Candidate Number 4012

IPA Excellence Diploma

October 2015

Word Count: 6,948

The Hare and the Tortoise: Why I believe the rules of branding need to catch up with the pace of 21st century business

Abstract

The way we build brands needs to be tailored to both buyer and seller, and with business in the 21st century changing at pace it is imperative we complement the classic rules of brand-building with a set of new rules that learns from how brands are built today. I therefore propose a two-stage model of brand-building: fast branding, the Hare model, that helps create brands early on, and slow branding, the Tortoise model, that helps sustain them afterwards.

Introduction

We have a problem with branding: today, we are less likely than ever to be able to successfully create a brand. I believe that in studying the behaviour of successful legacy brands from the 20th century, we have created a dominant view of branding that helps storied incumbents sustain success but prevents new entrants from growing in what is an ever more transient business landscape. To understand how to create a successful brand in the 21st century therefore requires we find new rules of branding, sensitive not just to how big brands have behaved in the past, but how big brands were created in the present. We need to add a new way of fitting brand behaviour to business context; we need to cater to both Hares and Tortoises.

The Probability of Failure

Today, 90% of brands fail in the first year of their existence[1]. 90% is a failure rate above the new business cross-category average in both the US[2] & UK[3], which in both nations sits at around 50% after five years, and above even risky sectors such as food service, where 60% of new restaurants will meet their demise in the first year of existence[4]. And assuming that 90% of brands are gone within a single year, even a charitable extrapolation would suggest that scarcely 3% would remain after five[5]. As an industry, a failure rate of 97% should be a source of collective embarrassment.

Moreover, whilst failure rate is already unacceptably high, it appears to be getting ever harder to build a successful brand: at a corporate level, the lifespan of S&P 500 companies has declined by more than 50 years in the last century[6] and is still falling[7], and at a brand level, it appears that existing size is an ever increasing factor in success, with Data2Decisions research demonstrating that, in the last 10 years, the role of existing brand size in marketing success has steadily increased[8]. Incumbency effects are growing: the rich are getting richer and the poor are getting poorer. In a world where success was already improbable, brands are harder to grow than ever.

The Worth of Brands

---

[1] Christensen, Cook & Hall, *Marketing Malpractice*, featuring in On Strategic Marketing, HBR, 2013

[2] https://www.sba.gov/sites/default/files/FAQ_Sept_2012.pdf

[3] http://www.telegraph.co.uk/finance/businessclub/11174584/Half-of-UK-start-ups-fail-within-five-years.html

[4] http://www.bloomberg.com/bw/stories/2007-04-16/the-restaurant-failure-mythbusinessweek-business-news-stock-market-and-financial-advice

[5] Author's calculation, assuming 90% fail in year one and then halving failure rate every year, to 45% and 23% etc, across five years

[6] http://www.bbc.co.uk/news/business-16611040

[7] http://www.innosight.com/innovation-resources/strategy-innovation/upload/creative-destruction-whips-through-corporate-america_final2015.pdf

[8] Data2Decisions research, as featured in Adman September 2014 http://www.data2decisions.com/index.php/latest-news/95-adm-0914

A brand is a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one sellers or group of sellers and to differentiate them from those of competitors.[9]

Whilst there are innumerable ways to re-define a brand, a brand is unavoidably an intermediary between buyer or seller. Whether allowing for a one-way or two-way flow of information, they perform the role of a conduit between business and customer, creating an identity for business and a conception of that business in the mind of the customer. Implicitly that intermediation creates value - value for the customer, creating simplicity in moments of decision, and value for business, because customers, in greater numbers, will favour things they recognise and use.

In the communications industry, we spend a vast amount of time thinking about how to improve brands and branding for only one half of that intermediary's task: namely, how we build better brands with people at large, the customers. The contents of *What is a 21st Century Brand?* provide a telling example: the collected authors define the issue of brand building clearly in terms of consumer persuasion in 70% of submissions[10], and only one specifically discussing branding for business[11]. Yet, if brands are an intermediary, to craft a brand isn't just to make it memorable or persuasive for the people buying the product, or using the service, or visiting the store - it's to ensure it creates benefits for those selling, or creating, or owning. It's as much about *what* we're selling as *who* or *how* we sell it.

But, as Paul Feldwick has noted, people the world over largely suffer from the same biases and preferences that have fuelled decisions for centuries[12]. Instead, I believe the variable changing in this relationship is the nature of business, and, as a result, I believe that if brands are less successful than ever today, the solution can only come from understanding how business is changing in the 21st century.

---

[9] Kotler, P. 2000 Marketing Management: Millennium Edition International Ed.
Prentice Hall International

[10] Kendall (ed), What is a 21st Century Brand?, Kogan Page 2015; 14 of 20 identified as viewing brand challenges as a consumer challenge, including Edwards (p.33), Bonney (p.43), Jones (p.65), Douglas (p.83), Willshire (p.99), Borrodell Brown (p.121), Yakob (p.143), Young (p.165), Dunsdon (p.179), Buckley (p.197), Fairhead-Keen (p.221), Morning (p.267), D'Amato (p.323), Roach (p.343)

[11] Ibid, p.383

[12] Feldwick, The Anatomy of Humbug, Matador 2015, p.16

The Pace of Business

Across the corporate world, change is happening at pace. The parallel effects of our networked culture and our deregulated economies have created a culture of what technologists call "permissionless innovation"[13]: with universal access to both tools and audience, and a lack of restriction on output, anyone, anywhere, can create "any kind of content or service", and we're all potential customers[14]. Businesses can happily barrel headlong into new opportunities, "asking for forgiveness rather than permission", quickly exploiting them. For example, of the quickest companies to a $1bn valuation, 11 were founded since 2006, and 8 were founded in the last five[15]. At the vanguard of this change is the information technology sector, and in the last decade, only one business has stayed within the top five of US information technology companies by market capitalisation (Microsoft), whilst the other four have completely changed[16]. Today, entire industries are being hollowed out and reshaped in less time than the average S&P 500 company lifespan.

