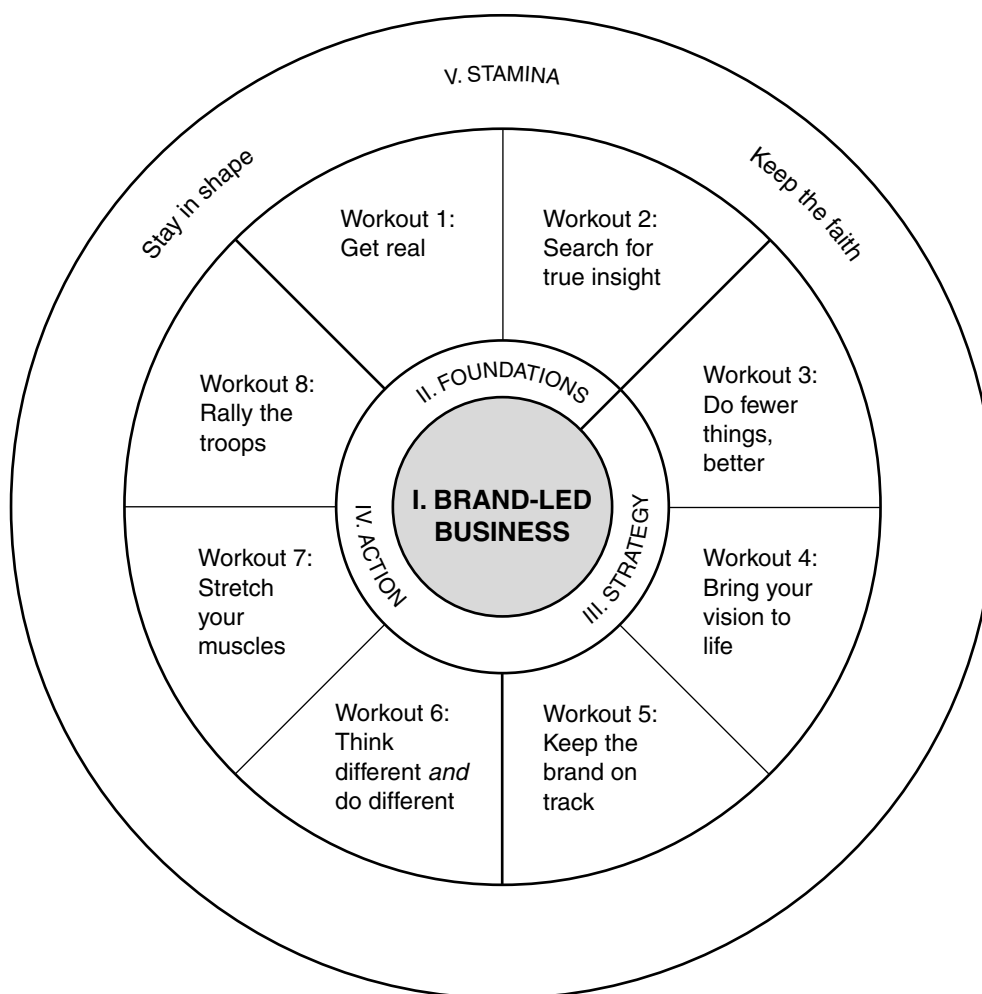
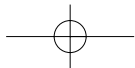
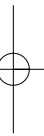


# Part I

# BRAND-LED BUSINESS





# Brand actions speak louder than words

## CHAPTER 1

'You can't build a reputation on what you are going to do'.

*Henry Ford*



### Headlines

Winning teams use 'the brand' as an organizational blueprint for growth that is led from the very top of the company. This 'brand-led business' approach harnesses the full power of branding as a catalyst for growth. In contrast, losing teams see branding in a much more limited role. They mistakenly believe that advertising and design alone can create a 'brand image wrapper' to revive the flagging fortunes of an underperforming product or service.

