BUILDING A STRONG BRAND

Making a mark in your industry

INTELLECTUAL PROPERTY OFFICE OF SINGAPORE

INTERNATIONAL


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Contents

Introduction

Trade marks function to ensure that the origin of goods and services are known by consumers and other interested parties. Brands, on the other hand, deliver your product or service promise encompassing your personality, emotions and principles.

This guide's focus is on how to create, use and protect a strong brand. It explores which intellectual property (IP) and other rights are involved and how they can be used together for this purpose.

Chapter 1 explains why having a strong brand is important and why brands are valuable. It also looks at what makes a brand successful, the characteristics a strong brand typically possesses, and how branding strategy and the overall business strategy should be interlinked.

Chapter 2 provides practical guidance on how a strong basic brand identity is created including how to choose a distinctive name and what other aspects are required to build value in the brand proposition. It also addresses how you can tell whether your efforts are paying off.

Chapter 3 aims to help you determine which elements within your brand can be registered and which ones should be prioritised. It also looks at a broader range of assets which go beyond IP rights such as the domains you should obtain, and how your registered rights can provide a framework that supports your other assets and brand characteristics such as your brand values.

Finally, **Chapter 4** sets out steps to defend your brand and ensure that it remains distinctive in the marketplace.

1. **Brands** as strategic valuable assets
2. Building a unique **identity**
3. **Registered rights** prioritisation
4. Maintaining **distinctiveness**

Produced by **IPOS International**, these intellectual property management (IPM) business guides aim to deliver a suite of IP solutions for enterprises based on industry best practices. As the expertise and enterprise engagement arm of the Intellectual Property Office of Singapore (IPOS), IPOS International helps enterprises and industries use IP and intangible assets for business growth. Some of these engagements may be eligible for Enterprise Singapore (ESG) funding, such as the intangible asset audit and strategy development aligned with business goals. IPOS International 's business portal ***www.iposinternational.com*** also contains case studies and videos of enterprises leveraging IP to gain a competitive edge in their innovations. Should you have questions on IPM matters or wish to speak with our Intellectual Property Strategists, do email us at **enquiry@iposinternational.com** or call **+65 63308660**.

What makes a brand valuable?

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1. What makes a brand valuable?

What makes brands successful?

It is relatively easy and inexpensive to create a brand identity, but much harder to make one which is a fully rounded package and a valuable business asset. This section explores some of the characteristics of a brand package that make it valuable (and what destroys value), examining it through the lens of IP.

"A brand is a lot more than just a trade mark"

We can probably all think of brands that we can assume are highly valuable, but what makes them worth so much? Is it all just about sales, or do leading brands share common features or characteristics that less valuable ones lack?

It is important to stress at the outset that a brand is an asset that is much more than a trade mark (although one or more trade marks are usually an essential component, as explained later in this guide). A brand forms part of how a company can differentiate its offering, creating a type of 'shorthand' that makes the buying decision process easier for customers.

Clear identification is particularly significant in the digital age, as increasingly time-poor consumers search for goods and services and seek to make quick buying decisions. Arguably, this makes brands more valuable than ever.

However, it's not all plain sailing with brands: they can also lose value quickly for reasons which may not be related to the IP they contain. Sometimes this loss of value will be attributable to a problem with the goods or services to which they relate (such as a product quality or safety issue); sometimes it will be down to business mismanagement; sometimes it will be compromised by copycats; sometimes it is affected by wider market trends (take Blockbuster Video, for example). We consider this issue further in the following sections.

How does a brand acquire a 'personality'?

Through the intrinsic qualities of the product or service, and how both the goods themselves and the underlying company that produces them are marketed, brands become associated with particular characteristics (for example 'value for money' or 'premium' or 'durable').

Sometimes these associations can go beyond the actual characteristics of the product or service. When carefully communicated, brands can conjure up emotions or feelings when they are encountered. Of course, the emotion or feeling will vary greatly depending on the type of products or services involved. But the main point is that the brand develops its own 'personality' and associated set of values.

Use of a brand with other elements, such as a particular type of packaging, colour palette or shape helps these additional assets to acquire a personality. As more elements are associated with the brand, brand recognition is enhanced and a larger 'bundle' of rights and assets is created. This helps to cement a market position, as others who try to use a similar shape or colour palette may be seen to be impersonating the 'original' brand. As will be shown, imitation is a double-edged sword.

Brands that have strong personalities tend to have several characteristics in common, as shown in the diagram on th left. They are instantly recognisable by both customers/ stakeholders and more widely in the general public. This is because they are well-differentiated and consist of a relatively large number of assets that have been used together and presented consistently over an extended period of time.

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What are the technical elements of a strong brand?

