ABSTRACT
After Independence, Indian market has evolved a lot, providing opportunities galore to companies and posing unique challenges. India’s economy is now growing, Many companies started enrolling their’ product to market. In India, companies like ITC, HLL, Colgate, Cadbury and Nestle have been a dominant force in the FMCG sector well supported by relatively less competition and high entry barriers (import duty was high). These companies were, therefore, able to charge a premium for their products. In this context, the margins were also on the higher side. With the gradual opening up of the economy over the last decade, FMCG companies have been forced to fight for a market share. The growth potential for FMCG companies looks promising over the long term horizon, as the per-capita consumption of almost all products in the country is amongst the lowest in the world. As per the Consumer Survey by KSA Technopak, of the total consumption expenditure, almost 40% and 8% was accounted by groceries and personal care products respectively. Rapid urbanization, increased literacy and rising per capita income are the key growth drivers for the sector. “With this increasing demand of FMCG products hence the competition begins with competitors. To create differentiation and build unique brand image for their offerings marketers need to explore the scope of promising differentiation marketing techniques like Ingredient branding. In the above context this paper analyses the scope of Ingredient branding in creating sustainable differentiation advantage for FMCG companies.

KEYWORDS Ingredient branding, FMCG, Brand image, Differentiation.

INTRODUCTION
India represents worlds 12th largest consumer market and the FMCG Industry in India is worth more than USD$ 13.1 Billion making it the fourth largest sector in the economy. McKinsey Global Institute in their report “The Bird of Gold: The rise of India’s Consumer Market” predicts that by 2025 India will become worlds fifth largest consumer market. On one hand such a large market means tremendous opportunities on other hand it poses numerous challenges to be conquered. Indian FMCG market remains a very highly fragmented market wherein roughly half the market is flooded with unbranded, unpackaged home made products. The need of differentiation is required in offering of the products by the companies. To create differentiation, which is based on features of the product has become a difficult task as competitors will take no time in acquiring or imitating that feature 3%.According to Booz & Company, the Indian FMCG sector is expected to grow between 12% to 17% by 2020 and would reach a market size of 4,000 to 6,200 billion. According to a study by McKinsey Global Institute (MGI), incomes in India are likely to grow 3times over the next two decades and India will become the world’s fifth largest consumer market by 2025. Market share movements indicate that companies such as Marico Ltd and Nestle India Ltd, with domination in their key categories, have improved their market shares and outperformed peers in the FMCG sector. This has been also aided by the lack of competition in the respective categories. Single product leaders such as Colgate Palmolive India Ltd and Britannia Industries Ltd have also witnessed Although features that are patented provide powerful differentiation, but it is a very time consuming and expensive process and in the case of FMCG products such as shampoos or soaps patenting the products is not a viable proposition. Therefore, to differentiate their offerings and to create an edge over their competitor’s marketers need to go back to the basics of creating sustainable differentiation strategies for their brands. In such a scenario Ingredient branding concept brought a ray of hope, which is a differentiated marketing technique that helps companies to distinguish their offerings. Many studies have demonstrated that educated customers appreciate products with branded ingredients and are willing to pay a higher price for an Ingredient branded product. Ingredient branding concept is successfully implemented in many consumer durable companies. Intel, for example, owes its corporate success to their “Intel Inside” campaign, in the early 80s. But it is not much prevalent in FMCG companies. FMCG companies can also utilize Ingredient branding and can create a powerful differentiation for their products.

This paper is an endeavor to understand the phenomenon of Ingredient branding, which is already popular in the West and is fast gaining ground in India. We have also tried to analyze and understand the Ingredient branding from the end consumer’s perspective. Paper aims is to providing a holistic view of Ingredient branding from both the company’s perspective as well as the customers perspective. The paper tries to unravel the mysteries behind successful Ingredient brands and aspires to serve as a guideline to navigate the fascinating world of Ingredient branding.
CONCEPTUAL FRAMEWORK AND RESEARCH METHODOLOGY

Ingredient Branding

It describes a concept in marketing, which involves creating a brand for an ingredient or component of a product. With this kind of product policy the idea is to project the high quality and performance of the ingredient perceived by the customer onto the end product, thereby taking advantage of the customer's brand awareness. Some well-known examples for Ingredient Branding are:

- Intel Inside for processors and chipsets in computers of various producers
- NutraSweet and Canderel, a brand name for the artificial sweetener Aspartame in the food industry (Coca-Cola light)
- Teflon as a coating for pots and pans and Gore-Tex for sportswear (both products are brand names for polytetrafluoroethylene
- Makrolon, a plastic produced by Bayer Material Science
- Bitrex, a bitter substance discovered by MacFarlan Smith Ltd.

