

## Branding, What's Inside

Examples of ingredient branding can be seen almost everywhere today. Is this strategy appropriate for you?

May 8, 2006 By Allen Adamson

You're driving down the road and your tank is on empty. On your right is the local gas station. You're about to pull in, but then, up ahead, you see Chevron with Techron gasoline... You're at the computer store buying your first computer. There are hundreds of PC's in front of you and the salesman is rattling off information about memory and disk space, hard drives and floppy drives, and a slew of numbers that mean absolutely nothing to you. But then he says Intel Inside... You're at the grocery store to buy some laundry detergent. You're about to pick up your regular brand when you see Cheer with Color Guard...

Examples of Ingredient Branding can be seen almost everywhere today, from grocery store aisles and fast food outlets to computer stores, gas stations, and even on credit cards. They may be Free-Standing Ingredient Brands like Intel or NutraSweet, Named Ingredients such as Certs with Retsyn or Chevron gasoline with Techron, or they may be brands used as ingredients in Co-Brand ventures such as Betty Crocker Brownie Mix with Hershey's Chocolate or Ford Citibank Visa cards. The popularity of Ingredient Branding is indicative of the current industry-wide belief in this strategy to effectively differentiate brands in highly-saturated markets.

We're all familiar with such veterans as Lycra, NutraSweet and Intel. Although they function as ingredients in other products, they're really true brands in their own right: They're marketed as brands to other manufactures, and consumers know them by name. Often these ingredients are the decisive factor in consumers' decision making process. These highly profitable examples are evidence of the success of the Ingredient Branding strategy. But what about creating, naming or branding your own proprietary ingredient, such as Tums' EffeCal or Kodak Gold's ColorSharp technology? Does simply naming an ingredient, technology or other special feature really add value to the host brand, boost sales and expand market share? Let's take a closer look at the Named Ingredient strategy.

To Brand or Not to Brand?

There are several advantages to the Named Ingredient strategy. It can enhance the host brand's differentiation by making it difficult for competitors to copy and it can also strengthen the host brand's perceived performance and credibility. Highlighting an ingredient or special feature can communicate product advancement or protect technological features by making them proprietary. And finally, naming an ingredient

offers a short, simple and memorable way to explain the "reason why" of the product or communicate "news" about a new product feature to the consumer. Oftentimes, it is the point-of-differentiation, special feature, or news – and not the brand itself – that the consumer remembers when staring at a shelf stocked sky high with products.

There are, however, some risks associated with this strategy. The named ingredient may be confusing to consumers and detract from the overall message of the host brand. It may only appeal to the "new user" market, and current customers may become skeptical of the additional promise of the new ingredient. The successful market position may not endure after the initial excitement of the promotion or after the competitive response. Finally, the requisite cost of development, explanation and continued consumer promotion of the new ingredient can be quite expensive.

### Making Branding Work for You

All in all the Named Ingredient strategy can be a very effective marketing tool for some products, provided the strategy is well-planned. Following is a list of questions that will help you to evaluate whether this strategy is appropriate for your product:

- Does the ingredient translate into important benefits to the consumer?
- Does the ingredient represent a "revolutionary" product advancement and/or differentiation, or is it only a marginal incremental change?
- Is the ingredient proprietary technology?
- Does the ingredient represent a substantial advantage over existing alternatives?
- Does the competition utilize this strategy?
- Will the concept be difficult to brand; that is, can the consumer understand the concept at a glance?
- Does the ingredient fit in with the overall brand strategy or will it detract from the host brand's message?
- Can the brand live up to the additional promise of the new ingredient?
- Do you have sufficient resources to properly support the implementation, explanation and continued consumer promotion of the ingredient?

If you're considering employing this strategy, the first thing to do is find out which ingredient concepts add perceived value and meaningful differentiation to consumers. Obviously, it would not be worthwhile branding the tap water in your canned soup. In developing the ingredient, treat it like a brand - give it a name and reason to be that is relevant and meaningful to your target audience. Even though the ingredient is subordinate to the host brand, it must make sense to your consumers. They should understand the role of the ingredient with respect to the host product, and why it makes your product better than the competition. It's O.K. to be a bit mysterious when it comes to explaining how the ingredient actually works, but it's still important to establish the ingredient's overall relevance to the host product. A Named Ingredient can establish credibility but it must be credible itself, otherwise it will seem like a gimmick and your consumers will become skeptical.

The Named Ingredient strategy can make a difference. It can provide differentiation, add vitality, and support a more effective positioning that can dramatically effect the success of your product. In this age of intense competition and highly saturated markets, a unique ingredient could make your brand stand out above the rest. Make the choice easy for consumers who are lost, confused or overwhelmed. Give them something special to remember.