What Is a Brand?

English is a most imprecise language. Bill Clinton taught us that when he said, “that depends on what ‘is’ is.” That’s one reason we have so much trouble with brands and branding. Look at the word “brand.” Webster says it can mean any or all of the following:

- A stick or piece of wood partly burned, whether burning or not.
- A sword.
- A mark put upon criminals with a hot iron.
- A mark made by burning with a hot iron, hence, any mark of infamy, a stigma.
- (a) A mark made by burning with a hot iron, as upon an animal to designate ownership, or upon a container to designate the quality, manufacture, etc., of the contents; (b) a similar identifying mark made in any other way, as a trademark, hence, quality, grade class, or make of goods as a good brand of flour.
- An iron used for branding.

Not much there to confirm or deny how the term is used in marketing in the twenty-first century.

So, what is a “brand” and what is “branding”?

Brand Babble: Sense and Nonsense About Branding by Schultz & Schultz
COPYRIGHT © 2004 South-Western, a division of Thomson Learning, Inc.
The brand babblers have it figured out. It’s like Humpty Dumpty: “It means just what I choose it to mean, neither more nor less.”¹ It’s this lack of agreement that causes much of the confusion, lost motion, wasted efforts, and misplaced investments in brands and branding today.

And a lot of brand babble to boot!

But there’s plenty more to add to the confusion. The marketplace is filled with self-proclaimed “brand experts,” “brand consultants,” “brand gurus,” and, yes, even academics parading as brand authorities. All using their hocus-pocus models, diagrams, geometric shapes, and clever analogies to explain what most of us have trouble verbalizing.

That’s what this book is all about.

Breaking through the clutter . . . the confusion . . . the contradictions. In short, the brand babble that is inundating the marketplace today.

Our call is for clarity. Clear-headed thinking. Rational approaches and most of all, a business-like approach to the subject.

In our view, it’s time for some relevant discussions on how brands are used, how they can benefit the organization, how they can be understood as intangible assets for the firm. But, most of all, why and how organizations can use brands to make money.

That’s right. This is a book about making money. Making money with brands and branding. Investments and returns. Short and long-term profits. Shareholder value. All the things that drive businesses today.

So, what you’ll find in this book are some proven and provable facts about brands. Brought to you by two people who are willing to poke holes in the inflated hyperbole and challenge all the prattle about brands and branding that engulf most marketing departments and is quickly seeping into management suites as well.

What we plan to do in this book is to talk about brands as a way for an organization to make money. Now and into the future. Call it “Value-Based,” “Economic Branding,” or whatever. We’re going to be shameless about looking at brands in a hard-nosed-business way. You’ll find none of the namby-pamby brand prattle here. We’ll cut through the babble to help you understand what is “really” being said. All you’ll find is a clear, concise, and maybe a bit cynical, view of brands and branding. But, that’s the only way we think you, as a manager or owner, can cut through the clutter.

¹ What is a Brand?
and babble that have grown up around these very valuable assets called brands.

So, if you’re not interested in making money with your brand or brands, put this book away. Keep doing what you’ve been doing and be prepared to sink a bunch of money in a batch of myths, opinions, hopes, and dreams that likely won’t ever pay out.

**Brand Babble**

Let’s start with the title: Brand Babble.

Webster defines babble as:

“To talk as a little child or idiot, indistinctly, meaninglessly or incoherently.” Sounds a lot like today’s brand advice doesn’t it?

So, the view is that the marketplace is filled with brand babble—multiple views, multiple voices, multiple concepts, and multiple authorities. Everyone shouting and no one making much, if any, sense.

Today, branding is much like the biblical Tower of Babel in ancient Babylonia, where King Nebuchadnezzar gathered numerous tribes, clans and cultures. Great idea. Get all the best minds in the world together. The problem: No one could understand anyone else. Everyone with his or her own thoughts, ideas, concepts. Everyone talking. Nobody listening simply because there was no clear theme or concept or even language that could be used.

