Project Dissertation Report

on

Strategic Analysis of Product Line Extensions: A study of Oral Rehydration Solution Industry

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CERTIFICATE

This is to certify that the Project Dissertation Report titled 'Strategic Analysis of Product Line Extensions: A study of Oral Rehydration Solution Industry' is an original and bona fide work carried out by Mr. Jayant of MBA 2018-20 batch to the best of his knowledge and is being submitted to Delhi School of Management, Delhi Technological University, Main Bawana Road, Delhi-110042 in partial fulfilment of the requirement for the award of the Degree of Masters of Business Administration.

Signature of Guide
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Signature of HoD(DSM)
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DECLARATION

I, Jayant, a student of MBA Batch 2018-20 of Delhi School of Management, Delhi Technological University, Main Bawana Road, Delhi-110042 declare that the Project Dissertation Report on 'Strategic Analysis of Product Line Extensions: A study of Oral Rehydration Solution Industry' is submitted in partial fulfilment of Degree of Masters of Business Administration is the original work conducted by me.

The information and data given in the report is authentic to the best of my knowledge.

This project is not being submitted to any other University for award of any other Degree, Diploma and Fellowship.

Jayant
Roll No.: 2K18/MBA/93
Date: 30th April, 2020

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1. Executive Summary

Recently, many brands have entered all category of consumer goods and/or services, and the trend does not seem to be dying down any time soon. Firms are mainly following product-expansion strategies, especially the line extensions strategy. But increasing evidence shows us that such aggressive tactics can be problematic. This study looks at the existing literature on Product line extension studies and tries to establish the major aims behind these, despite not increasing category demand. Manufacturers see extensions as a low-cost, low-risk way to meet the needs of different customer segments; line extensions can fulfil consumers' desires by offering a wide range under a single brand; and extensions are often used as a short-term competitive weapon to increase a brand's control over limited retailing shelf space.

There is a certain degree involved in line extensions and they often fail. Hence there are some key pointers that evolve from the literature to avoid such failures. These can be summed up as not forgetting the core business, not losing the brand purpose (Line Extensions should convey the same emotions and functions that contributed to the success of the line's original flagship product) and remembering consumers and markets- The failure to meet consumer needs, regardless of brand, creates unhappy customers.

In the light of the same, this study looks at the Oral Rehydration Solutions Market with a focus on Johnson and Johnson's ORSL (Oral Rehydration Solution- Liquid). With consumers' increasingly fast paced lifestyle, the need for fortified functional beverages has increased manifold- hence the focus on the industry. The study aims to find out whether ORSL FOS is a successful product line extension of the ORSL brand and apply the results from the analysis to product line extensions. ORSL Base is recommended for fast track recovery in patients suffering from fever, URTI (Upper Respiratory Tract Infection), flu and common cold, FOS is recommended for gut recovery from antibiotic associated dysbiosis.

To conduct the analysis, the study uses a mix of both qualitative metrics- Online primary survey questionnaire on product line extensions, personal in depth interviews of target group consumers, Nielsen Buzzmetrics Brand Association map, Study of sales data and multi-level multi-variate regression model.

A five-point hypothesis was tested in order to see whether ORSL FOS is a successful product line extension. These are:

- ORSL FOS generates volumes comparable to original product
- ORSL FOS sees annual growth
- Customers understand its (ORSL FOS) difference from the ORSL original product.
- ORSL FOS satisfies a new need compared to the ORSL original product
- ORSL FOS has same core competencies as the original product (ORSL Base)

All of these were proved true except the first one and hence FOS was concluded to be a successful product line extension. Further, learnings from FOS were used to derive conclusions and lessons for product line extensions

2. Objective of the Study

2.1. Main Objectives

The broad objectives of the study are to Evaluate the Need and Effectiveness of Product Line Extension as a Growth Strategy; In the same light to look at the opportunity in extending rehydration solutions to new products in restoration category (Restoration is an incrementation of Rehydration or Fortified/ Functional Beverages). In the current scenario it does not have any distinctive consumers or category definers.

2.2. End Goal of Objectives

Specifically, the objects of the study are:

- Review the existing literature in Extension space and look at different types of extensions, examples and find leads for further research
- Explore the rehydration market, companies manufacturing products which have potential to play in this space in depth; Identify the gaps in the offerings and hence propose a category/formulation that could fill them.
- Analyze existing product extensions in the rehydration space and extend findings to a broader space.

2.3. Expectations for Readers

At the end of this report, the reader will

- Have a comprehensive idea about Product line extensions
- Understand the need and administration of Oral Rehydration Solutions
- Understand the Oral Rehydration Solutions Market
- Be able to discern the parameters to judge the success/ failure of a product line extension
- Understand the qualitative and quantitative methods of analysis of a product line extension

2.4. Major Questions Answered

- What are product line extensions and how are they different from brand extensions?
- Why Product line extensions?
- What are the parameters to measure the success of product line extensions?
- What are Oral Rehydration Solutions?
- What are the industry Standards in ORS Category?
- What are the ORS Industry norms?
- What is ORSL by Johnson & Johnson?
- Is ORSL FOS a successful product line extension of ORSL?

3. Introduction

Healthcare has always been a very important topic for the author since she is from a family of doctors. This report has benefitted greatly from strategic inputs from parents and acquaintances.

A major motivator for this project was also that the author pursued her summer internship with Johnson & Johnson Consumer Healthcare where she worked on the product- ORSL (Oral Rehydration Solution- Liquid). It is here that she realised the opportunities in Oral Rehydration category in India. The experience also gave her an outlook to product line extensions, especially in the healthcare sector and the various motivators/ influencers in the category.

In the last couple of decades, branded products have entered every category of consumer goods and services, and the deluge shows few signs of letting up. Most companies are pursuing product- expansion strategies—in particular, line extensions. But as John A. Quelch and David Kenny argue in “Extend Profits, Not Product Lines” (HBR, September–October 1994), increasing evidence indicates that such aggressive tactics can be problematic. But for all the perceived benefits, the costs of wanton line extensions are dangerously high. For example, the strategic role of each product becomes muddled when a line is over segmented. Also, a company that extends its line, runs the risk of undermining its brand loyalty. Moreover, line extensions rarely expand category demand, and consequently retailers can’t provide more shelf space just because there are more products. Another important aspect is that the costs of overextension can remain hidden.

However, that should not leave the impression that product-line extensions are all problematic and should not be used. While this might be true for many companies, it is not be true for all. With the right cost-accounting and market-research systems, line extensions can be quite profitable.

Let us consider an example- Sales of the entire Doritos line of corn chips rose to more than $1 billion on the success of the Cool Ranch Doritos extension. Also, diet and caffeine-free line extensions have expanded the soft-drink market to new segments; and the two- and three-liter bottles have stimulated consumption because, in many households, if they’re in the refrigerator, they get consumed. In the automobile industry, the Ford Explorer and the Chrysler minivan have forged profitable new market segments that are synergistic with the older ones.

In many markets, the development of product-line extensions is a competitive reality. As the product categories evolve, a company must continuously adapt its product lines to changing market, competitive, and trade-intermediary conditions. To understand this, let us ask ourselves this question- Could Crest and Colgate have ignored the threat from Arm & Hammer’s baking-soda toothpaste? During the 1980s, pump packages were essentials; but today they are nowhere to be seen. In 1992, Colgate introduced its stand-up tube; now it seems that all the major brands have adopted such packaging. The list continues.

3.1. Definition of terms

Before we understand what line extensions are, let us try to understand what a brand means. According to Aaker, a brand is not just a name, term, sign or symbol of a product, but the extremely priceless asset of that company. A strong brand always helps in increasing the customer loyalty of the company which will eventually result in higher profits for the company (Aaker, 1990). The American Marketing Association defines branding as "A name, term, design, symbol, or any other feature that identifies one seller's goods or service as distinct from those of other sellers". The legal representation of a brand is a trade mark. A brand may encase one item, a family of items, or all items of a certain seller. If used in the context of a firm, the term used is trade name. It is usually commonly accepted that in the market, acquiring new customers is relatively more complex than retaining the current available pool. New strategies are essential for organizations which are want to rope for success and launch new products in the market (consumer durables or non-durables), hence, the need to understand product line extensions.

3.1.1. Product Line Extension

When considering the different types of extension, the term that leads the pack is Brand Extension- Brand extension is a strategy used by firms to utilize their traditional/existing brand names to move into a new product category or categories (Aaker and Keller, 1990). In the same line, Alexander & Colgate (2005) use the expression "brand franchise extensions" and define it as the utilization of a prevalent brand name that is already well-known among the customers to enter into new product categories. Sharp (1993) defines brand extension as the use of an existing brand name of one category to get into another similar or broad segment. He also refers to it as "brand stretching". Kotler and Keller (2006) define, "when a firm uses an established brand to introduce a new product, it is called a brand extension". The use of brand extensions, defined as "using established brand names for launching new products", is increasingly popular and a big influence on new product starters (Volcker et al, 2010). Arslan & Altuna (2010) defined brand extension as 'Using a successful current brand for the introduction of new products’. It has also been said that up to 95%, of new product offerings in the market place are some form of brand extension. Brand extensions also happen to control a firm's most precious asset- brand equity (Jap, 1993). Researchers and academicians have recognized brand extension as a commonly prevalent stratagem for growth (Aaker, 1991; Kwun, 2010; Keller and Lehmann, 2009; Kumar, 2005). Through a review of literature, it was identified that more than 200 studies on brand extension have been conducted in Europe and the USA, even though the number of studies is very less in the Asian continent and especially in India (Boush and Loken, 1991; Kim and Park, 2013; Chowdhury, 2007).

3.1.2. Rehydration as a Category

Up until two decades ago, diarrhoea was responsible for 5 million deaths annually, majority being children. Through major public health efforts at ground level, mainly aimed at preventing and treating dehydration, this has decreased to around 2 million deaths. (Unicef, 2011) Prevention of dehydration is primarily achieved by ensuring that children with diarrhoea are provided with more fluids than usual, and/or increased frequency of breastfeeding, during the acute episode. The combination of increased home fluids and the use of Oral Rehydration Salts (ORS) for the treatment of dehydration have proven to be a very powerful intervention for the prevention of childhood deaths from diarrhoea.

For over 25 years UNICEF and WHO have recommended one formulation of the glucose-based ORS for the prevention and treatment of dehydration from diarrhea, irrespective of the causes or age group of the patient affected. The product, which is essentially a solution containing 90 mEq/l of sodium with a total osmolarity of 311 mOsm/l, has been proven effective and without apparent adverse effects in worldwide use. During the past 20 years numerous studies have been undertaken to develop an 'improved' ORS. The goal is to develop a product that would be at least as safe and effective as standard ORS for preventing or treating dehydration from all types of diarrhoea but which, in addition, would reduce stool output or have other important clinical benefits. One successful approach is based on reducing the osmolarity of ORS solution to avoid possible adverse effects of hypertonicity on net fluid absorption. This was done by reducing the solution's glucose and salt (NaCl) concentrations.

Companies which manufacture these solutions have been increasingly trying to develop products with other benefits such as muscle fatigue reduction, prevention of dysbiosis and recovery from fever.

4. Literature Review

4.1. Product Line Extension: How Far Is Too Far? A Literature Review

4.1.1. Introduction

Consumer evaluations of product line extensions have attracted considerable attention from marketing scholars in the last decade (e.g., Aaker and Keller, 1990; Bottomley and Doyle, 1996; Sunde and Brodie, 1993). Aaker and Keller's (1990) seminal study forms foundation for further consumer-based brand extension research. According to David Aaker, a brand is not just a name, term, sign or symbol of a product, but the extremely priceless asset of that company. A robust brand always helps in increasing the customer loyalty of the company which will eventually result in higher profits for the company (Aaker, 1990). It is commonly accepted that acquiring new customers is relatively more complex than retaining the available pool of customers in the market. Strategies are inevitable for organizations which are planning to rope for success and launching new products in the market irrespective of consumer durables or non-durables. The usage of product line extension, to be precise "using established brand names for launching new products in the same product category", is increasingly popular and tends to influence new product starters (Volcker et al, 2010). Arslan & Altuna (2010) had defined line extension as 'Using a successful current brand for the introduction of new products in the same category". David Aaker (1996) expounded four brand extension strategies that can be used by an organization to leverage its brands. Establishing line extension is leveraging the name of an existing brand for a new product in order to enter into a new market segment under the same product class by making an alteration in the product such as flavor, colour, size of the pack or in its ingredients.

4.1.2. Why are Product- Line extensions so commonplace?

The authors (Quelch and Kenny 1994) look at multiple reasons why companies rely on line extensions as part of their marketing strategies: Manufacturers see extensions as a low-cost, low-risk way to meet the needs of different customer segments; line extensions can fulfill consumers' desires by offering a wide range under a single brand; and extensions are often used as a short-term competitive weapon to increase a brand's control over limited retailing shelf space.

4.1.3. Myths about Brands and Extensions

Matt Haig and David Taylor (Haig 2004; Taylor 2004) state that many brand and line extension failures are also tied to false assumptions about brand's attributes. Some of these myths include-

- Good products always succeed- On contrary, a lot of other factors including technology, convenience and licensing, determine the fate of the product.
- Brands only launch successful new products- 80% of all new products fail after they hit the market, and another 10% die within five years.
- Advertising can float a brand- Media clutter and consumer resistance make advertising an unlikely bet for sustaining a product. Advertising can only support a new product, not build it.

4.1.4. Why do Product lines breakdown after extensions?

Some marketing purists insist that "one idea, one brand" is the conceptual way to success in marketing, but the reality is that extensions are here to stay- even though half result in failure. The product line extension strategy has become a common practice for companies seeking to provide a range of products under an existing trademark – from entry-level to premium products – for product categories where branding is a differentiating factor (Keller, 2008).

In the last ten years, products have proliferated in every category of consumer goods and services, and the deluge shows few signs of letting up. Most companies are pursuing product-expansion strategies—in particular, line extensions—full steam ahead. But as John A. Quelch and David Kenny argue in “Extend Profits, Not Product Lines” (Quelch and Kenny 1994), more and more evidence indicates that such aggressive tactics can be hazardous. According to David Taylor as a Product line stretches, it becomes a bigger challenge to manage and has a higher risk of running off in too many directions (Taylor, 2004). Matt Haig states that a company may own a brand, but it cannot possibly own the feelings a brand generates (Haig, 2004). In his book, ‘Brand Failures’, Haig talks about Brand Amnesia- when brands forget their original identity and Brand Ego- When consumers do not immediately recognize a new product as part of that family, it does not benefit from the extension.

In the book ‘Brand Stretch’, David Taylor talks about some key extension rules (Taylor, 2004). These can be summed up as-

- Do not forget your core business
- Do not lose your purpose- Line Extensions should convey the same emotions and functions that contributed to the success of the line’s original flagship product. If they do not, they will fail.
- Remember your consumers and your markets- The failure to meet consumer needs, regardless of brand, creates unhappy customers. If the line extension does not fulfill a need, they have to compete based on price alone.

4.1.5. Addressing Extension Failure Issues

To avoid these pitfalls, Quelch and Kenny offer several guidelines for sharpening product-line strategies: improve cost accounting, allocate resources to popular products, research consumer behavior, coordinate marketing efforts, work with channel partners, and foster a climate in which product-line deletions are supported (Quelch and Kenny 1994).

