

Financial Voyage

How the Internet Can Boost Your Brand: BCG

Boston Consulting Group or BCG produced the report with the title above as part of "Opportunities for Action in Industrial Goods".

This is their analysis of the change process when the Internet meets old brands, and what firms need to do to re-invent themselves and thrive. (To complete the picture, we use our mapping technique to "complete orphaned boxes")

The authors also suggest that companies need to hurry with cornering for themselves the key brand values and the means of delivery. Competition will be intense, and those who loose in this game will really be poorer for it.

The Financial Voyage perspective is that many prominent firms had been enjoying the virtuous loops their brands help to support. These reinforcing loops are now being threatened. This is a strategy of how to rebuild and regain your brand.

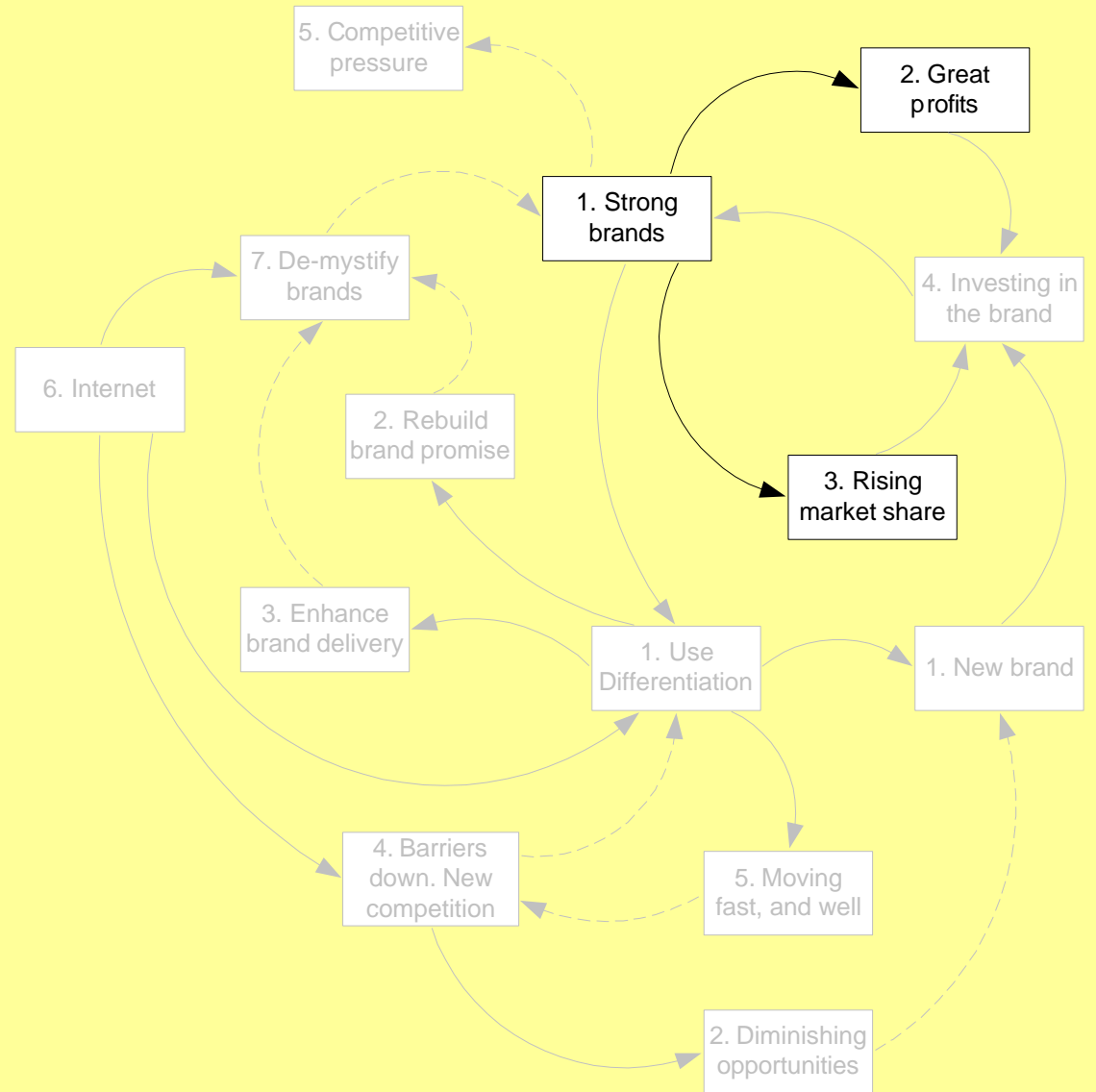
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1. Strong brands (box 1) leads to attractive profits (box 2) and contributes to rising market share (box 3).

