Empirical Conclusion from the Managerial Perception for the Various Multi-Brands Strategies and their Implementations

Hasan, Syed Akif and Subhani, Muhammad Imtiaz

Iqra University Research Centre (IURC), Iqra university Main Campus Karachi, Pakistan, Iqra University

2011

Empirical Conclusion from the Managerial Perception for the Various Multi-Brands Strategies and their Implementations

Syed Akif Hasan

Iqra University- IU, Defence View, Shaheed-e-Millat Road (Ext.)
Karachi-75500, Pakistan
Tel: (92-21) 111-264-264 (Ext. 1513); Fax: (92-21) 35894806
E-mail: drakifhasan@gmail.com

Muhammad Imtiaz Subhani

Iqra University Research Centre-IURC
Iqra University- IU, Defence View
Shaheed-e-Millat Road (Ext.) Karachi-75500, Pakistan
Tel: (92-21) 111-264-264 (Ext. 2010); Fax: (92-21) 35894806
E-mail: drsubhani@yahoo.co.uk

Kaivan Afshari

Research Scholar, Iqra University-IU
Defence View, Shaheed-e-Millat Road (Ext.)
Karachi-75500, Pakistan
Tel: (92-21) 111-264-264; Fax: (92-21) 35894806
E-mail: kaivan_a@yahoo.com

Abstract

This study enumerates the implicit conclusions (i.e. rank/ importance of multi brand strategies) which are drawn from the managerial perception for various multi-brand strategies while interrogating the impact of such conclusions on the level of implementation of stated strategies. The study concludes that the strategies which have the higher perceptual rank (importance) are not necessarily implemented the most, as the strategy in terms of obtaining more shelf space has a lower comparative rank (importance as perceived by mangers) but it has the significant and highest level of implementation, while, the strategy in terms of occupying the various market segments has an insignificant level of implementations though it has a highest score of perceived importance by managers.

Keywords: Multi-brand strategies, managerial perception, shelf-space, market segments.

1. Introduction

The purpose of this study is to glimpse the way marketing strategies helps companies in this global world while interrogating and investigating the importance of multi brand strategies which include filling the price and quality gap, satisfying customers' need in complex and diversified market, occupying the various market segments, forming a different brand image, competition with its own brand in terms of innovations, and acquiring & obtaining the greater shelf space and also this paper is an attempt to measure the impact of all outlined multi brand strategies on the various levels of implementations of these strategies. The multi brand strategies have always helped marketing

managers in improving their performance and coming up with effective marketing plans. Taking into account the present global environment uncertainty, Slater and Olson (2001) have explained uncertainty as the "dissimilarity between the amount of information necessary to execute the task and the amount of information already possessed by the organization". Thus, the managers should consider different strategies to deal with such unpredictable environment. Among various marketing strategies, managers perceive the importance of multi-brand strategy in somehow in the orthodox manner as suggested in the different books and literature of strategic marketing. Most of the multinational companies launch their brands in the categories where they already have a successful brand and intend to gain the remaining market share by fulfilling the diversified need of the customers and resulting in direct competition with the leading brands.

According to Carpenter and Golden (1997), the organizational environment are influenced by the managerial perception and actions. Other studies enlighten that the managerial perceptual processes has been independent of the environment but the environment does provide inputs into the manager's strategy making process (Anderson & Paine, 1975).

Strategies play a very vital role in company's performance. As stated by Gammoh, Voss, and Fang (2010), Strategy formations boot out companies to evaluate their strengths that could help them in deciding where to seek greater advantage.

According to Carpenter and Nakamoto (1990), relevant multi brand strategy is a guarantee to accomplish competitive advantage over the competitors. As also stated by Nowlis and Simonson (1996), many companies come up with different multi-brand strategies that consist of line extension, multiple brand, new brands or cannibalization in order to position themselves on the top of the competition. Objectively, this paper ponders over the various multi brand strategies while investigating the perceived rank/ importance of various multi brand strategies by managers and their level of implementations by the practioners.

2. Literature Review

A survey of empirical studies Segev (1987) relating to business-level strategies suggested the certain and obvious relationships among strategy, strategy making, and organizational performance but no relationship between the strategy making and the influence of middle managers while, the contemporary theory and descriptions of Floyd and Wooldridge (1992) confirmed that middle managers regularly attempt to influence strategy and often provide thrust for new initiatives.

