Brand innovation

Peter Fisk explores the changing world of brands, and how to innovate your brand strategy and experience to inspire consumers and drive more profitable growth. Read more in his new book “Gamechangers: Creating innovative strategies for business and brands.”

I love Nike

Not the company, but the idea. It's not about the founder Bill Bowerman and the story of his waffle iron, much more about the adrenalin and inspiration that I felt tingling down my spine on the night when Steve Cram broke 3 minutes 30 for 1500m in Nice. I've worn Nike shoes and clothing for 35 years, and never considered any other brand. Products have come and gone, trends and technologies. It's not about technical quality or superficial image, it's about the confidence and confirmation that I get from wearing the iconic “swoosh”. It's about me, and how I feel.

Brands have come a long way. From their origins in the “brandt” of a farmer's mark on his cattle, to the reassuring symbol of ownership, and even premium value. But today, everything is a brand. So the best ones need to be more. They are a reflection of customers, uniquely shared value, and potentially your most valuable business asset.

Brands capture an irresistible idea, compelling and intuitive, engaging and inspiring people in ways that companies and products cannot. They build platforms and connections through which customers and business can achieve more. A great brand captivates people emotionally and irrationally, about them and what they want to achieve, and ultimately to make life better. Brands are also your bridge to new products, categories and markets, to sustaining and growing your business in a world of relentless change.
“Brand innovation” is perhaps the most important capability in business today. If your brand is your core asset, then innovation is about how you evolve and leverage this asset in changing markets. Products, manufacturing, and the majority of business activities can be achieved in partnership with others. As Christian Audigier, designer of the Ed Hardy brand says, you don’t need lots of people. In his business, there is him, an accountant and licensing manager - just smart thinking. Success is not about managing your brand as it is, but how effectively you use and evolve your brand to achieve more.

Innovating your brand has a number of dimensions – some around how you innovate the brand concept itself (why it exists, who it’s for, how it’s manifest, and articulated), but also around how you innovate the branded business (what it brands, how it’s delivered, how it can extend, and what difference it makes). We explore each of these aspects, and how they can be achieved in smarter, more innovative ways. But to start it is important to consider the context, the world around us. Brands need to be agile and responsive, reflecting the changing environment. In the same way, this will be the most important starting point for you in thinking how to achieve more with your brand.

Brands in a changing world

We live in the most incredible time.

These are days of exponential change. We are now in the middle of a decade when the global population is growing faster than it ever has or will, when technology fuels unimaginable possibilities from 3D printed organs to driverless cars. We see power shifting from west to east, north to south, business to customer, and few to many. We see youthful passion outwit venerable experience, and small companies topple the big ones. The question is, are you riding these waves of change … or hanging onto the past?

Kaleidoscope world: A decade of exponential change, new opportunities and growth. (Source: Gamechangers by Peter Fisk)

Between 2010 and 2020, the world’s population will grow from 6.9 to 7.7 billion people, mostly in megacities of the fast-developing world. Most significant for marketers will be the rise of a huge “new middle” consumer class, neither rich nor poor, driving global GDP from $53 to $90 trillion. But this growth is not a linear extrapolation of the old world. It is a fantastic “kaleidoscope” of changing markets, new customers and priorities, new capabilities and aspirations. A tectonic mash up.
The turmoil of financial markets, collapsing banks and defaulting nations, was the dying pains of an old world order. Amidst the shake-up there are new winners and losers. In 2014 China’s real GDP growth will be 7.1% compared to 0.9% in Europe. However some markets, including Ghana and Nigeria, Brazil and Colombia, Indonesia and Vietnam will grow even faster. As Samsung launches its smart watch and Beijing is recognised as the world’s leading city for renewable energies, we realise that the best ideas in business are shifting rapidly. The big investors are in Schenzen, the most sustainable innovators in Nairobi, the best fashion designers are in Buenos Aires, the best digital engineers in Hyderabad. No longer are these emerging (wrong word, I know!) markets the source of low-cost supplies, and low-budget consumers. They have youth, education, disposable income, fast growth and ambition on their side too.

More than half the world live inside a circle based 106.6° E, 26.6° N, and within 4100km of Guiyang, Guizhou Province, in southwest China. 55% of all products are now made in more than one country, and around 20% of services too. 24% of the world’s adults have a smartphone, typically checking it 150 times per day, spending 141 minutes on it. 70% of people think small companies understand them better than large, 55% trust businesses to do the right thing, but only 15% trust business leaders to tell the truth. The majority of the world’s business value is now privately owned. Over 40% of companies in the Fortune 500 in 2000 were not there in 2010, and by 2020 over 50% will be from emerging markets. And on.

It is a period of awesomeness, of opportunities limited only by our imagination. A world where impossible dreams can now come true.

The power to change the world

From Alibaba to ZaoZao, Ashmei to Zidisha, Azuri and Zipcars, a new generation of brands are rising out of the maelstrom of economic and technological change. These are just a few of the companies who are shaking up market structures and customer expectations. They are disruptive and innovative, start-ups and corporates, in every sector and region, reshaping our world.

These brands are more ambitious, with stretching vision and enlightened purpose. They see markets as kaleidoscopes of infinite possibilities, assembling and defining them to their advantage. Most of all they have great ideas. They outthink their competition, thinking bigger and different. They are like speedboats, fast and flexible, outthinking and outplaying the supertankers, steady and stable. They don’t believe in being slightly cheaper or slightly better. That is a short-term game of diminishing returns.

Next generation brands – I call them “Gamechangers” - capture their big ideas in more inspiring ways that resonate with their target audiences at the right time and place, enabled by data and technology, but most of all by rich human experiences.

Gamechangers recognise that people are more emotional and intuitive, different and discerning than ever. They know what they like and who they want to be with. Social networks drive reach and richness, whilst new business models make the possible profitable. They collaborate with customers, and partner with other business, fusing ideas and utilising their capabilities. They look beyond the sale to enable customers to achieve more, they care about their impact on people and the world.

People trust the best brands more than any traditional institution – more than governments, lawyers, sometimes even more than religion. Brands connect with them, shape their attitudes and aspirations, connect them with people like them, to give them a platform to achieve more together. Ultimately, brands have the power to change the world – not just to sell products and make profits, but to make life better.

However this requires a more enlightened approach to branding - to challenge our conventional wisdoms as to what a brand is, and how to manage it; and to be innovative in the ways in which we
innovate the brand. There are 9 dimensions to brand innovation, ensuring that a powerful idea can create and sustain profitability and growth.

We consider each of these dimensions in turn. However brand innovation is ultimately an integrated process. Improved clarity of purpose drives everything else. It is also reinforcing, virtuous cycle. A better understanding of the economic value potential of a brand, gives us the mandate to do more.

**Step 1: Frame … innovating your brand purpose**

Brands are not about what you do, but what you enable people to do. Brands are about people not products. Brands are about customers not companies.

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<td>Brands are about products and companies. They articulate ownership, heritage and functional differences. They seek to build awareness of mass audiences, but limited by their defined function and domains.</td>
<td>Brands are about people and passions. They articulate what people want to be and achieve. They are emotional and relevant to their target audiences, but unlimited in what they can deliver.</td>
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A great brand is one you want to live your life by, one you trust and hang on to whilst everything around you is changing, one that articulates the type of person you are or want to be, one that enables you to do what you couldn’t otherwise achieve.

