Sales Strategies of Sub Brands

By Mr. Rakesh N & Dr. M S Ranga Raju

Introduction- Customer is the center of any business in the present business world. The products are evolving every day to meet the changing customer demand, so as the company strategies. Brand image is playing a key role in the sales of the product. Brand evo-lotion is important to keep brands fresh, vital, and relevant to the contemporary market (Merrilee’s, 2005)). Brands are now being extended to sub-brands to leverage the master brand image, thereby increasing the sales. Therefore, the sales strategies must be adapted according to the brands and sub brands to stay competitive in the market. There is very less literature on the topic of sales strategies, sub-brands and how to design sales strategies for sub-brands.

The purpose of this article is to summarize the research done in the field of sales strategy and sub brands. The first and second part gives an insight about the literature of sales strategies and sub-brands. In the consecutive parts proposal for further research will be recommended on the topic of developing sales strategies for sub brands.

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Sales Strategies of Sub Brands

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I. INTRODUCTION

Customer is the center of any business in the present business world. The products are evolving every day to meet the changing customer demand, so as the company strategies. Brand image is playing a key role in the sales of the product. Brand evo-lotion is important to keep brands fresh, vital, and relevant to the contemporary market (Merrilee’s, 2005)). Brands are now being extended to sub-brands to leverage the master brand image, thereby increasing the sales. Therefore, the sales strategies must be adapted according to the brands and sub brands to stay competitive in the market. There is very less literature on the topic of sales strategies, sub-brands and how to design sales strategies for sub-brands.

The purpose of this article is to summarize the research done in the field of sales strategy and sub brands. The first and second part gives an insight about the literature of sales strategies and sub-brands. In the consecutive parts proposal for further research will be recommended on the topic of developing sales strategies for sub brands.

II. LITERATURE REVIEW OF SALES STRATEGIES

The main goal of any business is to achieve maximum sales/revenue. With the companies now going global the importance of sales strategies has been increasing due to the increase in the buying power of the customer (Frederick E. Webster, 2004; Nikolaos G. Pangopoulos, 2011 and McClaren, 2015). Even though there has been very less research done in the field of International Sales (Johnson, 2015 and Nikolaos G. Pangopoulos, 2011). Initially sales strategies emphasized on selling the product directly to a customer through saleserson, but now sales strategies not only comprise of personal selling but also encompass all the 4P’s of marketing (Paolo Guenzi, 2011 and Chui-Hua Liu, 2013). The scope has been enlarged to customer acquisition, customer retention and customer relationship management. There has been a shift in the company’s strategies from sales orientation to customer orientation (Paolo Guenzi, 2011). The concept of sales has been continuously evolving. Dawson (1970) identified four eras in the evolution of sales management; production, sales, marketing and human, and explained the characteristics of sales personnel in each of these eras. Also, Thomas (1991) identified 5 stages in the evolution of personal selling; provider stage, persuader stage, prospector stage, problem-solver stage, and procreator stage, where each of these stages explains how sales evolved from accepting an order and conveying it to the customers to identifying customer’s problems and solving it through active buyer-seller collaboration. The definition of sales has been constant for many years. The concepts and theories of sales are incongruent with the radical progress occurring in the business world (Wotruba, 1991 and Friedrich, 2015). Tanner and Raymond’s (2010) definition in theory varies greatly with the practice:

“Interactive, personal, paid promotional approach between a buyer and seller”

Andrea and John (2012) proposed the definition of sales that account for growth in knowledge, changes in the sales function, and impact of technology on the sales process:

“The phenomenon of human-driven interaction between and within individuals/organizations in order to bring about economic exchange within a value-creation context.”

Susi Geiger and Séamas Kelly (2014) emphasized that sales practices must be redefined as the inherited conceptual models of selling does not hold good for the pre-sent dynamic business environment characterized by advanced selling techniques and technologies.

There are few articles that highlight the study on sales strategies and these articles portray the authors’ view on sales strategies. The findings of these articles are directed to improve the sales of organizations. Table 1 illustrates the sales strategies of the authors chosen for the purpose of this article and also highlights the benefits of their sales strategy.