The view of Anderson and Paine (1975) suggest that a crucial step in "matching" internal and external characteristics of the firm helps in strategy formulation. As per Miles, Snow, Meyer, and Coleman (1978), strategy formation falls clearly into the speculative development mode which contains the major body of published materials and the convention of both management sciences and bureaucratic theory. The insight of Floyd and Wooldridge (1992) suggest that all managers operating in highly uncertain/ certain environments do not necessarily perceive the same degree of uncertainty/ certainty and actions taken by the organization in response to its environment. Mintzberg (1978) noted that a critical management skill is 'reading' the settings (managerial perceptions) may matter when strategies are implemented but at times they don't matter at all. Carpenter and Golden (1997) stays with the opinion that for the manager, the appropriateness of taking specific strategic actions (implementations of multi brand strategies) become highly ambiguous when the actions/ implementations purely rely upon their perceptions.

While commenting upon multi brand strategies Nowlis and Simonson (1996) indicates that the introduction of new brands, and/or the repositioning of old brands by existing firms, is a frequently used form of non-price competition.

Gilbert and Matutes (1993); Anderson and Paine (1975) assume that product evaluation depends only on perceived or actual characteristics and price, not on the brand name with which a product get associated and the competitive context within which buyers must choose.

Anderson and Paine (1975) confirmed the role of uncertainty in creating an advantage for pioneering brands ignores perceived differences among brands other than price and quality.

New product introduction has always been a popular strategy for firms seeking growth. However, Reddy, Holak, and Bhat (1994) suggested that 30-35% of new products fail because of the risky strategy and the consumers may not accept the product.

A model developed by Reddy et al. (1994) predicts that the multi-product firm brands a new product with the established company name.

Gilbert and Matutes (1993) found that firms that closely compete prefer to specialize in products that appeal to different types of consumers, reduce their strategic interdependence. But Specialization comes at cost, and firms cannot discriminate among consumers by offering products with different characteristics. Camillus (1981) suggests that strategic considerations should rely upon the larger product line to cater the different types of consumers.

Assuming identical consumer preferences over characteristics across markets, a larger number of brands may mean that any given brand has closer perceived substitutes. The cross-elasticity of demand between brands may vary directly with the number of brands. Then if, some random variation in the relative prices of the brands inject into the market, one may observe more brand instability.

According to Nijssen (1999), today's consumers want variety and choice which has increased the opportunity for line extensions involving new flavors and sizes, but it has also made consumers harder to reach. Based on Edwin's study of brand and line extensions, the fit between the extension and brand considered important. While defining fit, Aaker and Keller (1990) suggest that substitutability, complimentarily, and manufacturability based on the level of perceived similarity between the extension and the brand's parent product. They thus focus on physical similarity.

As per Sullivan (1992), line extensions can be used, not only to keep a brand alive, but also to reinforce or extend its position. The brands should especially pay attention to the proliferation of supply and market fragmentation (Nijssen, 1999).

3. Research Methods
3.1. Description of Data and Sampling Design

To investigate the research proposition, various multi brand strategies are identified and outlined which include filling the price and quality gap, satisfying customers' need in complex and diversified market, occupying the various market segments, forming a different brand image, competition with its own brand in terms of innovations, and acquiring & obtaining the greater shelf space while the implementation of these outlined strategies are also measured for the various levels.

Personal survey technique is used to acquire the data from the 1000 brand/ marketing managers from the various industries of Pakistan.

3.2. Econometrical Technique

The data is analyzed for enumerating the ranks (i.e. perceived importance by managers) for various multi brand strategy via using the rank analysis. While to conclude the impact of empirical conclusion i.e. the ranks/ perceived importance of multi brand strategies on the level of implementations of such outlined strategies, the multiple linear regression is applied after transforming the data from categorical to scale.

4. Findings and Results
The findings of this paper count the ranks/ perceived importance of the various multi brand strategies that which multi brand strategy is ranked to which place and does their levels of implementations exist on the basis of their perceived importance. The results, as highlighted is table 1 & 2, conclude that out of outlined seven multi brand strategies, occupying the various market segments has the highest

perceptual rank (Mean Score= 4.09) but, despite of catching the attentions the most by the managers this strategy has its insignificant implementations at various levels (Beta= -0.028; at t= -0.429< 1.5). It is notable that the only strategy which is named as obtaining greater shelf space has its significant implementations at various levels (Beta= 0.184; at t= 2.762> 1.5) while it has a lower comparative rank / importance as perceived by the managers (Mean Score= 3.91).

