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PART 3
Building the Brand

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driving the consumer from brand awareness to brand insistence

MY COMPANY believes that the ultimate goal of brand equity building is to move the consumer from brand awareness to brand insistence. Our brand insistence model incorporates five elements that drive consumers to insist upon a particular brand to meet their needs—brand awareness, relevant differentiation, value, accessibility, and emotional connection (see Figure 8–1). We believe that these five areas of emphasis and activity are the primary drivers of consumer brand insistence.

Brand Awareness

Brand building begins with awareness. Consumers first must be aware that there are different brands in the product categories in which your brand operates. Next, they must be aware of *your* brand. Ideally, your brand should be the first one that comes to their minds within specific product categories and also be the first one they associate with key consumer benefits. Consumers should:

- Be able to identify which products and services your brand offers
- Be able to identify which benefits are associated with the brand
- Have some idea of where your brand is sold

Relevant Differentiation

Relevant differentiation is the most important thing a brand can deliver. Relevant differentiation today is a leading-edge indicator of profitability and

Figure 8–1. *BrandForward's brand insistence model.*

market share tomorrow. Does your brand own consumer-relevant, consumer-compelling benefits that are unique and believable? Today, services and the "total brand experience" often become the differentiators.

CREATING BRANDS OF DISTINCTION: THE MOST EFFECTIVE SOURCES OF BRAND DIFFERENTIATION

While there are many sources of differentiation, it is my opinion that only a small number of sources have the power to create brands of distinction. Following are the six approaches that I have found to work best.

Self-Image Reinforcement. The brand reinforces the customer's self-image or how the customer intends to be perceived. Using the brand creates a feeling of congruence with self-image. It is also a way to project that image to others. Taking just one product category (motor vehicles) to illustrate this concept, the image might be "I am progressive and I care about the environment." The Toyota Prius brand reinforces this image. Or maybe it is "I am frugal." Hyundai would be a good brand choice to reinforce this image. For someone else the image might be "I am successful and have status." Mercedes is a brand that could reinforce this self-image. Harley-Davidson reinforces the freedom of the open road and the lifestyle that is concurrent with that philosophy. If someone wants to be perceived as unique or different, a Saab, MINI Cooper, or VW Beetle with polka dots might do the trick.

This approach to brand differentiation works in any category. What does going to Reed College, Hampshire College, or St. John's University say about a person? What does attending MIT or Brigham Young University say about a person? One can apply this analysis equally to clothing brands, restaurant brands, food brands, vacation place brands, or residential place brands.

Values Alignment. Closely related to the previous source of differentiation are brands whose values align with their customers' values. Many people buy brands such as Newman's Own, The Body Shop, or Ben & Jerry's because they are socially conscious. Go to Patagonia's website and it will be clear to you that Patagonia promotes a love of the outdoors and outdoor sports and that environmental sensitivity is an important brand value. Some people watch FOX News because it reinforces their view of the world, while others follow MSNBC for the same reason.

PATAGONIA AND SUSTAINABILITY

Patagonia has had an environmental ethos for as long as I have been aware of the brand. (I hiked in their stand-up shorts in my college days, which are long since past.) The company's mantra is "reduce, repair, reuse, recycle, and reimagine." Lately, Patagonia has been urging its customers to "buy less." Patagonia ran an ad telling people "Don't Buy This Jacket." The company has created videos showing people how to repair used clothing and is creating sewing kits for its customers. It also encourages people to buy used clothing and return clothing they no longer want, so Patagonia can find a new use for them. Patagonia donates one percent of its revenues to environmental causes and has set up a fund to invest in start-ups focused on sustainable food, water, and energy. It makes its fleece jackets out of recycled bottles, uses only organic cotton in its cotton products, was one of the first California companies to switch to wind energy, and powers its headquarters with solar panels.

In 2012, the first year of its "buy less" marketing campaign, sales increased almost one-third over the previous year as the company opened fourteen new stores. Patagonia's customers buy into and enthusiastically support its authentic environmental ethic.

Sources: Dale Buss, "Patagonia Enjoys Unique Benefits of Its Authentic Sustainability Ethos," Brandchannel.com, August 29, 2013, www.brandchannel.com/home/post/2013/08/29/Patagonia-Sustainable-Ethos-082913.aspx. Kyle Stock, "Patagonia's 'Buy Less' Plea Spurs More Buying," Bloomberg Businessweek, *August 28, 2013, www.businessweek.com/articles/2013-08-28/patagonias-buy-less-plea-spurs-more-buying. Jennifer Elks, "Patagonia Launches 'Responsible Economy' Campaign," SustainableBrands.com, October 1, 2013, www.sustainablebrands.com/news_and_views/communications/patagonia-launches-responsible-economy-campaign.*

Customer Segment Focus. Brands that try to be all things to all people eventually fail in being anything important to anyone. Conversely, brands that focus on a specific customer need segment with the intention of becoming customer experts and meeting the specific needs of their customers can achieve uncommon success. I have worked with a wealth management firm that focuses on financially successful entrepreneurs who want to demonstrate to the world that "they have arrived." This firm really knows what is most important to its clients. It constantly designs new touchpoints to deliver on the promise of helping those people feel as if "they have arrived." This source of differentiation relies on customer intimacy and extreme expertise in niche markets. The way organizations with this strategy grow is by getting to know their target customers better and better and by offering more and more products and services to those customers until they become an indispensable partner with their customers.

