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Chiranjeev Kohli

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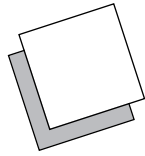
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Branding consumer goods: insights from theory and practice

Chiranjeev Kohli and Mrugank Thakor

Introduction

Brand names have become the most valuable assets for many companies. The RJR Nabisco family of brands was bought for over \$25 billion and Nestlé acquired Perrier for \$2.5 billion. This high price was for the Perrier brand name. As mineral water, it is an undifferentiated product. Perrier, however, is a long established brand name in the industry that carried a charm invaluable to Nestlé. Similarly, Philip Morris purchased Kraft for \$13 billion at more than 600 percent of its book value. According to Hamish Maxwell, responsible for the acquisition, the expense was justified because it gave them a loyal consumer franchise that could be used as a leverage with the grocery trade and a brand name that could be extended (Aaker and Beil, 1990). Therefore, it is not surprising that there is a growing interest in the value of brand names. Budweiser's worth is \$9.7 billion. Nike's worth was estimated at \$3.6 billion and Barbie's value was judged to be \$1.7 billion (Ourosoff, 1994). The most valuable brand name is Coca-Cola with an estimated worth of \$36 billion. This is understandable since Coca-Cola was found to be the strongest brand in the USA and in the world based on ratings on "share of mind" and "esteem" (Owen, 1993).

High worth of brand names

There are three reasons for such high worth of brand names. First, new product introductions are expensive. Kidder Peabody estimated that with costs of new product introductions reaching \$100 million and failure rates in the vicinity of 75 percent, it would cost a company \$400 million to have a successful brand. Second, the marketplace is crowded. Today, there are about 750 nameplates of automobiles, 150 names of lipstick, and 93 different brands of cat food (Aaker, 1991). Customers are reluctant to try new products. Brand names that have the ability to rise above the clutter get noticed. Finally, successful brands have a long life span over which they provide higher returns. Ivory (soap), Eveready (batteries), Nabisco (biscuits), Kellogg (cereal), Kodak (cameras), Gillette (razors), Gold Medal (flour), Crisco (oil), and of course, Coca-Cola (soft drinks) among others were the leading brands in 1925 and continue to be leading brands today (Wurster, 1987). It is estimated that Ivory soap since its introduction in 1887 has provided total profits of \$2 to \$3 billion (Aaker, 1991). In the long run, strong brands represent an excellent investment.

Brands can be strengthened over time with advertising, and any image can be created for any brand name. After all Marlboro doesn't mean much; nor does Budweiser. Marlboro, however, now conveys a rugged country outdoors image and Budweiser means a six-pack which packs a lot of fun. This image creation, however, is expensive and time consuming. These high costs have prompted companies to take great care in the creation, pretesting, and developing of new brand names. This paper has two main objectives:

Source of differentiation

- (1) to provide a framework for the marketing managers, which will be helpful in the brand name creation process, and
- (2) to integrate the normative and descriptive research on this topic.

Previous studies have either been entirely descriptive in nature (Kohli and LaBahn, 1997; McNeal and Zeren, 1981; Shipley and Howard, 1993; Shipley *et al.*, 1993), or “opinion” articles (Collins, 1977; Hemnes, 1987; Robertson, 1989). This paper draws on normative research on brand names, descriptive studies on the processes managers adopt for creating brand names, and our own experience in this field, and as such, provides meaningful insights into the creation of brand names.

Importance of brand names

Before we proceed further, it is important to see how brand names contribute to the success of a product. Brand names are a source of differentiation. We buy brand names and are willing to pay a premium for them. We do not buy jeans; we buy Levi's. We do not buy sunglasses; we buy Ray Ban. And, we do not buy sparkling water; we buy Perrier. Branding does influence a customer's choice. The approval rating for Kellogg's Corn Flakes increased from 47 percent in a “blind” test to 59 percent when the name was revealed (Saporito, 1986). Similarly, preference for Armstrong tiles increased from 50 percent in a blind test to 90 percent when the name was revealed (Aaker, 1991). In a study conducted by BBDO Worldwide, one of the leading advertising agencies, consumers believed that there were greater differences between brands in product categories that emphasized image in comparison to product categories where physical attributes were emphasized (BBDO Worldwide, 1988). Thus, people feel there is more variation between the various brands of mineral water and less variation between the various brands of paper towel. In reality, however, this need not be true.

