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mjunction: The Branding Dilemma

Sanjeev Tripathi and Dr. Mahul Brahma wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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It was the first week of May 2019, and in another month, the monsoons would hit Kolkata with fury. Vinaya Varma, the managing director (MD) and chief executive officer of mjunction Services Limited (mjunction), was early to arrive at his office. The new financial year had begun on April 1, 2019, and the previous day, Varma had reviewed the company’s progress over the financial year’s first month. Now, however, he wanted to shift his focus from operational issues to the strategic issues facing mjunction. As he looked out the window, he noticed the clear blue sky, the blazing sun, and the lake below resisting the might of the sun. In just a month, the clouds would start pounding the earth with rains, and the lake would overflow. Like the whole of Kolkata, Varma also keenly waited for the monsoon clouds from the Bay of Bengal. However, this year, it seemed that he would have little time to gaze at the clouds or enjoy the rains. He needed to quickly make some decisions on the future of the corporate branding of the company. As he sipped his morning cup of coffee, Varma reflected on the journey of mjunction and its path ahead.

Founded in February 2001, mjunction had grown to become India’s largest e-commerce company and the world’s largest e-marketplace for steel, with its total transactions in 2018 totalling close to ₹150 billion,[[1]](#footnote-1) with consistent growth over the years (see Exhibit 1). It could be said that mjunction had transformed the way steel and coal was bought and sold, and had introduced efficiency, transparency, and convenience for both the buyers and sellers, as reflected in the company’s mission and vison statements (see Exhibit 2). In 2019, mjunction had a presence in more than 40 locations across India and abroad, and employed more than 1,000 people.

Launched originally as an online platform for the selling and buying of steel, over the years, mjunction had diversified into an electronic auction platform for numerous items other than steel, such as various metals and alloys, coal, and unused assets. From a small organization operated by a handful of people, mjunction had grown into a comparatively large organization involved in diverse businesses and even provided financing for the efficient functioning of the supply chain. The complexity of the business was reflected in how the business was organized under different services and business units (BUs), all operating under various brand names.

The company was organized into five services—selling, sourcing, channel management, knowledge, and new business—with each service comprising multiple BUs, such as coaljunction, metaljunction, buyjunction, valuejunction, financejunction, straightline.in, and teajunction. Over time, all these BUs had become strong brands and had communicated specific identities to consumers. For example, metaljunction offered efficient solutions for buying and selling steel, and coaljunction, did the same for the buying and selling of coal.

The intention had been that all the businesses would develop under the corporate brand of mjunction. The common suffix of junction was meant to make this transition easy; however, some of the bigger BUs, such as coaljunction, buyjunction, and metaljunction, had developed their own identities. Their names led to easy recall of the nature and focus of their businesses. In fact, many people in the industry were unaware that these BUs were a part of mjunction. For example, it was easy for a client to associate coal with coaljunction. This association also resulted from the legacy that some businesses, such as coaljunction, had built before the name mjunction was adopted, and hence enjoyed a higher recall from clients. Some BUs had a strong brand identity, whereas smaller businesses such as financejunction had a weaker identity and were less well known in the marketplace.

As Varma had been restructuring the business and considering the corporate branding of the organization, he was conscious of the debate surrounding the various types of brand architecture. Despite some merits in maintaining specific brand names, doing so would also be detrimental to the growth of the overall mjunction brand. In the past three years, Varma had reorganized the business, including moving the BUs from being totally independent of each other to being clustered across five specific services. From a branding perspective, the presence of multiple BUs having different levels of awareness was a major challenge. The corporate brand was conceptualized as mjunction, and all BUs would operate under the mjunction brand, which lowered communication and marketing expenses and created synergy among the various BUs. However, the BUs differed in the market awareness they attracted and in their association with mjunction.

For years, the corporate branding issue had been acknowledged in mjunction’s internal discussions but had never been discussed in detail. Since the company’s corporate branding was not perceived as having a direct impact on either the top line or the bottom line of the organization, it was often ignored. However, Varma realized that implicit costs and benefits were hidden in the branding strategy. A corporate brand also needed to be easy to apply to new services. Moreover, a branding strategy could communicate the organization’s aims and help to develop the perception of the entire organization.

