

Ingredient Branding

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Ingredient Branding

Making the Invisible Visible

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Foreword by Bayer

CDs and DVDs, water bottles, sports eyewear, binoculars, helmets, storage boxes for food, car headlights, automotive roof glazing – these are just some of the everyday products that benefit from the unique properties of Makrolon®, **a plastic manufactured by Bayer MaterialScience AG**. To draw the attention of trade and consumers to this high-tech material, many of the consumer goods made from it now bear the quality mark “made of Makrolon®”, which has transformed Makrolon® into a world-famous brand.

“**Ingredient Branding**” is the technical term for this strategy of taking the product – originally a business-to-business product – to the consumer marketplace, where it gains global **recognition**. Bayer MaterialScience is exploiting the benefits of a brand strategy to make its high-tech polycarbonate Makrolon® stand out from its competitors. This cooperation between Bayer and selected Makrolon® processing companies began in 2000. Through this arrangement, the consumer is related the message that not only is the product manufacturer committing himself to the quality of the product but so too, is the supplier of the most important constituent – the material used to make it.

Since its invention in 1953, this plastic has been regarded as a **versatile** material with many positive properties. With its customizing ability for transparency/opacity, impact strength, temperature-independent dimensional stability, exceptional flow properties and light weight, the application potential for Makrolon® is virtually unlimited. As far as brand strategy is concerned, it is an enormous benefit to Bayer MaterialScience that the plastics industry has

known and worked with Makrolon® for several decades. A new aspect, however, is the targeting of other groups. The aim is that not only product designers, buyers and engineers should be made familiar with the material but also the tradesmen and consumers. Since plastic is a **key component** of the consumer product and bears considerable responsibility for its function, but cannot be directly “seen”, **Ingredient Branding** makes an important contribution.

Some examples of consumer products that bear the quality mark “made of Makrolon®”:

- Our Latin American partner Videolar, uses this seal of quality to show which plastic guarantees optimum storage quality and data security for its writable CD-Rs and DVD-Rs.
- Sheffield Plastics Inc., a Bayer MaterialScience Company, produces Makrolon® polycarbonate sheet products for a variety of markets, including architectural, security, specialty vehicle glazing and sign applications. Manufactured to offer attractive protection in areas subject to high traffic, vandalism or burglary, and tough enough to withstand severe weather, Makrolon® sheet products provide unsurpassed quality and performance.
- The UVEX Sports GmbH & Co. KG, headquartered in Fuerth, Germany and its worldwide agencies extending from the United States to Japan utilize the benefits of Makrolon® for their branded cycling, skiing and sports goggles, UVEX Supravision® visors in motorcycle helmets and Microshell outer shells in cycle helmets. This form of **Ingredient Branding** is currently unique in the sporting goods segment.
- Steiner Optik GmbH in Bayreuth uses Makrolon® to manufacture the body of its high-quality binoculars and thus give the optical system the necessary protection.
- The German manufacturers of the Alurunner® high-tech sled and the American manufacturers of the Makboard transparent snowboard both draw attention to aspects of the product

experience that are enhanced by Makrolon® plastic – the seat on the Alurunner® and the basic material in the case of the Makboard.

- The Asian company Zhongshan C&C Luggage Manufacturing Co., Ltd. uses the “made of Makrolon®” tag as a marketing tool for its Crown hardtop cases, as does the Japanese company Matsuzaki Industry Co. Ltd. for its Maruem brand.
- Last but not least, Makrolon® has in recent years also made a name for itself in the field of designer lamps. The Italian company Luceplan is another marketing partner that uses Makrolon® to manufacture and promote its classical Constanzina range of lampshades.

All these **established partnerships** that are part of the **strategic marketing** of Bayer Material Science’s high-tech polycarbonate promote the Makrolon® brand. As a result, the end user can better identify with the product.

This book gives managers and future decision makers useful information on this interesting marketing tool that helps consumers to look not only at the product itself but also at the materials used in its manufacturing when making a **purchasing decision**.

Jürgen Hohmann
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Business Unit Polycarbonates
Global Branding Makrolon®
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Spring 2010

Foreword by Microban

During my 30-year career, which includes being a consultant with McKinsey & Company and senior executive at IBM, I've thought long and hard about how to strengthen various businesses. However, it has only been in recent years, as CEO of Microban, that I have fully appreciated the amazing power of Ingredient Branding. So, when I learned that Philip Kotler and Waldemar Pfoertsch were writing a book focused on this subject, I was only too happy to help. As far as I know, this is the only comprehensive, scholarly, yet very practical book on Ingredient Branding.

