

Consumer perception towards rebranding a study of videocon marketing essay



Many brands and companies are constantly reinvigorating their businesses and positioning them for growth. There is a constant need to innovate, reinvigorate, update, recalibrate, or just simply fend off the competition in an effort to better explain “ why buy me.”

Brand positioning creates a specific place in the market for the brand and product offerings. It reaches a certain type of consumers and delivers benefits that meet the needs of several key target groups and users.

The actual approach of a company or brand’s positioning in the marketplace depends on how it communicates the benefits and product attributes to consumers and users. As a result, the brand positioning of a company and/or product seeks to further distance itself from competitors based on a host of items, but most notably on five key issues: Price, Quality, Product Attributes, Distribution, and Usage Occasions.

In recent times, consumerism has undergone a change. Consumers today are well informed about the products, as compared to earlier times. Hence, the marketplace has become customer centric. Recognizing the importance of the customers in the business structure, companies have started effecting brand repositioning exercises on a regular basis.

In the recent times, a major brand rebranding exercise has been planned by Videocon in order to

The main objective of the study is to study the perception of consumer towards rebranding done in videocon.

Primary and secondary sources of data have been made use of in the study. The first part of the project i. e. analysis of rebranding strategies of Videocon has been completed on the basis of secondary data. For this purpose, internet, journals, books, magazines and so on have been made use of.

The second part of the project comprises of conducting a survey with the help of questionnaire. The survey is proposed to be conducted on a sample of 50 consumers, selected through convenience sampling technique. The questionnaire consists of appropriate mix of open ended and closed ended questions. The data is presented using pie charts and bar diagrams.

The conclusion part of the report would provide an insight of consumer awareness regarding Videocon rebranding strategies and their effectiveness in revamping the brand, Videocon.

INTRODUCTION

When facing many rapid changes and challenges in consumer durable market nowadays, marketers attempt to develop new branding strategies to create more brand values which are hard to be imitated by competitors.

Rebranding strategy has become a usual practice for marketers to achieve such goals. By changing visual brand elements like color and logo, marketers aim to create new brand associations and induce customers' purchase intentions. However outcomes varied between different consumer durable brands. Some brands are successful in delivering new brand images to their customers, while others fail to impress, or be accepted by their loyal customers with such changes.

Rebranding is the process by which a product or service developed with one brand, company or product line affiliation is marketed or distributed with a different identity. This may involve radical changes to the brand's logo, brand name, image, marketing strategy, and advertising themes. These changes are typically aimed at the repositioning of the brand/company, usually in an attempt to distance itself from certain negative connotations of the previous branding.

Rebranding is a very common now days in India. Every MNC is doing a rebranding of their products. Rebranding helps the company in, corporate restructuring, union busting, or bankruptcy. Rebranding can be applied to new products, mature products, or even products still in development. The process can occur intentionally through a deliberate change in strategy or occur unintentionally from unplanned, emergent situations.

According to Godrej, demographically the Indian consumers are youngest in the world as half of the country's population is below the age of 25. If the rebranding helps to increase the sales and market of the company, it had to spruce up its youth appeal. Indian consumer now has a more demanding and youthful mindset. This genesis in thinking led to adoption of the vibrant colors, yet maintaining the brand's virtues. Likewise, Durables major Videocon has undergone rebranding and shed its solid steel 'V' for a more fluid, lava like 'V', coupled with a new proposition – 'Experience change'. The vision of the group – a reflection of continuity and change is captured point-on by the new refreshing logo and rebranding.

Repositioning a company involves more than a marketing challenge. It involves making hard decisions about how a market is shifting and how a firm's competitors will react. Often these decisions must be made without the benefit of sufficient information, simply because the definition of "volatility" is that change becomes difficult or impossible to predict.

Rebranding is intended to bestow fresh and unique identity to the brand and it may involve changes ranging from the changing brand logo to changing entire positioning strategy of the brand in order to keep up with the dynamic market place to fight with competitors. Although rebranding is not new for Indian market, recent cases of rebranding of various firms like Videocon, Godrej, Bank of Baroda, Indian Airlines (now Indian), Hindustan Lever Ltd (now Hindustan Unilever Ltd. etc.) are stating that rebranding can be considered to be life blood for the organizations.