Brand names may also provide a source of differentiation for other reasons. The pace of today's technology change has made it difficult to differentiate purely on physical attributes. Consider the various brands of televisions, video cassette recorders and personal computers. It is ironic that in such technologically sophisticated products, the similarity between different brands is not unlike the similarity between various brands of gasoline. They have become commodity items.

Brand image differentiation

The only strong differentiation is based on the brand image. As an example, the IBM ValuePoint and PS/2 models used to be practically identical with an Intel 486 DX4 chip, eight megabytes of RAM, and 540 megabytes storage space. In June 1994, the ValuePoint sold for \$2,650; the PS/2 sold for \$3,600 (*Wall Street Journal*, 1994). The two lines were created with different images. Another example is the automobile industry. Toyota Corolla is viewed more favorably than Geo Prizm because it is Toyota, though they are essentially the same cars. Toyota Camry has the image of a well built Japanese car, even though it may be made in the USA, because Toyota is a Japanese brand name. Finally, in the international arena, Volkswagen Fox receives favorable evaluations because it is Volkswagen, a brand image based on its German origins. Only 8 percent of people knew where it was manufactured – Brazil (Ratliff, 1989).

Compounding this further is the fact that differentiation on physical attributes alone is almost impossible to maintain. Duplicating features is not

Brand names

difficult; the challenge today is to create a strong and distinctive image. Let us assume Norelco introduces an innovative electric iron to the market, which sells very well. If Black & Decker desires, it can study the product, imitate it, have manufacturing lines set up, and put it on the shelf in less than three months!

Finally, it is a misconception that branding only offers advantages to “soft” consumer goods. No significant differences were found between consumer and industrial goods companies on the importance placed on brand names (Kohli and LaBahn, 1997). Several innovative and savvy industrial goods producers have taken the lead and gained an edge based on brand names, where none existed earlier. Examples include Caterpillar, Cincinnati (machine tools), and Portakabin (portable offices) (Shipley *et al.*, 1993). Eagle Picher manufactured several Caterpillar machines until recently. The company now plans to sell them under the Eagle Picher name, a task that is unlikely to be an easy one. Taking a different approach, Intel boosted its presence with its “Intel inside” campaign. Of all managers, 60 percent felt that a brand name (on its own, without any advertising support) can influence the sales of a product (Kohli and LaBahn, 1997). This goes to show that brand names provide a viable and potent source of differentiation, and the choice of an appropriate brand name is critical.

The descriptive studies we referred to earlier, found that the brand name creation process is a sequential multi-stage process. In the next section, we outline each step and discuss the relevant issues.

The branding process

Naming strategy

There are two related issues that need to be discussed here:

- (1) what type of name should be used, and
- (2) what are the specific branding objectives for the product in question.

Five categories

Types of names. There are five categories of names that have been specified by the Patent and Trademark Office and used by the courts in deciding trademark rights and infringement cases. These are generic (soap for soap), descriptive (Laser Jet for laser printers), suggestive (Eveready for batteries), arbitrary (Camel for cigarettes), and coined (Exxon for gas). There are two important facets of this categorization. The different categories offer different levels of trademark protection and marketing appeal – both important from a marketing manager’s perspective. As we move through the generic category to coined category, the ease of trademark registration and the amount of trademark protection available increases. We will discuss this further in the section dealing with the registration of trademarks. At this point, we would just like to point out that generic names do not offer any trademark protection, and cannot be used as a brand name. Accordingly, we will not discuss these any further. With regard to the marketing appeal, descriptive and suggestive names are inherently strong, whereas arbitrary and coined names are inherently weak. The notion is that descriptive and suggestive names create an immediate image, whereas arbitrary and coined names require advertising support to acquire an image. Therefore, unless a company has deep pockets and plans on providing significant advertising support, it would be better advised to use descriptive or suggestive names. Arbitrary and coined names do have some advantages, though. They do not tie the company down to any particular product. These names are easier to transfer to other products. This is especially appealing nowadays, as brand

Appropriate brand name

extensions are becoming increasingly popular and necessary for survival. Thus, while Fruitopia can only be a fruit drink, Starbucks can be applied to a wide variety of beverages. While arbitrary names are somewhat acceptable as a strategy, it is not advisable to use coined names, unless extreme conditions warrant it. For example, Exxon was a good choice because it was sold in approximately 55 countries, and it is difficult to create a name that has some meaning and no negative connotations in the various languages around the world. Coined names gained acceptance in the mid-1980s. Ever since, their popularity has been waning. The reason is people's aversion to these brand names. Coined names received the lowest evaluation among all four categories of names (Kohli and Harich, 1996).