That’s branding today.

Conversations about brands and branding are so steeped in so much mythology, terminology, and pseudo expertise that few marketing people and even fewer senior managers can make any sense out of the babble. And that’s a problem.

For most organizations, the brand is the most important asset they own . . . free and clear. And, commonly, it is one of the most mis-managed.

Why?

The graphic above illustrates the problem. Multiple experts, shouting a myriad of complicated, complex messages with confused or conflicting meaning and less clarity than the Mississippi River.

In Nebuchadnezzar’s time, the Tower of Babel had only one location. And, the babble could reach only as far as the human voice. Today, with the development of electronic communication,
the ability of the brand babblers to distribute and proselytize unproven views and undefined theories on brands and branding become almost too easy. The result: We’re literally swimming in a sea of brand bravado.

Just look at the brand babbling. “Brands are animals.” “Brands are consumer badges.” “Brands are trademarks and trade dress.” “Brands are advertising.” Or, “Brands are boxes and bags and logos.” “Brands are positioning.” Or a dozen other terms and concepts.

Lots of babbling about the brand and branding but little discussion about brands as corporate assets . . . as future income flows . . . as entities in which the firm can invest and make profits.

Why is there so much of this brand babbling? If you don’t know what you’re trying to do with your brand and brand program, most any of the multitude of brand approaches will get you there. So, maybe all the babble is useful to the uninitiated and the mis-directed.

For the rest of you who are really trying to make sense out of all this brand babble, to lead your organization toward market-
place success, some clear thoughts and some rational explanations will probably help.

**A Clarion View of Brands and Branding**

So, the first step in breaking through the brand babble is to define what is meant when the magic word “brand” is used in this text. Are we talking about a logo or icon? About the product or service? About the advertising? Or the trade dress and the logotypes?

Or do we mean the physical properties? Or the characters and representatives? Or the attitudinal relationships? Or maybe the images and concepts that represent value? In short, what do we mean by “brand”? Unless and until that is done, i.e., what we’ll be discussing is verbally described and differentiated, we’ll continue to drift in the sea of babble about brands and branding.

Sometimes the best definition of a term comes by saying what the thing isn’t. In spite of what many self-proclaimed brand experts say, a brand is not a magic elixir. It’s not something that will rescue a flawed business concept, as most of the dot.coms learned to their chagrin. It’s also not something that can be created out of whole cloth and foisted on an unsuspecting public. And, it’s certainly not a neato-jet product with a jazzy set of graphics. And, most of all, the brand is not something that is “created” through an endless series of expensively produced television commercials, no matter how clever the concept or how many industry awards the spot wins in Cannes.

Further, a brand is not a mental model. It’s not something that can be fully explained through a four-box matrix. Nor is it a spreadsheet that estimates Net Present Value or Discounted Cash Flow going out to a terminal value. In truth, a brand is partially all of those things and, quite literally, none of them totally.

Again, in our view, the brand is simply a way for the brand owner to make money. Pure and simple. An economic tool that provides value for its owner and also value for its buyer.

A brand, simply put, can exist on many levels and in several dimensions. Sometimes it’s an inanimate hunk of metal sold by a group of dedicated machinists. Sometimes, it is a simple sheet of paper with some sticky on the back that can be repositioned. Other
times, it’s the relationship between an 18-year-old and his boom box. Or, sometimes the brand is a way of life or a culture. So, in our view . . .

The brand can be a product.
Or a service.
Or a person.
Or a thing.
Or an idea.
Or a process.
Or a country.
Or an organization.
Or almost anything.
In short, a brand is something that both the buyer and the seller can identify and for which some type of exchange agreement results in the creation of value for both parties.

So, that’s what we mean by a brand: something that is identifiable by the buyer and the seller and creates value for both.

