

De-mystifying Brand Building for SMEs

In recent years, while conversing with the SME sector bosses & entrepreneur clients, I've often come across a business view of branding & marketing that treats it as “a black hole that those marketing types have invented as part of their tribal ritual”. What's more, pretty much the first three months of my engagement with both prospects & clients, entails dealing with that myth!

The objective of this paper is not to defend the “marketing types”, for quite a few them do come with an attitude; but more importantly to de-mystify for middle-sized businesses, the “black hole” called marketing.

All of us have heard of the 4p's of marketing, product, price, promotion & place. That's the easy bit. But what goes into each of the 4 ps?

What is missed out by many business leaders is that people do not buy *products* at a particular *price*, influenced by a particular group of *adverts* & *promotions* & shop at a particular retail *place*. Instead, most people buy an emotional solution to some rationally derived need. And not all needs are rational / functional as some economic theorists would have you believe.

Consider this:

- When a woman buys a packed cooking paste, she's not buying a kitchen aid; she's possibly buying relief from guilt over not having learnt cooking from her own mother or even the need to make her cooking look as good as her mother-in-law's. Think, if that's why that name “*Mother's Recipe*” works so well?
- Or when she buys a bar of “*Lux*” soap, she's not buying “A quality product from Hindustan Lever”. Possibly, she's buying a “dream of being one with Rekha & Madhuri Dixit, while in the shower”
- Or when your son buys an expensive “*Royal Enfield Thunderbird*” motor bike, he's partly buying a transportation solution, but look deeper and as the advert suggests, he is possibly buying a “psychological need to be free from the umbilical cord”.
- When your neighbour buys a Flame Red GTX Sport version car, he's part buying a transportation solution; he's part buying the urge to be “different” from the everyday “grey” car guys.

This list can go on. The reason I brought these illustrations up was to illustrate that what we all buy, is not what we seem to buy at first glance. We all end up buying from a complex mix of the Rational, Emotional, Sub-conscious, Supra-conscious memories & experiences. Think about this & you'll come up with a list of examples of your own buying decisions, which fit this description.

There is reason behind emotion

I'm not suggesting that there's only emotion. The rational responses will follow. For example, struggling to find the ball stuck in the roughs of a golf course, when I see a dark long object lying on the ground, my immediate reaction is to think that there is danger! The heart rate and blood pressure increase and muscles contract. Happened to you? Slow down and inch your way carefully? All this happens in a matter of split seconds. It is only a few seconds later that you realise that the dark long object on the ground is a twig or a rope left carelessly there, and not the proverbial snake in the grass! As soon as your brain recognizes this, the muscles relax and you start moving again.

The initial reaction of fear and reaction that one's body has, emanates from the Amygdala, the centre of emotional responses. The realization that it was a twig or a rope has happened from the Neo-cortex part of the brain, which is responsible for our rational responses. This is how we are constructed, first as a hunter-gatherer and then lately as a social animal. So, not only are emotions integral to our daily thinking processes, it is also the first reaction of a human brain. If emotions are such an important aspect of human thinking process, is there any doubt that we need to study emotions very closely and in detail. Easier said than done!

Of course, some sequence of emotions and logic is not as complex as others. You may well contend that one is not going to spend so much time trying to understand the "sub-conscious" or the "emotional need" for buying a candy or a tooth paste, as you might over an involved product like a car or investing in a home. Particularly if, *what you buy, is what's available and visible* at arm's length. **CORRECT.**

Of course arm's length reach & the consequent familiarity with the brand will add to comfort & attachment to the brand and add to routine response memory, which we use to pick up the brand off the shelf.

But think again; more because you didn't have much choice in what is available at the nearby grocer, did brand A or brand B win that day. That is a function of the distribution reach of either of those brands. It is a logical/ physical / supply chain problem, which at some point or other, both brand A & brand B will solve, provided they have thinking, logical sales managers who can get the product close to you.

But, provided both are available in the shelf, reach is not the reason why you tried brand A or B for the first time, nor why you continue to keep buying brand A against brand B, or vice versa. Instead, it lies somewhere in your long-term or sub-conscious memory. The real reason, why consumers try & continue to buy brands is that something in those brands (a combination of product, price, promotion & place) connected with some emotional need of a group of consumers.

The Real 4 Ps:

A long-term brand building effort requires sufficient identification and management of the Promise, Positioning & Personality. These 3 serve as pillars for all product, packaging and communication strategies. And all of these come from the 4th, People. Now I will try to outline in detail, what we mean by each of these four new Ps.

P1: Brand Promise:

The promise of value, that lies at the intersection of what's desired by a group of customers, deliverable by the company, and different from the competition.