Branding Objectives. Marketing managers may have different branding objectives (Kohli and LaBahn 1997). These, in decreasing order of importance, were to convey intended positioning (e.g. Rebel motorbike by Honda), establish product differentiation (e.g. P&G's Oil of Olay), establish a distinct segment (e.g. Lexus by Toyota), establish a unique image (e.g. Zima), identification only, and ease of trademark registration. The last two were used rather infrequently.

The objectives need to be clearly specified. Often at times, these are not well articulated by the marketing managers for two reasons. First, some managers fail to realize that the brand name is indeed the basis of a brand's image, and therefore the choice of an appropriate brand name is critical. Second, they fail to realize that a brand name is typically limited to one or two words. This puts a constraint on the amount of information that can be conveyed in a brand name. This, combined with the fact that a name cannot be changed without losing all the equity built into it, underlines the importance of a clearly specified branding objective.

Names can be used to help in positioning. Honda's Rebel (stylishly similar to the Harley Davidson's Soft Tail) is an attempt to convey a carefree, renegade image traditionally associated with motorcycle enthusiasts. Similarly, Visa aptly conveys the positioning of a credit card that gives you access "everywhere you go." Haagen-Daz's ice-cream connotes a Scandinavian image, though it is made in the USA. Similarly, Smirnoff vodka that is consumed in the USA is produced domestically and not imported from Russia. Russian-made vodka has not entered this country since 1917.

Gasoline is another commodity product – for all practical purposes. Several companies have tried to differentiate their product. Lately, Mobil has become the "friendly service place" and 76 is the place for useful basics like "a squeegee and clean water." Chevron, on the other hand has tried to differentiate its product by using branding. All Chevron gasoline now comes with Tychron. Branding the ingredient has been much more effective. Instead, if Chevron had just said that their gasoline has a detergent to keep your engine running clean, it would have lacked the punch.

Different segments

Names can also be very helpful in catering to different segments in the marketplace. Honda started a new line of luxury cars – Acura; Toyota started Lexus; and Nissan started Infiniti. All three Japanese manufacturers were trying to cater to the upper end of the automobile market. They could have done this with their existing names, but the task would have been much

more challenging. The old names conveyed reliability, but also suggested an appeal for the masses, rather than for the exclusive upscale market. They would not have carried very well to luxury cars. Oldsmobile's continuing struggle is a proof for the efficacy of this strategy. Its stodgy image of a car for the older generation has been impossible to shake off. Its slogan, "It's not your father's Oldsmobile" could not accomplish the task. As a result, Oldsmobile decided to introduce Aurora without any prominent association with the Oldsmobile name. Image takes a long time to build, and a longer time to shed. So, if the objective is to go to an entirely different segment, it may be helpful to do so under a new and different name.

Distinctive image

Finally, names can be used to create a distinctive image. Zima did this very effectively. Zima, for all practical purposes, is a nonsensical word in English. (Incidentally, Zima means cold in Czech.) It does, however, have a very distinctive ring to it. "Give me a Zima" also makes a good "bar call." Similarly, "No Fear" line of casual clothing has developed somewhat of a cult following. The name captures the spirit of a clothing line with an attitude. It may be noted that every new product does not need an individual identity. So, while it may be meaningful for Volkswagen to give their sports car, a distinctive new name – Scirocco (after the hot desert wind), it does not help Panasonic to have a separate name for each of its models, unless there's a need to create a separate image for each, which is unlikely. In spite of individual brand names, customers still think of all Panasonic telephones as having the same image. Unnecessary proliferation of brands does not serve any purpose for a manufacturer and causes tremendous confusion. Three hundred PC makers offered 1,000 different brands in 11,000 possible combinations (*Wall Street Journal*, 1994). As a result, it was almost impossible to relate individual brand names to their manufacturers, rendering them meaningless.