Rebranding can be characterized by the creation of a new name, term, symbol, design or a combination of them for an established brand with an intention to develop and hold a differentiated and novel position in the mind of customers and other stakeholders. The 7 rebranding exercise can be either deliberate (e. g., gradual change) or obligatory result from organizational restructuring (e. g., merger, acquisition, change in management, legal mandate etc.). When successful, branding campaigns have the ability to create a distinct mental and emotional atmosphere for potential customers and clients, helping to increase sales and create customer loyalty over time. But as with most pursuits, not every branding effort is able to be proclaimed a success. In fact, some branding campaigns may turn out to be complete failures, while others may miss their mark only

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slightly, and still others might have enjoyed an initial success only to find a significant drop-off in efficacy after a given period of time. Re-branding is specifically indicated for such situations, and attempts to save brands from the perils of an unsuccessful campaign while still making use of any positive accomplishments realized over the course of the initial effort. Though some brands may completely re-invent themselves with total changes in every element from name to product line, a number of companies simply consult with a branding firm to make important and necessary changes that can steer a brand towards the right path.

Re-branding campaigns usually take a critical look at the target demographic of a given company and its range of products or services. Research into how, if at all, this demographic has changed, and how the branding image should adapt in answer, is a vital component of this effort, and ensuring that the message delivered by a brand is right for its audience is key in establishing the best re-branding campaign possible. Through a re-invention of marketing materials and ideas, often based upon the core structure and basic set of elements originally used, re-branding can help a business retain its popularity while changing its public face, resulting in an entirely new branding direction that doesn't have to start from nothing all over again.

REBRANDING STRATEGIES

Rebranding strategies and rebranding initiatives are appropriate and needed when the company or brand already has strong, relevant underlying differentiation, is currently doing everything right, and the sole purpose of rebranding is to reflect what the company is already doing in a much more compelling, persuasive manner. In short, corporate rebranding is about <https://assignbuster.com/consumer-perception-towards-rebranding-a-study-of-videocon-marketing-essay/>

strategically polishing the apple with sharper, more differentiating positioning.

Most companies in need of rebranding suffer from generalized positioning. Usually a company doesn't want to narrow its message too much for fear of missing opportunities. Therefore, the company doesn't strongly position itself as an expert in its sweet spot. As a result, people searching for what the company does best don't recognize the company as an expert, and the company needs to fight harder to win the business it is really good at, business it should win easily every time. On the other hand, conventional wisdom is that more generalized positioning gives a company more opportunities.

REASONS FOR REBRANDING

As mentioned earlier, there can be several reasons why a brand considers re-brand itself. For some it is to fight off competition, in order to retain relevance and be contemporary. Brands are perpetually in an environment which is competitive, so to thrive well, a re-worked image is always best. For example, Videocon recently announced its new eco-friendly brand identity, keeping in mind the trend of 'going green'. The new proposition of 'Experience change' positions the company as an 'environmentally-aware' company, with its logo also under-going a change with a green coloured 'V' made of two life-like characters. Brands strive for such a placement that places them at the top-most position in the customers' mind. So, it becomes essential to keep the customer's point of view also in mind when re-branding. Alok Gupta, Director, Café Coffee Day, India shares, "Café Coffee

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Day's new brand identity has been entirely developed from its in-depth dialogue with customers, coffee lovers and stakeholders, the new change entails an all new 'smart' menu, changes in furniture design and placement, new uniforms, cutlery and total café re-branding." So, it comes as no surprise that Café Coffee Day's new logo is a squared dialogue box with Café Coffee Day written in it. National brands such as Godrej, Shoppers Stop and CEAT have also undertaken re-branding initiatives and given their logos a corporate make over. This, at times, affects the loyal customer in engaging with the brand, but brands that employ re-branding conduct large-scale initiatives for its promotion. To promote re-positioning, companies undertake world-wide marketing initiatives and promotional campaigns involving a wide range of media. This is done to change customer-perception, and to turn it in favour of the brand

INTRODUCTION OF COMPANY

Videocon is an industrial Conglomerate with interests all over the world and based in India. The Group has 17 manufacturing sites in India and plants in China, Poland, Italy, and Mexico. It is also the third largest picture tube manufacturer in the world. The Videocon group has an annual turnover of US\$ 4.1 billion, making it one of the largest consumer electronic and home appliance companies in India.

