Louder Than Words

By Stephen Lampert

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Imagine you're the chief marketing officer of a *Fortune* 500 company. A report lands on your desk—your brand has been valued at $68 billion. How does that number help you run your business? What does it tell you about your day-to-day successes and failures? Unfortunately, unless you're trying to sell your brand, it doesn't tell you all that much.

Today's successful brands are global, multichannel, and adaptive. They are built to react quickly and move nimbly, so annual financial brand rankings aren't incredibly helpful when it comes to day-to-day operations. Marketing chiefs need a more immediate gauge of brand performance—and it's sitting on their income statement.

For some time now, the definition of a brand has been shifting. In the world of branding, consistency has long been considered king, but today the experience a brand delivers is more important. Think of it this way: Branding professionals spend a lot of time thinking about how a brand looks, what a brand says, and what a brand does. Until the end of the 20th century, most attention was paid to looking and saying; hence companies made huge investments in logos, designs, brand stories, messaging guides, and names—all things that could be owned.

Times have changed. Today, a brand's actions create most of its value. Agile brands build great experiences through a series of actions that deliver a brand promise across platforms, geographies, and audiences.

To strip it down to nuts and bolts, how do consumers reward brands for extraordinary experiences? They buy the product. If we employ this line of thinking, then a company's sales are its greatest and most immediate indicator of brand value.

To illustrate, consider the yoga apparel giant Lululemon Athletica. Known for $100 stretchy pants, Lululemon has an almost cult-like following. Despite recent fallouts over see-through pants, controversial remarks by its founder, and the threat of competitors, such as Lorna Jane and Under Armour, Lulu continues to perform well and deliver positive returns for its shareholders. But ask anyone who knows the Lulu brand, and she'll be the first to tell you that it's not about Lulu's clothes, logo, website, or brand manifesto. Nope, Lulu is about the *experience*—the culture, community, and people.

It's the Lululemon employees in the stores who create that experience. They bring the brand to life. They drive preference, loyalty, and repeat sales of black, stretchy pants. However, no matter how much a company invests in training programs and manuals, there's no way to control every little thing employees do. So, instead, Lulu has ceded a degree of control over its brand to its people.

For example, store managers pick their own music, run their own events, design their own layouts and displays, and manage their own social-media accounts. Instead of reining in the brand in a traditional 'command-and-control' style, Lulu has accepted that it will never completely control its own brand.

This employee-driven approach to delivering stellar experiences is increasing preference and sales among Lulu's target audience—women like my wife. She's been in yoga pants for most of her adult life, and when it comes to different brands of black stretchy pants, she's the undisputed authority.

She readily admits that Lululemon is pricey, but still, it's her favorite brand. She loves the stores, the community events, and, most of all, the people. And that keeps her filling up our closets with dozens of seemingly identical pairs of black pants.

Agile Branding Means Action

The importance of experience, of 'doing' over looking and saying, has changed branding in two ways:

1. *Sales and product development teams partner with marketing and communications teams.* While marketing and communications professionals lead

Measures of brand strength are best based on sales results.

branding initiatives, those who are directly responsible for creating and selling the company's product or service can offer valuable insights and should be closely involved.

2. *Project deliverables are focused on doing, not looking or saying.* How should employees interact with customers? What kind of products or events should a company produce? Questions like these used to be add-ons, stemming from previous verbal branding work or opportunity mapping sessions. Now, services like customer and employee experience design, sales and customer-service training, and product innovation are at the core of a branding project, because they have the greatest potential to affect purchase decisions and business outcomes.

As Lululemon demonstrates, internal engagement is a prerequisite for any company with serious ambitions about driving sales through brand experience. Make no mistake, this isn't about controlling employees' actions. Instead, it is about finding ways to make the brand live, about challenging staff to think about products, services, and processes with the brand's purpose and customers in mind.

The customer-journey framework has immense practical value for managing and influencing customer perceptions of a brand's experience. It allows for both a helicopter and an on-the-ground view of all touchpoints in the brand experience. It allows us to identify opportunities to craft the signature moments that drive sales.

A company can drill deeper into any stage of the journey to better understand customer needs and assess how the brand — or its competition — is responding to them. Most important, understanding and enhancing the customer experience through journey mapping informs key strategic decisions about where to amplify the experience, making a real difference to the brand and its sales performance.

BMW showed it understood a brand's link to sales when it reinvented its retail experience in 2014. Sixteen BMW teams, including the sales department, collaborated to shift BMW away from sequential sales and toward relationship building. Far beyond traditional branding deliverables, the project included reorganizing staff roles and remuneration and developing both soft and hard performance metrics.

The result? Nine new sales formats that represent the future of car buying — and the future of branding. Forward-thinking businesses such as BMW look at branding as an integral part of operations, not just a segment of marketing and communications.

