



HOW TO WORK WITH AN INGREDIENT BRAND

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WHAT IS AN INGREDIENT BRAND?

An ingredient brand creates products or technologies that aren't sold directly to the end consumer, but are rather sold or licensed to other brands to be a component in their product. Some of the most successful ingredient brands include GORE-TEX, Intel, and YKK. A good ingredient brand lends the host brand the trusted, and tested, performance of their product or technology, differentiating the host brand's own product and increasing their market share.

The key is that the ingredient brand must be trusted by being tested and proven to provide those benefits. This earned trust must extend not only to the host brand but also the end consumer. Differentiation comes into play for established ingredient brands, not just because of the benefits to the products, but also because of the recognition of the end consumer who values the known quality of the ingredient brand. In other words, a good ingredient brand lends not only the technology and particular benefits but also its hard-earned reputation to the host brand.

How do ingredient brands establish such recognition and reputations? Well, they (probably even more so than direct-to-consumer brands) have to really walk their talk. They have to demonstrate to host brands that their claims are true and proven, with verifications, authentications, or science-based studies, and they also have to promote their product or technology to end consumers so that their brand becomes known and trusted in the consumer mind.

BASF said it best in their classic tagline, 'We don't make a lot of the products you buy, we make a lot of the products you buy better.' A simple and strong marketing campaign for consumers (about a product that consumers don't directly buy) lent their host brands credibility and brand awareness.

Though ingredient brands exist in all verticals of consumer products, this paper will focus on textile ingredient brands.

A GOOD INGREDIENT BRAND LENDS THE HOST BRAND THE TRUSTED, AND TESTED, PERFORMANCE OF THEIR PRODUCT OR TECHNOLOGY, DIFFERENTIATING THE HOST BRAND'S OWN PRODUCT AND INCREASING THEIR MARKET SHARE.

WHY WORK WITH AN INGREDIENT BRAND?

We've touched on many of the reasons brands would want to work with an ingredient brand:

- Proven benefits through the ingredient brand's technology
- Product differentiation
- Sharing in the ingredient brand's hard-earned reputation

But we need to look more deeply, and in some senses, more practically, into the reasons to work with an ingredient brand to get a fuller understanding of the partnership.

CONSUMER EXPECTATIONS

Today's consumers have integrated technology in virtually all aspects of life and have come to expect multipurpose or multi-functional products.

Ingredient brands give host brands the opportunity to build more functionality into their products for their consumers.

In the case of textiles, there's an opportunity for brands to build in multiple passive benefits for their customers using established ingredient brands.

These passive benefits include brands like Lycra that add elasticity to fabric, allowing for better fit and movement, Polygiene which helps clothes resist odor and last longer, and our own CELLIANT®

technology that gives energy back, via infrared, to the person wearing, sitting on, or in very close proximity, to the fabric.

Or, another example: our new brand partners at the JEMMS Group. We are helping them to innovate their product lines, which now contain infrared for the first time. In turn, their partnership provides Hologenix with our first foray into the world of 3D printing and injection mold formats, expanding beyond our typical textile-based applications.



READY-MADE RESEARCH AND DEVELOPMENT

Ingredient brands are, if they are worth working with, experts in their field. They are, in some sense, specialists. The technologies that ingredient brands create need not only capital and research to create them, but typically involve an immense amount of investment and resources into proving and demonstrating their effectiveness. After all, if an ingredient brand can't show that their technology works, they won't convince

many brands to take them on board. Both the development of technology, which likely includes multiple patents, and proving it is effective, which likely includes independent scientific testing (whether mechanical or clinical), are very time-consuming and expensive. Host brands, in effect, are getting proven, best-in-class technologies with limited risk and investment.

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A SHARED INNOVATION ROADMAP

Further, if the relationship between the host brand and ingredient brand is strong, there is the potential opportunity for the host brand to guide the ingredient brand in future innovation. Ingredient brands likely have their innovation road map several years down the road, but if there is a meaningful advancement a major host brand would like pursued there is the possibility the ingredient brand sees the same potential for such development and innovation and will pursue the request.

At the very least, a strong ingredient-host brand relationship should allow the host brand to be 'in the know' about the future of the technology. Leveraging the innovations of the ingredient brand allows the host brand to keep up with the rapidly evolving nature of consumer expectations. After all, ingredient brands want to create technologies that host brands are interested in using, so it's in the ingredient brands best interest to take their partners' needs and desires into account.