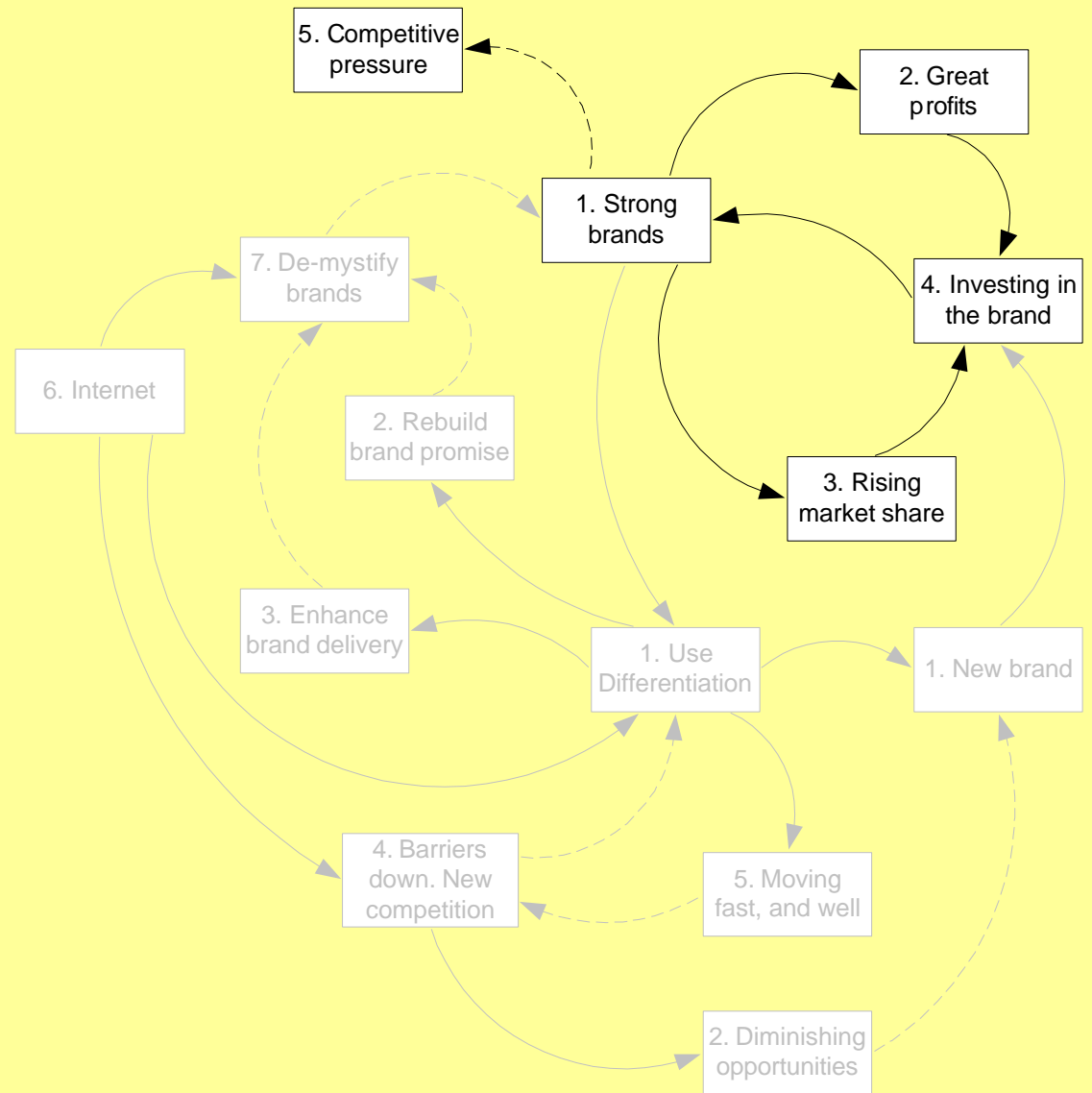


2. This in turn provides the means to invest in the brand (box 4). This give rise to two reinforcing loops.

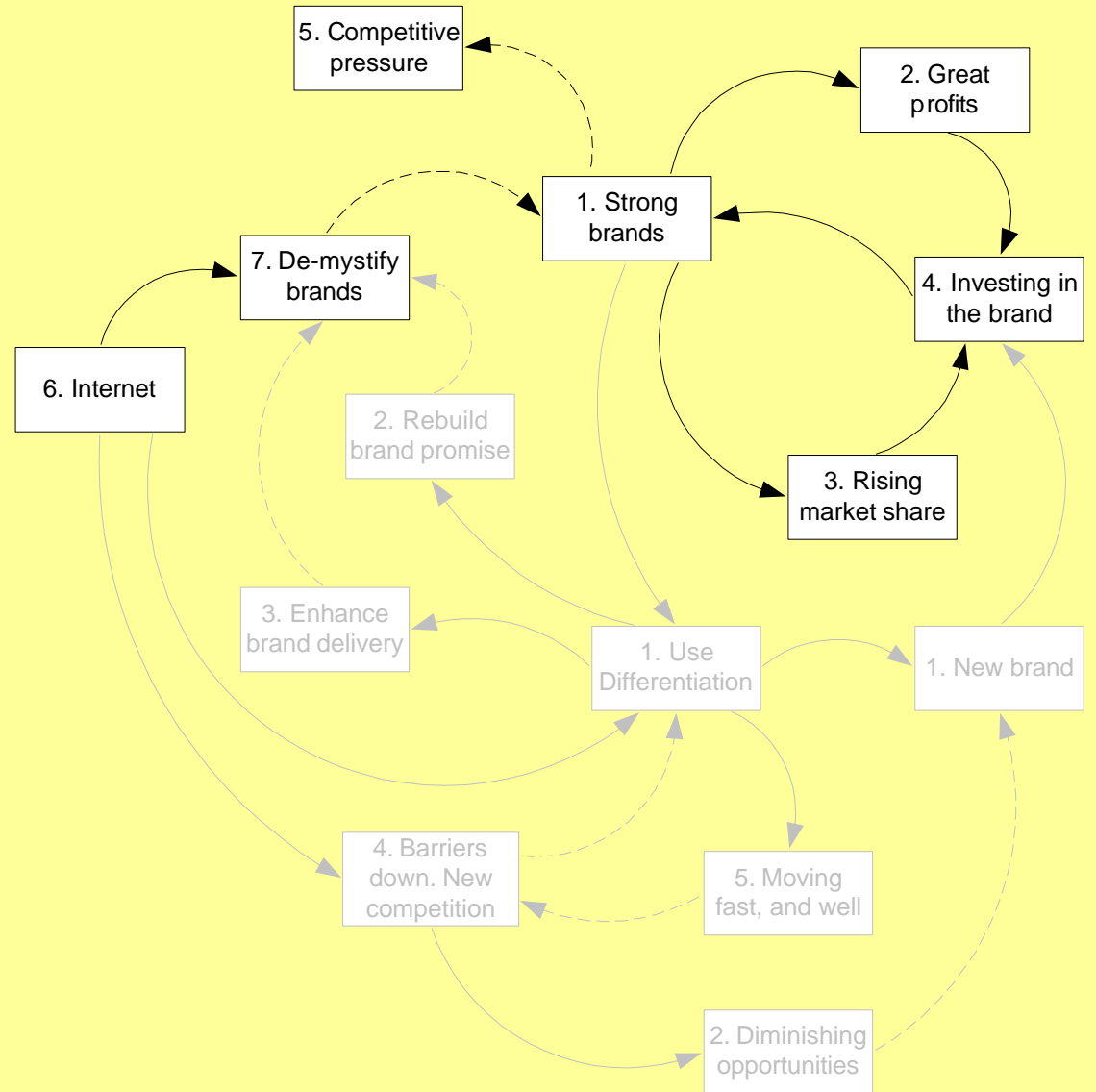
Loop 1 - Box 1, 3 and 4

Loop 2 - Box 1, 2 and 4.

Overall, the competitive pressure on a firm with strong brands is less than those experienced by others in the same market (box 5). In reality, many firms with strong brands give pressure to those who do not.

