From Digital Strategy to Brand Mastery:
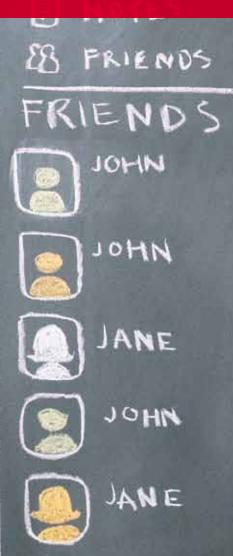
Strategizing for a
post-digital age

Creating and managing
brand value™

Interbrand

From Digital Strategy to Brand Mastery:

Strategizing for a post-digital age

by Jeff Mancini

Interbrand believes that brands are fundamental to competitive business advantage in the marketplace. Businesses who leverage brands most effectively are better positioned to drive choice, create loyalty, and command a premium. Our recent, broad-based survey of the digital strategies of 672 companies revealed that there is much room for improvement when it comes to using digital strategy as part of brand strategy, thus maximizing the value to the business and ROI from digital engagement.

For brands seeking to master their markets, the second decade of the 21st century promises to be even faster, more interconnected and more transparent than the first. A scant ten years ago, many companies were only beginning to grapple with digital channels as an element of their business. Now digital strategy is part of everyone's arsenal, pretty much ubiquitous. But just because you have a digital strategy, and even if you allocate tremendous resources to it, does not mean you're getting good ROI. In fact, our recent survey bore out what our experience with clients was suggesting: Not all digital strategy is sound brand strategy.

Beyond digital

Ask yourself: Is your organization using digital in a way that aligns with your larger positioning? Many of those we surveyed operate day to day in the great divide between the status quo and the tremendous opportunities that digital offers. Ironically the best way to close that gap and reap the rewards is to think beyond digital. When it comes to brand strength, we are no longer in a digital era because digital is as integrated into the daily life of business as the air

we breathe. Online and offline content, virtual and real worlds are all merged now into a larger ongoing experience. And that experience – how audiences encounter your brand – determines the vitality of your company.

There is no viable digital strategy that isn't integrated into your larger brand and business strategy.

Many of us remember a world where online was the place we went to learn about offline experiences. The reality is that your customers are living in a seamless hybrid world where online and offline experiences are entwined and a continuum of devices interact both with each other and with the user's "offline" daily world. Because this is the experience your audiences are having with your brand, this is the starting point for how to think about digital. To best drive choice, create loyalty, and command a premium in the marketplace, organizations would do well to consider that they are functioning in a post-digital era.

This is the latest reality check in a time of perpetually accelerating change. But in the throes of great upheaval it's always important to stay grounded in business fundamentals. The overarching perspective one needs for an effective digital strategy is just that: perspective. The perspective to see that one's organization should define success by the time-tested measurements of the bottom line. When digital metrics such as impressions, click-throughs, and Facebook likes exist in a vacuum, or begin to function as the tail that wags the dog,

then you may have lapsed into a lack of perspective that can, at worst, convert your digital spend into a stream of ill-spent dollars down the virtual drain. But to the degree that such metrics are rooted in business and brand, helping advance your larger cause, then digital strategy is being appropriately marshaled in service of business strategy.

Defining the challenge

To better understand this challenge, Interbrand conducted a survey of 672 companies across 10 sectors to get a snapshot of the state of digital strategy in business today. Some of the results were expected – only 16 percent of those surveyed are digitally inactive, a number that will continue to shrink. Also unsurprising was the fact that a full 68 percent of respondents believe they are ahead of the competition when it comes to digital strategy. But their rosy self-assessment does not correlate to the rest of the data, revealing instead a crisis of over-confidence and a sense that perhaps many of us have trouble evaluating ourselves.

To underline the vast room for improvement, 56 percent of digitally active companies do not have a social media policy. This is significant because 551 respondents are involved with social media – meaning that 39 percent of companies involved with social media (216) are operating without a social media policy. It's akin to discovering that a statistically significant proportion of the driving population has never learned to drive and is going on gut instinct.

FIGURE 1: INTERBRAND'S 10 COMPONENTS OF BRAND STRENGTH

Internal

Clarity
Clarity internally about what the brand stands for in terms of its values, positioning and proposition. Clarity too about target audiences, customer insights and drivers. Because so much hinges on this, it is vital that these are articulated internally.

Commitment
Internal commitment to brand, and a belief internally in the importance of brand. The extent to which the brand receives support in terms of time, influence, and investment.

Protection
How secure the brand is across a number of dimensions: legal protection, proprietary ingredients or design, scale or geographical spread.

Responsiveness
The ability to respond to market changes, challenges and opportunities. The brand should have a sense of leadership internally and a desire and ability to constantly evolve and renew itself.

External

Authenticity
The brand is soundly based on an internal truth and capability. It has a defined heritage and a well grounded value set. It can deliver against the (high) expectations that customers have of it.

