

The Concept of “product” and Importance of Branding in the marketplace

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### **The Concept of *product* and Importance of Branding in the Marketplace**

The term *product* is used to define an object with certain attributes of economic value. Physical goods that have economic value are products. Similarly, services that have economic value are considered products. Although the two categories of products have several major differences, they share many attributes that are common for both goods and services (Ailawadi 2004, p.25). The concept of product postulates that buyers will opt to purchase products with high utility, quality, and features innovation (Kotler et al. 2006, p.227). For example, Apple Inc's products are expensive, but they still maintain good sales volume because of their perceived high quality. This is known as competitive advantage (Bush 2012, p.99). Furthermore, the value of a product incorporates labour. In turn, incorporation of labour into the concept of product increases its value. In the concept of marketing, a product is any physical object or an intangible service, which is capable of satisfying a human want (Kotler et al. 2006, p.228). Branding is association of a name or a concept with a particular product for the purpose of identification and sales promotion. In addition, branding of products makes it possible to classify goods according to their application and importance to the consumer. Several aspects of branding make it important to sales promotion strategy and product performance in the market.

Branding serves as a means of identification of a product, and may be used by the producer for legal protection of the product (Phillips 2006, p.1). When a product is branded, competitors of a particular producer cannot reproduce the product and sell it under the same brand name without the consent of the owner of the brand. For example, *Starbucks* is identified with coffee, and any other coffee seller cannot use the particular brand name without Starbucks Corporation's consent (Talisa 2010, p.5). Thus, benefits due to sales promotion of a particular brand exclusively belong to the producer alone. When branding associates a product with a reputable firm, sales for the product are likely to increase due to

## PRODUCTS AND BRANDING 3

the perceived quality that is associated with the particular seller (Phillips 2006, p.2). Certain brands will always sell better than their competitor brands despite the presence of other goods of matching quality in the market.

Competitive branding commands customer loyalty to a specific trader. Some brands are so powerful that customers will only purchase the particular brand, and its absence in the market might make customers desist from buying any brand (Roellig 2001, p.3). Since branding is associated with prices, the seller can determine the price of a popular brand without experiencing fewer sales of the particular product. For example, the Coca Cola Company always sells its *Coca Cola* brand products at a significantly higher price than many other brands due to customer loyalty and its association with quality (Roellig 2001, p.8). The customer will tend to purchase the expensive product and maintain the quality of his or her purchases. Thus, loyalty and trust established by competitive branding is important for the seller regarding performance of a particular product in a competitive market.

Branding is used for convenience of the customer, while it imparts simplicity to advertisement and sales promotion. Some products, especially products of technology of complex nature, may present a problem for the advertiser and the buyer as well. Products such as software and cars have so many technical details whose quality is important to the buyer (Roellig 2001, p.4). However, the buyer, particularly the consumers, may not have the necessary knowledge to enable them to understand the technical details of the products. Branding is used to summarise all details such that the buyer associates products under the brand with high quality and utility (Roellig 2001, p.6). Thus, with branding, the buyer does not necessarily have to understand the technical details of such products, and this simplifies sales promotion mechanisms for the seller.

Branding can be used to promote several types of products under one name. Some companies such as electronics manufacturers have many products for different uses and

## PRODUCTS AND BRANDING 4

applications. It is necessary to give an umbrella brand name to such products for the sake of simplicity of sales promotion plan (Hosseinzadeh 2011, p.54). The seller is able to concentrate in promoting one brand. Consequently, the particular brand becomes more popular, and is likely to command loyalty. Furthermore, sales promotion becomes less costly when the buyer uses an umbrella brand for many products (Hosseinzadeh 2011, p.58). However, with the concentration of sales promotion on one brand, it is likely that the particular brand will gain more than what could have been achieved with fragmented sales promotion strategy.

In conclusion, it is evident that branding is an important aspect of sales promotion that helps create identity for products and cultivate customer loyalty. With branding, the seller is able to simplify sales promotion strategies by omitting details in illustrations and messages to the customer. It is also evident that cost of operation reduces with branding, making the profit margin higher for branded products. Moreover, branding creates customer loyalty, ensuring security for the seller in terms of price competition and protection of product identity. Thus, branding is an integral part of sales promotion and an important determinant of product performance in the market.

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