Some of the most successful and powerful businesses in the world are in financial services. But an article in the last issue of Argent revealed that only five out of the top sixty superbrands in Britain are financial services brands – and the same is true in Japan, America and other markets. Why do you think financial services businesses have less strong brands compared to other sectors?

The basic problem is largely that they lack differentiation, energy, and personality. It is not too easy to achieve those attributes in a financial services brand because it is a messy, dynamic space with little product differentiation. One solution is what I call a branded differentiator. The hotel chain, Westin, for example created a better bed and branded it the Heavenly Bed, thereby creating a point of differentiation in an arena in which all the offerings seem the same.

There are many opportunities for branded differentiators in financial services.

Also, in any dynamic industry it’s a big challenge to stay relevant – in a way, I think that people in general spend too much time worrying about preference and not enough about relevance. You have to think about what customers really want to buy – just as Westin worked out that, deep down, their customers wanted to buy a great night’s sleep – and that will be the big challenge for financial services.

In some financial services businesses, there is a tendency to be driven by sales, inventing products and then going out and selling them, rather than coming at it from what the consumer actually wants and needs. Is that something that financial services marketers should work harder at?

Yes, certainly that is a fundamental. You need to understand what they want to buy not only in terms of products and services but also the characteristics of those products and services. It is important to get beyond functional benefits – although they are important – and think about emotional, social and self-expressive benefits. The successful prestige private banking brands really understand basic customer wants, the prestige cues and how to deliver these

**BRAND MASTER**

David Aaker was in London recently to talk to Forum members. Ian Henderson took the opportunity to press him further on some key branding issues.

David Aaker is a world-renowned authority on brand equity and strategy. He is Vice-Chairman of Prophet, a management consultancy specializing in integrating business, brand, and marketing strategies, and is an active international consultant and speaker. An award-winning former professor at the Haas School of Business at the University of California at Berkeley, he has written eleven books, including Brand Leadership, Building Strong Brands and Managing Brand Equity.
higher order benefits. To achieve that level of understanding you need to live with the customer rather than simply asking what is important to him or her.

Financial services brands all over the world have been damaged recently by the collapse in the markets. I know you have been working in Japan with brands which have had trouble with the economic downturn there, and the obvious example in Britain is Equitable Life, where misjudgments meant that it was forced to go back on promises and guarantees to its customers. What can financial services marketers do to rebuild trust and confidence in their brands and in the sector?

In my new book I talk about brand energizers. Strongly branded ideas, products, promotions, sponsorships and so on, which add a new but relevant dimension to a brand and give it renewed energy. Examples might be the Goodyear blimp, Niketown or the attachment of Tiger Woods to Accenture. In financial services, where the issue is trust, maybe there could be branded trust creators instead of branded differentiators. Find something trustworthy and attach it to the brand.

It might be also be that the government needs to play a role. When the financial sector collapsed in the 1930s in America, the government stepped in with a lot of policies – such as FDIC insurance – that restored trust.

That’s all very well as a principle, but won’t it be rather difficult in practice? Trust is essentially an intangible quality, a feeling of confidence, and – because of the nature of many financial products – will not be justified or denied until the point of claim, which may be ten or twenty years down the track when you crash the car or go down with a major illness. Customers are now profoundly sceptical of both companies and governments – what sort of things can banks and insurers do now as effective trust energizers?

The “branded trust creator” should ideally have real substance. It could, for example, be a programme such as a branded board of advisors that oversees trust management policies or mutual fund management. This branded programme would give visibility and substance to the brand, and provide a reason to believe in the trust claim. Another approach is to find a symbol, maybe a person that is highly trustworthy, and attach that person to the brand as a spokesperson.

Employees need to believe that their brand is an asset to the business and to find inspiration from it.

That’s a way of delivering differentiation in an undifferentiated market, too, I suppose – a big issue in many parts of the financial services forest. Do you think that it’s realistic to think of financial services as one sector? There is quite a big difference between selling a fairly disposable product like a credit card and something enduring like a mortgage or a pension. Do you think that brands can encompass those, or do you think they should create separate brands?

I think that the tendency towards developing synergies across products is going to continue, and that’s the strategy which is going on in many other companies. Certainly a financial services brand will need to span “fast-moving” financial services such as cheque accounts and credit cards. The more serious challenge is to get the brand to span wealth management, investment banking and consumer banking. And to do that you often have to tweak your brand a little bit in each context. Wealth management will need a dimension that delivers relevant emotional benefits, and investment banking will need branded programs or other devices to establish credibility. And, in each sector, some personality elements effective in consumer banking might be de-emphasized.

Do you think that that might be more of an internal issue for the people working in wealth management compared to the people on the counter?

That’s part of it; certainly employees need to believe that their brand is an asset to their business and to find inspiration from it. But it’s also an external perception issue: customers look to the brand to define the relationship with the firm. Further, if you have one umbrella brand working in different sectors, if something goes wrong in one sector it can damage another. So you have to be able to deliver in all sectors. There is a lot of momentum in branding. If it falters some place, the brand will be at risk.
You also talk about brand architectures – for example, the way in which the various Ralph Lauren labels have been carefully developed. Do you think this can be done successfully, as Virgin (as the airline, it was one of the top five superbrands) seems to be attempting, across widely-different product portfolios – and specifically in financial services?

The key was their excellence in the management of their operations.

