# 7

# Building and Sustaining the Entrepreneurial Brand

I have argued for more than twenty years that building and sustaining a powerful entrepreneurial brand is critical if a venture is to survive, grow, and endure in a complex and competitive marketplace. Unfortunately, many people have suggested and continue to believe that "branding" is the sole province of large corporate firms. Of course, my response to those who adhere to this belief is "Where did these large corporate firms come from?" Well, in fact, they started out as small, entrepreneurial firms and grew into large corporations, and much of that growth can be directly attributed to successful branding!

Despite the importance of branding and its contribution to entrepreneurial success, most entrepreneurship textbooks provide little, if any, guidance as to how to build and sustain an entrepreneurial brand. But make no mistake about it: Entrepreneurs must focus on creating brands that clearly communicate the value desired by the customer as well as reinforce the intended position the entrepreneurial firm wishes to occupy in the market.

Importantly, the brand must be consistent and sustained over time. And in fact, there is a process that you can use to build and sustain a brand that will attract and retain customers for your venture. In this chapter, we will discuss what a brand is, why branding is important, the characteristics of a good brand, picking a good brand name, the branding process, branding strategies, and the concept of brand equity.

## What Is a Brand?

A **brand** is a name, sign, symbol, design, or combination of these elements intended to identify the products or services of one marketer and to differentiate them from those of the competition.[1] One of the most basic definitions of a brand is that it is something of "value" for both the customer and the company.[2] At a practical level, a brand embodies your offer of value—your promise—to the customer. Ultimately, a brand is a blend of what you say it is, what others say it is, and how well you deliver on your promise—from the customer's perspective. Finally, a brand is a powerful asset that must be carefully developed and managed.[3] You should also realize that some brands can be spoken, while other brands contain certain symbols that cannot be spoken, such as the rainbow-colored apple logo that Apple, Inc. puts on its products and in its ads. The name of your brand and the visual aspect of your brand are important considerations as you begin to think about the branding process.

## Why Is Entrepreneurial Branding Important?

As I stated in the chapter opener, most people believe that branding is the sole domain of large corporate firms. And in fact, it

[1]K. L. Keller, *Strategic Brand Management* (Mahwah, NJ: Prentice Hall, 1998).

[2]Leslie de Chernatory and Malcolm McDonald, *Creating Powerful Brands* (London: Buttersworth Heinemann, 1992).

[3]Philip Kotler and Gary Armstrong, *Principles of Marketing*, 10th ed. (Upper Saddle River, NJ: Pearson, 2004).

seems many entrepreneurs also believe this assertion. Yet, I have argued strongly for many years that branding is important not only to your entrepreneurial firm but also to the customer you intend to serve. For you and your venture, the brand you select is important because it can set you apart and truly differentiate your venture (and its products/services) from your competitors. But branding brings other benefits to your venture.[4] First, branding can be an integrative tool for the entire venture. For example, the branding process, even the simple naming of your business, forces you to consider very carefully the core "value" you will create and deliver to your key customers. In addition, branding also helps you sharpen your business model (how you will make money and from whom you will make it). Second, branding increases the chances of acquiring your initial set of customers in the early stages of your venture. And, of course, branding will help solidify customer loyalty to your venture in the later stages. Third, branding can increase your access to suppliers and improve your chances of channel support. Fourth, branding can increase access to new venture capital. And in fact, through personal experience, I have seen how a strong brand increases the likelihood of obtaining financial support for the venture.

While a brand is extremely important to you and your venture, it might be argued that customers, in fact, may benefit most from branding. Recognizing competing products by distinctive branding allows customers to be more efficient shoppers. Consumers can recognize and avoid products with which they are dissatisfied while becoming loyal to other, more satisfying brands. In fact, brand loyalty often eases customer decision making by eliminating the need for an external search.

Strong brands reduce customers' perceived risk when purchasing and can increase their trust with the brand. In fact, one branding expert suggests that a strong brand is a "safe place for customers."[5]

---

[4]Bill Merrilees, "A Theory of Brand-Led SME New Venture Development," *Qualitative Market Research: An International Journal* 10, no. 4 (2007): 403–15.