To make sure there is no misunderstanding, the brand is technically a legal entity that can be bought and sold and re-sold. And the owner of a brand can change as quickly as a contract can be drawn. This legal definition of a brand is important, for it entitles the brand owner to profit from the brand. And, that’s a key point. Brands are supposed to make money for the brand owner. If they don’t, why have them and why own them?

Do You Need a Sack of Money to Build a Brand?

Much of the babbling about brands and branding centers on money, that is, spending by the brand owner. One of the first things most pseudo-brand experts say is “branding is expensive.” “Brands cost a lot of money.” “If you can’t support a brand with tons of advertising, you can’t build a brand.”

All that is hogwash.

Brands shouldn’t cost money. Brands should make money. Why would any organization invest a ton of money in something that isn’t going to produce a big return? That’s what governments do, not practical businesses.

Yet, look at all the babble about the cost of branding.
For example, in several recent issues of Advertising Age, the bible of the advertising industry, it was reported that Kia and Infiniti would be spending $40 million each to launch their new SUV sub-brands, (Note: These are “sub-brands.” Wonder what a “first-floor brand” brand would cost?).

About the same time, Cisco announced a $150 million effort to restore some luster to its hot high-tech brand image.

Those are big bucks in any league—almost enough to rent your own NBA player for a couple of weeks.

Branding, the way it is practiced today, is expensive. And, that’s the issue: Brands shouldn’t cost; they should pay back.

For years the so-called branding experts have passed around an industry rule-of-thumb that it takes between $20 and $50 million to launch a new grocery store brand. And, if you have a margin of 20% on a 50-cent item, it’s going to take you a long time to get those multi-millions spent on brand spending back.

The shortcoming of most “rules-of-thumb” about brands and branding, though, is that no one really knows what it costs to build a brand.

Even more frightening is the supposed cost to maintain a brand. For example, according to Brandweek, in 2001, McDonald’s reportedly spent $629 million on media to maintain and build their brand. Yet, between 2001 and 2003, McDonald’s sales, share and profits continued to erode. McDonald’s spent a lot. Doesn’t look like they got a lot back. What’s wrong with this picture?

Spending big bucks on a brand doesn’t mean the firm can stave off major organizational problems or social evolutions as McDonald’s is apparently learning.

The problem with all these glorified “reports on brand spending” is simple. All they really tell us is what some one or some firm spent on behalf of a brand. It says nothing about how much they got back in return.

And that’s the key point of this book. It’s not how much you spend on a brand; it’s what you get back that really counts. Few of the branding gurus or brand consulting mavens ever discuss brand returns. Yet, that is the most important reason for owning a brand: to generate future income flows, not to provide a siphon for current profits.
Can You Build a Brand Without Media Spending?

In the beginning, The Body Shop spent little on traditional marketing communication to build their brand. Starbucks followed much the same path. And, in the beginning, even Dell didn’t invest heavily in traditional media advertising.

So, the answer to the question is: Yes, you can build a brand without big media investments. There are hundreds of successful companies and thousands of successful brands that have used a wide variety of methods to develop and maintain a successful brand.

The problem with looking at what others spent or spend on brand advertising and other media forms in developing their brand is the numbers are meaningless. No one knows what it costs to build a brand. In fact, the question is immaterial. The real questions revolve not around spending but around building, growing, and getting returns.

The first real challenge in brand building is not how much you can spend. It’s “What’s the basic value you are going to offer prospective customers?” The next question is: “In what form or format are you going to present your offer so that prospective customers can give you money to get it?” Then, and only then, do you come to the question of “How are you going to communicate that specific value to the specific groups of people who need or want that value?” And big advertising spends aren’t always the answer.

So, the basic problem with most brand babble today is that the gurus start with how much you, as the brand owner, should spend, not with how much you’ll get back. Even the most wet-behind-the-ears brand manager can spend money. The key skill is getting a return.

So, if you want to determine whether you’re talking to a brand babbler or a brand builder, see where they start the conversation. With spending or returns.

