

[This question paper contains 7 printed pages.]

4217

Your Roll No.

MBA (FT)

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Paper F – 3211 – BRAND MANAGEMENT

Time : 3 hours

Maximum Marks : 70

(Write your Roll No. on the top immediately on receipt of this question paper.)

Note – First two questions are compulsory (17x2= 34 marks). Answer any three more questions from the rest (12x3=36 marks).

Q.1. TVS Motor company has forayed into motor oils market. Read the following and suggest the branding strategy (naming the oil) using the considerations that guide brand architecture decisions.

TVS Motor company which besides offering scooters, mopeds and motorcycles in India, has now forayed into the oil industry. TVS has launched a semi-synthetic 4 stroke engine oil which the company claims, will offer better fuel economy, lower emission levels and longevity of engine life.

According to a company statement, the oil has been certified as high standard oil, by the Japanese Automotive Standards Organisation JASO MA2 and American Petroleum Institute – APL SL. Currently, the only firm which rates oil for use in wet clutch bikes is JASO. Among the two ratings, JASO MA and JASO MB, MA rating means that the oil will ensure that the clutch won't slip. TVS's oil blended with purified water-white, high viscosity index base oils, and claims to use advanced formulation technology for extreme thermal conditions, to make sure the oil remains stable in high and low temperature conditions. it can be used in all 4-stroke motorcycles, and comes in 1 litre and 900 ml packs and is priced at Rs. 235 per litre.

TVS is the third largest motorcycle manufacturer in India after Hero Honda and Bajaj. TVS Group owns auto industries such as Axles India, Brakes India Limited, Delphi TVS Diesel Systems limited, TVS Auto Parts Private limited etc. TVS supplies components such as bolts and nuts, electrical systems, etc to many car makers in India as well as abroad. It also has a tyre business – TVS tyres – and multi brand car service centers.

Now, with the 4 stroke engine oils, TVS is diversifying across other segments in the automobile space as well. Other manufacturers too sometimes co-brand oils for use in their vehicles. Mahindra and Mahindra, Tata and General Motors also have co-branded oils for use in their vehicles. They list these as recommended oils for their vehicles. All TVS Motorcycles will come with its own engine oil and it will be the recommended oil from now on for all service centers for TVS bikes.

P.T.O.

Q.2. Read the following brand case of Pepe Jeans. What are the essential elements of brand equity framework that have been employed in this case? Suppose you were asked to develop and launch a brand of jeans in Indian market how would you use this story to create a successful brand (focus on specific brand building efforts).

'Pepe' is the short two-syllable word, easiest to write on cheques and thus the name originated. In 1989 when the brand established itself in India, the jeans wear market was in its nascent stages. The concept of jeans being a comfortable every day wear was unheard of and those who wore jeans imported them from other countries. To educate such a consumer market was difficult and as expected the market took considerable time to mature and develop. The distribution and logistics was a hurdle because the distributors, franchisers, small multi brand outlets were operating on age-old practices and large format stores were non-existent then. Subsequently, over the last decade both the distributors and the end customers have been exposed to international trends and fashion. The media and advent of international brands into the Indian market lead to greater awareness. This has helped in development of the market for these denim brands. The transformation has been gradual and is a result of collective efforts of the international brands. Now head quartered in Spain. Pepe Jeans London was started in the fashionable and chic Portobello area of London in 1973, by three NRI brothers. The founders saw agap in the casual wear market. At the top were price-heavy straight cuts

from Lee, Levi's and Wrangler. Following these was a crowd of inferior me-too-s. Pepe quickly bridged the gap with jeans in a variety of styles and cuts, followed by tops. In a very short span the brand became the best selling denim brand in England. Pepe Jeans London works towards strengthening of such factors that has made it a US\$ billion denim and casual wear company with presence in over 80 countries. It is one of the most popular brands amongst the youth all over the world.

Pepe Jeans London has shown a growth of approximately 35% since the last 4 years where as the industry is growing at the rate of 15%. It expects to maintain the same kind of growth for the next four years too.

