



## Impact of Ingredient Branding on Host Brand

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Ingredient Branding, Android OS, Brand Equity

**Ms.R.Gomathi**

**Dr.K.RAJINI**

Assistant Professor, Department of Management Studies, Surya Engineering College, Perundurai Road, Mettukadai, Kathirampatti (PO), Erode – 638 107  
Tamilnadu, India

Associate Professor of Management, Sri Vasavi College, Erode, Tamilnadu, India

**ABSTRACT** *The purpose of this study is to examine the ingredient branding efforts and the impact on host brands. Academic studies are gaining momentum in this direction. The new mobile phones are no more just for talking or texting, they have hardware more like personal computers today and they can carry and process data to compensate consumers' needs when people are away from their computers. The ingredient or a component which is used in a product to define its brand identity is known as ingredient branding. The term ingredient brand speaks about the powerful results in the market and their inspiration to other companies continue growing to grow more about the respected brands and to continue with the ingredient brand. It is due to the materials that have been used in this type of branding. The more complex hardware that Smart phones have, the more complex operating system needs arises. Android is an open-source software stack for mobile phones and other devices.*

#### OBJECTIVE OF THE STUDY:

1. To examine the ingredient branding efforts and market situation for ingredient branding.
2. Impact of ingredient branding on host brand in terms of brand equity.
3. To discuss the risks Associated with the use of Named Ingredient Branding
4. Successful Stories of Ingredient branding – An overview.

#### INTRODUCTION:

Wow, it's got this inside", is sometimes the kind of response that marketers want to elicit from the customers. This "wow factor" is the power of an ingredient brand. A walk through at supermarket, departmental store, electronic appliance store, or any other specialty store will bring to your cognizance a plethora of "Ingredient Brands". Ingredient branding are trust marks that reassure the customers of the safety, durability or performance of the promised feature. An Ingredient brand owns a very specific benefit in the consumer's mind-set and becomes a powerful and succinct way for the host brands to communicate that important benefit at the point of sale. Head and Shoulders with ZPTO, Computers with Intel Inside, Chevron gasoline with Techron, Diet Colas with Nutra sweet, Music systems with Dolby noise reduction, Non stick cookware with Teflon coating are the well-known examples of ingredient brands.

#### INGREDIENT BRANDING:

It has steadily increasing prominence in the licensing and branding world. As a result, more and more products promote the quality components they contain. Our awareness of and expectation for high-performance ingredients have become new and forceful purchasing criteria.

In a couple of decades, our shopping instincts have morphed. Rather than accepting a branded item as a package with face value, we like to peer under the hood.

#### WHAT IS AN INGREDIENT BRAND?

An ingredient brand, as the name implies is an element of a product with an identifiable brand identity. The host product includes the ingredient product.

The element or the ingredient brand enhances the value of the product and mostly used as a label or icon on the main product. The idea is to convey to the customers that they are getting a quality, trustworthy product. Ingredient branding helps increase awareness and easily connects with wide-

ranging consumers.

#### DIFFERENCE BETWEEN INBRANDING AND COBRANDING

Ingredient Branding, also known as InBranding differs from CoBranding. In InBranding, a new product can exist individually from the ingredient brand, while in CoBranding, the two brands unite resulting in a unique product, which does not exist if either separates.

#### Examples of ingredient brands:

- Intel Inside branding of PCs (The Intel Inside program started in 1991)
- Microsoft Mediaroom – Microsoft's IPTV platform
- NutraSweet in soft drinks
- GE's Ecomagination
- Dolby noise reduction in stereos
- Honda Civic Sedan with XM Satellite radio
- Techron in Chevron gasoline
- Teflon in cookware
- Gore-Tex in outerwear and ski apparel
- Sainsbury with brand ambassador Jamie Oliver
- Smart phones with Android OS
- Siri-powered iPhone 4S

#### Why Ingredient Branding?

- ♦ Ingredient branding gives boost to the host brand when ingredient brand has its own brand identity. Don't you prefer PC or Laptop with "Intel Inside" tag on it? It is because of brand identity created by Intel for its micro-processors.
- ♦ Ingredient also helps product if product is creating new category. Remember, Amulis pioneer in pro-biotic foods in India and same strategy has been followed by MNCbehemoth like Nestle (NesVita Curd) and HUL (Moo – Calcium Enriched Ice-cream).
- ♦ Many times consumer perceives ingredient as an added advantage so he is not reluctant to pay extra price for it.

