

Product Strategies: Branding & Packaging Decisions

- **The nature, scope, and importance of branding in product planning**
- **The various branding elements**
- **The different types of brands**
- **Packaging**

Brand

- any word, name, symbol, or device or any combination thereof used by a manufacturer or merchant to identify this goods and distinguish them from those manufactured or sold by others (Lanham Trade-Mark Act)
- any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark. Such signs, in particular words including personal names, letters, numerals, figurative elements and combinations of colours as well as any combination of such signs, shall be eligible for registration as trademarks (WTO)

A brand is a name, term, design, or symbol (or combination) that identifies a business or organization and its products.



Brands include:

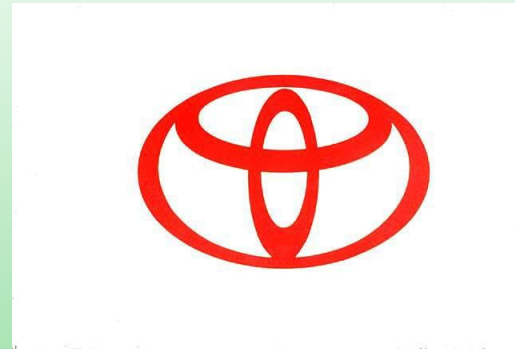
- Brand Name
- Brand Mark
- Trade Name
- Trade Character
- Trademark

Brands can include a number of elements:

- **Brand name** – the word, group of words, letters, or numbers representing a brand that can be spoken. Ex: Mountain Dew, PT Cruiser, SnackWells
- Also called a product brand



- **Brand mark** – the part of the brand that is a symbol or brand name – it may include distinctive coloring or lettering. It usually is not spoken



- **Trade name** – identifies the company or a division of a particular corporation – the legal name a company uses when it does business. Ex: Kellogg's, Dell, Xerox
- Also called a corporate brand.



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- **Trade character** – a brand mark with human form or characteristics.
Ex: Jolly Green Giant, Pillsbury Doughboy, Kellogg's Tony the Tiger

