Branding and Internet Marketing

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Thoughts and biased opinions from an observer of the passing scene in advertising

Branding and Internet Marketing

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Definition of ‘Brand’

- The sum of the **characteristics** of a product or service as **perceived** by the user ...

- The user **perceives relevant unique added values** which match their needs most closely ...

- Success results from being able to **sustain** these added values in the face of competition.
Definition of ‘Brand’

A product from a **known source**

**Brand value** reflects how a product's name, or company name, is perceived by:

> **The target audience** for a product, or
> **The marketplace in general**

http://www.learnthat.com/
Important to understand the meaning and the value of the brand for each target audience in order to develop an effective marketing mix.

The value of the brand for a web-based company may have heightened importance due to the intangible nature of the web.
You want to become the default reference in a consumer's mind.

You want to become synonymous with your niche.

When someone says "chocolate", many Europeans immediately think Nestlé because, in a sense, they "own" the brand.
But in the U.S., when you say "chocolate," I immediately think **Hershey’s**. But my wife might think **Godiva**.
In Argentina, say ‘chocolate’ and you might think Arcor or perhaps a local chocolate shop. So a ‘known source’ is an important element of a brand.
Suppliers and manufacturers have market power because they have information about a product or a service that the customer does not and cannot have.

But a customer does not need information if he can trust the brand.

This explains the profitability of brands.
• The aim of marketing is to know and understand the customer so well the product or service fits him and sells itself.
Changing Definition of VALUE

- The value of a company used to consist largely of its "book value:" physical assets such as factories and equipment plus money in the bank.

- Today book value accounts for only about a third of the stock market capitalization of the top 150 U.S. companies, down from three-quarters two decades ago.
Brands have POWER

• In the new economy, corporate value lies in intangible assets: patents, databases, know-how -- and **brands**
Brands are growing in importance

• **Brands are eclipsing factories** in value

• Big brands are crowding out smaller ones and reaching all around the world

> Ten years ago Unilever sold its foods and detergents under 1,600 brand names,

> Now Unilever uses fewer than 400

• Citigroup, General Electric, IBM, Microsoft, Toyota, Wal-Mart sell most or even all of their products under one or two brands
It’s more expensive,
but it’s worth it
What is e-Branding?

“e-branding” is the creation and development of communications strategies specifically for brands to have meaning and context on the web.

Traditional, terrestrial brand positioning strategy doesn’t always work on the web.

The US shopfront of Apple's iTunes

http://ebranders.com/
And terrestrial branding...

- ... often does not globalize easily
- ... but e-brands often have problems as well

http://www.funnyordie.com/videos/5642
> Remove the hype, and branding is just **common-sense strategy**, re-branded.

> To successfully build a brand is to **communicate your value proposition to the key customer segment**, and do so in an **integrated and consistent way**
What is the Key Segment Here?
One day I realized that every person I bought from on a regular basis... was a **person** to me, not a company.

I don't shop at WAL*MART

- in my mind that's where the **funny lady with the pigtails** works.

I don't buy music

- I get the latest **Beyoncé** CD.

Even with brands like Amazon.com

- I want the next **Toni Morrison novel**, not just some book by anyone.
You must create an association between yourself and the person you want to influence, the results they want to have.

Your brand needs a face, a representative, a personality.
Focus on PR, not advertising

Many companies waste millions of dollars trying to establish brands with advertising

http://blog.guykawasaki.com/2006/01/the_art_of_bran.html
Brands are built on what people are saying about you, not what you're saying about yourself. People say good things about you when

> you have a great product

> you get people to spread the word about it
Get past the **endless obsession** with what competitors are doing. The end result is a group of companies that are all offering the same thing as they "me too" each other into commodity hell.
You have to let your customers **co-create your brand** through the stories they tell one another.

Advertising has a harder time doing that than PR.
Collaboration with customers is no longer simply consultative; it is a **mixture of art and science** and a process whose depth deserves a suitable name.

**Call it co-creation**

Love Your Customers? Co-Create With Them

http://www.brandweek.com
Co-creation

• ... not so much a concept but a spectrum

• At the conservative end, companies go about their business pretty much as usual, but say to the consumer

• **Come and help us conceive of and even create our advertising**
• Consumers become involved in the design of the product itself

> First in a cosmetic way (as in Nike ID, the basketball shoe that people can customize after purchase) and then in a deeper sense as in Nokia's Design Lounge, which actively solicits and incorporates the public's design ideas into new cell phones
One more click up the co-creation continuum …

... and one arrives in a territory that has been referred to as *crowd-sourcing*

In *ecosystems* such as Wikipedia, YouTube and MySpace, the product is the consumer is the product

Company, brand, customer, product offering -- all have *fused* in a way that would have been difficult to imagine just a few years ago
“Them and us” – a bizarre conceit

- Fueled by the tectonic shifts of the Web, we are witnessing a transformation in the figurative contract between the companies that sell things and the people that buy them. It is the end of "them and us" and the birth of "we"
Brands are built on what people are saying about you, not what you're saying about yourself.
Branding is not what you say but what you do.