This means a corporate world in which competitive advantage is more transient[17]. Technological advantage is quicker to expire, and rivals are better able to understand, replicate and surpass your capabilities at speed. To succeed in a newly transient world, the core priority must be matching pace of industry with pace of approach: constantly innovating, actively moving on to conquer new opportunities inside your arena, disengaging more quickly than years past (before your competitors catch up) and keeping your business constantly on the move[18].

Yet, digitisation also works to allow greater levels of dominance amongst the bigger businesses once they reach the top. As Jack Welch has previously pointed

---

[13] http://www.cato.org/publications/cato-online-forum/embracing-culture-permissionless-innovation

[14] http://ben-evans.com/benedictevans/2015/9/1/permissionless-innovation

[15] http://www.techinsider.io/fastest-startups-to-1-billion-valuation-2015-8

[16] Today the biggest five by market capitalisation are Apple, Google, Microsoft, Facebook & Amazon; per the Financial Times, http://im.ft-static.com/content/images/da5e52c2-f7bf-11da-9481-0000779e2340.pdf, the five biggest in 2005 the biggest were Microsoft, IBM, Intel, Cisco & Dell.

[17] Gunther McGrath, R, The End of Competitive Advantage, HBR Press 2013, p.13

[18] Ibid, p.53

out, competitive advantage is built around being able to "learn more" and "turn that learning into action faster" than the competition[19], and with the digitisation of our lives shortening the gap between consumer action and its registration, leaders have never had it easier in extending competitive advantage, allowing them to deepen their dominance. As Peter Thiel concludes, the logical output of these trends should be for corporations to focus on generating monopoly status, quickly[20]

As a result, S&P 500 companies live shorter lives than they used to, yet they are able to reach peak growth more quickly than ever; competitive advantage may not last as long as it used to, but whilst it does today you are able to achieve far greater dominance in a single arena. This situation - technology creating both pace of change and pace of feedback - further pulls the winners away from the pack, making it harder than ever for new brands to compete. Yet, in spite of this change in business, our brand theory is still rooted in old convention.

The Conventions of Branding

I believe that there are clear conventions of branding, consistently demonstrated in the work of a varied and credible group of experts. In total or partial union they form the basis of how we understand the behaviour and subsequent success of the world's biggest brands since the 19th century, from McDonald's to Nike to Gucci to Ford. Primarily, it is a knowledge base built in the 20th century.

Whilst the specific language and usage might vary, the conventions on effective branding and brand communication can be summarised into six consistent themes:

Long-term Margins

Most authors begin by agreeing that the commercial purpose for branding is to permit said brand to "earn greater volume (of sales) or greater margins"[21] in the

---

[19] Hayward, M, How to be a Customer Champion: Turning Insight into Action, Market Leader (34), 2006

[20] Thiel, P, Zero to One, Crown Business 2014, p.42

[21] Shaw & Merrick, Marketing Payback, FT Prentice Hall, 2005, p. 87

long-term, a theme consistent from Kotler[22] to Sharp[23] to Steel[24] to Franzen[25]. More recently, in studying the IPA database of successful brand communication, Binet & Field have sharpened that understanding to show that the benefit of long-term branding is an increase *specifically* in margin[26].

Consistent Behaviour

To achieve this success, Ogilvy suggested a need for a "coherent image" that you "stick with over time"[27]; King, similarly, talked of a "coherent whole" built on a "clear strategic vision"[28]. Sharp talks about "building memory structures" over time[29], referencing Hebbian learning[30] and memory networks. For Duckworth, brands achieve this though an "atomic" structure, retaining a central core and adding assets and perspectives around it with communication[31]. This core is what Aaker would call a brand identity[32], and it is something one needs to reinforce for more than three years[33].

Emotional Appeal

---

[22] Kotler, Marketing Management: Millennium Edition

[23] Sharp, B (ed), Marketing, OUP, 2014, p.233

[24] Steel, J, Truth, Lies and Advertising, John Wiley & Sons, 1998, p.xii

[25] Franzen, G, Brands & Advertising, Admap Publications, 1999, p.147

[26] Binet, L & Field, P, The Long and Short of It, IPA, 2013

[27] Ogilvy, D, Confessions of an Advertising Man, Southbank, 2013, p.117

[28] Stephen King, What Is A Brand? reproduced in Campaign: http://www.campaignlive.co.uk/news/743160/

[29] Sharp, B, How Brands Grow, OUP, 2010, p.146

[30] Sharp, Marketing, p.343

[31] Cowley, D (ed), Understanding Brands by 10 People Who Do, Kogan Page, 1996, p.72

[32] Aaker, D, Building Strong Brands, Free Press, 1996

[33] Binet & Field, Long & Short of It, p. 28

Every author will tell you that brand identity needs to be built around emotional appeal. Sharp points out that "emotion is the primary source of motivation"[34], and Damasio has shown that emotion is critical to decision making[35], meaning that intangible values play a dominant role in decision making even in "highly functional product categories"[36]. As such, it's imperative we add emotional appeal in our communications[37], avoid "boring" ideas[38], and build what Phil Knight calls an "emotional tie"[39], to achieve "bigger and more numerous business effects"[40].

Distinctive Assets

To reinforce this appeal, we are instructed to create a collection of what Sharp calls "distinctive assets"[41], Kotler calls "brand symbols"[42] and de Chernatony calls "brand essence"[43]: the mix of "names, symbols, logotypes, packaging and lines"[44] (and sometimes colours, songs, language, location, partners, ambassadors) and that constitute the real world heuristics for our brand's identity, constantly nudging and reminding people of our existence without needing much information about the product itself[45].

