BRAND STRATEGY
A new roadmap to developing a holistic Business Strategy

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A New Customer is arising on a global scale. Someone who has a strikingly different appearance and demeanor. They are tech-savvy, have shifted their values, and expect brands to emphasize integrity and purpose over profit. In addition, customers demand an answer to the question – "What good does your brand bring to the world?"

On top of this, brands will be expected to contribute to the environmental, social, and governance agenda. “These drastic changes have had a significant influence on the customer's decision making and will continue to do so as we progress further, to make the customers more ambiguous for the businesses than ever before.

The term 'Business' is often co-related to profits; however, this is changing. Business is no longer just about making money, but it's much more than that. It's about consumer satisfaction, consumer experience, sustainability, respecting people's voices, giving back to society, and solving problems. Similarly, the term 'Brand' has also evolved over time.

The term, which was originally referred to as the practice of making a mark onto something to designate ownership, has come a long way. Nowadays, people see a brand as something that depicts the values of an organization, which tells you a story, and more importantly, something that connects with people's emotions.

The industrial revolution triggered a new phase of the evolution of the term brand. When the manufacturing business was booming at that time, it brought a new trust challenge as to which producers manufactured quality goods. On top of these, many players in the market made the business environment a competitive one. Therefore, to gain the trust and loyalty of their customers, the producers introduced brand symbols or signs to differentiate their products from other players. This helped the consumer differentiate and choose the quality products over others, and the producers were able to gain a loyal customer base.
If a company wanted to be successful back then (during the industrial revolution), they would have to distinguish their product in terms of quality and make them look different or unique from the rest. This introduced the concept of Unique Selling Proposition (USP), and soon this became the basis on which different brands (Companies recognized by their symbols) were being differentiated. After which the scope of new products and inventions was reduced, this introduced the Emotional Selling Proposition (ESP) concept. Soon, brands were able to distinguish themselves on the basis of emotional appeal. It was probably this time when companies started using psychological tactics to lure customers.

Gradually, people started to shift from the brand names to the overall companies themselves, which paved the way to what is known as Organization Selling Proposition (OSP). Since the organization became the critical factor of recognition for their customers, the company name began to play a considerable role rather than the product or brand name. The rise in the usage of various social media platforms has enabled companies to directly interact with the end consumer with a click of a button. This brought the evolution of the Experience Selling Proposition (XSP), creating the need to personalize the user experience. This is the point where industries changed from product-centric to consumer-centric, making various decisions keeping the consumer in mind. All of these have completely changed the definition of the term 'Brand' forever.

Let's understand the term 'Strategy.' It is all about developing a plan that can be used to achieve something or, in other words, the action of planning how to achieve something. I am sure all of us have developed some of the other strategies in our daily lives—a strategy to win a football game, or ace an exam, or outperform in a competition. Similarly, businesses also formulate various ‘Business Strategies' in order to meet the set goals. It is nothing but a master plan laid out by the management of an organization to be a market leader, carry out its operation, satisfy its customers and achieve the planned goals of the business.

One of the significant factors that affect these business strategies is the brand strategy of a company. Depending upon what brand strategy the company decides to implement, the business strategy also changes. Historically, we all have seen these changes as and when the term brand has evolved. During the industrial age, there was a boom in manufacturing products; hence all the companies focussed on producing as many goods as possible. Companies also started to deploy technological innovations like steam engines in order to boost their production by increasing the efficiency of the manufacturing process. This led to large-scale employment where people received good wages.

Once there were enough players in the manufacturing industry with plenty of products, it was difficult for the companies to sustain themselves because of stiff competition. This brought the introduction of USPs, and companies shifted their focus on bringing unique products so that they can attract more and more customers. Similarly, with the ESPs in play, it got a whole new aspect of psychology. Companies began to look at human psychology to understand the consumers. Soon the company’s name became a critical factor. People did not focus on the product much compared to the name of the company. If it was a trusted company, then people blindly purchased its products.

Why do you think Starbucks – an American multinational chain of coffeehouses, entered the Indian market by partnering with Tata? Tata is a trusted name, Tata (company's name) has become a brand.
Gap, a well-known & well-established clothing and accessories retailer founded in 1969. It is one of the largest global specialty retailers due to the fact that it is popular amongst a broad demographic of consumers. Gap decided to redesign its logo (which is also the company's name), which had been there for 20 long years after the 2008 financial crisis. The retailer changed their logo on October 6th, 2010, which featured a much smaller blue box compared to the old logo and had the 'Gap' name written in bold fonts. The vice president of Gap stated that "We believe this is more contemporary, modern expression. The only nod to the past is that there's still a blue box, but it looks forward."

Immediately after the announcement of the change in the logo, consumers backlashed. According to an article by the branding journal, it was reported that within just 24 hours, one online blog had generated 2000 negative comments, a protesting Twitter account gathered 5000 followers, and the “make your Gap logo” site went viral, collating almost 14000 parody logo redesigns. Why did all of these happen?

The Brand image, brand recognition, and emotional connection with the brand. Although Gap wanted to reposition itself as much more contemporary and modern, the consumers weren't ready to accept this. Hence, on October 12th, 2010, the retailer returned back to its old logo.
The company had to alter its strategy to reposition itself in the market just because the consumers did not want that. Did you notice something in the above-mentioned example? If you see the consumers were able to express their opinion and emotions directly with the company through the social media platforms. This brings a whole new set of challenges and benefits for companies. If they do something good, it might get them a fortune, but if they make a mistake, they pay for it significantly. Recently, a cricketer from Zimbabwe took to Twitter how he had to glue his cricket shoes since their entire team had no sponsors. Puma – a German multinational corporation that designs and manufactures athletic and casual footwear, apparel, and accessories, took the opportunity and twittered to sponsor the entire team for their shoes.

This started a new chain of tweets that appreciated Puma for sponsoring the Zimbabwe cricket team when there was no one to sponsor them. This made Puma the heroin people's eyes, which indirectly positioned themselves as being good. Why do brands have celebrity ambassadors to promote their brand? It is found that people tend to copy celebrities, so when a celebrity endorses a brand, the sales tend to increase for that particular brand—companies leveraging the emotional aspect of the consumers to their benefit. The branding strategy definitely affects the overall business strategy formulation.

Look around at the luxury industry; you will find the only way their set themselves apart is by providing a unique consumer experience with cutting edge quality of the products. The way they package the product, the after-sale services, the in-store experience all bring a premium experience for the customers. That is what the Experience Selling Proposition (XPS) is all about. Luxury brands often position themselves as independent companies and try not to associate themselves with their parent company in public to maintain their Brand image in the market. For instance, the British luxury automobile maker – Rolls-Royce Motor never associated themselves with the BMW Group, which is their parent company, even though BMW Group is looked upon as a group that manufactures luxury automobiles.

THE FUTURE OF BUSINESS STRATEGIES

Upon closely looking at the evolution of the term ‘Brand’ and how that has affected the formulation of business strategies, something evident that I see is that every time evolution has taken place, it has to majorly do with what people care for and how special they feel. The USP concept, the ESP concept, and the XSP concept all reflect that same trend.

So, going forward, I see the evolution taking place on two major trends—one on the lines of people feeling special (new features or products or new experience). Today, when you hold the latest model of iPhone in your hand – you feel special. Secondly, it is sustainable – a concept that has, for the good, become popular among people. People have started to care more and more about mother Earth than ever before.

Brand strategy is that part of a business strategy equation, which can change the potential solution to the business problems. I am really excited about what the future holds about our new perception of the term ‘Brand’ and how differently it changes the existing ways of developing new business strategies in order to make a business successful.

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