Brands were originally developed as labels of ownership. They were factual and introspective – the best cosmetics company in the world, the most innovative technological solutions, or the original hand-made shoe company. They relied upon their names and logos, articulated through superficial taglines, and delivered through generic service.
Just like internally motivated mission statements, this does little to engage customers, it doesn’t reach out to them, it doesn’t describe their world, it doesn’t cut through the noise of crowded markets, or gain the trust of sceptics. It can also be limiting to the business, with less ability to flex and stretch into other markets and applications.

Brands are engaging to customers when they are about them, when they reflect who they are, or want to be. They define what customers want to do – or be, become, or belong to - rather than what products do. They capture the dreams and aspirations of customers, or at least the applications and benefits.

A brand builds on the purpose of a business, articulating and visualising it in a clear and compelling way, relevant and about customers, standing out from the crowd and touching people more deeply.

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<th>Brands are not just about</th>
<th>Brands today are more about</th>
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<td>Image</td>
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Brands can become “anchors” around which customers live their lives, representing something familiar and important, whilst everything else is changing. Yet brands must also evolve as markets and customers evolve, with the portability to move easily into new markets, and glue to connect diverse activities.

A great brand is not designed for everyone, but for their target customers. In reflecting these people, they seek to build affinity and preference, encourage purchase behaviour, and sustain a price premium. They seek to retain the best customers, building their loyalty, introducing new services, and encouraging advocacy.

The brand identity, communication and experience is designed to reflect the target customer. Look at the typography of Build a Bear Workshop logo, the layout of its stores, the programme of activities – all designed to be child-like. Consider the design of Apple – from its logo to its typography, the black t-shirts of its people, and industrial design – they all capture modernity, coolness and simplicity.

If a brand seeks to reflect its target audience, then this also means that a brand must be prepared to alienate other people.

As Scott Bedbury, the man who put the “just do it” into Nike, and the Frappucino into Starbucks says “a great brand polarises people – some people will love it, and others will hate it.” FC Barcelona can never be everyone’s favourite sports club, but it is everything to its fans. McDonalds is heaven to some, hell for others. Some people adore their Mini Cooper, other people think it is ridiculous.

To find a brand’s purpose, we must see the world like customers do, capturing aspirations and priorities as they see them, and in their language. However the customer’s perspective is usually very liberating. Customers don’t live their lives in categories, defined by products. They exist in a bigger world, where they live and work in more joined-up ways.
Reframing brands from a customer perspective creates more opportunities to innovate. 
(Source: Customer Genius by Peter Fisk)

This “reframing” creates a bigger space in which to define the brand, and what it seeks to achieve. Take a mobile phone company. Instead of being in the communication business, we reframe as entertainment for one customer, being close to family for another, and mobile working for another. Having reframed we have to find the core idea. This depends on whether you want to be all things to all people, or special to some. The latter is easier.

At the heart of the brand is this core idea, or brand purpose, which becomes a guiding direction for everything else we do, why we exist, how we make the world better. Having found it internally, it is often articulated in a more creative and memorable way.

- Coca-Cola’s brand is about happiness … “Happiness is anything that can bring a smile to someone’s face. We’re in the business of spreading smiles and opening happiness every day across the world” … or more creatively “Open Happiness.”

- Crayola’s brand is about creativity … “We believe in unleashing the originality in every child … Helping parents and educators raise creatively-alive kids” … or more creatively, “Everything Imaginable.”

- Patagonia’s brand is about environment … “Use business to inspire and implement solutions to the environmental crisis” … or more creatively “Nothing should be made that can’t be fixed”.

Brands are about more than words and slogans, images and colours, more than businesses and their cultures, products and their functional benefits. Brands are about people, their hopes and dreams, and enabling them to achieve more. For consumer brands, the people and emotions are obvious, but for business brands the same applies, helping people to succeed individually and together, driving growth, innovation and success. Brands are ultimately, in one way or another, about making life better.

**Case Study: Dove, a brand about me, the real me.**

Dove’s “Campaign for Real Beauty” began in Brazil, back in 2004. A forensic sketch artist draws several women, first based only on their descriptions of themselves, and then based on the descriptions of a stranger who has observes them. The women, seeing the resulting sketches side-by-side, realises that the sketches inspired by strangers are much more flattering than the versions from their own self-descriptions. “You are more beautiful than you think.” The first two versions of these videos each received over 35 million views within two weeks of being posted to YouTube.
Led by Unilever’s VP for brand development, Fernando Machado, the “campaign” has many components. Advertisements showed real women, older or heavier than the “ideal” but still beautiful. Passers-by were invited to vote on whether a model was "Fat or Fab" or "Wrinkled or Wonderful", and results updated live. The brand seeks to engage 15 million girls by 2015. It partners with Girl Scouts to promote self-esteem and leadership with “Uniquely ME!” and “It’s Your Story – Tell It!” An annual Self-Esteem Weekend aims to inspire mother to talk with daughters about beauty and confidence.

Dove is a brand that makes life better, connecting with deeper issues in a relevant way, challenging itself and its industry, building a movement amongst its customers, with new attitudes and purpose. Insights came through extensive immersive research, an advisory panel guides the campaign, in collaboration with consumers and specialist groups. One if the ads, “Evolution”, showed how much effort goes into creating a “model look” winning unpaid exposure estimated to be worth over $150 million. The broad platform, about beauty not ranges from “Nutrium” body washes and “Weightless” moisturisers, through to Men+Care and has spread across 80 countries.

**Step 2: Create … innovating the brand concept**

Brands are much more than a name or logo. These are just symbols of a much richer experience, uniquely delivered through stories and activities, products and services.

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<td>Brands are about engagement and experiences. They are platforms through which people can participate with a company, enabling them to achieve more.</td>
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Renova is a Portuguese brand of toilet paper. It asks why all toilet paper is pretty much the same. White. After all it is one of the most personal products we use. Why can’t it have emotion and be colourful, playful, lively and even sexy? Renova launched black toilet paper and found it was a big hit. Others liked lime green or raspberry blue. Whilst most of the competitors were discussing personal hygiene and convenience, the relative benefits of three-ply or four-ply paper, Renova was talking about “the sexiest bathroom on earth.”

Brand concepts are bigger ideas. Names and logos are just shorthand ways of representing this bigger idea. Products and services can make the ideas tangible, but so can packaging and display, pricing structures and retail displays, service style and communication stories. These are all part of the brand entity. The Apple store says as much about the brand as the iPad. The friendly Starbucks barista is as important as the coffee. The cabin scent of Singapore airlines is as distinctive as the logo on the head rests.

There are many complex models of brands. However a brand is fundamentally not about description, but enablement – what it does for people, rather than what it is. It then describes this in three components – rational, comparative and emotional.

- **Rational:** What does the brand enable customers to do? [Nike is not about great sports shoes or apparel, it’s about people doing sports, such as running]

- **Comparative:** Why does it enable them to do it differently or better? [Nike is not just about running, it’s about running faster or further than you could ever before]

- **Emotional:** How do people feel about the brand as a result? [Nike is an attitude to doing more, doing it better, and winning – just do it, no finish line]
Innovating the brand concept around what it enables people to do better.  
(Source: Marketing Genius by Peter Fisk)

At the heart of the brand, connecting these different components is the core idea, which should be very similar to the business purpose for a corporate brand, but perhaps articulated in a more creative and memorable way.

Case study: Red Bull’s brand is a deeply immersive experience.

Red Bull “gives you wings” … it’s a brand that gives you the adrenalin to be extreme, incredible. Of course there is a functional benefit to the caffeine-maxed soft drink that is sometimes called “liquid cocaine” but the brand is as much about emotional attitudes, demonstrated by its connection with extreme sports, people and teams, and global events.

