White Paper

Ten simple truths about strong brands

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Few words in the English language have inspired as many definitions as the word "brand."

To quote a recent author on the topic, "ask someone to define 'brand' and you get a deep and confident inhale followed by a few words of preamble, starting with one that indicates the coming statement will be replete with logic and certitude, and continuing with a few words that restates the question as a declaration, 'Well, brand is a!' quickly followed by some sputtering that ends up in a verbal morass of conflicting descriptions." [1]

If that remark may be something of an exaggeration, it is a slight one. That's why it's more important to understand what a brand does — particularly a strong brand — than to know what one is. So, rather than adding to "the morass," this paper will forgo any attempt at definition and instead opt for description; specifically 10 simple truths about strong brands.

> **"...it's more important to understand what a brand does – particularly a strong brand – than to know what one is.**

Simple Truth # 1

Strong brands are forgiven

In 2011, Netflix really messed up. The company informed customers that it was spinning off its popular DVD rental operations and raising prices 60 percent. In short order, Netflix lost 800,000 subscribers and its stock price dropped 77 percent.

The company quickly reversed course. In mid-2013, Netflix's stock hit a 52-week high and was up 213 percent over the previous year. Apparently, all had been forgiven.

And this is my point.

Strong brands can weather storms that would quickly send the customers of weaker brands into the welcoming arms of competitors. They can do this because they build up reservoirs of goodwill. These reservoirs are not bottomless (as Netflix almost found out), but their depth is a function of a brand's strength — how well it delivers on its value proposition, how visible it is in the marketplace, how entrenched it's become in its customers' lives.

What brand wouldn't like to know it had a reservoir to dip into if things ever really got hot?

1. "The ultimate guide to creating a solid brand strategy," Jim Meskauskas, iMedia Connection, http://www.imediaconnection.com/content/33740.asp#multiview

Simple Truth # 2

Strong brands know themselves

Today, most every brand has some sort of play in the social space, but often it's just a hedge. Better to be there than not, right? This betrays a lack of understanding from these brands — not about social media — about themselves.

In 2012, Red Bull had almost $3 billion in sales and controlled 42 percent of the energy drink market. It has built this juggernaut, in part, by becoming a major social publisher. The company knows exactly what its brand means to the audience that devours its "pushing the limits" content on Facebook, Twitter, YouTube, Google+ and Instagram every day. Rather than serving as a hedge, Red Bull is "all in" with social. It can make this bet with certainty because it knows who it is.

Like people, not all brands thrive in social environments. Some strong brands can do quite nicely being "wallflowers" — i.e., using their marketing resources in other ways. What's important is that they are able to zero in on what's right for them.

After all, anything else may just be bull.

> **"Like people, not all brands thrive in social environments.**

Simple Truth # 3

Strong brands simplify

Consumers today are inundated by choice. Being forced to make too many decisions on a daily basis — where to eat, what toothpaste to buy, which cable channel to watch — can add anxiety and stress to our lives.

Whether we, as a culture, have reached something of a saturation point in this regard can be debated. What cannot be is that brands play a role in our decision making.

Researchers have known for some time that people's psychological state is an important consideration in buying situations. When there is a lack of structure (e.g., due to overwhelming choice) an overall desire for simplicity is enhanced. Consumers in this state tend to narrow their thinking and go with brands that have met or beat their expectations in the past — causing them to be more likely to reject alternatives vying for their consideration.

Now that's a mouthful, but all it really means is that when we have too many options, we stick with strong brands.

It's that simple.

Simple Truth # 4

Strong brands s-t-r-e-t-c-h

I was paging through a business publication a couple years ago and saw an ad that made me do a double take. It was for the Disney Institute, the professional development arm of The Walt Disney Company, which engages organizations in “time-tested best practices, sound methodologies, and real life business lessons that facilitate corporate culture change.”

That’s a long way from spinning giant teacups.

Extensions as far afield as the Disney Institute are typically the province of strong brands. Ralph Lauren (clothing, fragrances, housewares, restaurants) and Virgin (over 400 extensions) are two examples of companies that have successfully leveraged the power of their core brands for this purpose. This is important because up to 80 percent of new products use a brand extension strategy. Companies able to reduce the risk associated with introductions gain a significant competitive advantage.

While brands of lesser magnitude often fail in their efforts to stretch (Hooters Airlines anyone?), strong brands, such as Disney, are able to venture successfully into entirely new areas — without looking Goofy.

Simple Truth # 5

Strong brands drive the business

Ever since brands went from being niceties to necessities, companies have become more adept at their dissemination. Now, it seems, every employee can recite the organization’s brand promise backwards.