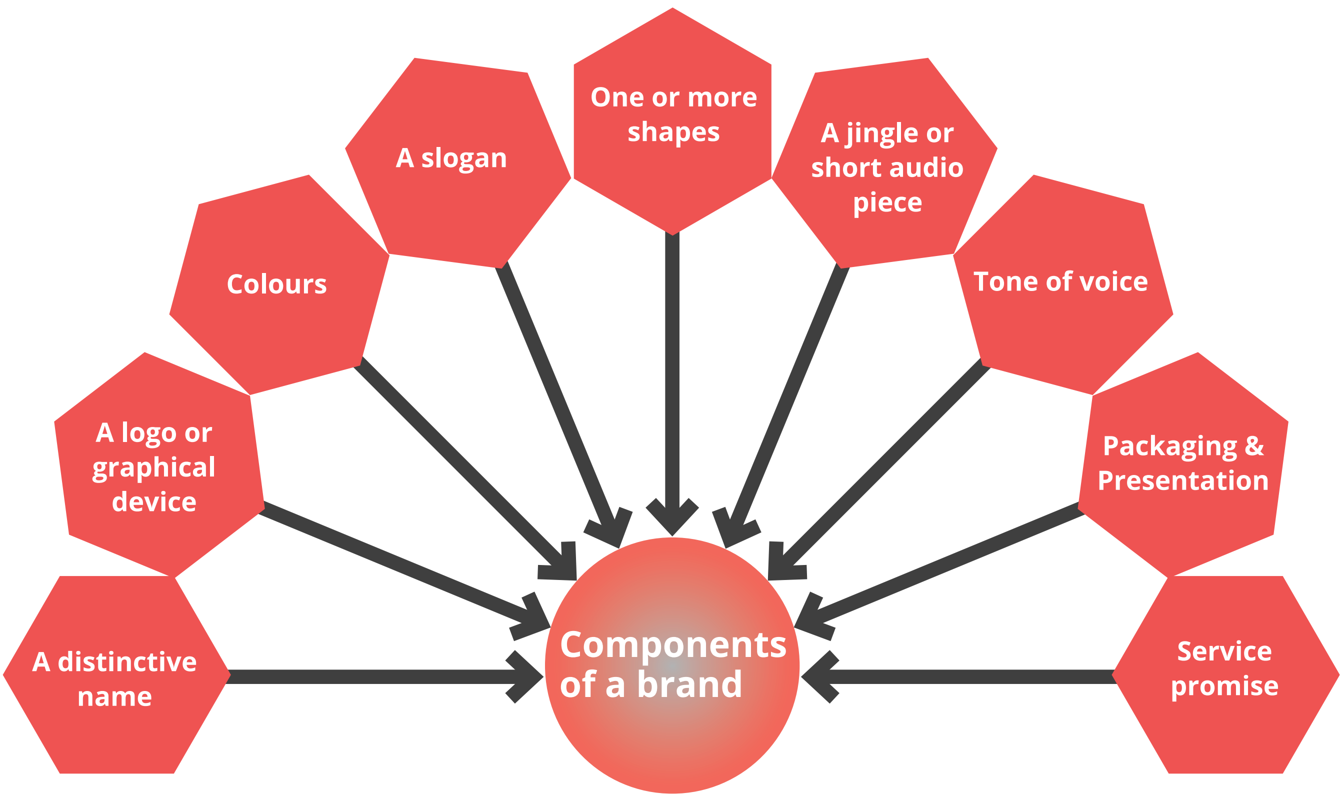
Strong brands tend to have several common characteristics. They usually consists of a series of distinguishing features that are intended to be immediately recognisable. They build recognition by sticking to an agreed form of presentation that is always followed, and by promoting a series of values with which they come to be associated.

As with any IP, every brand is different. The whole point of a brand is to allow your business to differentiate itself from the competition, and to allow your consumers to distinguish your products and services from those of your competitors.

Despite these differences, when strong brands are studied, several common characteristics can usually be found. The best brands are often widely recognised—well beyond their immediate customer base—and this typically happens as a result of continuous and consistent use over an extended period.

A brand normally consists of several elements. In addition to elements that are protectable by a trade mark, brands are associated with emotions and a personality.

Each component in the bundle helps to reinforce and support the other elements and they become intrinsically associated and linked with each other. Some, but not all, are formally protectable with a trade mark or other IP right.



How does brand strategy fit with business strategy?

Brands can only become really valuable assets for a company if there is a good 'fit' between a firm and its products and services. Every brand should be created to reflect the values and ethos of the company and support its overall strategy. The company name will not necessarily be the same as the brand, and if they are separate, it is easier to drive value from them independently.

Brands need to be chosen to project the kind of company you are and the kind of company you wish to become. If there is a misalignment between the 'values' associated with the brand and the company that owns it, this will dilute the brand and/or undermine the company values, which in turn is likely to confuse the consumers of the brand and the company's products and services.

> ***"However good a brand is, it will not make the company or its products something they are not"***

However good a brand is, it will not make either the company or its products something they are not. Fancy branding will not transform an inexpensive product into a high quality one, nor will it rescue a business in difficulty or quickly transform a company from having a bad reputation into a good one—though changing the identity of a brand that has somehow become tarnished is a popular and frequently-adopted strategy.

A company may, of course, trade using several brands. Multiple brand use is more common in business-to-consumer (B2C) rather than business-to-business (B2B) contexts, because B2C activity is often directed towards sales of a specific product or service, and allows messages to be tailored both to particular attributes or advantages and to a certain target audience.

