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David W. Nylen
August 16, 2010

C.5 Branding of Products

THE ROLE OF BRANDS IN PRODUCT MARKETING

Brand names are so widely used both by marketers and consumers that we tend to take them for granted. However, brand name selection and use are important decisions that, if correctly made, can contribute to the marketing mix of the product. Deciding on the brand name for a product or service comes about with the development of a new product, but enhancement and protection of a brand name are on-going problems throughout the life of the product.

Characteristics of Brand Names. A **brand name** is the term applied to a product or service to identify it and to distinguish it from competitive products.

Legally, a brand name is referred to as a **trademark.** It is defined under the Lanham Act as a word, name, symbol, or device, or any combination thereof, adopted or used by manufacturers or merchants to identify their goods and distinguish them from those manufactured or sold by others. The Act provides that a trademark for a product sold in interstate commerce can be registered with the Patent and Trademark office of the Department of Commerce. Doing so affords the marketer protection against infringement or misuse of the trademark.

In selecting a brand name, a marketer has several choices. A separate brand name (sometimes termed a **specialty brand name**) can be selected for each product, such as Sanka brand decaffeinated coffee or *Business Week* magazine, or a single brand name can be used for a line of related products. Birds Eye is a **line brand name** (sometimes called a **family brand name**) applied to a series of frozen vegetable products by General Foods. Another brand name alternative is to use the company name, either alone or in combination with individual product brand names, for all products. Kodak, General Electric, and IBM use the company name as a family brand name for most products. Kellogg uses its corporate name along with individual brand names for its cereal products such as Kellogg's Rice Crispies.

Another classification of brand names is based on who controls the marketing of the brand. If the manufacturer controls the marketing program and specifies the brand name, it is known as a **manufacturer's brand** or a **national brand.** Crest toothpaste and Listerine mouthwash are well known national brands. If a wholesale or retail organization controls the marketing program and designates the brand name, it is known as a **private label** or **store brand.** Kenmore and Craftsman are two well known private labels marketed by Sears. Competition between national brands and store brands is intense, particularly in food stores and department stores as manufacturers and retailers vie for control. This competition has become known as the **battle of the brands. Generic products** are unbranded staples that are unadvertised, simply packaged, and offered at low prices usually in supermarkets.[1]

The Importance of Branding. Creating a brand name and applying it to a product can be an inexpensive process and provides a convenient means of product reference for any product. As a result, most products today, unless they are the rawest of commodities, have a brand name. The important question is not whether or not a product should be branded, but how much should be invested in developing the reputation of the brand name. This depends upon the importance of the brand name to the marketing program of the product.

Brand names are important because they allow consumers to identify the product of a particular manufacturer. Brand names enable the shopper to apply past experience with products and manufacturers to new purchase decisions. Brand names serve as the manufacturer's guarantee of quality and of standardization. In putting their brand name on what had once been independent mom and pop hamburger stands, McDonalds gave consumers a guarantee of uniform service and dependable quality around the world.

Several product and market conditions make branding more important to the consumer and thus to the marketer of the product.

- *Differentiated Product.* If a product is differentiated, and particularly if it is of superior quality, then branding of the product is important. Branding is not important to commodity-like products because the products are all alike and consumers choose on price not on quality. If a product is differentiated and has competitive advantage, then branding is important so that consumers can utilize their experience in selecting, purchasing, and repurchasing products that they perceive as superior. **Positioning** a product as competitively superior would not be possible without brand names (see GLOSSARY entry B.1 on **positioning**).
- *Push versus Pull.* Branding is more important for products sold with a pull strategy than with a push strategy. A pull strategy relies on consumer advertising to create brand demand in the retail outlet. Products sold through pull are usually distributed in self-service retail outlets. Creating brand demand through pull is difficult unless products are identifiable by brand. Consumer product selection in self-service outlets requires branded products to enable consumers to identify the product in the store (see GLOSSARY entry C.34 on **push versus pull**).
- *Widely Distributed/Widely Consumed.* Branding is more important to products that are widely

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[1]For more on competing with generics, see Brian F. Harris and Roger A. Strang, "Marketing Strategies in the Age of Generics," *Journal of Marketing* 49 (Fall 1985), pp. 70–81.

distributed and widely consumed. Branding offers assurance to consumers that product quality is standardized and reliable regardless of the place of purchase. Brand names take the place of "local knowledge" as a quality guarantee for nationally distributed products.