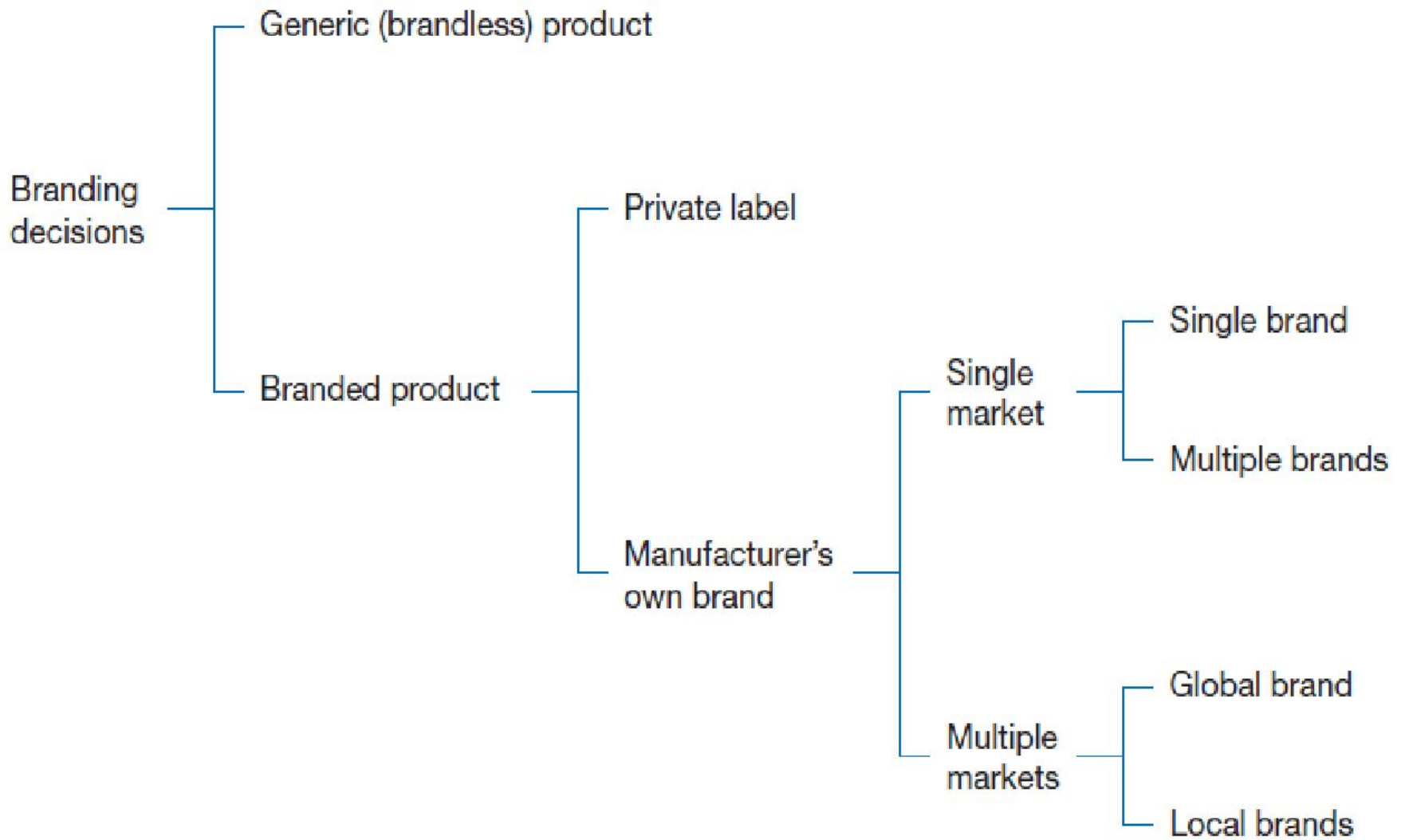


- **Trademark** – a brand name, brand mark, trade name, trade character, or a combination of these that is given legal protection by the federal government
 - Trademarks are followed by a registered trademark symbol



Functions of Brand

- create identification and brand awareness
- guarantee a certain level of quality, quantity, and satisfaction
- help with promotion



Branding decisions

Generating Brands

- Hard to find the right name
- Generated by employees, computer programs, PR agencies
- Most companies do research to determine if the brand name is effective

Types of Brands

- National Brands
- Private Brands
- Generic Brands

National Brands

- Also called “manufacturer brands.”
- Examples: Pepsi, Kellogg’s, IBM.
- **National brands** generate the majority of sales for most product categories: 70% of all food products, 65% of all appliances, 80% of all gasoline are sold under national brands.

National brands not only identify a given product but also indicate a standard quality and price.

They appeal to people who want **CONSISTENT** quality, dependable product performance, status, and who will **NOT** take risks with unknown products.

Private Brands

- Owned and initiated by wholesalers and retailers.
- There is NOT a manufacture name on the product.
- They appeal to those who are price conscience.
- They carry higher gross margins for the retailers.
- Example; Craftman tools, Kenmore

Generic Brands

- “no frills” products and do not carry a brand name.
- Found usually in grocery stores/discount stores.