---

[34] Sharp, How Brands Grow, p.146

[35] Damasio, A., Descartes Error: Emotion, Reason and the Human Brain, Penguin, 2005

[36] Franzen, Brands & Advertising, p.106

[37] Poels, K. & Dewitte, S, 'How to capture the heart? Reviewing 20 years of emotion measurement in advertising', Journal of Advertising Research 46, 18-37

[38] Ogilvy, Confessions of an Advertising Man, p.114

[39] https://hbr.org/1992/07/high-performance-marketing-an-interview-with-nikes-phil-knight

[40] Binet & Field, The Long and Short of It, p.67

[41] Sharp, How Brands Grow, p.131

[42] Kotler, Marketing Management: Millennium Edition

[43] de Chernatony, L. & McDonald, M., Creating Powerful Brands, Butterworth-Heinemann, 2003, p.219

[44] Shaw & Merrick, Marketing Payback, p.192

[45] Sharp, How Brands Grow, p.147

Broad Base

Big brands, we're told, do this amongst the broadest possible customer base. Franzen notes that penetration is the "first important dimension" of behavioural brand equity[46], and both Sharp[47] and Binet & Field[48] build on this by underlining the importance of light buyers to building brand size. The effort of building that emotional appeal, from our brand essence, using those distinct assets, needs to be done in order to build salience amongst the largest possible group[49].

Heavy Support

Finally, when communicating that emotional appeal, using the distinct assets, to a broad audience, in order to generate profit, we are told to use heavy media investment to communicate to even more people. Sharp tells us that those agencies involved in brand-building should push clients towards investment[50], Yasin suggests that it will "pay to advertise"[51] and Binet & Field have established a link between marketing investment and market share[52].

The six cover most of the fundamental recommendations of branding experts across the last fifty years. They are broad, but allow therefore an element of deviation: for example, the emotion that Nike seek to engender might be different to that of McDonald's, but nonetheless an emotional attachment is sought. Equally, the distinctive assets of some brands may be less tangible than others, but the

---

[46] Franzen, Brands & Advertising, p.140

[47] Sharp, Marketing, p.44

[48] Binet & Field, Long & Short of It, p.27

[49] Ehrenberg, Scriven & Barnard, Differentiation or Salience, in Journal of Advertising Research, November/ December 1997

[50] Sharp, Marketing, p.233

[51] Franzen, Brands & Advertising, p. 165

[52] Binet & Field, How Share Of Voice Wins Market Share: New Findings From Nielsen And The IPA Databank, IPA, 2009

consistent reinforcement of motifs, symbols or qualities still is presumed to be an effective part of branding.

Critically, we converge on those six principles even in work that ostensibly seeks to provide difference. Adam Morgan's Challenger ethos - perhaps the pre-eminent theory of disrupting incumbent business through better branding - talks about the need for brands to create a "lighthouse identity", a clear sense of who they are that runs through their business, and express it in "emotional terms", that brands should be "bold", they should "sacrifice" and prioritise "symbols of re-evaluation"[53]. Yet it builds those lessons from already successful brands, and the lessons ultimately are perhaps not profoundly different to the conventional wisdom of creating a consistent identity, building emotional appeal around distinctive assets in order to create broad salience. Morgan has the same ambitions but different tactics.

These conventions are what we return to even when trying to challenge the status quo. In *What is a 21st Century Brand*, where authors are asked to think about the future of branding, they consistently return to these themes: we have work talking of "Long Ideas" and the need for a consistent, long-term approach to brand-building[54], of a "Superhuman" approach that includes consistent, long-term rules and the embrace of emotional reaction[55], work demanding we "hardwire" associations in the long-term through consistent branding[56], work talking of the need to create "distinctive" signals to provoke desire[57], work requesting a consistent "sacred text" brands should live by[58], work suggesting breadth in media and audience[59], and work recommending strong investment, either for "blockbuster" campaigns[60] or "extravagant" acts[61].

---

[53] Morgan, A., Eating the Big Fish, John Wiley & Sons, 1999

[54] Kendall (ed), What is a 21st Century Brand, p. 267

[55] Ibid, p.221

[56] Ibid, p.179

[57] Ibid, p.197

[58] Ibid, p.83

[59] Ibid, p.361

[60] Ibid, p.221

[61] Ibid, p.197

Time and again, we return to these six themes. They are principles that are founded on consumer insight and effectiveness. They are clearly not wrong.

But, given the failure rate of brands today, one can only conclude they are inadequate.

The Slowness of Incumbents

The six themes instruct brands that success comes through conservatism: commitment to long-term brand identities, integrating distinctive assets and aiming for emotional appeal. We are taught to be the proverbial Tortoise: slow and steady wins the race. It is advice tailored for a world in "equilibrium"[62], where success is gradual and industries are stable enough to be quietly, deliberately milked for greater profit.

However, this push toward conservatism is led by lessons of existing winners, incumbents with long histories and big advantages. This means we encounter a pool of examples that largely illustrates best practice for other already successful brands and businesses like them, rather than the millions of new brands struggling to survive, and it favours, as such, the steady, evolutionary approach of those winners. And when we study the behaviour of brands that are succeeding now, after fifty or one hundred years of existence, we further distract ourselves from the challenge of growing business today, in the 21st century, at a time when industries lack that stability and more brands fail.

To take but one example, the holy grail of marketing excellence in the UK are the IPA Effectiveness Awards. The average corporate age of IPA Effectiveness Grand Prix winners, at the time of their victory, is currently 85 years old[63]; winners are not awarded for growing business in a profound sense - surviving the deadly first few years of existence, growing a market or a brand from scratch, finding customers and sales when the odds were against you - but for sustaining their success.

The differing incentives held by those looking to create brands and those looking to sustain them further damages our ability to make effective comparisons. The

---

[62] Dekimpe and Hanssens, Empirical Generalisations about Market Evolution and Stationarity, Marketing Science 14 (1995)

[63] Author's own calculation. Corporate ages sourced from Wikipedia, IPA award winners sourced from http://www.ipa.co.uk/page/effectiveness-grand-prix-winners

latter have more to lose, big visible businesses where failure is public, embarrassing and explicitly destructive: jobs, infrastructure and history is all at risk when your company fails. It is why, as SpaceX and Tesla founder Elon Musk has pointed out, those in big businesses are often merely trying to "optimise their ass-covering"[64], influenced by loss aversion[65], pushing towards conservatism; for those looking to truly build new brands, risk and aggression are instead critical.

