
# MIND THE BRAND GAP

## BRIDGING THE GAP BETWEEN BRAND STRATEGY AND BUSINESS STRATEGY

The marketing and advertising arms race to create emotional appeal, generate buzz and move up brand valuation league tables, is creating a widening gap between brand strategy and business strategy. In this environment some of the once coolest and iconic brands are faltering at a game they once dominated. **The key question for businesses today, is how to expose such strategic blind spots and remain relevant in the face of an evolving marketplace?** This article explores one methodology and framework into just how that can be done.

## ABOUT FIRM THINKING

Founded in 2009 and headquartered in Dublin, Firm Thinking is a Business Consulting and Coaching practice and developers of The Order® model consulting framework. With extensive experience in working with CEO and senior managements teams, in strategy design and implementation across a variety of sectors, Firm Thinking is uniquely positioned to deliver business advisory and coaching services to organisations seeking change, development and growth. Firm Thinking advisors are highly experienced business practitioners with backgrounds as senior leaders in various industry sectors and results oriented environments.

What sets us apart is our ability to provide tailored solutions to meet our client's What we offer

- **Business Strategy:** unlocking opportunities that will transform your business and disrupt the competition.
- **Executive & Team Performance Coaching:** tailored programmes to fast-track your success in implementing objectives and achieving meaningful results.
- **Marketing Strategy:** focusing your resources and capabilities on the greatest opportunities that will deliver profitable growth and long-term value.
- **Marketing Communications:** determining the most effective communication methods for your marketplace and developing all marketing collaterals and mediums to convince your audience.
- **Business Development:** a suite of professional sales supports for business that may lack the resources and capabilities in-house.

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Brand is arguably what your company is built on. It's what your customers base their loyalty on. Well-managed brands can shift demand, command a higher price point, generate a higher EBIT margin than others and reap disproportionate rewards through differentiated value propositions. Indeed, the global business community now widely accepts the importance and value of strong brands resulting in an ever-increasing emphasis in investor communication. Millward Brown estimates that over 30% of any business's shareholder value is driven by brand, and that well-managed brands grow businesses three times faster than average.

The combination of the internet, mobile devices, globalisation and big data continues to transform how companies operate and compete, creating the chance for brands to take huge leaps in ever-shorter time frames. Yet many organisations are struggling with how these developments will influence consumer expectations and interactions, often remaining locked into outdated and flawed business models that can only result in a long and continuing decline of market share. In the face of disruptive forces and changing consumer tastes, it has become routine for companies to spend vast sums on advertising and marketing their brands, largely and ironically, to appeal to a generation now tired of blatant brand marketing.

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### BRAND STRATEGY DEFINED:

An evolving plan for the development of a successful brand in order to achieve specific business goals. A well-defined and executed brand strategy affects all aspects of a business and is directly connected to consumer needs, emotions, and changing competitive environments

## THE BRAND BUBBLE

In their 2008 book of above title, Gerzema and LeBar were highlighting 'the looming crisis in brand value and how to avoid it'. They concluded from a decade worth of brand and financial data analysis that while brand valuations on the whole were appreciating, brand perceptions and actual value creation were crumbling - that business were effectively riding a brand bubble. 'The lesson for today's brand world is that for a brand to sustain consumer interest, it can't just be different; it has to keep being different.'

The brand bubble phenomena some would argue has been perpetuated by brands insatiable appetite to move up brand league tables, released annually by the three large brand valuation firms - Interbrand, Millward Brown and Brand Finance. These league tables are not without their critics who consider such brand valuations as widely inaccurate, a marketing gimmick to garner publicity, an exercise in creative accounting or, in the case of Professor Mark Ritson, just plain old 'bullshit'. Christof Binder of Markables, is one such critic and in a recent interview with Management Today pointed to the example of how Interbrand valued the Nokia brand at $7.4bn in 2013, while the acquirer Microsoft valued it at $157m. How in 2014, the Google brand was valued from US$ billion 68.6 (Brand Finance) to US$ billion 158.8 (Millward Brown), and Interbrand in between. While in the same year Samsung was valued from US$ billion 25.9 (Millward Brown) to US$ 78.8 (Brand Finance), again with Interbrand in between.

Coca-Cola's sustained position in the top 100 rankings despite plunging market capitalization value ($300bn in 2012 to $192bn May 2016) - a symptom of changing market tastes, obesity and health concerns and the impending imposition of a UK sugar tax – equally highlights a conflict at the heart of league tables. The familiar Coca Cola marketing formula of pumping dollars into #sunshine and #golden brand campaigns, while always impressive, will do little to reverse poor performance. Instead of asking 'What Logo tweaks can be made to our packaging?" it's perhaps more useful to adopt a customer and strategic perspective with "How can we adapt more quickly to changing consumer needs?".

