

# BUILD BRANDS ON COMPETENCE ASSOCIATIONS

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## Abstract

*With increasing market transparency and an increasing number of market dialogues the distinction between companies and their customers' respective environments is becoming archaic. One consequence of this is the merging of two processes: branding and production. Branding will become less about talking and more about doing.*

*This paper proposes that ordinary branding agendas promoting values will lead companies into a dead end as intelligent customers will see that most brands cannot and should not deliver values. It suggests that the use of competence associations is the way forward in a time when brands are built mainly through everyday dialogues and deliveries. The paper draws on the author's personal and professional opinions and observations since little branding literature as of yet deals with the competence associations of brands.*

*The paper discusses the reason competence associations are superior to values as origin of brands and why they have not yet become a break-through brand model. Finally, it elaborates on what steps a brand builder must take in order to define a competence association and develop a strategic principle to drive long-term differentiation.*

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**G**enericification is the best way to summarize why CEOs and marketing executives have become dependent on brands. No longer is it difficult to produce goods or services with high quality and low cost. Picasso's aphorism "Good artists copy, great artists steal" has become management mantra, and a company's scarcest resource is their customers' attention, attraction and trust.

Parallel to the increasing value of brands is a trend towards greater transparency, where companies are no longer able to conceal their insides in favor of neatly planned advertising campaigns and corporate information send-outs. This is due to an exponential increase in the number of customer touch points, mainly thanks to technological advances, creative liaisons, an increased amount of media channels and the addition of new physical meeting points – concept stores, shop-in-shops, customer information centers etc. There is also the fact that customers tend to discuss companies and brands more and more – partly because they have such great influ-

ence over their lives - in forums ranging from newspapers to TV couches to dinner tables.

Transparency moves companies' communications from a few controlled monologues to a multitude of uncontrolled dialogues. This new communication climate renders the walls between customers and companies – between management and market-facing personnel – obsolete, and the difference between companies' internal and external world is redundant.

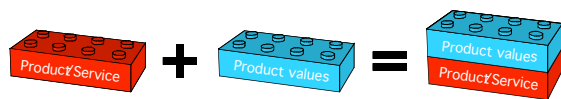
The hierarchical production-oriented organization, where knowledge and decision-making moved top-down, where the workforce was hired and fired and provided with rules and branding manuals, is no more. New organizations are networks built around customer relationships. Knowledge travels from the bottom up. In this new kind of organization, branding moves from the role of securing the right market communication message to managing the whole company and its innovations.

Thus, a brand builder's new mission is to ensure that every dialogue about the company – internally and externally – becomes a little more interesting.

**Competence associations**

Such shifts in company communication environments have bearing on the way brands are managed and branding is conducted. No longer is it sufficient to merely fabricate artificial values and force them onto little-differentiated products. The new way of branding entails creating meaning that inspires new economic, informational and emotional value.

Below is a graphical representation of the old-school way of branding, where product values are a step that is added to differentiate it.



A toothpaste becomes not just toothpaste but “anti-decay toothpaste” or “nice-tasting toothpaste” or “whitening toothpaste” or “toothpaste for athletes” or whatever will help shift more units for its manufacturer (one recent addition is “herbal toothpaste”).

The method for old school branding is spelt advertising and the platform that “herbal” or “whitening” was latched onto is always the product. So far, so utilized by advertisers and brand builders alike for decades. What, then, is the problem?

1. The product values are fabricated. They do not exist in reality. Usually they are not even conceived in-house, but tend to be generated by copywriters or consultants.
2. The product values are not “sticky” enough. This is not a creative copy discussion but rather a critique of the fact that the only way to keep product and value tightly connected is through extensive and expensive advertising. In the long term, this is not an effective way to create and sustain temporary monopolies. The big product brand companies suffer because of this reason (although they may not yet have understood it.)
3. Customers do not buy/consume values. One marketing myth states that customers pay more for a brand because it represents a way of life or a set of ideas. The myth states that Nike sells personal achievement and Coca-Cola sells care-free fun. These types of values are the driving force of why customers buy these brands but they are not what they actually buy.