ABOUT mjunction

In the late 1990s, India’s increasing online penetration resulted in an unprecedented excitement in terms of e-commerce.[[2]](#footnote-2) During a trip to the United States, J.J. Irani, the MD of Tata Steel, was approached by E-Steel and MetalSite, two US leaders in the business of the e-selling of steel. On his return, Irani formed a team to explore the setting up of such a business in India. Later, three competitors in the steel industry—Tata Steel, Steel Authority of India (SAIL), and Kalyani Steels Limited—signed a memorandum of agreement to set up the independent and neutral steel marketplace portal metaljunction.com.

The birth of metaljunction.com was expected both to streamline the supply chain by using the latest technology and to be mutually favourable for both large steel companies and small buyers of secondary steel and scrap. The e-auction methodology eliminated all disadvantages of manual auctions on both sides of the supply chain; however, some issues needed to be resolved, as India’s Internet was still in its infancy, and the steel business was bound by tradition, and not ready to experiment with online platforms. Further, a business-to-business (B2B) marketplace was considered a risky and challenging business venture.

By December 2000, SAIL, Tata Steel, and Kalyani Steels Ltd. had signed the joint venture agreement to manage their steel e-marketplace. However, this was also the end of the so-called dot-com bubble, followed by a bust in 2000 to 2002, which led Kalyani Steels Limited to withdraw from the venture, citing differences in its approach to the business. As a result, in February 2001, the venture finally launched with two partners, Tata Steel and SAIL, forming a 50:50 partnership. A major challenge for the new company was overcoming technological barriers, as most bidders were unfamiliar with computers. The initial effort in developing the market mostly focused on shifting existing buyers for secondary steel products[[3]](#footnote-3) to the online mode. Another challenge was to develop bidders’ trust in an online auction platform. Bidders were skeptical of online platforms, as the bids were not visible, which led to mjunction educating people on the working of the platform. The company needed to train people on using computers, navigating through the bidding platform, and using the platform to bid. It also needed to assure the bidders that there were no fake bids, that the lots that were purchased at a high price were genuine, and that these lots were actually being picked from the yards.

Over the years, mjunction had grown to become India’s largest B2B e-commerce company and the world’s largest e-marketplace for steel, with a footprint that extended over 40 locations in India and abroad. From its beginnings with a team of fewer than six people, the company had grown to more than 1,000 employees from different professional and academic backgrounds, and served more than 100 business customers.

Although metaljunction had started with a focus on steel, it gradually expanded its services into other metal and non-metal products, primarily iron-ore fines and lumps, and e-sales of manganese ore, coal chemicals, and slime. In 2007, metaljunction.com was renamed mjunction Services Limited to signify its move away from the metals domain. However, mjunction continued its expansion to other sectors such as coal, the telecommunications (telecom) spectrum, tea, ocean vessel chartering, media rights, and idle assets. Because the metals business continued to be one of mjunction’s primary BUs, the company continued to operate as mjunction. By that time, the name had achieved high brand awareness and strong brand recall. The new BUs were initiated under names such as teajunction, financejunction, and valuejunction (see Exhibit 3).

BUSINESSES AT mjunction

The company had started as metaljunction, providing services for the procurement and auction of metals, primarily steel. However, the business soon expanded to include non-metals such as coal and minerals. To incorporate this change and to communicate that the firm also offered procurement services for non-metals, the new name of mjunction was adopted, while metaljunction continued to be used for the metals business. Specific names were used for the BUs operating in specific areas as a coal business (coaljunction), a buy business (buyjunction), the reselling of unused assets (valuejunction), and financing (financejunction).

The various mjunction services included selling, sourcing, channel management, knowledge, and new businesses.

Selling Services

As noted earlier, mjunctionwas the world’s largest e-marketplace for steel and had extended this service to include coal and idle assets. Three BUs operated under selling services: metaljunction, coaljunction, and valuejunction.