Sometimes You Can Just Wander into a Brand

Some of the strongest brands around today didn’t have a lot of spending of any kind behind them in the beginning. They simply grew like the fabled doll, Topsy. The owners or managers or pro-
motors initially set out to sell a product or service they either made or acquired. In the course of selling the products, the brand sort of emerged. No four-box matrices. No plumbing the depths of human consciousness. No whiz-bang computer models. L.L. Bean didn't set out to build a brand; he set out to sell his high-quality outdoor wear. The L.L. Bean brand just happened along the way. Henry Ford didn't set out to build a brand. He just wanted to make cheap cars and sell them to people. Monet and Renoir didn't set out to invent the "Impressionist" school of painting. They just wanted to paint what they saw. And, if memory serves, they made little on the paintings. It was the later owners who really generated all the value and returns.

So, no, it doesn't necessarily take a sack of money to build a brand, but it does take a sack of understanding to know when you have invented . . . or perhaps "created" . . . or maybe just stumbled onto brand. And, of course, the key element is what to do with it once the brand exists.

You Don't Really Know What a Brand Is Worth until Someone Buys It from You

The real value of a brand is not what you spend to build it, it's what you get back from having done so. There are lots of ways to do that.

The brand babblers expound that the only real way to determine the value of your brand is to see how much more the customer will pay you for your product with the brand than a like product without the brand. Of course, that's a little hard to do since your brand has your brand on it and taking it off makes little economic sense. So, one of the key elements in branding is creating value. And, it doesn't have to be just a price premium over competition. It's whether or not you make money by selling the brand. Remember, Wal-Mart grew to be the 800-pound gorilla of the retailing world, not by charging more, but by charging less.

The Acid Test of Brand Value

In truth, and in spite of all of today's financial gimmickry, the only way to determine the financial value of your brand is to sell it to
someone else. No, we don’t mean sell the products or services that make up the brand. We mean physically transfer all the brand ownership and accoutrements to another person or company.

Find out what they will pay you to own your brand. Until then, anything and everything and every figure you will see or that can be hypothesized about the value of your brand is just a guess. Until someone plunks down cash on the barrelhead, everything is just speculation.

Now, we grant, some of the guesses can be fairly close but that only counts in horseshoes. Unfortunately, too many are way off. So, the value of your brand is what someone else is willing to pay you for it. In cash.

Of course, here we’re referring to a potential owner who understands the marketplace, sees the potential in your brand, and has the resources to offer you fair market value. None of those clever earn-outs or nifty stock ownership transfers. The brand is worth what it will bring in cash. Nail that on the door and look at it every time you pass by.

What a Brand Can and Can’t Do for an Organization

The final point in this first chapter is what a brand can and can’t do for you and your firm.

Brands can . . .

○ Create financial value for the owner in both the short and long term.
○ Create various forms of value for customers so they are willing to seek out the brand, buy it and continue buying it.
○ Create relationships with employees and other interested stakeholders so they want to continue to be associated with and support the brand.
○ Last a long time or at least be remembered a long time. That means long-term income flows.
○ Become a part of the culture. Cultural icons have great value. Just look at the value Michael Jordan created during his basketball career for both himself and those he worked with and for.
But, brands can’t . . .

- Belong, in the mental sense of ownership, to any one or any firm. Everyone “owns” a piece of the brand. But, brand owners get first claim on the financial returns.
- Rescue a bad business model or a poor product or service.
- Overcome a destructive reputation or unethical business practice.
- Make enough to pay a dividend to the owners or managers forever. Brands sometimes fade and die like everything else, even with the best management.
- Be managed the way you run a factory or operate a garbage disposal.

In short, brands are one of the most complex of any business activity. They’re also one of the most of the durable, yet one of the most fragile, of all business assets. Brands are not intuitive. They aren’t something the CEO’s spouse can learn about at the mahjong table and therefore give unlimited guidance. Brands are as important as you make them and as useless as you mismanage them.