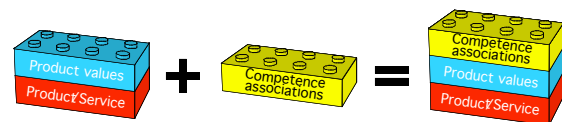
4. Values are too generic – too hard to use as true differentiation. Almost all brands want to be “innovative”, “committed”, “professional”, “ethical” and “flexible”. In an increasingly crowded marketplace, brands need to find something that is more unique, more difficult for competitors to copy, something easier to manage and maintain.

**A modest proposal for a better way of thinking then would be as follows:**

As products develop into services and solutions, as dialogues develop between companies and customers, the brand's reliance on advertising will decrease. Instead, the organization itself becomes the brand's very base and the customer's conclusions about products are drawn from their evaluations of an organization's people.

In this new situation, the dimensions of a brand, earlier being product and product values, expands to include an organizational dimension. This dimension's most important implication is associations to competencies of the people in the company, i.e., what are they perceived as knowing, what area are they most likely skilled within?

The leaders of the next generation of brand builders are the ones that master development and maintenance of the competence associations on top of product values, shown below:



Competence associations are the company's description of its main competencies as perceived by the customer. They should deal with the problems the customers delegate to the brand. Examples of this include a bank brand that does not only stand for “open 9-6” (product value), but also for having the competence of “creating personal investment tools”; A pen brand that is not only “no-smudging” (product value), but has its competence in “ergonomics”; And an airline that not only has “excellent service” (product value) but defines its competence as “entertainment at 30,000 ft”.

An example of traditional product brands that have moved from a product value approach to a competence association is Unilever's detergent brand Via/Omo, with the development of Omo Info/Via Direct - a phone service line that takes the delivery from a “clean washing” detergent to a “washing problem solving” brand that is independent of the product to a greater extent.

Another example is how Gillette's constant "innovation within wet shaving" (competence association) has moved it from being a "close shave razor" (product value) brand. A role model for brands is Madonna, the pop star. Instead of being associated with a particular sound or image (product values), she has ensured constant "zeitgeist renewal" (competence association).

### The case for competence associations

There are three basic reasons behind the importance of competence associations over fabricated product values:

1. People management, not brand management
2. Competence associations are more valuable than fabricated product values in the customer's evaluation of the brand
3. Competence associations have the opportunity of being more unique.

### People management, not brand management

Earlier brand managers managed brands and branding, taking care of the planned marketing communication messages. The tools for monitoring this process were the defined brand values, which were to be properly translated into advertising and conveyed to defined target audiences.

Today, managing a brand is managing people, innovations and dialogues that build brands. The tools for doing this are not the values, but clearly defined competencies and guidelines for making everyday decisions that are more management than brand management.

### Competence associations are more valuable

It is far more interesting for a customer to buy from a supplier that shows what he knows than from one whom only says what he values. Even less interesting is a supplier who claims certain values in advertising campaigns, easy for anyone as talk tends to be cheap, but then fails to deliver the promised values in other customer touch points.

A brand with competence associations gains the customers' trust in solving the right type of problems. A brand promoting its competence associations has something interesting to say. A competence brand gives knowledge to gain knowledge.

Competence associations are also more valuable because, as stated earlier, people do not buy values per se. They buy companies' competencies to build these values into the solutions they buy, either for their own use or in the interaction with others. Val-

ues are drivers of why people buy, but they are not what they buy.

### Competence associations have the opportunity of being more unique

There are more competencies around than there are values, at least counting only those that companies usually want to be associated with. From this it follows that it is hard to build a really strong differentiated position with the sole use of values.

