

DISPATCHESTM

Insights On Brand Development From The Marketing Front

Sunday, February 6, 2010

BRAND MARKETING

Marketing is critically essential in today's "age of sameness" where products are basically indistinguishable and the way of the marketplace is to commoditize categories. Given the realities of the economy and the dynamics of the marketplace customers are becoming more discriminating - on price. If you don't meet their price, or that of a competitor, many customers will move on to another offering. It is not customers who have become fickle, abandoning the relationship. Oh no, it is the corporate entities themselves who have long abandoned customers by failing to provide them with a perceived value that trumps the lower price points of their competitors.

Many businesses have squandered their market share, customer relationships and good will through unwarranted price increases (from the customers' perspective), failure to improve products and services so that they are relevant and meaningfully differentiated versus competition, and/or diminished support (in the form of product development, advertising, etc.) for their product and/or service offerings. Instead the burden has been placed on the backs of the sales force to do more with less. But if sales are growing (in a category where sales are flat to declining) it is highly probable that so too is the percentage of promotional sales (as in special promotions and deals) to total sales. This is not the picture of health.

At the center of this downward spiral is the misuse and mismanagement of the marketing function. The role of marketing is to *create brand loyalty*. *Create* is to bring a customer into existence. *Brand* goes beyond the product to encompass a constellation of values that forge a special relationship with customers. *Loyalty* is about earning the customers' unswerving devotion to the brand. This is all about "brand" marketing. Brand marketing puts the marketers at the center, the hub of the wheel, where they direct all functions in the organization to better satisfy their target customer segment than competition. But, in many organizations, "brand" marketing is neither fully understood, embraced and/or managed appropriately. Unfortunately, marketing is being used far too often to do project work with little,

if any, connection to a longer-term (beyond the current quarter) vision and plan, and/or serve in the role as providing “service to sales.” What a waste. Few managers are watching out for the customer and the reputation of the (brand?). The following table identifies key differences between “Brand Marketing” versus “Service to Sales.” A brief explanation of each follows the table.

Brand Marketing vs. Service to Sales

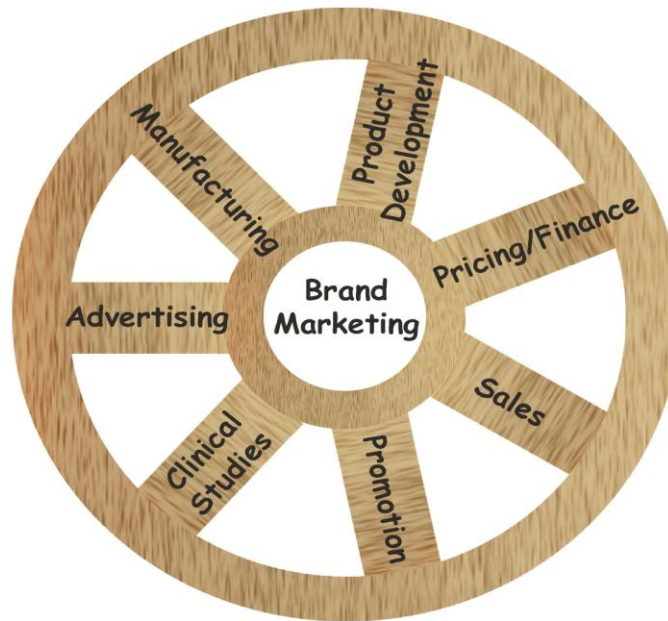
	<u>Brand Marketing</u>	<u>Service to Sales</u>
Role	Customer Centric	Sales Force Centric/Support
Focus	Brand	Product/Project
Target	Segment	Everyone
Responsibility	Direct the Organization	Service Sales/Project Mgt.
Plan/Driver	Brand Positioning Strategy	Product Features & Attributes
Relationship	Brand Experience	Sales Person/Price
Commitment	Brand Loyalty	Sales Transaction
Outcome	Sustainable Franchise	Episodic Business

- **Role** – Brand marketing is about putting the customer first. It starts with strategic segmentation and the appropriate selection of which segment (as in what customers) you have chosen to serve and serve well. Everything, absolutely everything, that the organization chooses to do is then done with the intention to better serve and satisfy this customer segment than the competition. The discipline of selecting the segment leads to really understanding the customer to discover customer insights and anticipate customer needs and is empowered through a commitment to build an enduring relationship built upon superior products and/or service. This is the underpinning of BIG picture strategic thinking whereas putting the sales force first is merely tactical in nature and does not have lasting value. Being sales force centric is like putting your athletes out on the field without a plan to coordinate their activities. You will not be able to achieve team play that exceeds the talent of your superstar. Being sales centric does not necessarily better serve the customer but better serving the customer will better serve, and leverage, the sales force.