[5]Stan Richards, "Building a Brand." Speech presented at Texas A&M University's Center for Retailing Studies Fall Symposium, Dallas, October 8, 1998.

Finally, strong brands also help the customer visualize and better understand the product or service.

## Characteristics of a Good Brand

A good brand will possess a number of important characteristics.[6] You should keep these characteristics in mind as you begin the branding process. For example, a good brand has the following qualities:

1. Effectively communicates the distinctive value you wish to offer the customer
2. Is "relevant" to the customer
3. "Resonates" with the customer
4. Reinforces the company's intended positioning in the marketplace
5. Is consistent and unifying
6. Serves as an umbrella for current/future brands in the company's portfolio
7. Allows for the building of strong brand equity (to be discussed later)
8. Enables you to command premium pricing
9. Is easily understood by your customers and your employees
10. Can be sustained over time

You should consider these characteristics as you begin to ponder your possible brand(s) for your venture. It is clear that brands lacking the above characteristics are likely to be weaker brands that may not survive in a crowded and competitive marketing environment.

## The Entrepreneurial Branding Process

As mentioned earlier, entrepreneurial brands have to be crafted and managed with care. In effect, branding will follow

[6]K. L. Keller, 'The Brand Report Card," *Harvard Business Review* 78, no. 1 (2000): 147–56.

a particular process. I suggest there are five basic stages in this branding process:

1. *Conduct a brand analysis.* At this stage of the process, you will examine your customers, competitors, and your venture (and its products/services) to determine what the possible branding opportunities are available for you. You are looking for the "right fit" in terms of your core strengths, customer needs, and competitive opportunity.

2. *Determine your brand positioning.* Your brand analysis conducted in the first stage of the branding process is designed to help you to select your proper **brand positioning**. In Chapter 5, you read about STP (segment, target, and position). As you learned, positioning is the place the product or service will occupy in the hearts or minds of the customers in relation to your competitors. It is with strong branding that your positioning comes to life!

It is critical to link the "benefits sought" by the target segment to your positioning strategy. In other words, you must connect your intended position to the unique desired benefits of the customer. But I have also argued that with strong branding, you must go even further. That is, in addition to connecting your brand with the benefits the customer is seeking from the product/service, you can also connect with the customer emotionally. In this way, your brand positioning goes beyond mere product/service benefits and engages the customers on a much deeper level. In fact, emotional branding is often the best way to position your new brand, especially if it is a "service brand." For example, you can position your brand as the "best product" but also as one that offers a very meaningful experience to the customer. This emotional branding is a higher-level step from the benefit approach. It is designed to forge a deep, lasting, and intimate emotional connection to the brand so that the customer develops a special bond with and unique trust in the brand. If you can achieve this, you will have a tremendously strong brand positioning.[7]

---

[7]Sharon Morrison and Frederick G. Crane, "Building the Service Brand by Creating and Managing an Emotional Brand Experience," *Journal of Brand Management,* 14 no. 5 (2007): 410–421.

3. *Select a brand name and identity.* After establishing your brand positioning you will now craft your **brand name and identity** (your identity would include logos, color language, etc. used in conjunction with your brand name). One recommendation I have for you is to engage your intended customers and ask them to help you co-construct the brand name and identity. This will provide valuable feedback in terms of the appropriateness of your brand name and identity. In terms of your brand name and identity, you have several options to consider. You can build the brand name and identity around yourself as "founder" if you believe you have important attributes/characteristics that would be valued by the customer. Or, you could focus on the strengths of your products/services or even leverage your people working for your venture.

When you are thinking about brand names, you should consider the following important criteria when actually selecting a good "brand name."[8]

- The name should suggest key product benefits. For example, "Bug-Be-Gone" clearly describes the benefits of purchasing this product.
- The name should be distinctive and convey a positive meaning.
- The name should fit the company or product image.
- The name should have no legal or regulatory restrictions. (Increasingly, brand names need a corresponding address on the Internet. This further complicates name selection because millions of domain names are already registered.)
- The name should be easy to pronounce and remember (e.g., Bic pens).
- The name should have an emotional appeal.
- The name should translate easily into foreign languages.

