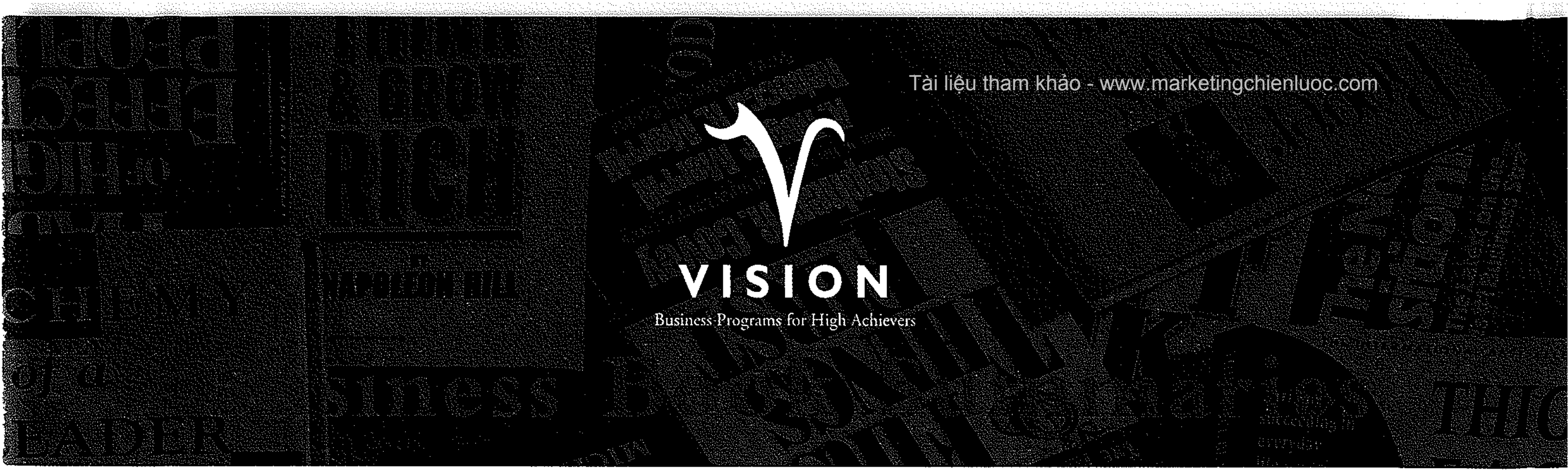
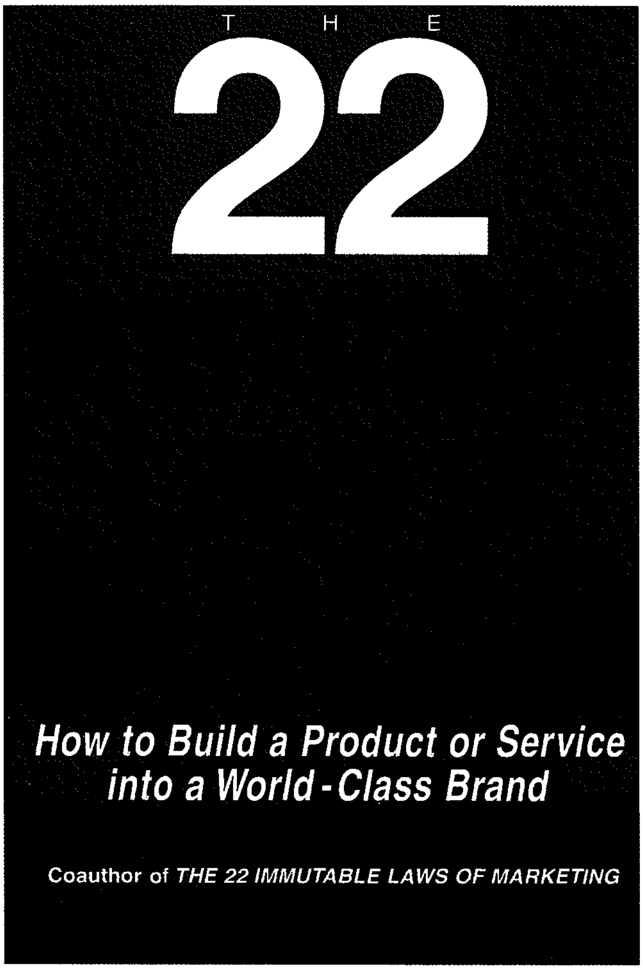


The 22 Immutable Laws Of Branding



Today most products and services are bought, not sold. And branding greatly facilitates this process. Branding 'pre-sells' the product or service to the user. Branding is simply a more efficient way to sell things.

