From share leader to true brand leader

Susan Bernstein, Tait Subler, shows how category leaders can maintain - and grow - their advantage

THEREIS A lot of advice available for the maiketer who is number two or number three in a given category. Adam Morgaris *Eating the Big Fish,* for example, is full of insights for brands that want to de-throne the share leader. But what about the category leaders? Is it só simple for them just to cruise forward without worry? Clearly, being share leader today is no guarantee that a brand will lead tomorrow. Just look at brands like Sony, General Motors or Sears that at one time ruled supreme in their categories. Decreasing relevance and an inability to differcntiate stalled their ascendance.

Recent work with category leaders hás taught us several important lessons. Share leaders have one incredibly differentiating, ownable feature that can distinguish thern from their competitors: their sheer size. However, we have observed that many consumers see little benefit in a market-share leader's size, and some even view it negatively. The trick, it seems, is in creating a relevant connection between a company's size and the benefits that size can offer consumers.

The strategic brand question for market-share leaders is: can they make their 'bigness' relevant? Translating share advantage into a leadership position that holds real benefit and meaning for consumers will give these companies an edge no competitor can claim. Success means the evolution of a company from mere share leader into true brand leader.

You´re big. So what´s in it for me?

Our work with a major US retailer, the dominant share-holder in its category, serves as good illustration of tbe fact that size alone does not equal leadership. We uncovered a seemingly dissonant finding in its market research files, which confirmed our hypothesis about the current state of its brand and offered some insight into the opportunity that lay ahead. It also underscored an interestíng phenomenon we have observed working with companies across a range of categories to develop powerful, differentiated brand themes that guide overall business strategies.

Although this retailer led its category in ali the expected ways - revenue, profitabiiity, and consumer awareness - its consumer equity fell strikingly short of that commanded by leaders of other categories. This indicated sizable room for growth: most significantly, it was reported, in the área of consumer relevance. This might leave you scratching your head. Clearly consumers were shopping at this chain more than at its competitors. Ask anyone on the street who the go-to player in this category is and, nine times out of ten, they will name this brand. If thafs not relevance, what is? What explains the disconnect between our retaüer's seemingly dominant position and its relatively weak relationship with consumers? Consumers were questioning the 'whafs in it for me' aspect of their relationship with the brand. At the end of the day, consumers were saying, 'You're big, but só what? How does that benefit me?'

Our research supported the finding that while consumers, even fans of the brand, gave it credit for many things - for example, being the most familiar and convenient, for consistem quality - it fell short in a critically important way. One frequent shopper summed it up this way: 'Sure I shop there, but they don't really get me.' Tactically the brand was beating its competitors, but aspirationally the retailer exhibited very little, well, aspiration. Our retailer thought it was breaking new ground, but in reality it was playing the same game as its competitors, just doing it a little better.

For marketers today, being the biggest, or offering the lowest prices, no longer affords the competitive edge it once did. Size and low prices are functional attributes that do not necessarily engage consumer loyalty at a hlghcr levei. To play the highest card in brand strategy, a company must bring something else to the table, by connecting with consumer values.

Beyond the usual suspects of price and convenience, consumers are seeking brands that provide leadership. For retailers this means owning a single, definable point of view on a category, which offers consumers a forward-looking perspective to which they can attach aspiration. Contrast this to the 'no-badge' value of shopping at a chain that 'just sells a bunch of stuff'. Among the benefits consumers describe - a feeling of belonging, an internai and externai definition of self, a sense of status - is differentiation from a sea of all-too-similar competitors. This unique perspective is also the hallmark of a real leader.

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The power of differentiation

Just how important is differentiation? Can't 'me-too' brands survive? The answer is yes - and no. A 2006 Copernicus and Greenfield study in the US revealed that an increasing number of categories were becoming more commodity-like in the eyes of consumers (i). In 48 of 51 categories studied - everything from home improvement retail to insurance carriers to credit cards - brands were seen as becoming less differentiated.

The irony is that these categories were the ones in which the most aggregate marketing dollars were spent. The knock-out punch was the discovery of a correlation between perceptions of differentiation and consumer willingness to pay. As perceived similarity increased, price became a more important purchasing factor. By not strategically differentiating themselves (despite their hefty ad budgets) these brands are choosing a path where price takes centre stage - the very antithesis of brand strategy.

For those who need more convincing, there is ample evidence that differentiation is a key driver of financial success. Young & Rubicairis Brand Asset Valuator found that differentiated brands outperform their peers on three significant metrics: profit margin (+50%), market cap growth (+250%) and operating earnings (+270%). Moreover, according to Inter brand, its top 100 global brands have consistently - and significantly - outperformed both the S&P 500 and the MSCI World Index.

Our US retailer - or any company with dominant market share - does have a discrete point of differentiation not avaüable to smaller competitors: size. Demonstrating the benefit of its 'bigness' to consumers, and supporting this with a well-defined, unique badge that is aspirational to its target, should result in an absolutely differentiated, own able position that competitors cannot replicate.

Corning of age

As in most tales worth telling, this one involves a coming-of-age story. Few brands manage to survive the scrappy start-up phase and make it to the next stage: having a stable, and hopefully growing, customer base. Of these, even fewer can stand out by stealing enough share to make category players nervous.

Growth during this stage is often akin to that of an ungainly teenager whose body hás grown faster than his 'being'. The successful coming-of-age tale describes a company that continues to evolve só that its tactical wins are matched by a 'grown-up' brand strategy. Market share leaders come and go, but mature brands that develop a unique strategy that connects with a deep need in consumers are the ones that stand the test of time.