4. *Select a branding strategy.* Now you must determine the appropriate branding strategy for your venture. For example, corporate branding (the "branded house"), individual product/service branding (the "house of brands"), and hybrid branding (sub-branding) are three specific options for you to consider. These branding strategies are discussed in more detail in the next section of this chapter, including conditions under which you would use these strategies.

[8]Daniel L. Doden, "Selecting a Brand Name That Aids Marketing Objectives," *Advertising Age*, November 5, 1990, p. 34; Kotler and Armstrong, *Principles of Marketing*.

5. *Construct a brand communications strategy.* The final stage of the process is for you to prepare a brand communications strategy that will result in a consistent and unified message about your brand. We will discuss communications strategy in Chapter 10.

## Entrepreneurial Branding Strategies

In a highly competitive environment, your choice of branding strategy will be pivotal if your venture is to survive and grow. To help you determine the appropriate branding strategy for your venture, some experts have developed a discipline called "brand architecture"—an approach to the design and management of a venture's brand portfolio. Using brand architecture can help you make the right branding strategy decisions.[9]

As mentioned earlier, an entrepreneurial firm can consider several different branding strategies: corporate branding (the "branded house"), individual product/service branding (the "house of brands"), or a hybrid strategy (sub-branding).[10] These options are part of the brand architecture discipline and appear as part of a spectrum or continuum. We will now discuss these branding options and the conditions under which they are appropriate for use by your venture (see Figure 7.1).

### Corporate Branding—Branded House

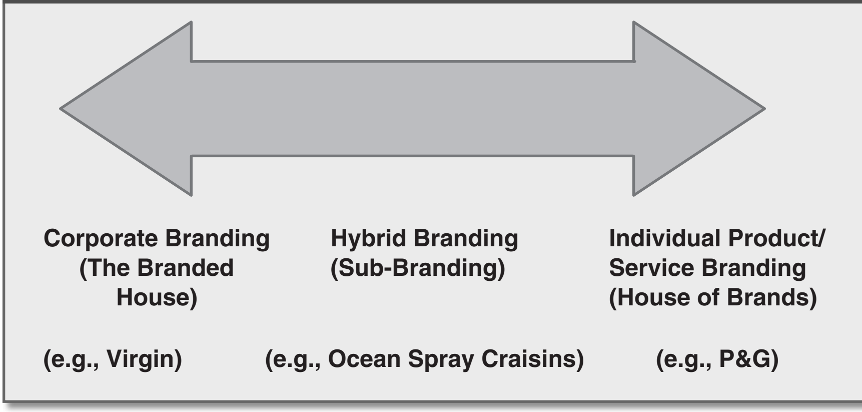
On one end of the branding continuum is **corporate branding**, sometimes called the **branded house**. In this case, a single brand (corporate) covering all products and services is used. In short, with a corporate or branded house strategy, the venture is using an "umbrella" under which to manage its offerings. Virgin, for example, uses a corporate or branded house strategy. There is Virgin Airlines, Virgin Rail, Virgin Cola, and Virgin Music. Also, one of the

---

[9]David A. Aaker and Erich Joachimsthaler, "The Brand Relationship Spectrum: The Key to the Brand Architecture Challenge," *California Management Review* 42, no. 4 (2000): 8–23; James Devlin, "Brand Architecture in Services: The Example of the Retail Financial Services," *Journal of Marketing Management* 19 (2003): 1043–65.

[10]Ibid.

**FIGURE 7.1 Branding Continuum**




firms I founded was called the QMA Group. Under the branded house, we offered a variety of services, including a strategic turn-around service for troubled businesses, research services, communications services, and innovation and design services.

