TOP OF MIND

Free Advice

Ingredient Branding: Time To Check That Recipe Again

Tagging a host brand with so-called 'ingredient' names is a smart idea—until too many cooks wrecked the stew.

By Joe Tradii

I recently ventured into a RadioShack (excuse me, "the Shack") and noticed a netbook on display which had no fewer than eight ingredient brand badges plastered on it. Honest. Eight. Do any of those products, including the PC maker, really think they're gaining anything from that kind of branding anarchy? One wonders. When used correctly, ingredient branding—the practice of tagging a product with component brands in hopes of sending multiple, quality messages—is a powerful tool in the marketer's arsenal. Too bad I seldom see it used correctly.

Let's review the basics, shall we? Successful ingredient branding must contain the essentials of a host brand and, of course, the ingredient one. The objective is for the host brand to benefit by borrowing some of the equity present in the ingredient to increase its own desirability. The ingredient brand also benefits in several ways. It gains exposure and further legitimacy from the host brand, and it can create a dependence on the host brand's part that can be turned to the ingredient's advantage. One needs look no further than the early stages of the "Intel Inside" campaign for proof of this concept. Intel was able to wield a disproportionate amount of sway over PC makers (emphasis on "was," but I'll get back to this).

The strategy, however, isn't just label slapping. Successful ingredient branding must create a mutually beneficial relationship. As business author and noted marketing thinker David Aaker has warned: "Ingredient branding hurts the top-end players just as often as it helps the bottom-end players."

Because ingredient branding is a strategic and not a tactical decision, it's best to stop and answer a few key questions before getting started. Among the more salient ones: What's the business advantage I wish to gain with ingredient branding? Will the ingredient brand(s) even be recognized by my customers? What does the host brand stand to gain—and is it willing to risk damage through association with the ingredient? And finally: Will there be sufficient equity transfer between host and ingredient brands?

Here's something even more critical to remember: Ingredient branding strategy is contextual; a brand that's a mere ingredient in one setting is a freestanding one elsewhere. Ingredient brands don't exist in a vacuum; they have their own lives—and their own branding campaigns within their respective categories.

So, how are you supposed to know if it even makes sense to pursue an ingredient brand strategy? Just because you can do it doesn't necessarily mean you should. I've come up with a few circumstances in which ingredient branding is at least worth considering. First is when the ingredient is so well regarded that its aura of credibility will spread over your primary brand. Example: Let's say you make raincoats. Tagging Gore-Tex as an ingredient brand is probably a good idea.

Here's another: When the potential ingredient brand is central to making the primary brand work, ingredient branding likely makes sense (e.g., without NutraSweet, Equal would be little more than a little blue envelope). Or, say the host product itself is either new or not very well known, it can be wise to lean on an ingredient brand that everybody's heard of (example: DuPont's ingredient brands for clothing, including Rayon and Lycra).

Lastly, there's the scenario in which the host product is so complex that the consumer has come to expect ingredient brands as part of his overall appraisal. This is why cars so frequently boast Michelin tires, Champion spark plugs, Dolby stereo and the like. So in this case, too, ingredient branding makes sense.

Alas, were these guidelines alone enough to keep brands out of trouble. Unfortunately, even savvy marketers will overlook basic guidelines about ingredient branding and end up with a confusing and ineffective muddle that benefits nobody. So here's the rule: The fewer the ingredient brands on the host, the better. Equally important: If one brand isn't clearly subservient to the other, what you're doing is co-branding, not ingredient branding. (Perhaps the following will help: Co-branding is a marriage; ingredient branding is dating—and dating is far more flexible than a marriage.)

There's also not much point in ingredient branding if your chosen ingredient brand fails to provide a clear, functional benefit. Make sure that there's an existing awareness and demand already out there for the ingredient brand. So, you manufacture pots and pans? Teflon is a good ingredient partner because it owns the position of non-stick, for example.

Basic stuff, right? Then please tell me why so many companies that ought to know better have become the poster children for ingredient branding gone bad. In Intel's case, what started out as a nice, clean sticker that said "Intel Inside" has given way to a slew of sub-brands—each with its own sticker. And if you care to see the kind of confusion too many of those stickers create when they're slapped onto one product, well, just head over to your local Shack. There, you can check out a netbook wearing more sub-brand tags than Richard Petty's Plymouth Superbird. It's too bad the similarities to Nascar end there, though, because the marketing blur created when too many ingredient brands whiz by your eyes is no fun to watch at all. ■

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