

It's Not The Size of Your Brand Equity - It's How You Use It

March 6, 2006 By Ingrid Fetell

Most of us are guilty of clinging to things we don't need anymore: sport trophies from year 9, gifts we keep saying we'll regift, jeans that will never fit again. But while the tendency to cling to the past may be fine in our personal lives, when it comes to our brands, it's important that we occasionally take stock of what we've been building up, to ensure that what we're holding on to still has value in an evolving market.

Unfortunately, it's not always easy to see what to let go of, or when to let go of it. And the culprit here is something typically considered one of the brand's most valuable assets: brand equity.

Brand equity can be a useful measure of the value contained in a brand. It can help evaluate brand extensions, create partnerships and provide certainty around market share expectations. But it's a difficult measure to calculate, and as a result can be extremely deceptive.

Take a brand like Playboy. An international colossus with over 50 years of history in adult entertainment, Playboy now oversees an empire that extends far beyond the realm of adult entertainment into areas ranging from apparel to video games. The Playboy bunny appears on everything from keychains to underwear in more than 17 countries. A formidable enterprise – and it would seem, a heck of a lot of brand equity.

If brand equity were only about awareness, I'd say that Playboy would be near the top of the charts. But brand equity isn't just a function of brand awareness – it's also dependent on the brand's meaning. And while awareness is a straightforward, quantitative measure, meaning is a much more complicated factor, shaped by a cocktail of actions, communications, opinions and experiences.

In the Playboy example, I'd contend the bunny's brand equity is lower than you'd expect because its brand meaning has been compromised by waning relevance in a rapidly changing male entertainment market.

In just the last ten years, the changes have been dramatic. While the rise of the internet has democratised pornography, and has provided a more comfortable and private forum for its consumption, lad magazines such as Maxim and FHM have emerged to dominate the softer end of the spectrum. Offering an appealing melange of cars, sport, gadgets, gross-out humour and of course, buxom models in barely-there bikinis, these magazines provide a more complete, and arguably more liberated vision of masculine entertainment.

The models aren't naked – but it doesn't seem to matter because the lad mags go Playboy one better by offering a parade of popular celebrities in the semi-buff without the embarrassing black cello-wrap. And of course there's the obvious – that nudity's available from just about any computer with a web browser anyway. Meanwhile, the onslaught continues from the rest of the men's magazine world – though Playboy has always held the high ground with its intellectually-stimulating content, recently revitalised brands like GQ and Esquire have jumped into the party with big-name writers and a younger spin.

The impact has been swift and ugly. In the past five years, Playboy's US newsstand circulation has plummeted 35% during the same period in which Maxim's has more than doubled. Its stock price, which peaked near 70 in 1999, now hovers at less than one-fifth that value.

In cases such as Playboy's, where substantial, enduring awareness belies issues with the brand's meaning, we can expect brand equity to be overestimated. Kleenex presents another interesting example. With such widespread currency it's practically a generic term for tissue, Kleenex is the first brand one would expect to hear when asked to name a brand of tissues. But how many people really think that a Kleenex tissue is better than any other tissue? And how many people who say, "pass me a Kleenex" come home from the supermarket with Sorbent?

While Playboy's brand meaning is suffering from lack of relevance, Kleenex appears to be plagued by lack of differentiation – either can be detrimental, but both are frequently overlooked when high awareness masks them.

And yet despite the perils, the focus within brand equity is persistently tilted towards awareness. The imbalance is apparent when looking at the spate of brands such as Atari and Mini that have recently come back from the dead to take up residence at retail once more. Part of a phenomenon dubbed dormandise by the consumer trend spotters at trendwatching.com, these brands hope to capitalise on residual awareness to leapfrog competitors.

According to Trendwatching, "Whatever the reason for fading away or disappearing (blame mergers, globalization, mis-management, strategic repositioning, or parent companies going broke), Dormandise represents a real value: just imagine the mountains of dollars, euros or yens you could save by not having to create instant name recognition amongst tens of millions of skeptical twenty, thirty or forty-somethings." [1]

Real value? Of course these revived brands get a head start on awareness, but I wonder what meaning they have beyond a certain "retro chicness" that makes the 25-34 set light up with nostalgia. Does high awareness plus irrelevance equal brand equity? With Atari, I'd say a lot more work needs to be done to bring the brand out of 8-bit graphics and give it relevance in the world of Playstation and Xbox.

As the Motley Fool's Steven Mallas writes, "Atari's brand equity doesn't have that differentiated, maverick feel of yesteryear when it was always associated with the cutting

edge of video game technology and was worshipped by hardcore players at the forefront of the video game revolution. Nowadays, it is an all-purpose distributor that finds intense competition in the likes of Electronic Arts and Activision..."[2]

Atari's fiscal losses – \$38.6 million US in 2004, a reversal of 2003's \$17.4 million profit – seem to affirm the point.[3]

And the point is, just because people know about it doesn't mean it's good. High awareness isn't a shortcut to building brand equity, and over-emphasising recognition in the brand equity equation is a quick way to get an immensely distorted picture of your brand's value. Ultimately, it can have the extremely dangerous effect of making you think everything's so good, you're afraid to change anything.

It's a version on the packrat's protest, when we sensibly try to throw away his old trophies and jeans. But with the packrat, it's clear that his is an intensely emotional reaction, driven by the fear of letting go.

It's no different with brands, whose managers complain, "you can't modernize the typeface – people love that typeface!" or "why should we redevelop our values? Those are the values that have defined this brand for generations – we're nothing without them!"

Sometimes you can get to where you want to go without getting rid of anything. Other times you have to lose a bit of dead weight along the journey. As Charles DuBois says, "The important thing is this: to be able at any moment to sacrifice what we are for what we could become." In other words, don't let so-called "brand equity" hold your brand back from becoming something even greater than it is today. Or, don't be afraid to lose the bird in your hand while you're going after the ones in the bush.

Doing this is a simple matter of thinking about the gaps between where your brand is and where you want it to be. Ask yourself, who are your ideal customers? Who do you want your brand to serve? Once you have a picture, now ask yourself, what about your brand appeals to these people?

I imagine Burberry asked themselves questions like these when they did their makeover a few years ago. When asked to name their ideal customer, it's unlikely that Burberry would've said, "Ooh, aging baby boomers with a conservative fashion sense who buy one raincoat every ten years, please!" But before it embarked on its headline-making brand revitalisation, that's exactly who was shopping Burberry. Looking back, it's clear that Burberry's ideal market was more hipster than hip-replacement, and they took proactive steps to bring the brand closer to their ideal consumer. Though they faced alienating loyal customers, Burberry balanced innovation with tradition to create an authentic, yet altogether more contemporary luxury offering. The payoff: a plaid on every breast and backside that can afford it.

Burberry let go of aspects of its heritage. It got rebellious with plaid. It embraced hot pink, lime green, and various shades of yellow. But would anyone argue that Burberry's

lost brand equity? Since its reinvention, Burberry's equity has only increased, both in awareness and in meaning, that meaning now being relevant to a much broader audience.

Equity is an asset, and like any other asset, it's only worth holding if it's bringing the maximum return possible on the investment you make in it. Do you think that your brand is at its peak? If there's room to go higher, then maybe it's time to treat your brand equity like an asset, and sell some shares to invest in a better future.

1. www.trendwatching.com/trends/2003/05/dormandise.html
2. Mallas, Steven. "Atari's Challenging Level", *The Motley Fool*, 7 May 2004
3. Ibid

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