6 keys to making your brand more than just a logo

July 23, 2008

A brand's value depends on factors such as the quality of the product itself, its price or the sales service, not just its name.

The impact of a name, the logo and colors, which are all visible at first glance, does a lot for a brand. But it is equally important to boast good sales service, which might linger longer in a consumer's memory.

Beyond the intrinsic characteristics of a brand lies a variety of external factors that also determine value. In the technical notes "Fuentes externas del valor de la marca" ("External Sources of Brand Value"), IESE Prof. Juan Manuel de Toro, along with Carlos Pérez and Marta Mira, identifies six external factors that contribute to a brand's value: product, price, market segmentation, advertising, distribution and sales network.

A leading product. Companies strive to have leading products. To achieve that, they must invest in sales tools, such as market studies and analytical tools that probe consumer opinion. The pressure for short-term results should not make companies forget that the foundation for a leading brand is a leading product, and that the product is the brand's ambassador. There is no greater illusion than that of building brand value around a low-quality product.

The price agreement. Successful brand management is basically about getting consumers to buy more. To achieve that goal, determining the product's cost is one key factor that cannot be managed independently from the other processes. It is part of the deal made between the company and its customers. Of all the external sources of brand value, this is the one that affects customers most and to a large extent determines the perception of the product's quality.

Price has a complex meaning and plays an important role in identifying quality. Tensions arise when lowering the price while trying to boost consumer perception about the quality of the product at the same time. Credibility, in fact, has its limits: If the quality of the product is meant to increase and the price goes down, consumers may stop believing in the plausibility of the offer.

Market segmentation. The issue of price could have a significant effect on the brand's third source of value: segmentation. The better segmented a market, the better a company's chances of having sales deployments that satisfy consumer needs. After successfully rolling out the initial strategy, the most common decisions in this area are about capitalizing on the brand in order to:

- *Open up a different market segment.* While this could bring considerable yield, it could also jeopardize the original customers' perceptions.
- *Grow in other product categories geared toward the same segment.* The risk here is losing the brand's specialization.
- *Capitalize on the brand to apply it to a different product category and market.* This is the riskiest move of all.

Good segmentation management involves trying to serve the greatest possible number of segments with a single brand, while minimizing the risks.

The impact of advertising. Brands are the result of a long-term effort. Day by day, consumers gradually develop an image of the product or service. Advertising plays an extremely important role in this process. Advertising allows companies to project the brand's values before their target audience.

However, as audiences are increasingly inundated with more and more advertising messages, standing out becomes rather difficult. Furthermore, mass-media advertising is passive: it receives no feedback from consumers regarding the transmitted messages. For this reason, some brands use two-way channels such as the Internet and direct marketing to position themselves.

Having said that, advertising through traditional media, especially television, remains the main means of transmitting brand image and personality.

In order to stand out from the plethora of broadcast advertisements, the secret is to have a solid strategy featuring good segmentation, association with subject matter that interests the target audience, using techniques such as "product placement" in fiction series and so on, to avoid being bypassed by channel surfing.

Radio has the advantages of low costs and being a medium with a considerable following in countries like Spain. The same goes for the local press, which is useful for campaigns targeting certain areas. Nevertheless, the latter can end up being a largely passive medium, just like billboards and posters.

The Internet, on the other hand, is a medium that stimulates the role of the active consumer. Another tool is direct marketing, which offers more personal contact with the consumer. Its drawback is the perception of a certain invasiveness felt by the receivers of those messages.

These days, many marketing programs use databases with pre-segmented information about consumers. Other methods include merchandising and in-store advertising. But if the goal is to reach short-term objectives, the ideal way is through promotions.

Since the late 19th and early 20th centuries, another component has been used for building brand value: sponsorship. A good example of this is Coca-Cola, which began sponsoring the Olympic Games back in 1928. For such deals to work, the audience of the event you are sponsoring must overlap with your brand's target market; the event must have sufficient profile as well as the right image; and you must be able to create brand associations with the target market. Sponsorship allows the company to convey that its values go beyond simply manufacturing a product. This is where the idea of social or cause-related marketing comes into play.

From the store to the consumer. The way a product is distributed is equally important. Which is better: a selective channel or an extensive one? These days it is rather difficult to find a manufacturer that uses a single channel, and retailers are the ones with the most direct contact with customers. A relationship is established between the stores and the brand image of the products they sell. One way to control associations like these is to set up proprietary distribution through "company stores," the ones that create their own shops inside large department stores, as Tommy Hilfiger and Levi's do, for example.

Sales network. Lastly, it is erroneous to think that a brand's value is determined exclusively by these factors or simply making effective use of marketing tools. The sales network must be equally adept at delivering all that customers expect from the brand. Variables such as promptness, punctuality, assurance, reliability and friendly service are also vital.