A BRAND NEW DECADE

HANGOVER OR D.R.E.A.M.?

By Erik Saelens & Adrian Martorana

At the start of each year Brandhome lays out its vision on branding trends for the next twelve months. This year will be something special as go-ahead companies get to grips with developing a real and sustainable relationship with their customers.

The start of the new decade sees brands facing the most difficult conditions. The financial crisis has destroyed more equity than any previous crisis, the scale of loss equal to that during WW II.

However it is not only financial equity that has suffered but also brand equity with customer goodwill and trust having been eroded and in some cases eradicated over the last few turbulent years.

In addition, the scream of the Earth for a more sustainable attitude is almost deafening - it cannot be ignored. With the landscape evolving it is clear that the approach to brand building will need to evolve and as such the way the world looks at brands will never be the same again. Will this be the end of branding? **NO!**

On the contrary, branding will remain key to commercial success but not through lip service as has sometimes been the case but rather through a deep commitment and correct approach to enhancing reputation and delivering against brand promise.
Will this be the end of branding as we know it? For some companies: Absolutely **YES!**

Dreamers change the world, they innovate, they look for a different way forward. The key to any relationship is to dream how it could be, not to dwell on how it was or should have been. And just like in any relationship, promises, connectivity, communication and actions are all linked to ensure that you get out what you put in...

BRAND HANGOVER

Brand owners returning to their offices will probably have a bigger hangover than just the one they got on new year's eve. They surely have one when thinking about how they are going to secure their brand market position... and their role within companies.

2009 has shown that - whatever companies think and however they may want to delude themselves - the economic crisis has pushed many consumers to a breaking point in terms of brand loyalty and preference. Many companies will face the reality that they failed to build a real brand and as such their customers have not been brand loyal for the past years - they have been habit loyal.
They did not buy the brand. They bought the habit. And if inertia is the only reason that companies still have customers then the business relationship - just like any relationship - is doomed. That is the reason why some companies lose so much and so quickly and why true brand-oriented companies survive and prosper. In fact, had some companies nurtured their brand as a true asset in the same way that they treat their real estate, they would be in far better shape than they are now...

BRAND DILEMMA

The dilemma for brand owners is whether to reinvest and relaunch their brands, or to take a step back, concentrate on operations and forget about brands. History shows us, quite conclusively, that companies that dare to invest win. This is not about mindless spending but investing correctly in the brand and all its components. As long as companies treat marketing spend as a cost, they will fail to build a strong customer relationship, because branding is not about making a beautiful advertisement or sponsoring the CEO's favourite hobby, it is about understanding what will build a solid and sustainable relationship with your customer and investing in making it happen in a meaningful and relevant way.

As financial crises come and go, so do companies - but real, meaningful and solid brands survive. When looking at lessons from the Great Depression, you can see that certain industries faced with significant shortfalls, e.g. brewing and movies, were able, by looking at brand stretch, to overturn significant drops in revenue. Other brands like Chevrolet, Camel, Levis, Pepsi, Macy's and P&G survived because they continued to follow key branding rules. During this time Chevrolet and Camel markedly improved their market position.

Understanding the market reality whether in a crisis or not is fundamental to good business and crucial for marketing/branding. The companies mentioned above continued to invest in their brand offering through new insights, by being innovative and daring to give the customer the best brand relationship possible and appropriate for the time.

Simply retrenching and focussing on operations is the Ostrich approach of sticking your head in the sand and hoping the sandstorm will die down. It does not seek to address the new reality which is to understand the world in which we live and ask yourself why it should care about you. Given all this, the question is how to establish a meaningful bond with your customer and develop a sustainable relationship based on mutual benefit.

The latest crisis has seen a number of 'brands' disappear. One could argue that they were no longer brands but simply company names. Woolworths in the UK, despite being in the high street for over 100 years was not immune, and all the advertising and sales push could not hide the fact that they were no longer relevant to customers and had failed to innovate in the face of increased competition from supermarkets and the internet. Lacroix has also disappeared and as innovative as it was in design, it never managed to achieve enough brand relevance to create a sustainable business model.

A financial crisis can always be blamed for how a company performs but does not destroy a brand. It simply exposes the company to its own failings in building a sustainable offering for its customers and most probably pursuing inside out thinking rather than understanding relevant and meaningful customer insights.

The above dilemma for companies and the way it is addressed will underline a company's long term direction, its vision for the future and its ability to deliver the best possible results in good times as well as bad. Companies that are truly customer-centric will think about their brand and will dream about how to create that special customer bond. At Brandhome we describe this D.R.E.A.M. as a process to deliver that meaningful bond.

COUNTDOWN TO D.R.E.A.M.

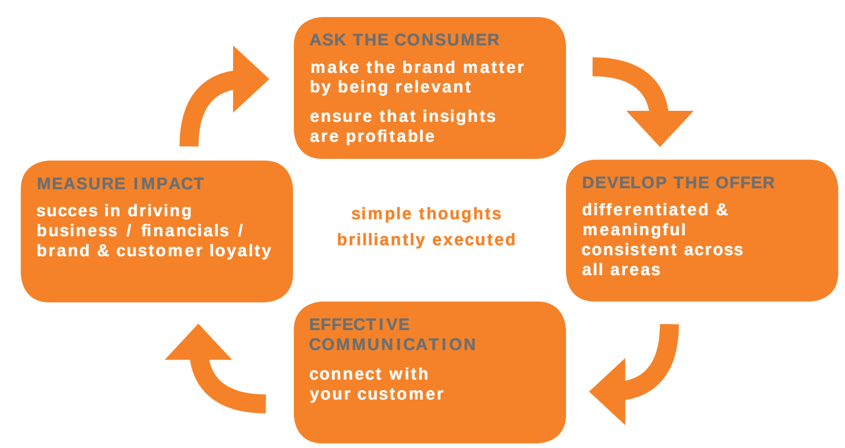
Things You Need For Solid Brand Offering

Dreams make the future - but they need a strong basis for sound branding and solid customer communication.