Unique Purchase or Usage Experience. Starbucks is less about coffee than it is about that "in-between" experience. The people who developed that brand discovered a latent need for a somewhat self-indulgent, pampering space that was neither the "work" space with its job pressures nor the "home" space with its family responsibilities. And now people routinely pay $2 to $4 for a cup of coffee instead of the previous average of 60 cents. Ten Thousand Waves, one of my favorite spas in Santa Fe, New Mexico, is nearly perfect in creating a multisensory experience, from its cedar oil shampoo and coconut soap to the fragrant trees that line its walkways and its numerous hot tubs, all in a very natural environment. I remember reading a Stanford Research Institute (SRI Consulting Business Intelligence) report in the mid-eighties entitled "The Experience Economy." Back then, researchers were predicting a world in which there would be an increased need for services and experiences in lieu of physical products. Another example of this phenomenon is the Build-A-Bear Workshop, in which children can create their own customized teddy bears from scratch (at a hefty price premium). Amazon revolutionized the book-buying experience and Netflix revolutionized the way we watch movies. Apple iPods delivered an intuitively simple approach to downloading and listening to music. They are so user-friendly that their user's manual is probably the least used of any technology-based product.

Outstanding Customer Service. More and more brands deliver an outstanding customer experience. Ritz-Carlton's mantra is "Ladies and gentlemen serving ladies and gentlemen." One can imagine how this promise might play out under different scenarios. The Bangkok Oriental, one of the finest hotels in the world, delivers impeccable, extraordinary service. Midwest Airlines (previously Midwest Express) won every industry award possible (Travel + Leisure, Condé Nast Traveler, Zagat, Air Transport World, etc.) for several years in a row in the 1990s for delivering first-class service. Service included leather seats, great food, glass salt and pepper shakers, real linen napkins, and free champagne. Disney's theme parks are impeccable, and the Disney Institute is available to organizations outside of the Disney family to share their secrets on how to exceed customer expectations. Lazzara Yachts of Fort Lauderdale featured "Imagine Perfection" as its tagline. Many people might argue that this slogan establishes an unreasonably high expectation; however, it is a promise that the company has delivered on for some time, from its custom-designed megayachts to customer-tailored christening ceremonies. Nordstrom's free exchanges, easy returns, and other exemplary customer service policies are legendary. So are Nordstrom prices. Establishing truly extraordinary customer service requires both business process/system components and employee recruiting, training, and evaluation/reward components.

Best Value. Value has a numerator and a denominator. That is, value is not just about price. Often the brands that deliver the best value are not even the lowest-priced brands. Amazon has enabled people to buy books in an entirely different way, 24/7. Amazon's search and browse technology is legendary, and once you have purchased a number of items from the online retailer, its systems get increasingly good at guessing what else might interest you. And, with Amazon's everyday price discounts (often 34 percent to 40 percent) and a membership program that provides free shipping on all orders for a fairly nominal annual fee, the company offers some of the lowest prices around. IKEA is famous for delivering high style to the masses through very reasonably priced furniture and home accessories. Honda and Toyota both make a wide variety of well-built vehicles with consistently good safety ratings, respectable gas mileage, well-researched amenities, few maintenance issues, reasonable prices, long lives, and great resale values. No wonder those brands have made inroads on U.S. automobile manufacturers. They deliver an all-around great value.

Summary. While it is important to deliver on the basic functional benefits of one's product category, that is not sufficient to create a relevant, unique, and compelling brand in today's world. That requires intimate customer knowledge and understanding, which then must be applied to create a unique brand. The most effective ways to create brands of distinction are through some combination of the following:

- Customer self-image reinforcement
- Customer values alignment
- Customer segment focus
- Unique product/service purchase or usage experience
- Outstanding customer service
- Best overall value

DIFFERENTIATING COMMODITIES

An increasing number of brand managers indicate that their brands operate in commodity categories. I first began focusing on this area when I conducted a branding seminar in Dubai, UAE, and was asked by several conference attendees who worked for different energy companies to help them think through how to differentiate their brands so that they could command a price premium.

When marketing true commodities such as petroleum, palm oil, and soybeans, consider the following ways to differentiate your brand:

- Deliver superior product or service consistency (quality control).
- Deliver superior responsiveness (order fulfillment, technical support, customer service).
- Offer a superior range of products and services.
- Consider value chain integration.
- Uniquely bundle or unbundle your products and services.
- Customize your products and services to meet each customer's specific needs.
- Identify your most important or profitable customers. Determine what they value most (through conjoint analysis or a similar technique) and then tailor your products and services to meet their specific needs.

- Add a differentiating "ingredient" to your brand (ingredient branding).
- Add unique packaging to your brand.
- Distribute your brand in a unique or superior way.
- Establish your "brand as a badge," adding psychological value to its products and services.
- Create a superior product purchase or usage experience.
- When all else fails, make superior creative in marketing communication the hero in brand differentiation.

To drive home the point that any commodity can be differentiated, I assign "branding water" as a case study. As you know, water, the odorless, colorless liquid, is the ultimate commodity. Despite its scarcity in certain parts of the world, 70 percent of the earth's surface is water and the amount of water in the human body ranges from 50 percent to 75 percent. Furthermore, in most developed countries, water is readily available from public sources and in every home.

I have assigned this case study to hundreds of teams over the years, and many of the outcomes have been truly impressive and worthy of new business ventures. People have identified the following differentiating elements:

- Target customers
- Suggested/specialized uses
- Ways to drink
- Taste/flavoring/carbonation
- Color
- Bottle/packaging shape, color, and functionality
- Size
- Price
- Source/story
- Health qualities
- Bundling with other products
- Distribution

If you ever run into a brand manager or consultant who indicates that it is impossible to brand something in the "XYZ" category because it is a commodity category, politely thank that person for his or her advice and then apply one or more of these approaches.

