Building Go-to Brands in Australia

Driving business growth and resilience
by creating meaning for customers



Lippincott

Sense Perspective

Are you a Go-to Brand?

Recent global trends and events such as rising interest rates and international conflicts have highlighted the value we place in the brands we most trust.[1] But this gut response in times of crisis is just the sharp end of an underlying trend that is shaping how brands are built and how customers engage with them.

Creating brands in today's digital world is easy and cheap. Reaching your target audience is not the challenge that it once was. Good customer reviews can catapult a little-known brand to the top of your browser. But building a winning brand is a different story.

In a world where 80% of product searches start on Amazon or Google, even successful brands with satisfied customers are being intermediated; they have to pay to get their customers' attention on the big platforms. We have found only a few brands are sufficiently front of mind — or front of phone — to be sought out directly. And it means big rewards for those that are.

[1] "71% of all customers believe "it is more important for me to be able to trust the brands I buy or use today than in the past." Source: (2023 Edelman Trust Barometer Special Report).

Tougher world, bigger prize

Shifts in markets, technology and society are making it tougher than ever to build a winning brand — but also make the prize worthwhile.

It's tougher, because:

- **Competition is broadening.** Boundaries are blurring, as new platforms with new economics set new expectations. Consumers are asking: To whom do I go to save money on energy: my energy company, a price comparison website or my bank? To whom do I go when I want to find something to watch: my cable company, a broadcast network, a content platform like Netflix or an intelligent agent like Alexa? To whom do I go to pay in a supermarket: my smartphone, credit card, a payment fintech or my bank? I may still use Mastercard if I choose to pay by ApplePay, but I am probably not aware of that. To whom do I go when I need something? Who am I choosing to take the lead, and who slots in behind? Brands are competing with players that are entirely different from themselves. There's little real estate for this competition on a mobile device and even less on Alexa.
- **Barriers to entry are falling.** Unknown brands can win on the strength of a star rating. Consumers think: I don't need to choose an LED lightbulb from Philips or GE; I can buy one from a brand I have never heard of if it gets good reviews.
- **Customer relationships have never been easier to lose.** The world of digital experiences demands relentless innovation and renewal in order to maintain customer attention and loyalty.
- **Our tech-led economy can get in the way of human connection.** Big data brings an unprecedented opportunity to get close to customers — at least to have a close knowledge of them. But having customers feel close to you is different. The closer you get analytically, the further away they may hold you emotionally — unless you show human values that cause them to let you in. Trust in big business has been low for a generation, and is lowest with some of the tech players that are working hardest to get close
- **The relationship between customer and company has fundamentally switched.** For many customers today, brand is not about me admiring you; it's about you showing how you understand and respect me. I no longer come to your store and explore your environment on your terms; you come to my phone, where you fit in on my terms. It's no coincidence that 20 years ago, the most common word used in song lyrics was "you;" today, it's "I."[2]

But that's not to say everything is reduced to the functional. That "I" is about identity, and identity means belonging. Being all about "I" goes together with a social craving to belong.

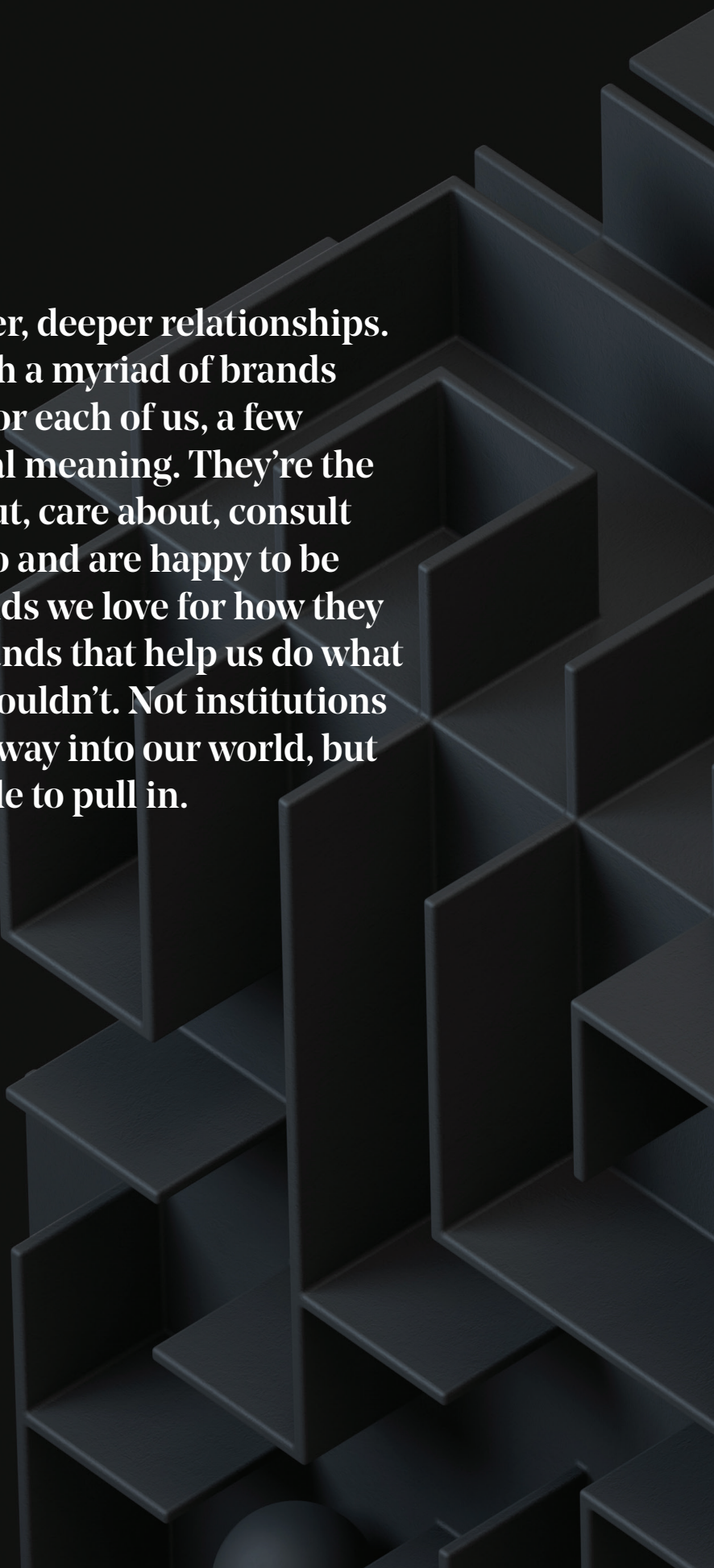
In a crowded marketplace, where customers are craving belonging, the appetite for brand connection has never been so strong. The more the world becomes algorithmic, the more we want to connect as people. Identity is becoming more salient, and people are turning to brands as part of how they define and project their identity.

We have always needed to believe in something bigger and more important than what's right in front of us. Now, though, identity has increasingly become a matter of personal choice and expression beyond what we were born into. We are ready to adopt brands that represent who we are and who we want to be. And to attach ourselves closely to those brands when the world is challenging.

The prize has never been bigger. Brands that break through, that reach their customers and understand their needs, get broad permission to assemble solutions across traditional category boundaries.

[2] Source: Research conducted by Mastercard for the BRIT Awards 2018; 73,000 words from 200 songs were analyzed, contrasting popular songs from 1998 to 2017.

The result: fewer, deeper relationships. We interact with a myriad of brands every day. But for each of us, a few brands have real meaning. They're the ones we seek out, care about, consult with, open up to and are happy to be seen with. Brands we love for how they relate to us. Brands that help us do what we previously couldn't. Not institutions that push their way into our world, but agents we decide to pull in.




We call them
Go-to Brands

What makes a Go-to Brand?

The brands that win this high-stakes game are the ones that create meaning for their customers. That meaning sets a foundation for the deeper relationships people commit to with those brands. And meaning comes from two kinds of sources — the kind that drives personal value (connection) and the kind that drives action (progress).[3]

[3] Derived from Arndt, et al, in (The Psychology of Meaning), American Psychological Association, 2013.

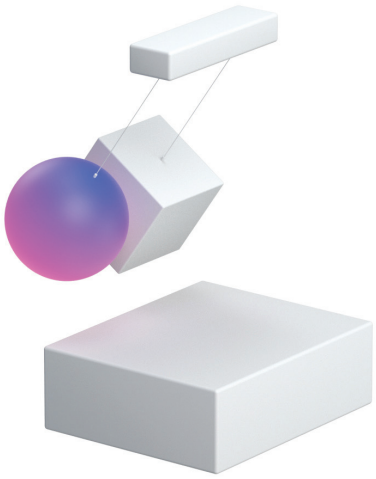
Connection

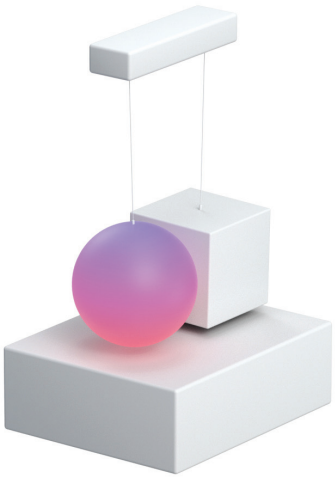
People find meaning when they feel a personal connection with something that champions their worldview, based on a shared set of beliefs and interests. We measure a brand's connection score by asking how much its customers agree with the statement, "I love this brand"; or in B2B, "I enjoy doing business with this brand."