From the Red Bull Air Race, with stunt planes spectacularly flying along the Danube, to the Red Bull Flugtag, where amateur teams launch their home-made contraptions in the hope of flight, the Red Bull X-Fighters freestyle motocross and Red Bull Cliff Diving in Boston Harbor, from fun Soapbox racing to music events, to high performance F1 and soccer teams, the brand engages audiences in spectacular experiences. The brand is the event organiser and team owner, not just the sponsor, it has full control of the immersive brand experience, the enormous PR which spins out of it, and all the IP which sustains the stories further. The Red Bulletin magazine with 4.8 million copies sold monthly sustains the interest, as does the brand’s Facebook page with 40 million followers.

It seems a long way since from 1987 when Dietrich Mateschitz was in Bangkok selling photocopiers. After a long flight he collapsed into the chair of a hotel bar. “I know exactly what you need, Sir” proposed the Thai waitress. She quickly returned with a glass of Krating Daeng (daeng means red, krating is a guar, or very large bison). Whilst the original ingredients were said to contain bull’s testicles, Mateschitz was soon energising, returning to his native Austria with a plan to modify the recipe, and launch his new brand.

Of course, “extreme” keeps going further. In October 2012 over 10 million people watched Felix Baumgartner rise 38km above the New Mexico desert in a huge ultra-thin helium “Red Bull Stratos” balloon, jump off, and reach 830 mph during a 9 minute fall, setting records for the height and speed of descent. 35 million have since watched the YouTube video, read news features, and watched broadcast documentaries. Despite costs of around $40 million, in one way or another over a billion people have engaged in the branded event.
In fact, Red Bull Media House has become a profit centre, a media company, and an interesting example of emerging brand companies. Whilst many large brands have set up their own brand-owning companies within their corporate structures, a specialist business unit which then licenses the brand to other business units for a royalty, this had been initially for tax benefits. As these diminish, the real benefit comes in building a brand beyond products, in a way that has focus. In a world of “ideas and networks” business structures, brands and the ideas which they capture can become distinctive and incredibly valuable entities.

**Step 3: Resonate … innovating the brand story**

Advertising doesn’t work. The old idea of a mass-market ad campaign, that interrupted your favourite TV show to try to sell you a new car when you don’t need one, just doesn’t work.

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<td>Brand communication was about pushing messages to build awareness built around mass-market advertising campaigns, driving people down a sales funnel.</td>
<td>Brand resonance is about storytelling plus real-time relevance to engage people at key moment during and beyond purchase, and drive advocacy over time.</td>
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Brands need to find more relevance, more connection with their audiences. In a world where we are typically bombarded by 3500 commercial messages every day, you need to find a way to connect more deeply with people. Brands are about their world, at a time and place relevant to them. Communication works across many media today – TV to billboards, mailshots to emails, events and sponsorships, online and mobile.

Of all these mobile is probably most disruptive. It harnesses the potential of “big data” to personalise communication, based on your time and place. Encouraging you to buy your favourite brand as you walk into the store, interacting with you as you watch sports, gaining advice from friends at the moment of purchase. Mobile also becomes a glue that brings together other media, responding to a TV ad by text, voting by phone at a branded event.

The dynamic is about pull not push. Customers connecting with brands on their terms. Or more likely, interacting two way. The points of influence change too. In the past, brands spent most of their budgets seeking to build awareness, measuring success by ad recall. Now it is much more about influencing at the time of considering and making purchase, the time of usage, and the time when they tell others, or decide to repurchase themselves. Advocacy is far more powerful than advertising. People believe a recommendation from their friends far more than they believe anything a brand says.

Brand resonance is focusing around influencing customers at key moments.
The message changes too. It’s about starting from the customer’s context – where they are, what they’re seeking to achieve, looking at why it’s currently not possible, and building appetite for something better. And then introducing the brand, and how it can do more. It’s like an inversion of the old “what I want to tell you about” sales pitch, but makes a far more compelling story.

When outdoor clothing brand Patagonia advertised its latest $500 goose-down jacket with the campaign slogan “Don’t buy this jacket” its sales grew by 30%. When Unilever’s Persil laundry brand (known as Omo in some markets), knowing that kids want to live life to the full, proclaimed “Dirt is good” people were confused, but then it slowly dawned on them that this laundry powder must be really good to make such a bold claim.

When South African airline Kulula touches down it always gets the name of its destination incorrect. Whilst first timers look confused, regular travellers have a grin on their faces, enjoying being part of the joke. When the Superbowl 2013 was plunged into darkness due a power outage, the real-time marketers at cookie brand Oreo sprung into action. Within minutes they had tweeted an image saying “You can still dunk in the dark”. It became the most retweeted ad of all time.

These brands stand out. Their stories become contagious. And people take notice. Because they are different. Not saying we are slightly better, or worse, slightly cheaper than all the competitors. But by saying something different, about the customer’s world, rather than the product. Often in a provocative or fun way, showing that they have a personality, a sense of humour.

Resonance is all about engaging with people more deeply. About them, and their worlds. In their time, and place. It is about engaging them more deeply, more emotional and relevant. Storytelling is a powerful way to achieve this, particularly when it is over time, progressing. This can be supported by more personal, real-time activities, for example on social media. Stories and conversations can be enhanced through collaboration, co-created content such as stories and reviews submitted by users, or user generated like blogs and tweets. Brand owners find these more difficult, because they no longer control what is said about their brands, but for customers it is more interesting and believable, and as a result can become more powerful and contagious.

**Case Study: Capturing the best of Asian culture with Shanghai Tang**

Shanghai had the feel of exotic glamour, a spirit of limitless opportunity and a sense of danger too. The stars of the 1920s and 30s, from Charlie Chaplin to Aldous Huxley converged on the bustling Chinese port with its cruise liners, art deco hotels, film studios and opium dens. It was a cultural melting pot, where emigrating Russians met entrepreneurial Americans, Japanese jazz was enjoyed alongside the finest French champagnes.

One of the first truly international cities, it was variously known as the “Paris of the East”, the “New York of the West” and sometimes “the whore of the Orient”.

Almost a century later, Raphael Le Masne de Chermont, the new CEO of one of Asia’s most glamorous luxury brands is watching the launch of his new collection. A crowd had gathered to view his latest examples of Chinese elegance in a contemporary style. With spotlights on, the music turned up, the stunning Asian models make their way down the red catwalk, oozing sensuality and the distinctive Shanghai style.

What would the ancient Chinese warriors have made of it? How would the Emperor have reacted to such female exhibitionism? Would the communist party have allowed such an event even a few years ago? Unlikely. But the modern, discerning audience of today, loved every moment.

“Shanghai Tang is the best of 5000 years of Chinese tradition exploding into the 21st century” says David Tang Wang Cheung, the British-educated son of a wealthy Chinese entrepreneur, who launched the brand in Hong Kong in 1994.
Whilst the fashion label certainly represents the new China - one in which style, creativity and wealth is quickly replacing an image of much tradition, cheap production and widespread poverty – it has not been an easy ride for Tang and the brand that bears his name.

In its first year, Tang’s store attracted a million visitors, rising to 4 million within five years. The focus was on luxury, tailor-made clothing, employing some of the best Shanghai tailors, and he quickly expanded into ready-to-wear ranges targeting international visitors. The ranges were derived from traditional Chinese costumes and handicrafts – rows of vibrant qi paos “Suzie Wong” dresses to velvet lined Mao jackets for men, silver rice bowls and painted lanterns.

