

[BASIC ELEMENTS]

Things that every brand needs

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VALUES

Your values are the principles that guide your behaviour. They can't be invented; they are revealed through self-examination, and by your actions.


When people talk about brand, they use fuzzy words like “essence” and “equity” and “experience”. But what do they really mean? And do they mean the same thing to everyone? We decided to build a kind of “periodic table” of branding elements. Not the whole thing all at once, but one at a time. Each issue of The Lab Report will present a new one.

In many quarters branding has a bad name. Why? People are very good at seeing through a brand promise that is not kept. Once that happens, they view that brand – and by extension, the very practice of branding – as unreliable.

This is in large measure due to the growing power and awareness of the consumer. In a post-Enron/Tyco/Livent/Hollinger world, we – and to a far greater degree, our children – are hip to the duplicity of many brandowners. We know their priority is profit, not people. So we automatically discount anything they say.

In a prove-it-to-me world, it stands to reason that if you want to be viewed as a brand with integrity, you can't fake it. You need to understand what is really behind your actions and behaviours. This cannot be invented: it must be revealed through self-examination and validation.

We have a client in the home organization business, for instance, and after research it was obvious that one of their values was “collaboration”. This suggests that suppliers can expect to be listened to, employees can expect to contribute to decisions, and customers will have a say in how the products get designed. Without those behaviours, credibility will be lost.

You are judged by your behaviour, and your behaviour is a reflection of your beliefs. So it pays to understand what those beliefs are. Once you do, you can build your brand with integrity. And that will uncover something that very few brands are good at: the truth. Now there's a differentiator. 

[FORMULAS]

Brands that are (or aren't) working and why

A Temple to Fish and Fowl

We are not trout anglers. But a recent visit to Canada's only **Bass Pro Shops Outdoor World**, located outside of Toronto, made us think we should take the notion a little more seriously.

If ever there was a retail apotheosis of the hunter/fisherman, this place is it. Apotheosis can refer to the elevation of a person to the status of a god, or it can refer to a model of excellence or perfection. In the case of Bass Pro, both meanings apply. Here, hunters and fishermen are gods. And this store is a lovingly crafted facsimile of the Elysian fields and streams in which they dream of casting, hooking, stalking, shooting, camping, birding, boating and trading fish stories.



The store lives up to its name as an "Outdoor World." First, it is enormous. Its sheer scale pushes it outside the envelope of most retail imaginations. But without such olympian ambitions, it could not be called a "World," much less an "Outdoor World." This place is big enough to qualify as an amusement park.

But size alone won't create a Disney World. If it did, we'd take our family vacations at Wal-Mart. You need to be able to walk in and completely disconnect from the real world. At Bass Pro, that happens right away. You enter under a waterfall and are greeted by what must be a 10-ft.-high stuffed grizzly, his teeth bared in a rough welcome.

Then you begin to sense the scale of the place, with its soaring rafters reaching heights that would match a baroque church. Its 360-degree clerestory, like those churches, is decorated in carefully executed frescoes depicting archetypal scenes of the great outdoors. And BTW, these are not the kitschy murals you see in some other stores. They are actually good.

Everywhere above merchandising level you will find 3D tableaus composed of very carefully recovered and arranged antiques taken from the attics and boathouses of cottage country, all configured to create the effect of a fisherman's or hunter's cabin. Their authenticity (all antiques are locally sourced) and arrangement trigger an unconscious, nostalgic connection to one of the mythic loci of our culture. So does the single engine seaplane hanging from the rafters.

Everything down to the smallest merchandising category signage and individual product descriptions has been

carefully handcrafted with the meticulous obsession of a prizewinning model railroader. All the fixturing is made of carefully hewn wood, including the cash desks. Signs are beautifully handpainted. Merchandise is flawlessly and accessibly displayed.

Whether you are browsing the hundreds of rods or reels or getting lost in the lures, you are never far away from extremely knowledgeable staff who are also hunting and fishing enthusiasts. The sales associates at the reel display regaled us with tales of their own catch of an unusually "massive" perch in nearby Lake Simcoe just the day before.

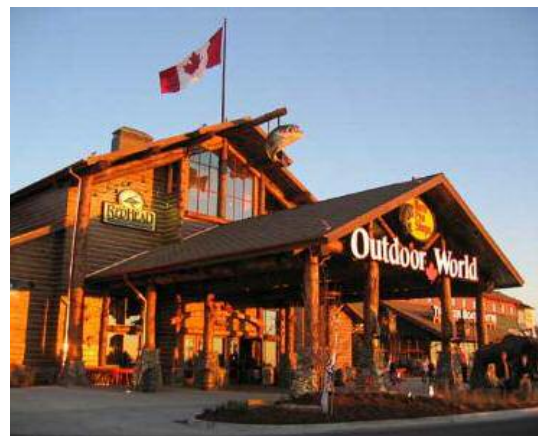
And if the gear isn't enough to get you in the mood, there is a 12-ft.-high aquarium nestled in granite from the Canadian Shield and stocked with real muskie, salmon, pike and perch. It was the first time I had ever seen a live muskie.

