

Building on Brand Equity: Developing A Successful Communications Strategy

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Employees have an important role to play in establishing core brand equity. Arden Melick reveals how rethinking brand asset management led to growth and expansion for Brooklyn Union.

Nike. Sony. Microsoft. Rolls-Royce. Brands that are synonymous with athletic footwear, electronic equipment, computer software and luxury cars. Brands associated with particular product lines. Brands that elicit immediate recognition around the world.

What is a Brand?

Brand is the visual, emotional and cultural image that surrounds a company and its products. It is a form of trust. It makes customers feel comfortable doing business with a particular company, and brings them back again and again. It is what a company stands for in the minds of its customers, shareholders, and competitors.

Companies pride themselves on the quality or uniqueness of their products. But often it is not the products but the brand that distinguishes one company from another. In fact, a brand is often worth more than its component parts, such as logos, design, advertising, packaging and public relations. And for companies striving for market share in an era of regional, national, and even global competition, having favorable brand recognition is a necessity for survival, not a luxury.

Companies that understand their brand equity have a strong sense of their customers' perceptions. They understand customers' expectations about particular products and services, and what they are willing to buy. In a dog eat

dog world, a company may want to be the biggest, meanest dog on the block. Or at least be perceived as the meanest. Or the nicest. Or the least expensive. But junkyard dog or not, it is what customers find believable that counts.

Branding can't change a company's products, but it can strengthen perceptions that are weak and build upon a company's strengths. When managed correctly, brand equity provides a firm foundation for a company's growth and competitive advantage. The fact is, branding has a real dollar value. By knowing their brand equity, companies can shape the messages they are sending to various audiences, be it the financial community, traditional or potential customers, and strengthen their relationship with them. With this knowledge, companies can more confidently develop timetables for the most profitable sequencing of corporate initiatives and the "franchising" of a brand.

As New York Yankee Yogi Berra is reputed to have said, "If you don't know where you're going, when you get there you'll be lost."

A company preparing for a branding campaign must take three critical steps:

- Analyze the strengths and weaknesses of the brand.
- Understand what customers believe about the brand.
- Create a strategy that gets the public and

prospective customers to literally and figuratively buy the brand.

Brand asset management in an era of deregulation

At this point in history, brand asset management is particularly important for utilities. Prior to the deregulation of the energy industry, utilities took customers for granted. They no longer can. Today, they must compete for customers. But the fact is that many companies sell essentially the same energy products, often at lower cost than can traditional utilities, many of which are still saddled with fixed costs.

Simply stated, gas is gas. A company attempting to convince customers to buy its gas had better offer services they can't get elsewhere — and create or enhance an identity that they identify with quality service. American Express put it well: "The product is a thing, but the brand is a promise."

One Company's Approach

For most of its 100-year history, as a regulated gas utility serving more than four million people in the New York City boroughs of Brooklyn, Queens and Staten Island, Brooklyn Union had a monopoly on the distribution of natural gas. With the onset of deregulation a few years ago, that began to change. Today, gas marketers can and do sell gas to businesses and large residential complexes that were once our customers.

Brooklyn Union was not complacent about the changes taking place in the industry. In fact, its chairman and chief executive officer, Bob Catell, envisioned its becoming the "premier energy company in the Northeast." As a first step toward realizing that vision, Brooklyn Union thoroughly analyzed its brand equity. Sophisticated proprietary research determined how customers viewed energy, what their expectations were for energy providers, and what equities customers conferred to the Brooklyn Union brand.

The results were fascinating, and pivotal. In some areas Brooklyn Union's brand equity was as real an asset as the pipes under New York City's streets. On the other hand, the study brought some surprises.

For example, Brooklyn Union had assumed that pricing was the most important factor to all customers. It was not. The company was also surprised to find that some of its competitors — which it had believed had low brand equity — actually scored somewhat higher than Brooklyn Union in certain categories. The lesson was clear — don't confuse

corporate impressions with real-world market intelligence. In other words, listen to the customer!

What's more, listen to what customers expect from the "ideal" energy provider — the one that exists only in their hearts and minds.

For Brooklyn Union, the research helped establish not only how it rated against competitors, but also against an "ideal" energy provider.

Ultimately, the company identified four primary equity sectors across many classes of customers. And while consumer concerns, brand perceptions and choices were different for each customer segment, the study showed not only what made Brooklyn Union special, but also where it stood in the public mind at a particular point in time in relation to its regional competitors.

