

FAILURE OF BRANDING

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INTRODUCTION

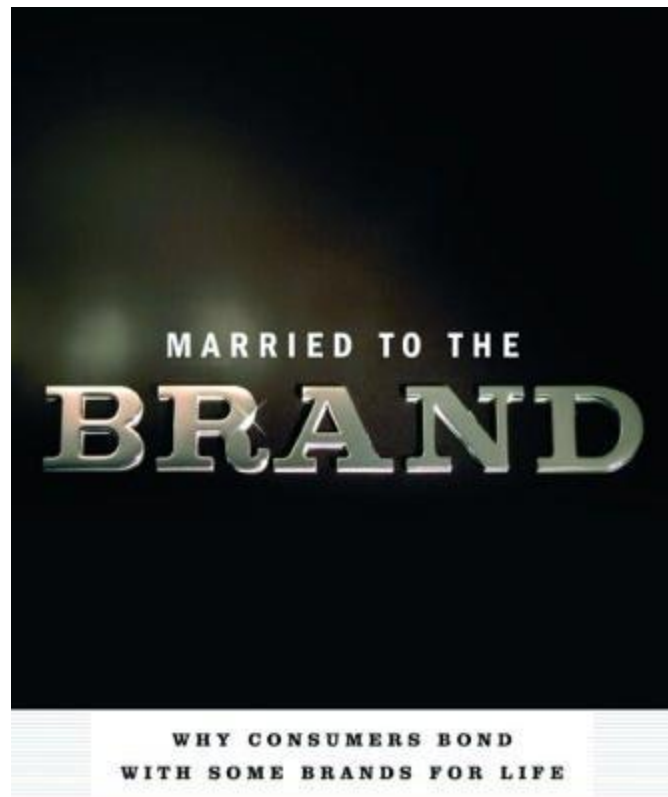
There is nothing more powerful than an idea whose time has come- the famous statement by Victor Hugo has been quoted to death in literature in the years bygone. This fact however, does not in any way, dilute the sentiment and logic behind it. One might ask, how this quote is relevant when we look at the present topic under discussion, that of successful branding of commodities the world over, and in India in particular.

BACKGROUND

Branding as a marketing strategy has seen a significant increase in interest in recent years due to a variety of factors.

The increase in competition in just about every product category coupled with the ability for most consumers to quickly and easily seek out and compare all competing offerings via the Internet has put a great deal of pressure on brands to strengthen their positions and continually seek ways to deliver greater value to customers.

Companies are now fully realizing the importance of creating strong brands that provide real customer benefits so they can avoid the vicious practice of continual



price slashing and cost reduction due to the downward pressure that exists in commodity markets. They're discovering

that it is desirable to compete on more than just price and volume.

We read in our marketing textbooks about branding commodities. We read about different players in different markets, who to achieve more and more profits, sought to differentiate their offerings by various means.

The differentiation was brought about in many ways:-

- Differences in quality or design among output (product)
- Ignorance of buyers regarding the essential characteristics and qualities of goods they are purchasing
- Pervasive sales promotion activities of sellers and, in particular, advertising
- Possibility of developing significant product differentiation through advertising is greatly enhanced for so called “gift goods” or “prestige goods”
- Differentiation in the locations of sellers of the same good where the product fills no technical function but rather can satisfy many different
- sort of personal needs or uses (psychological or physical).

Now the question we ask here is; have companies succeeded in creating brands merely by following these and various other tenets that have been prescribed? If a firm today wants to go about creating a brand in the commodity it trades in, will it be successful irrespective of the location, culture and level of social development? The answer obviously, is a big NO.