Simply put, a brand is a promise, an expectation, waiting to be fulfilled. So when LG claims that its TV's are good for the eyes, it had better be proven to do so & be backed by technology, which is demonstrable. When Prestige claims that you can use a steel spatula on their non-stick wares, again it had better be so. But the promise of the brand isn't always fulfilled the moment the product is purchased; fulfilment of the promise can take time. Oil of Olay™ says that you should see a reduction in fine lines in some weeks. Instantaneous isn't always best. Some of the best brands are built over time, and on far more than catchy jingles, good advertising placement, and bold packaging. The promise is not the strap line below your logo; it is what your brand delivers, in reality.

How? Through marketing? **WRONG**.

The real promise of a brand is built on the back end, sometimes on the shop floor, sometimes in the research lab, and occasionally at the advertising agency's brainstorming session.

P2: Brand Positioning:

The entire collection of thoughts a client of consumer has in his or her mind about a product, service, firm or offering, learned through contact, experience and communication.

It's holistic because there's an implicit recognition that customers, employees, channel partners, location, management, the product or service itself & relevant contacts & actions of competitors, all interact to create the collection of thoughts - or 'experience perception' - in the customers' minds, relative to all your competitors.

What is the company known for? What emotion does the brand evoke? Your brand position is whatever you've staked the company's reputation on. And believe me, every company has a reputation - good or bad - whether you've consciously 'managed your brand position' or not.

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There's always a question on whether one can consciously manage the brand position. The answer is a RESOLUTE YES. It's important to not only understand your position in customers' minds, but where you want to evolve that position (especially if it's undifferentiated or negative).

It's just like personal branding; if I learn that you have a negative perception of me, I must change my behaviour to shift your perception to a positive one. I can't tell you "Hey, trust me", I must prove it. And that's what managing 'my brand position' is about. Retail, Packaging, Operations, Customer service, Product development, every customer touch point, proving to the customer that he or she is valued, that the company and product or service can be trusted, that the customer can not only feel good about using the product or service, but recommending it to others.

Positioning is bloody hard work. It is not the domain of just an ad agency or a marketing department. It is aligning the corporate mission and structure to one that best supports customers, connects with them, and creates brand evangelists. Sometimes, uncomfortably so, it starts right at the top of the company, the entrepreneur himself!

P3: Brand Personality:

The image of your brand, captured in a personification of attributes, in a manner that consumers could treat the brand almost like a person.

Why? People, being social creatures, generally like people. That's why. Brands grow, as do human relationships, on emotional dimensions that tend to become dominant in relational loyalty.

Many of the world's most powerful brands spend a great deal of time putting personality into their brands. It is the personality of a brand that can appeal to the four functions of a person's mind. For example, people make judgments about products and companies in personality terms. They might say, "I think that brand is very warm & friendly," "I feel uneasy when I go into that branch," "I just know that the ad is not telling the truth about that product," or "That offer doesn't smell right to me." Their minds work in a personality driven way.

Imagine a person as a brand. He/She may be around 32, have round features, a small build and be pleasant-looking. These would be similar to a product's features. When you get to know him/ her a little better, your relationship may deepen, and you will be able to trust, enjoy his/ her company, and even miss him/her a lot when she is not around. He/ she are fun to be with and you are strongly attracted to her values and concerns. These are emotions similar to the associations, which people develop with brand personalities.

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How can a company create a personality for its product or for itself? The answer lies in the choice and application of personality values and characteristics

People's personalities are determined largely through the values and beliefs they have, and other personality characteristics they develop. An example of a value or belief is honesty. Many people believe in being honest in everything they do and say. An example of a characteristic is confidence. This is not a belief, but more of behaviour. There are, of course, many values/beliefs and characteristics that a person may have, but there are some that are particularly likeable. It is to these likeable values and characteristics that people are inevitably attracted. Examples of these include dependability, trustworthiness, honesty, reliability, friendliness, caring, and fun loving.

There are about two hundred words that describe personality characteristics, and these can be used for putting personality into brands. To illustrate how people think in personality terms when making judgments about brands, here are the results of consumer research into how people feel about the two brands, when asked the question: **"If these two brands were people, how would you describe them?"**

<u>Brand A</u>	<u>Brand B</u>
Sophisticated	Easy going
Polished	Modest
Efficient	Helpful
Confident	Caring
Distant	Approachable
Cool	Interested

These two brands are actually competitors in a service industry. If you were asked which of these two companies you would like to be your friend, depending on who you are, what's your demographic & psychographic profile, you may chose either. Can you think of Airlines, Banks, Clothing brands, even everyday house-hold use brands, which fit either of these profiles?

