

Building Better Brands

A Brief History.

The concept of branding goes back to ancient times when people in positions of power, ownership, and commerce labeled their possessions, products, and documents to identify them and let others know that they owned or created them. For purposes of branding, a symbol or name, also known as a logo, was created. This was fashioned into a design on a stamp, seal, branding iron, or ring that was used to make an impression on people, cattle, goods, and documents to signify ownership, membership, or origination.

What is the objective of Branding in Business?

As commerce developed, certain brands evolved to represent quality, recognition, relationship, ownership, expectation level, and ultimately trust — all of which have the goal of making purchase decisions easier and quicker, or from the company's perspective, increasing sales.

Why is it misunderstood?

As with most areas of Marketing, there is still much confusion about what branding is. This is exemplified by the fact that most brands are not successful, and in fact, marketing and scientific studies show that 90% of brands are not successful. It can be argued that this high failure rate stems from the fact marketers who try to develop and execute branding strategies do not understand the underlying concepts, fundamentals, and components of branding.

Key components?

Branding is made up of two fundamental building blocks of Marketing — Corporate Image and Positioning. Corporate Image is the image of the organization, and Positioning is related to the image of the product. Both, in turn, are com-

prised of two sub-components that can metaphorically be called the *lock* and *key*. The lock is the market segment that has an unfilled need, and the key is the image of the product that is created to fill that need better than competitors. With this basic knowledge, we are ready to explore the procedure for building a better brand.

K&A Branding Method™

Step 1 • Do a SWOT analysis. Do an internal analysis to identify your strengths and weaknesses and an external analysis to identify opportunities and threats. Match up your strengths with the opportunities.

Step 2 • Define your marketplace. From this SWOT analysis, define your marketplace — the one that incorporates the most promising opportunities that your strengths allow you to pursue.

Step 3 • Identify company-wide locks. At the company level, identify the market segments that have needs your organization can fill better than your competitors.

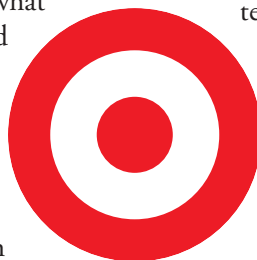
Step 4 • Determine if you are known in that market. If you are unknown, skip to Step 5. If you are already in business and known, it is useful

to conduct some research to determine what image, if any, your organization already has in the marketplace. Simply ask people what first “pops” into their mind when they think of your organization. If the answer is consistent and the answer you want, your corporate image, or company brand, is working and you can skip Step 5. If not, it is not working and you need to do Step 5.

Step 5 • Create corporate-level key. If you need to create a corporate image either because you are new or your existing image is not working, you first need to establish your mission statement. Unlike too many mission statements, your mission statement needs to do the following:

- (1) Identify the most promising locks, or target market segments, your strengths enable you to pursue.
- (2) Make it clear to those segments what your company does in as few words as possible.

(3) Communicate clearly what is unique about your company and why they should do business with you. Example: If you are Volvo, you may decide that you are going to target young married couples and others who, above all, want a safe car. You then make it clear to ev-



everyone inside and outside your company that you are in the business of making safe cars, and in fact, your uniqueness is that you make safer cars.

Step 6 • Create corporate identity tools. The tools typically used to implement corporate identity strategies include: Name, Logo, Color, Type font, and Corporate Slogan. The slogan for Lexus is *The passionate pursuit of perfection*. These tools are then used on letterhead, business cards, the Web site, and all other communications vehicles.



Step 7 • Identify the product locks. For each of your goods and services, identify the target market segments with unfilled needs that you can fill.

Step 8 • Include your company image in your product image? A critical decision marketers need to make is whether or not to combine the image of the company with the image of each product.

7-1. **Case for inclusion.** If it is clear that product sales will benefit from the image of the company and the corporate image will benefit from the product, you should put the two images together. Some examples include: Diet Coke, Microsoft Word, and Sony Walkman.



7-2. **Case for exclusion or separation.** You should separate the im-



age of each product under the following conditions:

(1) **One image might hurt the sales of the other.** The product is risky, or the company image is fragile, or either one already has, or might develop, a bad image (Example: Disney uses the corporate brand only on movies that are deemed wholesome for kids, and other corporate brands, such as Touchstone, Hollywood, or Miramax, on movies that have sexual, violent, or other potentially objectionable content).