4.1.6. Road Ahead and Discussion

According to Quelch and Kenny, managers who focus their product lines instead of continually extending them can expand margins and market share. A controlled approach aligns products and distribution systems with customer needs, helps ensure repeat purchases, and creates stronger margins that can be reinvested in true customer value (Quelch and Kenny 1994). Leonard M. Lodish criticizes John Quelch and David Kenny’s article for leaving the impression that product-line extensions are all bad and should be sharply curtailed. According to Lodish, while this may be true for many companies, it need not be true for all. Indeed, with the right cost-accounting and market-research systems in place, line extensions can be quite profitable. Bruce G.S. Hardie in ‘The Logic of Product-Line Extensions’ states that in many markets, the development of product-line extensions is a competitive reality; as product categories evolve, a company must continuously adapt its product lines (Hardie et al 1994). According to Paul W. Farris, deciding which products are core is the sticky point; simply replacing established brands with new, improved formulas can be unnecessarily risky (Hardie et al 1994).

4.2. Opportunity to Create a New Category- Restoration: A Literature Review

4.2.1. Dehydration:

Dehydration, a frequently diagnosed nutritional problem, is defined (Monirun Nessa Begum, 2010) as the depletion in overall body water content owing to pathologic fluid losses, reduced fluid intake, or both. Dehydration has been examined frequently among athletes, with the major focus being optimizing their performance (JA., 2000; Sheehy CM, 1999). However, in the literature, relatively little attention has been paid to dehydration amongolder adults, although they are particularly vulnerable to it due to age-related changes in total body water, impaired thirst perception, renal concentrating ability, vasopressin effectiveness and medication-related hypodipsia (Sheehy CM, 1999). The literature states that functional limitations, infrequent urination, and urinary incontinence common among the elderly may further increase their vulnerability to dehydration. The effects of dehydration include confusion, disorientation, weak spells, infection, coronary artery disease, impaired or delayed wound healing, and death. (Monirun Nessa Begum, 2010)

4.2.2. Science Behind Dehydration:

Dehydration is typically defined as depletion in total body water content due to pathologic fluid losses, diminished fluid intake, or a combination of both (Monirun Nessa Begum, 2010). However, as Thomas et al. noted in 2003 (Thomas DR, 2003), no absolute definition of dehydration exists. The term is often used as an encompassment for any derangement in any fluid compartment. Clinicians tend to use dehydration and depletion of intravascular fluid interchangeably. However, as Mentes et al. (JC, 2000) point out, such depletion can take three forms. First, Hypertonic dehydration, which is depletion in total body water (TBW) owing to pathologic fluid losses, diminished water intake, or a combination of both. This leads to hypernatremia in the extracellular fluid compartment, which then draws water from the intracellular fluids. Since the water loss is shared by all body fluid compartments and leads to comparatively little reduction in extracellular fluids, the individual’s circulation is not compromised unless the loss is very great. This is also known as intracellular or hypernatremic dehydration. But clinicians also speak of extracellular or hypotonic dehydration, which is a fluid depletion in which more sodium than water is lost and extracellular fluid becomes depleted. Isotonic dehydration, which is a balanced depletion of both water and sodium, also leads to a loss of extracellular fluid. This is also known as isotonic fluid volume depletion. Thomas et al. (Thomas DR, 2003) prefer to call a loss of both intracellular and intravascular water hypovolemia and restrict the term ‘‘dehydration’’ to hypertonic dehydration. According to their terminology, dehydration exists where the individual’s calculated serum osmolarity exceeds 295 milliosmols. Intravascular volume depletion is marked by a BUN- creatinine ratio above 20 or a level of serum sodium above 145 mg per decalitre, and hypovolemia exists when the individual displays both a serum osmolarity above 295 milliosmols and a BUN- creatinine ratio above 20.9 Given the multiple ways of defining dehydration, it is important to understand the specific type of dehydration to identify and address the underlying causes in a timely and appropriate manner. In practice, dehydration has been defined as any severe decrease in total body water, whether it is pathological, (Gross CR, 1992) or results from failure to increase water intake to compensate adequately for losses, inability to ingest fluids in adequate amounts, or a combination of these factors.

According to existing literature, a healthy individual loses about 2500 ml of water a day, but the actual amount can vary greatly between individuals and depends on environmental conditions. When the air is dry or the weather is hot, water loss from the skin and lungs increases because of the increased vapor pressure gradient. (C., 1981) The literature also states that the amount of loss in urine depends greatly on the fluid intake, the total losses through other routes, and on solute content of diet. High intake of salt (sodium chloride) or protein will increase the daily fluid requirement, since the kidneys have a limited capacity to concentrate urine. If their water intake is restricted, individuals will conserve water by producing more concentrated urine. This concentrating ability varies between individuals, but in most people the maximum urine osmolality ranges between 900 and 1200 mosm/kg. Conversely, (Gross CR, 1992) since the body cannot store excess water, the kidneys get rid of any excess by producing a large volume of dilute urine. Most people take in more fluid each day than their perceived need, and their kidneys maintain water balance by excreting the excess. In extremely hot weather, however, the body cannot lower its temperature by simply transferring heat to the atmosphere and compensates by producing sweat. This causes the body to lose both water and salts (electrolytes). (Monirun Nessa Begum, 2010)

4.2.3. Detection, prevention and treatment- Traditional Methods:

According to (Sukkary-Stolba, 1990), dehydration is both preventable and reversible. Health-care outcomes can be improved, and hospital costs reduced, if practitioners routinely monitor those at risk for dehydration and render prompt appropriate care. It mentions that Orally re-hydrating outpatients is an effective, easy and cheap alternative to treating dehydrated patients in hospitals to cut dramatically the number of diarrhea-related deaths. Although it is easy to use, teaching mothers and other child caretakers to prepare and administer ORT correctly has not been easy, however, many cultural, environmental and socio-economic factors influence local perceptions of diarrhea and the use of ORT (Sukkary-Stolba, 1990). A basic theme that runs through almost all qualitative studies is that successful experiences in one cultural setting cannot readily be transplanted and necessarily have the same degree of success in another cultural environment; however, the qualitative literature is rich with useful lessons which can be learned. Oral rehydration therapy has two main components: "(1) the use of fluid and electrolytes (oral rehydration solution) to correct the dehydration and replace the continuing fluid loss of acute watery diarrhea; and (2) nutritional therapy to minimize weight loss and even shorten the duration of illness" (Cash, 1987)

The key takeaways from the literature (Cash, 1987), (Sukkary-Stolba, 1990), regarding administration of Oral Rehydration Therapy are-

- Local perceptions, definitions, and classifications of diarrhea are numerous and often very complex.
- Many harmful behaviors, such as withholding or restricting foods or fluids, cessation of breastfeeding, and purging (inducing evacuation of the bowels for "Cleansing" the body), are practiced.
- Local beliefs often affect the perceived effectiveness and acceptability of medical products.
- Mothers are the principle care takers of young children, and therefore are an obvious target for ORT messages.
- One key to effective oral rehydration therapy is correct mixing of the ingredients. Without proper education, however, many mothers often mix and administer ORS incorrectly.
- Support from the medical community, both public and private, is vital to the success of ORT activities, however, many medical professionals, such as physicians and pharmacists, in developed as well as developing countries are often reluctant to promote ORT.
- Traditional health practitioners (e.g., midwives, healers, health barbers) are in some cultures often the first source of medical care for children suffering from diarrhea and have successfully administered and distributed ORT supplies and information.
- Often, mothers discontinue DRS because they do not clearly understand that their purpose is to prevent their child from dying from dehydration, not to alleviate the symptoms of diarrhea. When mothers perceive that ORS are not curing their child of diarrhea, they become dissatisfied with it and discontinue its use.
- At first glance, the mixing and administering of ORS might seem like a simple procedure; however complications often occur because of lack of product acceptability, environmental problems of access to clean sources of water, price constraints, limited time of care takers, or inability to learn the proper way to mix ORS.

4.2.4. Oral Rehydration Solutions:

Euromonitor (Passport, Opportunities in Oral Rehydration Solutions, July 2018) defines Oral rehydration drinks as glucose-based, liquid solutions majorly administered for rehydration and sold as pharmaceutical products intended as acute hydration remedy from illness or fatigue. A look into products in the market indicated that these generally range from hypotonic to isotonic depending on formulation and format. This category of OTC hydration drinks is not necessarily an innovation in terms of ingredients -the products usually contain water, glucose and electrolytes, albeit typically in higher quantities to functional waters or sports drinks.

Advertising budgets have been low and the marketing message was essentially medical. However, in the last three years there has been a clear reimagining of marketing strategy by leading brands in oral rehydration drinks, pushing the benefits of their products to refresh, replenish and restore across occasions formerly occupied by sports drinks and functional isotonic soft drinks (Unicef, 2011). The literature (Passport, Opportunities in Oral Rehydration Solutions, July 2018) takes the example of the leading US brand of oral rehydration solution -Pedialyte – which has significantly adjusted its marketing to appeal to a wider core audience. Young adults are featured consuming the rehydration solution in a similar fashion to sports drinks or functional water. Further, the brand, in the past two years, is said to list alcohol consumption and hangover remedy, athletic activity, heat exposure and travel as potential dehydration occasions to be addressed by the brand's product line -alongside recovery from flu or gastrointestinal illness. Data shows targeting new consumers and new occasions has coincided with strong growth for the Pedialyte brand in the US, growing sales by 40% in current terms over 2014-2017. (Euromonitor, 2018).

Pedialyte is not the only oral rehydration brand attempting to broaden the scope of its customer base. Brands in Australia, the UK, Mexico and elsewhere are also attempting to develop the category and reach new consumers andoccasions more typically served by sports drinks and functional beverages. Case in point, the example quoted by (Passport, Opportunities in Oral Rehydration Solutions, July 2018)- Hydralyte which began as an Australian brand in 2001, expanding its range of products from 1-litre NARD glucose solution to include frozen popsicles, powders and tablets. The company launched in Canada in 2010 and the US in 2016, touting the "clinical advantage" of its glucose/electrolyte formula over sports drinks, and claiming significantly more electrolytes and 75% less sugar per serving.

Euromonitor, 2018, also mentions Electrolitis- a leading brand of oral rehydration in Mexico, controlling over 70% of the diarrheal remedies category in 2017. The brand's owner, Pisa Laboratorios, has recently set out on an ambitious expansion project to expand the scope of the brand by increasing production, adding flavors to existing product ranges and adding a new product range of sports drinks that will be merchandised in grocery stores (instead of pharmacy/ drugstore channels). The company is also expanding geographically, attempting to bring the Electrolife/Electrolit brand to western US territories in late 2016. More recently, the company has expanded into Colombia in 2017. Among several challenges for the brand is educating consumers about the suitability of the product range for alternative occasions. Current consumers may associate Electrolit and other oral rehydration only as medicine, failing to realize the application of the product beyond liquid replenishment during illness. Moving a brand from an unfashionable pharmaceutical category into the realm of soft drinks (especially considering the large advertising budgets of competitors in this space) is a major marketing challenge. (Passport, Opportunity in Oral Rehydratrion Drinks, July 2018)

4.2.5. Changing Perspective:

In the literature (Suree Nanasombat, 2015), an increasing consumer demands for foods which contain ingredients that may impart health benefit beyond basic nutrition is seen. Beverages have been consumed habitually to deliver high concentrations of functional ingredients. They represent not only a suitable medium for the dissolution of functional components, but also a convenient method of consumption. In 2013, the global market for functional foods which make specific functional health claims was worth an estimated USD $43.27 billion (Euromonitor, 2018). These functional foods are produced by adding appropriate quantities of substances that can provide health benefits beyond those furnished by traditional nutrients. There are a wide variety of functional beverage products, including sport and performance beverages, ready to drink teas, vitamin fortified water, soy beverages and other energy beverages. (Suree Nanasombat, 2015)

4.2.6. Fortified/ Functional Beverages- World & India:

The market for functional beverages represents the largest and fastest growing segment of the functional foods sector, with an annual growth rate of almost 20% in the United States (Euromonitor, 2018). According to the literature production and consumption of functional beverages has gained much importance due to their major contribution to health promotion and disease risk reduction and constitute an excellent delivery means for nutrients and bioactive compounds, including vitamins, minerals, antioxidants, omega-3 fatty acids, plant extracts, sterols/stanols, dietary fiber, amino acids and biopeptides, prebiotics, and probiotics, among others (Fereidoon Sahidi, 2016). There have been continuous innovations in functional beverages and their associated market over the last decade as consumers seek novelty and health benefits from their beverages. The market for new functional beverages with added bioactive ingredients with health benefits has grown rapidly with positioning strategies linked to energy, athletic performance, digestion, aging, satiety, cognitive ability, hydration, weight management, cardiovascular health, cancer, diabetes, bone and joint health, and fatigue and stamina, among others. (Fereidoon Sahidi, 2016)

According to existing literature, Fortified/functional beverages records current value growth of 7% in 2017 to reach INR77.9 billion (Fortified/ Functional Beverages in India, May 2018). In July 2017, Food Safety and Standards Authority of India (FSSAI) changing its guidelines again and further reducing the allowable caffeine content for energy drinks negatively impacted growth, the literature alleges. Euromonitor, 2018 states that FF sports drinks are the most dynamic category in 2017 with current value growth of 22%. Fortified/functional beverages is expected to record a value CAGR of 2% at constant 2017 prices over the forecast period to reach INR85.8 billion by 2022.

4.2.7. Competitive Landscape:

The fast-paced lifestyles of consumers and a lack of proper and timely food intake due to their erratic work-life balance has deprived them of basic nutrients that are needed by the body. Consumers therefore look for products which can boost their immune system, and which fill the gaps in their diet (Fortified/ Functional Beverages in India, May 2018). As a result, FF other hot drinks continued to dominate sales of FF beverages in 2017 with leading brand Horlicks providing a range of health and nutrition benefits for adults and children.

GlaxoSmithKline dominated FF beverages in 2017 (Euromonitor, 2018), largely due to its popular brands Horlicks and Boost. Horlicks has many health and nutritional claims relating to immunity, bone health, and improved concentration, among others. (Fortified/ Functional Beverages in India, May 2018) says that its first-mover position and longstanding presence in India has enabled Horlicks to develop a very strong lead in the category, although it did see a small drop in its value share in 2017 due to competition from Adding on this, the literature quotes Mondelez India Foods Pvt Ltd's Cadbury Bournvita. Looking at another player, Red Bull, the literature notes that there is a decline in its value share in 2017 with it suffering from the impact of negative publicity and the new rules laid down by the FSSAI. Additionally, Hector Beverages Pvt Ltd's Tzinga saw a significant increase in its value share within FF energy drinks, with it taking share from Red Bull.

