LIPPINCOTT MERCER

Positioning a Brand in the Marketplace

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Before we can talk meaningfully about positioning a brand, we need to be clear about why it is important to position a brand-and exactly what a brand is. The reason it is important to position a brand is because of the phenomenon that we at Lippincott & Margulies call Brandwashing(SM). As consumers, we are all influenced by the effects of a powerful brand positioning-"brainwashed," so to speak-to have preference for one versus another. But today there are so many choices for consumers that this term has a secondary derivation-"whitewashing." That is, the brand choices are so varied and the

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differentiation so minimal in terms of product functionality that we're faced with a sea of indiscernible offerings. This is why it is critical for a brand to be well positioned and uniquely differentiated.

Now that we are clear on why brand positioning is important, let's define what a brand is.

The dictionary definition of "brand" is of little help. One dictionary carries three separate and distinct meanings: The first is "a trademark or distinctive name identifying a product or manufacturer." An accurate description as far as it goes, but it captures neither the full weight nor the subtle nuances of brand identity or what it means to position a brand in the marketplace. And it clearly ignores the strong emotional connections that people have with their brands.

Definition two is even further off the mark: "A sign of disgrace or notoriety." Definition three misses by a country mile: "A mark burned into the flesh of criminals, or on the hides of animals."

But in its own way, albeit somewhat roundabout, the dictionary makes a significant point: Defining a brand, like defining the term "brand," is absolutely essential. If you fail to define your brand, or if you define it improperly, you can wind up with something that more closely fits definitions two and three. The incident with a photographer that shifted the value of the Dennis Rodman "brand" provides an example of this.

For our purposes, we can define "brand" as the sum of all available information about a product, service or company. The brand conveys this information in two ways. The first is through our direct experience with the product. Our experience is a combination of two factors: functional satisfaction and emotional satisfaction. Functional can be how well it removes tartar, reduces engine knock, gets out tough stains, answers the need for information or otherwise performs against the basic requirements. But brands and brand loyalty go far beyond meeting the basic promise-and this is where emotion enters the picture. Does the brand fully understand its target markets' needs-that I am a busy person and need prompt attention from the telephone company or the on-line service I'm using, that I need to feel smart or hip or competitive? Does the brand speak to me in a way that fulfills my individual needs, thereby bonding my relationship with it? The second way is through the various communications drivers, such as advertising, public relations, name, logo, retail environment and packaging, that companies use to shape our perceptions about the brand. For many brands, the channel or environment in which they're sold can

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communicate tremendously different attributes about a brand. At the end of the day, direct experience combined with the sum of all these communications drivers will create an impression in the minds of key stakeholders, including customers, employees and the investment community.

Critical to any brand's success is its ability to make all the various factors align-to "make sense" when subconsciously associated and brought together to form the big picture of the brand. We call this impression "brand image" or "brand reputation," and it can be positive or negative-or somewhere in between.

Defining brand definition

Many variables are involved in the positioning of brands in the marketplace. But the three components essential to developing a clear brand definition are vision, meaning and parameters of relevance.

- *Vision.* What George Bush would have called "the vision thing" encompasses both the brand's roots-why you are in business-and where your company is headed. Many people tend to associate vision with some lofty, long-term journey or goal that is difficult to define, let alone achieve, without a crystal ball. But a vision for a brand can be simple. The key is that the vision must be sustainable. By and large, the most successfully positioned companies and brands in terms of growth, financial performance, visibility and market share are those that have linked a powerful brand positioning to an inspiring, overarching vision: 3M's vision is "to solve unsolved problems innovatively." The Mayo Clinic's vision is "to provide hope and cure." Merck's is "to preserve and improve human life." These visions are simple, but aspirational-and for the most part, non-limiting.
- *Meaning.* A brand's meaning is just that-what your brand represents to the marketplace. Meaning is generally manifested in establishing desired image attributes that drive all decisions about the brand. If you, the marketer, have only a dim notion of what your brand is about, you can be sure that your target market is totally in the dark.
- *Parameters of Relevance.* The parameters of relevance are simply the limits to which you can extend your brand beyond its core meaning without compromising your credibility. It involves understanding what your brand is-and what it isn't. Your ability to move successfully into new areas depends on whether you choose the right new areas-whether they align with the vision or fly in its face.