I've found that business leaders are constantly searching for new, important ways to strengthen their businesses. Most leaders are looking to grow share, raise prices, broaden distribution or improve their product mix – e.g., sell more of their premium products. They deploy many “conventional strategies”, such as driving greater awareness through advertising or offering temporary price reductions. Ingredient Branding is not a substitute for these “tried and true” strategies. Rather, it's another strategy to add to the arsenal. It's like adding another arrow to a quiver. And the business leader with more arrows – more firepower, is more likely to win in the marketplace.

Ingredient Branding: Making the Invisible Visible is on the mark. This book provides helpful frameworks to understand Ingredient Branding, when it should be used, and how to get the most value from it. It also provides examples and case studies that bring the conceptual frameworks to life. It is both scholarly, and yet almost a “how to” guide for people with a charter to make things happen.

Of course, leveraging an Ingredient Brand is not going to be the right strategy for every business all the time. However, it's constantly surprising to me how often I speak with sharp business leaders, and they haven't even considered this important strategy.

If nothing else, this book will enhance your knowledge of Ingredient Branding and make you a better well-rounded business leader. And of course, it may also lead you to drive stronger business performance in the marketplace through Ingredient Branding.

David J. Meyers
President and CEO
Microban International, Ltd.
Huntersville, NC, USA

Spring 2010

Foreword by Bitrex

My career has taken me in a few directions, but I could never have predicted that I would be actively involved in something, which Philip Kotler and Waldemar Pfoertsch refer to as “Ingredient Branding”. However, this is exactly what we have been doing here at Macfarlan Smith for almost thirty years. The preparation of this foreword has also made me realise what an interesting journey our product Bitrex® has personally taken me on.

Having started my career as a chemical analyst, I have responsibility for overseeing both sales and marketing of Bitrex® globally. The challenge, as encountered by my predecessors, was how to take a product ingredient, which has no effect on the performance of the product, and make it the reason for the consumer to purchase the product. Simply put, I have relied on the fundamentals of Ingredient Branding.

As the most bitter substance ever discovered, our key selling points of Bitrex® are safety, innovation and credibility. Bitrex® has a wide and varying use. Its primary use is to render a product unfit for human consumption. This started with the use of Bitrex® in denaturing industrial alcohol, and has lead to preventing children from ingesting a range of household chemicals, and deterring dogs from eating common garden pesticides. It is in applications such as these latter two markets in which we see Bitrex® gain its full potential as an Ingredient Brand.

My experience of product category managers is that they are constantly looking for new means of selling their products to the consumer. It is our job to educate them that Bitrex® is an option. Once

informed, these managers can confidently develop new marketing strategies, not only connecting their products closer to the customer, but also enhancing their own personal knowledge of a unique marketing tool. When a Bitrex® partner utilises the Bitrex® brand, they have a number of options to communicate this to end consumers. Done efficiently, this message can have many positive outcomes for our partners such as innovation, product improvement, market leadership, and caring for the customer. All of which reflect well on our partners. Crucially, we ensure that the message from Bitrex® inclusion is clear and easily understood by the consumer. I'm sure this is the same for most Ingredient Brands.

A fundamental part of our business model is to work with highly regarded experts in the field of safety. In addition, our dedicated technical service ensures our credibility, and of course, efficient use of Bitrex® in our partners products. We, as I'm certain are the case with other Ingredient Brands, face fierce competition. It is the ability to offer something more, something motivating and inspirational, which separates successful Ingredient Brands from cheaper generic imitators. This also ensures that Bitrex® continues to move forward as a brand.

To summarise, Ingredient Branding has been our line of business for a long time. Maybe only now are the strategies employed fully recognised as a unique marketing tool. This educational book will help readers to develop their personal marketing skills, and hopefully lead to the Ingredient Brands of the future.

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Spring 2010

Preface

The explosion of high-tech products, from PCs and mobile phones to modern textiles and household appliance has made it increasingly difficult for customers to make purchasing decisions. In order to process all the information that is available to them, one could say that they need the help of a “translation key”¹. An example of such a key could be a strong brand name which communicates special features and advantages of a product, thereby simplifying the decision making process for customers. This “key” is especially important for Ingredient Brands – brands within brands; they make the invisible component visible in the minds of the final user.

