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ON

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Building Brands without Mass Media

ERICH JOACHIMSTHALER AND

DAVID A. AAKER

Executive Summary

COSTS, MARKET FRAGMENTATION, and new media channels that let customers bypass advertisements seem to be in league against the old ways of marketing. Relying on mass media campaigns to build strong brands may be a thing of the past.

Several companies in Europe, making a virtue of necessity, have come up with alternative brand-building approaches and are blazing a trail in the post-mass-media age. In England, Nestlé's Buitoni brand grew through programs that taught the English how to cook Italian food. The Body Shop garnered loyalty with its support of environmental and social causes. Cadbury funded a theme park tied to its history in the chocolate business. Häagen-Dazs opened posh ice-cream parlors and got itself featured by name on the menus of fine

restaurants. Hugo Boss and Swatch backed athletic or cultural events that became associated with their brands.

The various campaigns shared characteristics that could serve as guidelines for any company hoping to build a successful brand: senior managers were closely involved with brand-building efforts; the companies recognized the importance of clarifying their core brand identity; and they made sure that all their efforts to gain visibility were tied to that core identity.

Studying the methods of companies outside one's own industry and country can be instructive for managers. Pilot testing and the use of a single continuous measure of brand equity also help managers get the most out of novel approaches in their ever more competitive world.

IF YOU TAKE AS A GIVEN—and we do—that companies must build strong brands to be competitive, then you are faced with a simple yet staggering challenge: How?

In the United States, mass-media advertising has long been the cornerstone of most brand-building efforts. But that norm is threatening to become obsolete. Fragmentation and rising costs are already inhibiting marketing through traditional mass media like television. And new communication channels—which, in some cases, allow individuals to bypass advertising as they peruse entertainment options, obtain information, or shop—are already in use.

Perhaps the new media scene will take more time to develop than the two or three years that the pundits have predicted. Perhaps it will not affect everyone: some

people may not want (or may not be able) to pay to access ad-free media. It is not hard to imagine, however, that the media landscape as a whole will be very different in only a few years.

To build strong brands in this uncertain environment, U.S.-based companies would do well to study their counterparts in Europe. Because they were forced to, companies in Europe have long operated in a context that seems to mirror some of the harsher realities of the post-mass-media era. Media options for branded manufacturers in Europe historically have been limited and relatively ineffective. Europeans have had access to fewer commercial television stations, many of which bundle advertisements to avoid program interruptions. It is still rare to see media spanning several countries, despite the hype. What's more, because of the limited media availability, costs have been high. Even as new cable and satellite television channels were gradually added in European countries, costs did not decline—in part because new brands added to the demand. And powerful retailers in many nations usurp much of the available media capacity to engage in corporate advertising and to strengthen their private-label efforts.

In short, managers of brands in Europe have found that communication through traditional mass media has been ineffective, inefficient, and costly. As a result, many European-based companies have long relied on alternative communication channels to create product awareness, convey brand associations, and develop loyal customer bases. Their brand-building approaches may point the way for others to succeed in the new media age.

Here we focus on the approaches of six companies: the Body Shop, Hugo Boss, Cadbury-Schweppes with its Cadbury chocolate line, Nestlé with its Buitoni brand, Grand Met with its Häagen-Dazs brand, and SMH with Swatch. Drawing on and extrapolating from those approaches, we have developed guidelines that we believe will serve all companies well, regardless of their location, their ability to access traditional mass media, or their desire and ability to involve themselves in the as-yet-undefined new-media opportunities.

Let Brand Strategy Drive Your Business Strategy

The successful European companies we've studied share one critical characteristic in addition to their reliance on alternative media: senior managers drive the brand building. They actively make brand building part of their strategic plans and, as a result, integrate their alternative approaches to brand building into their overall concept of the brand.

One such manager is the Body Shop's founder and CEO, Anita Roddick, who, believing that advertising is wasteful, has made her alternative brand-building methods the basis of her company's strategy. Peter Brabeck, the newly appointed CEO of Nestlé, is another example. Five years ago, Brabeck, as executive vice president for global foods, was the champion for the Buitoni brand; his involvement helped launch one of the food industry's most original experiments to bypass retailers and communicate directly with consumers. Another case is Jochen Holy, who with his brother shared the responsibilities of CEO at Hugo Boss between 1972 and 1993 and who became its main brand-builder. A grandnephew of the founder, Holy shaped the identity of the Hugo Boss brand and the communication of that identity.

