



Trends, forecasts, analysis, and insights to empower forward thinking brands.

The ORION Report

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Are you killing your brand?

By CHRIS DORSEY



I Brand is the 'f' word of marketing. People swear by it, no one quite understands its significance and everybody would like to think they tend to it more often than they do. —Mark Soma

In the rush to devise, engineer, and sell products quickly, companies often ignore their greatest asset: brand. For many, defining brand value is as elusive as forecasting sales. But start by understanding that, "Products are made in a factory, brands are made in the mind," says branding guru Walter Lander. That is, what a consumer thinks and feels about your brand will drive measurable corporate value—often much more so than annual profits and dividends alone. For instance, using slightly dated figures the market capitalization of Coca-Cola is \$113 billion and yet its tangible assets are only \$43 billion. That is, 62 percent of the company's value is intangible, or largely brand value. The market cap for Microsoft is \$208 billion against \$72 billion in tangible assets—again, 65 percent of the company's value is realized in its brand. Suppose that's an accident? Of course not, for growing brand starts with a corporate strategy that involves

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developing a culture of unwavering discipline that always asks how a company initiative will impact a brand.

But what is a brand? Simply put, it's a promise made, a promise kept, consistently over time. Then why does brand matter? For these important reasons:

1. Helps create differentiation in a crowded marketplace: When a consumer makes a decision to buy a waterfowling shotgun, for instance, why does he choose between two or three comparably priced models with similar features and benefits?
2. Facilitates receiving premium pricing: When a consumer knows there's a trustworthy brand behind a product he is willing to pay more to avoid the potential peril of product and service failure. A company with a great brand reputation, simply put, mitigates a consumer's risk. In economic downturns, consumers tend to gravitate toward strong brands because they deliver a modicum of security in uncertain times.
3. Provides a level of forgiveness: Perhaps a company is undergoing a product recall or, worse, a high-profile class action liability suit. A strong brand stands a better chance of overcoming these issues more readily than does one that consumers are uncertain about. Too, a company's reaction to crisis also is a chance to strengthen a brand—thus; a liability can become an opportunity to reinforce a brand. In almost every negative business event there will be an opportunity if an executive team is capable of the mind-shift often necessary to discover it.
4. Strong brands can often acquire other companies at lower costs because of the confidence of a delayed pay-off: If the owners of company 'A' that might be acquired by company 'B' think that company 'B' has the kind of brand strength to drive yet unrealized market success, they are likely to assume more risk by deferring a portion of the buyout in future sales performance. Conversely, if company 'A' has little confidence in the future performance of company 'B' they are likely to demand more money up front to close the deal.
5. Creates long term relationships and loyalty from customers: It's not simply the design and manufacturing of a given product that builds loyalty in customers, it's often what happens after the sale in the form of customer service, support, accessibility, and communication. And consumers are looking for reinforcement that they're connected to a brand with electricity and excitement around it. It's the sense of wanting to be a part of a brand's momentum and to share that connection with fellow sportsmen who also feel a company's mojo.
6. Lastly, strong brands help consumers make shortcuts in their decision making: If a consumer has a history of satisfaction with a brand, not surprisingly, he is likely to return more readily when making a buy decision. This is a fragile relationship, however, as one misstep by a company and the consumer may never return. Who doesn't go out of their way to share how a product failed or a guarantee wasn't honored to friends and relatives? The general rule is that a consumer will spend three times the energy sharing negative feedback about a company than he will positive testimonials. Or perhaps a consumer wants to buy a product from a given brand because they've seen it on TV or read about it in a magazine or on-line but simply cannot find it at retail. If a consumer has to work too hard to buy a product that, too, will be viewed as unforgivable in the minds of most consumers and is damaging to a brand.

Once you realize how brand works on multiple levels, it's critical to understand your brand positioning. This becomes the underlying platform for marketing and communications, for as advertising pioneer David Ogilvy offered, "Every advertisement should be thought of as a contribution to the complex symbol which is the brand image." Over time and consistent use, a brand distinguishes a company from the competition by articulating the company's unique strengths and value. It does this by addressing 1) what the customer truly wants and needs 2) how the company defines itself 3) what makes the company special and 4) what benefits does the company deliver to its customers. Effective positioning, then, must be:

1. **Credible. People must believe in it.**
2. **Meaningful. They must care about it.**
3. **Original. No one else can claim it.**
4. **Durable. It can last over time because, again, you've kept your brand promise consistently for many years.**
5. **Superior. It's not enough to be different; you've got to make a case for being better.**



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—David Ogilvy

A simple test to see if consumers see you the same way that you see yourself is to ask them to give you one word or a simple concept that best describes your brand. What does a consumer think of first when he hears your brand? For Volvo, it's likely 'safety.' Disney might be 'magic.' The NRA is probably best surmised as 'freedom.'