Over in the hunting section, there is a unique display of whatever you call those things that hunters sit on up in trees while they lie in wait for the likes of Bambi or Bullwinkle. But these elevated platforms are merely a prop in the ersatz forest of tree trunks that have been assembled to display them.

Nearby, we heard a bird caller teaching customers how to attract wild turkey. Talk about experiential branding.

And all of that is on a normal weekday. Weekends in this place can be overwhelming, with indoor flycasting contests, archery demonstrations and other seasonal events.

The only drawback to this brand experience is that it's almost as captivating as the real thing. It has become such a destination that some people even plan their honeymoons around it. For a would-be trout fisherman like me, the myth has been so effectively packaged that I was perfectly happy to return to the city and write about it without even getting my feet wet. **L**



[FUSION]

How to engage employees in your brand promise

All too often, branding is cosmetic. Instead of being seen as a signal of value, it is the signal itself that is seen as the value. A strong external brand communications program is often enough for a CEO to demonstrate that he is making progress, at least in the short term, which, in today's corner office, it generally is.

Does the same rule apply to employee engagement? When it comes to the employee or internal brand, we at Chemistry focus on its linkages to the core components of an employee experience: working conditions, hiring practices, compensation, opportunities for learning, career advancement, personal growth, and performance evaluation.



In the category of working conditions, the sensory deprivation inherent in today's world of deadeningly dull working environments is an issue of importance. Ironically, this is a case in which the cosmetics really do matter, because we are talking about the sensory envelope you and your employees will inhabit for most of your waking hours every day.

It also matters to recruits. To reprise Michael Porter's term, the look and feel of your working spaces constitute an important "signal of value" to the people you hire. It becomes part of their reason for wanting to work for you. It is an emotional motivator.

Their experience is not much different than the one a customer has walking into a store. First you see, hear and smell the environment, which prompts an immediate visceral reaction to it. You are feeling it before you can think about it. So the sensory experience is very important. In the case of the recruit, it's not a showstopper – presumably the candidate is there for more substantive reasons – but it is a motivator.

What about current employees? A dull, repetitive environment is oppressive. Again, nobody quits because of their cubicle but it can be demotivating. It tells them their environment is not something you care about.

Our reco: Think about evaluating your office environment as an expression of your brand. If you care about innovation but your space is a maze of featureless cubicles, then you are sending a contradictory message to employees. Plan materials, fixtures, messages and space to support the brand promise you make to them. 📌

[EXPERIMENTS]

Brands that are looking for new ways to differentiate

Hooters, Hummers and crooners' widows: in response to the increasingly difficult challenge of differentiating, brands are hybridizing, cross-pollinating and mutating to produce offspring that look like a collision between Darwin and Dali.



The **Hummer** is not just for driving anymore. Indeed, you can now splash the essence of Hummer all over your body! General Motors has now licensed a new Hummer cologne calling it "The Essence of Adventure", pricing it as high as \$52 per Hummer-shaped bottle. The scent is advertised as "masculine with rugged and adventurous attributes". They go further, promising the new fragrance "embodies all that Hummer is." **Hmmm** The Hummer is an absurdly expensive, gas-guzzling, low-performance, high-polluting, gussied-up automotive hulk. What would that smell like? And will the cologne be sold by the gallon?

The latest famous name behind 400-thread-count sheets and luxurious duvet covers is **Priscilla Presley**, best-known as Elvis Presley's ex and for her role as Jenna Wade on the TV series Dallas. Presley is no stranger to launching product lines - three of her fragrances waded into stores in the 1990s. She says she's been contemplating creating a bedding line for years. "I love lying in beautiful sheets. I love a beautiful bed. I think that makes the whole bedroom," Presley

said during a telephone interview from her office in Los Angeles. **Hmmm** Everybody loves lying in beautiful sheets. Does that mean everyone should market their own? We wonder how Ms. Presley's fading afterglow as a TV star can be leveraged into bedding sales.

Hooters has proudly launched the first **Hooters MasterCard®**. It's the first-of-its-kind Hooters Reward Card and a MasterCard card in one. Hooter-lovers now have the flexibility and security of a MasterCard card usable anywhere in the world where MasterCard is accepted – and earn **Hooters Reward Points**, too. Every time you use a Hooters MasterCard, you earn points for Hooters merchandise, electronics, gift certificates, vacations, Hooters Exclusive Experiences and almost anything you can dream up with their "Imagine If" program. Bonus: you can earn even more Hooters

Rewards Points for using your Hooters MasterCard at . . . Hooters! **Hmmm** What value does a priceless brand like MasterCard gain from its association with the breast-obsessed Hooters customer?

