

ZANTHUS



# Microreport

Digital Branding Done Right

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In recent years, the term ‘branding’ has become synonymous with marketing. Many dot-coms, adopting this mistaken notion, have devoted excessive sums to advertising and promotions. Last year, Drugstore.com spent 176% of its annual revenues on marketing—nearly nine times what the average traditional drugstore spends. Perhaps even more egregiously, Epidemic Marketing, an online marketing company, spent more than 25% of its entire first round of financing on a single 30-second TV spot during this year’s Super Bowl. In June, the cash-strapped dotcom closed down after doing business for less than a year. Genuine branding, however, is a business strategy, not solely or even primarily a marketing strategy.

For example, consider the recent demise of one of the most aggressively marketed e-tailers, Pets.com. By all accounts, the company developed a winning ad campaign. The company’s sock puppet mascot achieved a level of notoriety usually reserved for indie film stars. The mascot scored appearances on morning talk shows and inspired The Late Show with Conan O’Brien’s mean-spirited doppelganger, Triumph, the Insult Dog. Likenesses of the indefatigable puppet were among Pets.com’s biggest sellers. And what’s more, the effort paid off in site visits. Web Metrix rated Pets.com the most popular site in its category for three months running before its doors were shuttered.

Problem was, the company lacked a sound business model. Pets.com went public in February at US\$10 a share and then promptly declined over 70% in successive months due to a foundering e-tailing market and more importantly, poor earnings. In its last quarter,

Pets.com racked up a net loss of US\$21.7 million on sales of just US\$9.4 million compared to a net loss of US\$15.9 million a year ago. How could the company lose more cash with more customers? Because the business model didn’t make sense, much less scale. The company lost money on every sale, mainly by offering a flat shipping fee of US\$4.95 regardless of whether the product was a six-ounce chew toy or a 37 lb. bag of Kibbles. The success of the company’s ad campaign was really a curse in disguise. By increasing site traffic, the campaign only hastened the company’s failure.

Building a strong digital brand starts with a solid business model. In the New Economy, real branding means action. To coin a Gumpism: digital is as digital does. The most notable distinguishing features of a digital brand concern action. In contrast to a brick-and-mortar brand, a digital brand offers buyers access to world markets 24x7, a way to connect directly to sellers,

bypassing intermediaries, the opportunity to comparison shop with ease and the chance to receive personalized service. All of these features deal with what buyers can do online that they can't do elsewhere (or, at least, not as conveniently).

That said, the ideal digital brand has two distinct characteristics: low complexity and high depth. These concepts are borrowed from computer programming. Low complexity means the brand communicates a clear message. In this context, the term 'message' refers not only to advertising copy, but also to messages about the brand communicated by the company's business model, the products/services it offers and its level of customer service, among other things.

The most effective low complexity messages are both brief and self-reinforcing. Take the most well-known e-tailer, Amazon.com. To be sure, the company has come in for criticism for moving swiftly into product lines as diverse as toys and housewares. While this criticism may have hurt the firm's current stock value, it hasn't hurt its long-term prospects. Why? Because the company's business model is fundamentally sound. The company has leveraged the unlimited shelf space and comparative cost-effectiveness of the Web, acquired a reputation for fast and efficient service with its 1-click ordering process and deployed an ad campaign that consistently highlights these advantages. The company's logo was redesigned earlier this year to emphasize the notion it provides everything from 'A' to 'Z.' This, in conjunction with the firm's complementary slogan, 'Earth's biggest selection,' makes for a clear promise to customers: 'We've got your stuff.'

High depth means the brand has several levels of association—it's rich in meaning. In other words, the message may be short, but it conjures up so many ideas and emotions, it takes a while to process.

This attribute dictates a message hierarchy not unlike Maslow's hierarchy of human needs. Basic company information should receive top priority. Although the final goal of branding is to generate a compelling emotional response, you have to first establish what the company does. No understanding, no emotional resonance. The first step towards a brand with high depth begins with the basics. This advice sounds embarrassingly commonsensical. Until you examine a few Web sites or print ads.

To wit, this no-foolin' description of the translation firm, elingo, snatched from its Web site: "elingo is the leading internet translation infrastructure company and provider of online machine translation solutions to major e-businesses around the world. elingo develops and hosts a platform of best-of-breed, private-label, real-

time language translation solutions." Huh? Unfortunately, the company doesn't offer any real-time jargon-to-English solutions.

By no means are travesties of this kind restricted to the Web. A quick review of a few high-tech business magazines uncovered the following vague and largely interchangeable taglines:

"E-business development & infrastructure." [*Internosis*]

"Keeps e-business in business." [*Digex*]

"E-business defined." [*Entice!*]

"The e-business solution." [*Pandesic*]

"How business becomes e-business." [*BEA*]

"Are you ready to do e-Business?" [*SilverStream*]

Granted, taglines, as abbreviated descriptors, are inherently limited in scope. They can't be expected to tell the whole story; however, they should, at the very least, serve as unique identifiers. There are dozens of ways to interpret the term 'ebusiness' (no matter the spelling), making it virtually useless as a distinctive descriptor.