In marketing Ingredient Branding takes a special position, as it cannot be clearly allocated to either industrial or consumer goods marketing. On the one hand, the consumer is the end user of the ingredient, but at the same time is not part of the buying decision for the component, as this is up to the producer of the end product. On the other hand the producer will only decide on the usage of the ingredient - or at least take it into account in the communication policy - if the image of this ingredient will have an effect on the consumer, meaning a positive influence on his or her buying decision.

The main motivation for adopting ingredient branding is that it helps the host brand to improve distribution accessibility, differentiate itself from other competitors and enhance the equity of the host brand by providing a strong signal to consumers that the composite product offers the combined benefits of two brands (Desai and Keller, 2002; Norris 1992). The ingredient brand can also build end users’ brand preference, stabilize consumers demand, and establish long-term relations with manufacturers (Norris 1992). Desai and Keller (2002) defined ingredient branding as brand alliances by linking themselves through their products or other aspects of their marketing program to other firms of brands. Ingredient brand acts as one part of the product produced by the host brand. They also found that co-branded ingredient leads to more favorable evaluations of the products because ingredient brand could broaden the equity and improve the credibility of the host brand. And the ingredient brand may enhance its bargaining power to the host brand by increasing customers’ awareness of its own.

Potential Benefits of Ingredient Branding to Ingredient Creators

Properly done, ingredient branding can bring a host of benefits to the ingredient creator, including (Norris and McCarthy, 1999; Havenstein, 2004):

A. Higher prices – greater value harvest over the ingredient life, held upstream.
B. Greater bargaining power/control of the ingredient users.
C. Greater bargaining power/control of channel partners.
D. The creation of a separate brand – in Srivastava’s terms a “market based asset,” which accrues to the ingredient creator.
E. Additional downstream pull for products from users, thereby increasing cash flows for the creator.
F. An ongoing creation of “expectation” downstream from consumers that the ingredient creator will continue to create new ingredients – accelerating uptake of new ingredients, both for the ingredient users and the consumer.
G. Greater clarity and control of communication of the consumer benefit created by the ingredient.
H. An endorsement for weaker brands downstream, enabling them to participate in markets against stronger brands – creating a more level playing field for the ingredient creator.

In some situations, the creation/implementation/certification of adherence to standards is important to the consumer (example: brands such as VHS and, at its inception, Intel Inside, certifying that products containing this ingredient would play Microsoft software).

The Strategic Meaning of Ingredient Brands: A Resource-Based Analysis

Although, today the successful ingredient branding strategies are often proved and examined beyond doubt, a management theoretical study is still lacking. Therefore, the aim of the study is to examine whether ingredient brands can be seen as a company’s strategic resource at all. This study comprises the elaboration of the Ingredient Branding strategy in terms of the resource-based view of the firm. Because the value of a resource depends on the ability to manage this value appropriately, it has to be asked whether the brand management of an Ingredient Brand is one of the company’s core competencies. The following argumentation in the paper shows that Ingredient Brands fulfill all requirements of the resource-based view by fostering organizational success. Furthermore, it becomes clear that its brand management consequently is one of the company’s core competencies. From a management theoretical stand point, the resource-based view is an appropriate theory to explain the phenomenon of ingredient branding in the Business-to-Business sector between a supplier and an OEM.

The Term FMCG

Fast-moving consumer goods (FMCG) or consumer packaged goods (CPG) are products that are sold quickly and at relatively low cost. Examples include non-durable goods such as soft drinks, toiletries, and grocery items. Though the absolute profit made on FMCG products is relatively small, they generally sell in large quantities, so the cumulative profit on such products can be substantial. Fast-moving consumer electronics are a type of FMCG and are typically low priced generic or easily substitutable consumer electronics, including lower end mobile phones,
MP3 players, game players, and digital cameras, which have a short usage life, typically a year or less, and as such are disposable.

