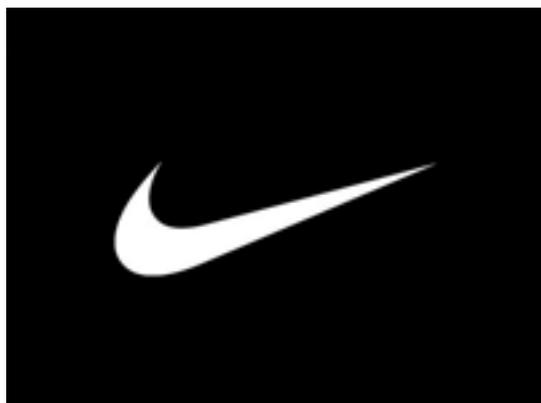


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Written by [Dr Madsen Pirie](#) [2] | Saturday 19 January 2008

12. "Brands are basically a con to make people pay higher prices for goods than they merit."



A famous brand usually commands a higher price than the unbranded competitor, but there's a reason for that. In the absence of personal knowledge of the seller, such as you might get in a local economy, the brand serves as the label of trust. Because people have had good quality and value from the brand, they can count on it. The producer values the reputation for excellence because it brings customers back for more, and brings in new ones.

The brand thus has commercial value. It is like a seal of quality, indicating to customers what they can expect and rely on. This is the basic reason why they are advertised and why, incidentally, they are counterfeited. A producer of dubious quality goods can try to palm them off by stealing the name and reputation of the famous brand.

There is more to brands. Their advertising often conveys images that people associate with the brand, so that consumers buy the association as well as the brand itself plus its reputation. In developing countries certain brands of Scotch whisky are regarded as 'aspirational,' advertised as linked with success. Consumers are buying more than the whisky; they are expressing an association with success and a determination to succeed themselves. These so-called 'intangibles' are not to be sneered at. They are among the most durable of consumer goods. The feeling of aspiration might be remembered long after the whisky, together with its attendant hangover, have been forgotten.

The teenager, trying to express an identity independent of parents, can choose brands associated with qualities that he or she feels illustrate the character that they are or want to be. Brands can thus serve to project an identity and to declare something about a person. People pay the premium because these things are worth paying for.

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