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Brands and Branding



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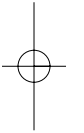
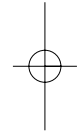
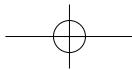
BRAND POSITIONING AND BRAND CREATION

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Brand positioning and brand creation

Anne Bahr Thompson

If a brand is to be a source of value for an organisation, its positioning in the market and the minds of consumers will be critical to the actual value created.

There are many definitions of brand positioning, each a variation on the same basic themes. It is interesting, though, to pick out a couple of definitions from different decades and from different sides of the Atlantic.

Positioning starts with a product. A piece of merchandise, a service, an institution, or even a person. But positioning is not what you do to a product. Positioning is what you do to the mind of the prospect.

This was the definition given by Al Ries and Jack Trout in their 1981 book *Positioning: The Battle for Your Mind*.¹ More than 15 years later, the following definition was given in *Understanding Brands*:²

Positioning means owning a credible and profitable “position” in the consumer’s mind, either by getting there first, or by adopting a position relative to the competition, or by re-positioning the competition.

Clearly, both definitions emphasise that, first and foremost, you must think about the minds and emotions of your audience. The former still feels contemporary in its broad definition of product (that it is as much to do with institutions and people as with things). The latter adds the dimension that sometimes you must try to define markets through your stance, rather than just mapping your brand in an existing market or category in relation to the current competition.

If there are elements that should be added or emphasised today, they would be broadening the definition of “consumer”, and the importance of “taking up a position” for your brand – and that means a leadership position of some kind – over and above product categories.

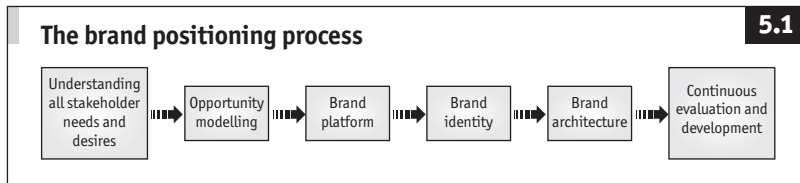
In the constant search for competitive advantage, the importance of

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an organisation's employees with regard to brand positioning cannot be overstated, whether an organisation owns many brands or just one. "Taking up a position", in the sense of showing leadership and vision in how your brand will deliver its promise, meet people's needs and satisfy their expectations and desires, is increasingly important. This is not only because today people expect (or at least desire) higher standards, but also, crucially, because of blurring and fusing marketplaces. This means that a strong category positioning in relation to your competitors now may be inadequate if your market is attacked from outside by a brand with a strong position and customer relationship in a previously discrete category. The traditional financial services brands in the UK found this to their cost when "retail" brands such as Tesco and Marks & Spencer entered the market with a strong service proposition, and indeed when Virgin entered the market with its brand positioning of "consumer champion".

The Virgin example reinforces another crucial point about brand positioning in today's business environment. Although complex and multi-layered brand positioning models and frameworks can be useful, brand positioning must always be capable of being explained and expressed in a couple of words, a sharp sentence, or a clear image - not a slogan or an advertising end line or tag line, but the core idea of the brand. This might be called the "CEO test". What would the CEO say when asked: "So what is this brand/organisation really about?" Whether it is to shareholders, to investors, to the media, to employees or to consumers, the response must clearly and vividly set out how this brand is different and better.

Such focus has helped Richard Branson turn Virgin into the category-leaping brand it is today; "consumer champion" is a positioning that is simple to grasp, and it can work in just about every category. This is assuming, of course, that the product and service reality is delivered. Even allowing for the trials and errors of markets that the Virgin brand has entered, the clarity of its brand positioning has provided an effective and efficient platform for innovative product and service development. Indeed, such category-defying positioning acts as a spur to innovation and entrepreneurship, and it is interesting that classic consumer goods companies have started to embrace this broader philosophy. For instance, Procter & Gamble has adopted a "happy baby" brand positioning for its Pampers brand, thus allowing the brand to reach beyond the nappy category and stretch into all kinds of products and services that make babies happy.