In 1997 he sold a majority share in the business to Richemont, the Swiss-based luxury goods company that also owns Mont Blanc, Chloe, Dunhill and Cartier. Tang wanted the investment to take his brand into the Western capitals, and most urgently to take on the designer labels of Madison Avenue. He opened his store in typically flamboyant style. But America did not buy it. With low sales, high rents, the Asian financial crisis, SARS, and demanding new owners, the founder was in trouble.

Le Masne de Chermont, with a classic French training in luxury brands, was brought in by Richemont in 2001 to set the business back on course. He scaled down the American ambitions, and dropped many other international plans. He refocused the business back on China. Whilst the visitor market is growing rapidly, with American visitors there soon to outnumber those that visit Europe, the Chinese own luxury goods market is the real opportunity.

He also recruited a brash, self confident Asian-American from Cincinnatti as his marketing and creative director. She immersed herself in Chinese history, culture and society. She was enthralled. She felt the existing ranges were overpriced, impractical and had little credibility with local people.

Joanne Ooi refashioned Shanghai Tang as modern and relevant. The brand needed more authenticity and depth. She dug deep into Chinese culture to find a theme for each season. She roamed art galleries, museums and antique markets to find inspiration. And pop culture too.

The clothes had to be luxurious and prestigious, but also wearable. She ditched all the tourist trinkets. Her designs were subtle and sophisticated, highlighted by mandarin collars or knotted buttons, boring designs from traditional dragons or even the emperors’ robes. Yet every piece, she argued, should also be easy to wear with jeans.

Le Masne de Chermont and his team are on a high. The Chinese economy is booming, and its people are embracing designer fashion as if there were no tomorrow. David Tang is happy too, that he has created China’s first significant luxury brand.

**Step 4: Cluster ... innovating the brand solution**

The brand is much more than the product, creating a higher level of engagement and a platform on which to introduce a wider range of products and services.

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<td>The brand was the product, limited by its functional descriptors. Brand innovation was product innovation, derivative and functional, or superficial changes to image.</td>
<td>The brand creates a platform for a wide range of products and services, with significant space to innovate products, services, business models and more.</td>
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IBM’s “Smarter Planet” brand concept is a great example of a broad and enduring brand platform that allows the brand to build a rich story. It can be accessed in different ways by different audiences, making it relevant to many segments. It can support a diverse range of products and services.
services, because it is not about them, but the higher purpose which they support. It inspires and accelerates ongoing innovation, creating a context in which to add new themes, and helps new ideas enter the market quickly.

Narrower brand platforms like Vaio for Sony’s range of laptop computers again creates a platform about smart and stylish hardware which comes and goes in its models and specifications. People engage in the idea of a Vaio rather than a specific product. Similarly car brands like BMW’s Mini can have a diversity of models for different audiences, but promoted together with a bigger idea.

Brand platforms are more strategic, more emotional, and more engaging to audiences. They create the “air space” under which a wide range of products, services and experiences can evolve. These can be clustered and configured into personal solutions for each customer. Business models, through which the brand works with partners, and through different price points and revenue models, can be flexed. And the overall experience can be adapted too.

Brand solutions are typically a cluster of many different hard and soft ideas (Source: Gamechangers by Peter Fisk)

Ultimately brands are clusters of many ideas and symbols, with a coherent “big idea” theme. These ideas might be aspirations and stories, products and services, channels and pricing, affinity partners and distribution channels, business models and service styles, distinctive content and ways of participating. They form brand molecules. Indeed an alternative “bottom up” way to develop a platform is to map out the molecule, and then find the richer theme in it. Different molecules can be shaped for different audiences, with the component elements coming and going over time.

**Case Study: Method in the madness of homecare products**

Adam Lowry and Eric Ryan were childhood friends, who became (in their own words) “brainparents” of one of America’s fast growing consumer goods brands. Adam trained as a designer and marketer, whilst Eric studied chemical engineering. Method emerged out of their maddening frustration with cleaning products – poorly designed, environmental pollutants and many just didn’t work. They declared war on dirt, and dream of a cleaning world which was eco-friendly and non-toxic, stylish and exciting.
They started by mixing soap formulas in beer pitchers labelled “do not drink”. In 2001 they got (slightly more) serious, and launched the Method brand as “people against dirty”, and declared themselves “superheroes” for seeking to rid the world of dirt. Adam’s passion was to produce cleaning products that people would be proud of, displayed like fragrance bottles, and smelt as good. Eric knew how to make them. In their own words, they “set out to save the world and create an entire line of home care products … Gentler than a thousand puppy licks … Able to detox tall homes in a single afternoon.”

Mollie Stone, a Californian grocery store, was their first customer, stocking a range of cleaning sprays. They were good, but didn’t stand out. Packaging design, was their response, starting with an hourglass-shaped bottle of dish soap, and within a year they were being stocked in Target supermarkets across the nation. By 2003, their designer Karim Rashid started winning awards, particularly for his tear-drop bottle of hand wash.

They articulated their distinctive attitude as “the Humanifesto” which includes “we look at the world through bright-green coloured glasses”, “to get out and fight dirty, take deep, satisfying breaths all day and sleep easy at night”, “We’re entranced by shiny objects like clean dinner plates, floors you could eat off, Nobel peace prizes and tasteful public sculptures”, and “above all we believe dirty, in all its slimy, smoggy, toxic, disgusting incarnations, is public enemy number one”.

Within four years, the brand was ready to go international – launching in Canada and UK, now also with a concentrated laundry liquid. They focused on their environmental credentials, winning awards from PeTA and ensuring their bottles were 100% biodegradable. Growth followed rapidly, as did their product range. Inc. Magazine named Method one of the fastest growing private companies in the USA.

A year later, Adam and Eric set up B Corporation, a non-profit network of organisations, collectively committed to “solving the big social and environmental challenges through the power of business”. Alongside Method, they attracted brands as diverse as Ben & Jerry’s, Etsy and 750 others to join, sharing best practices and resources, creating a standard certification and a shared platform for promoting a better way to do business.

**Step 5: Enable … innovating the brand experience**

Brand experiences are the totality of interactions, real and perceived, which a customer has in buying and using the brand, and as important for product as service brands.

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<tr>
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<tr>
<td>The brand experience is about enhancing the point of sale, with a more sensory experience, offering service and support before and after sale.</td>
<td>The brand experience is about enabling people to achieve more, adding value beyond the product, providing advice and support of the brand through life.</td>
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Walk into an Abercrombie and Fitch store and you are immediately struck by the scent. It’s a classic but youthful fragrance designed to capture the casual, west coast styling which is accentuated by the store interiors, typographies and clothing range. Walk along the mall to the chain’s next brand Hollister, and it is an entirely different smell, look and feel. You are now in California. The brand logo is different, but many of the clothes are actually the same, but seeking to engage a different audience with different aspirations. Walk a little further and another branded sensory experience awaits you at Gilly Hicks.

The brand experience is an immersion into the personality of the brand.
For a café or store, bank or airline this is about joined up thinking. Everything that the customer experiences, hard and soft, real and perceived, is part of the brand. From the store design, decoration and ambience to the lighting, sounds and smells. From the merchandise layout and shelf fittings to the staff dress and service style. From the typography on the store signs to the small print on the check-out receipt. This is all part of the brand experience.

It is retail theatre – everything you see, feel, think and do shapes the perception of the brand in the customers mind. But it is also an opportunity to do more – to educate, to entertain, to coach, to collaborate. Look at the workshop space at the back of the Apple store, where you learn how to do amazing things with the MacBook you’ve bought. Look at TechShop, where you go to make things, buying the components then constructing them in store like a workshop. Look at Adidas stores with changing rooms and shower cubicles where you can go for a run with like-minded shoppers.