Pepe Jeans London, the complete denim and casual wear brand, entered the Indian market in 1989 and is today the No.1 international premium denim brand in India. In India it bridges the chasm that exists in the casual wear segment below the upper tier. Pepe Jeans is a global, fashion brand and sells everything one would associate with casual wear like jeans, t-shirts, shirts, jackets, casual pants, capris, shorts and accessories such as duffel bags, caps, wrist bands, wallets, belts etc. Pepe Jeans London was started as a jeans wear brand that became a best seller in London. It soon expanded to also become a denim wear brand with numerous styles in top wear like, denim jackets, shirts etc. along with jeans. The differentiating point is that Pepe is denims and beyond company. Today, Pepe Jeans London is a complete casual wear brand with an array of knits, ovens, denim bottoms, fashion denims, non-denim and accessories under its umbrella. Pepe prides itself on its strong fashion forecasting and

Trend-setting abilities. Inspiration buzzes from Europe and the ramps of haute couture in Milan, Italy, etc. Today, after being the bestselling denim brand, Pepe is creating a niche for itself by customizing the offerings for its target audiences. The brand going into launching Men's Exclusive at Heera Panna

(Mumbai) and has exclusive teens stores for its 1016Pepe Teens collection at Mumbai, Bangalore and Pune. It has recently opened its Ladies Exclusive store at Eva mall (Bangalore). Pepe Jeans has the unique distinction of being the largest casual wear brand based out of the United Kingdom, competing on a Global basis. Constant innovation and understanding the needs of its target audiences has enabled pepe to be the global leader in the denim market.

Pepe works on a 360 degrees approach on the marketing communications strategy, involving both above the line and below the line activities. Billboards print advertising in national and regional newspapers and all lifetime magazines constitute Pepe's above the line strategy. All these aim at creating visibility, top of the mind recall with the end consumers. These above the line activities need to be strongly backed by PoPs, innovative window displays, and larger than life visual images in the Pepe stores reinforcing communication the co received by the consumers through innovative window displays above the line initiatives. This also increases the consumer interaction with the brand Pepe and its products. The in store activities of Pepe includes PoPs, joint promotions, customer interactions through contests, fashion shows, games, VJ visits etc. All in store activities are promoted through innovative PoP like danglers, tent-cards, banner - stands, wobblers etc.

Primary target audience for Pepe youth collection are 16-25 year olds belonging to SEC A+ and SEC A section. They are the English speaking brand and fashion conscious individuals.

Informed of the latest trends, they prefer to carry an individualistic style. While grooving to the latest in music, they demonstrate equal interest in sports as well. Consumers above this age group too are becoming fashion conscious and take extra efforts to keep up with the trends.

Pepe is experiencing target segment spill over to age groups above the main target group too. Recently, Pepe has started to target, the 10 to 16 year old teenagers also as there was an opportunity and absence of branded apparel player in this segment. Pepe Jeans London recently launched 1016 Pepe Teens collection exclusively for teens. The collection, which is in the second year of its inception, is available in all the Pepe Exclusive outlets in the country and 1016 Pepe Teens exclusive outlets in Mumbai, Pune and Bangalore.

Brand association: One of the successful brand associations is 'London', the heritage and the inherited by the brand from there. Brand building is a continuous process led by factors like, brand associations, brand awareness, perceived quality, brand loyalty, and other brand proprietary assets. During the initial stages of brand inception, Pepe's founders thoughtfully developed strategies to create various brand associations for Pepe. One of the successful brand associations is „London“, the Heritage and the aspirational values inherited by the brand from there.

Perceived quality customers say that Pepe has a great fit, It is also know in the market that 'Pepe fits like a glove' The key to retain customers is to give them value for money. When the customer is satisfied with the quality and the offering of the product, he definitely comes back for more. Pepe Jeans London offers

fashion that can best be described as, young cool, extrovert and casual. An attitude that sets you apart from the group is the characteristic of every garment of Pepe Jeans London.

Brand personality for a brand, if the brand were to come alive as a person, what would it be like? What would it do? Where would it live? What would it wear? Pepe Jeans London has signed Cristiano Ronaldo, the Portuguese Manchester United's numero uno striker, as the Pepe face for 2005! Cristiano Ronaldo is paired with Jessica Miller, supermodel on the global ramps. The advertising campaign rolled out globally (including India) in March 2005. Cristiano Ronaldo is one of the club's biggest and most prized possessions and dubbed as the next David Beckham. He is not only a sensational footballer, but also a youth icon. He is fashionable; handsome, has a great physique and carries a unique captivating style. Pepe Jeans saw an exciting opportunity in him. Jessica Miller is setting the European ramp on fire! Both being super stars in their own fields, they gel perfectly well with Pepe's characteristic attitude. Ronaldo has a great fan following in India too! The youth in India swear by his footwork or technical skills. T-shirts with Cristiano Ronaldo's famous number 7 can be seen on you the all over India! His male and female fans see him on TV every week, playing for Manchester United in the English Premier League, FA Cup and the European championships.

