

Your Brand, Your Market.

Implications for Your Business in a Digital (Global) Marketplace

*Effective branding strategies (from name creation to brand protection and valuation) are essential to launch, grow and protect your business. “Your Brand, Your Market” is one of several whitepapers produced by **VAYTON. Brand Capital**. The aim is to provide up-to-date background information, trends, and implications for your business in a digital, global marketplace.*

In this whitepaper, the focus is on the recent transformation of the marketplace through wireless connectivity and social networking. Brand power has reached new heights. Branding is reconsidered within the context of this new connectivity sweeping the globe. The paper concludes with recommendations for building brand power during the economic recession.

A NEW CONNECTIVITY VIA TECHNOLOGY IN THE MARKETPLACE

Ubiquitous wireless connectivity and social networking are transforming marketing and business strategies for local companies and multinational corporations. As the e-marketplace transcends geographic boundaries and as developing countries enter the arena, the dynamics of business are transformed. These new and emerging marketplace forces are radically changing the way the world conducts business.

- Marketplace boundaries are erased.

The best way to grasp the full implication of a marketplace with virtually no boundaries is through a fictional scenario. Let's say you are located in Marseilles, France. You are a coffee connoisseur. You have the option of driving to the local "Dailey Grind" to purchase a pound of Costa Rican beans. Or, you could google "Costa Rican coffee" and discover that you can buy direct from a [shop](#) in Costa Rica. Or, your Internet search may take you to Amazon.com where the sales transaction is accomplished with a few strokes of the keyboard because you already have an account there. You are not only interested in the superior taste of Costa Rican coffee, but you are also socially conscious and want to support the indigenous entrepreneur in Central American. The coffee business in Costa Rica has a dynamic website where you buy "direct" with a discount on delivery and you can join a social network of coffee connoisseurs from all over the world. The local Marseilles coffee shop has just lost a customer.

We might theorize reasons for a missed opportunity by fictional coffee shop in France. The business did not have a website perhaps. Or, the business had a static website (a photo of the shop, directions and a phone number). It is possible the company failed to update and monitor the registry of the domain name and the prospective customer was redirected to another site by a cybercriminal. Or, the customer accessed social networking website that viciously maligned the company (unknown to the company). The Dailey Grind had a brand name and logo to differentiate its product from the "pack," that was a good strategy. But the company failed to capitalize on the full brand experience and to take steps to monitor and protect the brand.

- "Going to the Market" has a whole new meaning.

By the way, you used your iPhone to google the Costa Rican coffee retail shop while you were at a conference in Sophia, Bulgaria. Wireless connectivity means "going to market" is a 24/7 virtual event. The mobile Internet has thrown open the doors of commerce to developing countries and ratcheted up the buying volume for developed countries. Mobile connectivity is leveling the playing field for consumers.

Paul Twomey, president of ICANN [Internet Corporation for Assigned Names and Numbers] in a BBC News interview shared some compelling statistics on the exponential growth of the Internet (May 26, 2009). Twomey called it a "transformative revolution." It is a revolution that no business can ignore.

- 1.4 billion people use the Internet
- 5 billion will have a mobile phone by the end of 2010
- 9.1 million per month is the uptake for buying a handset in India
- 1.5 billion new Internet users is expected in the next two to three years

By the way, "Walmart.com gets 40 million visitors a month, making it the most heavily trafficked brick-and-mortar retailer website, and is said to have revenue of \$1.7 billion" (CNNmoney.com).

According to the Times Newspapers Ltd. ("[2010: Year of the Mobil](#)," Jan 1, 2010), mobile connectivity is spreading like wildfire. See excerpts of the article below:

- The Morgan Stanley report said: "Make no mistake, Apple and others are not just trying to upset the cell phone market. They are aiming to transform how communications works, how entertainment and news are distributed, how goods and services are purchased... and how we control all this stuff from the ever-expanding, rechargeable remote controls we carry in our hands."

- The extensive report found that mobile internet - browsing the web from your handheld device - is ramping up faster than the desktop internet did a decade ago, as the key trends of 3G wireless connectivity, online social networking, video on handsets, voice calling on the internet and smartphones come together.

- Research firm Gartner predicted that worldwide mobile device sales to end users will have climbed to 1.214 billion units in 2009, only a decline of 0.67 per cent from 2008. Gartner and other analysts had forecast much steeper falls earlier in the year. The company now predicts sales in 2010 will show a 9 per cent increase from 2009.

CONNECTING THE DOTS: YOUR BUSINESS, YOUR BRAND POWER

We will examine the implications of this new, explosive connectivity for your business, but first let's try to understand branding better. Most of the literature on branding begins with a definition. It is important to be reminded of the basics to understand the potential power of branding.