If you manufacturer products, it’s much harder to create a great brand experience. You have a physical product, you are distanced from your end customer. This is why retail brands, even private label supermarket brands, have an opportunity to engage people much more deeply. But the reality today is that there is no difference between a product and service brand. Every product can offer a service that helps people do more with what they have bought. Be this in terms of cooking or nutritional advice from a food brand, a theme park that brings to life a children’s breakfast cereal, a home cleaning service by a laundry brand, or a virtual lifestyle manager that ultimate lifestyle enabler, your mobile phone.

Brand experiences that enable customers to achieve more, are much more valuable

A great example comes from Colombia, where the nation’s largest group of coffee growers were tired of selling their great coffee at low commoditised prices to branded packagers or coffee shops. 2 cents to them became $2 to the brands. So they decided to create their own branded coffee, Juan Valdez, which is now the leading brand of coffee in the country. It was authentic, local and distinctive. They promoted it themselves, wearing their ponchos, with their donkeys in their coffee plantations. Then they went further, creating coffee shops, Juan Valdez Café, with Colombian interiors and music, and the donkey outside. People love it. Far more than Starbucks.

Brand experiences are increasingly collaborative too. In fact it is the customer’s experience, not the company’s experience that matters. This might be about helping the customer to make choices, acting more like a curator, in the form of Amazon’s recommendations, or premium clothing brand Jaegar which actually brings competitor brands into their own stores to help shoppers choose. It might be about co-creating the product, like the Nike-ID studio inside Nike stores, with customers paying a premium to choose colours and add their name. It might be like Threadless, where customers submit online new T-Shirt designs and vote for the best ones. The top 50 winning $2500 prices, seeing their designs made and sold for one month only, before it starts again.

Every brand can deliver a rich, human, enabling experience. Enablement matters most. Branded experiences were originally designed to drive more sales, build an added-value aura that
supported a price premium. Now, brand experiences are more focused beyond the sale – helping people to use the product or service, to get more out of it, to achieve what they want to do. The purpose. Research typically shows that a retained customer is 7-10 times more valuable than a prospective customer. Not only because they buy more, but because they tell others like them. It is retention and advocacy that provides the ROI of experiences.

Case Study: Welcome to Umpqua, the world’s greatest bank.

“Fall in love at Umpqua Bank … We want our customers to be really really happy” is not the proposition you’d expect from a serious bank, particularly in tough economic times. But this bank is different. There’s more. “Spread some good (the world always needs more)”. And “Reinvest in yourself” as a rework of taking out a loan. People really do love Umpqua Bank. Is there any other bank in the world where you would consider buying a branded t-shirt or baseball cap?

The River Umpqua weaves through the deep forests and rugged canyons of Oregon State. This is the land of lumberjacks, and in 1953 the South Umpqua State Bank was founded to serve the people of Canyonville. In 40 years it grew to a mighty six branches and assets of $150m, until the logging industry fell into decline, and the CEO died.

Ray Davis applied for the job, a former management consultant who believed he could do something special with the bank. He told the board of directors “If you want things to stay the same, I am not your man. If you want wholesale change that will create shareholder value, I might be”.

In 1994 he set to work, famously taking all his staff to learn from the likes of Gap and Starbucks what it means to deliver a great retail experience in today’s world. He reinvented the branches as stores, or even meeting places, with relaxing sofas and magazines, coffee and cookies. He replaced cashiers behind bars with a concierge desk, long queues with a “relax, sip, surf” and staff that come to you.

Over the last 16 years, Umpqua has won more admired company and best places to work awards than anyone else, and also managed to stay ahead of competitors, in a time of severe turbulence and an industry generally considered not to work.

Davis believes the challenge is to “find the revolution before it finds you.” The bank now has over 200 stores, stretching from Seattle to San Jose, assets of $11 billion, and a strategy to build as a lifestyle brand – about people rather than their money.

Umpqua’s 15-year track record of growth has little to do with the products it markets, which are virtually identical to any other bank, although there is a strong focus on ethical finance. It’s much more to do with how they’re marketed. They start with people, human and simple, inspiring and aspirational.

You might notice large colour coded wall displays of the latest financial services – “your green account”, “in your prime”, “the business suite” (themed to the audience, not just standard products promoted on their % APRs). You might be inspired by the successful local restaurant owner, whose story is described this week on the Hero Wall.

Umpqua looks different … bright, colourful, modern (the Gap influence), products are cleverly packaged on shelves, and there are book clubs, movie nights, neighbourhood meetings, “business therapy” gatherings, even “stitch and bitch” sessions.

Umpqua sounds different … the bank signs indie bands to its Discover Local Music project and invites customers to listen to songs on in-branch kiosks, sells compilation CDs of the best songs, and hosts live gigs on a Friday night.
Umpqua smells different … freshly brewed coffee, Umpqua Blend (which it also sells by the
pound), and they end every transaction with a piece of gold-wrapped chocolate served on a silver
platter (which is the taste bit!)

Umpqua’s Innovation Lab goes further. A more experimental store on Portland’s Waterfront, it is
packed with new technologies, for banking and beyond. It includes the largest Nintendo Wii
bowling alley you have ever seen. People, usually office workers in their lunch break, come along
wearing their bowling shirts, ready to play.

Umpqua wants to be different, to create a different relationship between the bank, customers and
the community; to be interesting when most banks are boring, to be a brand that shares a passion
for improving people’s lives.

Davis argues that banking doesn’t just need a paradigm shift, but the whole industry needs to be
rethought, reinvented and rebuilt. Whilst most banks feel they have little to say, or compete on,
except who has the cheapest interest rates, Umpqua plays a different game. Back in 1994,
Umpqua’s market value was $18 million. Today, despite the difficult economy, it has risen to over
$1.5 billion.

**Step 6: Connect … innovating the brand relationship**

Brands actively seek to build relationships with their customers. The reality is that customers are
more interested in connecting with other people like them.

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<td>Brands seek to build relationships with people through service and incentives, supported by data and ongoing contact, driving retention and loyalty.</td>
<td>Brands facilitate relationships between people who share common purpose and passions. This enabling role builds a community or movement of advocates.</td>
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Brands invest millions of dollars seeking to build relationships with their customers, in search of
the holy grail of loyalty. Recognising the huge potential lifetime value of an ongoing customer,
they want people to trust them, and be loyal to them. The rise of big data encourages them to do
this even more, to profile customer behaviour, to predict and incentivise what they do.

But people rarely want this, and increasingly resent the one sided attempts of brands to gain
loyalty. Coupons, loyalty cards, mobile offers actually drive more promiscuous behaviour, the
opposite of what brands intended. They make choices more rational, and less emotional. They
commoditise rather than enhance brands.

Customers trust and are most influenced by their friends. And then by other people like them,
people who are in a similar situation, who share their ambitions and passions. Look at the way in
which Tripadvisor has replaced holiday brochures. People want authenticity, the good and the
bad. A brochure is unlikely to tell them the truth. It also makes it hard to compare, to understand
the inevitable trade-offs involved with every brand.

Brands can build much better relationships, even loyalty, by focusing their efforts on connecting
people with others like them. This rarely happens. Look at how many people wander around a
similar store, particularly a specialist store, in pursuit of great wines, or new mountaineering gear,
but never speak. Imagine how many more this is likely to be online. People are social by nature,
they enjoy sharing their passions, learning from each other, and doing more together. It’s time for
brands to connect people.

