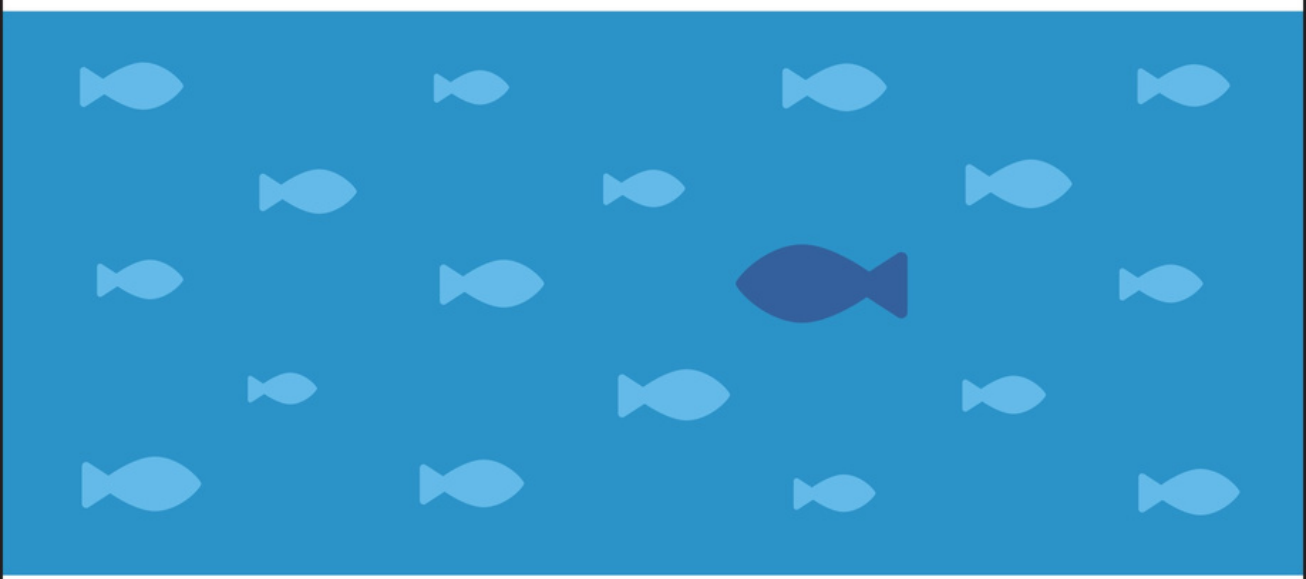
UPSTREAM MARKETING

UNLOCK GROWTH USING
THE COMBINED PRINCIPLES OF
INSIGHT + IDENTITY + INNOVATION



TIM KOELZER & KRISTIN KURTH

CO-FOUNDERS OF EQUIBRAND CONSULTING

Brought to you by

EquiBrand consulting

A brand strategy and marketing consulting firm with a 20-plus-year track record of helping companies grow.

We Deliver Integrated Upstream Marketing Solutions



INSIGHT

To achieve competitive advantage through a deeper level of customer understanding.



IDENTITY

To create marketing strategies and plans to optimally position the business and brand.



INNOVATION

To drive growth through new products & services via innovation strategy, process and enablers.

LEARN MORE ABOUT US AND OUR SERVICES at EQUIBRANDCONSULTING.COM

CHAPTER 5

BUILD AND EXTEND THE BRAND

"You can't build a reputation on what you are going to do."

—Henry Ford, *founder, Ford Motor Company*

"If you are not a brand, you are a commodity."

—Philip Kotler, *author, consultant, and professor at Kellogg School of Management, Northwestern University*

"Brands that do not see the future coming usually do not have one."

—Jean-Marie Dru, *global advertising veteran and author*

THINK OF NAPA VALLEY, AND you think of wine. Hollywood? It's synonymous with the motion picture industry. Silicon Valley is the center of digital technology and innovation. Think Central Indiana, and you think . . . Hmm.

For many people, Central Indiana—Indianapolis and its surrounding counties—has an image more associated with Indy Racing, manufacturing, cornfields, and cold winters than anything else. However, there's another side to Central Indiana—it has a strong, growing presence within the life sciences industry.

Corporately, Indianapolis is home to several global health-care

organizations. These include pharmaceutical giant Eli Lilly, Roche Diagnostics, Anthem, Covance, Elanco, Corteva and other life sciences companies. Indiana-based companies Zimmer Biomet and Cook Group, located outside of Indianapolis, contribute rich assets to the region.

Academically, Central Indiana is home to Indiana University, Purdue University, and other higher educational institutions. IU School of Medicine, firmly based in Indianapolis, is the largest and a top-ranked medical school in the United States each year. Just over an hour's drive away, in West Lafayette, there's Purdue College of Pharmacy and the College of Engineering, which offer programs in biological and biomedical engineering.

As a place to live and work, Indianapolis consistently receives top-tier status in published rankings. It has professional sports teams, unique neighborhoods, affordable living, and a family-focused community.

Central Indiana, for some though, has an identity problem. On the one hand, it possesses tremendous assets on which to build. On the other, its brand image is inconsistent with this reality.

Due in part to its image perception, local life science businesses had a tough time attracting and retaining talent to drive growth. Recent graduates from local colleges were heading to the East and West coasts. These new, highly educated graduates perceived greater opportunities elsewhere, unaware that much of what they sought was already in their community.

Community leaders, concerned about the effects of this "brain drain" on the economy, decided to establish an initiative to address it. Central Indianapolis Life Sciences Initiative (CILSI) was formed, made up of top leaders from local corporations, academic institutions, and local government.

Based on prior EquiBrand work with several local companies, we were called in to help strategically market the region.

Our initial assessment confirmed that while the area had tremendous assets, it lacked an organizing mechanism to integrate them.

It was analogous to having the frame, seat, handlebars, chain, and tires—but no bicycle.

Constructing an initial benefit hierarchy helped identify potential features and attributes on which to build a compelling brand story. Figure 5.1 offers a partial view of that hierarchy.

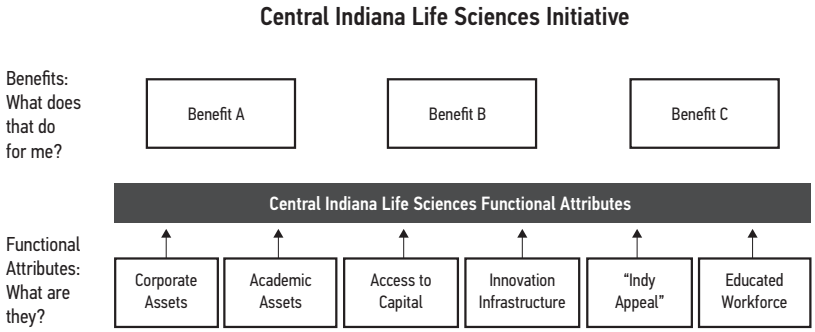


Figure 5.1

It became clear that a new brand could serve as a "mental file folder" for the initiative, allowing people to attach associations in a way they historically had not. But what was the overall concept? Who should be targeted? For what needs? What was the value proposition and brand concept to tie it together?