Creation of brand names

There are three related issues that need to be addressed. First, once the type of name to be used and the branding strategy have been specified, the extent of a brand name's efficacy needs to be addressed. Second, the participants in the name creation process need to be identified. Finally, the approach to be used needs to be decided.

Preconceived notions

Efficacy of various brand names. Consumers have preconceived notions about brand names, and this cannot be overlooked. Words with similar linguistic characteristics (length, abstractness, frequency of use, etc.) may elicit dramatically different responses, based on the existing market and consumer perceptions. Peterson and Ross (1972) used computer generated nonsensical words as brand names and asked respondents if each of those names were more appropriate for particular products. They found that consumers associated each brand name with a specific product category. As an example, "whumies" was seen as a brand name for breakfast cereals but not for detergents. Zinkhan and Martin (1987) extended this further. They found that consumers preferred products with "typical" brand names over products with names that were "atypical" for the product category. For example, "Mishu", which was found to be more typical for cameras, was preferred over "Pilot". It was inferred that manufacturers have a better shot at success using typical names, since consumers have a preconceived notion about what a brand name for a particular product should sound like. Studies have also shown that consumers even have preconceived notions about seemingly nonsensical alpha-numeric names. Alpha-numeric names are

Subconscious influences

more acceptable for technical products, than for non-technical products. For products that are more suited to alpha-numeric names, combinations with the letter Z are more acceptable than those with letter A. Also, aurally hard letters and numbers are more acceptable than aurally sibilant words and numbers (Pavia and Costa, 1993) Finally, attention should be paid to established branding norms. Ever since the use of a regular, Gold and Platinum classification scheme for American Express cards, each of these have become anchor points in the consumers' minds for branding in the entire credit/charge card industry, and cannot be overlooked.

Consumers subconsciously draw other inferences from brand names. Heath, Chatterjee and Russo France (1990), in an experimental setting, used meaningful names developed using a priori theory. Their study demonstrated that consonant hardness and vowel pitch in the names increased perceptions of "hardness" in paper towel and cleanser brands.

Finally, Leclerc *et al.* (1994) found that when names were pronounced using French pronunciation, consumers rated them as more hedonic (pleasurable image) even for products as mundane as aluminum foil. It's little surprise that Grey Poupon capitalizes on that by not enunciating the last consonant in their advertising.

Participants in the name creation process. Name creation is essentially a creative task. Two ingredients are, therefore, necessary. The team should contain creative individuals and the creativity of the team itself needs to be enhanced. While the former is innate to the individuals chosen, the latter can be enhanced by having individuals from diverse backgrounds on the team. Creative thinking is different from the traditional mode of thinking, which uses "logical" processing. Creative thinking, on the other hand, proceeds faster not by the use of logic, but by breaking any barriers created by logical thinking. For example, the use of words alpha and beta will remind market researchers of type 1 and type 2 errors in sampling, but remind the new product manager of internal and customer test sites, respectively. Having only market researchers on the team will make thinking about customer sites in this example more difficult because of the logical nature of traditional thinking. Having a cross-functional team breaks these barriers and greatly enhances creativity. Where possible, personnel from marketing, design, production engineering, and a few customers should be included. Teams consisting of marketing personnel only may be inhibited in their creativity and will fail to see the shortcomings in the names. A team consisting of company personnel and customers also helps alleviate the chances of creating names that may be idiosyncratic to one group. While the use of cross-functional teams is recommended, it is rarely advisable to use an employee competition. While some firms (e.g. Chrysler) have used it successfully, several other firms have found it to be a nuisance. Only one employee is a winner; all others are losers. Since the choice is somewhat of a subjective task, it is difficult to placate everyone. Several companies have found this to be an unpleasant experience.

Creative process

Name creation techniques and approaches. We are dealing with a process that is creative in nature. While there is an increase in the proliferation of naming and brainstorming software to help in the creation of names, old fashioned techniques like individual creative thinking and brainstorming are still the most effective (Kohli and LaBahn, 1997). In fact, computer software programs finished at the bottom of the list in terms of efficacy of the various

approaches. The problem, however, may lie in the utilization of these programs. Most programs need a fair amount of familiarity to get their maximum potential. Open invitation from employees also did not receive a favorable review. Some suggestions can be made, however, to help the techniques of brainstorming and individual creative thinking become more effective. Several sources including dictionaries, thesauri, books on street jargon, yellow pages, trade publications, and directories of brand names may be a useful aid. Using these, it is a good idea to generate a bank of idea words and phrases. These may then be refined to create appropriate candidate names. It is not advisable to copy and modify names of major competitors. Chances are that even if these names are modified, they may run the risk of trademark infringement. And if that's not the case, chances are it wasn't a distinctive enough name to start off with. Either way, it's a no-win situation.