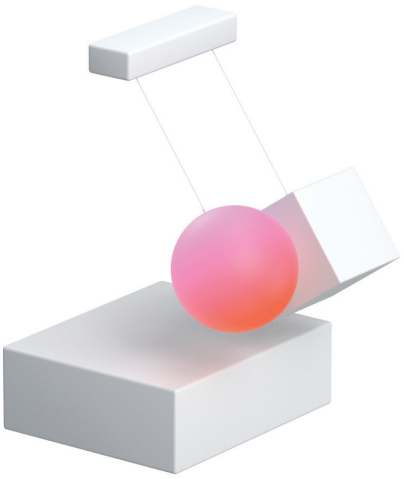
As humans, we are tribal at our core. Connection taps into our sense of identity and helps us find meaning in being part of something bigger. Connection is a form of self-expression that tells the world who we are and who we want to be. Connection helps us find ways to identify and belong — always, and especially in the face of health, financial and social risks, when a majority of people say that what has been happening has helped them to reassess what truly matters to them.[4]

How can you foster connection? Two drivers of brand connection show a strong correlation to how much customers say they love the brand. These two drivers are: "Be true to me" and "Show you care."

[4] Lippincott research in the U.S., Brazil, Mexico, the UK, Germany, France, Saudi Arabia, India, China, Japan and Oliver Wyman Forum research in the Renaissance 2022, The New People Shaping Our Future.

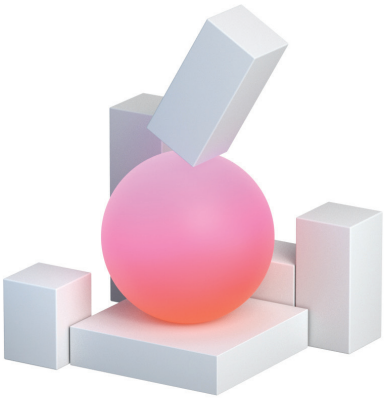


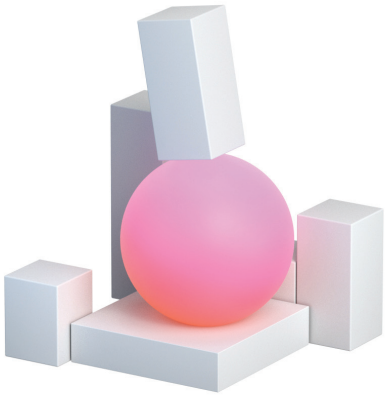


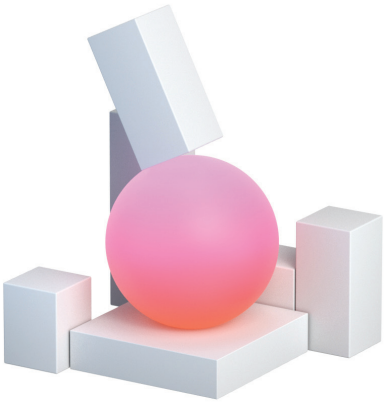


Be true to me

Know who I (as a target customer) really am. Share my values and reflect both the reality of my life or work and my aspirations.







Show you care

Focus instinctively on creating value for me rather than extracting value from me, always having my interests at heart.

Progress

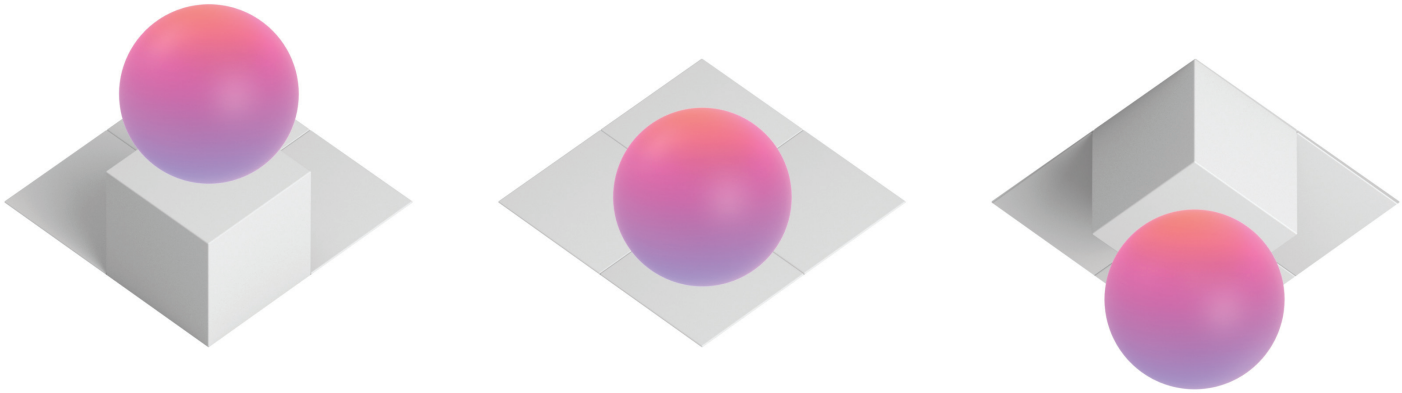
People find meaning when they make progress with what they're struggling to achieve, whether that's a larger societal problem or the day-to-day issues of life or business. We measure a brand's progress score by asking how much its customers agree with the statement: "This brand helps me do things I could never do before."

Progress always matters, but particularly in a world of technological and social disruption, where boundaries between categories are breaking down, and innovations in one category set expectations for others. Many consumers are facing the anxiety and trust issues of migrating to new tech solutions faster than is socially natural. Yet in the midst of those pressures, they are keeping their focus on the challenges we face as a society, not just their own personal struggles.[5]

This is where brands have to be real — judged on what they do, not just what they say. **Brands need to live up to their emotional promise in the fundamentals of what they help people do.**

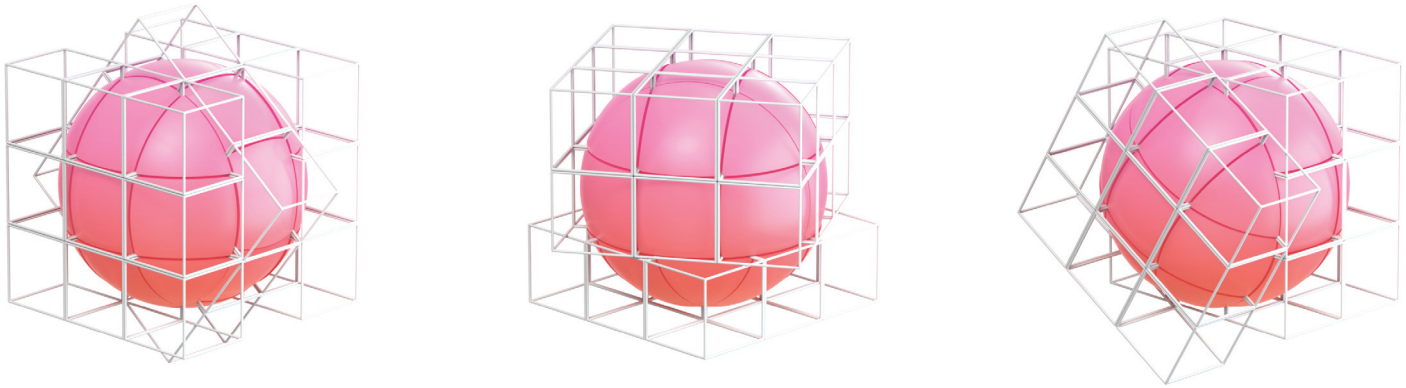
How can you ensure that customers feel progress? There are two drivers of progress that strongly correlate with how much customers say a brand helps them do things they couldn't before. Those two drivers are: "Work like magic" and "Advance my world."

[5] Lippincott research in the U.S., Brazil, Mexico, the UK, Germany, France, Saudi Arabia, India, China and Japan, April 2020.



Work like magic

Reset my expectations (as a target customer) for how things should work and put me effortlessly in control. It's about the experience of using the brand, combining both purpose and pleasure. It's about designing elegant solutions to achieve the most effective outcome with the minimum effort.



Advance my world

Solve the big problems that I care about and also the little ones that I haven't yet noticed. Connect me meaningfully to others who have the same quest. Don't limit my feeling of progress to the product interaction.

