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Earning the Right to Brand*

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Abstract

There have been changes in scenarios in which firms compete - consumers are more and more sophisticated, media and distribution channels have multiplied – thus requiring companies to develop their marketing strategies differently.

From a global perspective, for instance, creating, managing, and defending a brand is no longer exclusive role of manufacturers. Every player of the supply chain could have one.

The concept of brand has not exhausted its ability to attract new customers. On the contrary, brand strategy is still a marketing corner stone. Everyone who aspires to gain part of the value generated from the distribution channel will always need brands, will need to know how to build them and will continue to do it in order to develop a relationship with the customer.

Keywords: Brand Strategies; Brand Management; New Media; New Distribution Channels; Global Management

1. The Ability to Win Branding Rights

The new marketing environment (featuring demanding consumers, fragmented channels of distribution, and a complex technological landscape) creates substantial opportunities for new types of brands but also new requirements for branders. It is no longer obvious that the manufacturer should be the brander within categories. Every participant in the industry channel, from suppliers to manufacturers to retailers, can be a brander. But this position may not come easily; they need the competitive 'right to brand'.

Surprisingly, perhaps, there is considerable disagreement over what a brand actually is. For some, it is a relatively narrow notion of a trademarked name; for others, it is an image that can be used to communicate benefits and point of differentiation. However, from a much broader context branding encompasses both the tangible and the intangible benefits provided by a product or service. It covers

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the entire consumer experience and includes all the assets critical to delivering and communicating that experience (the product name, the advertising, the product or service, and, in many cases, the distribution channel).

Branding strategies will continue to be the cornerstone of marketing. And marketers focusing on gaining a share of the market surplus will continue to need brands. They will succeed based on their ability to build brands and, as before, their goal will be to develop a sustainable relationship with a consumer. But whereas the 1950s brander faced homogeneous demand, fewer media, and a minimum number of distribution channels, today's branders face fragmented demand, multiple media, and proliferating distribution channels, all creating new challenges.

As in the past, the value for consumers will have to be distinctive across more than just a single product benefit. The best new approaches deepen consumer understanding of distinctive benefits, use new technology to deliver better or cheaper products, and/or structure the business system to provide increased value. Overall, the natural brander (the company with the right to brand) will tend to have the most efficient means to own the consumer relationship.

A key difference between the brands in the new environment is how the media can be used to build relationship. Rather than merely broadcast to consumers, some marketers will ‘narrowcast’ their brands, talking to a few consumers or only to one; some will listen actively to consumers; and some will even work with the consumer to build overall relationships.

2. Employing Multiple Branding Models

Companies are already pursuing a wide variety of branding models for building a sustainable relationship with consumers.

Each model includes not only what the brand is but also how it is developed and maintained.

Seven branding models are presented here that illustrate extent of the change from one dominant model.

2.1 The Massive Advertiser

Massively advertised brands will continue to exist in the right environment. However, they are constantly being challenged in their efforts to succeed. Most important, they require superior product benefits that can be communicated to consumers.

Massive advertiser will need to ‘get back to the basics’ with this approach, using their volume to develop a superefficient product supply system to keep costs down while innovating to ensure they truly differentiate consumer value. They will also need to invest sufficiently in advertising to sustain consumer demand and to think increasingly about how to use point of purchase communication to supplement their message.

2.2 The Inducer

By continuously creating 'newness' to attract attention and generate a sense of urgency, the inducer creates incentives for consumers to purchase. Newness can come from price changes, promotional events, or new product. Like the massive advertiser, this relatively old model is still alive and well.

2.3 The Differentiator

Differentiators build relationships one at a time. They leverage market research and technological advances to segment their consumer base into individuals and small clusters of users and tailor their message, marketing mix, and products to consumer's needs.

The right to brand is earned in part through ownership of the database of individual transactions and the ability to interpret it.

This approach was pioneered by direct mailers.

2.4 The Candid Marketer

Candid marketers have begun to be completely open about how their marketing works, including (any) payoff from loyalty. Candid marketers aim to increase loyalty and lower marketing costs. In some ways, this is the 1990 version of word-of-mouth advertising. No fancy ads, no big budgets, just a very clear message that even today's sceptical consumer can understand and trust.

2.5 The Loyalist

Loyalty creates surplus largely because it reduces the expense of continuously ferreting out customers; it costs an average of seven times as much to acquire a new customer as it does to market to existing ones. We have seen tremendous growth in loyalty marketing in the past few years. Marketers of these programs need to be careful not to transfer all the surplus to consumers by setting prices lower than they would otherwise pay. In fact, many retailers have found themselves in a vicious circle wherein the volume going through their loyalty schemes is far too great to forgo, yet the effective margin reduction seriously damages profits.

2.6 The Benefit Separator

With their increasing sophistication, consumers can readily understand a complex approach. The benefit separator appeals to them because it over delivers on one or two points that matter most to the consumer do more on the less important attributes. Here, as with many of the newer models, advertising's role is simply to let consumers know about the latest offers and any current twists. Most of the communication is through the experience itself.

2.7 The Beneficent Brand

Consumers now trade off four factors when they consider value: price, quality, time/convenience, and the stress involved in making their purchase. When a marketer can axed customer requirements for all four factors, the potential exist to maximize a surplus through a 'beneficent' brand that does it all.

In this cases of both the benefit separator and the beneficent brand, the consumer relationship is intimately linked to the design of the overall business system.

3. Earning the Right to Brand

In the new, more complex marketing environment, the range of branding approaches that can succeed is wide open, and the right to brand is up for grabs. For the next several years, marketers will have to grapple with ways to earn, sustain, and regain brand control. Rather than slipping into oblivion, branding will stay at the top of the market's agendas for the foreseeable future as companies strive to gain the right to brand. This right does not automatically reside with some companies and not with others.

The companies that successfully choose a winning model will earn the right to brand, and a handsome share of the market surplus to boot.