A String Theory
Deep-dive Report

A little book of **brand.**

A String Theory Production
www.stringtheory.me

Why a little book of brand?

Brands must increasingly be built through collaboration.

Collaboration, by practical necessity, requires a common language and framework. Shared understanding is the first step towards effective branding.

We see so much value in helping create a common foundation for the work of brand we have taken it up as a project – beginning with building an understanding that can allow people from different disciplines and divisions to work together in a larger community of practice. For the impatient here are the headlines:

1. Brands are a work in progress, they require attention and effort.
2. Brands require everyone to be on board with what they are and how they work to be really successful.
3. Brands require complete clarity about what they stand for: their purpose and values.
4. Everything done in the name of a brand should contribute to its purpose and deliver on its values and the promise of what it stands for.

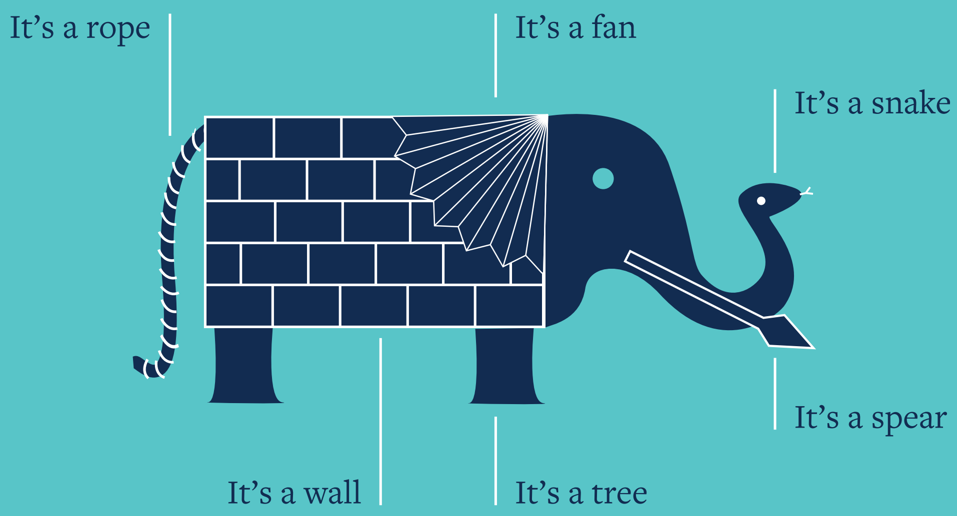
This is very much the 1.0 version and we have some interesting ideas for the next stages of development. Stay tuned. Neither the terms nor the definitions in this work are carved in stone; many are flexible, some are fluid, and a few provisionary as we look to co-develop the practice of brand building and the resources that go with it.

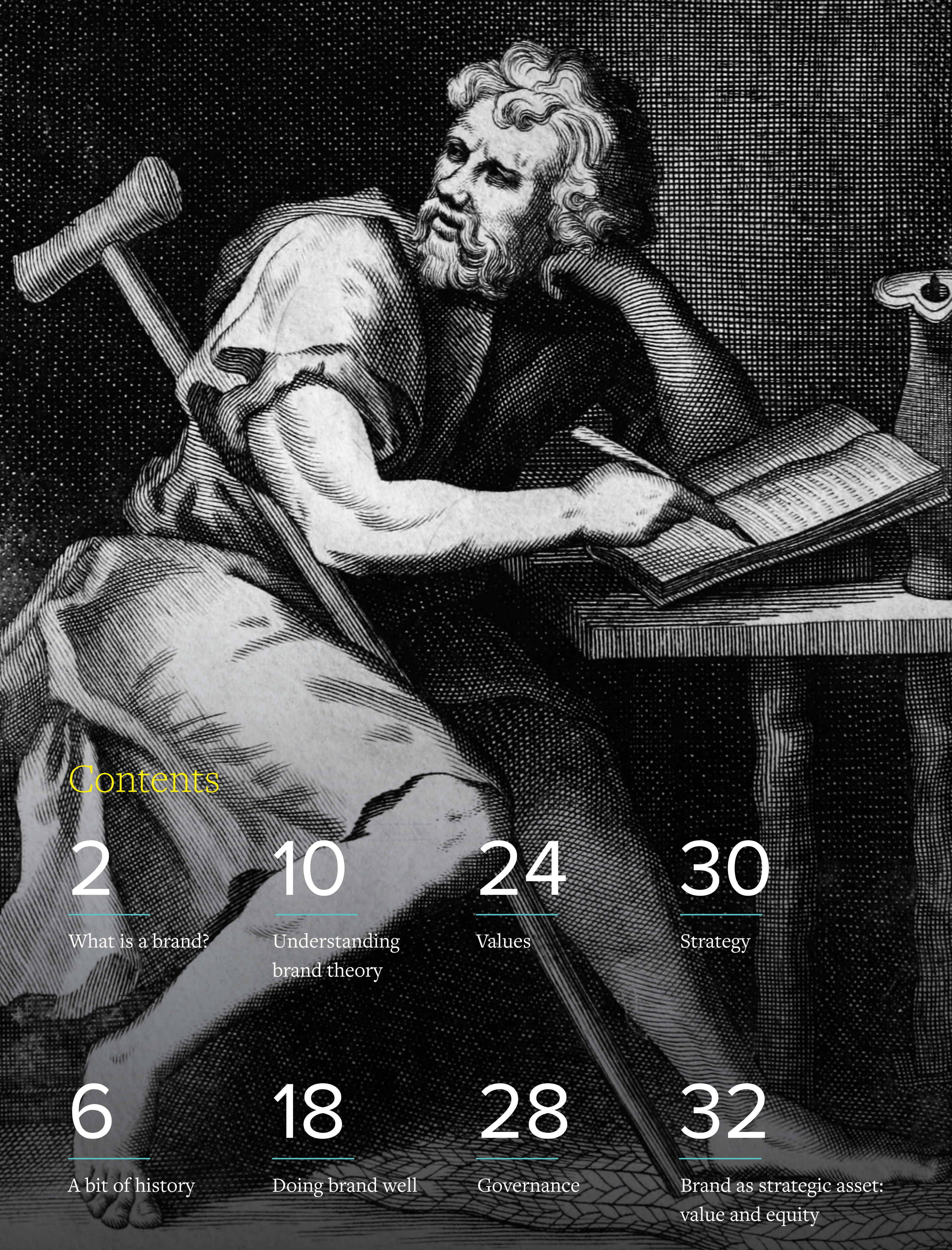
To help create this wee book we have worked with a community of contributing experts. Thank you to all of them.

If you would like to contribute to this project get in touch: hello@stringtheory.me

"Today we find ourselves in the position of the six blind men of Hindustan, unable to describe an elephant except through our separate specialties. The brand is the product, says the product manager. It's the company's reputation, says the PR consultant. The brand is the tagline, says the copywriter. No—it's the visual identity, says the graphic designer. Our brand is our culture, says the CEO. The brand surely derives from functionality, says the engineer. Like the blind men of the fable, all of us are partly right, and all of us are wrong... practical necessity, requires a common language."

– Marty Neumeier, The Dictionary of Brand (2004)


It's a rope
It's a fan
It's a snake
It's a spear
It's a wall
It's a tree



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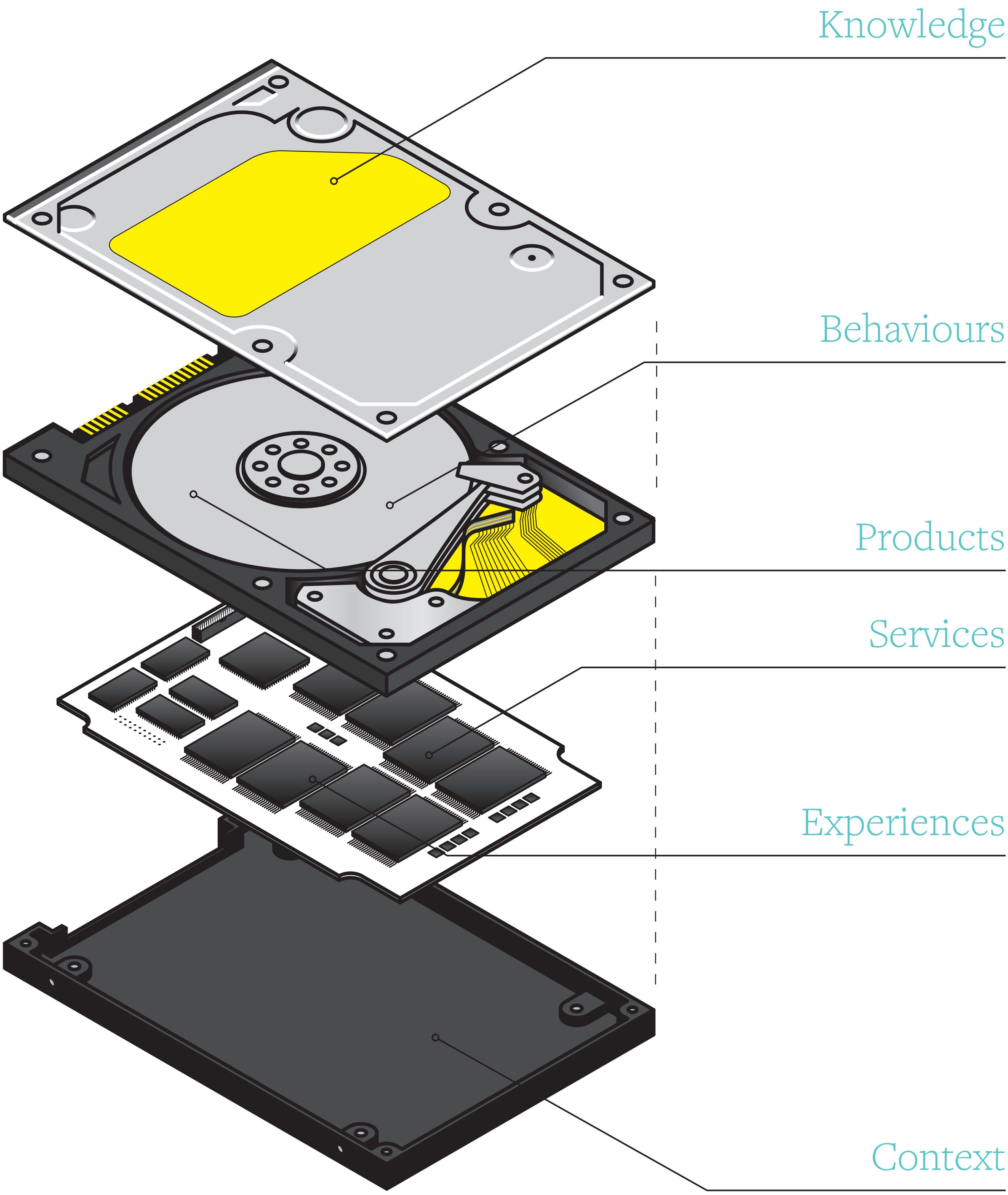
"First learn the meaning of what you say, then speak."

– Epictetus (55-135AD)

What is a brand?



Defining brand

Brand. From the Old Norse: “brandr” - “to burn by fire”

Branding is a multi-billion dollar international industry. It has sucked Hollywood, the music industry and international geo-politics into its orbit.

Yet, bizarrely, it has no universally agreed definition. Google ‘brand’ and you will be rewarded with a digital tsunami of 108 million – often wildly contradictory - results. Look it up in books, research and articles with ‘brand’ in the subject heading and you will still not find agreement.

Research shows how often the idea of ‘brand’ is described as a purely commercial concept, ranging from at its most modest a label or mark on a company product, to an understanding of brand as the sum of every interaction – internal or external – with an organisation. Some, rightly, expand the definition beyond the idea of ‘brand’ as a business concept to think about it as an identity: A character that defines and serves specific purposes, whether individuals, religions, politicians, countries, movements or organisations.

This wider viewpoint is not exceptional. Even the publishers of The Journal of Product and Brand Management accept articles that address the subject from: “...areas as broad as person, place or political brands.” So, it seems reasonable to take the wider view and say that brand is a holistic idea that covers what you do as well as what you say and can refer to things as broad as people, companies and even concepts.

What is surprising is the number of companies and executives who continue to define brand very narrowly, as if it were simply a visual identity or the end result of applying a set of guidelines to some sales collateral. Where brand sits in an organisation gives you a good idea as to the organisation’s understanding of it: If it sits in marketing, then it is usually seen as simply a guide to marketing communications. But even if in a purely commercial context, the idea of brand as only about communications abstracts it from the realities of products, services and tangible customer experiences. Such restricted scope is a problem. It produces inadequate governance and leaves companies open to being blindsided by the realities of what can affect their brand’s health – an outcome that can have serious financial repercussions, as evidenced by the ongoing record of costly errors from established global players you imagine would know better. History repeatedly demonstrates that commercially, brand is a company asset that can make a tangible difference to the balance sheet, to sales, to employee engagement, to customer purchasing, to shareholder sentiment and to media responses. Mishandling of brand can also lead to the death of a business.

