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Who?.com: The Race to Build Internet Brands

By Richard Wilke, June 14, 2000

In the good old days, brand building followed a rigorous process in which companies spent considerable time and resources making research-based decisions about their brands. Prospective audiences were carefully analyzed and prioritized, positioning statements, image attributes and key message themes were meticulously crafted to differentiate the brand from the competition and influence behavior. Identity strategies—names, name systems, logotypes, marketing

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communications, etc were given ample time for creative ideation, exploration, refinement and even testing. Communications strategies considered the broad range of ways to reach target audiences and selected those, which could best influence the desired behavior, within the available budget.

Even more incredible, this work was done within the context of an equally rigorous business strategy, which had been developed first. Being able to deliver on the brand promise was one of the most important criteria. In the traditional model, a number of consulting firms/agencies specializing in specific areas were brought in to provide assistance in this endeavor.

What's different about the Internet?

The Internet world has turned classic branding upside down. Today, because there is a desperate race in every industry to be the first or second company to launch a successful e-business, time has become the scarcest commodity. As a result, companies are shortcutting traditional development processes (including brands), and taking on more risks in order to launch quickly.

To add to the challenge, business strategies and brands are no longer being created sequentially. Instead, they are being created simultaneously, and as result many names are being launched with very little brand strategy behind them. Often, only two to four weeks are allotted for identity development. This time crunch has also caused companies to take another leap of faith and, rather than utilizing a range of experts, they are relying on just one or two external consultants who claim to excel in everything from business design to brand strategy to infrastructure creation.

In the near term the need to move at warp speed is not going to go away. However, companies must recognize that a name does not equal a brand. The challenge is to retrofit yesterday's brand creation process to today's time frame.

How did things get this way?

In the beginning of the Internet era, way back in the final decade of the 20th century, the primary goal was to get on the Net. For a young company the establishment of a Web site was a key step in achieving recognition on Wall Street, leading to the not unreasonable goal of a widely successful IPO. Many believed that "if you build it they will come." The objective was to increase site visits, known colloquially as "hits." Very few companies thought about

selling products or even making money.

They recognized that there was room for only a handful of Internet companies per business category, and the race was on to create the business, develop the site, launch the company and generate awareness. The new brand building strategy called for pouring all your money into advertising and gaining quick recognition. Despite the millions of dollars spent on Super Bowl commercials, full page Wall Street Journal ads, etc. most of us still don't know who these companies are, what they do or what they stand for. The sheer volume of similar ads makes it almost impossible for one organization to stand out.

Another factor that tended to diminish Internet brands was that Web site design became the property of the Web builder or "Web master" within the company, and in many cases brand managers were not asked to offer input in the development of the site. As a result, many Web sites lacked any significant brand appeal. The rules are being rewritten in the second stage of the Internet evolution; consequently many 'surefire' Internet businesses have disappeared. More importantly, the companies that were originally feared the least — the "incumbents" — have emerged as the toughest competition, because of their ability to leverage their well recognized brands.

The second stage of the Internet (brand) evolution

Now we are well into the second stage of the Internet evolution, the shakeout stage. Today, sales volume and, ultimately, profitability are what Wall Street is rewarding. As the goals have changed, so has the importance of brands. Some "pure-play" Internet companies such as Amazon.com are leading the way in their industries. A few others are holding their own. But to an increasing extent, the field is being taken over by incumbents, long-established organizations with off-net pedigrees.

Research shows that many customers prefer to continue to patronize companies whose brands they know and trust æ those they've been doing business with for years in the real, non-virtual world. During the first stage of Internet evolution, there was a pervasive belief that the pure-play companies, having stolen a march on the incumbents, would also steal their business. But that isn't happening. Now, it appears that the incumbents have the brightest future, because their brands have proven to be sustainable.

While, from a brand building perspective, the timelines have not slowed down, this realization has set up a clear line in the sand between what is required by incumbents moving to the Internet vs. pure plays who were born there.

What this means for pure-plays

Today, Internet pure-plays are not only competing with the clock, they are competing with established brands that

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have relationships with their customers. These pure-play companies, whether they are one-year old or about to launch, are faced with the daunting challenge of building relationships with their target audiences. Recognizing that the new measuring stick is sales, not "hits," companies can no longer bet the farm on a Super Bowl ad to save the day. A careful assessment of brand strategy and allocation of communications spending against specific objectives is required.

Recognizing that a name does not equal a brand, these companies must return to the fundamentals of brand building that made their 'new' competitors so successful. Audiences need to be understood and prioritized, positioning strategies need to be created, image

attributes and brand personalities need to be established and communication media need to be precisely aligned to meet realistic goals. Web sites need to be designed to reflect the desired brand image and ensure a positive user experience—one that results in a transaction.