The most obvious meaning of branding is to make a distinguishing mark. The cattle on ranches all look alike, so the ranchers chose a symbol to represent and distinguish their enterprise. When the cattle were herded to market, it was essential to keep up with and be able to identify the inventory. The cattle were physically branded with a symbol, usually a letter in a circle. Branding, then, is fundamentally a tool of identification whether it is branding cattle with a hot iron or branding a business with a logo, trademark or tag line.

Yet, branding is emphatically not merely a logo or trademark. True, it is a distinguishing mark that differentiates your business. Branding is actually experiential. The brand name and logo are the visual vehicles to gain awareness and capture interest and to elicit an emotional response from the consumer.

Marketing reached a breakthrough in the 1980s with the publication of the classic book *Positioning: The Battle for Your Mind* by Al Ries and Jack Trout. The book shifted the business focus from marketing the product to creating a market. The tool for creating the market was branding. The playing field was the mind of the prospective consumer. Simply put, branding is the power of causing the consumer to want (to desire) your product versus your competitors' products. Based on principles of behavioral psychology, branding creates emotional attachment to a company, product or service. Thus, branding generates value—over and above the actual qualities or merits of the product or service. Cost is not the primary factor for choosing a product or service. Perception and value creation are stronger according to marketing research. The value attached to Nike, Coca-Cola or Samsung is not based on cost or quality but the psychology of attachment and the promise evoked by the brand. And, loyalty to a brand means premium prices can be asked for the same product or service offered by the competitor.

Branding is a dynamic process built on what the marketing literature calls the customer journey model. The customer journey is comprised of four milestones:

Awareness – the customer becomes aware of the company, product or service. A strong visual signifier (the brand name, logo, domain name) is the identifying tool that grabs the attention of the customer.

Interest – to capture interest the brand will be differentiated, standing out from the “pack.”

Desire – to create desire, the customer associates pleasing emotions with the brand and the brand promise. It might be based on social acceptance (sporting a Louis Vuitton purse) or

social awareness (buying responsibly). A brand might purposefully appeal to the prospective consumer's cherished childhood memories.

Action – The sale is accomplished. The prospect takes the final step on the journey.



Branding within the global arena has further complexities that must be considered. In "How Global Brands Compete" (*Harvard Business Review*, Vol. 82, No. 9, September 2004), Douglas B. Holt, John A. Quelch, and Earl L. Taylor conducted a two stage qualitative research project to determine how consumers from 41 countries value global branding.

The researchers found three common characteristics expected of global companies:

Quality Signal. Consumers monitor reports in the media about transnational companies and quality of products and services. They value those who succeed in matching the promise of the brand message with the reported and perceived quality and reputation of the company or product.

Global Myth. Consumers are drawn to the idea of a global identity and value the cultural myths projected by global branding.

Social Responsibility. Consumers also monitor whether companies are socially responsible. They expect a linkage between what a company sells and how the company addresses

social issues. Global warming and the energy crisis have recently spawned “Cause Marketing.”

- Examples of Cause Marketing

Timberland (footwear and apparel company) capitalizes on consumer global and environmental consciousness. The company touts a “nutritional label” that quantifies the environmental impact of the footwear. Timberland even created a new product brand that spins off their tagline “Make it better.” The U.K. version of the Timberland website explains that Earthkeepers™ reflects its commitment to “Make it better” by meeting the design criteria of having recycled, organic and renewable material content, solvent-free adhesives and reduced climate impact.

Stoneyfield yogurt in the United States posts “green” whitepapers on how to save the environment, reinforcing its brand essence of being kind to the environment.

The Internet and globalization can be the challenge that pushes you to take advantage of the greatly expanded marketplace to grow and sustain your business. The question is not whether branding is relevant for your company or product but whether you know how to optimize brand power to find and secure a niche in the market.

THE RE-POSITIONED BRAND: STRATEGY FOR ECONOMIC RECESSION

Don Sull, Professor of Management Practices in Strategic and International Management at the London School of Business, believes the current *economic recession* actually affords businesses an unexpected opportunity. Sull calls it “[creating resources](#)” that play off the recession. The three characteristics of resources to address the recession are

- **Rare** (specialized) – what can your product or service do that others cannot
- **Valuable** (adds value) – how does the product or service have added value for the customer
- **Differentiated** (inimitable) – how is the product or service unique

Interestingly, those characteristics promising to push a business to the leading edge also define what a strong brand and branding strategy must communicate to the consumer.

