

## Branding in FMCG Sector in India: A Comparison of Indian and Multinational Companies

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**Abstract :** Brand is a name, term, sign, symbol or design or a combination of all these which is intended to identify the goods or services of one seller or a group of sellers and to differentiate them from those of the competitors and perception influences purchase decisions here and so building that perception is critical. The FMCG industry is a low margin business. Volumes hold the key to success in this industry. Therefore, the industry has a strong emphasis on marketing. Creating strong brands is important for FMCG companies and they devote considerable money and effort in developing brands. Brand loyalty is fickle. Companies know this and that is why they relentlessly work towards brand building. The purpose of the study is a comparison between Indian and Multinational companies with regard to FMCG sector in India. It has been hypothesized that after liberalization the Indian companies has taken up the challenge of globalization and some of these are giving a stiff competition to MNCs. There is an existence of strong brand image of MNCs compared to Indian companies. Advertisement expenditures of MNCs are proportionately higher compared to Indian counterparts. The operational area of the study is the country as a whole. Continuous time series data is available from 1996-2014 for the selected 8 companies. The selection of these companies is done on the basis of their large market share, brand equity and prominence in the market. Research methodology focuses on finding trend growth rates of market capitalization, net worth, and brand values through regression analysis by the usage of secondary data from prowest database developed by CMIE (Centre for monitoring Indian Economy). Estimation of brand values of selected FMCG companies is being attempted, which can be taken to be the excess of market capitalization over the net worth of a company. Brand value indices are calculated. Correlation between brand values and advertising expenditure is also measured to assess the effect of advertising on branding. Major results indicate that although MNCs enjoy stronger brand image but few Indian companies like ITC is the outstanding leader in terms of its market capitalization and brand values. Dabur and Tata Global Beverages Ltd are competing equally well on these values. Advertisement expenditures are the highest for HUL followed by ITC, Colgate and Dabur which shows that Indian companies are not behind in the race. Although advertisement expenditures are playing a role in brand building process there are many other factors which affect the process. Also, brand values are decreasing over the years for FMCG companies in India which show that competition is intense with aggressive price wars and brand clutter. Implications for Indian companies are that they have to consistently put in proactive and relentless efforts in their brand building process. Brands need focus and consistency. Brand longevity without innovation leads to brand respect but does not create brand value.

**Keywords :** brand value, FMCG, market capitalization, net worth

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