Table 1: Empirical Conclusion from the managerial perception for Multi brands Strategy (Rank Analysis for measuring the perceptual importance of various multi brand strategy)

Multi brand Strategies	Mean Scores of managerial perception for each strategy	Rank on the basis of Mean Scores for each Strategy
Occupying the various market segments	4.09	1
Satisfying customers need in complex & diverse market	4.00	2
Obtaining greater shelf space	3.91	3
Filling the price & quality gap	3.66	4
Competition with its own brand in terms of innovations	3.47	5
Forming a different brand image	3.46	6
Pushing out the competitors	3.40	7

Table 2: Various levels of Implementations (predicted) of multi brand strategy in connection with their perceived importance (Ranks)

Various Multi Brand Strategies	Perceived importance (Ranks)	Adj-R Square (F-Stats)	Constant (T-Stats)		Implementation of various multi brand strategies at various levels	Significance of Implementation
Occupying the various market segments	1			Beta (T-Stats)	-0.028 (-0.429)	Non Significant
Satisfying customers need in complex & diverse market	2			Beta (T-Stats)	-0.061 (-0.852)	Non Significant
Obtaining greater shelf space	3	0.3500 (4.405)	4.6970 (1.247)	Beta (T-Stats)	0.184 (2.762)	Significant
Filling the price & quality gap	4			Beta (T-Stats)	-0.133 (-1.341)	Non Significant
Competition with its own brand in terms of innovations	5			Beta (T-Stats)	-0.071 (-1.125)	Non Significant
Forming a different brand image	6			Beta (T-Stats)	-0.023 (-0.413)	Non Significant
Pushing out the competitors	7			Beta (T-Stats)	-0.074 (-1.426)	Non Significant

5. Conclusion and Discussion

This paper concludes and confirms that the perceived importance of multi brand strategies does not necessarily matter to the level of implementations of those strategies in real world and practice. This paper is an eye opener for the strategist, practioners and also for the authors of various text books/ literature of strategic marketing and management that what has written in the various text books/ literature of strategic management/ marketing are not the ultimate bottom lines while concluding and implementing multi brand strategies for a brand/brands on the basis of their perceived importance, since the implementation of multi-brand strategies by the practioners are influenced by various other factors which include cross functional integration in organizational structure, the values shared by the company with its employees and the level of motivation and appreciation delivered to managers and practioners.

References

1]   Aaker, D. A., & Keller, K. L. (1990). Consumer Evaluations of Brand Extensions. *Journal of Marketing,* 54, 27–41.

2]   Anderson, C. R., & Paine, F. T. (1975). Managerial Perceptions and Strategic Behavior. *Journal of Management,* 18, 811–823.

3]   Camillus, J. C. (1981). Corporate Strategy and Executive Action: Transition Stages and Linkage Dimensions. *Journal of Management Rev*iew, 6, 253–259.

4]   Carpenter, G. S., & Nakamoto, K. (1990). Competitive Strategies for Late Entry into a Market with a Dominant Brand. *Journal of Management Science*, 36, 1268–1278.

5]   Carpenter, M. A., & Golden, B. R. (1997). Perceived Managerial Discretion: A Study of Cause and Effect. *Journal of Strategic Management,* 18, 187–206.

6]   Floyd, S. W., & Wooldridge, B. (1992). Middle Management Involvement in Strategy and Its Association with Strategic Type: A Research Note. *Journal of Strategic Management*, 13, 153–167.

7]   Gammoh, B. S., Voss, K. E., & Fang, X. (2010). Multiple brand alliances: A Portfolio Diversification Perspective. *Journal of Product & Brand Management,* 19, 27–33.

8]   Gilbert, R. J., & Matutes, C. (1993). Product Line Rivalry with Brand Differentiation. *Journal of Industrial Economics*, 41, 223–240.

9]   Miles, R. E., Snow, C. C., Meyer, A. D., & Coleman, H. J. (1978). Organizational Strategy, Structure, and Process. *Journal of Management Science,* 3, 546–562.

10] Mintzberg, H. (1978). Patterns in Strategy Formation. *Journal of Management Science,* 24, 934–948.

11] Nijssen, E. J. (1999). Success factors of line extensions of fast-moving consumer goods. *Journal of Marketing,* 33, 450–469.

12] Nowlis, S. M., & Simonson, I. (1996). The Effect of New Product Features on Brand Choice. *Journal of Marketing Research*, 33, 36–46.

13] Reddy, S. K., Holak, S. L., & Bhat, S. (1994). To Extend or Not to Extend: Success Determinants of Line Extensions. *Journal of Marketing Research,* 31, 243–262.

14] Segev, E. (1987). Strategy, Strategy Making, and Performance: An Empirical Investigation. *Journal of Management Science,* 33, 258–269.

15] Slater, S. F., & Olson, E. M. (2001). Marketing's Contribution to the Implementation of Business Strategy: An Empirical Analysis. *Journal of Strategic Management*, 22, 1055–1067.

16] Sullivan, M. W. (1992). Brand Extensions: When to Use Them. *Journal of Management Science,* 38, 793–806.