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SARDAR PATEL UNIVERSITY
MBA (FOURTH SEMESTER) EXAMINATION 2008
MM 211 - BRAND MANAGEMENT
4th APRIL 2008, FRIDAY

Time : 11.00am – 2.00 pm

Max. Marks : 70 Marks

Notes :

1. All questions are compulsory.
2. Figures to the right indicate the marks.
3. This is a closed book examination.

- Q1. Discuss the different means through which an organization can leverage secondary brand knowledge for its brand? Explain the role of celebrity endorsement in creating secondary association for a brand with the help of appropriate examples. (14)
- Q2. Explain the Brand Value chain with a specific focus on program multiplier, customer multiplier and market multiplier. (14)
- Q3. Identify a fading brand. What suggestions can you offer to revitalize its brand equity. Which strategies would you see to work better? (14)
- Q4. Discuss the importance of brand building in Insurance Industry. What should be the insurance company's approach for building brand image and what points should it consider before starting the exercise. (14)
- Q5. Read the given case and answer the following questions. (14)

CASE OF "MAGGI"

Nestle, which world knows as cautious & conservatory company is a Swiss originated 140 yrs old multinational. The man at the helm is Swiss national Carlo Donati, an all inspiration and image of the company. His philosophy is 'bottom line dictating top line' based on delegation and decentralization.

The Indian operated wing of the company is 90 year old Nestle India, which is Rs 1940 cr worth today. The product mix of Nestle India consists of milk products and baby products (42.5%). Beverages (29.3%), Processed foods (14.4%) Chocolate & confectionary (13.8%). Nestle India plans to expand business into similar and diversified product categories. The management wants to leverage all the hard work done to establish a particular brand by extending the brand in some other areas, where it sees an opportunity to make further money.

In other words, to derive the maximum benefit from having established the brand Nestle did exactly, what it wanted with one of their brands- *Maggi*

Background

Maggi as a brand is globally known in the product category of soup cubes. Nestle decided to introduce *Maggi* brand in India in the same product category. This soup was initially test marketed in 1974 in Kerala. The response was not encouraging. Having then realized that the dietary habits of Keralites are not conducive to the idea of drinking soup, test marketing of the brand extended to Goa with the idea that Goan food habits have some similarity with western habits. Fortunately for the company, the test turned out to be positive and *Maggi* became an accepted brand in India.

Maggi Noodles- Brand Extension

As the *Maggi* brand is successfully Indianised, the company started looking at other opportunities to make use of the brand for other new products. Nestle, like many other companies looked at the snacks market in the early 80's.

Traditionally Indians are very fond of 'Samosas' and 'Kachories' along with their tea and coffee. Nestle looked at this market in a different way. They thought of what may be termed niche marketing – Children's' snacks. They found opportunities in two different ways.

- No product or brand is specially addressed to this segment.
- This is a need school returning children.

Nestle launched its noodles product with extended brand name of *Maggi* in 1983. The company positioned the product as "*fast to cook*" and "*good to eat*" noodles. It followed the golden rule of brand building. Thought of the brand's promotional campaign, Nestle stuck to its original message. It is popularly identified in the market as a "*2-minute noodle*".

With volume sales increasing every year the *Maggi* brand emerged as successful and the most favoured brand in Indian snack market. However because of company's penetration pricing, it didn't make money in the beginning. Gradually with the change in its pricing strategy and volumes, the company now is expecting good margins

***Maggi* ketchup & sauces – Brand extension**

With the success of 2-minute noodles *Maggi* brand was very well established in Indian market with enhanced brand equity. Nestle was seriously working on brand extension to leverage brand success in some potential product categories. The company finally decided to enter the ketchup market with the brand *Maggi*. Finally in 1985 when *Maggi* noodles had reached 4000 tonnes business, they ensured the establishment of the brand *Maggi* and launched their *Maggi* ketchup. Market leader *Kissan* was selling its ketchup in 500 gm. Nestle decided upon 400gm bottle to give the consumer a 'price-point' advantage. The company launched its product all over India. The main focusing aspect of their advertisement was 'what ketchup does to your food – tasty and more palatable. It was a very clever move which paved way for subsequent variants such as

- Tomato Chilli
- Masala Chilli
- Chilli garlic

These additions made a point of difference against competitor's Tomato Ketchup. Their main positioning message is '*Enjoy the difference*'. With the successful extension of brand and right positioning, Nestle emerged as market leader in ketchup segment by 1999.

- (a) Nestle found that ice cream and biscuits are potential segment to enter. Suggest the company whether they can use the brand "*Maggi*" for these two product categories. If so suggest market strategies and programmes required for the success of brand extension
- (b) Suggest brand equity strategies to enhance brand equity of *Maggi* in the present competitive market.

X = X ⇒ X

(3)