Starting back in the 1960s, a few companies have been very successful in developing a strong Ingredient Brand and making their logos icons in the consumer minds (see Fig. 1).

Now in the new millennium, hundreds of component suppliers have discovered the power of Ingredient Branding. There is a worldwide rush of suppliers in various industries to reach the minds of the final consumer. The success stories of companies such as **Intel Corporation**, **WL Gore & Associates**, **Bayer AG**, **The NutraSweet Company** and **Dolby Laboratories**, have revealed the potential advantages of Ingredient Branding and shown many component suppliers that they can realize better return on investment with new

¹ Kevin Keller (2008): Strategic Brand Management Building, Measuring, and Managing Brand Equity; Third Edition, Upper Saddle River, p. 294; and Simon, Hermann; Sebastian, Karl-Heinz (1995): Ingredient Branding in: Absatzwirtschaft, Vol. 38, 1995, No. 6, pp. 42–48.



Fig. 1. Logos of well-known Ingredient Brands

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marketing strategies. Today we find companies that consciously choose to employ the Ingredient Branding concept and others that do it without knowing the principles and terms. Some seem to have attained success, some are struggling. From our research and practical insights, we know Ingredient Branding is a complex Branding concept involving integrated, multi-level marketing.

One cannot find a better example to support the Ingredient Branding concept than the largest soft drink manufacturer of the world. Neville Isdell, Chairman, Board of Directors and CEO of The Coca-Cola Company in Atlanta, expanded the Branding strategy for his products in 2005 by drawing more attention to an ingredient, the artificial sweetener, than the drink itself. The new product, promising zero calories and amazing taste, is called “Coca-Cola Zero™” and it is produced with a mixture of Aspartam and Acesulfam Potassium, among others. Interestingly, the sweetener brand is not explicitly mentioned in their marketing campaign and the reason for this is given later in this book. This innovative strategy was the beginning of a new era for Coca-Cola, with the sweetener ingredient at the center of all marketing activities. This marks a general new trend: repositioning of product groups in relation to their ingredients.

For those of you who are new to Ingredient Branding, this book will provide tips and guidance from experts in the field, empowering

you with the necessary knowledge to embark on the road to transform your brand into an Ingredient Brand, also referred to in this book as an “InBrand”. The concepts and methods which are introduced in this book were developed jointly around the globe: in the United States (Chicago), Germany (Pforzheim), and China (Shanghai), and summarize the newest findings and experiences from many companies. We present a fresh selection of case studies and give the reader insights into the most current research results.

This effort was achieved through the help of many academics and practitioners. First, we would like to thank the deans of our business schools: Dipak C. Jain from Kellogg School of Management, Rolf Cremer of China Europe Business School (CEIBS) and Rudi Kurz from Pforzheim University for giving us the support and opportunity to work on such an interesting topic. They kept us focused on the big picture of the practical application of our research. We also would like to thank many of our colleagues for their support and encouragement during the five-year-long effort to get our insights on paper.

We had many important and challenging discussions with researchers around the globe. Great thanks to John Quelch from Harvard Business School, Roland Mattmüller from the European Business School (EBS), Stille Lee from the Antai College of Economics & Management at Shanghai Jiao Tong University, Stephen L. Vargo, University of Hawaii at Manoa, and many more. In particular, we would like to mention Ralph Olivia, Professor of Marketing and Executive Director at the Institute for the Study of Business Markets (ISBM), from Penn State Smeal College of Business. He set up various meeting and seminar with companies to help us discuss our findings in real business settings. In his current function he is supporting the importance of B2B and B2B2C marketing and branding, because he knows first hand from his former job at Texas Instruments (TI), where he was involved in the early stages of the In-Branding concept development of DLP for Texas Instruments.

Special thanks go to Juergen Hohmann, Bayer Material Science AG Global Brand Manager, who supported our research efforts through

insights and generous support. Due to his contributions we could actually conduct secondary and primary research in Europe and China. Some of his Chinese Bayer managers also helped us understand the specific conditions for InBranding in this market. In particular, we would like to mention Jeffry Pi, CEIBS MBA alumni and Brand Manager at Bayer (China) Ltd. Martin Godetz, Export Director of UVEX Sports and license partner of Bayer AG Makrolon, who helped us to get a better understanding of the effects and impediments of Ingredient Branding at the Original Equipment Manufacturer level, thank you for the extensive discussions and long nights at various bars during the joint InBranding promotion with Juergen Hohmann.