A corporate branding or branded house strategy maximizes brand clarity because the customer knows exactly what is being offered. Virgin, for example, stands for innovation, service quality, and fun, and the descriptors indicate a specific business (e.g., Virgin Rail). This approach is simple, and a single brand can be communicated across products and services over time. Plus, it is easier for the customer to understand and recall versus a dozen individual brands. Moreover, employees, suppliers, and channel members also benefit from the brand clarity.

In addition, a branded house can maximize synergy as participation in one market creates associations and visibility that can help in another. Also, every exposure of the brand in one context provides visibility that enhances brand awareness in all contexts. It also makes it easier to move into new markets or offer new products and services. Finally, the brand house provides leverage—it works harder in more contexts and can do so at lower costs.

Since the role of a branding strategy is to create and leverage assets, the brand house is a logical choice for new ventures. In fact, experts argue strongly that a corporate or branded house strategy should be the "default brand architecture option" unless there are compelling reasons not to pursue it![11] In addition, experts suggest that a corporate brand or branded house strategy is the appropriate choice for ventures that market services. This is because in the packaged good sector, there is a tangible/physical product, but in the service sector, there is only an "intangible" service. Thus, the corporation providing the service becomes the focus. Thus, strongly branding the corporation becomes critical.[12]

However, the branded house option does put all the venture's eggs in one basket, so the brand has to be protected at all costs. But it can be difficult to manage the image of the brand when participating in many markets. It can also limit the venture's ability to target very specific customers. Finally, too many uses for one brand name can dilute the meaning of the brand for consumers.

## Individual Product/Service Branding—House of Brands

Alternatively, on the other end of the branding continuum is **individual product/service branding**—the **house of brands** strategy. This branding strategy involves creating and managing an independent set of stand-alone brands to maximize the impact on a market segment. As Virgin is a branded house, Procter & Gamble (P&G) is a classic example of a house of brands. P&G manages more than eighty major brands with little link to the corporation or to each other. The house of brands strategy allows a company to clearly position brands on functional benefits and to dominate particular market segments. The individual brand is used to connect directly to the customer with a very targeted value proposition.[13]

A house of brands strategy also helps the company to avoid a brand association that would be incompatible with a particular product/service offering. It can also help signal a breakthrough

[11]Ibid.

[12]Leonard L. Berry, "Cultivating Service Brand Equity," *Journal of the Academy of Marketing Science* 28, no. 1 (2000): 128–37.

[13]See Aaker and Joachimsthaler, "The Brand Relationship Spectrum."

advantage of a new offering and minimize channel conflicts (e.g., by placing different brands in different types of channel outlets).[14]

However, with a house of brands strategy, the company sacrifices the economies of scale and synergies that can be derived by leveraging a single brand across multiple markets.[15]

## Hybrid Branding—Sub-Branding

In between the two extremes on the brand continuum is a **hybrid branding** option, specifically, **sub-branding.** With sub-branding, the corporate brand or branded house is the primary frame of reference, but it is augmented or modified by additional naming. For example, Microsoft Office and Dell Dimension are sub-brands. In short, the branding strategy is to combine the corporate brand with a new sub-brand component to add attribute or application associations or to signal a breakthrough. One common role of sub-branding is to extend the corporate or branded house into a new segment. For example, Ocean Spray Craisins takes Ocean Spray from juice to snack foods.[16]

In some cases, the corporate brand will play the major driver or purchase role for the customer. In other words, buying the corporate brand will dominate the customer decision. But in other cases, the sub-brand can play a co-driver role. That is, the customer is buying both the company and the product. In a co-driver situation, the two brands should be compatible and reinforce one another. If not, this might cause customer confusion or even harm the corporate brand. Therefore, having a sub-brand closely linked to the corporate brand can be both a risk and an opportunity.[17]

## Other Branding Options

Other branding options that are available to your venture are private branding or mixed branding. With **private branding**,

[14]Ibid.

[15]Ibid.

[16]Ibid

[17]Ibid.

instead of creating your own brands, you will be producing brands for resellers (particularly retailers) who, in turn, sell the brands under the brand name selected by the wholesaler or retailer.