The metaljunction BU was responsible for providing services related to the selling of metals, primarily steel, and was the world’s largest e-marketplace for steel and its by-products. Approximately 150,000 tons[[4]](#footnote-4) of steel were sold every month, and more than 16 million tons of steel had been sold since the inception of metaljunction.

The e-auction of coal through coaljunction had started in 2005, and since then, more than 300 million tons of coal had been sold. The coaljunction BU conducted online sales on behalf of Coal India Limited and its subsidiaries, the world’s largest coal conglomerate. Before coaljunction, the supply chain of coal had been clogged by value-destroying intermediaries.[[5]](#footnote-5) The e-auction system devised by mjunction disintermediated the supply chain, making coal available to the smallest buyer and giving optimal market-driven price realization to the coal companies. In a short time, coaljunction had become a popular name and achieved strong recall among people in the industry. In fact, compared with the name coaljunction, the name mjunction was less popular and had low awareness among people working in the industry.

The valuejunction BU focused on creating value through the sale of unused, old, idle assets and scrap, including industrial assets, stressed assets, and retail surplus. To date, valuejunction had sold idle assets worth ₹80 billion. This BU had successfully sold such diverse products as, rough diamonds, helicopters, and large industrial plants, and worked with more than 70 clients across India. To assist buyers, valuejunction’s services included inspection support and estimation, and devising a sales strategy based on the condition and type of assets.

Sourcing Services

The e-sourcing and procurement platform of mjunction could be used to source a diverse range of goods and services through the buyjunction BU.

The buyjunction BU was initially named commercejunction and offered e-sourcing services, but was later renamed buyjunction. It used the same technological infrastructure as metaljunction to offer reverse e-auction services and aimed to optimize the cost of goods and services for clients through category knowledge management, improvements in procurement efficiency, and reductions in process time. This BU provided services such as online reverse auctions, enterprise procurement system services, category management services, managed sourcing services, and assisted sourcing services. Over time, buyjunction had developed a strong brand identity, and vendors and firms that sought reverse auction services had a higher brand recall for buyjunction than for mjunction.

Channel Management Services

The company provided services not only for the buyers and sellers of important commodities but also to the various channel members, including bidders, dealers, distributors, and influencers. These services included the provision of e-finance and customized analytics-based loyalty programs. Channel management services were provided through two BUs: financejunction and straightline.in.

The financejunction BU initially started as a value-added service to buyers of steel. It later developed into the e-finance arm of mjunction, providing online supply chain finance solutions to sellers and industry majors in such sectors as steel and coal and to their customers (including distributors, dealers, and end-users). The financing facilities were offered in association with leading foreign, private sector, and public sector banks.

The objective behind the straightline.in BU was to help clients increase their channel sales by providing innovative channel management solutions, such as data management, loyalty services, analytics, and channel incentive programs. This BU provided more than 12,000 reward options and used advanced program analytics for monitoring and generating insights.

Knowledge Services

The knowledge division of mjunction was responsible for creating and disseminating knowledge relevant to various stakeholders.

The knowledge service was provided under the mjunctionedge BU, mjunction’s knowledge division for its stakeholders in steel, coal, and other sectors. The division aimed to provide useful content to the important stakeholders in the industry, sharing information through monthly digital reports such as India Steel Market Watch and India Coal Market Watch. Under this vertical, mjunction also organized international conferences on coal, steel, and procurement.

New Businesses

The launch of mjunction itself was the result of an innovation that revolutionized how commodities were bought and sold. The company recognized the benefits of innovations, continuously experimented and invested in new businesses, and was constantly on the lookout for opportunities to develop new businesses. For example, in 2018, mjunction developed, for the Board of Control for Cricket in India, the first platform to sell the media rights for cricket, India’s most popular sport. Two of its important new businesses were teajunction and online vessel chartering services.