(2) **Very strong identification with one type of product.** The



company is too-closely identified with one type of product (Example: IBM is known as a computer company, and in the 1970's they made an excellent copy machine that many thought was better than competitors, but it did not sell because people associate IBM with computers and not copiers. Xerox developed a good computer in the 1980's but it did not sell because Xerox is known as a copier company. Both might have been successful, if they launched these products under a separate brand identity).

(3) **Lock and Key Mismatch.** If the company wants to get into new product areas that are in conflict with established market segments, they need to create a new brand

identities for these products (Example: The Japanese automobiles,



Toyota, Honda, and Nissan, had images as being small, ugly, affordable and fuel efficient and that worked well for college students in the 1970's, but as those

students aged and became more affluent, many wanted luxury cars. The Japanese auto makers knew they had to create new product images so they created Lexus, Acura, and Infiniti for these evolved segments).



Step 9 • Create product keys. Once the decision is made whether or not to use the company image in the image of the product, unique (do-not-duplicate) keys should be established for each product. Why do they need to be unique? Uniqueness minimizes competition and enables the company to charge whatever is necessary to satisfy the expectation created by the image and make money to stay in business.

Step 10 • Avoid cannibalization. In establishing "do not duplicate keys," care must be taken to avoid having the image of one product overlap with the



others in the product line. Overlap causes confusion, and takes business away from yourself rather than other competitors because confused buyers usually don't buy. Examples: At one point when it had a rather

significant market share, Apple computer introduced the following Macintosh

models: the Iix, Iicx, Iifx, Iigx, etc. The marketplace was confused, and Apple's market share steadily declined. Alka Seltzer confused its audience by introducing a new cold medicine they called Alka Seltzer Plus. Alka Seltzer is a stomach medicine, but most thought Alka Seltzer Plus was just a better-working version of the original causing Alka Seltzer sales to drop and the new product to have disappointing sales.



Step 11 • Create positioning tools.

The tools typically used to implement positioning strategies include: Name, Logo, and Corporate Slogan. Examples: Coca Cola Classic – It's the real thing. Diet Coke – Just for the taste of it. These are then used on all product labels and in all other communications.



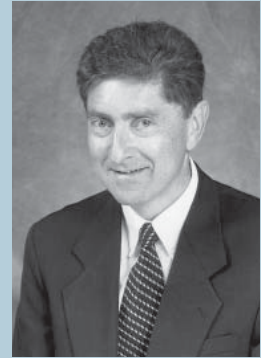
Step 12 • Communicate. Once keys are created for the locks, it is time to execute the strategies in all marketing communications. This can be tricky since ad agencies are often used to implement communications strategies and too many don't understand the above concepts, are not aware of the data or marketing principles that support them. Therefore, the company has to have someone (inside or outside the company) who understands the branding process well enough to direct those who will be implementing the communications strategies.

Step 13 • Measure and analyze results. Once implemented, results should be measured and analyzed to determine what is and is not working and why.

Step 14 • Take corrective action. Strategies should be modified and refined.

Summary and Conclusion

If you are able to follow and execute the above procedure successfully, the rewards can be dramatic. The identities of successful brands such as Coca Cola, Disney, and Microsoft have been valued as high as \$100 billion. Major consumer product brands of Fortune 500 companies are considered a failure if they don't generate sales of at least \$1 billion, and new products are often dropped if they don't quickly reach the \$100 million sales level.



About the Author

Ira S. Kalb is a consultant, author, speaker, and part-time professor who is President of *Kalb & Associates*, an international consulting and training firm, *K&A Press*, a publishing firm that publishes the books and articles he has authored, and *Out-of-This World Marketing*, a boutique marketing firm that creates marketing communications that sell. He teaches courses in marketing, sales, management, and business systems for major universities and organizations around the world. Elected President of the Southern California *American Marketing Association* in 1995, Kalb has over 33 years of marketing and management experience having served as President and Vice-President of Marketing for COMPAL computer systems, a pioneer in the microcomputer industry partly-owned by Xerox, and a senior management consultant for Accénture. He has invented many new marketing and management concepts that are helping companies and individuals who employ them to be more successful. He is also a woodwind musician and an artist who served on the Board of Directors of the Jazz Bakery – a non-profit corporation that showcases world-class musical talent in a world-renowned venue.

www.KalbAssociates.com