Pepe Jeans has chosen Ashton Kutcher and Daria Werbowy as the new faces for the upcoming Spring 2008 season. Kutcher replaces Miller as the face of the brand, and he will share the spring campaign with model Daria Werbowy, who is contracted to Pepe for one season only. The actor will make his debut for Pepe in the brand's spring campaign, which was shot by David Sims in New York, and styled by Joe McKenna. Past faces of Pepe Jeans also include the likes of Sienna Miller, Kate Moss, Natalie Vodianova and Fernando Torres.

Identity of the brand is "The youth with a strong attitude" Pepe Jeans London has a global advertising campaign in all the countries it has presence. Pepe believes in giving away a consistent brand message across the world, whereas localization of advertising campaigns distorts the brand identity. All Pepe advertising campaigns portray the brand identity, which talks about "the youth with a strong attitude". The visuals are so strong accompanied by the "Pepe Jeans London" logo, that they convey the entire message with no need for copy.

Through *loyalty* based marketing programs Pepe undertakes many of joint marketing initiatives with relevant brands as they drive large value for the end consumer. Since both brands are targeting the same set of consumers, both get the benefit. Pepe's initiative with Times Teenage Card, Fosters' for the Australian cricket team, with Lycra and MTV for Style Awards are few examples of such joint initiatives. Pepe Jeans London is one of the preferred partners of Lycra. Differentiating from other annual award functions, Lycra and Pepe Jeans in association with MTV, brought together The Lycra MTV Fashion Awards; a pot-pourri of styles from fields of music, sports, films, politics, fashion, television, models, photographers, and business. Pepe Jeans outlets are the „hangout zones for this extravagant annual event every year. People could vote for their favorite individuals online or drop their votes at ballot boxes available in the Pepe hangout zones. Times and Pepe Jeans promotional tie up was targeted towards teenagers using credit cards for expenditure. Once the customer crosses the purchase limit using Times card, he was eligible for a gift hamper and discounts from Pepe Jeans London. Pepe also sponsors many

concerts and have had leading rock bands at the Pepe stores too, e.g. Pakistani rock group Junoon visited the Pepe Chennai store for an exciting promotional activity. Promotional activities like the examples above mutually benefit both Pepe and the partnered brand, as the target.

The main *competitors* for Pepe are Levi's, Lee and Wrangler. Pepe is very distinctively positioned, as a brand for the youth with a strong attitude; a brand not only for the youth but also for everyone who is young at heart. For India Pepe Jeans does not blindly follow the European designs and sizes. The waist-to-hip ratio is unique for women in Asia. Pepe's designing team realizes these significant aspects and the need of Indian customers. It's not the fit alone but all the brand value and brand aspirations that makes Pepe's

products so comfortable. 50% feedback and 50% creativity are the inputs that go in to the creating of Pepe Jeans. Each of Pepe's exclusive stores files a daily report with the head office. This deals with complaints, comments, compliments, suggestions and requirements. Pepe Jeans also maintains a Customer book for feedback. The merchandizing and design team conducts regular visits to the stores too. So Pepe keeps a close watch on the market and the response of customers.

Q.3. Read the following case of Starbucks and identify the challenges of managing a premium service brand. Suppose you are retained by a company like Costa Coffee what words of caution would you give on its growth strategy?

Starbucks' announcement that it will close 600 stores in the United States is a long-overdue admission that there are limits to growth. In February 2007, a leaked internal memo written by founder Howard Schultz showed that he recognized the problem that his own growth strategy had created: "Stores no longer have the soul of the past and reflect a chain of stores vs. the warm feeling of a neighborhood store." Starbucks tried to add value through innovation, offering wi-fi service and creating and selling its own music. More recently, Starbucks attempted to put the focus back on coffee, revitalizing the quality of its standard beverages. But none of these moves addressed the fundamental problem: Starbucks is a mass brand attempting to command a premium price for an experience that is no longer special. Either you have to cut price (or that implies a commensurate cut in the cost structure) or you have to cut distribution to restore the exclusivity of the brand. Expect the 600 store closings to be the first of a series of downsizing announcements. Sometimes, in the world of marketing, less is more. Schultz sought, admirably, to bring good coffee and the Italian coffeehouse experience to the American mass market. Wall Street bought into the vision of Starbucks as the "third place" after home and work. New store openings and new product launches fueled the stock price. But sooner or later chasing quarterly earnings growth targets undermined the Starbucks brand in three ways.