### The brand as image wrapper

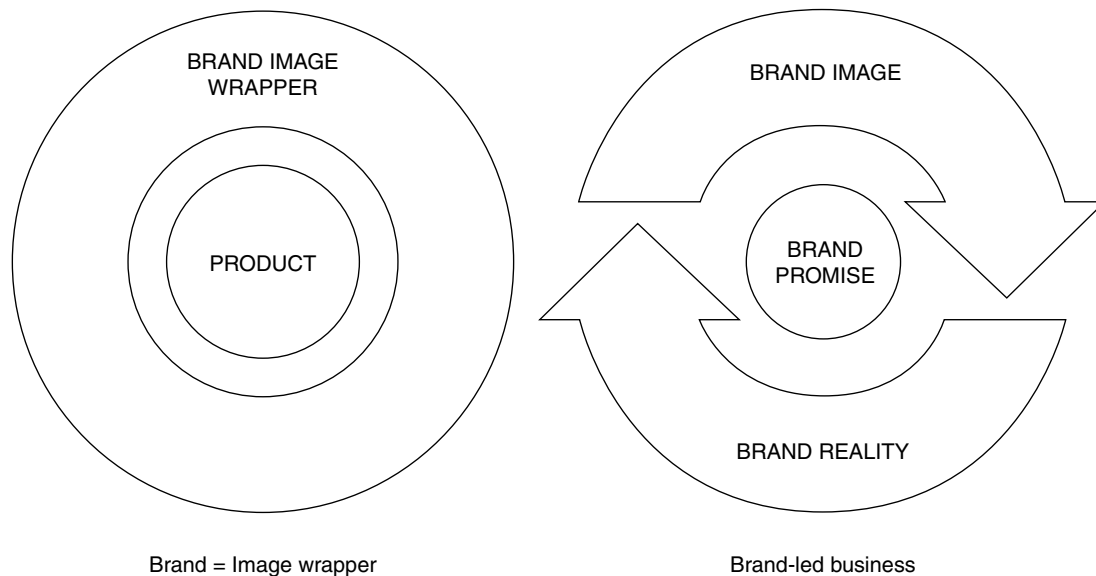
Brands are certainly a hot topic for business today: they have starred on the front cover of *The Economist* and even been the subject of an exhibition at the Victoria and Albert Museum in London. An annual report or analyst presentation is now incomplete without the right branding buzzwords. However, many misguided companies expect a new name, fancy logo and flashy advertising campaign by themselves to attract hoards of new customers. The branding process focuses on creating an 'image wrapper', often in the hope of covering up the weaknesses of an underperforming product. This approach to brands that focuses on the exterior look and feel rather than the totality of the product or service can be described as 'outside-in' (Figure 1.1).

A perfect illustration of outside-in thinking is the spate of 're-branding' exercises that many companies have undertaken. Most of these have received justifiable criticism as cosmetic makeovers that cost consumers and shareholders a fortune, without any accompanying change in product performance. One recent example is the re-launch of National

Savings as 'ns&i' for National Savings *and Investments*, which was welcomed by the following review in the national press:

Its new image features a lower-case logo, ns&i, with a conker in place of the dot above the final letter. MPs of all parties have condemned the makeover, saying it was 'preposterous', 'pointless' and a waste of money. Others called for the institution to improve its saving rates, rather than spend money on a new identity. As an independent financial adviser commented: 'National Savings once represented about 15 per cent of a client's portfolio. But now there are better rates to be had elsewhere. A new logo is not going to entice us' (1).

The shortcomings of outside-in thinking are dramatized by the rapid rise and fall of the dot.com brand pretenders at the end of the 1990s. Not only did they make the fundamental mistake of thinking that a nice name, fancy logo and clever advertising campaign could transform a product into a brand, they went a step further and thought that this could be done overnight if they burnt through enough cash. To help these companies in their outside-in brand-building efforts, there was no shortage of design and advertising agencies. In the majority of cases all they did was help create a 'brand mirage' with no real substance or credibility behind it. The dot.coms soon became dot.bombs and found out the hard way that building brand reputation was much harder than buying brand aware-



