

# E L E M E N T S   O F   B R A N D I N G

Conventional wisdom often equates “branding” with nothing more than a name and logo. But those elements are just the tip of the iceberg. A “brand” is, in fact, the sum of all characteristics, tangible and intangible, that makes an offer unique. A brand positions its owner in the market by creating expectations that must be met throughout product/service usage, employee behavior, working/selling environments, and communications.

Successful brands are conceived by their owners, and evolve over time with the help of branding consultants.

Brand owners are responsible for positioning their companies to achieve sustained profitability, and for providing products with a competitive level of attributes. As described in Michael Porter’s “Six Principles of Strategic Positioning” (attached), this responsibility flows from the development of a distinctive value proposition and value chain to the maintenance of a continuous direction (even if means forgoing certain opportunities.)

Branding consultants are charged with making the company and its output meaningful to stakeholders; which is done through the application of “identity”. An identity is a set of verbal and visual associations that infuse function with affect. Identity bonds products/services to consumers through cues that trigger emotion and self-expression. Companies, on the other hand, seek esteem. That quality is communicated through the iconic integration of business strategy and culture.

## **Founding Principles**

The process used by branding consultants is based on three straightforward business principles. The first is to maximize the value of current assets. The second is to think beyond today. And the third is to understand that implementation is the key to success in the real world.

The core premise in branding is that customer value drives identity. So to begin, branding consultants survey existing company assets, and either validate or uncover their client’s most leveragable strengths. This involves analyzing company history, mission, vision, core competencies, organization, distribution, product performance, competition, and target audiences. Value propositions are then developed, which are subsequently refined into a clear, focal statement committing the brand to a category of business, a defined set of customers, a meaningful points of difference, and where relevant, corporate culture. This positioning statement becomes the core of all brand communication.

The branding process is also collaborative, and can have a catalytic effect on organizational thinking and behavior. That’s because management interviews provide a platform for dealing with the basic questions of the corporate purpose, how the company wants to be perceived, and how it will achieve its goals. These issues are frequently pushed aside by the crush of daily business. But they come alive when



probed in a relaxed and non-threatening environment. Answers tend to be candid, thoughtful, and creative. They focus on opportunities, not problems. And they generate enthusiasm, creating a momentum for the project to succeed.

Finally, we know that strategy and management enthusiasm are not enough. And that logic is only part of an effective selling proposition. In the real world customers need to be engaged as well as informed; and visual imagery is the best way to evoke that emotional connection. Imagery makes the intangible aspects of culture and style seem tangible. It creates a rallying point that helps unify the broadest spectrum of stakeholders. It works beyond language and national boundaries. And it gives even the largest of companies "affect" - something that customers can actually like.

### **Corporate vs. Product/Service Branding**

While many of the same branding techniques used for products and companies, basic elements tend to be used towards different ends, with different horizons.

Products are specific and lend themselves to branding. (In fact, the words product and brand are often used synonymously.) That's because products are 1) things, 2) competing for market share 3) to a defined target audience 4) in the present. The key factors in product branding are relevance and differentiation, which should be articulated in a focused position and presented with absolute consistency. Like all specific things, however, products have life cycles. Markets change, new competition emerges, and all the branding in the world can't stop the eventual from happening

Companies, on the other hand, are complex and operate beyond the straightforward brand determinants of audience, category, and point of difference. A company is an organic entity with a mission but no endgame. It is driven by its management, who preside over an evolving portfolio of differing products, multiple stakeholders, and the ever-present demands of the financial market. As such, corporate branding programs need to take a longer view over a wider panorama.

The purpose of corporate branding, then, is to help its owner maximize shareholder value over the long term. Identity's job is to express who a company is, what it does, and where it is going. Its vision must extend beyond the comfort of current products and the strictures of current resources. And its "voice" must resonate with a wide range of constituencies from employees, to customers, industry leaders and the financial community.

Corporate branding trades on awareness and esteem. It's most obvious benefit is the credibility that a "good" company gives to its products. (Nobody ever got fired for hiring IBM".) That credibility also makes it easier to introduce new lines and charge value-added, premium prices. Added benefits accrue to organizational planning (which becomes more market centric) employee retention (made easier because of enhanced company stature), and to market capitalization both in the form of increased good will and higher P/E ratios.