The brand positioning process

There are many methodologies for brand positioning, but the basic process involves:

- ❑ the need to understand your stakeholders in the broadest sense, both internally and externally;
- ❑ the generation of information, insights, ideas and possibilities;
- ❑ an active definition of your “position” or your brand platform, and the expression of that position through visual and verbal identity, products, services and behaviours;
- ❑ the disciplined application of a brand architecture system to optimise the value of the positioning;
- ❑ the continuous development, management and evaluation of the positioning over time.

Figure 5.1 illustrates the positioning process. The rest of the chapter is concerned with the “how”.

Stakeholders

The brand positioning process begins with identifying an organisation’s stakeholders, or audiences, assessing how important different stakeholders are, and defining the ideal relationship needed with each to enable business goals and objectives to be met. Different stakeholders will define the brand differently, according to their needs and their distinctive agendas. Deciding the priority each brand audience should be given is not as easy as it may seem, particularly when the brand is a corporation rather than a product.

So although the brand must address the varying needs of many stakeholders simultaneously, the roles it plays with each audience clearly need not be identical. For example, a corporate brand such as Procter & Gamble primarily has resonance with employees, investors, channel partners and suppliers, whereas the company’s product brands such as Tide and Ariel speak to consumers. Although consumers may

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trust Procter & Gamble products, many continue to be unaware that the company now manufactures Oil of Olay. Would this knowledge change their purchase decision when choosing Oil of Olay over Nivea? Probably not, as Oil of Olay was an established brand before being purchased by Procter & Gamble. Investors, however, will always be keenly interested in understanding the breadth and depth of and the strategy behind Procter & Gamble's portfolio. Thus they would have wanted to know why Procter & Gamble purchased Richardson Vicks and how and where Oil of Olay fits in. Richardson Vicks employees, however, would have wanted to know how secure their jobs were and which company's performance evaluation criteria would form the basis for their next review. When it comes to sales and distribution, are channel partners more likely to offer Oil of Olay extra display space when approached by a Procter & Gamble salesman rather than a Richardson Vicks one?

Once the different key stakeholder audiences have been identified, however, positioning should not be based on the lowest common denominator that unites them but, rather, should aim to focus their differing points of view towards shared perceptions in the future.

Modelling the opportunity for positioning

Almost every strong brand begins with a great idea, and for it to succeed it needs to have great positioning. To some extent inspired intuition can help identify the positioning opportunity, but in practice it requires the perspiration of systematic research and analysis that takes into account strategic options, core competencies, current and future market trends, and customers' wants, needs and perceptions.

Those involved in strategic planning or financial analysis generally use languages and terms that are well understood – by themselves, at least. For example, business strategists have the Boston Consulting Group model, McKinsey's 7S Strategy Framework, or Porter Analysis to work with. Brand planning has no such equivalents and this lack of commonly used frameworks often limits the ability of brand managers to identify, and indeed justify, a core idea that will effectively assist them in positioning their brand to achieve business goals and objectives.

To identify the core idea for positioning, there are four things to focus on.

- **Relevance.** Strong brands connect with customers. They meet functional needs and also tap into, and satisfy, emotional needs and desires. By understanding how existing and potential

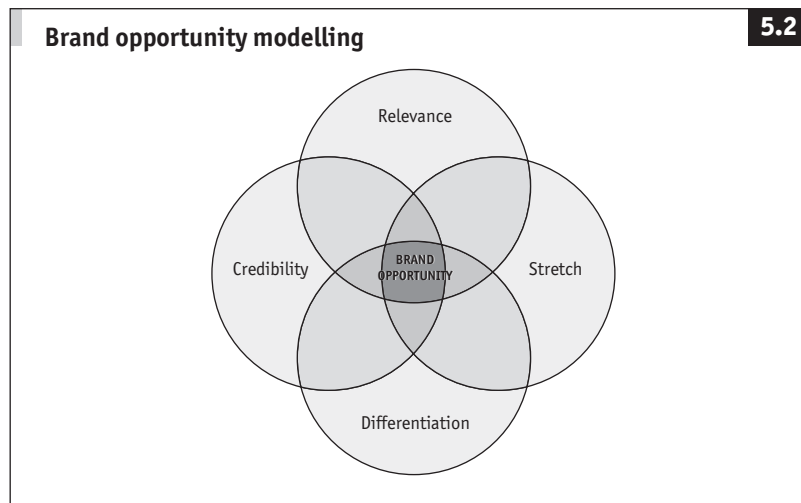
customers define ideal experiences and perceive the world with which they interact, you can determine what they are missing from existing products and services and thereby identify suitable opportunities to stake an unclaimed (or underclaimed) territory.