According to Euromonitor, 2018, Gatorade saw one of the most dynamic performances in FF beverages in 2017, with it benefiting from the dynamic growth of FF sports drinks. The brand dominates FF sports drinks and it uses regular advertising and marketing campaigns to help promote its range. The paper illustrates it with a 2017 television advert that celebrated Teachers Day with it encouraging viewers to tag their teachers on social media with #SweatForGold. With FF sports drinks set to see dynamic growth over the forecast period the brand stands to benefit, as does Lucozade, which also saw a rise in its value share in 2017. (Fortified/ Functional Beverages in India, May 2018)

4.2.8. New Innovations in Functional Beverages:

Euromonitor (Passport, Near Water: profiling Growth Opportunities in Hydration Beverages, Feb 2017) notes that functional beverages play an important role in our everyday lives as they help keep us hydrated, prevent and help address health conditions, aid in our athletic performance or simply contribute to our overall nutritional well-being. According to statistics of the beverage industry, it has experienced rapid growth over the past decade. (Nutrition, 2014) states that the choices for beverages have become so specific that they appear to be almost tailored for an individual, representing an extension of one's personality. Consumers have their choice of beverages that aid in boosting energy, shrinking waistlines, sharpening mental focus, preventing pain associated with bone and joint conditions, and the list goes on. In addition, there are beverages that are specific for each age demographic and gender, with a growing focus on products targeting kids, women and seniors. This diversification in beverages in conjunction with the increased channels in distribution continue to fuel consumer demand.

The functional beverage market has steadily increased over the past decade, with a sharper rise in the last couple of years. According to Datamonitor, the global non-alcoholic beverage market is valued at just under $500 billion worldwide, with Europe accounting for the largest portion at $189 billion. China has become the fastest growing country at an overall growth rate of 77% over the past decade. (Nutrition, 2014)
The literature studies the beverage experience in today's marketplace and notes that it is completely different than 10 or even five years ago in the way beverages are consumed- as interesting as what functional ingredients are in it. Some of the top functional beverage categories and unique delivery methods are (Nutrition, 2014) Shots, Stick Packs, Ready-To-Drink Teas, Sports Drink/Recovery Drink, Dairy Based, Juice, Enhanced Waters, and Energy Drinks.

4.2.9. Opportunities in Hydration:

The current literature on Hydration brands it as a potentially high value consumer occasion owing to high-margin opportunities in the consistent per capita volume growth in packaged water paramount for any beverage producer (Passport, Near Water: profiling Growth Opportunities in Hydration Beverages, Feb 2017). It further adds that over the next five years, premium hydration - mainly defined as added-value bottled water, plant-water and sports drinks -will be the main source of value growth in the beverages industry, led by functional and low-sugar flavored water products.

From a consumer perspective, the literature notes that adequate hydration is a health and wellness priority across markets and all demographics. Population and income growth in warmer urban climates as well as growing interest in healthier, active lifestyles are two drivers of this interest (JC, 2000). Furthermore, the hydration needs of ageing consumer demographics are potentially underserved by existing product options. (Passport, Near Water: profiling Growth Opportunities in Hydration Beverages, Feb 2017)

Euromonitor, 2018 notes that the Pharmaceutical oral rehydration drinks show crossover potential. It adds that Glucose-based oral rehydration solutions have long been available as OTC products through pharmaceutical channels for consumers suffering from acute dehydration because of gastrointestinal disorders or other illnesses. Looking into illustrations in recent years, it talks about popular brands such as Pedialyte (US) and Electrolit (Mexico) which have begun to expand their marketing mix and target new demographics, reaching everyday hydration occasions previously served by sports drinks, functional waters and plant waters.

The literature comments that the challenge to the industry presented by strong expected growth in bottled water is one of value creation: how can brands create premium, high-value opportunities in hydration outside bulk water and relatively commoditized single-serve retail water, where private label penetration is high and price competition is fierce. (Passport, Opportunity in Oral Rehydratrion Drinks, July 2018)

(Passport, Opportunities in Oral Rehydration Solutions, July 2018) notes that while young consumers are generally consuming less alcohol overall, there remains an underserved occasion for beverages that restore electrolytes and rehydrate after consuming alcoholic drinks. Another article notes that though Packaged water, sports drinks, juice drinks and other categories can operate in this space, several successful brands have recently emerged from the realm of OTC consumer health: specifically, oral rehydration solutions. (Passport, Near Water: profiling Growth Opportunities in Hydration Beverages, Feb 2017)

4.2.10. Holistic Opportunities in Restoration:

The literature notes that the consumer demand for superior hydration extends beyond liquid beverages- up to dissolvable electrolyte powders and tablets represent a convenient, low-cost hydration solution when added to bottled water (or simply tap water). Dissolvable functional tablets can allow consumers to better control their consumption, particularly when on the go or during/after athletic occasions. (JC, 2000) According to (Nutrition, 2014), growing consumer demand for convenience produces new product developments and innovations in hydration and more broadly across sports nutrition (protein, recovery, immune support etc) for example- Within sports protein powder, many brand owners are introducing small-sized packages which allow consumers to avoid measuring out a serving or single portion before each trip to the gym. It further adds, increasingly popular bite-sized sports protein bars are expected to post healthy retail value growth over the forecast period.

As demand for hydration beverages grows, oral rehydration drinks have a real opening to take a greater share of consumer spending from still water, functional and sports drinks, which lack appeal across occasions. From the literature (JC, 2000) (Passport, Near Water: profiling Growth Opportunities in Hydration Beverages, Feb 2017) (Passport, Opportunities in Oral Rehydration Solutions, July 2018) (Nutrition, 2014)the keys to this transformation are-

- **Branding across occasions:** Oral rehydration drinks must shed “pharmaceutical” packaging to match convenient, portable and engaging packaging of everyday isotonics, exploring new design, closures and smaller package sizes.
- **Accessible merchandising:** Entering new soft drinks retailers for chilled and immediate consumption is key. Existing brands must also explore more engaging beverage spaces within the store -outside pharmacy aisles and OTC products -to reach new consumers.
- **Pharmaceutical credentials:** Brighter, less medicinal packaging and merchandising must be balanced with a continued focus on the pharmaceutical credentials and clinical research that set the brand apart from competing brands and especially adjacent categories.
- **Focus on flavor:** To compete directly with beverage categories, oral rehydration drinks must invest in flavor. This means expanding flavor selection beyond simple, familiar fruit options and investing in the natural ingredients that consumers demand.
- **Innovate across formats:** Liquid rehydration drinks are not the only potential format to appeal to consumers: brands should consider convenient options such as dissolvable electrolyte tablets and pre-portioned powder sachets.

An additional opportunity is created (Passport, Near Water: profiling Growth Opportunities in Hydration Beverages, Feb 2017) because-

- Sports drinks and plain water do not meet every consumer need and hydration occasion.

- Hydration products can be a premium, high-margin category across consumer occasions (not just athletics).
- Flexible branding and positioning can allow oral rehydration products to compete more broadly as multi-purpose hydration drinks.
- Natural still matters: consumers will continue to prioritize less sweet and plant-based ingredients in hydration as well as refreshment.

5.History

5.1. Product Line Extension

The authors (Quelch and Kenny 1994) look at multiple reasons why companies rely on line extensions as part of their marketing strategies: Manufacturers see extensions as a low-cost, low-risk way to meet the needs of different customer segments; line extensions can fulfill consumers' desires by offering a wide range under a single brand; and extensions are often used as a short-term competitive weapon to increase a brand's control over limited retailing shelf space.

Some marketing purists insist that "one idea, one brand" is the conceptual way to success in marketing, but the reality is that extensions are here to stay- even though half result in failure. The product line extension strategy has become a common practice for companies seeking to provide a range of products under an existing trademark – from entry-level to premium products – for product categories where branding is a differentiating factor (Keller, 2008).

In the last ten years, products have proliferated in every category of consumer goods and services, and the deluge shows few signs of letting up. Most companies are pursuing product-expansion strategies—in particular, line extensions—full steam ahead. But as John A. Quelch and David Kenny argue in "Extend Profits, Not Product Lines" (Quelch and Kenny 1994), more and more evidence indicates that such aggressive tactics can be hazardous. According to David Taylor as a Product line stretches, it becomes a bigger challenge to manage and has a higher risk of running off in too many directions (Taylor, 2004). Matt Haig states that a company may own a brand, but it cannot possibly own the feelings a brand generates (Haig, 2004). In his book, 'Brand Failures', Haig talks about Brand Amnesia- when brands forget their original identity and Brand Ego- When consumers do not immediately recognize a new product as part of that family, it does not benefit from the extension.

5.2. ORS Administration

Euromonitor (Passport, Opportunities in Oral Rehydration Solutions, July 2018) defines Oral rehydration drinks as glucose-based, liquid solutions majorly administered for rehydration and sold as pharmaceutical products intended as acute hydration remedy from illness or fatigue. A look into products in the market indicated that these generally range from hypotonic to isotonic depending on formulation and format. This category of OTC hydration drinks is not necessarily an innovation in terms of ingredients -the products usually contain water, glucose and electrolytes, albeit typically in higher quantities to functional waters or sports drinks.

Advertising budgets have been low and the marketing message was essentially medical. However, in the last three years there has been a clear reimagining of marketing strategy by leading brands in oral rehydration drinks, pushing the benefits of their products to refresh, replenish and restore across occasions formerly occupied by sports drinks and functional isotonic soft drinks (Unicef, 2011). The literature (Passport, Opportunities in Oral Rehydration Solutions, July 2018) takes the example of the leading US brand of oral rehydration solution -Pedialyte – which has significantly adjusted its marketing to appeal to a wider core audience. Young adults are featured consuming the rehydration solution in a similar fashion to sports drinks or functional water. Further, the brand, in the past two years, is said to list alcohol consumption and hangover remedy, athletic activity, heat exposure and travel as potential dehydration occasions to be addressed by the brand's product line -alongside recovery from flu or gastrointestinal illness. Data shows targeting new consumers and new occasions has coincided with strong growth for the Pedialyte brand in the US, growing sales by 40% in current terms over 2014-2017. (Euromonitor, 2018).

Pedialyte is not the only oral rehydration brand attempting to broaden the scope of its customer base. Brands in Australia, the UK, Mexico and elsewhere are also attempting to develop the category and reach new consumers andoccasions more typically served by sports drinks and functional beverages. Case in point, the example quoted by (Passport, Opportunities in Oral Rehydration Solutions, July 2018)- Hydralyte which began as an Australian brand in 2001, expanding its range of products from 1-litre NARD glucose solution to include frozen popsicles, powders and tablets. The company launched in Canada in 2010 and the US in 2016, touting the "clinical advantage" of its glucose/electrolyte formula over sports drinks, and claiming significantly more electrolytes and 75% less sugar per serving.

Euromonitor, 2018, also mentions Electrolitis- a leading brand of oral rehydration in Mexico, controlling over 70% of the diarrheal remedies category in 2017. The brand's owner, Pisa Laboratorios, has recently set out on an ambitious expansion project to expand the scope of the brand by increasing production, adding flavors to existing product ranges and adding a new product range of sports drinks that will be merchandised in grocery stores (instead of pharmacy/ drugstore channels). The company is also expanding geographically, attempting to bring the Electrolife/Electrolit brand to western US territories in late 2016. More recently, the company has expanded into Colombia in 2017. Among several challenges for the brand is educating consumers about the suitability of the product range for alternative occasions. Current consumers may associate Electrolit and other oral rehydration only as medicine, failing to realize the application of the product beyond liquid replenishment during illness. Moving a brand from an unfashionable pharmaceutical category into the realm of soft drinks (especially considering the large advertising budgets of competitors in this space) is a major marketing challenge. (Passport, Opportunity in Oral Rehydratrion Drinks, July 2018)
From a consumer perspective, the literature notes that adequate hydration is a health and wellness priority across markets and all demographics. Population and income growth in warmer urban climates as well as growing interest in healthier, active lifestyles are two drivers of this interest (JC, 2000). Furthermore, the hydration needs of ageing consumer demographics are potentially underserved by existing product options. (Passport, Near Water: profiling Growth Opportunities in Hydration Beverages, Feb 2017)

Euromonitor, 2018 notes that the Pharmaceutical oral rehydration drinks show crossover potential. It adds that Glucose-based oral rehydration solutions have long been available as OTC products through pharmaceutical channels for consumers suffering from acute dehydration because of gastrointestinal disorders or other illnesses. Looking into illustrations in recent years, it talks about popular brands such as Pedialyte (US) and Electrolit (Mexico) which have begun to expand their marketing mix and target new demographics, reaching everyday hydration occasions previously served by sports drinks, functional waters and plant waters.

6. Current Industry Analysis

6.1. SWOT Analysis

6.1.1. Strengths

- **Wide spread geographic presence –** Oral Rehydration Therapy for Diarrhea has an extensive dealer network that helps in delivering services to the customers effectively but at the same time, also increases the competitive challenges in Sales & Marketing industry.
- **Brands catering to different customers segments within Customers-** For example Emerging markets, Influence, Innovation, Organizational culture, Policy, Strategy execution, Supply chain segment **-** Ort Diarrhea extensive product offerings have helped the company to penetrate different customer segments in Sales & Marketing segment. Companies which manufacture these solutions have been increasingly trying to develop products with other benefits such as muscle fatigue reduction, prevention of dysbiosis and recovery from fever. It has also helped the organization to diversify revenue streams.
- **Success of new product mix –** The category provides exhaustive product mix options to its customers. It helps the company in catering to various customers segments in the Sales & Marketing industry.
- **First mover advantage in the increasingly crowded market place-** The new products are rapidly increasing Ort Diarrhea market share in the Sales & Marketing industry.
- **High margins compare to Sales & Marketing industry's competitors -** Even though Ort Diarrhea is facing downward pressure on profitability, compare to competitors it is still racking in higher profit margins.
- **Track record of innovation -** Even though most players in the Sales & Marketing strive to innovate, Ort Diarrhea has successful record at consumer driven innovation.

6.1.2. Weaknesses

- **Declining per unit revenue for ORS -** competitiveness in the industry name industry is putting downward pressure on the profitability. A starting guide to manage this situation for company name is – objectively assessing the present value propositions of the various products.
- **Business Model of ORS is imitable** by the competitors in the industry. To overcome these challenges company name needs to build a platform model that can integrate suppliers, vendors and end users.
- **Loyalty among suppliers is low -** Based on the evidence provided in the case study Oral Rehydration Therapy it seems that there is low level of allegiance among the members of supply chain partners.
- **Gross Margins and Operating Margins** which could be improved and going forward may put pressure on the Ort Diarrhea financial statement.
- **Low investments into ORS's customer-oriented services -** This can lead to competitors gaining advantage in near future.

6.1.3. Opportunities

- **Increasing government regulations** are making it difficult for un-organized players to operate in the Customers, Emerging markets, Influence, Innovation, Organizational culture, Policy, Strategy execution, Supply chain industry. This can provide an opportunity to increase the customer base.

- **Customer preferences are fast changing** - Driven by rising disposable incomes, easy access to information, and fast adoption of technological products, customers today are more willing to experiment / try new products in the market.
- **Lower inflation rate** - The low inflation rate bring more stability in the market, enable credit at lower interest rate to the customers of Ort Diarrhea. This will increase the consumption of ORS products.
- **Lowering of the cost of new product launches** through third party retail partners and dedicated social network. ORS can use the emerging trend to start small before scaling up after initial success of a new product.
- **Accelerated technological innovations** and advances are improving industrial productivity, allowing suppliers to manufacture vast array of products and services.
- **Rapid Expansion of Economy** As the economy is improving faster than any other developed economy, it will provide an opportunity to expand.

