



# Brand Identity Development in the New Economy

## Jerry Kathman

We are entering a new era, which often is characterized as the “new marketplace.” The new marketplace is made up of new economy brands traded on the Internet and legacy brands from the old economy that are undergoing rapid transformation. There are those who suggest that the role of branding is under assault in the new marketplace.

As identity providers, we would suggest just the opposite. We believe that the role of branding is more vital than ever, and that the specific work of identity development and management has, in fact, become more critical in ensuring that brands in the new marketplace prosper.

### **An Era of Transformation**

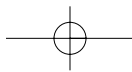
First, we must cite trends that are transforming the marketplace. The breakdown of market boundaries, the liberalization of trade policies, the establishment of tariff-free zones, and the growth of Western-style market capitalism have changed the marketplace dramatically in recent years. The response has included globalization and the development of global brands.

Concurrent with this trend, however, is evidence of market fragmentation. More niche brands and short-life-cycle brands are available to consumers, not to mention product diversity. The buying public is more sophisticated, and has better information to facilitate appropriate purchases, than at any time in modern history.

All of these trends, however, are dwarfed by the full impact of the digital revolution that surrounds business today. The digital revolution trumps all other changes.

### **The New “Perfect” Marketplace**

The economic benefits of the Internet have been evangelized for several years. It is described as a digital utopia, where buyers and sellers will have full information. Therefore, it is said, there will no longer be an information advantage on the part of the seller. Barriers to entry and exit will be greatly diminished. Supply and demand will be in perfect equilibrium.





These are ideas about marketplace utopia that economists have envisioned as highly desirable, well in advance of the development of the Internet. Some economists now turn to the Internet as the mechanism to provide this utopian marketplace. As described in the *Economist*, February 12, 2000, “the Internet’s promise is to gather in the same virtual place, at hardly any cost, lots of information and processing power, and vast numbers of potential buyers and sellers.”

#### **A Time of Unprecedented Convulsions**

For those of us living in this era, however, the experience has been something short of utopian. The digital era and the constant improvements in compression technology indeed have resulted in amazing speed and the availability of vast information. It is transforming the way that we procure many goods and services in our lives. However, it also has resulted in disruptions in many areas of the economy such as stock trading, travel, real estate, and book-selling. In many cases, the digital era has shaken traditional assumptions about buying and selling to the core. Even consumer goods manufacturers, an important part of our customer base, are now beginning to see changes in their business model.

#### **The Role of Branding in the “New Marketplace”**

Is there a role for branding in the new marketplace? With the rapid changes we are witnessing, will the assumptions about the value of brands remain? In other words, does branding really matter in the digital era?

Evidence in the new economy would suggest that brands remain important. The emergence of new brands such as eBay, Netscape, Yahoo, Amazon.com, and others confirm that branding is paramount in the new economy.

The new economy, it seems, will adhere to the notion first noted by Sir Hector Lang, chief executive officer of United Biscuits, PLC, when he said, “Buildings age and become dilapidated, machines wear out, people die, but what live on are the brands.” We believe that brands will thrive in the new marketplace because consumers continue to demand them.

As noted by Paul Temperall in his book, *Branding in Asia, 1999*, consumers like brands because they generate choice, simplify purchase decisions, offer quality assurance, and reduced risk. Further, brands help us with self-expression, and even offer friendship and pleasure. In short, brands provide trust.

Behaviorists suggest that trust is a natural response to complexity. In this age of complexity and convulsion, therefore, brands have a unique opportunity to thrive.

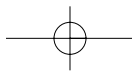


Figure 1

In the past, great products made great brands. All images supplied and reprinted with the permission of LPK.



### Makers and Marketers

Historically, great products made great brands. Here are two shining examples:

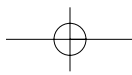
Heinz pickles, first marketed in 1869, is the foundation for the global food business today. Henry Heinz perfected pickling and preserving, and offered many more than his famous “57 varieties” of great products. People quickly trusted Heinz’s pickles and still do today. The product became the brand.

In the early days of Hollywood, Max Factor developed pan makeup that he had to reformulate each time film speed was improved. His ability to capture radiant beauty in the close-up shots resulted in consumer demand for the product at retail. Today, Max Factor is a global leader in color cosmetics. Once again, a great product created a brand promise.

Figure 2

If you don't invest in the brand as an asset, you lose market share and leadership.