Most importantly, the issue with studying these legacy businesses isn't that the sample is small, or that it is tainted by conservatism. The issue is that the single biggest factor in successful brand marketing is *already being big*[66]; whilst we seek to explain success through cause and effect, most big brands staying big are doing so first because they are already big. Furthermore, the power of the "mere exposure effect" - the bias that leads us to accept things that are consistently visible[67] - suggests that those with sufficient budget can force acceptance of an idea, product or service, irrespective of any qualitative considerations. Once you've managed to break through - for one of any number of reasons - your advantages multiply. Economists call it "cumulative advantage"[68]: most big brands will stay big whether or not they comply to the conventions of branding.

So whilst new brands are told to slow down, build emotive ideas that they can hold onto over three or more years, spend big on advertising, go broad, focus on margin, they are learning the lessons of brands *un*like them. They are learning the lessons of the Tortoises, the brands built in a different age, an age where business was built more slowly, and who now operate with huge incumbent advantages. Put simply: they are the right lessons for some, but the wrong lessons for many. It is then, perhaps, no surprise that we are less successful than ever at building new brands.

To grow brands in the 21st century we need different rules, grounded in the way brands are built in a less stable business environment.

We need to start thinking about how the Hare wins.

---

[64] Quoted in Wired, 2012: http://www.wired.com/2012/10/ff-elon-musk-qa/

[65] Kahneman, D., Thinking, Fast & Slow, Penguin, 2012, p.286

[66] Data2Decisions research, as featured in Adman September 2014 http://www.data2decisions.com/index.php/latest-news/95-adm-0914

[67] Kahneman, Thinking, Fast & Slow, p.67

[68] Watts, D.J., Everything is Obvious, Atlantic Books, 2011, p.72

The Hares and Tortoises

To establish new principles for building brands in the 21st century, we need to learn from those who have actually built brands in the 21st century.

To better understand how to win in most unforgiving business environment in modern history, we can learn from those pre-IPO businesses (those, almost by definition, still in the creation rather than sustenance phase of their existence) today worth in excess of $3bn (see fig.1[69]). A set of new themes emerge from these businesses, providing six new principles for brand building in the 21st century.

These new themes are the story of how the Hare beats the Tortoise.

Fig.1: Pre-IPO Businesses currently worth more than $3bn (with estimated value in billions)			
Uber	$51	Spotify	$8.53
Xiaomi	$46	Meituan	$7
AirBnB	$25.5	Square	$6
Palantir	$20	Intarcia	$5.5
Snapchat	$16	Coupang	$5
Flipkart	$15	Zenefits	$4.5
Didi Kaudi	$15	Cloudera	$4.1
SpaceX	$12	Dianping	$4.05
Pinterest	$11	Social Finance	$4
Dropbox	$10	Tanium	$3.5
Lufax	$10	Credit Karma	$3.5
WeWork	$10	Altassian	$3.3
DJI Innovations	$10	Jawbone	$3.3
Theranos	$9	Delivery Hero	$3.1

The Model for Growth

- ~~Long-term Margins~~ Short-term Recruitment

Long-term visions are not at odds with building a 21st century brand. Presenting a vision - be it around product or brand or business - is helpful in selling your company to investors (investors need a conception of destination, of future profit or value or success, before handing over funding) and to talent[70].

Yet a conflation of long-term vision with long-term margin - that a brand must from its inception seek the creation of sustainable margin through its proposition - glosses over one key fact in the life cycle of newly created brands:

[69] Data from CB Insights, accurate as of 18/10/15: https://www.cbinsights.com/research-unicorn-companies

[70] Thiel, Zero to One

"*It's not about the money. It's about the* fucking *money.*"[71]

All new businesses require cash[72]. Early in your lifecycle, acquiring that cash requires persuading others to provide it, and getting beyond initial funding, extending the terms of your loan or pitching for more budget requires more than just vision. It requires proof of concept.

The best proof of concept in this world is volume. Volume of people, users, visitors, buyers. People showing desire for your product. As a result, everything a young brand does should be geared to generating scale, fast[73]: margins can be postponed. Monopolies come with margin.

Amazon pioneered this sort of business. Jeff Bezos, its founder, recognised that by focusing on market leadership and not margin, his business could ultimately create economies of scale and other advantages capable of delivering shareholder value. In 1998, he wrote to shareholders that "the stronger our market leadership, the more powerful our economic position," and that as a result the business would focus on metrics such as "customer and revenue growth" as a priority[74]. As a result, Amazon was geared towards monopolising the sectors in which it entered, stressing cost control and low margins internally[75], whilst externally using acquisitions and partnerships to become the default bookseller for millions[76]. Amazon monopolised its market before its competitors could respond[77].

Our Hares demonstrate the benefits of this approach. Xiaomi, the Chinese smartphone manufacturer now 4th largest in the world, sells its phones almost at

---

[71] Veteran Silicion Valley CEO Bill Campbell quoted in Horowitz, B., The Hard Thing About Hard Things, Harper Business 2014, p.23

[72] Harnish, V., Scaling Up, Gazelles, 2014, p.17

[73] More on the importance of rapid growth in this McKinsey report: http://www.mckinsey.com/~/media/mckinsey/dotcom/client_service/high%20tech/pdfs/software_growth_final.ashx

[74] Stone, B., The Everything Store, Corgi, 2014, p. 93

[75] Ibid, p.84

[76] Ibid, p.94

[77] Ibid, p.98

cost price, subsequently creating profit by cross-selling a broader range of peripherals and electronics[78]. Uber has focused aggressively on recruitment of both riders and drivers, offering incentives for both[79]. Spotify has long used a "freemium" model to attract new users, offering a free ad-supported service to increase user numbers and dominate the burgeoning streaming sector[80].