Tracking the Income Statement

If a brand's success with consumers is increasingly about the experience — something that is constantly shifting — a static, once-a-year metric isn't extremely helpful. Sure, it can help in the event of a merger or acquisition, but it isn't very illuminating when determining which strategies are succeeding and where investments need to be made.

As I thought about tracking brand value, one word kept coming up: *sales*. With the line between branding and sales becoming thinner than ever, sales numbers on the income statement more effectively gauge a brand's real-time value than intangible assets or goodwill on the balance sheet.

It seems simple — and it is. Think of sales (or the equivalent, be it applications for schools or visitors to tourist attractions) as reciprocity for a superior brand experience. Pottery Barn: Your retail space was welcoming, your staff was helpful, and you let me bring my dog into the store. I chose to buy your down comforter at a premium, on the spot, rather than shop around. Bowdoin College, your campus was beautiful, your courses piqued my interests, and your student tour guide was genuine and thoughtful. I chose to apply early decision, even though my parents and coaches think I could've gotten into Dartmouth.

The beauty of using sales figures as the day-to-day brand metric is that they provide a constant feedback loop. While many financial brand valuations are pulled yearly or quarterly, you are pulling sales numbers all the time. In fact, thanks to advances in technology, we can track sales in real time. Sales are also responsive. If your company implements a strategy change that really misses the mark, chances are you'll see it quickly. There are several now-classic examples of brands that introduced a new identity, then promptly reverted to a former mark following a precipitous drop in sales.

Sales can also hint that a seemingly sound strategy is aging. McDonald's sales are dropping, but if one were to poll consumers, they would likely still consider it a very strong brand. Although the fast-food chain seems like an unbeatable juggernaut in many minds, small but consistent sales drops have signaled to company leaders that it needs to shift gears in both marketing and offerings to compete with healthier, higher-end fast-food restaurants such as Chipotle and Panera.

Playing Devil's Advocate

Don't get me wrong — sales aren't a perfect metric. First, discounts, couponing, seasonal changes, and acts of God can and do affect sales. No argument there. However, I'd counter that this doesn't reduce the importance of sales as a metric of brand strength because decisions about potential markdowns, holiday deals, and the like need to be informed by brand strategy.

Notice that many premium brands never offer discounts on their products. They've modeled future scenarios, and they realize that doing so would lead to a long-term loss in brand equity and a drop in sales and market share.

Second, there are categories of brands that complicate the use of sales as the be-all and end-all of brand performance: niche brands with infrequent sales and brands with long sales cycles. For example, B2B brands that produce massive machinery may need only a few transactions a year to meet financial goals. In 2011, Daewoo Shipbulding and Marine Engineering, makers of the Maersk Triple-E Class, was awarded two $2 billion contracts to construct some of the largest ships ever built. Clearly, Daewoo met its revenue targets with these contracts, so monthly sales were not the most important metric for the company. The company likely tracked margins as it built its giants.

Similarly, there is the argument that brands that sell products with long life spans — like cars — may not reap the benefits of a refreshed strategy for several years. For these naysayers, I'd point to Mini. After its strategic product placement in the 2003 thriller, *The Italian Job,* Mini sales rose 22 percent. Coincidence? I think not. This was Mini's brand team harnessing the power of 'doing' to drive sales.

Third and finally, the biggest problem with sales as a metric of brand performance is that sales reporting is a lagging indicator. Although sales are responsive, you don't know if your strategy is right or wrong until after you've implemented it. Wouldn't it be great to know if your branding initiative was working *before* you experienced a dip in sales?

Here, I am saved by the power of predictive analytics. By employing regression analysis, marketers can test the statistical correlation of a set of independent variables with the purchase of a product by a sample set of customers. This allows us to explain variations in sales and understand the degree to which each variable affects behaviors.

Ultimately, this allows us to score the likelihood of purchase and create a predictive model to apply down the road. A company can develop prototypes of possible branding initiatives, test them with a sample audience, and then use the results to create a financial model to predict future sales volume.

Naturally, a model is only as good as the assumptions built into it. Underpinning these assumptions is the idea that the future will be like the past. This is not always the case — we learned this lesson the hard way during the 2008 financial crisis. But for the most part, strong patterns of behavior emerge over time, and these tend to hold up.

A Call to Action

As branding professionals, we need to focus on the 'do.' Our predecessors lived in a world dominated by what a brand looks like and sounds like, but for us, times have changed, and we need to evolve.

Recognizing that a brand's strength is derived primarily from the experience it creates, we need to focus our measures of brand strength on agile, responsive metrics. This means evolving from our predecessors' asset-based, merger-and-acquisition-appropriate approach to brand valuation.

At the end of the day, we owe ourselves a better way to make more strategic, more informed decisions in real time. To do this, our tools of the trade, such as brand dashboards, key performance indicators, and brand scorecards should prioritize a single metric: sales. ■

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