This allows the host brand to plan their own innovation and product release roadmap because they have insight into their ingredient partner's innovation plans and timelines.

Here we cite examples from our own CELLIANT, since we have insight into the innovations we've been working on, which we can't know for any other ingredient brand. For the last several years we have been innovating CELLIANT embedded into sustainable viscose fiber with our partners Kelheim Fibers. We're proud to say CELLIANT Viscose launched last year. This has been driven by our company's ethos, which is to constantly improve our sustainability, which of course dovetails nicely with all textile host brands (that we look to work with) who are always looking for ways to improve their sustainability.

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Our partner brands have benefited from our innovation and having access to both knowledge and input into various directions we are taking. And this is the case across all quality ingredient brands.

**LEVERAGING THE INNOVATIONS OF THE
INGREDIENT BRAND ALLOWS THE HOST BRAND
TO KEEP UP WITH THE RAPIDLY EVOLVING
NATURE OF CONSUMER EXPECTATIONS.**

AMPLIFYING VALUES AND MESSAGING

Like all business partnerships, an ingredient brand and host brand partnership should be built on like-minded relationships. This leads to an amplification of values for the host brand's consumers.

It's more than just, for example, sustainability messaging from the host brand plus sustainability messaging from the ingredient brand equals more sustainability messaging.

If there are shared values then the host brand's ability to tell stories is opened up considerably by incorporating the ingredient brand's story. This increased breadth of storytelling ability can open new marketing opportunities and bring the host brand in front of new consumers or strengthen brand loyalty with existing consumers.

Simply put, the ingredient brand should be the experts in their field, which means they likely know how to communicate their benefits. This can be invaluable to the host brand's marketing team to pull in the ingredient brand's own marketing language. Also, if an ingredient brand is established, their promotion of the host brand's products in their own marketing efforts helps drive awareness across the board. An example from the textile industry is GORE-TEX, which has more consumer brand awareness than some host brands and, outside of textiles, where Intel's marketing had a major impact on PC sales.



HOW TO CHOOSE AN INGREDIENT BRAND

The first thing a brand needs to understand when looking for an ingredient brand is, of course, what needs they are trying to meet with their product. Whatever gap you have or benefit you could add to your product, you look for ingredient brands that take that responsibility and fill that gap.

The most interesting thing a brand needs to understand when choosing an ingredient brand is to always keep in mind that this ingredient brand is an extension of your brand. It's going in your product and your brand will be linked to that ingredient brand and company for the foreseeable future. This is, therefore, not a decision to take lightly.

With this lens we can see that finding ingredient brands that have shared values about sustainability and/or fair trade is critical. When you work with an ingredient brand you are, in a very real sense, taking their track-record and values into your brand. Working with them is basically an endorsement of not only the ingredient brand's technology, but how they achieve that technology and how they do business.

It goes without saying then that intensive research is needed to validate any ingredient brand you are considering working with.

WHEN YOU WORK WITH AN INGREDIENT BRAND YOU ARE, IN A VERY REAL SENSE, TAKING THEIR TRACK-RECORD AND VALUES INTO YOUR BRAND.

The following are the particular areas in which you need to have very little doubt about your ingredient brand partner.



UNDERSTAND HOW ANY BENEFITS ARE TESTED AND PROVEN



All benefit claims need to be backed up. You must assume that consumers are going to research the ingredient brand and make their own determinations about whether the technology works or not. The outcome of this decision will influence the consumers point of view on your brand, maybe even more so than the ingredient brand – since they may never come into contact with the ingredient brand again. Therefore, you, as the host brand, must be confident in the efficacy of the ingredient brand benefits and how they determine that efficacy.

Initial research into publicly available materials is the first step to give you confidence to proceed further. Once contact has been made and NDA's have been signed there should be a deeper level of transparency and questions and answers that gives you even further knowledge and comfort.



CONSUMER INSIGHTS RESEARCH

As the host brand that is committing to an ingredient brand, you need to be aware of consumer sentiment toward the ingredient brand. After all, that sentiment will be in part transitioned over to your brand if you partner with them.