Part of the reason for this is the fact that values are dichotomies. A toothpaste can only be "anti-decay" or not, "nice-tasting" or not, "whitening" or not, or "for athletes" or not.

Competence associations, on the other hand, can be of many varieties. They can be sorted into niches – for example, a telecom operator "enabling social relations". A differentiated competitor position in relation to this is not "hindering social relations" but rather "providing individual information".

They can be targeted towards certain customer groups, an example being banks that have the competence to "empower the financially interested". The differentiated competitor position in this case would not be "disempowering the financially interested" but rather the competence to "ease finances for families".

### Provided they are so great, why do not all companies use competence associations?

The first answer to this question is that companies go wrong because of the branding tradition. Competencies have, simply, played a very small role in prevailing branding theory thus far.

Little branding literature as of yet deals with the competence associations of brands or even the role of the company's people in branding. The field of branding has traditionally focused on the marketing communication process of products and has not dealt so much with the management of intangible value creation in the whole company.

The well-known brand identity models of David Aaker (Aaker, Building Strong Brands, 1996) have the brand identity dimensions product, organization, person and symbol. Aaker was the first brand thinker who very early attached the organization to the brand's identity, but, at that time, he discussed it more from a core values and cultural perspective. Another wide spread model, Kapferer's Brand Identity Prism (Kapferer, Strategic Brand Management, 1997) also deals with the culture dimension of a brand, but does not identify that a brand can have associations to competencies.

Other brand theorists talk about developing “social”, “spiritual” and “mental” dimensions of brands. These types of brand identity dimensions become very hard to manage for anyone except advertising copywriters, whose contribution to branding is, as pointed out above, becoming smaller. Managers do not see or control social, spiritual and mental dimensions of companies. What they do manage is the company’s competencies. This is then what branding must be about.

The second answer to the question why companies go wrong is because they see themselves as product companies. Competence associations is by no means limited to companies who would consider themselves to compete with state-of-the-art knowledge or competence, i.e., consultancies or “think tanks”. The approach is equally applicable to simple products, like soft-drinks, sandwich spreads and cereals

The distinction between products, services and knowledge is becoming less relevant as companies try to “servicify” their products by offering add-on services, including 24 hour hotlines and web communities. Innovation cycles are also becoming faster, and most products are being constantly improved. In this context, it is a liability for any company to think of themselves as merely a product brand, yet that is what many of them tend to do.

Makers of more complex products, such as cars or mobile phones have long understood that they compete with the knowledge to produce and innovate around a product or service. But, if one looks at how many of them convey what it is that they know, one sees that they do not get it right. Far too much emphasis is on products, technologies and values.

For simple products, where many producers have the competence to produce functionally equal products, defining a competence that the customer values is of even greater importance. The Via/Omo and Gillette brands mentioned earlier, as well as other brands, must add both competence associations and services to their customer offering to be able to remain competitive.

### **Brands are what you do – not what you say you do**

Brands have been too much about talking, i.e., marketing communications. The next generation of brands will move branding into doing. Part of the reason for this is the adaptation to a transparent marketplace where critical customers will settle for

nothing less than companies that deliver on their brand promises. Furthermore, it is a shift where the previously separate processes of production and branding become intertwined to such a degree that they cannot be told apart.

In order to succeed in defining competence associations and developing the organization and offering around it, the following list of actions needs to be successfully executed:

1. Define the competence association
2. Conceptualize the competence association for the delivery
3. Develop a strategic principle and an activity system from the competence association

#### **1. Define the competence association**

Firstly, define a competence association that is relevant from a customer perspective. This does indeed sound self-evident, but every company suffers from some degree of “home blindness”. They tend to brand what they themselves are proud of being good at, resulting in competencies that the customer may consider irrelevant. Hi-tech companies, for example, are often proud of their technical capacity, whereas their customers may tend to value their competency to give them an interesting user experience. A mass clothing brand’s true core competence might be “copying the big brands fast and procuring efficiently in South East Asia”. The competence association is then not that but “making high fashion available”.