D.	**Differentiated**	What is different?
R.	**Relevant**	Is there any relevance to your customer or audience?
E.	**Engaging**	Does it excite - does it draw someone in?
A.	**Appealing**	Does it interest?
M.	**Meaningful**	Is there real meaning for the customer?

If you can answer YES to ALL of these questions then you have the basis for a solid brand. But if even one is missing then the foundation is weak. In the 80's and 90's Rolls Royce/Bentley was considered as the epitome of car quality, it was different, appealing, engaging and still had meaning in terms of status but had lost all relevance to its customer base. And where relevance disappears relationships suffer... until VW and BMW arrive and revitalise the whole proposition, not just by improving the product but by adding real value and renewing relevance to the brand.

Things To Get And Keep You There



Real sustainable growth is driven via a true customer centric process. It is a process that does not stop. As true branding means listening and understanding current realities so that you stay relevant. Implement, measure success and continue to learn.
How many companies stop listening to customers and simply pursue inside out thinking?

Things To Establish

Brand Essence
What is the promise of the brand? What will it do for the customer?
The world has shaken all theories and assumptions so how do I ensure that I am current?

Connectivity / Affinity
Be where the customer is in a way that maximises affinity? How do you add value to the path you connect on? How do you connect to the themes? How do you co-exist?

Relevance
How do you stand out amongst all the brands and the various offerings?
Being different, noisier, cool is not enough. What will make the relationship work?

Things To Put In Place

A True Customer Centric Process
Too many companies talk about being customer centric but in reality have little real understanding? Is the dialogue with customers open and rich enough to reveal true insights and opportunities rather than just reflect the current situation?

Keep Communicating
Too often, when times are hard, companies stop communicating. In such cases the silence can be deafening! Again, like any relationship, failure to communicate means that other voices, rumours and information circulate and may be listened to... not talking to your partner when times are difficult will have the opposite effect of what you may be trying to achieve.

SUMMARY The Brand is dead - Long live the Brand?

This is not the end of branding, this is the start of a new decade where branding will be applied correctly and not in a half-hearted manner. Because branding is more than a logo, a name, an advertising campaign. Branding is a solid relationship with your customer based on mutual benefit. It is a belief system, that correctly nurtured builds and strengthens the reputation of the company.

The business landscape is evolving and those companies that under-stand the market reality, address real and meaningful customer insights, and reflect this at every brand touchpoint will reap the real and obvious benefits of branding correctly.

Companies with a strong desire to build a lasting relationship with their customers will ensure to keep their brand vibrant and their brand promise fully supported. History has demonstrated that these companies are far more likely to come out of difficult times in a stronger position.

But probably more telling will be those companies that would be transparent enough to put the value of their brand asset prominently on their balance sheet. In such a way all stakeholders can see the importance to protecting and building the reputation of the company and enhancing the customer relationship.

Treat Your Brand As An Asset: Put It On The Balance Sheet

In times of crisis or uncertainty, people look for strong companies and brands that they can trust and those that have carefully nurtured their brand and reputation not only have a stronger market position but are better able to weather the storm in turbulent times. Empiric research has demonstrated that companies that have nurtured their brands outperform others in the stock market.

If there was ever a case to be made for clarifying why customers should have a belief in one brand over another then we need look no further than the financial services industry. The industry has for a long time relied not on building a belief system but on exploiting the inherent inertia of its customer base. Instead of seeking to build a brand relationship they relied on the fact that a customer is more likely to get divorced than change banks... and it worked for a long while until the crisis hit. The horrendous impact on reputation saw millions of euros being wiped off share prices and revenues as customers panicked and lost faith in the company. And all banks have been tarred with the same brush, paying the price for not building a strong brand relationship and cutting marketing/brand investments to the point where customers see little differentiation between any financial services brand.

By elevating the importance of Brand Investment as a fundamental part of overall planning, properly measured with exacting metrics, the business will generate more robust and more achievable plans. This will bring with it an upgrading of the professionalism of the company and yield better business results thanks to more focus on ROI measurements enabling correct business decisions to be made.

By reporting Brand Value on the balance sheet the company has a twofold effect of:

Demonstrating full transparency of the added value it has in its overall brand reputation and how that contributes to the business.

Engendering real focus behind corporate value because management will be forced to demonstrate how they are treating a valuable asset. Companies can make a strong statement to all its stakeholders but particularly shareholders and the investment community by reporting their brands on the balance sheet and in doing so differentiate themselves from those who don't. A company's Net Asset Value will increase as brands are able to demonstrate their worth through metrics and consequently be recognised for business planning decisions that yield the correct results.

There is a particular 'disadvantage' from having a brand on the balance sheet and that is that the increased transparency will expose poor management. Companies that fail to demonstrate how they are supporting their own brand value will be held accountable.
In today's world cutting advertising and brand spend is viewed purely as an improvement in the current business year's P&L. But if such a decision were to be quantified in a way that demonstrated a future loss on the customer's belief system and a systematic erosion of brand value and reputation the investors would seek clarification as it would imply that the future business model is not as robust as it might appear. And surely additional transparency is key for the interest of stakeholders and especially employees who have a right to understand whether the company is investing in future value?

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