



BRANDSYNC

The Power of Strategic Focus

Strategic Branding

White Paper

Overview

BrandSync has developed this white paper in order to provide a detailed explanation of Strategic Branding – from its basic definition to how it adds value to an organization and helps it achieve its fundamental business objectives. The paper is based upon BrandSync’s own experience and proprietary methodologies as well as established brand marketing industry best practices. The paper is divided into five sections:

- I. What Is a Brand?
- II. How Does a Brand Work?
- III. How Does a Brand Add Value?
- IV. Keys to Successful Branding
- V. Brand Marketing ROI

I. What Is a Brand?

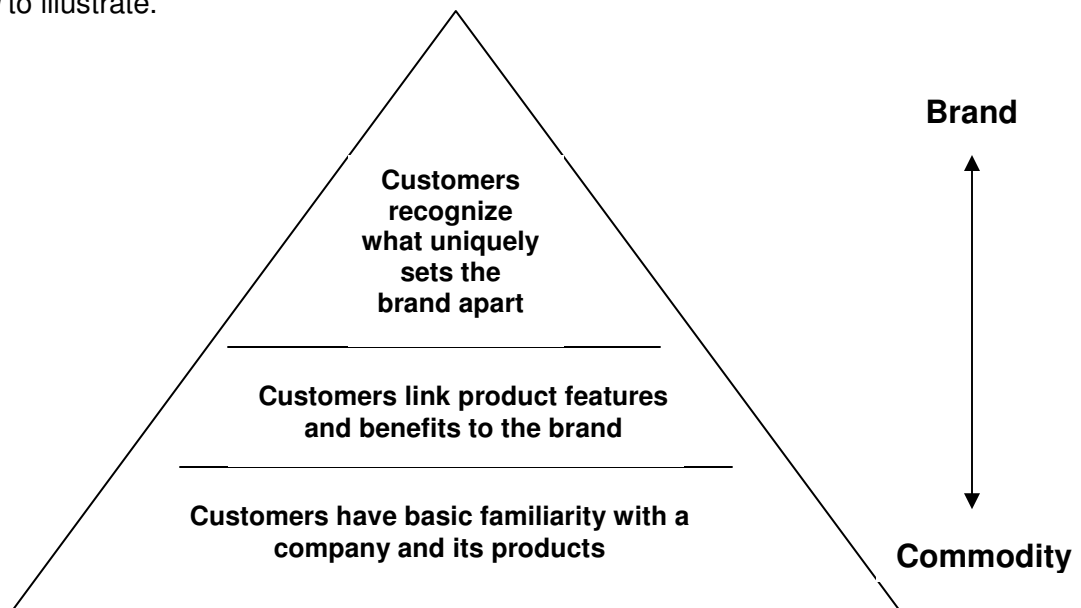
The *Dictionary of Business and Management* defines a brand as:

“A name, sign or symbol used to identify items or services of the seller and to differentiate them from goods and services of competitors.”

This commonplace definition talks about parts of the brand but is incomplete and insufficient. It is our belief, and one that is shared across the brand marketing industry among professionals and academicians alike, that a brand is an expectation of performance in the mind of the customer. When a company “brands” a product or service, it is making a pledge that it will meet or exceed that expectation. Since the expectation resides in the mind of the customer, every company has a brand, whether it is aware of it or not.

Another way of understanding a brand is to know what a successful brand does. There are four key things that a great brand should achieve:

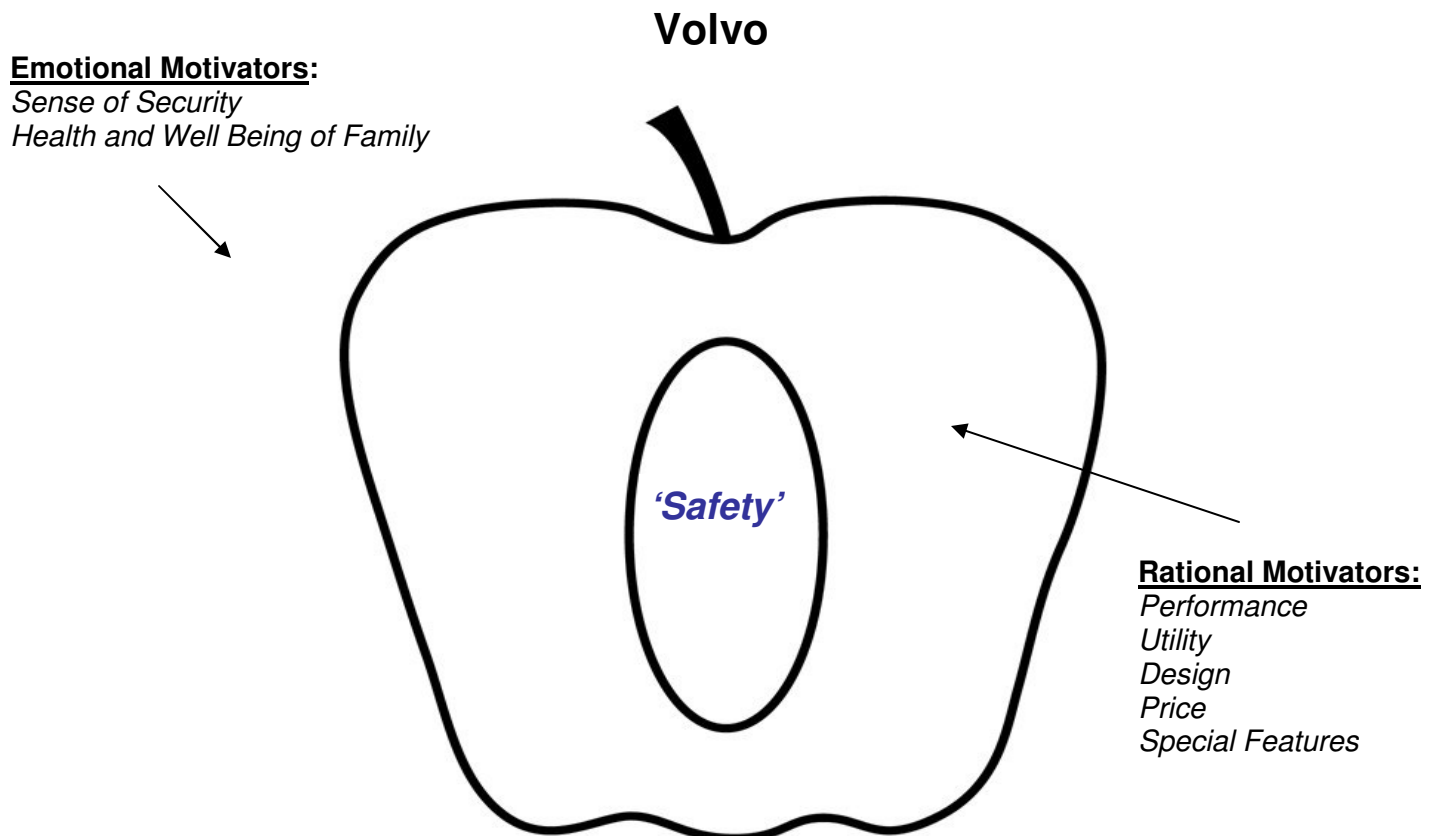
1. **Differentiation from Competitors.** A brand should enable a company’s products and services to stand above and apart. It is not just about the customer choosing one brand over the competition’s brand. It’s about having the customer see one brand – your brand -- as the only one that provides a solution to their problem. BrandSync uses the “*Brand vs. Commodity*” Pyramid to illustrate.



A commodity product or service is seen by the market as something that is indistinguishable from many choices. Commodity products typically can only compete on price: a precarious and often unsustainable position. Well branded products are seen as uniquely delivering value to the market, and as a result are well differentiated from their competitors. In this way, such brands create their own, stand-alone categories.

2. **Communicate Clearly and Concisely.** A successful brand is able to connect directly with the target market with as few words and concepts as necessary. While communications play a role in this, the most important factor is the ability of a company to find its true core competency (“The One Thing” BrandSync likes to call it). It is a claim to fame that can focus and galvanize an organization around delivering on the brand promise.
3. **Project Credibility and Trustworthiness.** This is the feeling of confidence in the mind of a customer that the company, as communicated by its brand, understands his or her needs. It is also the feeling that the brand will meet or exceed their expectations day in and day out.
4. **Motivate the Customer to Buy.** To do this, a brand must not only reflect rational and tangible benefits to a customer (i.e., it will do it faster than anything else). The brand must also connect emotionally to the customer. This emotional connection or “buying trigger” is often the driving motivation behind the customer’s purchase decision.

At BrandSync, we use an apple as the metaphor to show the specific components of a brand that enable it to achieve the four key things possessed by great brands. The core of the apple is the One Thing that makes a brand unique and enables it to both **differentiate** and **communicate succinctly**. The meat and skin of the apple represents the benefits and attributes of a brand that **motivates** the customer to make their buying decision. The meat is the tangible benefit that provides for a rational-based decision. The skin represents the emotional connection that the brand makes. **Credibility** comes only after a company consistently delivers on its brand promise over time. As an example, the brand essence of Volvo, the Swedish automobile manufacturer, is diagrammed below:



II. How Does a Brand Work?

A brand works by establishing an affinity relationship with the customer. Affinity is defined as “a natural personal attraction.” In other words, a brand creates a trusted, valued, ongoing relationship -- not by coercion or force of will -- but by becoming the natural, inexorable choice for customers. Customers are willing to form this bond because they believe the company has a deep understanding of their needs, values and motivations and will do right by them.