To brand, in a corporate sense, is no more a verb than "to gorgeous."

A brand is a result, not a tactic.
One cannot go about branding an organization or a product or a service; the organization, product, or service is what creates the brand.

In a brilliant twist, the experts have bottled an end and sold it as a means.
Establishing a brand plays into several facets of **human nature**

For example, when we are presented with a **choice between the known and the unknown**, we’ll naturally tend towards the known

And if there are several known entities, we further sort by the one we **trust most**
As we learn more about branding and its tie to growing a known product, the answer to whether we should brand is simple. If we want to create a niche and dominate it, online or off, we need to shape that niche, to define it, and to use several different approaches. But HOW to do it?
Before we answer the question: A ‘Minicase’

On China and branding

Sunday, August 17, 2008
After Long Boom, China Faces an Industrial Downsizing
Many factories close as China tires of being the world’s junk maker
The world's factory floor is experiencing an unexpected reversal of fortunes that may have profound economic and political implications.

For Americans, who imported $321.5 billion in goods from China last year, the result will be higher prices for many products.
Vicious cost squeeze

• Many are under pressure from big American buyers to cut prices to offset both the rising cost of shipping and the 15 percent increase of the Chinese currency against the dollar.

• At the same time, costs for labor, raw materials, and land are climbing.
Additional Factors in the Perfect Storm

• The Chinese government is trying to phase out the lowest-wage assembly work to build up more valuable

> Eliminated tax subsidies on some 2,000 products

> A new labor law gives sharper teeth to existing minimum wage laws

> And high inflation has prompted curbs on bank lending
• The Chinese government is saying it no longer wants to be the world's factory for producing junk

• They're saying, “If you can't survive by following the rules, then we don't need you anymore”
Brand Value

• Those factories that survive will be the ones producing more sophisticated products, paying better wages, and doing less damage to the environment.

> The Chinese don't want to be making sneakers for Nike forever.

• They want their own brands and the value that European and American companies have been enjoying for the past 20 years.
Price Pressure

- Exporters seem more determined now to push back on prices
  >59 percent of small export manufacturers expect to raise prices this year, up from 47 percent in the second half of last year

- Higher retail prices worldwide is the only way these factories can survive
  >If you want toys without lead paint, you're going to have to pay a little bit more for it
Quotes from another source
But China still has ‘legs’

- China makes you sharp or it kills you

- If you still make anything labor intensive, get out now rather than bleed to death

- Shaving five percent here and there won’t work
The China Price has, in effect, become a brand
• **China doesn’t add much value** to a product for export – only about one-third of the value of the output in the whole export processing sector ...

• … because many materials, parts and supplies come from other countries
The Pie of Profits

- Manufacturers often get the smallest slice
- As little as a few percent or even less
- **Retailers or brands** get the largest piece, marking up the goods anywhere between two and ten times – or more – between the time they leave the factory and when they hit the shelves
• If something is manufactured in China at a dollar, it then retails at four dollars

• What people don’t appreciate is that a big portion of the value that is developed by manufacturing in China is not left with China

• **It is left with the people who own the brand**
Let us turn now to **specific methods** among the diversified approaches available.
e-Mail Advertising
Using e-Mail

- **84 billion** e-mails are sent daily
- US business users send and receive, on average, **171 e-mails a day**, and that volume is expected to double by 2010
- **Is Europe far behind?**

http://www.radicati.com/
Like fax-push advertising, **spam advertising is out of control** and likely not a viable alternative for most companies.
There are ways around Spam

Opt-in Email Advertising

Features:

> Targeted Opt-in E-mail Lists
> Over 3000 Categories
> Over 30 Million E-mail addresses
> Demographics targeting, including: age, sex, job title, salary
> Geo-targeting
> Domain Targeting (i.e. .com, .net, .edu, .org, .uk, .de)
> Prices starting as low as 7 cents per email

http://www.submitexpress.com/opt-in-emails.html
Cell Phone and PDA Advertising
Interaction Between Customer and Brand

MOVO is Neighborhood America's comprehensive mobile marketing solution designed for enterprises seeking to maximize communication efforts and extend their reach beyond traditional forms of engagement. MOVO is the community to reach a broader audience or enhance your brand. Neighborhood America has the experience and proven success you can rely on to move into the next generation of social networking. Are you ready to MOVO?

http://www.movomobile.com/
Delivering Relevant Content

Relevant:
having a bearing on or connection with the subject at issue

wordnet.princeton.edu/perl/webwn

PROXIMITYMEDIA’S BLUETOOTH PROXIMITY ADVERTISING SOLUTION:
WE DELIVER RELEVANT CONTENT TO RELEVANT PEOPLE IN RELEVANT PLACES AT RELEVANT TIMES.

