

Brands of the future - equity versus value

Being in the marketing 'space', I am extremely passionate about brands. So what exactly is a brand?

By [Lisa Steingold](#) 28 Jan 2009



If you're reading this article and thinking it's a name and logo, then be grateful that we haven't met. If one has to consult Wikipedia, a brand is a series of associations and experiences linked to an organisation. Call me naive or somewhat biased but I believe a brand is, or rather should be, the basis for an organisation's offering.

Brands move people to purchase which results in what accountants typically call 'top line revenue'. Clever accountants then convert top line revenue into what's known as "the bottom line" through generally accomplished accounting practice (GAAP). Actually, it's generally accepted accounting practice but I would prefer to term it accomplished. Brands therefore are an essential basis for a business.

Ethical considerations

So while I am passionate about brands, I do have some ethical considerations surrounding many of today's domineering brands. Such brands frequently command astronomical fortunes on the basis of "brand equity" in the sale of either their products or the business itself.

Brand equity is determined largely by how well a brand is recognised and subsequently favoured over its competitors (I have to say I feel sorry for the poor bean counters whose job it is to try and calculate a figure for this seemingly intangible "asset").

While brand equity is all well and good, surely, as businesses begin to face the real challenges of the future, we need to be asking greater questions of brands? "Never mind brand equity, but what of brand value?"

Consumers are demanding

Short supply of human capital, dwindling natural resources and tougher economic climates are just a few of the challenges facing businesses of the 21st century. Over and above that, consumers are demanding, more than ever before, that brands deliver greater real value than merely additional dividends to shareholders. I fear that those brands not delivering real value will have no REAL presence in future markets.

Brands of the future will have to deliver fundamental value not only to their customers and shareholders but also to their employees, service providers and to the greater community. If that is the case, then many well known brands i.e. those holding massive brand equity, are failing to deliver. Certainly from a sustainability point of view but this isn't necessarily a bad thing. It just means having to undergo a process of realigning and innovating.

Brands will not only need to relook at their promise but they will need to look at the processes that support the promise.

Example

For example, let's take a notorious example such as MacD's. Is "I'm lovin' it" really a promise? I know for a fact my thighs aren't lovin' it - neither are my arteries. I also don't think that Mother Nature is particularly lovin' the additional polystyrene, plastic or cardboard. So regardless of the fact that the brand is valued in billions of dollars, is there a place for MacD's in the future?

I have to say that I do feel slightly sorry for Ronald McDonald and his crowd, considering the bad publicity they receive on a daily basis but perhaps they could use it as a catalyst for change. Ultimately, it is for their executive team to decide, not for me, but I don't feel that "I'm lovin' it" is particularly delivering on any real promise.

So, as I look to developing new brand strategies for my organisation and my clients in 2009, I'll be thinking of the value exchange and in greater terms than rands and cents. It could mean the difference between being around in 2010 or not.

ABOUT THE AUTHOR

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