After team analysis, we selected the entrepreneurial community as the bull's-eye target. This decision was a bit controversial, as entrepreneurs were not well funded at the time. Building the brand from this lens, though, would promote clarity and consistency. A clear target helped rally the team and served as a unifying platform for building the brand.

From there, we used internal workstreams, including strategy sessions and focused ideation, to build out a value proposition and brand strategy concepts. A dozen or so verbal concepts were developed and iterated throughout the project.

We tested ideas with everyone from civic, academic, and industry

leaders to college students, recent grads, and startup executives using the CORE methodology described earlier.

We attended scientific sessions at a trade show, conducted qualitative research from behind a one-way mirror, and held informal pizza party discussions at local universities. Here is the winning concept statement:

BIOCROSSROADS—ACCELERATING THE FORMATION AND GROWTH OF LIFE SCIENCES BUSINESSES AT THE CROSSROADS OF AMERICA

America's heartland is fast becoming a major source of breakthrough research and discovery into medical devices, diagnostics, pharmaceuticals, and agrosciences. Indiana is a place where medical, engineering, and pharmaceutical research institutions and businesses come together, along with the advanced manufacturing and distribution capabilities those disciplines require.

Now Indiana is using the synergy of that business, government, and academic convergence to accelerate the development and growth of new life sciences businesses.

BioCrossroads was created to be a catalyst for building the region's entrepreneurial capacity. Helping entrepreneurs plug into the area's network of specialized resources and experienced professional support is an initiative priority. Whether you need business accelerator resources—like financial or legal services, lab space, or business planning—or want access to the academic community's world-class pool of life sciences or engineering talent, BioCrossroads provides an open door and helps make the network accessible.

Here, at the crossroads of America, life sciences businesses have the opportunity—and the encouragement—to flourish.

Coming out of the research, we led additional strategy sessions with the client team to build the brand. Activities included finalizing the name as well as downstream-related aspects—building the brand identity, setting graphic standards (logo use, type, color, etc.), creating a website, collateral materials, and more.

An action plan for launching the brand was developed, identifying and aligning opportunities for promoting the brand through public relations, advertising, and events.

BioCrossroads was launched later that year and continues to be successful today. Indiana is recognized as one of the top states in the nation for the life sciences industry, while before this effort, it was in the bottom quartile. Over $250 million was secured in new capital formation, with numerous industry, government, and university partnerships formed. Business growth is up, based on tech transfers, startups, and organic growth.

In 2020, life sciences contributed over $75 billion in economic value to Indiana, and the state is the second largest exporter of life sciences products in the US. Today there are over 2,100 life sciences businesses in Indiana, geographically clustered around Indianapolis and scattered across the state. Two new assets BioCrossroads helped create include the Indiana Biosciences Research Institute and 16 Tech innovation district. All told, the region has one of the largest arrays of life science companies and jobs in the nation, with BioCrossroads serving as the catalyst for growth and innovation.

BioCrossroads is a case study in how to create a brand from scratch: obtain customer insight, iterate value proposition concepts, and establish a strong positioning as the platform for downstream implementation.

BRAND BUILDING AT PROFILE COMPANIES

Take a minute and think about your favorite Starbucks TV commercial, radio jingle, or billboard. Then, consider the cleverness of the Amazon television advertising campaign or magazine ad. Or recall the latest Google promotion or frequent clickers program.

It's not easy, is it? Mainly because these companies have built their brands upstream and do comparatively little downstream marketing: They eschew taglines, jingles, and celebrity endorsers.

Howard Schultz views the Starbucks brand this way: "We look at the brand not as a piece of advertising, but everything we do communicates who Starbucks is. The place, the physical environment really has become an extension of the brand and it's very important to the success of the company." Schultz continues, "Starbucks is not an advertiser; people think we are a great marketing company, but in fact we spend very little money on marketing and more money on training our people than advertising."

Schultz warns about outsourcing brand development or relegating it too low within the organization: "Authentic brands don't emerge from marketing cubicles or advertising agencies. They emanate from everything the company does."[48]

Jeff Bezos, of Amazon, defines brand this way: "Your brand is what people say about you when you're not in the room."[49] This sentiment is consistent with the idea of looking at your business through the eyes of your customers. In other words, a brand is how others perceive you based on *their* experiences—not on what *you* say about it or what you'd like it to be.

When Southwest undertook a massive rebranding effort across the company, its leadership was quick to point out what *didn't* change. "Southwest unveils its new look, same heart," was the title of the press release. CEO Gary Kelly said, "The Heart emblazoned on our aircraft, and within our new look, symbolizes our commitment that we'll remain true to our core values as we set our sights on the future."[50] Southwest's core remains, updated with a new brand look and feel.

The strongest, most enduring brands result from the disciplined alignment of brand strategies and plans with customer requirements. Like value propositions, branding can occur at multiple levels—corporate, division, product, and so forth. In this way, a company like Walt Disney may have thousands of branded assets, each representing individual value propositions.

WHAT IS A BRAND?

There are numerous ways to define a brand. At the corporate level, consider the brand as the face you put on your business strategy. This idea flows from the concept that the corporate vision is the eyes, the mission is the heart, and the brand is an external expression of these to customers, employees, and investors. It's how you present your business to others. A brand is a relationship a company has with its customers.

A more academic definition is that a brand is comprised of associations that individuals attribute to a product or service or company.

As shown in figure 5.2, a brand is more than a product, with brand equity providing the added value. Some consider a brand as everything that's left over when you set the product aside. Remove the logo from a Starbucks cup, and how different really, is the product inside of it?

Products	Brands
  	Nike Apple Starbucks
• Functional benefits • Made in a factory • Can be objectively measured and evaluated	• Functional and emotional benefits • Exists in the minds and hearts of customers • Difficult to objectively evaluate

Figure 5.2

Here's another way to think about it. Figure 5.3 has images of two products. The one on the top is a fiddle, and the one on the bottom is a violin.

First, imagine the fiddle, the fiddler playing it, and the crowd who might be listening. What images come to mind? Close your eyes if it's helpful. Now, imagine the same for the violin, violinist, and the people in the audience. What do you see?



Figure 5.3

If you're like most people, the images in your mind's eye for the fiddle and the violin differ. The fiddle conjures imagery of folk and country music, and maybe cowboy hats, flannel shirts, and denim.

The violin makes you think of classical music, formal wear, and a night on the town. Now, consider that the fiddle and the violin are the exact same bowed instrument. It's the same product, but with different associations.

This example speaks to the role brand imagery plays in aligning to the target customer, shaping perceptions, creating differentiation, and extracting value.

Nike, Apple, Starbucks, and the other profile companies create compelling brand identities to resonate with customers and differentiate from competitors, with the end goal of driving profitable growth.

WHY INVEST IN BRAND BUILDING?