The ultimate brand-centred buying is on the Internet. Consumers are purchasing cars from web sites without ever seeing the cars or going for a test drive. There's a seismic shift taking place in the world of business. The shift from selling to buying. This shift is enhanced, accelerated and caused by the rise of brands.

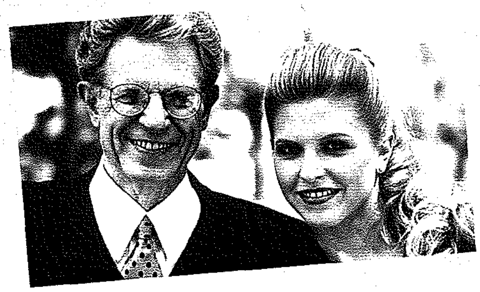
What is branding?

A successful branding program is based on the concept of singularity. It creates in the mind of the prospect the perception that there is no other product on the market quite like your product.

Branding has become the marketing buzzword for the late nineties. *The 22 Immutable Laws of Branding* **will** give you the edge you need to build a brand that **will** cut through all the clutter in the crowded marketplace.

RRP $AUD10.50 *(non-subscribers)*

*By Al **Ries** and Laura **Ries***



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Ries is one of the world's best known marketing strategists He is coauthor of such bestselling books as Positioning The Battle for Your Mind, Marketing Warfare and The 22 Immutable Laws of Marketing He also the author of Focus The Future of Your Company on It Laura Ries is a partner in their marketing strategy firm Ries and Ries Both authors consult with corporations including Alcoa, Frito-Lay and Glaxo Wellcome

THE LAW OF EXPANSION

The power of the brand is inversely proportional to its scope.

Short term versus long term. Do you broaden the line in order to increase sales in the short term? Or do you keep a narrow line in order to build the brand in the mind and increase sales in the future? The emphasis in most companies is on the short term. Line extension, megabranding, variable pricing and a host of other sophisticated marketing techniques are being used to milk brands rather than build them. In the long term it wears down the brand until it no longer stands for anything.

AmEx used to be the premier, prestige credit card. Membership had its privileges. Then it started to broaden its product line with new cards and services, presumably to increase its market share. AmEx's goal was to become a financial supermarket. In 1988, for example, American Express had a handful of cards and 27 per cent of the market. Then it started to introduce a blizzard of new cards. The goal according to the CEO, was to issue 12 to 15 new cards a year. American Express' market share today: 18 per cent.

While extending the line might bring added sales in the short term, it runs counter to the notion of branding. If you want to build a powerful brand in the mind of the consumer, you need to contract your brand, not expand it. In the long term, expanding your brand will diminish your power and weaken your image.

THE LAW OF CONTRACTION

A brand becomes stronger when you narrow your focus.

Every small town has a coffee shop. In larger towns and cities you can find coffee shops on every other block So what can you find to eat in a coffee shop? Everything.

What did Howard Schultz do? In an incredible burst of business creativity, he opened a coffee shop that specialised in, of all things, coffee. He narrowed the focus Today Schultz's brainchild, Starbucks, is a rapidly growing chain that does millions of dollars' worth of business annually

The ultimate objective of any branding program is to dominate a category. When you dominate a category, you become extremely powerful. Microsoft has 90 per cent of the world wide market for desktop computer operating systems. Coca-Cola has 70 per cent of the worldwide market for cola. And in order to dominate a category, you must narrow your brand's focus.

Why then do so few marketers want to contract their brands? Why do most marketers want to expand their brands? Because people look at successful companies and are led astray. They assume that companies are successful because they are expanding.

THE LAW OF PUBLICITY

The birth of a brand is achieved with publicity not advertising,

Anita Roddick built the Body Shop into a major brand with no advertising. Instead she travelled the world on a relentless quest for publicity, pushing her ideas about the environment It was the endless torrent of newspaper and magazine articles, plus radio and television interviews that literally created the Body Shop brand

The best way to generate publicity is by being first: CNN, the first cable news network; Compaq, the first portable personal computer.