We also had long discussions with David J. Meyers, President and CEO, Microban International, Ltd. and Michael Demmler, former General Manager of Microban, Germany. These gentlemen are good examples of gifted entrepreneurial leaders who sensed the power of InBranding and had the guts to apply the concept, even before it was fully understood by academics. By convincing hundreds of enterprises to add ingredients (antibacterial protection) to their end user products, they not only made their companies successful, but also helped create marketing concepts and case studies to be used for teaching.

In this context we would like to thank Cameron Smith, Manager at Bitrex Division of Macfarlan Smith Limited, Edinburgh, Scotland who saved the lives of many children by applying the InBranding concept to prevent poisoning accidents. We would also like to mention Florian Hingst, the German Bitrex representative who dedicated his career to protect children's lives through the promotion of Bitrex.

We have to thank many students from our business schools, particularly the CEIBS MBA classes 2005, 2006, 2007, 2008 and 2009, and the students that wrote masters and diploma thesis on this innovative marketing concept. They challenged our thinking and identified many new applications. Special thanks to research assistants Christian Linder, Hendrik Scheel (Pforzheim University) and Lu Ma (CEIBS, Shanghai), who helped us to write and edit the

various drafts. Also thanks to Sabrina Bitzenhofer who designed all the graphs, and to all the logo owners who granted us permission to reprint them, and to Marion Park, who spent countless hours editing the numerous manuscript versions.

We probably could not mention all the people who helped us finish this book, but would like to praise the talented staff at Springer Heidelberg for their contribution, in particular Martina Bihn.

The authors are solely responsible for the content of this book.

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Spring 2010

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Branding Ingredients

The fact that consumers are willing to pay more for a branded product is a well-accepted phenomenon in the business to consumer (B2C) industry. Whether it is for long-lasting quality, superior workmanship, or merely as a status symbol, brands like Mercedes-Benz, Chanel, and Sony command premium prices and exclusive reputation for their products.

The advantages of a strong and attractive brand may long be taken for granted in consumer goods, but a recent phenomenon has emerged; that of branding the ingredients contained in the end product. (See Fig. 2: Logos of selected Ingredient Brands and the complete list of Ingredient Brands in the Appendix). After all, what makes up the end product but the sum of its ingredients? Why not advertise and use to advantage the very things that contribute to the desirable end result?

If implemented and pursued intelligently, branding ingredients could be a win-win situation for manufacturers of both ingredients and final products. For the consumer, there could be no doubt that becoming a more powerful and intelligent shopper, i.e., having the power to demand quality ingredients in the products he/she buys, is a good thing. In an economy where consumers are satisfied with their purchases, business is brisk for manufacturers, who in turn, strive to offer better and better products to continue to satisfy the consumer ... and thus, the wheel of a healthy market economy keeps turning.



Fig. 2. Logos of selected Ingredient Brands

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Branding in general may have reached a saturation point, even leading to the emergence and popularity of “Unbrands”, but the emergence of Ingredient Branding is lending a whole new dimension to the power of brands. Let’s get started in learning all the ins and outs of Ingredient Branding.

1.1 What Is Ingredient Branding?

In today’s market environment, characterized by intense competition, increasing globalization and established customer preferences, current marketing approaches implemented by component companies have some limitations. Rising customer sophistication makes it increasingly difficult to market to consumers, but it also opens up different ways of reaching the customer, giving producers more opportunities to sell their products. Ingredient Branding is one of these ways.

Many studies have demonstrated that educated customers appreciate products with branded ingredients¹ and are willing to pay a higher price for an Ingredient Branded product.² Intel, for example, owes its corporate success to their “Intel Inside” campaign.³ In the early 80s however, when they created the Ingredient Branding concept, it seemed like a gamble. At the time they had a mere \$500 million in sales, and yet they invested \$110 million in their Ingredient Branding campaign over a period of three years and drove both their concept and the business forward.⁴ Intel hired experienced professionals from other companies, such as NutraSweet^{®5} and DuPont[®] (Teflon, Stainmaster Carpets, Lycra, etc.), who had previous management experience with the Ingredient Branding concepts at those companies. Many industry insiders predicted that they had gambled too much, but history shows that they knew what they were doing.