A strong brand generates superior profits by maximizing volume and price potential in a product or category. Consider the following example, which tested two soft drink products, first unbranded, then branded. In

this case, as shown in figure 5.4, Cola B was able to overcome a gap in product preference, versus Cola A, due to its stronger brand.

Why Invest in Brand Building?

Brands add value to products . . .

Consumer Product Test Results

	Unbranded	Branded
Prefer Cola A	51%	23%
Prefer Cola B	44%	65%
No Preference	5%	12%

. . . shifting the demand curve

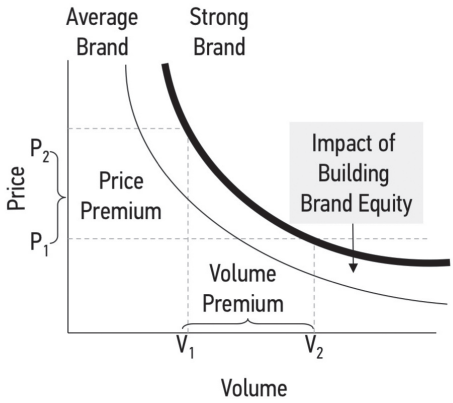


Figure 5.4

For customers, brands provide choice, simplify decisions, provide quality assurance, and facilitate risk avoidance. There are numerous benefits to brands, as they allow an organization to:

- Differentiate from the competition to provide for premium pricing, beyond commoditization
- Enhance credibility for new product introductions and keep customers in the brand family
- Increase return on marketing dollars by creating an umbrella brand over other offerings
- Send positive messages to shareholders and stakeholders, and attract and retain outstanding employees

Internally, brands serve as a guiding light to make strategic recommendations for where to allocate resources.

In defining a brand, it's sometimes useful to consider what a brand *is not*. A brand *is not* a name, logo, or tagline, although these are tangible things that might represent the brand.

MINI CASE EXAMPLE

It's conceivable a brand can have negative equity that does more harm than good. We were hired by an automotive client who made wonderful cars, though they had a poor brand image due to decades old, lingering quality concerns.

To assess brand impact for a new product launch, consumers were asked to test drive a new vehicle "unbranded," with the logo-badge on the front of the car and other details covered up. Potential customers were then asked how much they'd expect to pay for the vehicle, which averaged roughly $25,000.

Consumers in a control group then drove the exact same vehicle, only this time with the client's brand and identifying features visible. With these consumers, the anticipated purchase price dropped to $22,250, or a reduction of 10 percent. In this case, the brand image negatively affected brand value, resulting in need for proactive brand management.

BRAND MIGRATION

The BioCrossroads case involved *creating* a brand from scratch. In most cases, brands already exist in the minds of customers, so it's more about *migrating* a brand by strengthening and extending it over time. Brands are dynamic and should be continually nurtured. In evolving existing brands, consider three points in time, as shown in figure 5.5.

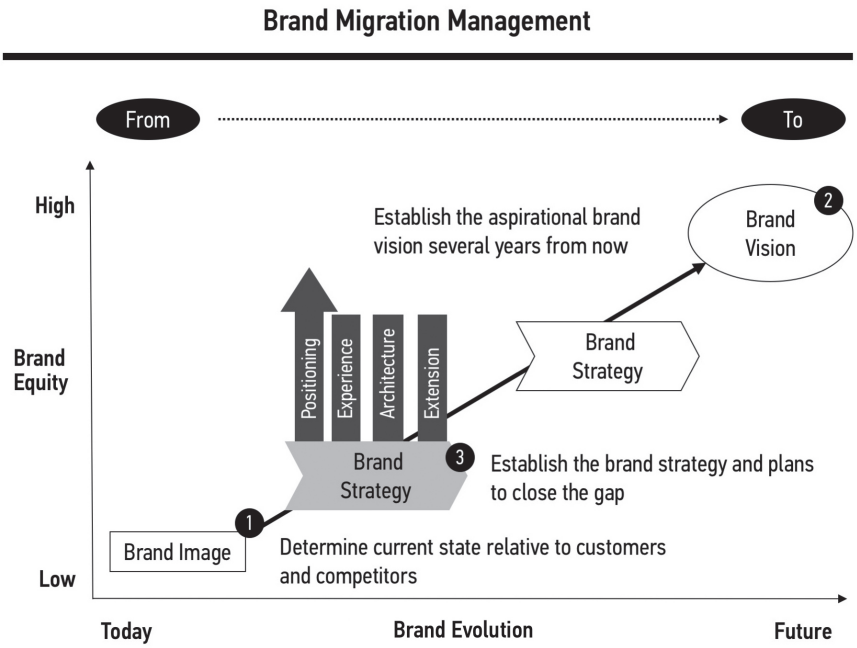


Figure 5.5

Point 1 is the current brand image, determined through a brand audit. How do customers view the brand today—its strengths and weaknesses—compared to competitors?

Point 2 is the desired future state. What does the brand aspire to be several years from now? Are there new products or services on the horizon that might affect brand trajectory? Does the brand need to take on new associations to better fit target needs?

Point 3 represents the gap between the current state (1) and the ideal future state (2). The role of brand strategy and development, then, is closing the gap. It does this using four components, as discussed next.

FOUR KEYS TO BRAND MANAGEMENT

1. **Brand positioning** is the conceptual place you want to own in the target customer's mind—the benefits you want them to think of when they consider your brand.
2. **Brand-customer experience** represents the totality of how customers interact with your business and brand—the touchpoints they encounter within their journey.
3. **Brand architecture** is the logical, strategic, and relational structure of all products and brands in the portfolio.
4. **Brand extension** results from stretching established brand names into new products or new product categories.

CUSTOMER INSIGHT TIP

In crafting brand strategy components, including alternative positioning concepts, use the CORE method described in chapter 2 to create, test, and learn among alternatives. Clear brand communication is often the best, easiest, and least expensive way to increase customer engagement and grow your business.

Brand Positioning

At the core of the most valuable brands is a clear, succinct expression of the brand's positioning, supported by a portfolio of messages and touchpoints that align with that positioning. The brand positioning is an internal statement used to inform and reflect internal decision-making and external associations across the following: (see figure 5.6).