Desirable characteristics

Testing on brand names

The names created in the previous step should now be tested. Brand names should have a number of desirable characteristics. Accordingly, they should be tested on several criteria including (in decreasing order of importance) relevance to product category, connotations, overall liking, memorability (ease of recognition and recall), distinctiveness, and among others, consistency with company and existing product line (Kohli and LaBahn, 1997). For these, it is important to get input from the final judges – the consumers. Other criteria like length of the brand name, ease of pronunciation, profane interpretations, etc. can be investigated with a quick look at the names, the use of dictionaries, and books on “street talk” (Blackett, 1989).

The next issue that needs to be addressed is the approach to be used. A mix of qualitative and quantitative techniques is very helpful. On an average, companies considered 46 names for each branding task. The first step is to reduce the entire list to a manageable shortlist of about 20 names. This initial shortlisting can be done by taking into consideration the branding criteria. Informal discussion with fellow colleagues may be sufficient. This may be a good first step, but stopping here is not advisable, though several companies do. The next step is to test the names using focus groups to further shortlist names that are appealing to the market. The focus groups are especially useful for qualitative evaluations like connotations conveyed, distinctiveness, and likelihood of profane interpretations. They also give the company a chance to understand why respondents evaluate the names in a particular way. Since respondents do not know the branding strategy, they may give poor evaluation to names that do not appeal to them, but are strategically appropriate. For example, as discussed earlier, if the company wishes to use the brand name for several unrelated products and in many countries, the use of coined words may be appropriate – something focus group participants are unlikely to appreciate. Once again, stopping at this step is not advisable. Since preference for names is somewhat subjective and dependent of an individual's sense of aesthetics, there is a wide variation in the responses. Accordingly, reliance on qualitative responses from a sample of 10-12 (focus group) participants will not provide reliable results.

Quantitative evaluation

The shortlist now created should be subject to quantitative evaluation. For this, it should contain no more than eight to ten names. The respondents, otherwise, experience information overload and boredom during the task. In the extreme case where a large number of candidate names have to be tested,

Memorability of brand names

this problem may be avoided by using a fractional design. Using a short survey, these names can now be tested on criteria like relevance to product category, overall liking, and how well each name conveys the desired positioning of the brand. It is important that the surveys convey the new product idea as clearly and as realistically as possible. The easier the task is for the respondents, the better placed they will be to provide an informed assessment (Blackett, 1989). It is important to rotate the order of presentation of names. This is necessary to avoid an order bias, which is typically very strong for the first name presented on the list. A five-point scale may be used if the instrument is administered over the telephone. In personal interviews a seven-point scale can also be used.

In a market crowded with brand names, memorability of brand names is very important (Aaker, 1991). Both recognition and recall are important, the relative importance of the two being dependent on the application. As an example, physicians may have thousands of drugs to choose from. To reduce the resulting confusion, they often limit their range of prescriptions to no more than about a hundred. In this situation, clearly ease of recall is critical to the success of the product. That's why drug companies often use brand names that are close to the chemical name of the drug. On the other hand, in the case of a supermarket product, where the purchases may be made based on familiar looking packaging, recognition becomes important. This explains the attempt by several private label manufacturers to make their product look as similar to the leading national brands as possible. It may be noted that recognition and recall may be conflicting criteria at times (Shapiro and Krishnan, 1996). While recognition just requires matching the stimulus with the information stored in memory, recall requires reconstruction of the target stimulus. Thus, it is easier to recall common words like United and American, whereas recognition task is helped if the name is somewhat uncommon and distinctive (Meyers-Levy, 1989). This also suggests that blanket use of simplistic criteria like "brand names should be short, simple, distinctive," etc. can be misleading. Depending on the application, a long name may be the appropriate choice. Following this reasoning, "I Can't Believe It's Not Butter" is an excellent choice. Given that length may not be a major constraint, it aptly captures the essence of the product – it is not butter, but it looks and tastes very much like it.