India was the world’s second largest producer of tea, and traded a large quantity of tea, ranging from ordinary tea to high-quality Darjeeling tea.[[6]](#footnote-6) The entire tea supply chain was offline until 2015, when teajunction was started as a web-enabled price discovery platform to facilitate transparent online negotiations for tea. This platform revolutionized the centuries-old tea procurement process and enabled small tea factories to sell directly to some of the largest buyers.

Another service, online vessel chartering services, was launched to transform an age-old offline method into a rule-based process, enabling transparency in the system. This service allowed clients to obtain the best available market rates for ocean vessels at low cost and at a much faster rate than had been traditionally possible.

REVENUE MODEL OF mjunction

There were multiple sources of revenue for mjunction. One important source of revenue was from the buy side of the business. Buy-side customers were typically large corporate houses and public sector undertakings (PSUs) that used mjunction to procure a wide variety of goods and services. The revenue from the buy side could be divided into revenue from an information technology (IT) platform and revenue from all other services. On the IT platform, mjunction earned revenues from managing the entire purchase cycle, from indent generation, to the floating of tenders, to the placing of purchase orders, and even post-purchase orders. The revenue metric could be of various types, depending on the nature of the work and the mutual understanding with the client. Some of the common approaches were a fixed licence fee, a retainer model, and a fixed licence fee plus a monthly fee. The revenues on the non-IT platform came primarily from advisory services on sourcing, market development, and vendor development. The revenue model was similar to typical back-office operations—that is, mjunction billed clients for the hours required for support and the level of expertise needed.

On the sell side of the business, mjunction helped clients, typically large corporate houses and PSUs, to sell a wide variety of goods and services, ranging from steel, coal, minerals, rough diamonds, telecom spectrum products, food grains, tea, and idle assets. Some advisory services were also provided. For example, valuejunction advised clients on the assets they wanted to sell. The revenue typically comprised two components: a flat auction fee and a percentage of gross sales. If the auction was not fruitful, no revenues were earned from sales, but mjunction gained from the fixed fee. One revenue model was a gain share model based on slabs, where mjunction received a larger revenue share once the gross share crossed a predetermined threshold. Another revenue model was the retainer model, where mjunction charged a fixed monthly fee for conducting a few auctions per month.

The buying services, the sourcing services, and the new businesses all earned their revenues under these two models. The other source of revenue was from the channel management services, where revenue was typically generated from advisory functions or from a commission against specific jobs.

MARKETING AT mjunction

For mjunction, marketing was an important component. Although the company enjoyed large credibility on account of being the first player in the segment, it needed to invest in marketing initiatives to establish its relevance to its key stakeholders, and to communicate its offerings to new clients and promote any upgrades or developments to its current clients. The B2B nature of business meant that mjunction needed to communicate only to a select group of people.

An important component of mjunction’s marketing activity was lead marketing, which occurred when mjunction received a lead for a new client, and then presented its offering to the prospective client. Because mjunction typically operated with its go-to clients, little emphasis had been placed on lead generation.

Another important aspect of mjunction’s marketing initiative was public relations. The company’s knowledge service generated and communicated important content relevant to the industry, distributed that information to its clients in the form of reports, and organized conferences that brought together all the major players. All these activities helped build the credibility of the organization and place it at the forefront of the developments, which helped both to develop its business with existing clients and to attract new clients. No major initiatives had addressed digital marketing. However, in the previous year, mjunction had redesigned its website, which not only provided a better user experience but also worked better for search engine optimizations.

For customer servicing and business development, mjunction had divided its coverage of the country into four domains, East, West, North, and South. Each zone was headed by a regional manager who scouted clients for business development, regularly visited the clients, and addressed clients’ concerns.

The COMPETITIVE LANDSCAPE

Although India had numerous small players in the procurement and auction space, mjunction primarily competed with three companies: MSTC Limited, the Government e-Marketplace, and SAP Ariba.