Connection

- [ ] Do customers feel a particular connection with your brand, among all the other businesses that are "there for them?"

- [ ] Do they see that you are true to them — to their values, daily needs and future aspirations?

- [ ] Do you have their interests at heart and instinctively focus on creating value *for* them rather than extracting value *from* them?

Progress

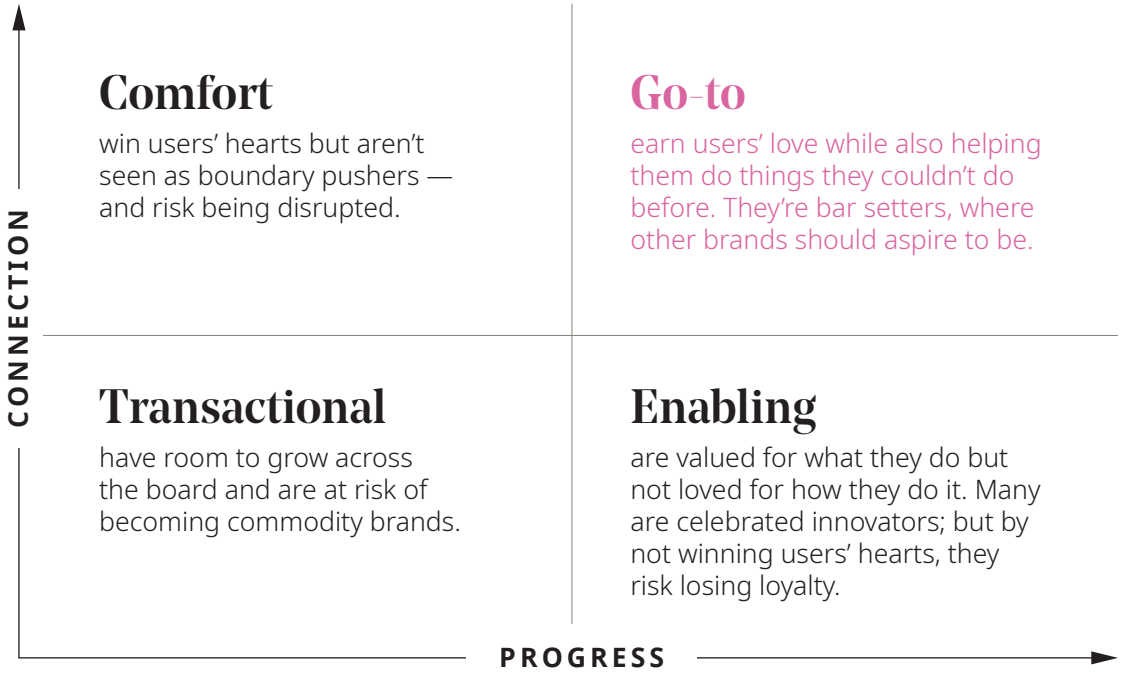
- [ ] Do you help customers do things they couldn't do before, so they can thrive in a changing world?

- [ ] Day to day, do they find your solutions easy, effortless and a joy to engage with?

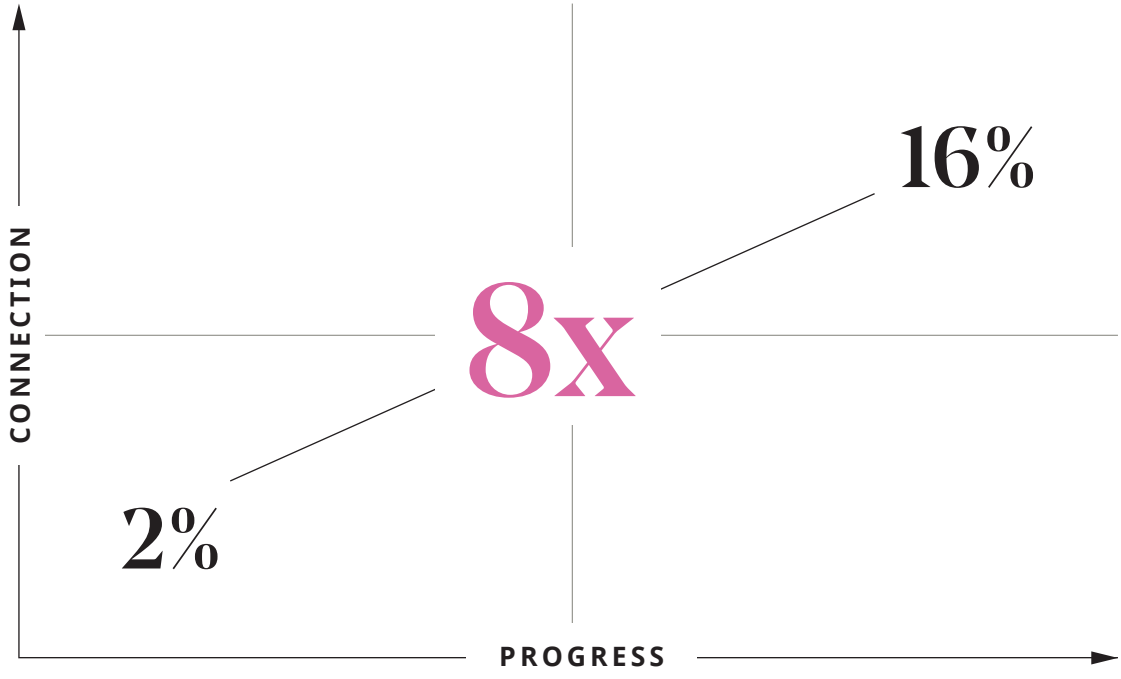
- [ ] More broadly, do they see you as advancing their world?

Driving revenue growth and business resilience

BRAND CLASSIFICATION BY QUADRANT



AVERAGE ANNUAL REVENUE GROWTH FOR BRANDS IN EACH QUADRANT
BRANDS IN AUSTRALIA, CAGR 2014–2023



Go-to Brands are rewarded for their outperformance in connection and progress. **The average revenue growth over the last decade for Go-to Brands in more than eight times** the revenue growth for brands that are low on connection and progress.[6]

When customers feel an emotional connection with your brand, they're more likely to seek you out, driving preference and share of wallet. Customers are more likely to trust and forgive you, driving loyalty and referral. When customers feel that you are helping them make progress, they're likely to keep buying and to pay what it takes to achieve their goals. And since this progress often relates to how you do things differently, not what you do, customers are likely to follow you into adjacent offerings and markets.

CONNECTION AND PROGRESS SCORES, AUSTRALIA 2023
INDIVIDUAL BRANDS



In 2023, our research identified tech, media and financial services **Go-to Brands.** For Go-to Brands, connection and progress reinforce each other, making the business resilient. Our research identified brands that do this not just for small groups of people, but also for big parts of the market. Afterpay offers customers both progress as well as a sense of connection. Apple, NRMA, and National Australia Bank are also Go-to Brands.

[6] Brands assigned to quadrants, based on whether they are above or below the median score on each of the connection and progress dimensions, from a sample of 42 brands with publicly available financial data. Australian revenue from 2014–2023 is matched to the Australia consumer survey in 2023. The analysis excludes 'unicorn' brands due to outlier revenue growth.

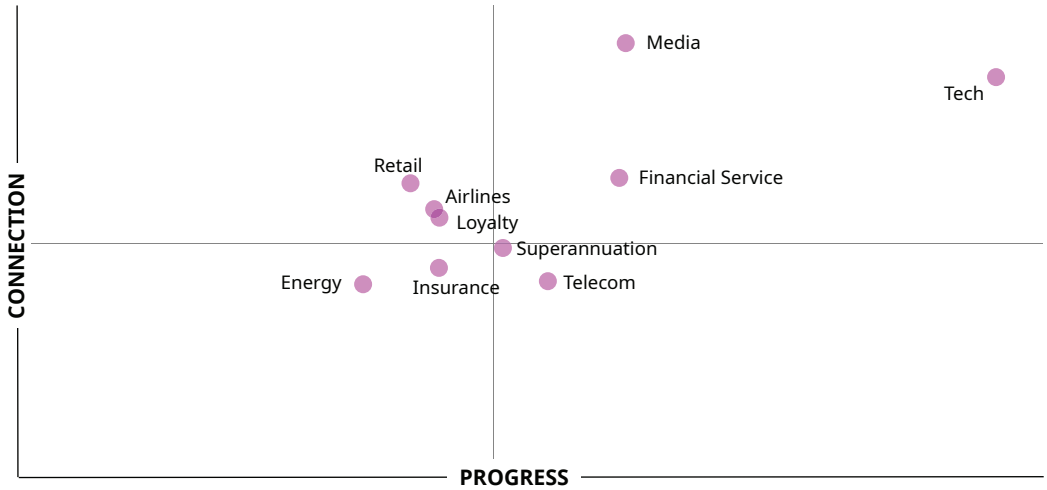
Brands that connect, but that don't help us progress, gain our affection but are exposed to disruption. Those are **Comfort brands.** We value them and feel attached to them, but they don't help us do things we otherwise couldn't. That can be fine but only until someone else offers progress to us. Our research in 2023 identified airlines and loyalty program brands are in this quadrant.