This can be one of the great positives of working with an ingredient brand – your brand is elevated because of how highly regarded the ingredient brand is. Certainly, that’s the case with GORE-TEX and Intel, to name two examples we’ve used throughout, however, the opposite effect also applies. Negative sentiment of the ingredient brand will bring that negativity to your brand. Host brands should utilize consumer insights research before partnering with ingredient brands to be confident about what sort of knock-on effect the ingredient brand’s value in the eyes of consumers will have on your brand.

REFERENCES AND FACT-CHECKING

Like before embarking on any partnership, an ingredient brand’s references should be checked to ensure they are, and do, what they claim. Most obviously, you should seek out the ingredient brand’s current partners, if they aren’t direct competitors, to get an insider’s perspective on what it’s like to work with them and the value they’ve brought.

A HISTORY OR PLAN FOR INNOVATION

Just like your own products, ingredient brand technologies should evolve and improve over time. That’s absolutely key if you expect (as you should) that the ingredient brand will help differentiate your products. If an ingredient brand is stagnant, like any industry, what was once revolutionary will very quickly be normal and then passé. History is the best indicator of an innovative brand – where did they start and what have they accomplished in that time – but may not be relevant to new ingredient brands. In that case it takes something of a leap of faith, but there are still strategies and roadmaps you can discuss to get a sense of what their plan is to evolve the technology and make it even better. After all, virtually all great ingredient brands have innovation as a cornerstone of their brand.

Further  than that, however, you should research  any case studies about their technology, with a special eye for third-party validation such as government certifications.

GETTING THE PARTNERSHIP STARTED

Having a clear plan will be very helpful in beginning your relationship with your chosen ingredient brand. The following are the key steps and insights we've found our best partners utilize when working with us.

ESTABLISH MUTUAL GOALS AND GOOD COMMUNICATION

Successful partnerships have clear goals that are well understood by each partner. The ingredient brand needs to make clear why they want to work with the host brand, beyond monetary benefits, and the host brand needs to do the same. If each partner understands the other's goals for the relationship you can work together to achieve them and there will be fewer surprises or frustrations along the way. Another key factor to a successful partnership is communication. Ensure that the right team members on each side have access to their counterpart. Creating easy lines of communication and good relationships between the key people on each brand will really help streamline processes, mitigate issues and create a good working bond between brands.

DETERMINE PRODUCT TIMELINES

As a host brand you may not be experts in everything it takes for the ingredient brand to produce their technology. At the same time, the ingredient brand likely doesn't have in-depth knowledge of your process and the timelines you require to launch a product. Each team needs good communication to explain and understand all the nuances in each production and potential points of delays. If everyone understands the process and where issues may arise, it leads to much less frustration, better problem solving, and a healthier partnership.





UNDERSTAND EACH OTHER'S SUPPLY CHAIN

It's essential for your ingredient brand partner to understand your supply chain and for you to understand theirs. Does the ingredient brand have a supply chain ecosystem that can support your product development, or are they open to partnering with your existing supply chain partners to meet your needs? This is fundamental but can be more challenging than the ingredient brand simply being willing to work with your supply chain partners. Many ingredient brands will have certain specifications that must be met in the manufacturing process and so it may not be possible for them to use the host brand's manufacturer or mills.

If that's the case, the host brand will need to clearly understand the supply chain for the ingredient brand, not only for logistics, but also for environmental reasons and the ever-important supply chain story.

To that end an ingredient brand partner should be extremely transparent in their manufacturing story. Supply chain, quality and impact are of critical importance to today's textile brand – an ingredient brand should give the host brand the ability to vet the manufacturer.

AN INGREDIENT BRAND PARTNER SHOULD BE EXTREMELY TRANSPARENT IN THEIR MANUFACTURING STORY.

ALIGN ON COSTS

Each ingredient brand has their own way of monetizing their technology. You need to clearly understand their process and rationale so there's no surprises.

Cost alignment is necessary for a strong partnership. Not only do you need to know which entity is paying for which fees, but you need to ensure the pricing is competitive.

There's also the potential to trim costs through relationship management over time. Consider, for example, a case where you're already working with a third-party supplier that could be beneficial to your ingredient brand partner.

After introducing the supplier with the ingredient brand, the supplier might be willing to renegotiate your rates due to their increased volume.

AGREE ON LONG-TERM VISION

Having a long-term point of view was a big topic in choosing the right ingredient brand partner for you. But now that you've chosen a partner, don't lose sight of the fact that this is a partnership that will have lasting effects on your brand – don't neglect your long-term strategy and goals because you get too bogged down on immediate needs.