BRANDS AND AESTHETICS

Whether one considers the Apple iPod, iPad, or iPhone, or Tŷ Nant bottled water, or the Bugatti Type 57 SC Atlantic automobile, or Giorgio Armani clothing, or the Relais & Châteaux hotels, aesthetics plays an important role in the appeal of those brands. Even the appeal of less upscale brands is often driven at least in part by their aesthetics. Consider Dove soap or the Gillette Fusion ProGlide razor or Hershey's Kisses or the earlier version of the Hyundai Sonata that looked like a Jaguar. My company sometimes helps to brand places, too. Aesthetics-related criteria rate high on residents' reasons for choosing a place to live. Attractive neighborhoods and scenic beauty rate next after good job opportunities, low crime, affordable housing, and good medical care as the top reasons people choose a particular place to live. Consider college and university brands. While many factors, including offering the right major, ranking high in selectivity, and offering a competitive financial aid package, contribute to brand preference, most college admissions offices will admit that once a potential student has visited the campus, the likelihood that he or she will attend that school increases significantly (assuming the experience was a good one). An increasing number of college-ranking sources also rank schools based on campus aesthetics. Elon University has become much more popular in the past decade, at least partially because of its campus aesthetics. And here's one final item of interest on building beauty into brands: Beautiful brands almost always command a price premium, generally making them more profitable than other brands in their categories. You might want to consider how to infuse your brand with increased aesthetic appeal.

TOO MANY BRANDS MAKE HOLLOW CLAIMS (THINK TWICE BEFORE MAKING ONE OF THESE CLAIMS FOR YOUR BRAND)

Increasingly, I have encountered brands that make the following types of claims:

- We are the quality leader in the X category.
- We are the innovation leader in the Y category.
- We are the service leader in the Z category.
- We are the leader in the XYZ category (which is the worst of all claims).

Is quality important? Yes. Is Innovation important? Absolutely.

Is service important? Of course. Is it desirable to be the industry leader? Sure. However, in more and more categories, as I perform brand audits, I find that large numbers of companies in many categories make these claims—so much so that the claims have become hollow. "Leader" means top, number one, not one of many striving to be top and number one. Don't claim an aspiration unless you can uniquely deliver on that aspiration.

Regarding quality, who is the leader in the hotel industry? Is it the Ritz-Carlton with its "Ladies and gentlemen serving ladies and gentlemen" service, or is it the Four Seasons, or Mandarin Oriental, or Peninsula, or Amanresorts, or Shangri-La, or InterContinental? With this list of high-quality hotel chains, should Hyatt or Westin or Marriott or Sheraton or Hilton claim quality leadership? Who makes the highest-quality shoes? Who makes the highest-quality kitchen appliances? How about the highest-quality kitchen knives? Who makes the highest-quality shampoo? Why? Based on what? Is one independent ranking enough to make it so?

Are some companies real innovation leaders? Sure. Who would argue that Apple is not an innovation leader in its category with its introductions of the iPod, iPhone, and iPad? If your company is claiming innovation as its primary point of difference, is it as far ahead of its competition in reality and perception as Apple is in its category? Or is it in a pack of companies, each of which has introduced a comparable number of innovations? In the grocery store business, Wegmans has been widely recognized as the innovation leader over time. Trader Joe's is also innovative, but with a different formula. In the auto industry, which company should claim innovation leadership? Toyota because it was the first with a significant introduction of hybrid cars? GM because of its introduction of OnStar? BMW because of its constant innovations? How about Honda or Porsche?

Do some companies stand out as service leaders? I would contend that Ritz-Carlton and Nordstrom would vie for this position in their respective industries. Who is the service leader in banking? In wealth management? How about in insurance? In restaurants? In hospitals? How does service leadership relate to quality leadership?

And what does it mean to be the overall leader in a category? What is the metric for leadership? Market share? Distribution? Dollar sales? Unit sales? Customer loyalty? Leadership is a fairly vague term. Leadership, but in what? How important is quality to leadership? Service to leadership? Innovation?

I would contend that quality, service, and innovation are critical to most companies in most industries. Every organization should try to continuously improve its delivery of each of these performance areas. However, unless you are the undisputed leader in one of them, you should not claim it as your primary differentiating benefit.

I would never try to claim industry leadership. It is a title that can only be conferred through general consensus by outside observers over time. And I would only claim quality, service, or innovation leadership if the following hurdles were cleared:

- Your brand is the undisputed leader in this area as evidenced by customer research, independent rankings, specific proof points, and truly measurable differences.
- You consistently deliver against this measure across all of your products and services at all of your locations/distribution points.
- You are, at least, perceived/recognized by your primary target audiences as a market leader.

Finally, if I made one of these claims, I would make sure that I had the resources in place to ensure consistent superiority in this area for a very long time. Don't manage a brand that contributes to the hollow claims of quality, service, or innovation leadership. Rather, manage a brand that claims something truly unique, compelling, and believable to its target audiences. The organizations that can convincingly claim leadership in one of these three areas (quality, service, and innovation) are rare indeed.

