

What is a brand?

The Concise Oxford Dictionary describes a brand as 'a particular make of goods', or as 'an identifying trade mark or label'. But brands mean so much more to consumers and have a far wider definition.

Brands can define a personality or lifestyle; products become status symbols and a 'badge' (the logo) to recognise success. Brands give organisations and their products an identity, a set of beliefs or ethos. The co-operative brand through banking, travel, insurance and supermarkets promotes 'selling products in a fair and honest way, and being committed to supporting communities on our doorstep and beyond.' Also branded goods have perceived quality; whether these are functional or emotional benefits they provide assurance to the consumer that the product has more to offer and less risk than non branded goods and services.

Influences of branding

Customers are being ever more demanding in their drive for branded goods. Mass media and the internet have opened up a global marketplace and spread brands to a wider customer base. This also means that brands in local marketplaces have increased competition from their overseas competitors. This has led to highly sophisticated research in the field of branding and as a result more sophisticated methods of influencing the customer. In addition customers are becoming more brand-aware through the media, increased access to information and social changes in lifestyle and education etc.

Globalisation and new and developing markets have caused proliferation of choice for consumers. We are trading electronically, as a consumer and commercially, far more frequently and strong brands become ever more important. When we can't see, feel or touch products that we buy over the internet we rely on integrity and trusted brands as there are fewer perceived risks. Pro Active International researched 12,000 internet users and found that "over 50% of respondents

feel that the Internet is an important medium to make people aware of brands. Nearly two-thirds of the users are disappointed if they cannot find the brand they are interested in on the Internet, while 75% say that they have encountered companies or brands on the Internet that they didn't know before."

How does this affect our business?

Organisations as well as consumers are 'distance purchasing' more and more of their goods and services as trends such as globalisation and low-cost country sourcing are on the increase. Companies are trading in highly competitive marketplaces throughout the world and rather like consumers, organisations are also trading electronically, therefore managers are faced with similar choices and their associated risks. New skill sets and knowledge are now required in order to capitalise on potential opportunities and reduce potential risks.

How does this impact the procurement professional?

Purchasing and supply management (P&SM) professionals often face conflict with business units where products or services are over specified or non standard. Standardisation, variety reduction and value analysis exercises allow P&SM professionals to consolidate requirements, reduce acquisition costs, obtain volume discounts, and/or increase leverage.

How can we make a difference?

- Resistance to change usually occurs through a lack of knowledge, ignorance to the impact, poor communication or a perception that variety control and other such

procurement initiatives is bureaucratic. Improved communication channels and guidance materials can improve awareness.

- To limit proliferation and biases to branded goods a procurement policy that includes type restriction (reducing variety of materials) and supplier selection (reducing variety of suppliers) will provide a strong message to the business.
- The OCG have strict guidelines on buying branded goods in the public sector; they are only to be used when it is not possible to draw a specification without using them. When referencing a brand P&SM professionals must accompany the brand name with 'or equivalent' as not to discriminate other brands.
- P&SM professionals need to tune their persuasive and influencing skills and provide evidence that a standard or non branded item can deliver equal benefits.
- e-Procurement systems with catalogued items can help to steer the organisation along a standardised path and make it more difficult to procure non standard items.

The Chartered Institute of Marketing surmise that "In a crowded, competitive market brands will be the beacons that guide choice not only for customers but for employees, investors, partners and all a company's stakeholders", it is now our role as procurement professionals to ensure that these are fully informed choices.