The research also demonstrated that Brooklyn Union had established core brand equity in three of four major sectors. Commercial prospects, for example, were willing to believe the company's assertions about Customer Interaction, Cost Management and Corporate Reputation. They were less convinced about the fourth area, Reliable Service, despite the fact that the company's safety and reliability is virtually the best in New York State. Therefore, a campaign based on the theme of reliable service, backed by proven data, will greatly enhance the company's brand equity in the Reliable Service category, and help spread the good news that should bring it in line with the company's other equity strengths.

The research played a major role in the company's strategic choices. When Brooklyn Union decided last year to form a holding company that could respond quickly to business opportunities, it used the research to help position itself as a leader in the rapidly evolving energy marketplace.

As a first step, the company established a "corporate identity," encompassing logos, letterheads, and signage, to provide a consistent visual "look" to the face that the company showed its various publics. Brooklyn Union's corporate reputation was based in large part on the commitment of its employees to customers and to the service territory, a commitment that the company now stressed in its internal communications. At the same time, new services were introduced that further strengthened the company's superior equity in the Customer Interaction category. Even as the company took its place on a national stage, it strengthened its equity in the "community caring" segment of the Corporate Reputation sector.

Brooklyn Union had twin goals: transfer its equity to both the subsidiaries and to the holding company, of which

it would be the largest component, and at the same time create a strong identity for the new entities. With the guidance of its research, the company selected the name KeySpan, which evoked the image and spirit of the Brooklyn Bridge and the company's intention of spanning the energy spectrum with new products and services.

The company's campaign included four major steps:

- Reinforce Brooklyn Union's brand equity among primary audience segments during the transition period.
- Focus on customer choice for energy products and services.
- Lay the groundwork for launching new Keyspan units.
- Maintain a high profile within the financial community.

Understanding its brand equity has helped Brooklyn Union to build on its strengths, overcome its weaknesses, and convince the financial community that its brand—technological expertise, products, services—can be transferred to a new, larger, and more competitive playing field.

Thanks to its success in building its brand equity, Brooklyn Union is now competing on the bigger playing field. Recently, shareholders voted overwhelmingly to form KeySpan Energy Corporation, a new holding company, effective September 30, 1997. Meanwhile, the company's unregulated subsidiaries, the KeySpan Energy Group, has greatly broadened the company's horizons—providing gas marketing and energy services in the northeastern United States, and a number of international interests, including a recently announced joint venture to provide gas pipeline service in Northern Ireland.

The lessons for other companies are clear. It is necessary to have a unified corporate message. It is a mistake to branch off in too many directions, or get involved in products that don't take advantage of your company's brand equity. Your specific needs will determine how your branding efforts will build on your strengths, or strengthen your weaknesses. Efforts to build brand equity are for the long-term. There may not be an immediate rise in sales, nor sudden public recognition.

Building brand equity is a slow process, and patience is critical to its success. Knowing your brand equity can open new communication and business opportunities for an organization. It can help a company focus its resources in the areas that will prove most beneficial to the company. It can be a jumping off point for introducing new products

and penetrating new markets, and provide leverage for your sales force. Some simple rules to keep in mind:

- Superior results and successful campaigns need superior, validated research in which senior management can have complete confidence.
- Companies should aim high—brand where they want to be, not where they are or were.
- The CEO is the brand champion. The entire company must be part of the branding effort, and support him in making his vision a reality.

Employees must be part of the branding effort

Employees can and should play a critical role in a branding campaign. They should understand the company's values and its goals, and should be kept informed about critical events that will ultimately affect their lives and the life of the company. They must recognize the importance of their role in making the corporate vision a reality. If the chief executive officer is the brand champion, the employees are the team that carries the banner forward.

Internal communication programs that promote an ongoing dialogue with managers and executives help build trust and confidence; letting them know their views, skills and experience are valued, and helping them understand the changes in the business will inspire enthusiasm and help ensure a successful branding effort.

Branding for the future

In managing a brand through disruptive change, it is critical that the brand's traditional promise be protected. Brooklyn Union, for example, has pursued this goal even as it embarked on a new initiative: a merger with the Long Island Lighting Company. At the same time, the company is working to ensure that its equities will be transferred at their peak to the new company soon to become an energy powerhouse in the Northeast. It is a giant first step in fulfilling Bob Catell's expansive vision of the Brooklyn Union brand.

Branding works—great brands, like Disney, Coke and Nike are proof of that. Customers know what to expect from the brand, and are loyal and confident about the brands they trust. Communicators must protect that trust, build on it, and extend it. Doing so builds value for their company.