- **Differentiation.** Strong brands add value, which makes them stand out from their competitors. By evaluating the current and future competitive landscape and the strengths and weaknesses of product and service offerings – in view of customers' perceptions, customers' needs, and real organisational competencies – we can identify leadership opportunities to change the category debate, or, indeed, to supersede existing categories.
- **Credibility.** For customers to be loyal to a brand, the brand must be true to itself and keep the promises it makes. Analysing an organisation's aspirations in the context of its financial resources, core competencies, research and development, and values, then pairing these findings with customer insight to understand the gaps between real and perceived competencies, allows the development of a believable proposition. It also identifies areas where competencies must be improved or expanded.
- **Stretch.** A brand's continued success lies in its ability not only to remain relevant in a changing world but also to foster innovation and to bring new products and line extensions into its value proposition. To determine where and how the brand can be stretched requires a good understanding of current and potential customers, good judgment about future market trends, good information about all these things and, above all, inspiration.

Together these criteria form a framework, which can be called opportunity modelling (see Figure 5.2). It provides the lenses through which to review internal data, customer knowledge, marketplace intelligence and trend analysis in a structured way to identify a brand opportunity that lives in the future as well as the present. The core idea for brand positioning is often first recognised through relevance and differentiation, through developing a deep appreciation for customers' functional and emotional needs and a thorough grasp of the marketplace and competitive dynamics. It is then balanced with credibility and stretch; in other words, it is scrutinised on the basis of organisational priorities, resources and aspirations.

A ladder of customer needs is a useful way to identify relevance and

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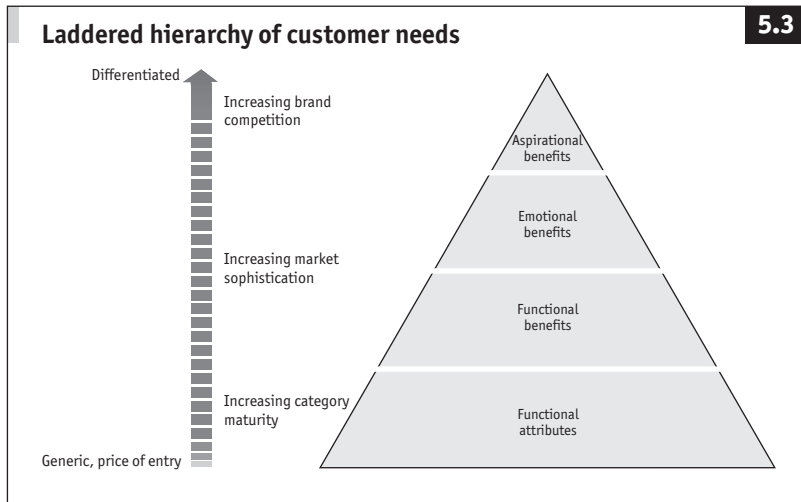


connect divergent audience perspectives (see Figure 5.3). As you move up a hierarchy of needs, the emotional and aspirational benefits for different audience groups start to mingle. Furthermore, ideas for differentiation and stretch – added value services or new business models to explore – often emerge from an understanding of desired functional and emotional benefits.

Overall, the sources of information for opportunity modelling are broad. Management interviews, employee focus groups, business plans, syndicated and other industry studies, and desk research all contribute to forming a picture for each of the four lenses.