- **Focus** – The focus of brand marketing is the “brand.” Not the product or the myriad of projects that managers conjure-up without the benefit of a strategic vision (see plan/driver for more) to integrate and make marketing matter where it counts, with customers. The brand goes beyond physical attributes to include intangibles (such as servicing, etc.) which make-up the “whole” product offering. Products are interchangeable. They are commodities. But brands are special entities that are recognized by customers, investors and businesses as having value. Think Apple. Despite these hard economic times Apple Corporation sales grew 33% in the fourth-quarter of 2009. That’s the power of brands. Think Wall Street. Companies with healthy brands command higher price-earning multiples. Think corporate acquisitions. Companies pay a premium to acquire companies that have strong and/or promising brands. Brand and customer loyalty go together when it is done correctly. Focusing on brands ensures that everyone in the organization is dealing with the big stuff, not the small stuff that squanders resources and compromises corporate performance. To make a difference with customers it is important to focus on brands.
- **Target** – The target for brand marketing is the chosen segment. It is not everyone. Choosing to serve everyone is a sure road to failure or, at best, subpar performance. Keep in mind what you learned in B-school: *You cannot be all things to all people.* Segments are not something we make-up. They exist naturally in all aspects of our life whether we are talking about politics (parties and specific constituencies within each party), sports (as in level of performance such as “All-Pro” or “All-Star”) or customer attitudes and behaviors. Some people like bitter, some sweet. It’s out there and you are unlikely to change that. You cannot market bitter to those who like sweet. So why try? Mac is the best computer on the market (so we say). Why don’t you have one? What are you still doing with your PC (read: Piece of Crap)? Because you have a different point of view based upon your needs and values, which are different from ours. Ah, now we’re talking segmentation. And when you have chosen that segment you can concentrate the organization’s resources to serving the customers within it. It’s that simple!
- **Responsibility** – The responsibility of brand marketing and the brand marketer is to direct the organization to winning the customer in everything it does. As mentioned previously brand marketing/management is the hub of the wheel. It anchors the spokes, which are the functional units in the organization (such as promotion, manufacturing, product development, etc.) in better serving the target than competition. It is the strategic mind of the

organization to ensure all functions are integrated to one end – creating brand loyalty.

Brand Marketing



- **Plan/Driver** – This is about the brand positioning strategy. It is about transforming products comprised of mere features and attributes, which can be easily neutralized and trumped by able competitors and confuse the dialogue with customers, into brands that compel loyalty. The brand positioning strategy is *how we want customers to perceive, feel and think about our “brand” (the whole entity not just the product) relative to competition*. If you don’t have a brand positioning strategy statement it does not mean you do not have a brand positioning. A positioning exists in the marketplace because customers will have perceptions regarding your offering. However, it is most likely not the one you would like for customers to have. They will view you as a commodity, requiring more price concessions, or worse yet they will view you based upon what competition has to say about your product. Ugh! That’s not pretty nor is it any way to conduct marketing. The brand positioning strategy is made-up of 5 essential elements: Target Customer; Competitive Framework (literal and perceptual);

Benefit; Reasons-Why; and Brand Character. But it's about more than filling in a template. It is about creating relevant and meaningful differentiation versus competition. That's how we generate customer preference for our offering.

- **Relationship** – Who wants the relationship to be between the customer and sales person? That is not where it should be. What happens when the sales person moves to a new territory or to a competitor's company? Where does the relationship to your company and product go? It goes south! The relationship must be between the company (which could be the brand) and/or the brand itself. And it should be based upon favorable experiences that the customer has enjoyed with the brand. It is something that generates positive emotions when the customer comes in contact with the brand just as we feel positive emotions when seeing a dear friend or working with a trusted colleague. By the way we are not saying that the relationship between the sales person and customer is not of value. It adds value (perhaps through the experience of dealing with the salesperson) to the relationship that matters most – the relationship with the brand. And, the relationship with the brand will leverage the sales force.
- **Commitment** – If you are successful in building a healthy brand then the customer's commitment will be to the brand. It will go well beyond a sales transaction, which is only about a singular moment, to engender brand loyalty, which, if managed properly, is enduring. Consider Tide Laundry Detergent brand. It has been around for nearly 65-years and dominates the laundry detergent category in North America. Tide sales are larger than the next nine brands combined. It's about commitment. It is not about what special deal is being offered today. This commitment is borne from a very vibrant and healthy brand that is at the forefront in better satisfying customer laundry care needs.
- **Outcome** – The outcome from successful brand marketing management is a sustainable franchise. It is not episodic, customer in-and-out business. There's no guarantee of course. It has been said that, "success breeds failure." This traces to marketers becoming complacent when they are enjoying success leaving them vulnerable to a hungry competitor who is willing to change the game and/or go to greater lengths to win customers. That's where our concept of Pro-sitioning (versus repositioning) comes into play. Build a brand that better satisfies target customers better than the competition then evolve it to stay ahead of your competitors in delighting the target.

Boats & Helicopters:

1. **Practice “brand” marketing.** Regardless of your organization’s appetite for brand marketing (remember your managers may not fully understand or appreciate its value) you know there is a better way. So put it in practice. You don’t need to make any proclamations. Just go about doing it, quietly but resolutely. It will help you win customers by creating brand loyalty.
2. **Become a (better) brand marketer.** Brand marketing is more than a way of thinking and organizing. It takes skill, considerable skill. Perhaps, we can help you build your skills as we have helped thousands of marketers throughout the world. If you have not participated in the BDNI Brand Positioning & Communication College now is your opportunity. We conduct one “open” program a year. This year our “open” program will be conducted in Kansas City on 27 – 29 April. For more information please go to our website or don’t hesitate to call Lori Vandervoort at 800 255-9831. We hope to meet and work with you at the “open.”

Make your marketing matter. Elect to be a brand marketer.

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