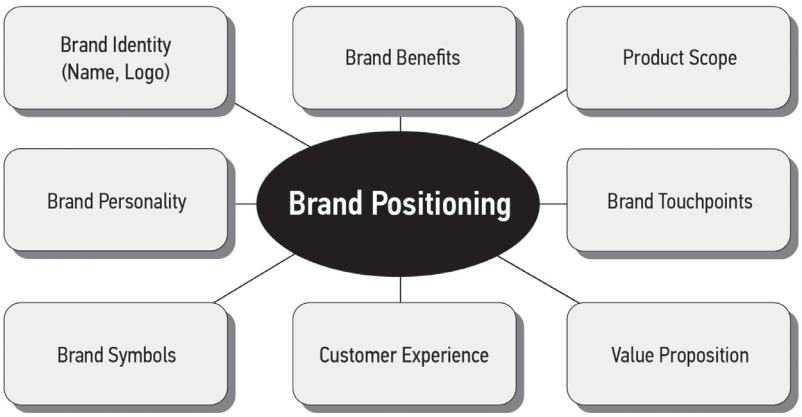


Figure 5.6

There are at least four ways to position a brand. The most common is to position on a category or product benefit. A benefit-based positioning is effective if the brand is the category leader or if viable white space areas exist where no other brand occupies a similar perceptual position. Here are profile company examples:

- **Position and own the category benefit.** Disney recognizes that consumers have many choices for travel and entertainment—the competitive frame extends well beyond amusement parks. Therefore, Disney delivers an experience unlike any other, positioning the park brand as "The Happiest Place on Earth."
- **Position how the company does business.** Southwest strings together several business practices into its "Transfarency" positioning. This positioning emphasizes value and leverages how the company does business into a meaningful benefit. Southwest then delivers on the positioning by aligning a host of operationally-driven customer benefits.
- **Position the product and the consumer.** Nike's "Just Do It" doesn't mention athletic shoes or even athletic performance. Instead,

Nike taps into the personal aspiration of its target consumer. Nike operates higher on the benefit hierarchy, offering more emotional and self-expressive benefits.

- **Position against the competition.** Apple's "Think Different" indirectly references competitors by citing how the company does things distinctively. Apple considered, but rejected, "Think Differently," favoring "different" instead. This decision resulted in more than a few online discussions regarding whether the phrase is grammatically correct. Which, at some level, reinforces the point.

In considering alternative positioning strategies, note a few points: First, it's not necessary to position on a single benefit, but do position on a single idea (Miller Lite's classic "Great Taste, Less Filling" positioning, while listing two benefits, was cleverly crafted into a single idea).

Also, don't confuse brand positioning with a brand tagline, despite the sample taglines being used here to express the positioning. A tagline is an outgrowth of the positioning, used to convey it in consumer communication.

Finally, while a brand's positioning should be reasonably enduring, it can (and often should) evolve to reflect market changes, including new competitors, new technological advances, and additional benefits sought.

CREATING A BRAND POSITIONING

A brand positioning should align with the value proposition and bring focus and clarity to brand-building tactics. We use the following template in developing a positioning, breaking it down into its essential components:

To (target audience), Brand X is the only (category or frame of reference) that gives/offers you (points of differentiation/benefits delivered) because (reasons to believe).

Positioning development involves the art of sacrifice. Choices must be made across four elements as described here:

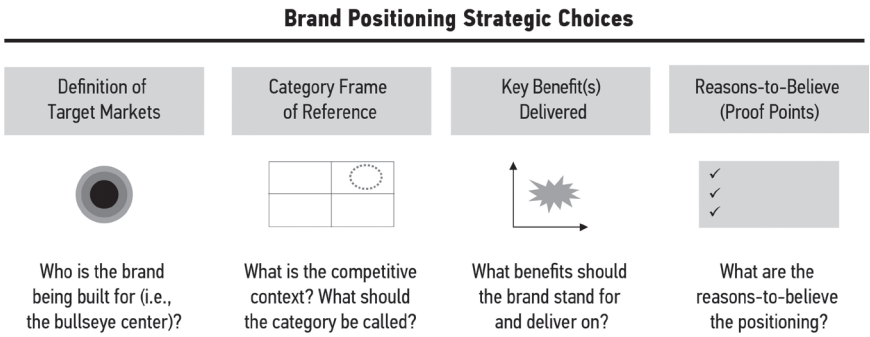


Figure 5.7

An effective brand positioning must meet the same objectives used to evaluate value propositions: relevancy, differentiation, and sustainability. Relevant but undifferentiated brands risk commoditization. Brands that are differentiated but irrelevant risk becoming niche providers. A winning proposition is one that is relevant, distinctive, and credible.

VERBAL AND VISUAL BRANDING IN IDENTITY DEVELOPMENT

In building a powerful brand, it's useful to make the distinction between verbal and visual branding. While both need to work together, it can help to think about them first alone and then in combination. Ad agencies and content

continued

creators often approach branding this way: A copywriter works out the verbal brand while the art director handles the visual aspects.

Verbal branding has to do with your brand's positioning, associations, story, content messaging, tagline, and the keywords you'll use to get found online. It should balance internal perspectives—the aspirations of your company—and external perspectives—the needs of your customers.

Visual branding encompasses the look and feel of the brand. Do you want to project the image of a small, neighborhood business or a much larger, professional firm? A craft-like or corporate experience?

The logo, imagery, website, marketing materials, and other visual aspects impact perceptions. Have a clear point of view and a consistent design aesthetic so everything works together.

Separating verbal and visual branding helps ensure focus on both components. Ultimately, the two parts come together in final creative materials—packaging, advertising, or website—with one complementing the other. The whole is greater than the sum of the parts.

The explosion in marketing content and brand storytelling has only heightened the need to establish a clear positioning.

In an era when marketers jockey to elevate Google search engine rankings and customers seek genuine brand connections, it's easy to diminish brand positioning as an archaic solution to yesterday's problem.

In our experience, though, brand positioning is foundational to business success and even more important today. Messaging and tactics will change over time, but brands should endure. So, be clear about the brand positioning. This will make brand strategy decisions, from touchpoint alignment and marketing communications to content marketing and brand storytelling, that much easier.

Once the positioning and related verbal and visual elements are established, create the brand development brief (also called a creative brief). This one- to two-page document should articulate the positioning, benefits sought, and brand story. Think of it as the blueprint

for directing downstream efforts across creative and other implementation partners.

Brand positioning tends to focus on *what* is developed and delivered to customers. Top marketers recognize that *how* something is communicated—and *how* it's delivered operationally—can be equally important. This is the role of the brand-customer experience, as described next.

Brand-Customer Experience

One of EquiBrand's first clients was a manufacturer of pacemakers, defibrillators, stents, and other medical devices used by cardiologists and cardiac surgeons.

The company formed when a global pharmaceutical giant acquired separate device companies and merged them under a new business entity. We were called in by the newly appointed head of global marketing to "launch a new corporate brand" to unify the business and increase corporate value.

A few months prior to our involvement, the client had hired a large New York–based ad agency that specialized in consumer marketing. The agency researched patients with heart disease to understand their situation.

The insight? The company's products provided patients with both rational and emotional benefits, including a new outlook on life. The agency's creative team used the insight to create a two-minute video—the kind that tugs at your heart—to introduce the brand with the tagline "The Gift of Life."

Along with the new creative materials, the agency proposed an aggressive, multimillion-dollar, direct-to-consumer (DTC) campaign, approaching $10 million in TV and other mass advertising.

The new marketing head, unsure about the agency's proposal, asked our opinion on the DTC approach. We had some questions:

How are the products purchased? What are the purchasing criteria? We also mapped the customer journey and brand touchpoints, from diagnosis to post-procedure, and then prepared our findings.