Learnings from leaders

We are not the first to highlight Apple as a lesson to other brands. Apple successfully carved out a differentiated leadership position enabling its domination of the M?3 player market, and resulting in a powerful halo effect on its other businesses. Remember when Sony's Walkman defined personal, mobile music and helped make Sony seem invincible? Per haps the Sony brand was not operating at a true leadership levei.

To illustrate, in our work in consumer electronics, we found that consumers invariably placed unbranded product features front and centre in their 'purchase story'. Both manufacturer and retailer were afterthoughts and, in fact, the retailer merited credit only if there was a perceived price deal. The sole exception was Apple, which consistently commanded headline status in consumers' stories.

While the iPod itself leads the portable music player category, consumers viewed Apple, the brand, as a leader - even a visionary that understood their lifestyles and created products for them instead of just 'selling stuff. Apple became the focus of their story, the one buyers told themselves, their family and their friends. The brand was woven into - became a reflection of - their concept of self. In marked contrast, other CE brands, even category leaders, were decidedly not part of that story or self-concept.

Starbucks is another example of a brand that hás led consumers instead of being led by them, and hás changed an entire category. Pre-Starbucks, who would have imagined that coffee was anything other than something that carne in a chipped white mug, for which you paid 50 cents and generally had zero expectations of? Like Apple, the brand hás numbers that other retailers would give their eye-teeth for - namely, the average Starbucks customer in the US returns more than a dozen times per month.

By throwing out the category guidebook and developing its own point of view that resonated with consumers, Starbucks not only managed to change our expectations of caffeinated beverages, but created the entire concept of a 'third place' - and, along with it, an army of follower brands. Starbucks leads its category, literally in terms of market share, and figuratively, in that consumers attribute to it both leadership and aspirational status. Starbucks' positioning now includes a unique leadership benefit it can pass on to its consumers - the fact that it defines the standard for an entire category.

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Wal-Mart

How can an article on market share dominators not include a discussion of Wal-Mart? The giant retaüer hás always used its scale advantage to deliver an end benefit to its customers - 'everyday low prices' - but its positioning typically ended there, with that basic, functional promise. Recently it made news for attempting to pursue a more upscale customer base through trendier product and flashier marketing. It failed - famously - not only because this positioning hás been claimed squarely by Target in the US, but also because it was not believable.

The failed strategy had everything to do with imitating its rival and nothing to do with the core equities of the brand, among which its sheer size undeniably takes centre stage. In the wake of this much-publicised misstep, Wal-Mart hás reframed its brand strategy to focus once again on how being the biggest allows it to pass its negotiating power onto its customers.

This time, however, the brand hás tied the functional benefit of low prices to the aspirational desire of its target to feel 'smart'. As it discovered, more affluent consumers do not feel particularly clever shopping at the chain, but there are a significant number of consumers who do, and the brand hás decided, wisely, to focus its efforts on them, instead of chasing a group it could never hope to catch. Understanding to whom your leadership benefits are not only relevant but also aspirational is a criticai piece of successful brand strategy.

The advantage of size

We have found that, while 'bigness' is not an advantage across the board, and sometimes can even work against a brand, size can provide an edge in two particular types of categories: complex, 'high-stakes' categories and those in which popularity is of great importance to consumers. In the first case, purchasers are looking for reassurance that they will not make a costly mistake. The familiar adage 'No one ever got fired for hiring IBM' holds true here.

If a brand hás achieved such scale, the thinking goes, the risk in purchasing it must be fairly low. And in categories where popularity matters, a brand's 'num ber one-ness' affords a measure of safety. Since 2001 Bud Light hás been the best-selling beer in America, targeting 2i-28-year-old males who want to 'fit iri. While their taste buds may not necessarily applaud their selection, the fact is that, at least in the States, they cannot go wrong ordering it.

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The similarity between these types of categories is that there are tensions around 'getting it right': one for very real financial reasons, the other for very real social reasons. Something significant is at stake for the consumer, and they see benefit in going with 'the preferred choice'.

If number-one brands can effectively combine the fact that, by being the biggest they can offer reassurance to consumers along with a particular take on the category - a higher order idea, as it were - their position is that much more differentiated from the competition.

Defining leadership for companies with dominant share

For many, achieving a dominant share position means that it's time to break out the champagne. We say, go ahead and drink up, but at the same time, recognise that this may be a criticai time in the life of your brand.

This is an optimal time to make sure that your brand strategy passes three criticai litmus tests.

1. First, consider whether you have leveraged the brand's functional benefits, especially its size, to hold true meaning and relevance to consumers, and not just corporate headquarters. How does your size afford your customers something that they cannot obtain elsewhere?
2. Second, define a unique badge that fits those benefits, and is aspirational. Consider how consumers want to think of themselves, and how they want to be seen by others, as a result of being your customer.
3. Finally, explicitly define to whom you will be aspirational. Aligning your efforts against a target that you wish you had instead of those to whom you really appeal is sure to backfire.

Developing a strategy that hits the mark on these three points will go a long way to ensuring that *you* will be ordering the next round of Dom Perignon not your compeljtors. •

i. www.copernicusmarketing.com/about/ mzine/monthlyeds/decoô.html

Fonte: Admap, v. 42, n. 11, p. 19-21, dec. 2007.