Examples of brand failures are legion, as a Google on the subject can prove. There are failures of detail, of process, of market and cultural awareness, even of basic manners. One example is local – QANTAS – whose marketing department, while the company was in the middle of a series of very public disputes and actions with workers over safety, decided it was a good idea to run a #QANTASLuxury promotion inviting people to submit their idea of a dream QANTAS holiday. Consumers were swift to point out the disconnection, with tweets such as: "[My dream holiday would be...] Planes that arrive intact and on time because they are staffed by properly paid, Australia-based personnel." Similar feedback flooded in and the exercise made international news desks, getting publicity that QANTAS had definitely not planned for. As the airline was reminded, brand is not advertising or promotion – things like the material reality of a plane, the actions of an executive and the views of customers are also part of the equation.

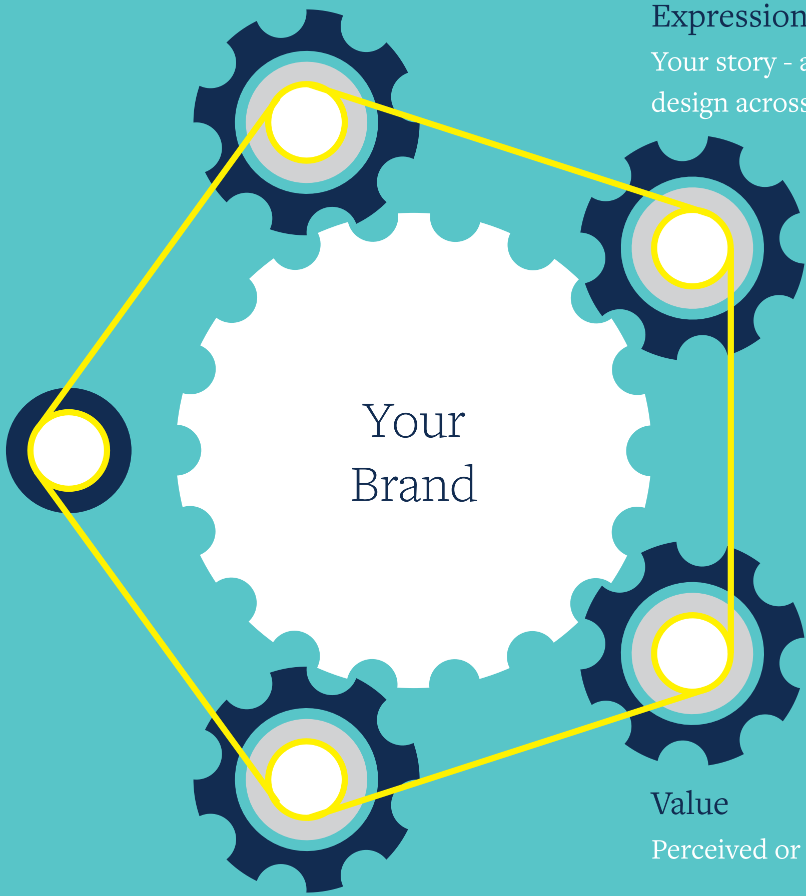
How is it possible for such a well-established company to get its branding so wrong? Perhaps because the definition of branding, as we now know, is not understood and agreed, leading to problems of comprehension and governance: If you don't know what it is, how can you know how to treat it or look after it? Remarkably, definitions, scope and 'rules' of brand are not often shared across teams charged with its care. Neither are ideas about brand well documented or embedded in policies and processes. This is surprising for such a potentially high value asset.

It is a gap this book is designed to help you avoid. In it we will examine the idea of brand, the processes through which it is created and maintained, and how to develop and protect this very valuable asset. The working definition we offer here, for commercial business purposes, is that:

Brand is a contingent asset, dependent on knowledge, behaviours, products, services, experiences and context. The sum of these things creates the perception of your brand, produced through every action and communication made in its name and every interaction with it – inside and out of the business, physical or virtual – whoever the stakeholder, whether first-hand or mediated.

This necessarily offers 'brand' as being semi-stable and always being produced; it is more than just managing a set of visual guidelines.

The mechanics of brand

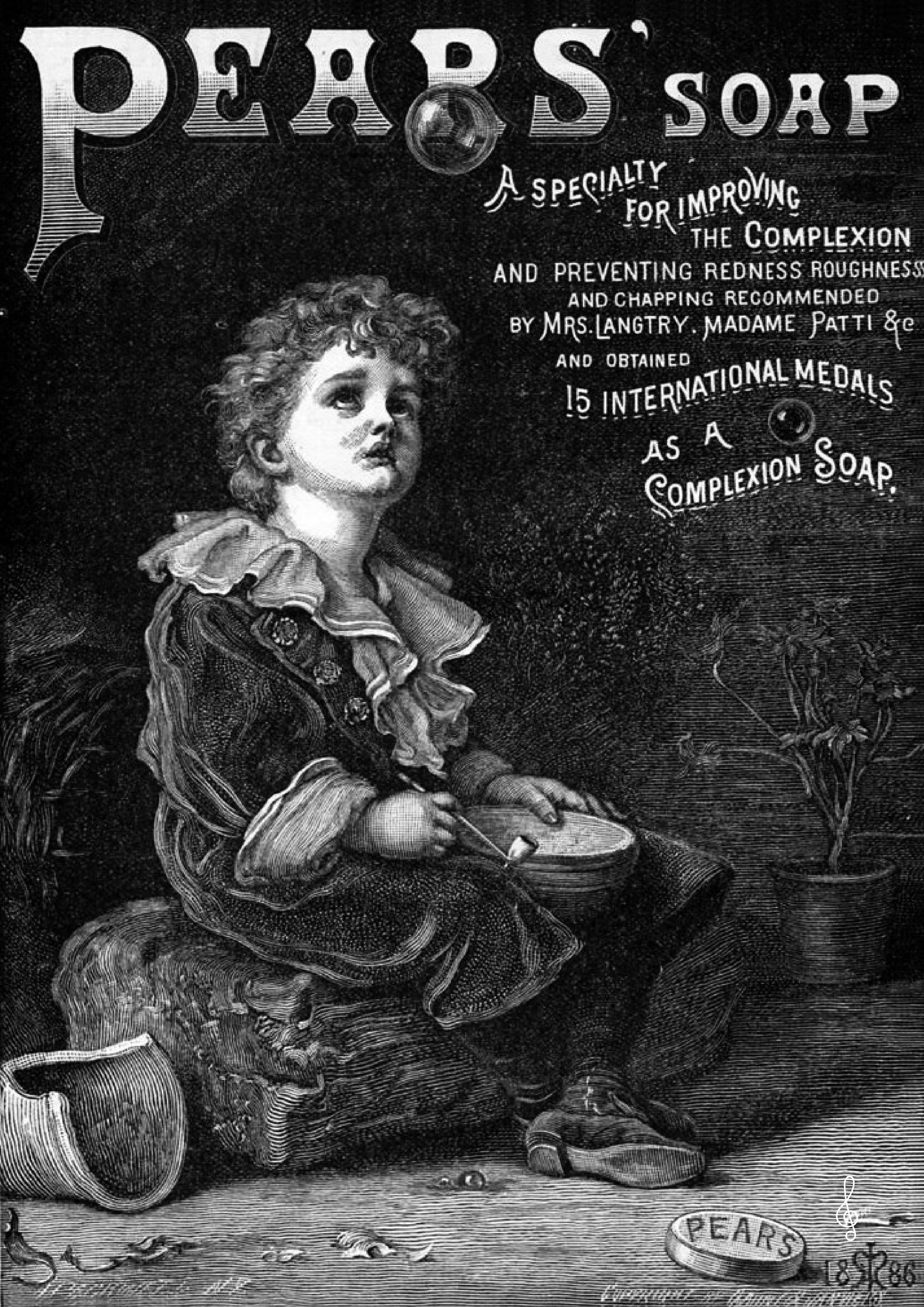


A bit of history

In 1876 Great Britain passed the Trade Mark Registration Act. In case you ever wondered the first trademarked brand in the world was beer, the quintessentially English Bass Ale. It is fair to say that times have changed. Branding was not always described in a complex, multilayered way, at least not commercially. Beyond commerce, however, such logic has been well understood. Take religion. The older Catholic Church is a good example of branding done well. The more recent Catholic Church is an example of a brand damaged by the same disconnect QANTAS suffered, where the actions of the executive have been overlooked as critical to the successful governance of the brand - until it was forced to the Church's attention. But more on this later.

Once upon a time a 'brand' was a mark – whether burned into a cow, pressed into a coin or signed on a painting [think Da Vinci] – to mean authentic ownership or place of origin. Ownership is in italics because this idea is still really important to pay attention to today. A brand needs to own something, in the mind of the consumer. Commercial branding, as we understand it now, emerged properly because of the Industrial Revolution, as packaged goods began to be produced and distributed in large quantities across an ever wider geographic area. Products had been previously made within households or in smaller semi-industrial, highly local production processes. But new ways of manufacturing and transporting meant goods were being made in factories to be sent off far and wide. The need to stand out – to show how your goods were different and to communicate to markets who did not know about you – led to products being marked with the brand or logo of the manufacturing company, and to a new need to promote or 'market' the qualities of the goods involved to these new communities of potential customers. An early pioneer in this was Pears Soap.

The man behind it was Thomas J. Barrat, who married into and worked for the Pears family. The story is worth touching on because Barrat, who was a seriously good strategist, developed a series of high impact activities that are still in use in marketing today. He created brand ambassadors with a famous 'Miss Pears' competition; he recruited an ivory-complexioned beauty called Lillie Langtry to become the first woman to get paid for endorsing a product; he started a content marketing strategy with the production of the Pears Annual and Pears Cyclopedia. And with one particularly unique campaign, he made Britain change its currency laws when he imported half a million French centimes, imprinted them with Pears' name and introduced them into circulation. He was also first to take a cultural artifact to sell a commercial brand – a famous painting called 'Bubbles'. The painter, Sir John Everett Millais, protested in vain that this commercial use was degrading to his work, because Barrat had purchased copyright. Ironically, the use of the image to sell soap as cultured and aspirational is what caused the painting to become the best known of all Millais' works.


PEARS' SOAP
A SPECIALTY FOR IMPROVING THE COMPLEXION
AND PREVENTING REDNESS ROUGHNESS AND CHAPPING RECOMMENDED BY MRS. LANGTRY. MADAME PATTI &c
AND OBTAINED 15 INTERNATIONAL MEDALS AS A COMPLEXION SOAP.
PEARS
1886

What Barrat had understood was that you can – in fact you must – sell more than function when you build the identity of a brand. He had comprehended that people were buying into something far more complex – into emotional associations of culture and class, into aspirations and desires. But his was not simply a communication strategy. The product design also literally embodied the brand message, with a unique clear look, a delicate fragrance and a sleek shape that said 'luxurious'. Barrat had pretty much described the rules for good product branding.