The key really is to find who is likely to prefer which personality type? People tend to prefer brands that fit in with their self-concept. Everyone has views about themselves and how they would like to be seen by others. And they tend to like personalities that are similar to theirs, or to those whom they admire. Thus, creating brands with personalities similar to those of a certain group of consumers will be an effective strategy. The closer the brand personality is to the consumer personality (or one which they admire or aspire to), the greater will be the willingness to buy the brand and the deeper the brand loyalty. Whether a brand is a product or a company, the company has to decide what personality traits the brand is to have.

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There is really only one way to match the brand personality with your customers or a personality that they like.

- Define the target audience
- Find out what they need, want and like
- Find customer groups who answer to that demographic or psychographic profiles
- Build a consumer personality profile for that group
- Create the product personality to match that profile **and FINALLY,**
- Use all methods of communication (advertising / point of sales/ retail identity/ displays/ packaging/ store uniform) to consistently communicate the same message so that the desired brand personality is developed.

Companies such as Levi Strauss, who research their target audience fastidiously, favour this type of approach. For Levi's the result is a master-brand personality that is: American original, Sexy, youthful & rebellious, Free Individual

A related product-brand personality (for a specific customer group) such as Levi's 501 jeans is: Romantic & Sexually attractive. Rebellious with physical prowess Resourceful & Independent

Both profiles appeal mostly to the emotional side of people's minds - to their feelings and sensory function. This profiling approach aims to reinforce the self-concept of the consumers and their aspirations. The approach is ideal for brands that adopt a market-niche strategy, and can be extremely successful if a market segment has a high degree of global homogeneity, as is the case with Denim.

P4: People:

A common question is, for each of the above Ps, where do you get all this insight? Consumer insight often comes from sales teams, which brings in the feedback that they gather while on the field. Good enough? **NO.**

You might be tempted to think that buying goods is public action & behaviour & therefore, easily observed. True, only in part. Don't get me wrong. Your internal feedback is keenly observed & factual data, relying on actual consumer behaviour & is necessary to help reduce the cost of routine consumer research. For what you observe or assess through questionnaires is what is stated, conscious & let out.

The usual standard market research tools such as structured questionnaire, shop & usage observation studies attempt to understand what has happened in the sub-conscious mind by asking questions that are directed at the conscious mind of the consumer. Hardly a right way to find the underlying cause of things! A deeper understanding of the customer has to occur not from direct observations & questions, but by gentle probing, often like a clinical psychologist. Consumer research of this nature is often conducted through years of category insight or ethnographic studies,

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but occasionally, through Focus Groups, comprising a group of consumers with similar profiles brought together for the testing of new concepts, product features or other new initiatives. This results in direct consumer insight, contributing to the idea pool. Often these Focus Group Exercises seem to the lay mind, a rather un-scientific way of gleaning consumer/customer insights, emanating from a freewheeling discussion, aimed at discovering vague feelings & thoughts. However, that's far from the truth. A well moderate FGD can often let out pearls of wisdom, which your customer may let out unwittingly, but is likely to be very close to the "true emotion" for a category or brand. And therein lies the real reason why people buy or do not buy the brands & the category. Qualitative Research gets you closer to the Why's of consumer behaviour & the closer you are to the Why's the closer you are to getting your brand strategy right.

Human interface & gaining a competitive edge from it:

The backbone of any progressive organization that constantly evolves and redefines itself is its R & D team. On top, the backbone of any R & D team is its potential to gather consumer insight and find path-breaking means to implement this insight. R & D Centres are not to be equipped only with the latest gizmos but also with the talent to bring a human 'consumer' interface to their work, be it product formulation or packaging, thus providing incremental value to its consumers.

While consumer insight forms the focus of all R & D initiatives, the competitive advantage comes through harnessing disparate technologies and bringing them together in path-breaking ways, doing so faster than the competition. For this any organization needs to partner effectively with outside agencies/consultants. This will result in a dramatic increase in depth and breadth of technical & innovative outside competencies within the team.