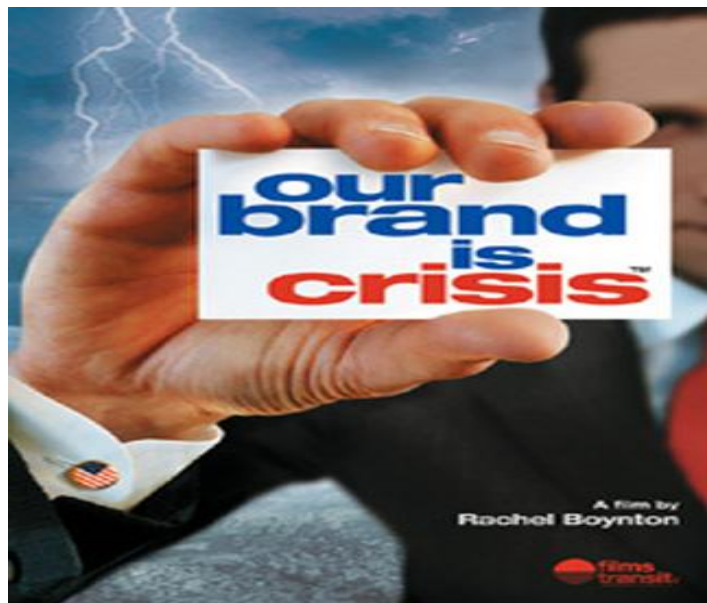
Why then, will companies not succeed in creating brands whenever, wherever they wish to? The textbooks tell us what they need to do, to make a brand. What do the firms lack precisely (other than faulty implementation of basics, of course.) that they are unable to brand commodities successfully everywhere?

This article will try and offer some possible answers as to why these things happen. But before that, we need to elaborate on (a concept,) the concept of “IK”.

THE CONCEPT OF IK (INDIGENOUS KNOWLEDGE)

The relationship between knowledge and growth is supported by various theories of economic growth. Knowledge, along with income and other relevant values, deserves to be addressed as capability of the region. Knowledge, codified or not, unique to a region belongs to the capability set. This knowledge is called local knowledge or Indigenous Knowledge (IK). Some of the views identify

indigenous knowledge as local ones (Warren 1991, IIRR 1996, Grenier 1998). Grenier's definition seems to be more appropriate to our context:



"(Indigenous Knowledge) is the unique, traditional, local knowledge existing within and developed around the specific conditions of women and men indigenous to a particular geographic area." (Grenier, 1998)

International Institute of Rural Reconstruction (IIRR), dispelling the misconceptions of IK being

specific to tribal, points out the following:

"The knowledge that people in given community have developed over time, and continue to develop indigenous knowledge is not confined to tribal groups or the original inhabitants of an area. It is not even confined to rural people. Rather, any community

possesses indigenous knowledge - rural and urban, settled and nomadic, original inhabitants and migrants. Other names for indigenous knowledge (or closely related

concepts) are 'local knowledge', 'indigenous technical knowledge' and 'traditional knowledge' " (IIRR, 1996).

Armed with this information, let us go ahead, and define a commodity.

Definition of commodity- Commodity is a term that is often used loosely -- to denote both markets with very intense

price pressures and the strategies employed by companies competing on the basis of low cost/low price.

We use "commodity" to refer to a specific group of products and markets – lower levels of (lowly) differentiated products or services with high levels of substitutability and straightforward price discovery.

THE “CLASSIC” MISTAKES IN BRANDING COMMODITIES

We see how often new brands, which were very popular in the west, failed (fail) when introduced in India. This possibly is the effect of how much of commodity branding is done by foreign origin companies. They don't exactly understand how the Indian psyche functions. Ads and marketing campaigns are often just translated. It is probably assumed that what western consumers see as “value” or points –of –differences are seen as the same by Indian consumer too.

Therefore these, just are “classic” mistakes that companies do while trying to enter the Indian market. We are not concerned about these. The question that we are trying to answer here is – even if a company does everything right, why will still it sometimes fail to create a brand out of a commodity?

An often propounded reason for this is that maybe consumers ‘allow’ and accept firms trying to brand and charge a premium for manufactured good/services. They however, in India at least, do not accept and subconsciously reject the idea of firms or an individual selling them at a higher price, what nature gives to us free of cost, and so abundantly.

This can be rectified by companies , of course, as has been done in the case of coconut oil etc, where a successful branding of commodity has been carried out by introducing brands like parachute, hair n care and many more.

Now the question naturally arises; If hair oil can be branded so successfully, why not indigenous shampoos? Why do sugar n rice continue to pose problems when companies try to brand them? –where does the answer lie?

NEW PARADIGM

We therefore pose an interesting hypothesis which might offer a solution to this dilemma. We say- consumers subconsciously reject any branded goods that interfere with their traditional IK. This IK is not constant over time. Rather, societies gain or lose this knowledge with the passage of time, with changing

demographics, changing lifestyles and changing cultures (what we call Americanization).

When a brand does not infringe on their "IK", they accept it. Now since we say that the "IK" is not constant, a commodity which is not successfully branded today might be done so in the future. And again, the brands in some commodities which we take for granted today, might have had problems with branding in the past in the same market, inspite of the parent company getting all the "basics" right.