6.1.4. Threats

- **Distrust of institutions and increasing threat of legal actions for Ort Diarrhea** - As the WTO regulations and laws are difficult to enforce in various markets. Legal procedures have become expensive and long drawn process. It can lead to less investment into emerging markets by ORS Giants like Pedialyte thus resulting in slower growth.
- **Competitive pressures** - As the new product launch cycles are reducing in the Customers, Emerging markets, Influence, Innovation, Organizational culture, Policy, Strategy execution, Supply chain industry. It has put additional competitive pressures on players such as J&J and Pedialyte.
- **Changing demographics** - As the baby-boomers are retiring and new generation finding hard to replace their purchasing power. This can lead to higher profits in the short run for ORSs but reducing margins over the long run as young people are less brand loyal and more open to experimentation.
- **Shortage of skilled human resources** - Given the high turnover of employees and increasing dependence on innovative solution, company name can face skilled human resources challenges soon.
- **Competitors catching up with the product development**

6.1.5. Objectives and Results for SWOT

SWOT analysis is one of the most widely used tools for strategic analysis. According to a research done by Harvard Business School – more than 75% of the leaders in strategy department had used SWOT analysis for the purpose of strategic analysis. Strategists at ORS firms can utilize SWOT for following objectives -

- **Using SWOT for Strategic Planning at Oral Rehydration Therapy**

Over the years the nature of the strategic planning has changed in the Sales & Marketing. leaders utilize SWOT not only for short term planning but also for long term strategic planning. It will provide the leaders with a better understanding of market, organization, and competitors.

- **Using SWOT for Performance Improvements**

In the short term SWOT is an effective tool to improve business processes, part of business, or both together- to identify areas of weakness in process in the organization. Managing and eliminating these weaknesses can drive future growth.

- **Using SWOT analysis for Venture Feasibility, New Project Viability & New Product Launch**

Project management and feasibility analysis have become more specialized. SWOT analysis can still help work out the pros and cons of new project, initial viability and long term scope keeping in the competitors' strategy and macro environment development.

- **Using SWOT to Thwart Competitive Challenges**

Often leaders neglect trends in macro environment because of the narrow focus on the industry. To manage these competitive challenges and macro environment trends leaders at Oral Rehydration Therapy can use SWOT to pinpoint specific threats and allocate requisite resources to deal with those threats.

- **Using SWOT Analysis to Set Corporate Goals & Key Objectives**

The easiest objective for which SWOT analysis can be used is for setting strategic goals, defining key objective areas and desired results.

7. Research Methodology

In this chapter, the research design, area of study, population, sample of the population, sampling technique, instrument for data collection, validation of the questionnaire, administration of the instrument, and the method of data analysis are discussed.

7.1. Research Design

7.1.1. Qualitative Research

7.1.1.1. Definition of Population and Sample Sets

- Population: People from Delhi, Age Range between 20- 60 years, minimum education level-Bachelor's degree, living in Urban households
- Sample Set: Group of 30 from the population was chosen on the basis of random sampling. This group was familiarized with the concerned oral rehydration solution- ORSL Base & FOS/ Plus (Line Extension)

7.1.1.2. Concept Development Using Questionnaires (Concepts in line with the thumb rules)

- For the qualitative analysis, initially a survey was done on a random sample from the defined population to study concepts of product line extensions in general. A survey was chosen because it best served to answer the questions and the purpose of the study. The objective of the questionnaire was to:

a) To study the demographic of the buyer.
b) To understand their preferences in packaged foods.
c) To understand their packaged foods buying behavior.
d) To understand their behavior in dealing with new products under the same brand name (product-line extensions)

- This survey was used to develop concept cards about line extensions. These concepts were rechecked in a random sample from the same population for validation.
- Further, these concepts were checked using in depth interviews of the sample set.

7.1.1.2. Brand Association Map

- A model like the Nielsen Brand Association Map was developed through in-depth interviews of the sample set of 30.
- This was done for both ORSL Base & FOS (Line Extension).

7.1.2. Quantitative Research

7.1.1.1. Regression models

Develop models for ORSL Base & FOS (Line Extension) between sales and constituent factors and perform the required regression analysis.

7.1.1.2. Parameter comparison

Compare performance, y-o-y growth, seasonality etc. for base and extensions.

7.2. Population of the Study

The target population for this research is defined to include the Oral Rehydration Solution consumers in India, while the accessible population is the ORS consumers in Delhi NCR. They are considered an appropriate population for the study because they are familiar with product. Most of them hold a bachelor's degree and above and therefore, possess the ability to discern properties of various products in the market. Hence, they are in the best position to furnish the information needed to answer the research questions.

7.3. Sampling Technique

A random sampling procedure was used for selecting the participants in this study. This technique was employed to ensure a fairly equal representation of the variables for the study.

7.4. Instrument for data collection

7.4.1. Qualitative Study

7.4.1.1. Concept Development Questionnaire: People from sample set 1 were interviewed. The interview questions were initially aimed to study the respondent's perceptions of line extensions. Questions relating to popular line extensions, perceived fit, and problems as well as about expectations were administered. For validating the developed concepts, interviews were administered on sample set 2.

7.4.1.2. Brand Association Map: Data was collected from in-depth interviews of people from sample set 2.

7.4.2. Quantitative Study

Data from IMS on ORSL Base and extension brands was used to conduct the analysis and develop the regression model.

7.5. Validation of Questionnaire

The questionnaire designed for the study was subjected to a validation process for face and content validity. Face and content validity have been defined by McBurney (1994) as:

- Face validity is the idea that a test should appear superficially to test what it is supposed to test; and
- Content validity is the notion that a test should sample the range of behavior represented by the theoretical concept being tested.

Further, a pilot testing was carried out on the instrument using respondents from sample set different from but homogenous with sample set 1 in order to see:

- how the subject will react to the questionnaire;
- whether the items are clear enough and easily understood;
- whether there is the need to include more items in certain areas; or
- whether there are some items to which they would not like to respond;
- to determine the workability of the proposed method of data analysis for the

study. From the pilot results, necessary modifications were made in the

questionnaire.

7.6. Models & Framework

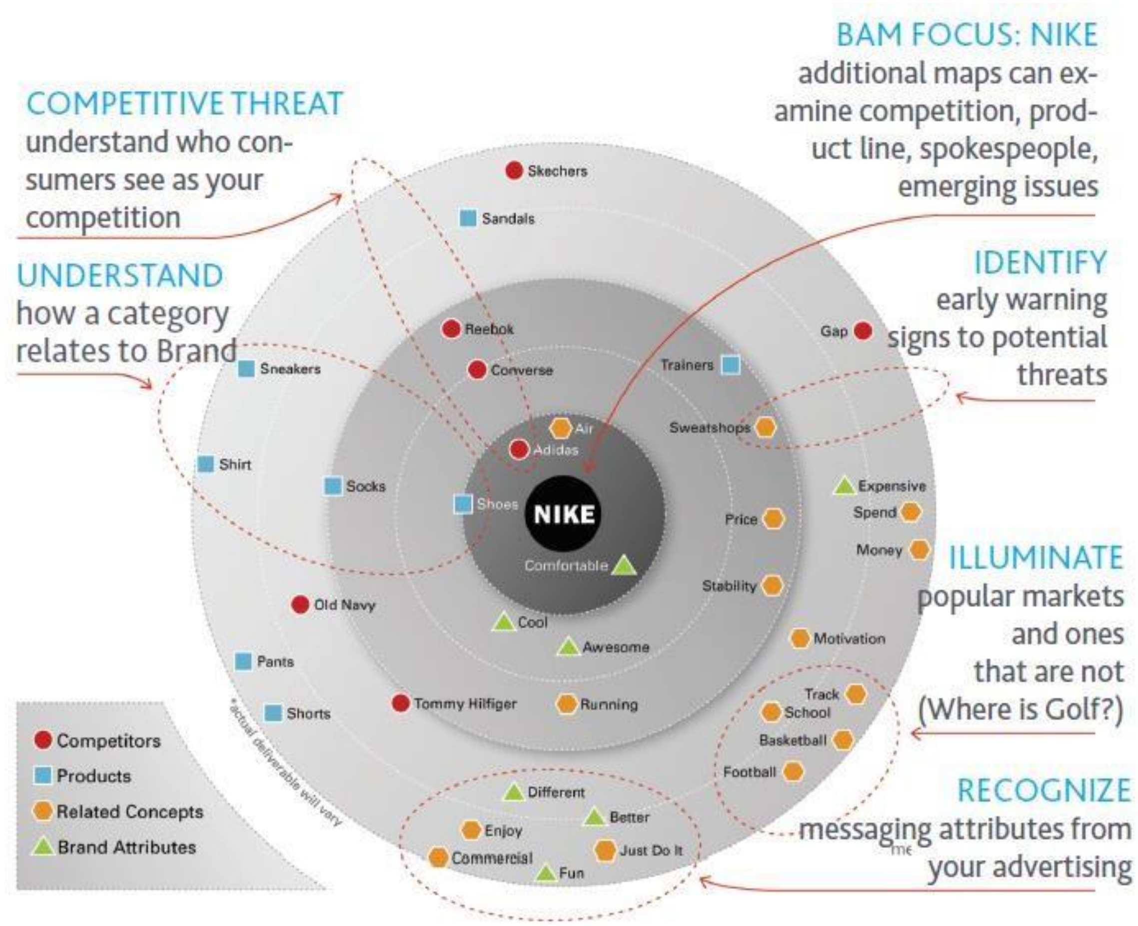
7.6.1. Nielsen Buzzmetrics' Brand Association Map

Nielsen BuzzMetrics' Brand Association Map (BAM) delivers a visual map that provides a comprehensive understanding of key brand dimensions, including product attributes, messaging elements and competitive and category sets. Imagine It is a powerful snapshot of the brand DNA, revealing the most important concepts and themes that consumers discuss and associate with it. Companies fine-tune this image by focusing on key topics that can potentially boost or discredit the brand. Nielsen's BAM provides a single, intuitive map, giving a deep understanding of how the brand is perceived, discussed and understood among consumers online.

7.6.1.1. Working

The Nielsen BAM analyzes consumer conversations on the Internet and plots the words and phrases that most closely correlate to the subject of study. The closer a word appears to the center of the map, the stronger the association or correlation. Likewise, the proximity of words to each other on the map connects a correlation.

7.6.1.2. Sample Map



7.6.1.3. Derived Model

Taking ideas from the Nielsen BAM, a similar model was developed. The data was collected from the sample set of 40 people instead of the conversations on the internet.

Half of the sample set wrote down associations about the base brand and the other half did the same for the extension brand. A brand association map was drawn from these responses.

7.6.2. Linear Multivariate Regression Model

The quantitative analysis was carried out using a multi-level multi-variate linear regression model. The dependent variable was taken to be:

- Sales

The independent variables were:

- NOCB (No. of Customers billed)
- Price
- Doctor Reach
- Temperature

7.7. Parameters of Successful Product Extensions

A product line extension is successful if

- It generates volumes comparable to original product.
- It sees annual growth.
- Customers understand its difference from the original product.
- It satisfies a new need compared to the original product.
- It has same core competencies as the product.

8.Case in Point- ORSL by Johnson & Johnson

8.1. About the Product

ORSL (Oral Rehydration Solution – Liquid) is an over the counter product of Johnson and Johnson Consumer Healthcare India Ltd. Enriched with electrolytes and Vitamin C, ORSL helps restore electrolytes and helps recover health after mild sickness, weakness, and mild fever. It is a tasty blend of electrolytes, vitamin C, and energy giving carbohydrates in a natural fruit juice base. It comes in three tasty flavors—Lemon, Apple and Green Apple.

It has three enhanced variants- Plus, FOS and Rehydrate. FOS is for Gut recovery from antibiotic associated dysbiosis. Plus is recommended for Muscle recovery from illness, daily exertion, and physical activity. Rehydrate is a new product scientifically formulated to aid recovery in mild dehydration.

8.2. Target Group

The basic aim of this structure is to study the major Target Groups, as considered by the parent company- Johnson & Johnson. The major target groups are:

a) Middle Aged Men
b) Women with children

These people are majorly situated in Andhra Pradesh, Telangana, North Maharashtra and the North Eastern part of India.

The specific geographical location of the Target Groups can be explained as follows:

Andhra Pradesh & Telangana: A major chunk of the TGs lie in Hyderabad and Vishakhapatnam because these are places where the original manufacturer of ORSL- Jagdale Industries Ltd. had its manufacturing facility.
North Maharashtra: The current managing headquarters of Johnson & Johnson lies in Mumbai, and hence consumption of ORSL is high in Greater Mumbai and Nasik.
North East: There is a manufacturing unit of ORSL- the TFL in Guwahati owned by Johnson & Johnson and hence the popularity is higher in the North East.

A very interesting observation in consumption pattern is that ORSL seems to be very popular among the people belonging to Islam; this segment also covers a major part of the crowd in Mumbai and Hyderabad. However, the reasons for this are not known.

The knowledge of the TGs will be used to target people for the survey for better results.

8.2.1. Target Group 1: Middle Aged Men

8.2.1.1. Demographic Information

The major Target Group for ORSL is the Middle-Aged Man. He has 1 or 2 kids typically in the age range of 5-12 years. He is typically employed full time in jobs that involve physical exhaustion. Some examples of where this TG could be employed is travel oriented jobs like Small Traders who go to different towns and cities daily, Salesmen, Drivers and Clerical Staff. This TG typically resides in an Urban or Sub Urban setting and belongs to the urban Socio- economic class B or C.

8.2.1.2. Purchase & Consumption Behavior

The Middle-Aged Man is the primary decision maker in his decision to buy ORSL. He buys them himself, majorly from shops near his workplace/ his then location. His consumption behavior is very regular. He buys about 15- 20 packs of ORSL per month during summers and 10-15 packs during other seasons.

8.2.1.3. Benefits Sought

This TG primarily looks for energy in ORSL. He needs this energy to go on his daily activities and hence his purchase behavior is regular. The fact that ORSL has an agreeable taste further adds to this. Also, one of the benefits the TG looks for is the Convenience of the tetra pack and right consumption amount for single use.

8.2.1.4. Major Complaints

The price range is a problem for the economic class that is the target. Some middle ages men tend to believe that the serving size is too small, and the TG tends to consume two packs- one pack is too little and two packs are too much.

8.2.1.5. Key Opinion Leaders (KOLs)

The TG is influenced by Health Care Professionals (HCPs). Once they are prescribed ORSL by the HCPs, they tend to self-medicate and use it in their day-to-day lives.

8.2.2. Target Group 2: Women with Children

8.2.2.1. Demographic Information

This Target Group is the largest consumer of ORSL after the Middle-Aged Man. The typical age is 35-40 years with two kids between 5-12 years. Her husband is working, and she works mostly in a part time or low paid job. Some examples of this could be tuition teacher, tailor, beautician or a home-maker. This TG typically resides in an Urban or Sub Urban setting and belongs to the urban Socio-economic class B or C. Their education levels are typically lower than the male counterparts.

8.2.2.2. Purchase and Consumption Behavior

The woman is the co-decision maker with her husband in the decision to buy ORSL. The husband buys them majorly. When the woman buys ORSL, she gets it from Self Service Stores, Modern Trades, or General Trade stores. She reads the labels when she buys and is hence, more aware than her male counterpart. Her consumption behavior is slightly irregular. This is because of the dependence on another person for buying the product. She needs about 15- 20 packs of ORSL per month.