As far as customer research is concerned, attitudes and perceptions of brands are often based on experiences and prejudices, and will only take you so far. Hence observation of behaviour is valuable, regardless of whether this is done by formally commissioned ethnographic studies or less empirical investigation. Spending an afternoon in a shop, office or cafeteria watching people can offer a new point of view. New technology gives us new means for observation as well as formally conducted research; for example, chat-room discussions or bulletin-board postings can provide useful information on unmet needs and desires and “real” customer language.

It is important to map the experiences customers desire when making purchasing decisions and using products and services, and then compare these desired or “ideal” experiences with the ones that exist now.



Doing so provides an understanding of how existing and potential customers define “reality” and thereby identify the perceptions and symbols they assign to their relationships with brands. This “experiential mapping” involves five primary areas of questioning.

- ❑ What is the customer’s connection with the category today? What is their frame of reference or context?
- ❑ What defines ideal experience? How would this make the customer feel?
- ❑ How does this compare with what exists today? Do any brands come close to meeting the ideal today? Which ones are furthest? Which sit in between?
- ❑ What other associations does the customer have with key competitors? With your brand?
- ❑ What would your brand need to do to make customers believe it meets the criteria for the ideal?

In getting answers to these questions, it is essential that group or one-to-one interviews start as broadly as possible so as not to bias participants with fixed viewpoints on the marketplace. Asking people to define the ideal experience is a broader question than asking them about their perceptions of what is available today. Determining the best starting point can be quite tricky.

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For example, if you were seeking to define a brand for a company that provides business software, you could begin a discussion in three ways, each of which would elicit a different response. You could ask people to describe their uses and perceptions of office tools today, and to explain where they think these tools are lacking. You could enquire about the tasks they do at work, the tools they have to help them perform these tasks and what they think will be available in the future. Or you could ask them what makes them feel engaged or confident at work. Similarly, if you were seeking to develop a brand for a yogurt drink you could begin by exploring the different products people drink, perceptions of yogurt, or perceptions and attitudes regarding healthy living and eating.

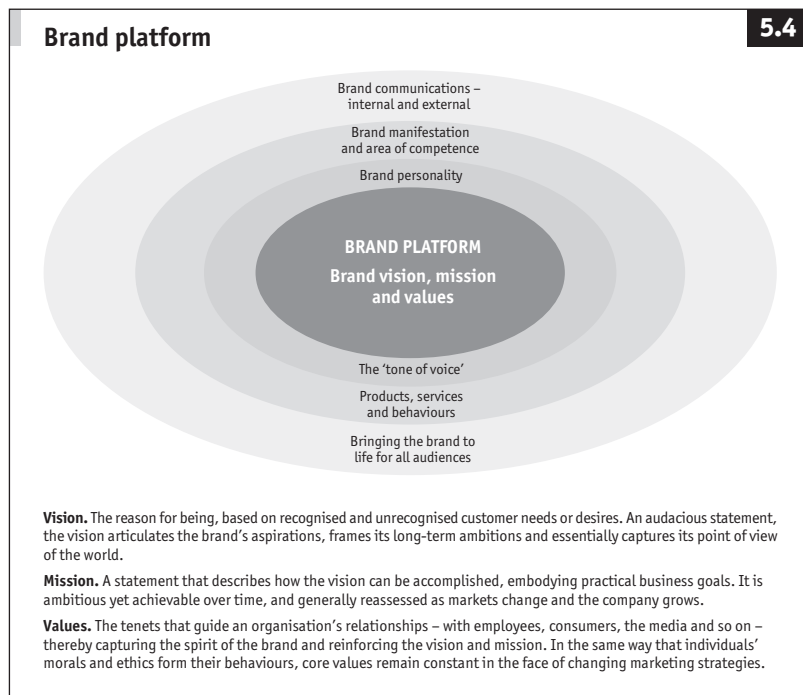
Taking up a position: the brand platform

The underlying aim of a brand position should be to enable it to survive and thrive forever, regardless of how competitive dynamics and business needs evolve over time. The challenge, therefore, is to identify a core idea that frames an ambition or aspiration for the brand that will be relevant to target audiences over time. Focusing on an inherent human need or desire is the way to do this.