Our recommendation: "Save the $9,900,000. Invest $100,000 in a consumer-directed brochure and redirect spending to professional marketing." The company had no business creating a direct-to-consumer brand as the consumer had no bearing on the purchase decision. Physicians and hospital buying committees bought the products. Patients were unaware of the brand and had no impact on brand choice.

So, while the campaign would have generated good feelings about the brand among patients, it would have done nothing to drive sales. Instead, we recommended a touchpoints strategy targeting physicians when and where they were receptive to brand messaging—at medical conferences and through trade journals, plus online and traditional in-office sales channels.

We also developed a consumer-directed program to help physicians inform their patients about healthy living habits. In the end, the brand image improved with its physician targets, and the education program positively impacted patients' lives.

CREATING THE BRAND-CUSTOMER EXPERIENCE

Brand-customer experience is how customers interact with your business through touchpoints along the decision journey. Think about the customer experience with Apple, Southwest, Starbucks, or The Walt Disney Company. Every interaction—advertising, website, in-store browsing, product packaging, and customer service—represents a brand touchpoint that can either enhance or detract from the experience.

Like other aspects of upstream marketing, establishing the ideal brand-customer experience requires looking at the business through

the eyes of the customer. A customer journey map is a great tool for understanding and improving the experience. Figure 5.8 offers an example of a simplified journey map.

Customer Journey Mapping

		← Elements of the Customer Journey →					
		Pre-Purchase		Purchase		Post-Purchase	
		Awareness	Interest	Purchase	Delivery	Retention	Advocacy
Customer Need/ Situation • Thinking • Doing • Feeling							
Brand Touchpoints	Advertising						
	Website						
	Phone						
	In Person						
	Email						
	Other						
Ideas for Improvement							

Figure 5.8

The process for creating the optimal brand-customer experience involves several steps.

Step 1: Understand the "as is" journey.

Start by documenting the current journey by which customers become aware of, purchase, and experience your brand.

Consider the entire experience, from pre-purchase to purchase to post-purchase (or before, during, and after in colloquial terms). A

variety of consumer behavior models exist, moving from awareness, familiarity, and preference to purchase and afterward. Actual customer journeys vary by category and are typically nonlinear, so tailor them to the situation.

Use customer research and internal workshops to review, create, and validate journey maps. Ask: What is the complete end-to-end journey by which customers interact with the brand today? What are the pain and gain points? What are customers thinking, doing, and feeling at each stage in the journey?

CUSTOMER INSIGHT TIP

Conversion metrics are a great way to quantitatively assess improvement opportunities along the purchase funnel. For example, track how customers are feeling and reacting to your brand at key points in their journey. How many customers are aware of your brand? What percentage of aware customers go on to purchase and repurchase? How many of these are retained? These metrics help isolate journey leverage points to improve upon.

Step 2: Create the ideal "to be" experience.

Next, create a vision of the ideal, including changes to the current system. Use sticky notes, flip charts, a dry-erase board, or software to show the current flow and signal improvements through a redesigned process. At each touchpoint—advertising, website, in-store, customer service—brainstorm the winning experience. What's ideal? What are friction points? Can we remove them? Draw on customer and technical insight to close the gaps.

Consider, for example, the way Amazon has elevated customer expectations in general. Examine how technology has transformed the way people learn about, purchase, and interact with Apple's products. Or how the Southwest app streamlines everything from booking

flights, to checking in, monitoring flight status, and tracking customer rewards.

In creating the ideal customer experience, push beyond common convenience expectations of fast and easy. Starbucks delivers a relatively fast cup of coffee. What loyal customers covet are "quality cues," including sensory and experiential benefits. Starbucks masterfully plans and engages all five senses in a single visit: the aroma when you enter the store (smell), the warm, inviting ambiance (sight), baristas greeting you by name (sound), a warm cup in your hand (touch), and the product payoff (taste).

Some consumers favor a digital experience, others a more personal one. Many want both. The bar continues to rise, so examine new media and technologies for additional approaches.

Step 3: Align brand touchpoints to improve the experience. Creating the ideal experience involves planning and integrating brand touchpoints across the journey. Implementation may require significant changes across marketing channels (e.g., website, mobile, face-to-face), media, messaging, and other efforts to sync with customer requirements.

Consider the Pareto principle in change management: How can you achieve an 80 percent improvement in customer experience through a 20 percent investment?

Brand Architecture

Step back for a moment and look at a company's brand portfolio through the eyes of the customer. Is it clear how various brands and products fit together? Or is there an opportunity to improve the brand presentation to improve clarity, synergy, and leverage?

Brand architecture is the third brand strategy component and recognizes that customers relate to brands at different levels, from the corporate brand to product brands, product descriptors, and so on.

Apple is an excellent example of a winning brand architecture, using a mix of brands and sub-brands, as summarized in figure 5.9.

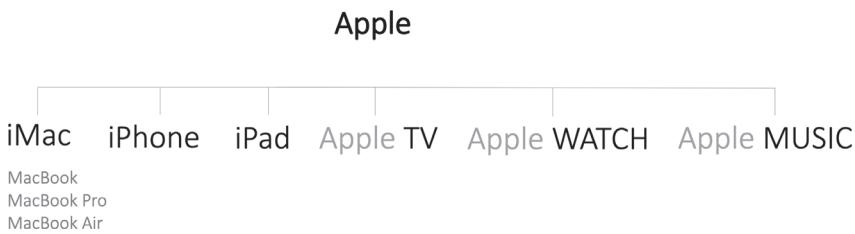


Figure 5.9

Apple delivers on the three goals of effective brand architecture—clarity, synergy, and leverage.

- **Clarity:** Brand architecture must promote clarity—is it clear how everything fits together? Apple serves as the master brand, at the top, and encompasses product brands beneath it. Apple carries emotional benefits, while product brands—iMac, iPhone, iPad, and so on—convey more rational benefits and target-specific relevance. Finally, individual products are aligned underneath: iPad, iPad Pro, iPad Air, and iPad Mini.
- **Synergy:** Brand architecture allows the organization to deliver a larger promise than any single brand can achieve alone. Combining brands and sub-brands results in greater corporate value for all. Apple adds value to the iPhone, and iPhone adds value to Apple.
- **Leverage:** A well-managed architecture allows for extending brands both horizontally and vertically to capture new customer segments and markets. With the iPhone, Apple brought new users into the Mac franchise, and vice versa. iPod paved

the way for the iPhone. The iPhone SE targeted a younger, value-conscious consumer.

Figure 5.10 shows Amazon's architecture. Notice how it also incorporates a hybrid approach, focusing on Amazon but using endorsed and stand-alone brands where their strength permits this.



Figure 5.10

PRODUCT PORTFOLIO VS BRAND ARCHITECTURE

Product portfolio and brand architecture management are separate, though related concepts.

Product portfolio management addresses how a company can use its products and brands to achieve growth, drawing on the demand framework. The perspective is inside-out, considering company goals and objectives. An automotive example: Should we develop an electric vehicle?