THE POWER OF BREAKING CONSUMER COMPROMISE

"Breaking consumer compromises" is one of the most powerful concepts in business today. Introduced by George Stalk, Jr., David K. Pecaut, and Benjamin Burnett ("Breaking Compromises, Breakaway Growth," Harvard Business Review*, September–October 1996, pp. 131–139), it states that the best way to create breakaway business growth is to identify all the ways in which a business has made compromises with the consumer and then break them all so that that consumer gets exactly what he needs and wants.*

For example, consider CarMax and the used-car industry. An industry outsider (Circuit City) carefully analyzed the very large and profitable used-car industry to identify all the consumer compromises—limited *variety at any one place, no maintenance records, limited knowledge about the car's history, high-pressure sales tactics, perceived lack of honesty, etc. By breaking all of these compromises, Circuit City gained a substantial market share very quickly with its CarMax business. CarMax became an independent, separately traded public company from Circuit City in 2002 and is thriving today having been named one of the "100 Best Companies to Work For" by FORTUNE magazine for ten consecutive years.*

The trick is to constantly reinvent your business even if you think you have something to lose by doing so. That is why it is often difficult for industry insiders to transform their industry by breaking compromises. Consider Kodak. It must have been difficult for Kodak to enter the digital imaging world with a passion when most of its business was based on chemical photography. And, it was very difficult for Hallmark, in the late 1990s, to introduce a very large selection of 99-cent cards (Out of the Blue, Children's Seasonal, and Hallmark Warm Wishes greeting cards) with the very real concern of possible trade down. But, to its credit, Hallmark did it, and broke the consumer compromise.

Value

Does your brand deliver a good value for the price? Do consumers believe it is worth the price? Regardless of whether it is expensive or inexpensive, high-end or low-end, it must deliver at least a good value.

IMPORTANT THINGS TO KNOW ABOUT PRICING[1]

Reference Prices. People often compare a product's price with a "reference price" that they maintain in their minds for the product or product category in question. A reference price is the price that people expect or deem to be reasonable for a certain type of product. Several factors affect reference prices:

- *Memory of Past Prices.*

- *Frame of Reference.* That is, the price as compared with competitive prices, presale prices, manufacturer's suggested prices, channel-specific prices, marked prices before discounts, and substitute product prices, etc. Creating the most advantageous (and believable) competitive frame of reference is essential to achieving a price premium.

- *Prices of Other Products on the Same Shelf, in the Same Catalog, or in the Same Product Line.* The addition of a more premium-priced product typically increases sales of other lower-priced products in the same product line

- *The Way the Price Is Presented.* For instance:
  - Absolute number vs. per quart, per pound, per hour of use, per application
  - Four simple payments of $69.95 vs. $279.80
  - Total purchase price vs. monthly loan payment vs. monthly lease payment (e.g., for automobiles)

- *The Order in Which People See a Range of Prices.* Realtors, for instance, use the trick of showing the poorest value house first.

- *"Rule of 100."* Percentage discounts seem larger if the total amount is less than $100. If it is more than $100, the absolute discount amount in dollars seems larger.[2]

Price Sensitivity. It is extremely important to be able to estimate the impact of price changes on sales and profits. That is, it is important to know how a price change will impact consumer response, competitive response, and unit volume. Many businesspeople erroneously believe that a price increase is *the* most cost-effective revenue-generating marketing tactic. I have heard generally intelligent professionals share their excitement about how a price increase will drop to the "bottom line" dollar-for-dollar. Most of the time, this is simply not true.

People display different price sensitivities to different products in different situations. Often people are relatively price insensitive, but only within a relevant price range. Once a price exceeds that range, people become very sensitive. Raising the price across that threshold is akin to walking off a cliff.

Factors That *Decrease* Price Sensitivity

- Relevant brand/product differentiation.
- Marketing and selling on factors other than price.
- Convincing consumers that quality differs significantly among products and brands in the category.
- Self-expressive or "image" products or brands. (For example, if I wear sports apparel featuring Nike's swoosh logo, it implies I have the "Just do it" attitude of Nike's "authentic athletic performance" essence. If I carry a Gucci handbag or wear a Rolex watch or drive a Mercedes-Benz, it says I have social status. If I wear a Harvard ball cap, it says I am extremely smart and successful; and if I wear a

Harley-Davidson tattoo, it says that I know the freedom of the road, that I am a free spirit.)

- Brand advertising.
- Situations in which price is a signal to quality—usually for relatively new or unknown products or brands.
- When it is difficult to ascertain a "reference price" within the category.
- When there are significant switching costs—in dollars, time, effort, risk, or emotional impact.
- Product categories for which the risk of failure is an important issue.
- When the price is insignificant relative to the total budget or discretionary income.
- When the item does not significantly contribute to the cost of the products and services that a business sells.
- When the price falls within the expected price range for products in the category.
- When offering "value-added services" vs. "price discounts" to motivate purchases.
- New markets.

Factors That *Increase* Price Sensitivity

- Price promotions, especially when people are able to stock up on the price-discounted items
- Mature and declining markets

Price as a Signal to Quality. Often, price is a signal to quality. Generally, people think higher-priced items are worth more. In some categories, if a product's or service's price is too low, people worry that the product or service must be inferior. Conversely, when people pay more for a product they are often more satisfied after their purchase, comforting themselves in the notion that they paid for higher quality.

Price Segmentation. Price segmentation (i.e., offering different prices to different market segments) increases overall revenues and profits, and it is particularly beneficial to industries that have high fixed cost structures. Obviously, price segmentation works better when there are real customer need segments and when you can effectively isolate those segments.

Imagine your business only offers one product priced at $5, but you know some consumers would be willing to pay up to $8. You are leaving $3 on the table with each purchase. Other consumers are more price-sensitive and only willing to pay $3. You do not get any of their business. Figure 8-2 illustrates how much more revenue you can generate by offering three prices—$3, $5, and $8—instead of just one price of $5. Although this is a simplified example, it illustrates the financial advantages of price segmentation.