**When is the provider of the final product or service willing**

## to compromise its own brand-building to add the ingredient brand on the package as well as in advertising?

### There are four conditions:

1. The ingredient is highly differentiated, usually supported by patent protection, and so adds an aura of quality to the overall product. Think Gore-tex for water resistant rainwear.
2. The ingredient is central to the functional performance of the final product. Think Shimano gear systems on performance bicycles or Monsanto's Nutrasweet, added to Equal sweetener.
3. The final products are not well-branded themselves, either because the category is relatively new, because customers buy infrequently or because there is low perceived differentiation among the options. Think about all of Dupont's ingredient brands for clothing, from Rayon through Lycra.
4. The final products are complex, assembled from components supplied by multiple firms who may sell the "ingredients" separately in an aftermarket. Think cars with Michelin tires, Dolby stereo systems and Champion spark plugs.

### RISKS ASSOCIATED WITH THE USE OF NAMED INGREDIENT BRANDING

- The named ingredient brand may confuse the customer and detract the customer from the overall message of the host brand.
- The strategy works well with the new users, but the existing users might feel skeptical about the new ingredient used.
- The costs associated with the development, explanation and continued customer promotion is exorbitant.
- There should be an assurance of a regular supply of the ingredient. The whole strategy can turn into a fiasco for the host brand in case the availability of the ingredient is curtailed.

### FACTORS TO DETERMINE IF INGREDIENT BRANDING IS RIGHT FOR YOU:

1. **Do you need it?** In a study to determine the benefits of ingredient branding, Research International found that the use of a premium brand of chocolate chips added value to a middle-of-the-road cookie brand (Nabisco) but actually detracted from the value of the category leader, Pepperidge Farm. Consumers already expected Pepperidge Farm to have the best ingredients, so branding these ingredients generated consumer skepticism. If you are already perceived by consumers to be differentiated, ingredient branding may be unnecessary and even counterproductive.
2. **Can you do it yourself?** The examples of Intel Inside, Kevlar, and others should warn you that ingredient deal partnerships are risky. Sure, a partnership gives you access to the equity of brands that already have some strength. But when a host brand and an ingredient brand partner are both trying to build their business and brand, it's often a zero-sum game and only one will come out ahead.
3. **When should you stop?** Even the introduction of a single ingredient brand will take attention from the host brand. Sometimes (for example, Westin's Heavenly Bed), branding an ingredient can help you establish ownership of an important and differentiating benefit. But often it's one more piece of unnecessary information. Have you ever read a sales brochure from a technology company that presents a blizzard of trademarked features that fight each other for your attention? In branding, less is often more.
4. **What should you brand?** By branding an ingredient, you are drawing attention to it, over and above all the other features that are not branded. You are telling consumers that this particular thing is particularly important. Pick

carefully. It's risky to brand something that's core to your main brand (think of the risk McDonald's would have if it ingredient-branded its hamburgers), and irrelevant to brand things that consumers don't care about. Important but not critical seems about right.

5. **Can you find your Nemo?** There are times when ingredient brands can lead to harmonious and mutually beneficial relationships if you look and evaluate carefully. But it's definitely a challenge to find a partner that can make a real and impactful difference to your business and won't eat away at your brand.

### SUCCESSFUL STORIES OF INGREDIENT BRANDING:

#### The Case of Intel Inside

In 1991, Intel partnered with computer manufacturers and started using the punch line—

'The Computer Inside' which later became the world famous 'Intel Inside' campaign (see Exhibits I and II). This was an interesting move from a 'component supplier' but the manufacturers failed to foresee its impact. This campaign was actually telling the consumers that – the sign 'Intel Inside' on a computer means a powerful and a fast computer.

Till today, most people don't even know what Intel makes and what 'Intel Inside' means. Also, they are clueless about what exactly a microprocessor is and its use inside the computer, but still everybody wants an 'Intel Inside'.