But, one thing is for sure. Brands are supposed to make money for the owner. If your brand is not making money for you, you’ve probably gotten too deep into the brand babble.

Brands are complex. That’s true. It’s this complexity that engenders all the brand babble. And, it’s why there are so many brand experts running up and down the aisles of companies around the world. And, why many of them should be tripped, trapped, and put away.

The real purpose of this book? To help you, as the brand owner or brand manager, sort through all the branding mania that exists and come to grips with how to really think about, manage, and make a profit from your brand or brands. Anything else will be a waste of both your time and ours.

Notes

1. Lewis Carroll, “Alice Through The Looking Glass.”
Who Owns the Brand?

At first blush, that sounds like a pretty dumb title for a chapter in a book on brands and branding. Particularly when we announced in Chapter 1 that this book was about how the brand owner could derive economic benefit from the brand.

Of course, the answer to the question is the person or group who has a legal right to the brand returns.

But, there is a second view that is important to understand, too.

Today, in many brand guru lairs, it has become fashionable to pronounce, “The customer owns the brand.” But, in other dens of brand expertise, you’ll hear, “The company owns the brand and has the right—yea, even the responsibility—to grow it, extend it, optimize, and exploit it as much as possible.”

This brand ownership debate is a meaningless discussion. It’s just more brand babble that diverts understanding from some very fundamental brand truths.

Brands, in all their intangible glory in the marketplace, really represent relationships. They connect the organization to the customer and vice versa. To debate who “owns” the brand is to muddle concepts of ownership and equity and to miss the real point about how brands create value for both sides. While we focus primarily on the economic value of the brand to the owner or marketer in this text, we recognize the inherent value and relationship a brand must have with a customer for it to be successful. But,
given our focus, we may take what some would consider an extreme view.

The Law Decides

This “dual nature” of brands is clear in the laws that have evolved around them. In advanced economies, trademark and copyright laws recognize the marketplace value of a brand and the rights of the owner. Thus, laws try to protect brand owners from counterfeiting, forgery, or other unauthorized use.

At the same time, the laws also protect buyers against the foisting off of fraudulent goods and attempt to assure buyers and users of the consistency, quality, and origin of the brands they purchase.

So, maybe there is some reason for lawyers after all.

The question of “who owns the brand” masks another issue. That has to do with whose view of the brand is being promoted. Is the brand what the company says it is? Or is it what customers believe or think it to be? Is one view more “true” than the other? The babblers would have you think so because to them, most everything about a brand is black and white, either-or. Whatever supports some magic brand formula.

In the most literal, legalistic sense, brands are owned by the company holding the trademark. As owners, they can sell the brand in its entirety, just as Bristol-Myers Squibb did to gain $4.95 billion when it sold the Clairol brand to Procter & Gamble in 2001. Or they can “rent” it to another company, just as Starbucks did when they licensed their name to Dreyer’s to produce a premium line of coffee-flavored ice cream and likely received some type of payment in return for that use.

Can Brand Owners Do Anything They Want?

But, problems sometimes occur with brand ownership. That happens when brand managers falsely believe that, as the surrogate brand owners, they can do anything they want with the brand; i.e., extend, leverage, stretch, and otherwise push, pull, and twist the brand to the point it is no longer recognizable or useful to the buyer.
22  Who Owns the Brand?

Marketing history is full of such brand owner/manager arrogance and ignorance. What else can explain such branding blunders as the Nova from Chevrolet. Nova means “doesn’t go” in Spanish—a major problem for an automobile. Or, new Coke or Harley Davidson wine coolers or Bic perfumes.

Brands have expansion possibilities, but they can only go so far.

The idea that the customer owns the brand partially evolved from these types of unilateral and arrogant brand owner/manager actions. But, “customer ownership of the brand” has limitations, too—especially when considered in contemporary marketing terms. A brief jaunt back into history will help explain why many brand experts are so wrong today about brand ownership.