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Table 1: Sales Strategies as viewed by different Authors

<table>
<thead>
<tr>
<th>Author</th>
<th>Year</th>
<th>Sales Strategy</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>F. Robert Dwyer, Paul H. Schurr, &amp; Sejo Oh</td>
<td>1987</td>
<td>Developing buyer-seller relationships</td>
<td>Provides a framework for developing buyer-seller relationship that helps in formulating marketing strategy.</td>
</tr>
<tr>
<td>Paolo Guenzi, Luigi M. De Luca, and Gabriele Troilo</td>
<td>2011</td>
<td>Customer Oriented Selling</td>
<td>Explains how customer oriented selling leads to superior customer value creation, which involves greater efforts by salespersons in customer interaction.</td>
</tr>
<tr>
<td>Chui-Hua Liu, Gwo-Hsiung Tseng and Ming-Huei Lee</td>
<td>2011</td>
<td>Hybrid multiple criteria decision making strategy</td>
<td>Gives out strategies to improve the sales of travel industry by providing models like DEMATEL and VIKOR for decision makers.</td>
</tr>
<tr>
<td>William L. Cron, Artur Baldauf, Thomas W. Leigh and Samuel Grossenbacher</td>
<td>2014</td>
<td>Strategic role of the sales force</td>
<td>This paper focus on how top-level executives use models of sales force performance to simplify the issue of sales force strategy. It identifies strategic and organizational concepts that distinguish the sales force efforts of competitors.</td>
</tr>
<tr>
<td>Felix Zoellner and Tobias Schaefer</td>
<td>2015</td>
<td>Price – promotion strategy</td>
<td>Explains the impact of different price - promotion types on sales and brand perception of German premium automobile brands.</td>
</tr>
<tr>
<td>Nikolaos G. Panagopoulos, Catherine M. Johnson and David L. Mothersbaugh</td>
<td>2015</td>
<td>Sales control as a strategy</td>
<td>Explains the effects of sales control on the performance of the sales force.</td>
</tr>
<tr>
<td>Ana Babic Rosario, Francesca Sotgiu, Kristine De Valck, and Tammo H.A. Bijmolt</td>
<td>2016</td>
<td>Electronic word of mouth (eWOM) strategy</td>
<td>Identifies the degree of relation between eWOM and sales and its effectiveness across platform, product, and metric factors.</td>
</tr>
</tbody>
</table>

a) Literature Review on Sub-Brands

Brand equity has become the most important asset to a company (Aaker D., 1990 and Thakor, 1997). It takes a lot of money and time to establish a brand image in the consumer market. There exist high financial risks to enter in to new markets for consumer product manufacturers (Keller D. A., 1990). The cost of introducing a new brand in to consumer market is estimated to range above $50 Million (Keller D. A., 1990; Aaker D., 1990 and Katsanis, 1995). Therefore, companies go for brand extensions or sub brands to leverage the brand image of existing brands (PeterH. Farquhar P. M., 1990; Katsanis, 1995 and Pandit, 2013). This in turn saves costs for the company that would have occurred due to the introduction of new brands (Katsanis, 1995; Siew Meng Leong, 1997; Thakor, 1997 and Harleen Kaur, 2015). Sub-brands can be decribed as products that are introduced combining the company name with the individual brand name (Aaker K. L., 1992; Katsanis, 1995 and Keller S. S., 2012). (Xie, 2007) When brand extension takes place, parent brand is used as a reference to evaluate the sub-brand (Aaker D., 1990 and Keller S. S., 2012). In contrast the sub brands can help the parent brands to help extend in to dis-similar categories (Keller S. S., 2012). Brand extension has been the key to strategic growth to many companies (Aaker D., 1990). There are three criteria’s on which the sub brand is evaluated; the quality of the parent brand, the extent of fit between the parent and the sub brand, and the relation between the parent and sub- brand (Keller D. A., 1990; Paul A, 2001 and Pandit, 2013).

