

Brand: more than just a pretty face



It seems that everybody is talking about brands and branding these days. The passion and drive to learn about this powerful phenomenon is great. However, it's also a problem. It's good because companies are starting to realize that marketing budgets should be focused toward building the brand in the longer term rather than just customer acquisition or volume targets. However, the downfall is that generally held views on the role of brands prevent the true power of the brand from flourishing. This means that a lot of the money being spent on building brand is not being used effectively.

Most people think of a brand as a communication device to use in marketing to external customers and consumers. Undoubtedly, brand management (using brands as communicators with consumers) has resulted in strong growth. The large fast-moving consumer goods companies, such as Procter & Gamble and Unilever, have driven the use of brands in this way and generated much of the knowledge and models of how to use brands. However, success of purely communication-driven use of brands has started to fall short in the past years. (Just check share price of these big brand management-style companies.)

New ways of using brands are developing that I believe help us understand the true power of the brand in the information-saturated markets we compete in today. Companies such as Virgin, Intel and Caterpillar illustrate three ways brand can be used as a business driver and a means for innovation, as opposed to just a communication device.

Virgin started in the 1970s as a student magazine and small mail-order record

company. Its charismatic founder, Richard Branson, has since developed the brand to embrace businesses as diverse as an airline, financial services and wines. The phenomenon that is the Virgin brand illustrates a new power that I call the power of emotional ownership. Consumers of the brand both internally and externally describe Virgin in similar terms – “challenging of authority,” “cheeky,” “on the side of the consumer.” This shows that the brand owns a clear emotional territory rather than a specific product territory (or, because of its strong emotional elements, that it can span several product territories). This ownership has allowed the brand to stretch in terms of products and services in such diverse directions. The brand offers good – sometimes great – functional products and services, but what differentiates Virgin from other companies is its context, its brand, the ownership of an emotional territory.

Intel, manufacturer of central processing units in computers, exhibits the second new power of brands – the power of co-creation. Realization of this power has allowed Intel Corporation to build a powerful global presence. Intel knew it was in danger of being cut out of the value chain (being “disintermediated”) and its product reduced to a commodity. Therefore Intel management set out to give the Intel brand the power of co-creation. As a consumer, you do not go out to buy an Intel computer. However, almost all consumers look for the “Intel Inside” logo on the computers they buy. “Intel Inside” works as a powerful endorsement in the purchase of a computer and co-creates a greater whole with the brand actually being purchased. This is the power of

co-creation – the ability through branding to achieve the perception that the sum of the parts is greater than the whole.

Caterpillar is a fascinating brand that demonstrates the third brand power – the power of innovation. Caterpillar's core business is the manufacturing of construction industry machinery. Today, in addition to its original products, Caterpillar is known for shoes and clothing. Together with the Virgin example above, Caterpillar shows the power of emotional ownership. However, Caterpillar has also managed to focus on the brand as a catalyst for true innovation. By understanding the emotional territories that its brand owned, such as “ruggedness” and “built for anything,” the company took a creative leap and moved into rugged and hard-wearing clothing and shoes. This made sense to consumers and a global business was born.

These examples illustrate some of the new power that brands and brand focus are unleashing. Business innovation and growth can be delivered by starting to realize that brands can be so much more than just communication tools.

What's the hidden power of your brand?

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