Internet pure-plays must also look for ways to build off-line relationships with their audiences—clicks and mortar, direct mail, sponsorships, co-branding with off-line brands, etc. to supplement the limited relationship building opportunities that the Web provides. It is by no means too late to turn a clever name into a brand. Perhaps most important, all Internet businesses must be able to deliver on the promise.

What this means for the incumbents

While strong brands have proven to be an asset in Internet-land, well-established companies/brands face numerous challenges as they enter the game. The Web provides a virtually instantaneous and comprehensive view inside a company. For the large, diversified company, this has created a new need to create a cohesive presentation and experience across all parts of their business on the Web. Incumbents must look for ways to build powerful e-brands by leveraging existing customer experience drivers, whether they be retail sites, marketing communications, etc. Importantly, on-line and off-line communications and experience must be aligned so that they reinforce one another. Incumbents must also evaluate the inherent risks associated with the early stages of e-commerce and determine the possible impact on their existing brands.

For many, the concern of not being able to execute an e-business with a high level of confidence, combined with concerns around channel conflicts, has led to the consideration of a range of brand strategies including...

- using the same name (Disney.com);
- using a related name (K-Mart's BlueLight.com);
- creating an entirely new name (WINGSPAN Bank.com, from BancOne);
- co-brand with a partner (AAdvantage/AOL);
- create a Consortium/Portal brand (Brandwise.com, Whirlpool JV with Hearst and BCG).

Obviously there are advantages and disadvantages to each direction, the final decision making criteria often include:

- Who is the target audience?
- How developed is the e-business and supportive infrastructure?
- How risky is the business?
- What is the brand image and "elasticity" of the off-line brand?
- What is the budget to support new brands?
- Is the e-strategy experimental or long term?
- Are there strong partner brands available for use?
- What is the competition doing?
- Is the desired image and experience of the e-business aligned with the off-line brand?

No brand strategy will provide all the answers. Understanding the strengths and weaknesses and, importantly, the implications of the alternatives will increase the likelihood of selecting the best strategy and implementing it successfully.

B2C vs. B2B

While most of the initial excitement for the Internet was focused on Business to Consumer opportunities, it has now become commonly recognized that the greatest opportunities exist in Business to Business commerce. While the circumstances are different, whether it's B2C or B2B a clear, strong brand identity is essential. The complexity and cost of building a recognized consumer brand is significant. Therefore, the brand strategy had better be on target. In the B2B world audiences are much smaller and more focused. However, competition is fierce, and the implications of winning or losing a single customer can be

significant. As time goes on e-commerce customers will increasingly want to do business with companies whom they recognize, understand and respect. So, while the budget required to establish the B2B brand is much lower, the need to be uniquely positioned, branded and "experienced" is just as important for B2B businesses.

Webmasters make way for brandmasters

In the beginning, "techies" ruled the Web, which was only fair since they were the ones who built it. Sites were established and run by Webmasters, people who really understand the digital universe. And those experts are still vitally needed. No Web-based company can succeed if it doesn't understand how to make the best use of the latest technology.

But electronic wizardry is no longer sufficient. Now, in this more sophisticated second stage of Internet evolution, knowledge of marketing in general and branding in particular is at least equally vital. In the old days (a year or two ago) companies tended to think of their Web sites as separate entities. Now, they recognize that their Internet operations need to be totally integrated with all other components of their companies.

Technology must be coupled with design, site architecture and interface to create an experience aligned with the brand. In response to this recognition, many dot-coms have hired very senior, very experienced brand managers from leading Fortune 500 companies to help them develop and implement comprehensive brand strategies. While the first stage of the Internet was about technology, the second stage will be about brand building, marketing and selling.

Looking ahead

There are no signs that the rush to establish successful Internet businesses (both B2B and B2C) will slow down. Therefore, the rush to create Internet brands will continue as well. Some comfort can be gained by identifying what has and has not worked in the limited past and learning from the mistakes of others. For successful brands (ones that exist today and the new ones) the future is likely to include revisiting elements of the good old days...knowing your customer, developing balanced brand strategies and aligning communication and experience in innovative ways.

However, time will not stand still for brand building, and companies will need to become more proficient at parallel tracking, business design, brand building, Web site design and infrastructure development. Some of the traditional approaches to brand building can be condensed and re-sequenced to better accommodate aggressive schedules. Companies will also learn to address branding issues at the very beginning rather than three weeks before launch. Money spent on page after page of print advertising will be reallocated to more diverse and effective 'experiential' methods of connecting with and influencing audiences. Web design efforts will continue to move from electronic reproductions of the company brochure to streaming video, enhanced audio, motion graphics and other exciting possibilities that the Internet provides.

As the technology and its acceptance evolve, digital business designs will become more assured and effective. The Internet is not an endless opportunity. Eventually the marketplace will allow only a certain (small) number of companies per business category to survive. There is no doubt that many of them will prove to be the most heralded brands of the digital economy.