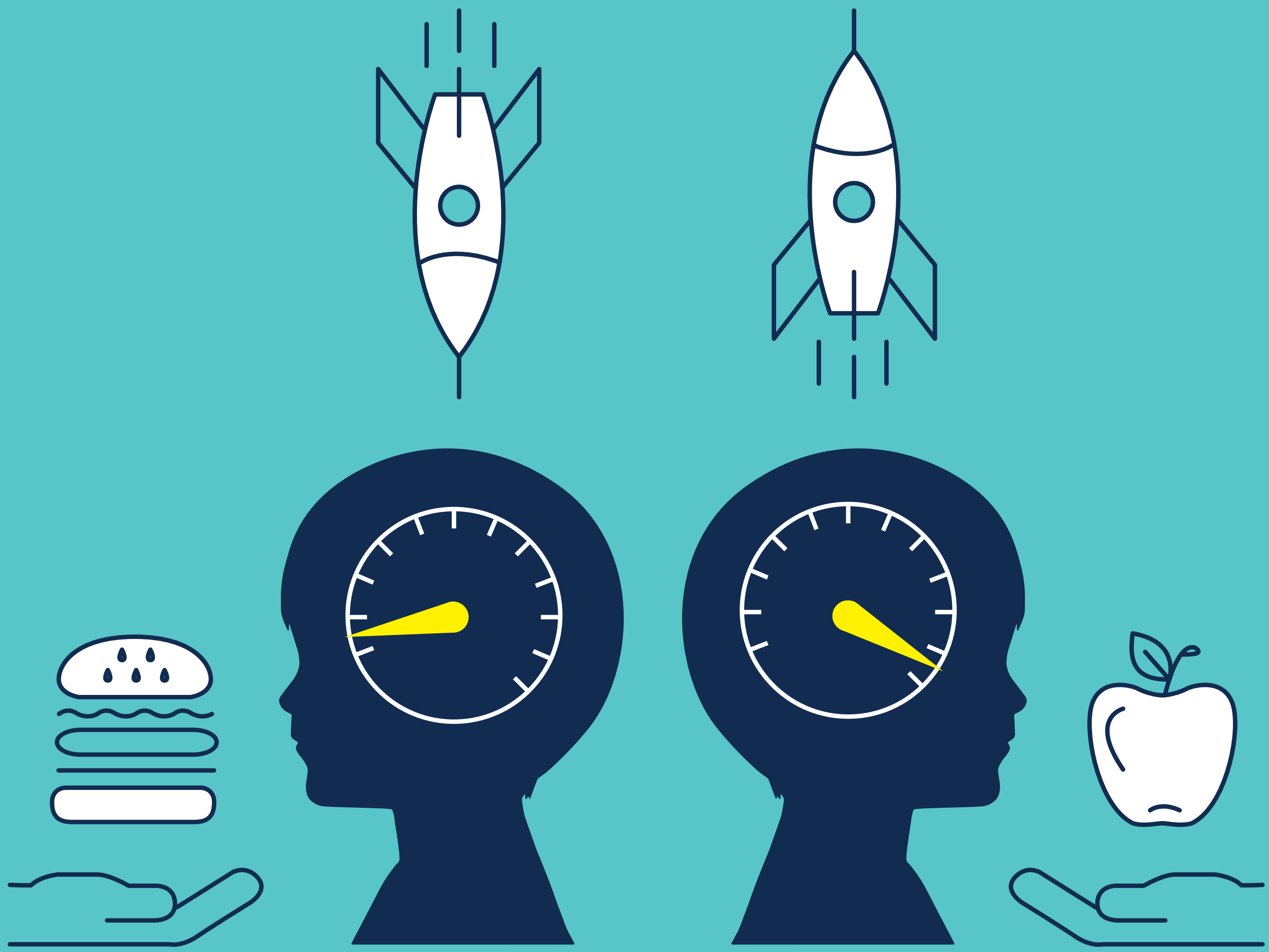
Along with the arrival of 'ads' as we now know them [beyond some very local examples that previously existed] came the need for professional creators of such communications – the Ad Agencies. About now the competition for voice in the market really started to take off. At the same time, new channels began to appear through which those voices delivering their brand messages could be amplified: direct mail, catalogues, radio broadcasts and then the big one, television. These all created a new set of spaces in which brands could operate and compete for attention and awareness.

Other professions were also busy developing in this exciting new world, among them was psychology, a discipline that emerged in earnest in the 19th century, just in time to develop some psychological theories about branding.

Asking: What was it and how did it work?

“A brand used to be something else. It used to be a logo or a design or a wrapper. Today, that's a shadow of the brand, something that might mark the brand's existence. But just as it takes more than a hat to be a cowboy, it takes more than a designer prattling on about texture to make a brand. If you've never heard of it, if you wouldn't choose it, if you don't recommend it, then there is no brand, at least not for you.”

– Seth Godin, Author



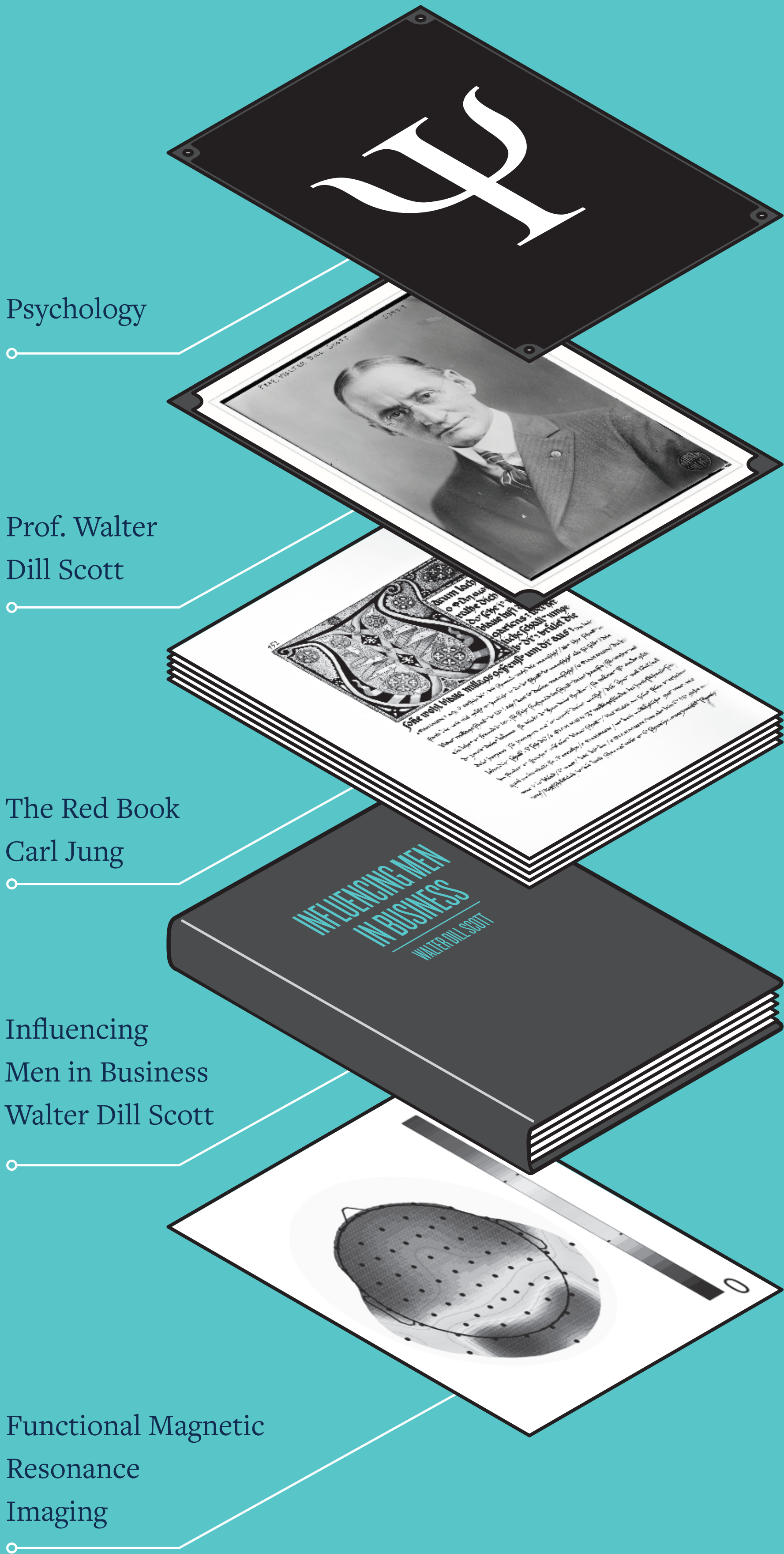
Understanding brand theory

The late 1800s to early 1900s was a busy time during which all sorts of new ideas and activities were developing. Alongside the new world of branding in commercial marketplaces, the study of the psychology of human behaviours appeared as a separate and 'scientific' discipline. The connection between these things is in the way the theoretical development of psychology [and its ideas about what it is to be human] informed the logic of branding and marketing from the beginning. It still does.

Branding began as a practice – which meant that there was no theory about it –but the theoretical gap began to get filled as practitioners of psychology began to take an interest in branding. Then some psychologists went to work in creative agencies – where they discovered salaries were a lot higher than the ones they could get as academics. Their work led to the development of some important principles about branding, advertising and consumer behaviour from inside the business, such as the need for research into the actual world of the customer to inform creative work, the recognition of the role of emotion as a critical catalyst for response, the recognition of the power of a direct address [talking to me the customer, not about you the brand] and the benefit of a direct call to action. When Walter Dill Scott [an early advocate of coupons as a way to get responses] published a book of theory on the subject in 1911, entitled Influencing Men in Business: The Psychology of Argument and Suggestion, his work gave credibility to the psychology of branding as a scientific practice that could describe the 'truth' about how branding works. As it often is, reality was further away from this 'truth'.

The fact is, no one was really sure how it all worked. Steady marches of competing ideas were explored across the century and, as they were developed, ads were created that used their logic.

There was Freudian theory of the subconscious and the idea of subliminal sells (remember the well discussed micro-timed ad appearances and supposedly sexy shapes in the ice?); Jungian theory, tapping into archetypes and brands as 'Heroes', 'Explorers', 'Sages' and so on; Association theory, saying sex sells; Cognitive theory, attitudinal theories and the perceptual effects developed in response, such as alternative camera angles; Behavioural theory, linking liking and likely outcomes; Attention theory, a customers attention being captured as the essential issue. Most recently, we have Neuropsychological Theory and its implications. Work from this field is undermining some of the models that have been informing thinking and practices until now. Technological advances and the greater availability of more sophisticated tools like Functional Magnetic Resonance Imaging [fMRI], Steady State Topography [SST], eye-tracking, facial decoding and galvanic skin response [GSR] are being used to explore different ways of investigating consciousness and the ways in which people respond. These physiological measures of body and brain activity are giving new insights into behaviour. An example of the impact of this current work is the way it highlights the dangers of making decisions based on asking consumers 'what they think', when it is shown that people often lack conscious awareness of what really drives their feelings, their attention and their actions.


Psychology
Prof. Walter Dill Scott
The Red Book Carl Jung
INFLUENCING MEN IN BUSINESS
WALTER DILL SCOTT
Influencing Men in Business Walter Dill Scott
Functional Magnetic Resonance Imaging

Knowledge from research like this supports what many good marketers have learned through practice: that powerful brands and powerful ads work by plugging into triggers to emotional association and meaning. Music, colours, human faces and the young [children or animals] can engage important parts of the brain, activating parallel processes in the right and left hemispheres, which are required to operate in tandem for meaningful message uptake to happen. While these tools of neuroscience can be used to say something about what responses different stimuli cause, the question we have yet to answer is why.

The award winning Sony Bravia commercial ‘Balls’ is a nice example of how hard it is to understand why we do things. After testing ‘Balls’ with EEG (measurement of the brain’s electrical activity) to determine what about the ad worked, analysis of the response trace showed a spike of emotion corresponding with the moment a frog leaps from a drainpipe.

This small, apparently insignificant executional detail turned out to be a powerful cue, with further testing revealing that without the frog, response to both ad and product would have been significantly less favourable. Follow up interviews tried to tease out why the frog had such an impact on overall performance – even among those who did not consciously remember seeing the wee creature.

The answer was: We don’t really know.

We are still not really sure how it all works. The reality is that we [psychologists of brand] are still working on ‘it’ [the psychology of branding], because ‘it’ is very complex and ‘it’ also changes as our cultures and contexts change.

However, researchers have brought rigour if not ‘truth’ to the field, as we seek endlessly to get under the bonnet of why people buy into particular brands. Multiple instruments of measure have emerged over the decades of work. New techniques been developed and the end result has left a wide body of quantitative and qualitative methodologies in the armoury of those of us trying to understand brand drivers. Their methods tend to be taken at face value, but the message here is that they shouldn’t. Methods are informed by theoretical logics and as research shows, these must be open to being questioned. This helps to explain why self-report surveys and pre-tests, no matter how rigorous, consistently fail to predict actual market performance.

So what is the answer? Always look carefully at the logic of research methods. Be wary of stand-alone surveys. Use data from multiple sources – not just one. And remember that good qualitative work in the field with customers is as valuable as it was when the first researchers went out to watch how people engaged with brands.

< Bouncy Balls. Sony Bravia.

One effective qualitative method that is still used to interrogate drivers and attitudes, involves a seemingly simple request to draw an object. This is then talked to, as ideas behind the logic structuring the drawing are explored between researcher and participant. This technique allows for investigation of deeply held attitudes (by examining what is left out as much as what is included) that would otherwise not be available through simple question and answer research.

Valid or otherwise, the 'science of influence' in the last century caught the attention of the wider public. If branding and advertising are 'scientific' then, so the logic went, 'we' the public are being manipulated by commercial interests. There was an inevitable backlash as people responded to this idea and quite a lot was published on the sinister nature of commercial advertising. One was a book called The Hidden Persuaders, by Vance Packard [1957]. It argued that evil ad men were attempting to manipulate you through your innermost feelings – a not unfair challenge on the whole. As awareness of the workings of advertising culture emerged more widely, so too did a new ad man's strategy – Bill Bernbach developed what was arguably the first 'anti-advertising advertising' and "linked this public mistrust of advertising and consumerism to consumerism itself." Nice work.