With this context, let's look at the approaches often employed by companies as they take their brand messages and product promises to market. The most prevalent medium used today is video—TV, web, DVD sales, video on demand, etc. Our surveys of the shooting and outdoor industry reveal that most companies are now investing 70-75 percent of their total ad spend on digital media—mostly cable television. The remainder is devoted to print buys, event support, and in-store promotions. In terms of total ad investment, print and TV have traded places over just the last decade, and this is a phenomenon across all sectors—not just the outdoor category.

This landscape advertising shift has been brought about because of the cost and quality of the reach. Airwaves are simply much less expensive to disseminate a message than is printing and postage and the video medium that combines moving pictures and sound is undeniably more engaging than still imagery alone. Too, the very specialized outdoor and personal defense networks and blocks that are home to branded content have made it easy to find targeted consumers on TV. And the video content developed for TV is living indefinitely in numerous other global platforms: web TV nets (sometimes dubbed in multiple languages), viral campaigns, video-on-demand services, continuity DVD marketing programs, at retail, at trade shows, etc. Simply put, video has become the universal donor of content fueling almost all current and emerging media platforms and thus is delivering the greatest overall value without a close runner up. Those that have invested in this medium will have a significant advantage as they extend their future brand marketing efforts.

It doesn't matter if you're harnessing these video platforms, however, if you're not doing so with a strategy that both grows your brand and activates consumers. Imagine, for instance, that a company has worked for decades to cultivate a brand image of high quality product performance and unmatched service. That is, it is a brand that is credible, meaningful, original, durable, and superior as discussed. Now picture such a brand attaching to TV productions, hosts, networks, and magazines that simply do not deliver the same high-caliber brand promise. To be sure it takes an innate sense to assess the capabilities of marketing partners—be they TV producers, TV networks, magazine publishers, web developers, etc.—to protect and grow your brand. Creating a branded TV program, for instance, that doesn't live up to what consumers have come to expect from your brand—whether in production value, content, host capabilities or whatever—is only working to confuse your brand value in the minds of consumers. Too, creating a top quality program that is then surrounded by inferior productions isn't helping grow brand value any more than building a mansion in a trailer park would improve the luxury home's resale value. To be sure, your marketing and ad dollars can work against your brand as well as for your brand—a fact seemingly lost on too many brand managers.

On the subject of the ever-expanding list of talent-driven TV programs, many are doing more to grow the brand of the host than they are the brand strength of the sponsoring company. The measure of this is simple. Does a host or a brand get top billing and does a consumer in the category think of your brand when he hears the name of a given spokesperson? Surrendering a brand to personalities also brings the inherent risk of embarrassment. If a talent is arrested for high profile game violations or is caught up in other controversy the associated brands could suffer—just ask any connected with Tiger Woods, for example.

The fishing industry built many of its TV marketing platforms around tournament anglers who became TV personalities. Sponsors attached to these celebrity anglers and, over time, these hosts changed sponsors and, in the process, often confused brand messaging. That is, imagine what happens to a brand message when a host of a talent-centric hunting series changes, say, an optic or gun sponsor. A company's history of growing a credible, meaningful, original and superior brand, then, is discarded and consumers are subsequently given a message that these promises from your brand no longer hold true. Thus in our experience, making the brand the star of a show serves the long-term needs of a company far better with much less risk—even if it doesn't have the allure of a talent that is the proverbial flavor-of-the-month.

The key question for a company embarking on developing a branded program is this: Does a host's DNA match the DNA of your brand so that you are keeping a promise to consumers over time? In the outdoor space, the idea of attaching to people who are unique, flamboyant or even outrageous is sometimes seen as a way to differentiate from competitors—and it is, just not always for the better or for long term gain. As advertising legend David Ogilvy said, 'A good advertisement is one which sells the product without drawing attention to itself.' Fads and stunts might work in the short term but seldom do in the long run.

▶▶▶ Are You Underselling Your Message?

'Advertising campaigns seldom fail because too much money is spent on them.'— David Ogilvy

Compare the ad spend from some of the nation's largest brands as a percentage of revenue and you'll see a typical range of between 5-12 percent. For instance, Microsoft spent \$518 million on advertising in 2009 (or 9 percent of total revenue) and Apple spent \$249 million on advertising during the same period (5 percent of their total revenue).

