

Moving Beyond Utility

Facebook's branding challenge

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Moving Beyond Utility: Facebook's branding challenge

by Lauryn Bennett

It was the valuation heard 'round the world. US \$50 billion. Not bad for a decade-old Facebook to go from a New England dorm room to one of the highest-valued companies in the world.

But Facebook's business market value, now at almost US \$100 billion, is mostly based in speculation. What is it delivering now? And even more importantly, what is its brand worth?

While Facebook's market value may be quite high, its brand value is another story—something some are likely realizing, with recent Reuters reports of Facebook investors looking for exits. Brand value takes three things into account: financial performance, role of brand, and brand strength. The financial performance piece looks at the ongoing investment and management of the brand as a business asset. This is then

multiplied against the role of brand — in other words, the portion of customer's decision to purchase that is the result of brand's influence. Next, brand strength is examined. This looks at how likely it is that the brand will secure these valued future earnings. All with a little bit of math that this writer won't get into to equal the value of the brand itself.

In many ways Facebook's brand is as strong as they come: Its consistent, simple iconography, and clean, form-equals-function design is instantly recognizable. It knows its users, what they need, and what they don't even before they do (see: even news feed or profile updates) to deliver a hyper-relevant experience that, so far, has been untouchable in the market. And maybe most importantly, it is literally everywhere, all over the web, all over the world — a presence unrivaled by any other social brand.

But compared to Coca-Cola, Facebook has a long way to go. To put it into perspective, Coca-Cola not only surpasses Facebook

astronomically when it comes to financial performance with revenues of US \$35 billion (Facebook's revenue is estimated at US \$4 billion this year) but also earns about half of its value from the role the brand itself plays at the time of conversion. For now, not only does Facebook fall short when it comes to revenue, but it also could benefit from more focus on its brand.

Winning an Old Game with New Toys

The social space is a totally new world when one thinks of the history of branding and marketing, and Coca-Cola and Facebook need to be evaluated differently. Coca-Cola's value is built through beverages. Facebook's is built through you and me — on our data, our demographics, our behavioral patterns, and our social graph. Yes, today Facebook makes its money on ads, virtual goods, and Facebook credits alone. While those billions of dollars are nothing to scoff at, it's nothing compared to what it will be worth when it truly unlocks the power of us — of my

information, of yours, of that of 500 million of our closest friends and family.

I'm not suggesting Facebook hand over the keys to your social security number or even your relationship status. That won't happen. But what it will do is continue to use your data and my data to make our lives better.

The Paradox of Creating Behavior

Facebook's value is, as Clay Shirky notes in *Cognitive Surplus: Creativity and Generosity in a Connected Age*, in creating new behaviors that makes our lives better. It isn't that Facebook is a tech novelty, simply making what we already do easier, but it is that it creates new possibilities, whether this is through Facebook Connect or the latest "send" button to replace email through an instantly sharable pop-up. This is where its value lies – and yet, this is also the brand's Achilles' heel.

The creation of new behaviors should drive loyalty, and to a certain extent it does, just not to Facebook's brand. Rather, it drives loyalty to the utility Facebook provides. The difference may seem minor, but in reality, it is huge. The Facebook brand isn't getting credit for any, or at least very little, of what it does. It acts like and is treated like a third party in its own world – facilitating our connections, our uploads, and our portal to the world. Facebook quietly lets us take it for granted; forgetting or ignoring the brilliance of the information it provides us – for free, no less.

So why is this happening? Why are we all not writing fan letters and swearing our life allegiance to the brand? It is because Facebook has become synonymous with

its category. Facebook is social networking; social networking is Facebook. Whether you're "friending" someone or "checking in" with said friend through Facebook Places or "viewing your friendship" to see your own social graph laid out in the form of photos, events, and more, you're seeing the connections you already have in one neat and tidy place.

It's our social network that we're emotionally loyal to, not Facebook. Facebook is not building its brand around any of the benefits it provides – like discovering new ways to connect or exploring the world around you to make you smarter. In many ways, this is the exact opposite of most brands, which output a message, campaign, and tagline, then struggle to be able to deliver on what they promise. And yet, while Facebook may have the hard part taken care of and own the idea of connection more than anyone, if it doesn't start owning, outputting, and messaging around "connecting" and what that means for its audience, it will remain a utility – and that's dangerous.

This is because, particularly in the technology space, where the next hot thing often appears in the blink of an eye, a strong brand protects the brand from competition. Without a strong brand, Facebook is just another social media site. Sure, it may have the most toys now (Beluga, Places, etc), but once something better comes along, everyone will be jumping ship. Case in point? Look no further than Groupon rapidly losing market share to LivingSocial.

The Danger of Owning a Function

We've seen this dozens of times before: category leaders who die because, in the

minds of consumers, they represent a specific product or service rather than a specific, ownable, higher-level message that we're drawn to and passionate about.

It happened to Nokia. Its brand was mobile phones, not the fulfillment of the promise of hearing a loved one's voice or expanding your network, your reach into the world. And its brand value dropped 15 percent this year versus its Apple and Google competition that saw huge brand value increases of 37 percent and 36 percent respectively.

Sony too, is trying to back its way out of this very same problem, expanding its brand from a product-based portfolio of entertainment peripherals to one higher-level message around the possibility of turning ideas into reality through its "make. believe" territory. Its brand value dropped 12 percent in 2009 and another five percent in 2010 after launching the campaign. Time will tell if it can deliver on its promise, but it looks to be moving in the right direction – but a long way from the Sony Walkman domination, that's for sure.

The Way Forward

On the other hand, we have companies like Virgin, whose brand was built around the idea of entertainment, on innovation with a fun, fresh spin. This positioning gives it license to enter new categories from airlines to comic books to sustainability and turn it on its heads under the promise that you will have fun any time you experience an element of the Virgin brand. It gives it flexibility to stretch its brand all the while gaining equity because no one else in its space can own this idea. It's not easy, but when strategically implemented, it pays off

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in spades – spades in the form of billions of dollars, of course.

The trick for Facebook isn't in credibly owning its brand message, it's in outputting it itself so it gets credit for it. Right now the only time it is controlling its own message is through blog posts, the occasional Zuckerberg interview, and its homepage, which states "Facebook helps you connect and share with the people in your life." It doesn't even take credit for the connections it makes possible on its one branded line of copy. That's just not good enough.

As it continues to grow the company into new spaces – like deals and questions, which start to push the boundaries of "connection" – its offerings will become more and more siloed, and it will need that one thread, that one story that ties it all together, that gives it the credibility to push into these spaces without question, that builds mutual trust with its users, so you and I don't question allowing our data to be used. Because we'll know it's all in the name of sharing, of connecting, of opening up our world in ways we never knew could exist.

We'll know that Facebook and only Facebook can deliver on that promise. And what more valuable promise than one that connects us to a better world for everyone we love? ■



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Lauryn Bennett is a Senior Consultant for Interbrand New York's Verbal Identity department. She has a strong passion for creating simple, holistic brand experiences through her brand messaging, voice, naming, and strategy development for online and offline, B2B and B2C clients across industries. In her word-nerd-meets-tech-geek career path, Lauryn spent years in cross-functional content strategy, copywriting, and product marketing roles in the web start-up world. Here, she developed and grew a number of brands from dozens of domestic users to millions of international loyalists. Lauryn leverages her mastered balance of metric-driven strategy and creative vision to produce unique, usable verbal assets for her clients.