Videocon was founded in 1987 by Nandlal Madhavlal Dhoot. At that time it used to manufacture TV and Washing Machine. In 1989-90, Videocon started manufacturing Home Entertainment Systems, Electric Motors & AC. Videocon entered Refrigerators and coolers segment in 1991. In 1995, Videocon

started manufacturing Glass shells for CRT and in 1996 it ventured into Kitchen appliances and crude oil segment. In 1998, Videocon started manufacturing Compressors & Compressor Motors. In the year 2000, Videocon tookover Philips Color TV Plant. In 2005, Videocon tookover 3 plants of Electrolux India and acquired Thomson CPT. Today, it has evolved into a giant conglomerate with annual revenues of over U\$4. 1 billion.

PRODUTS OF VIDEOCON

Consumer Electronics & Home Appliances:

Videocon enjoys leadership position in consumer products like Colour Televisions, Washing Machines, Air Conditioners, Refrigerators, Microwave ovens and numerous other home appliances. Videocon's refrigerator manufacturing enjoys synergy with its inhouse compressor manufacturing technology in Bangalore.

Display industry and its components:

After the acquisition of Thomson in 2005, Videocon has emerged as one of the largest Colour Picture tube manufacturers in the world. It has plants in Mexico, Italy, Poland and China and manufactures a range of high-tech products such as slim CPT, extra slim CPT and High Definition 16: 9 format CPT.

Colour Picture Tube Glass:

Videocon is one of the largest CPT Glass manufacturers in the world. It has plants in Poland and India. Videocon's CPT Glass manufacturing complements its Colour Picture tube manufacturing business.

Oil and Gas:

Videocon Group has interests in oil & gas exploration, prospecting and intends to get into gas distribution. It produces 7% of all oil in the private sector in India. Videocon's Ravva oil field has one of the lowest operating costs in the world and it produces 50, 000 barrels of oil per day. Videocon is also actively looking for exploration and production opportunities in countries like Oman, Australia and the Timor Sea near Indonesia.

Telecommunication:

Videocon Telecommunication Ltd has licensed for mobile service operations across India. It launched its service on 7 march 2010 in Mumbai.

Mobile phones:

In November 2009 Videocon launched its new line of Mobile Phones.

PRODUCT CURRENT SCENARIO:

VIDEOCON INDUSTRIES LTD.

PRODUCT REPORT

Product Name

Year

Month

Sales Quantity

UOM

Sales Value

Product Mix

(Crores)

TV Sets, VCR, Audio And Sub-assemblies

2009

12

34137037

Numbers

5, 210. 16

55. 53

Audio & Other Electricals & Electronic Appliances

2009

12

5807763

Numbers

2, 389. 13

25. 46

Oil Crude

2009

12

452115

Metric Tonnes

968. 88

10. 32

Air Conditioners

2009

12

437662

Numbers

671. 26

7. 15

Gas Natural

2009

12

141657384

Cu Metres

93. 67

0. 99

Service Income

2009

12

0

48. 17

0. 51

CURRENT SCENARIO OF INDUSTRY

The consumer durables market in India is valued at US \$ 4. 5 billion currently. In2008, microwave ovens and air conditioners registered a growth

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of about 25%. Frost free refrigerators have registered significant growth as many urban families are replacing their old refrigerators. . Washing machines, which have always seen poor growth, have seen reasonable growth in 2006. More and more Indians are now buying electrical appliances due to change in electricity scenario. The penetration level of colour televisions (CTVs) is expected to increase 3 times by 2008.

On the brick of rapid economic growth, India has witnessed the dynamic change in country's consumer electronics industry. Today, India is fast emerging as the key driver in the global television market both as a manufacturer and consumer. In recent years, the market for televisions in India has changed rapidly from the conventional CRT technology to Flat Panel Display Televisions (FPTV).

Currently, the split between CRT and FPTV is around 97% and 3% respectively. In addition to this, one of the most striking changes sweeping across the colour television market in Indian market is the exponential growth of the flat panel television (FPTV) market, in common parlance called the liquid crystal display (LCD) and plasma televisions.