In contrast, many U.S. companies delegate the development of brand strategy to someone who lacks the clout and incentives to think strategically. Or they pass the task to an advertising agency. Relying on an agency leads to two problems. First, in most cases, it creates a distance between senior managers and their key asset, the brand—the driver of future growth opportunities. That distance can make the coordination of communication efforts difficult—a situation that can result in confusion for customers, loss of synergy, and, ultimately, performance that falls short of potential.

Second, most agencies' talents, incentives, and inclinations still lead them to rely on mass-media advertising as their primary brand-building device. Agencies rarely suggest that a client lead brand building with alternative media. Although some agencies recently have made strides in expanding their ability to develop alternative-media options, most are still oriented toward advertising campaigns, despite pronouncements to the contrary.

Certainly, agencies have much to contribute strategically and tactically. However, the key to engaging in a broad, coordinated brand-building effort that accesses alternative media is to develop and control brand strategy inside the organization.

Clarify Your Brand's Identity

The identity of the brand—the brand concept from the brand owner's perspective—is the foundation of any good brand-building program. Whether pursuing alternative brand-building approaches, accessing multiple media, or both, a company must have a clear brand identity with depth and texture so that those designing and implementing the communications programs do not inadvertently send conflicting or confusing messages to customers. Unfortunately, many U.S. companies do not have a single, shared vision of their brand's identity. Instead, the brand is allowed to drift, driven by the often changing tactical communication objectives of product or market managers.

A clear and effective brand identity, one for which there is understanding and buy-in throughout the organization, should be linked to the business's vision and its organizational culture and values. It should provide guidance as to which programs and communications will support and reinforce the brand and which will detract and confuse. Knowing when to say no is critical. A brand identity that is so ambiguous and general that almost any kind of customer communication can be deemed suitable is not helpful.

Each of the six companies we examine subscribes to the idea of a strong, clear brand identity. But the Body Shop and Häagen-Dazs illustrate the concept particularly well.

The Body Shop's core brand identity is in essence its *profits-with-a-principle* philosophy. The soul of the brand, the philosophy sends a clear message to employees and customers alike. Consider how the company—in spite of the criticisms of its detractors—"walks the walk" in terms of developing programs reflecting the core identity.[1] The company opposes testing on animals, helps third-world economies through its Trade, Not Aid mission, contributes to rain forest preservation efforts, is active in women's issues, and sets an example for recycling. It participates in Save the Whales rallies, advocates for other endangered species (a line of its children's bath products, for example, comes with informative storybooks about various endangered animals), and supports the development of alternative energy sources. One summer, employees and supporters sent 500,000 signatures to the president of Brazil to urge him to stop the burning of trees there.

These efforts are not ancillary to the Body Shop brand; they are the brand. And the vision carries right through the customers' in-store experience. Enter a Body Shop, and you are greeted by a clerk who not only wears a Body Shop T-shirt bearing a social message but also believes in the company's causes, values, and products. Displayed among the store's goods and tester samples are posters and colorful handouts (printed on recycled paper) that provide information about the products, about social causes the company supports, and about how customers can get involved in rallies, social-cause advocacy groups, and the like.

Compare the Body Shop's brand identity with those of its competitors. Most skin care and cosmetic lines are indistinguishable, focusing on similar product attributes and health-and-beauty promises. And their customers are not involved with even their favorite brands—except to make a transaction or to receive a broadcast-style advertising message. Clearly, the Body Shop has transformed the skin care and cosmetics experience into something more than it has ever been.

Now consider Häagen-Dazs. Grand Met launched Häagen-Dazs in Europe in 1989 despite an economic recession, a tired, stagnant category, and established competitors. Unilever, Nestlé, Mars, and a great number of small but strong local ice-cream manufacturers—such as Schöller in Germany, Mövenpick in Switzerland, and Sagit in Italy—advertised extensively, had high levels of name recognition, and controlled the limited freezer space in European supermarkets. In countries such as the United Kingdom, strong private labels held more than 40% of the take-home market.