Brands that help us progress, but that don't connect with us, set new expectations and meet new needs, yet fail to earn our loyalty. Those are **Enabling brands.** We appreciate that they help us do new things, but we often don't love them. Telecommunication and superannuation brands fit into this quadrant in Australia. This can be a vulnerable position for brands, they are rewarded — for now — for the value propositions they provide but without the secure relationships that will be sure to remain if competitors match or exceed the functionality and resolve inertia.

Brands that underperform the market on both connection and progress are **Transactional brands.** We use them — they include some big names — but we are not thrilled about using them. At least, that is true for us collectively. Many of these are Go-to Brands for particular target customers, but not for the bulk of customers who use them. Australian examples in our research include insurers and energy companies.

From the year-on-year analysis in Australia between 2022 and 2023, we see that sectors in aggregate shift relative position slowly. All sectors remain within the same quadrant year on year where we track like-for-like brands longitudinally. While change in average connection and progress across sectors is low; the positive or negative trajectory is worth attention.

CONNECTION AND PROGRESS SCORES, AUSTRALIA 2023
SECTOR AVERAGES



But sector alone does not predetermine the Go-to status of an individual brand in Australia. For example, Australian Super is a Go-to Brand in the superannuation sector. Hostplus is a Comfort brand while Vanguard is an Enabling brand. Others, including some of the largest funds by assets, are firmly Transactional brands. This pattern repeats across sectors — from TelCo to Banking and Aviation there is at least one Go-to Brand and one Transaction brand.

Clearly, the implication for executives is to not be bound to preconceived notions of their sector's limitations in establishing connection and resetting progress for consumers.

How to build a Go-to Brand

Brands that work differently need to be created and managed differently. As traditional category boundaries blur, the authority of a Go-to Brand comes less from what it does and more from how it does it. This focus on *how* is pervasive, working from a deep insight into the progress that customers are struggling to achieve to a purposeful and distinctive way to respond. And that requires the brand to be managed pervasively within the organization, not just from a marketing perspective.

Challenge your focus

The shifts required in both mindset and practicality are fundamental:

From what you do to how you do everything
Some of the strongest Go-to Brands are the most versatile. What attracts you to Disney isn't just its authority in animation; instead, it's how Disney constantly challenges itself in its quest "to create 'Happy'." That creates propositions and experiences that go beyond what Disney does and are defined by how it does it. The same is true for Google, Apple and Tesla, which is why they can glide everything from payments to home electrification across global and Australian consumers alike.

And it's true of any deep relationship, whether with a brand, an advisor, a colleague or a friend: Once you've earned your place as a go-to person, you'll be relied on for a variety of situations beyond your original expertise. The extensibility of Go-to Brands feeds their "winner takes all" character, increasing the available prize and rewarding the investment in the go-to relationship.

ASK YOURSELF:

Do your customers come to you for what you do (constrained) or for how you do it (extensible)?

From innovating products to innovating customers' "Jobs to be done"
Helping customers make progress — to do things they couldn't do before — requires relentless innovation. But it's not about churning out new product features. Focusing on progress means focusing on your customers and their life or business struggles. Solving those struggles is the key to building connection and progress; the two are distinct but tightly linked.

There's both a science and an art to identifying real customer opportunities — the ones that help people make progress in something meaningful that they were struggling to achieve. Those opportunities are easy to miss. Customer expectations are conditioned by today's options, so some real needs are never expressed.

On the other hand, it's easy for companies to invent needs that aren't real customer struggles — investing in solutions with which customers won't ultimately engage because the "problem" was never a problem. While innovators will sometimes say there is no shortage of ideas, misses the point. There's a shortage of well-defined ideas grounded in verified and meaningful human struggles. Go-to Brands focus their innovation efforts on revealing those struggles and establishing customers' unstated "Jobs to be done" in their lives and businesses.

Go-to Brands take a customer view, not a product view, to see how people are managing with the products and services they have today, and to look for the non-consumption and the "hacks" that provide clues to needs that are badly met.

ASK YOURSELF:

Is "insight" in your organization a fancy word for customer research, or is it a process for truly discovering the "white space" in people's lives?

From customer-led to purpose-led, resetting customer expectations

Back when organizations were obsessed by their own operations and production, a customer-led culture was a breath of fresh air that turned the business around and allowed it to respond to the sharp end of the value chain. That was a vital shift, but it's not enough. A customer-led organization is a reactive one. Go-to Brands are customer-centric, but they lead their customers — not the other way around. Go-to Brands show customers new ways to do things that reset their expectations. Go-to Brands are led by their purpose and a vision of what can be (think Afterpay, Netflix or Air New Zealand — all Go-to Brands in 2023).

ASK YOURSELF:

Are you proud to be customer-led, or do you have the purpose and vision to lead your customers?

From brand identity to shared identity
Connection is two-sided. It's a bond created through a sense of shared identity. Progress is about what the customer can do, not what the brand can do. Go-to Brands recognize that it's not all about themselves. They don't puff themselves up or put themselves on a pedestal. Brands with power and stature show impressive humility. They understand that their strength comes from the relationship with their customers; and the relationship that people want is one of warm, level, human connection — not a distant, admiring respect. This change is partly due to the shift to digital: Having a space on a customer's phone is a different power relationship than having the customer come into your store. But this change also reflects a social shift toward the more assertive relationship that we each have with the world.

ASK YOURSELF:

Do you manage your brand identity as a protected, institutional asset or as a more open environment that your customers can feel belongs to them?

From permitted to embraced
In our previous study of the "customer of the future," we explored how intimate customers and their favored brands will become to get the most benefit from what's becoming possible.[7] In a world where, if you let them, brands can increasingly second-guess and anticipate your needs, keeping brands at a distance means giving up a lot of value and utility. That's why Dawn, our prototypical customer of the future, chooses to live a transparent existence. She's not open with just anyone but will value an intimate relationship with her Go-to Brands.

Go-to Brands recognize what they're asking of their customers: That shared value doesn't come when the customer grudgingly gives permission to be monitored (as in a transactional trade) but, rather, when the customer embraces the brand and invites it into his or her life or business operations. The standard that we measure and for which design isn't just "I am happy to share personal information with this brand"; rather, it's "I am comfortable letting this brand observe everything that I do" and "This is one of the brands I am happy to let into my life."

Unlocking that level of access and intimacy means understanding the emotional response that customers have to your brand — and working to influence it. When we measure which emotions people most associate with different brands, we find that some entertainment and hospitality brands make people feel anxious and some insurance brands make people feel stupid. But we also find that financial brands make people feel relaxed and travel brands make people feel smart. These are the considerations that matter if you want to be invited into people's lives.

ASK YOURSELF:

Do you buy your customers' data permission with deals that they can't refuse, or do you get invited to share in their lives and businesses?

[7] Meet Dawn: Get to know the customer of the future, Lippincott Sense Perspective, available at lippincott.com/customer-of-the-future.

From rules to principles

The job of managing a Go-to Brand — or working to become one — goes beyond the duties of a traditional Chief Marketing Officer. The job can't be done by writing a set of rules or guidelines and demanding brand compliance.

One response is to broaden the duties of the person and function leading the brand. No wonder Ad Age observed that the CMO position is under threat, with companies "consolidating marketing duties with executives who have broader mandates that often include sales and commercial functions such as product development, retail oversight and more."[8]

Regardless, the reality is that the work required to create or maintain a Go-to Brand permeates all operations of the business and inevitably goes beyond the mandate of any one executive. The job of shaping the brand and its experience is more important than ever, whatever the breadth and title of the role. The job just can't be done alone. It takes a more empowering approach that gives people principles to interpret in what they do, rather than rules to follow, and builds organizational skills and responsibilities inclusively to unlock, yet align, creativity across the organization.

The rise of the Chief Customer Officer remit in Australia is an interesting one. First developed in service-sectors like hospitality and aviation, and then digital-native challengers, we see this remit being embraced by large-scale players as a path to steer the organization to embrace the wider potential of Go-to Brand status.

ASK YOURSELF:

Is brand governance in your organization about design compliance or cohesively expressing strategic direction across audiences – external and internal?

[8] https://adage.com/article/cmo-strategy/why-more-brands-are-ditching-cmo-position/2183166.

Set the direction

In addition to the universal shifts for building Go-to Brands, we have used our Brand Aperture® research and brand-building experience to propose guidance specific to each quadrant on the progress and connection matrix.