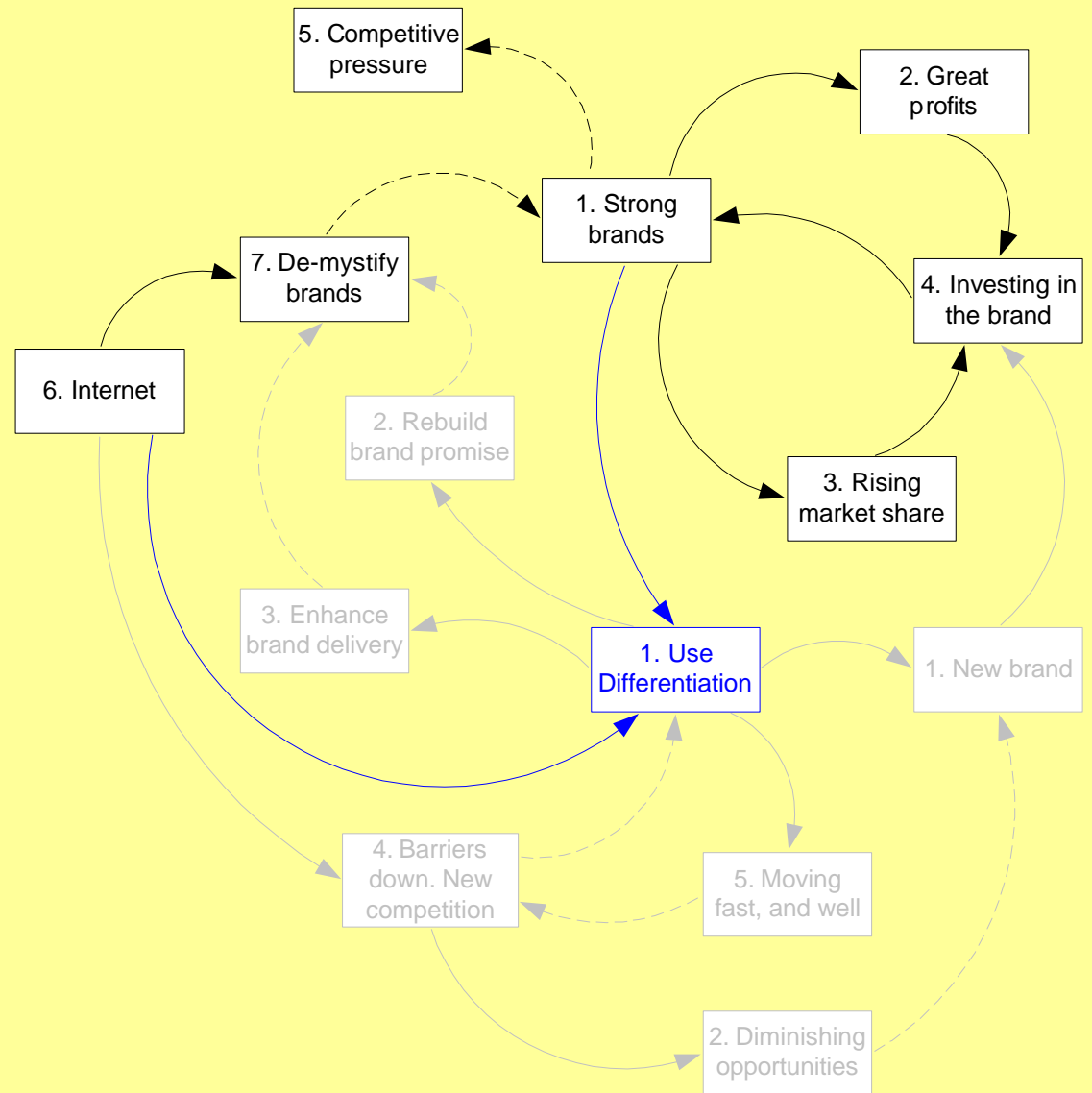


3. The Internet came along (box 6), and threaten to de-mystify many brands (box 7) as it exposes its foundation and strips away the emotional value of most of them. Very soon, many brands are threatened with loss of distinctiveness - dotted line from Box 7 to Box 1.