Yes, I think that financial services brands are capable of spanning different sectors. However, there are issues. Some investment banking operations are placed at risk when asked to use a large consumer brand. This risk can be reduced if the transition is handled well, but it is still a risk. Citicorp has addressed this risk by using the Citi brand for the consumer side and the CitiGroup brand for other operations such as private banking and investment banking.

Although the (perceived) quality of Virgin’s airline service was important in getting this superbrand rating, not surprisingly the personality of Richard Branson also came through strongly. That is an asset, but surely a potential liability as well, as is evident at the moment with Martha Stewart. Some companies can survive the loss of a dominant leader or founder (Rolls, for example, was killed just a few years after the foundation of Rolls-Royce, before the company had produced any significant cars or aero engines), but it is obviously a risky business. Are there any protective measures that a company with an eponymous branding can take to guard against the loss or disgrace of its figurehead?

Yes, the brand can be developed to have associations that, while related to the founder, are separate from him or her. Then the issue is really one of management and not branding. Southwest Airlines and Wal-Mart have both successfully maintained their brands after their charismatic leaders departed. The key was their excellence in the management of their operations, culture and brand. The leaders had created an organization that could survive them, and the brand was supported by but not dependent on these leaders. Martha Stewart’s firm is more dependent on her brand power and her role in running the firm. Her firm would benefit from developing brands that do not have Martha Stewart so visible.

Financial services companies should view the brand as an asset, and they should invest behind it accordingly.

I believe you have been doing some work with UBS recently. Do you feel that it is moving towards that sort of umbrella brand?

It is. In doing so, it has joined the tendency in financial services to focus around a single master brand. A single brand signals to the organization and to the public that there will be some synergies across the whole organization. To create substance around this promise, the silo organizational units need to become less autonomous, less independent. So, for example, there should be client information sharing between the mortgage and credit card operations of a bank, so that customers can be serviced based on their total bank relationship.

I read somewhere recently that a third of the world’s wealth is tied up in people’s heads as brands. Given that so many financial services companies are about finding value, about investing, about driving value in other businesses, it seems a little strange that they often appear not to value their own brands. Yes, I think it is strange. In most financial services companies the brand is a very significant part of the total value of the organization. They should view the brand as an asset, and they should invest behind it accordingly.
Do you think that part of the issue is that it is difficult to measure the value of brands consistently? I know that some work has been done on brand metrics, but there does not seem to be a single platform that the finance director, the chief executive and the sales guys – as well as the marketing team – will accept. Still less between companies.

I think that is a fair assessment. But as far as actually measuring brand is concerned, you need to realize that it’s an intangible asset, it’s like people or IT, and it is difficult to put a precise value on such intangibles.

You wouldn’t ask the HR department to measure the precise value of the workforce at any moment in time, nor would you be able to estimate accurately the future value of a new product launch in advance. Dove’s moisturising soap eventually was leveraged into a $2 billion business, but they didn’t know that when they started to extend the brand. Brands are about building a business strategy over time. Ultimately, brand investment must be based on a belief that a brand asset is needed to support a business strategy going forward.

So you think there ever will be a measure of brand value?
Well, we have a crude measure now – plus or minus 30%. That’s quite a big spread, but as far as getting better than that, as far as measuring the long-term value of the brand, it’s probably not going to happen.

Mention of Dove brings to mind Unilever’s recent decision to cull hundreds of established brands and to move towards a degree of masterbranding. That raises two issues. Firstly, if you adopt a rigorous approach to brand valuation, and then capitalize that value in the accounts, doesn’t the culling of brands become more difficult, because of the balance sheet write-offs? And do you think it is the right move for Unilever anyway?

The more dramatic message from the Dove story is how branded ingredients such as Nutrium in its body wash and “weightless moisturiser” in its shampoo were used as powerful branded differentiators. There is an big opportunity in financial services to develop branded

Your books are about giving people the tools with which to build brands, and of course the more that happens, the more the wisdom spreads out into the market place, and the more companies will try this. But do you think there is enough room in people’s heads for all these brands?
There are too many brands in many companies, and so you have to figure out how to prioritize them and how to reduce their numbers in most cases. Prioritizing is actually more important than eliminating. Unilever may be eliminating 75% of its brands, but the elimination is the consequence of prioritization, rather than an end in its own right. There is a model that helps you evaluate brands in your portfolio in the book.

Going back to the superbrands article, do you think it is possible for more financial services brands to get into the top sixty, or is there an inherent problem in the sector?
No, I think it’s quite possible. The marketers should look at companies throughout the world in financial services, and other service companies, to try to determine role models – find people who have done it, and find out what they did.

The top brands were DHL, Intel, Rolls Royce, Sellotape and Virgin Atlantic. We have already talked a bit about Virgin, which has made a major assault on banking and insurance. But what other lessons do you see for the financial services sector in all these role models?
DHL and Virgin are both service companies with a lot of similarities to financial services. DHL provides lessons in creating operational excellence and making that visible, and in creating new services that provide a response to the needs of business customers for systems approaches to their problems.

2. That point is reinforced by the observation that in many of the more successful urban regeneration projects in, say, Glasgow and Liverpool, the architects have literally moved into the areas being redeveloped, during both the design and construction phases. Architects, like actuaries and product design boffins, tend to be middle class, and really cannot imagine (although they imagine that they can) the realities that lie behind their drawing boards – unless they really do experience first hand what real customers experience and need. Ed
3. Federal Deposit Insurance Corporation.
4. Subject of course – in Britain at least – to the requirements of the Data Protection Act. Ed