Our take: The rule should be to leverage your brand into areas of natural affinity. It's more believable and will not confuse people about your core positioning. 📌

[TEST TUBE]

Trends that could affect your brand

PREMIUMIZATION

With more wealth in experienced consumers' pockets than ever, quick status fixes derived from premium products and premium experiences will continue. In pursuit of higher sales, luxury brands are crossing over into less than luxurious categories. Look below:



Puma and **Schedoni** (known for very high end goods like luggage ordered to match your Ferrari) have joined forces to produce two new premium driving shoes. The first will be made in Schedoni's trademark golden tan color and bear the owner's initials branded into the leather. The second will allow the customer to personalize their shoes even more by using a "Puzzle Kit" to choose color combinations. Both models are limited editions of no more than 500 of each style.

Christian Dior has entered the mobile phone market with a \$5,400.00 device. **Prada** and **Dolce & Gabbana** are already in with their own products, though at a more affordable price of \$600 or so. There's gold in them thar brands: D&G and partner Motorola sold €200M worth of Razrs last year. Dior hopes to replicate that feat. Luxury marshmallows? **Dean & DeLuca's** 1-pound of **Boulé Marshmallows** in lemon chiffon, passion fruit, vanilla or rose-petal flavors? Only \$28 USD.

Our view: From a business perspective, this is a great idea for luxury brands: own the high end of the low end and earn a higher margin going downstream than a non-luxury brand would paddling upstream.

FREE LOVE

The ongoing rise of free stuff online and offline has two key drivers. One: a war for saturated consumers' attention that relies on hand-outs and sampling. Two, the online world's amazing capacity to create, copy and distribute anything digital at costs close to zero is forcing producers to come up with purely ad-driven business models.

Telecom • Does anyone under 18 (if not 36!) still pay for phone calls? Pioneered by the likes of Skype, the free telecom war is moving from computer-to-computer to regular handsets, fixed and mobile: Check out **Blyk**, **Talkster** and **Pumbby**.

Airlines • Between May 16th and 21st last year, European ULCC **Ryanair** held a "sale" of 1 million seats for free (100% free: no taxes or extra charges). It received more than 4 million hits within five hours. Ad revenues bring in cash, from seatback ads to the repainted exteriors of Ryanair's planes, which turn them into giant billboards for **Hertz**, **Jaguar** and **Vodafone**.

Car rental • **LaudaMotion** rents customers ad-plastered Smart Cars for exactly three days for just one euro per day. Drivers must travel at least 30 kilometers a day so the ads get maximum exposure. Cars are only available Monday to Friday between 11 am and 2 pm.



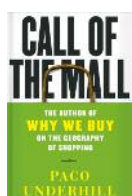
Our view: "Free love" will be integral to doing business, especially for companies chasing a younger demographic, who will expect it.

[BUNSEN BURNER]

Things we're doing, learning and watching

DOING / Chemistry goes to the mall

Property developer **Cadillac Fairview** has engaged chemistry to reposition a key retail holding. New retail development models such as outlet malls are taking market share. Chemistry's experience and customer-biased approach are a perfect match for the competitive challenges facing this organization. Chemistry partner **Susan McGibbon** will be speaking at the **12th Annual Canadian Hotel Investment Conference** on May 27-28, 2008. This industry's complex, multi-tiered portfolios make consistency and differentiation particularly challenging. Susan joins the industry's leading lights to discuss it.

**LEARNING / Where we buy**

We are reading Paco Underhill's 2004 book **Call of the Mall**. As in his first book, **Why We Buy**, Underhill brings his refreshing wit and wisdom to the subject of retail in a volume that explores where we buy. Based on thousands of hours – and miles – examining suburban America's take on the village

square, the peripatetic anthropologist opens our eyes to the weird ways in which malls have changed the shopping experience – and the retail landscape.

**WATCHING / Mass transit or mass media?**

Next stop... Starbucks Station? **The Toronto Transit Commission** has agreed to study the feasibility of selling corporate naming rights to subway stations as a way to raise money. The controversial request came from Commissioner Peter Milczyn, who cited an ad in **The Economist** about Dubai inviting corporations to "Turn your brand into a destination" by buying rights to two new transit lines and 23 stations being built there. Enough already. As much as we love to brand, we draw the line – let's NOT turn public space into corporate space.

Stay tuned for... Brand Re-hab.