The early adopters who valued the club-like atmosphere of relaxing over a quality cup of coffee found themselves in a minority. To grow, Starbucks increasingly appealed to grab and go customers for whom service meant speed of order delivery rather than recognition by and conversation with a barista. Starbucks introduced new store formats like Express to try to cater to this second segment without undermining the first. But many Starbucks veterans have now

switched to Peets, Caribou, and other more exclusive brands. Starbucks introduced many new products to broaden its appeal. These new products undercut the integrity of the Starbucks brand for coffee purists. They also challenged the baristas who had to wrestle with an ever-more complicated menu of drinks. With over half of customers customizing their drinks, baristas, hired for their social skills and passion for coffee, no longer had time to dialogue with customers. The brand experience declined as waiting times increased. Moreover, the price premium for a Starbucks coffee seemed less justifiable for grab and go customers as McDonald's and Dunkin Donuts improved their coffee offerings at much lower prices. Opening new stores and launching a blizzard of new products create only superficial growth. Such strategies take top management's eye off of improving same store sales year-on-year. This is the heavy lifting of retailing, where a local store manager has to earn brand loyalty and increase purchase frequency in his or her neighborhood one customer at a time. That store manager's efforts are undercut when additional stores are opened nearby. Eventually, the point of saturation is reached and cannibalization of existing store sales undermines not just brand health but also manager morale. None of this need have happened if Starbucks had stayed private and grown at a more controlled pace. To continue to be a premium-priced brand while trading as a public company is very challenging. Tiffany faces a similar problem. That's why many luxury brands like Prada remain family businesses or are controlled by private investors. They can stay small, exclusive, and premium-priced by limiting their distribution to selected stores in the major international cities.

Q.4. Ford has finally woken up to what Toyota knew a long time ago: the power of a single global brand. Over 20 years ago, Harvard professor Theodore Levitt praised Japanese manufacturers for their focus on "what every consumer in the world is seeking: world-class modernity at affordable prices." Either because they didn't understand regional differences in consumer preferences or out of self-confidence, Toyota, Nissan, and Honda sold standard products under a single brand umbrella. For decades, Ford adapted its manufacturing platforms, features, and model names from one country to another. The results: added manufacturing and supply chain costs that strained consumers' willingness to pay; a balkanized bureaucracy in which regional managers exaggerate the need for local adaptations to defend their turf; and a deteriorating market share, financial performance, and stock price.

Ford was once one of the 10 most valuable brands in the world. They're no longer on that list, but Toyota now is. How did Toyota—and the other nine companies—do it? There are 5 characteristics that all top global brands have in common: The same positioning worldwide. This provides a combination of functional product quality and innovation with emotional appeal. Think Coca-Cola and Disney. A focus on a single product category. Think Nokia and Intel. The company name is the brand name. All marketing dollars are concentrated on that one brand. Think GE and IBM. Access to the global village. Consuming the brand equals membership in a global club. Think IBM's "solutions for a small planet." Social responsibility. Consumers expect global brands to lead on corporate social responsibility, leveraging their technology to solve the world's problems. Think Nestlé and clean water.

Ford has a proud history. Its name recognition is strong worldwide. The chairman is committed to the environment. Many consumers are no longer considering Fords when buying their new cars, but they are predisposed to giving Ford another chance. Fords worldwide should henceforth have a common look, feel, and brand essence. Low volume management distractions including Jaguar, Land Rover, and Volvo will be sold off; they're now meaningless. U.S.-based models like Mercury will be discontinued. Can Ford recover? The answer lies in whether the common vehicle platforms developed for the new strategy prove to be truly global in design or merely more of the same Detroit-centric product that have caused Ford's market shares around the world to erode. What do you think? Can Ford rehabilitate its global brand status? Should Fords worldwide have a common look, feel, and brand essence?

Q.5. There are thousands of products and services out there, but not many brands. A product that hasn't made it to brand status is considered a 'me too', an 'also ran', with low awareness and a higher risk of commoditization. Brands generally return better profits because they are less sensitive to price undercutting. They achieve a level of awareness and customer loyalty by building a set of emotional connections in the consumers' mind. This is brand equity - a deeper, measurable form of good will that operates on a number of levels and often makes its way onto the books as a tangible asset that can be bought and sold.

What blueprint would you provide to turn a product or service into brands when brand gets commoditized when a raft of imitators suddenly swamps your carefully built brand like in telecommunication market in India a service provider like Airtel is struggling for struggling for differentiation.

Q.6. Some of the companies in India have undertaken a process of corporate rebranding like Airtel. Why would a company invest millions of rupees in creating a symbol or sign which is ambiguous and mean little to an average mind? Explain using the identity perspective.

Q.7. write short notes on any two of the following:

- Brand aims at creating monopoly.
- Brand extension strategy is about external leverage.
- Line extension is like a carpet bombing strategy.