

Expending Brand Capital

Richard J. Nelson

I have seen a lot of change in the electronics industry. As a young person I taught electronics with my students building radios using vacuum tubes. The Don Bosco Technical Institute, where I taught, required every student to assemble an AC/DC radio as part of the shop part of the course. I used a five foot long demonstration slide rule to teach the students how to do their electronics calculations.

I remember 45 RPM records, and the technology advancement of the 33 1/3 RPM long play, LP, record. As a young person in high school I worked at my Father's Discount store in the Detroit area. We sold many electronics products and a phrase that always bothered me was: hi-fi or stereo. Perhaps this was my earliest exposure to the on going disparity of technical and marketing jargon. To my ear it was like saying, "Would you like nails or ice cream for desert?" Technically the choice was monaural or stereo, or perhaps lo-fi or hi-fi. The consumer should not be confused with technical details so the marketing choice was hi-fi or stereo to describe a sound quality technology advancement.

I suppose it is during our teen age years that we especially become brand conscious. Again this is the result of mass marketing and promotion. In today's marketing environment we are all bombarded with commercial messages every hour of every day. I am using the reproduction of music as an example of brand recognition because we may all relate to music reproduction.

In the early days of high quality sound you assembled your own sound system by buying individual components such as a turn table, tape deck, pre-amplifier, power amplifier and speakers. The really serious audiophile had multiple sources and may even have a mixer as part of a high end audio system. An important part of the early systems was the turn table and there were many manufacturers of turn tables, and of course some of them were the "best" of the day.

I was not an active participant in buying these systems for many reasons, but I do remember a well known high end company announcing that they would offer a low end line of turn tables. The serious audiophile was greatly surprised that such a fine brand company in the business would enter the mass market with low cost models.

I have always been fascinated with the marketing of products so this situation was burned into my memory. The product line change was a controversial topic and one of the well known writers of the day made the point that when a company of quality enters the market place with a "cheap" line of products the brand name suffers.

Other writers offered the opinion that it was the beginning of the end for the company and that this change in what we call today, the business model, was a desperate move to squeeze the last amount of profit from a declining market. CD's replaced LP's and turntables disappeared almost as fast as slide rules.

The important element of this market product change was the well known brand name of the manufacturer in turn tables. I am reminded of this specific example because HP seems to be following a similar course with its recent announcement of a series of low cost calculators. Here is how HP described the announcement - at their website http://www.hp.com/hpinfo/newsroom/press_kits/2008/connecting/

June 10, 2008 - At the "Connecting Your World" event in Berlin, HP is showcasing how it is advancing the latest trends in technology design, the mobile lifestyle and solutions for the home. The three-day event includes executive keynote addresses, industry panels and sessions, and demonstrations of new products and innovations that keep people connected.

This sounds so much like what I remember in the publications of the day involving high end audio. If you visit HP's website at the link above and select calculators you will end up at:

http://www.hp.com/hpinfo/newsroom/press_kits/2008/connecting/calculators.html

This page shows the new HP calculators. The morning of day of the big HP announcement I received many emails from long time HP users. Here is one of them.

“Read the comments from readers in response to the "Quick Calc". Frankly, I think that machine is an embarrassment for HP. They should never put their logo on such a piece of crap; all it is is a 4-banger+ not much else.

<http://www.engadget.com/2008/06/11/hps-quick-calc-cant-fool-us/>”

Ouch, the reaction was fast and direct.

Why is the world's largest technology company expending precious brand name capital on such products?

The memories of the past flood my brain as I ponder the brand beginning HP-35A, the most recent HP 35s, and the outstanding HP 50g with their new companions – the quick calc, HP OfficeCalc 100, HP OfficeCalc 200, and HP PrintCal. We will have to evaluate each of these new machines to better determine if this is a sign post to the future.

What makes this especially surprising (and depressing?) is that they also announced a new financial calculator, the HP 20b. This machine is an outstanding example of what the HP Brand name in calculators represents.