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COMPETITION AND BRANDING *

On this subject what is more interesting is that because of advertising and competition there is an immense choice to the consumer, a variety of products at a big range of different prices. And they are not forced to buy the more expensive products, they are not forced to buy the cheaper products. They can buy whatever they like. And the fact is that they do buy a good proportion of more expensive and advertised products. They do this of their own free will and presumably it is because they find some security, some added value, some expression of their personality in the brand that they pick. So it seems to me that you cannot have freedom of choice without having a range of prices supported by the full means. This is the first point.

The second point is this phrase about the God of advertising, the God that has failed, because unadvertised products can be so successful. I think this is the result of too limited a definition of branding. It used to be the belief that branding was created by advertising. The manufacturer produced the box, the advertising agency bolted on the image and the only place that the branding came from was the advertising. I think this is a very old-fashioned view.

Branding is everything the consumers know about the product they are buying. And advertising is only one of the sources. A private label brand is just as much a brand as an advertised brand. The exposure of the housewife going shopping to what she thinks Sainsbury's is (the biggest grocery retail store in the United Kingdom) is every bit as powerful, every bit as image-filled as is the heaviest-advertised brand sold in Sainsbury's.

What we are seeing is two competing differences to two competing methods of branding. One through familiarity of the retail store service she gets, the general pricing level, the number of A-label brands and a bit of advertising. And against that the manufacturer really has a rather weak set of weapons, and it is amazing to me that with only one major difference, that is a heavier expenditure on advertising and other forms of communication, these enormous price differences can be justified in the sense that the consumer pays them. I do not think advertising has failed just because Sainsbury's is able to sell 60% of its total turnover as private labels. The amazing thing is that 40% is still branded good!

* The text is a transcript of the recording.