8.2.2.3. Benefits Sought

The woman majorly looks for health and convenience when buying ORSL. She serves it to guests as it is convenient and ready, and she doesn't have to make anything. On occasions, she compares it to home remedies and hence prefers the orange (ORSL Plus) / lemon flavors. She gives it to her husband & kids because she believes it to be better than soft drinks. It often lands up in her kid's lunchbox. She actively recommends it to her friends & family.

8.2.2.4. Major Complaints

The price range is a problem for the economic class that is the target. Some women tend to believe that the serving size is too large since they serve it to kids and hence they have to refrigerate one pack and consume twice.

8.2.2.5. Key Opinion Leaders (KOLs)

The TG is equally influenced by HCPs and the recommendations of friends, family or acquaintances. Once they are recommended ORSL, they tend to use it in their day-to-day lives.

8.3. Hypothesis

- ORSL FOS generates volumes comparable to original product
- ORSL FOS sees annual growth
- Customers understand its (ORSL FOS) difference from the ORSL original product.
- ORSL FOS satisfies a new need compared to the ORSL original product
- ORSL FOS has same core competencies as the original product (ORSL Base).

9.Instruments and Data

9.1. Qualitative Study

9.1.1. Concept Development Questionnaire

The data was collected from 100 respondents via an Online Survey on Google forms. To ensure quality of data, extensive demographic information was collected, and an equal split was ensured between members belonging to the Target Group and not belonging to the Target Group. The questions asked in the questionnaire along with the options given are as follows:

Product Line Extensions

Please take some time to fill this form. Do not dwell on questions and fill in the first answer(s) that come(s) to you. Fill on your laptop/tab for convenience. Thank you!

* Required

Email address *

1. Name *

2. Age *

Mark only one oval.

- 0-18
- 19-25
- 26-45
- 45-60
- >60

3. Gender * *Mark only one oval.*

- Female
- Male
- Prefer not to say
- Other:

4. City of Residence *

5. Locality * *Mark only one oval.*

- Metro
- Tier 1 City
- Tier 2 City
- Tier 3 City
- Sub Urban
- Rural

6. **Highest Level of Education Pursuing/ Completed** * *Mark only one oval.*

- Intermediate
- Bachelor's degree
- Master's degree
- Doctorate
- Post Doc

Packaged Food Preferences

7. **How regularly do you buy packaged foods? (Biscuits, Chips, Confectionery, Juices, Soft drinks etc)** * *Mark only one oval.*

- Everyday
- 2-3 Times a Week
- Once a week
- Once every 15 days
- Monthly
- Once every 3 months
- Yearly

1. **What packaged foods do you generally buy?** * *Check all that apply.*

- [ ] Chips
- [ ] Biscuits & Cookies
- [ ] Cakes
- [ ] Chocolates
- [ ] Juices
- [ ] Soft Drinks
- [ ] Frozen Foods Canned
- [ ] Foods
- [ ] Other: ____________________

9. **Where do you generally buy packaged from (rank in order of preference?** * *Mark only one oval per row.*

	1	2	3	4	5	6	7
Kirana							
General store							
Super Market							
Convenience Store							
Online							
Vending Machine							
Canteen							

10. **What do you look for when buying packaged foods (Rank in Order of Preference)?** * *Mark only one oval per row.*

	1	2	3	4	5
Price					
Brand Name					
Quality					
Availability					
Referral from friends/ family/ acquaintances					

Buying Behavior

11. Who usually decides what packaged foods you buy? *

Check all that apply.

- [ ] You
- [ ] Spouse
- [ ] Parents
- [ ] Children Other:
- [ ] ____________________

12. **Who buys the packaged foods?** * *Check all that apply.*

- [ ] You
- [ ] Spouse
- [ ] Parents
- [ ] Children
- [ ] Other: ____________________

Product Extension Buying Behavior

13. **When you buy a new product from an existing brand you do it because of:** * *Mark only one oval per row.*

***14.* Where would you buy new product from an existing brand?** * *Mark*

	1	2	3	4	5	6	7	8
Similarity to Parent Brand								
Experience from use of Parent Brand								
Brand Name								
Availability of New Product								
Marketing/ Features of New product								
Good Rating of New Product								
Parent brand always comes to mind when thinking about the new product								
Referral from friends or family								

only one oval.

- Same source as original product
- Different source as original product Agnostic
- to where you buy

***15.* If same source, why?** *Mark only one oval.*

- Trust
- Availability
- Habit
- Other: ____________________

16. If different source, why?

____

***17.* You believe a new product from the same brand is:** * *Mark only one oval.*

- Inferior to the original product
- Superior to the original product
- Same standard as the original product

18. Why do you believe the new product from the same brand is superior/ inferior or the same? *

Send me a copy of my responses.

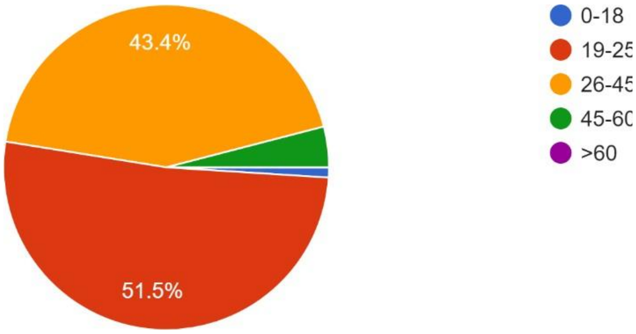
Powered by

Google Forms

After the survey, each question on the survey was analyzed individually and then collective conclusions were drawn and developed into concepts.

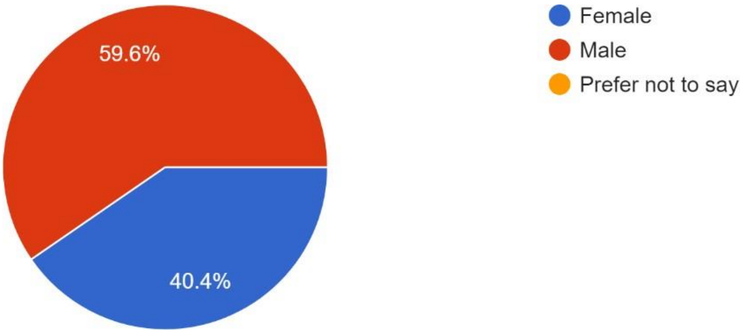
9.1.1.1. Respondent Demographic

9.1.1.1.1. Age



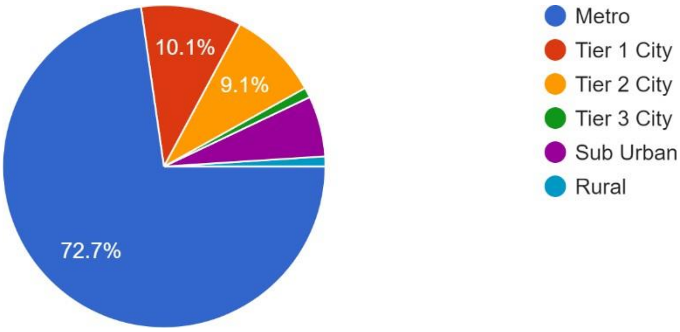
The distribution of age groups of the respondents was 50-50 between respondents up to the age of 25 years and respondents above the age of 25 years.

9.1.1.1.2. Gender



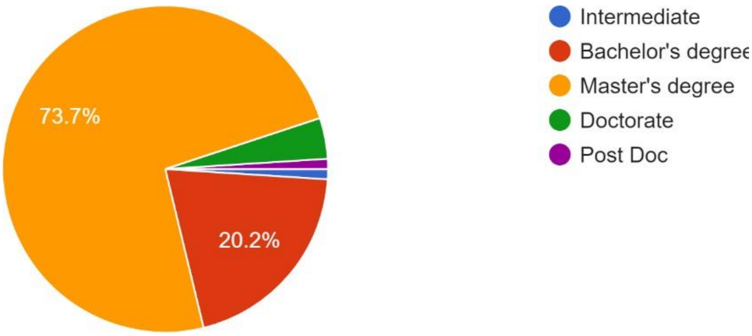
Most of the respondents were male while about 40% of the respondents were female**.**

9.1.1.1.3. Locality



The respondents belong to Metropolitan cities in most cases (72.7%) and Tier 1 and Tier 2 cities in most other cases (10.1 % and 9.1% respectively). This is relevant to the current study since the consumers of ORSL are concentrated in these localities.

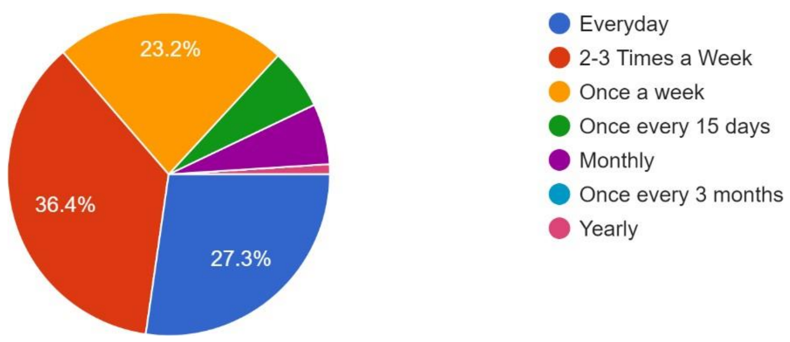
9.1.1.1.4. Education Level



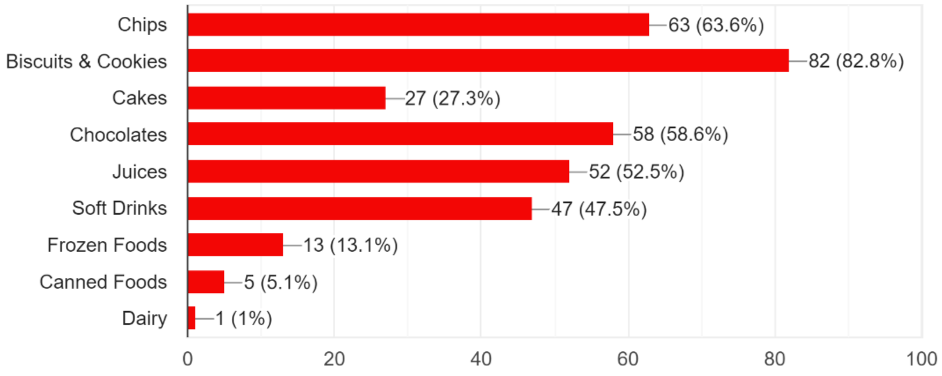
The respondents had a bachelor's degree or above in majority of the cases. This would help in their cognition, interpretation and hence response in the said questionnaire.

9.1.1.2. Purchase Behavior

9.1.1.2.1. Frequency of Purchase



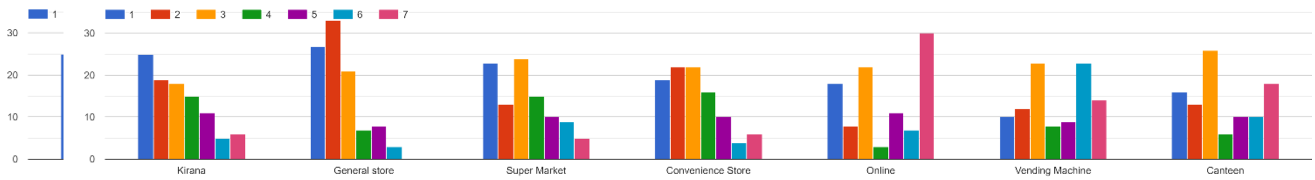
Majority of the purchase happens every day or every alternate day. For some people it might evenbe weekly. But for most (86.9 %) of the surveyed people, purchase of Packaged foods happens weekly or more frequently.



9.1.1.2.2. Packaged Food Preferences

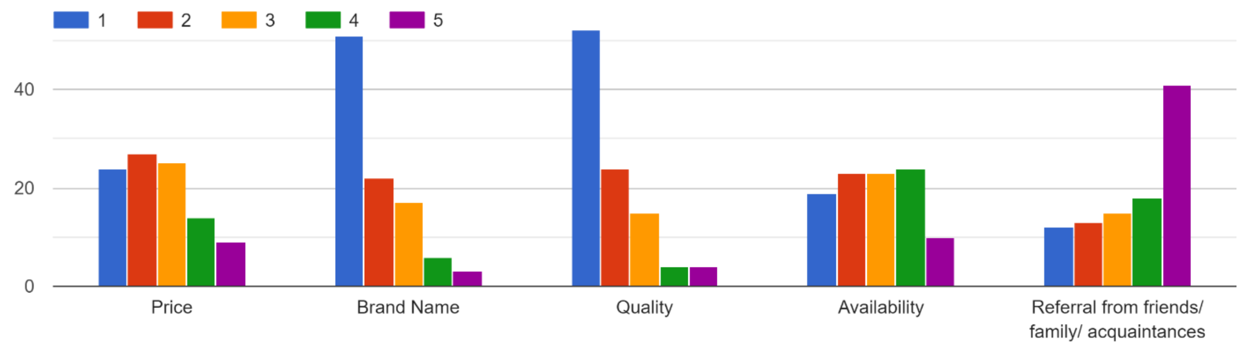
Biscuits and Cookies are the most bought packaged food items at 82.8% respondents buying them at some point, followed by Chips (63.6%) and chocolates (58.6%). Juices and Soft drinks are the next most bought packaged items. These percentages (52.5% and 47.5% respectively) are relevant to the study since the product falls in the category of packaged beverages.

9.1.1.2.3. Place of Purchase



Grocery store and Kirana Stores are the preferred places of purchase for most respondents. While most people use the term interchangeably, the difference considered here is that of scael, volume of business, basket size and the number of SKUs (Stock Keeping Units) available. Grocery stores are larger in terms of the parameters mentioned above. Even though the online channels have been growing in the recent times, they aren’t a big choice when it comes to packaged foods which are purchased frequently, on impulse, and are perishable. Canteens, Vending machines and Convenience stores lose out due to their location and reach. These factors are relevant for the current study since ORSL is sold mostly in Grocery stores.

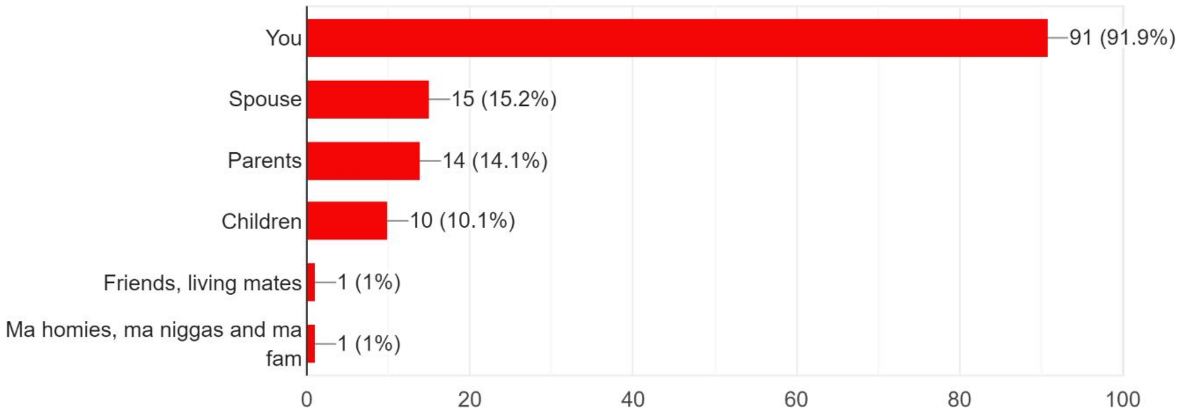
9.1.1.2.4. Benefits Sought



Brand Name and Quality are the most important concerns for the respondents apart from taste which is assumed to be a hygiene factor in case of the concerned study. Price and Availability are the next two dominant factors, and these could play a defining role in the case of ORSL.

