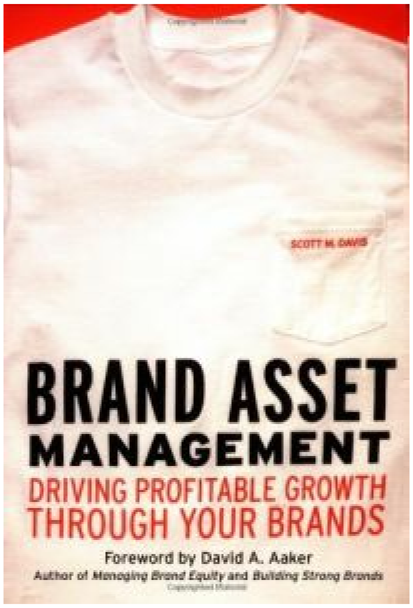

Book **Brand Asset Management**

Driving Profitable Growth Through Your Brands

Scott M. Davis
Jossey-Bass, 2000

Recommendation

Managing your brands as an asset is one of those obvious management priorities that becomes less obvious under the pressure of quarterly earnings. To a great extent, however, short-term numbers depend on the long-term positioning of your brands. Take a look at your organization. Is branding relegated to a department in your marketing division? If so, chances are your brand is being managed as a marketing tool rather than a corporate asset. Because the brand is the living relationship you have with your customers, it is critical that branding be elevated as a corporate priority. This book will show you how. *BooksInShort* recommends this excellent book to top executives looking to reposition a company's brands, marketing professionals who have charge of branding strategies, and for anyone whose business relies on the power of your brands.

Take-Aways

- Brands help consumers sort through the 6,000 advertising messages they see or hear every day.
- Consumer perceptions hold the key to brand value.
- Increase shareholder value by managing your brands as assets.
- Brand asset management (BAM) requires commitment from the very top of your organization that sometimes must override short-term profits.
- Implicit in every brand is a brand contract, the promise of features and benefits that consumers will receive in return for purchasing the product.
- Learn how customers perceive your brands, as well as your competitors' brands.
- Perform an analysis that will attach a revenue dollar figure to brand development.
- Train your workforce to represent the brand image and position in their daily work.
- A chief branding officer will ensure that management is not relegated to the marketing department or, worse yet, to an outside advertising firm.
- Brands that reach the top of the brand value pyramid fulfill customers' emotional and even spiritual needs, making them almost unassailable.

Summary

The Case of the White T-Shirt

Imagine a white T-shirt that has never been worn. It is made of 100% highest quality cotton. How much will the T-shirt sell for? It could sell for $3 in a deep-discount store, or 10 times that much in a trendy, upscale boutique. How much the shirt sells for, where it is sold, and the margin of profit all depend on one small but important consideration - the name of the brand stitched inside the collar.

> “The brand must be enhanced and guarded at every point where the organization touches the customer, regardless of industry and regardless of company.”

Surveys show that 72% of consumers are willing to pay a 20% premium to obtain their favorite brand in a given category. When the demise of Pan Am left the ailing company with nothing but its name, the brand alone sold for $40 million. Rolls Royce sold its brand name for $66 million. The Coca-Cola brand has been valued at $47 billion - yes, that’s billion with a "b." It obviously pays to learn how to manage your brand as an asset. The question: How do you take your brand and elevate it toward such lofty financial heights?

What Is a Brand?

A brand is much more than a product or a service, and it also is more than simply a name or a logo. A brand represents everything that a company is. While a customer will rarely have a relationship with an industry or a corporation, they will establish a relationship with a brand. How many times have you heard someone say, "I’ve got to have my NFL football," or "I’ve got to have my Palm Pilot," or "I’ve got to have my Starbucks in the morning?"

> “The failure to understand one’s competition is ultimately the failure to know one’s customers: who they are, how they think, and how the brand can be adapted to meet their needs.”

These people are expressing what smart marketers already know, that they have a relationship with a branded item. In part, a brand implies a set of promises, which may explain the familiar business maxim that "familiarity breeds sales." A brand implies trust that a set of expectations will be reliably fulfilled. Think of some of the leading brand names. What does Fed Ex mean to you? McDonald’s? Disney? Apple Computers? Each of these brand names carries with it a set of connotations or expectations. Similarly, if you think of corporate irreverence you may think of Virgin, if you think of athletic performance you may think of Nike. In essence, then, the brand is a tacit, invisible contract with the consumer, promising that your product or service will deliver the expected result.

It’s All In the Mind

If you asked the average consumer if they thought they could purchase promise, acceptance, trust and hope, they would probably say no. Yet these are the very qualities that they look for in the brands that they rely on. The average consumer is exposed to about 6,000 new advertisements daily. Brands help consumers cut through this barrage to find the products they can rely on.

> “Most importantly, a good brand vision tells you and others whether the organization believes the company, its brand and the future are totally linked or not.”

Your brand may involve a tagline or motto, an icon or symbol, a spokesperson, a jingle, or other characteristics. Yet these are not actually the brand. Ultimately, the brand is the accumulation of impressions that your customers have about your product. Because the brand is in the mind of the consumer, it must be guarded by all segments of your business. Customer service, billing, collections, product service, field representatives, retail outlets - these all play an important role in the customer’s perception of your brand. Indeed, each employee bears responsibility for managing the brand assets of your company.