**MSTC Limited**

MSTC Limited was a Government of India enterprise and PSU under the administrative control of the government’s Ministry of Steel, and the government was also its majority shareholder. The company, incorporated as Metal Scrap Trade Corporation Limited, was one of the leading firms engaged in providing e-commerce-related services, including e-auctions, e-sales, e-procurement services, and customized software and other solutions across diversified industry segments.[[7]](#footnote-7)

Government e-Marketplace

The Government e-Marketplace (GeM) was an e-market for goods and services that were procured by various government organizations, including PSUs. It was a digital e-commerce portal that replaced the Directorate General of Supplies and Disposals, and its use was mandatory for government users. GeM aimed to enhance transparency, efficiency, and speed in public procurement through its services such as e-bidding, reverse e-auctions, and demand aggregation.[[8]](#footnote-8)

**SAP Ariba**

Ariba was set up with the idea to use the Internet to enable efficient procurement processes. In 2012, Ariba was acquired by SAP, the world’s largest business software company, and in 2016, it launched a new brand identity. SAP Ariba had more than 4.1 million suppliers transacting business worth more than US$2.8 trillion. In 2016, it became active in the Indian market.[[9]](#footnote-9)

THE BRANDING DILEMMA

As Varma considered the future of mjunction, he realized that the company had turned 18 years old. Its birth and initial growth had not been easy. The company had needed to change the mindset of various stakeholders, scout for opportunities, and pounce on them when the timing was right. The company had succeeded on a mix of grit, hard work, and opportunism. The credibility of its investors and their large network had also been instrumental in its success.

The company had been able to quickly develop competencies and leverage its lineage from the two strongest players in the steel sector in India. Once mjunction had pioneered and established the online steel auction model, it was quickly scaled to accommodate diverse businesses, which is when it developed several of its BUs, including metaljunction, coaljunction, buyjunction, valuejunction, financejunction, and teajunction.

In the previous 18 years, mjunction had enjoyed unprecedented growth of more than 25 per cent year on year. This growth had proven the success of its business model and had also provided momentum. However, Varma felt that it would be tough to maintain this growth, unless mjunction became more strategic in its choices. An immediate concern involved the brand assets that mjunction had developed in the previous few years. Varma felt that, during the period of rapid growth, mjunction had overlooked formulating a brand strategy. As a result, numerous brands had been created, primarily because of business opportunities at various times. In a zeal to establish the category association, these BUs had used category names. However, mjunction had been conscious to position all the BUs as belonging to the same family. Hence, almost all the brands used the same suffix—*junction*—to create a common identity for the brands.

As a result, mjunction had a large brand portfolio, most of which had a category-related prefix but the common suffix *junction*. Despite this naming practice, some of the BUs (e.g., coaljunction, buyjunction, and metaljunction) enjoyed nearly an independent status from mjunction, and some were so big that many people in the industry knew of these businesses as stand-alone entities, and did not recognize a connection with mjunction. On the other hand, some other brands, such as financejunction, teajunction, and others, did not have such a strong identity.

Varma realized that having separate brand names for each BU had some benefits. In fact, firms invested large sums in developing multiple brands. A distinct brand name for each BU meant an easy connection with the category and with clients who were familiar with the brand name. Using specific names for each business gave each business its specific identity. The communications related to the brand were clear. Moreover, if any problems occurred with one of the businesses, it would have little impact on the other businesses, as the names were unrelated.

However, Varma realized that having multiple brands could lead to major problems. First, multiple brands had a direct impact on mjunction’s bottom line, as the company needed to support each brand, resulting in low budgets. Moreover, the presence of multiple brands resulted in customer confusion. For example, customers transacted business with coaljunction as if it were a separate company and might not be aware that it was a BU of mjunction. There was little synergy across the various brands, with clients often unaware that all the brands belonged to the same organization, thereby limiting any cross-selling opportunities. Further, the strong recall of metaljunction and its association with steel auctions often prevented business opportunities for other mjunction BUs.

Using a common corporate brand could also generate advantages. For example, the investment in supporting the brands was lower and synergies were available in communications. A corporate brand could also lift the weaker brands and any future business that mjunction might want to develop. Moreover, a common corporate brand would energize the entire organization, provide a sense of unity to all employees, and generate a higher sense of belonging.

