions supports the argument that higher product associations with the brand limits brand extensions. However, brand Philips received a strong positive correlation coefficient for extended products refrigerator, air conditioner and washing machine with a positive yet lower correlation for mixer grinder and vacuum cleaner. It can be inferred from above findings that Philips not limiting its association to a single product enjoys more scope for extensions in comparison with Sansui.

The brand kingfisher when tested for correlation of extensions, received a positive response for kingfisher hotels and kingfisher holidays. But, other extensions such as hospitals and financial services scored in negative range. As established in the initial exploratory research, brand image spectrum of the brand kingfisher falls within above the mentioned adjectives such as fun, flamboyance, youthful etc. As Extensions of hotels and holidays can fall within this image spectrum, customer purchase intention of those services was found to be favorable. On the other hand, hospitals and financial services which demand an image of care and security which do not fall under this image spectrum of kingfisher received unfavorable response.



III. Brand image spectrum and extensions of kingfisher

From the above study we can realize the fact that extension possibilities are limited by the boundaries of image spectrum and extensions within this range are likely to receive positive response from consumers. Apparently, when extensions are far too stretched i.e. when they go out of image spectrum responses are expected to be negative. Image spectrum contributes immensely to brand flexibility by opening doors for numerous extensional prospects. But brand image, formed at receiver end is essentially the outcome of brand identity. Brand identity is on sender's side. The purpose of brand identity is to specify the brand's meaning, aim and self image (Kapferer, 2006). Noticeably, a brand identity communication plays a significant role in brand image formation. A flexible brand should always focus on achieving coherence between brand identity and brand image so that a common self image of the brand is communicated. As a result, image perceived by the consumers remains constant. It has been established that "positive brand image significantly enhance the likelihood of purchase intention" (Faircloth, Capella and Alford, 2001). The effect of a constant and a broad spectrum image inculcated into the brand makes it practically more viable for long range extensions and consequently introduces flexibility into the brand.

9. Limitations and scope for future study:

The study restricts itself to product association of a brand and its impact on extensions. But brand may become rigid due to various other factors which could be investigated by further research. Though the sample considered for research was heterogeneous, size was limited due to certain constraints. Researchers have considered brand image and its impact on flexibility, nevertheless other brand elements like personality, perceived quality etc have not come under the focus of study. Hence we call on future research to examine the impact of other brand elements on brand flexibility.

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