

# Brand equity of maggi



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The first noticeable change in the fact that top management itself is now in the habit of paying close attention to their brands. In the beginning, brands were considered as a mere communications issue, then the sole prerogative of the marketing managers, nowadays; CEOs themselves consider brands to be their responsibility. A former CEO of Nestle, Thailand, declared: ‘ Brands can no longer be entrusted to the marketing people only’. They have thus disowned in a certain way, as they are no longer the only ones in charge of brand policy.

Nowadays, financial, accounting, technical and legal managers, and of course managing directors, are all participating in this task. The new situation has also led multi brand groups to redefine the position held by the communications managers. No longer serving the marketing departments, they now directly report to general management. This is the case at Whirlpool Europe, thanks to their new position, communications managers are now able to manage fund allocation for the creation of a new brand independently from market share constraints and from the relative power pressure exerted by the group’s various brands.

In terms of organization, companies have become aware that their structures are often too ephemeral for efficient brand management. A company must have people who ensure continuity in and respect for the brand’s intangible attributes once they have been defined. On the other hand, companies have become aware that a given brand can be linked to several different technologies. Buitoni, for instance, is a brand that sells frozen, canned and vacuum-packed foods, all produced by different companies and marketed by

different sales teams. It became necessary to create a new profession: brand management across companies.

Finally, the typical pyramid-shaped marketing structures have caused responsibilities to be diluted and managers to specialize more and more in one particular facet of the brand. That is why the Danone group has flattened its hierarchy down from four to three tiers, thus leaving a brand marketer, a brand marketing manager in charge of the brand's overall management and a marketing director in charge of coordination and, more specifically, of the 'mega-brands'.

The end of dispersal:

Apart from the brands new internal environment, the notion of brand equity means it is essential to manage the value of this equity. In doing so, the key word is 'capitalization'. Yet it seems impossible to capitalize on several brands at the same time, unless the company is a powerful multinational. Most companies therefore reduce their brand portfolios and focus only on one of several brands. As a matter, brand portfolios are often overloaded, due more to successive acquisitions than to thorough planning of what each brand needs to do, both for its consumers. This tendency is even stronger in the industrial sector, as many companies pursued their growth through buy-outs, they now have to cope with a stack of local brands, product or product-line brands and company brands, as well as with a set of problems for which they are not prepared.

Reducing the brand portfolios has a corollary effect; few brands now encompass more products. Products whose brands no longer exist must be

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allocated to existing ones. Danone, for instance, covers more than 100 product lines. It has therefore become necessary to create intermediate product line brands in order to structure Danone's overall product range, such as Taillefine for waist-conscious consumers, Charles Gervais for gourmet adults, id for children, Bio for health conscious, etc. Each product line brand has its own target market and its own positioning, and is meant to encompass several sub brands itself. At Danone, product brands are now history.

The full product range is hierarchically organized both within Danone and with the different product line brands. In order to ensure that the structure benefits Danone and does not represent a mere patchwork, each product line brand sets its own brand image objective, yet all of them share two features inherent to Danone's identity, proximity and health. In a similar way, the Nestle Company has selected a limited number of master brands, each of them acting as a source brand for a wide range of products and sub brands.

The End of new brand proliferation:

This urge to capitalize has thus put an end to the proliferation of brands and product names which has so far worked against all major groups. It is true that any product manager in charge of launching a new product is tempted to give it a name of its own, its own brand name. This is especially true in industry where the naming process is practically the only way for both the manager and the new product to gain instant recognition from all.

That is why companies registered bucket loads of brand names and for their new products, encouraged by the classical procterian ideology of the product brand. Those times are over. Not only did it prove expensive but also inefficient, most of the names remained unknown, legally defined as brands, but meaning nothing whatsoever to buyers. It would have been wiser just to retain the best know names and to break them down into umbrella brands. That is the only way to capitalize.

Having experienced the same syndrome, Nestle decided to create a brand management department in their headquarters in Vevey, Switzerland, uniquely entitled to create new brands all over the world. The results are radical, in 1991, Nestle launched nearly 101 new products worldwide, but only created five new brands. Thus 96 innovations were launched either under the umbrella or the endorsement of existing brands. For example, chocolate flavored cereals were launched under the Nesquik brand name because they serve the same purpose, to provide mothers with a means of coaxing their children into drinking milk.

In order to prevent itself being perceived as a censor and arbitrary ruler, 3M distributed worldwide and internal booklet specifying both the market conditions under which creating new brands would be authorized and the most prevalent ones under which the innovations must bear one of three name possibilities, the generic one plus the 3M brand name, its own surname within an existing product line brand. This made it possible to internalize some basic management principles. This explains why requests for new brands at 3M dropped from 244 in 1981 to 70 in 1991.

That year only four were accepted, versus 73 in 1989 and is how 3M, all brands is intrinsically global and international, hence creating local brands is now strictly forbidden. The only time the creation of a new brand can be envisaged is when a new primary need is discovered, such was the case for Post it. Creating new sub brands such as Scotch's "magic" can be done only if using the brand name (Scotch in this case) does not allow sufficient differentiation among products.

#### Building Brands with innovations:

Seen from a distance, these rules may seem to limit and restrict the creative drive. From within, though, they have proven to be the only means of renewing existing brands, enhancing both their value and their worldwide impact. Brands manage to grow only if they constantly renew themselves and if the new products end up accounting for a significant part of their turnover.

Brands demonstrate their contemporary relevance by showing their ability to market new products that satisfy new needs and meet modern expectations. Yet most of the time product managers would prefer to launch innovations under their own new brand name. This amounts to depriving existing brands of the aura modernity conveyed by new products. When naming their new instant mashed potatoes Mousline instead of Maggi, one of the corporation's mega brands, the Nestle managers tarnished the latter's image by slightly outdating it.