

CONVEYING
ADVICE

Conveyor belt pricing – are you paying for the name?

When it comes to finding an explanation for a big difference in price for apparently identical products other than one carries a big brand name and one does not, a common assumption is that you are 'paying for the name'. Another common misconception is that big brand name manufacturers apply much bigger profit margins. Yet another is that products imported from Asia are of a similar quality but cost less because labour costs in Asia are much lower. In reality, none of these theories stand up to scrutiny.

Certainly in the case of conveyor belts, the very high level of automation nowadays means that labour costs do not make a significant difference to the ultimate selling price. In terms of excessive profit margins, the fact is the extreme levels of competition in the market mean that a big brand conveyor belt manufacturer simply would not survive if they tried to apply high margins. In fact, they could only dream of having a profit margin that even comes close to double figures! Especially when it comes to brand names, the conveyor belt market should never be compared with the fashion industry.

Buying power is also not a reason because unbranded manufacturers who compete on price rely on mass production on a huge scale. They also have an additional advantage because manufacturers located outside of EU member states and the UK are not subject to EU regulation concerning the use of hazardous chemicals during the manufacturing process or the use of Persistent Organic Pollutants (POPs). This provides them with an open door because they are free to use unregulated raw materials that cost much less on the global market than their regulated counterparts, even though those same materials may be entirely prohibited or at least have strict usage limitations within the European community.

Strong brand images are built up over many years based on producing belts with much higher quality standards and lowest 'whole life cost' compared to those at the middle and bottom end of the market. That quality has also had to stand the test of time, 100 years in Dunlop's case. A big brand name is only as strong as the quality and value for money consistently provided by its products.

When you think about it, big brand companies should actually be applauded for being prepared to be held accountable for their products. They are brave enough to have their names on them whereas cheap import goods with no name have little or no accountability at all. When unbranded products fail or simply disappoint, there is nowhere to seek recompense. Where there is no name there is no shame.