Interbrand.com every year publishes a list of the [best global brands](#). Coca-cola was at the top of the list in 2009. Coca-cola rolled out its new brand, Coke Zero, in 107 countries with its own brand promise “Open Happiness,” appealing to “consumers longing for comfort and optimism in tough times.” A repositioning taking advantage of the recession paid off for the corporation.

- What the Customer Values – A Recession Response

A new study on value, conducted by Euro RSCG Worldwide, the world's largest marketing communications agency network, has important implications for businesses during the recession. The Value Study (May, 2009) was based on consumer surveys in three countries: U.S., U.K. and France. The study reported that 78% of respondents believe the Internet is an important part of the consumer's (shopping) experience regardless of whether purchases are made online. Also, consumers are researching brand and sharing opinions and information online. Importantly, the study suggests that customers are not necessarily looking for ways to save on costs.

"Despite what many marketers and retailers may think, it's not all about price-- consumers find value in feeling smart about purchase decisions and investing in brands they trust," said Andrew Benett, Co-CEO of Euro RSCG New York and Global Chief Strategy Officer of Euro RSCG Worldwide. "There is a tremendous opportunity for marketers to resonate with consumers by communicating brand value as a core commitment to quality, tradition and customer service. The key is to break through consumer anxiety and reassure customers that they are making intelligent purchase decisions for themselves, their families and the community at large." (PR/Wirenews, May 5, 2009)

CONNECTIVITY AND THE NEW BRAND STRATEGY

Every business strategy should be informed by the customer journey model: *awareness, interest, desire and action*. Sustainability is the key to success beyond capturing a prospect's interest and ending with a prospect taking action (product or services sales transaction). This is accomplished through fulfilling the brand promise to "deliver the goods" as promised. Brand loyalty is created. Thus desire and action are sustained.

Today, the most successful branding strategies connect the customer to the product or service and connect the customer to others. Whether using Facebook, Twitter, blog or chat— branding that incorporates the added value of personal and social connectivity will reinforce and sustain awareness, interest, desire and action. Facebook had 300 million members and a valuation of \$10 billion during 2009 and Twitter had 21 million monthly unique U.S. visitors in under four years. (Source: CNNmoney.com, 2009)

- Successful branding connects the customer to the product or services.

The newest twist to branding is the "brand experience." Brand experience is the emotional response to brand-related participatory events (live and **virtual**). In "Experience and the Brand" (London School of Business whitepaper, 2005"), two researchers presented results of a field study involving over 20 businesses who use experience to capture value. One example of optimizing the brand experience they cited was the buzz campaign launched by Volvo centered around the story of a Swedish town where everyone bought the same car. Volvo even made a documentary available for viewing on their website. To generate extra buzz, the documentary director in a pop-up window questions (wink, wink) the authenticity of the story. Volvo reported 110,000 online visits and banner clicks of 3-4% vs normal averages of 0.3%.

Another strategy is sponsoring sports events or creating a company-sponsored event. Carling Beer produced Carling's New Kings of Rock n' Roll music festival. Awareness of Carling Beer was increased within the target market by 10% in the UK. Some corporations offer a brand experience destination. Disney is an obvious example, but recently Guinness turned a visitor's center at a historic Dublin brewery into a full menu brand experience: retail store, exhibition, restaurant, and events. Of course there is a bar at the top of the center. With 700,000 visitors a year, it is the most visited tourist site in Ireland. Timberland, mentioned earlier, is one of the sponsors of the 2010 Sundance Film Festival and offers festival-related content on their website, such as "man on the street" interviews about the films being showcased. The sense of "being there" is simulated. The brand experience connects the customer to something (other than the brand) that is valued and in turn the customer values the brand (even more) and spreads the word.

PUMA, a multinational corporation specializing in sports shoes and headquartered in Germany, explained how their brand strategy strengthened their brand personality:

“The year 2008 – marking PUMA’s 60th anniversary - embodied the very best of our brand. We invested in major brand initiatives in order to take advantage of the opportunities provided by the year’s highly visible sports events - the African Cup of Nations, the EURO 2008, the Olympic Games in Beijing and the toughest sailing competition worldwide, the Volvo Ocean Race. ... Through these impressive achievements on the pitch, on the track and on sea, we successfully enhanced our credibility as a performance brand. (Source: Brand Strategy, PUMA.COM)”

PUMA capitalized on the brand-related experience (sports competitions) for the customer and in doing so they “enhance” their brand personality that matches the brand promise: **performance**.

The authors of “Experience and the Brand” referred to the results of a US consumer survey that showed 89% saying that participating in a brand experience event would make them more receptive to the product. Another survey in the UK showed that brand recall of an experience is 60% compared to 30% for newspapers and 23% for TV.