Brand architecture management addresses how a company can best structure and communicate its portfolio of brands. The starting point is outside-in, through the eyes of the customer. In launching the new vehicle, should we create a new sub-brand (like Toyota did with Prius) or attach it to an existing one (like Honda Accord Hybrid)?

FOUR PRIMARY BRAND ARCHITECTURE MODELS

In establishing a brand architecture, there are four basic models on a spectrum, ranging from a branded house to a house of brands. Figure 5.11 shows an overview, using automotive brands.

Branded House	Sub-brand	Endorsed Brands	House of Brands
BMW **3 Series** **7 Series** **BMW X1**	**Honda** Civic C-RV Accord	**BMW** | **MINI**	**Chevrolet** **GMC** **Cadillac** **Buick**
Uses a single master brand and descriptors • Leverages established brand equity with minimal investment behind new offerings • Strong potential for economies of scale Typically, the default, go-to strategy	Sub-brands add to or modify associations of the master brand • They may have a different value proposition, positioning, and brand identity • A sub-brand can stretch the master brand to new arenas	Endorser brands provide credibility to the endorsed brand • An endorsed brand is linked with the endorser, though has freedom to develop associations and a brand identity different from that of the endorser	Contains a set of stand-alone brands, each focusing on a market segment • Can position clearly on desired benefits and dominate niche segments • Useful for avoiding incompatible associations
• BMW is the master brand with models denoted as BMW 3, BMW 7, BMW X1, BMW M, etc.	• Honda Accord and Toyota Camry are examples	• Mini is associated with BMW though has perceptual distance	• General Motor brands include Chevrolet, Buick, GMC, Cadillac

Figure 5.11

Defining the optimal structure is not an either/or decision. Most companies use a "hybrid" approach, mixing and matching the four models to suit their needs. This is often preferred as it tailors the solution to the industry, company, and customer situation.

A TREND TOWARD A BRANDED HOUSE APPROACH

A best practice in brand architecture management is to invest in the fewest number of brands needed to meet business goals. This recognizes the expense and complexity of creating and managing brands.

For this reason, there has been a shift toward building a powerful master brand and then using generic descriptors to name offerings.

In this case, the master brand is elevated and extended over other brands to achieve economic leverage. This approach maximizes resources behind one brand (puts more wood behind one arrow) and minimizes brand confusion and unnecessary proliferation.

With a branded house, it's typically best to *describe* or *name* rather than *brand* individual offerings. Here's the distinction:

- *Names* are simple descriptors that serve to identify the tangible value the consumer receives.
- *Brands* require investment and management and represent a value greater than the functionality of the offering alone.

In this default strategy, the master brand is used in concert with generic, non-branded product descriptors to promote clarity.

Google uses this naming approach with Google Maps, Google Drive, Google Earth, and Google Pay. Granted, YouTube has its own brand name, retained from its acquisition. But a case could have been made for calling it Google Videos.

ESTABLISHING CLEAR BRAND ROLES

While a branded house is often preferred, there are cases when a *portfolio of brands* makes sense. In these instances, distinct brands may play specialized roles, much like the positions on a sports team.

Amazon invests in numerous strategic brands—Amazon.com, Prime, Echo, and Kindle. These brands have clear targets and value propositions and represent meaningful sales and profits in the future.

Other company brands, Amazon Basics, Amazon Essentials, and Goodthreads in apparel—play targeted roles at a lower level, tied to value tiers. Amazon 1-Click serves as a branded feature that

signifies shopping efficiency. All told, Amazon has hundreds of different trademarks, each with its own target consumer and value proposition.

When managing multiple brands, consider the relative investment required. Launching a strategic brand (Amazon Prime) can be a multimillion-dollar proposition. Creating a branded differentiator (1-Click) can be considerably less costly.

Of course, nobody sets out to create a confusing brand architecture. Complexity, though, can set in when business managers seek to create excitement behind a new product offering or when one company acquires another. Brands not adequately managed and invested in risk becoming "empty vessels" with no real meaning in the marketplace. In these cases, it's necessary to clean up the architecture to present a clear portfolio.

BRAND ARCHITECTURE MANAGEMENT STEPS

There is no magic formula or black-box approach to brand architecture management. Consider best practices, pros and cons analysis, and business judgment in creating and deciding among alternatives. Here are the steps:

Step 1: Obtain customer framework and business strategy inputs. Creating the optimal brand portfolio architecture involves determining the number of brands required and their scope. How expansive should the brand be across customer segments, channels, and price points?

As discussed in chapter 3, most categories have clustered preferences, informed by the customer demand framework. Product portfolio management is internally focused. Brand architecture is customer-facing—how they might view your brands in-store or on a website. The two parts ultimately need to align.

Step 2: Confirm the "as is" brand architecture.

Inventory all brands across all touchpoints—the website, marketing material, advertising, uniforms, and signage. Create a "war room" to visually display what customers see and experience. Are there too many brands or not enough? Are there empty-vessel brands that should migrate to product descriptors?

Step 3: Obtain market and internal input to inform decisions.

Research the following factors (ideally, quantitatively) to inform decision making:

- Brand strength: What are current brand associations, and how strong are existing brand equities?
- Customer bandwidth: How many brands can customers understand?
- Strategic decisions: Do particular circumstances (e.g., partnerships) dictate tighter or looser brand linkages?
- Financial resources: How many brands can the organization afford to support?

Step 4: Develop alternative "to be" approaches.

When considering alternative brand hierarchies, focus on the desired perceptual distance between offerings. Use sticky notes to visualize alternatives. Don't worry whether the approach favors a house of brands versus branded house or employs a "sub-brand," "endorsed brand," or "driver brand." These terms can get in the way of a sound structure. Focus first on the desired architecture, and then apply the terms at the very end.

Step 5: Confirm brand architecture principles, hierarchy, and naming tree.

Once the brand architecture is confirmed, document and codify decisions as they are made. This will ensure future choices are on strategy and the overall objective of brand clarity, synergy, and leverage is achieved.

In the end, consider how customers experience the brand portfolio. In their eyes, is it clear how the brands fit together? Often, companies have sophisticated, matrixed organizations internally, which creep into brand presentation. Avoid this. Like ducks on a pond, strive to promote clarity and elegance externally, even though you might be paddling like crazy underneath to move forward.

Brand Extension

Brand extension—also called brand stretch—is the final component of brand strategy and a departure point in moving from the identity principle to the innovation principle. Brand extension recognizes that brands are valuable assets that can and should selectively extend to new business areas.

Rather than build a brand from scratch, stretch existing ones to new categories. This provides economic leverage, increasing the chance of new business success while also reducing cost. Other benefits of stretching brands include immediate awareness, accelerated trial, distribution leverage, and spending efficiencies.

Countless examples exist where brands have effectively extended into new categories. When done right, it's a win-win. Successful extensions build upon the equities of the parent brand and the entire portfolio benefits.

Starbucks' cold Frappuccino blended beverage is a great extension. Frappuccino strongly associates with coffee but brings in non-coffee drinkers.