This affinity relationship is sought out by the customer because of these tangible values that the brand provides them:

Simplified Choices – Individual consumers, as well as businesses, face a daunting array of choices for virtually every product and service they demand. A well differentiated brand, aligned with customers’ needs and clearly and concisely communicated, cuts through the clutter and simplifies the customers’ decision-making, saving them time and money.

Reduced Risks – Each time a customer makes a buying decision they are taking a risk. A well branded product offers the buyer the credibility and assurance that the risk is very low. The risk, and its impact on the relationship with the customers, is related to the price and complexity of the product or service. For example, if a customer buys a pack of gum and doesn’t like the flavor, he can simply throw it out and buy a different one and only be out a dollar. On the other hand, if a customer signs a two year, multi-million dollar janitorial contract and the services provider fails to deliver, he could be in a world of hurt.

Sense of Community – Relating back to the need to understand the emotional motivation of customers, this is an emotion that tends to cut across all customers. It is a sense of belonging and the feeling of satisfaction that comes from the knowledge that they have made the right choice. A powerful, well delivered brand provides this to the point where the customers literally brag to their friends and associates about their purchases and relationship with the company. Saturn tapped into this with its brand and was able to attract thousands of customers to its annual barbeque at their Tennessee headquarters.

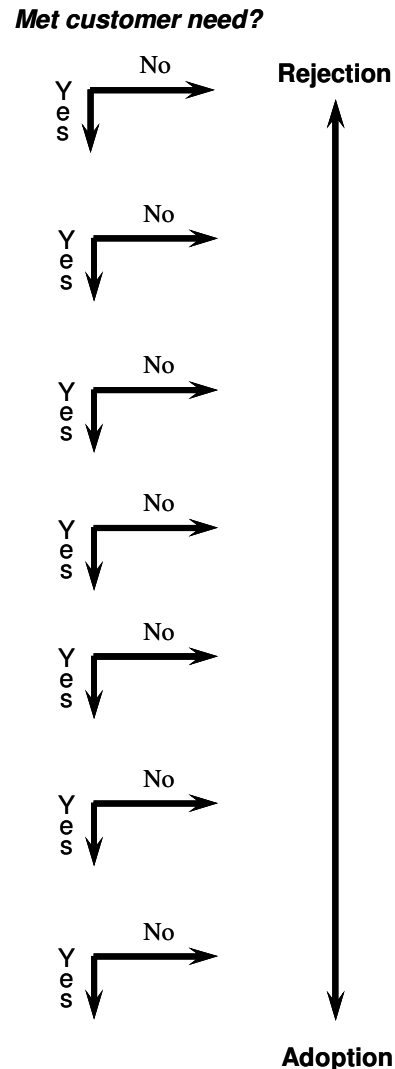
III. How Does a Brand Add Value?

While a brand can provide many benefits including strategic focus, organizational alignment and marketing efficiency, its greatest impact is ultimately to the bottom line of the company. The brand does this by increasing the efficiency and effectiveness of the company’s sales cycle.

On the next page is a diagram showing the typical sales cycle that a customer goes through. It begins with the first step of becoming aware of the product and follows a series of sequential steps that lead to purchase and adoption of the brand. It is critical to note that a customer’s needs must be met at every step or they may reject the product and turn to a competitor to fulfill the purchase.

The Sales Cycle

1. **Awareness** - Customer is exposed to product information through public relations, direct marketing and sales efforts.
2. **Information Search** - Customer, whose interest is peaked, searches for more information in order to evaluate the benefits.
3. **Evaluation** – Customer evaluates the merits of the product based on price, benefits, ease of use, range of choices, etc.. to determine if a trial is warranted.
4. **Trial** - Customer uses the product for a short period to confirm benefits projected in their evaluation.
5. **Purchase** - If the product, through a trial, meets or exceeds expectations the customer makes the purchase.
6. **Post-Purchase Evaluation** - If the performance of product drops immediately following the purchase, the customer may discontinue using the product temporarily or permanently.
7. **Referrals** – Customer actively refers peers within and outside their organization



A powerful brand strengthens a company’s delivery at each step of the sales cycle, through differentiation, clear and concise communication and proper motivation. These measures increase the likelihood of purchase and ultimately adoption. This in turn provides bottom line benefits to the company in the form of the following:

Increased Market Penetration – Higher market share and revenue.

Deeper Customer Relationships – Customers buy more and the company increases its wallet share or revenue per customer.

Increased Loyalty – Customer longevity and stable revenue streams.

Higher Prices – Strong brands compete on value-added attributes, and not price, enabling significant improvement in profitability.

New Referral Source – Customers create a powerful new sales channel as they become self-motivated brand champions.