9.1.1.3. Buying Behavior

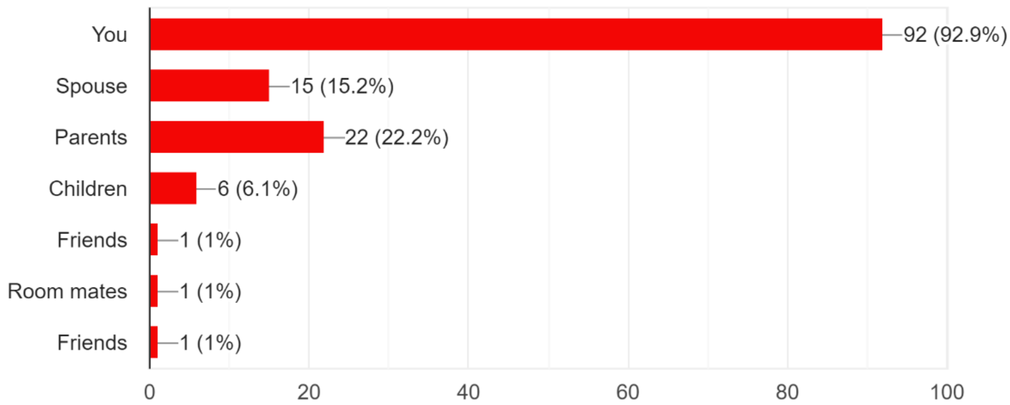
9.1.1.3.1. Decision Maker



Respondents in the age range of 18- 25 years make the decision to buy packaged foods on their own. However, as the demographic gets older, the propensity to rely on the spouse for these decisions increases. It would be interesting to note if the same happens for ORSL since majority of the customers lie in the older demographic segment.

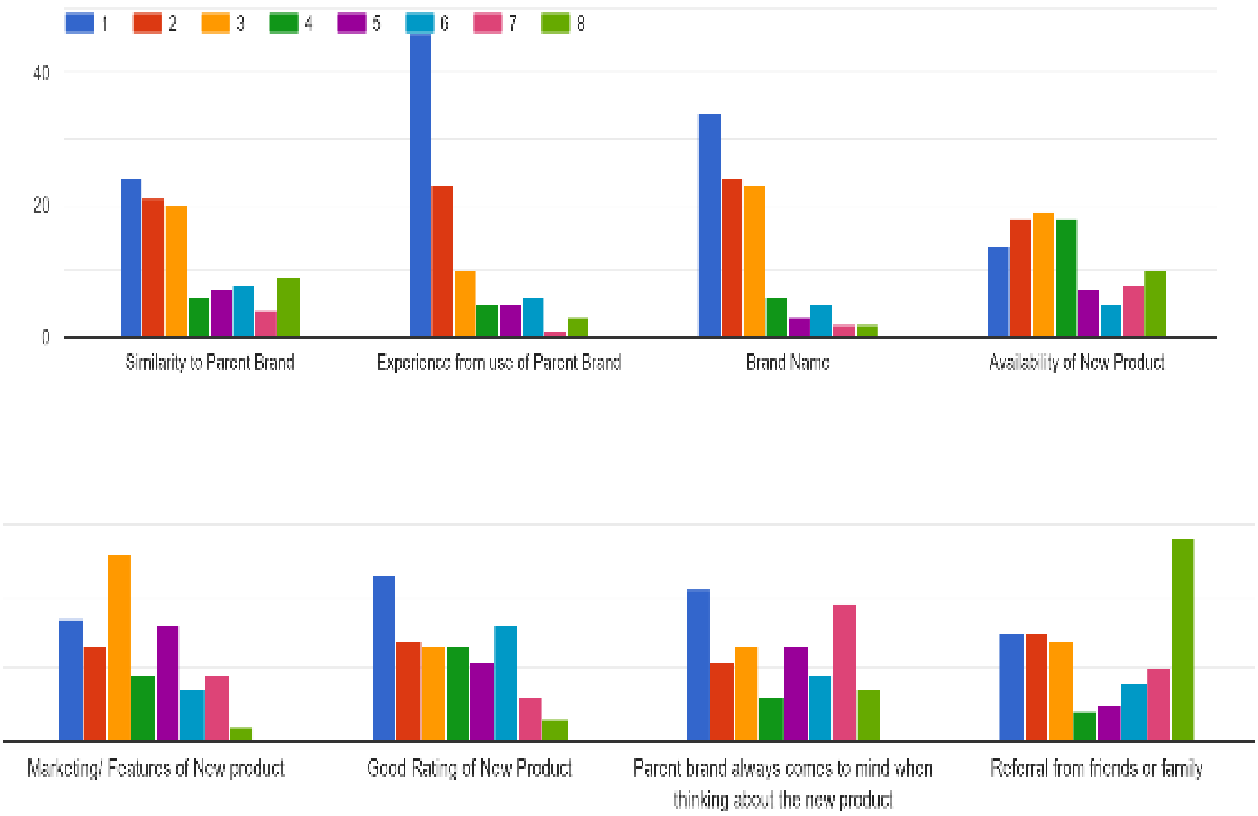
9.1.1.3.2. Buyer

92.9% of the respondents buy the packaged products on their own. For the younger groups, parents tend to buy the packaged products and in some cases for married couples, the spouse buys.



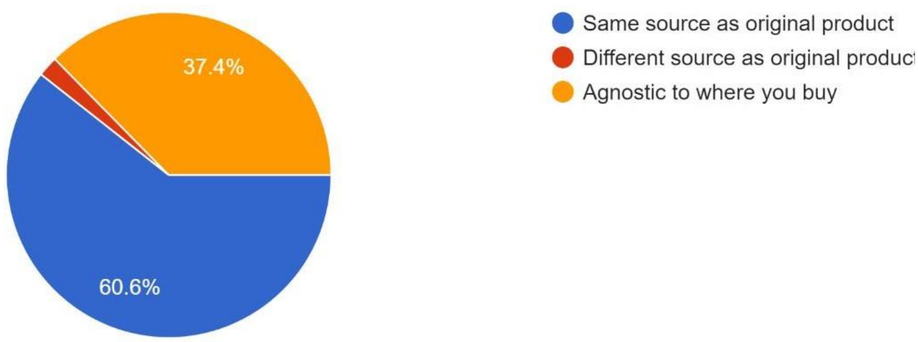
9.1.1.4. Product Extension Buying Behavior

9.1.1.3.1. Expectation from Product Line Extension Brand (PLEB henceforth)



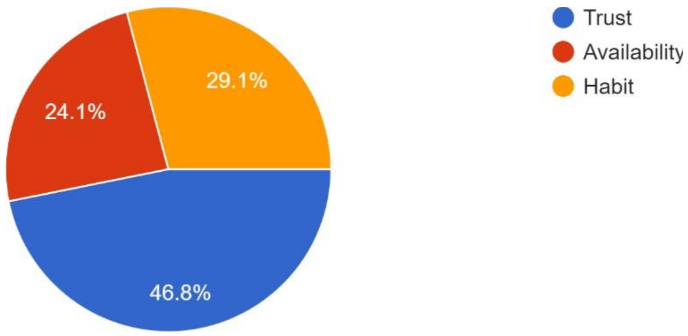
Respondents rely on the parent brand to set expectations by the original product from the Parent brand. The brand name, and previous experiences with parent brand are the important factors. The next most important factors are ratings of the PLEB and the Parent brand association.

9.1.1.3.2. Place of Purchase for PLEB



Majority of the people would buy the PLEB at the same source as the original product. A surprising number of people- 37.4% are agnostic to where they buy the packaged PLEB.

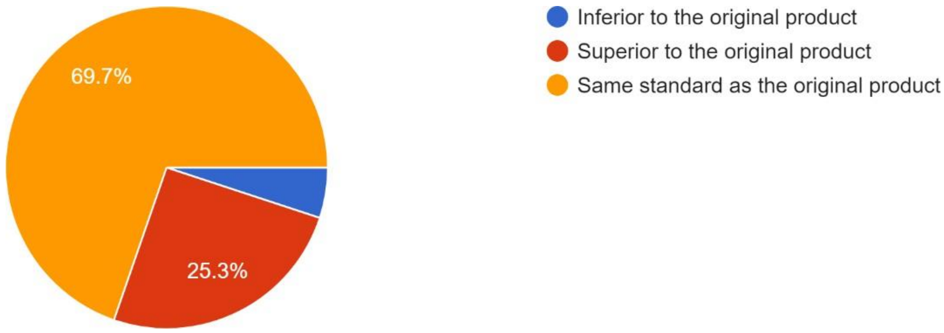
9.1.1.3.3. Reasons of Purchase from the same source



The major reason why respondents buy from the same source is because they have a certain trust factor associated with the source. Availability and Habitual Purchase are the next two important factors that influence where the respondent buys the PLEB.

9.1.1.3.4. Reasons of Purchase from a different source

9.1.1.3.5. Belief about PLEB



95% of the people believe that the PLEB is of the same standard or better than the original product from the parent brand. Only a small part (5% of the respondents) believe that the PLEB might be inferior to the original product. This fact would be especially interesting to note since in the concerned case, the PLEB- ORSL FOS is said to have added benefits and functionalities over the original product.

9.1.1.3.6. Reasons for belief about PLEB

- **Same standard as the original product**

Respondents believe that brands always try to keep their exclusivity and people are reluctant to accept big changes from the original brand. Hence, the PLEB is of the same quality as the original.

Others quote Quality control by the brand, Brand Trust, Market Credibility of the brand, Brand Equity, Image, and reliability of last product as reasons why they believe the PLEB is of the same standard. Another group rely on past experiences with the parent brand. Because the original product has lived up to their expectations in the past, they believe the PLEB will do so.

Some respondents believe that, at times, companies just try to leverage gains from their past products when the PLEB has no real content. Another view is that the brand is trying to target a new customer segment or to fill a gap in the existing customer segment with the PLEB. So, depending on the objective, the standard will either be same or superior. However, in most cases it is same because it is difficult to achieve improved quality.

A group among the respondents believe that brands maintain consistencies. So, in order to not lose loyalty, they would not launch products of inferior qualities. But the original product is fairing well in the market sans complaints there will be no new standards or improvements. As an example of this, one respondent talks about a PLEB by a snacks company. They say that even though there might be a new flavor, there would not be any new standards if the original product is still in the market. The respondent believes that new standards come in if a brand decides to discontinue a product due to customer feedback and launch a new product- this would not be a PLEB.

- **Superior to the original product**

Respondents who believe that the PLEB is better than the original product sometimes do so because they believe in continuous improvement in consumer tastes and preferences, and hence brands invest in latest trends for new products.

A second group propose that due to technological advancement, some shortcomings of the original product may have been corrected in the PLEB or/and some improvements been made. Also, respondents believe that feedback from customers is taken into consideration to improve the PLEB. A better product would intuitively increase the demand.

A third group believe that since PLEBs often charge a premium over the original product, they have the perception to be better than the original product.

- **Inferior to the original product**

Some respondents said the PLEB is worse because they tend to compare the new product to the original one. According to them the PLEB generally lacks in its attributes when compared to the original product. One of the reasons could be that the company did its best in the previous product, and the PLEB very rarely matches it.

Another group of respondents believe that the PLEB is worse because they prefer some classic flavors and feel that the PLEBs don't match up to that.

A third group believe that the mind accepts original product better. There is a perception that PLEBs are just tweaked versions of the original.

9.1.2. Brand Association Map

The data was collected from 40 respondents via Personal Interaction. To ensure quality of data, the respondents were familiarized with the product, and an equal split was ensured between members belonging to the Target Group and not belonging to the Target Group. The questions asked in the interaction are as follows:

9.1.2.1. Data Collected

ORSL	
Word	Freq
Electrolyte	17
Electral	15
Tetra Pack	15
ORS	15
Orange	14
Energy	14
Glucose	12
Cipla	12
Vitamin C	10
Tasty	9
Apple	9
200ml	9
Flavours	8
Diarrhea	8

ORSL	
Word	Freq
Rehydrate	6
Ranbaxy	6
Soft Drink	6
ORS Liquid	6
Relief	6
White	5
RTD	5
J&J	5
Stamina	4
Stomach	4
Sickness	4
Illness	3
Lemonade	3
Lemons	3

ORSL FOS	
Word	Freq
Electrolyte	18
Electral	17
Tetra Pack	16
Medicine	16
Orange	15
Energy	15
Glucose	15
Dysbiosis	14
Cipla	12
Recovery	12
Doctor	12
Cramps	9
Apple	9
Stomach	9

ORSL FOS	
Word	Freq
Guwahati	6
Rehydrate	6
Relax	6
Get well	5
Relief	5
Sickness	5
Muscle	5
RTD	5
Ranbaxy	5
Drink	5
Repair	5

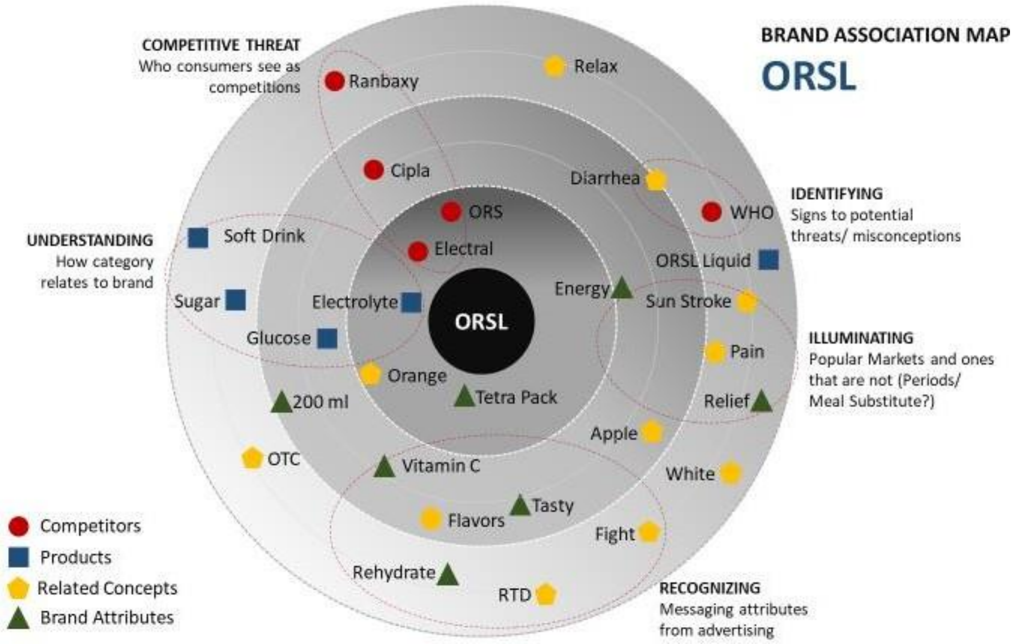
Pain	8
WHO	8
Sunstroke	8
OTC	7
Sugar	7
Fight	7
Relax	7