Corporate image has an effect on the brand image of a product; they enhance the perception of the sub brand (Aaker K. L., 1992). Yu Henry Xie (2007) argues that consumer innovativeness to try new products also has an impact on acceptance of sub brands. Extending in to sub brands has both benefits and challenges. Robert, Sandra and Whan (1991) identified the factors that differentiate successful and un-successful brand extension: product feature similarity and brand concept consistency. Further, the benefits and challenges of sub brands will be discussed in detail in the next section thereby giving an overall picture of the sub brand concept.

III. Motives and Benefits of Developing Sales Strategies for Sub Brand

Successful brand extension will stretch the brand and act as an asset by adding value to the company (Davis, 2002). Introducing a sub brand minimizes the risk of failure (Aaker D., 1990; Katsanis, 1995). Also, it decreases the cost of introducing a new brand, as it is associated with the parent brand (Keller D. A., 1990). Customers hesitate to try new products, due to which brand extension through sub brands will help companies to remove the clutters in the mind of
consumers (Thakor, 1997). Quality sub brands enhances the quality images of both strong and weak parent brand through the formation of inferential quality beliefs (Jo, 2007).

A good brand image can be created and also brands can be strengthened overtime by advertising and sales promotion activities (Thakor, 1997). Peter Doyle (1990) has identified three advantages of brand extension through sub brands: “(1) It encourages customer confidence in a new product; (2) it may create scale economies in advertising and promotion; (3) it opens distribution and retail channels”. Sub- brands can also be used to sustain market share and attract new customers (Kotler, 1996). Therefore, sub brands can be used to increase the customer base of the company.

A successful sub brand helps increase the sales, not only of the individual brand but also of the parent brand (Keel, 2015). Not only that, developing a successful sub- brand will attract the channel members (Davis, 2002). Also, the company can charge premium for the sub brands provided the quality is good. Sales strategies like pricing, advertising and personal selling for sub brands helps customer differentiate the brand (Thakor, 1997). Developing sales strategies for sub brands helps a company to gain competitive advantage over the competitors, but one should be careful as it may cannibalize the parent brand. Although there are several advantages of having sub brands, authors have identified many challenges and problems too, which will be discussed in the next section.

IV. PROBLEMS AND CHALLENGES OF DEVELOPING SALES STRATEGIES FOR SUB BRANDS

After critically analyzing the problems and challenges Authors have identified various problems of subbrands from outright failure to partial failure such as brand cannibalization (Katsanis, 1995). Failed subbrands not only decrease the sales but also damage the brand image of the company. This further leads to decrease in the market share of the parent brand. For example, Maggi noodle of Nestle in India was banned because of the presence of Lead and Monosodium Glutamate (MSG) that causes health risks. Due to this, all brands under the Nestle umbrella had to face loss. Also, bad sales strategies for subbrands will confuse the brand identity and degrade the brand image of a successful brand (Doyle, 1990).

If the subbrands have similar or better features than the parent brand then the sub- brand will cannibalize the parent brand (C. Whan Park, 1991). There is also a risk of permanent brand switching from parent brand to subbrand (C. Whan Park, 1991 and Davis, 2002). For example, Volkswagen offers same features in all its sub- brands like Volkswagen Polo, Seat Ibiza and Skoda Fabia but the cost of Seat Ibiza and Skoda Fabia is less compared to Volkswagen polo, due to this the sales of Volkswagen Polo have decreased. Having similar features will confuse the customers leading to switching brands, which results in decreased customer base.

There is a risk of naming and trademark of subbrands. Problem arises with the trademark if the subbrand names are very similar or identical (Thakor, 1997). Too many subbrands with different positioning strategies in different countries will lead to decreased synergy in the existing business (Doyle, 1990). Also, if any unfavorable product issue or accident occurs with the subbrands in any location it might taint the entire brand line in all the location (Katsanis, 1995). For example, the Volkswagen emission scandal in USA had an effect on Volkswagen in all its operating regions.

Marketers must clearly understand the extent of differentiation and distancing required between a parent brand and the subbrands in order to not dilute the customers’ association with parent brand and to ease the process of designing sales strategies (Katsanis, 1995 and Siew Meng Leong, 1997).