For testing memorability of names, the day-after measures may be used. Unaided recall may be measured first, where the respondents list all the names they can recall from the previous day. This is followed by measuring recognition. For this task, the norm is to add an equal number of distractors to the original list of names, randomize it, and then ask the respondents to identify the brands they recognize.

Recognition task

The recognition task also helps identify the likelihood of confusion, when respondents may pick confusingly similar names, instead of the target names.

Finally, what is the right sample size to use? A minimum sample size of 50 is required to get results that are somewhat reliable (Blackett, 1989). A sample size of greater than 200 is rarely needed.

Choosing candidate brand names

While this seems like a fairly straightforward task, it is not necessarily so. The first note of caution is that the objectives should not be lost sight of. The

names should be carefully evaluated on the various criteria. While this may seem intuitive, this is often not practiced. Twenty-one percent of companies did not use the branding objectives, specified earlier, in choosing a brand name. About two-thirds of the companies eye-balled the branding objectives, and only one-third actually used a weighted evaluation of the criteria in choosing a name (Kohli and LaBahn, 1997). This happens because naming is seen as somewhat of a subjective task, and emotions often end up overruling reason. The objective data that have been collected, however, should be carefully examined. It is not advisable to give more weight to the manager's opinion over that of 200 respondents, unless there are strong logical reasons to do so.

Mere ownership effect

When the same group that was used in the creation of the names chooses the final name without input from others there is a strong possibility of bias because of the existence of a "mere ownership effect," which has been documented by several studies (Beggan, 1992; Feys, 1995; Hoorens and Nuttin, 1993). Mere ownership effect states that people develop a liking for products they own. They are especially fond of their own creations. Mere ownership has been demonstrated in a variety of contexts. We conducted a small scale study to investigate the existence of mere ownership effect in the context of brand name creation. A group of 14 students were asked to suggest a name for laundry detergent. All names were then combined into a list. Each student then rated all the names. They were also asked to categorize each name into three categories:

- (1) they suggested the name,
- (2) they thought about the name but did not suggest it, and
- (3) they never thought of it.

The averages for the three groups were 5.9, 4.54, and 3.35 on a seven-point scale, with higher scores reflecting a more favorable opinion. This shows the presence of mere ownership effect. The fact that the second group of names received significantly higher ratings than the third group – names they hadn't even thought of – really underscored the presence of a mere ownership effect and the dangers of not using objective third party evaluation.

Interpreting the results

Care needs to be exercised, however, in interpreting the results. Two related issues are of relevance here. As alluded to earlier, different types of names are expected to perform differently. Descriptive and suggestive names almost invariably perform better than arbitrary and coined names. Accordingly, comparing (say) performance of suggestive names with (say) arbitrary names is not appropriate. If the choice is made purely on the basis of this comparison, arbitrary names are unlikely to be ever chosen. This is compounded further by the "mere exposure effect," which is well-documented in the psychology literature (Brooks and Watkins, 1989; Janiszewski, 1993; Van Beselaere, 1983; Zajonc, 1968). It has also been demonstrated in the context of liking for brand names (Kohli and Harich, 1996). Using an experimental setting, respondents were exposed to brand names in a mock magazine and the performance of meaningful (descriptive and suggestive) names was compared with that of nonsensical (arbitrary and coined) names. After the first exposure, meaningful names performed dramatically better than the nonsensical names. This gap, however, narrowed significantly after five exposures only. It may be noted that in the marketplace, consumers are exposed to commercial messages much more. It would not be surprising that, over time, nonsensical names would perform as

Registered names

well as meaningful names. This is what Collins (1977) referred to as the Juliet Principal – after Shakespeare’s “A rose by any other name will still smell as sweet” (provided that it has enough promotional support to impress its meaning on the consumers). This is a significant finding. It shows that the traditional reliance by the industry and academia on evaluations after one exposure only is not very reliable. Practicing managers, therefore, are well advised to temper the results of the survey with the expected effects of mere exposure to come up with a brand name that will be well-liked by the market in the medium to long run.