The point to be made here, regardless of your marketing budget, is that value is captured through the consumer’s desire for entertainment and, well, a good story. This can be facilitated with merely interactive content at the company website. Consumers are showing a willingness to be engaged and an inclination to value a product when the experience is appealing. Of course, the company has a target consumer and selects the “experience” most likely to appeal to a particular group. Guinness would contradict its branding if it decided to sponsor a rock concert. Carling is not likely to create a brand experience destination in a historic brewery.

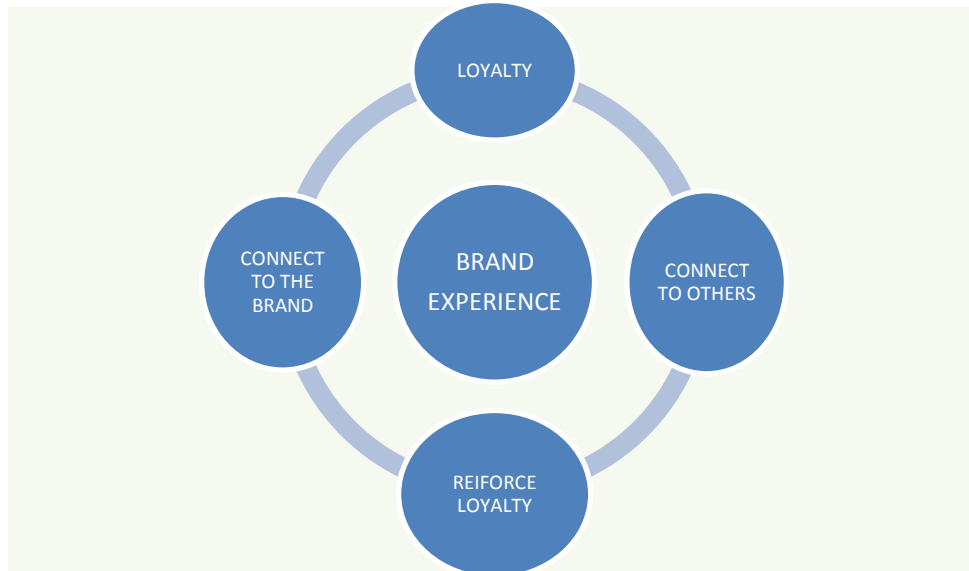
- Successful branding connects the customer to others.

When the customer participates in social networking via the company website, the business adds value to the brand. The consumer is continuously engaged, beyond the purchase. A food retailer offers consumers visiting their website the opportunity to share recipes. The added value is perceived by the customer and multiplied through social networking. In an important way, the business can exercise some measure of quality control over the social networking not provided by the company. Word of Mouth (WOM) via Facebook and Twitter can damage the reputation of a company. A good practice is to monitor the chatter on the Internet.

The brand experience can meet the consumer’s need to connect with others...to share their experiences in ways beneficial to the company.

Initially, as illustrated in the diagram below, the customer connects emotionally to the brand (personal connection) and consequently brand loyalty is achieved. The customer connects to other customers via the website (blogging, twittering, chatting) or at a brand-sponsored event or destination. The social connection fulfills a need to communicate, to connect with others.

Consequently loyalty to the brand is continually renewed. The loop returns to the beginning with each customer having a stronger, deeper personal loyalty to the brand.



IMPLICATIONS FOR YOUR BUSINESS ENTERPRISE

VAYTON. Brand Capital offers the following recommendations for taking advantages of the new “connective” forces and re-positioning your business in a time of economic recession.

- **Keep informed of the marketplace trends and forces.** There are both challenges and threats with the new, ubiquitous connectivity. A dynamic, interactive Internet presence can add value to the brand through personal and social connections. Brand loyalty depends on several factors. One being the ability to consistently deliver on the brand promise and another is the ability to proactively sustain that loyalty. The mobile global Internet offers a myriad of ways to promote awareness, capture interest, and create desire that leads to action.

- **Think outside the brand box.** A good brand name and logo alone are not enough. A carefully thought-out and ever-evolving branding strategy should be founded on cutting-edge marketing principles. In fact, branding and marketing are synonymous.

- **Let the current economic recession be a driver for creativity and opportunity.** Re-position your company to match the ever-shifting consumer interests and geo-political realities. For instance, Wal-Mart is repositioning itself as the retail company that offers the lowest prices—though not a new niche for Wal-Mart, the company has returned to a very salient selling point in response to the economic recession.

- **Seek external expertise to find the right strategy for your new or growing business to optimize your brand power and valuation.** Creating a strong brand personality and presence is more complex than it may seem. Expertise in different fields (marketing, technology and intellectual property rights) is required for creating, protecting, managing and optimizing brand capital.

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