So basically when Vance Packard's book argued that Detroit's auto industry was a giant play for conformism (brand taps into your desire for community, acceptance and belonging) Bill Bernbach countered with the argument that you can be hip and different and avoid that if you choose the right brand. Bernbach's main idea was to encourage 'difference' itself as the thing to buy into. It is what still underpins the logic of a great deal of brand activity today. It was really smart; it tapped into a fundamental human desire to be different. These men were offering two different ideas about what it is to be human – and the point worth noting is that they were both right.

There will always be a range of competing ideas and theories about what it is to be human because that is what is actually at stake in the world of brand – differences about identity and ways of wanting to be seen in the world. Different ideas about people help shape brands, because brands and the ways people identify are deeply connected. In terms of what is the 'truth' of it all, well, we are not there yet. And 'there' falsely imagines an actual point of arrival. Think for a moment on the impact of the Internet and how that has changed human behaviours. Do you ask more questions of Google than other people? (And by the way, when your brand becomes a generic verb, you know it's working.)

Do you use your phone at the dinner table without thinking about it? Is your phone your first port of call when you wake up? Not so many years ago the answer to all these questions would have been, "No". It is clear that change is the cultural constant and our brands and theories must carry on evolving along with it.

> “Our knowledge of brain function is at the very early stage, and anyone that claims they can identify a consumer’s ‘buy’ button has little or no credibility among neuroscientists.”

– Ron Wright, CEO Sands Neurological Research

Because I'm worth it - one of the most memed lines in ad history.

In 1973 Ilon Specht invented a slogan that finally expressed the full flowering of the new kind of consumerism that Bill Bernbach had begun. Specht was a hippy employed by McCann Erickson. One day she was sitting with a group of creatives in New York trying to think of copy for L'Oréal, who wanted to challenge Clairol's dominance of the American market.

Specht described to journalist Malcolm Gladwell how she looked around at the others in the room. And then what happened:

"I could just see that they had this traditional view of women, and my feeling was that I'm not writing an ad about looking good for men, which is what it seems to me they were doing.

I just thought: F**k You.

I sat down and did it in five minutes. It was very personal. I can recite to you the whole commercial, because I was so angry when I wrote it.

'I use the most expensive hair color in the world. Preference, by L'Oréal. It's not that I care about money. It's that I care about my hair. It's not just the color. I expect great color. What's worth more to me is the way my hair feels. Smooth and silky but with body. It feels good against my neck. Actually, I don't mind spending more for L'Oréal.

Because I'm worth it.'"

It was liberation through shopping.

> "And you would spend as much money as it took to get that freedom. It meant that women could be free to be themselves and fulfill their own inner desires – but through consumerism."

– Adam Curtis

What research shows is that brand theory – like all theories – has been affected by its development having occurred at a particular time and in a particular context, which in this instance was the commercial world of the late 19th century onwards. This has created a misrepresentation of brand – because it attaches the idea specifically to goods or services. In fact, a brand is necessarily attached to the company that produces and services it, and thereby to the actions of employees and the spaces they work in, as well as to the way people are treated by those who represent a brand and the reality of how something materially and emotionally feels when you use it. Exactly what QANTAS failed to understand.

If we look past 'scientific' window dressing around brand theory across the years, one thing stands out when you look at the research as a body of work: It is very removed from the day-to-day worlds of customers. The majority of studies and methods rely on artificial situations that fail to consider the consumer in context and the reality of human decision-making [which is far more complex than is allowed for by questionnaires or most focus groups]. This problem comes from the logic of the dominant psychological model and it is part of a wider cultural debate – the relentless idea that you can separate mind and body, and the idea of a rational, separate individual unaffected by the logics of culture and context. The idea of a brand is often structured through this reasoning, as if it were something that could exist independently of the contributing experiences of products, services, or actions of employees and executives.

If you move away from this narrow scope and into a more complex world that is about what is tangible as well as psychological - and about the way brands exist in relationship to people, resources and communities - then you can start to work out how to manage brands effectively.

So how do you go about creating a brand and keeping it healthy?

Doing brand well

Step 1: Definition

In an article on “Lessons to be learned from the Catholic Church on branding”: “The early Catholic Church had different rituals and varied ways of conducting the Mass. Pope Pius V (1504-1572) during his papacy issued missals that created a uniform way of conducting the Mass, so that worshippers could have a sense of familiarity no matter where in the world they attended services.” It was an act of brand management.

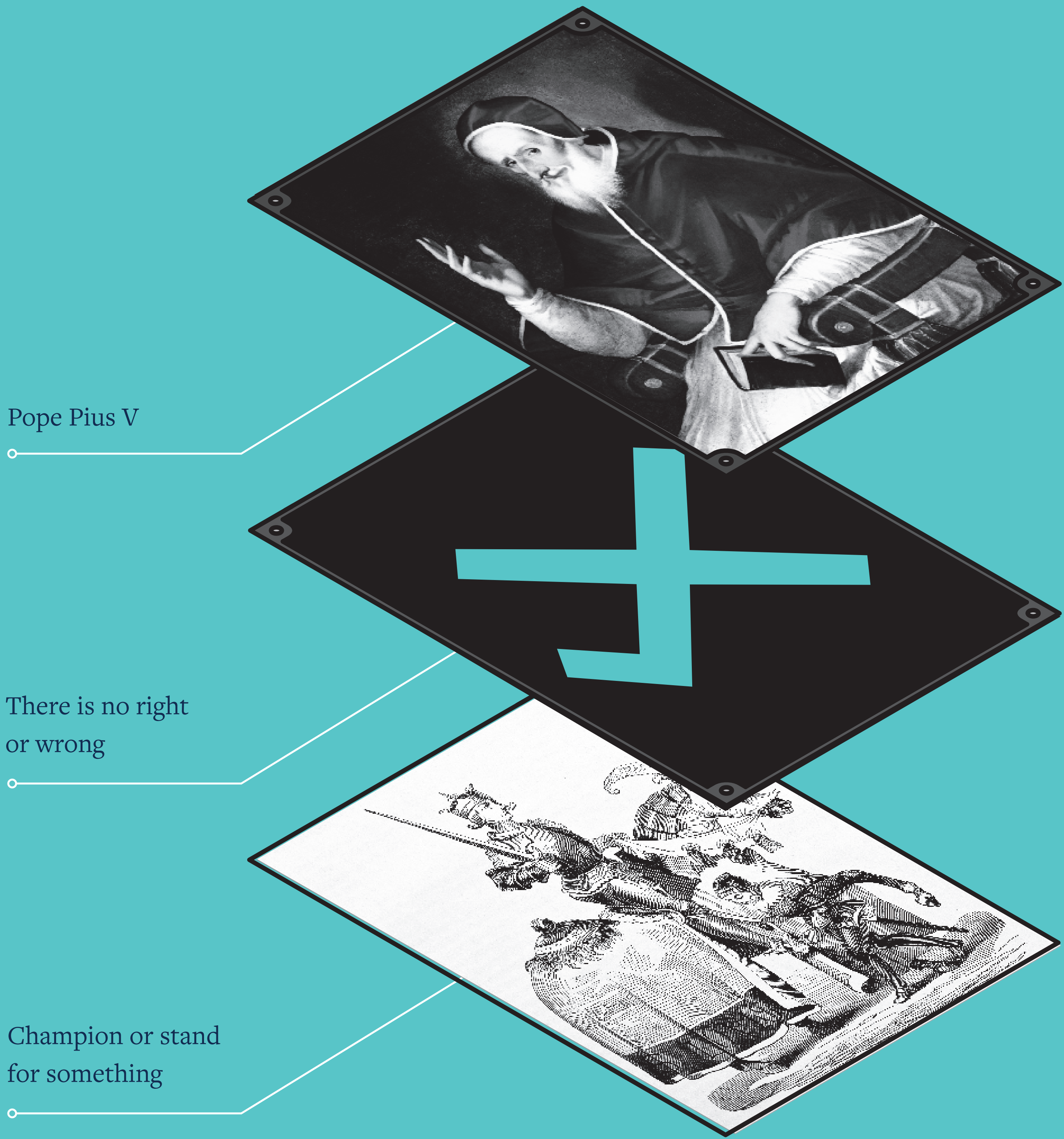
Today, we are re-engaging with the idea the Catholic Church had grasped all that time back in the 16th century: that a consistent customer experience will enhance the health of the overall brand. And the Church was not uncomplicated, crossing countries and continents, with a massive workforce and an extraordinarily diverse set of stakeholders to deal with.

Over the centuries the Catholic brand has hit serious problems. When the crisis of the treatment of children first emerged in the last century, it is fair to say the Church went into a process of reputational management. What they seem to have returned to since the appointment of the latest Pope, Francis, is brand management.

Why are these ideas being marked out here as different?

Think of it like this: A reputational focus is inward looking and defensive - a brand focus is externally focused and offensive. It is a useful distinction. A reputational focus exists when you are on the lookout for how you might be seen by others, whereas a brand focus exists when you are championing something – declaring to the world what you stand for – a powerful difference.

Knowing precisely what you stand for is critical to a healthy brand.


Pope Pius V
There is no right
or wrong
Champion or stand
for something

Step 2:
Work out your purpose

A recent activity sweeping the executive suite is the development of 'purpose'. It is a worthwhile exercise. What it is really about is writing your story.

Purpose is not a new idea. It is a new way of tackling more established ideas like 'company mission' and underpins the concept of a company 'vision'. What champions of it are trying to do is bring things back to something pragmatic and functional, using language we can all understand.

What is a purpose?

It's a statement, a single sentence, about the difference you are trying to make in the world through what you do. If you have a purpose and can describe it really clearly, everything else makes sense. It can give you a framework against which you can assess what gets done. Your team can feel good about what you're doing and clear about how to get there. Without clear purpose, things will feel disconnected and potentially meaningless. And working simply to get a paycheck is never going to invoke passion or inspire people to stretch.

Whether or not your business currently has a purpose that you can articulate, every organisation [and individual] is capable of having one. Psychologically, a sense of purpose is necessary to thrive. Yet, as with many concepts, the simpler they are the tougher they can be to nail down.

Purpose is not a tag line. It is an idea that defines a company's reason for existing. Everyone in the organisation should know it and be able to repeat it. And it should be unique to you.

Examples can help make this stuff real.

Google's purpose:
"We organize the world's information and make it universally accessible and useful."

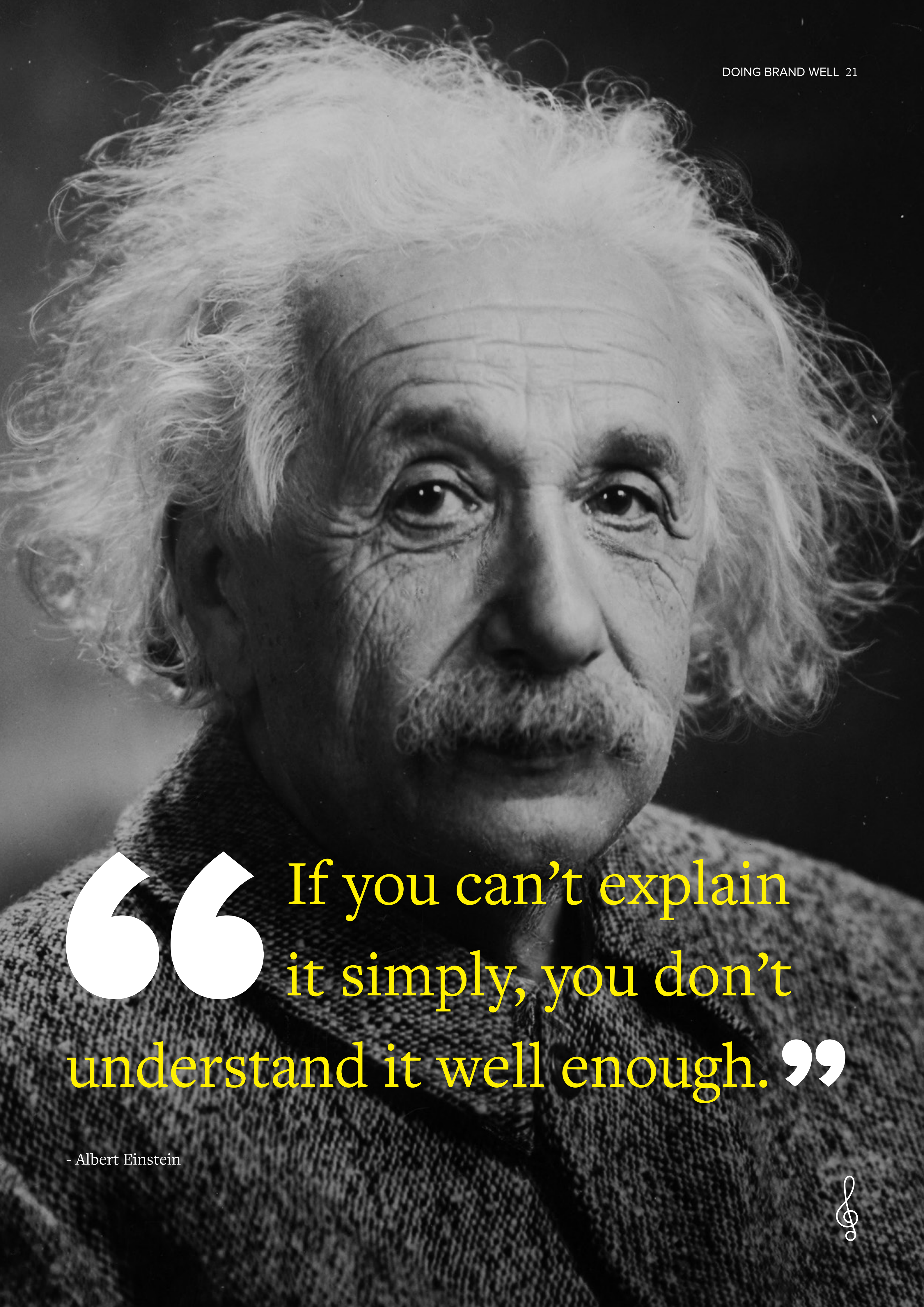
3M's purpose:
"To solve unsolved problems innovatively."