Yet knowing about the brand in the mailroom is not the same thing as putting it to use in the boardroom. At too many companies, “brand” is just a buzzword given lip service by executive leadership instead of being what it should be — the impetus behind every decision they make. It needs to guide the mission. Be enshrined in the values. Inform strategic planning. Strong brands liberate the brand from marketing dogma and make it the true driver of the business. As a result, their entire organizations move in a unified direction, starting from the top.

These companies realize that getting on the Fortune 500 list requires more than simply crossing “brand” off their to-do list.

Simple Truth # 6

Strong brands keep promises

The other day I was Uber disappointed. Uber, for the unacquainted, is an on-demand service that arranges cab or limo transportation through a smart phone app. Ever since I became a customer, I've loved how fast and reliable the service was, how easy it was to use, how professional its drivers were — the whole shebang.

It was when I phoned Uber that I had a disconnect — not with the call, with the brand. A voice message notified me that since information can get garbled over the phone, it's better to just email them with any inquiries. Really? Then why include a phone option at all?

Brands make implicit promises with every positive contact they make. Once a promise has been kept, it creates an expectation that the next one will be too. When a negative "touch" occurs — even when it's a small detail, it can have an inordinate effect on the overall experience. Strong brands excel in achieving consistency across all touch points — they perfect the "user experience," in the latest parlance.

Do I really think less of Uber because of one small misstep? Maybe. That's a tough call. Consumers today are inundated by choice. Being forced to make too many decisions on a daily basis — where to eat, what toothpaste to buy, which cable channel to watch — can add anxiety and stress to our lives.

Simple Truth # 7

Strong brands get design

When I first received AppleCare, Apple's product protection plan, I couldn't help but smile as I opened the austere, but still somehow elegant, box that contained my warranty. Only Apple, it seemed, would deem a simple card important enough to package in such a housing. It was yet another example of just how essential design was to the company largely responsible for elevating our collective sense of it over the past few decades.

Yet Apple did not pioneer design — it only mastered it. Years before, a select group of brands such as IBM and BMW led the way, spreading the gospel of "good design is good business," to anyone that would listen. Today, companies as varied as IKEA, Starbucks and Pinterest have continued to raise the bar, and design excellence has become for them, as it has for Apple, an inseparable part of their brand experience.

Steve Jobs was right when he said design was the soul of man-made creation. But luckily for all of us who appreciate simplicity, intuitiveness and beauty, it is also the heart of strong brands.

> **"…design excellence has become…an inseparable part of their brand experience.**

Simple Truth # 8

Strong brands are shared

The phrase "brand owner" is something of a misnomer. It suggests a certain unaccountability, yet customers are always the ones who have the final say.

With the rise of social media, we are seeing that "final say" work its way up the brand-customer relationship. Today when brands act, they get a reaction right away — participation is now a birthright of purchase.

How that participation is evolving is exciting. From co-creation (the Doritos Super Bowl commercial and Zipcar's "One Crazy Day" campaign) to crowd sourcing (My Starbucks Idea and Dell Ideastorm) to user production or support (Wikipedia and Mozilla's Firefox), the factors contributing to brand "co-ownership" will increasingly mean opportunities for customer self-expression, creativity and, overall, a greater voice in the decisions that shape brands.

Don't get me wrong — strong brands will always need strong owners. Increasingly, though, they'll need to know when to take a back seat.

> **Today when brands act, they get a reaction right away...**

Simple Truth # 9

Strong brands stay in motion

"This is one of the saddest days of my life, a sad one for me, for employees, officers, and directors; indeed, it is sad for the American public. Apparently, there is just not the need for our product in today's scheme of living."

When Martin Ackerman, president of The Saturday Evening Post, spoke these words in 1969, a brand that had been a weekly staple of American life for 72 years was no more. It, like many others brands before it and since, had failed to remain relevant.

The battle for relevance is one of the most important that can be waged in business. By continually evolving and adapting, strong brands are better able to survive everything from onslaughts by aggressive competitors to sudden shifts in marketplace tastes.

Look at how IBM purposefully transformed itself from a mainframe maker into a systems integrator, or how shrewdly McDonald's has refined its menus, advertising and store appearance over the years.

Relevance requires renewal.

Simple Truth # 10

Strong brands glow

When you've been in this business a long time, it's easy to become jaded. This never happens working with strong brands. When "firing on all cylinders," brands acquire a special patina, a rarefied air that attracts, charms and influences. They pull you into an orbit around them – and keep you there.

The Apples, Cokes and Nikes of the world are often said to have this ineffable quality. Though it's possible to break down many of the factors that make these brands special – timelessness, authenticity, personality, etc. – failed attempts by competitors to imitate them have shown the sum of the parts do not always equal the whole.

Peter Drucker said that "management is doing things right; leadership is doing the right things." Strong brands have an uncanny ability to deliver on the things that truly matter. This is ultimately what inspires people to buy them. To work for them. To invest in them.

And to write white papers about them.

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