



Michael H. Seid & Associates, LLC

It's all about the Brand

*Protecting your brand's value
Increases your business' value*

Secrets to Dynamic Franchise Expansion
H. Wayne Huizenga School of Business and
Entrepreneurship

November 8th, 2002

Brand

- **Brand:** the identity or image of a product or organization derived from the public's perception of both tangible and intangible attributes

Brand = Reputation

What Defines Your Brand

- Culture
- Promotional messages
- Image
- Perception
- Consistency

*"Nobody ever got fired
for buying IBM"*

Why are Brands Important?

I feel like I have too little time and my life is too stressful. I am looking for ways to reduce the stress and simplify my life.

Why are Brands Important?

- 75% of people are looking for ways to simplify their lives and reduce stress levels
- People want to do business with names they know and trust
 - ◆ Over half of the purchases made are based on name recognition alone
 - ◆ People will pay more for a brand they know rather than comparison shop
 - ◆ People hold 3 brands top of mind

Brands Increase the Value of a Business

- Philip Morris paid 4 times book value for the Kraft brand name
- Daimler - Chrysler "merger"
 - ◆ both companies had equal revenues
 - ◆ 4 shares of Chrysler stock to 1 Daimler
 - ◆ Daimler had the stronger brand - worldwide
- 51% of value of Coke stock attributable to brand

Benefits of a Strong Brand

- Build a loyal customer base
- Attract and retain employees
- Command a higher price
- Offer a platform for other products - brand extensions
- Forestall competition
- Builds the value of the business
- Sustain a major mistake

Building a Strong Brand

- BE FIRST
 - ◆ the first establishes the standard
 - ◆ be careful
- DELIVER A CONSISTENT MESSAGE
 - ◆ everyone speaks with one voice
- DELIVER ON THE BRAND PROMISE
 - ◆ walk the talk
- PROTECT YOUR BRAND
 - ◆ Everything you do reflects on your brand

Brand Management

1 Responsibility
of
Franchisors

Brand Management

- Requires clear vision
- All decisions evaluated against impact on brand

The Four P's

- Price
- Product
- Place
- Promotion

Price

- Pricing consistent with image
- Pricing consistent with customer expectations
- Wal-Mart
 - ◆ ads support low price image
 - ◆ some spectacular bargain
 - ◆ overall same or higher on non visible items
 - ◆ perception low prices overall

Product

- Products must fit the image
- Product trends v fads
- Making it work
 - ◆ Sales tracking
 - ◆ Research
 - ◆ Communication
 - ◆ Vendor partnership, etc etc

The Limited

- Ability to re-merchandise in 24 hours
- Sales data transmitted daily to suppliers
- Merchandise manufactured and in route within 24 to 48 hours
- Competition - six plus weeks
- Lower inventory carry cost
- Low out of stock

Place

- Distribution
- Getting it to the customer
- Execution

Promotion



Promotion

Get the right message to the right
people at the right time

The brand in a franchise

- Non-franchise systems have potential critical advantage
 - ◆ franchisor owns brand name and all it evokes
 - ◆ channel of distribution owns delivery mechanism and customer interface
 - ◆ non-franchised competitor is elastic to market requirement
 - ◆ franchisor inelastic development strategy
 - ◆ requires review of movement to multi-unit and site only rights

Protecting the Brand

- Must be the central focus of your system
- Must be the rallying point for franchisees, unit personnel, field staff, headquarters personnel and consumers
- Must be the "fabric" that transcends the manuals, the forms, the written procedures
- Must generate ownership and most important - loyalty

Brand Management

- Flexibility within reason
- Brand is at the heart of everything you do

Your Brand in a Changing World

- Good ideas are easily copied
- Technological changes increasingly have impact
- Consumer preferences change
- All you have is your brand and how it relates to people

Your Brand in a Changing World

■ Frost Bros.

- ◆ Specialty Retailer - San Antonio
- ◆ Personal service
 - ◆ name recognition
 - ◆ purchase preferences
 - ◆ personal shoppers
- ◆ High ambiance - Stodgy - Unchanging
- ◆ Consumer's changed - value, selection, speed, ease of purchase
- ◆ Gone - but not forgotten

Your Brand in a Changing World

■ Sears

- ◆ Customer - Mr. & Mrs. Blue Collar
- ◆ Remodeled their stores
- ◆ Re-merchandised their stores
- ◆ Changed their price points
- ◆ Kept their service levels
- ◆ Changed their brand personality - softer side of Sears
- ◆ Confused their customers

Your Brand in a Changing World

■ Dillards

- ◆ Customer - Mr. & Mrs. Blue Collar
- ◆ Remodeled their stores
- ◆ Re-merchandised their stores
- ◆ Kept their price points
- ◆ Improved their customer service
- ◆ Understood their customer's needs
- ◆ Fastest growing chain in class

Your Brand in a Changing World

■ Home Depot

- ◆ Bernie Marcus didn't create the concept - he executed on the concept
- ◆ Extraordinary number of SKUs
- ◆ Discount prices - not the secret to their brand personality
- ◆ low out of stock position - they have what you want, in the quantity you want and when you want it
- ◆ Best trained staff in class - know products, provide lectures, exceed customer's service expectations

Brand Positioning

- Choose your market position - remember Sears and Dillard's
- Give consumer's options
- Don't confuse the customer
- Enforce standards - absolutely
- Communicate to entire channel
- Requires buy in by system

Plan for your future

- Understand your brand in infinite detail
- Conduct a brand audit
- Speculate - don't analyze market trends - the future moves too quickly
- Anticipate and create your own vision of the future of your brand

Olive Garden

- Corporate message - clear and direct

"Hot food hot - cold food cold - hire people who smile"

That's it. Nothing else. It works.

Michael H. Seid

Michael H. Seid & Associates (MSA)

94 Mohegan Drive

West Hartford, CT 06117

(860) 523-4257

(860) 523-4530 – Facsimile

mseid@msaworldwide.com

www.msaworldwide.com