This approach has significant implications for brand building. First, it suggests that perceived importance on the creation of a brand premium - the idea that you should build a brand *from the beginning* as something people will be willing to pay more for - should be swapped for a focus on brand recruitment, where your only priority is pace of growth. And, as Sharp notes, attitude follows behaviour[81], so if you can recruit, fairly, you will eventually be seen favourably by those you have recruited. A solid user base will also reassure investors and create economies of scale if you survive.

This should change the way we control and evaluate brands. If the primary purpose of your brand is recruitment, not margin, focusing on intangible strength is less important. If you assume that the challenge will be keeping your brand alive long enough to extract margin growth in future, the critical metric should be new users/buyers gained on a monthly or quarterly basis; all business function should be focused on acquisition, whether it pushes you toward tactics you might feel uncomfortable with. Pricing should be adjusted and short-term margins reduced: watch how the Hares tier pricing with an eye on increasing margin not today but in many years time. Demanding instant margin is a luxury that only the biggest brands, safe in their market position, can afford - and simply by surviving, brands become better able to generate increased sales and profit as they grow.

This is the first rule of the Hare: add new users, at pace. The rest - the funding, the margins, the equity - will grow as a matter of course if your brand survives.

- ~~Consistent Behaviour~~ Impatient Behaviour

---

[78] http://www.bloombergview.com/articles/2014-11-06/xiaomi-s-killer-app-its-business-model

[79] Uber has been particularly aggressive recruiting drivers (http://www.theverge.com/2014/8/26/6067663/this-is-ubers-playbook-for-sabotaging-lyft) but offers incentives for riders as well (https://help.uber.com/h/e237feeb-ae14-4a38-b850-c4cb9e02f578)

[80] https://en.wikipedia.org/wiki/Spotify#Business_model

[81] Sharp, Marketing, p.61

Consistency is dangerous. With the inevitability of failure bearing down on most brands, what consistency of purpose effectively does is increase the risk; by insisting on the proverbial "sacred text"[82], a code to your brand behaviour, you merely increase risk by many orders of magnitude. With a tiny chance of your brand lasting three years, following Binet & Field's advice and crafting even a communications campaign lasting three years[83] effectively means placing one huge bet on your judgement.

Consistency therefore is a luxury for brands that have already stumbled upon success and have demonstrated that in the long-term. A brand proven, in market, can afford to stick with assets and behaviour that is recognisable and well-liked. What of a brand unproven?

The Hares demonstrate that if there is a barrier to rapid growth with the current brand, they change in pursuit of it rather than prioritising consistency.

This impatience starts with even the most basic of brand elements. Stripe changed name when they decided their initial name - /dev/payments - was too confusing[84], and Jawbone, having originally started as a military technology company called Aliph, recognised that the name of the product had usurped the name of the brand and adopted the former as its official name[85]. Even AirBnB shortened its name, post-launch, from something clunky - airbedandbreakfast.com - to its current, more compact option[86], before recently switching logo[87]. In the world of the Tortoise, this would be verboten - but Hares need to quickly identify barriers to growth and iterate around them.

This principle extends to how brands communicate with the outside world. Big brands are encouraged to think about big campaigns that they can nurture across a period of three or more years, pursuing greater margin, but with any new brand

---

82 Kendall (ed), What is a 21st Century Brand?, p.83

83 Binet & Field, The Long and Short of It, p.27

84 http://www.forbes.com/sites/quora/2014/04/02/how-did-stripe-come-up-with-its-name/

85 http://fortune.com/2015/01/22/jawbone/

86 http://www.telegraph.co.uk/technology/news/9525267/Airbnb-The-story-behind-the-1.3bn-room-letting-website.html

87 http://blog.airbnb.com/belong-anywhere/

likely to collapse inside three years you can't be that complacent: the focus must be on iteration, gauging effectiveness by focusing on recruitment in the short-term. In many ways this is the Buzzfeed-approach[88] to branding, constantly iterating and optimising to find what does work, rather than approaching your communications with pre-ordained views on what *might* work. We might not be able to see this in many Hares yet, because so few spend on advertising, but we can see it in many newer brands: the way that Paddy Power constantly iterates concepts on digital platforms like Twitter and Facebook, testing performance based on real-time metrics and emphasising them in broadcast if they show success; Kim Kardashian - the Balmain-sporting, Fashion Week-owning, Vogue-cover star we see today - has been built on iterating and testing, the singing career aborted[89], the QVC-fashion line marginalised, the computer game empire flourishing. She has compounded success by reacting to what works (high fashion, lifestyle) and discarding everything else; she tests through social, amongst fans, before pushing ideas broader[90]. She is the embodiment of Oglivy's maxim to "back your winners and abandon your losers"[91], except she does so with extreme impatience.

The great enabler of impatience is that most brands and brand communications are simply ignored, hidden in plain sight: only 16% of adverts on TV can be correctly identified afterwards[92], the rest drifting off into a cognitive graveyard. Lauding consistent campaigns for being consistent is circular: those persevered with are persevered with because they are the outliers that work, the few with some of the few with any sort of impact, whilst most go unloved and unnoticed. Retaining brand assets is no use if they are creating no benefit.

Consistency of concept, of behaviour, even of name, should therefore be sacrificed for real world performance: quickly judge whether a brand asset helps

---

[88] For more on Buzzfeed's iterative, agile philosphy, see Jonah Peretti's interview here: http://www.theverge.com/2014/12/17/7409613/jonah-peretti-on-the-future-of-buzzfeed-interview and Wired's feature here: http://www.wired.co.uk/magazine/archive/2014/02/features/buzzfeed

[89] The oft-forgotten "Jam (Turn It Up)" https://www.youtube.com/watch?v=gHp7sq1Tzn0

[90] She describes Twitter as an "amazing focus group" in this interview: http://recode.net/2014/10/27/kim-kardashian-west-code-mobile-2014/

[91] Ogilvy, D., Ogilvy on Advertising, Prion Books, 2007

[92] Sharp, How Brands Grow, p.7

recruit, and if it does, stick with it; if it doesn't, discard it. Consistency is a false friend when time is of the essence: Hares embrace impatience.