### **Brand Longevity**

Not all products thrive, however. In the case of motorcycles and soft drinks, the category leader in 1923 remains the leader today. Harley Davidson and Coke are the powerhouse brands. Many other category leaders tell a different story. Arbuckles' Yuban was the category leading coffee brand, and Douglas Shoes were king in 1923. Folgers, today's number one brand, was a modest regional business, and Nike, of course, was fifty years away from its creation.

The perilous position of brands has been pointed out by Professor Peter Golder, NYU Stern School of Business, who noted that most of the leading brands in 1923 are no longer leaders today. In addition, a recent article in the business section of the *New York Times* suggested that many of our famous brands today are on death row.

These observations support the conclusion made by a number of important studies: If you don't invest in your brand as an asset, the brand eventually will lose its share and leadership. The business of investing in brands, described in marketing terms as "building brand equity," requires a great deal of effort and financial resources.

### **The Ascendancy of Expression**

Product innovation, compelling advertising, and public relations are among the tasks needed to define a brand proposition and to create equity. Increasingly today, the role of the designer is recognized as integral to the work. Expression has become a critical brand differentiator.

As Professor Bernd H. Schmitt notes in his book, *Experiential Marketing*, "In the world in which brands rule, products are no longer bundles of functional characteristics, but a means to provide and enhance a user's experience. The traditional paradigm was that communicating brand features and benefits constituted effective marketing. The world of today suggests that marketing must support sensory, effective, and cognitive experiences for consumers." In other words, Professor Schmitt states, "Brands are experience providers." We believe that visual expression delivers an essential dimension of the experience.

### **Products and Brand Experiences**

There are many examples of the role of design in the new brand-building paradigm. Engine lubricants, computer software, shampoo and conditioning products, and diapers would not, on the surface, seem to be candidates for a visual expression of a brand experience. Valvoline, IBM, Pantene, and Pampers, however, are vivid examples of brand expressions that capture experiences. As Professor Schmitt notes, "Consumers want to be stimulated, entertained, educated, and challenged." The designer is the resource for the expression of the experience.

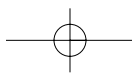




Figure 3

A balance of therapy and beauty is the designer's objective in creating the Pantene experience.

### **Designing and Branding**

If we believe that the new marketplace accepts and, in fact, demands brand franchises, what is the designer's role? Is there a unique opportunity for design in creating brand experiences? If so, upon what evidence should designers make their case?

History and behavioral science help to form the argument that the role of the designer is in its ascendancy in the new economy.

### **The Brand Management Revolution and the Self-Selection Revolution**

Ground zero in the brand management revolution is Cincinnati, Ohio. Procter & Gamble Co., in a famous memo in 1931, articulated the principles of brand management focusing on research, development and communication. Brand management was born.

This brand management revolution was underway when an equally dramatic phenomenon appeared in the marketplace. The grocery store was being replaced by the larger-format supermarket.

Package goods manufacturers, such as Procter & Gamble, suddenly found the dynamics of selling changing around them. Purchase selection suddenly was in the hands of a transformed consumer. The grocer was replaced by the supermarket manager. The manager was busy aisles away, attending to a variety of other issues. Brands were on their own. Packages had to persuade.

### **Branding in the Self-Select Environment**

Package goods manufacturers were early adopters of the principle that strong brand identity supports growth. Brands in self-select

environments needed to support the brand recognition by delivering what soon was characterized as shelf impact.

Further, manufacturers began to understand the need to create, beyond impact, an image or character for the brand through visual expression. Softness, strength, fun, efficacy, or a myriad of other moods had to be visualized by the designer.

Additionally, packaged goods brands had to deliver important information within appropriate hierarchies in order to facilitate the selection process. The designer's role suddenly was strategic. Image and information were required at the self-select point of purchase.

### **Behavioral Science and Design**

Package goods companies turned to behavioral scientists to help them understand this new world. The package frequently was subjected to behavioral research qualification as part of a product launch. In the 1930s, Louis Cheskin formed his "Principle of Sensation Transference." His research suggested that we assign expectations about products we use based on the design, color, and shape of the packages or bottles that contain them. The promise of taste, efficacy, and quality in the self-select environment was suddenly in the hands of the designer, and not the rapidly disappearing sales clerk.

Figure 4

A more joyful and genuine expressions has replaced a more passive image for Pampers.



Figure 5

By virtue of color and composition, Valvoline expresses performance at the track.



Figure 6

Warmth and humanity are now part of the IBM design franchise for consumer products.