By the time computer manufacturers realized that it has become difficult for them to sell their computers without this 'Intel Inside', it was too late. In other words, now their computers' sales have become dependent on a 'component brand'. This forced the computer manufacturers like HP, Acer, Lenovo etc., to highlight the 'Intel Inside' logo all the more, and for doing that they needed Intel's microprocessors.

This created a unique advantage in favor of Intel. As more computer manufacturers started using 'Intel Inside', the demand for 'Intel Inside' rose, creating more demand for Intel's processors. There was a time when manufacturers were completely dependent on the ingredient supplier – Intel.

#### The Case of Tata Salt

Another prolific case can be of 'Tata Salt'. Tata Salt was presented to the consumers with "Iodine Guarantee" (See Exhibit III). This insight came from the government's communication stating the benefits of Iodine in the prevention of Goitre, a deadly disease.

The reliability of the message increased manifolds with Government also telling the benefits of having iodine in salt. With this clear benefit and increased reliability, positioning salt having 'iodine' as added ingredient became a hit. No wonder, Tata Salt is still the market leader in its category.

Interestingly, it was not that other brands of salt did not have iodine; it is just that Tata Salt captured this value proposition first and sat tight on it. It became highly difficult for the competitors to create another unique consumer benefit for a commodity like salt.

Moreover, competitors were not able to highlight 'iodine' in their brands (in spite of having it as a component) as strongly because then they would appear to be telling the consumer that there is a "me too" brand. This image for any brand is equally harmful.

#### The Case of Coconut Oil Brands

In this mature category of coconut oils, Marico's Parachute has been an undisputed leader and is positioned as "100% pure coconut oil". Dabur wanted to enter this category but wondered whether it can break this "100% pure coconut oil" image of Parachute.

Prima facie, the idea seemed bad. This is because if you look at the history of this category, you will find that it is full of examples of failed attempts made by very strong companies to break Parachute's stronghold. The list includes big names like – Tata and HUL (with Nihar brand of Coconut oil) and brands like Shalimar, which failed miserably when they tried to beat parachute on "pure coconut oil" premises.

Dabur, instead used its 'ingredients' and positioned its 'Vatika' as 'Enriched Coconut Oil' (See Exhibit IV) that offers additional benefits of lemon, Amla, henna etc. By doing this, Vatika offered additional value. It differentiated itself from parachute and rather claimed more benefits than "mere coconut oil" which parachute was offering. This not only gave advantage to Dabur, but created a totally different category which was based on the benefits of 'ingredients'.

#### Other Cases

Apparently many companies seems to have jumped on the bandwagon, with Head and Shoulders shampoo using ZPTO for fighting dandruff, Bajaj using DTS Si engines, Pantene using Vitamin E for preventing hair fall, Zandu using Sona and Chandi (Gold and Silver) in its chyawanprash, Nokia using Karl Zeiss optics in its phone cameras and the latest addition can be Maruti's K Series engines and HUL's Cif with dirt busters. The list can go on and on.

The above cases were all successful examples wherein even commodities were turned into powerful brands, just by using the 'components' or 'ingredients' creatively and intelligently.

#### Component branding gives clear advantages like:

Connecting components or ingredients to specific 'benefits' is relatively easy and this gives a vital advantage to the marketer wherein the consumer gets yet another 'clear' reason to buy the product as connecting celebrities with benefit(s) is more of an 'invisible' kind of message which the consumer might not be able to decode or different people might draw different meanings out of. If this happens, the whole effort and money may go in vain.

#### CONCLUSION

Ingredient Branding is aptly a case of synergy, wherein the parts become greater than the whole. It can protect or grow market share, particularly during tough times, by developing an emotional connect between the formerly unaware end-product users and the ingredient brand-thus opening up new vistas in the new products, markets and channels. Ingredient branding has its own identity, it has its own name, it has its own definition, it has its self-belief, and it does not depend on other and always depends on self and has self belief. It leads and progress with high and better quality of products, it always provides the things to be better and easier, it deals with superior promotions. This branding is known as the most superior and the major brand in the branding category and this biggest brand is always unique in its own features and always known for its high values. This is registered by all the rules and regulations as well this branding has no such major weakness. It is always known for its own self and always admired by the retailers as well the consumer.

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