Relevance
The fit with customer/consumer needs, desires, and decision criteria across all relevant demographics and geographies and shared across the organization.

Differentiation
The degree to which customers/consumers perceive the brand to have a differentiated positioning distinctive from the competition.

Consistency
The degree to which a brand is experienced without fail across all touchpoints or formats.

Presence
The degree to which a brand feels omnipresent and is talked about positively by consumers, customers and opinion formers in both traditional and social media.

Understanding
The brand is not only recognized by customers, but there is also an in-depth knowledge and understanding of its distinctive qualities and characteristics. [Where relevant, this will extend to consumer understanding of the company that owns the brand].

Brand Strength as a measure of post-digital strategy

As we pointed out, focusing on the fundamentals is critical. For Interbrand, the most critical measurement of a brand is its value, and that can be gauged by measuring Brand Strength. Over the years, we have developed and refined from our experience a set of 10 key components that measure Brand Strength and help us create Brand Value (see Figure 1). Strong brands start with four internal factors, and that strength is reflected in the six external brand strength factors. Taken together, they help tell us if an organization is primed for success.

We filtered the results of our survey through the most relevant Brand Strength dimensions to better understand how well companies are delivering on the essentials of a strong post-digital brand.

We found gaps in **Commitment** that suggest many companies are falling short: Despite a high rate of social media activity, essentially half of the responding companies (49 percent) do not have a dedicated social media group. More than one third of respondents feel that an inadequate amount of resources has been dedicated to their company's digital presence. And as for internal brand engagement, a full 36 percent feel that their company's investment in employee education on their digital strategy

is inadequate – perhaps the most troubling lack of commitment of all in that it speaks to a failure to imbue personnel with what they need to be effective representatives of their organization. This is like leaving money on the table in the battle for customer hearts and minds. In sum, while progress is being made on internal brand commitment, nearly one third of respondent companies believe their digital strategy to be either underfunded, or that their employees are undereducated on the objectives.

Differentiation is one of the most powerful attributes a brand can possess in the fight for consumer attention and loyalty. While 65 percent of digitally active respondents

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believe their brands to be very distinct, only 13 percent of respondents claim they audit competitors continuously (see Figure 2). It is difficult to imagine how a brand would be able to assess its distinctiveness when so little time is invested in studying the competition.

On **Relevance**, too, opportunities are being missed. More than a quarter of those surveyed are not soliciting customer feedback to inform their thinking on appropriate digital experiences. And even more – 46 percent – are not mining publically available data for these purposes. This is all the more reason why the 68 percent of respondents who claim to be ahead of the competition seems to be an indicator of a degree of self-delusion.

When it comes to brand strength, we are no longer in a digital era because digital is as integrated into the daily life of business as the air we breathe.

To reiterate the gap between self-assessment and actual performance, when it comes to **Presence**, companies active in the digital space may have an inflated sense of their own reach and grasp. On average, digitally active companies engage in fewer than half (seven out of 15) of the fundamental digital activities necessary to establish a comprehensive presence (see Figure 3). Yet they believe their brand is easily accessible in the digital space. Brand **Protection** is critical for marketplace strength, and yet it appears to be largely approached in an ad hoc manner and is, therefore, a tremendous source of risk for a number of companies. Only 53 percent of respondents are monitoring for defamation

of their brand, and likewise, just over half have policies on their employees' personal engagement in the online space. Almost half – 47 percent – are not yet formulating digital guidelines for employees, and only 44 percent of digitally active companies have a social media policy at all; meanwhile, 39 percent of companies are active in social media yet have no policy on it. At the most basic level of data protection, the survey revealed that only 54 percent of respondents' companies back up all content housed on their sites. It is worth noting that 42 percent of respondents have developed their digital strategy within the past two years, which may explain why much of the protection efforts enumerated above seem to be lagging. Underscoring most companies' need for some assistance is the fact that on average, digitally active companies only employ half (5 out of 10) of the standard brand protection activities outlined in our survey (see Figure 4).

Finally, it would help if there seemed to be more **Consistency** and forethought in framing digital endeavors as part of a coherent business strategy. But a patchwork approach still rules the day for many. While 74 percent of respondents think the objectives of their digital strategy are clear, the consistency appears to degrade downstream. For instance, 43 percent of digitally active companies believe their digital strategy decisions are made in a fragmented or decentralized environment, with each touchpoint or product's digital strategy being managed separately. This silo effect hampers efficiency and curtails alignment with overarching business strategies. Clearly more harmonization is needed: Nearly one third of respondents believe their brand experience to be inconsistent across digital touchpoints (see Figure 2).

FIGURE 2: EXTERNAL BRAND STRENGTH COMPONENTS

13% DIFFERENTIATION:
Only 13% claim to audit competitors on a regular basis

33% CONSISTENCY:
One third of brands believe their brand experience to be inconsistent across digital touchpoints

FIGURE 3: FUNDAMENTAL DIGITAL ACTIVITIES OF DIGITALLY ACTIVE COMPANIES

On average, digitally active companies engage in fewer than half (seven out of 15) of the fundamental digital activities necessary to establish a comprehensive presence.