The marketplaces in which brands exist are evolving faster than ever before. The speed of innovation has increased competitors' ability to imitate one another, and the proliferation of media vehicles makes long-lasting differentiation on basic product grounds increasingly difficult.

Articulating a core idea as a longer-term ambition or aspiration is the essence of developing a brand strategy that will last for more than 3-5 years. Vision, mission and values are the terms most often used to define the central building blocks for the brand, and they form the "brand platform". The vision gives the brand a reason for being; the mission provides it with specific strategic objectives to accomplish; and values underpin all actions taken concerning the brand and the perception of it among different stakeholders. Overall, the brand platform is designed to:

- impart a common understanding of the brand throughout an organisation;
- influence behaviours that shape stakeholder perceptions over time;
- serve as the creative brief for visual and verbal identity development, as well as communications in the round.

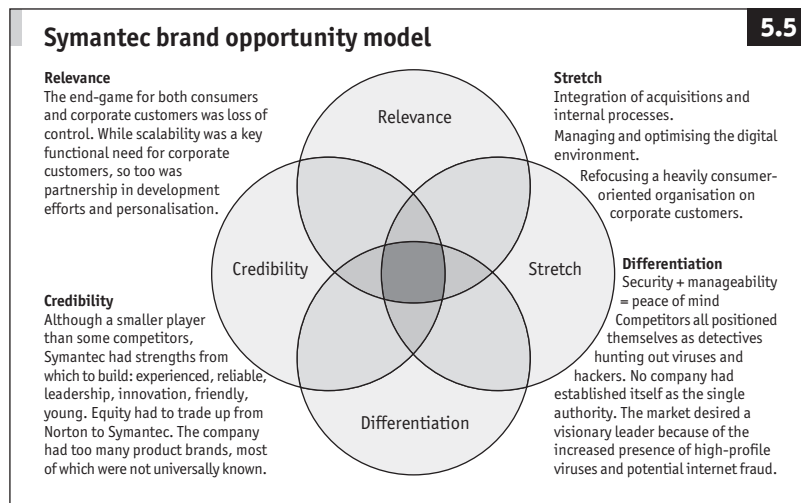


A working example

There are many examples of brands with strong brand platforms, such as Apple's "humanising computers" and Disney's "making people happy", which have been used to drive the companies' products, services, communications and indeed corporate behaviour over the years.

More recently, Marks & Spencer, a retailer that in the 1990s suffered a rapid decline after years as one of the UK's most admired companies, turned its business fortunes around by regenerating its brand platform. It did this after extensive customer, supplier and staff research and by taking into account the brand's history and likely consumer and market trends in future. The vision developed was "To be the standard against which all others are measured", with a mission "To make aspirational quality accessible to all". This brand platform was then the driving force behind new products and service and corporate behaviour, as well as a new visual and verbal style. It also provided a benchmark and filter for all new developments. All the business had to do then was live up to the promise of its brand platform.

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When John Thompson left IBM in April 1999 to become CEO of Symantec, a network and security systems company whose products include Norton AntiVirus software, his goal was to be the leader in internet and security solutions for individuals and businesses both large and small. Internet usage was growing rapidly at the time among consumers and businesses were expanding into e-commerce. Thompson recognised that to be the leader in the field Symantec needed to broaden its range of products and services and become less dependent on Norton AntiVirus, and that it would need to invest in acquisitions and put more resources into R&D, product development and customer service. He believed a new brand positioning and identity would be the inspiration for the organisation to change.

A comprehensive “discovery” phase in the brand positioning process included interviews with management, analysis of the competition and competitive advantages, global customer research, discussions with industry and financial analysts, and working sessions with senior managers and the global operations committee. This culminated in some opportunity modelling, the highlights of which are summarised in Figure 5.5.