As Varma debated the suitable brand architecture for mjunction, he wondered whether it was too late to make any changes. Moreover, the debate on the best brand architecture was not one-sided. For example, if Varma pursued mjunction as a corporate brand, it would entail abandoning some brand assets, such as metaljunction, buyjunction, and coaljunction, which had created a strong brand identity. Further, the category association and the positioning as an expert might be lost in some sectors. Although developing a corporate brand would lead to some obvious advantages, some investment would also be needed. Moreover, the transition would need to be well defined.

Varma realized that there were no easy answers; however, answering some of the hard questions could define mjunction’s strategic path. After more than 18 years, mjunction was still fully owned by two promoters; however, the question of going public was likely to arise in the near future. Varma wondered how mjunction’s brand architecture would impact the company’s valuations if, in the future, mjunction decided to go public and pursue an initial public offering.

These were difficult questions. Thankfully, Varma was not new to mjunction. He had been a part of the founding team and was well aware of mjunction’s fundamental nature culture. He realized that he would need to make some fast decisions. Varma hoped to find a way out of the dilemma before the monsoons brought life in Kolkata to a standstill.

**Exhibit 1: mjunction’s Growth, 2001–2018 (in** ₹ **Billion)**

Note: ₹ = INR = Indian rupee; ₹1 = US$0.0144 on May 1, 2019

Source: Company documents.

Exhibit 2: Mjunction’s MISSION and vision

Mission

mjunction makes the world a better place every day, creating robust and sustainable supply chains through greater efficiency and transparency, disintermediating value-destroying middlemen, and delivering desired outcomes to stakeholders, always.

**Vision**

mjunction will continue to be customer-focused, technology-driven, and innovative as it charts its progress over the next five years. It will seek to create value for its customers, whilst consistently achieving a Y-o-Y growth of 25%.

Note: Y-o-Y= year-over-year

Source: Company documents.

Exhibit 3: THE EVOLUTION OF mjunction’s business units, 2001–2015

|  |  |
| --- | --- |
| **Year** | **Business Unit** |
| 2001 | metaljunction |
| 2002 | buyjunction |
| 2005 | coaljunction |
| 2006 | mjunctionedge; straightline.in |
| 2007 | financejunction |
| 2008 | valuejunction |
| 2012 | transaction processing |
| 2014 | Online vessel chartering services |
| 2015 | teajunction |

Source: Company documents.

1. ₹ = INR = Indian rupee; ₹1 = US$0.0144 on May 1, 2019; All currency amounts are in ₹ unless otherwise specified. [↑](#footnote-ref-1)
2. Rajeev Kumar, *Intrepreneurs @ mjunction: The Making of an E-Commerce Giant* (New Delhi, IN: Rupa Publications India, 2014). [↑](#footnote-ref-2)
3. Steel manufacturers were classified as primary or secondary manufacturers. Primary manufacturers were large integrated steel providers that produced steel billets, slabs, and hot-rolled coils. Secondary manufacturers were re-rollers, sponge iron unit producers, and producers of value-added products such as cold-rolled coils, galvanized coils, angles, columns, and beams. [↑](#footnote-ref-3)
4. 1 ton = 0.907 tonnes [↑](#footnote-ref-4)
5. P.C. Parakh, *The Coal Conundrum: Executive Failure and Judicial Arrogance* (New Delhi, India: PC Parakh, 2017), 239. [↑](#footnote-ref-5)
6. Adrianna Szenthe, “The World’s Top 10 Tea Producing Nations,” WorldAtlas, June 5, 2019, accessed September 25, 2019, www.worldatlas.com/articles/the-worlds-top-10-tea-producing-nations.html. [↑](#footnote-ref-6)
7. “About Us,” MSTC Limited accessed July 14, 2019, www.mstcindia.co.in/content/about.aspx. [↑](#footnote-ref-7)
8. “About Us,” GEM, Government e-Marketplace, accessed July 14, 2019, https://gem.gov.in/aboutus. [↑](#footnote-ref-8)
9. “About,” Sap Ariba, accessed July 14, 2019, www.ariba.com/about. [↑](#footnote-ref-9)