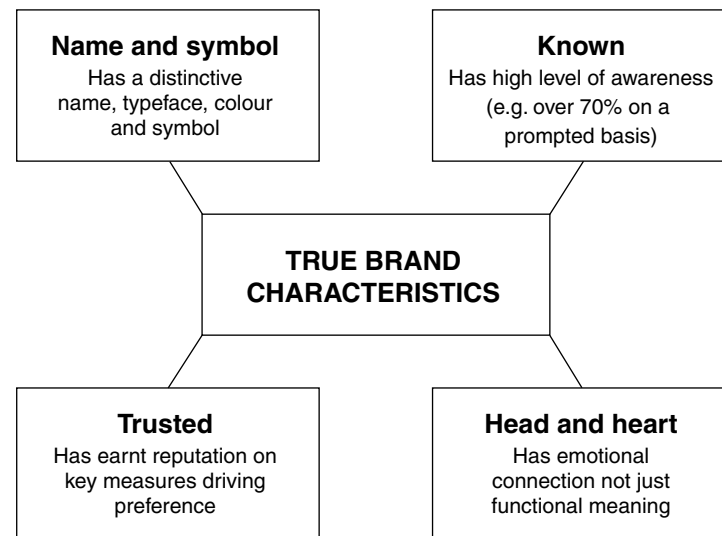
**Figure 1.1:** Approaches to branding.

ness. The demise of boo.com is perhaps the best example of this folly. A bunch of inexperienced, overpaid executives blew millions of pounds on PR, advertising and graphic design before they even had a website that worked. Getting the right hairstyle for Miss Boo, the virtual sales assistant, seemed a bigger priority for the marketing team than figuring out how to meet the needs of online shoppers. By the time they had ironed out the numerous technical flaws and started selling stuff it was too late, as they had burnt through all the cash and the company went belly up (2).

Bigger, better established companies have also learnt to their cost the problems of an outside-in approach to branding. One such example is the ill-fated global initiative of General Motors to introduce 'brand management' across all its key vehicle lines. With the help of management consultants, a sophisticated process was designed to develop brand positioning strategies for each brand. This started with rigorous market segmentation and then moved on to core consumer targeting and proposition development. The process was then implemented using several rounds of expensive multi-country research for car lines such as the Corsa, Vectra and Frontera. The problem was that the positioning statements that fell out of this process had little or no influence whatsoever on the product development process. Unfortunately, no amount of fancy advertising could make up for poorly performing products. For example, GM in Europe was dogged by problems such as reliability, drive quality and design aesthetics. After several years and many millions of pounds of consultancy fees and research, not to mention thousands of man-hours, the brand management programme was abandoned. Market share in the USA during the four years after the 1996 introduction of brand management actually fell from 32 to 28 per cent (3).

## True brands

Four key characteristics help distinguish a true brand and these are summarized in Figure 1.2. First, a true brand does have a distinctive *name and symbol* that are *known* by a large proportion of the target audience. However, these brand identifiers are not only recognized, they are associated with a *trusted customer experience*. Boo.com managed to build lots of buzz and name awareness, but this was not linked to a reputation for customer service. In contrast, Amazon focused from the start on making the process of buying online as easy, quick and enjoyable as possible. This created repurchase levels of over 70 per cent and excellent word of mouth, the most powerful form of brand promotion. Only when the site was working well and its reputation had started to get established did the company turn to



**Figure 1.2:** Characteristics of a true brand.

expensive above-the-line communication (4). In addition, strong brands have not only functional credentials but also emotional connection: they appeal to the *head and heart*. This is a simple way of separating true brands from products dressed up in brand clothes. The emotional appeal of brands is most obvious when you think of aspirational, lifestyle brands such as Nike, Rolex or Gucci. However, even more everyday favourites such as Oxo, Andrex and Hovis have a human side to them that creates a real bond of affection with consumers.

The business benefits of building true brands are compelling. Research done by Infratest Burke for the Superbrands organization showed just how effective strong brands are at creating loyalty and supporting a price premium. Taking Häagen Dazs as an example, 46 per cent of users said that they intended always to buy this brand and were unlikely to switch. Even more impressive was the fact that 41 per cent said that if the brand was not available they would go elsewhere to find it. Finally, 41 per cent also said that they would not switch to own label no matter how cheap this alternative became (5).



### 5-minute workout

Pick at random one or two of the brands in your portfolio and review them against the criteria of a true brand. Do they have a reputation for performance earned the hard way, by

consistently delivering what they promise? Do these brands genuinely appeal to the head and the heart or do they only have a rational, functional side to them, lacking emotional values? Are they brands in a true sense or merely products in disguise?