Community building, however, is a delicate art. In society communities evolve over time, finding
their own values, rituals and structures. These cannot be imposed. When Coke tried to create a
youth community called “Coke, My Music”, young people rejected it as too commercial and manipulative. When Pampers provided an online platform for new Mums to share their experiences and advice, Mums loved it, and Pampers for making it happen. A community has to be people, not brand-centric. And the more focused, niche if you like, the more relevant it can be. If a brand has defined its purpose well, about what customers want to be able to do, then there should be a good fit. The trick is to provide the right tools for the community to build itself.

The best brands go even further. When people really care about something, they start to promote their passion – be it spiritual enlightenment, the joy of running, belief in a better society, or a protest against something. Participants become activists, crusading to achieve something more. Dove achieved this, creating a “campaign” not by the brand but by the millions of real women who believed in real beauty. Challenger brands are naturally good at this, built around the desire to change something, to make it better. Positive Luxury, an online lifestyle brand community, mobilises its participants to demand more from brands, in particular that they are more sustainable in their impact, and then curates those that do.

Brands become movements of people with passion. They create a platform for what they believe in, to come together, and to have a voice.

**Case study: How Nike Women built an inspiring movement**

Nike. The Greek goddess of victory – a fabulous, powerful and beautiful women.

Yet throughout the history of Nike, the company had been about loud, masculine, testosterone-fuelled success. Phil Knight first met coach Bill Bowerman whilst at the University of Oregon, as he tried to make it as a middle-distance runner. After an MBA at Stanford, Knight returned with an idea to bring low-priced, technically-superior running shoes from Japan. They each invested £500 to establish Blue Ribbon Sports and import running shoes made by Onitsuka Tiger, which later became Asics.
The two men knew what runners wanted – and so Knight focused on selling the shoes at local track meets, whilst Bowerman constantly worked on ways to make them better. In 1972 their competitiveness drove them to set up their own brand, and Nike was born.

They rode the seventies jogging boom, and in many ways created it, and gradually embraced more sports. With his passion for success, and marketing flair, Knight took Nike into sports like basketball, soccer and golf. With the support of the likes of Michael Jordan and Tiger Woods, Nike stormed the world of sport. By the end of 2006 they had revenues of $15 million and profits of $1.4 billion.

But the business needed to change. People were more sophisticated and discerning in their sporting appearance, wanting technical excellence in their shoes and clothing, but also fashion and style. Long-term rivals Adidas had acquired Reebok, and whilst Nike was still the choice of champions it was becoming less popular on the street.

The organisation needed to get closer to its customers, the many diverse people around the world who chose Nike because they believe it will give them an edge, or just look cool. New CEO Mike Parker recognised that they needed to be much closer, and much more responsive to the changing needs of their customers. “There is no question that today customers have the power in business” he said.

Nike’s existing structure – with business units focused separately on footwear, apparel and equipment just wasn’t working together. Integration between the units was inconsistent, customer insight was fragmented, whilst innovation and design were too technical and product centric. It was only at special moments like the Olympics or the World Cup that Nike came together.

Parker wanted Nike to align itself to its distinctive customer types and their specific needs. He identified 6 market segments in which the business could expect to see 90% of its future growth. Running, men’s training, basketball, soccer, women’s fitness and sportswear formed the six new categories around which Nike would focus its resources, innovation and marketing. Smaller categories such as golf, tennis and children could be incorporated later. “Nike Women” was the most remarkable of the new businesses.

To understand Nike’s approach, you should watch the Mel Gibson movie “What Women Want”. Nick, playboy and advertising hot shot, thinks that he is God’s gift to women. After a little accident he discovers that he is suddenly able to hear what women really think. At first Nick is pretty disappointed when he discovers that his beloved macho behaviour does not exactly contribute to being desired. Then it emerges that the job he has dreamed of is being given to a new team member – Darcy is not only a woman, but a man eating one, and a very talented marketer too. So Nick decides to sabotage his new boss by reading her thoughts and selling her ideas as his own.

Understanding women, and selling their thoughts has made commercial sense for Nike too. It found that women typically spend around 40% more on sports apparel than men, and will pay a higher price for the most fashionable items too. They buy more items, more frequently, and coordination is important too. Nobody wants to be seen with shoes that don’t match, or in last year’s tennis range.

Back at Nike’s Beaverton campus Heidi O’Neill had been pushing for years to get separate functions to work together, and offer a more coordinated approach to women. Her cross-functional team had delivered success, but had had to compete against the system, challenging processes and leadership, breaking though the silo-driven product-centric profit centres. At last, in January 2007, she became head of Nike’s global women’s fitness business with a team responsible for everything from product development and operations to marketing and profitability.

With top global athletes such as Maria Sharapova, Nike has been sharpening its focus on women’s fitness, emphasizing running, walking, cardio, yoga and fitness dance. Nike Women stores have opened around the world, with a very different interior to the noise and adrenalin of traditional...
Niketowns. The annual Nike Women’s Marathon, launched in 2004 in San Francisco, has become one of the largest women’s running events in the world. Nike’s dance fitness events, such as the globally popular RockStar Workout, and innovative clothing and footwear products such as the Zoom Dansante have deepened connections with women and driven significant growth.

They maybe didn’t realise it back in the seventies, but Knight and Bowerman chose a good name for their business.

Step 7: Extend … innovating the brand range

A brand defined around customer aspirations rather than product functionality, can stretch across categories, providing a faster, less risky way to grow your business.

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<td>Brands extensions follow product adjacencies, extending to categories with similar capabilities, turning product brands into range brands.</td>
<td>Brands extensions follow customer adjacencies, extending to help them achieve more, built around a coherent and relevant brand purpose.</td>
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Brand extension is a disciplined yet creative process. Caterpillar’s stretch from heavy engineering to clothing and footwear, was not obvious but makes sense once the core brand is recognised for its strength and durability, rather than its technical machines. Dove’s extension from soaps into shower gels and shampoos worked well, but an attempted stretch into spas and clothing were steps too far.

![Brand extension diagram]

Brand extension at increasing distance, and risk from the core idea.

Starbucks is a great brand story, turning great coffee into brand experience, the “third place” between home and work. Once they’d saturated our cities, they wanted to go further, extending on supermarket shelves, and into new segments. Their Vie micro-ground coffee showed how a brand can extend with the help of an innovation, bringing a new level of performance to the adjacent category, and justifying their premium gained through providing an experience. When they identified juice bars as an adjacent sector, an alternative for their health-minded customers, they had problems. Starbucks was too identified with coffee, rather than a place. Instead they created a new brand, called Evolution, seeking to create a new third place.

A strong brand core, built around customer aspirations is far easier to stretch into new categories than a famous but functional product brand. A brand about refreshment can easily work across
drinks categories. A brand about travel can extend from airlines and hotels to travel guides and tours. Whilst it is often useful to have manufacturing capability to support an adjacent category, these can be sourced through partners, and secondary to adding to the customer's experience.

Licensing is often a more effective way to extend into non-familiar categories, relevant to the customer but not your existing expertise. Virgin is the ultimate licensed brands, finding partners in every sector – from airlines to space travel, banking to communications – who can deliver a Virgin brand experience effectively. This requires careful understanding of the brand equity, to find a way of operating an airline, or a bank, that is true to the brand. How are Virgin phones different? What is better about its banks? It also requires a smart business model, to ensure continued influence over the brand and its activation, as well as IP ownership and financial reward.