The news media wants to talk about what's new, what's first, what's hot, not what's better. When your brand can make news, it has a chance to generate publicity.

Most companies develop their branding strategies as if advertising were their communications vehicle. They're wrong. Strategy should be developed first from a publicity point of view.

THE LAW OF ADVERTISING

Once born, a brand needs advertising to stay healthy.

Your advertising budget is like a country's defence budget. Those massive advertising dollars don't buy you anything. They just keep you from losing market share to your competition.

Publicity is a powerful tool, but sooner or later a brand outlives its publicity potential. As the publicity dies out, each of these brands will someday have to shift to massive advertising to defend its position. Leaders should not look on their advertising budgets as investments that will pay dividends. Instead leaders should look on their advertising budgets as insurance that will protect them against losses caused by competitive attacks.

Advertising is a powerful tool, but not to build leadership of a fledgling brand, but to maintain leadership once it is obtained. Companies that want to protect their well-established brands should not hesitate to use massive advertising programs to smother the competition.

THE LAW OF THE WORD

A brand should strive to own a word in the mind of the consumer.

What word comes to mind when you think about owning a Mercedes? If you could pry open the mind of the typical automobile buyer, you would probably find the word 'prestige' closely identified with the brand. If you want to build a brand, you must focus your branding efforts to owning a word in the prospect's mind. A word that nobody else owns. What prestige is to Mercedes, safety is to Volvo. Volvo owns the word 'safety' in the mind of the automobile buyer.

Once a brand owns a word, it's almost impossible for a competitor to take that word away from the brand. What word does Federal Express own in the mind? 'Overnight' of course. What's a Kleenex? What word do you associate with the Kleenex brand? Kleenex owns the category word. Kleenex is *tissue.* You know your brand owns the category name when people use your brand name generically.

THE LAW OF CREDENTIALS

The crucial ingredient in the success of any brand is its claim to authenticity.

Customers are suspicious. They tend to disbelieve most product claims. There is one claim, however, that should take precedence over every other claim.

It's the real thing. It's the claim to authenticity. When Coca-Cola first made this claim customers instantly responded. 'Yes', they agreed. 'Coke is the real thing. Everything else is an imitation.'

Even though the last 'real thing' advertising ran almost 30 years ago, the concept has become closely associated with Coca-Cola. It's the brand's credentials.

Credentials are the collateral you put up to guarantee the performance of your brand. When you have the right credentials, your prospect is likely to believe almost anything you say about your brand.

Leadership is the most direct way to establish the credentials of a brand. When you don't have the leading brand, your best strategy is to create a new category in which you can claim leadership. There are also long-term benefits of leadership. A study of 25 different product categories in the year 1923 showed that 20 of the same 25 brands are still the leaders in their categories today. In 75 years, only five brands lost their leadership. That's the power of credentials.

THE LAW OF QUALITY

Quality is important, but brands are not built by quality alone.

What is quality? Everyone thinks they can tell a high-quality product from a low quality one, but in reality things are not always so obvious. Does a Rolex keep better time than a Timex? Are you sure?

Quality, or the perception of quality, resides in the mind of the buyer, If you want to build a powerfui brand, you have to build a powerful perception of quality in the mind. As it happens, the best way to do this is by following the laws of branding. Take the law of contraction. What happens when you narrow your focus? You become a specialist rather than a generalist. And a specialist is generally perceived to know more, in other words to have a 'higher quality' than a generalist.

There's nothing wrong with quality. We always advise our clients to build as much quality into their brands as they can afford, But don't count on quality alone to build your brand. To build a quality brand you need to narrow your focus and have a higher price.

THE LAW OF THE CATEGORY

A leading brand should promote the category, not the brand.

According to the law of contraction a brand becomes stronger when you narrow its focus. What happens when you narrow the focus to such a degree that there is no longer any market for the brand? This is potentially the best situation of all. What you have created is the opportunity to introduce a brand-new category.

To build a brand in a nonexisting category you have to do two things at once:

- You have to launch the brand in such a way as to create the perception that that brand was the first, the leader, the pioneer, or the original. Invariably, you should use one of these words to describe your brand.
- You have to promote the new category.

