



Branding: Why is it important?

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Guest Columnist
Tuesday, May 24, 2005

In today's column, I will discuss branding.

Brand names are everywhere: McDonald's, General Electric, John Deere, Kraft, and Molly Maids.

You may be wondering: What is branding? Why do firms do it? How do firms brand their products or services? Why is branding important to me?

Branding may be defined as the use of a name, term, symbol, or design by a firm to identify its product or service and distinguish it from those of competitors. The picture of the Quaker on Quaker Oats containers and the Nike swoosh are examples of legally protected symbols or designs.

Large firms spend enormous sums of money to develop and market their brands. Hence, these firms vigorously defend and protect their brands from competitors, even using the legal system.

Why do firms brand their products or services? There are several reasons.

First, as previously mentioned, legal protection.

Second, branding helps consumers recognize one firm's brand from another, thereby reducing the marketer's selling effort and costs.

Third, branding makes it easier for manufacturers to process orders and track problems.

Fourth, a brand name may add prestige to a commodity-type item, which allows the firm to charge a slightly higher price, e.g., Morton Salt.

Fifth, branding can help to further segment a product-market. Through brand extension, Triaminic has been able to further segment the children's cough medicine market by specific type of condition (e.g., congestion) and flavor (e.g., grape).

Finally, branding may build the firm's corporate image (e.g., Dell Computer).

For those firms who produce and sell a line of products or services, there are two general branding strategies.

- Individual brands: Each of the firm's products or services has its own separate brand name (e.g., Cheer, Tide, etc.). This is done when the firm's products or services are of varying quality and/or type. This strategy prevents confusion in consumers' minds. Also, if one of the firm's brands suffers negative publicity, this does not affect the other brands in the firm's line.

- Family branding: The same brand name is used for several (or all) of the firm's products or services (e.g., Campbell's Tomato Soup, Kellogg's Sugar Pops, Sears Craftsmen tools, Dodge Ram,

etc.). This strategy is used when all the firm's products or services are similar in quality and/or type. The major advantages of family branding are: It is easier and less expensive for the firm to introduce a new product or service; and the credibility and/or prestige of the firm's existing brands transfer to its new product or service.

Why then is branding important to you? It simplifies and speeds your shopping, because you easily and quickly recognize the branded items that you normally purchase. This saves you time and effort.

Second, the particular firm's brand that you regularly purchase provides an assurance of a certain level of quality that you have come to expect. This comparable quality represents "peace of mind" for you.

Finally, branding may satisfy your status or prestige needs (e.g., Lexus).

So the next time you are shopping for some specific branded product or service, perhaps these comments will help you better understand branding and its benefits to both the firm and you.

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