## Brand Architecture

Brand architecture describes the verbal and visual identity relationship between a company, its operating groups, and the products they produce. It's generally accepted that all branding decisions must be made from a customer perspective and must be clearly understandable at the time of purchase. Additionally, branding decisions should support long-term marketing/business strategy, originate from the core values of the parent brand, and strive for simplicity. Importantly, any branding system must have internal consistency so that customers can easily understand all component relationships across related segments.

There are four generally accepted brand relationships:

**Dominant** which is used when the parent brand (product or company) can effectively sell its offspring and communicate all appropriate values. In this relationship, product differentiation can be achieved by the use of generic descriptors as well as design. Examples are Verizon and BMW.

**Sub-branded (Shared)** is used when there is a greater need for differentiation from the core brand, and that difference can be reasonably understood by customers. This relationship requires some separate resources to support customer understanding. Examples are IBM e-business and Delta Skymiles.

**Endorsed** relates to situations where a) business strategy calls for a new product to stand on its own, b) its identity is compatible but different from the image of its parent, and c) the parent can provide some credibility. Examples are IMac from Macintosh and Travelers Insurance, a Citigroup Company.

**Free Standing** is used when the new product is inconsistent with the core values of its parent. Keeping those brands totally separate avoids the possibility of either product hurting the image of the other. Examples are NBC (from GE) and Godiva Chocolate (from Campbell Soup).

## Timing

Because branding relates to the core values of a company or product, identity changes should be made infrequently and under particular sets of circumstances. For products, rebranding is appropriate when market conditions or product improvements dictate a substantive change in positioning. Short of those conditions, the brand is better served by changes in advertising, promotion, and other marketing tactics

Corporate branding exercises are called for under three general circumstances. The first is when a company is "better" than it is perceived by others. This happens when customers, prospects, or the financial community aren't aware of your full, current market offer. (People can't buy or value what they don't know exists.) Or when your prospects think you sell commodity products because they can't see any point of difference (which tends to put your pricing and shareholder value below the category norm). Or when your company appears to lack a vision for the future (which minimizes the value of your r&d, and positions you as an acquisition target). Or when your visual identity is dated, inconsistent or just plain unattractive.

Secondly, identity changes are essential to mark the milestones of corporate evolution. For example, when your business strategy is about to/has changed, you'll need to align market perception with the new reality. (This is why International Harvester became Navistar, US Steel became USX, and Andersen Consulting became Accenture.) Another evolutionary milestone is the occurrence of an acquisition or



merger so important that it changes your company in both kind and degree. (Recent branding programs done in response to this kind of situation have come from DaimlerChrysler, Citigroup, and banks like Fleet and HSBC, which first integrate and then replace the brand of the companies they acquire.)

A third mark of evolution (and reason for new branding) is management shift at the CEO level. While this may initially appear self serving, leader-driven brand growth is exactly what management is supposed to do. As such, a new CEO is expected to create a more effective business strategy and a more expansive vision. Launching a revitalized corporate identity complements that effort. It represents a tangible way of showing that change is on the way.

### **The Process Itself**

Identity development phases are conducted sequentially and often include the following:

**Phase 1** Brand Strategy informs all areas of identity implementation. Its methodology involves both qualitative and quantitative data, starting with analyses of category trends, customer segments, the competition, and our client's current mission, operations, and marketing. That information is then supplemented by a visual audit (of client/competitive communications materials), and executive interviews. These one-on-one discussions are conducted with senior managers, selected employees, and if possible, with some industry leaders, customers, and prospects. The interviews provide key data on company vision and culture, and help gauge the existing alignment of perception with reality.

Deliverables from this phase are a) a summary of brand strengths and weaknesses, b) value propositions, c) a clear competitive positioning, d) brand architecture, and e) an identity platform. This last item is particularly important as it determines how different the new identity will be from the existing one. Options range from something totally new (with new name and graphics) to a revitalization ("updating" the existing name and logo, set within a new, fresher context).