The Intel logo became so well-known that Intel now dominates the computer processor market. In 2006, Intel modified its Branding concept from Ingredient Branding to a concept driven to a master brand, letting the product brands become the pulled ingredient. Ingredient Branding, however, was and is not an easy way to get your product offering to the market. If your product is one that you market directly to the consumer, there are various channels you can use. If your product, on the other hand, is a component or ingredient in another company’s product offering, the relationship with the customer lies with the other company, the OEM (Original Equipment Manufacturer)⁶ and this company may not be interested in helping you contact their customers. This is a situation in which Ingredient Branding may be able to help increase a company’s supplier power and/or create consumer demand, thereby increasing sales. In many cases, a company cannot Ingredient Brand due to lack of resources. There are various conditions required for an In-Branding concept. These include:

- The component or ingredient has to be highly differentiated and must create sustainable value for the customer, like Microban[®] with its anti-bacterial protection or Gore-Tex[®] and its water resistance outdoor clothing line.

- The component or ingredient is central to the functional performance of the final product, as in the Brembo brakes used in high performance cars or the Shimano gear system used in quality racing bikes.
- The downstream company also supports the Ingredient Branding efforts made by the component manufacturer because it has made significant investments in the brand specific to the OEM offerings.
- The final product itself seeks a high-branded value and can differentiate their product offering. Examples here are Perkins Diesel Engines for Chinese heavy construction equipment and 3M's Scotchlite or Scotchguard for textile manufacturers.
- The final products are complex, assembled from components supplied by multiple firms, who may sometimes sell the "ingredients" separately. You can find this sort of ingredient/component in the automotive aftermarket with Recaro car seats.

It is important to keep in mind, however, that these conditions are not set in stone; they are continuously changing. Big changes have occurred over the last years. Brands such as **Microban**, antibacterial protection; **Ingeo** from **NatureWorks**, environmentally-friendly plastics; **CoroWise**, naturally sourced cholesterol reducer from Cargill; DLP from Texas Instruments; **Cable and Wireless Systems**, network applications; and many more, have managed to put their brand perception in the minds of consumers.

There are many more examples of companies that are currently operating with the Ingredient Branding concept. In this book, we analyze their offerings and various market approaches and integrate these to give you a clear and concise approach to implement your own Ingredient Branding concept. A complete list of these companies can be found in the Appendix.

Ingredient Branding is a marketing concept that has been around for a long time, but has only recently started to take flight. In the first half of the 20th century, **Hoechst AG** and **BASF AG**, successful

chemical corporations, had already begun to market well-known dyestuffs (**Indanthren**) and synthetics (**Hostalen**)⁷ as independent brands to buyers in the next part of the value chain.⁸ DuPont had similar success in the U.S. with **Teflon** in the 1960s. However, the sales potential of Ingredient Branding was revealed by the huge success of the “Intel Inside” campaign, launched by the microprocessor manufacturer at the beginning of the 80s.

Ingredient Branding provides advantages for both component manufacturers as well as OEMs, the manufacturers of finished goods. Numerous suppliers have tried to implement their own Ingredient Branding marketing concepts, modeled on the Intel case, in order to escape the anonymity and substitutability of supplying a part or component. Since the advent of Ingredient Branding, more and more companies have discovered the advantages it has to offer. They have also discovered what works and what doesn’t work in terms of having a successful Ingredient Brand.

1.2 A New Brand Strategy?

Considering that brand value sometimes makes up a major portion of total company value, brand management is an essential part of future-oriented management. By implementing strong brand management, businesses are prepared to adapt to ever-changing competitive conditions. Brand management also contributes indirectly to the individual success and failure of these businesses. The fact that Intel managed to rise to one of the most successful companies worldwide after implementing its Ingredient Branding strategy inspired many. This success story highlights impressively the potentials and possibilities of InBranding for businesses.

The brand policy, as the central element in marketing, is especially important as the brand stands for the performance of a business and its products in customers’ minds.⁹ Figure 1 shows the Ingredient Brands Intel and Microsoft as two of the most valuable brands as published by Interbrand. It compares their brand value between 1999 and 2008.