When your purpose is clear, an activity that doesn't add value or support your purpose can be identified – and jettisoned. Simple?
Yes. Yet so hard to get right.

Developing real clarity about purpose is a very important piece of work but in the excitement of working through this, organisations can overlook the critical yin to their yang. A brand is always in a two-way relationship. What problem is your customer trying to solve and how can you help? What is the relationship between your purpose and your customers' worlds? When you solve this equation you have the real beginning of your brand engine.

The lesson is as simple as it is revolutionary.
You have to be the most something to someone.
And in today's world the middle of the road is not enough for long-term survival. As one author on the subject, Bill Taylor, writes: "In today's world of business, with so much change, so much pressure, so many new ways to do things, the middle of the road is the road to nowhere..."

To quote Jim Hightower: "There's nothing in the middle of the road but yellow stripes and dead armadillos".



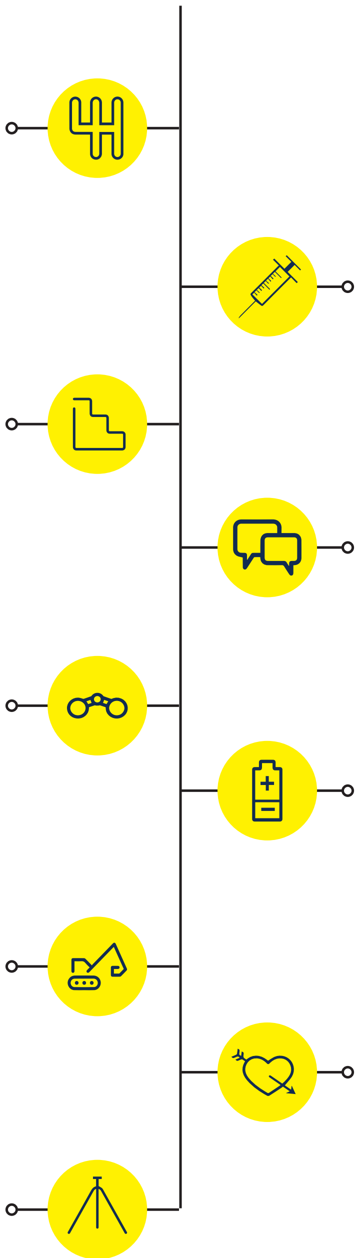
“If you can’t explain it simply, you don’t understand it well enough.”

- Albert Einstein

> “The power of purpose is not a marketing idea or a sales idea. It’s a company idea. Purpose drives an entire organization and it answers why the brand exists.”

– Jim Stengel, retired Global Marketing Officer of Procter & Gamble

Purpose



Drives everything.

It will drive all major decision-making and become the determining factor in how you allocate resources, hire employees, plan for the future and judge your success.

Is a path to high performance.

It fulfills a deep-seated need that people have and will drive preference for your company.

Fosters visionary ideas and meaningful innovation.

It provides the motivation and direction necessary to create meaningful innovation in the marketplace.

Moves mountains.

It can rally the troops to overcome seemingly insurmountable odds.

Will hold you steady in a turbulent marketplace.

It will see you through when times get tough and the road seems unclear.

Injects your brand with a healthy dose of reality.

It is not something you can fake. It's genuine. It's real. And it's something that your customers honestly appreciate about you.

Recruits passionate people.

It creates a level of engagement and passion among like-minded stakeholders.

Brings energy and vitality to the work at hand.

It provides meaningful and sustainable motivation for employees.

Contributes to a life well lived.

Work is no longer a 9-to-5 job to be endured but a meaningful source of fulfillment and satisfaction.

Source:
www.thepurposeinstitute.com

Values

Step 3:
Be clear about your values

When it comes to the idea of 'standing for' something, what is necessarily invoked are your values. Far too often these exist as meaningless words on posters on office walls, in shareholder reports and little else. A good test is to ask any employee what the company's values are [when they can't see the poster]. Values are critical to defining what is okay and what is not. What's in and what's out? How do we conduct ourselves? What matters? If the written values are not live and deeply embedded in the processes and practices of the company, the real values take over - the actions and behaviours of people in the company become the values.

Enron's mission statement was "We treat others as we would like to be treated ourselves. We do not tolerate abusive or disrespectful treatment. Ruthlessness, callousness and arrogance don't belong here." The motto of Enron was respect, integrity, communication and excellence. Its spectacular collapse occurred on December 2, 2001. What Enron did wrong was to prepare financial statements that did not provide a fair and true view of the company. The company recorded profits and assets that had either been inflated or were fraudulent. Its debts and losses were put into entities that were formed by the company and were not published in the company's financial statements. The firm also had mysterious financial transactions that were used to take unprofitable entities that were not recorded in the company's books. It has become the poster child for corporate fraud and corruption. If it had genuinely lived and died by its values, could this have happened?

Core values should be the fundamental and timeless beliefs in the organisation, the guiding principles that dictate behaviour, action and the type of people you want to recruit [people who share the same sorts of values]. These map what is right from wrong; they help determine if you are on the right path and they should create an unwavering and unchanging set to the compass.

Most companies have value statements. Failure to implement and keep them alive is a common trap. A second trap is to have too many – some have lists of well over ten and, like the Seven Dwarves, most people can't remember them all. A third trap is that over time shifts can occur in practices and processes that create dissonance between values and actions. For example: A value of 'empowered people' is worked against by a need for sign-off on every decision made. In this example a practice has emerged that overrides a value.

Values require mechanisms to make them live. 3M has a value of innovation. It has a mechanism that requires 30 per cent of all revenues in each business division to be generated by products developed in the last four years. It is a wonderful example, as this mechanism gives purpose and value serious teeth.

> "It's not hard to make decisions when you know what your values are."

– Roy Disney


1
2
3
A
B
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The work of mapping values is also important, but shouldn't be a long, drawn out process involving executive exclusivity and off-sites. Jim Collins offers an excellent overview of how to think about and approach the subject much more sensibly. Summarised, what he offers is:

1. If you do not already have stated values, a core group can discover them – they will already exist. Collins suggests the strategy of selecting a 'Mars' group, which is formed by asking a wider group of employees to answer the question: If you were going to recreate the business on Mars and you had a rocket that could only take five to seven people, who would you send? The idea is that this group will be a robust representation of all that is good in the company and have a very good sense of the values driving it.
2. As CEO, trust the Mars Group to do the work.
3. The Mars Group should wrestle with key questions such as:
    - A. What core values do you bring to work – values you hold to be so fundamental that you would hold them regardless of whether or not they were rewarded?
    - B. How would you describe to your loved ones the values you stand for in your work?
    - C. If you woke tomorrow morning with enough money to retire, would you continue to hold these values?
    - D. Can you envision these values being as valid 100 years from now as they are today?
    - E. Would you want the organisation to continue to hold these values, even if one or more of them became a competitive disadvantage?
    - F. If you were to start a new organisation tomorrow in a different line of work, what core values would you build into the new organisation, regardless of its activities?
4. The last three questions are critical because they help make a key distinction: core values are timeless, while practices and strategies should be changing all the time.
5. Values require mechanisms to make them live.
6. Don't confuse values, practices and strategies.

Governance

Step 4:
Look after it properly

An interesting set of questions to ask:

- Who is in charge of your brand?
- How is it governed [audited, managed, assessed]?
- How is it doing at present?

If the definition of brand in this report is agreed, then governance and management of the ways in which 'brand' is produced must cross the organisation from top to bottom and end to end. Governance of this cannot sit inside a single division. Yet for the majority of companies, brand sits in a silo, often in Marketing. Marketing is just one of the key strands of brand management, weighted by the level the brand needs external engagement. Marketing does not usually manage HR, yet HR is usually the division with responsibility for internal brand management and management of the recruitment brand [a surprising number of companies have separate guidelines and identities for each of these]. Corporate Communications is another division, set up to hold accountability for reputation, and generally manages brand activities with external media. Most often, Corporate Comms is separate in activities and accountability from Marketing and HR.

Has the problem of brand management across silos just become clearer?

What is also surprising is how infrequently boards are involved in signing off on brand strategy. Yet this is arguably an important part of their role: To approve and monitor progress of the brand as a strategic asset. If a brand is a strategic asset produced across the company's activities and stakeholder interactions, then the challenge becomes identifying who can own responsibility for it.

A McKinsey study of pivotal roles describes the way in which the role of the brand manager has become badly reduced in potency. The story they tell is attached to the earlier tale of market and company growth. As companies experienced significant growth in markets, product lines and channels, there was a parallel expansion of divisions, roles and layers of management, leading to structural shifts that have removed brand managers and their peers from the senior and integrated positions they once held. The authors go on to report that increasingly brand and marketing executives now share power with other functional leaders or work under more senior executives with no brand experience. Without such experience, brand management falls to one side or into being a nod to guidelines. The result is that brand managers have lost their role as horizontally operating integrators and often find themselves at the end of a pipeline performing the equivalent of being an order taker for sales and product teams. That outcome leads to disconnected tactical executions, wastes time, money and talent, and diminishes the opportunity to create real value.

It is unlikely today that Thomas J. Barrat of the Pears Company would have had free reign to develop his innovative ideas.

The McKinsey report proposes that one way in which successful organisation of a critical function like brand management that crosses divisional boundaries can be managed, is through formation of a 'bridge function'. Made up of a group drawn from marketing, finance, innovation and the supply chain, the authors suggest combining expertise from diverse areas such as revenue growth management, go-to-market planning and analysis, and customer marketing. This group can then create a 'bridge' as necessary competencies and processes get sustainably built into the organisation for the longer-term.

The arrival of customer experience management in organisations is describing a similar logic.
Done well this can result in agile teams being set up across companies to manage the complexity of the business pipeline, and to find new ways to work across the different tributaries that add up to create the overall customer experience. It is ultimately an examination of existing operating logics that looks set to create new ways of doing business.

Done well. Done badly, you get a new person with the title Customer Experience Manager sitting in a silo with no power whatsoever.

When you join Toyota you will go through a process of brand induction that is over a week long. They believe that you work for the brand, not the company. This inside-out process of building a brand is very smart and recognises the role of the employee in the branding ecosystem. They can number in the thousands and the people they touch in turn, in the tens of thousands. Whether your workforce is large or small they are an important voice – not only of your brand but for your brand.

Governance requires mechanisms to sustain intention. A useful tool is a simple but powerful activity assessment framework.

Strategy

Step 5:
Work out your strategy

Strategy: from the Greek ‘στρατηγία stratēgia’, the act of creating a high level plan to achieve one or more goals under conditions of uncertainty, containing actions to achieve those goals, and mobilising resources to execute the requisite actions.

Robust brand strategy considers and sets out all the elements that describe the ‘architecture’ or ‘DNA’ of brand.

Purpose: What do we stand for?

Values/Principles: The moral compass guiding what gets done

Identity: Character traits

Impact: What do we deliver?

Proof: What are the foundational pillars that make our brand promise true?