**Phase 2** Identity Creation focuses on the development of a system that can carry the brand forward in a multitude of media types. Nomenclature is an important part of identity, and many programs. A new name is called for when launching a new brand or signaling a dramatic shift of corporate positioning. A secondary nomenclature system may also be needed to articulate brand purview (a positioning line), functional characteristics, special features, and organizational entities.

As noted in the strategy section, graphic development follows the established design platform and can range from a contextual revitalization to totally new mark. In the case of a new logo, we create a wide variety of symbols, word marks, typefaces and color palettes for our internal review, and then present the most promising three alternatives for client comments. The selected identity is then refined and applied in key formats such as letterhead, business card, promotion folder, web home page, and signage.

**Phase 3** Brand Introduction requires the planning and preparation of materials required to introduce the new identity both internally and externally. Ideally, the introduction should be tied to a significant company event. That timing will reinforce strategic relevance, and allow management to seat the new vision with whole company at the same time.

This phase also involves introducing new graphic management procedures and tools, as well as selecting a network of vendors who will be involved during the ongoing implementation phase.



**Phase 4** Implementation involves the development of the new communications systems throughout the entire organization. Some of these systems are identity driven, extending the new graphics/nomenclature throughout the company's infrastructure and internal communication materials. Other systems will be more positioning driven, and communicated as appropriate for the media involved. External implementation usually includes advertising, website development, public relations. Internal implementation includes human resource programs that align brand values and motivate employees to achieve brand goals.

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## Six Principles of Strategic Positioning

To establish and maintain a distinctive strategic positioning, a company needs to follow six fundamental principles.

First, it must start with the right goal: superior long-term return on investment. Only by grounding strategy in sustained profitability will real economic value be generated. Economic value is created when customers are willing to pay a price for a product or service that exceeds the cost of producing it. When goals are defined in terms of volume or market share leadership, with profits assumed to follow, poor strategies often result. The same is true when strategies are set to respond to the perceived desires of investors.

Second, a company's strategy must enable it to deliver a value proposition, or set of benefits, different from those that competitors offer. Strategy, then, is neither a quest for the universally best way of competing nor an effort to be all things to every customer. It defines a way of competing that delivers unique value in a particular set of uses or for a particular set of customers.

Third, strategy needs to be reflected in a distinctive value chain. To establish a sustainable competitive advantage, a company must perform different activities than rivals or perform similar activities in different ways. A company must configure the way it conducts manufacturing, logistics, service delivery, marketing, human resource management, and so on differently from rivals and tailored to suit its unique value proposition. If a company focuses on adopting best practices, it will end up performing most activities similarly to competitors, making it hard to gain an advantage.

Fourth, robust strategies involve trade-offs. A company must abandon or forgo some product features, services, or activities in order to be unique at others. Such trade-offs, in the product and in the value chain, are what make a company truly distinctive. When improvements in the product or in the value chain do not require trade-offs, they often become the new best practices that are imitated because competitors can do so with no sacrifice to their existing ways of competing. Trying to be all things to all customers almost guarantees a company will lack any advantage.

Fifth, strategy defines how all the elements of what a company does fit together. A strategy involves making choices throughout the value chain that are interdependent; all a company's activities must be mutually reinforcing. A company's product design, for example, should reinforce its approach to the manufacturing process, and both should leverage the way it conducts after-sales service. Fit not only increases the competitive advantage but also makes a strategy harder to imitate. Rivals can copy one activity or product feature fairly easily, but will have much more difficulty duplicating a whole system of competing. Without fit, discrete improvements in manufacturing, marketing, and distribution are quickly matched.

Finally, a strategy involves continuity of direction. A company must define a distinctive value proposition that it will stand for, even if that means forgoing certain opportunities. Without continuity of direction, it is difficult for companies to develop unique skills and assets or build strong reputations with customers. Frequent corporate "reinvention", then, is usually a sign of poor strategic thinking and a route to mediocrity. Continuous improvement is a necessity, but it must always be guided by a strategic direction.

Source: Michael E. Porter, [Harvard Business Review](#), March, 2001

