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- Companies with a high-quality existing product can introduce lower-quality brands without diluting their high-quality brand names. For example, Farmland markets three separate brand name hams: Carando, Farmland and Ohse. Carando, a premium product with a distinctive spicy flavor is targeted toward individuals who desire high quality and authentic Italian flavor in hams. Due to these qualities, Carando commands a premium price. Farmland brand hams are more middle of the road – good quality, traditional hams targeted toward family-minded consumers who desire quality but also pay close attention to price. Finally, Ohse is a value product – its lower level of quality is reflected in its bargain price. The Farmland name only is attached to the Farmland product, leaving consumers with a separate view of each brand. They do not lose respect for the quality of the Carando or Farmland branded products because of the lower quality of the Ohse products because there is not a clear connection between the three brands.

Developing flanker brands does present challenges. Introducing a new brand is quite costly. Creating another independent brand requires name research and substantial advertising expenditures to create name recognition and preference for the new brand.

Will Flanker Branding Work for You?

Flanker branding is not for everyone. There are a number of questions that must be answered in order to make the best decision for your situation. The most basic questions include:

- Can my existing brand be changed enough that a new brand will have unique qualities that will appeal to a separate group of consumers?
- Are these new qualities believable?
- How will the new brand impact my existing brand(s)?
- How will the new brand impact competitors' brands?
- Will the cost of product development and promotion be covered by the sales of the new brand?

A flanker branding strategy can be very effective if implemented appropriately. The next article in this series will examine another type of branding – product line extensions.

This is not your father's ol'-farm-bill!

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Many of you will remember the advertising jingle, "This is not your father's Oldsmobile." Well, with apologies to General Motors and despite what I read in the press about the 2002 Farm Bill beating a hasty retreat from the free market reforms that have been in the works since 1985 and were fully implemented in the 1996 Farm Bill, I keep hearing this jingle running through my head, "This is not your father's ol'-farm-bill."

Neither is it, as some wags would have it, "Back to the Future: Part Ag." Michael J. Fox need not apply for a starring role because there is little in this farm bill that reflects traditional farm policy.

Those who would call the 2002 Farm Bill "Freedom to Farm on Steroids," "Super Freedom to Farm," or "Freedom to Farm Plus" are much closer to the truth. The legislation that was recently signed into law by the president is clearly the offspring of Freedom to Farm and bears little resemblance to the traditional farm programs of the 1930s through the 1970s.

Some analysts seem to be suggesting that because the 2002 Farm Bill includes high government costs and large payments to farmers it is a return to what they call "the failed policies of the past." High government costs are not an essential feature of the traditional farm programs that have roots going back to the 1930s.

Rather, the essential features of traditional farm programs are:

- supply control mechanisms;
- price supports with an accompanying stock inventory mechanism; and
- more recently, a structured buffer stock program designed to stabilize prices both on the bottom and on the top.

Even though the 2002 Farm Bill uses some terms from these types of programs it does not depend on any of these traditional policy mechanisms.

Instead of these traditional policy instruments, the 2002 Farm Bill is firmly rooted in the policies that

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began with the 1985 Farm Bill and reached their zenith in Freedom to Farm:

- dependence upon market mechanisms to manage supply and demand;
- income support; and
- a mechanism to allow prices to drop as low as they want to go.

Some would say the 2002 farm legislation is a "return to the failed farm policies of the MOST RECENT past."

After all, the 2002 Farm Bill relies solely on market mechanisms and hoped-for growth in export markets to balance out supply and demand for major agricultural crops. A look at the baseline numbers used by the Congressional Budget Office (CBO) to project the costs of the legislation makes it clear that proponents are depending upon significant growth in export markets fueled by the increasing growth of a middle class in developing nations, especially those in Asia. It was this same hoped-for growth in the Chinese middle class that fueled the unfulfilled expectations for Freedom to Farm. There is little to indicate that the results will be any different this time around.

Likewise, the direct payments (old AMTA) and counter-cyclical payments are clearly oriented toward supporting farm income rather than commodity prices. The direct payments are based on historic production levels and can be received by farmers whether or not they plant anything. The target prices or counter-cyclical payments again are designed to support farm income and bear no resemblance whatever to the target prices of old. This time around the target price is a variable rate "extra" AMTA payment program that replaces annual legislative action on emergency payments with a pre-authorized sliding scale mechanism to disperse the emergency payments. Again, note that farmers do not have to produce the crop in question to receive the payments.

Some have contended that the reason the free market mechanisms do not work to adjust supply is the level of these income support payments. They argued for lower loan rates asserting that if these prices are too high they interfere with market signals, encouraging over-production.

We believe that lower loan rates (and lower "decoupled" payments, since it all tends to be viewed the same by farmers) might reduce crop production slightly, but production would remain at near current levels since farmers have little incentive or inclination to voluntarily reduce their acreage.

The new legislation also continues the use of Loan Deficiency Payments (LDPs) which provides no limit as to how far commodity prices can fall.

The commodity portion of the 2002 Farm Bill contains none of the marks of a traditional farm bill that one could characterize as "your father's ol'-farm-bill." Rather, doesn't it seem more like a "Son-of-Pat" (Roberts) Freedom to Farm II piece of legislation?

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