Looking at the present scenario, over the last couple of years, the LCD prices have even dropped by around 30 per cent annually. Some of the important factors that boasted this growth also include the increasing awareness of the advantages of LCD televisions, the growing availability of the product across dealer counters and the Finance schemes in the market. Besides this, as a manufacturing hub, the television industry is improving more and more.

There are many domestic and MNC companies that have increased their

production bases in the country. Easy availability of low-cost skilled labour and the emergence of SEZs, which are tax-free zones, are some of the key factors that have resulted in growth of these manufacturing units. In fact, encouraged by tax-breaks, new manufacturing units are coming up in less-developed regions now.

Today, India is one of the few emerging countries to have an excellent component supply base in terms of manufacturing facilities for glass and colour picture tubes, so it helps it a good choice for all those companies who are looking to take benefit of this emerging market.

KEY GROWTH INDUSTRY DRIVERS

Rising income levels and increasing affordability; fuelling consumerism and growth in demand for aspirational goods.

Change in perception of Consumer goods as 'basic necessities' as opposed to 'luxuries', largely driven by increased awareness and advertising.

Rationalizing of prices by key players, due to a conducive tariff policy by the Government.

Increasing demand for technology driven replacement of consumer goods and household appliances.

The consumption of Television from the company has risen from 17 to 20% whereas washing machines had risen to 25. 1%.

REBRANDING STRATEGIES USED BY VIDEOCON

According to the company's official website " The Videocon logo is the heart of the new brand identity . The Fluid lava reflects the brand idea, ' Experience change'. The color palette has been chosen to reflect the philosophy of Videocon Group i. e. the color green is symbolic to the company's ecology drive." It has also company's ecology drive." It has also Multinational' to ' Experience Change'. With the current portfolio of consumer electronics (TVs, DVD players and audio systems) and home appliances refrigerators, washing machines and Acs) and Videocon is also going to foray into new uncharted territories of mobile new uncharted territories of mobile services.

Durables major Videocon has done rebranding and shed its solid steel ' V' for a more fluid, lava like ' V', coupled with a new proposition - ' Experience change'. The brand, which has been in existence for more than two decades, has managed a fair share in the entry/middle product segment. It is perceived as a brand for the Indian middle class — no frills, no glamour, simple, reliable and hassle-free. This rebranding exercise is being read as cues of Videocon making forays into the premium segment.

Prior to this, the brand has banked on other propositions, such as ' Technology for health and pleasure', ' Bring Home the Leader', ' New Improved Life', ' The Indian Multinational', ' Whatever role life gives you, play it big', as well as the most recent one, ' Eco Logic for sustainable life'.

Conceived by Interbrand, Singapore, the new ' V' is composed of two animated green, lava-like shapes called Chouw and Mouw, both of which

have distinct identities. Chow and Mouw are 'live' characters that will be employed to tell simple stories, each depicting a positive dimension of Videocon's new tagline, 'Experience Change'. Both have certain personality traits, based on their physical attributes. The bigger one, Chow, is slow but earnest; strong and silent; he is patient, good natured, kind, and maybe a little romantic too. The smaller one, Mouw, is quick witted, energetic bordering on restless, curious, and funny.

From a marketer's perspective, it is important to understand whether these Revitalization change amount to brand revitalization strategy or is it merely brand strategy or is it merely brand suggests, is to maintain consistency of suggests, is to maintain consistency.

But it may involve many tactical changes necessary to maintain the strategic thrust and direction of the brand. In the case of Videocon's brand it is indeed a revitalization strategy and can indeed a revitalization strategy and can be understood from Brand Revitalization Model as explained below. The strategic direction adopted by Videocon with this brand makeover has been highlighted in green

The rebranding exercise has been successful on the front that it is:

Fresh and relevant – It is a campaign that has a whiff of fresh air and also projects a brand identity that people can relate to easily.

Well Launched – The decision to launch the campaign at the IIFA 2009 was a masterstroke since it guarantees eyeballs and also combine its punchline with IIFA's green pledge.

Vibrant- The green color for the “ V” logo is Vibrant, appealing and also provides continuity from its earlier green products platform.