Figure 8–2. *Price segmentation.*

Segment	Number of people in segment	Maximum price people in that segment are willing to pay	Maximum possible revenues from that segment if you only offer one item at $5	Maximum possible revenues from that segment if you only offer three —one at $3, one at $5, and one at $8
A	10	$3	0	$30
B	10	$5	$50	$50
C	10	$8	$50	$80
TOTAL	**30**		**$100**	**$160**

Prices can be segmented in the following ways:

- By time (e.g., higher hotel room rates for holidays and other peak tourist seasons)
- By location (e.g., higher prices in locations with less competition or where less price-sensitive shoppers shop; orchestra vs. balcony seats in a theater)
- By volume (volume discounts for large orders)
- By product attribute (e.g., first-class vs. coach section on airplanes; solid brass vs. plastic faucets)
- By product bundling—for example:
  - Selling software in product suites vs. by the program
  - Selling e-learning by library vs. the individual course
  - Fixed price vs. à la carte menus
  - “Fully loaded” models vs. “basic” models with additional options available

- Single admission ticket at theme parks vs. charging per ride

• By customer segment (e.g., brand-loyal vs. price-sensitive vs. convenience-oriented; or image-conscious vs. economy-oriented)

Other Price/Value Considerations:

• In your pricing strategy you should consider these five factors:

1. *Perceived* customer value
2. Competitive response
3. Channels of distribution
4. Cost parameters
5. Congruence with the brand position

• Constantly explore new ways to uniquely add customer value to your products and services.

• In creating greater customer value, always ask, "How can we make it quicker, easier, less risky, or more pleasant to do business with us?" Ask, "What could we do that would favorably surprise and delight our customers?"

• Communicate the value of services that you provide for free.

• Remember that providing value-added products and services at "no charge" is superior to price discounting as a short-term purchase incentive, because it preserves the value of the brand.

• Be careful to price your products and services to reward brand-loyal (vs. brand-switching) behavior.

Pricing is becoming an increasingly sophisticated discipline. The three topics we just discussed—reference prices, price sensitivity, and price segmentation—are just a few of the important considerations when developing pricing strategies and tactics. Other pricing approaches/considerations of note, but beyond the scope of this chapter, are introductory pricing (skimming vs. penetration and trial pricing), product mix pricing, fixed and variable price components, price adjustments (reason, amount, and frequency), pricing to meet buying system requirements, loss-leader pricing, prestige pricing, and even-odd pricing. I would highly recommend that you read *The Strategy and Tactics of Pricing* to better understand how to develop effective pricing strategies and tactics.[3]

MCDONALD'S: THE POWER OF THE ARCHES

In a study of the most recognized symbols across several nations, what was right up there in the top five behind the Olympic rings but ahead of the Christian cross? The McDonald's golden arches, of course. How did this icon get to be so well recognized? To answer this question, you only have to go to a McDonald's restaurant. From the moment you pull into the restaurant parking lot and enter the restaurant until you are finished eating and leave, count the number of times you are exposed to the arches. Also make note of the most unusual places in which you discover the arches. You will have witnessed the power of an effective brand identity system and icon repetition.

Accessibility

Your brand must be available where consumers shop. It's much easier for consumers to insist upon your brand if it is widely available, and slight brand preference goes a long way toward insistence when the brand is widely available. The importance of convenience cannot be overestimated in today's world.

THE POWER OF DISTRIBUTION

Distribution contributes to customer brand insistence in two ways. It increases brand accessibility so that brand preference is more likely to be converted to brand purchase. More important, it increases brand exposure, which increases brand awareness. So distribution affects two of the five customer brand insistence drivers. Brands such as Coca-Cola, KFC, and Starbucks rely on extensive distribution as an important driver of their brands' success.

If you slightly preferred Coca-Cola to Pepsi, and both are available in the same place, you would purchase Coca-Cola every time. However, if Coca-Cola was not available but Pepsi was, you might purchase Pepsi instead.

The only situation in which extensive distribution may not be right for your brand is if it is positioned as an upscale or luxury brand. Limited distribution in limited upscale places can add to the cachet of "exclusive" brands. Certainly, those brands would lose their allure if they were available in the mass channel, especially in discount chains like Wal-Mart. Some brands would even suffer from being in well-known department stores. Consider where Armand de Brignac Champagne, Bugatti, Desvall, Hermès, Rolls-Royce, Savoir, Tesla Motors, or Vilebrequin brands are sold.

Even highly upscale brands can benefit from increased exposure to their target audiences, but the places they are available must scream exclusivity.

THE COCA-COLA COMPANY: THE POWER OF BRAND ACCESSIBILITY

Brand Asset Value

According to BRANDZ Top 100 most valuable global brands 2013 (methodology and valuation by MillwardBrown Optimor), the Coca-Cola brand was valued at $78.4 billion. For the sake of comparison—the Apple brand was valued at $185.1 billion, Google at $113.7 billion, IBM at $112.5 billion, and McDonald's at $90.3 billion.

What does that really mean? If all Coke's plants were burned to the ground, if every one of its employees were to quit, if all its retail distribution was lost to competitors, if every single remaining tangible asset was sold, the person who owned rights to the Coke name and trademark could go to any bank in the world and, based on the value of that trademark, borrow money to completely rebuild the company. In other words, the **Coke name alone** *is worth some $78.4 billion—more than the value of all the company's other assets combined. After all, it's Coke that consumers insist on, not any of the other stuff.*

From the Three A's to the Three P's

Coca-Cola used to focus on the three A's: availability, acceptability, affordability. While these factors provided tremendous growth, they also led to lower entry barriers. Today, Coke's mantra is the three P's: preference, pervasive penetration, and price-related value.