- ~~Emotional Appeal~~ Product Experience

Product messaging and product experience aren't the first thing to mind when thinking emotional appeal: Aaker, in his anatomy of branding, separates out tangible product assets away from its personality and its emotional benefits[93]. Yet a good product experience *is* emotional: think of the enjoyment of first using park assist on your new car, the first time you ordered groceries on your flight home, or the first time you played music in a different room over wifi. An amazing product experience can be stirring, partly for novelty and partly for utility.

New research underlines this: Langner, Schmidt & Fischer in Psychology & Marketing (June 2015), showed that any outsized feelings of affection for a brand - what might be called "brand love" - is driven in fact by large rational benefits, such as product quality, rather than any emotive hold they have on people[94]. It is the experience that creates the subsequent emotional appeal - we love them for what they do for us - and as Simonsen and Rosen note, we're better than ever at making those sorts of qualitative judgements[95].

It's something Hares embrace. Xiaomi has built its entire communications approach around product experience, throwing its external weight behind live Apple-esque product launches, whilst internally product managers discuss development with its customers[96]. Uber, meanwhile, encourages product experience in less austere ways - from delivering kittens to offering rides in canal boats to on-demand sky-writing[97] - but the promotions and stories always demand product trial for access, always emphasise the accessibility of the platform and always demonstrate its on-demand nature. Theranos, meanwhile, has focused on

---

[93] Aaker, D, Building Strong Brands

[94] Langner, Schmidt & Fischer, Is It Really Love? A Comparative Investigation of the Emotional Nature of Brand and Interpersonal Love in Psychology & Marketing, Vol 32, Issue 6, June 2015

[95] Simonson, I. & Rosen, E., Absolute Value, Harper Business, 2014, p.62

[96] http://www.androidauthority.com/xiaomi-business-model-success-559681/

[97] Summary of their most notorious ideas here: https://urbanful.org/2015/01/21/17-of-ubers-most-brilliant-ad-campaigns/

supplying its low-cost blood testing equipment to as many pharmacies as possible, turning a traditional business-to-business concept into one that millions can conveniently experience[98].

This early emphasis on experience creates benefits later. A focus on delivering excellent product experience, to as many people as possible, creates latent knowledge you can subsequently activate: John Lewis spent 150 years crafting and reinforcing customer trust before unleashing the most profitable, emotionally resonant series of adverts in its history[99]. That copy worked because it was exquisitely crafted, but it also worked because it was true: John Lewis *is* that trusted[100]. In fifty years, if Theranos has administered hundreds of millions of blood tests to hundreds of millions of Americans in a way that is quick, trustworthy and frequently life-saving, it too will have the same power, ready to be unleashed. Emotional advertising is the *last* thing you do: it is a reminder of your value, years later. It is the Tortoise route.

A product experience focus is therefore a critical part of the way a new brand communicates: perfect it, extend to millions, then remind in advertising. It encourages positivity in the short-term and creates advantages you can rely on in old age. As Musk himself noted, "brand is just perception, and perception will match reality over time."[101]

- ~~Distinctive Assets~~ Proprietary Assets

A focus on distinctive assets - semiotics, music, associations - is said to be at the heart of successful brands everywhere. But the concept of distinctiveness is an entirely subjective matter, and a judgement often based on a misreading of cause and effect.

---

[98] http://finance.yahoo.com/news/wag-offer-theranos-lab-services-211502904.html

[99] For a brief case study of their success, see: http://www.thinkbox.tv/server/show/ConCaseStudy.1705. The activity has also won IPA Effectiveness Awards and Cannes Lions.

[100] John Lewis has consistently been in the top 5 of Nunwood's trust tracker. See: http://www.nunwood.com/2014-uk-experience-excellence-results/

[101] In Q&A with the Silicon Valley Business Journal, 2010: http://www.bizjournals.com/sanjose/print-edition/2010/12/24/qa-with-elon-musk.html

Coca-Cola is often used to illustrate what many people mean by distinctive assets. Yet, at launch, the Coca-Cola logo was anything but iconic: it used the most popular typeface of the era[102], akin to Instagram choosing Calibri for its logo today. It may be iconic now, but that is merely because most other businesses founded in Atlanta in 1886 did not survive. Equally, its other most distinctive asset - the bottle - was introduced thirty years after launch[103]. So Coca-Cola was not, in any way, a company *created* by distinctive assets; instead, its assets *became* distinctive through repetition as it built a successful business primarily on mastery of supply chain, quality and consistency of product[104].

The myth of distinctive assets is one example of "cumulative advantage"[105]: once something achieves breakthrough popularity, its presence and visibility (and the social influence that brings to bear, as people adopt the behaviours and choices of other people) tends to make it even more popular. Coca-Cola's biggest victory was to break through more quickly than its rivals; as it grew, we ignored the cumulative advantage that initial breakthrough created and instead tried to identify other factors - like its now iconic logo - which would have been responsible for its success.

21st century businesses break through by creating and embedding technology-backed *proprietary assets* into the brand[106], and then reminding with distinctive assets. The Hares build the proposition around their patented technology and service offerings - easier to protect than the legally murky world of intangible and generic components that often make up a brand's distinctive assets - and make that the brand essence; they avoid the intangible concepts of service brands, predicated on the behaviour of their brand or its interaction with customers.

Square, the digital payments company, is a great example of how brands merge the proprietary with the distinct. Square exists to facilitate payments, especially for small businesses, through add-ons for smartphones and tablets (rather than

---

[102] Coca-Cola uses Spencerian ccript (https://en.wikipedia.org/wiki/Spencerian_script) which is also the font used in the original Ford logo (https://en.wikipedia.org/wiki/Spencerian_script) and noted by the Coca-Cola company themselves as a common font (http://www.coca-cola.co.uk/stories/history/advertising/the-logo-story/)

[103] http://www.coca-cola.co.uk/stories/history/heritage/contour-bottle-history/

[104] Nestle, Dr M., Soda Politics, OUP, 2015

[105] Watts, Everything is Obvious, p.72

[106] Thiel, Zero to One

installing expensive, specialised payment systems): Square Reader is a small piece of hardware that plugs into a compatible smartphone or tablet to turn it into a till; Square Register is the payment software. The Square brand is built on those proprietary assets: Square is the name, but it's also the shape of the Reader, and the Reader is also its logo. The proprietary assets are the brand, and the brand is the proprietary assets.