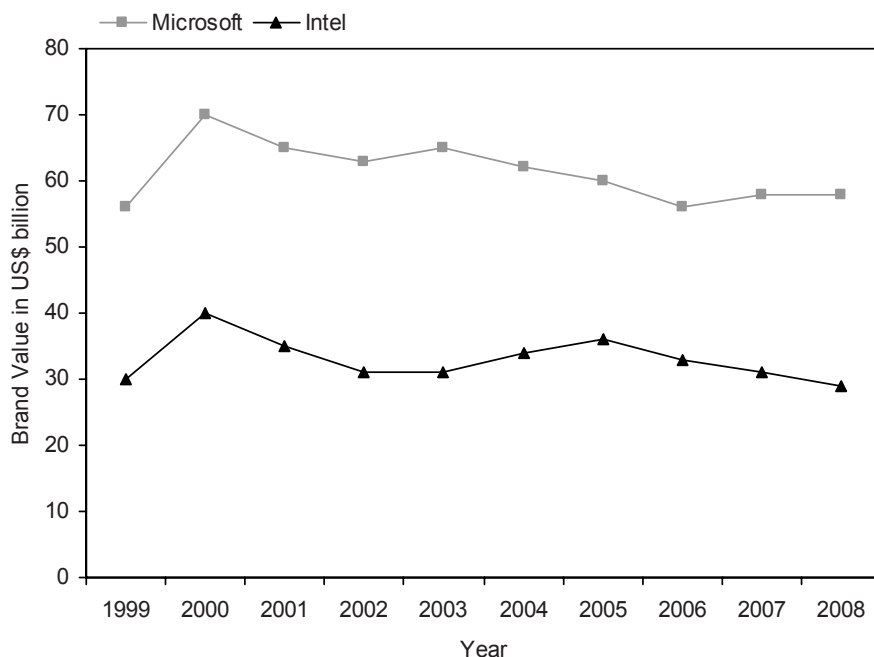


Fig. 3. Interbrand brand values over time of InBrands Intel and Microsoft

Both companies market products to the end user (B2C) and to the business client (B2B) by using Ingredient Branding to various degrees. In the first case study of this book we will describe and analyze Intel's way to the top. We will also shed some light on the Branding concepts of many companies.

The scale and speed of change in the global economy have combined to force industrial businesses to use more proactive marketing measures and to implement focused brand strategies. This enables them to be faster and more flexible in response to the changing competitive conditions, and to both supplier's and customer's constantly changing needs. Still, many companies are at a loss when it comes to the topic of Ingredient Branding, and fail to make use of it in marketing their products. Although the application of **brands for industrial products**¹⁰ has, for decades, been the topic of discussion in various industries, with numerous examples of success, the concept of a strategic brand for industrial goods has still not received

much attention. These concepts have only recently been recognized under the designation “Ingredient Branding”, and been incorporated into a strategic brand strategy for industrial goods.¹¹

This book is about Ingredient Branding, the basics, the success stories and the “how-to-do” of the Ingredient Branding concept for implementation in your company. The term **InBrand** or **InBranding** is used in this book in order to simplify the term, Ingredient Branding. Also, it is important not to make the mistake of mixing up InBranding, with co-Branding or brand extension. We will explain in detail the difference in the various Branding strategies and activities, which are possible. **David A. Aaker**, Professor of Marketing, Emeritus, brought another possibility for Ingredient Brands to our attention. An end user oriented company can expand the reach of its current product offering to other (new) customer groups and applications by using an Ingredient Brand developed by them. For example, **General Motors** has used its **Northstar Racing Cars** experience¹² to sell to younger customer groups who are active in racing sports¹³. Sony markets Trinitron¹⁴ for televisions and computer monitors.

Small and medium-sized businesses should not miss the chance to differentiate and market themselves internally as well as externally with a consistent and coherent brand. In this way, they not only offer customer orientation, but they also gain a competitive advantage. It is also easier for small and medium-sized companies to profit from Branding because their decision process is shorter and easier than that of large companies. Additionally, small and medium-sized companies are more aware of their unique strengths and weaknesses. With the current changes in the relationship and structure of supplier pyramid (e.g. Tier 1, Tier 2, etc.), the need for brand management will become far more apparent.

It is an outdated idea that Branding is simply the equivalent of an advertising campaign; to our knowledge, this is only one aspect of external communications. These days, it is not enough to set up a colorful advertising campaign in order to guarantee brand success. Over the course of a strategic brand strategy, customers must be

provided with a multi-sensory brand experience.¹⁵ Brand management is too challenging for many advertising agencies to achieve solely with their ad campaigns, which have become increasingly short-termed and one-dimensional. Successful brand management needs more: design/composition and management competence with all relevant marketing-tools; for instance, corporate design, trade fair concepts, multi-channel-management etc.