IV. Keys to Successful Branding

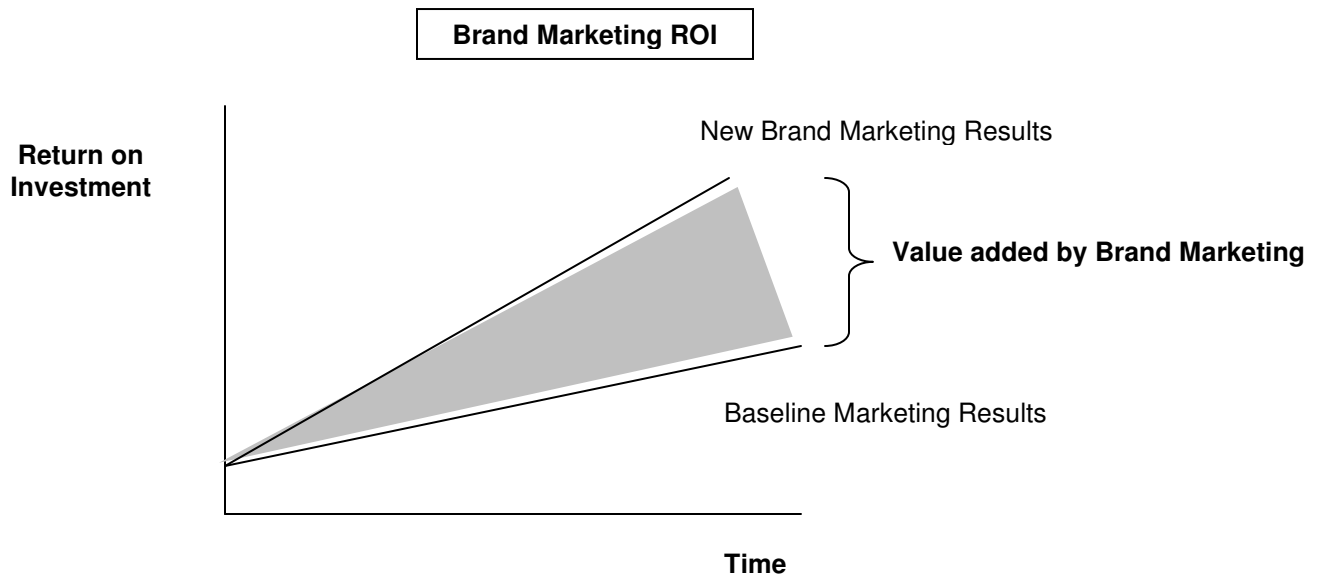
The keys to successful branding start with the recognition that it is an all-or-none, inclusive exercise that must involve the entire organization. In addition, it must be delivered upon every day with a relentless pursuit of aligning the unique value a company can deliver with what its customers and potential customers want most.

Specific factors that must be present are listed below:

- Knowledge of customer needs and what drives their purchasing behavior
- A consensus of awareness and support across all constituencies within the company with regard to the brand strategy and brand identity
- Aligned organization and operations supporting the brand strategy throughout the company and at all levels (executive suite to the mail room)
- Adherence to the brand strategy and delivery of the brand promise to the customer
- Brand position linked to the core strategic mission and values of the company
- Stewardship of the brand over time to maintain its integrity and prevent deterioration
- Measurement of specific goals regarding awareness, perception and quality of delivery of the brand -- as well as the bottom line value it is providing the company

V. Brand Marketing ROI

As discussed in previous sections of this paper, a strong brand provides a strategic advantage in the marketplace. If properly used, the brand should provide a significant improvement over existing marketing efforts. Brand Marketing Return on Investment (ROI) is a tool that is intended to measure the impact of dollars and effort invested in building and promoting a brand. The tool is used to ensure that the appropriate return on investment is being achieved. The tool is also used to provide information that will enable the refinement and improvement of the brand marketing program over time.



Typically, the return is measured in the form of a financial payback and shareholder value. However in many cases different measures are used. For example, a not-for-profit company may use a ROI measure based on progress towards its social mission. Listed below are typical ROI measure used:

- Ratio of annual dollars invested in marketing to gross profit achieved as a result of sales. A successful program will have a ratio from 2 to 1 to 4 to 1.
- Net Present Value (NPV) and Internal Rate of Return (IRR) measures the value of gross profits earned over time by discounting future cash flows back to their present value using a firm's required return on capital. Typical firms who use this measure have a capital expenditure process in place and have budgeted or required returns on capital rate.
- Changes in market share as a result of the marketing efforts. Provides a nice reality check for your market plan. If your plan shows a large increase in market share with a low marketing investment, it would indicate that your scenario is too optimistic and should possibly be revised.
- Other industry-specific return measures are developed based upon the characteristics and growth goals of the company.