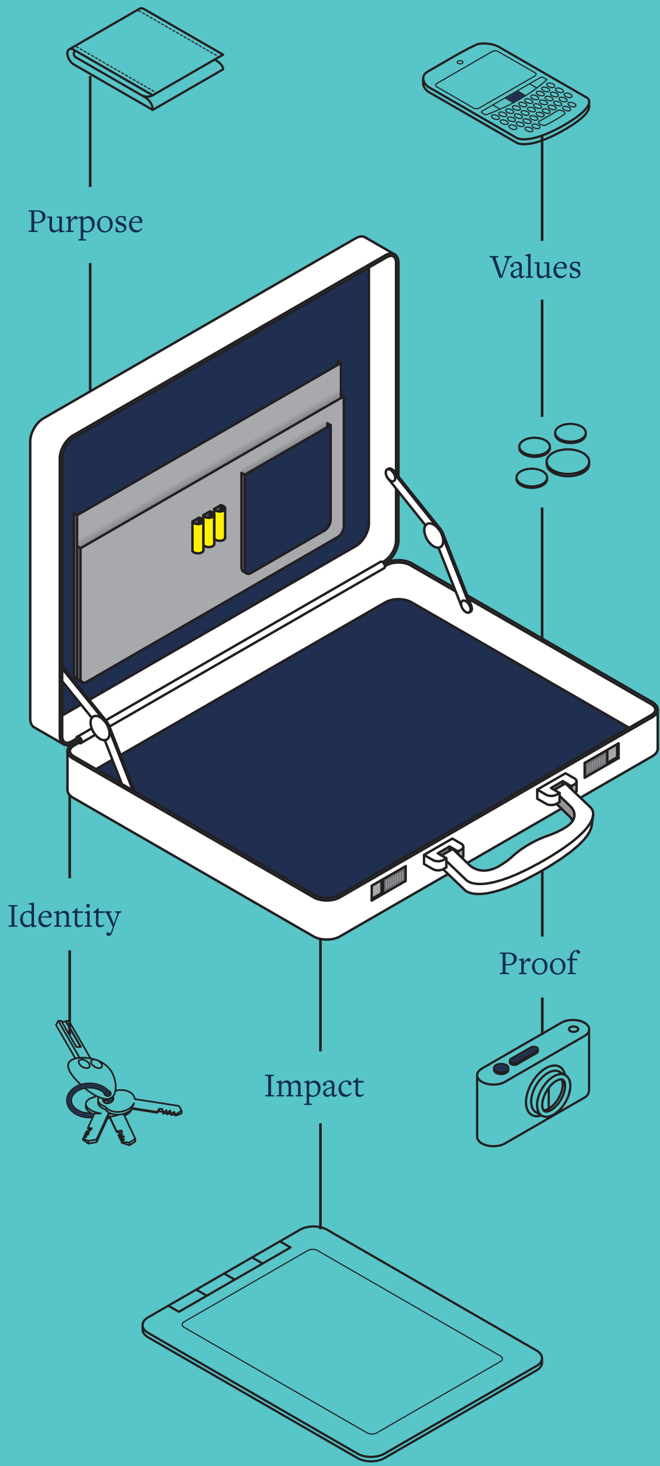
These elements must all be informed by competitors and contexts and, once established, provide a framework in which business strategy can operate. They are totally interconnected. If business strategy becomes reduced to sales targets or numbers then the brand is not on track.

In this sense, brand strategy requires a top-down logic that can inform activities business-wide, all of which should be asking the question: How is this work supporting the objectives of the business and the brand?

Within the range of necessary activities is marketing. Marketing strategy is not brand strategy, it describes the long-term marketing support for brand based on the definition of the characteristics of the consumer segments the business is targeting, in turn based on understanding of their differing needs, preferences and expectations of the brand.

Why such careful separation?

When you are very clear about brand strategy, creative work is easy to assess for fit. Coming from the logic unpacked earlier, creative brand advertising is sometimes misunderstood as being the brand. It is not. It is a representation of brand. Creative will need to change as the context changes, as business objectives change, as customers’ worlds change. The brand’s core purpose should not. An appetite for stunning creative work to solve business issues is problematic. Firstly, while most brands aspire to truly great creative, this is not always going to get delivered. Secondly, ‘great’ comes and goes, even from the very best of creative talent. But good creative fit is a timeless pursuit and should always be the goal for a healthy brand. If brand strategy is reduced to reliance on great creative, when it ends you are left with nothing. Then what? Your assets’ value becomes extremely precarious. Lipstick on a piglet.


Purpose
Values
Identity
Proof
Impact

Brand as strategic asset: value and equity

Step 6: Work out your value

When Nestlé purchased Rowntree's they paid almost three times the stock value and 26 times its earnings. What they bought was not a factory but Kit Kat, Aero and Smarties. Brand is a strategic and financial asset. It has real 'worth'. Brand equity and brand value are two measures that estimate how much the intangible asset of brand is worth. The difference between the two is that brand value refers to the methods by which the brand is assessed as a financial asset that the company records on its balance sheet, while equity refers to the importance of the brand to a customer and measures designed to assess this value. They are necessarily interconnected. Why care about this stuff? Because when you are arguing for investment in brand, or managing a brand, you need to have a serious grasp of the relationship to the bottom line.

> "Your core values and purpose, if properly conceived, remain fixed. Everything else—your practices, strategies, structures, systems, policies, and procedures—should be open for change. The confusion between timeless and temporal concepts shows up in every walk of life."

– Jim Stengel, retired Global Marketing Officer of Procter & Gamble


KitKat

Brand value

Brand value is the estimation of the total financial value of a brand, as opposed to a company's material assets. The practice of assessing a brand as a financial asset began back in 1988, when a company called Interbrand developed a model for valuation in a bid process they were involved with. Interbrand was originally an independent consultancy that over time became part of a major global brand agency representing many of the brands being valued. It is now famous for its international valuations, released each year to considerable international interest. This practice of brand valuation has spawned a professional industry and the original model has expanded to consider a range of different approaches and the methods used have been increasingly improved. International [ISO] standards now exist for brand valuation.

However, there is an understandable argument going on in this young field. A professional body, Brand Finance, argues that the international tables being released by 'certain' agencies [it means Omnicom's Interbrand and WPP's Millward Brown] fail to conform to ISO standards and in fact fail to define brand adequately at all, using methods that are proprietary [copyrighted] and opaque [unclear], and lacking the necessary independence work like this should entail. It makes a very fair point. If the idea of 'brand' is not clearly defined then neither are its variables of measure. And with the major players involved now being brand agencies they are far from being arm's length and objective; arguments with a familiar ring, post the GFC. The most problematic issue with the tables these companies release is that they are not based on any internal information, a potentially key factor in determining brand value.

The majority of current approaches to valuation fall within three categories: cost, income and market.

Cost: The cost approach is based on measuring accumulated costs incurred to build a brand over time, things like all historical development, design, advertising and promotion expenditures, campaign creation costs, trademark registration costs, and so on.

This can be extended a bit to include indirect costs like sales force and general expenses. However, although it does offer one way to think about brand value, the cost of past development does not take into account the future income-generating potential.

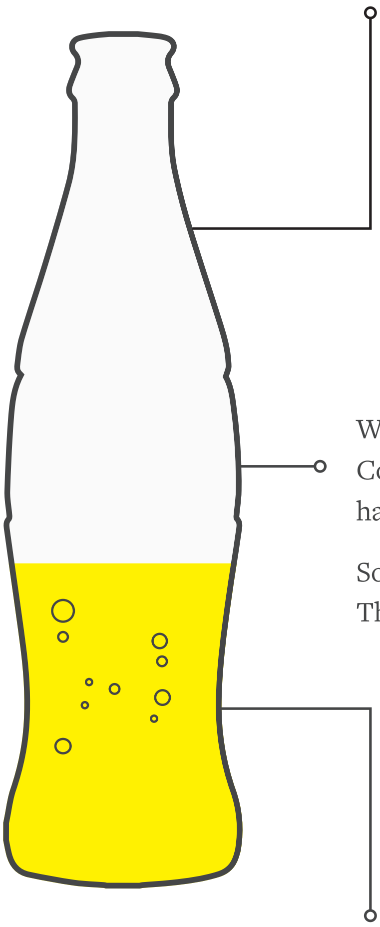
Income: An income approach is based on the 'net present value' method, which attempts to measure the economic benefit of the brand to be generated from a stream of future earnings or cash flows. Forecasts and projections are made from the income stream to be generated from the increased sales and cost savings, net of costs attributable to the brand. Wider charges can again be recognised and applied beyond advertising and promotions to include the contribution of other assets (e.g., working capital, fixed assets and other intangible assets) in generating the overall income stream attributable to the brand. The net present value of the future incremental income stream generated by the brand would be determined by applying a discount rate. This discount rate is based on the rate of return that an investor would expect on an investment in the brand, based on its risk profile and characteristics. The higher the perceived risk, the higher the required return.

Both of these figures-based methods require a certain subjectivity in determining which costs to take into account, the percentage of expenses that can be posted over which period when looking at future earnings and so on. A key problem with cost-based approaches is that they do not allow for any account of key enablers that will not be posted into accounting ledgers, such as in-house quality controls, the expertise in a team, accumulated knowledge or variables such as the existing market position [penetration] and the competitive environment.

Market: The market approach looks to estim ate the value of a brand by referencing the market value of similar brands. The trouble is few brands are transacted in the market and they are rarely comparable.

Such transactions are usually buyer driven and based on complex variables of synergy and strategy that will be unique to the buyer's situation. Another application is the valuation by royalty method, which asks what royalties a company might receive for a brand if it were licensed. The royalty rate is generally a market rate resulting from an analysis of royalty or license agreements for similar assets as 'guidelines'. Adjustments can be made, as appropriate, to reflect differences between the risk profiles, industry conditions, brand awareness and strength, geographical coverage and other characteristics of the brand as compared with those of the 'guideline' brands in the market.

Coke's market gap, including brand value:
$120 Billion



Without the brand, Coke's glass would be half empty.

Source:
The Brand Gap

Coke's market gap, not including brand value:
$50 Billion

The estimated royalty rate is then applied to the forecasted net revenues to be generated by the brand, with the result discounted to present value using an appropriate rate of return. Again, a difficulty with this approach is finding comparable situations as there will usually be agreements in the mix based on supply of know-how services and materials for licensees. It becomes difficult to make the appropriate adjustments to reflect differences between the brands under comparison.

Because the main players do not share a common approach or timing [changes in context will impact performance], results can differ significantly. This creates a mistrust of the activity, which is rather a 'baby with the bathwater' alternative to no valuation at all.

If the valuation of a brand is not an exact science, it is an important exercise that can help an executive team identify and develop key value drivers and assessment matrices for effective brand management. The key is to ensure the methodology that is used is 100% transparent and open to critique. Yes, it may give you a real headache reading up on it but make the effort if you want to work with brands.

When you are looking at brand value it is important to consider the potential impact of brand loss in the event of a major crisis. Reputational damage can be large and swift and undo years of brand building. Toyota's 2009-2010 product recalls led to an estimated 14 per cent destruction of its brand value. Assessment of value should also have a risk assessment framework that includes a crisis response plan, because when there is a brand crisis your response can make all the difference.

Brand valuation is distinguished from brand equity. Sorry – the headache is not yet over.

Brand	Brandfinance value (us$bn) Sep 2011	Interbrand value (us$bn) Oct 2011	Millward brown value (us$bn) Apr 2011
Coca-Cola	27.0	71.3	73.8
IBM	36.0	69.9	100.8
Microsoft	39.0	59.1	78.2
Google	48.3	55.3	111.5
General Electric	29.1	42.8	50.3
McDonald's	24.2	35.6	81.0
Intel	23.5	35.2	13.9
Apple	39.3	33.5	153.3
Walt Disney	15.2	29.0	17.3
HP	25.0	28.5	35.4

Brand equity

Brand equity goes beyond immediate performance indicators (like sales and profitability) and attempts to measure the value of the brand against both current and longer-term potential in terms of the value it has for customers.

This can be defined in two linked ways:

1. Brand strength is a measure of consumer demand – the strength of a customer's attachment to a brand.
2. A description of the associations and beliefs the customer has about the brand – brand meaning.

Clearly, these definitions must, in turn, link back to brand value:

- Brand value is normally based on an estimation of future sales the brand will generate.
- An estimation of future sales results in part from estimates of future consumer behaviour.
- Behaviour is driven in part by the meaning that the brand has for consumers.

Separation of the two ideas is obviously artificial. That said, consideration of brand equity in its own right can focus attention on the external and human aspects of brand performance. It highlights the need to be aware of managing the delicate balance between short and long-term imperatives when engaging in activities like cutting price or marketing investment that may boost returns today but cause serious damage to future brand health. As an example, Stella Artois has long been understood as an elegant upmarket beer, positioned in its ads as "Reassuringly expensive." However, in the UK retailers began selling the product at heavy discounts, which led to a reputation for being a beer for the masses, now better known as the 'Wife beater's beer.'

Clearly not what Stella intended.

The major benefit of a brand with high equity is its ability to command a premium price and/or be less sensitive to price than its competitors. A brand is strong in equity if people are prepared to pay more for it and/or if they are unwilling to substitute it with a comparable (in terms of product features and performance), cheaper alternative. Measures of brand strength are strongly affected by the perception of brand size, but one is not a parallel of the other. Kodak for example, was still perceived as a big brand in its market, even while its brand strength was evaporating in the face of digital competition changing that market. Strength is contextually/competitively dependent.