B2B is more commonly associated with building up trust in a supplier of a variety of products or services. However, B2B firms may also see advantages in being able to establish and protect a range of names, especially if their goods or services are quite diverse.

Where there is a separation between the company and the product or service brand, this opens up the possibility of re-sale. Brands have value because they provide a shorthand that the customer can recognise and make a repeat purchase confident that they will receive a product or service with familiar qualities. In B2C markets, these associations often persist even if the brands change hands, provided that the product or service quality is not compromised. Product and service brands are therefore, in theory, highly mobile and saleable if they are successful.

What are your brand values and what is your brand voice?

If you have not already done so, draw up a list of the things that contribute to your current product or service reputation in the marketplace. As well as being a useful marketing aid, this may help you identify additional opportunities to protect brand and company identities using trade marks.

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How can brands be weakened, and what is at stake if they are?

Well-managed brands can be expected to increase in value. Unfortunately, however, they can also lose value quickly if something untoward happens. If your brand is weakened, the risk is that you will no longer be able to charge a premium for your goods and services affecting your margin. You may also see your market share diminish.

"Inferior products may detract from your exclusivity, distinctiveness and prestige"

Sometimes, damage can be caused by a technical or operational issue associated with the branded product or service. For example, a product may be shown not to be safe, a food item may contain an unadvertised ingredient, claims made about a product's performance may turn out to be false or misleading, or a service experience may fail to meet expectations. In these circumstances, the brand promise is undermined, and the underlying value of the brand is reduced.

Sometimes a valuable brand can suffer badly if the underlying business goes into administration and the brand's products/services can no longer be made available (especially if staff, customers or suppliers are left being owed money). However, as brands are mobile and scalable, a company going into administration may not prove fatal, especially where goodwill has been built up over a number of years. As one example, Triumph Motorcycles went into receivership in 1983, but now under different ownership has worldwide sales of nearly $1bn.

Success breeds imitation. This is not always a bad thing. A certain level of competition is sometimes quite helpful to a brand because it means that other people are also spending their marketing dollars on raising awareness in your market, and some of that benefit is likely to spill over to your advantage. Similarly, other brands provide you with an opportunity to demonstrate how your offering is different and (in some respect) preferable.

However, if other businesses start copying your offering so closely that they are infringing your rights, and if they sell products or services with branding that is the same or similar to those of your brand, consumers may begin to lose sight of the differences between these two offerings, and start falsely to associate a potentially inferior product or service with your business.

The presence in the market of inferior products using your branding elements may also detract from the exclusivity, distinctiveness and prestige of your product. In some sectors (toys for example), imitation can even have safety implications. Therefore it is important if you want to build a strong brand, to actively monitor for infringement and to act quickly and decisively once any infringement is found.

The accompanying guides in this series should help you with brand policing and enforcement. ***Knowing Your Competition*** *explains how you can monitor and detect infringement, and* ***Upholding Your IP Rights*** *provides detail on how your rights can be enforced should you suspect your brand is being copied.*

*Separately, another guide—**Keeping Your IP Out of Trouble**, maybe instructive in explaining what you are and are not permitted to do with other people's trade marks (as an example, you don't have to get a trade mark owner's permission to feature their name in comparative advertising).*

A weakened brand is not a purely theoretical, academic issue. Brands are valuable primarily because of economic reasons—they help the owner to sell more products/services and to charge a premium over competing products which do not enjoy such a strong reputation. When brands lose value, diminishing market share and reduced margins are likely to be the result. It is therefore vital that once a strong brand is built that everything possible is done to maintain the brand leadership.

1. What makes a brand valuable?

CHECKLIST

What makes a brand strong and successful?

The checklist below highlights some of the factors that contribute to making a successful, valuable brand.

✓	Areas	*Examples*
	Attached to large volumes (of users, sales and/or profits)	*Valuable brands are usually associated with substantial market traction. This may relate to their volume of users, or to sales of associated goods or services. The brand and its associations commonly enable a company to charge a premium for the product or service being offered.*
	Strong association with specific products or services	*When you think of a strong brand, it is likely to bring to mind one or more products or services with which it is used. In some cases, the brand can become synonymous with a particular implementation of the product or service.* *When branding is combined with innovation, an association with market leadership often follows. The branded goods or services will be considered to be 'original', leading competing products to be considered 'imitations'.*
	Long-lived and well-known	*Valuable brands will typically have been in use for an extended period within their target markets. They will have developed a reputation and developed a degree of recognition amongst a large proportion of the 'relevant public' (people who may be interested in the brand category as a customer, a supplier or a distributor).*
	Have an associated personality	*Valuable brands also tend to conjure up some emotions, feelings or characteristics when they are encountered. Typically, the qualities that are evoked will involve aspects like luxury, quality, price-competitiveness, comfort, relaxation or excitement.*
	International	*Many of the most valuable brands cross borders and are 'multi-lingual', being recognised globally rather than just in a single geographic market (although this does not mean they do not make some adaptations to suit local markets).*
	Tradeable	*Strong brands are often a driver of merger and acquisition activity.*

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