Trademark registration

There are approximately one million registered names. There are another four million names that are not registered but protected by common law. Each year there are approximately 120,000 applications filed for new trademarks, more than ten times an average person’s vocabulary. This is what complicates the task. For a descriptive or suggestive name, especially in product categories like snack foods and scientific instruments (which includes computer hardware and software products), trademark clearance is more difficult. In general, however, it is a desirable step and not a major hurdle.

In the USA, a trademark need not be registered to obtain legal protection for the trademark. The trademarks are protected by common law (rights based on the first usage of the brand name) even if it has not been registered. Registration of the trademark with the Patent and Trademark Office, however, is helpful. It provides prima facie evidence against trademark infringement. It also helps to assure that no one else owns the trademark before a substantial sum of money is invested in building the name.

“Likelihood of confusion” is the basic principle used by the courts in deciding trademark infringement. Is the new trademark likely to be confused with an existing trademark by the customers? With this in mind, the courts often use seven specific criteria to identify the possible extent of confusion. These are:

- (1) degree of similarity between the marks in appearance and suggestion;
- (2) the similarity of the products,
- (3) the area and manner of use,
- (4) the degree of care likely to be exercised,
- (5) the strength of the plaintiff’s remark,
- (6) actual confusion, and
- (7) intent of the alleged infringer.

Compensatory criteria

These criteria are somewhat compensatory in nature. For example, if a company wishes to use the brand name Sharp for (say) clothes, it could probably do so even though Sharp is a recognized brand name extensively used in the electronics industry. Here, criteria numbers 1, 2, and 5 play an active role. Though the marks are identical, the products are vastly different, and the plaintiff (Sharp Electronics) does not have a very distinctive mark. A company, on the other hand, would be hard-pressed to defend the name “Samsung” for (say) filing cabinets. Unlike Sharp, Samsung is a very distinctive name and gets stronger and wider protection. Following the same line of logic, the use of the brand name, Kodak, is ruled for virtually any product (criteria number 5). In general, it is easier to get trademark clearance

Practical insights

for arbitrary and coined words because they are less often used and more distinctive in nature.

Before granting the registration, the Patent and Trademark Office notifies the community about the application through its Gazette. If a company's trademark application has a potential for infringement on another company, that company may communicate their concern to you. At this point, it is typically better to give up, and submit a new candidate name. Even if there is a good possibility of winning in the trademark court, it is better to err on the conservative side. It is not advisable to invest in a brand name if you think you may not be able to get rights to it. Otherwise, a year or two later, you may be forced to change your product's identity – a much riskier option. Thus, many times, battles are won or lost before the courts actually decide.

One final note of advice – when applying for registration, it is advisable to start with a wider product category, and then narrow it down if requested by the Patent and Trademark Office. It is possible to start with electronic goods and then narrow it down to video equipment, and then to 13" televisions. It is not possible to widen the coverage you have requested.

Managerial implications and recommendations

This paper provides marketing managers with a useful guideline for the creation of brand names. Relevant findings from literature in marketing and psychology have been combined with practical insights. Managers should view branding as a strategic opportunity. A brand name is the foundation of a product's image. Once chosen, it cannot be changed without losing the equity built into the brand name. A brand name is an ongoing advertisement for the product, an opportunity to tell the market about the product at a minimal cost and ample air time. Therefore, it requires careful consideration. The branding objectives follow from the marketing strategy. Managers can use branding for a variety of purposes including conveying intended positioning, establishing product differentiation, establishing a new market segment, or to create a distinctive image. It is advisable to come up with a long list of names. This list should be thoroughly tested on the objectives and criteria established for the brand name. Once the names are tested, managers should carefully interpret the results. They should take into consideration the fact that consumers are limited in their perspective, and their input should be tempered accordingly with the strategy behind branding. At the same time, they should not rely exclusively on their own judgment. While this may seem intuitive, many a times this step is overlooked. In the absence of such a thorough testing, the name that is chosen can be less than effective at best and disastrous at worst. Examples like Chevy Nova (no go in Spanish), Allegis (name for UAL, which "sounded like a disease") underscore the importance of testing. The final step is the registration of the trademark. While registration is not required, it is highly recommended to help in the protection of the equity that will be added to the brand over time. Managers are well advised to think of suggestive and arbitrary names depending on the context. Though descriptive names have an immediate appeal, suggestive and arbitrary names are more distinctive in nature and also provide stronger and wider trademark protection.