This extension changed the trajectory of the company, filling stores in afternoons and during warm weather when coffee business is slow.

More recently, the company created Starbuck Refreshers, attracting tea drinkers during similar time periods.

Howard Schultz said, "Our history is based on extending the brand to categories within the guardrails of Starbucks and not abuse the trust people have by going off and doing things not consistent with the heritage of coffee."[51]

BRAND EXTENSION EXAMPLES	
Original brand	**Extended to**
Amazon	Amazon Prime, Kindle, Echo, Basics (private label)
Apple computers	Apple phones, tablets, watches, peripheral products, and content development and streaming
Disney animation	Disney merchandising, music, publishing, filmed entertainment, theme parks, vacation, resorts and property management, broadcasting, live entertainment, and digital properties
Nike running shoes	Nike footwear, apparel, and equipment across numerous categories
Starbucks coffee	Starbucks hot chocolate, mugs, tumblers, and presses, Frappuccino, and other food and beverage products

BRAND EXTENSION APPROACHES

Brands can be highly elastic—the key is not to violate the "essence" of the brand. There are two basic ways to extend brands. The first involves logical extension, where consumers naturally follow the brand to related categories. If you wear Nike running shoes and need tennis shoes, chances are you'll at least consider Nike. It's a logical extension from one category to the next.

The second approach uses equity bridges that marketers create for consumers to cross. Nike used this strategy to enter golf equipment, with Tiger Woods serving as an equity bridge for its clubs, balls, and related equipment (categories the company would later exit).

The reasoning: if it's good enough for Tiger, it's good enough for me. Without Tiger's endorsement, it would have been hard for Nike to enter those categories. Figure 5.12 gives a recap of the two broad approaches.

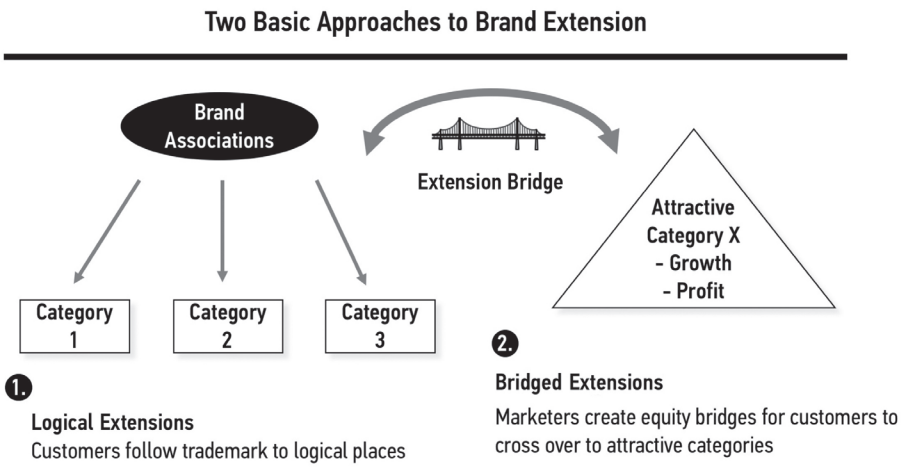


Figure 5.12

While both approaches can be successful, the second requires more focus but offers a higher potential payoff. Companies extending into further-out categories are rewarded with greater business growth. Brand elasticity begets elasticity. The broader the brand platform, the easier it is to extend into other categories.

BRAND EXTENSION PROCESS

Brand extension involves defining existing equities, then identifying new opportunity areas through business analysis and concept optimization.

Step 1: Confirm brand associations. Start by taking inventory of brand and category associations. What are the attributes and benefits? Lower rungs on the benefit hierarchy are a great place to start, as described earlier.

Figure 5.13 offers a sample list within the coffee category. Any of these ten brand associations may offer equity bridges for new business development.

Potential Coffee Category Extension Bridges

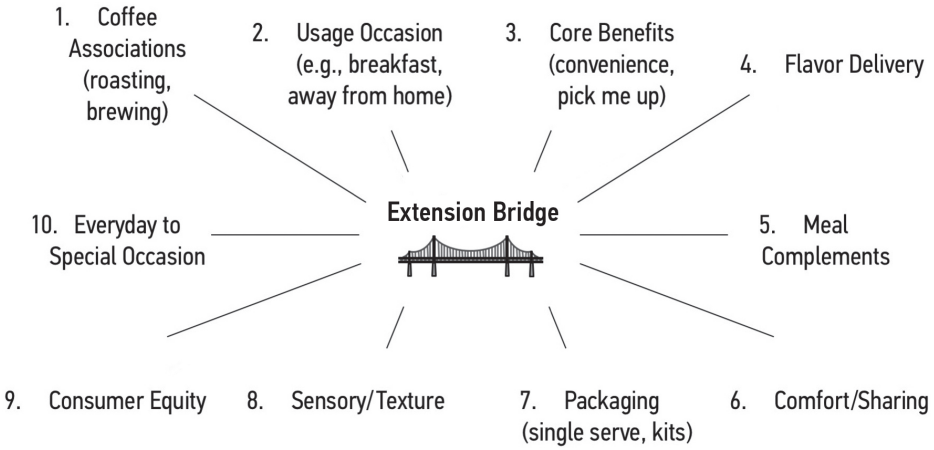


Figure 5.13

Step 2: Brainstorm and assess potential categories. Next, consider new categories and evaluate their size, growth, and profit potential. Closer-in opportunities might be new coffee flavors, coffee makers, instant coffee, or breakfast bars.

Further-out extensions might include desserts, soft drinks, and coffee-flavored ice cream at your grocer. Non-product extensions might include coffee delivery or self-service formats and new business models.

Step 3: Assess brand-category attractiveness. Drawing on steps 1 and 2, write simple one-sentence descriptions of each idea—linking the existing brand with the new category and unique benefit.

As a first pass, use business judgment, experience, and a 2 x 2 matrix to assess brand fit and business attractiveness (see figure 5.14).

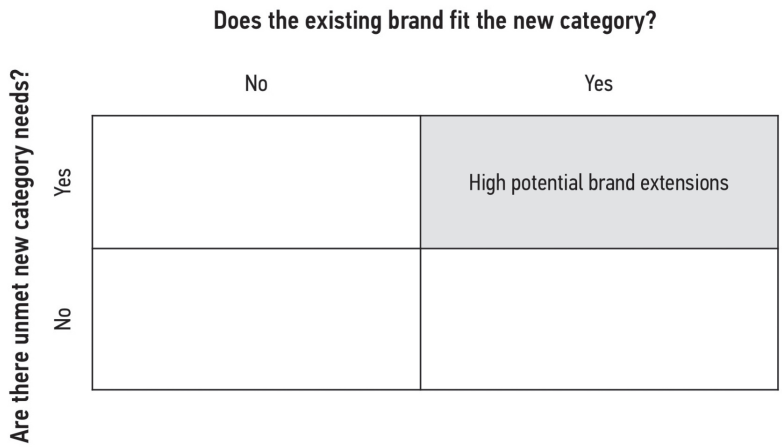


Figure 5.14

On a scale of 1–10, does the extension idea logically fit with the brand? For example, like coffee, tea is brewed, so there is a potential bridge.