You need to understand, and have the ingredient brand understand, how they can help you achieve your future vision.

THE PICTURE OF SUCCESS

Retail brands looking to partner with ingredient brands have a lot to consider. From product development to manufacturing to messaging and marketing of the ingredient brand's technology.

The ingredient brand needs to understand the product vision and be an advisor to the retail host brand as to the best way their technology can make that vision a reality. Of course, this product should stand apart from the other products in the host brands catalog and other brand partners of the ingredient brand that utilize the same technology. The product solution should utilize the ingredient brand's technology to create a unique value proposition for your consumers when they consider your new product. A good ingredient brand will have insight into this differentiation and how their technology can be uniquely applied given your retail brand's circumstances and context.

Communication, as has been said previously, is key. The entire process requires each party to understand their role and the expectations of them from the partner. Questions like how collaborative we expect to be in the process and how any potential issues are to be handled. If there are any quality control issues, the ingredient brand must surface them as soon as possible and, if there was any prior indication the issue was a possibility, should have been surfaced earlier so contingency plans can be enacted. A good partnership isn't one without issues, it's one with the foundation to successfully navigate issues.

Further, the host brand must understand the ingredient brand's certifications and how to (and how not to) use their claim set to comply with all legal and brand requirements. This also applies to any labeling or content standards as well as to any applicable third-party certifications, such as FSC®, OEKO-TEX®, or Blue Sign®.

RETAIL BRANDS NEED TO BECOME EXPERTS IN THE INGREDIENT BRAND TECHNOLOGY IN ORDER TO SUCCESSFULLY COMMUNICATE THE BENEFITS AND UNIQUE VALUE PROPOSITION TO THEIR CONSUMERS.

This starts with training. A good ingredient brand partner will have very clear instructional material (or can create them), including all claims and claim limitations. These materials need to be flexible and cross-functional so it works for any team who needs to understand the technology including on-the-floor retail teams, digital teams, and customer service teams.

A GOOD PARTNER DOESN'T JUST SELL YOU A TECHNOLOGY, THEY TAKE THE JOURNEY OF YOUR PRODUCT RELEASE WITH YOU.

After all, the better the host brand communicates the ingredient brand's technology, the better positioned the product will be to sell better and have the ingredient brand's own awareness in the marketplace elevated. A model that we feel is beneficial to both parties is a licensing model.

This is the model we use for CELLIANT because it ensures we also have 'skin in the game' so to speak, giving our host partners peace of mind and security since we get paid based on sales of the product that contains CELLIANT.

It's a model that shows the ingredient brand is really backing up their talk and their claims.

From training we can see how communication and messaging extends into marketing efforts. The lead in the marketing of the product should be the host brand, after all, it is their product, but the ingredient brand should support with a coordinated marketing effort to amplify the message. The ingredient brand should have content to feed the host brand for storytelling and materials that can be used by the host brand such as on-product branding, in-store POP displays, packaging, hangtags, video, PR, social media influencers, and the list goes on. The more mature the ingredient brand, the more support they will be able to provide in marketing efforts.

In the end, it's essential that your end-consumer understands the benefit of the technology provided by the ingredient brand and why it matters in their life.



MOVING INTO THE FUTURE

After an appropriate period of time has passed, predetermined metrics (sales and brand awareness as two obvious examples) give insight into how successful the partnership has been. If metrics are below expectation, it may require a re-think of the product or the marketing around the product – it may not necessarily mean the partnership as a whole was a failure. If metrics are meeting or exceeding expectations, it's time to look more closely at the future roadmap

and upcoming innovations that the ingredient brands are working toward. A good partnership between ingredient brand and host brand is one where the ingredient brand technology makes a real difference in the lives of the host brand's consumers, differentiating it from the existing product catalog, amplifies the message, culture and values of the host brand, and has a foundation of good communication to navigate any issues that may arise on the partnership journey.



CELLIANT infrared technology delivers science-backed health and wellness benefits to textile-based products. Created by Hologenix, this company has the expertise and experience to be a trustworthy partner for an ingredient branding partnership across multiple industries, including performance and fashion apparel, furniture upholstery, mattresses and top-of-bed products, medical wraps and bandages for humans and animals, and more.

To learn more, or get in touch with a member of our team, be sure to visit www.celliant.com.