



Branding Importance in Current & New Product Development and its Impact on the Aftermarket

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ABSTRACT

The initial branding release in the automotive or heavy equipment industries may seem to be a fully established development for a part-level release. Many industries have made it clear in certain part maturity levels that their branding has not reached their expectations. This article aims to develop the guidance of the branding and its importance and where and when it needs to be implemented in parts. Nevertheless, none of the case studies carried out thus far that consider suppositions of former branding developments to be valid have made a careful study of this relation. This study sets a path to establish branding in new product development and aftermarket relationships. In other words, the proposed process helps to achieve aftermarket sales and customer trust. It makes it possible to obtain impactable results directly for OEM parts sales in the aftermarket and parts lifecycle. Furthermore, this process control will impact the future parts and its aftermarket sales.

Keywords: Branding, Percentage parts order (PPO), Operating profit after capital charge – Component, Aftermarket (AM)

INTRODUCTION

In a highly competitive market, OEM companies face various downsides in aftermarket sales. Branding plays a significant role in the relationship between OEM and end customers. Branding directly impacts aftermarket sales, parts warranty issues, customer trust, and aftermarket pricing. Branding is the identification of the company and its trust. OEM suppliers play a significant role in the aftermarket business, affecting OEM companies because the same manufacturing parts are available on supplier and third-party websites with substantial price differences. Consumers mainly rely on the part brand reputation to make their purchasing decisions. Companies like OEMs in the aftermarket sectors must invest in branding their parts to help convey the part quantity and customer trust, reliability, and life cycle. This article explores the critical role of branding in the initial release of the parts into new product development that reflects in the parts service by dealer or customer and proves how strongly parts branding can influence consumer decisions and increase aftermarket sales.

LITERATURE REVIEW

A. Introduction

The comprehensive branding parts strategy:

- **Identify parts to brand:** Identify the parts that need to be branded and reflect the sales impact in the Aftermarket.
- **Supplier Feasibility:** Supplier feasibility will increase the part cost by adding branding in manufacturing parts.
- **Team Empowerment:** educate your team about the importance of branding and its impacts.

An effective branding strategy, such as platform growth and parts life cycle, can benefit the organization. The following key benefits are presented in below Fig 1.0:

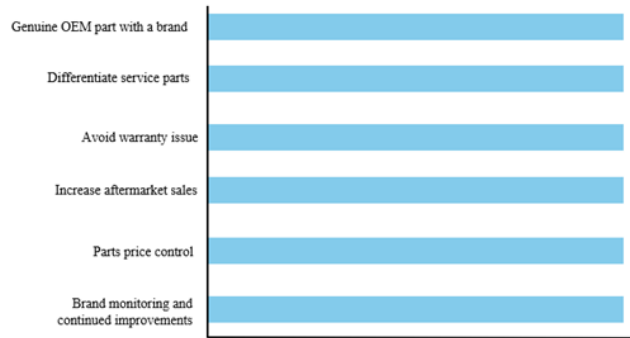


Fig 1: Benefits of Branding

1) Types of Branding

Most OEMs use four types of branding callouts in their engineering drawing prints. These callouts decide the aftermarket impact, customer trust, quality, and lifecycle of the part.

- **OEM Brand:** OEM prints call out the correct branding specification on the print.
- **NO Brand:** NO branding specification is called out in the OEM print.
- **Supplier Brand:** OEM print, which calls out supplier brand specification, allows the supplier to use their branding
- **Dual brand (Supplier and OEM Brand):** The print has specifications for both Supplier and OEM branding, which allows the supplier to manufacture the part with dual branding.

2) Parts identification and impact study

To analyze the impact of the aftermarket sales, we need to identify the list of parts that require mandatory branding in the actual part and engineering print.

- **Investigation:** This list usually includes high-revenue and sales parts to identify the mandatory parts needed for the brand.

O Physical inspection to confirm brand status in the Service depo

O Check current drawing specifications

O If no information in any of the above two items, then ask the supplier to confirm

- If the part is NO Brand Supplier Brand or Dual brand, then it undergoes a detailed investigation on aftermarket impact. A comparison is made between the same category, which is brand and non-conforming.

- Two main benefits of branding. Refer to Fig. 2 & 5

O Increase in PPO (% parts order)

O OPACC-C (Operating profit after capital charge – Component)

- Impact result: Refer to Fig 4, The branding impact will be reflected once the parts mature (during service). The branding identification will allow customers or dealers to identify the OEM to order parts for services.

