

## Importance of Branding: What's in a Name?

Branding is perhaps the most important facet of any business--beyond product, distribution, pricing, or location. A company's brand is its definition in the world, the name that identifies it to itself and the marketplace. A model may be beautiful, but without a name, she's just "that girl in that picture." Where would Norma Jean be without Marilyn Monroe, or who would imagine Coca-Cola as just a soft-drink manufacturer? A brand provides a concrete descriptor to customers and competitors alike, a name for a product or service to distinguish it from anything else. Bob may run a hobby shop, but trying to advertise as "The hobby shop a guy named Bob runs down the street a ways" is financial suicide. Each customer will have to describe the shop, who Bob is, and what the shop does every time someone asks about it. This makes the process of recommending a good hobby shop too much work for the average customer, and far too much work for a user looking for hobby shops on the Internet. A customer looking up Bob's hobby shop will have an easier time of it if he or she knows to refer to it as "Bob's House of Hobbies," and the customer can then refer others to Bob's hobby shop by name, increasing the potential advertising exponentially.

Developing a brand involves more than just picking a catchy name and placing an ad in the newspaper--a brand is more than a unique string of letters denoting a particular product; a successful brand is a mnemonic trigger that makes a consumer feel a certain way when the brand is thought of. For those who drink cola-flavored soft drinks, which is more appealing on a hot day: a cold cola soda, or an ice-cold Coke? Coca-Cola has spent 100 years developing their particular brand of cola-flavored soda as a refreshing beverage and a seminal representation of a market segment. Coca-Cola has used a combination of direct marketing, give-away techniques, and multi-product cross-branding to achieve maximum brand recognition and visibility in not only its immediately competitive market, but in markets as diverse as Coca-Cola branded race cars and house wares.

Brand loyalty is an integral part of building a brand, as consumers usually have a choice of products in the same market segment, and so a successful company will come up with a way to keep consumers re-buying their product or coming back to their location rather than going to a competitor. These brand loyalty-building efforts may come in the form of coupons, incentives such as many grocery chains' technique of "grocery discount cards" or "loss leaders," meant to draw consumers into the store, where they will hopefully buy products along with the discounted fare at a higher profit ratio. In exchange for these discounts and grocery cards, many companies collect information about buying habits and average spending amounts, the better to tailor advertisements and better-focus future promotional efforts. Once a consumer is hooked, brand loyalty tends to result in higher sales volume, as well as loyal customers being less sensitive to price changes of their favorite brands (within reason, of course), as well as less sensitive to competitors' incentives. Studies have shown that it takes 5 times as much money to gain a customer as it does to retain one. That's 5 times as much money as could have been spent on other things.

A brand is who your company is, and what it is selling--it is as important as naming a baby, and should require the same amount of effort to develop it, but if done well, can mature into a successful and profitable adult.

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## About the Author

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