Bluetooth MediaServer

Bluetooth MediaServer: proximity advertising at its best

Looking for creative, cost-effective methods to distribute rich media content? Mobile marketing methods that can substantially raise your ROI? Here’s the solution: Wiremedia’s Bluetooth MediaServer, an amazing system that uses Bluetooth wireless technology. Direct response advertising at its best.

http://proximitymedia.com/home.htm
Your cell phone delivers the ad for a nearby restaurant ....

... and then delivers the directions to get you there.

Now that is relevant!
Proximity Advertising

Your cell phone asks if you want a message from a nearby theater ....

... and then shows you a clip of what is playing

Now THAT is RELEVANT!
Earlier we said *we sort by the one we trust most*

Now we are beginning to see implementations of these ideas that work ...

... and with new technology it will get even better!
Without, say, the imprimatur of The Neue Zurcher Zeitung, a blogger has only his or her reputation to recommend the work.

**BUT**, in this age where the hype of business blogging is reached a plateau, people are starting to realize that blogging has real, permanent benefits.
Blogging – 2 Questions

> Does my planned blogging vision suit my company?

> Is my current blog strategy both cost-effective and brand-effective?
Your blog has got to **match or enhance your brand**, in appearance, message, utility and reach. A blog that brings your brand down is worse than no blog at all.
My **assumptions** are that you **don't have infinite resources** and that you **do have a great product**.

If you do have infinite resources and don't have a great product, there's still hope, but you don't need to read this entry any further.
To extend and solidify your brand online, have blogs that are themed.

Extend the reach of your brand by offering your blog's RSS feeds for syndication (repurposing) on strategic web properties.

Open more communication channels for your brand.
Web Sites
Let’s talk about my wife of 49 years
Life was Simple ... but now ???
<table>
<thead>
<tr>
<th>Product Description</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tide Powder Laundry Detergent With Bleach, Original Scent, 87 oz</td>
<td>$33.50</td>
</tr>
<tr>
<td>Tide Laundry Detergent, Original Scent - Powder, 141 oz</td>
<td>$15.22</td>
</tr>
<tr>
<td>87 Oz. Tide Powder Laundry Detergent</td>
<td>$15.22</td>
</tr>
<tr>
<td>Tide Laundry Detergent, Mountain Spring - Powder, 70 oz</td>
<td>$3.36</td>
</tr>
<tr>
<td>Tide Laundry Powder (34959PG)</td>
<td>$22.71</td>
</tr>
<tr>
<td>Tide with a Touch of Downy Powder Detergent, Soft Ocean Mist Scent, Case Pack, Two</td>
<td>$43.94</td>
</tr>
<tr>
<td>95 Load Boxes (190 Loads)</td>
<td></td>
</tr>
<tr>
<td>Ultra Tide Laundry Detergent with Bleach, 267-oz. Box (PAG42282)</td>
<td>$47.39</td>
</tr>
</tbody>
</table>

* Show only Tide items
* Show only Procter & Gamble items
And the Web Site introduces still more alternatives!
> Flavor 2

Simple Pleasures™
PULL ON A CHANGE OF MOOD

Tide
Simple Pleasures™
LAUNDRY DETERGENT

Downy
Simple Pleasures™

VANILLA & LAVENDER
WATER LILY & JASMINE
ROSE & VIOLET

Visit the site

Visit the site
We are getting coupons in the mail …

… but none of these are in our local supermarket!
Who is the audience?

- Boomers?
- Yuppies?
- Seniors?
- Males?
- Females?
- Married?
- Single?
> Who is the Audience? Amazon.com knows

[Image of Amazon.com recommendation page]
I’m thinking Chrysler Crossfire

• So I go to Chrysler’s website for information
Web Sites – The Big Problem

What is the message?

> Brand?
> Benefits?
> Features?
> Help?
> Information?

I searched for the Chrysler Crossfire
Web Sites – The Big Problem

Why are we doing this?