Then assess, 1–10, how satisfied customers are with the tea category on taste, quality, and other dimensions. Plot the results. If the brand fits and there is unmet demand, this may create an opening for stretching the brand.

Step 4: Conduct the concept optimization research (CORE) process. After assessing initial ideas, use focused ideation and concept iteration to identify and screen opportunities. See chapters 2, 6, and 8 for details, including the role of quantitative research to confirm idea strength.

Step 5: Develop an entry strategy and plan, including make-versus-buy decisions and portfolio management guidelines. Planning involves obtaining technical insights regarding how best to enter the new categories.

The risk of overextension

While selective brand extension makes sense, brands can be stretched too far, risking equity erosion and poor business performance.

Remember the Starbucks Via instant coffee line? Or perhaps you had a beer or glass of wine at one of the 400 or more stores participating in Starbucks' "Evening" program before it exited the concept in 2017.

Likewise, Nike has extended beyond running shoes to become a lifestyle brand, including apparel and equipment across multiple categories. They've also bridged to backpacks to store and carry shoes, balls, and equipment. But Nike binders sold at the corner drug store? This extension goes too far, though you can still find them on eBay.

Just because you *can* extend or license a brand, doesn't mean you *should.*

Brand and product managers can be reluctant to stretch brands, concerned about overextension. Lessen the risk by examining brand-category attractiveness through a structured approach. If you do this, significant, profitable growth is often just a brand extension away.

There you have it—the four keys to brand management: establish the brand positioning, align the brand-customer experience, construct the brand architecture, and selectively extend the brand.

These four elements are vital to successfully marketing a business and driving growth. If you're not intentional about positioning your brand, somebody else will be, usually your competitor, so it's essential to manage the brand proactively.

MOVING FROM IDENTITY TO INNOVATION

"The world doesn't need another cookie." The client's comment was frustrating. Later, he'd add, "The nutrition and energy bar category is *way* too small and doesn't fit the brand." This was more concerning.

The client, a leading manufacturer of cookies and crackers, was looking to extend the brand into related snacking areas. This was in the mid-1990s, while Tim was working for another firm and also training as a weekend triathlete. The client didn't see the opportunity, but Tim saw it through a different lens.

Through weekend races, he had come across a new product category emerging on the circuit—energy bars. These first-generation products tasted awful—like a gritty paste made from nuts, leaves, and berries—but the samples were free and the benefits clear: real nutrition made from real ingredients.

The opportunity: What if you could blend the ultra-healthy ingredients of these early products with the form, convenience, and taste of a cookie?

Back at the office, the consulting team proposed a new concept idea—a line of nutritional bars made from healthy ingredients. The idea got shot down. The client thought their brand image was inconsistent with healthy eating (which it was), and the size of the energy bar category, around $100 million, was too small (also true).

The client was technically right on both counts. However, he saw things as they *were*, not how they *could be*. He looked at the brand from an identity perspective and failed to see the larger innovation opportunity.

Today, the energy bar category is over twenty times the size of what it was then and has crossed over to the mainstream. The rise of on-the-go snacking and healthy lifestyles, combined with improved taste and product delivery, has resulted in one of the few sizable food categories to emerge over the years, and the client missed out.

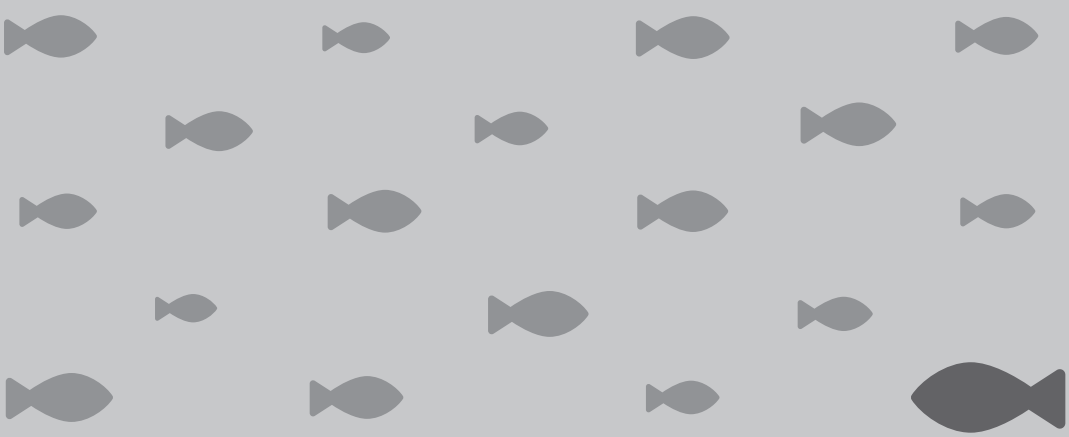
Insight and identity are critical marketing principles, but they're not enough. Combine them with the principle of innovation to get the full, magnifying effect of upstream marketing, as described next.

QUESTIONS TO CONSIDER

1. Is brand strategy a senior-level, boardroom topic in your organization?
2. Have you clearly established a relevant and differentiated brand positioning?
3. Are you making it easy for customers to buy from you, including aligning brand touchpoints with the customer decision process?
4. Do the various brands and products fit together in a way that makes it clear to customers what you offer?

PRINCIPLE 3

Innovation



INNOVATION

SO FAR, WE'VE COVERED TWO upstream marketing principles—insight and identity. Insight helps pinpoint growth opportunities, drawing on an organization's purpose and the customer demand framework. Identity uses value propositions and brand management to win against competitors.

With innovation, focus shifts to driving growth through a continuous stream of new business models, value propositions, products, and services.

Innovation is a broad topic that can take many forms. We define it this way: *Innovation is creating and capturing value in a new way*. Note two sub-points: *Creating and capturing value* links to value propositions. *In a new way* involves expanding beyond existing offerings to focus on new ways to grow. The framing questions to consider here are: how might we and what would have to be true?

Our research and experience indicate successful innovation requires two things. On the one hand, strategy, analytics, and process provide focus and promote efficiency. On the other hand, dynamic practices are needed to respond to new opportunities flexibly. The tricky part is that both stability and flexibility need to occur at the same time.

Chapter 6: Create, Test, and Learn (Strategy & Process) describes the need for structure and iteration. Successful innovation requires a planned, systematized approach infused with experimentation and problem solving. Strategic opportunity areas, focused ideation,

concept iteration, and screening help ensure a consistent stream of innovation.

Chapter 7: Aim 'Em, Don't Tame 'Em (Creativity & Culture) stresses the social side of upstream marketing. The right people and a stimulating, supportive environment are vital for ideas to thrive.

In the end, strategy and culture feed one another. Executing a sound strategy strengthens culture, which in turn drives transformative growth.