THE 22 IMMUTABLE LAWS OF BRANDING

The Law of Expansion: The power of brand is inversely proportional to its scope.

The emphasis in most companies is on the short term. Line extension, mega branding, variable pricing and a host of other sophisticated marketing techniques are being used to milk brands rather than build them.

_In 1988, for example, American Express had a handful of cards and 27 percent of the market. Then it started to introduce a blizzard of new cards. The goal according to the CEO, was to issue twelve to fifteen new cards a year. American Express market share today : 18 percent._

Consumer wants brands that are narrow in scope and are distinguishable by a single word, the shorter the better. If you want to build a powerful brand in the minds of consumers, you need to contract your brand, not expand it.

The Law of Contraction: A brand becomes stronger, when you narrow its focus.

_Dominate the category and become powerful. What did Fred De Luca do? He narrowed focus to one type of sandwich, the submarine sandwich. He called his chain subway, a great name for a store that sold just submarine sandwiches. Subway has become eighth largest fast food chain in the U.S.A._

Most retail category killers follow the same five – step pattern.

1. Narrow the focus.
4. Sell cheap.
5. Dominate the category.

_When you dominate the category, you become extremely powerful. Microsoft has 90 percent of the worldwide market for desktop computer operating systems. Intel has 80 percent of the world wide market for micro processors. Coco – Cola has 70 percent of the worldwide market for Cola._

Good things happen when you narrow the focus.

1.
The Law of Publicity: The birth of brand is achieved with publicity and not advertising.

Today brands are born not made. A new brand must be capable of generating favourable publicity in the media or it won't have a chance in the market place. The best way to generate publicity is by being first i.e. being the first brand in a new category.

- Band – Aid, the first adhesive bandage.
- CNN, the first Cable News Network.
- Compaq, the first portable personal computer.
- Domino’s, the first home delivery pizza chain.
- Xerox, the first plain paper copier.
- Intel, the first micro processor.
- Jell - O, the first gelatin dessert.

All these brands were first in a new category and, in the process, generated enormous amount of publicity.

The best way to make news is to announce a new category, not a new product. Today brands are built with publicity and maintained with advertising.

The Law of Advertising: Once born, a brand needs advertising to stay healthy.

Advertising budget is like a country’s defense budget. First publicity and then advertising is the general rule. Leaders should look on their advertising budgets as insurance that will protect them against losses caused by competitive attacks. Leadership is the single most important motivating factor in customers behavior;

e.g. Coco – Cola, the real thing.
     Goodyear # 1 in tyres.

The Law of the Word: A brand should strive to own a word in the mind of the consumer.

If you want to build a brand, you must focus your branding efforts on owning a word in the prospect’s mind. A word that nobody else owns.

Jell – O owns a gelatin dessert
Coco – Cola owns Cola.
Band – Aid owns adhesive bandage.
You know your brand owns the category name when people use your brand name generically.

Make me a “xerox–copy”. Nor is it any secret how these brands managed to own the category word. They were first, plain & simple.

The minute a brand begins to stand for something in the mind, a company usually looks for ways to broaden the base, to get into other markets, to capture other attributes. This is a serious error and one of the most common mistakes in branding.

If you are not the first in the category, you can create a new category by simply narrowing your focus. Mercedes found a powerful code word for prestige “Engineered like no other car in the world”. By far the most successful brands are those that kept a narrow focus and then expanded the category as opposed to those brands that tried to expand their names into other categories.

Ask not what percentage of an existing market your brand can achieve, ask how large a market your brand can create by narrowing its focus and owning a word in the mind.

**The Law of Credentials:** The crucial ingredients in the success of any brand is its claim to authenticity.

Leadership is the most direct way to establish the credentials of a brand. Coco – Cola, Hertz, Heinz, Visa and Kodak all have credentials because they are widely perceived to be leading brand in their categories.

Tastes great, saves money, whitens teeth, easy assembly, bigger, smaller, lighter, faster, cheaper – use of such words lack credibility so they are ignored.

**The Law of Quality:** Quality is important but brands are not built by quality alone.

- Does a Rolex keep better time than a Timex? Are you sure?
- Does a Mont – Blanc pen write better than a Cross? Are you sure?

