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Brands versus Commodities

It's a fairly common story. A category of goods or services hits its stride. More players want in on the action. Competition increases with brands jockeying for position. Then, newcomers seek to gain the advantage by price. A virtual bidding war for sales ensues, accelerated by retailers who likewise join in the frenzy. And hard fought brand positioning is pummeled—sometimes sadly into submission. Often, the only protection against the tide of commodity-driven forces is to preserve the integrity of the brand. That's true understanding of branding.

As we have seen many times, strong brands can weather the storm and emerge even more successful, but only if marketers stay the course. This can become problematic with shrinking margins, but it's more than possible.

If you are finding yourself and your brand in a predicament like this, remember the value brands bring and why you must defend your position. Value that is traded away when your only strategy is to lower your price.

1. Brands Offer An Experience. So much of what brands deliver is an experience, as well as the benefit. Often that “experience” is the assurance of trust, status, self-confidence and reward. The often overlooked fact is that many consumers will happily pay a little more for the experience, all else being equal. Take sugar, for example—a commodity product if ever there was one. And yet branded sugar such as the Domino's brand survives quite well on the same shelf as unbranded sugar, even though the branded sugar costs more. Why? When you're spending what little you have of your free time making your spouse's favorite dish or dessert, you want to trust every single ingredient you use. That's simply worth more to have some measure of assurance it will come out better.

2. Brands Offer More Than Savings. Generics really can't. And as anyone will tell you, regardless of the category of goods or services, there's more to the story than how cheaply something can be made, packaged or sold. Brands have to communicate their story of problem identification, solution, invention, perseverance, evolution, growth and customer satisfaction to remain relevant as brands that have relevance and differentiation. The My Pillow campaign does this very well. The My Pillow brand is a patented pillow that's direct marketed via TV and online. Every spot tells the story of founder Mike Lindell. Consumers learn about how he makes his special pillows that are different and far more expensive than average pillows. One spot even illustrates the entire My Pillow story from problem identification to success.

3. Brands Add Clarity. Branding provides the necessary shorthand for consumers to identify and select the product, service or solution that best fits their needs. That's because a well-branded and well-marketed product or service draws clear distinctions between itself and its rivals in the marketplace. Admittedly, sometimes these distinctions can be arguable, but they are always meaningful to someone. In a modern culture where we are inundated with thousands of advertising messages daily, effective brand marketing cuts through the confusing morass. The long running GEICO “15 minutes could save you 15% on car insurance” campaign and the Chick-fil-A cows “Eat Mor Chikin” campaign are prime examples where

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brands draw a clear distinction between themselves and everyone else in their category through the exercise of brilliant creative and disciplined commitment to the message over time.

4. Brands Raise The Bar. Brands live or die on trust and reputation. So in order to survive and prosper as a brand, there is an authenticity that has to come from within—whether it's from the founder, the corporate culture, the quality control, the innovation or the customer care, just to name a few. Anonymous generics have nothing more to offer. And to be sure, well marketed brands can also disappoint and betray their trust, as in the case of Volkswagen or Wells Fargo.

5. Brands Play A Role In Making A Society Better. True, there have been some very misguided and mismanaged brands. But as a rule, many brands understand the long-term rewards of giving back and can be some of society's best citizens. In fact, brands often fill the gap between what the government can provide and what faith-based organizations or charities can provide. Granted, these philanthropic missions provide a strategic benefit to the brand. But nevertheless, brands that support cancer research, preservation of wetlands or helping the homeless are a welcome force of good.

6. Brands Drive Competition. Brands spur innovation, solve consumer problems, address unmet needs, and yes, can drive costs down over time. Think Samsung vs. Apple. Verizon vs. AT&T. Southwest Airlines vs. everybody else. Brands create value and influence others to do the same.

7. Brands Affirm Their Consumers. As a human, we all need and seek affirmation about who we are and what our value is as a person. Our loyalty and advocacy of our favorite brands says a lot about who we are. There can be a healthy pride and satisfaction in identifying yourself with a brand you love, whether it's what you drive, drink, or cheer. And brand incentive and reward programs cement and complete the loyalty picture. Sports franchise brands are affirmation on a massive scale and can be a source of immense community pride and identification.

8. Brands Challenge Us To Be Better. The world's successful brands aspire ownership and experience with the consumers and buyers they target. They become goals and benchmarks, which in turn, inspire hard work, more education and healthier lifestyles. The success of Peloton owes as much to the aspirational healthy, athletic image of the owner working out as the impressive product engineering and cloud-based technology that goes into its stationary cycles. The Garmin campaign "Beat Yesterday" issues a challenge every owner of his or her wearable technology can identify with—to be better, healthier, and stronger.

Generic commodities are no match for brands, because generics challenge consumers to save money, and nothing more.

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