That's the way you build a brand. Narrow the focus to a slice of the market then make your brand name stand for the category (the generic effect) at the same time that you expand the category by promoting the benefits of the category, not the brand.

What happens when competition appears, as it inevitably does? Most category leaders just can't wait to shift into a brand-building mode. That's a mistake. Leaders should continue to promote the category, to increase the size of the pie rather than their slice of the pie.

THE LAW OF THE NAME

In the long run a brand is nothing more than a name.

The most important branding decision you will ever make is what to name your product or service. Because in the long run a brand is nothing more than a name.

Don't confuse what makes a brand successful in the short term with what makes a brand successful in the long term. In the short term, a brand needs a unique idea or concept to survive. It needs to be first in a new category. It needs to own a word in the mind.

Yet marketers often disparage the importance of the name. 'What really counts is the product itself and the benefits the product provides to our customers and prospects.'

The no-good product is the red herring of marketing. It is constantly being used to justify the no-brand strategies of most companies. Product campers dominate the East Asia economy. Virtually every Asian company uses a megabrand, masterbrand, or line-extension strategy.

What's a Mitsubishi? Sixteen of the one hundred largest Japanese companies market products and services under the Mitsubishi name. Everything from automobiles to semiconductors to consumer electronics. From space equipment to transport systems.

Compare Japan with the United States. The top one hundred companies in the United States had sales last year of $2.8 trillion. As it happens, the top one hundred companies in Japan also had sales last year of $2.8 trillion. The real difference is in profits. The one hundred American companies had profits on average of 6.3 percent of sales. The one hundred Japanese companies had profits on average of just 1.1 percent of sales.

Throughout Asia you see the same pattern. Rampant line extensions that are destroying brands. (When you expand, you reduce the power of a brand. When you contract, you increase its power.)

THE LAW OF EXTENSIONS

The easiest way to destroy a brand is to put its name on everything.

You don't have to go to Asia to find examples of rampant line extension. One reason 90 percent of all new brands are hne extensions is that management measures results with the wrong end of the ruler. It measures only the success of the extension. It never measures the erosion of the core brand.

And it's not just the erosion, it's also the lost opportunities. Big powerful brands should have market shares approaching 50 percent, like Coca-Cola, Heinz, Pop-Tarts, Jell-O, and Gerber's. But it's hard to find more than a few such brands. Most big brands have been line-extended to death.

The issue is clear. It's the difference between building brands and milking brands. Most managers want to milk. 'How far can we extend the brand? Let's spend some serious research money and find out.'

Many manufacturers are their own worst enemies. What are line extensions like *light, clear, healthy,* and *fat-free* actually telling you? That the regular products are not good for you. Let sleeping brands lie. Before you launch your next line extension, ask yourself what customers of your current brand will think when they see the line extension.

If the market is moving out from under you, stay where you are and launch a second brand. If it's not, stay where you are and continue building your brand.

THE LAW OF FELLOWSHIP

In order to build the category, a brand should welcome other brands.

Greed often gets in the way of common sense. The doininant brand in a category often tries to broaden its appeal in order to capture every last bit of market share. The law of expansion suggests the opposite. When you broaden your brand, you weaken it.

Which brings us to the law of fellowship. Not only should the dominant brand tolerate competitors, it should welcome them. The best thing that happened to Coca-Cola was Pepsi-Cola. (To that end it's ironic that the Coca-Cola Company fought Pepsi-Cola in the courts over the use of 'Cola' in its name. Fortunately for Coke, it lost, creating a category which has been growing like gangbusters ever since.)

Choice stimulates demand. The competition between Coke and Pepsi makes customers more cola conscious. Per capita consumption goes up.

For each category, two major brands seems to be ideal. Coca-Cola and Pepsi-Cola in cola, for example. Kodak and Fuji in photographic film. Nintendo and Playstation in video games. Duracell and Energizer in appliance batteries.

You can also see the law of fellowship at work in the retail arena. Where one store may not make it, several stores will. Instead of being spread out in every section of a city, used-car dealers are often clustered along 'automotive row.' Where one dealer might have trouble surviving, an handfbl of dealers are prospering. That's the power of fellowship.