So let us further elaborate on this concept. Take soap for example. Not so long ago, soap making at home was a common activity. People did not buy branded soap as they had time to spare for making it, and they attached enough importance to this activity to spend resources on it. With time, with the evolution of society, as less and less time was available for leisure and more and more time was required for other activities, soap making became just a nuisance. Why spend so much time on something which could be bought over

the counter and used instantaneously? Enter branded soaps, exit traditional soaps. Now if we look closely at what happened, we see that IK (soap making in this case) was lost gradually over time,

and soap, which could not have been branded and sold so easily in the market earlier, was sold exclusively by "brands".

Take another example. Branded Pickles today are popular in the market with different companies offering many types of pickles. Now let us just try and envision selling of branded pickle on this scale 30 or 40 years ago. At that time, pickle making was an integral part of a housewife's duties. She could not have dreamt of buying pickle from the market for her family. This was an art, which was handed over from generation to generation by the elders in the family. This was IK.

With passage of time, and the advent of nuclear families, two income families etc, no one had the time to make pickles anymore as it was just so much more convenient to buy them from the market. Therefore, Enter branded pickles. Exit homemade pickles.

Now no one denies that the art of making home made pickles is still alive and kicking, but it definitely has lost out in some degree to branded pickles. The branded pickle makers therefore, target primarily those families which have lost this "IK", for any reason whatsoever and ensure the success of their brand of pickle.

Now all this leads to an interesting phenomenon us to an interesting thought that maybe in every market, in every geographical region the world over, there is a time when one cannot brand a particular commodity, whatever strategies /tactics one might employ. In other words, If the time for branding that commodity in that particular market has not come, if the consumers have not lost their perceived “IK” , then the commodity will not be able get branded successfully.

Only when that society matures, progresses, and loses that “IK” or the importance attached to it, will the branding be successful.

POSSIBLE ARGUMENTS AGAINST THE NEW THEORY

An obvious argument against this line of reasoning may be given by citing the example of salt in India. It can be said that it is a commodity, and no one ever made salt at home! Why then, has salt branding been successful?

The answer to this paradox lies in the simple fact that the hypothesis propounded above never disagrees with the classic theories of branding commodities. It never says that commodities will be branded successfully/unsuccessfully only if they

satisfy this criterion of “IK”. The companies trying to brand commodities have to obviously look at all the primary factors which influence successful branding, like providing points of difference and added value.

When salt is successfully branded, we see that companies add iodine to it, thus adding value of course, but never infringing on IK. Because As we see, iodized salt was never made in India, at home, before this. So consumers accepted it as being something new, novel, and a “value added product”.

We can take the example of branded sugar in India also, if we try to poke holes in this “IK” concept. We see that companies which tried to brand sugar are now increasingly, giving up on this idea and returning to the commoditization of sugar. This phenomenon obviously cannot be explained by the “IK” theory, as no one ever made sugar in their home. But that is the whole point, that the ‘IK” theory never claims that it is the only factor that influences successful branding. It is merely one additional factor that has to be considered. In this light, we then see that branded sugar has not caught on because consumers simply do not see any added value of branding by companies,

which as we said, is one of the primary factors affecting commodity branding.

What we have to do is add this additional factor (IK) when analyzing why consumers reject the concept of branding a commodity at a given time, in a given market.

All this might explain why we see so many commodities being branded successfully in western markets. For this, we see that they lost their “IK” a long time ago as their societies developed much earlier.

Therefore, when a company which branded a commodity it successfully in western markets enters the Indian markets and tries to brand that particular commodity here again, it might find that it is failing miserably. And in that case, it will just have to wait for some years before reentering the market and hope that the consumers will accept the brand this time round.

CONCLUSION

We see that maybe the concept of fast lifestyles and demand for convenience merge with the concept of blurring “IK” and enable branding. The lesson for companies the world over trying to enter new markets and brand commodities might very well be that before

introducing a brand, in addition to checking all the basics about the added value and perceived “points-of - differences” of a branded commodity, they should also check out whether the society as a whole in that target market has lost its “IK” about that particular commodity or not. If it has, well and Good. But if it has not, then either chucks the idea of branding, or take steps to change the outlook of the whole society towards that particular good. This might prove to be too daunting a task, even for companies with huge financial muscle.

COMMENTS

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