

Chapter 9

Brand Extension in FMCG Sector Through Social Media Enabled CRM and Investigating Its Impact on Brand Equity

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ABSTRACT

Web technologies have enabled companies to have a personalized and interactive relationship with the customers, thus engaging customers in improved experience. The disruptive free tools and techniques of social media are used to foster effective E-CRM. Companies like ITC, HUL, P&G, and many multinational companies are using the existing brand name for new product launch as a marketing strategy for brand extension and therefore exploiting brand equity amongst loyal customers. The study is an effort to examine the effects of FMCG ITC Aashirwaad Social CRM brand extensions strategies on customer engagement behaviour and brand equity. The study further investigates the effect of product extension perceived fit, brand image, brand experience, and brand love on customer engagement behaviour. To test and validate the proposed model, the present study has employed structural equation modelling with a sample size of 462 respondents. The findings show that Social CRM brand extensions strategy does affect customer engagement and brand equity.

DOI: 10.4018/978-1-6684-5386-5.ch009

INTRODUCTION

Companies try to make strong brands which provide customers the distinguishing benefits in comparison to other brands. Brands are capable of creating value for the consumers (Zollo, et.al, 2020). Brand equity is the value added to a product by a brand name. Current and potential benefits provided by a brand as compared to the other competitive brands could be measured by Brand equity. Brand advantages and its value derived by a product brand is considered by a customers while purchasing and consuming the product. Brand equity has been widely discussed and explored in different facets of marketing (Farquhar,1989). The brand equity increases the probability of brand preference which results to customer loyalty and safeguards from competitive intimidations (Hansen, et.al, 2018). For making the brands more effective and capable of generating more value for consumers, firms have to consider the needs and requirements of customers (Saqib, & Shah, 2021). Brand equity is also capable of enhancing the brand value, which can be used for line extension or for the purpose of co-branding mainly in case of FMCG sector. Brand association is a determining factor of brand equity which constructs brand equity by differentiation (Sharma, 2016). Customers which are associated with brand provide information to the companies and help them in creating brands which also fulfils the individual customer's requirements (Jiménez & Sánchez, 2019). Customer brand engagement behaviour is capable of creating emotional value for the customers and they are elated by the brand value which fulfils their needs. The higher level of favourable connotations created by brand for customers reflects the higher level of brand loyalty, which is reflected in the form of positive word of mouth communication due to positive brands experiences, results into increased brand loyalty (Ebrahim, 2020).

The FMCG sector is one of the prevailing sectors worldwide and these goods are used by most of the population, which provides ample of opportunities to perform research in this sector. The environment of the FMCG sector cannot be predicted appropriately and is categorized as one of the challenging sector to succeed as the goods here are almost similar without any competitive advantage (Nierobisch et al., 2017). The products in the FMCG sector are of low price and frequency of purchase is large with lower level of involvement ((Menidjel et.al 2017). The lower level of involvement displays that how much a consumer is concerned while purchasing a product and the quantity of information required for making the decision (Tanner & Raymond, 2015). The usage of FMCG products is at all places whether it's urban or rural area. The distinctive promotional activities, apprising about the products and constructing an exclusive selling composition which is capable of differentiating the goods from its rivals are required for making customers committed to a brand. Manufacturing and selling are important for the FMCG brand to persist in the market, but branding is crucial for any brand to enter the minds of customers and make

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