EBOOK · BRAND WORTH

Brand *awareness* isn't enough.

An ebook on building a brand that drives enterprise value — why "brand" is more important and more complicated than ever, and how the brand inside your company determines what customers experience outside it.

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7 CHAPTERS · ~12 MIN READ · BY TERRY SULLIVAN

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6 TO FIX SERIES

VOLUME 1 OF 6

THE FRAMEWORK

Six strategy areas. Six value drivers.

WHERE THIS FITS

Brand is one of *six* strategy areas marketing owns.

The 6 To Fix framework maps the six strategy areas marketing owns to the six value drivers buyers pay for at exit. Brand maps directly to ***Brand Worth*** *— the premium your brand commands above the commodity.*

STRATEGY AREA	VALUE DRIVER	VALUATION EFFECT
Brand	→ **Brand Worth**	→ *EBITDA numerator + Goodwill*
Customer	→ **Customer Yield**	→ *EBITDA numerator + Goodwill*
Offering	→ **Category Claim**	→ *EBITDA numerator + Goodwill*
Communications	→ **Demand Engine**	→ *Multiple expansion + Goodwill*
Sales	→ **Revenue Quality**	→ *Multiple expansion + Goodwill*
Management	→ **Transferable System**	→ *Multiple expansion + Goodwill*

Brand *awareness* isn't enough.

Branding in the digital age is quite different than in the broadcast era. B2B and B2C audiences are exposed to thousands of messages every day, and have vast control over incoming messaging despite numerous screens, platforms, technologies, and unparalleled "noise," with which to contend 24/7/365. There are unparalleled brand choices.

"Virtually every product and service are commodities, and many brands now look and feel the same. ***However, the way a brand 'acts' and 'behaves' is a true differentiator.****"*

TERRY SULLIVAN · FOUNDER, STRATEGIC GLUE

Brand *awareness* isn't enough.

Awareness is important, but it isn't enough.

Today, most products and services are commodities with direct competitors or close substitutes for nearly everything. Even brands look, act, and feel like other brands — the very nature of *differentiation* has itself become a commodity.

It used to be that a great product from a good company meant a loyal customer base, sustainable competitive advantage, and ultimately shareholder value. **Not anymore.**

What is the answer? Customer experience. Customer success. Loyalty. Relationships, feelings, and experiences are typically hard to replicate — or beat. Features and benefits are a dime a dozen. Even titans like Apple and Coke are not immune to a bevy of "me too" competitors. But a great brand *transcends* the product.

BOTTOM LINE

If people are aware of your brand, then what?

"A great looking identity loses its luster if it is actually lousy, a liar, or lacks a good personality once you get to know it."

The brand starts *inside*.

It is understandable that people often associate a brand with a logo; identity is a critical component of branding. But identity *should* be the manifestation of what is happening inside — with the people.

Identity reflects vision, strategy, and execution.

The **internal brand** is crucial because internal stakeholders must know the brand vision, believe the brand promise, and live the brand. If not, the external brand might fail or simply fail to reach its full potential.

Iconic brands cast a long shadow over lesser-known brands. Coke built its brand over 130 years. Nike over 50. Apple over 40. Smart people. Great products. Loyal customers.

Countless great brands exist in more obscure categories and industries, but are iconic in their own right. Why? **The internal brand drives the external brand** through passion, authenticity, and belief of the people inside the company.

BOTTOM LINE

Look in the mirror. You are the brand.

"When you think of Volvo, what do you think of? Safety. Apple? Innovation. Nike? Perseverance. Honda? Value."

The power of *positioning*.

When you think of a favorite product, company, or brand, you probably associate them with a specific word or "image concept" in your mind. Companies spend extraordinary time, effort, and money to occupy that corner of your mind known as a *position*.

Position can be a place of power.

Well-known examples for sure, but even local and regional brands capitalize on the power of position. And when your brand occupies that corner of someone's mind, that can be a wonderful — or awful — place to be.

There will always be competition. There will always be customers (hopefully). There will always be an ever-changing, technology-driven environment. But **the space for a position within your prospects' and customers' minds is limited, coveted, and needs to be respected and protected.**

People do a lot to occupy a "good" space in others' minds, and to avoid a "bad" space. Brands are no different.

> BOTTOM LINE
>
> *What position does your brand occupy in prospects' and customers' minds?*

"Great products fail all the time, and in many cases due to never finding an audience."

People-focus vs. *product-focus*.

Considering we are living in an era of unparalleled access, unbridled choice, and ease of purchase to virtually any product or service imaginable, it is natural that many companies are largely product-focused.

The 4Ps are missing something.