- To promote the brand?
- To build credibility?
- To inform?
- To convince?
- To persuade?
- To influence?
Web Sites – The Big Opportunity

95% of Canadians to buy online this holiday season

At IIMA conference in Vancouver, results of an eMarketer survey point to significant sales taking place online this holiday season.
Five years ago, at Least 75% of US businesses were buying goods and services online. Accounts for only 12% of $...
e-Shopping Carts

52% of online shopping carts are abandoned!

Other surveys say up to 79%

*E-Service* by Ron Zemke
Can you imagine ...

... if up to 75% of shopping carts were abandoned in a supermarket without the customer buying anything ???

Advertising Executives must deal with this !!!
A True Story
To clear form click here.
Returning customers click here.

billing address
(billing name and address must match your credit card billing info.)

- first name: Geoffrey
- last name: Ramsey
- company: None
- address: 81 Jane Street
- city: Malvick
- state: New Jersey
- zip code: 08876
- country: United States
- day phone: 212 855 6839
- e-mail: geoffrey@gm.com

I'm interested in receiving e-mail notification of upcoming sales, promotions and informational newsletters.
We WILL NOT give out your name or e-mail address to anyone else! We guarantee your privacy and security!

- Save/Update my info on my computer
- This is a gift, please don't show price on my packing list

shipping options
- Free, Ground, 7 - 10 Business Days
- 2nd Business Day, $14.95
- Next Business Day, $24.95
- Saturday Delivery, $29.95

*Click here for more shipping info.

ship-to address if different
- first name: Geoffrey
- last name: Ramsey
- company: GM
- address: 801 Broadway
- city: New York
- state: New York
- zip code: 10003
- country: United States
Sorry, but we're out of stock on this model.

To clear form click here.
Returning customers click here.

billing address
(billing name and address must match your credit card billing info.)

firstname: Geoffrey
lastname: Ramsey
company: None
address: 81 Jane Street
city: Waldwick
state: New Jersey
zip code: 08876
country: United States
day phone: 212 555 3839
eve phone: 201 345 3891
e-mail: ramsey@emarketer.com

*Click here for more shipping info.

shipping options
- Free, Ground, 7 - 10 Business Days
- 2nd Business Day, $14.95
- Next Business Day, $24.95
- Saturday Delivery, $29.95

*Click here for more shipping info.

“CLICK”
You know where he went next …
Emphasize Web site usability over design
Primary Strengths – Each Medium has a role

- Drive sales: Traditional media 23%, Internet 48%
- Drive traffic: Traditional media 26%, Internet 33%
- Awareness: Traditional media 10%, Internet 77%
- Positioning: Traditional media 27%, Internet 10%

Radio, TV, Newspapers
The Role of Trust

- Only 30 Percent of Consumers Express a High Level of Satisfaction With Travel Websites
- Consumers conducting travel research online continue to outnumber those booking online
- Among consumers whose online travel arrangements increased this year, ease of use and instant availability are the key drivers
Globalized Personalizing

Are you currently in Argentina? You're always welcome to use our U.S. site, but we also offer Travelocity Argentina where you can find vacation packages and promotions tailored just for you.

Visit Travelocity Argentina
Visit Travelocity.com

Travelocity is a global travel company with many country sites you can visit:

- Australia
- Austria
- Canada
- Denmark
- France
- Germany
- Hong Kong
- India
- Ireland
- Italy
- Korea
- Mexico
- New Zealand
- Norway
- Singapore
- Spain
- Sweden
- Switzerland
- Taiwan
- United Kingdom

U.S. profiles do not transfer over to the other country sites. If you've created a profile on the U.S. site, you will need to create a new profile on the country site you would like to visit.
Market Segmentation

The purpose for segmenting a market is to allow your marketing/sales program to focus on the subset of prospects that are "most likely" to purchase your offering.
A short market segmentation demo

Segmentation Demo
Old Truths are still the reality... you need a great product or service, and you need to communicate well to gain recognition, mind-share, trust and brand-loyalty
Final Thoughts

> But everything else is changing

> You must *surround the customer with a consistent brand experience*

> You can’t just say who you are

> You have to live it, be it, prove it

> It is about the *dialogue*
> **Characteristics** must be perceived as relevant, unique added values

> **Meaning and Value** are defined by each target audience
Think about everything, use the **MOST EFFECTIVE**...
Final Thoughts

When thinking about brand strategy, think across all the segments, across all of the communications touch points and across the entire relationship cycle.
Define what success means upfront

Measure against that success

Try something, change it, and try again

And always measure your results
Thank You! and good luck with your brands!