



Getting Started: Branding & Marketing Startups





By their nature startups are young and often emulate child-like wonder. I read a recent study that showed children ask over 150 probing questions a day. This is because they are trying to figure things out. Adults ask about five or six. This is because with age, experience, and maturity we assume we know everything (or are too embarrassed to ask).

The startups I we work with ask a ton of questions which is fantastic because they are trying to figure many things out. Among those asked most frequently is why do we need to brand and market? When should we start to brand? Isn't this stuff ridiculously expensive? These are all valid queries especially when a startup is strapped for all resources including money, time, and people. This paper is about asking the right questions and approaching branding and marketing in the most efficient and effective way.



This paper has an overriding clear message. Start branding your startup today. It is never too early to begin the process. The brand will evolve as you move the business forward but it is imperative to get at it. Branding and marketing will help you connect with all constituents that will drive your success including investors, media, partners, customers and the talent you need to make it happen.

Branding and marketing are too often associated solely with customer acquisition. Having a brand story also helps woo investors, attract talent and puts you on the radar of the media and potential partners.



There two fundamental reasons why branding and marketing are critical. The first involves basic business and human behavior. Business creates competition and choice. People can select between brand “A” and “B” and all the way to “Z”. Branding and marketing exists to help companies stand out and to simplify decisions. Tom Peters succinctly pointed out, “Brands are sorting devices.” If you are going to buy a flatscreen TV then the Samsung brand says something different than a JVC.

Branding is also good business. My work at Interbrand taught me that brands represent real monetary value. One of the consultancy’s studies showed that in the auto industry 40% of the value of Ford for is attributed to its tangible assets while intangibles like patents and strength of leadership were 20% and the Ford brand contributed the remaining 40%. If you were to write a cheque for Ford approximately 40% would be for its brand. If you were to do the same for Coca-Cola you would have to cough up about \$120 billion of which \$80 billion would be for the Coke brand. Clearly it pays to brand.

Get Smart

Now lets talk about smart and effective branding and marketing for your startup. I recognize that everything is important when starting up a business and all resources are in short supply. The good news is you do not need a Coke-sized marketing budget or hordes of people to be successful but you do need to be smart and creative.

To grow and achieve all of the goals you have you need a defined identify for your business. Your brand strategy brings your business strategy to life. It begins with a very direct question, what problem are we trying to solve?



Everything you do with your brand stems from this question and its answer. Let's begin with the understanding that you have a great new idea for a business. I am sure it is an idea that will make people's lives easier, more fun, more productive. You need it to resonate, compel and convince audiences that it has merit. Thirteen years ago in the dotcom boom most thought the best way to do this was with traditional advertising and marketing.

Dotcom Lessons

Famous examples from this era include Webvan the incredibly ambitious grocery delivery business, boo.com that attempted to build the central site for branded apparel, and inktomi that blew out after the initial public offering and was absorbed by Yahoo! I recommend reading the book on Boo.com's short-lived adventure both for entertainment and some still applicable lessons in what not to do.

These companies believed in branding over substance. They invested in their look and feel. They went to Madison Avenue for help and Madison Avenue mistakenly advised them to go at branding and marketing in a very traditional way.

The most famous was Pets.com that spent tons of money getting their message out. They created an irreverent spokesdog and commissioned a series of expensive television campaigns. Pets.com was one of the 19 online startups that at the height of the dot-com bubble in January 2000 bought very expensive Super Bowl time slots.

Another was Lifeminders.com whose commercial is still heralded as the worst Super Bowl advertisement of all time. There was also Ourbeginning.com a wedding planning site and E-stamp, the only business allowed by the US Postal Service to sell stamps online. They all fizzled out.

My favorite aired in April 2000 and was done by the excellent agency Goodby Silverstein. It is funny and gets the point across but the company did not last long both because of their business model and marketing investment choices. Chipshot.com overspent on marketing and no one believed that custom golf clubs via the Internet would work (they were right).

The business strategies were flawed and the brand strategies had no hope of helping regardless of the money thrown around. Let's leave the dotcom era and talk about smart branding for startups today.