Secondly, define a competence association that is differentiated. Many positioning strategies have had the aim to reposition brands so that they have a “deeper” meaning. For example, a watch company can try to become “the time company” – a business travel agent can try to become “the meeting facilitator”.

This may be a trap. Why? Because these broader definitions of what the brand is all about fails to differentiate the brand at all. All watch companies can claim to be “time-companies”; all business travel agents can become “meeting facilitators”.

What brands need is a perspective on this broader definition. Companies need to express why they will be interesting as the “time company”, what competence will they have that makes them better than others as “meeting facilitators”. Think of the numbers of online retailers that simply considered “online presence” as a differentiating feature.

To return to the case of Gillette: When Gillette expanded from a “close shave razor”, they did not merely define their competence association as

“shaving”, which would have been comparable to the “time company”. They may have then made the mistake of taking the Gillette brand into dry shaving. They instead chose a more narrow definition with “innovation within wet shaving”, enabling them to stay focused in the mind of the customer.

Thirdly, define a competence association that is extendable. Competence associations enrich companies with the possibility to define their business in a way suitable for new business opportunities. Companies tend to think too much in terms of how a product brand can be leveraged across product segments. Given what customers perceive that a brand knows, a brand can enter into any categories where this competence applies. Brands that rely on values have difficulty doing this because the values are not enough to earn trust in new deliveries.

Companies can use the competence association as a guide for innovation – brand driven innovation. Using this approach, Virgin’s brand extensions are logical: Entertainment was the company’s core competence from their inception, and it is the one competence association that has “traveled” with them through their airline and banking ventures.

## 2. Conceptualize the competence association for the delivery

If brands should be built first and foremost through the offering and through their dialogues with customers, the question must be asked: what drives interesting dialogues? The answer is insight and knowledge. Today’s customers want a dialogue on their terms: They want answers to their questions, they want to be well served and entertained, and they will only be customers as long as the company can establish and maintain an interesting and fruitful dialogue. The fuel for such dialogue is competence.

Every company should also strive to create an exhibition area for displaying the benefits of their competence associations. One example of this is the motion picture-industry. Numerous programs and documentaries are devoted to “the making of” films and documentaries, and with the advent of the DVD format, this kind of product can even be distributed as part of the ordinary offering. In “film making”-products, the director may be interviewed to stress

the unique competence of the actors, and the actors interviewed to describe the unique competence of the director. Companies in other industries tend to underestimate both the value of creationism and the stories they create in the offering of their products and services.

## 3. Develop a strategic principle and an activity system from the competence association

Finally, moving from a communicative view of brands towards a delivery-based view will create a challenge to the organization, that is, communicating the brand internally. Everyone in the company has to interpret and relate to the brand in order to understand how it can act as a guide when making everyday decisions. Ultimately, reading sessions of brand books and other archaic tools tend to be far and few between. In trying to organize the company around the competence association, brand owners should develop a strategic principle, a distillation of a company’s strategy (Harvard Business Review, May 2001, Gadeish and Orit). Such a principle should:

1. Make people understand the trade-offs in resources needed
2. Test the strategic soundness of a particular action (i.e., does what the employee is about to do resonate with what the company is about to do)
3. Set clear boundaries for employees within which they have freedom. A strategic principle will act as a fence and a source of inspiration.

Turning the competence association into a concrete strategic principle can turn what is usually conceived as a fuzzy statement into a valuable tool for everyday decisions and activities.

## Conclusion

The ordinary branding agenda promoting values will lead companies into a dead end as customers begin to see that most brands cannot and maybe should not deliver values.

Managing brands today means managing people, innovations and dialogues that build brands. The tools for doing this are no longer just brand values in brand manuals, but clearly defined and widely spread competence associations that steer everyday dialogues and everyday decision-making.