Another branding possibility is **mixed branding**. With mixed branding, you would market products under your own brand name but also under that of a reseller. This type of branding is undertaken because you can reach customers attracted to the reseller who are different from those attracted to your brand. Michelin Tire, for example, sells tires under its own brand name but also manufactures tires for Sears that are sold under the Sears name.

## The Importance of Brand Equity

There are many definitions of **brand equity**. The simplest one is that brand equity is the value added by the brand to the product. Another definition of brand equity is the positive differential effect of brand awareness and brand meaning on customer response to the brand. Another definition of brand equity is the added value a given brand name provides to a product beyond the functional benefits it offers. Finally, another definition of brand equity is when more people line up to pay more for a branded versus a nonbranded or other branded offering![18] Ultimately, you must remember that while your marketing efforts will attempt to influence the customer's perception of a product's brand equity, it will be the customer who will actually determine whether your brand has such "equity." In short, the customer must perceive there is brand equity and must have the desire to seek out and pay for that equity.

In fact, for many entrepreneurs, the most important measure of a brand's equity is the extent to which customers are willing to pay more for a particular brand. For example, one study found that more than 70 percent of customers would pay a 20 percent

[18]See F. H. Farquhar, "Managing Brand Equity," *Marketing Research* 1 (1989): 24–33; K. L. Ailawadi, D. R. Lehmann, and S. A. Neslin, "Revenue Premium as an Outcome Measure of Brand Equity," *Journal of Marketing* 67 (2003): 1–17; Keller, *Strategic Brand Management*.

premium for their brand of choice relative to the closest competing brand; 40 percent said they would pay a 50 percent premium. Moreover, Heinz Ketchup lovers are willing to pay a 100 percent price premium![19] Thus, it is should be easy to realize why building and maintaining brand equity should be a priority for your venture. Brand equity not only provides you with a competitive advantage (strong customer loyalty) but also allows you to command a premium price.

## Creating Brand Equity

Brand equity does not just happen. It is carefully crafted and nurtured by communications strategies that forge strong, favorable, and unique consumer associations and experiences with a brand. Brand equity resides in the hearts and minds of consumers and results from what they have learned, felt, seen, and heard about a brand over time. Thus, brand equity is not easily or quickly achieved. Rather, it arises from a sequential building process consisting of four steps:[20]

1. The first step is to develop positive brand awareness and an association of the brand in the customers' minds. Virgin has done this at the corporate or branded house level, while P&G has done so at the house of brands level (e.g., Tide, Pantene).
2. Next, you must establish a brand's meaning in the minds of customers. Meaning arises from what a brand stands for and has two dimensions—a functional, performance-related dimension and an abstract, imagery-related dimension. Gatorade has achieved both dimensions by combining the promise of increased athletic performance with the image of champions consuming its product.
3. The third step is to elicit the proper customer response to the brand. Here, attention is placed on how customers think and feel about a brand. Thinking focuses on a brand's perceived quality, credibility,

[19]Kotler and Armstrong, *Principles of Marketing.*

[20]This section is based on K. L. Keller, "Building Customer-Based Brand Equity," *Marketing Management*, July–August, 2001, 15–19.

and superiority relative to other brands. Feeling relates to the consumer's emotional reaction to a brand. Michelin elicits both responses for its tires. The Michelin brand is thought of as a superior-quality brand, but customers also acknowledge a secure feeling of safety and self-assurance without worry or concern about the brand.

4. The final and most difficult step is to create a customer brand resonance—an intense, active loyalty relationship between customers and the brand. A deep psychological bond characterizes customer brand resonance and the personal identification customers have with the brand. Examples of brands that have achieved this status include Harley-Davidson and Apple.