Who really “owns” the Brand?

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In the Beginning . . .

Back in the early 1930s and 1940s, when the boys in Cincinnati (read Procter & Gamble here) and the guys who shared time between London and Amsterdam (insert Unilever here) were developing the first stages of formalized, 20th-century branding, it was much easier to create a brand from scratch.

The products being sold were primarily mass-produced, volume-driven household products. Things the consumer generally
had only dreamed about, but had never experienced . . . dishwashing soaps, washing detergents, bar soaps with colors and smells, window cleaners, scrubbing bubbles, margarine that tasted good, and so on.

The package goods people (sometimes referred to as ‘fmcg’—fast-moving consumer-goods) quickly learned to talk “product benefits,” not “product attributes,” to prospective customers to extract more returns. Thus, they created dreams and fantasies for consumers, mostly through mass media advertising. If you’re over 40, you likely remember the Breck Girl, the Keebler Elves, Mr. Clean, or Charlie the Tuna.

Branding worked in those days, because the marketing organization controlled the system, i.e., everything about the product, the brand, and the marketplace. Young product managers in Cincinnati and their ilk in Minneapolis, White Plains, London, and other marketing centers, determined what would be put in the box or bottle based on their design. They determined the price, the channels, and, most of all, they controlled the communication describing the product and the associated dreams and rewards it could or would or should provide. The marketer created the brand, then transferred those ingredients and images to the customer through communication, primarily through the exciting new medium of television.

Customers took in the brand imagery, bought and used the product. That allowed them to relate it to their own experiences, perceptions, desires, and needs. Thus, a brand was born. The brand manager was the guide, and the consumers were the followers and, in some cases, they even became the brand apostles and disciples.

The brand transported the purchaser into the magic land of success and happiness and adoration. The success as a mother, as a wife, as a homemaker—came from happiness that came in a box or bottle. Plus, the adoration that came from a loving family and spouse.

Or, alternatively, the man was transported to the land of ongoing business success simply because he smoked the right cigarette, wore the right hat, or drank the right whiskey. That’s what dreams are made of, and that’s what marketers were selling.

Savvy marketers extended their impact by giving unique identities to their brands, often based on products with few, if any, distinctive physical attributes. Thus, P&G was able to introduce Tide, Cheer, and Oxydol, each with a distinctive brand identity and
perceived purpose, in the same product category through the magic of mass media advertising.

This same brand magic worked in other categories as well. For example, cosmetics companies supported brand lines ranging from the high-end department store variety to those found in drug stores and supermarkets. Even today women would be shocked to know how little product difference there is between the $25.00 department store eye shadow and one sold for $4.00 in the local mass merchandiser. But, the brand owner sure knows. Big bucks.

So, yes, there's an element of truth in the "customer owns the brand" argument because the customer creates his or her own dream world where the product and the brand makes their aspirations possible. But, the customer can only own so much of the brand. Certainly not the financial value. That clearly belongs to the brand owner.

**When Dreams Went Wrong**

Marketers today have much less latitude in creating a brand. While there is still the possibility of dream-making through advertising, the marketplace is radically different, as is the consumer. Today, there are simply too many competitive consumer choices. Too many alternatives. Too many things to buy, ways to buy, methods to buy and ways to experience. In short, too much marketing and too much communication make branding a totally different game in the 21st century.

This excess has changed the nature of the marketplace and how a brand is built and maintained. Today, the consumer doesn't want to "own" the brand. That's too much of a commitment. They just want to "borrow" the brand, use it, and then, in many cases, trade it off for something else. Or, at worse, return it to the marketer for another model. That's why, if you, as the brand owner, don't understand the 21st-century process, you could spend millions and end up with a handful of recycled rejects.