In Sum

- The product must deliver functional benefits to meet the market need at least as well as the competition. Brands are not developed solely through advertising or packaging. A product cannot survive without performance. **Remember P1**
- The brand drivers must represent values desired by the consumer. No brand personality, however clear and consistent, is of any use unless it meets a well articulated need. If the brand can offer something that is valued and that customers believe other products don't offer as well, there exists the basis of a long-term preference. All purchases are made on the basis of this value. Value is not measurable in absolute terms, but on customer perception of this value. **Remember P2.**

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- Brands offer intangible benefits beyond the product. To establish loyalty, brands must offer certain intangible benefits, supported by drivers. Peter England Shirts offer brand drivers of unassuming quality, straightforwardness, & honest to goodness price. Levi's jeans offer brand drivers of toughness, informality, and American-ness, whereas Benetton clothing offers style and a cosmopolitan image. These drivers are the emotional basis of branding. Brand Personality is a benefit, with which the customer identifies and premium pricing over the years demonstrates that fact. **Remember P3.**
- The combined drivers of a brand must be harmonious and present a unified personality, which gels with your consumer. A marketer must continuously support efforts to make it clear and consistent over time. You build this consistency by consumer research on people who buy brands. **Remember P4**

Some Caveats:

Leading Brands: You may ask how some brands like Colgate manage to be everything to everybody. Correct. Often, well-managed brands become what one might call brand leaders in the category. That happens by often taking the onus of building the category altogether & consistently investing in solid brand input early on.

Successful brands eventually have the opportunity to take on brand leadership positions. This is often expressed in advertising as a product superiority driver; and it works— consumers often prefer the market leader because they assume it is better. Strong brand positions can be built on anything enduring, including images or simply the biggest selling. The message must be presented consistently in all marketing initiatives.

There are two central elements to brand personalities: the type of benefits offered by the brand and the type of consumer who will value them. The 2000's are the decade of niche marketing. As markets fragment, brands must be targeted at smaller groups. The concept of the market life cycle encourages the belief that more segments will emerge in maturity. The definition of the target group for a brand is therefore becoming more important than ever.

NOW THINK about how Colgate manages this last bit. It seems to have a variant for every segment, a standard Colgate Dental Cream for everybody, a Colgate Gel for the "blue, young generation", a Colgate herbal for the "natural conscious". None of this got build overnight; Colgate managed to clearly segment the market, partly by competition pressure & partly by its own insight & now has a variant for each segment, continuing to straddle the whole market, while at the same time managing to be niche for each customer segment.

Measuring these on an ongoing basis:

Now that you have a Position, a desired brand Promise & a relatable Brand Personality to your Target Audience, how do you ensure that you retain, grow & nurture your brand? As you would have figured out, nothing in all that we have discussed is static. Consumers, their attitudes & the markets are constantly changing. So you need to constantly checking for whether your brand is in health & where it needs to be. The best indicator of a Brand's long-term value is a measure of its health. We recommend measuring Brand Health using a Brand Goodwill Index over and above the conventional measures of performance such as market share, sales or profits.

This process allows us to focus on building our Goodwill Index score over a period of time by studying who our Target Prospect is and what he/she, feels/thinks/does about the category and Brand. It also helps us identify marketing tools (product, pack etc.) to change the way our Target Prospect would think/feel or do regarding our Brand. In doing this, we cover the three vital components.

1. **Brand Salience:**

How strongly is your brand likely to be figuring during the purchase action? Often mistaken for brand awareness, its one of the least understood performance metric of any brand health studies. And it requires to be tracked over a period of time, especially as customers migrate from “aware” to “interest” to “will try/ have been trying regularly”

2. **Brand Endearment:**

How well does your brand score on Liking/ Affinity / Relatability (“For Me”)?

3. **Price Premium:**

How much more are my customers willing to pay for my brand?

IS ALL THIS EXPENSIVE?

Depends on what you classify as an expense. If you treat brand building as an expense, then you can afford only so much. If you see some of this giving you a long term competitive edge, then we urge you to look at this as an Investment. Then you might look to find the Marketing Budget not as another P&L Item, but as a Balance Sheet Item.

Of course, there is only so much that you can spend even on a Balance Sheet item. That is as true for your business as it is for Colgate Palmolive & Coca Cola as it is for Amul & Pizza Hut. What differentiates them from a host of other companies that were in the same product x market space is that when they were all small, some of them chose to look at this not as and expense, but as an investment.

And no investment, however small, if made in the right things, gives you a negative ROI. There is no magic formula for determining a promotion budget. It should be managed as a process, drawing on industry experience and using quantitative methods as checks and balances. The evaluation of promotional activity is best divided into three categories:

- A straightforward check: Who saw the promotion and how many times?
- Behavioural changes, especially where promotions elicit change in response
- Long-term measurement of image and attitude attributes.

We urge you to look at this paper as a process of making your organization think about what Marketing can bring to the table, not what “that Black Hole” can take away from the table. All company functions consume money, some are understood, and some are mis-understood.

TIME TO CHANGE THE MIS-UNDERSTANDING ABOUT BRAND-BUILDING?