The Power of Brand Accessibility

If you were another soft drink company, you might define your competitive frame of reference as the cola market or the soft drink market or even the beverage market. But Coke thinks of its business and its market share in terms of the "share of human liquid consumption." This makes water a competitor. In fact, a Coke executive has said that he won't be satisfied until "there is a Coca-Cola faucet in every home." Coca-Cola's mantra is "within an arm's reach of desire."

Another indication of Coke's drive for accessibility, beyond the ever-present vending machines, is illustrated in this story of a recent trip I took to Peru. We spent several days traveling down Rio Madre de Dios on a riverboat, moving deeper and deeper into the Amazon river basin, jungle, and Manu World Biosphere Reserve. When we finally encountered a riverside village of indigenous people and thatched huts, what was waiting for us? A Coke sign and a fresh Coke.

Coca-Cola Is Serious About Brand Building

Each month, Coca-Cola tests twenty brand attributes with 4,000 consumers to measure movement. The company also compensates *(using bonuses and other compensation components) a large portion of its senior managers based on brand preference.*

One Final Coca-Cola Fact

Coca-Cola reports that the second most recognized expression in the world after "OK?" is "Coca-Cola."

Emotional Connection

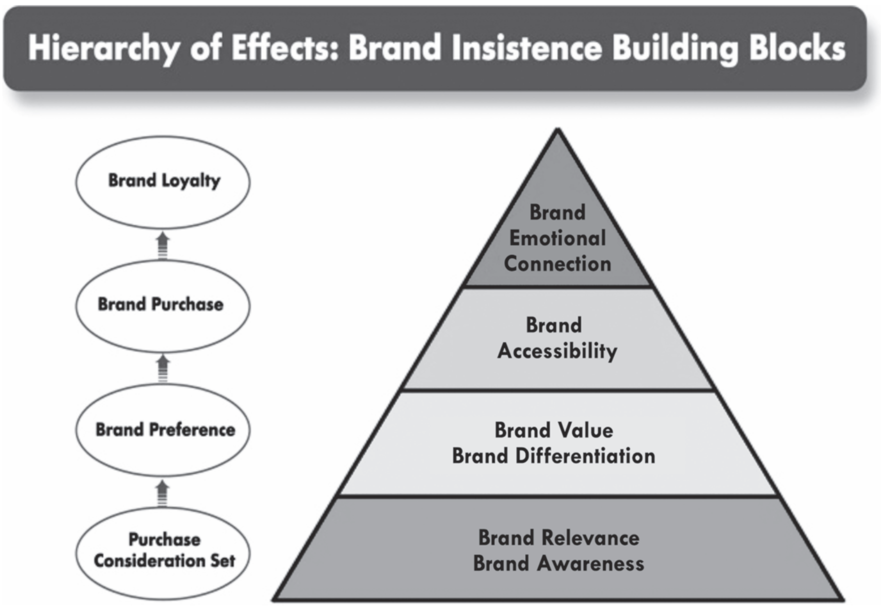
As we've discussed, the consumer must first know your brand, then like it, and finally *trust* your brand and feel an emotional connection to it.

If you are aware of a brand and it is relevant to your needs, it will be in your purchase consideration set. If it delivers a good value and is differentiated in ways that matter most to you, you will likely prefer it. As long as your preferred brand is equally accessible to other brands you are considering, you will probably purchase it. If the brand creates an emotional connection with you as you purchase and use it, you will be loyal to it. (See Figure 8–3.)

People become emotionally connected to a brand for a number of reasons:

- The brand stands for something important to them.
- It is intense, vibrant, and it connects on many levels.

Figure 8–3. *Hierarchy of effects.*

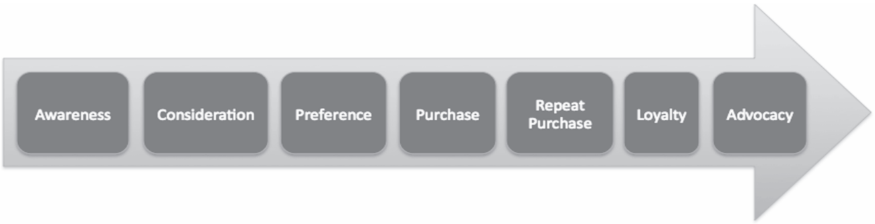


- The brand is unique.
- The brand is admirable.
- The brand consistently interacts with them. It never disappoints them.
- The brand makes them feel good.

There are many innovative ways to achieve this emotional connection—from advertising and the quality of frontline consumer contact to consumer membership organizations and company-sponsored consumer events.

Emotional connection can take your customers beyond brand loyalty to the ultimate measure of a compelling brand: brand advocacy.

Figure 8–4. *Brand advocacy.*



DID YOU KNOW?

- *It costs seven times more to get a new consumer for the brand than it does to get a current consumer to make an incremental purchase.*
- *In some sectors, an increase in the consumer base by just one percent is otherwise equivalent to a 10 percent cost reduction.* *(Source: Robert Passikoff, Ph.D., president of Brand Keys, Inc.)*
- *Depending on the category, a 5 percent increase in customer loyalty will lift the lifetime profits per customer by up to 95 percent.* *(Source: Robert Passikoff. Also, according to brand consultant Larry Light, on average, a 5 percent increase in loyalty results in a 25 percent increase in profitability.)*
- *Increasingly, brands are shifting their focus from penetration to usage. Greater success comes from getting a larger portion of a smaller segment's business (vs. getting more consumers to buy your brand). This can be accomplished in many ways, including offering more and different products and services that deliver against your brand's promise.*

It is especially important to ensure that all of your employees with front-line customer contact are like Boy Scouts—that is, that they are trustworthy, helpful, friendly, courteous, kind, and cheerful. Add to that list empathetic, good listeners, and reassuring. To have a quality workforce you need to establish the appropriate hiring criteria, training, and organization culture. Remember, good service is all about creating positive feelings, treating people well, and solving people's problems.

