

## By Fred Geyer

Stories of marketing heroes who transform poorly performing brands never fail to enthral us. Dove's transformation into an empowering brand. McDonald's shift to healthier eating. Hewlett Packard's rebound in the PC market. These are among some recent successes.

But they beg the question: Why do brand leaders wait until their brands are at the breaking point, and at risk of joining such brands as Radio Shack, 7Up, or the GAP, for which renovation may be too late?

Unheralded marketing heroes renovate their brands while they are strong and growing. They spot changing market dynamics and address them as opportunities before they have time to develop into threats. Their reward is faster, profitable growth without the negative headlines.

Here are some of the best practices in brand renovation that we've identified in working with many businesses across a range of markets:

### Develop a Holistic Understanding of the Brand

A holistic, customer-driven understanding of the current brand and a vision of the brand's future are crucial to proactive renovators. Typically this holistic view includes an understanding of the brand's heritage, personality, iconography, functional benefits, emotional benefits, and perceived value in the minds of customers, influencers, and intermediaries.

The key is to understand how each of these groups views the brand in the context of their daily lives and compared to the other things that are on their minds. This view enables proactive renovators to see opportunities to credibly extend the brand and avoid the trap of defining the brand by what the company knows how to make/offer instead of by what customers want to buy.

Crayola has managed to stay relevant despite the digital and graphics technologies that might have threatened its brand's very essence. Its understanding of the brand goes beyond the functional benefits of washable markers or erasable pencils. Crayola's brand leaders understood that colorful fun and creativity best defined its role in the lives of teachers, parents, and children, and accordingly, it evolved from an art products company to a visual expression company. It moved from being a partner with retailers to a partner with educators, parents, and children. Crayola recognized the danger of being perceived as traditional and has continuously updated the look and the feel of the brand in a way that stays true to its roots but is fun and creative. Finally, its leaders have used their understanding to guide them in developing

the Internet, children's magazine, interactive toys, and advanced color technologies, breaking the constraints of selling only what can be made in a crayon and marker factory.

### Look for Segment Swings

By the time most brand managers spot important trends, they are already threats. That's not surprising, since it's difficult to identify the early impact of trends among the general population of brand users. Proactive renovators spot trends early by tracking segments of the population where the impact of change is more apparent, segmenting customers in different ways to fit their businesses.

Among the common segmentation principles? First, they ask questions about lifestyles and general attitudes in order to gain a broader context for the role of their products and categories. Second, they are particularly sensitive to trends with the potential to cross segments—from urban to suburban shoppers, or from youth into mainstream culture, for example. Third, they proactively test alternative ways to connect their brands to important trends in order to identify opportunities to play a greater role in the lives of their customers.

Kohler is one company that is famously attuned to emerging changes in segments of the population, and turning them into big business opportunities. In the process, it has transformed into the U.S. leader in bath and kitchen design solutions. More than 30 years ago, Kohler spotted an emerging willingness of urban customers to spend more for high-end home designs. Herb Kohler began to advertise the Bold Look of Kohler with a differentiating focus on design that rode the wave of home investment and kitchen renovations throughout the '80s and '90s.

In the early '90s, it spotted another emerging trend: The bathroom as a refuge and oasis in large suburban households. It took advantage of that observation with a line of whirlpools, Jacuzzis, and tubs, extending its reach into showers and bathroom accessories. Most recently, Kohler has increased its emphasis on green technologies with toilets, showers, and control systems aimed at a broad audience.

### Distinguish the Underlying Issues

Not every brand issue is a competitive one, but we frequently encounter brand leaders who are so focused on gaining advantage against a narrow set of competitors that they fail to address indirect competition or tackle customers who are questioning whether it's worthwhile to buy the category at all.

Proactive renovators are much more likely to distinguish between different types of threats and respond accordingly. Brand guru (and Prophet Vice-Chairman) David Aaker groups these threats as commoditization, brand lethargy, and changing customer dynamics. Declining brand differentiation underlies commoditization, which is characterized by increasing price competition, entry of low-cost competitors, and narrower margins. Brand lethargy is often a problem for category leaders who fall into the trap of repeating past success factors rather than updating the brand and keeping it fresh and alive. Brand relevance underlies customer dynamics issues. Changing technologies, lifestyle patterns, or attitudes typically cause a brand or a category to become less relevant to peoples' lives.

For decades, Coach focused on differentiating itself by handcrafting extremely durable and practical items with classic American designs in American factories. Between 2000 and 2007, it was able to accelerate brand growth from \$500 million to \$2.5 billion by creatively tackling leather goods' loss of relevance and lack of energy. The company shed its handcrafted, American-made points of differentiation to leverage its core essence of classic, premium American design within the world of women's fashion accessories. It became more relevant and energetic by introducing color and fresh materials to its designs, transforming its assortment to provide a wide range of accessories and reinventing the Coach shopping experience. Coach is the ultimate example of a proactive renovator that transformed itself into a category leader.

### Apply the Right Strategies

Too many marketers see every brand issue solved with a new advertising and promotion campaign. Of course, brand communication is an important component to building differentiation, energizing a brand, or building relevance. But, proactive renovators ensure that brand communications reflect fundamentally different strategies to cope with differentiation, brand energy, or relevance. One size will not fit all, to wit:

- Successful differentiation in commoditized categories almost always requires finding ways to provide more emotional reasons to prefer the brand. Emotional leverage enhances consumer credibility and

trust in new innovations that drive big margin gains and allows the brand to eke out small, but often crucial, margin advantages in older products. Emotional bonds provide a platform to charge more despite the competition. Staples' focus on ease (think "Easy" button) and expertise in small and home office efficiency differentiates it from other superstores and lends permission to provide such value-added services as office delivery and computer repair to enhance loyalty and margins.

- Reinvigorating brand energy typically requires revamping the brand's imagery. A brand image in keeping with its promise makes it more noticeable, easier to understand, and more desirable. Marketers often think that refreshing the logo and trademark imagery are sufficient; that's rarely the case. User, usage, product, and associative imagery all must be explored to truly reinvigorate a brand. Sprite is one brand that regained energy by changing its user imagery to focus on young iconoclasts and its associative imagery to focus on the NBA.
- Relevance issues demand a reexamination of the customer experience. When consumers change the ways they shop, live, or use technology, the experience must adapt. Sometimes the adaptations include new offerings such as the salads and wraps McDonald's has added to its menu to appeal to health conscious women. Some adaptations encompass a comprehensive redesign of the entire experience, like Coach's store and product redesign to meet women's fashion accessory buying expectations.

These four best practices expose one central truth: Customers must drive brand decisions. To succeed, brand leaders must understand the brand through their eyes, track how different customer segments are changing, identify the different issues customers have in their lives, and link the brand to customer needs.



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