**An Even Bigger Change**

People. Today, marketers can still control the products they make. But, it's much more difficult to control the people who deliver the
customer brand in the myriad ways customer’s buy. Whether it’s the barista serving up a latte, a technical support expert resolving a software problem, or a bank teller selling traveler’s checks, brands today are indelibly shaped by the people employed to interact with customers. It’s this “people-thing” that many brand babblers don’t recognize or account for in their charts, graphs, consumer projections, and conceptual hocus-pocus.

Branding for people-based organizations, such as banks, airlines, hotels, and many b-to-b marketers, is fundamentally different than the model perfected by the packaged goods guys. Yet, because the fmcgs had the first success and developed the first brand model, everyone began to believe that was the way branding was done. And, of course, the refugees from the fmcgs, who became the prime brand babblers, picked up on that theme. In too many cases, it seems they have extended and expanded it beyond even what the most enthusiastic detergent manager ever considered.

**The Proof Is in the Web**

In the 1980s and 1990s, when the technology boom broke, every business concept ever devised in an MBA course flooded the market. Interactivity was going to rout the “old economy bricks and mortar” sellers. Brands were the thing. Build a brand and become a billionaire.

And, brand building was easy, said the babblers. Develop some neat graphics. Computer-generate some “breakthrough” creative. Lots of media money, with the more bizarre the media the better and the more bizarre the creative concept obviously driving the entire approach.

Unfortunately, all that brand building was based on the tired old concepts of product branding the fmcg-guys had done 40 years earlier. So, every “new economy” marketer hurried to emulate the strategies of P&G, Unilever, or Colgate, at times even hiring “brand managers” from these temples of branding wisdom.

These fmcg wannabes set the tone for the dot.com boom and bust. Selling products on-line, with their high service requirements, just didn’t work. It wasn’t like selling Hellman’s Mayonnaise or Dr. Gramont’s Yogurt or a bottle of Windex off the shelves of Safeway.

People, not just advertising, made a big difference in dot.com branding. Today, the marketing scene is radically different. Moving
from a product-dominated marketplace to one that is increasingly reliant on services has changed the entire approach to branding—dramatically. The problem is: The babblers haven’t caught onto this so they keep pushing the same old Cincinnati models as if it’s still in the 1950s.

That’s where most branding gurus, experts, and pundits fall short. They try to take time-worn fmcg approaches—as if it’s still the mid-20th century—and apply them willy-nilly to every branding situation for every type of company around the world. One model. One approach. One system. In spite of the fact that the products are different, the market is different, the consumers are different, the media is different. In short, they’re pushing applications for concepts that are no longer relevant. That’s why so many of them fail, so often. But, the brander only knows this once the money has been spent.

**The Heart of the Matter: The Brand Starts Inside**

Today, there’s no question about what’s important if you want to make money in branding. In a people-dominated marketplace, the brand starts inside and radiates outward. It doesn’t start with nifty external concepts and work back in.

Today, in any customer-facing organization, it’s the people inside who deliver the brand experience that make the difference. It’s those “non-brand-trained marketers,” aka employees, who drive brand sales and profits. Their commitment and the experiences they deliver to customers shape and deliver the brand, and it is only through that commitment and those experiences that success occurs. These internal folk give the brand the character, personality, and distinctive quality that make it unique. They are the ones who typically keep customers coming back for more, at least as much, and often more than the product itself.

So, today, your brand’s personality is more often defined by how real, living, breathing employees serve customers, not by some ad agency creative team trying to create a fictional “Never-Never” land.

This brand personality may be warm and welcoming (Starbucks), efficiently professional (Ritz Carlton), or funny and a
bit raucous (Southwest). But it reflects the heart of your organization: who you are, how you think, how you act. The brand is the people who make up and define your corporate culture and your brand.

So, if your company can deliver on the right brand experience consistently, and customers and prospects find that appealing, then the brand will grow and prosper and you will continually put money in the bank.

If, however, your company and your brand have no heart, no soul, or no personality that define it and provide cohesion and energy for your employees, the brand will be the same way. Bland, feeble, and far more subject to pricing pressure, customer churn, and declining margins.