If you want to build a powerful brand, you have to build a powerful perception of quality in the mind.

Brand with the better name will come out on top. Omnibus brands are weak not strong.

When you want to price your product at higher price, try to justify the higher price.
Rolex made its watches bigger and heavier with a unique – looking wristband. Mont Blanc made its pen fatter. But don’t count on quality alone to build a brand.

**The Law of the Category:** A leading brand should promote the category, not the brand.

The most efficient, most productive, most useful aspect of branding is creating a new category.

To build a brand in non-existing category, you have to do two things at once

- You should use one of these words to describe your brand.
- You have to promote the new category.

Customers don’t really care about new brands, they care about new categories. They don’t care about Domino’s; they care about whether or not their pizza will arrive in thirty minutes.

Leaders should continue to increase the size of the pie rather than their slice of the pie.

**The Law of the Name:** In the long run a brand is nothing more than a name.

Another important aspect of brand building is having a better name. All other factors being equal, the brand with the better name will come out on top.

Every Asian company uses a mega brand, master brand or line extension strategy. The one hundred American companies had profits on average 6.3% of sales. The one hundred Japanese companies had profits on average of just 1.1% of sales.

Rampant line extensions are destroying brands. A company’s very existence depends on building brands in mind.

**The Law of Extensions:** The easiest way to destroy the brand is to put its name on everything.

One reason 90% of all new brands are line extensions is that management measures results with the wrong end of the ruler. It measures results only the success of extension. It never measures the erosion of the core brand.
When the low fat craze hit the cookie market, almost every brand rushed out with a line – extended version of its regular cookie. Nabisco took a different approach. Instead of launching a line extension, it launched a new brand called, Snack – Well’s. Snack Well’s became the eighth – largest selling grocery item.

Many manufacturers are their most enemies. What are line extensions like light, clean, healthy, and fat free actually telling you? That the regular products are not goods for you.

If the market is moving out from you, you stay where you are and launch a second brand. If it’s not, stay where you are and continue building your brand.

**The Law of Fellowship :** In order to build the category, a brand should welcome other brands.

Not only should the dominant brand tolerate competitors, it should welcome them. The best thing that happened to Coco – Cola was Pepsi – Cola. The competition between Coke & Pepsi makes consumers more Cola conscious. Per capita consumption goes up.

It makes sense for similar business to be located close together. First, a group of similar business attracts more customers to an area. Second, customers can easily compare shop among stores. Third, having competition nearby allows companies to keep an eye on each other.

The best location for a Burger King franchise is often across the street from a Mc.Donald’s restaurant.

One should welcome healthy competition. It often brings more customers into the category. Research indicates that a dominant brand can achieve upper limit of 50% of market share. For market share higher than 50 percent one need to consider launching multiple brands. Not just line extension but separate individual brands.

**The Law of the Generic :** One of the fastest routes to failure is giving a brand a generic name.

Majority of brand communication takes place verbally not visually. The average person spends nine times as much time listening to radio & television than he or she does reading magazines and newspapers. The printed word is secondary to the sound that it generates in the reader’s mind. So how can a reader differentiate the word “general” from the word “General” with great difficulty.

What you should generally do is to find a regular word taken out of context and used to connote the primary attribute of your brand.
- **Budget is a powerful brand name for a car rental service. Low-cost car Rental is not a good brand name.**
- **Toyota took the word “luxury”, tweaked a few letters and came up with Lexus, a superb brand name for a Japanese Luxury car.**
- **The double - entendre is particularly powerful. “Buy your office staples from Staples.**
- **Intelligent Chip Company is a lousy brand name, but Intel Corp. is terrific.**

The mind does not deal in letters. It deal in sounds. You can capitalize all your want, but a generic word is generic word in mind, no matter how you spell it.

**The Law of the Company:**

Brand are brands. Companies are companies. There is a difference.

Brand names should almost always take precedence over company name. Consumers buy brands and not companies. Unless there are compelling reasons to do otherwise, the best branding strategy should be to use the company name as the brand name.