- *Heavily Advertised.* If a product is to be heavily advertised, brand name will be important. The purpose of advertising will be to develop awareness and preference for the product. Brand name identification of the product helps the consumer relate the advertising message to a particular product and store it in memory as knowledge and attitudes concerning that brand. Products sold through personal selling are less reliant on brand name since product information can be related to the salesperson's name and product line.
- *Shopping Behavior.* Brand name is a more important element in the marketing mix for convenience goods than for shopping goods. Convenience goods are largely presold through advertising and selected in self-service outlets based on information from previous experience. Selection by brand economizes on shopping time for these frequently purchased items. Shopping goods, by contrast, are purchased with salesperson assistance, based on shopping and comparison of products. With less purchase experience and more product differentiation, there is less stored information by brand. Brand name tends to be less important (see GLOSSARY entry A.3 on the **consumer goods classification system**).
- *Finished Product.* Raw materials and components that are obscured in the production process are less dependent on brand name than are finished products. Industrial buyers of products such as circuit boards or transformers are likely to buy on specification and on a supplier's performance record rather than on brand. If the product loses its identity in the production process, then the brand name has little residual value to the marketer of the finished product. If these materials can be identified in the finished product, such as a branded dress fabric or photo-finishing paper, then the brand name of the material becomes important as a promotable attribute of the finished product.

Branding Decisions. Branding is one of the **marketing mix** decisions, usually considered as a part of the product program. However, branding decisions, as can be seen from the discussion above, interact with promotion and distribution decisions as well as with product. Four branding issues will be considered in the next section.

- *Brand Name Selection.* What are the characteristics of a good brand name? What qualifies it to be a trademark?
- *Brand Name Protection.* Once adopted, what steps must be taken to protect a trademark?
- *Brand Name Extension.* Can an existing brand name be extended to a new product?
- *Brand Sponsor.* Should a firm utilize its own brand name and control the marketing program for a product or should the product be supplied as a private label for marketing by a wholesaler or retailer?

Closely related to the brand name extension decision is the choice between marketing a line of products under a family brand name or marketing individual specialty products each under its own brand name. This decision is considered in GLOSSARY entry C.27 on **product line.**

MAKING BRANDING DECISIONS

The branding decisions discussed here are usually first made as part of **new product development** (see GLOSSARY entry C.17). However, each of these decisions will be subject to review as market conditions change and as part of the annual marketing planning cycle. The decision criteria suggested below can serve either in making the initial decision or as a basis for analyzing brand name problems.

Selection of a Brand Name. Creation of a brand name for a product is a creative process. Name suggestions should be solicited from marketing and advertising agency personnel based on a description of the product and its positioning. The usual result is a long list of suggestions that is narrowed by applying screening criteria. One screen that should be applied is to evaluate the market attractiveness of the name. A second screen is concerned with legal issues. These same criteria can, of course, be used to evaluate the strength of existing brand names.

What makes a good brand name? Several criteria are suggested below that may be helpful, but it should be recognized that there are many exceptions. Experience suggests that the name is less important then what is done with the name after it is chosen. The saying among marketers is, "A brand name is what you make it."