In 1960, the **"4Ps" of Marketing** — Product, Price, Place, and Promotion — was first published, and is still taught throughout the world today. A marketing truism, but 1960 was a different world in countless ways.

It was a product-focused world; America was not a services-oriented economy yet. There were only so many companies manufacturing products. In terms of sales and marketing, it was an analog world; companies advertised through broadcast media. Sales happened in the local retail store, door-to-door, and over martini lunches. Naturally, the first "P" emphasized *product*.

A different world.

Today: The digital world. Hyper-competition across town, the country, and globe. America is largely a services economy. Over 200 million active websites. Millions of blogs published every day. Multiple screens. Social media. Real time. Consumer control over media reception and consumption. Transparent pricing in countless industries. Unparalleled "noise" — some estimates put the average person's daily brand-message exposure between **4,000 and 10,000 messages**.

Reaching an audience, much less selling them something, is more difficult than ever. So as timeless as they are, how is it that the 4Ps are still the foundation of our collective marketing thought?

People make purchases.

Unparalleled competition. Transparent pricing. Customer control over media consumption. Nearly unlimited offers and promotions. Doesn't it make sense that our marketing should be focused on *people* — the target audience or customer persona — rather than the product?

Great products are a must. But great products fail all the time, and in many cases due to never finding an audience. Successful products require buyers. Brands need prospects and customers. Both necessitate a massive — and different — focus. A **people-focus versus product-focus**.

BOTTOM LINE

Is your brand people-focused or product-focused?

"Brand relevance is about making competitors irrelevant."

DAVID AAKER · BRANDING AUTHOR AND STRATEGIST

Relevance beats *preference*.

The digital world is rife with a seemingly endless choice of products and brands; the competition is endless. How does a brand create that position in the mind that they represent something special, different, and relevant?

Relevance isn't relative.

There is a big difference between brand preference and brand relevance. You may *prefer* a specific product — like a brand of peanut butter — but there are other situations where there is only one *relevant* choice for you.

This is the holy grail for brands, because it means **loyalty, price inelasticity, customer advocacy, sales, profitability, and brand value**.

Branding guru David Aaker states that brand relevance is about making competitors irrelevant. "Preference" indicates just that, but leaves an open door for a lower price, better terms, or a new feature. *Relevance* means there is no other choice; the position is locked up in the customer's mind. What a great place to be.

BOTTOM LINE

How relevant is your brand in peoples' minds compared to the competition?

"Better mousetraps can be mimicked; cultural innovation takes strategy and competitive advantage to another level."

Brand and *culture*.

It is apparent that brand-building is about more than building a better mousetrap. In a noisy world with an endless array of products, services, and brands, what is a real *difference* in stand-out brands? Is it more than just a great product?

Leveraging cultural innovation.

Nike makes great products. But so does Adidas, Under Armour, Reebok, and others. For decades, Nike has tapped into a bigger idea: personal perseverance, or "solo willpower."

Go back to the '80s and you will see that most of their ads had little to do with the actual product; the message has always been *bigger*, and not about the proverbial better mousetrap.

Douglas Holt and Douglas Cameron, authors of *Cultural Strategy*, show numerous examples of breakthrough brands — Nike, Ben & Jerry's, Starbucks, Patagonia, among others — that leveraged **cultural innovation** to sell something much bigger.

> BOTTOM LINE
>
> *Better mousetrap or innovative brand?*

"Pulling is the new black for attracting people to your brand."

The *digital brand*.

Marketing and technology are two sides of the same coin, opening up myriad challenges and opportunities for branding via audience building and customer experience.

Pull versus push.

Customers are empowered with limitless research, transparent pricing, and myriad choices. Digital branding and **online presence** — website, social media, and apps — enable opportunities to establish your brand's voice, position, and credibility, and gain customers in ways not possible in the offline world.

Inbound marketing is about *pulling* people to your brand. A stark contrast to the broadcast model of yesteryear of "pushing" messages that are often viewed as just that: pushy, interruptive, and preferably avoidable.

Pulling is the new black for attracting people to your brand through inbound marketing and the strategic use of content.

> BOTTOM LINE
>
> *Pull the audience to your brand.*

WHAT'S NEXT

See where you *score*.

Brand is one of six strategy areas in the 6 To Fix framework — and it maps directly to **Brand Worth**, one of the six value drivers marketing owns. The next step is to see how your business scores across all six.

2-MINUTE SELF-SCORECARD

Score your business across the *6 To Fix*.

Free score in two minutes. Get your headline band immediately, with the detailed per-area breakdown sent to your inbox. No call required.

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This is one chapter from *6 To Fix* — Terry Sullivan's fourth marketing textbook, serialized chapter by chapter. New chapters cover Customer, Offering, Communications, Sales, and Management.

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