Ultimately, emotional connection will come from positive shared experiences with the brand over time. While this trust is built over time, offering an unconditional guarantee is a quick way to reduce the risk posed by a new, unknown brand and to generate some minimum level of trust immediately.

PEDIGREE DOG FOOD: MOVING FROM FUNCTIONAL TO EMOTIONAL MESSAGING

In 2004, Pedigree was the share leader in its category; however, it was losing share to the competition at both the high and low ends of the market. At the time, Pedigree focused its messaging on product attributes. In 2005, Pedigree's advertising agency (TBWA) recommended changing the emphasis from functional attributes to the "love of dogs," appealing to the customers' hearts instead of their heads. TBWA's chairman and chief creative officer, Lee Clow, asked Pedigree to embrace this statement as its new brand mantra: "If you convince me you love dogs, I'll let you feed mine." Today, Pedigree offers its customers a breed gallery, dog age calculator, breed match questionnaire, "adopt a dog" search, free puppy guide, "Dogs Rule" apparel, and an opportunity to donate to the PEDIGREE Foundation, which is dedicated to helping dogs find loving homes.

There are other loyalty-inducing approaches, too. For instance:

- The brand encourages frequent, habit-forming interaction (as long as the interaction is pleasant or beneficial and not against people's wills).
- The brand finds ways to build cumulative value for customers over time, especially if the value is not transferable to the use of competitive products and services.

In his book *The Dream Society*, Rolf Jensen makes the case for a shift from an information society to a dream society in which imagination and storytelling become the primary drivers of value.[4] He identifies six emerging emotion-based markets:

1. Adventure
2. Community (togetherness, friendship, and love)
3. Providing and receiving care
4. Self-expression ("Who am I?")
5. Peace of mind
6. Standing for something (convictions)

Any brand that seeks to create emotional connection should find ways to tap into these and other underlying human motives. See Figure 8–5 for statements taken from real customer feedback on brands with strong emotional connection.

Figure 8–5. *Brand emotional connection. You know you have a vital, relevant, compelling brand when customers think or say the following things about your brand.*

- It affects you at a gut level.
- It "gets in your blood."
- It evokes strong emotions.
- It speaks from the heart.
- It speaks to the heart.
- It creates a sense of possibility.
- It opens up a new world.
- It is inspiring.
- It is empowering.
- It is invigorating.
- It helps people see that they can make a difference.
- It makes people believe that they can change the world.
- It helps people articulate what they have been trying to say.
- It is the first time people feel they've been heard.
- It is unique.
- It is fresh.
- It is original.
- It is one of a kind.
- It breaks all of the rules.
- It breaks down boundaries.
- It is "a breath of fresh air."
- It defines the category.
- It is quintessential.
- It sets the standard.
- It stands apart from all the rest.
- It is in a class all its own.
- No one does anything like it.
- It is seminal.
- Everything else is derivative.
- It reinvents the category.
- It is genuine.
- It is sincere.
- It is real.

- It is pure.
- It is trustworthy.
- It is approachable.
- It is endearing.
- It stands for something.
- It is passionate.
- It has a distinctive attitude.
- It is powerful.
- It possesses great energy.
- It is entertaining.
- It is elegant, beautiful, and/or haunting.
- It is admirable.
- It is visionary.
- It possesses a timeless quality.
- It is "bigger than life."
- It can't be ignored.
- It demands to be heard.
- It is legendary.
- It is enshrouded in mystery.
- It is profound.
- It is captivating.
- It is otherworldly.
- It is mesmerizing.
- The only way to understand it is to experience it.
- It is unstoppable.
- It is extraordinary.
- It is flawless.
- It is genius.
- It is a "crowning jewel."
- It is "mind blowing."
- It doesn't get any better.

A Quiz: What Brand?

What brand has built enormous equity without huge advertising budgets?

What brand has defined its business not narrowly as a product, but broadly as an experience and a state of mind, despite the fact that the vast majority of its revenues result from one single product category?

What brand has created tremendous brand loyalty by creating a social organization for owners of its products?

What brand sponsors frequent events for owners of its products, which the company's management attends in order to understand the consumer, the consumer's experience, and the consumer's needs firsthand?

What brand proactively leverages publicity as a key component of its marketing plan?

What brand tried to legally protect the sound its product makes as a key element of its brand identity system?

What brand, having been on the brink of bankruptcy twice since the 1960s, has achieved a stunning transformation into a world-class brand?

What brand evokes so much loyalty in its consumers that many of them tattoo its logo on their bodies?

Harley-Davidson, of course.