Apple rebuilt their company around the turn of the century with the same approach. There was no communication of anything that didn't point back to proprietary technology, nothing presented that wasn't legally Apple's: the iMac design, the iPod functionality, the App store integration, the camera quality, the subtlety of the new 3D Touch system. Nothing is intangible.

It is a lesson every brand could adopt: you should *never* talk about something that isn't uniquely, legally, tangibly yours. Every brand, by aligning marketing and product functions, could turn intangible advantages into technological ones, substantiating key service concepts. If John Lewis wants to talk about service, it should turn "Never Knowingly Undersold" into a tech-driven, legally protected pricing mechanic, dynamically pricing across categories everyday. If Premier Inn wants to talk about better sleep, it should be investing in a unique mattress technology. If Natwest wants continue with Helpful Banking, it could create virtual, out of hours banks where customers talk with advisors through a proprietary video or VR system. Innovating to create proprietary technology creates a protective edge in today's transient world.

The lesson for the creation of brands in the 21st century then is this: no matter who you are, distill your brand experience to its essential elements and create legally protected technology to turn those elements into tangible advantage.

- ~~Broad Base~~ Sector Focus

Hares pointedly refuse to over-extend at the beginning of their lifespan. Rather than embracing the emphasis on breadth we have learned from incumbents, Hares overwhelmingly begin by dominating one smaller sector. They partly use this initial monopoly to create proof of concept for investors, but the additional benefit is that, in a world better connected than ever, even smaller monopolies begin to spread through peer recommendation into related worlds and spaces. Breadth is the *ambition*, not the tactic.

There are many examples of this across the world's fastest growing businesses. Palantir, Peter Thiel's data analysis company, began by aiming at US federal government agencies, securing funding and subsequent contracts with a handful[107]; subsequent success allowed it to access further funding and spread word of its superiority to other government agencies, federal and local, as well as private healthcare and finance companies. SpaceX also focused initially on contracting for the US government[108] as well as sourcing private funding, whilst AirBnB first focused on over-subscribed events, full of well-connected individuals where other lodging options were likely to be scarce[109].

The benefits of this approach are two-fold. Short-term, it allows a brand to hasten its growth and create proof of concept, whilst also creating precious network effects to spread the word. Long-term, those initial associations help frame the brand and give it meaning: SpaceX and Palantir benefitted from the technological credibility of government customers, for example. (A brand outside the sample, Under Armour, demonstrates this as well, using its dominance first of college athletes to acquire sports credibility[110].) First impressions count, and they stick.

Picking an initial sector is therefore critical. To successfully create a brand today, you need to identify an audience or market for whom your business is immediately relevant, that you can monopolise, and who will - in time - also lend beneficial associations back to you.

- ~~Heavy Support~~ Eventual Support

Media spend is, in a brand sense, an arms race[111]. Its benefit is almost entirely defined in a competitive sense, inasmuch that it is the increase in comparative

---

107 http://www.forbes.com/sites/andygreenberg/2013/08/14/agent-of-intelligence-how-a-deviant-philosopher-built-palantir-a-cia-funded-data-mining-juggernaut/

108 http://www.vogue.com/13349221/elon-musk-profile-entrepreneur-spacex-tesla-motors/

109 The founders focused on events like SXSW and the Democratic Convention, oversubscribed but full of well connected people: http://blogs.wsj.com/venturecapital/2009/06/10/from-crash-pad-to-pizza-profitable-entrepreneurs-target-budget-travel-market/

110 For more on the history of Under Armour, see: http://www.fundinguniverse.com/company-histories/under-armour-performance-apparel-history/

111 For more on the damaging competitive effects of arms races in economics, see Frank, R. H., The Darwin Economy, Princeton University Press, 2011

spend - share of voice - that is correlated with market share gains. But the market share gains are small[112], and the logic of that as a vehicle for growth is entirely self-defeating: after all, if you are looking to grow share of voice to grow share of market, why would your competition not be looking at the same thing? If they aren't, why wouldn't they react?

Compounding this issue is the sheer weight of spend this will often imply is required to grow. For a new entrant into retail or banking, for example, the logic of share of voice versus share of market as established by Binet & Field[113] would suggest you begin benchmarking against category competitors spending hundreds of millions per year in marketing investment; even those after 0.5% market share would be required to commit millions in year one. And even when the market is less competitive, the entry costs to the broadcast channels recommended by media planners often reach into the hundreds of thousands.

However, there is something telling in the Broadwick quote comparing advertising to an aeroplane, where "spend is like the engines… when turned off the descent *eventually* starts"[114]: note that what *isn't* claimed is that said spend helps the brand take-off. Today, in a networked age, we see brands no longer need immediate paid media spend to help create success. The brands that win today are brands that *postpone* paid media investment, delaying its imposition until they have wrung as much benefit as possible from owned and earned channels and using the time instead to perfect their product experience[115] until it is good enough to be defended through additional spend.

Hares show us that there is still much to be gained from hoary old response-driving tactics for those focused on low-cost recruitment and social spread. Coupons, for example, have made a comeback with Uber, who have long utilised free credit offers to drive recruitment, at no expense to growth, in between their shameless publicity drives. Spotify created a managed sense of scarcity and value

---

[112] Per the work of Binet & Field, to generate even a 0.5% shift in market share brands on average need to spend more than 10 points higher than their share of market, a task that is harder - and therefore even more expensive - for the smaller brands at the bottom of the market

[113] Binet & Field, How Share Of Voice Wins Market Share: New Findings From Nielsen And The IPA Databank, IPA, 2009

[114] Sharp, How Brands Grow, p.139

[115] Snapchat is a good example of a brand that focused initial efforts on improving user experience. See: http://www.forbes.com/sites/jjcolao/2012/11/27/snapchat-the-biggest-no-revenue-mobile-app-since-instagram/

during its launch phase by setting up as invitation-only[116], enhancing its earned media value. And the tiered business model of many Hares is effectively a spin on old-fashioned sampling, offering users a free or low-cost taste of a service and making initial conversion easy.