Moving from an Enabling brand to a Go-to Brand
Progress without connection risks defection. Enabling brands are valued for what they help me do but aren't loved for how they do it. Without the loyalty to see them through times a product doesn't perform, Enabling brands are only as strong as their latest feature.

Enabling brands are often viewed as company-first rather than customer-first. To become Go-to Brands, those companies must focus on building a customer connection: understanding, empathy, happiness and values. That doesn't mean lowering the bar for magical innovations but, rather, ensuring those innovations feel true and meaningful to individual customers and ensuring customers feel the company is empathetic and compassionate toward their interests.



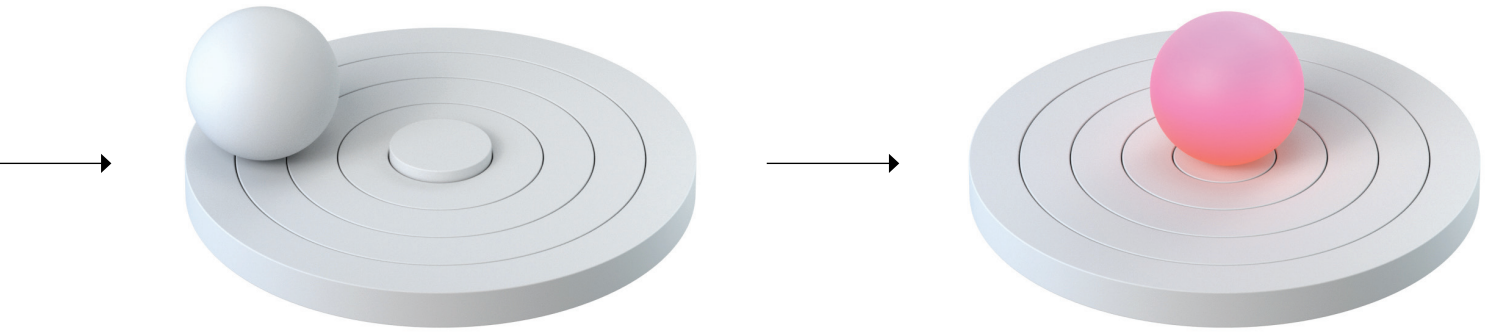
KEY STEPS TO CONSIDER FOR MOVING FROM AN ENABLING BRAND TO A GO-TO BRAND:

Become true to me

- Define a clear brand target customer and immerse yourself with that customer.
- Lay out a vision for a personal brand relationship with the target customer.
- Celebrate the brand's distinct personality and figure out how it fits seamlessly into the customer's life.

Show you care

- Develop a purpose-driven brand platform and live it through tangible commitments.
- Link your vision for a personal brand relationship to operations and economics to make it real; understand and commit to the business implications.
- Design an expression and voice authentic to your shared identity with the target, and that resonate with the target customer's journey and experience with your business.

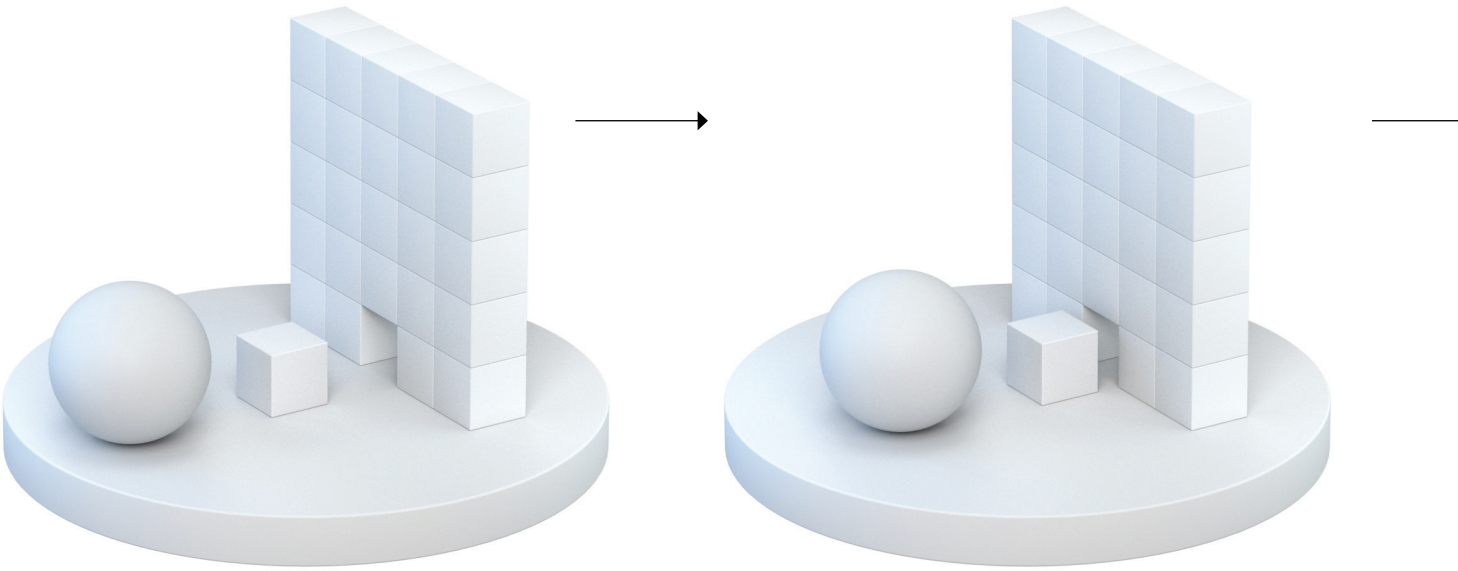


Moving from a Comfort brand to a Go-to Brand
Connection without progress risks disruption. Comfort brands are loved, often commercially successful, but are not seen as pushing the boundaries. Comfort brands risk losing customers the moment a more innovative or convenient alternative comes along.

Many beloved brands, such as loyalty brands, fall into the Comfort quadrant. Their enduring emotional connections still feel authentic and caring; however, they risk coming up short on innovation and on helping customers advance in their lives.

We're seeing evidence that "progress" is easy to lose. The pace of change in the modern economy means that customers expect constant innovation.

The opportunity for a Comfort brand is to pair its strong customer connection with a forward- thinking mindset. Lessons for enabling progress come from brands that push out a constant cycle of newsworthy innovations while maintaining deep customer connections. On a global basis, Disney, for example, drives innovation in everything from special effects (from its Burbank StudioLab) to digital distribution (with Disney+). Its "Magic Band" ensures every step in the travel journey "works magically," eliminating countless customer frustrations ranging from long lines to cumbersome payment. Disney never loses sight of the customer connections that drive love while constantly enhancing the brand experience.



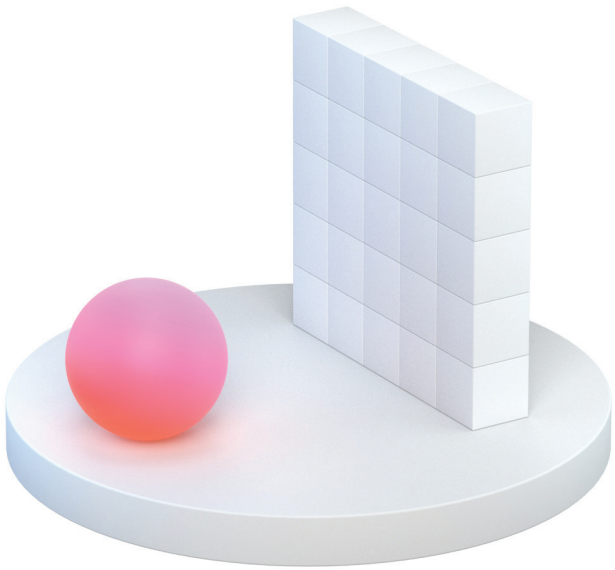
KEY STEPS TO CONSIDER TO MOVE FROM A COMFORT BRAND TO A GO-TO BRAND:

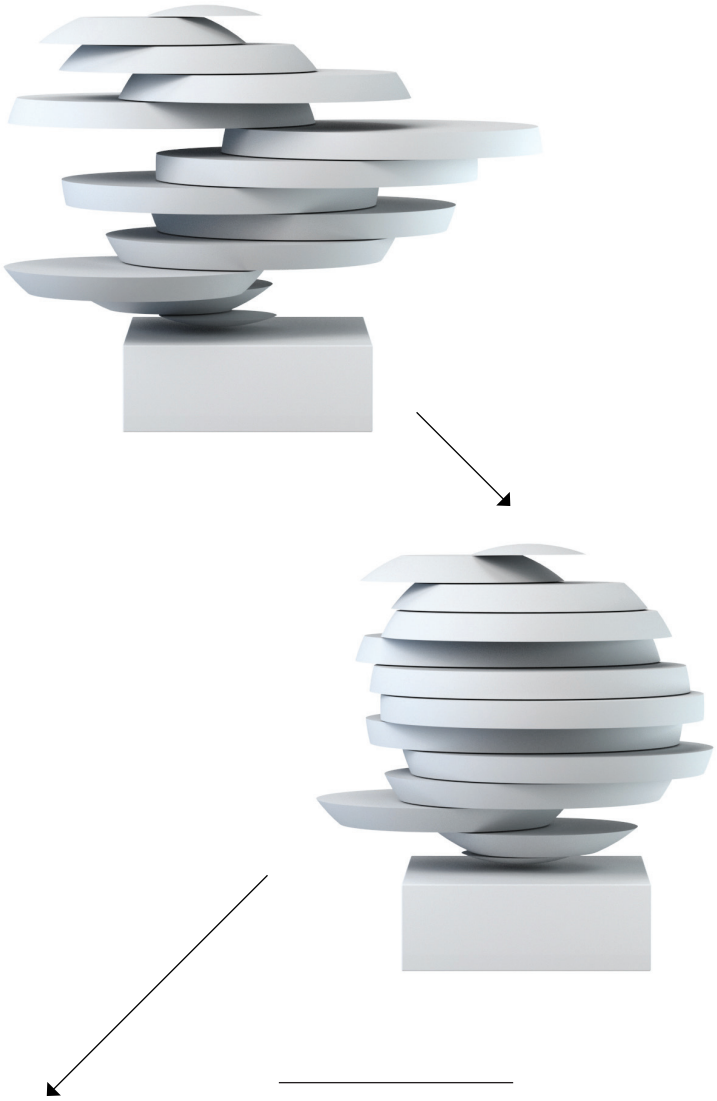
Make things work like magic

- Set the standard for how products or services should work; create a signature innovation that's a manifestation of your brand purpose.
- Disrupt yourself by adapting methods of rapid testing, scaled adoption, learning and failing forward; recognize the security of your strong customer connection can be a liability — because it may slow your innovation efforts — as well as an asset.
- Diversify your innovation portfolio to feed a constant need for continued advancement that keep pace with increasing expectations.

Advance your customer's world

- Activate the connection you have with your target customers to help them feel part of something bigger than themselves.
- Partner with other brands that have ambitious missions and active collectives.
- Demonstrate and involve customers in new ways of doing good for society.





Moving from a Transactional brand to a Go-to Brand

While we've presented connection and progress as two different ideas, the power of Go-to Brands is that the two elements reinforce each other. Going from a Transactional brand to a Go-to Brand doesn't mean you first pick either connection or progress; rather, use both to climb along the diagonal of the chart. Advancing a bit in progress creates goodwill you can transform into a stronger connection. That connection gives you the access to deliver a bit more progress, and so on. That's how we've worked with banks, airlines, utilities and others to create ever-more meaning for their customers in a self-reinforcing path.

The opportunities for building connection and progress are the same as we mentioned before.



IN ADDITION, SOME SPECIFIC BOOSTERS CAN ALSO BE HELPFUL FOR TRANSACTIONAL BRANDS:

- **Target a tribe.** Many Transactional brands lack the clearly defined target that's essential to create a deep connection and that can help unlock meaningful progress. Delta Air Lines' focus on business travelers is one example of successful brand targeting.
- **Launch a sub-brand.** When moving your brand isn't practical, creating a new brand may be the lateral solution. When Bank of America wanted to get into digital and AI-driven financial assistance interactions, a sub-brand was needed to run alongside the core banking experience. We helped the company develop and launch Erica by Bank of America; with over 1 billion interactions in three years.
- **Partner with others.** If the journey is tough alone, think about how others can help you get there. Why does the Visa brand make people feel adventurous, according to our research, while one of its closest competitors makes feel people anxious? In a business with very similar customer experiences, the answer may lie in the associations that each has with other brands. Visa is not only the Olympic sponsor in its category, but it is also the brand on the highest-rated cards from the top U.S. issuers.

Sustaining a Go-to Brand

Go-to Brands are strongly placed and have revenue growth and business resilience that's superior to others. But Go-to Brands aren't invincible. Connection and progress are delicate and need to be perpetually renewed. Plenty of today's Comfort brands can probably claim a Go-to Brand past and still deliver what made them so strong, but they're delivering on expectations they once established, instead of continuing to set new ones. And plenty of Enabling brands can probably also claim a Go-to Brand past, but they didn't build the warmth and dedication into the relationships that was needed once their offer wasn't as new or functionally differentiated.

Beyond the need to keep running to stay ahead is a central challenge: Today's customer expectations are not what customers will look for tomorrow. The power of innovation is to change customer expectations, and we're in a time where a lot of that is happening.

Using our previous exploration of the "customer of the future," we researched how well-prepared different brands are for the shifts that we've projected, as seen by their customers today. And we found that the brands trusted for the future are often not the same as the ones winning today.

TO SUSTAIN YOUR GO-TO BRAND FOR THE FUTURE, CONSIDER:

- **Do customers trust you to make good decisions on their behalf?**
- **Will customers welcome you into their lives? Better decisions are informed by greater understanding that requires gathering personal data either actively or by observation. With privacy a rising topic of concern, there is a polarization as customers give permission to brands.**

Do only what your customers are ready to pay for

One last, but critical, consideration: If you create all of this value and meaning, will customers pay for it? Some Go-to Brands are the premium, high-specialty brands of their sectors, but many aren't. Many are Go-to Brands precisely because of how much they give customers, at a price they can afford and below those set by others.

To understand this dimension of Go-to Brands, it's interesting to compare their combined connection and progress score with how expensive customers perceive the brand to be, relative to similar brands. The ratio[9] of the two suggests how customers see the value for money they get from the brand.

Some brands are Go-to Brands despite scoring relatively poorly on the value/cost ratio in our research. Their customers know they're paying more, and are happy to do so to benefit from the value — the connection and progress — those brands deliver.

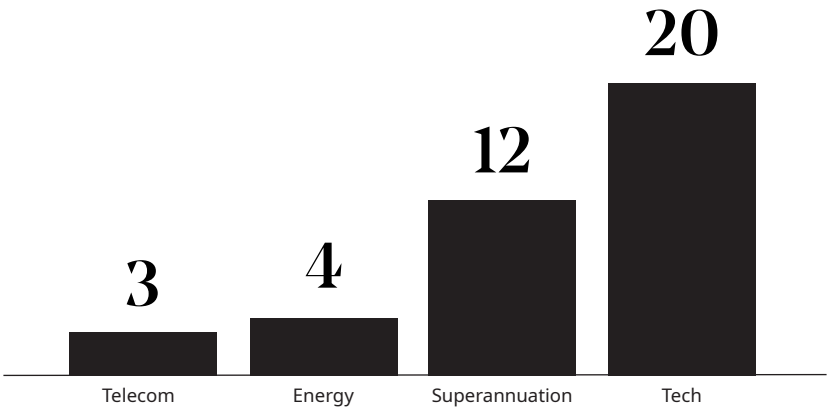
Go-to Brands appear at all value/cost ratios, from the highest to the lowest. It's not all about premium performance. **There's no point in providing the perfect solution for your customers in theory if they can't afford to pay for it in practice.**

[9] "Perceived benefit" represents average T2B% of brand connection ("I love this brand") and brand progress ("helps me do things I could never do before"). "Perceived cost" represents T2B% on "this brand costs more than similar brands." "Value ratio" represents perceived benefit divided by perceived cost.

At a sector level in Australia, we see that technology brands have the highest average value ratio given disproportionately higher perceived benefits relative to (high) costs. Superannuation has a high average value ratio due to the low perceived cost of bundled pricing. The energy and telecoms sectors have lower perceived benefits compared to their respective costs.

Underlying the sector averages, each brand's perceived value ratio as well as the financial confidence of its user base can be mapped to indicate four different strategies for consideration.

VALUE RATIO, AUSTRALIA 2023
SECTOR AVERAGES[10]

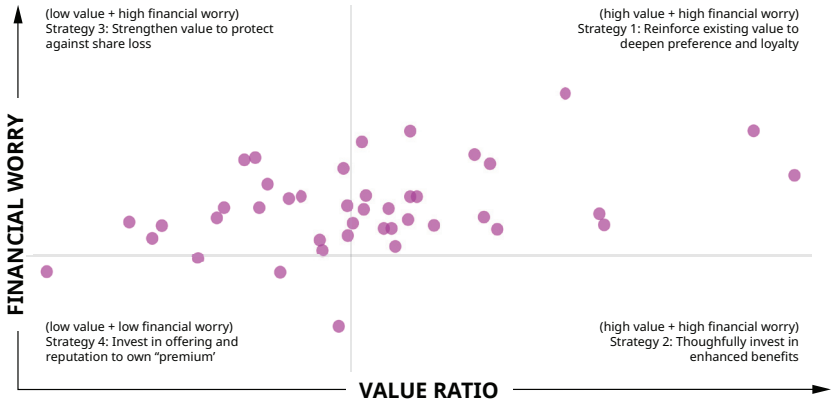


ASK YOURSELF:

Is your brand prepared to deliver customer value to users across the economic cycle?