Many companies offer not only components but also final products. In the case of GE, they sell washing machines and dishwashers to end users as well as medical equipment to hospitals and jet turbines to airlines. This demonstrates how difficult it can be to determine the Branding strategy of a particular company. It may help to look at divisions of companies, but unfortunately, such data is hard to get.

The majority of suppliers seem to want to avoid the cost and trouble of an Ingredient Branding strategy. Classical marketing instruments, however, such as product improvements and pricing conditions, may not be enough as they are unable to significantly differentiate and fail to ensure company success. In the past, suppliers have concentrated their marketing efforts on their direct customers, who might also be the supplier for another company. The end user, the traditional concept of consumer, is at least two or three steps away from them. This results in undesirable anonymity in the following stages of the value chain, a situation in which suppliers are not known by end users.

Ingredient Branding can create consumer demand (pull effect). When a company can demonstrate the superior performance of an ingredient or component in the final product, the customer is more likely to request the ingredient or component in their potential purchase of the product. Consumers may even force the OEM to use the component as a result of its perceived quality.¹⁶

Not using an Ingredient Branding concept can result in substitutability of the ingredient or component and a situation in which the direct customer-supplier relationship is reduced. One important thing that Ingredient Branding can offer is increased strategic dif-

ferentiation from the competition. **Recaro**, Germany, a successful supplier of car seats, is a perfect example. Through their “aftermarket” service, and the successful sponsorship of various car races, customers created a pull-effect that induced manufacturers of sport cars to start cooperating with Recaro.

Besides increasing differentiation potential, Ingredient Branding also helps to rebalance the power between supplier and OEM in the favor of the supplier. It decreases the limitations and dangers of a narrow and one-sided customer-supplier relationship. One example of how InBranding can push beyond these boundaries is **Microban**. They provide manufacturers of spas and whirlpools – like Kohler, Toto, and American Standard – an additional way for differentiation. Additionally, there is Rubbermaid Kitchen utensils, Dirt Devil vacuum cleaner and countertops from Cosentino, with the intention and means to advertise its brand Microban directly to end customers.

With product improvements and innovations, as well as the offering of additional services, and a more rapid and more reliable delivery policy, in addition to ever lower prices, businesses try to create preference in the eye of the consumer and to differentiate themselves from the customer – often in vain. The average profitability of most suppliers has not increased over the last decade. InBranding is a promising way out of this dead end street.

1.3 What Can You Expect from This Book?

After this introductory chapter, you can expect the following to be covered in this book:

Chapter 2 has been dedicated to the theoretical **basis of Ingredient Branding**. This chapter identifies the various influential factors and introduces the basic aspects of marketing in the business-to-business-to-consumer (B2B2C) markets. Furthermore, it explores the risks and opportunities that Ingredient Branding can provide to suppliers, as well as downstream markets. We elaborate on single-

level and multi-level Branding and develop the stages of Ingredient Brand development. The book also explores here on the principles of Branding and the requirements for Ingredient Branding. It gives advice how to distinguish between co-Branding and Ingredient Branding. It introduces the Push-Pull principle and illustrates a framework for conceptual thinking. At the end, we describe conditions and requirements for Ingredient Brands in various industries.

In Chapter 3, we visit the most famous Ingredient Branding example – the Intel Inside Ingredient Branding success story. We analyze in detail the success story of “Intel Inside” as a classic example of successful Ingredient Branding. Although many articles and books have been published about this concept and the company, an in-depth analysis of the impact of its brand management has never been discussed to our knowledge. We give you information and insights on how the company explored and nurtured the concept of InBranding.

In Chapter 4, the implementation of the Ingredient Branding principles within a company is displayed; we highlight the significance of the Branding concept at the beginning and then direct the focus on Ingredient Branding and its strategic options and give hints for the implementation including the communication policy.

In Chapter 5, success stories in various industries will be presented. This Ingredient Branding in action with several real life examples from a wide variety of industries, including **automotive, fibers in the textile industries, glass**, and examples from the **food industries** are examined regarding their applicability for multi-level Branding. This analysis is especially important for medium-sized suppliers to get a better picture of their Branding activities, as well as to provide suppliers with workable strategies.

In Chapter 6, we go into details on various Ingredient Branding business cases:

Teflon:	Basics of Ingredient Branding
Dolby:	Leading an Industry with Innovation