REVIEW OF LITERATURE
Today inclination has been increased tremendously towards intangible resources such as brand management and customer loyalty, which were not there two decades back. Over the past some years, a considerable amount of research has shown that branding can help consumers to recall important product advantages. It is considered as a major success factor of many products and services, both in customer and industrial markets. The value of branding has also been recognized by suppliers who produce ingredients or components that are incorporated into final products (Norris, 1992), which has helped in the emergence of the concept of Ingredient branding.

The basic motivation for using Ingredient branding is stated by many authors and research fellows (Kotler and Pfoertsch, 2006; David Aaker, 2003; Desai and Keller 2002; Mc Carthy and Norris, 1999) as Ingredient branding strengthens the differentiation of the host brand from competition as well as enhances the equity of host brand and self-brand. Ingredient branding strategy cannot only be used for brand extension but brand building as well. It is an alliance between two brands, based on their cooperation for designing and signing the product (Michel and Cegarra, 2003). Mixing two or more brands to create a co-branded product has become a common strategy during the last decade, especially in the food industry. (Bengtsson, 2002a). Simonin and Ruth (1998) highlighted that; the line of research focused on consumer perceptions becomes even more critical for academics and practitioners alike. Associations between a brand name and a particular product benefit can help a person to understand the product’s positioning; and the association between a brand name and a product category can help a person to recognize the potential usage situations. This conceptualization of a brand name as a recall prompt has been used to hypothesize how people create evoked sets, evaluate alternatives, and make decisions about the appropriateness of brand extensions. Further researches suggested that Ingredient branding is one branding concept that offers potential for successful brand management and increased profits for many companies and industries (Havenstein, 2004; Mc Carthy and Norris, 1999). Some other researches done on co-branding concept stated that co-branded products can provide a clue to product quality, leading to improvement of consumer product evaluation and acceptance (Mc Carthy and Norris, 1999). Consumers’ perceptions of the co-branded product quality can, in turn, improve or reinforce the quality image of the host brand.

RESEARCH METHODOLOGY
This study is a discovery and conceptual research work. Interview with Marketing manager of different companies, Internet, Secondary data is collected to analyze the reasons for the success of existing Ingredient brands and to find the ways for successful implementation of methods and effectiveness of Ingredient branding in FMCG or other sectors.

OBJECTIVE OF STUDY
• To study the scope of Ingredient Branding for FMCG firms.

• To study the effectiveness of Ingredient Branding in consumer durables.

• To identify the possibilities of successful implementation of Ingredient Branding concept for FMCG.

• To find ways to make Ingredient Branding more effective for FMCG firms.

ANALYSIS, INTERPRETATION AND CONCLUSION
Ingredient Branding in Durables
In economic, a durable good or a hard good is a goods that does not quickly wear out, or more specifically, one that yields utility over time rather than being completely consumed in one use. Items like bricks could be considered perfectly durable goods, because they should theoretically never wear out. Highly durable goods such as refrigerators, cars, or mobile phones usually continue to be useful for three or more years of use.[1] so durable goods are typically characterized by long periods between successive purchases. In the new millennium,hundreds of consumer durable companies have discovered the power of Ingredient branding. There is a worldwide rush of suppliers in various industries to reach the minds of the final consumer. The success stories of companies such as Intel Corporation, WL Gore & Associates, Bayer AG, and Dolby Laboratories, have revealed the potential advantages of Ingredient Branding and shown many companies that they can realize better return on investment with new marketing strategies, like Ingredient Branding.

In 1980s the Intel Corporation applied the Ingredient branding concept and the implementation was a runaway success. The company „Intel is the most remarkable success story of Ingredient Branding. Intel used to market its product directly to computer manufacturers and design engineers and not consumers. In 1991 Intel Corporation applied the Ingredient branding concept and launched Intel inside campaign. Within 1st year it resulted in 63% growth in the sales and by the 10th year (2001) Intel was listed as sixth most valuable brand. This is a classic case of transformation of a commodity product into a valuable consumer brand with the help of Ingredient Branding. Many companies tried to emulate Intel’s success by revising their strategy and started communicating their product offerings and performance differences to end consumers.

