

Fact-Based Branding in Today's Marketplace

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Arguably, the most important aspects of a brand positioning are that it be **relevant** and **credible**. While ad agencies talk about “finding the white space” and “breaking through the clutter,” if that unique message doesn't matter to buyers, or if they do not believe it is true, the brand strategy will fail.

To understand what is relevant to a brand's target audience(s), **we must understand how decision makers make brand choices**. The figure below depicts the brand decision process. (Note: This gating process applies to almost any type of decision.) While the specific value structures that are used by decision makers in various buying environments may differ significantly (e.g., the scientist purchasing a mass spectrometer versus a teenager purchasing a DVD), all decision makers utilize a remarkably consistent process.

The decision-making process



Gate 1: Awareness

Gate 1 is basic awareness of the brand. It addresses the question, “Has the buyer heard of you?” If the decision maker has never heard of your brand, it plays no role in the selection. This doesn't mean your brand won't be purchased. Your brand may be white-labeled or an invisible “ingredient” element that is not customer facing. Business-to-business brands often play this role and debate whether there would be a return on investment (ROI) in becoming a “household” name (e.g., BASF's mass advertising campaign several years ago to make consumers aware that “we don't make many of the things you use; we make many of the things you use better”). Or you may produce a classic commodity product (e.g., nails at the local hardware store) that one purchases just because it is what the local hardware store carries. I am a do-it-yourselfer at home, yet I could not tell you who manufactures the nails in my workshop if my life depended on it. Or, one may simply purchase your unknown brand because of the product's appearance and/or its packaging at the point of purchase.

Lack of awareness simply means that the buyer is neither seeking your brand nor giving you an advantage because he/she has heard of you. Research consistently shows that consumers are more likely to purchase a product from a company they have heard of compared to the same product from a company they have not heard of, even if they know almost nothing about the first company other than its name.

Gate 2: Familiarity

Gate 2 is familiarity. It addresses the question, “Does the buyer know what you do?” As with Gate 1 if the buyer does not know what you do, he or she will not consciously buy your brand (i.e., he/she will not buy your product or service because of your

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brand). When Bell Laboratories was transformed into Lucent, the new company—a classic business-to-business brand—spent a rumored \$100 million to build awareness of its brand through mass media advertising. Household awareness of the name and its “coffee mug stain” logo soared, but how many households actually knew what Lucent even did? (And one could argue, why should they care, since they weren’t the target audience for Lucent’s brand, anyway?)

Gate 3: Consideration

If your brand succeeds in making it through Gates 1 and 2, it (at least theoretically) has made it onto the buyer’s long list for consideration. The buyer knows who you are and knows that you operate in the product or service category that he or she is seeking. Gate 3 addresses the question, “Do you meet the buyer’s needs?” If your brand makes it through Gate 3 of the process, you are now on the short list—one of up to perhaps three brands that are being seriously considered for the final selection.

Gate 3 represents a very rational process—one in which brand perceptions are critical. It is at Gate 3 that a buyer will do the requisite “due diligence” that frees him or her to make a more emotional final selection. At Gate 3, brands are being evaluated at a relatively “macro” level. For example, if you are purchasing an automobile, you may be eliminating brands at Gate 3 because they are over \$40,000 or under \$25,000. This is far different from the bargaining over a few hundred dollars that might be part of the final choice (Gate 4). Gate 3 often includes Internet searches, obtaining brochures, talking to others, etc., but it is unlikely that you will visit a dealer’s showroom for each brand on your long list. That is reserved for the next step in the purchase process.

Gate 4: Choice

Gate 4 represents the final choice and addresses the question, “Do you meet the buyer’s needs better than any other brand?” While there still are rational elements involved in Gate 4, the extent to which emotional elements come into play here is remarkable, even regarding things like the purchase of corporate jets. It appears that the rational due diligence activities in Gate 3 get the buyer to a point where he or she realizes that any of the brands on the short list will do the job. At Gate 4, the buyer is free to choose the brand he or she “likes the best.”

This phenomenon of rational decision making at Gate 3 and emotional decision making at Gate 4 applies even in pure business-to-business decisions involving millions of dollars. Several years ago, a major manufacturer of corporate jets went to a brand consulting firm to understand what was “wrong” with their brand. They had engineered some of the finest equipment in the market, and they always made it to the final round of consideration. Yet they almost always lost the final sale. (That is, they usually made it through Gate 3, but rarely made it through Gate 4.) They couldn’t understand why this was happening.

The answer turned out to be fairly simple. The company was run by engineers, and they thought like engineers. They felt that because they excelled on the design or “product” attributes, they should be awarded market leadership—or at least a much greater share of the market than they were receiving. In focusing so intently on the rational side of the decision, they failed to realize the critical nature of the emotional element of the sale. Rigorous research revealed that the most important driver of brand preference at Gate 4 was what brand the CEO could refer to while on the golf course with executives from other companies.