Based on the understanding that individuals take pride in being interconnected and networked but feel that their dependency on technology puts the flow of their work at risk, the insights from the opportunity model indicated that confidence – confidence that the work flow would

not be disrupted by viruses, systems breakdowns and so on – was important. The core positioning idea was later summarised by the CEO as “pure confidence”, with the following brand platform:

- ❑ Vision. People should be free to work and play in a connected world without interruptions.
- ❑ Mission. To collectively create products and services that eliminate distractions.

The defining pillars of the Symantec brand are its values, which its employees continuously strive to live up to.

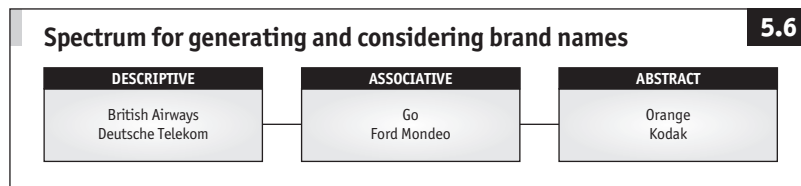
- ❑ **Customer-driven.** “Every decision we make will be based on customer needs” (Thompson, CEO). Symantec’s success depends on consistently providing value for its customers. Consequently, employees need to be attentive listeners able to respond passionately, quickly and decisively.
- ❑ **Trust.** “The greatest quality is to be considered dependable” (Anon). Trust is earned through the consistent display of attentive consideration and delivery of effective solutions. By listening to customers, employees demonstrate they care, and by responding to what they hear, they show they are dependable.
- ❑ **Innovation.** To be considered innovative, Symantec needs to be one step ahead of the high-tech revolution. Through an intuitive understanding of what is needed, the company anticipates new developments and problems before they arise.
- ❑ **Action.** Success flows from the effectiveness of products and services. Effectiveness stems from the provision of appropriate, intelligent, responsive, and proactive solutions.

This brand positioning work has enabled Symantec to think ambitiously about its current and future market, and about what it needs to provide for its audiences in the round, both practically and emotionally.

Reflecting brand positioning in the name and broader identity

It is said that the first face of the brand is its name. With this in mind, it is not difficult to understand why name creation, especially for a brand that intends to cross geographic and cultural boundaries, is a challenge in itself. In the same way that parents choose a name for a child, a brand manager’s choice of a name, even for a line extension, often becomes

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personal. Complicating this further is the need not to grow overly fond of any particular name until legal and linguistic screenings are completed. Developing a name in close association with the brand platform helps to mitigate subjectivity, and provides the basis for objective evaluation. Since appealing names that meet their strategic objectives are difficult to come up with in today's cluttered product and service environment, it is important to recognise that although the name may be the first face of the brand, it works in tandem with the brand identity and broader communications.

In generating positioning ideas, it is helpful to consider a spectrum from what a brand does (for example, consumer champion), through the end benefit it provides (for example, "pure confidence"), to more lateral possibilities. Figure 5.6 illustrates a similar spectrum for generating and considering brand names.

The naming process will use the brand platform (see Figure 5.4), and the competitive and stakeholder insights within it, and will develop potential creative themes. Whether the name derives from the descriptive or the abstract end of the spectrum will depend on the history and culture of the organisation, the competitive situation (for example, what will give this brand name the most distinctive position, as with the core brand platform work) and future aspirations.

Descriptive names are the easiest to come up with and often the most defensible in media coverage and rational business discussions, but they can be constraining when it comes to future aspirations. For instance, Carphone Warehouse is no longer just about car phones, and the stores no longer look anything like warehouses. This does not matter in the UK, where the company has built a strong and broader set of service associations around the brand name, but it might have some explaining to do if expanding internationally. Equally, IBM was originally named International Business Machines. Although the company has established the initials IBM as the brand name property over time, names abbreviated to sets of initials risk losing personality and distinctiveness. However, many companies today use initials because they

have extended beyond their core business and keeping to their full name limits the credibility of their offering. Interestingly, many that use initials in their letterhead still keep their original name as their legal entity.

