Google killer, brand killer

By Patrick Carmody

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On an infamous Friday in 1993, Marlboro rocked the business world by slashing the price of its premium brand - a mini-crash ensued as all brands were suddenly deemed brittle. 'Marlboro Friday' has since proved to be a wobble rather than a seismic shift as brands have continued to command healthy and often increasing profit margins over a sustained period. The recent launch of search engine Cuil (28 July 2008), although seemingly innocuous, again raises some Marlboro Friday-type questions around the value of brands, this time in the Web 2.0 economy.

The ruthlessness of crowds

Most marketers would be delighted with 50 million product trials on day one of launch, but it is somehow not good enough for the connected critics on the World Wide Web. By all accounts on the blogosphere, Cuilmania will pass quickly and Google's brand strength will give the search leader time to respond to its new competition if need be. The question we should be asking is what if Cuil did get the double thumbs up from the online community, leaving the world's strongest brand scrambling for answers?

This 'what if' scenario sends out the following warning shots:

1. Brand loyalty means far less online

Brand loyalty loses a lot of business value when switching between brands is a very easy and low risk consumer decision. Switching bank brands, car brands - even cigarette brands - represents much more risk and effort than switching search brands. On the Internet people are more able to show loyalty towards a product rather than a brand.

2. Incumbency means less online

Incumbency, the lifeblood of hundreds of supermarket brands, also means far less on the Internet.

Consider this.

A new cola launches in the US, promising to take on Coke. At launch it manages to achieve exactly the same distribution as Coke but has far less brand awareness because of its newness.

Nevertheless it manages to get the word out to a substantial amount of people (with almost no advertising). On day one of launch it achieves 50 million samples consumed, with many regions unable to keep up with such phenomenal demand.

This scenario would be impossible in a bricks and mortar brand world, but Cuil's recent entrance onto the search scene has at least proven that incumbency means far less on the Internet than in the supermarket.

4. Brand valuation must change

Google was ranked as the world's most valuable brand by Millward Brown in 2007, attaching a value of U$86bn to the brand (Brandz, 2007). Why don't we have a globally recognised tool that measures the value of a product or the proprietary design of anything, for that matter? Measuring the value of deeply different products (Google Search) or deeply different distribution systems (eBay) or deeply different service experiences (Vida e Caffe) is surely more tangible and meaningful than measuring brand perception. This is especially true when the collective wisdom of the crowd rapidly recognises good design (be it of products, channels or experiences) over branding efforts.

5. Marketing 101 is branding 2.0

Branding should never have overshadowed the good old 4 Ps. ‘Brand' is merely the result of a well-designed marketing mix, linked to a particular vision. So, in the interests of clarity, let's bring back old classics such as product, service, distribution, communication, internal culture, leadership and ultimately reputation (a word that people seem to have a better understanding of than branding).

A strong reputation (that fortifies your market position and promises future revenues) comes from the quality of design thinking in your 4Ps.

If there is a visionary thread that runs through your marketing, you probably have a better chance of building the aforementioned reputation. Google talks about its vision as ‘managing all of the world's information and making it universally accessible'. This is a filter for all of its endeavors and it hones its reputation, keeping it distinctive and focused. Google has not engaged in much branding at all but has the luxury of time to respond to competitive threats because of getting all of the above so right. For some reason I can't imagine Google's founders brainstorming its brand essence till the wee hours back in the day. But, heck, they have brand equity in spades.

Seth Godin (2002) indicates that there is much hope for companies that decode the new rules of a connected economy. He refers to an Internet dominant scenario called ‘After Advertising': after advertising we're almost back we where started. But instead of products succeeding by slow and awkward word of mouth, the power of our new networks allows remarkable ideas to diffuse through segments of the population at rocket speed.

Brand value = precious response time in a high pace market

What brand equity does is that it buys the company time to respond to market threats and even borrow innovation from new competitors where it sees fit. It allows Google to add some ‘Cuilness' to its product without losing too much traffic in the mean time. People would rather have Google plus some Cuil functionality than just plain Cuil.

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- Patrick Carmody: Brands are our frenemies

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