Let’s explore what happens when you use both the company name and the brand name on the package. Lets look at Microsoft’s Excel. The “Microsoft” part of the name is redundant. When customers feel they have to use both your company name and your brand name together, you usually have a branding problem. Take the Sony Trinitron. Is trinitron a type of Cathode-ray tube or is trinitron a brand name for a television set? Customer’s aren’t sure, so they ask for a Sony Trinitron. As far as the customer is concerned, the easiest, simplest way is Procter & Gamble way. Use just the brand name boldly on the package & relegate “The Procter & Gamble Company” to tiny type at the bottom. That’s how the company name is handled on Bold, Cheer, Ivory, Tide, etc.

*Look what happened at Gillette. Both the Trac II & the Atra razors were introduced with a small “Gillette” above the brand names. Then along came sensor & the company decided to set the name “Gillette” in the same size as “Sensor”. Not a good idea. With the Mach 3, Gillette has returned to basics. The Mach 3 dominates.*

If you have to use the company name, use it. But do so in a decidedly secondary way.
The Law of Sub brands: What branding build’s, sub branding can destroy.

Law of Siblings: There is a time & place to launch a second brand.

A second brand strategy is not for every company. If handled incorrectly, the second brand can dilute the power of the first brand. Yet in some situations, a family of brands can be developed that will ensure a company’s control of a market for many decades to come.

Take the Wm. Wrigley Jr. Company. For more than a hundred years, Wrigley has dominated the chewing gum market. But not with one brand. Wrigley has a family of brands.

- Big Red (a cinnamon-flavored brand)
- Doublemint (a peppermint-flavored brand).
- Extra (a sugar-free brand).
- Freedent (a stick-free brand).
- Juicy Fruit (a fruit-flavored brand).
- Spearmint (a spearmint-flavored brand).
- Winterfresh (a breath-freshener brand).

Like Wrigley, Time Inc the world’s largest – magazine publisher has Seven Publishing Powerhouse.

1. Time.
2. Fortune. (Not Time for Business.)
3. Life. (Not Time for Pictures.)
4. Sports Illustrated. (Not Time for Sports.)
5. Money. (Not Time for Finances.)
6. People. (Not Time for Celebrities.)
7. Entertainment Weekly. (Not Time for Entertainment.)

Wm. Wrigley Jr. Company does not have seven Separate manufacturing plants or Seven separate sales organisation. It has seven brands and one company; one sale force; one marketing organisation.

Corporate Management should keep the following principle in mind when selecting a sibling strategy for its stable of brands.
1. Focus on in common product area.
2. Select a single attribute to segment e.g. price
3. Set up a rigid distinctions among brands again say price.
4. Create different & not similar brands.
5. Launch a new sibling only when you can create a new category e.g. sea food rest, Italian rest.
6. Keep control of the sibling family at the highest level.

**The Law of Shape**: A brands' logo type should be designed to fit the eyes. Both eyes.

The ideal shape for a logotype is horizontal. Roughly two and one-fourth units wide & one unit high. This is true wherever, the logo type is used: On buildings, brochures letterheads, advertisements or calling cards. Legibility is the most important consideration in selecting a typeface used in a logotype. Sans Serif typefaces look modern, Serif typefaces look old-fashioned. Bold typefaces look masculine, light typefaces look feminine.

The other component of the logotype, the trademark, or visual symbol, is also over rated. It’s the Nike name that gives meaning to the smooosh symbol. After a symbol has been associated with a name for a long period of time, the symbol can represent the name, through a kind of “rebus” effect. But it’s still other name that carries the brand’s power.

There are only in handful of simple symbols that make effective trademarks. *The Mercedes three-pointed star is one of them*. As this late date, if history hasn’t willed you one of these simple symbols, it’s probably too late to create one on your own.

**The Law of Colour**: A brand should use a colour that is the opposite of its major competitor’s.

Another way to make a brand distinctive is with colour. There are thousands of words to choose from in order to create a unique name, but only a handful of colours.

Basically there are five colours (red, orange, yellow, green and blue) plus the neutral colours (black, white and gray). It is best to stick to one of these five primary colours rather than an intermediate or mixed colour.

Red is the color of energy and excitement, red is retail colour used to attract attention.