Putting the elements together

Which brands are well positioned? Which have a clear vision, a concise meaning and understand their parameters of relevance?

Few brands are better defined than Disney. The company's success is measured by no less than a 610 percent growth in the last decade, according to its most recent annual report.

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Nearly half of that growth came from new business areas, some that bear the Disney name and some that do not. Here is a company that not only understands its vision and meaning but clearly understands its parameters of relevance. What is the Disney story?

Walt Disney and his brother Roy started a film studio in Hollywood in 1923. Their first Mickey Mouse cartoon, "Steamboat Willie," came out five years later. Would Walt Disney be astonished at the diversity of the company that bears his name if he could see it today? Perhaps. But then again, he might not be surprised in the least.

Walt Disney was a visionary. And his vision for the Disney Company was not to crank out cartoons or build theme parks, but "to make people happy." I think I can safely say that virtually everyone in the developed nations of the world is crystal clear about what the Disney brand stands for: imagination, wholesomeness, fun. Whether we picture in our minds a theme park for children, adventure and learning vacations for the whole family (Disney Institute), a movie or a co-branding effort, the Disney promise is aligned with our expectations. Its branding decisions make sense.

Disney's vision was clear enough that management understood when the name no longer had the same kind of relevance, or perhaps sent a mixed message to the marketplace. When the company saw growth opportunities in extending beyond PG-rated movies, it made sense for Disney to create a new brand, Touchstone Pictures. On the other hand, after Disney acquired ABC-TV, it recognized the value in retaining this established broadcasting brand name for its growth in distribution.

Nike is another example of a well-defined brand: "athletic shoes for winners." It is also a company that understands the importance of defining itself early. As far back as 1972, Phil Knight, the founding and current CEO, persuaded several marathoners to wear Nike shoes during the Olympic trials in Eugene, Oregon. When some of the runners made the cut, Nike ran an ad campaign saying that "Nikes were worn by four of the top seven finishers."

Just lacing up a pair of Cross Trainers inspires some people to go out and, metaphorically, crush the competition. The key idea is that Nike wants you to outrun the pack, hit the three-pointer at the buzzer and fulfill your personal potential in every way-on and off the athletic field. Whatever it is that you want for yourself, you can "just do it" in Nikes.

The brand's desired attributes are reflected in everything that represents its products, whether in the tone and manner of an ad or a representative of the brand, like Carl Lewis, Michael Jordan or Tiger Woods: active, inspired, intense, energized, a winner.

Like Disney, however, Nike knows its limits. Entering the casual shoe market might seem a natural fit for the Nike brand, but in reality it wasn't. In attempting to do so, Nike forgot that its definition was more closely aligned with athletics and fitness. Occasions for wearing a casual shoe don't match the brand promise. What is competitive or inspiring about running errands on a Saturday afternoon? Nonetheless, in the interest of growing the business, Phil Knight purchased Cole-Haan. The line extension under a more relevant brand gave Nike access to this segment of the business.

Or consider Microsoft, a company that was started in a hotel room by a couple of college dropouts with one compelling vision: a computer on every desk and in every home. It may have been a brazen idea 20 years ago, but it has guided Microsoft ever since, giving it uncontested dominance in the desktop software market and making Bill Gates a very rich man.

Microsoft today is hardly what you would call a simple company. It employs more than 20,500 people and designs and sells a vast array of software programs in 60 countries; last year it netted over $2 billion in income. But as much as it has grown, it has never lost sight of its original vision. Everything about Microsoft-its products, its marketing and, most important, its brand positioning-is still driven by the idea of a computer on every desk and in every home.

Microsoft products are for ordinary computer users, not technogeeks. The Microsoft brand enables people to leverage the power of computing to work better, have fun and fulfill their aspirations. Its advertising asks users, "Where do you want to go today?" The company is a giant, but a friendly giant, one that puts a high priority on being simple, contemporary, approachable, hip and even low-tech-as much as that attribute may seem counterintuitive in the context of a technology business.

