

A BRAND new opportunity.....

A product is something that is made in a factory; a brand is something that is bought by a customer. A product can be copied by a competitor; a brand is unique. A product can be quickly outdated; a successful brand is timeless.



Stephen King
WPP Group,
London

Still very sound words, a quarter of a century on.

I have spent the last ten years listening to retailers, manufacturers, sales people, media, and even marketers bemoaning the so called 'fact' that the appliance industry is turning into a box moving commodity market, where brand has lost its value and the consumer only cares about the deal not the product benefits. 'Facts' potentially fast tracked with the Global Financial Crisis.

Have we somehow forgotten the above wisdom, or maybe you never subscribed to it?

what cost, commoditisation

I know some that dismiss the above quote as 'more marketing wxxk'. Firm believers that the deal is done in those last 3 feet, and all you need to sell a product is a good sales force that's gets on with the floor staff, the right price and a wad of extra casholla to SPIV it along. After all, this is a relationship game and there is no place for 'biscuit boy' (FMCG) theories here, especially in the current climate - all people want is the deal.

Opinions which sound familiar? In the short term it's an approach which works wonders and there is a place for such 'tactical' approaches. But in the long term..... Have you ever thought that customers store hop, drive deals down and forsake any concept of loyalty to retailer or brand because we have conditioned them to do so, through adherence to this opinion.

deal vs brand

I am forever amazed that the vast majority of this industry appear to miss one very simple but powerful point... *consumers don't know how much a product costs!!!* (In fact I'd dare argue that nor do the vast majority of sales people and marketers on both sides of the retail door.)

All consumers generally know, and care to know, is if a product solves their need – at least they know that if marketing has done part of their job correctly. Beyond this point the consumer looks for cues such as brand credibility (is it reliable, well recognised, respected, strong service & support beyond the store); brand history; brand character (eg technology, trust, innovation, care free solutions, prestige, etc and how it reflects upon them); brand salience (ie should this product be produced by this brand); and of course price. And while the latter is very important, it is so only once the consumer is confident that the other boxes have been ticked and is comfortable that the brand offering is right for their needs.



Of course there are companies that don't believe this and think that it is all about price. In refrigeration Centrix and NEC are two that spring to mind; and there are hundreds of others that don't (though this list is likely to be considerably less once the financial crisis has past).

build the brand build the business

But brands are not built overnight. It takes courage, investment, intelligence, differentiation, foresight and a great deal of consistency at every level.

Nor do brands belong the sole property of big corporations. They are built by the strong hearted – in fact much of the brand commoditisation and erosion is the consequence of large corporations and their drive to achieve 'share-holder value' (which ironically appears to be resulting in the demise of value for customers, consumers, companies and shareholders).

Brands transcend logic and ingrain themselves in emotions. They can still be built, and privately owned or local businesses are probably in a better position than ever to build or reinvigorate their brand.

Obviously your brand and your business are not mutually exclusive entities, in fact the more you can fuse them as one the better your utilisation of resources and the stronger your organisational focus.

don't fret the USP

We've heard a lot about USP's (unique selling points / propositions) and their importance in brand creation, but look around, they are a scarcity. In reality customers rarely buy a product or service because it offers something unique –(1) because major change rarely happens; (2) because if it does it is quickly copied by others; and (3) because as much as we talk about shoppers as 'innovators' the bulk of us prefer 'me two' rather than 'me first'.

Usually they buy a brand because it owns a unique position in their minds, they expect it to meet their basic needs a bit better than the competition or at deeper level because they see it as a reflection of them selves.

In today's market two good examples of the above are:

1. Dyson, offering a truly different and defensible technology – albeit originally a very hard sell: a weird, bright, bagless, plastic vacuum cleaner with some strange technology based on hurricanes that no one had heard of entering an over crowded, commodity driven market, and seeking three times the average retail price of well established brands. And
2. Apple Ipod, providing existing technology with a defensible brand position – commentary from 2001 forums (before the days of blogs) discussing the release of the Ipod: "*Great just what the world needs, another freaking MP3 player. Go Steve! Where's the Newton?!*" Jul 2001 "*gee! an mp3 player with a HD! how original! kinda reminds me of a JUKEBOX i once knew..*" Oct 2001

Not every brand can be Apple or Dyson, but nor do they need to be a Centrex or NEC – and remember a decade ago Apple was still clawing itself back into the computer market and Dyson was virtually unheard of.

Now is the perfect time to build a brand (and the margin that goes with it) that consumers will desire. There is hiatus in the market, the cost of communication tools and media needed to build voice has never been so negotiable, many of the global players are providing opportunities and leaving gaps, having had their purse strings tied by their offshore owners in much worse conditions than Australia and still hamstrung by shareholder value.

keep your eye upon the donut & not upon the hole

Ultimately a brand is demonstrably the most important and sustainable asset any organisation can have, its value is based on sustainability – economic, social and environmental, some simple but oft forgotten tips on building an enduring brand / business in today's market include:

- Maintaining focus on the end purchaser;
- Understanding and striving for 'complete design' at every level;
- Building compelling products and services that are the embodiment of your brand;
- Being committed to the stakeholders (not just consumers) that touch your brand from factory to furnace;
- Being consistent at every level;
- Learning to tell your story succinctly (anonymity is good spies not leaders), as a general rule if you can't explain why you are different in 25 words or less, you're not;
- Creating brand communications distinctive enough to cut through the competing cacophony and message mash;
- Uniting your sales and marketing teams so they share metrics and rewards without being in each others pockets –keeping each other on the ball, in a positive, productive manner;
- Being aware of the impacts, benefits, and costs of your tactical and strategic plans – and the difference between them;
- Ensuring the latter are truly integrated;
- Thinking beyond the next sale;
- Being dedicated to the whole journey; and
- Concentrating yourself, your business and your customers focus on your brand more than the competitors' prices.

While I have been hearing it for a decade I still don't believe that as a whole the appliance industry is commoditising, brand has lost its value or the consumer only cares about the deal. I do believe that some people have found the effort to hard and while these opinions persist opportunities for the smart and the dedicated abound.

Tough financial periods, as with wars, are hard but exciting times from which necessity spawns many a great innovation.