In planning brand extensions, it is essential to plan the move carefully. Whilst new categories might seem attractive, it is important to strengthen or shift, the core brand concept first. Once ready to stretch, the migration needs a logical order, the right sequence of categories, and innovations to support entry into each. This is a brand and innovation journey, the sequence of which can ensure success or failure. Sometimes it can even mean shifting the core, as IBM effectively did, moving away from low-margin hardware into high-margin services. Whatever, the strategy, it needs a structured and thoughtful execution to protect the current brand and business, whilst also realising the best new market opportunities.

**Case study: Camper is much more than a poor man’s shoe.**

In Catalan, camper means peasant.

You will find the whole story of the company and its value inside every pair of colourful, quirky, and distinctive Camper shoes. The shoe company from the beautiful Spanish island of Majorca likes to do things differently.

Look at its shoes – in some styles left and right shoes are intentionally mismatched, whilst in other models there are philosophies and quotations on the soles.

The shoes are rustic and authentic, unlikely to be called fashionable. They are inspired by the unique culture and traditions of the tiny Mediterranean island where they are still designed, and many of them manufactured. Most people of the island worked on the land, and so they wanted tough, durable shoes that could withstand the extremes of weather.

“Imagination Walks” goes the advertising slogan.

The story inside the shoes tells you that the business was founded in 1877 by a shoemaker called Antonio Fluxa, whilst the Camper brand was introduced by his grandson Lorenzo, 98 years later. In an interview with Fast Company, Lorenzo said “When people call us a fashion brand it offends me. We don’t like the fashion world at all. We’re trying not to take ourselves too seriously”.

Not fashionable or serious, maybe, but certainly popular. Camper’s sales reached almost Euro 100m in 2007, making it a market leader in Spain, and it continues to grow rapidly with over 250 stores across the world, from Beijing to Buenos Aires, Victoria to Wellington.

The brand is much more than the shoes, becoming an alternative lifestyle, an attitude that challenges conventions.

“Camper Together” stores are designed in partnership with local artists and architects to off customers far more than a shoe shop. In Barcelona, for example, the store is inspired by Jaime Hayon, one of Spain’s most provocative graphic artists who designs furniture and toys. Bright and bold, the store is much a quirky art gallery as place to buy comfortable shoes. Meanwhile in Paris the store seems to be still waiting for a designer, encouraging visitors to draw on the walls, and express their own feelings and creativity.
There are Camper hotels and restaurants too. *Case Camper* offers 25 simple but stylish bedrooms in the heart of Barcelona, but also with free wifi and DVD players in every room. It has a help-yourself, 24 hour snack galley, a vertical garden, a recycling centre, and free bikes to explore the great city too. Down the street you can eat at *FoodBall*, Camper’s vegetarian restaurant, specialising in microbiotic foodballs, made of rice and numerous natural and surprising ingredients. Sit on the floor cushions, listen to the karma music, and drink the local organic beer too.

Go to the website and you can do all of this in a virtual world. “Take a walk” enables you to test walk the camper shoes, and as you walk down the Barcelona street, you might pass a Camper Together store, pop into *FoodBall* for some new recipes, and then arrive at Case Camper where you can book your real accommodation and pay for your new shoes too.

Most brands are designed to support or encourage the frenetic pace of our lives – with pocketfuls of electronic gadgets, racing against the clock and against each other. Yet experience and expression are increasingly valued above money and materialism. Camper urges us to wake up and smell the flowers rather than the Starbucks, to enjoy those moments of quiet as we wait for the internet page to download.

Camper is a brand at peace with itself, its purpose to enjoy living life, rather than anything with numbers attached. Sebastian de Grazia captured the attitude of the Catalan shoemakers in his book *Of Time, Work, and Leisure* saying “perhaps you can judge the inner health of a land by the capacity of its people to do nothing - to lie abed musing, to amble about aimlessly, to sit having a coffee. Whoever can do nothing, letting his thoughts go”.

**Step 8: Optimise … innovating the brand portfolio**

As business grows, its range of products and services become more diverse and complex. Brand portfolios need focus, and brand architectures based around customers.

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<td>“House of brand” portfolios contain a diverse array of product brands and sub-brands, all requiring their own support, without any overall theme.</td>
<td>Brand architectures built around bigger ideas are more efficient to support, and more effective in cross-selling and building brands that mean more.</td>
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Large companies struggle with complexity. This is mainly because they have grown through diversification and acquisition over time, adding many entities to their original theme. From a customer perspective they associate with individual brands with little understanding of the company behind them, or what more they do. In an age of transparency, people want to know where products come from. From a business perspective, the cost and complexity of building 100 product brands, is far more than say building 5 range or concept brands.

Some companies, like GE, seek a “monolithic” approach, where everything is branded under the corporate umbrella. The difficulty with this is that the corporate brand needs to stand for something, have purpose, which is not easy with so many different technologies. Stories and propositions become important in creating relevance to different audiences. Consumer product companies like Unilever, seek to enhance the endorsement of their corporate brand, like a seal of approval to their product brands. Others like Nestle seek to create platforms, for example around Healthy Eating, that bring together their wide range of breakfast cereals.
When seeking to optimise a brand portfolio, there are two distinct tasks. One is to optimise the portfolio of products – ranges, products, or variants (SKUs). The other is to optimise the portfolio of brands – names and concepts, trademarks and designs.

When seeking to optimise a product portfolio, you will typically find the 80:20 rule in play. 80% of the revenues will come from 20% of the products (and 90% of the profits from 10% of them). Some companies label these most important products as their “power brands”, deserving of most investment and attention. As with all types of focus, putting more effort in some places means less in others. It is not uncommon to find that around 30% of the products are value destroying. That is when full costs are allocated across the portfolio, a significant number of them are unprofitable, and selling more of them will just become even more unprofitable.

Brand portfolio analysis enables business to optimise brands for better returns. (Source: Gamechangers by Peter Fisk)

When drinks company Diageo evaluated its portfolio, it found that a number of its largest brands based on revenue, actually destroyed value (they didn’t deliver a sufficient return on the capital employed). One of these brands was Bailey’s, requiring the business to rethink the brand, from its positioning to its bottling process. They found that by refocusing the brand on a younger audience, portraying it as sophisticated cocktail with ice, and sold in miniature bottles through specialist channels, it was able to transform the image and economics of the brand.

The second challenge is the brands themselves. Consumer goods companies have huge numbers of functional brands, often with supporting ingredient brands, and usually executed differently in local markets across the world. This can create huge cost and confusion. The challenge is to find focus and coherence. Global and local branding are both good, but need to work within a system.

The biggest difference can be made by bringing together brands with a similar purpose, and for the same audience. Volkswagen’s portfolio – from Bugatti and Audi to Seat and Skoda, is not a diversity of technologies, but a carefully planned spectrum of brands to address different audiences, each motivated differently. Technological platforms then work across these brands to ensure product efficiency, whilst being relevant in different ways.

Case study: Making sense of GE’s complex portfolio

Tommy Lee Jones, all in black, describes how GE technology is providing hospitals with data software that connects patient to nurse to doctor to machines, reducing down time and turning waiting rooms into just rooms. GE has become a storyteller, helping people make sense of emerging possibilities and how they change all of our lives, and helping them to do it.
CMO Beth Comstock describes herself as a market maker … “To be an effective marketer, you have to go where things are, you have to see what’s happening and be a translator. You have to immerse yourself and not be comfortable sometimes.” She talks of rural doctors in China and farmers in Africa, where she sees future GE making most difference, and money.