And then there is Ralph Lauren-the brand and the man. Lauren's clothing is positioned as the choice "for people who care more about looking good than being fashionable." This is a gutsy position to take in the designer's arena-and one that only recently succeeded in Lauren being named designer of the year by the Council of Fashion Designers of America. The brand attributes are simple, clean, aspirational and upscale. As Fortune magazine has pointed out, "Lauren doesn't make his runway models look like hookers from space."

Back in the late 1960s, Ralph Lauren began his business with nothing more than a tie collection. His chance to create a big name for himself came when Bloomingdale's agreed to carry his line of neckties. But there was one condition: that he make them slightly narrower and remove his name from the label. He refused.

Even at that early point in his career, Lauren understood the importance of defining his brand and then protecting it. That mind-set has stood him in excellent stead ever since. Every Ralph Lauren line extension-whether bed linens, towels, flatware, retail stores or even paint-has been managed with a sharp eye on the essence of his brand and its positioning. His success has followed, and his careful brand management was recently recognized by the financial community when Mr. Lauren launched one of the most successful retail initial public offerings, generating $767 million. Of course, Ralph Lauren is not a brand without a face. One must be particularly careful about managing a brand that bears his or her own name. The success of Ralph Lauren reminds us that an individual can be positioned as a brand. Look at Martha Stewart, or Richard Simmons, or Frank Perdue. Lately, many of the most successful and visible human "brands" have come from the world of sports. Even among people who can't tell a chip shot from a slam dunk, Shaquille O'Neal, Michael Jordan and Tiger Woods all have instant name recognition.

The experiences of Disney, Nike and Ralph Lauren underscore the point that you can successfully extend a brand into new areas provided you do not lose sight of what the brand means and what its parameters of relevance are.

Abandoning the brand's cachet

Too often, brands appear to break loose from their original vision, if in fact they had one from the beginning. Virgin Atlantic

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is a good example. Richard Branson made his entry into the business world through records, but his foray into significant brand recognition came from Virgin Airlines. The company then rapidly expanded into a sort of crazy quilt of unrelated businesses: megastores, clothing, soft drinks, insurance, mutual funds, cosmetics, bridal services.

This is a lot of stretching, even for a $2.6 billion company. What is Virgin's brand positioning? Some say that Richard Branson is in fact the brand. From that perspective one might be able to associate the brand's meaning with adventure, risk and humor, but how those attributes support offerings in financial services is questionable. The brand may be headed for trouble-or dilution at best-unless someone takes stock of its vision, meaning and parameters of relevance.

Snapple is another example of a strong brand brought down by fuzzy thinking. A few years ago, Snapple was earning $516 million a year. Last year it lost $100 million. In its glory days, the brand was touted as "the best stuff on earth," and the sales figures showed that people bought into that. Then Quaker bought the company and disaster ensued.

Among other things, Quaker systematically dismantled the brand's quirky, off-center image. They fired Wendy, "the Snapple lady," gutting a campaign that had helped build the brand and boost market share. Then they stopped advertising on the Rush Limbaugh and Howard Stern radio shows in favor of a more mainstream media approach. Finally (and here one can only wonder what they were thinking), they approved a new ad campaign with the slogans, "We Want to Be No. 3" (behind Coke and Pepsi) and "Threedom=Freedom." No one seemed to know exactly what the

Snapple brand stood for any more. Quaker finally called it quits and sold the floundering beverage brand to Triarc for $300 million-$1.4 billion less than what Quaker paid for it.

Triarc understood that Snapple's value lay in the attributes that consumers originally associated with it and quickly moved to reestablish the brand's cachet. The Snapple lady has been brought back and Howard Stern is again touting the drink on his morning show. Essentially, the company is moving to realign the brand with the vision that made it a success in the first place.

Brand extension

There are many ways to strengthen a brand's positioning in the marketplace. Probably the most common is through brand extension.

Barron's Dictionary of Business Terms defines brand extension as "the addition of a new product to an already established line of products under the same name." In other words, build on your heritage.

A recent example of classic line extension is McGraw-Hill's foray into children's educational software. McGraw-Hill is one of the world's foremost publishers of textbooks and educational materials. As a brand, it gets universally high marks from the teachers who make up its main customer base. A year ago, McGraw-Hill retained Lippincott & Margulies to explore the possibility of extending its brand into a whole new area-children's educational software. On the face of it, this seemed like a bold move: instead of selling to teachers, the company would now market directly to children and their parents. Could the brand succeed beyond the confines of the classroom? Did those in non-educational fields even know the brand beyond their exposure to it as an imprint on textbooks during childhood? Would teachers feel threatened that the company was trying to supplant their role as educators? Would retailers have any interest?