So, let’s cut through the babble: The brand starts inside, with its people and their commitment and enthusiasm, not with ingredients and gimmicks and made-up characters. The brand starts inside and radiates out. It doesn’t start with the customer and come back in. That’s why the “consumer owns the brand” experts have so much trouble helping organizations. They continually look outside when the brand answers are right under their noses.

But, remember, no consultant can charge very much to say, look at your employees. Ask them. Yet, in case after case, we’ve found the brand is what the people who deliver it are. That’s how you make money with branding. You start inside, not outside.

**Surprise! There Is No Surprise.**

The preceding is not really a breakthrough idea, although you would think it was, given the surprise it brings to brand managers accustomed to thinking first about a television commercial and practically never about a line worker. Yet, Avis recognized this years ago with its “We Try Harder” theme. Today, Starbucks lives off their barristas. Dell lives off their teleservice people. Southwest lives off their flight attendants. Nordstrom lives off their helpful sales clerks. Those are elements competitors can try to copy but can never own. Those are ingredients that belong to your brand and to your brand alone. And, those are the things you need to manage to make money on your brand.
Complications Set In

The brand management challenge is, of course, people aren’t consistent. It’s not like making and distributing a box of Cheer or a package of Kraft cheese. People aren’t infallible like the formula for a bottle of Heinz Catsup. And they certainly aren’t as predictable as the taste of Coca-Cola. The inclusion of people in the branding business makes the development of all brands, and especially service brands, incredibly more difficult than their fmcg counterparts. The simple truth: Today, branding must start with employees, channels, distributors, wholesalers, suppliers and work its way out. The brand is what the company is. Nothing more. Nothing less. If the folks who deliver the brand experience aren’t sold on the brand and don’t “live the brand,” why expect a customer to do so?

A De-Babbler Process: Getting to the Heart of the Brand

At the risk of sounding like another “babbler,” we’re going to put forward one approach to brand understanding that works.

Below, you’ll find a process called “Getting to the Heart of the Brand.” That simply means understanding what the brand means or can mean to all of the key stakeholders. The process isn’t that complex. In fact, it’s similar to what many brand consultants call a “brand audit,” but, it’s a brand audit with a different view. It’s a view of the inside, not just outside.

Note: This process relies on inputs, but not just inputs from customers and prospects, important as they may be. “The Heart of the Brand” is how the key stakeholders feel, especially those who touch customers on a regular basis. It engages rank-and-file employees to determine what they believe and what they are capable and willing to deliver as the brand experience. And, that’s what the brand really is, the experience the customer receives time after time, day after day, in good times and in bad from everyone who represents the brand.

That’s “The Heart of the Brand”: what employees and other customer-facing stakeholders believe the brand is and what they can and are willing to deliver to customers on an ongoing basis.

Unlike most brand babblers, we aren’t going to give you chapter and verse on how to use “The Heart of the Brand” approach.

*Brand Babble: Sense and Nonsense About Branding* by Schultz & Schultz
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Who Owns the Brand?

That's fairly self-evident. The only thing we will suggest is that the key to the brand is found under the heading “Define.” There you’ll find three elements: “Core Values,” “Core Competencies,” and “Brand Aspirations.” Those are what the employees and other internal stakeholders must define and accept, not something that can be dreamed up in a boardroom or rolled out of a creative department. It’s what the organization really is and what its people can really deliver.

So, Who Owns the Brand?

The answer is simple. Of course, the owners own the brand, but the employees and stakeholders contribute to the well-being of the brand, too. And, the customer who reaches into his or her pocket or wallet or purse to buy the brand has a form of ownership in the brand as well. Each plays a part in creating the brand’s overall value. The key concept, of course, is that the brand is a shared value because it’s built on a base of relationships. While the owner enjoys the profits, the others derive benefits as well. We’ll say more about those brand relationships in the next chapter.