### The Age of Packaging-Centric Design

The self-select environment and early learning in consumer behavior led to a packaging-centered world for consumer goods manufacturers' efforts. Packages became brand icons. Package design created not only brand image, but also contained brand aspirations and brand values. The traditional assumptions of the era required two things—massive television presence and strong shelf presence. Mrs. Olson shamed our mothers into buying Folgers through her ubiquitous presence on afternoon television. Five feet of bright-red Folgers cans greeted them when our mothers walked down the coffee aisle in the supermarket.



Figures 7 and 7a

Facilitated sale or self-expression? In Boots, a British health and beauty retailer, an attendant facilitates the Max Factor sale. In North America, Max Factor is found in self-select venues



### The Growth of the Self-Select Environment

In the past twenty years, the self-select environment has expanded dramatically. Hardware stores have been replaced by home centers. Large-format stores for automotive parts, software, sporting goods, and many other products offer brands for sale in environments devoid of personal assistance. Soon, companies such as Microsoft, IBM, Valvoline, and others wanted to know what the supermarket package goods manufacturers knew.

A new understanding of the role of brand identity suggested that the benefits of strong branding far exceed the narrow interpretations of the previous age. Strong brand identity increases any brand for consideration. It facilitates customer retention and loyalty and it allows for quicker new product acceptance. With this new realization that a brand is an experience, we know that customers shape the brand. The designer must expand the principle of sensation transference to include all consumer touch points—well beyond the narrow packaging-centric world.

### The New Branding Theatre

The designer is required today to understand a dramatically expanded theatre for brand identity. The need for in-store branding, via packaging and merchandising, is as important as ever. Direct-to-consumer communication also must involve careful management of design assets. Mass media remains important, but interactive media now must accept the principles of effective brand identity.

Brands across a variety of goods and services today understand that managing identity at all consumer touch points is essential to their survival and prosperity. Brand identity development is now media neutral. We no longer simply design a package for consumer products. Rather, we create a franchise of color, shape, textures, and typography to serve a brand in all applications.





Figure 8  
The reflect.com customer creates her own brand experience on-line.

The designer must understand all executional requirements and think of identity as assets banked in a visual database. We must enable deployment across all media and geography, in order to fully actualize the potential of identity management in the service of brands.

#### **The Internet—the Ultimate Self-Select Environment**

We now are witnessing the emergence of a new consumer goods model that more fully exploits a unique commercial benefit of Internet-based transactions. This phenomenon will challenge even today's progressive ideas about fully actualized identity management.

We are experiencing early evidence of a new dimension of empowerment for consumers in the new economy. The Internet is becoming the ultimate self-select selling environment. The potential for customization provides an exhilarating difference that online transactions create for consumers. For example, Reflect.com advances the concept of empowering self-selection to a new level through customization.

#### **The Active Ingredient is the Consumer**

Reflect.com is the world's first interactive beauty company on the Internet. Unlike other sites which are simply distribution points for brands that are known and loved elsewhere, Reflect.com allows women to create their own haircare, skincare, and cosmetics products. The consumer answers questions about taste and lifestyle,



Figure 9  
Reflect.com states, "You define, your design, your decide."



Figure 10  
Bottle shapes are selected by the customer.



Figure 11  
Accent designs are selected for the bottles by the customer.

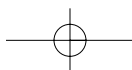




Figure 12

The collection of purchases chosen and designed by the customer appears as she created them.

explores categories of items, and then proceeds to design her own products and packages.

The designer's role is transformed because of the newly empowered consumer. As designers, we create a menu of options and the consumer selects. After creating a customized shampoo formula, the consumer chooses bottle shapes and dispensing options (pump, flip-top, or screw-top). She then decorates the bottle from a series of choices that reflect her aesthetic expression. The design choices presented to her for consideration are based on information about her provided in the question-and-answer section of the Website. Along with product formulation empowerment comes a customized, self-selected expression. The experience is wholly actualized by the consumer. The designer enables choices, but does not control the final composition. Reflect.com is finding that the customized expression component of their business model is a powerful tool. As designers in this model, we have to redefine our role from one of leadership to facilitation. Many brands in many consumer goods categories could adopt this business model.

#### **A Revised Outlook for Identity Management**

Identity management still is in its ascendancy. Brands will remain critical to the selection process. However, brand managers and designers have to learn the nuances of serving a newly empowered



consumer. We believe this will lead to more satisfying and rewarding work for identity practitioners. We know this will create a new relationship between the designer and the newly empowered, self-selecting, self-expressing consumer.