- *Easy to....* There are a number of common-sense criteria that all begin with, "Easy to." A good brand name is easy to read, easy to spell, and easy to pronounce. All of these criteria are designed to make the consumer willing to use the brand name in talking about or asking for the product. The name should also be "easy to" use in advertising and packaging. This means that the name should not be too long, should pronounce the way it is spelled (not like Chevrolet), and should have both a pleasing look and a pleasing sound (not like Exxon?).
- *International Applicability.* For products that are to be marketed internationally, there are advantages in selecting a brand name that can be used in overseas markets and in other languages. This creates substantial economies in the preparation of promotional materials and creates carry-over effects among markets (see GLOSSARY entry C.14). If a brand name is to be used in the same form in all international markets (such as Coke) the name must be readable and pronounceable in all languages. It is also desirable to check the meaning or connotation of the brand name in foreign languages to be sure there are no unintended implications such as in the often repeated Chevrolet Nova story (*no va* in Spanish means, it doesn't go).
- *Favorable Connotations.* Another group of criteria is concerned with the connotations of the brand name. It should, of course, not be vulgar, negative, or otherwise offensive. More than that, however, it is desirable that the brand name contribute positive associations to the product. The name Ivory connotes purity, one of the attributes of the product. Brand names can sometimes be explanatory of product benefits or product use such as One-A-Day vitamins and Roto Rooter drain cleaners. However, brand names that become too descriptive can experience legal problems as discussed below.

In addition to passing a marketability screening, potential brand names should meet legal requirements so that the final selection can be registered and protected.[2]

- *Distinctive.* In order to be federally registered as a trademark, a name must be distinctive so that consumers will not confuse the name with the name of another product. The usual procedure to determine distinctiveness is to conduct a trademark search to determine if the desired name has already been registered or if there are already registered trademarks that look the same, sound alike, or have similar connotations that might cause confusion.
- *Protectable.* Marks that are surnames, descriptive terms, geographic names, or descriptive of product features are difficult to protect. The courts have established a hierarchy ranking brand names in terms of their protectability. Easiest to protect are coined names such as Exxon. Next are common words not used in their ordinary sense such as Camel cigarettes. Less easy to protect are names that suggest a characteristic of the product like Eveready batteries or Band-Aid bandages. Least protectable are names that are descriptive of the product, especially if it could be applied to similar products. Lite beer could fall in this category. Generic names, such as aspirin or margarine are not protectable and cannot be registered.

Protection of Brand Names. After selection of a brand name, the firm must take action to protect the name from misuse or it will lose its legal protection.[3] Establishing federal protection of a trademark requires that the product be sold in interstate commerce, although the sales can be minimal.

Use of a trademark must be closely monitored by the marketer to assure that the brand name does not become a common descriptive term for all products in the class. The Lanham Act permits the Federal Trade Commission to declare that a trademark has become a generic term and cease federal protection. This happened to aspirin, cellophane, and shredded wheat, each of which

[2]This section is based on Dorothy Cohen, "Trademark Strategy," *Journal of Marketing* 50 (January 1986), pp. 61–74.

[3]See Cohen, "Trademark Strategy."

were, at one time, trademarks. To protect a trademark against becoming generic, the mark holder must consistently use the name as an adjective together with the descriptive product name (thus Jell-O brand gelatin desert), should establish standardized spelling and graphic treatment of the name, and should vigorously police improper use of the trademark by competitors, public figures, or the press.

To maintain the value of a trademark, the marketer must also take the initiative to detect counterfeiting of trademarks, a problem of increasing proportions. The marketer is also responsible for detecting and bringing suit in the instance of trademark infringement or the use of a similar name that is likely to cause consumer confusion. The cost of protecting a trademark can be very substantial, but the value that is protected in a well-established name can be many times greater.

Brand Extension Decision. When a new product is developed, the marketer has the choice of developing a new brand name for the product or extending the established brand name of another product or product line to the new product. This decision must be consistent with the choice between product line marketing and specialty brand marketing considered in GLOSSARY entry C.27. Other factors to be considered are these.[4]