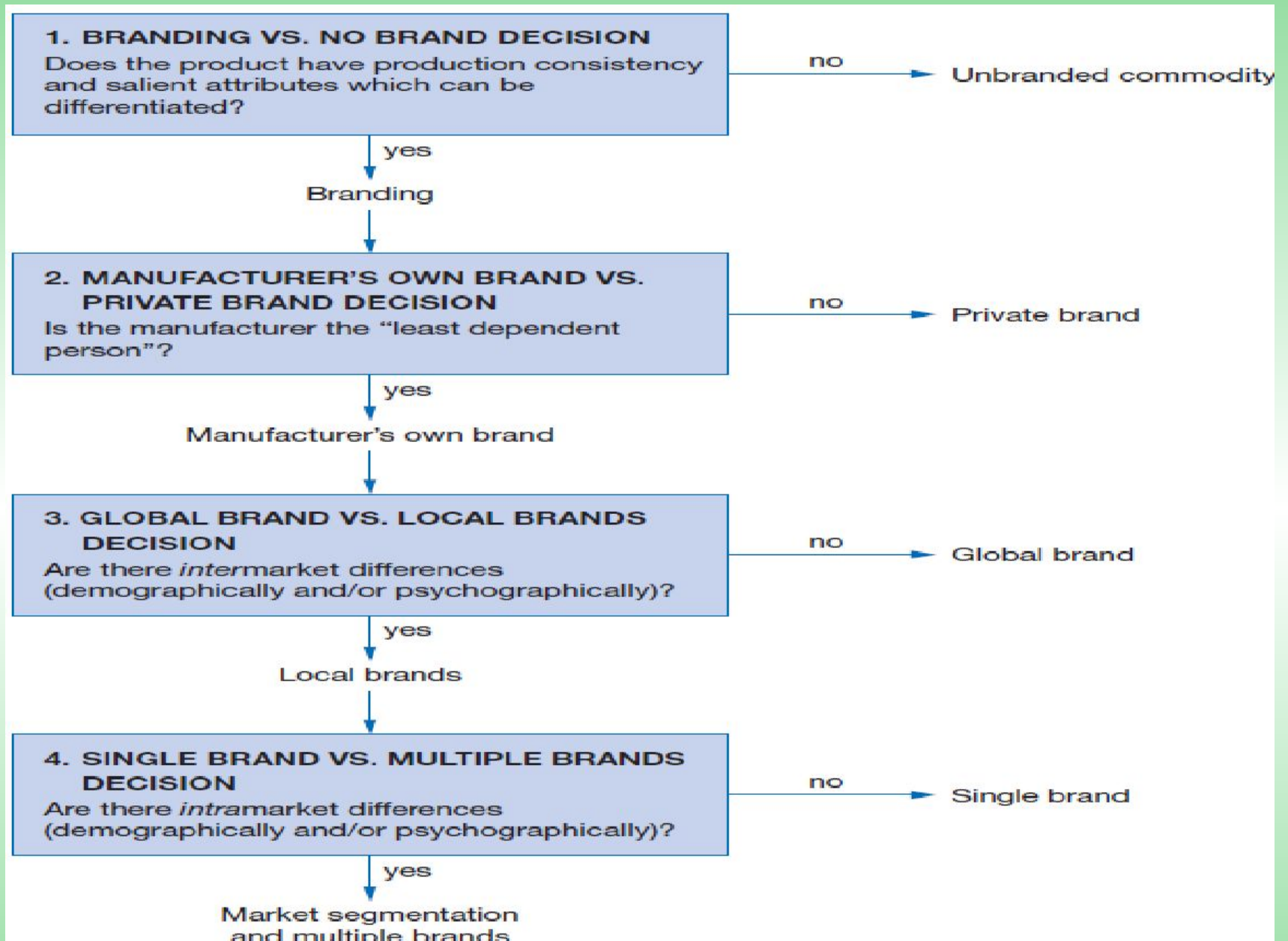
Generics



- Unbranded products are generally 30-50% lower than nationally advertised brands and 10-15% less than private.

Branding Decisions

- Branding vs. No Brand
- Private Brand vs. Manufacturer's Brand
- Single Brand versus Multiple Brands (in one country)
- Local Brands vs. Worldwide Brand



A branding model for decision making

Branding vs. No Brand

- **Commodity**

- unbranded or undifferentiated product
- sold by grade, not by brands
- flexibility in quality and quantity control
- lower production costs along with lower marketing and legal costs.
 - demand being strictly a function of price

Branding vs. No Brand

- **Product**

- value-added commodity
- better identification and awareness
- promotion and differentiation
- consumer confidence, brand loyalty, and repeat sales
- possible to use premium pricing
- allowing effective branding

Private Brand vs. Manufacturer's Brand

- **Distributor's (Private) Brand**
 - lower retail price for price-sensitive consumers
 - higher profit margin for distributor
- **Manufacturer's Brand**
 - better image and market acceptance
 - no promotion hassles for distributor

Private Brand vs. Manufacturer's Brand

- **"Least Dependent Person" Hypothesis**
 - least dependent person is stronger party
 - stronger party has more resources and market acceptance
 - least dependent person is likely to prevail on brand choice

Types of Brands

- **National Brands** –owned and initiated by manufacturers. Ex: General Electric, Heinz, and Motorola.
- When consumers buy food products, they buy manufacturer brands nearly 75 percent of the time.



- **Private Distributor Brands** – also called Private Brands, Store Brands, or Dealer Brands – owned and initiated by wholesalers and retailers. Ex: Radio Shack and Kmart, Craftsman, Kirkland
- This type of brand can be controlled by retailers and it yields the highest profits.



Single Brand vs. Multiple Brands (in one country)

- **Single Brand**

- full attention for maximum impact
- based on assumption of market homogeneity

- **Multiple Brands**

- market segmentation
- based on assumption of market heterogeneity

Local Brands vs. Worldwide Brand

- **Worldwide Brand**
 - based on assumption of market homogeneity
 - uniform brand image
 - convenient identification
 - status and prestige
 - maximum market impact
 - lower production costs
 - lower advertising costs

Local Brand vs. Worldwide Brands

- **Local Brands**

- allowing quality variations
- easier pronunciation by local consumers
- avoiding negative connotation.
- avoiding legal complications
- circumventing price control
- discouraging gray marketing

Brand Characteristics

- short and easy to pronounce (in local languages)
- suggesting product benefits without negative connotations
- unique or distinctive (or capable of being distinctive)

Hierarchy of Registration Eligibility

- **Fanciful Mark**
- **Arbitrary Mark**
- **Suggestive Mark**
- **Descriptive Mark**
- **Generic Mark**

Hierarchy of Registration Eligibility

- **Fanciful Mark**

- coined solely for purpose of identifying a particular product
- strongest legal protection

- **Arbitrary Mark**

- ordinary word that is used on a product in a totally nondescriptive way

- **Suggestive Mark**

- subtly indicating something about a product
- requiring consumers to use imagination to link the mark to a product's characteristic

Hierarchy of Registration Eligibility

- **Descriptive Mark**
 - immediately conveying a product's characteristic, quality, or feature
 - not requiring consumers to use imagination
- **Generic Mark**
 - identifying a product rather than its manufacturer/marketer
 - no legal protection

- **Generic Brands** – represent a general product category and do not carry a company or brand name. The packaging only describes the product – “pancake mix” or “paper towels”
 - Often priced below branded products



Packaging

- Functions
 - Functional: protection
 - Promotional
- Modification
 - Mandatory
 - Optional

Questions for self study

- Branding Decisions
- Branding Levels and Alternatives
 - Branding vs. No Brand
 - Private Brand vs. Manufacturer's Brand
 - Single Brand versus Multiple Brands
 - Local Brands vs. Worldwide Brand

Questions for self study

- Brand Consolidation
- Brand Origin and Selection
- Brand Characteristics
- Brand Protection
- Packaging: Functions and Criteria
- Mandatory Package Modification
- Optional Package Modification