She sees her jobs as engaging people in a brand that does more for them, "connecting the dots" between products and businesses. Brand platforms such as “Ecomagination” engage people in GE’s vision of a more human, responsible future.

Connecting the dots is also about making sense of fast changing markets, looking for the patterns, the opportunities. She sees marketers as the people to do this, saying a great marketer “translates observations into insights that can move a business or product forwards”. However that is not just about brand and communicating what exists, "Marketing is now about creating and developing new markets; not just identifying opportunities but also making them happen."

Customer innovation centres across the world drive this innovation within markets. In the Chinese city of Chengdu, for example, local and global marketers and researchers collaborate on new initiatives in mobile, affordable healthcare, and green energy. Others sources of ideas come from new types of open partnerships and innovation competitions.

Communicating ideas in more human, intuitive ways is important. Whilst advertising still matters, it is more diverse media such as videos, social media and events that engage people more deeply. Facebook is used as GE’s social “hub” for engaging both business customers, and end consumers. There are over 30 GE pages including social health and fitness apps. Google+ relates more to its technical audiences with videos and articles, whilst Pinterest is more female, focused, pinning more lifestyle photos and quotes. Twitter is for business users, keeping stories topical and drawing people in. Youtube is more of a video library complementing TV ads

GE sees this media as convergent “The idea of an ad as a separate entity is fading fast. Brands are content publishers and consumers are, too” says Comstock. GE track engagement metrics to assess whether each new medium is relevant and scalable. Instagram passed the test, with around 150,000 people now following GE’s photos of engines and power modules on the mobile social network, engaging tech geeks and business decision-makers alike.

One of the company's biggest growth strategies is based on the "industrial internet" or to most of us, the “Internet of Things,” applying digital and social technologies to machines – MR machines to wind turbines - to improve their connected effectiveness. The emerging data will help to tell better stories, as well as use the machines better. The point is that business markets are becoming as social as individual consumers. GE’s new storyline is about “Brilliant Machines” with ads, for example featuring Night Rider’s KIT supercar getting a 21st century upgrade.

**Step 9: Impact … innovating the brand value**

Brands create value for customers and shareholders, but also have an impact on society and other stakeholders too. A brand’s value is much more than its revenue or profits today.

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<tbody>
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<td>Brand performance is measured by scale, by market share and revenues, assuming that biggest is best. This is a short-sighted and dangerous view of brand success.</td>
<td>Brand performance is measured by the its added value to customers and business over time, understanding how it can be a source of positive impact.</td>
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Brand equity was described by David Aaker as the “brand assets and liabilities linked to a brand name and symbol”, which add to or subtract from the value provided by a product or business. This radically changed the marketing function, articulating the direct impact it can have on the
business, rather than as a support function to selling. In a sense it’s the amount of “positivity” in the brand to elevate a product or business beyond a commodity.

Of course a brand creates value for customers and business. This requires a balance, which can sometimes seem like a compromise. The reality is that brand building takes time, building equity with customers, which gradually amplifies into equity for the business.

For the business, brand equity is driven by awareness (how many people know about it), perception (how they feel about it, and prepared to pay more for it), preference (how different is it, do people prefer it, will they stick with it) and agility (how far can it extend and evolve).

For the customer, brand equity is driven by relevance (is it for me, both in terms of function and aspiration), confidence (do I trust it, and feel good using it), connection (does it connect me with others) and enablement (can I achieve more because of it).

Whilst this might sound obvious, it is surprising how many businesses, and brand agencies, still see brand as a labelling device to communicate their difference. Brand “positioning” is often seen as how visible and different are you, as opposed to focusing on the brand’s primacy in an audiences mind, based on perceived relevance and value.

Brand value is often quoted as the financial outcome of this equity which has been built in a brand. Business leaders delight in telling others that they have a “billion dollar brand”. What they probably mean is the sales volume of the brand, which is not always profitable.

However when BusinessWeek announce Apple as “the world’s most valuable brand” (worth $98bn in 2013, ahead of Google £93bn, and Coca Cola $79bn) they are actually seeking to measure the amount by which the brand enhances the market cap of the business. In other words, the way in which a brand increases the future revenues, the price premium that people will pay, and the certainty of them buying.

Brand innovation can transform the potential for business to succeed. (Source: Gamechangers by Peter Fisk)

What matters is the business value, measured by the sum of future profits. Brands add to this by creating a premium on these, as well as making them more likely and less risky. By understanding the value drivers of a brand, that is which brand actions most positively affect the business value, then we can make better choices about brand strategy.
Each of the nine dimensions of brand innovation is an opportunity for the brand to add more value to the business. Understanding upfront the value potential of such actions creates much stronger commitment and secures investment. Together, the innovations can have a dramatic impact on the bottom line, the future health of the business, how much it is worth.

**Brand lab … making it happen**

Innovation in each of these dimensions is most effectively achieved by a similar process, but with different topics and tools. The process is typically workshop-based, bringing people and ideas together in an accelerated, collaborative environment. The “diamond” approach involves opening-up (stretch and explore, challenge and extend) then closing-down (connect and combine, filter and focus) for each of the challenges.

![Diagram of the diamond approach](image)

Whilst there are 9 dimensions, they are most effectively considered together to ensure their mutual dependence and impact. There are typically 5 phases in innovating your brand, deploying the diamond at each stage, combining analytics and intuition, creativity and discipline, to develop the right strategic approach:

1. **Intent:** The starting point is commercial, understanding the best market opportunities in the medium to long-term, where the business can most effectively create and sustain profitable growth over time. This should align and shape the business strategy.

2. **Insight:** Deep understanding of potential customers in the identified markets, maybe through collaboration, enables the development of brand purpose and concept, opportunities to innovate the solutions, communication, experiences and portfolio.

3. **Ideation:** Creatively articulating the brand concept, from which flows appropriate solutions by bringing together new and existing products and services, partners and resources to design an engaging brand experience. Ideas are visualised and evaluated.

4. **Innovation:** Making the strategic choices in each of the 9 dimensions, from brand story to brand solutions, brand experience to brand portfolio. Underpinning this with a smarter allocation of resources, aligned culture and organisation.

5. **Implementation:** Planning and executing the agreed strategy over a sequence of horizons over which the brand evolves and grows in the market and commercially. Supporting this with effective leadership, appropriate metrics, staying agile to change.
The result will be a winning brand with a better strategy to drive future growth, in a way that is positively disruptive in the market and drives a step change in value creation for the business.

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Peter Fisk is a global thought leader in strategy, innovation and marketing. Starting his career as a nuclear physicist, he went on to work for and with many of the world's leading brands – from Concorde to Coca Cola, Red Bull and Santander, Virgin and Vodafone. He is founder and CEO of GeniusWorks, the London-based strategy and innovation consulting firm, and visiting professor at IE Business School in Madrid. He has authored 7 books including "Marketing Genius" which has been translated into 35 languages, and and is included in the Thinkers 50 Guru Radar of the best business thinkers. He is an inspiring keynote speaker, highly experienced facilitator and practical coach. Find out more at www.theGeniusWorks.com

His new book "Gamechangers: Creating Innovative Strategies for Business and Brands" explores the world's 100 most disruptive innovators, and then interprets 10 paradigms for success in today's business world. From enlightened vision to finding new markets, bolder brands and innovative business models, new customer agendas and enabling experiences, realtime marketing and social movements, inspiring leadership to deliver more profitable growth. It includes 16 practical one page canvases, workshops and executive programs. Explore more about the book at www.Gamechangers.pro