Blue is opposite of red. Blue is peaceful and tranquil. Blue is a corporate colour used to communicate stability.
Orange is more like red than blue, green is more like blue than red.

Green is colour of the environment and health.

White is colour of purity.

Black is colour of luxury.

Leaders have first choice. Normally, the best colour to select is the one that is most symbolic of the category.

*Coco-Cola is red, whereas Pepsi – Cola after fifty years has gone blue recently. Kodak is yellow, so Fuji is green.*

*What Big Blue did for IBM, a big colour can do for your brand.*

**The Law of Borders :** There are no barriers to global branding. A brand should know no borders.

In fact, the perfect solution to increase the brands market and need to grow is to take brand global rather than expanding the line.

*Heineken NV is a leading brewery in Netherland, a small country with a population of only 15 million. Yet Heineken NV has become the second largest brewery in the world by going global.*

*With some 70 percent of its sales and 80 percent of its profit outside the United States, Coco – Cola insists that it is a global brand, not an American brand.*

English has become the second language of the world. If you are going to develop a brand name for use on the world wide market, the name had better work in English.

**The Law of Consistency :** A brand is not built over night. Success is measured in decades, not years.

Once a brand occupies a position in the mind, the manufacturers often thinks of reasons to change. Markets may change but brands shouldn’t.

*Mc.Donald’s has been kid – oriented family hamburger place for decades. “Why should we limit ourselves to kid oriented products? Why not introduce an adult hamburger to compete with burger king and Wendy’s?” So the Arch Deluxe was born. One hundred fifty million dollars worth of advertising. Later, the Arch Deluxe is declared a disaster. And Mc. Donald’s quietly decides to drop it from the market. It is always the product that is declared a failure, never the branding concept.*
McDonald’s is a kid oriented, family restaurant. In such a setting, an adult hamburger might taste good in the mouth, but is not going to taste good in the mind.

Limitation combined with consistency (over decades, not years) is what builds a brand.

**The Law of Change:** Brands can be changed, but only infrequently and only very carefully.

There are always exceptions to every rule. And the law of change is the biggest exception to the laws of branding. Brand changing does not occur inside a company. You have to keep your sights on your target, the consumer’s mind.

There are three situations where changing your brand is feasible.

- Your brand is weak or non-existent in the mind.
- You want to move your brand down the food chain. If you are permanently lowering the price of your brands you can often move it down the price ladder without hurting the brand.
- Your brand is in a slow – moving field and the change is going to take place over an extended period of time.

Twenty five years ago, Citicorp was 80 percent corporate and 20 percent consumer. Today the numbers are almost reversed. Citicorp is 30 percent corporate and 70 percent consumer. Citicorp is successfully moving its Citibank brand from corporate to consumer business. But the key concept to keep in mind is that little change has actually occurred in the mind of the banking prospect. Instead of “changing” minds, Citicorp has allowed enough time to pass that the natural process of “Forgetting” takes place.

If you want to change your brand, first look into the mind. Where are you? If you are not in the mind, fine change away. But if you are in the mind and if you have a unique and distinct perception, then change your brand at your own risk. It’s going to be a long, difficult, expensive and perhaps impossible process.

**The Law of Mortality:** No brand will live forever. Euthanasia is often the best solution.

While the laws of branding are immutable, brands themselves are not. They are born, grow up, mature and eventually will die.

Opportunities for new brands are constantly being created by the invention of new categories. The rise of the personal computer created opportunities for Compaq, Dell, Gateway, Packard Bell and other brands.
Companies make serious errors of judgement when they fight what should be a natural process. Yet the nursing home for dying brands does a booming business with millions in advertising and promotional dollars being spent to keep terminally ill brands on life – support systems.

**The Law of Singularity:** The most important aspect of a brand is its single – mindedness.

Loss of singularity weakens a brand. It is this singularity that helps a brand perform its most important function in society.

- *Instead of an expensive Swiss watch, you can ask for a Rolex.*
- *Instead of a safe car you can ask for a Volvo.*

What’s a brand? A singular idea or concept that you own inside the mind of the prospect. It's as simple and as difficult as that.