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Why is branding losing its equity?

The issue of branding has dominated marketing literature for several decades. Though branding is an age-old concept, brand management is believed to have emerged in 1931, when the president of Procter & Gamble (P&G) decided that each P&G brand should have its own brand assistants and managers dedicated to advertising and other marketing activities for the brand. A separate sales department was responsible for getting products on to retailers' shelves. The branding strategy required companies to spend heavily on mass media campaigns and build a brand _ and the world would beat a path to its doors. Long standing brands such as Marlboro, Coca-Cola, Xerox, IBM and Intel are considered to be among the world's most valuable assets. This has motivated many companies to base their strategies almost entirely on building brands.

However, the time tested method of brand management is coming under tremendous pressure as more and more companies have started restructuring their marketing departments. There are several reasons for the decline of branding in general and brand management in particular. We shall discuss these new trends in this article.

The first trend is that people increasingly buy goods on the proposition of `value for money', not because they carry a famous name. Even the world famous Marlboro Cigarettes had to slash prices to defend the much-advertised brand from cheap, generic rivals, reported The Economist. More and more price conscious consumers are demanding the best value in the products they buy. Additionally, social status may be less a function of a person's possessions in the 21st century than it may have been in the last part of the 20th century. In response to these developments, firms too offer more services and better product quality - that is more value for the same amount of money. Consumers increasingly expect and even demand these added benefits. Consequently, companies are forced to cut down most of the non-value-adding activities, including advertising, in most cases.

The second trend that is eroding the credibility of branding is brand proliferation. Basically, there are too many brands floating around in every product category, which differ only in their names. This only adds to the confusion of customers who are already bombarded by thousands of marketing messages daily. All these lead to an overall degeneration of the brand as a marketing tool.

The third trend is the shift of power from manufacturers to retailers and the weakening of power brands. In the past, brand managers used market research information to assess consumer needs to gain an informational advantage over the retailers. Today, most retailers use sophisticated computer systems to track buyer behavior and this ownership of vital consumer information is becoming the key to power. Retailers have started marketing private label brands that offer better value for the consumers' money. As the retailers can assure quality, consumers do not care much for the mega brands. In many product categories, retail brands are dominating individual company brands. In fact, the retailers dictate whether a new brand will be given shelf space or not.

The fourth trend is the decline in television audience for different channels and effectiveness of television as a medium for promoting brands. Though the media costs are on the rise, the impact is decreasing, particularly in the FMCG sector. This is mainly due to the fact that rival products differ so little so that brands have become hard to promote. Clutter and noise have also contributed to the compounding of the problem. As such, the proliferation of TV channels has greatly reduced the audience reached through individual programmes.

The fifth trend is the emergence of e-commerce and the shift towards buying through the Internet. The portals themselves become brands and they consequently manage to sell an assortment of products sourced from different places. Amazon currently sells books, music, electronic gadgets,toys, games, women's apparel, sporting goods and software _ all under the Amazon banner.

The sixth trend is customisation. With the emergence of one-on-one marketing, brand proliferation within a company has lost its relevance. Why would anyone want to have sub brands, when the company can offer products customised to the individual level? All that matters will be the company name for identification. With the media getting highly fragmented, and advertising itself shifting to the interactive mode, brands are losing their relevance in today's context. In the future, there won't be any brand but for the `company brand'. When, for example, a company can deliver customised liquid soap out of a vending machine to suit every individual, why then have sub brands? Branding, as we know of it today may not exist in the future.

(To be concluded)

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