What's more, Häagen-Dazs was launched at a price 30% to 40% higher than its closest competitors and many times higher than the lower-priced products. How did it succeed? In part by being clear on what the brand stands for. The Häagen-Dazs brand means premium ice cream: thicker, creamier, and pricier than any other ice cream on the market; a sensual, self-indulgent, pleasurable treat targeted at sophisticated, affluent adult consumers.

The conventional way to introduce a new product such as Häagen-Dazs is to lead with a major advertising effort. But Grand Met chose a different route. To introduce the brand in Europe, it first opened several posh ice-cream parlors in prominent, affluent locations with heavy foot traffic. The cafélike stores, deliberately designed to contrast with the more traditional, sterile ice-cream parlors common in the United States, made a statement about Häagen-Dazs. The company also obtained placement for the ice cream in quality hotels and restaurants but stipulated that the Häagen-Dazs name be featured prominently on menus.

Häagen-Dazs pursued additional approaches to fuel word-of-mouth communications: branded freezers in food retail stores; sponsorship of cultural events; and a relatively low-budget, steamy print-media campaign with the theme The Ultimate Experience in Personal Pleasure. Linking the brand to arts sponsorship was a particularly savvy move. At one event, the Opera Factory's production of *Don Giovanni* in London, the ice cream was even incorporated into the show. When the

Don called for sorbet, he received a container of Häagen-Dazs. The result? A windfall of free publicity, begun and spread among target consumers.

The company's coordinated brand-building efforts were overwhelmingly successful. Häagen-Dazs brand awareness in the United Kingdom, for example, reached more than 50% within a few months. European sales of the product went from $10 million in 1990 to $130 million in 1994. Today the brand commands one-third of the market for top-of-the-line ice cream even though it continues to charge a hefty premium over copycat brands.

Whenever a clear and strong brand identity is lacking, a brand is like a ship without a rudder.

But when a clear and strong brand identity is lacking, a brand is like a ship without a rudder. Consider Farggi. In 1993, a Spanish company called Lacrem launched Farggi as a premium ice cream in Spain—one year after the arrival of Häagen-Dazs. The Farggi name was chosen because it sounded Italian and hence would evoke images of quality ice cream among Europeans. It also drew on the reputation of the successful Farggi line of pastry outlets. The problem was that the name had too many associations and messages. It had already been used for a standard-quality ice cream sold to food service establishments.

The Farggi strategy, confusing at best, had too many elements: competing directly with Häagen-Dazs, exploiting ties to Spain, having an Italian-sounding brand, and cashing in on the popularity of American-style ice cream. (The brand was positioned as being based on an authentic American recipe featuring the best-quality ingredients from Spain.)

Confusing messages were sent by Farggi's method of distribution as well. It said "premium" by offering the ice cream in 500-milliliter cups for two people (originally pioneered by Häagen-Dazs in Europe) through Farggi-owned or franchised ice-cream parlors reminiscent of nearby Häagen-Dazs stores. At the same time, it said "cut-price" by distributing Farggi through hypermarket stores in low-rent neighborhoods and through concessions at regional soccer stadiums.

In short, the brand was everything and nothing. And we believe that, ultimately, its muddled identity confused consumers and put them off. Not surprisingly, today Farggi is trailing Häagen-Dazs in Spain by a significant margin in both sales and market share.

Identity-Building Brand Exposure Creates Visibility

The role of visibility in creating brand equity is often underestimated. Simple recognition can affect perceptions: people tend to like known brands even if they have never used them. Brand visibility can signal leadership, success, quality, substance, and even excitement and energy—all before the product comes into play. However, strong brands find ways to achieve visibility by building and supporting the brand identity. Each of the companies we studied understood the importance of creating visibility while enhancing identity.

Hugo Boss, a fine clothier, created its image of exclusivity and high quality in large part through effective use of sponsorship. In the early 1970s, Hugo Boss sponsored Porsche in Formula One races to capitalize on Porsche's