If we're really lucky, the use of ambiguous jargon in print ads has reached its zenith with the latest Williams Communications campaign. The campaign features Cubist-style renderings of businesspeople accompanied by copy littered with so many New Economy neologisms as to be almost unreadable. Semantic landmines like "e-rupts," "e-verything," "mult-e-media" and "e-everyone" stop you dead in your tracks. Just how, exactly, is "e-rupts" supposed to be pronounced? Is it a pun? If so, puns should work both ways—in the context of the actual and referenced words. Regardless, the main message is lost amid these dizzying terms.

The second priority in this message hierarchy is communicating the benefits of the company's products/services. Agiliti, an application service provider for small- to mid-sized businesses, makes a good case for itself on the Web. The company's homepage sports a brief, eminently readable description of its offering right from the top. The upper-left corner of the page features an animated presentation of Agiliti's key benefits, among them, allowing customers to focus on their core competencies, speeding time to market and making IT expenses predictable. For more detail, there's a section called 'The Agiliti Value' that backs up these claims.

Throughout, product descriptions consistently link features to benefits. This is how the company positions its Siebel product line: "Siebel Front Office provides businesses with powerful solutions to automate all aspects of their enterprise. These Customer Relationship Management (CRM) solutions help increase customer satisfaction, shorten sales cycles, increase efficiencies in working with customers, and increase revenue." No technical spiel, no

fancy diagrams, just the benefits, ma'am.

The capstone of a high-depth brand is emotional engagement. Emotional engagement at this level means a perfect alignment between the core values and personality of the brand and those of its target customers. When this third and last priority in the message hierarchy is finally achieved, your target customers know how to answer the question: What does the brand say about me?

Nike is among the penultimate brands in this regard. Many customers have adopted the company's 'Just Do It' slogan as a personal mantra. This simple phrase, with the indefinite pronoun 'it,' conjures up a number of compelling emotions: freedom, determination, triumph. As the slogan showed signs of wear in the mid-90s, the company successfully turned its signature swoosh into a resonant icon. The swoosh alone connotes the *carpe diem* philosophy represented by the slogan, and at the same time, as an abstract

for another article.

Low complexity and high depth work in concert. The trick is to maintain low complexity, while creating enough levels of association to trigger a fundamental emotional response. This trick is accomplished by developing a resonant brand story. By brand story, I mean an overarching narrative that dramatizes the brand promise. Saturn's ten-year-old promise to be 'A Different Kind of Car Company' is wrapped up in the personal stories of proud company employees and customers alike. Early on, the company launched an effective testimonial campaign. Although it sounds paradoxical on the surface, the campaign served to associate Saturn with the comforting thought that we are all individuals, together. There was an undeniably familial warmth to the campaign—an essential quality that hasn't been lost over the years. Saturn's most recent print ads feature perfect mid-American types—people clearly comfortable with them-

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logomark, suggests that this philosophy is almost a secret code only the initiated, the elite, implicitly understand. Now, the qualities of the logomark are so well-established, Nike's most recent ads feature diminished versions of it. The secret code has assumed an even more subtle form.

Importantly, the risk-taking implicit in Nike's slogan and swoosh isn't restricted to its advertising and promotions. The company has backed up its philosophy with adventurous products: the ACG (all conditions gear) line of extreme sportswear, innovative shoe designs (Nike Shox anyone?) and a line of sports-tech products such as two-way radios and speed & distance monitors.

Developing a brand that truly resonates with target customers requires consistent messaging over a substantial period. As many dotcoms have learned too late, there's no hyperspace-like shortcut to brand greatness. That's partly why no digital brand has achieved the emotional power of Nike—simply not enough time has passed. There are other reasons as well, most notably, the inherent coldness of the Internet, but that's a topic

selves—paired with the line 'We are who we are.' The notion here, of course, is that Saturn's story is our story. We all want to be recognized as unique individuals, accepted for the very things that make us unique.

So, what does all this mean in practice? First, consider the whole brand, from business model through product/service development and advertising & promotions. As a digital brand, for instance, how your company's Web site performs will either support or refute your brand's promise. And second, prioritize your company's messaging, starting with what the company does, then moving to key benefits and brand attachment. The latter can consist of 'layered' emotional content throughout your advertising, at first, generated subtly through an appropriate look and feel and unobtrusive copy, among other things.

The ultimate reward for creating a low complexity, high depth brand is a loyal customer base. A recent study, sponsored in part by the University of Michigan Business School, shows that consumers tend to be more satisfied with their shopping experience at top-tier

e-tailers like Amazon.com than at brick-and-mortar giants like Wal-Mart. In this study, Amazon.com scored an 84 on a scale from '0' to '100,' a high level of customer satisfaction for any category, let alone retailing, compared to a 78 for Wal-Mart. From the beginning, Amazon.com has made a concerted effort to be customer-friendly. Bezos and co. have tried valiantly to create the ambience of a regular bookstore and, through a shrewd use of technology, to identify the wants and needs of cus-

tomers before they ask. By taking advantage of the unique properties of the Web and effectively marketing its benefits, Amazon.com is as close as any digital brand to creating a lasting emotional bond with its customers. Another sign that digital branding—done right—means more than just marketing.



## MICROREPORTS

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