LITERATURE REVIEW

BRAND

Brands and the new marketing paradigm Brands are names, terms, symbols and designs that identify the goods or services of a seller in ways that differentiate them from those of competitors (Kotler, 1991), and a firm’s brand images are a lens by which stakeholders evaluate organizational performance (Polonsky and Jevons, 2006) Organizations attempt to imbue products and services with benefits that consumers value as research shows that consumers choose brands on the basis of perceptions of fit between their functional and emotional needs and the economic and symbolic benefits that brands offer (King and Grace, 2004). Effective brands facilitate the achievement of a range of marketing aims that include brand loyalty, brand based price premiums, successful product launches, facilitation of consumer decision making and the reduction of consumer risk (Aurand et al., 2005).

REBRANDING

The word “ rebrand” is a neologism, which is made up of two well-defined terms: re and brand. Re is the prefix to ordinary verbs of action sometimes meaning “ again” or “ anew”, implying that the action is done a second time. A traditional definition of a brand proposed by the American Marketing Association is “ a name, term, symbol, design or a combination of them intended to identify goods or services of one seller or a group of sellers and

to differentiate them from those of competitors”. This definition focuses on the firm’s input activity of differentiating by means of name and visual identity devices (de Chernatony and Dall’Olmo Riley, 1998). Although limiting, it corresponds to the rebranding process as described in the business press.

There are extensive discussions on rebranding in different forms and natures in the literature. Keller (1999) describes rebranding strategies as parts of repositioning without destroying existing brand loyalty. Daly and Moloney (2004) suggest rebranding can be viewed as a continuum which refers to three change categories with respective change formats – Minor Changes (Aesthetics), Intermediate Changes (Reposition) and Complete Change (Rebranding). Besides, Stuart and Muzellec (2004) state that rebranding can be achieved with the changes of brand identity, which can be categorized into three main types: Name, logo and slogan changes. In contrast, Muzellec and Lambkin (2006) believe that both changes of marketing aesthetics and repositioning can be rebranding approaches. They suggest that minor and intermediate changes on logos and slogans can be classified as evolutionary rebranding; whereas complete changes symbolized by creating new names can be described as revolutionary rebranding. Andrews and Kim (2007) maintain that rebranding always involves some changes in the existing perceptions among customers and also firm position in the market. For instance, when marketers implement rebranding for an established brand, new name, term, symbol, design or other visual identity devices may create a novel position and image to both internal organization and external market (Muzellec and Lambkin, 2006; de Chernatony and Riley, 1998). In fact,

rebranding can be a very risky and challenging strategy that may cause serious damage to brand loyalty and brand equity (Ellwood, 2006; Gotsi and Andriopoulos, 2007; Hatch and Schultz, 2003). Customers may not appreciate such changes of the brands and react negatively if they perceive that core brand values have disappeared after rebranding (Haig, 2003).

Despite the increase in the popularity of rebranding issues, Merrilees (2005) observes that no general framework for rebranding has been generated. As different firms have different structures and objectives, no uniform branding strategies can be employed by all firms for all products and services (Keller, 2002; LaForet & Saunders 1994). Rebranding strategies, which is one of the branding strategies, are required to be customized for different firms with their own needs; therefore it is difficult for all firms to apply a common formula of rebranding. Nevertheless, researchers and scholars attempt to describe different kinds of processes and natures of rebranding strategies and provide useful insights on the designs and implementations.

The study on, “ The story of Singapore Airlines and the Singapore Girl” states the strategic 50-year journey of Singapore Airlines (SIA) identifies the underlying factors that account for its extraordinary success and world-class stature. Both longitudinal and comparative research methodologies were employed. For the former, the approach taken was to systematically research SIA’s historical development over the entire 50years time period. SIA was studied from its very beginning and through all phases of its development to the present day. For the latter, SIA was compared with and benchmarked against other airlines. Its unique and successful

product/service differentiation strategy, epitomized by the ephemeral
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Singapore Girl, has turned out to be enduring and difficult-to-match over the past 25 years and still shows no signs of letting up. (Daniel . C, 2000)