Clarity & Inspiration

Creating a clear brand that is both inspirational and aspirational is a challenge. Here are the three questions that help succinctly define a brand and guide marketing. The first is, what do you have that is unique? It is a trick question because 999 times out of 1000 originality will not exist. The majority of brands I work with find differentiation not in what they do but rather in how they do it.

The next question to ask is who needs or wants your unique thing? This too is a trick question because needs and wants are different. We are motivated differently if it is a need or if it is a want. The answers you come up with are meant to identify the motivations of your most desired customers. Why would they buy what we have? Why should they care about what we offer?

The third question is how do they like to be engaged? Answering this will tell you what communication channels are important. Instead of assuming you have to be on Twitter or print a company brochure or attend a tradeshow, your audience will instruct you on how to best get in touch with them based on where they are and how they like to interact.

If you are running a skateboard park you are not going to invest in brochures but you will be on social media. If you are an online retailer of outdoor furniture you will run an advertisement in a decorating magazine and attend home and garden shows. If you have an application that aggregates movie reviews you will be in the Apple App Store and maybe seek a partnership with Coke because they are in the theaters.

Remember that the first question gets to what you exist. The second question confirms your value and relevance by identifying people who will buy what you have. The third identifies the most effective and efficient ways of creating dialogue with those people.

The goal for all of this investment and activity is to generate word-of-mouth. Over 50 years ago Bill Bernbach of DDB advertising fame said, "Word of mouth is the most effective medium of all". That remains true today. Traditional advertising in television, print, radio, and promotions still have their place but may not apply to your businesses. Your efforts and investment may be best directed to public relations campaigns that get media attention, viral campaigns that bounce around the communities you wish to engage, and direct sales efforts that personalize what you do and have better close rates. You will not know though until you answer these three questions.

Hallmarks of Good Branding

There are clear traits that very successful brands share. Leading brands tend to be bold and self-assured but never arrogant, they are strategic and innovative in what they do and how they communicate it, and they have a clear and distinct personality. Leading brands are creative. As one of the inspirations for Don Draper on Mad Men, George Lois, said "Creativity can solve almost any problem. The creative act, the defeat of habit by originality, overcomes everything."



In the fast food category Burger King takes the throne for its creative irreverence as a direct counterpoint to McDonald's more traditional heartwarming messages. In one video they proved it is fun to be fun and that disruptive creativity in an old category can create buzz.

The Hands-Free Whopper campaign has attracted a great attention much like the stunt they pulled a few years ago when they pretended to cancel The Whopper. That created huge. Burger King wants you to remember them and they are achieving it in creative and unconventional ways.

I am currently assisting a client about to launch a new file sharing service. They are in a similar situation to Burger King which is how to stand out in a crowded market where everyone has similar value propositions and true differentiation is fleeting or elusive. I wish I could share the entire strategy but it is a tad too early.

I will tease you and say that it is premised on the very basic idea that sharing is fun and returns incredible benefits to each and everyone of us. Here is a rough mood board and language from the work to give you an idea.

"Sharing is part of human behavior. It is a building block of trust and a need within any relationship. It is at the heart of every civilization. What we share, how often we share, and who we share with defines our personalities. Sharing is never one way. The receipt of something always prompts a response. Sharing is an exchange. Sharing is the currency of life."

I believe that when this plays out the file sharing category will take note because this approach will remind customers why we share and make the process more human.

In the meantime my client's competitors will still try to differentiate on indefensible or unsustainable speed and size statistics in file and video sharing. They don't realize they are only reinforcing how much of a commodity they are and it will lead to their own doom while my client makes the service relevant and fun.



Keep in mind five key principles that businesspeople through the centuries have been forced to relearn. I can say that because I am writing a popular history of marketing and have learned a great deal from Wedgwood and Heinz and Ford not to mention Roman sandals salesmen, Greek wine merchants and ancient Japanese sign makers. These five principles turn up time and again in history so use them as a check against the completeness of your brand.

