

# BRANDING...CO-BRANDING...INGREDIENT BRANDING

## Do we know the Difference...Is it Important to Make Distinctions?

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From the time we are able to set up and take nourishment, we are exposed to “branding.” Cereals (Kellogg Brands); Computers (IBM, Apple); Beverages (Pepsi, Coke, Dr. Pepper); Copiers (Xerox, HP); Pharmaceuticals (Wyeth, Merck); Education (Edison Learning); Transportation (Ford, GM, Chrysler) to name a few, immediately come to mind. These name brands are burned into our brain through branding strategies by major companies.

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Brand is the “name, term, design, symbol, or any other feature that identifies one seller’s product distinct from those of other sellers.” Initially, branding was adopted to differentiate one person’s cattle from another’s by means of a distinctive symbol burned into the animal’s skin with a hot iron stamp, and was subsequently used in business, marketing and advertising.

A brand is often the most valuable asset of a corporation. Brand owners manage their brands carefully to create shareholder value, and brand valuation is an important management technique that ascribes a money value to a brand, and allows marketing investment to be managed (e.g.: prioritized across a portfolio of brands) to maximize shareholder value. Although only acquired brands appear on a company’s balance sheet, the notion of putting a value on a brand forces marketing leaders to be focused on long term stewardship of the brand and managing for value.

The word “brand” is often used as a metonym, referring to the company that is strongly identified with a brand. (SOURCE: Wikipedia)

### Ingredient Branding

The PC (Personal Computer) and Intel together revolutionized the electronic industry. “Intel

Inside” logo was the first Ingredient Brand to become successful globally. However, in 2006 Intel announced a radical shift of company focus and change to master branding. They would provide not only the silicon for the telecom switchboards, but supply . . . single board computers, platforms, including all the accessories. Intel would provide all the necessary products and tools that a telecommunications company needs in order to make the job easier.

Intel is no longer just an Ingredient Brand but it is now a “top shelf” brand.

Other prominent examples of Ingredient Branding or InBranding are: Bayer’s Makrolon polycarbonate used in auto and appliance applications while Dolby (in sound systems); Lycra and Gore-Tex (in textiles); and Splenda and NutraSweet prevail in sugar substitutes.

### Co-Branding

Co-Branding is defined as the combination of two brands to create a single, unique product. The purpose of Co-Branding is to capitalize on the equity of each brand and enhance the success of the total product. A perfect example of the successful use of Co-Branding would be a luxury car . . . Bentley and a fine time piece . . . Breitling. They help each other strengthen their respective brands while concurrently remaining distinct from each other. They co-magnify each other’s high-end luxury image.

### Inverse Ingredient Branding

Inverse Ingredient Branding is driven by the manufacturer of the finished products. The auto industry is replete with examples of this type of branding. Antilock brake systems (ABS); electronic stability program (ESP) offered by Bosch, Continental, TRW AUTOMOTIVE and Delphi. End-user buyers are aware of the brand strengths of the company’s offerings and buy accordingly.

### Paints and Coatings Branding Strategies

It’s often mentioned in the past that coatings are one of the final products’ most valued elements in a consumers decision to purchase, but the last thing producers think of when developing

their own products. That's changing.

PPG, Valspar and Sherwin-Williams are just a few examples of coatings formulators breaking out of this image.

Valspar, if not the oldest, is one of the oldest consumer paint suppliers in the U.S. Through the years it has sought to enhance its' fine image through Co-Branding with acquired well-recognized paint companies. Cabot Stains, Guardsman and McCloskey wood products are such examples.

PPG, a fine brand, has Co-Branded through acquisitions of Olympic Paints and Stains and Porter Paints to its already fine line of architectural offerings.

Sherwin-Williams, the largest of the U.S. architectural paint formulators has other brands which at one time, stood alone as highly thought of formulator companies and now are co-branded with SW. Such company brands as Duron, M.A.B. Paints, Minwax, Krylon, Mautz Paint Co., Purdy, Thompson's WaterSeal, Pratt & Lambert, Martin Senour, Dutch Boy, Easy Living, Weatherbeater, are co-branded with SW. These brands augment

the very good SW brand name as acquired Co-Branded product lines.

PPG has been the market leader in electrocoat corrosion protection systems for over 35 years. Its' various brands . . . Power-Prime two-coat electrodeposition (e-coat) process for auto replacing the sandable primer step; Audioguard sound- and vibration-dampening coating for autos; and Enviro-Prime lead-free electrocoat for auto applications, are some of their most known. These brands, while very important in value and reputation within the transportation market sectors, have not been placed into the category of an Ingredient Brand (InBrand). The automakers do not Ingredient Brand these products to their end-users, the car buyer . . . . you and me. It should be pointed out that CHEMARK is not aware of any coatings/adhesives formulators' product that is Ingredient Branding to date.

You have all heard of the "Push & Pull Marketing Principle." The "pull" principle takes effect when the manufacturers of the Ingredient Brand (say the PPG

PowerPrime) direct its communications efforts directly at the end-consumers (car buyer), by-passing the auto manufacturers of the finished product (the car) thus, creating consumer end-user demand for the Ingredient.

A "push" strategy means that an Ingredient manufacturer concentrates his marketing efforts on promoting his products to the next step in the value chain (the car manufacturers).

Ingredient Branding harnesses both principles within the scope of its multi-level marketing strategy. By applying simultaneously the "push" principle to the adjacent position in the value chain and the "pull" principle directly to the end-users for a component (say PowerPrime), a demand pressure is applied on the system. Ideally, this coordinated "push/pull" marketing system results in creating a component irreplaceable to the manufacturers.

The diagram below depicts the flow of the "push/pull" Ingredient Branding strategy.

Let us know how you view branding and its use within our industry. **CW**