The research on, “ Principles of corporate Rebranding” aim to highlight the importance of corporate rebranding in branding practice, which is neglected in theoretical treatment, so an extended theory is to be developed. From the literature, the existing state of the theory of corporate rebranding is articulated. That theory is extended by the development of six principles and by case research. The principles are illustrated in the case of a Canadian leather goods retailer which has implemented a major corporate rebranding strategy. The paper demonstrates the value of organizational single case studies as a precursor to further research. The case enables a more in-depth analysis of how branding principles were applied to corporate rebranding. All six principles were supported, indicating the need for maintaining core values and cultivating the brand, linking the existing brand with the revised brand, targeting new segments, getting stakeholder “ buy-in”, achieving alignment of brand elements and the importance of promotion in awareness building. Although corporate rebranding is often used narrowly in practice as renaming, this paper redresses the limited attempts to build theory in this area of marketing. It attempts to build a more sophisticated and substantial theory of corporate rebranding. (Miller. D et al, 2007).

The research paper on From McLibel to McLettuce: childhood, spin and re-branding seeks to report historical research into McDonald’s public communication strategies as the corporation responded to the rising tide of “ political consumerism” that accompanied its global market expansion (1960-2005). It reviewed the brand’s public relations strategies, through a content <https://assignbuster.com/consumer-perception-towards-rebranding-a-study-of-videocon-marketing-essay/>

analysis of news coverage, the paper analyzes the way communication strategists took account of the anxieties about youth labor practices, community relations, globalization, environment and obesity which forced the brand to acknowledge the lifestyle risks associated with children and youth. It shows McDonald's as a figurehead of US entrepreneurial multinational capitalism. It reveals how addressing public opposition through the courts can backfire on a brand strategy so keen on defending its honour. The case study also finds that listening and engaging with critics is as effective as suing them for McDonald's. The paper contributes to the historical recognition of the role that corporate communications professionals play – particularly marketing and public relations specialists – in transforming corporate practices by acknowledging consumers' growing anxieties about industrialization. (Kline et al, 2007).

The study on, “ The effects of corporate brand attributes on attitudinal and behavioral consumer loyalty” was to investigate the influence of the corporate brand on attitudinal and behavioral consumer loyalty. This paper empirically demonstrated a significant relationship between consumer-perceived corporate brand and consumer attitudinal and behavioral loyalty. The research is based on a sample of 285 consumers of an automobile manufacturer in Australia. Cronbach alpha and Structural Equation Modeling were used to establish psychometric properties of the corporate brand constructs. This paper established two groups of corporate brand attributes: corporate and marketing-level. Corporate-level dimensions included corporate activities, corporate associations, organizational values, and corporate personality. Marketing-level dimensions comprised functional,

emotional and symbolic brand benefits. The results revealed that corporate values, corporate brand personality and functional consumer benefits are the most critical and consistent predictors of both attitudinal and behavioral loyalty. Through the comprehensive measurement of the corporate brand impact on both attitudinal and behavioral loyalty, this paper offered insights for designing corporate branding strategies and generating consumer loyalty. This paper provided empirical validation of the relationship between consumer corporate brand perceptions and consumer loyalty and demonstrates that the influence of each particular corporate brand attribute may be different. (Anisimova, 2007)

The research on “ Is branding creating shareholder wealth for banks” was analyzed from a shareholder’s perspective, the link between branding and financial performance. The paper focuses, in the European context, on situations in which shareholder wealth is created or destroyed, and this is measured by using return on assets or market-to-book value as a performance benchmark. The investigation is designed as a quantitative study and is based on responses obtained from 847 listed banks including 480 located in Europe. There is an analysis of the correlation between branding and shareholder value, by means of regression analysis. Deductions are made for key variables including capital structure, ownership and capital market ratios. The regression analysis indicates that there are different strategic branding phases and there is correlation between branding and shareholder value. Each phase has its own strategic implications for shareholders, with value either being created or destroyed. (Ohnemus. L., 2009)

The research on corporate identity manifested through historical references shows how firms draw on historical references in corporate marketing. The paper seeks to analyze the logic behind such efforts from a corporate identity perspective and to propose potential risks and/or benefits of doing so. The paper aims to inspire the understanding of how references to history are used in marketing and their outcome. The paper mainly draws on literature relating to corporate marketing and the use of history in organizations. Combining these theories, and pointing at empir