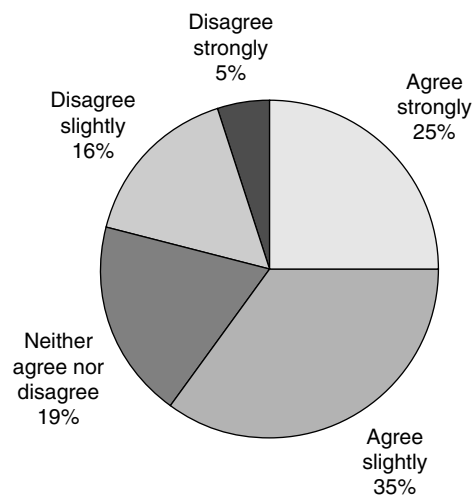
## Brand and deliver

The full potential of branding to drive growth is only realized when it is used to engage and align the resources of the company in delivering value for consumers and shareholders alike. This approach, called 'brand-led business', is defined as follows:

Leading the organization to consistently deliver against the promise of a motivating and differentiated customer experience.

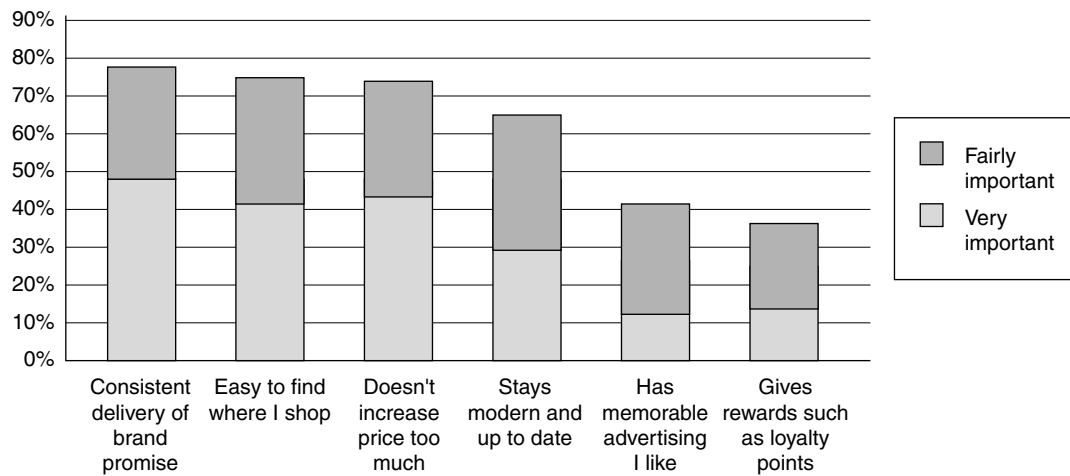
The brand is no longer an ephemeral image wrapper to be created; it is an organizational blueprint for value creation. The customer experience to be promised and delivered needs careful definition. The real challenge is then to deliver consistently against this promise, an area where many brands tend to fall down, according to research done for *The Brand Gym* by Taylor Nelson in April 2002 among a sample of 1000 UK adults. This showed 60 per cent agreeing that brands tend to promise more than they deliver (Figure 1.3). The study

### 'Brands tend to promise more than they deliver'



**Figure 1.3:** *Brand Gym* research on delivery of brand promises.

### Importance in driving brand loyalty



**Figure 1.4:** *Brand Gym* research on brand loyalty drivers.

also showed the risks for brands that break their promises, with 85 per cent likely to try another brand when this happened. Three-quarters of people would tell a friend, colleague or relative about their bad experience, creating negative word of mouth to harm brand reputation further. On the other hand, the benefits of delivering against your promises were also clear. This was the most important driver of brand loyalty in the survey, with 78 per cent ranking it as important, twice as high as reward schemes (Figure 1.4).

To truly lead the business, brand strategy needs to influence all day-to-day activities, whether they are a high-profile advertising campaign or how helpline supervisors answer the phone. For example, the One-to-One mobile network had a brand strategy all about personal, close relationships captured in an advertising idea of one-on-one conversations. However, its call centre staff used to greet customers by asking them for their mobile number to bring up their details, which was not very close and personal. Contrast this with the way that easyJet staff at the check-in hand back your passport and say 'There you go David', a little gesture that says a lot about the friendly, informal personality of the airline.