Metrics of equity are often based on loyalty, assessing actual purchasing behaviour, attitudes to purchase or intention to buy. It's worth noting that the link between claimed and actual behaviour is tenuous – what looks like loyalty can simply be inertia or lack of a valid alternative. Equally, a measure of 'intention to buy' can be more a reflection of past behaviour than an indicator of future actions. Other measures look to ideas like awareness, which has long been recognised as a driver in brand equity, but it's important to remember that familiarity doesn't necessarily go hand in hand with being highly thought of or preferred. Awareness is better considered as a 'gateway' for building associations – necessary but not sufficient for brand strength. Measures do not have to be highly complex. Net Promoter Score has been developed as a very simple method of assessing brand strength, based on simply asking if you would recommend a product/service to others. Ultimately what drives brand equity is meaning: the experiences/stories 'I' hold about a brand and the links these ideas have to my purchase or use. As covered already, establishing precisely what drivers lie behind this causal relationship is difficult and will vary a great deal by business.

The key thing is to have some good measures in place. Undertake customer research to clearly define the drivers behind your brand. Define the measures you will use to assess these drivers. Develop reporting that is real time and that gets to the right people – the ones who can make a real difference to what is being measured. For example, if quality service is a driver of brand health, it is important to define what this looks like [a customer-inspired view of it, not yours] and to have live dashboards in the hands of the frontline teams [like service and ops] so they can see what they need to work on, as it happens. A customer may identify 'communication style' as a critical driver in the service delivery space. E.g. "Explains things to me in a way that I can understand [not too technical] and talks to me in a way that makes me feel good about asking" [not stupid/patronised]. It is immediately obvious that communication style will vary from division to division and from person to person. It therefore makes sense to ensure feedback loops go directly and immediately to the division involved to become tools in the hands of those delivering services, for training and coaching of the relevant people.

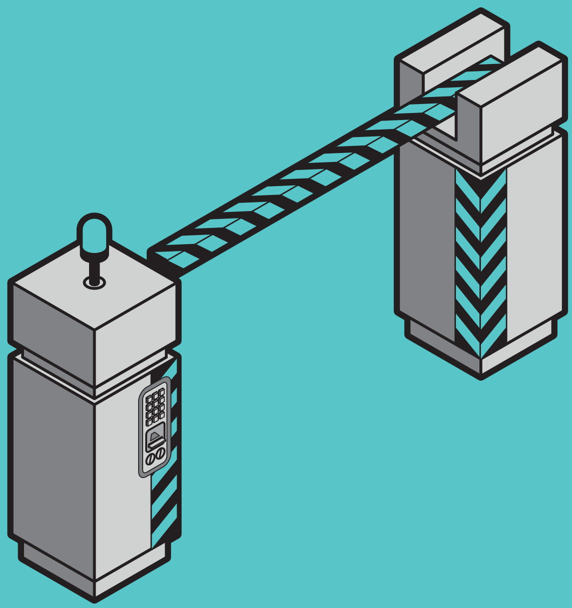
This represents a really good alternative to the current process that is common in organisations, where combined reports go up to removed layers of management and are used to monitor as opposed to improve outcomes. The results of an improvement process like this can then be rolled back up into aggregated reports as far more authentic assessments of brand health to an executive; another example of creating mechanisms for effectiveness.

A focus on brand equity can shift thinking from short-term considerations and:

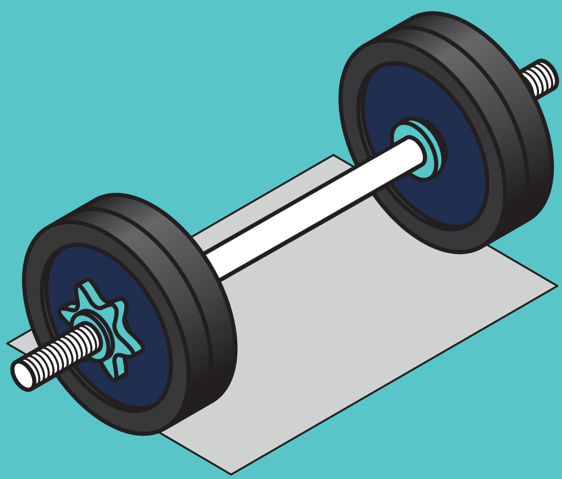
- Demonstrate the importance of keeping and satisfying existing customers rather than merely chasing new ones.
- Recognise the role of marketing in sustaining margins – selling at the right price, not just selling volume.
- Focus on building a long-term profit stream, not just getting the next sale.
- Reinforce that long-term success is based on continuing to fulfill the promise the brand makes to consumers.
- Make explicit the link between the value of the brand in sales terms and the meaning the brand has.

“People are still willing to pay a premium for brands that add value to their lives, but brands only retain their value as long as companies and marketers treat them as valuable.”

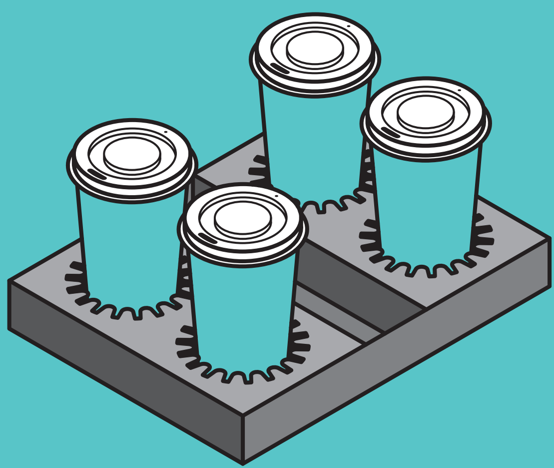
– Nigel Hollis. Millward Brown



Gateway to build associations



Assessing brand strength



Recommendation

Brand in the digital era

Step 7:
Understand the new context

The digitisation of communications has unleashed a whole new era of trouble for stressed brand managers. Samsung created an epic fail in trying to silence a serious complaint about product safety when it made a heavy-handed request to sign away any rights to discuss the issue further as part of an attempted resolution. It has stimulated a You Tube response if you care to check it out, entitled: "Samsung galaxy s4 catches on fire Samsung wants silence". It won't go away.

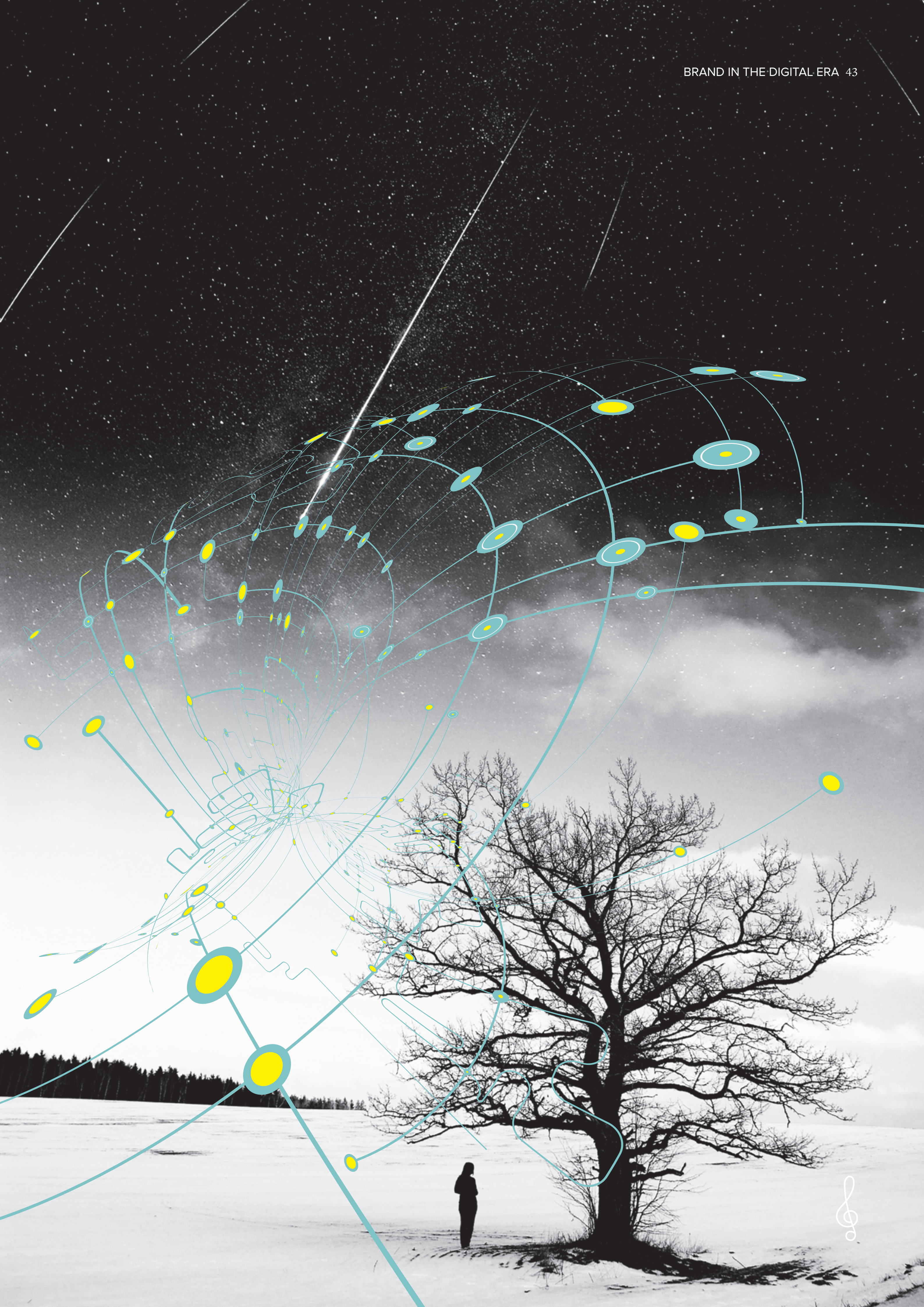
In 2013, AOL CEO Tim Armstrong fired his creative director during a conference call with 1,000 workers listening in. It was captured on tape and re-broadcast relentlessly around the world. More recently in New Zealand, Spark Managing Director Simon Moutter experienced a very public response to his "being a little short" with an employee. It made news headlines.

It is not only the prospect of public amplification of indiscreet or ill-considered actions that is new in the contemporary communications environment. While traditional practices for maintaining a healthy brand still apply, the world has changed and there are new concepts and skills that need to become part of the 'how to' list as a result.

The business challenge

To better understand the nature of the contemporary digital challenge for brands, Interbrand conducted a survey of 672 companies across 10 sectors to get a snapshot of digital strategy. The result is arguably a major part of the answer as to why things go wrong quite frequently in digital spaces at present. Interbrand's view was that the average business's confident self-assessment of its position does not correlate with the data, revealing instead "a crisis of over-confidence" and a sense that businesses have real trouble evaluating themselves. It reports significant numbers of companies using social media with no digital or social media policies [over 39 per cent]. Many are operating without any data protection or back-up and are under-resourced, lacking any internal training or guidelines. Often there is neither competitor nor customer feedback to inform activities and a significant 43 per cent of companies believe digital strategy decisions are made in a fragmented or decentralised environment, with each touch point or product's digital strategy being managed separately and producing brand experiences that are inconsistent across digital touch points.

This research is describing significant gaps in governance, awareness and skills. It is also identifying the same silo effect that is impacting efficiency and alignment of brand activities that has already been addressed. Taken together these results appear to highlight a wider challenge for businesses. Operational logics of post-industrial organisations look like they require reworking. The current model appears to create challenges for both business and brand health.



So what is it that executives need to think about in the digital era?

This is a whole other topic and workbook. But here are some topline outtakes:

1 Focus

The digital world provides new ways of adding value through new types of utility, and a glut of ways in which to increase presence. So how to respond? Stay where you are relevant and deliver well into that space. You do not need to be on all digital channels to do well. You need to be where you matter to customers. Be relevant. Add value.

2 Use data

Use data to develop insights and drive actions. Today it is possible to obtain and use data-led insights in real time, to ensure you can see the effect of what you are doing and that customers are at the heart of decisions. As previously discussed, what data teaches us can now be delivered digitally into real time dashboards to put powerful tools into the hands of people on a team who can make the difference.

3 Give value back to the customer

Make customer experiences relevant and richer [well defined algorithms as opposed to ads cyber-stalking people across multiple spaces]. Give them information about themselves that improves their life [like the electricity consumption dashboards that tell you how your use compares against others and, if you over consume, advice on how to get power use down].