[10] Perceived Value Ratio represents perceived benefit divided by perceived cost.

PERCEIVED BRAND VALUE BY FINANCIAL WORRY[11] OF USER BASE, AUSTRALIA 2023



Strategy 1: Reinforce existing value to deepen preference and loyalty

Brands with a high 'value ratio' and high customer worry should focus on supporting existing value to solidify customer relationships. These brands benefit from being perceived as offering high 'bang for the buck' to the people who need it most. During times of economic uncertainty, these brands are in an especially advantaged position to earn a spot on users' short lists. These brands should continue highlighting their unique proposition in getting people more than what they pay for.

Strategy 2: Thoughtfully invest in enhanced benefits that customers would gladly buy

Brands with a high 'value ratio' and low customer worry should take advantage of the interest and stability of their customer base by serving them increasingly enhanced features. These brands can afford to invest in such improvements given the pricing power to pass costs along to their customers. This creates a win-win relationship — customers get more of what they want, and brands avoid leaving money on the table.

Strategy 3: Quickly strengthen value to protect against share loss

Brands with a low 'value ratio' and high customer worry are in a precarious situation. Their financially concerned customers are looking for ways to stretch their dollar further and these brands aren't providing enough 'bang for the buck.' To close gaps, brands should prioritize strengthening their value ratio either by reducing perceived cost and/or by increasing brand meaning.

Strategy 4: Invest in offering and reputation to own 'premium'

Brands with a low 'value ratio' and low customer worry can invest in their core offerings and overall reputation to own a more premium position. When at their best, these brands have a low 'value ratio' because they are seen as offering tremendous benefits — and charging appropriately high prices for it (i.e., they're expensive, but worth it). And, their financially confident customers are willing and able to pay the high price being charged. The power of serving confident customers a 'premium' offer is seen in our data. The opportunity for these brands is to recognize their privileged position and double-down on owning a 'premium' offer and brand.

[11] "Financial Worry" represents T2B% for users on "I'm very optimistic about my financial stability over the next 12 months" — "I'm very worried about my financial stability over the next 12 months."

The discussion on previous pages is about Go-to Brands at a market level that score above average on both connection and progress when measured across all of their customers. This group of brands is winning disproportionate rewards in today's markets.

Depending on where you are today as a brand, that status may or may not feel attainable. But it's certainly relevant, because those are the brands with which you increasingly compete, and these are the dynamics shaping customer behavior. If being in that set is not an immediate goal, then don't become timid. Be focused. Start by finding the people for whom you are, or can be, a Go-to Brand.

Some Go-to Brands are broad. Some are niche. All have strong commercial advantages over the other brands in their ecosystem, earning — and creating value from — customer attention, permission, loyalty and forgiveness. Brands have long talked about relationships. For many, it's at best an aspiration and at worst a delusion; but for some, it's increasingly real.

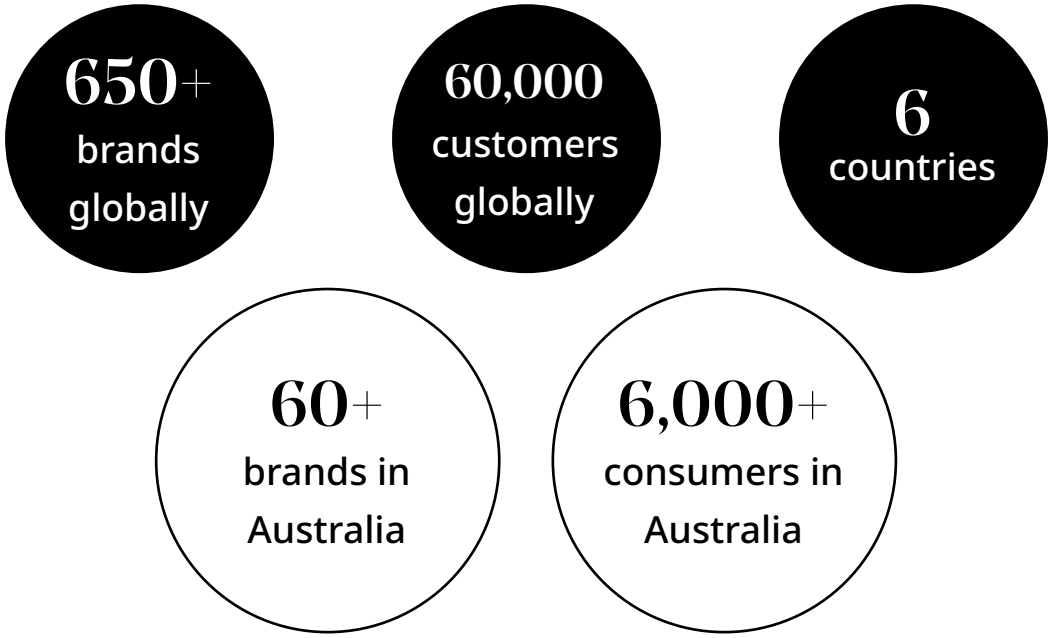
If you're a Go-to Brand for your target customers, the opportunities are richer than ever before. You have their permission to create and capture more and more value. If you aren't one of their Go-to-Brands, then competition is tougher than ever — not just from traditional competitors but also from digital disruptors and others in your emerging ecosystems. Winning customers' appreciation has never mattered so much.

Brand Aperture®

A new way to measure performance

If Go-to Brands work differently and are created and managed differently, then we've got to change how we measure them, too. That's why we created Brand Aperture® — a suite of intuitive tools specifically tailored to the task of building Go-to Brands — to measure and manage brand performance.

At the core of Brand Aperture® is Diagnose, the Go-to Brand diagnostic. **Brand Aperture® Diagnose** measures brand performance on the key metrics that we've highlighted in this Sense Perspective and provides guidance for brand-building. We've used that diagnostic to create an initial knowledge base covering more than 650 brands collectively rated by more than 60,000 customers from six countries.



Through our work with clients, we're able to constantly add to this base through incremental research, using the same frameworks and metrics, in both consumer and business markets.

In Brand Aperture®, we didn't develop another index. We developed a diagnostic approach to provide creative leaders with the critical insight to build more meaningful relationships with their customers.

Brand Aperture® Diagnose delivers a collection of prescriptive views of brand performance based on the factors we know drive revenue growth and business resilience.

1. **Brand Profile** measures brand performance today and what it takes to improve, using the primary metrics of connection and progress that are at the core of what makes a Go-to Brand. This view triple-analyzes both metrics to find their current performance strength, areas for growth, and the value/cost ratio, which helps contextualize customer price perceptions.

2. **Emotional Depth** reveals how people feel when interacting with a brand, recording the emotions associated with it and the intensity of those emotions (via the reaction speed). We also collect verbatim comments from brand promoters and rejectors; when paired with the quantitative data, we get an insightful picture of how people feel.

3. **Future Readiness** focuses on the brand's momentum ("Are its best days ahead of or behind it?") and its fitness to serve the customer of the future, based on the future trends we can anticipate.

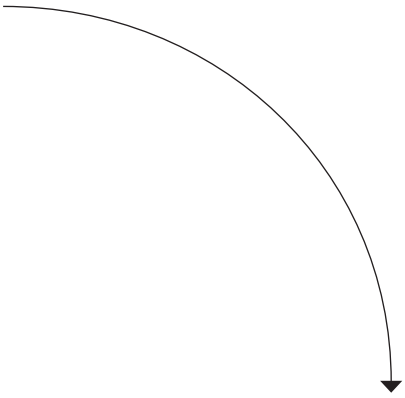
Together, those three views deliver a set of quantitative evaluations and insights that are actionable, directive and future-focused in order to inform what to express and how to innovate, highlighting practical ways to drive immediate and far-reaching impact.

This rigorous approach rests on several foundations.

- A robust research design and field exercise on a large scale, the latest in a series of brand-performance exercises dating back nearly 10 years
- Hypothesis-led analytical frameworks, based on decades of brand-building experience and academic research, and then validated by evaluating the relative business performance of the Go-to Brands as defined by the fieldwork results
- Individual metrics selected for their statistical correlation with the core outcome metrics of connection and progress
- A balance of outcome metrics and driver metrics to inform both performance tracking and direction-setting

Brand Aperture® Diagnose is available as a single interactive tool, allowing you to compare your brand against any others within the knowledge base and on any or all of the dimensions above. The diagnostic works seamlessly across categories (just as many Go-to Brands do), so you can compare bank brands, tech brands, retail brands, and many more.