Top-level management support is obviously essential if a brand-led business approach is to have any chance of success. Managers need to view key business decisions against financial criteria, but also against the brand promise. This was well summed up by George W. Merck, who said of the company named after him: 'We try never to forget that medicine is

for the people. It is not for the profits. The profits follow, and if we have remembered that, they have never failed to appear.' The role of senior management is well illustrated by our first growth story of Tesco, where Terry Leahy played a key role, first as Marketing Director and then as CEO.

## The Tesco story

The growth of Tesco during the 1990s allowing it to take leadership of the grocery sector from Sainsbury's is a great example of brand-led business. Advertising from Lowe certainly played a key role and its contribution has been recognized with awards for effectiveness. However, communication was used not to create an image wrapper but to dramatize in a compelling and entertaining fashion a series of truths about the retailer. Success was underpinned by the reinvention of the product itself.

The Tesco turnaround started in the early 1990s with a move away from a historical reputation for 'pile it high, sell it cheap' to a focus on product quality. At this point Tesco had a market share of about 9 per cent, lagging behind Sainsbury's with over 10 per cent. To start putting more emphasis on product selection and quality, an amusing TV campaign featuring Dudley Moore was used. He was shown in an accident-prone search for exclusive products such as free-range hens in France and wine in Italy. Even at this early stage advertising was being employed to make a product promise that consumers could then take up, by going in to buy the eggs or wine that were featured.

A more fundamental change started in 1993 with the rallying call of 'Every little helps'. This phrase has been working hard as an advertising end line for almost a decade. However, its real strength is the way it also works with its staff, showing that each of their actions helps the customer and so helps to build the brand. A total of 114 new initiatives were introduced to help customers. These included mother and baby changing areas, 'One in Front' to open new checkouts at busy times, the Clubcard and a value range (6). Advertising was again used to bring these brand truths to life. Initially communication was fairly straightforward and informative. Emotional appeal was injected from 1995 onwards with the 'Dotty' campaign featuring Prunella Scales. This used the Dotty character and her

**Table 1.1:** Tesco's growth in UK market share

Market share	1990	1995	1999
Tesco	9.1	13.4	15.4
Sainsbury	10.4	12.2	12.1
Index	88	109	127

long-suffering daughter to demonstrate concrete features that you can try out for yourself, such as the ability to return products, the Clubcard and personal finance offers.

The brand-led business approach has certainly paid off for Tesco (Table 1.1). Over the 1990s it built penetration, loyalty and brand image ratings, resulting in a market share growth of over 50 per cent to take leadership from Sainsbury's (7).



### Key takeouts

- 1 The outside-in view limits the role of branding to that of an image wrapper. This can lead to a disconnect between brand image and brand reality that results in customer disappointment and business decline.
- 2 Brand awareness can be bought but brand reputation has to be earned.
- 3 Brand-led business requires the whole organization to be led from the top to deliver consistently against the brand promise.



### 3-part action plan

#### Today

Ask yourself if the approach to branding in your company means that it is seen as the creation of an image wrapper or used as the organizational blueprint for growth. How do the most senior people in the business think about the concept of 'the brand': are they setting the right example in running a brand-led business? Are there any examples where you are in danger of doing a boo.com and hoping that flashy advertising and imagery can make up for an underperforming product?

#### This month

Review the different aspects of your business and see how well aligned they are with the brand promise. Do they all work together to help bring the brand promise to life for consumers and earn a reputation for performance? Or are some of them generating sales but not living up to the promise, creating a mismatch between image and reality?

#### This year

Commit to using Tesco as an example to inspire the development of real substance to underpin your brand. What concrete features or attributes could you add to make a con-

tribution as strong as the 'One in Front' commitment to minimize queuing? Which of these brand substantiators would be worthy of starring in brand communication?



## Handover

We now have a clear idea of what 'brand' really means and just how big a challenge running a brand-led business is. We will now move on to look at the brand foundations that are necessary for creating growth. The first Workout, 'Get real', will look at the need to ensure that brand strategy is always linked to action rather than being a theoretical and academic exercise. We will then look at how to 'Search for true insight' about consumers, brands and markets to fuel the strategy creation process.