4 Be prepared

Today's consumers are marketing savvy and brand sceptical. Google, social media and ratings tools mean it's easy to reveal what lies behind the marketing and PR veils. The cover is increasingly transparent, as companies like Nike discovered when their unethical labour practices were exposed in the 90s.

5 Be digital

This means you and your products and services. Get up-skilled. Think differently about how. Tesco in the UK has a great reverse mentoring programme in which grads and interns mentor their senior executives on the subjects of new technologies and new media. Look at how to become a digital business. How can mobility or cloud computing create new ways of doing things for you? Look at how to create digitally enabled products. From Band-Aids that can be 'read' by an iPhone to distract children in pain, to phones that can monitor blood sugar levels, digital capabilities are creating new ways to connect, engage and communicate.

The Internet of Things creates the potential for brand ecosystems of products and services that deliver significant value to consumers, as well as valuable streams of data back to the brand owner, which in turn help shape the ecosystem and the brand experience. Increasingly, rather than building their own 'closed' brand systems, brands are looking to work with other complementary brands to build systems with greater connectivity and value.

6 Be sensible

Choose the people that will represent your brand in digital spaces as carefully as you do anywhere else. Do not put your social media in the hands of juniors. Do not unleash executives to have free reign – advise, educate and support them first. Educate all teams about branding and the role they play in your brand and about how to use social media. Remember that one bad action can unleash branding hell so ensure any actions/decisions are subject to adequate scrutiny.

7 Be a good brand inside and out

Burger King had to run an internal investigation and deal with global embarrassment after an employee posted the following picture on social media with the caption:

“This is the lettuce you eat at Burger King.”

Unhappy employees have a whole new way of expressing their unhappiness. A healthy brand is less likely to produce such intense responses.

We are in an increasingly networked, hyper-connected experiential economy. To thrive here, owners of brands need to champion and design integrated experiences that can elicit emotion, drive engagement, deliver value and practical benefits for people across touch points, devices and platforms.

Some communication guidelines for digitally active brands

- Offer user-designed websites [corporate/ ecommerce] e.g. that meet the drivers of the stakeholders they are there to serve
- Review privacy and registration and policies of social media sites before engaging in activity
- Have mobile versions of websites [design the channel to the way it is used – responsive design is not designing to channel]
- Have a social media plan. Ensure a coordinated approach that sees any activities working in concert
- Have an employee intranet [again – designed to meet their needs/drivers]
- Share relevant laws with employees so they are fully aware of brand protection issues
- Actively engage in search engine optimisation and/or marketing
- Create policies and guidelines for employee engagement in digital spaces on behalf of the brand and address personal social media engagement
- Have a mobile app [but with clear purpose/designed to add value]
- Have a customer-focused online approach
- Proactively register domain names and user names on social media sites to defend against digital squatting
- Have an active blog and/or social networking pages, micro-blogging accounts and/or active video/presentation posting pages – if they meet business objectives and focus on what works for your business (e.g. LinkedIn, Facebook, MySpace, Twitter, Tumblr, YouTube, Slide Share, etc.)
- Monitor digital spaces for potential gripe sites, defamation, unauthorised use of logo or trademark infringement
- Back up all content posted/housed on digital sites

Keeping brands healthy

Step 8:
Keep it fit

The oldest brand in the world is reported as being Chyawanprash, an Indian dietary supplement taken for its health benefits and dating back to 300-500 CE. According to a report published by the Bank of Korea back in 2008, in an investigation across 41 countries, they discovered 5,586 operating companies older than 200 years. This longevity is not normal.

According to business historian Leslie Hannah, the average "half-life" of bigger companies – that is, the time taken to close by half of the firms in the world's top 100 by market capitalisation in any given year – was 75 years during the last century. For small companies, studies suggest a half-life in only single figures. Corporate infant mortality is particularly high; the first year is the hardest to survive.

What keeps brands fit?

An efficient and scalable business model combined with innovation is necessary to stay ahead of the competition. But individually these are not sufficient to make a successful brand. It is a complex mix.

1. Build from the inside out

Outside in for the customer and inside out for the brand. The most important place to build your brand from is inside. Build business strategy with brand strategy.

Make sure everyone understands what you stand for and where you are heading. If your teams believe in the brand it will affect their interactions with customers, supply partners and with the people they talk to about their work. This requires your purpose to be clearly defined, your values to be embedded in the fabric of the business and for your messages to be 100 per cent clear.

2. Be consistent

Deliver on your promise. Decide your brand and your key brand attribute/s, make sure this is clear and understood – inside and out – and don't do or communicate anything if it is not true to your brand. Sell the problem you are solving. This must be based on an authentic ability to deliver on the promise your brand is making. Failure to deliver on the experience invoked will rapidly undermine the brand.

3 Be distinctive

Have an original and engaging voice.

- Less [content] is more
- Talk with, not at
- Be consistent
- Connect emotionally. It doesn't matter if you have the most rational product there is – humans respond emotionally
- Back your call for emotional connection with proof of why it is rationally worth it

4 Retain a clear and consistent positioning

People need to know what a brand stands for. That's why an established and successful campaign describing this well should not be abandoned simply for the sake of saying something new, or because a new marketing director has arrived. When change is required the challenge is to re-interpret the brand strategy and positioning in a way that is appropriate to the current time and culture. Marketer Al Reis wrote an article recently that said something important about this to brand owners: ad agencies love new fads but don't get seduced out of your focus – the rules still apply. Getting your customers to love you or getting them to see your humanity remain subsumed in the real pitch. A clearly differentiated brand that delivers its promise is still what works.

5 Offer great brand experiences

Brand experience is not limited to the product or service. Every contact with the brand counts. Look at all the touch points you have. Look after your staff, your customers, your board, your shareholders and your community stakeholders.

6 Stay relevant

Brand health is not about brand size. High levels of brand equity can be undone when new innovations make old brands irrelevant. Stay aware of the context. Know what the competition is up to. Be aware of new trends and developments and understand your stakeholders' changing worlds. Innovation is key to brand success and this is not limited to the functional benefits of the brand. A brand that sets the trends rather than reacting to them is likely to be seen as different and more popular. Stay flexible. If traditional methods are not producing results or entrenched development cycles are holding back innovation find a way to become more agile and try something new. You do not have to bet the barn to do this – you can try things out to see what results you get and then implement more broadly if it works.

7 Innovate yes, but focus on what you are authentically about

Kikkoman, a well-known brand of soy sauce, was founded in 1630 and is now the world's leading producer. It has expanded into food flavouring and, more recently, into biotech. This requires a good grasp of the firm's core competence: knowing lots about yeast, a common factor in all of Kikkoman's activities. Colgate offers a good example of a failure to understand the brand's remit when it tried launching its own range of heat and eat meals: Colgate's Kitchen Entrees. It was an abject failure. The minty fresh brand could simply not extend that far.

8 Price to your brand

As with the Stella Artois example cited previously, dropping price for short-term gain can have a devastating long-term impact on a brand.

9 Be authentic

Today consumers in developed countries have a finely tuned sense for what is true and authentic versus shallow and contrived. In 2003 Cadbury Chocolate launched a 'Cadbury get Active' campaign, in which children could trade evidence of consumption of Cadbury products for sports gear. Response was swift. Criticism focused on the fact that to earn the most expensive item on offer in the promotion [a set of volleyball posts] a child would have to eat 5,440 chocolate bars, containing over 33 kilograms of fat and over one and a quarter million calories. Cadbury was chastised for attempting to link exercise and chocolate. A major contributor to obesity cannot stand authentically as a promoter of healthy living.

10 Assess all behaviours, sources and resources

The Boycotts list on ethicalconsumer.org is very long indeed. The landing page highlights some key names:

- ASDA/Walmart
- Coca Cola
- Israel
- L'Oréal
- Mars
- Nestlé
- Procter & Gamble
- Tesco
- Unilever

11 Keep a strong corporate culture

People are still drawn to brands with a strong heritage. Know the story behind your brand and keep it alive. Today, people seek out brands that display their values by the actions they take. In industries with a strong customer-service component it is particularly important that everyone involved with the brand understands and embodies its values. Protect your IP [data creation, capture and curation]. Reward and cultivate. Retention is a very underrated activity. Look after your customers and your teams. They will reward you by recommending you and staying with you.

12 Measure it

There is no excuse for not setting up clear benchmarks and measuring effectiveness. This does not mean lack courage to innovate, test and learn, but to learn you need insight from analysis. Be accountable.

Which brand demonstrates many of these success factors?

Apple. In the 2008 Millward Brown BrandZ™ Top 100 Most Powerful Brands ranking, Apple's brand value increased 128 per cent as a result of strong business growth based on innovation and strong customer loyalty.

> "The central finding to our research was that those businesses driven by a higher ideal or a higher purpose, not only outperformed their competitors by a wide margin, but often created entirely new sectors, and businesses which experienced rapid and sustainable growth. This makes a compelling case for those businesses that don't simply treat its brand as part of the marketing or public relations department, but espouse its core values to all stakeholders, both internal and external."

– Colmar Brunton (2014)

Building out difference

When Kraft cheese entered the already crowded Australian cheese market in 2009, prospects for local cheese company Bega seemed grim. Bega was a mature brand in a commoditised category; in addition to competing with a new global entrant Bega faced rising commodity prices, retailer rationalization and aggressive discounting across the category.

Bega could not compete on price, but to stand a fighting chance it could rely on those things that made it meaningfully different from Kraft. In their application for the 2011 Australian Effie awards, Bega marketers noted:

"To win this war, we knew we had to shift the battle lines. We had to move it beyond discounting and make it about Bega – the brand, the place, the people. We had to let Aussie mums balancing the tight household budget into Bega, let them behind the scenes. We couldn't win the price game; we had to make the battle about 'values.'"

Bega launched the "Real Town. Real Cheese." ad campaign, which featured bucolic scenes from the beautiful town of Bega in New South Wales where their product – which was 100 per cent cheese – was produced. It hoped the campaign would show that they were the local guys who made real food that was good for Australian consumers and their families. The response was immediate and enthusiastic: Bega became the first Australian cheese brand to have more than $200 million in annual sales.

Bega continued to build credibility with consumers by introducing "Real Farmers," unscripted video interviews with Bega farmers and their families, and it supported the community-oriented campaign further by making grants available for other communities in Australia. The emotional response the campaign generated increased not only volume sales but also value share. Though Bega's competitors were still engaged in price wars, Bega increased sales by 3.7 per cent in a year with no category growth and aggressive competition.

Last words: Some topline out-takes

Step 9: Stay educated

- Never stop educating yourself. Never stop engaging others.
- Few organisations have a clear brand purpose. Brand purpose is a critical success factor.
- You have purpose right when you can have a conversation about it with any stakeholder and it makes sense, regardless of who they are: board, B2G, B2I, B2B, B2C, your supply partners, media, your employees or your friend at the bar.
- Too few companies measure brand health. Brand health metrics are essential. No excuses.
- Know your brand. Know your client/customer. Know your market.
- Put your customer at the centre of what you do. Know your customer as they move through their life and journey – you will need to have different conversations to meet where they're at, and to stay relevant.
- Brands need to be consistent, reliable and honest. Keep delivering on the promise. Because there is no place to hide.
- The operating logic of businesses can be in conflict with healthy brand practices. Marketing, Product, IT, Sales, and others need to work together properly.
- A real challenge is in managing the merging relationship between IT and Marketing – they are different 'types' but today they need to be closest of all. Make friends.
- Relationships with brand agencies need to be authentic partnerships between the right people. Brand strategy is a board/'c-suite' affair.
- A brand framework should define the logic of any marketing activities and communications.
- Ads do not build brands. Ads are executions that contribute to brand build when the brand is well defined and the creative result then clearly 'fits'.
- The conversation between people and brands needs to be considered across touch points and within contexts. Traditional advertising is not going to win any more – meet the person as they move through their journey.
- The way you respond to a crisis is more important than the crisis.
- Live the values. Challenge the barriers to doing so.

The brand activity assessment framework

The outcome of this assessment is very straightforward.
If you cannot tick the boxes, do not carry on until you can.

- ○ The activity or project is aligned with your Purpose & Values – and just how it contributes has been specifically identified
- ○ It is aligned to business strategy with clearly stated objectives and metrics
- ○ The project or solution is insight driven: based on knowledge and robust research
- ○ Client-centric: if it is for clients it is insight driven based on known client need/insights that can be articulated clearly
- ○ It supports the brand architecture and contributes to brand intention for the target/stakeholder
- ○ Any client facing activity has been user reviewed/usability tested

- ○ If Best Practice Benchmarks exist, they have been applied
- ○ Success measures have been identified, outcomes projected and metrics set for review
- ○ Pipeline and operational needs/supporting capabilities have been identified to ensure the solution is workable/sustainable
- ○ Where pertinent it has been reviewed against any Risk, Legal & Reputational and Brand guidelines/frameworks

STRING THEORY