V. COMBINATION OF SALES STRATEGIES AND SUBBRANDS

a) Suggestions for Implementing Sales Strategies for Subbrands

After having reviewed various problems and challenges associated with developing sales strategies for subbrands the literature however proposes that subbrands are an important asset to a company and effective sales strategies must be developed in order to achieve high sales and improved brand image (Davis, 2002; Thakor, 1997; Doyle, 1990; Katsanis, 1995 and Keller D. A., 1990). Besides knowing the fact that unsuccessful subbrands leads to the damage of brand image of parent brand, authors emphasize on creating subbrands due to numerous advantages associated with it (as seen in Section 3.1). In line with Leslie’s (2001) model to develop and sustain brands, built on the foundation of knowledge and committed staff it is also important to consider the consumer behavior (Schaefers, 2015). Felix and Tobias (2015) conducted research on consumer behavior in regards to German premium automobile brands to analyze the effect of pricing on sales, this can be extended to other sales strategies like personal selling, advertisements, sales control etc.

After analyzing different authors’ view on sales and subbrands and understanding the present business condition such as sophisticated consumer behavior, high competition and high rate of product innovations, I have come up with a model to guide further research on how to implement the sales strategies for subbrands, as shown in the figure below showing levels of sub brand strategy.
The model consists of implementing sales strategies for subbrands in three levels, customer level, organizational level, and product level. In the customer level, sales strategies of subbrands are aimed at improving the customer association with the parent brand and the company (John, 1993). In the organization level, the sales strategies for subbrands aim at improving the skills of executives and sales personnel (Davis, 2002), such that the good customer relationship is maintained, especially for high value consumer products such as cars (Schaefers, 2015). In the product level, the strategies aim at designing a product name, logo etc., that does not hurt the parent brand instead improve the brand image of the parent brand and the company. This model just gives the direction of further research by condensing all aspects of sales strategies and subbrands in to three levels.

In spite of the existing literature, further research is required in the field of sales strategies for subbrands, as it would deepen the understanding on how sales strategies would play an active role on subbrands.

VI. FURTHER RESEARCH ON SALES STRATEGIES FOR SUBBRANDS

The previous analysis revealed the lack of empirical research in the field of sales strategies for subbrands. Further research would need to focus on combining the sales strategies with the existing theories and models of subbranding. Therefore, future research must be directed towards the research question: “How can sales strategy be effectively tailored for subbrands?” This leads to the following sub-questions:

- What factors are critical while implementing sales strategies for subbrands?
- Should we design different sales strategy for different categories of sub-brands?
- Is sales strategy for subbrands more effective than any other marketing strategies?

A concrete research design is developed aiming at the research question stated. Researchers would need to compare and consolidate existing theories and practices on sales strategies and subbrands to base recommendations.

- Designing subbrands that increases the parent brand and corporate brand image
- Training and developing sales personnel to effectively implement the sales strategy
- Developing strategies such that the subbrand do not dilute the association of customer with the parent brand

![Figure 1: The Levels of Sub Brand Strategy](image-url)
VII. Conclusion

After examining the research done in the fields of sales strategy and subbrands, it is clear that there is a huge scope for creating subbrands in the industry even though until now there is no clear research done on the implementation of sales strategy on subbrands. Though by analyzing the research done in both the fields, it is clear that there is a scope for further empirical research on developing sales strategies for subbrands.

Although there are some challenges with implementing sales strategies for subbrands, authors support the fact that subbrands increases the brand image and sales of the company with less cost of introduction. Different authors have different views on sales strategy, though each of those can be considered for designing strategies for the subbrands. Berk, Harald and Karl (2010) conducted research on evaluating the effect of marketing strategy on brand sales and Felix and Tobias (2015), analyzed the consumer behavior and found out the effect of pricing on sales, further research on designing sales strategies on subbrand can be developed in the same line.

The strategy model shown in figure 1 and the proposal for further research shown in figure 2, gives a clear direction for further research to be done in the field of developing sales strategies for subbrands at levels. Additionally, as Aaker and Keller (1990) indicated in their research, there is a huge scope for brand extension through subbranding given the fact that the sales/marketing strategies are properly aligned with the parent brand.

References