In fact, McGraw-Hill had several attributes that made this new venture viable for the brand. Research indicated that the McGraw-Hill name inspired great trust and high quality expectations, not only with teachers, but with parents-the gatekeepers of the children's software that enters the home. Parents' nostalgia for their own school days and the McGraw-Hill brand factored into their perceptions of its value as an educational software offering targeted to the households of grade-school children.

The problem was that these same consumers did not view McGraw-Hill products as particularly exciting or interactive. Reliable, trustworthy, educationally superior? Definitely. Fun and interactive? Not really. In other words, McGraw-Hill would have to do some work to extend its well-defined brand image to the software market.

In creating a positioning strategy for McGraw-Hill software, we started with the brand's long-standing reputation for educational excellence and product dependability. Then we sought to build in a sense of excitement and fun. How was this accomplished? By creating truly exciting products and then packaging them in a way that cleverly combined the attributes of educational quality and interactivity to have the greatest appeal to children, parents, teachers and retailers.

This meant using a relatively small portion of the box to emphasize the McGraw-Hill brand, yet making it visible enough to assure parents of the product quality, and devoting most of the area to informing parents about the details of the product: its relevance to a child, what and how the product teaches and why the product is fun.

Today's definition of brand extension

By remaining true to the meaning and vision of its brand, McGraw-Hill was able to move into an entirely new area without violating its parameters of relevance or undermining its credibility. This classic approach to brand extension will always be with us, but as we move into the next century, it will not be enough to truly grow a brand. Here is a more contemporary definition of line extension: "merchandising a brand to its greatest advantage in order to maximize growth."

This definition still requires marketers to use the same discipline in defining a brand by establishing vision, meaning and parameters of relevance. This doesn't mean gratuitous line extension-stretching a brand until its meaning is too diluted to retain customer loyalty. At the same time, the constrictive definition of brand extension as simply the addition of a new product is no longer adequate. The world is changing so quickly that marketers are constantly challenged to come up with new ways to define and position brands. These trends include the following: Globalization, which is leading to a universal homogenization of tastes, emerging market growth and new audiences hungry for products.

1. Demographic shifts and the identification of new classes of consumers with specific needs.
2. Technology, which has spawned new channels of marketing and distribution, such as the Internet and satellite television.
3. Industry consolidation, from insurance to airlines. This results in consumers having fewer brand choices and a greater likelihood that they will become loyal to one brand over others.
4. An increasing emphasis on relationships. Consumers today want brands to be accountable for both their products and their promises. What they really want is the kind of lifetime relationship that existed in the days when buyers and merchants knew each other by name and products were made with care and pride.

All of these factors are not only conducive to line extensions, they necessitate them. In this regard, it is essential to understand the importance of adding real value for the customer. As Gillette CEO Al Zeien says, "Line extensions are not about just putting more blue dots in the powdered detergent and calling it new and improved."

The upshot is that today there are four "hot" ways to extend an already well-positioned brand: licensing, co-branding, sponsorships and brand agents. It is important to note that none of these marketing approaches is new, per se, but may not be top of mind as an approach to extending a brand. And the lines between a couple of them are somewhat fuzzy.

- Licensing. This is an industry unto itself. Last year's sales of licensed products exceeded $70 billion in the

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  United States and $100 billion worldwide. Cashing in on your name can be lucrative if handled wisely-but if not, the results can be deadly. Think of the fate of Pierre Cardin, who licensed his brand to a variety of marginal products, resulting in its eventual demise. But licensing can extend a brand's value considerably if it fits with the offering or truly exploits a craze. Thanks in part to smart licensing, the Disney brand is so clearly defined that it can stand up even if the company itself stumbles. Disney issued 140 licenses to sell approximately 10,000 items bearing the 101 Dalmatians "endorsement." The movie itself could have been a dog at the box office, but it was sure to generate millions of dollars in licensing fees from T-shirts, plush animals, juice mugs, toy vet kits and more.

