

The fine line

Brand differentiation and brand loyalty



DON E. SCHULTZ

professor emeritus-in-service of integrated marketing communications at The Medill School, Northwestern University, is also president of the Agora Inc. consulting firm in Evanston, Ill. He may be reached at dschultz@northwestern.edu.

Branding, under any circumstance, is a tough job for the brand manager and the marketing organization. On the one hand, the overall marketplace is all about continuously seeking and finding equilibrium: enough supply to meet demand, but not too much to create a glut; optimal distribution in the right markets to fill customer needs at the right time; pricing that provides value for the user, but some level of profit for the seller. In short, market forces are continuously trying to even out and level the system.

On the other hand, branding and marketing are all about destabilizing the market: Creating differential advantages for the producing or supplying organization by making the product or service different from competitors. In other words, the brand manager and the marketer are always trying to create some marketplace disturbance that will offset the naturally occurring marketplace equilibrium—to the advantage of the marketer and the disadvantage of the competitor.

Brand managers and marketers have developed a multitude of marketing concepts over the years to try to create this market destabilization.

The challenge, of course, comes when a brand and branding are used to create some type of marketplace disequilibrium. Then, when the brand manager shifts the focus from short-term market destabilizing activities

such as price promotions, discounts, rebates and the like—none of which create much long-term marketplace value—to a heavy emphasis on brands and branding as ways of differentiating their products and services, serious issues arise. In too many instances, these issues aren't well recognized or adequately dealt with by the brand manager.

So, the brand manager truly lives on a knife's edge. Initially, the goal is to create some type of market destabilization through brand development and/or brand promotional elements. Separate the brand from competing brands by creating some type of consumer brand preference.

But once that brand preference is created, the brand manager's challenge quickly shifts to some type of market stabilization approach among those converted brand users. The goal? Brand loyalty for that is the ultimate form of market stability, where both the buyer and the seller are satisfied with the status quo and a steady state of equilibrium results.

This almost immediate shift from marketplace destabilization through various types of brand differentiation activities to market stabilization through the creation of ongoing brand loyalty is what creates so much difficulty for brand managers today.

It's truly a fine line between stability and chaos—one that successful brand managers master, but others don't. Be

too different and you move the brand to the outer fringes of the marketplace, into the well-known niche areas that are often hard to escape. Be too undifferentiated and you become a commodity, where price is the only differentiating factor, profits are hard to find and brands are hard to support.

Trying to walk this fine line between brand differentiation and brand loyalty is where brand managers are in jeopardy. Break through with brand differentiation, then stabilize customer brand loyalty quickly and effectively using a different set of tools. Drift across the line on either side and trouble quickly develops.

Following are some examples that illustrate these two key issues.

Burger King, over the last few years, has tried myriad promotional and brand initiatives—without ever seeming to find the right mix. The swinging door of brand management at Burger King has tried everything from the product-differentiating “flame broiling” claim to a scary-looking, nonverbal king character who pops up seemingly without reason, to dancing and talking chickens—and many, many others in between. Over the years, it seems the Burger King brand managers have become masters of short-term, market destabilization as testified to by the number of creative awards won. Highly acclaimed, short-term, attention-getting activities that even lead to some short-term sales boosts. But, when it comes to quickly transferring those market destabilizing activities into brand loyalty, everything seems to come apart. So what’s the Burger King brand manager’s apparent solution? More market destabilizing gizmos and gimmicks. In other words, brand

managers at Burger King simply can’t walk the fine line of moving from using the brand to destabilize the market to creating continuing ongoing customer brand value. McDonalds does it; Burger King hasn’t.

Alternatively, look at Levi’s. The darling of the 1970s and 1980s denim-revolution got lost in the shuffle, when designer jeans destabilized the market. They made jeans an up-market fashion item. The logo on the back pocket became the critical consumer decision factor. Levi’s, with its 1849 gold rush heritage, has tried to fight back, although not very successfully, over the past couple of decades. Being unable or unwilling to create short-term

destabilizing the automobile marketplace by focusing on quality some years ago—something Detroit either ignored or couldn’t develop. Toyota quickly converted that brand differentiation into brand loyalty.

But all that customer brand loyalty, which was built up over the years, is now under threat. Toyota managers failed to understand the fine line of building a brand on product quality, and then supporting that quality brand position at all costs. Lose your brand quality, which is what seems to have happened to Toyota, and the marketplace will quickly seek equilibrium with buyers shifting to other nameplates.

Trying to walk this fine line between brand differentiation and brand loyalty is where brand managers are in jeopardy.

market destabilizing activities, Levi’s has gone all out with attempts at brand differentiation. The most recent attempt was to relate Levi’s to the poet Walt Whitman—a relationship that seems a stretch too far for even the most jaded Lycra-infused jeans buyers. Walt Whitman just doesn’t seem to have the destabilizing power the brand really needs to differentiate Levi’s from the host of now “authentic” jeans—a position Levi’s abandoned several years ago.

The fine line between market destabilization and brand loyalty is one Levi’s brand managers simply haven’t mastered.

Today, Toyota is caught on the wrong side of that fine line. The organization did a fabulous job of

What will happen to the Toyota brand? No one really knows, but, it is clear that brand differentiation based on product quality is a slippery slope. That’s particularly true when managers begin to focus more on gaining or holding market share (i.e., market destabilization), than on maintaining customer loyalty.

Branding is a tough job; it’s tougher than most brand managers really seem to realize. And it’s certainly tougher than the platform presentations you see at conferences and seminars around the world. The line between destabilizing the market and building brand loyalty is a very thin one. Maybe that’s why even great brands are at risk when the brand managers cross or can’t cross the line. **MM**