PGDM RM; 2021~23
Product & Brand Management
Subject Code RM - 407

Trimester – IV, End-Term Examination: September ~2022

Roll No: ____________

Time allowed: 2 Hrs

Total Pages: 6

Max Marks: 40

Instruction: Students are required to write Roll No on the cover page of the Answer Sheet. All other instructions on the question paper / Admit card should be followed meticulously.

Sections	No. of Questions to attempt	Marks	Total Marks
A	Attempt any one choice in each of the question. Each Question Carries 5 Marks.	5*4	20
B	Compulsory Case Study. Answer all Questions.	5*2 10*1	20
		TOTAL MARKS	**40**

SECTION A

A.1 .a. The vast array of products that consumers buy can be classified on the basis of shopping habits and are broken down into four main areas. List these four main classifications of consumer goods and explain what elements are included within, with relevant examples of consumer goods. (**CO**→1)

OR

A.1.b.A manufacturer is contemplating introducing a product that is inferior to its competition in its performance, design, and functionality. However, the manufacturer believes that "good brand marketing" can overcome these shortfalls. Why is this thinking incorrect? (**CO**→1)

A.2.a.Briefly describes the different types of pricing objectives. You must take one example of any consumer good (e.g. Refrigerator) manufactured by different companies however pricing objective could be different. Name of company can be hypothetical such as Company A, B, C and so on.(**CO**→2)

OR

A.2.b. What are different types of price discounts and allowances? Explain the same with any one example of durable/non-durable goods.(**CO**→2)

A.3.a. With the help of an example of any one of the following Brand, explain straddle positioning? (**CO**→3)

a. Sub-Way
b. Star-Bucks
c. Mc-Donald's

OR

A.3.b. Explain three variables a firm should consider when analyzing potential threats posed by competitors.(**CO**→3)

A.4.a. What valuable functions can brands perform for a firm? Explain the same by using anyone of the following Brand:(**CO**→4)

1. LG
2. Star-Bucks
3. Nivea

OR

A.4.b. The creation of significant brand equity involves reaching the top or pinnacle of the brand pyramid. What are the six components of the brand resonance pyramid? (**CO**→4)

SECTION B

CASE STUDY

INTRODUCTION

In 2004, Dabur India Limited (Dabur) 2, was ranked at number four in terms of sales among the Fast Moving Consumer Goods (FMCG) companies in India. The company had interests in hair care, health care, oral care and foods as well. Though its spread into various segments ensured that the company’s bottom-line improved over the years,

Dabur‟s positioning was not clear. In the early 2000s, the company went in for a restructuring which included aligning Dabur‟s brand architecture with Dabur‟s brand equity; pruning products that did not align with the brand architecture and launching new products. The company focused on improving its sales revenue from southern India, which contributed only 8 percent of the company‟s total revenue in 2003. At this time, Dabur identified its ayurvedic platform as a driver of future growth and got its business units better aligned. Moving away from using Dabur as an umbrella brand, the company shifted to individual branding and came out with a new logo.

The company tried to bring to its consumers its Ayurvedic legacy with a contemporary feel. All these changes improved the financial performance of the company in 2004 as compared to 2003.

THE RESTRUCTURING EXERCISE

Though Dabur diversified into number of areas, the image of Dabur was that of an Ayurvedic company. In the public perception, Dabur products were associated with the 35-plus age group. With almost seventy percent of India‟s population below 35, it appeared that Dabur would be missing out on this mass market, which also had high disposable income.

In the early 2000s, the company tried to reorient its image from being a manufacturer of ayurvedic medicines to that of an FMCG company. Additionally, the company was pruning its low contribution brands and refocusing on its key brands in family and healthcare products.

When the company experienced a downturn in sales and profits in 2001-02, and there were indications of slowing growth for the company in 2002-03, it hired Accenture, a consulting firm to recommend changes in the company‟s marketing systems and processes. Sameer Duggal, Director - Sales and Marketing, Dabur said, “Such an initiative is in line with Dabur‟s philosophy of constant improvement and is a part of the larger changes to make its approach more professional.

Dabur‟s internal assessments found that consumers perceived Dabur as an herbal specialist and revealed that Dabur‟s reputation in this field was substantial - across small towns as well as in big cities. In 2003, the size of the global herbal FMCG market was estimated at $40 billion and was considered to be the fastest growing product category within FMCGs. Herbal products can encompass a wide area of the FMCG sector, from personal care to health-care products and were being increasingly patronized by the youth.

Aligning the Brand Architecture

Dabur was looking for growth drivers which could leverage the herbal brand equity of the company. In order to achieve the targeted sales of Rs 20 billion by 2006, the company identified personal and healthcare products as growth drivers. But there were gaps in Dabur‟s product range. Its skin care range was growing very slowly, and its products in this segment like Gulabari (rose water), did not hold a strong appeal for the youth. Dabur was a marginal player in the oral care market as it had no presence in the toothpaste market. The company needed to fill these gaps with new products Prior to new product development, Dabur realigned its brand architecture. “Our first priority was to get our brand strategy right,” said P D Narang (Narang), Director, Dabur. The company decided to change its umbrella branding strategy and reassigned all its FMCG products to its five power brands - *Dabur*, *Vatika, Anmol, Real* and *Hajmola*. “Realizing that one brand cannot straddle so many categories we decided to adopt a key brand strategy,” said Duggal.