- Offers a corporate website
- Offers an e-commerce site
- Advertises online
- Actively engages in search engine optimization and/or marketing
- Has a mobile version of the corporate website
- Has a mobile version of the e-commerce site
- Has a mobile app
- Has a customer-focused online community
- Has active social networking pages (e.g. Facebook, MySpace, LinkedIn, etc.)
- Has active microblogging accounts (e.g. Twitter, Tumblr, etc.)
- Has active video/presentation posting pages (e.g. YouTube, Slide Share, etc.)
- Participates in location based social media sites (e.g. foursquare)
- Has an online blog
- Has an employee intranet
- Has an internal social media policy for employees

...just because you have a digital strategy, and even if you allocate tremendous resources to it, does not mean you're getting good ROI.

On average, digitally active companies only employ half (5 out of 10) of the standard brand protection activities outlined in our survey.

- Monitor domain names for gripe sites and/or trademark infringement
- Proactively register domain names to defend against cybersquatting
- Monitor the digital space for potential defamation or unauthorized use of logo
- Proactively register usernames on social media sites to protect against username squatting
- Monitor usernames on social media sites for trademark infringement
- Back up all content posted/housed on digital sites
- Review privacy and registration and policies of social media sites before engaging in activity
- Create policies to account for employee personal engagement in the online space
- Create guidelines for employee engagement in the digital space on behalf of the brand
- Share relevant laws with employees so they are fully aware of brand protection issues

The essentials of building digital into a strong brand strategy

Regardless of economic sector, size, or scope, there are four essentials that every sound digital brand strategy needs to deliver on.

1. Start at home
Internal engagement with your employees is the foundation for all you do in the post-digital world. Broadcasting your brand and educating your people is a key part of a strategy that will yield brand ambassadors who will, in turn, represent your organization consistently and accurately across every channel they use.

2. Go beyond social
Digital channels are not limited to Facebook, Twitter, and YouTube. Social media tools are important, but they are not the only digital tools at your disposal. Apps, ads, online experiences – all are in your arsenal, or should be. Your digital strategy needs to be comprehensive, always leveraging the full complement of digital tools, both established and emerging, as appropriate to your business strategy writ large.

3. Build a seamless experience
As discussed, there is no division anymore between the online and offline worlds. Your audiences experience the story of your brand – its noble purpose, what it offers, how it offers it, and why – in a nonlinear and decentralized array of touchpoints that range from websites, apps, social media presence, and online ads to billboards, broadcast, retail, real estate, and other environmental avenues. Building a seamless experience of your brand that fits this new audience reality is essential.

4. Seal the deal
Market share is about loyal customers, and that means you need to drive behavior change. The best way to change customer behavior and grow the bottom line is by using brand to build trust in your company, which will engender loyalty and ultimately enable your company to command a premium in the marketplace. Digital strategy is best viewed as a tool or series of tools to accomplish that virtuous cycle, just like every other tool in an organization's kit. There is no viable digital strategy that isn't integrated into your larger brand and business strategy.

All of this adds up to a focus on brand to drive your business and your strategic thinking. We have always believed brand is the lever to pull to energize your business. And digital is a tool for activating brand. The stronger your brand, the better position you are in to deliver on these four essentials.

Moving beyond tools

There's an optimistic story in the numbers produced by this research, for certain: Most companies have entered the digital fray, however tentatively or imperfectly. It is also only fair to note that some of the failures we see are early bumps in the road. Remember that almost half of respondents report that their organization has only had a digital strategy for two years or less.

The results point to exciting challenges that companies are, by and large, working to overcome every day. To meet the challenges that a truly integrated strategy calls for, perspective is invaluable. Consider that IT is the department most involved in digital activities across all sectors, yet IT has virtually no role in formulating digital strategy. This casts a harsh light on the disconnect between business strategy and digital strategy. Integration is the first essential step.

It's early yet. But in the fast-moving environment we live in, and with the transparency and real-time urgency of social media encroaching and unfurling all around, it is easy to fall behind. The time for post-digital thinking, and bottom-line-focused strategic integration, would appear to be right now. ■

Jeff Mancini

Jeff is a Senior Director of Digital Strategy and, along with his team, drives the digital practice at Interbrand. He is currently working with Microsoft, Intel, Humana, Wrigley, AT&T, NYSE Euronext, Thomson Reuters, and Kellogg's, among other great brands to develop world class brand experiences.

Prior to Interbrand, Jeff was the Director of Internet Strategy at Arnell Group (an Omnicom Company), where he developed their digital practice from its inception. There he successfully extended brands online and created comprehensive digital platforms for content creation, distribution and measurement.

Jeff holds a Master of Architecture degree from Columbia University and a Bachelor of Architecture degree from Roger Williams University.

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