

MARKETING
BY MARK EVANS



WHAT'S IN A NAME? *Parlaying Brand Recognition Into Profits*

Consumer brand names are big business. Advertising spending across all Canadian media was \$19 billion in 2007, according to the Canadian Marketing Association.

The numbers are even more astounding south of the border where TNS Media reports

that total advertising spending in 2006 was \$149.6 billion. *Advertising Age Magazine* states that Procter and Gamble have been the number one advertising spender in America for 50 of the last 52 years, spending \$4.9 billion alone in 2006.

The mechanical industry is an interesting dichotomy with companies that are all at once consumer brands as well as business-to-business (B2B) merchants. Until 25 years ago, many companies only sold their products through traditional two-step wholesale distribution and did not market, advertise or sell to consumers in any meaningful way. Many still derive the bulk of their sales through wholesale distribution.

vided, think of how many times those names have been seen and the number of consumer “touches” generated. As such, the legacy value in these name brands would come at a high cost today. As an example, a recent news item from www.sciencedaily.com noted that in 2004 the major pharmaceutical companies as an industry spent as much as 24.4 per cent of their total sales dollars on advertising.

GOOD BY ASSOCIATION

I remember Bell & Howell from my childhood as manufacturers of projectors and film equipment. I do not remember seeing a competing brand of projector in any school I attended. Their products were not just in my

cent brand awareness among adults 35 and older. People associate Bell & Howell with a strong reputation for high quality, dependable products and services.”

Just as the computer spelled the end for typewriter manufacturers, I had assumed that video spelled the end for film projectors and that Bell & Howell had simply faded away. Not so. They still exist as a specialty manufacturer of mail-sorting and imaging equipment and also have brand licensing agreements with three companies selling consumer goods in North America. This is an interesting way to extract value from a brand that once was ubiquitous, but in recent times, largely unseen.

The merger of American Standard, Eljer and Crane raises many questions and impacts the traditional distributor in ways that have yet to be seen. At least two of these three brands have, until very recently, been in the shadows as consumer brands.

As legacy companies in a mature industry, are there potentially new ways to extract value from these venerable brands? Do they have the Bell & Howell factor working for them? If so, the question is how strong is the brand association and how much is that perception of value worth?

EXTRACTING VALUE

Following this line of thinking, I used to wonder why investment bankers who knew little about the nuances of manufacturing a toilet would choose to make investments in such companies. The reasons are as follows:

- They do not need to know how to make it. In fact, most of the products they sell are third-party produced.
- The companies they invest in

“As legacy companies in a mature industry, are there potentially new ways to extract value from these venerable brands?”

An example would be the many companies in the plumbing fixture business. As these businesses grew, an interesting thing happened: these companies, and the brand names they carry, built recognition and hence value with consumers.

Consider the billions of dollars worth of tubs, toilets and basins that have been sold by these companies in the last 50 years. In the decades of service many of those products have pro-

vided, think of how many times those names have been seen and the number of consumer “touches” generated. As such, the legacy value in these name brands would come at a high cost today. As an example, a recent news item from www.sciencedaily.com noted that in 2004 the major pharmaceutical companies as an industry spent as much as 24.4 per cent of their total sales dollars on advertising.

The Wikipedia definition of a brand name: A brand is a customer experience represented by a collection of images and ideas; often, it refers to a symbol such as a name, logo, slogan, and design scheme.

have valuable brick-and-mortar holdings that are appreciating even as their market share and profits on sales diminish.

- Investment bankers are good at turnarounds.
- Most importantly – they understand marketing. Hence, they recognize the residual value in these legacy brands.

One owner is in a much better position to extract value from these brands than multiple owners. I am not referring to the obvious cost savings that result from eliminating duplicity, but instead to the ability

to optimize the product/price matrix and to better position products within both the wholesale and retail channels. The result may be a slight decline in total products offered, but what wholesaler is not looking to consolidate vendors and eliminate the sale of slow-moving/high-value products?

So, what's in a name? Could I see myself buying a house with appliances, window systems or even a home automation products sold under the brand names of former plumbing fixture manufacturers? Or, will they really reach outside the box and license

their brand names to companies selling consumables to contractors or lifestyle products to consumers? I look forward to watching this play out. **HPAC**

■ *During the course of his 25-year career in the mechanical industry Mark Evans has worked for wholesalers and manufacturers in sales and marketing positions. Contact him at writemarkevans@hotmail.com.*

RATE THE ARTICLE!

Will this information be useful?

Please circle the appropriate number on the Reader Postcard. Thank you.

- VERY USEFUL..... 109**
- USEFUL..... 110**
- NOT USEFUL..... 111**



Innovative system technology for modern solar thermal systems

- Solar stations
- Solar heat transfer



PAW GmbH & Co. KG
 Böcklerstraße 11
 D-31789 HAMELN
 GERMANY
 ☎ +49-5151-9856-0
 ☎ +49-5151-9856-98
 @ info@paw.eu
 🌐 www.paw.eu

North American
 Distributor
 Solarnetix Inc.
 777 Warden Ave.
 Toronto ON CANADA
 ☎ 1-416-699-6746
 @ info@solarnetix.com
 🌐 www.solarnetix.com

Circle #22