



BEYOND PRICE

Brands By Design or Default?

Divergence is key to building sustainable brands, argues **Shanti Nadarajah**.

Given the complex nature of branding, it is very easy for businesses to confuse a brand with visual identity development and the branding process as communicating this identity ad nauseam in mass media. Adding to the confusion is the strongly entrenched practice of brand extension, which either attempts to pack as many new (or recycled) features into the current product or service, or create a hybrid through convergence by combining technology – for example, PDAs, bancassurance, interactive TV, etc.

This trend towards creating brands that resemble the famous Swiss army knife is spoofed in an advertisement for Absolut Vodka. The natural tendency in these instances is to extend the existing brand name to the new product or service. Unfortunately, if the existing brand name is strongly associated in the minds of consumers in its current category, the brand extension is bound to fail. For example, Kodak is so strongly associated with film photography that it has not been able to successfully transfer the brand to digital photography. Businesses thus fail to seize the opportunity to build a strong second brand, thereby opening the door to new entrants who redefine the industry.

Al and Laura Ries, in their latest book *The Origin Of Brands*, argue the case that great brands are created through divergence that creates new categories, rather than evolution or convergence of existing categories. One of the many examples quoted by the authors is that of Red Bull, whose founder Dietrich Mateschitz discovered the drink which was a popular health tonic called Kraeting Daeng in Thailand. He liked it so much that he decided to launch it in his home country, Austria. He could have bought the rights to the name Kraeting Daeng or perhaps called it 'Thai Tea'. Instead, he decided to call his beverage an energy drink – thus creating a new category that was simple enough for consumers to understand and connect with.



BRAND FINANCE SRI LANKA

IDENTITY OR IMAGE? In *Living The Brand*, author Nicholas Ind defines the three critical elements of a brand: badge of origin – recognisable visual identity that supports the substance and creates trust; promise of performance – implicit in the corporate messages and the experience we believe we will receive from the brand... experience is largely defined by product design, interaction with employees and quality of service; point of difference – the context of the product

and how it is different from substitutions... strong brands provide a positive reason for choice.

BADGE OF ORIGIN: The brand idea is not only expressed as a recognisable visual identity, it is supported by the business because it is built around its mission, personality, culture and values, thus creating a platform of trust. The brand Innocent Drinks – pure fruit smoothies that are 100 per cent natural – was the fastest-growing small-business enterprise in the UK in 2006. Started by three college friends eight years ago, the company has doubled its profits annually, while maintaining its green credentials. And it has survived the competitive reaction of the UK's major beverage brands who reacted by launching 'me too' products. The branding captures the essence of the product which is quirky, pure fruit and fair trade.

PROMISE OF PERFORMANCE: The brand promises an experience (often communicated through the media) which has to be delivered seamlessly across product and employee touch points. It is through aligning the product, communication and employees behind the brand idea that the promise can be met. If not, stakeholders' experience will often be below expectations. Sir Richard Branson defines the Virgin brand as consistently offering better value in every category it enters, through its low-cost business model. The brand is about always delivering value for money, innovation, fun and a sense of competitive challenge. With over 200 companies worldwide, Virgin uses empowered employees and continuous monitoring of customer

feedback surveys to enhance the customer experience.

POINT OF DIFFERENCE: This is the space that the brand will eventually occupy in the customer's mind. And it is the result of customer interaction with the brand across all its touch points, as well as consistent delivery of the underlying brand idea filtered through the smokescreen of competitive action, which eventually permits the brand to earn its positioning and to build its reputation. The Apple iPod was an innovative product design, but to unlock the true value of its product innovation, Apple realised it also needed to innovate at the customer-experience level. Thus, it created iTunes, the digital jukebox and download store which enabled its customers to access music online legally. Consequently, Apple created a truly innovative experience with the iPod that delivered total freedom from the CD format.

GLOBAL OR LOCAL BRAND?

Multinational managers have it much easier with global commercials, advertising templates, brand manuals and communication guidelines. Occasionally, the more adventurous souls amongst them manage to persuade management that localisation could recreate the hockey stick on the sales graph. Eventually, realisation dawns that the local consumer is living vicariously by subscribing to the Western lifestyle of the brand. The result of this brand schizophrenia, however, is that local brands emerge stronger. A classic example of this is the unshakeable brand equity of the Thums Up brand in India, despite the 'Bollywood-isation' of Coca-Cola advertising.

In setting out to create brands by design rather than by default, businesses should first consider the strategic implications of the new brand – does it represent a new branch in the tree of brands that represent the industry, or is it the evolution of an existing branch? This would determine its brand architecture.

The brand identity is then developed into an idea which captures the vision, values and personality of the business, to create a compelling brand proposition that energises both customers and employees. It is through consistent delivery of the brand idea across all touch points that the brand creates its image amongst its stakeholders and prevails against competitor response. Bridging identity and image is thus the responsibility of brand champions, and a key to the long-term sustainability of the brand.

