



parathink™

Nº 9

Brand Matters

A look at the importance of maintaining a brand—including why it's a priority for the world's top CEOs.

(A quick-reading *parathink* briefing for really, really busy people)

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Paragraphs is an award-winning, strategic design firm specializing in branding and corporate communications across all media. Since 1984, we've helped leading companies around the world do one thing exceptionally well: build powerful brands that grow their business.



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Executive Summary

What do Apple, Google, Microsoft, Coca-Cola, Amazon, Disney, Toyota, McDonald's and Samsung have in common? According to Forbes' 2017 list¹, they're the world's most valuable brands. Seated at number one, Apple's brand value is an impressive \$170 billion. Even Allianz, the last brand on the list (number 100), is valued above the billion-dollar mark at \$6.8 billion.

They have found success due to increased market visibility, exceptional reputations and customer loyalty—all thanks to their brands. From recognizable logos to upholding promises to positive customer interactions, these companies know what it takes to create a brand that drives revenue.

In this parathink briefing, we'll give you a quick overview of:

- The quantitative impact brands have
- What CEOs *really* think about brands
- How brands build employee loyalty
- How to establish and maintain a brand



¹ <https://www.forbes.com/powerful-brands/list/>

Branding by the Numbers

Brand building is a painstaking art. It takes research and time to collect the necessary data that helps formulate the brand—and even more time to apply that differentiating, creative touch. When done right, brands can lead your company to long-term success: You'll win the hearts of customers and ensure better financial performance.

Brand & Customers

A 2016 study by the Temkin Group² found that customers who are more likely to recommend a company (based on positive feelings toward the brand) are also:

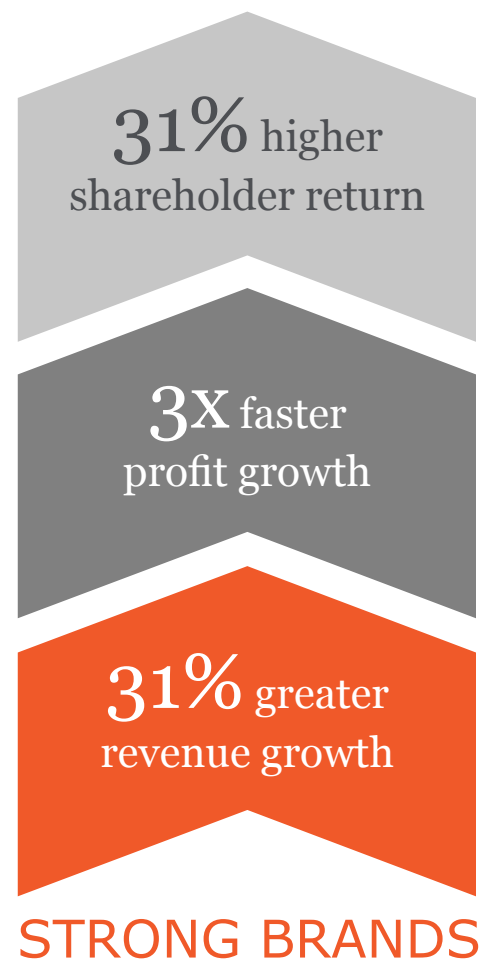
- 5x+ more likely to make another purchase
- 7x+ more likely to forgive a company's mistake(s)
- 9x+ more likely to try a company's new offering

S+G's Global Brand Simplicity Index for 2017 states that 61% of consumers are "more likely to recommend a brand because it provides simpler experiences and communications," while 64% would pay more for these simpler experiences.³

Brand & Finances

- Brands with strong reputations offer 31% higher shareholder return⁴
- "Brands account for more than 30% of the stock market value of companies in the S&P 500 index"⁵
- Strong brands have more engaged employees, who can help their company grow profits 3x faster than competitors⁴
- In B2B, the top 10 brands with the best customer connection had a 31% greater revenue growth in 2010–2013 compared to the 10 lowest brands⁴

Brands really *do* influence a company's overall performance. And if you ask the world's top CEOs, they hold brand building in high regard—for good reason.



² <https://www.prnewswire.com/news-releases/new-temkin-group-research-shows-connection-between-net-promoter-score-metric-and-loyalty-300287716.html>

³ <http://simplicityindex.com/>

⁴ <https://www.linkedin.com/pulse/why-brand-counts-margaret-molloy/>

⁵ <https://www.economist.com/news/business/21614150-brands-are-most-valuable-assets-many-companies-possess-no-one-agrees-how-much-they>

What CEOs Really Think About Brands

In the November 2016 edition of *Harvard Business Review*, the cover article looks at “What Really Keeps CEOs Awake at Night”—and one of these topics revolves around building a brand. As some of the world’s top corporate leaders, these CEOs understand the mindset required to lead million and billion-dollar companies to success in today’s industries.

According to Martin Sorrell, former CEO of WPP (1985–2018), “long-term brand building is a diminishing art.”⁶ He believes that the attitude of young people—the millennials—is to look for the next best opportunity versus staying with a business for a long time. Many, he says, also seek to start a business and sell it once it takes off versus trying to develop it into something monumental.

For Lars Rebién Sørensen, CEO of Novo Nordisk, all is not lost. Sørensen does believe that the willingness to “invest in being part of brand building or make a long-term commitment to companies” has diminished. But, he concludes, by offering a sense of purpose, companies can entice their employees to “partake in a journey that can last years or even decades.”

These CEOs and other top-ranking executives understand that when you talk about brand building, you’re really talking about the *longevity* of your company. A brand needs to stand the test of time, market changes and shifting consumer views—or else falter. Take Johnson & Johnson: Though visuals have been updated, new products have been introduced and messages were adjusted to meet the times, it is still a family company at its core, continuing to embrace innovation “to advance the health and well-being of people around the world.”⁷

“When you talk about brand building, you’re really talking about the longevity of your company. A brand needs to stand the test of time...”

What’s in it for Employees?

We know that a brand can help build customer loyalty, encourage forgiveness and create repeat business. But a brand can also build the loyalty of employees—the individuals who are crucial to the success and longevity of a company.

As Sørensen said, a brand gives the company a direction, and this direction provides employees with a sense of purpose. Instead of working aimlessly, employees know what they are working toward, whether that’s cleaning up plastic from the world’s oceans or developing software that integrates all aspects of business management. This direction promotes proactive, long-term thinking as well: What steps do we take now that will put us closer to reaching our ultimate goal(s)? Can we make improvements to our processes to better utilize our time and resources? Having a destination to visualize makes the journey not only easier but exciting, motivating and fun—so employees will want to be around to cross that metaphorical finish line.

Companies with successful brands have dedicated, passionate employees who view the company’s successes as their own. They become champions for the company, serving as brand ambassadors who promote the company to others by sharing what it hopes to achieve and what makes it unique.

⁶ “What CEOs Really Worry About,” *Harvard Business Review*, November 2016

⁷ <https://www.jnj.com/about-jnj>