Focus

The first is focus and Bill Cosby said it best, "I don't know the key to success, but the key to failure is trying to please everybody." You will never see Bentley offering a low-price market entry vehicle – they are focused on building a premium car for the affluent. Ensure your brand is not trying to be something to everyone.

Differentiation

The next is differentiation and as the delightful Coco Chanel said, "In order to be irreplaceable one must always be different." Love or hate their beer one must always give credit to Heineken for its tireless quest to be different in the beer category. Remember differentiation is often found in how you do something not what you do. You can go to two restaurants and be served roughly the same meal but it is the server who will either make your evening pleasant and memorable.



Relevance

Charles Revson of Revlon said, "In the factory we make cosmetics; in the drugstore we sell hope." In this quote he elevates their product from a commodity to a highly treasured offer. Much like Apple does with every new category buster they put out and dominate. You can be focused and you can be different but that does not mean your brand will be relevant.

Authenticity

"Authentic brands don't emerge from marketing cubicles or advertising agencies. They emanate from everything the company does." so sayeth Howard Schultz of Starbucks. And one highly authentic brand is Levi's. Their simple, durable yet fashionable products speak the truth. Customers want honesty and responsiveness from a brand. That is true authenticity.

Connection

The fifth principle is connection. Marketing and management guru, Peter F. Drucker says, "The aim of marketing is to know and understand the customer so well the product or service fits him and sells itself." Lululemon has experienced some significant recent woes. Executives were forced to step down. The stock has taken a hit. Still they know their customers. They have an intimate and loyal relationship.

But it was their handling of the overly sheer pants that was a huge branding mistake. They responded to this production issue like they were a pharmaceutical company that had put out a tainted pill rather than a relaxed lifestyle brand. I suggested they discount the pants by 17% which was the equivalent in extra sheerness. I assure you they would have sold out and Lululemon's personality would have been more authentic. Still I expect them to rebound largely because of the connection they have with their customers.

Do This Tomorrow

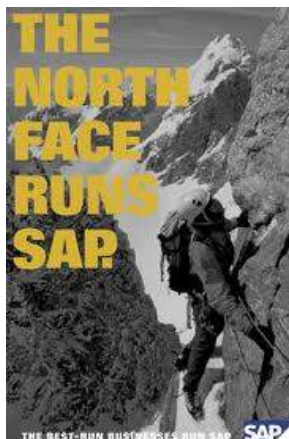
The five principles from marketing history will help guide your brand strategy. They are high-level tools when building your brand over the long-term. I wanted also to share some tactics that you can immediately put in place.

Mind Your Language

Mind what you say and how you say it. We are all trying to create a dialogue with our audiences so old school broadcast methods do not work. When you attempt to dialogue make sure you are talking in the customer's language. Don Draper said on Mad Men to a copywriter whose work was not selling product, "Stop writing for other writers." In other words, put it in your customer's language.

Use Testimonials

Every business wants to create buzz and word-of-mouth. Testimonials from real customers are still highly credible if they are authentic. This campaign from SAP is a good example. It rings of instant credibility and is arguably co-branding between the client companies and SAP. You know it works when it is parodied. Imitation may be the sincerest form of flattery but I say, parody is envy of the original idea.



Under Promise

The next tip is to make no false promises. We sometimes are so excited about building our business that we lose sight of what we can practically deliver. So keep it real by under promising and over delivering. That will delight customers and build your brand faster and more efficiently than any other approach.

Use Video

The last tip is to use video. It is effective, relatively cheap, and it can be distributed easily. There is an article in *Harvard Business Review* called *How to Profit from Lean Advertising*. It covers the impact of creating online videos versus traditional TV spots. Viewers actively choose to watch them and are more attentive to the message. They are shared amongst peers more frequently. The startup Mailbox produced a darling video explaining their offer without a single word of dialogue and were bought by Dropbox for \$100 million without having any revenue.

Wrapping Up

It is never too early to start branding and marketing. It will help you connect with all constituents that drive your success including investors, media, partners, customers and the talent you need to make it all happen. For those of you starting out, starting up, restarting, or starting over building a business and brand is tough stuff but incredibly rewarding in every sense of the word.

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