Phase One: Developing A Vision

Developing a brand vision means defining the corporate goals and objectives that your brand should help you achieve. How many dollars do you expect brand management to add to the bottom line? Are you willing to be patient to develop your brand over a period of three to five years? Can senior management be counted on to support the goals and objectives of the brand? Will the brand merely be considered a marketing tool, or will it actually be considered an asset? The steps to developing your brand vision include:

1. Conduct senior management interviews. Define their expectations for the brand. Probe into markets of future interest, financial objectives for the organization, their view of what the current brand stand for, how they would like to see that brand evolve in the future, and what level of resource commitment is expected for brand development.
2. Determine the gap in financial growth. Explore the gap between your company's revenue goals five years from now and current actual revenues. Review how leveraging your brand can increase margins, extend penetration, and contribute to the achievement of the corporate goals. Pointing out a specific revenue goal tied to proper brand asset management will help focus attention on the importance of the undertaking.
3. Create a brand vision starter. Collect data on your general industry and relate it to your company's competitive position. Create a presentation on an initial proposal of what the brand vision should be and the rationale behind it.
4. Meet with senior management to establish a vision for your brand. At this meeting, you will report interview findings, facts and conclusions in an effort to reach a consensus on what the company's brand vision should be. This meeting will give you the authority to undertake a brand asset management strategy.

Phase Two - Defining Brand Image.

Once you have a vision for your brand, you have to consider consumer perceptions, as they currently exist. Among your current and target customers, how many of them have the image of your brand that you would like them to have? How does your brand image compare to that of your competitors? Pay particular attention to how consistent your brand image is across various consumer segments. Discuss what image you would like your brand to have in the future. Don't forget to delve into the unmet customer needs and wants that your brand may need to fill as business prospects change. As these considerations would suggest, brand image is externally oriented.

The Brand Value Pyramid

The further up you go on the brand value pyramid, the stronger the "contract" between your brand and the consumer. The base of the pyramid depends on the basics, the consumers' understanding of the features and attributes of your product or service. The middle section of the pyramid describes benefits, either functional or emotional, that consumers perceive your brands to have. At the top of the pyramid, consumers believe the brand addresses beliefs, cultural values and even spiritual well being.

Brand Persona

Research will reveal your brand's persona. Brand persona defines the set of human characteristics that consumers associate with your brand. These could include personality, intelligence, gender, kindness, reliability, ethnicity and socioeconomic class. Typically you uncover your brand's persona by asking questions like, "If Brand X were an automobile, what type of automobile would it be?" or "If you saw someone using Brand X, what would you know about him or her?"

> "Brand image has two components: the associations customers ascribe to the brand and the brand's 'persona'."

When you combine brand persona with the brand association (as described by the brand pyramid), you arrive at the totality of the image of your brand. By analyzing how your business would benefit from changes in that perception, you will be able to manage your brand assets to better meet the demands of the marketplace.

Phase Three - BAM Strategy

At this point you must determine the strategies needed to achieve the goals and objectives stated in the brand vision, considering the market-based perceptions you uncovered from reviewing your brand image. To develop a brand asset management strategy you'll need:

- Brand Positioning. Identify the space in the consumer's mind that you want your brand to occupy. Focus on the brand contract

that you are offering your customers. A strong brand will be unique, believable, sustainable and valued by consumers.
- Senior Leadership. It's up to senior management to lead the charge. Lip service is not enough. Your company's leaders will have to support the brand asset management strategy and the investment that it requires.
- Rank-and-File Support. The buy-in from your workforce is critical to your brand's success. They need to understand the image that you are trying to present, so that they can take every opportunity to reinforce that image in the customers' minds. You need to enroll their support with training and communication.
- Budget. Yes, of course, all of this takes time and money. But developing a brand asset management strategy doesn't have to cost a fortune, and many companies do it on a shoestring budget. The key element is to do what it takes to take control of your brand positioning. Don't let your competitors position your product!

Phase Four - Brand-Based Culture

You must get the entire organization to understand the importance of managing your brand as an asset as opposed to a marketing vehicle. In effect, you must establish a brand-based culture. Workers in a brand-based culture see products and services in terms of how customers think about brands. If an initiative doesn't enhance the customer's perception of brand value, it probably is not a worthwhile initiative. However, you'll probably encounter several hindrances in becoming brand-centric:

- Most companies lack established brand-based career tracks that reward brand advocates.
- Pressure to report on quarterly results tends to encourage short-term thinking.
- Those at the top of the organization often lack marketing experience.
- Global organizations often suffer from inconsistent global brand management.
- Many organizations relegate brand management to marketing departments or even to outside advertising firms.

Required Support

Proper support for a brand-oriented culture includes appointing a chief branding officer (CBO) responsible for the positioning of the brand; a brand asset management steering committee to help establish cross-functional linkages with other teams, and an operational brand asset management team that ensures that the company is running in a brand-based way. It is also recommended that the company establish an internal communications plan to support and tout the importance of managing brands as a company asset. The most important requirement to creating a strong brand-oriented culture is consistency. Leadership from senior management is essential.

About the Author

Scott M. Davis is a former marketing and distribution manager at Procter & Gamble, and is managing director in the Chicago office of Prophet Brand Strategy. His work has been featured in the *Wall Street Journal, Fortune,* and *USA Today.* Davis is also an adjunct professor at Northwestern University's Kellogg Graduate School of Management.