## FROM EFFORTLESSLY COOL TO ALL THINGS TO EVERYONE

Most companies with effective brands and successful businesses, from Amazon.com to P&G, have focused intensely on their customers and other aspects of the business rather than just brand building. No brand can remain viable when a product is not competitive, service performance is poor or market share and investor interest is declining. Addressing brand issues in a vacuum will do little to reverse a flawed business strategy. Let's take the example of the once effortlessly cool and iconic brand the Gap. In 2015 while the Gap reported slumping sales and store closures, chic and cheap foreign fast-fashion brands with millennial appeal, like H&M, Uniqlo, Zara and Irish owned Primark, were luring away customers once devoted to the brand.

Retail analysts cited the foreign financial juggernauts winning formulas of market basics at cheaper price points, in high-tech fabrics along with vertically integrated supply chains that permits a quick response to emerging fashion trends. These high-energy brands create a constant sense of interest and excitement, often stocking small batches of new lines to keep customers curious and returning to stores. By contrast the Gap, which does not own any factories, takes much longer to source new designs and get fresh styles on its racks, while an outdated assortment of clothing and bland basics has failed to inspire the nuanced differences between so called Generation X and the millennial generation.

Struggling Ralph Lauren is also hoping for a fashion comeback with a strategy of trimming costs, shortening lead times and stocking trendier fashions. Sales reportedly have stalled and profits have fallen 50% since 2014. The market value of Ralph Lauren Corp. now hovers around $8 billion, down from $16 billion three years ago (The Wall Street Journal). Industry insiders accuse the company of being slow to react to changes reshaping the business. As in the case of the Gap, those changes include the rise of fast-fashion retailers with short production cycles and low prices, and the shift toward wearing sports apparel in everyday life.

## BRAND STRATEGY ANCHORED IN BUSINESS STRATEGY

Tesco is perhaps another example of an iconic brand that turned stale and lost market share to upstarts with fresh ideas, primarily Lidl and Aldi. The pioneer of the customer loyalty card that sought to use vast sums of consumer data to tailor shopping experiences and boost sales through discounts - was caught off guard as the financial crisis and subsequent recession focused consumers' minds on value and led to the rise of the discounters. Stagnant sales, falling profits, boardroom turmoil and dodgy accounting were also central to Tesco's woes.

Tesco's most recent results showed signs of a turnaround and a brand strategy anchored in financial metrics and informed by customer data and preferences. Under the watch of a new CEO Tesco's strategy has centered on a campaign of cost cutting measures in the form of store closures and staff reductions, coupled with a relentless focus on service, new product ranges and better shopping experience, all underpinned with extensive use of frontline interaction and data analysis to stay in tune with customer needs. The Tesco formula is quite simply to persuade its shoppers they don't need to make those extra visits to a discounter.

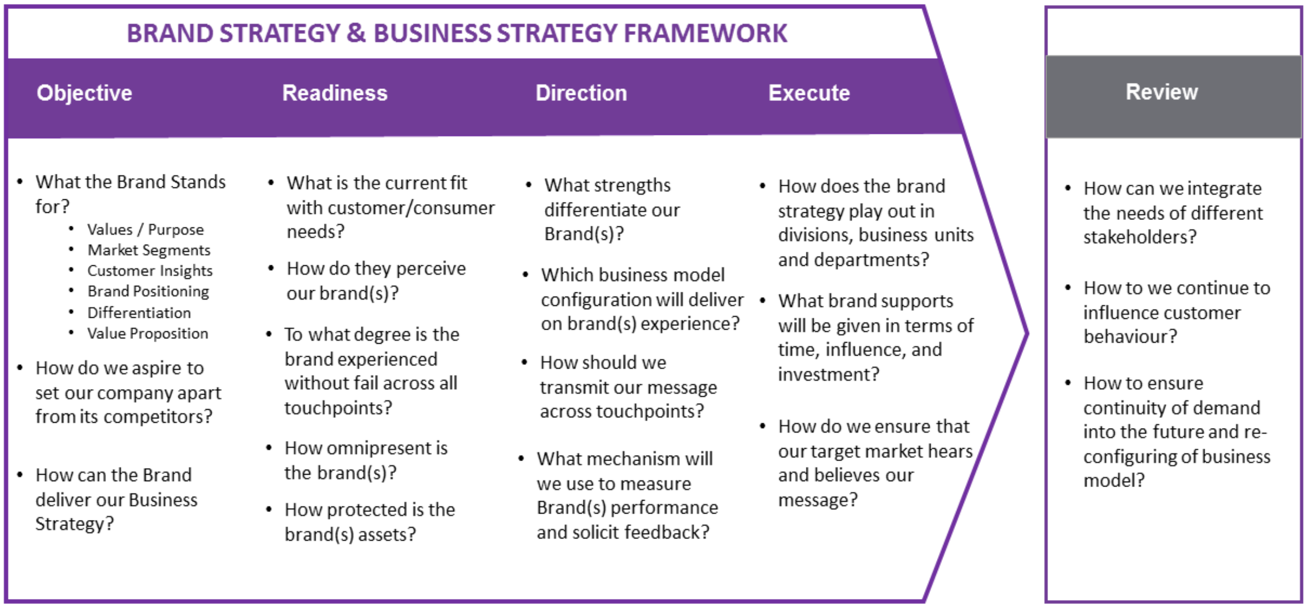
## BRAND STRATEGY ANCHORED IN BUSINESS STRATEGY