Part Number & Name	110-512B1 Bearing	123-456A1 Bearing
Branding confirmation	No	No
EAU	10,000	7,000
OPACC-C	\$35	\$36
Total OPACC-C / Year	\$350,000	\$252,000
Expecting Additional EAU	15%	10%
Additional Cost for Branding	\$2	\$1
New OPACC-C	\$33	\$35
New EAU After Branding	11,500	7,700
Total New OPACC-C / Year	\$379,500	\$269,500
Ovrrall Benefit / Year	\$29,500	\$17,500
10 year Benefit	\$295,000	\$175,000

Fig 2: Revenue and Part sales Increase after branding

- Compare the branding callout in print with the physical part Fig: 3 & 4

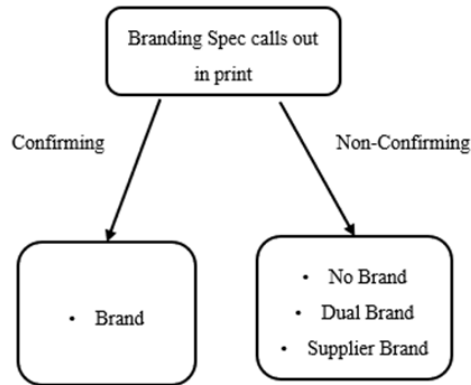


Fig 3: Physical part Branding confirmation

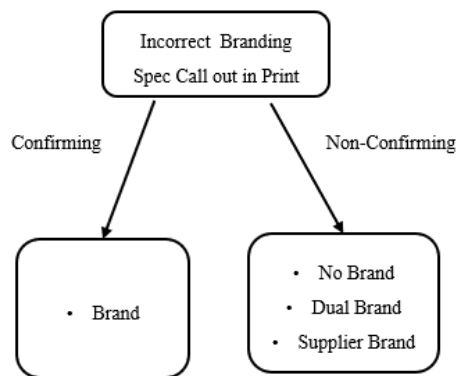


Fig 4: Physical part Branding confirmation

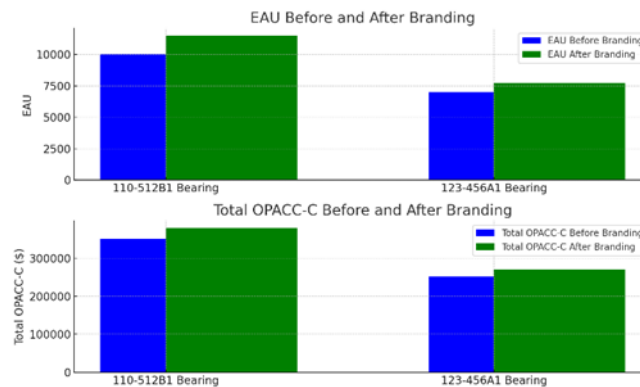


Fig 5: Increase in EAU and Profit per Year after branding

Key Points:

a) Detailed Branding study:

- Refer to Fig 2 – compare the current branding part OPACC-C with non-conforming parts for branding impact.
- Prepare the list of parts that need to be brand

b) PPO & OPACC-C Increase:

- Review the cost increase for tooling and parts manufacturing
- Approve the supplier cost impact
- PPO and OPACC-C increase after parts mature or any service interval.

3) Supplier feasibility:

Identified NO brand, Supplier brand & Dual brand parts will be reviewed by the supplier and OEM to meet branding requirements.

- The Supplier will review all the legacy and current product print to identify the branding impact and propose a cost increase if necessary. Based on the manufacturing feasibility, the Supplier will recommend the branding location.

- The OEM branding team will review the cost increase proposal and decide the branding requirement based on their PPO and OPACC-C.

Key points:

a) Supplier cost impact:

- The supplier will review the cost impact to update the branding in current production parts.
- Tooling update, Process update, quality improvement

b) OEM Impact:

- Revise all the impacted print to the latest branding callouts
- Review the tooling cost and piece part cost increase
- Implement correct branding callout to the new product introduction prints.

4) Quality improvement:

Regarding warranty claims by customers, the successful branding on the physical part will play a significant role in parts identification to differentiate the 3rd part supplier part and OEMs to avoid duplicate claiming in the parts warranty before maturity.