Your brand should welcome healthy competition. It often brings more customers into the category.

THE **LAW OF** THE **GENERIC**

One of the fastest routes to failure is giving a brand a generic name.

History often leads us astray. In the past, some of the most successful companies (and brands) had generic names. Many of these General, Standard, National, and International companies are still operating (and are still successful) today. Some of them are among the largest and best-known brands in the world. The fact is, these brands/companies are successful in spite of their names.

The vast majority of brand communication takes place verbally, not visually. The average person spends nine times as much time listening to the radio and television than he or she does reading magazines or newspapers.

Furthermore, in order to give meaning to the printed word, the mind processes sounds. The printed word is secondary to the sound that it generates in the reader's mind. So how can a reader differentiate the word 'general' from the word 'General'? With great difficulty.

What you should generally do is to find a regular word taken out of context and used to connote the primary attribute of your brand. Blockbuster Video is a powerful brand name. General Video Rental is not.

The mind doesn't deal in letters. It deals in sounds. You can capitalise all you want, but a generic word is a generic word in the mind, no matter how you spell it.

THE **LAW OF** THE **COMPANY**

Brands are brands. Companies are companies. There is a difference.

Nothing causes as much confusion in the branding process as the proper use of a company name.

Brand names should almost always take precedence over company names. Consumers buy brands, they don't buy companies. So when a company name is used alone as a brand name (GE, Coca-Cola, IBM, Xerox, Intel), customers see these names as brands. A company is a company as long as the name is not being used as a brand. A brand is a brand. There is a difference.

Unless there are compelling reasons to do otherwise, the best branding strategy should be to use the company name as the brand name. The WE-40 Company produces the WD-40 brand. The Coca-Cola Company produces the Coca-Cola brand. Simple, straightforward, easy to understand.

Does the consumer care whether Toyota, Honda, or Nissan make Lexus? Probably not. But the president of Toyota certainly cares. The view from the inside is totally different than the view from outside. Managers must constantly remind themselves that the customers care only about brands, not about companies.

Let's explore what happens when you use both the company name and the brand name on the package. Let's look at Microsoft Excel. The 'Microsoft' part of the name is redundant. Nobody but Microsoft makes Excel software. Since customers tend to simplify names as much as possible, Microsoft Excel quickly becomes Excel. 'Let's buy Excel.'

Microsoft Word is another matter. 'Word' is a generic word. Furthermore, many of Microsoft's competitors have used 'word' in their product names. Wordperfect, WordStar, etc. As a result, customers tend to use the full name of the product, 'Microsoft Word.' This is not necessarily good from the company's point of view.

When customers feel they have to use both your company name and your brand name together, you usually have a branding problem. (Normally because you used a generic word for your brand name.)

No issue in branding is so thoroughly discussed as the proper role and function of the company name. And yet, in most cases, it's a non-issue. The brand itself should be the focus of your attention. If you have to use the company name, use it. But do so in a decidedly secondary way.

THE LAW OF SUBBRANDS

What branding builds, subbranding can destroy.

Management tends to invent terminology in order to give legitimacy to the branding move it wants to make.

Holiday Inn, the leading hotel/motel operator wanted to get into the upscale hotel segment. A typical line-extension strategy would have produced brand names like Holiday Inn Deluxe. What did it do? Invent a subbrand. So we have Holiday Inn Crowne Plaza.

The marketing world is awash in conceptual thinking that has no relationship to the real world. Subbranding is one of those concepts. Customer research at Holiday Inn Crowne Plaza produced what you might have expected: 'It's a nice hotel, but it's a little expensive for a Holiday Inn.' The company finally got the message and is in the process of cutting the corporate connection. From now on the hotels will be know as Crowne Plaza.

Customers have a cornucopia of choice. Subbranders assume otherwise. Why would a customer expect Holiday Inn to have an upscale motel? Wouldn't the customer more likely try Hilton, Hyatt or Marriott first? Why spend all that money and still stay at a Holiday Inn!

Subbranding has taken its share of criticism, so the marketing establishment is rethinking the concept. Leading-edge practitioners today are more likely to call the concept a masterbrand or a megabrand strategy. What the manufacturer sees as a megabrand, the customer sees as a brand. (Customers don't understand the megabrand concept at all.)