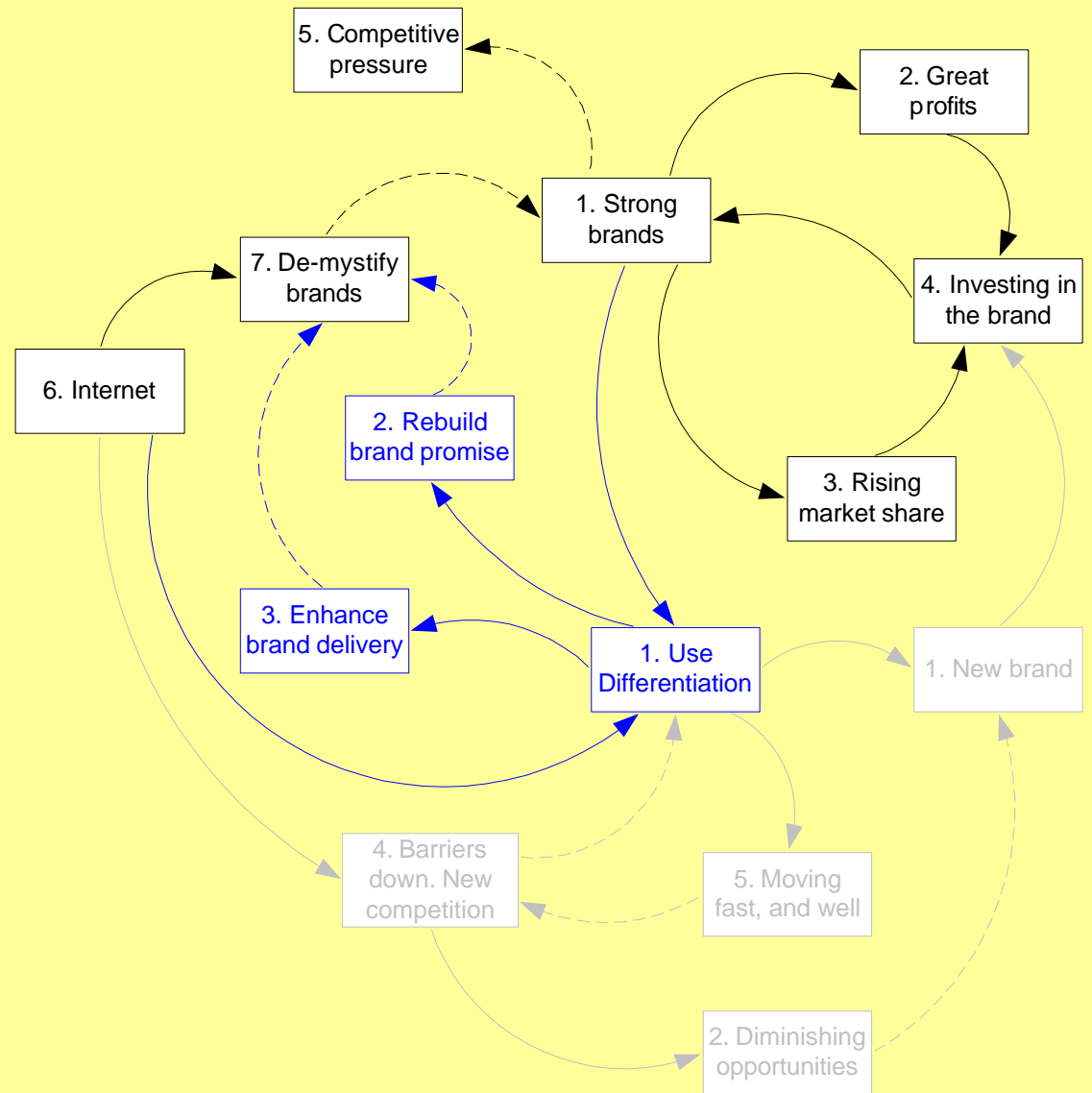
4. In the final analysis, brands are nothing but positive and sustainable differentiation (box 1) from the competition.

The Internet challenges companies to re-differentiate their brands - solid line from Box 6 to Box 1. Strong brands are forced to re-invent themselves in a hurry - solid line from Box 1 to Box 1.



