**Intel Case Recommendation**

We strongly believe that Intel should adopt an ingredient branding strategy and extend its “Intel Inside” brand campaign to the portable digital devices market.

**Intel should take advantage of the growing market for portable digital devices**

The case describes the healthy growth rate in the portable digital devices market while sales in the desktop computers market are stagnating. Exhibit 13 in the case signals the rapid growth of worldwide sales of mobile phones, portable computers, and personal digital assistants between 1997 and 2001. To illustrate, sales of mobile phones grew from 108 million units in 1997 to 390 million units in 2001. Intel should take advantage of this by implementing ingredient branding to emphasize the value and differentiation of their microprocessors with a growing customer base. Because Intel does not dominate non-PC markets as much as it does the PC market, an ingredient branding strategy would enable them to raise brand awareness, market share, and profitability, bringing them closer to their goals of becoming the industry leader. Intel already has products like the StrongArm processor in this market; its success in popular handheld devices gives them a strong foundation. Ingredient branding could help them achieve their goals of becoming a leader in mobile microprocessors through their venture with Microsoft as well as the expansion of the next-generation RISC processor.

**Intel should leverage their brand equity in the PC market to build a strong presence in the portable digital devices market**

Intel has high brand recognition in the PC market. They have been ranked the sixth most valuable brand in the world. Because of their high levels of success in the PC market, ingredient branding in the portable devices market is relatively low-risk. Brand awareness and loyalty would be transferable to this new market. Consumers acquainted with the Intel brand would extend their favorable perceptions and Intel’s desired brand associations of leading technology and safety into the new market. In this way, Intel would be able to command a premium and spend more on R&D to deliver a performance-based product.

**The success of Intel’s ingredient branding strategy in the PC market makes it highly likely for OEMs to participate in this campaign within the portable devices market**

Intel’s successful ingredient branding in the PC market has proven profitable for both Intel and the OEMs that agreed to advertise their microprocessors. More than 2700 PC makers participated in the PC program and benefited from increased sales because of growing customer loyalty towards Intel. They also received advertising dollars from Intel. OEMs in the portable devices market would hence be incentivized by the potential for sales growth, profit, and customer loyalty. There would be low resistance because of Intel’s successful precedent. Intel has strong potential to take on Microsoft as their first major OEM for the campaign in this market because of their budding partnership in designing cell phone templates for manufacturers and the trust and credibility that comes along with it. The synergy of OEMs and Intel boost the long-term value and profitability of both brands.

The following risk factors are potential cons to the ingredient branding strategy but have been disproven.

**Possible brand dilution with the extension of the ingredient branding strategy**

Protecting Intel’s brand equity is imperative. The case mentions VP of Intel Marketing Operations, Pamela Pollace’s responsibility - “to protect, sustain, and build” brand equity. This fear is not uncharted territory, however. Intel has faced the recurring issue of making decisions at the expense of endangering the brand. Nevertheless, Intel does not shy away from risks. They have faced large amounts of skepticism when making bold decisions, whether it is the “Red X” marketing campaign or the decision to market directly to consumers. With the “Red X” campaign, there were concerns about the mixed message associated with “Red-X’ing” Intel’s most popular product, but the strategy was successful. As Ann Lewnes, VP of consumer marketing, put it, “The core values of the brand have been constant all along. The emphasis is still on leading technology and safety.” Therefore, despite fear of the negative implications of ingredient branding, as long as Intel promotes their product capabilities, their brand equity will continue to prosper.

**Consumers’ potential inability to identify the Intel brand with portable devices because of strong associations with the PC market**

## In 1998, Intel developed and sold branded electronic products including cameras and other gadgets. Although these product lines were not lucrative in the long run, “several of the products won awards and had features that consumers found attractive.” This shows how consumers are capable of psychologically accepting brand extensions to other product categories. Additionally, this example exemplifies success from a branding perspective and failure from a business perspective; in the case of extending the brand to portable devices, there is potential to be successful in both areas. Not only is the market growing, but the segment aligns with Intel’s forward-thinking and innovative ideals.

In essence, Ingredient branding has potential to be a lucrative decision for Intel. The company would be able to gain traction within the growing portable devices market, leverage their brand equity within the PC market to build a strong presence in the new market, and establish trust and credibility with OEMs in the new market. The potential risk factors identified are centered around psychological perceptions of consumers, but it has been historically proven that consumers are able to digest and acknowledge Intel’s brand extensions as long as they are met with strong customer-centric marketing strategies.