Dabur became the umbrella brand for all healthcare products such as Chyawanprash and honey, while *Vatika* became the herbal beauty brand with a slightly up market image. *Anmol* was offered to the value-for-money segment of the personal care market. *Real* became the master brand for foods, while *Hajmola* represented digestives. The strategy was to restrict Dabur to healthcare items, and gradually distance it from other product categories. “In the next two years, we plan to establish these five brands as stand-alone entities with clear roles and functions,” said Duggal. Dabur found that its oral care brand, Binaca was non-core to its business; hence, after valuing Binaca for a floor price of Rs 200 million, the company decided to sell the brand and appointed Price Waterhouse Coopers to look for a buyer. Dabur had bought the Binaca brand from Reckitt Colmanin 1996 and revived it in 2001 to make an entry to the white toothpowder category. But in the restructuring that followed soon, the company decided to focus on brands which had a herbal connection, and Binaca did not fit in to its herbal strategy. The company was not able to find a buyer at a suitable price.

Dabur‟s earlier logo of banyan tree conveyed the message of healthy life. The image of Dabur invoked different things to different people as Dabur operated at three distinct levels: the corporate brand, the mother brand for a range of products, and also percolated to individual product names. As the company realized the need for congruence between Dabur‟s brand equity and the brand architecture, the company went in for a change in its logo. The company decided to follow-up the logo change initiative with a complete redesign in packaging for Dabur products.

Getting the 4Ps Right

In 2004, Dabur launched a new range in juices called Coolers which included traditional

Preparations like Aam Ka Panna (a green mango drink), along with others like pomegranate and water melon juice. “Consumers perceive this as the next best thing to having a fresh fruit. Convenience is no longer the selling point, the naturalness is,” said Sanjay Sharma , Head of marketing, Dabur Foods.Dabur also planned to launch a jamun variant in 2005. Dabur had 55 per cent market share in the packaged fruit juice market in 2003-04 and wanted to launch more Indian fruit flavors, as well as combinations of fruit and vegetable juices. Coolers was 15 per cent cheaper than its packaged fruit juice-Real, because of its lower pulp content. A one-litre bottle of a Cooler was priced at Rs 50.

Hommade brand In 2003, Dabur launched tomato soup which was priced at Rs 16 for a 200 gm pack in the soup market, where Nestle‟s Maggi, Hindustan Lever‟s Knorr Annapurna, MTR Foods and Amul were the major players.

Dabur planned to develop the oral care market as 30 percent of the population in India did not use toothpowder or toothpaste, but relied on neem or ash. Dabur anticipated that this consumer segment would gradually switch to toothpowder and then to toothpaste. Dabur Lal Dant Manjan and Dabur Red Toothpaste had been targeted at this segment. The company extended the Dabur Red Toothpaste brand to gel toothpaste and in early 2005, it acquired the Mumbai-based company Balsara Hygiene and Home Products .This gave Dabur access to Balsara's oral care products like Babool, Meswak and Promise. “The Babool and Meswak toothpaste brands will be a good strategic fit for Dabur as they, too, are positioned as herbal products,” said Duggal. The acquisition pushed Dabur's market share in the Rs. 19 billion toothpaste market, up to nearly 8 per cent from a low of 1.8 per cent, in a segment dominated by Hindustan Lever and Colgate Palmolive.

To increase demand for its products, Dabur engaged in selective price reduction and introduction of smaller packs at the Rs 5 price point in the personal care segment. These included its baby massage oil, toothpaste, shampoo and hair oil. In 2004, Dabur slashed the price of its Vatika shampoo by 20 percent. “The decision to cut prices was carefully planned, taking into account the competitive landscape, product costing and our own brand strategy,” said Duggal.In 2004, the company also launched one-rupee sachets of Vatika shampoo in order to double volumes in the rural markets.

Need not to mention by Dabur also signed Brand Ambassadors and Celebrities including Amitabh Bachan ,Shilpa Shetty to promote and make newly born Brand/s a success story in India.

OUTLOOK

Dabur‟s repositioning exercise seemed to have achieved some success with a perceptible increase in sales and net profit margin of the company in 2004 onwards. Nikhil Vora, Vice President, Research, SSKI Securities commented, “What the company had done is pretty positive and credible; it continues to innovate and renovate. However, the company needs to keep the growth momentum in the categories in which it leads like Chyawanprash, honey and herbal digestives.

Following Profit & Loss Statement tells it all for total turnaround of company performance; FY21~22 ; Dabur for the first time crossed annual turnover of INR 10,000 Crores with PAT of INR 1,744 Crores.

Annual (INR-Crores)	Mar-22	Mar-21	Mar-20	Mar-19	Mar-18
Sales	10,888	9,546	8,684	8,514	7,721
Other Income	393	325	305	296	305
Total Income	11,281	9,871	8,989	8,811	8,027
Total Expenditure	8,972	7,784	7,212	7,027	6,281
EBIT	2,309	2,087	1,777	1,783	1,745
Interest	38	30	49	59	53
Tax	526	361	279	278	335
Net Profit	1,744	1,695	1,447	1,445	1,357

Questions

B.1 Analyze the reasons that impelled Dabur to refine its Ayurvedic image to that of a herbal FMCG Company**? (5 Marks), (CO →2 &4)**

B.2 What were the action plans Dabur undertook as part of its restructuring? How did they help close the chinks in its marketing armor? **(10 Marks) , (CO→3)**

B.3 Comment on Growth Strategies adopted by Dabur. **(5 Marks), (CO →4)**

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