

WHERE DO I HANG MY HAT?

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There comes a terrifying point in the life of every company, when the necessity arises to craft a definitive brand statement. This involves visiting a kingdom of much mystery and misinformation, filled with mistaken ideas, outdated wisdom, presumption, principles vaguely understood. Most companies simply believe they've got to have a brand because everybody else has one, though what they stand for -or are prepared to succinctly promise- they cannot precisely say. Too often companies are forced to reconsider the brand promise only following bad news, such as after a hostile takeover, acquisition/merger, negative publicity or a disastrous quarterly report. The most advantageous moments to consider the essential brand promise are in actuality at *start-up, launch, rebranding or repositioning*.

Brands typically fall into one of four general categories, under which most companies can effectively define themselves. These categories were suggested in a pivotal white paper authored last year by Sicco van Gelder, a highly-respected global brand theorist working in The Netherlands.

Domain brands are the most common and numerous. Examples of this type of brand are IBM, Microsoft, Intel, Nokia, Nike. The brand is built by demonstrating a specialized knowledge of product, and a mastery of media. Domain specialists have a deep and dimensional understanding of their clients' needs, and they endeavor to set standards for their industry. They craft new thinking, and must apply invention to the way they use their resources. These are by far the most expensive and difficult brands to build, though. Only the biggest players win, and there is little latitude for flexibility in the branding. A strong, centralized approach to brand image is necessary, with no freedom at the local level to alter the messaging.

Reputation brands connect their image to the notion of heritage or myth. This may come in the form of their own history, or in the association with a legacy company, celebrity or a known personality. Some examples: Planet Hollywood, George Foreman, LVMH, Courvoisier, St. Regis Hotels. The category seems especially well-suited to luxury brands, who can capitalize on attachment to history and tradition to support the brand promise. Cultural signals can be a critical part of reputation brands, since some positions may not play well in other geographies. By the same token, leveraging the country of origin can be an effective tool, depending on the nature of the product. We associate higher value with Swiss watches, French perfume, Asian pearls. In the case of George Foreman, the central product offering, an electric grill, can barely be distinguished from competitor brands; it is the association with his celebrity on which the brand is built. The St. Regis hotel group is an artificial retro brand. That chain was assembled by the Starwood Group over the past decade and branded under the name of a single New York property which had existed on its own for a century.

Affinity brands are built on customer relationships. The central concept is the creation of loyalty based on consistently positive customer interactions. Two companies who successfully built on the affinity model are State Farm, and BankOne. However, this category of brand needs continual reinforcement through traditional advertising, and every other point of contact. Affinity companies then create brand extensions, to offer a multitude of products so that customers experience a variety of choice. Customers need very little incentive to abandon existing brands, and affinity-based companies always pay close attention what their constituency has to say.

Recognition brands have products or services which cannot be easily distinguished from those of their near competitors. Thus their task has more to do with raising their profile in the marketplace than making proof points about products or capabilities. This is the classic “differentiation” scenario, where a company must somehow elevate itself above the pack. It’s a case where deep pockets are required for constant high-profile advertising. Two companies who have pursued the recognition strategy are HP, and Aflac. In the words of van Gelder, “High awareness forms a formidable barrier to competition.”

While the foregoing help to define brand categories, you will discover that other factors come into play as you craft your positioning. Strategic issues, bottom line demands, the competitive landscape, cultural and political issues, the state of the economy also figure. It is important to clearly understand the underlying sense of any brand promise as you calculate the universe into which it will venture.

Outstanding brands may be initially built from within your own walls, by staying on message, supported by the universal adoption of all concerned parties. But the ultimate proving ground will always be found at the most distant touchpoint, which is the customer.

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