- *Carry-Over Effects.* Will the reputation of the existing brand carry-over to the new brand and is this borrowed strength needed by the new brand? Often a new brand has insufficient strength with the trade and with consumers to gain introductory volume without use of an established name to reduce risk. However, some marketers feel that every brand should perform based on its own merits and not dilute the strengths of successful brands.
- *Name Dilution.* While extending the existing brand name may strengthen the new product, it may weaken the brand name for the existing products. The more products a brand name is asked to cover, the more dilute its value to each one. The loss through dilution must be measured against the benefit to the new product.
- *Product Consistency.* Will consumers view the new product as consistent with the established products? Consumers will not accept the guarantee of a brand name if it is stretched to products that are dissimilar to the original brand. Green Giant's attempt extend the Green Giant name from vegetables to garden implements was rejected as was the attempt to extend the Betty Crocker name from food products to small appliances. Consumers must see the products as falling within the expertise of the orginal brand.
- *Promotional Economies.* Is there an opportunity for promotional economies? One potential advantage of extending a brand name to an additional product is that there may be common promotion that benefits both new and established products. However, promotional economies require that the target market for the products be the same, that the same media be appropriate, and the products be compatible.
- *Consistent Positioning.* Do the new and established products have similar features, quality standards, and competitive advantages? If the new product has distinctive characteristics resulting in a different positioning than the established products, it may need separate promotion and its own brand name so that it stands apart from other brands.
- *Product Risk.* Is there a risk of product failure or customer dissatisfaction? If an established brand name is extended to a new product and the new product fails, the resulting consumer and trade dissatisfaction could reflect unfavorably on the established products.

Who Should Sponsor the Brand? In a market category with store brands as well as manufacturer brands, the manufacturer faces two decisions. First, should the firm become a supplier of private label merchandise or market the product itself under its own label? Second, if the firm decides to market its own brand, how can it best compete against the store labels?

The question of supplying private label merchandise can arise as an alternative marketing strategy for a new product or it may

[4]See Edward M. Tauber, "Brand Franchise Extension: New Product Benefits from Existing Brand Names," *Business Horizons* (March–April 1981), pp. 36–41.

arise as an alternative for a firm with mature national brands of its own. There are three alternatives: being a store brands supplier, being a national brands marketer, or using a mixed strategy of both store brands and national brands. In evaluating the brand sponsorship decision, the following factors should be considered:

- *Strategic Market Plan.* The decision to become a private label supplier is not a marketing mix (product) decision, but a strategic market decision made at the business unit level. If the business has strong manufacturing capability, but does not have marketing resources to support a national brand, the business may choose to apply its manufacturing strengths by being a private label supplier, letting the retailer be the marketing arm. By contrast, the firm with marketing strengths should utilize this advantage by marketing its own brands. The **strategic market planning process** should give guidance in this decision (see GLOSSARY entry A.20).
- *Market Control.* Becoming a private label supplier means giving up control over the marketing program. The private label supplier relies on the retailer to determine consumer needs and define the marketing program that will meet those needs. The marketing mix is defined by the buyer. In delegating the marketing program to the retail buyer, the private label supplier loses control over a major determinant of its product's success.
- *Concentration Risk.* Becoming a private label supplier results in a concentration of volume with one or a few customers. This creates the risk that loss of a single customer could result in failure of the business. Although enlightened buyers recognize the supplier's need for reasonable profits, an indispensable private label customer has the power to make its supplier a captive by exerting pressure for lower prices and greater services. This risk can be offset by adopting a mixed private label-national brands strategy. However, this can result in the firm's national brand competing with its own lower-priced private label on unfavorable terms.
- *Profit Prospects.* Private labels generally compete by offering lower prices. To make this possible, private label marketers tend to maintain unremitting pressure on merchandise costs. Because of their importance as customers, private label suppliers must respond by keeping costs and prices down. Although it is in the buyer's interest that the private label supplier be profitable, margins are likely to be lower than those possible for the national brands marketer.

Private label marketers have become increasingly formidable competitors as retailers have placed more emphasis on developing their private labels. Once marketed simply as low-priced substitutes, private labels have been upgraded in quality and style, more aggressively advertised, and more precisely targeted to segment needs.

To be successful in defending against private labels, manufacturers must maintain and communicate competitive superiority in quality.

- *Product.* Product quality superiority must be maintained in the face of the improvement in store brands. Consumers expect to pay more for national brands, but they expect higher product quality in return.
- *Promotion.* Advertising support of the quality positioning of the national brand is essential in the battle against store brands. A pull strategy with heavy advertising is also essential to maintain distribution and favorable shelf position against the store brands.
- *Price.* Price differentials can be maintained against store brands if supported by product quality and promotion. However, as store brand quality increases, the price differential must continue to represent good value to the customer.

SUGGESTIONS FOR FURTHER READING

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