Fatigue	3
Fever	2
Heat	2
Afternoon	2
Tiffin	2
Periods	2
Cramps	2

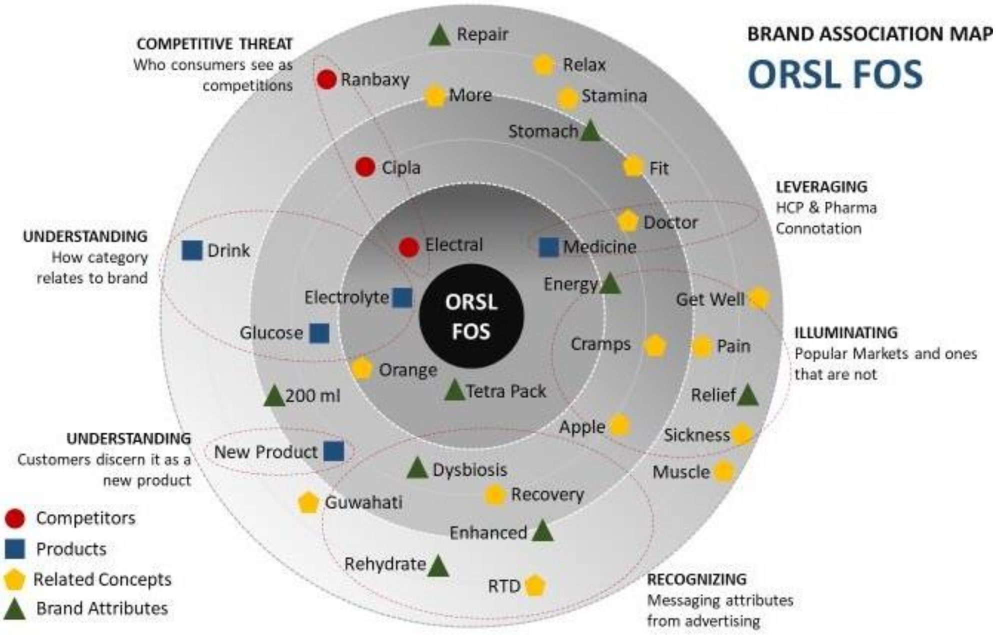
Fit	9
200 ml	9
New Product	9
More	7
Enhanced	7
Stamina	6
Pain	6

9.1.2.2. The BAMs

9.1.2.2.1. ORSL



9.1.2.2.2. ORSL FOS



9.2. Quantitative Study

	ORSL Core								
Period	**Sales**	**Temperature**	**NOCB**	**Trade**	**Doctor Reach**	**Gift Spends in Lacs**	**Price Carryover**	**Total Prescription**	**GST Dummy**
1/1/2016	72657	16.6115	33726	2965323	75870	0	0	122802	0
2/1/2016	109624	20.2522	45524	4558607	75870	0	0	122802	0
3/1/2016	148061	23.3404	51945	5271292	75870	0	0	122802	0
4/1/2016	190312	27.162	49944	9166977	75870	0	0	122802	0
5/1/2016	135174	30.6121	48751	5330573	75870	0	0	122802	0
6/1/2016	196202	29.1138	49250	8361344	75870	0	0	735827	0
7/1/2016	116011	27.5206	39888	9887385	75870	0	0.0666667	991691	0
8/1/2016	129297	27.0912	41889	5850229	75870	0	0.06	1116481	0
9/1/2016	162750	27.2284	47470	7349808	75870	0	0.054	1252417	0
10/1/2016	100516	25.9414	37569	6487063	75870	0	0.0486	1241368	0
11/1/2016	85226	22.3532	32957	4048583	75870	0	0.04374	1042641	0
12/1/2016	88577	18.6159	34451	2790475	75870	0	0.039366	2473943	0
1/1/2017	95473	16.6115	31489	3012499	85320	0	0.0354294	1205572	0
2/1/2017	136652	20.2522	41831	7476919	85320	0	0	802915	0
3/1/2017	205716	23.3404	54486	11758514	85320	33	0	872070	0
4/1/2017	188664	27.162	46632	10547113	85320	33	0	940146	0
5/1/2017	212579	30.6121	44630	11907204	85320	0	0	1017988	0
6/1/2017	177790	29.1138	43697	24418724	85320	0	0	908236	1
7/1/2017	130530	27.5206	37042	4775616	85320	33	0.09375	857655	0
8/1/2017	141813	27.0912	38738	4795612	85320	0	0.084375	912453	0
9/1/2017	243720	27.2284	46274	10556186	85320	80	0.0759375	931890	0
10/1/2017	146859	25.9414	40348	6911610	85320	0	0.0683438	1005616	0
11/1/2017	112844	22.3532	35026	3117138	85320	0	0.0615094	1011122	0
12/1/2017	128581	18.6159	34530	4985685	85320	30	0.0553584	864334	0
1/1/2018	75645	16.6115	32152	2589992	84510	0	0.0498226	1054912	0
2/1/2018	155378	20.2522	52234	9031859	84510	0	0	963054	0
3/1/2018	269694	23.3404	63998	15713585	84510	0	0	1013135	0

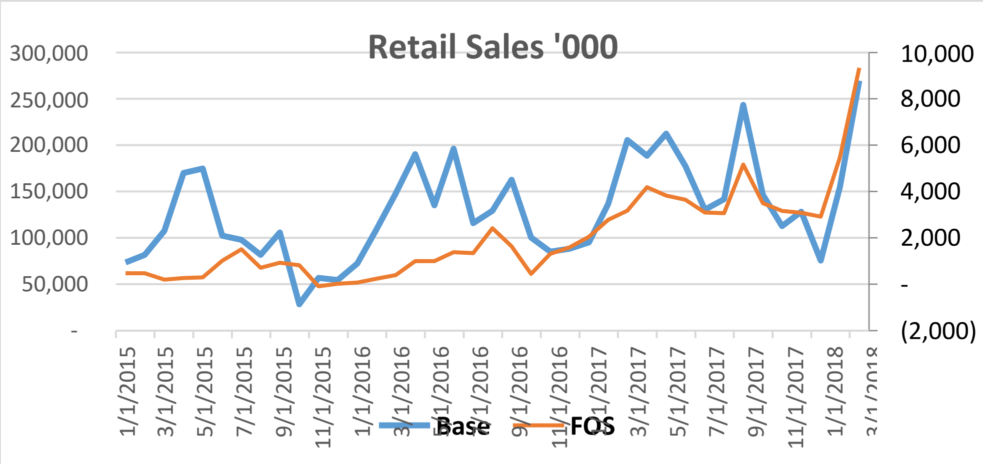
	ORSL FOS								
Period	**Sales**	**Temperature**	**NOCB**	**Trade**	**Reach**	**Gift Spends in Lacs**	**Price Carryover**	**Total Prescript**	**GST Dummy**
1/1/2016	77	16.6115	100	2965323	75870	0	0	122802	0
2/1/2016	239	20.2522	378	4558607	75870	0	0	122802	0
3/1/2016	386	23.3404	406	5271292	75870	0	0	122802	0
4/1/2016	1002	27.162	590	9166977	75870	0	0	122802	0
5/1/2016	997	30.6121	583	5330573	75870	0	0	122802	0
6/1/2016	1380	29.1138	962	8361344	75870	0	0	735827	0
7/1/2016	1344	27.5206	977	9887385	75870	0	1.901238	991691	0

8/1/2016	2417	27.0912	1429	5850229	75870	0	1.711115	1116481	0
9/1/2016	1638	27.2284	1192	7349808	75870	0	1.540003	1252417	0
10/1/2016	447	25.9414	304	6487063	75870	0	1.386003	1241368	0
11/1/2016	1319	22.3532	597	4048583	75870	0	1.247403	1042641	0
12/1/2016	1590	18.6159	1014	2790475	75870	0	1.122662	2473943	0
1/1/2017	2047	16.6115	1350	3012499	85320	0	1.010396	1205572	0
2/1/2017	2782	20.2522	1366	7476919	85320	0	0	802915	0
3/1/2017	3173	23.3404	1516	11758514	85320	33	0	872070	0
4/1/2017	4181	27.162	1232	10547113	85320	33	0	940146	0
5/1/2017	3824	30.6121	1316	11907204	85320	0	0	1017988	0
6/1/2017	3649	29.1138	1286	24418724	85320	0	0	908236	1
7/1/2017	3098	27.5206	1010	4775616	85320	33	1.00000	857655	0
8/1/2017	3072	27.0912	1019	4795612	85320	0	0.9	912453	0
9/1/2017	5167	27.2284	1571	10556186	85320	80	0.81	931890	0
10/1/2017	3499	25.9414	1696	6911610	85320	0	0.729	1005616	0
11/1/2017	3159	22.3532	1626	3117138	85320	0	0.6561	1011122	0
12/1/2017	3076	18.6159	1897	4985685	85320	30	0.59049	864334	0
1/1/2018	2918	16.6115	2379	2589992	84510	0	0.531441	1054912	0
2/1/2018	5478	20.2522	3936	9031859	84510	0	0	963054	0
3/1/2018	9338	23.3404	3990	15713585	84510	0	0	1013135	0

9.2.1. Analysis of Quantitative Data

2017 on '16	Parameter	YoY Growth	
		Base	FOS
Output	Sales	25%	217%
Output	Share	76%	
Input	Price	9%	6%
Input	Core Prescriptions	-18%	-18%
Input	Non- Core prescriptions	-15%	-15%
Input	Total Prescriptions	-16%	-16%
Input	Core Doctor Reach	12%	12%
Input	Non-Core Doctor Reach	12%	12%
Input	Total Doctor Reach	12%	12%
Input	NOCB	-4%	98%
Input	OPD Camps	0%	0%
Input	OPD Sampling	0%	0%

Sales for both the base brand and FOS show Y-O-Y growth, although the growth for FOS is very high compared to that of the base brand. This is because FOS is a relatively new product and a lot of concentrated effort is placed on the marketing of the product. Also, a smaller increase in the total number of units shows a higher percentage increase. The number of prescriptions show a drop, but this is majorly due to lack of segregated data on individual product. It is speculated that the number of prescriptions for ORSL FOS have gone up while the number of prescriptions for the base brand have gone down and due to higher volumes of the base brand, there is a seen decrease in the overall number of prescriptions.



The retail sales of Base and FOS have very different scales. Base shows highly seasonal behavior, though not very evident in FOS- is majorly Prescription driven. Sales go up from Feb to June(summer), and in September (short hot period and increased trade push); they decrease in the remaining periods.

Using a multi-level multi variate regression, the following model was developed:

Analysis Level	ORSL	BASE	FOS ..
Level 1 Base Model	Dependent Variable	Sales	Sales
	Independent Variable	NOCB, Total Reach, TPR, Temperature, GST Dummy Variable	NOCB, Total Reach, TPR, Prescription, GST Dummy Variable
Level 2 NOCB Model	Dependent Variable	NOCB Contribution to Sales	NOCB Contribution to Sales
	Independent Variable	Price Carryover Variable	Prescription, Price Carryover Variable

10. Analysis, Results and Implications

10.1. Major Learnings

10.1.1. Qualitative Questionnaire:

- For majority of the surveyed purchase of Packaged foods happens weekly or more frequently.
- Grocery store and Kirana Stores are the preferred places of purchase for most respondents.
- Brand Name and Quality are the most important concerns for the respondents apart from taste which is assumed to be a hygiene factor in case of the concerned study.
- Respondents in the age range of 18- 25 years make the decision to buy packaged foods on their own. However, as the demographic gets older, the propensity to rely on the spouse for the decision increases.
- Respondents rely on the parent brand to set expectations by the PLEB (Product Line Extension Brand)
- Majority of the people would buy the PLEB at the same source as the original product.
- 70% of the people believe that the PLEB is the same standard as the original product.

10.1.2. Checking findings of Qualitative Study on ORSL:

- Buying of ORSL happens weekly or less frequently for loyal consumers.
- Chemists shops followed by Kirana stores are the preferred places for purchase for ORSL.
- Quality and references are the most important drivers for ORSL while the brand name is relatively not known.
- Since majority of the buyers are married, it's a joint decision of the husband and the wife. The husband is usually the buyer and does not want to be hassled, so the purchase frequency is weekly or lower.
- Respondents majorly rely on doctors to prescribe the PLEB. The other times they consume the PLEB as a new flavor and do not consider any added advantages of the PLEB.
- Respondents buy ORSL at kiranas majorly but buy ORSL FOS at Chemists.

10.1.3. BAM Analysis

This shows the major differences between the perceptions of both the brands. Both brands are strongly associated with electrolytes, energy and dehydration which is the core competency of the brand. However, both are also strongly associated with Electral, Cipla and Ranbaxy. While this helps the firm identify who the customers see as competition to a certain brand, it might also lead to confusion between brand names since this is a low involvement category. Also, the name ORSL is often confused with ORS which is the name of the category and hence association with other players in the market can be problematic. In terms of category, ORSL Base is associated with soft drinks, sugar and glucose while ORSL FOS is associated with drinks, electrolytes and glucose. The messaging attributes for ORSL FOS were recognized to be dysbiosis, recovery, enhanced, rehydrate and RTD. For ORSL base they were Vitamin C, Flavors, Tasty, Fight, Rehydrate and RTD. The major threat recognized from BAM was that ORSL Base is associated with WHO and Diarrhea. However, the formulation for ORSL is not within the WHO recommended range for recovery from diarrhea. There is a different product ORSL Rehydrate which aids recovery from mild dehydration due to diarrhea. An interesting finding from the BAM for ORSL FOS was that it is associated strongly with Medicines and Doctors, which can be leveraged to drive the prescription driven growth for the brand, hence differentiating from the core brand which is majorly self-administered while also ensuring commercial growth.

10.1.4. Quantitative Analysis

Sales for both the base brand and FOS show Y-O-Y growth, although the growth for FOS is very high compared to that of the base brand. This is because FOS is a relatively new product and a lot of concentrated effort is placed on the marketing of the product. Also, a smaller increase in the total number of units shows a higher percentage increase. The number of prescriptions show a drop, but this is majorly due to lack of segregated data on individual product. It is speculated that the number of prescriptions for ORSL FOS have gone up while the number of prescriptions for the base brand have gone down and due to higher volumes of the base brand, there is a seen decrease in the overall number of prescriptions.