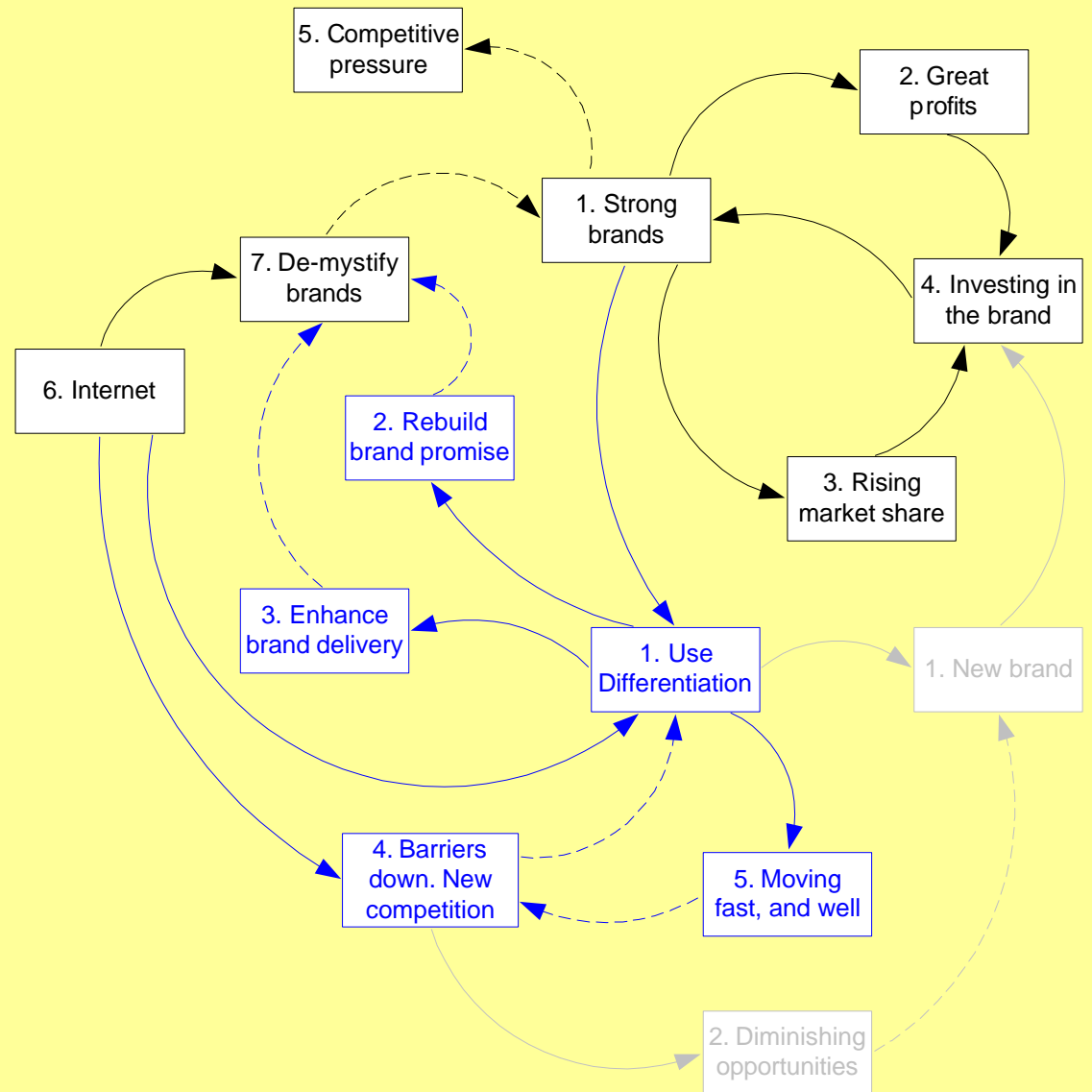
5. Such brand re-building activities must avoid a creative destruction approach. It is a common sense two-prong strategy. Rebuild what your brand promises (box 2). Add meaningful ways to deliver the promise of your brand (box 3).

Mystery will return to the brand, but it is a new mystery, which the Internet helps to reinforce rather than tear away. It would also be a brand that deliver superior value.



6. Every firm in the same niche has to re-build its brands. Competition would be intense, and seizing the limited high ground in this new terrain becomes urgent (box 5). Building barriers to entry is also as urgent (box 4). Careful thought is needed to fashion a sustainable strategy that is not easily imitated and commoditized. A trap that is easy to fall into in a hurry to meet inflexible corporate deadlines. (On this, we find some of the suggested action in the report inadequate).

Of course, the Internet far from being a threat is now an aid.



7. The cards are being shuffled and dealt out afresh. The attractive brand niches are limited (box 2). If you do not own them (box 1) others will, and your company will under perform without the benefits of brand (See the logic we of Box 1, 2, 3 and 4, the two reinforcing loops).

We have omitted mapping examples from the report on how companies could implement this strategy. The example of GE Lighting Systems is particularly enlightening of how the Internet can be your aid in reconstructing your brand.