The essence of a brand is some idea or attribute or market segment you can own in the mind. Subbranding is a concept that takes the brand in exactly the opposite direction. Subbranding destroys what branding builds.

THE LAW OF SIBLINGS

There is a time and place to launch a second brand.

The laws of branding seem to suggest that a company concentrate all of its resources on a single brand for a single market. But there comes a time when a company should launch a second brand. And perhaps even a third or fourth brand. In some situations, a family of brands can be developed that will assure a company's control of a market for many decades to come.

The key to a family approach is to make each sibling a unique individual brand with its own identity Resist the urge to give brands a family look or a family identity. You want to make each brand as different and distinct as possible.

Time Inc became the world's largest magazine publisher, not by launching extensions of its core brand, but by launching totally separate publications: *Time, Fortune* (not Time for Business), *Sports Illustrated* (not Time for Sports), *People* (not Time for Celebrities). The urgent, long-term need is to maintain the separation between the brands, not to make them all alike.

A family of siblings is not a strategy for every corporation. But where it is appropriate, a sibling strategy can be used to dominate a category over the long term.

THE LAW OF SHAPE

A brand's logotype should be designed to fit the eyes. Both eyes.

A logotype is a combination of a trademark, which is a visual symbol of the brand and the name of the brand set in distinctive type. Since the eyes of your customers are mounted side by side, the ideal shape for a logotype is horizontal. Roughly two and one-fourth units wide and one unit high. This horizontal shape will provide the maximum impact for your logotype.

Of equal importance to shape is legibility. The words are what communicate the power of the brands. A great deal effort has gone into creating elaborate symbols for use in logotypes. For the most part these efforts are wasted. The power of a brand name lies in the meaning of the word in the mind. For most brands, a symbol has little or nothing to do with creating this meaning in the mind.

THE LAW OF COLOUR

A brand should use a colour that is the opposite of its major competitor's.

Another way to make a brand distinctive is with colour. It's best to stick to one of the five primary colours (red, orange, yellow, green and blue) rather than an intermediate or mixed colour. But which colour?

Keep in mind that all colours are not created equal in the eye of the beholder. Red is the colour of energy and excitement. Red is an in-your-face colour. Blue is peaceful and tranquil. Blue is a laid-back colour. In the world of brands, red is a retail colour used to attract attention. Blue is a corporate colour used to communicate stability.

When selecting a colour for a brand of a logo, managers usually focus on the mood they want to establish rather than the unique identity they want to create. And while a mood or tone can be important, other factors should override a choice based on mood alone.

Leaders have first choice. Normally the best colour to select is the one that is most symbolic of the category. There is a powerful logic for selecting a colour that is the opposite of your major competitors.

The logical colour for a cola brand is red. Coca-Cola has been using red for more than a hundred years. Pepsi-Cola made a poor choice It picked red to symbolise cola and blue to differentiate the brand from Coca-Cola. In your mind's eye, doesn't the world seem awash in Coca-Cola signs? And isn't it hard to picture many Pepsi signs? The lack of a unique differentiating colour tends to make Pepsi invisible in a sea of Coca-Cola red.

Colour consistency over the long term can help a brand burn its way into the mind.

THE LAW OF BORDERS

Theve are no barriers to global branding. A brand should know no borders.

For years the magic word on many products has been 'imported'. Since value lies in the mind of the consumer, the perception of where the brand came from can add or subtract value. Does anyone doubt the value of watches from Switzerland, automobiles from Germany, electronic products from Japan?

The perception of a country is important — for example, Toyota, Honda and Nissan are global brands with Japanese percephons, Gucci, Versace and Giorgio Armani are global brands with Italian perceptions.

With some 70 per cent of its sales and 80 per cent of its profits outside the US, Coca-Cola insists that it is a global brand, not an American brand. But it would be a major marketing mistake for Coca-Cola to abandon its American heritage. Every brand has to be from somewhere.

THE LAW OF CONSISTENCY

A brand is not built overnight. Success is measured in decades, not years.

The law which is violated most frequently is the law of consistency. A brand cannot get into the mind unless it stands for something. But once a brand occupies a position in the mind, the manufacturer often thinks of a reason for change.