In the outdoor industry, we see a range of less than 1 percent to 2.5 percent of typical ad spend against revenue among significant companies. This is especially interesting when you consider that there are often more competitors vying for the same dollars in the outdoor category than in other non-endemic sectors. This means that **there is a remarkable opportunity for outdoor manufacturers to grab market share and capture brand dominance in many categories by simply employing the best practices of the most successful brands in the world**—that is, by investing in a way that eclipses that of their competition which, in the outdoor space, can be achieved with relatively small ad increases against total sales. The opportunity is heightened in slow economic periods as there is no better time to pivot past competitors who are focused on cost-cutting and consolidation instead of planning to seize such a period to emerge even stronger among the competitive set when sales strength recovers. The question, though, is this: Is your company employing opportunistic or conservative thinking?

Let's look at Mike Rowe, for example, the understated but popular host of the hit cable series *Dirtiest Jobs*. Ford attached to Rowe not because he was outlandish but rather because he was the everyman of sorts whose DNA mirrored their own. Thus, he became the perfect spokesman for a company selling hard working, affordable, and reliable autos and it's likely that they contractually made sure that he won't jump to Chevy any time soon—another important point, for you don't want to grow the equity of any talent that a competitor then cashes in on.

Another vital question to ask is whether a talent is authentic. Is he someone who had street credibility built up over time before he appeared on TV or was he solely a creation of TV producers looking to capitalize on a programming fad? In branded entertainment, authentic trumps all else because it endures and brands must have such to grow over the long term. A sportsman who would be hunting or fishing a given way regardless of whether there were cameras around is, by definition, authentic. But it isn't all about the host, for a misconception some brand managers labor under is thinking that a program can't be differentiated in its production style but rather only by a host.

No matter the mediums that you employ to spread your message, a successful media marketing effort first needs a mission that is always measured against the brand, for a company has to have the discipline to forever ask: will this effort help or hurt our brand? Once you instill this into your company's culture, your brand won't fall victim to the whims and detours that would otherwise damage it.

2010-11 Advertising Medium Index

Winners and losers among print, TV, and web

Magazines: According to zenithoptimedia.com, American magazine advertising was down 28 percent in 2009 from its peak in 2007. The Publishers Information Bureau reported that magazines dropped another 9.4 percent in 2010. The decline was among the largest of all media and men's magazines—including outdoor titles—have been hit the hardest. In the first quarter of 2010, 22 magazines had folded compared to stunning 279 magazine closures in 2009, according to MediaFinder.com. MagazineDeathPool.com reports that American magazines lost 58,340 ad pages in 2009 and the recent downturn simply accentuated a decline in print that began nearly a decade ago as consumers drift from the medium to digital, video-driven platforms.

In the outdoor space, small special interest titles with upscale demographics held their ad pages and circ bases much better than larger, more general interest titles. *Bonnier* reported layoffs of more than 300 people or 30 percent of the workforce and *Field & Stream* and *Outdoor Life* reported 13 percent and 12 percent declines in ad pages respectively between 2008 and 2009. Similarly, *Intermedia* reported significant consolidation among its magazine group.

Cable TV: The biggest news was the sign-off of ESPN Outdoors after decades of building some of the best known television properties in the space. The relevance of outdoor pro-

programming to the Disney/ABC/ESPN corporate giant was never significant but internal sources say that key programming people at ESPN simply had no personal affinity for the outdoor space and, consequently, drifted to soccer and other stick and ball sports to fill their programming schedule.

This move points to a glaring need for the outdoor industry to develop a strategy to make itself relevant to gatekeepers of all variety—be they in media, politics, non-endemic industries, etc. A gatekeeper shouldn't be defined as, say, a writer or editor for the *Wall Street Journal* but rather the people to whom the editors report. For instance, had members of the Congressional Sportsman's Foundation—let's say John Dingell (D-Michigan) with a well known history of championing sportsmen's rights and who also happens to chair the important House Commerce Committee which, in turn, oversees the powerful Federal Communications Commission—the federal agency with regulatory control over television, radio, etc.—reached out to ESPN programming



**Congressman
John Dingell**

executives to help them better understand the importance of the 50 million consumer base there might have been a different outcome with ESPN Outdoors. If nothing else, ESPN executives would have discovered that they likely had fans of their outdoor programming among the ranks of those who have control of their fate with the FCC. Wonder what such political connections would have been worth to ESPN parent Disney the next time the FCC proposed rule changes that could cost Disney billions?