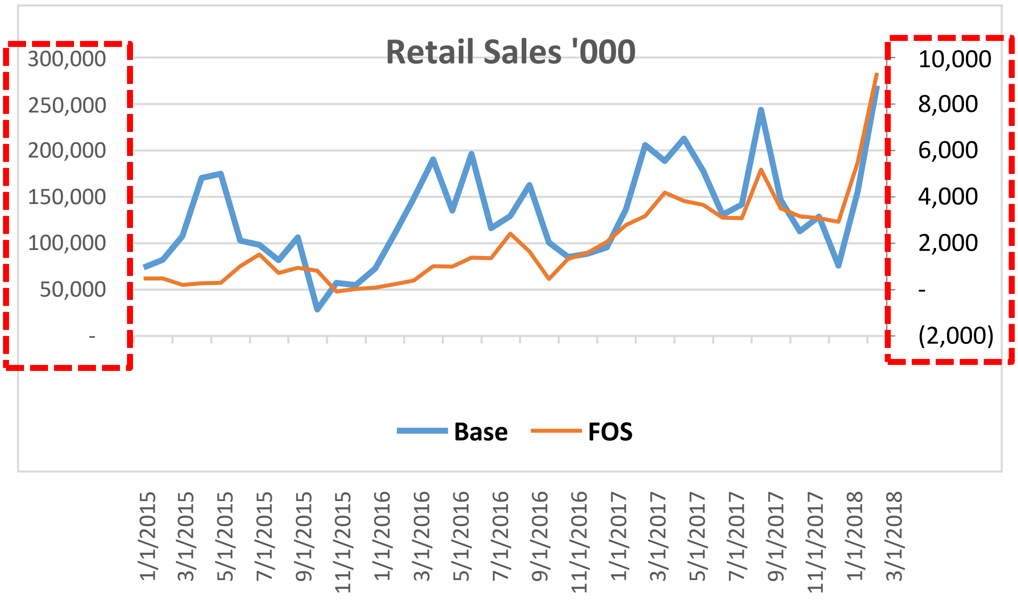
The retail sales of Base and FOS have very different scales. Base shows highly seasonal behavior, though not very evident in FOS- is majorly Prescription driven. Sales go up from Feb to June(summer), and in September (short hot period and increased trade push); they decrease in the remaining periods.

From the regression model we see that, the sales of ORSL Base are dependent on NOCB, Total Reach, TPR, Temperature and Price while that of FOS are dependent on NOCB, Total Reach, TPR, Prescription, Price and Prescriptions. A dummy variable was introduced in both cases to account for changes due to GST in June 2017. While FOS is prescription dependent, Base is seasonal (i.e. temperature dependent) which is due to the nature of usage for both. Summer months account for more dehydration related problems which is the major target for base while FOS is season agnostic as it is to be consumed with antibiotics and shows a growing trendline continuously since it is a relatively new brand.

10.2. Hypothesis Testing

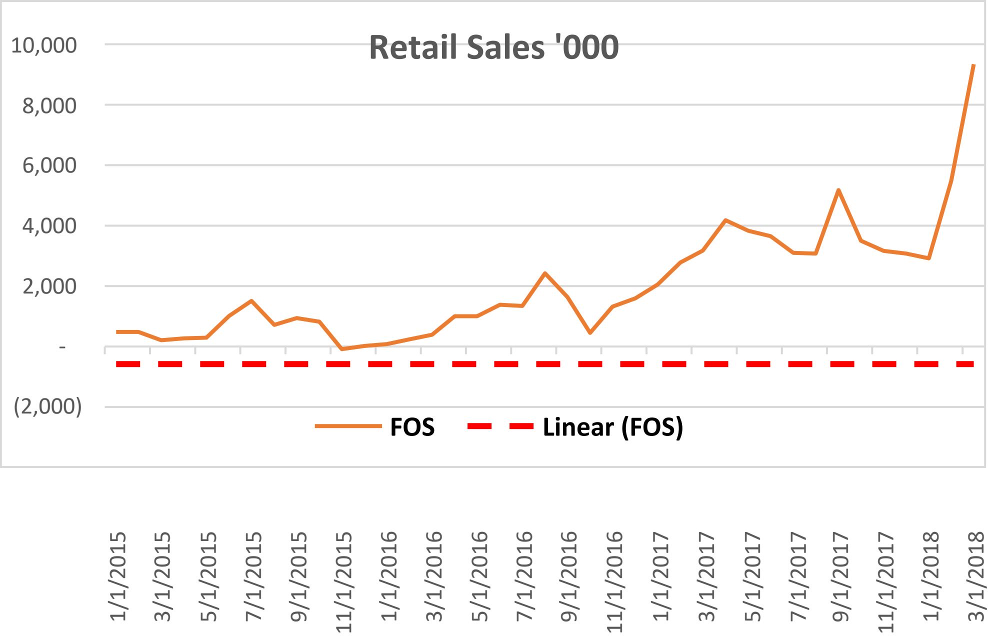
- **ORSL FOS generates volumes comparable to original product**

In the previous chapter, it was found that the volumes of ORSL base were in the range of 100s of ORSL base. Hence this hypothesis is false.



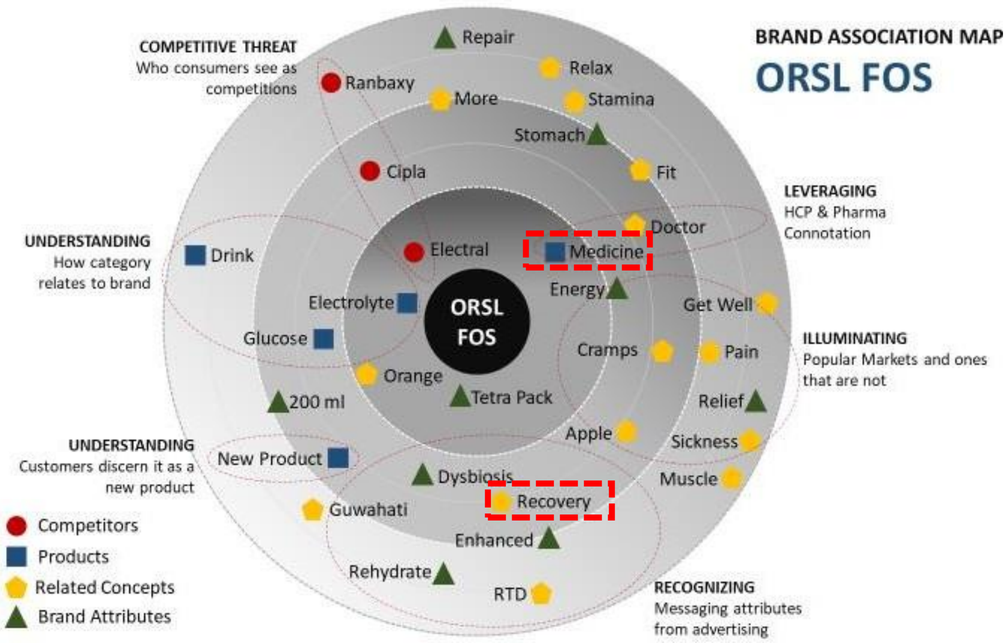
- **ORSL FOS sees annual growth**

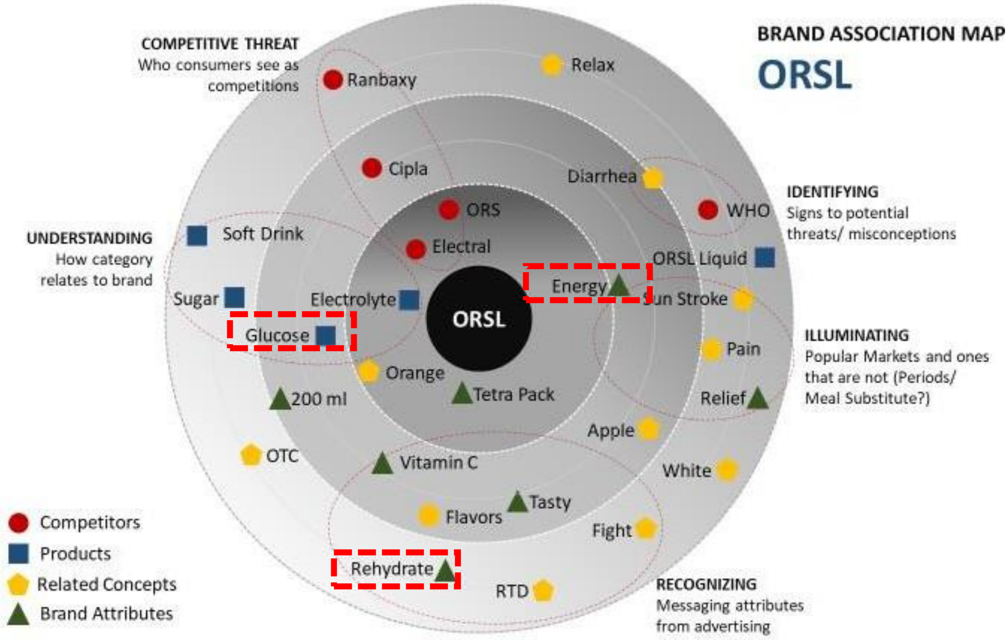
Sales for both the base brand and FOS show Y-O-Y growth, although the growth for FOS is very high compared to that of the base brand. This is because FOS is a relatively new product and a lot of concentrated effort is placed on the marketing of the product. Also, a smaller increase in the total number of units shows a higher percentage increase. Hence this hypothesis is true.



- **Customers understand its (ORSL FOS) difference from the ORSL original product**

From the Brand Association Maps of both brands it is seen that while ORSL base is associated with Rehydration, Glucose and energy, ORSL FOS is associated with medicines and recovery. Hence this hypothesis is true.





- **ORSL FOS satisfies a new need compared to the ORSL original product**

According to Johnson & Johnson, while ORSL Base is recommended for fast track recovery in patients suffering from fever, URTI (Upper Respiratory Tract Infection), flu and common cold, FOS is recommended for gut recovery from antibiotic associated dysbiosis. Hence this hypothesis is true.

- **ORSL FOS has same core competencies as the original product (ORSL Base)**

From the Brand Association Maps of both brands it is seen that both ORSL Base and FOS are associated strongly with being electrolytes and rehydration. Hence this hypothesis is true.

ORSL	
Word	Freq
Electrolyte	17
Electral	15
Tetra Pack	15
ORS	15
Orange	14
Energy	14
Glucose	12
Cipla	12
Vitamin C	10
Tasty	9
Apple	9
200ml	9
Flavours	8
Diarrhea	8

ORSL	
Word	Freq
Rehydrate	6
Ranbaxy	6
Soft Drink	6
ORS Liquid	6
Relief	6
White	5
RTD	5
J&J	5
Stamina	4
Stomach	4
Sickness	4
Illness	3
Lemonade	3
Lemons	3

ORSL FOS	
Word	Freq
Electrolyte	18
Electral	17
Tetra Pack	16
Medicine	16
Orange	15
Energy	15
Glucose	15
Dysbiosis	14
Cipla	12
Recovery	12
Doctor	12
Cramps	9
Apple	9
Stomach	9

ORSL FOS	
Word	Freq
Guwahati	6
Rehydrate	6
Relax	6
Get well	5
Relief	5
Sickness	5
Muscle	5
RTD	5
Ranbaxy	5
Drink	5
Repair	5

10.3. Results and Inference

From the hypothesis testing part, it is observed that four of the initial five hypotheses have been proven true, i.e.,

- ORSL FOS sees annual growth
- Customers understand its (ORSL FOS) difference from the ORSL original product.
- ORSL FOS satisfies a new need compared to the ORSL original product
- ORSL FOS has same core competencies as the original product (ORSL Base).

Hence, ORSL FOS is a successful product line extension of the ORSL Base brand.

11. Impact

An increasing consumer demands for foods which contain ingredients that may impart health benefit beyond basic nutrition is seen. Beverages have been consumed habitually to deliver high concentrations of functional ingredients. They represent not only a suitable medium for the dissolution of functional components, but also a convenient method of consumption. There are a wide variety of functional beverage products, including sport and performance beverages, ready to drink teas, vitamin fortified water, soy beverages and other energy beverages. (Suree Nanasombat, 2015). Production and consumption of functional beverages has gained much importance due to their major contribution to health promotion and disease risk reduction and constitute an excellent delivery means for nutrients and bioactive compounds, including vitamins, minerals, antioxidants, omega-3 fatty acids, plant extracts, sterols/stanols, dietary fiber, amino acids and biopeptides, prebiotics, and probiotics, among others (Fereidoon Sahidi, 2016). There have been continuous innovations in functional beverages and their associated market over the last decade as consumers seek novelty and health benefits from their beverages. This study helps us look at product line extension in the Oral Rehydration category, industry Standards in ORS Category and establish parameters to measure the success of product line extensions. The results of this study can be applied on Product line extensions in general. consumer demand for superior hydration extends beyond liquid beverages- up to dissolvable electrolyte powders and tablets represent a convenient, low-cost hydration solution when added to bottled water (or simply tap water). Dissolvable functional tablets can allow consumers to better control their consumption, particularly when on the go or during/after athletic occasions. (JC, 2000) According to (Nutrition, 2014), growing consumer demand for convenience produces new product developments and innovations in hydration and more broadly across sports nutrition (protein, recovery, immune support etc) for example- Within sports protein powder, many brand owners are introducing small-sized packages which allow consumers to avoid measuring out a serving or single portion before each trip to the gym. It further adds, increasingly popular bite-sized sports protein bars are expected to post healthy retail value growth over the forecast period.

As demand for hydration beverages grows, oral rehydration drinks have a real opening to take a greater share of consumer spending from still water, functional and sports drinks, which lack appeal across occasions. From the literature (JC, 2000) (Passport, Near Water: profiling Growth Opportunities in Hydration Beverages, Feb 2017) (Passport, Opportunities in Oral Rehydration Solutions, July 2018) (Nutrition, 2014)the keys to this transformation are Branding across occasions, Accessible merchandising, Pharmaceutical credentials, Focus on flavour and Innovation across formats.
An additional opportunity is created (Passport, Near Water: profiling Growth Opportunities in Hydration Beverages, Feb 2017) because-

- Sports drinks and plain water do not meet every consumer need and hydration occasion.
- Hydration products can be a premium, high-margin category across consumer occasions (not just athletics).
- Flexible branding and positioning can allow oral rehydration products to compete more broadly as multi-purpose hydration drinks.
- Natural still matters: consumers will continue to prioritize less sweet and plant-based ingredients in hydration as well as refreshment.

12. Conclusion

Businesses are constantly vying to capture the attention of potential customers. It's not easy to do. People are inundated with different brands as they stroll through the streets, scan through their social media newsfeeds, and binge television. The average customer is exposed to more than 4,000 ads every day. In this clutter, brands also struggle for shelf and basket space with themselves and with others through competitor products and extensions. Managers who focus their product lines instead of continually extending them can expand margins and market share. Some marketing purists insist that "one idea, one brand" is the conceptual way to success in marketing, but the reality is that extensions are here to stay- even though half result in failure. A controlled approach aligns products and distribution systems with customer needs, helps ensure repeat purchases, and creates stronger margins that can be reinvested in true customer value (Quelch and Kenny 1994). When consumers do not immediately recognize a new product as part of that family, it does not benefit from the extension. Hence brands need to follow a few core principles that help them avoid this.

To avoid product line extension failures:

- Do not forget your core business
- Do not lose your purpose- Line Extensions should convey the same emotions and functions that contributed to the success of the line's original flagship product. If they do not, they will fail.
- Remember your consumers and your markets- The failure to meet consumer needs, regardless of brand, creates unhappy customers. If the line extension does not fulfil a need, they have to compete based on price alone.

On the lines of the above principles from the book 'Brand Stretch', some parameters can be established through which the success of a product line extension can be measured. A product line extension is successful if:

- It generates volumes comparable to original product.
- It sees annual growth.
- Customers understand its difference from the original product.
- It satisfies a new need compared to the original product.
- It has same core competencies as the product.

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