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Chiranjeev Kohli, is an Associate Professor of Marketing at California State University, Fullerton, California, USA and a Consultant for Brand and Corporate Identity. Mrugank Thakor is Assistant Professor of Marketing at Concordia University at Montreal, Canada.

This summary has been provided to allow managers and executives a rapid appreciation of the content of this article. Those with a particular interest in the topics covered may then read the articles in toto to take advantage of the more comprehensive description of the research undertaken and its results to get the full benefit of the material present

Executive summary and implications for managers and executives

Naming your baby: some tips for marketers

It is often the case that what to call your product falls as one of the later tasks in new product development. Most of us focus on getting the physical attributes of a product right and then worry about what to call it. And we're not much different in our own lives if the number of couples who don't decide on a name for their children till after the birth is anything to go by! If there is, as Kohl and Thakor observe, "...greater differences between brands in product categories that emphasized image in comparison to product categories where physical attributes were emphasized...", then we need to consider the name of a new product far earlier and give it greater attention. Certainly there is no excuse for a frantic debate leading to a problematic name for a good product.

Kohli and Thakor apply some ordered thinking to the process of brand name creation. They point out that, although it is a creative process, there is still the requirement to set clear objectives for the brand. The "chairman's wife" approach to name selection simply won't wash these days (assuming it ever did). Creating the brand name needs to be a timetabled part of the new product development process rather than an afterthought.

We should also guard against the project "code name" ending up as the brand name. It's understandable the team developing the product become attached to BX5, "Interact" or whatever the product's called during development and find it difficult to dump that name for a more appropriate brand. But we need to avoid this attachment leading to wrong decisions about branding. We need to bring in people not involved in the product development. Your advertising agency, a specialist consultancy or staff not involved in the project, will provide you with a more detached view.

Once you have some ideas as to what to call your baby, it shouldn't rest there. You need to involve some real consumers in order for their views to count. In the end it's consumers who will buy the product rather than your research manager! And consumers make assumptions about what type of name fits a particular product category. Kohli and Thakor refer to research showing how particular nonsense words suited particular categories in consumers' minds. Ignoring this "collective" viewpoint could leave you with a turkey.

So we've identified a few names, run them past some focus groups and decided to go for one particular brand name. Then we find that someone else already uses that name and we end up back at square one. We select some more potential names and run the exercise again. Kohli and Thakor remark that trademark protection in the USA does not require specific registration, which makes checking against existing users of a name rather difficult.

The next problem comes with what the chosen name might mean for members of particular groups (such as ethnic minorities or young adults). The example of a car name Nova is given – "no va" means "won't go" in Spanish. Hardly the right impression to give. And it gets worse when you operate internationally. Volkswagen recently launched a mini-van in the UK called Sharan. No problems they thought but soon faced a few jokes and snide remarks from the motoring writers. To the British public the girl's name Sharon is associated with single mums living on welfare in grotty

estates. VW persisted with the name but it didn't do them any favors when it came to selling the car.

For managers involved in creating brand names this article comes as a timely reminder to pay more attention. Here are some tips:

- (1) Decide from the outset what type of name you want and what it is intended the name should achieve. Remember Kohli and Thakor's comments about the advantages of descriptive and suggestive names over arbitrary and coined names.*
- (2) Involve a wide range of people including outside advisors. Don't invent the name within the new product team.*
- (3) Check names against existing brands in the market. Remember that trademark problems can come with very similar names as well as identical ones.*
- (4) Research plenty of names with the product's target audience and be prepared to have your favoured name rejected. Keep the Volkswagen Sharan in mind. Check for memorability and recall as well as appeal. Consumers may like a name but find it is hard to recall.*
- (5) Make sure you see the brand name in situ – on advertising, on the product, in promotional literature – before making the final decision. It may sound great on paper but look awful on the back of a car or on the cereal box.*

Following this process will help you make better decisions about names. It won't, of course, guarantee success but it will prevent you hobbling your great new product with a name that offends or makes consumers giggle.

Brand names are an essential point of differentiation. Because they are protected, brand names are harder for competitors to copy than physical features. So, if you want your brand to be one that lasts, invest more time and money in choosing the name. It could make the difference between a moderate and a great product launch.

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