- easy OEM part identification
- improve supplier quality
- decrease in warranty claim
- High customer satisfaction
- PPO & OPACC-C increases in Aftermarket
- Remove all traceable supplier information from the physical part and the web search

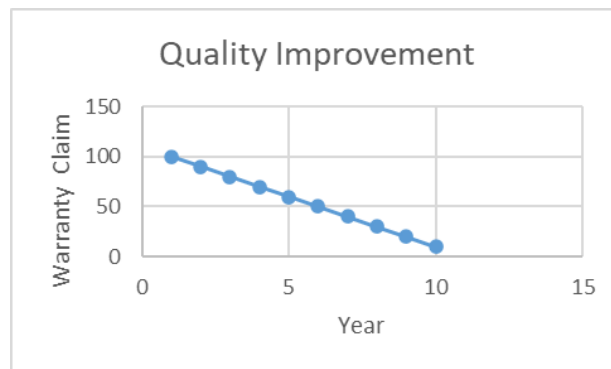


Fig 6: Warranty claim after implementing branding

5) New Product Implementation

In new product development, branding callout in the initial prints plays a significant role in controlling the cost of branding implementation in the physical part, follow these steps

- 1) RFQ:** send the prints to multiple suppliers for a detailed quote
- 2) Identify the supplier:** identify the production supplier and complete the supplier feasibility to review the print
- 3) Branding:** A detailed branding discussion with the supplier to implement the branding in the physical part. No supplier information on the web, the physical part, or any service packaging
- 4) Help:** If the supplier is not accepting a branding callout, get help from the corporate branding and purchasing team for negotiation.

DISCUSSION

A. Branding Strategy planning

Follow these steps to plan an effective branding strategy for current and new products.

- 1) List of parts that impact your company:** identify the parts that need to be branded. Check what branding specifications are called out in the print. Investigate the part depo and service parts physical inspection to verify the branding on the physical parts.
- 2) Branding Location:** Identify the physical branding locations visible to end customers and dealers for parts identification.
- 3) Impact on supplier assessed:** Get detailed cost impact from supplier for parts needed to OEM branding.
- 4) Tooling POs / Change Cost / effective date:** The OEM needs to analyze the cost impact by the supplier and raise the Purchase order for any tooling impact and piece part price increase. Set the effective date for the supplier when the branding callout needs to be visible in the physical part.

5) Supplier Print update: Work with suppliers to update their parts to reflect OEM branding in the current production line.

6) Tool update supplier: The OEM Supplier quality team needs to ensure that suppliers' tools are updated according to the branding callout.

7) Supplier agreement: Ensure no traceable supplier data is added to OEM parts.

8) Supplier process and work instructions update: The supplier manufacturing team needs to update their process flow, and quality checklist and update their instructions to achieve the branding at the end of the production.

9) Production part with OEM branding: All the manufactured parts are available with the correct branding callout in physical parts.

10) Inspection and Periodic review: The OEM quality team and service parts depo team need to verify the physical part brand callout and conduct periodic inspections to make sure the branding requirements are met.

11) New product: Now, all the current product parts reflect the correct branding, and this transition helps the supplier maintain the correct OEM brand in new part development without any cost increase.

B. Process implementation:

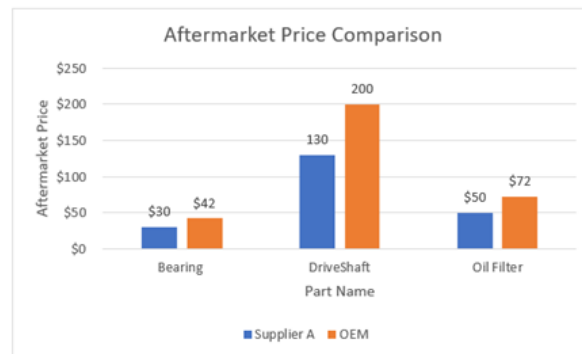
- 1) Periodic branding awareness and training for engineering, quality, and purchasing teams.
- 2) Continues monitoring and supplier visit
- 3) Implement the branding in new product implementation.

C. Aftermarket competitor:

The leading competitor in the Aftermarket is the supplier. The OEM Supplier makes a service part and sells the same part in the aftermarket for a competitive price.

- 1) No Intellectual property callout in the print or purchase agreement
- 2) Non-conforming branding callout on the print

These 2 points allow suppliers to tag their information on the web, physical parts, or packaging.



CONCLUSION

Branding plays a significant role in aftermarket success, customer trust, the parts life cycle for current parts, and new parts development. If the team needs more branding knowledge, it will impact aftermarket sales and revenue. A well-executed branding strategy parts will increase the percentage of parts orders and the profit of the service parts. The periodic knowledge transfer and training in the aftermarket reflect the team's successful growth.

This article has provided a comprehensive guide to successfully implementing a branding strategy, including understanding its benefits and exploring various steps involved.

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