The fact is, decision makers use Gate 3 to ensure that the brand can do the job, and they use Gate 4 to select the company or brand that most assures them that nothing can or will go wrong. This is particularly the case in a business-to-business buying environment where the decision can be mission critical.

Gate 5: Loyalty

Once through Gate 4, the prospect becomes a customer or client. Gate 5 represents the ongoing customers or client relationship. It addresses the question, “Does the brand live up to its promise(s)?” Gate 5 is full of decisions—decisions to purchase additional products, increase share of wallet within the existing product category, and to remain with the brand at all. A brand’s reward for pulling a customer or client through Gate 5 is loyalty and increased “share of wallet.”

Identifying the Key Drivers of Brand Preference

This framework can be extremely valuable, not only in brand management, but in general sales and marketing. If we can map the key drivers of brand preference onto the various gates, we will understand which elements of the brand to promote at what point in the buying process.

So how does one identify the key drivers of brand preference? It depends on the level of due diligence that is appropriate. Remember that a company’s brand, and perhaps many of its product brands as well, are valuable corporate assets. An architect would never construct a major building without a carefully designed blueprint. A CEO would never acquire another company without carefully examining a pro forma balance sheet. So why would a company not apply a similar level of due diligence to its brand(s)?

Despite being the method used by too many brands, identifying the key drivers of brand preference is not just an internal process. The voice of the customer and prospect must be heard. The problem is that most decision makers do not know how they make choices. When asked how they make decisions, most individuals will provide any of the following:

- + What they think the interviewer wants to hear
- + What they think will make them sound smart or informed
- + What they believe is “politically correct”
- + How they really believe they make choices

However, if you compare the brands they actually choose to the attribute ratings they ascribe to each brand, usually you will find only a modest correlation. The fact is, people simply do not understand how they make choices.

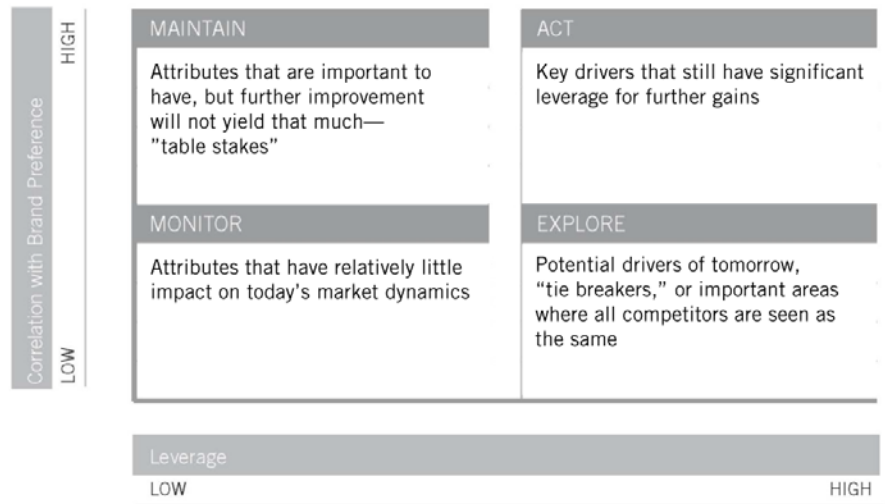
Do not conclude from this that decision making is simply a random process of people acting inconsistently. Quite the contrary. Research has shown that decision makers apply a subconscious “scorecard” to evaluate each brand in their consideration set. The decisions they make are, in fact, very consistent. This subconscious scorecard must be derived from their ratings, not obtained from a simple inquiry.

EyeOpener™ Brand Decision Analyzer

Fortunately, there are now tools that can identify the key drivers of brand preference. A particularly powerful tool in this regard is Siegel+Gale’s EyeOpener™ Brand Decision Analyzer. EyeOpener is a “micro-model.” Unlike tools like regression analysis or other macro-models, EyeOpener models the decision process at the individual decision-

maker level. It acknowledges that different decision makers include different brands in their consideration sets and that this affects a brand’s chances of winning the business from decision maker to decision maker.

By quantifying the impact that each of up to 40 brand attributes has on the decision process, EyeOpener literally uncovers the subconscious scorecard being used when evaluating your brand. Additionally, the attributes can be mapped onto a quadrant chart that allows you to identify those elements that are simply “table stakes” (i.e., a price of entry with little potential for additional leverage once you have achieved the minimum threshold level of performance), as well as those that are emerging drivers of brand preference (see diagram below). This latter group of attributes can help brands “break through the clutter” in ways that are meaningful rather than jumping on non-productive or potentially damaging “white space” just because it is white.



Note: Attributes represent potential drivers of brand preference

Used in over 1,000 client applications in over 50 countries worldwide, EyeOpener is a well-proven tool for providing the rigorous due diligence required to support the valuable assets that brands represent.