Beyond that, the companies also seem to recognise the old insight from Everett Rogers, that those adopting your product earliest will also have the most tolerance of flaws[117] and, as a result, exposing it too early to a broad audience can be counterproductive. Spotify launched in 2008 in only a handful of countries, slowing expanding as it waited for the technological infrastructure - particularly quick mobile internet - required for a smooth experience; it arrived in the US just as high-speed LTE mobile internet was rolling out[118]. Compare this methodical rollout with the disastrous broadcast-heavy approach taken by brands in the dotcom boom: pets.com was in its first year spending millions of dollars on national advertising, yet it was defunct less than two years later[119]; boo.com spent just under $200m dollars in six months trying to achieve breadth quickly, before it too flamed out[120]. Both weren't ready for an audience of that scale, but conventional wisdom sucked them into an advertising arms race against bigger firms, without realising that the broader audiences they were targeted would have less patience for the evolving, flawed services. Hares reinvest that potential spend into making product better.

In the pursuit of rapid dominance, heavy media support can be literally the last thing your brand needs; increase your incentives, improve your accessibility, but slow your appetite for paid media.

The Model for Brands

[116] https://en.wikipedia.org/wiki/Spotify#History

[117] Rogers, E. M., Diffusion of Innovations, Free Press, 2003

[118] For the roll-out of LTE mobile internet, see: https://en.wikipedia.org/wiki/4G#United_States

[119] http://www.marketwatch.com/story/sock-puppet-kills-petscom

[120] http://www.nytimes.com/2000/06/02/business/international-business-fashionmallcom-swoops-in-for-the-boocom-fire-sale.html

It is therefore possible to create a successful brand in the 21st century, provided you are willing to choose the tactics of the Hare over the Tortoise. Hares focus single-mindedly on growth of audience, pointing their brand to a smaller, well-connected market sector that they can dominate quickly and use to shape their associations. They recruit by ignoring emotional appeal and using whatever they can - incentives, discounts, publicity - to get people to experience their product. They make sure that whatever they push people towards is proprietary, woven into the fabric of their brand. They are flexible in how and what they do, and they are thrifty - investing not in a media arms race but in research, development and innovation. This is the Hare model of brand creation.

By embracing these values as a new brand you can sprint to success. The ambitions you possess for your brand in the long-term - margin, breadth, attachment - come from breaking through in the short-term and accumulating additional advantages.

However, the classic rules of brand growth explored earlier in the essay demonstrate how incumbents sustain their success. For those lucky enough to be in that situation, they remain vital, and - with the switch brands like Amazon and Facebook have made, from initially following the new rules to now embracing classic branding techniques - clearly still relevant even for newer brands. This is the Tortoise model of brand sustenance.

The two sets are complementary, their use built on business context: fast branding for those setting up new ventures, scrambling to survive, slow branding for those with dominance to defend.

There are some tactics, naturally, that are universally helpful. Both Hares and Tortoises benefit from a long-term purpose, which frees you up from an overweening focus on existing products and enables a shift to an agile approach allowing businesses to fit brand and products around consumer need inside a broader industry[121]. Equally, a focus on innovation allows all brands the ability to exercise control over the path of their business and their market, helping stave off unexpected challengers[122]. Every company, big or small, needs to find a way - innovative or traditional - to maximise the distribution of their goods, in order to

[121] Gunther McGrath, The End of Competitive Advantage, p.34

[122] Christensen, C.M., The Innovator's Dilemma, Harper Business, 2011

maximise opportunities to sell[123]. Finally, a relentless focus on measurement allows both kinds of business the ability to understand when it is right to make switches in essence, product, communication or distribution; heed Jack Welch's words and find ways to get - and use - data more quickly.

The only remaining challenge, in this model, is to know when to make the switch from the Hare model to the Tortoise. The logical implication of the studying of customer and media strategies would suggest, however, that the time to switch would be once you've generated the narrow monopoly in one of the first customer sectors you targeted. Once that has happened, you've got something to build from, providing both a valuable revenue stream but - most critically - proof of concept to both investors and customers. Once dominant market share has been achieved in one of these initial sectors, the challenge is to broaden appeal, using media investment - if need be - whilst ensuring you still seek to monitor growth rate monthly. Fast, focused monopoly is the key objective of the Hare.

	Hares	Tortoises
Goal	Single sector monopoly	Multiple sector monopolies
Dominant Strategies	Long-term Purpose Embrace of Innovation Spread of Distribution Mastery of Data	
Commercial Strategy	Short-term Recruitment	Long-term Margin
Behavioural Strategy	Impatient	Consistent
Advertising Strategy	Product Experience	Emotional Appeal
Messaging Strategy	Proprietary Assets	Distinctive Assets
Customer Strategy	Sector Focus	Broad Base
Media Strategy	Eventual Support	Heavy Support

Together, the combination of these universal priorities with the two, mirrored approaches to brand building give us the new 21st century model for growth. It rejects the concept of one path for all brands and acknowledges that - because business today has changed - the tactics we adopt to succeed should change too.

Summary

[123] Sharp, How Brands Grow, p.180

Brand building has never been more difficult, because business in the 21st century has never been more different. The old rules of branding - conservative, consistent, emotive, focused on maintaining margin over time and gradually growing share of a broad category - that we generated from 20th century business are no longer universally applicable. Instead, we need to learn and build on the lessons of today's winners and add a second model of brand building to our arsenal, the 21st century Hare to the 20th century's Tortoise. By toggling between these two options, quick first and slow second, brands can be both built and sustained, successfully and consistently.