

# Battle of the brands: Research finds branded components changing industry structures

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Back in the day, planes, trains and automobiles all sported one brand name. If you bought a Boeing, you got, nose to tail, a Boeing. These days, however, complex industrial equipment is starting to look like NASCAR vehicles festooned with logos. Why does it matter? "When component brands become powerful it changes the industry," says George John, Marketing Department Chair at the University of Minnesota's Carlson School of Management. "What becomes more important, the product brand or the component? The Dodge truck or its Cummins engine?"

John and co-author Mrinal Ghosh (University of Arizona) investigate component branding in a forthcoming study in the [Journal of Marketing Research](#). Various technologies that provide benefits like [fuel efficiency](#), higher download speeds and better safety ratings all arise from component branding. But the innovation that makes these products superior often doesn't come from the primary brand, it comes from the component brand. To assure the makers of component technologies that the partnership will endure for long enough to make their investment worthwhile, visible acknowledgments of the added benefit - and which company brought the consumer that added benefit - have become common.

On 30% of the industrial products in their sample, everyday users will see at least one brand displayed in addition to the primary brand. No longer are they using a Dell computer, they're using a Dell with Intel Inside. "The component brand name, right there on a product, is, in a

way, insurance that the company won't be dropped for a newer, cheaper, competitor next year," says John. "The co-branding is enough of a deterrent that the product [brand](#) won't switch to a different supplier. This gives the component maker the ability to put effort and resources into developing the product," says John.

Beyond simple consumer curiosity, this shift to visibly branded components should be noted by policy makers and regulators. "When an industry changes from a vertical structure with dominant primary brands to a horizontal structure with dominant component brands, suppliers become more powerful. And if the industry is in trouble, who gets bailed out? Detroit Diesel or GM? Cummins or Dodge? The right answers must depend on a deep understanding of who offers the real value," notes John.

More information: More information on Professor John and a copy of the article can be found at [www.carlsonschool.umn.edu/marketinginstitute/gjohn](http://www.carlsonschool.umn.edu/marketinginstitute/gjohn) .

Source: University of Minnesota ([news](#) : [web](#))

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