Losing a mega mainstream brand the size of ESPN with its nearly 100 million home reach in the outdoor category damaged the relevance of the entire outdoor industry significantly which negatively impacted all—including other networks in the outdoor space—in the long run. The leadership of the outdoor industry does a good job of communicating within our ranks but would do well to find ways to engage the power brokers who control the flow of information to the masses.

Comcast, parent of VERSUS, reported a 10 percent increase in its programming revenue in the first half of 2010 and VERSUS held steady at 75 million homes. Outdoor Channel Holdings gained 5 million new subscribers, or nearly 16 percent last year to reach roughly 35 million homes. Similarly, Intermedia's Sportsman Channel reached 20 million homes at the end of 2009, more than doubling its distribution base. Though not currently Nielsen rated, they are now projecting that they'll reach more than 30 million homes in early 2011.

▶▶▶ Advertising Expenditures 2009 vs. 2010

Network TV: +11%

Cable TV: +8.2%

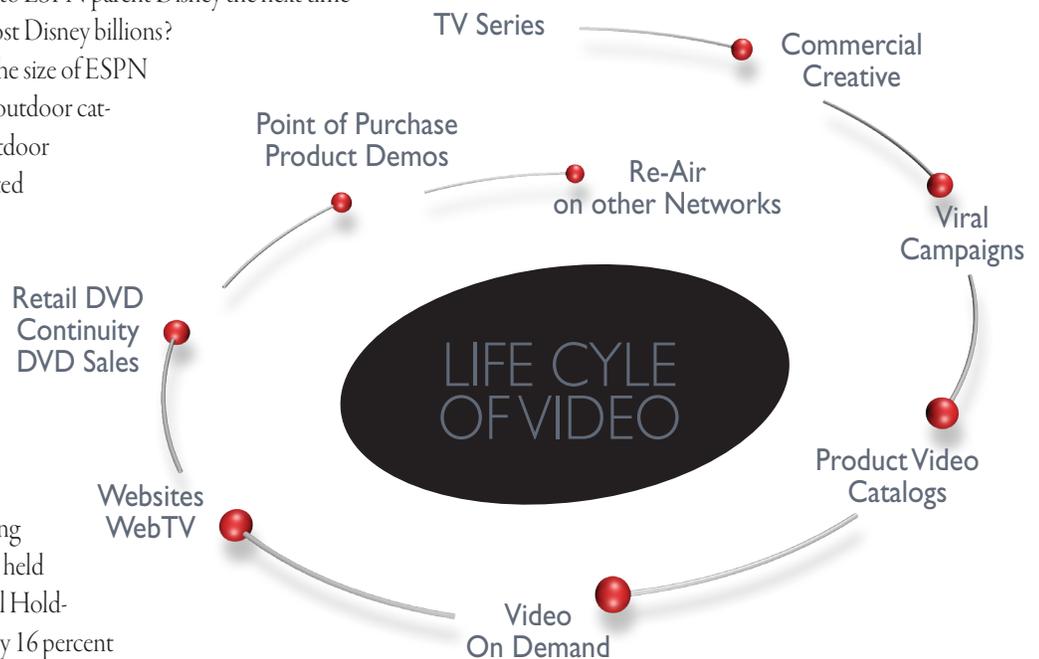
Radio: +7.4%

Web: +5%

Newspapers: -9.7%

Magazines: -9.4%

Sources: Kantar Media; MAGNA, Publishers Information Bureau



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Despite the Internet, Americans are watching more, not less TV, according to *Advertising Age*. The average American watched a whopping 280 minutes of TV per day in 2009. A similar rise can be seen around the world as the average person watched more than three hours of TV daily.

Web: While on-line ad revenue grew 5 percent in the first half of 2010, the category still represents less than 5 percent of total ad spend and magazine and newspaper titles that have largely relied on conversions to on-line platforms from print have simply not been able to offset the loss of print ad revenue, hence the reason for so many print closures in recent months.

Newspapers: Seven major metro daily newspapers have closed in the last 18 months and newspaper print and online advertising continued to drop in the first quarter of 2010. The good news (if you can call it that) is that the year-over-year decline was only 9.7 percent compared to 28 percent in 2009. ★★★



Chris Dorsey is the founding partner of Denver-based Orion Multimedia, the world's largest independent producer of outdoor adventure programming. He's also run some of the largest magazine titles in America and he's helped launch more than 40 television series on six networks over the last decade. He is a regular speaker on media marketing and branded entertainment. His writing has appeared in *Newsweek*, *The Wall Street Journal*, *Advertising Age*, *Television Week*, and most of America's significant outdoor magazines. His latest book, *Remote Locations: Inside the meteoric rise of televised hunting & fishing* is available from Amazon.com.