  Interestingly, most of Ralph Lauren's revenue comes from 26 licensees, rather than from his own clothing lines. The bottom line: licensing is a wonderful way to grow a brand, as long as it is managed appropriately.

- Co-branding. Extending a brand into new markets-geographic, demographic or otherwise-by complementing or supplementing another brand's strengths can also contribute to growth. Recent examples include high-profile marketing alliances between Disney and McDonald's, Jeep and Orvis, and Microsoft and NBC (MSNBC). Co-branding that teams a manufacturer with a retailer can be especially effective. In a recent survey, 98 percent of retailers predicted that co-marketing would be a standard practice within five years. But like other forms of brand extension, there has to be a "fit" between partners- a complementary or supplementary relationship that makes sense to the marketplace.
- Sponsorships. Sponsorship is not exactly a new idea, but it works. Borrowed interest from

successfully linking with a headline event can strengthen a brand enormously. In the 1950s, "The Texaco Star Theater," starring Milton Berle, was the most widely viewed weekly television show-and it helped Texaco become the leading brand of gasoline.

And of course there are Olympic sponsorships. Brands possessing attributes (or aspiring to possess attributes) associated with the Olympics can experience a positive rub-off from being an Olympic sponsor of some sort-whether you take the $40 million plunge into worldwide sponsorship or a more modest approach. Of questionable value may be signing on to become the official cough drop or toothpaste of the Olympics. But those brands that go in with a strong commitment and purpose stand to benefit a great deal.

More recently-and here is where the lines get fuzzy between these concepts-CBS and True Value collaborated in a mix-and-match of sponsorship and co-branding (or as we call it, Tri-Branding) that was quite successful. Let's begin with the new CBS brand positioning, "Welcome Home." In its quest to build programming in support of its family positioning, one of the season's offerings was The Story of Santa Claus. While seeking other sponsors for the CBS-produced holiday show, True Value believed that the values conveyed in the program accurately represented those associated with the True Value brand and requested title sponsorship. Those values were extended further when both the network and the retailer connected with Toys for Tots, setting up displays for the nonprofit organization in True Value outlets-displays that successfully brought traffic into True Value and encouraged viewership of the CBS program. Rather an elaborate way to extend three brands.

- Brand Agents(SM). Not to be confused with spokespeople, brand agents are living, breathing embodiments of a brand. The individual represents the brand in its totality-its positioning and its brand attributes-and does not violate the parameters of relevance. Brand agents are not just recognized celebrities but individuals who stir emotions that support the brand in a meaningful way. Nike has mastered the use of the brand agent concept; few could argue that Michael Jordan and Tiger Woods serve merely as spokespeople.

Phil Knight was quoted in The Harvard Business Review as remarking, "You can't say a lot in 60 seconds, but if you show Michael Jordan, you don't have to." Other brand agents who clearly evoke this type of emotional response include Bill Cosby (wholesome family values) and Walter Cronkite (honesty, veracity, authenticity).

Tiger Woods, the young golf prodigy, has also become an overnight marketing sensation. Crushing competition is his forté-especially when down to the wire-as he demonstrated by reigning victorious at the Masters Tournament earlier this year. He "fits" Nike's brand attributes-active, inspired, intense, energized, a winner-which is why the company is paying him upwards of $40 million over the next five years to serve as its brand agent.

This year, Tiger Woods is winning tournaments, and he does the Nike brand proud. But Tiger Woods is fast becoming his own brand. Beyond Nike, where can his brand play? In preparation for the future, he and his agent will need to employ the same discipline that all successful marketers do-define his brand by establishing vision, meaning and parameters of relevance. Woods has already extended his brand through associations with Rolex, American Express, Golf Digest and Titleist. Are these extensions in keeping with his own vision and meaning? Will they take young Tiger beyond his parameters of relevance? Only time will tell.

A final reminder

Whatever else it may be about, brand positioning is first and foremost about customers-the people who buy your product or service and keep you in business. Phil Dusenberry, vice chairman of the advertising firm BBDO (and author of the screenplay for the movie The Natural), likes to talk about the importance of "celebrating the consumer." Consumer loyalty, he says "is a brand being true to itself. Consumers don't abandon brands; brands abandon consumers."