Abstract names might be highly and immediately differentiated and more easily registered, but they also require substantial investment in communicating what they are about. Not surprisingly, many companies settle somewhere in the middle of this spectrum with a name that suggests the right associations (for example, Ford Mondeo with its associations of world, or Invensys or Zeneca with, respectively, their associations of invention and wisdom), but that goes beyond a straight description.

Abstract (and sometimes even associative) names can be the subject of criticism, even ridicule, when they are announced, and this can make an organisation fearful of going down this route. But unusual names are often more memorable than more predictable ones, and even those that are lampooned at first can become accepted and even admired in time. Diageo, Orange and Accenture are names that had their fair share of criticism when first launched but nevertheless have become familiar. Another reason for choosing an unusual name is that you are less likely to encounter the problem of someone having a claim to it in any of the countries where you want to register it.

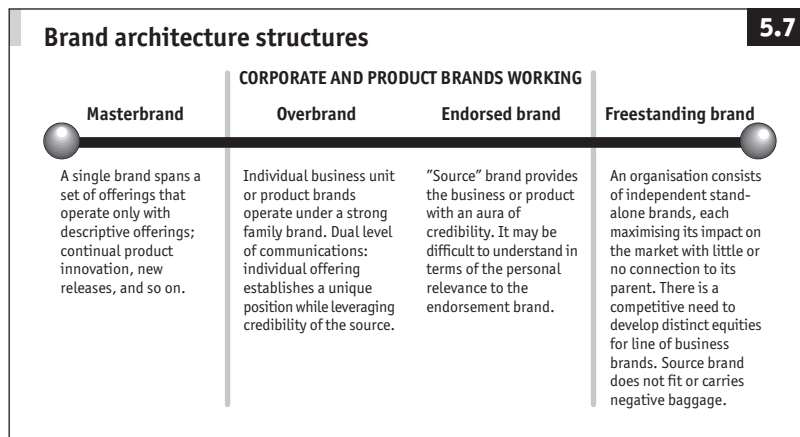
Brand architecture: organising to deliver value

Brand architecture orchestrates the relationship between the corporate brand and its businesses, product lines and product brands. Brand architecture creates value through clarifying all levels of branding based on:

- ❑ the needs and priorities of target audiences;
- ❑ expressing the breadth and depth of the offering;
- ❑ generating economic efficiencies;
- ❑ extending and transferring brand equity between corporate and product and sub-brands;
- ❑ making brand strategy credible.

Defining brand architecture begins by returning to the role a brand plays with different stakeholder audiences and, again, is based on an understanding of the ambitions for the brand. A comprehensive understanding of the organisation's lines of business (current and planned), purchase drivers by target audience and the

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potential of customer relationships to run within and across product lines is often required. From this knowledge and an appreciation of strategic partnerships, it is possible to determine which existing brands (if any) are the best sources of credibility for communicating organisational competencies and the breadth of product offerings to target audiences. In "masterbrand" models (GE, Cisco, 3Com), the corporate brand is the primary source of credibility, and organisational competencies are identified by descriptive phrases. In "overbrand" models (Microsoft, Kellogg's) and other "endorsement" models (Viacom, Nabisco), the corporation is still the source of credibility, albeit to varying degrees. However, business units or product lines independently add something to the organisation and, as such, are branded with proprietary names (for example, Nabisco Ritz Crackers and Nabisco Oreo Cookies; Pratt & Whitney, a United Technologies Company and Otis, a United Technologies Company). Brand valuation and brand equity studies help this decision process.

Implementation of brand architecture systems should be sensitively managed throughout an organisation. Managers and employees strongly relate to the individual brand names that appear on their business cards or within their job titles, and these affiliations will be affected by the introduction of a new brand architecture system. Although brand architecture does not necessarily need to reflect organisational structure and processes (or vice versa), the two should support one another. For this reason, discussions regarding restructuring the R&D functions, customer services or sales processes often go hand in

hand with a revised architecture. Even more than an identity change, new brand architecture systems may act as an impetus for a cultural shift.

