

Stop Selling. Start Branding.

This article will help you learn how to:

- Put an end to price competition by “branding.”
- Develop a marketing strategy that is appropriate for the products and services you offer.
- Position your goods with personal, product and market brands.
- Create a unique brand identity that will enhance your profitability.

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Are you just a Commodity?

There has never been a better time to sell value-added products and services at value-added prices than today! However, there has never been a time at which there was a greater propensity to push products and services down to the commodity level.

What's a typical sale like for your company? Do your sales people struggle to peddle your product or service in a saturated market? Do you sell customers on the benefits you can deliver, only to have them make a decision based on price? Or, are your company's products actively sought out by consumers who are willing to pay a premium price just to do business with you?

No company today is a pure monopoly. There are substitutes available for every good or service. The ability to achieve premium, or value-added, prices hinges on a company's ability to develop its brand identity. To create a successful brand, you must first understand where your company is in the market and where your products are in their life cycle.

Marketing Warfare

To effectively compete in your market, you must devise a strategy that best suits your company's needs. Many authors have compared marketing strategy to warfare. In the marketing war, there are four primary strategies you can use:

1. *Defensive* – The top of the hill who defends against up-and-comers.
2. *Offensive* – Attempting to take over the spot on top of the hill.
3. *Flanking* – Go where the others aren't.
4. *Guerrilla* – A focused attack on a very specific segment in the market.

In any market, the market leader is the company that is perceived to have the greatest market share (whether or not this is true is irrelevant). The strategy for market leaders is to defend against, not attack, competitors. The only aggressive actions market leaders need to take is to attack themselves through innovation. An attack of a follower sends the wrong message to the market - that the leader fears the follower.

If you are a market follower (the #2 player), you want to become #1. Market followers must attack the leader. No other competitive strategies will pay off.

Flankers see opportunities to exploit undeveloped markets where there is less competition. Flankers should attack through new products that the leader cannot defend against.

If there are no new places to go, and you can't beat the market leader, a guerrilla approach makes sense. Guerrillas concentrate their limited resources on small focused niches. Their objective is to win a small, but profitable segment of the market.

Product Life Cycle

As a product or service matures in the marketplace, it goes through three phases. These phrases reflect time in the market, and who controls pricing. Where you are in the cycle will directly affect your marketing strategy.

1. *Introduction Phase.* When a product is launched, the manufacturer controls the pricing by controlling the production of the new product or service.
2. *Distribution/Acceptance Phase.* As your product or service becomes widely recognized, others become involved in the production process, and value is added by those who bring the product closer to the customer. Distributors control pricing at this stage.
3. *Final Stage.* The product or service is prolific and embedded in the market. There are many suppliers, and the technology is no longer the dominant issue. Pricing becomes controlled by the buyer who has become fully educated. Profit margins begin to fall.

In the final stage, the low cost supplier wins. As your products and services enter the final stage, you must initiate new offerings that provide profitability while others try to copy earlier success. If you aren't the low cost producer in the final stage, and you have no new innovative product, you may be in trouble.

When your control over pricing begins to erode, you must begin looking for ways to innovate. Here are a few ideas: improve existing products or services; add a new service to an existing product; find a new market for your products; develop a new related product or service; redefine your existing market through segmentation.

One danger is falling into the trap of diversifying, rather than innovating. Many companies get away from their competitive advantages and begin to lose focus by attempting too many things. Resources get spread too thin, and market share in established areas begins to slip. They are not able to compete with market leaders in the areas of diversification while other companies come in and take their share in established products.

Branding is the Ultimate Positioning

Positioning is how you differentiate your product or service. Your positioning for a given product or service should reflect how you will be viewed by the market. Positioning creates demand for product.

Branding takes positioning one step further. The idea is to create demand, not just for your product or service, but for your specific brand. Proctor and Gamble developed this idea years ago. They had considerable success creating new products and markets, but made things too easy for their competitors. P&G incurred all the expenses to launch new products, while others would ride on their coat-tails and produce identical products cheaper. From this, P&G realized they needed to create demand for their brands, not just their products.

People have a limited ability to store alternatives. We create "shelves" in our minds for stocking alternatives. When we go to buy something, we only comfortably buy something that is already on our shelf. If ensuring long-term profitability is a goal for your company, you must occupy that shelf with demand for your brand rather than for the product. Just look at Coke or Nike if you need an example of how powerful, and valuable, a brand can be!

Create Brand Identity

The goal of branding is to create in the mind of the end user the belief, or curiosity, that something special exists that didn't exist before. The brand happens when you describe what you do in terms that build you into the partnership with your client – either based on what they tell you they want, or things you see happening that they haven't yet identified. Three ways to brand your business follow:

Personal Brand

Your brand is created by you and the people at your company. You emphasize the image of your company and de-emphasize the product. If you ask your end users, they will easily be able to identify your “people brand.” The most notable example of this is IBM. You can't help but picture blue suits, white shirts and red ties. You can make a conscious decision to change your personal brand if it isn't what you would like it to be.

Product or Service Brand

Brand simply by virtue of the product or service being differentiable. The implication is that the service aligns with something the consumer wants – either by fulfilling a need, or solving a problem. Mary Kay is an example. They sell beauty, not cosmetics.

Market Brand

You brand by virtue of the target market that you take the product or service to. Your expertise and your specialty need to reinforce your target market. You won't find a Rolex advertisement in *Fishing* or *Popular Mechanics*, but you will in *Skiing* and *Fortune*.

Your brand will only have power if it is constantly reiterated and reinforced in the marketplace by everything you do – advertising, promotions, word-of-mouth, PR, etc. The goal of continually positioning your brand is to situate your product or service permanently in the mind of the consumer. The realities of your product or service have no bearing on the decision to use your brand. The only decision-making criteria that counts is what your customers believe.

Don't be Generic!

If you do not create brand identity for your product or service, you are selling something generic. Positioning your product or service to be “brand identifiable” is measurable in the eyes of the customer. For this to happen, your customers must:

1. *Understand* what makes you different
2. *Articulate* it to others
3. *Value* your brand and be willing to pay more for it
4. *Embrace* it and defend it when it comes under attack

If the customer can not differentiate your product or service on these criteria, then you will fall into a large gray, amorphous category – *generic*.

What Next?

Does creating brand identity for your product or service have any merit? Would your firm's profitability and market share be positively affected by a different positioning approach? Answer the following questions to help analyze and plan your marketing strategy:

- First, critique your marketing efforts. Where are you now? Are you the market leader, a follower or a niche player?
- Considering your current position, where would you like to be?
- What marketing strategy makes the most sense for you to pursue?
- In which phase of the product life cycle are your products or services?
- What changes (innovations) are needed to gain control over the price of your products (if any)?
- Is your product or service brand identifiable? Where does it fall short?
- How would a brand help you develop profitable new products or win the marketing war with your competitors?

Conclusion

Branding is all about developing unique products and services for a specific market in the minds of the consumer. Your offering must be perceived as creating a distinct value.

After determining your best marketing strategy, position (or re-position) your existing product or service to develop your brand identity. Creating a brand identity will differentiate you from your competition, and help you become the market leader!