CHARACTERISTICS OF FMCG
To implement the Ingredient branding in FMCG successfully, it is necessary to understand the characteristics of this market. The following are the typical characteristics of FMCGs:

From the consumers’ perspective:
- Frequent purchase
- Low involvement
- Low price

From the marketers’ perspective:
- High volumes
- Low margins
- Extensive distribution networks
- High stock turnover.

A. Analyzing these characteristics it can be suggested that as FMCG products are low involvement products the Ingredient brand which is to be used should possess a very striking functional appeal, which can
create a pull affect for the customer towards the final product for example the health drinks which contains DHA for the growing child.

B. As the products are generally low priced, the Ingredient brand which is used to inculcate value in the final product should be cost effective so that the consumer will be able to get value for money and in some cases where premium pricing is in place, the consumer must be convinced the higher price is justified.

C. As FMCG companies concentrate mainly, on brand building and product development for growth, Ingredient Branding will help them in fulfilling both the targets.

D. Competition is very intense in FMCG sector; market is filled with lots of unbranded and branded products. The Ingredient branding helps differentiating a product against similar competitive products.

E. Distribution networks or channel management play a very significant role in FMCG industry.

SUGGESTIONS AND FINDINGS
Implementation of ingredient branding in FMCG
On the basis of reviewed literature and secondary data related to study, we have drawn the following conclusions regarding the implementation of Ingredient Branding in FMCG:

It is very difficult to ascertain what is inside by looking at a product from outside. An attractive outer shell or impressive packaging need not necessarily transform into a great product. Similarly customers need an assurance of the brand and therefore, putting a branded ingredient in a product increases its appeal. The ingredient should be highly differentiated, so as customers can easily connect to the unique offering and marketers can enjoy competitive advantage because of the distinct benefit being provided.

The ingredient brand which is chosen should be of high functional utility to the customer or should own a very distinctive benefit other than its competitors in that particular class. For example in case of bathing soaps an exclusive ingredient which improves the texture of the skin can be used by the host brand and likewise, in fruit juices an ingredient which improves the immunity of the human body can be incorporated.

Ingredient Brand should possess relevant, unique and believable benefits so that customers will be assured that the final product will be able to fulfill their needs. For example in cooking oil adding an ingredient which lowers the cholesterol. Marketers should try to create awareness regarding the benefits of the ingredient brand and build up the confidence by delivering superior benefits of the ingredient. An integral part of marketing mix- packaging should be utilized in an optimum manner to highlight and communicate the benefits of ingredient brand used in the product. This will help in reinforcing the brand in consumer’s mind and making it a preferred choice.

CONCLUSION
Need Proper planning on Ingredient Branding methods to discover the benefits. We must be careful on costing also, and the opportunity cost involved for the partnering firm, The consumers quality sensitivity and their ability to evaluate quality must also be considered. Firms considering an Ingredient branding strategy must also evaluate the customers perception toward each brand prior to the alliance. The perceived fit of the products as well as the brands must be understood, and the level of customer familiarity with each brand must be gauged. This will help marketers in developing a successful Ingredient branding strategy, which builds on the strengths of the partnering brands and generates additional value for the consumer.

LIMITATIONS OF THE STUDY AND FUTURE SCOPE

Limitation of the study
- Analysis is based on the past examples of Ingredient branding strategy opted by various consumer durable companies
- Every FMCG company has a different marketing strategies on basis of product, consumer segment so differentiation in various categories of FMCG companies was not done

Future work on the basis of the study
There is a lots of demand for Ingredient Branding in FMCG companies. For proper implementation of this marketing technique further empirical researches should be conducted taking in consideration the following points. Initiate and Supervise Research Work, FMCG customers, Marketers perspective, Cost, Branded Ingredient Evaluation. We recommend that an empirical study should be conducted, this time with certain FMCG brands and their scope of using Ingredient branding should be explored from both marketers and customers perspective.

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