The lesson from Tesco et al is simply: that brand strategy cannot be separated from business strategy. No brand can succeed when a product or service is not competitive, relevant or differentiated in the mind of consumers. Brands must be constantly evolving and shaped by the accelerated pace of marketplace and consumer change.

Effective brand management depends on managing five stages of interactions that starts with customers' priorities and then determines how the brand can manoeuvre other elements of the business model to deliver the brand promise across relevant touchpoints and ultimately shift demand. And while no two business brands are entirely alike, we have found that most companies benefit from a structured approach that is rooted in analysis and integrates brand management with business strategy.

In our experience **The Order® model,** a comprehensive 5-stage framework, provides a structured approach to help management bridge the gap between brand strategy and business strategy. The tool enables companies to get a well-rounded perspective on the business, to unlock new opportunities, address challenges and implement change strategies.

**ORDER® model**

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## STAGE 1: OBJECTIVES

The process starts by clarifying what the brand stands for and its promise to a defined target audience. Elements of the promise include which customer segments the brand is trying to reach, positioning strategy, value proposition and how the brand is differentiated and how it addresses the target customers' priorities. The outcome is to establish a baseline set of brand objectives that correlate with the business strategy, its available resources and capabilities.

## STAGE 2: READINESS

Focusing on assessment of the current situation this phase supports a deeper understanding of how the brand falls short in meeting customer and consumer expectations. Elements of the readiness assessment include insight into customer perceptions of the brand(s), assessing the brand's influence on the factors that drive demand and choice, the fit with customer/consumer needs, desires, and decision criteria across all relevant demographics and geographies, how omnipresent the brand is across platforms and stakeholders (customers, talent, investors) and how secure the brand is across a number of dimensions: legal protection, proprietary design and geographies.

## STAGE 3: DIRECTION

Evaluation of directions and strategies to close gaps between how management intends the brand to mean and how it's actually perceived by customers. Elements to consider here include the strengths that differentiate the brand, business model configuration to deliver on brand promise, which touchpoints are best suited to communicate brand signals and management mechanisms to capture brand performance and solicit ongoing customer feedback.

## STAGE 4: EXECUTION

Development of action plans to accelerate implementation of objectives. Action planning, capability matching and resource management tools may be used to direct the process. Central to the approach is getting clear on how the brand strategy will play out across divisions, business units and functional departments.  The degree of management and team commitment to brand, and a belief internally in the importance of brand. The extent to which the brand receives support in terms of time, influence, and investment.

### STAGE 5: REVIEW

Ongoing review and assessment of results achieved against planned objectives and metrics. The ability to predict stakeholder behaviour and respond to market changes, challenges, and opportunities. The brand should have a sense of leadership internally, and a desire and ability to constantly evolve, to renew and reconfigure business models in line with market dynamics.

## CONCLUSION:

In summary, putting brand strategy at the heart of business strategy allows companies to make a meaningful impact and profit in the process. Well-managed brands can shift demand, command a higher price point, generate a higher EBIT margin than others and reap disproportionate rewards through differentiated value propositions.  Today business must maximise customer perceptions of value by continually managing forward expectations with innovation, creativity and evolving brand experiences. To keep on course, business needs to start with customers' priorities, and then determine how the brand can mesh with other elements of the business model to boost customers' engagement, loyalty and ultimately shift consumer demand.

This article explored one methodology and framework into just how that can be done, to move brand strategy from the realms of marketing puffery to being an embedded feature of the way the organization is run.

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