Forging a strong emotional connection between the brand and the consumer can lead to brand differentiation, strong customer loyalty, and evangelical promotion of the brand. Moreover, research on business startups also suggests that building the brand and creating brand equity based on emotional branding are key imperatives for new venture success. This is especially true in crowded and competitive markets.[21]

## Valuing Brand Equity

As mentioned, brand equity provides a financial advantage for the brand owner. Successful, established brand names, such as Google, Nike, Gatorade, and Virgin, have an economic value in the sense that they are intangible assets. Unlike physical assets that depreciate with time and use, brands can actually appreciate in value when effectively marketed. However, brands can also lose value when they are not managed properly. Attaching monetary value to brands can often be complicated, and there is little agreement among experts concerning the optimal way to calculate brand equity. Therefore, marketers often use a variety of direct and indirect measures to determine the equity of a brand, including communication investment in the brand and customer loyalty to the brand. But one thing is for certain: If you build and maintain a

[21]Morrison and Crane, "Building the Service Brand."

strong entrepreneurial brand, you increase the value of your brand as well as your business. This is something very important for you to remember if you ever consider selling your venture in the future. One entrepreneur who has learned this lesson well is golfer Greg Norman, and that is why he finds himself in the Entrepreneurial Marketing Spotlight!

### Entrepreneurial Marketing Spotlight

Many people know Greg Norman ("the shark") as a professional golfer. But he is also a successful entrepreneur, the head of Great White Shark Enterprises, Inc. As the head of this diversified company, he presides over numerous ventures, including his clothing line, golf course design, wines, and turf grass. His businesses generate more than $300 million in annual revenues. How did he do it? Well, like many successful entrepreneurs, he took the long view for his businesses and created and maintained a quality brand. Moreover, he is directly involved in every decision involving his brand, including approval of clothing designs that carry his name.

Those who know him well suggest he is very choosy about when and where to apply his brand and is very proactive in protecting his brand image. Importantly, he has taken the time to learn from other athletes-turned-businesspeople who have failed to build and protect enduring brands. In fact, his brand is so valuable that rarely does Norman put up any of his own money in partnership arrangements. He simply lends his name, image, and brand in return for equity stakes in new ventures. For example, with Greg Norman Estates wines, a joint venture with Foster's, Greg did not put up one cent but received a 30 percent equity stake in the business. Norman says his ultimate goal is to emulate the success of Rene Lacoste, a tennis player turned clothing designer whose legacy is the ubiquitous alligator logo. Norman suggests most people do not know that Lacoste was a tennis player, but he created a brand that has endured for more than seventy years. Norman wants to build and maintain a brand with a similar legacy. For this reason, Greg Norman finds himself in the entrepreneurial spotlight![22]

[22]Dan Foust, "Greg Norman: All Business," in *Entrepreneur Power Plays* (New York: McGraw-Hill, 2008).

## Key Takeaways

- A brand embodies your offer of value—your promise—to the customer. A brand is a powerful asset that must be carefully developed and managed.
- A strong entrepreneurial brand differentiates your venture and sets you apart from your competitors.
- A strong entrepreneurial brand delivers other benefits, including a greater chance of acquiring your first set of customers and a greater likelihood of securing financial support for your venture.
- There are numerous characteristics of a good brand, and you must screen your potential brand against these characteristics.
- Before settling on a brand, you should go through the five-stage branding process outlined in the chapter.
- Be sure to screen your specific "brand name" against the criteria for judging a "good brand name."
- You must select the right branding strategy given your venture and the conditions under which you will compete. The default strategy for a new venture is corporate branding (the branded house) unless you have compelling reasons not to use this strategy.
- One of your most important tasks is to create and sustain brand equity. Brand equity provides you with a competitive advantage and allows you to command a premium price. It also increases the value of your business.

## Entrepreneurial Exercise

Determine your brand positioning option (the space your brand will occupy in the hearts and minds of the customer, e.g., best product with best customer service). Next come up with some possible brands that will reinforce your positioning. Use the characteristics of a good brand to assess the possible brands. Also, use the criteria for "picking a good brand name." Now, take the best two to three options to the marketplace. Be sure to test your intended brand positioning and also your brand name options with ten to fifteen potential customers. Is your brand positioning correct? What about your brand name options? What specific feedback did the customers provide?

## Key Terms