Although there are various strategies for managing brand systems, many corporations are moving away from creating and supporting multiple abstract product brands, regardless of the nature of their business. This is not to imply that all organisations are moving towards developing the all-powerful masterbrand, but rather to indicate that overbrand and endorsement strategies are becoming stronger options. There are three reasons for this trend:

- **The communications environment.** There are no closed channels of communications today. All audiences, regardless of whether they are defined as business-to-business or business-to-consumer, can be exposed to all messages. Clearly, breaking through the clutter of messages and managing multiple free-standing sub-brands in such an environment is expensive and the companies that do it are usually among the top global media spenders. As you move up the ladder from an free-standing model to a masterbrand one, marketing costs generally diminish.
- **Technological advancement.** People expect the brands they purchase to evolve and remain relevant. Product life cycles are becoming shorter, so return on investment for a newly branded product launch is lower than in the past. It therefore makes sense for a corporate brand or its signature product and service brands to be seen as evolving. Furthermore, many financial analysts believe that, for companies with diverse or changing lines of business, the equity accrued from new business strategies branded under loosely endorsed or abstract names does not necessarily translate to sustainable financial value for the corporation.
- **Customer focused marketing.** If simplicity of decision-making is the aim, a brand architecture system that makes purchasing simpler is essential. Building on both the communications environment and the pace of innovation, there is a need to make new products readily identifiable to potential buyers. Consumer scepticism is high as the public grows ever more savvy about marketing tactics and wary of new, potentially fly-by-night brands. Research has shown that when purchasing products and services, consumers strongly consider the source brand – that is,

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the manufacturer or product lineage – before deciding to purchase a new product brand.

Hybrid brand architectures and the need to develop them are not uncommon, since individual business lines often require different levels of association with the corporation to establish credibility. Nestlé is a classic example of this hybrid structure, with some businesses totally branded Nestlé (Nescafé, Nesquik), some endorsed (Kit Kat, Crunch) and some free-standing (Buitoni, Perrier). However, even hybrid structures must be carefully delineated and articulated to accommodate new products and services appropriately and pay full attention to existing businesses.

Many companies carefully delineate their corporate brand architecture but then fail to implement it through to product and service naming. The value gained from a well-structured corporate brand architecture can be minimised or even destroyed when a mix of sub-brand naming styles exists. Once such an architecture is decided, it is equally important to move forward and determine “nomenclature conventions” (better called naming architecture) for existing and future sub-identities. Naming decision trees have historically been used, but more sophisticated web-based tools that combine naming issues with product life stages, marketing expenditures and strategic opportunities are now available.

Although the initial outlay for technology-based systems can be more than desired, the return on investment for larger organisations is high and fast, as IBM found to its financial and operating advantage. In 2001, the company comprehensively reviewed its naming architecture in an effort to further reflect and strengthen the equities of the IBM masterbrand. Through strategic use of “family names” (such as WebSphere and ThinkPad), it further enhanced associations with the IBM brand. It also aided the sales process by supporting the corporate goal “IBM is easy to do business with”. Through the use of descriptors (such as Application Server) and identifiers (Version 4.1), it organised its vast portfolio of products so that customers could appreciate the product range and variety, and it established a cost-effective approach to manage name development. The investment quickly paid back, saving the company several millions of dollars in the first year on name development and maintenance of trademarks. Not measured, but equally significant, were the savings on marketing expenditure dedicated to supporting fewer product lines.

Long-term development and brand management

A well-thought-out brand positioning is as fundamental as a solid financial plan in creating long-term value for a business. It is the engine of sustainable brand value. This is particularly important as a result of the growth of intangible assets in business and the ability of competitors to mimic product developments more quickly.

The long-term horizon of the brand platform provides direction for interactions with all stakeholder audiences and is thus the engine behind brand positioning. Brand architecture and nomenclature systems present practical guidance to ensure business strategies and brand planning work in support of one another. Together, these essential elements of brand strategy can be used as the framework for long-term brand management and the basis on which a company is organised and rewarded. The discipline of brand strategy also generates the leadership, distinction and trust necessary to build long-term relationships with customers, investors, employees and the marketplace as a whole.

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