Markets may change, but brands shouldn't. Ever. They may be bent slightly or given a new slant, but their essential characteristics should never be changed. If the market swings the other way, you have a choice. Follow the fad and destroy the brand. Or hang in there and hope the merry-go-round comes your way again. In our experience, hanging in there is your best approach.

In the liquor business, bourbon and whiskey are known as brown goods and gin and vodka as white goods. There may be a trend from brown to white (and there is) but should Brown-Forman introduce Jack Daniel's vodka? We think not. Of course, it did introduce Jack Daniel's beer and coolers. The beer went nowhere and was killed. The coolers continue to hang on, but what does a sissy cooler brand do to Jack Daniel's core image?

Run up a red flag whenever you hear the words 'Why should we limit ourselves?' You should limit your brand. That's the essence of branding. The brand has to stand for something both simple and narrow in the mind. Limitation combined with consistency (over decades, not years) is what builds a brand.

THE LAW OF CHANGE

Brands can be changed, but only infrequently and only very carefully.

Having harped in the idea of consistency and focus, why should we bring up the concept of change? Because nothing in life is ever absolute. And the law of change is the biggest exception to the laws of branding.

But brand changing does not occur inside a company it occurs inside the mind of the consumer. If you want to change your brand, keep your sights on your target, the consumer's mind.

What you think your brand is doesn't matter, it's only what your customer thinks your brand is that matters. If you want to change your brand, first look into the mind. Where are you? Perhaps you're not in the mind at all. Fine, change away.

But if you are in the mind, and you have a unique and distinct perception, then change your brand at your own risk. It's going to be a long, difficult, expensive and perhaps impossible process. Don't say we didn't warn you.

THE LAW OF MORTALITY

No brand will live forever. Euthanasia is often the best solution.

While the laws of branding are immutable, brands themselves are not. They are born, grow up, mature and eventually will die. Once you understand the nature of branding, you'll know when it is time to let your old brand die a natural death.

Opportunities for new brands are constantly being created by the invention of new categories. It's like life itself. A new generation appears and goes off in exciting new directions. Meanwhile the old generation withers and dies. Companies make serious errors ofjudgment when they fight what should be a natural process. Spend money on the next generation.

What's a Kodak? A conventional camera and a conventional photographic film. But that market is slowly shifting to digital photography. Long term, Kodak's billion-dollar photographic business is in jeopardy. Will the market go digital? History is not on Kodak's side. In our opinion, Kodak is making major branding mistakes. Instead of launching a new brand, Kodak is venturing into the digital field with the Kodak brand name (Kodak Digital Science). It will never work. There are too many conzpetitors in the market with a digital reputation that Kodak lacks. To name a few: Canon, Minolta, Sharp, Sony and Casio. Even more important, when a revolutionary new category develops, the inevitable winner is a revolutionary new brand name.

THE LAW OF SINGULARITY

The most important aspect of a brand is its single-mindedness.

What's a Miller? A regular, light, draft, cheap, expensive beer. What's a Macintosh? A home, office, cheap, expensive, personal computer or personal computer operating system.

These are all burned out brands because they have lost their singularity. They could of course remain on the marketing scene for many years because of the line-extension generosity of their competitors. But make no mistake about it, loss of singularity weakens a brand.

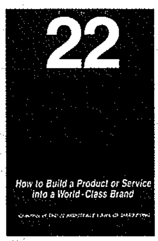
What's a brand? A proper noun that can be used in place of a common word.

What's a brand? A singular idea of concept that you can own inside the mind of the prospect. It's as simple and as difficult as that.

A FINAL WORD

Can a successful brand appeal to everybody? No. The same concept of singularity makes certain that no one brand can possibly have a universal appeal. Yet, broadening the base, widening the appeal, and extending the line are all popular trends in marketing. Many companies are continuing to undermine the power of their brands by blindly following these trends. This summary gives you a competitive edge as you should now understand how to build, strengthen and maintain your brand.

If you want to learn more about how to avoid branding pitfalls, the full text of *The 22 Immutable Laws Of Branding* discusses more tried and tested branding methods of Coca-Cola, Federal Express, Xerox, BMW and Starbucks. To order the book contact your local bookshop or Vision Publishing on 1800 626 204.



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