In addition to this core diagnostic, we're extending Brand Aperture® to provide a comprehensive set of measurement tools tuned specifically to the dynamics of building Go-to Brands:



Value

Our approach delivers a **clear evaluation of a brand's current and potential value** — not based on financial statements but grounded in the reality of how the brand works in the marketplace. Our approach is a direct measure of the brand's power to shift customer demand, providing not just a valuation but also direction. It gives a sense of where the brand should invest, based on the strongest drivers in the market, in order to maximize value over time.

Target

A deep understanding of your target audience is critical to building the connection of a Go-to Brand and to delivering progress against the specific struggles that this group faces. Our segmentation approach **defines distinct groups of people based on the dimensions that are most directive of connection and progress,** focusing on insight about people that will shape the brand strategy, and on how to influence people's behaviors to activate it.

Experience

With finite resources, **it's more important than ever to invest where they can drive the greatest return on investment.** This requires quantifying demand but also placing in context of the cost/complexity required to deliver that demand.

Engage

The ideas and frameworks for Go-to Brands apply to employees, as well as to customers. Employees want to feel a connection — a shared identity — with the place where they work. And they want to make progress in their lives and careers, both for themselves and in terms of their impact on customers and the broader world. So we bring the same frameworks into the organization to **help you become a Go-to Brand from the inside-out.**

Track

Too often, all of these insights and approaches work against the grain, unrelated to the traditional metrics used in the brand trackers and key performance indicators (KPIs). We use Brand Aperture® to provide a **comprehensive brand management and measurement system,** so what you track and reward is aligned with what will create impact for your business.

What about B2B?

While some of the examples given (and the language about love) sound specific to consumer brands, the logic and dynamics of Go-to Brands apply to — and are at least as strong in — the business world.

Brand matters even more

It's easy to assume "emotional" consumers are strongly influenced by brands, while "rational" business buyers evaluate product features and prices undistracted by brand stories. But it doesn't work that way.

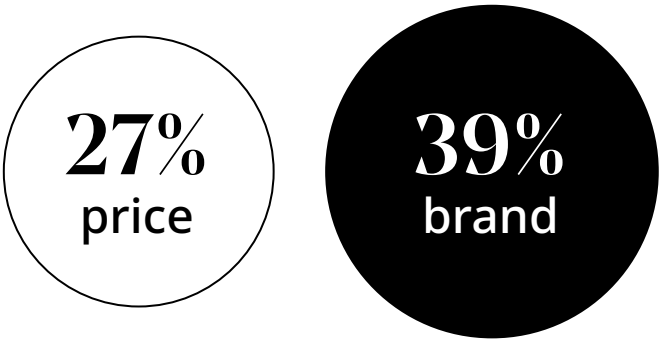
To paint a picture of brand significance in B2B, we can look at tablets — a product chosen by both business and consumer customers. While working with one of the world's largest PC makers, we asked survey respondents to choose the device they'd be most likely buy from a series of simulated choices, offering tablets with different features, prices and brands.

Our statistical analysis of those simulated choices showed the relative impact of individual features, prices and brands on purchase decisions. Consumer choices were driven 34% by features, 39% by price and 27% by brand; for the business buyer, the impact of brand (39%) and price (27%) were exactly reversed.

Consumer choices



Business buyer choices



The strong influence of brand in B2B is quite rational. For a business, choosing a product goes beyond only considering features and price. Consumers can afford to be fickle, and pay little penalty for choosing a different brand of toothpaste or tablet the next time they buy. For business customers, the cost of switching brands is often higher. It could mean training employees on a different supplier's equipment or adapting operations to a different supplier's performance.

A B2B purchase choice is rarely a one-off. Businesses are essentially committing to buy future products and services, including offerings that don't exist yet, and to depend on ongoing support. Those considerations make the company behind the product even more important. B2B buyers are concerned with the vitality and longevity of the brands behind the products they buy.

Will you be my partner?
Increasingly, B2B relationships go far beyond purchase choices. We see a pattern in our work with B2B clients. Most are looking to move up the value chain, going from product vendor to solution provider and, ultimately, trusted business partner. And whether it's chemicals, construction, oilfield services or 5G communications networks, the numbers are remarkably consistent: Operating businesses can typically achieve savings of up to one-third the total cost of ownership if they work strategically in partnership with their technology providers, engineering end-to-end solutions together rather than buying the individual parts through competitive tenders. The optimization of individual procurement activities sub-optimizes the whole.

To realize the potential of the end-to-end solution, though, B2B customers must first feel a strong connection to the provider. They don't have to love them, but B2B customers have to enjoy doing business with the provider, and be confident they are well understood and will always be well cared for. B2B customers must know the trust in the relationship will be rewarded by mutual commitment, not exploited one-sidedly. Second, B2B customers must feel the provider can help them make progress, to achieve what they are seeking to do — not just now, with the current product line-up, but in the future with new generations of technology, competition and leadership.

In a partner relationship, you can't just be as good as your last product. Your customers need to feel your next product will work magically, too, because that's the way you do things. And that your researchers and developers are focused on the right issues to advance the customer's world. In other words, to achieve the strategic goal of moving up the value chain — from a vendor responding to bids to a trusted, strategic partner — you need to be a Go-to Brand for your target customers.

Go-to Brands will win in the Fourth Industrial Revolution
The trends we've outlined will be amplified in the Fourth Industrial Revolution. Advances in AI and in the capacity, immediacy and intelligence of 5G networks, as well as with Web 3.0, are creating the opportunity for huge productivity gains as entire production ecosystems become smart and self-optimizing. Realizing those gains will require companies to become more interconnected than they are today, not just commercially but in terms of operations and information.

Who are the companies to whom you'll open up in these new ecosystems? When your operations are all smart and connected, whom will you allow to reach deep into your organization and interact directly with the sensory networks that control everything? It's not likely to be the lowest-cost responder to the latest bid but, instead, an elite tier of businesses you rate highly on connection and progress. They'll be your Go-to Brands. And they — and you — will be well-rewarded for it.

About Lippincott

Lippincott is a global creative consultancy. We have a passion for solving our clients' toughest challenges with a proven combination of strategic rigor and design excellence.

A pioneer since 1943, we have shaped some of the world's most iconic brands and experiences. To help our clients grow, we focus on six primary areas: brand, innovation, design, experience, marketing and activation.

From Coca-Cola to Samsung and Standard Chartered to Delta, our work drives growth and adds meaning to customers' lives. Our clients in Australia span similarly renowned local, national and global brands.

As the brand and innovation experts of Oliver Wyman, we integrate deep industry, risk and operational expertise to deliver end-to-end solutions. Together, we create new possibilities for our clients to thrive in the future.

What we do

Unlock growth opportunities

We drive purpose-rooted innovation that powers growth, solving the big problems that matter to customers and creating markets that don't yet exist.

- Value proposition design
- Growth and innovation strategy
- Product and service design
- Jobs to be done
- Segmentation and targeting
- Market sizing and offer optimization
- Prototyping and piloting
- Go-to-market strategy

Drive marketing strategies

We help marketers stay ahead of change and develop the structures and tools they need to succeed in an evolving customer landscape.

- Commercial effectiveness
- Sales enablement
- Demand generation
- Product marketing
- Brand tracking and brand valuation
- SEO strategy
- Loyalty strategy
- Marketing operating model

Build and revitalize brands

We build brands that emotionally connect and remain relevant in changing markets.

- Positioning and purpose
- Architecture and portfolio strategy
- Logo and identity systems
- Naming and taglines
- Voice
- Messaging
- Management and governance
- Merger, acquisition and spin-off branding

Create customer engagement

We bring brands to life across high-impact touchpoints, inhabiting customer culture in authentic and relevant ways to drive the business forward.

- Brand launch strategy
- Content strategy
- Social media strategy
- Campaigns
- Licensing, partnership, sponsorship
- Sustainability and ESG communications

Reimagine experiences

We help our clients create meaning in their customers' lives by turning innovative ideas into captivating experiences.

- Experience strategy
- Touchpoint prioritization
- Solutions architecture
- Corporate and commercial websites
- Motion, video and interaction design
- Events and environments
- Technology assessments

Inspire and empower employees

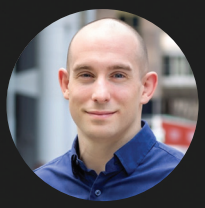
We help companies activate their brand within their employee base, creating a sense of shared purpose and inspiring belief that can accelerate business growth and is critical to long-term success.

- Employee value proposition
- Employee engagement
- Internal events and programs
- Internal communications
- Capability building
- Employer brand measurement

MEET THE AUTHORS



David Mayer
Senior Partner,
Marketing and
Customer Strategy



Graham Harvey
Senior Partner,
Brand Strategy



Heather Stern
Chief Marketing
Officer

Contributors
Dan Clay
Partner,
Innovation

David Pianin
Partner,
Brand Strategy

Amy McIlwraith
Associate,
Brand Strategy

Design
Bethany Lesko
Partner, Design

YK Lam
Senior Designer

Illustrations
Andreas Wannerstedt



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