A CASE STUDY:

Managing Brand Equity

While serving as director of brand management and marketing at Hallmark, I spent the better part of three years developing and refining a brand equity framework and scorecard for Hallmark. As awareness of the Hallmark brand was very high and its image was very positive, we were less interested in measuring and managing these aspects of the brand's equity than we were in identifying the attributes that drove customers to insist upon the brand. This ultimately led to what is now my organization's brand insistence, brand equity model (as addressed earlier in this chapter) with five key drivers: awareness, accessibility, value, relevant differentiation, and emotional connection. Hallmark scored extraordinarily high on awareness, accessibility, and emotional connection. While relevant differentiation was constantly a focus (as it should be for all established brands), we primarily focused on improving value. Although Hallmark's greeting cards were actually less expensive than competitive cards, they were universally thought to be more expensive. People perceived Hallmark cards to be priced between $2.75 and $2.95 (one dollar higher than the actual average price paid), while they perceived mass channel brands to have cards priced at $2 (very near the actual average price paid after in-store discounts). So, people made the following connection in their minds: "Hallmark = The Best = Expensive." (Or "When you care enough to send the very best.") This perception was reinforced in several ways:

- People were especially price conscious in card shops (Hallmark's primary channel at the time) as they assumed products would be more expensive there. Card shops seldom, if ever, offer price discounts. If one shopped in Wal-Mart, with its promise of "Always Low Prices. Always," its prominent "X percent off" displays, and in the case of greeting cards, its generic brands, one was less likely to be on the lookout for high prices. [Note: Wal-Mart's current slogan is "Save Money. Live Better."]

- In a card shop's typical market basket of four greeting cards, card prices were obvious (a total bill of $12 easily translates to $3 a card).

This compares to a typical mass channel market basket, which may be composed of a wide variety of items and cost many times that amount.

Our brand equity measurement system identified this as an issue in two ways: 1) Hallmark received a mediocre score on "value," and 2) the system identified "expensive" as Hallmark's only negative brand association.

Altering price perceptions for a leading premium brand is a tricky exercise. It's kind of like defusing a bomb. The trick is to snip the right wire—the "The Best = Expensive" wire, not the "Hallmark = The Best" wire.

Changing Hallmark price perceptions was also critical to the success of our strategy of launching Expressions from Hallmark into the mass channel (see the Hallmark case study in Part 4, Leveraging the Brand).

After our brand scorecard identified "value" as an issue, we got management's buy-in to develop and test aggressive measures to alter the "expensive" price perception. Here is what we did:

- We developed two lines of 99-cent cards as proof points—children's (occasion and nonoccasion) cards and Out of the Blue, a new line of "any day" friendship cards. We devoted 248 SKUs and eight linear feet of product to this new line, which provided a proof point of (and statement about) our commitment to the new line.

- Because we knew our competitors could not match Hallmark's very high proportion of cards priced below $2, we created pocket identifiers (signs above each card on the display) that highlighted that the cards were priced under $2 (65 percent of what Hallmark's other cards cost, only 11 percent of our competitors' cards).

- We prominently featured "99 cent" signs at appropriate places throughout the card department.

- We advertised the fact that Hallmark now had 99-cent cards.

- Introducing "Expressions from Hallmark" cards to Wal-Mart and other mass channel stores reinforced the point that Hallmark must not be that expensive (to borrow from Wal-Mart's "low price" brand perceptions).

- We implemented this program as a part of a test market in Las Vegas.

• We tested the impact of this action on many brand equity components in that test market, not just "value." For instance, we tested brand preference, quality perceptions, and brand insistence itself to validate that increased "value" led to increased brand equity and insistence. Here is what we found from the Las Vegas test market:

- Greeting card category price perceptions improved significantly.
- All Hallmark brand equity measures increased significantly.
- People gave Hallmark credit for listening to their concerns about price.
- Hallmark sales and market share increased significantly.

Based on the success of this test market, we launched this program nationally, and we achieved the same results nationally. This is a simple example of how a brand equity measurement system led to actions that significantly improved brand perceptions, sales, and market share.

Use the checklist in Figure 8–6 to assess the efficacy of your brand management practices in the area covered by this chapter. The more questions to which you can answer "yes," the better you are doing. The checklist also provides a brief summary of the material covered in the chapter.

Figure 8–6. *Checklist: Driving the consumer from brand awareness to brand insistence.*

	YES	NO
Was your brand first to market?	___	___
Was it the first to communicate with consumers in significant ways?	___	___
Is your brand the top-of-mind brand in its product/service category?	___	___
Is it the only brand that comes to mind for its primary differentiating benefit?	___	___
Do consumers perceive your brand to be easily accessible and convenient?	___	___
Have you carefully crafted brand pricing strategies and tactics based on a solid understanding of contribution margins, consumer price sensitivities, reference prices, likely competitive responses, and basic pricing principles?	___	___

Does your brand deliver a good value for the price? Do consumers think your brand is worth the price? ___ ___

Is your brand differentiated in at least one highly relevant and compelling way? ___ ___

Does your brand reflect the attitudes and values of its target customers? ___ ___

Does your brand touch people at some deep emotional level? Does it stand for something important to them? ___ ___

Does your brand achieve any of the following? ___ ___

Does it make people feel more in control? ___ ___

Does it make people nostalgic of something from their childhood? ___ ___

Does it make them feel warm and safe? ___ ___

Does it offer a sensual experience? ___ ___

Does it make them feel smart or frugal or important when they use it? ___ ___

Does it make them feel like "masters of the universe"? ___ ___

Does it help them play out unfulfilled fantasies? ___ ___

Does it make them feel as though they have become the people they had always wanted to be? ___ ___

Does it make them feel more connected to the group they most admire? ___ ___

Does it make them feel superior to others? ___ ___

Does your brand invite people into its world? Is it inviting and engaging? ___ ___

Is your brand the most preferred brand in its category? ___ ___

Do your customers perceive your brand to be vital, popular, or leading-edge? ___ ___

Do people like your brand? ___ ___

Do people trust your brand? ___ ___

Is your brand on the short list of most potential customers? Is it typically the only brand that they consider? ___ ___

Are your customers attitudinally loyal to your brand? ___ ___

Do people enthusiastically recommend your brand to others? ___ ___