Expand Your Brand’s Sweet Spot

Watch Arm & Hammer move beyond the refrigerator, Burberry stretch past its stodgy clothing roots, Crest gain a bigger “share of mouth” and Starbucks expand its musical prowess with the opening of its Hear Music Coffeehouse in Santa Monica, Calif., points to a pattern that other aspiring brands should pay attention to. Great brands consistently look at ways to extend their brands’ reach, expand the context in which their brands are considered and, if appropriate, redefine the businesses that their brands are in.

The companies mentioned above, as well as many others (think BP in retail, H&R Block in financial services and UPS’ recent acquisition of Mailboxes, Etc.), have successfully placed their brands within a new context by taking the time to understand the “sweet spot” of where their brand could be relevant, what untapped market opportunities existed, and what organizational competencies they possessed, or could easily acquire.

This sweet spot has opened the door for them to go far beyond the traditional way their businesses were defined and allowed each of the above businesses to envision a bolder, more expansive brand plan.

The benefits of understanding this sweet spot are obvious. First, you get greater flexibility in driving out new products and services. Second, you are able to potentially serve segments of the market you may not have had a prayer of reaching earlier. Third, you help to make competitors appear squirm. Fourth, you can serve segments of the market you couldn’t reach earlier and make competitors squirm.

By Scott Davis

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With this expanded sweet spot, Iams has successfully introduced dental and disease-fighting products and, according to recent reports, will begin to offer insurance and MRIs under the Iams brand name—basically taking care of many of the pet’s most important medical needs and further perpetuating their “peace of mind” brand essence. By the way, Iams is now No. 1 in pet food (up from fifth in 1999), and has seen sales double to $1.6 billion, with profits tripling in that same time period. And while the overall pet health category is a large, growing, fragmented, highly untapped market that lacks any clear brand leadership today, Iams has bold plans to change all of that tomorrow.

FedEx is another great example of proactively managing a brand’s sweet spot. The advent of e-mail significantly impacted the overnight delivery business, and has driven FedEx to continue to redefine the business it’s in and the array of services it provides.

Similar to Iams, the core of FedEx’s brand was not necessarily tied to promising that packages would get there the next day (a functional benefit), but to the way shippers got peace of mind that they would not be let down (an emotional benefit). In effect, FedEx guaranteed peace of mind by “delivering certainty.”

FedEx has continued to build on that promise by expanding its delivery capabilities and services through smart, strategic acquisitions such as Viking Freight, Roberts Express, American Freightways and, most recently, Kinko’s. It has continued to redefine the business it’s in: shifting from overnight delivery service to a multifaceted, one-stop shop for shipping, logistical planning and production needs. In particular, FedEx has targeted small- and medium-sized businesses and mobile professionals as key growth segments over the next five years, which helped trigger the $2.3 billion Kinko’s acquisition.

These moves have left FedEx well positioned to create value for its customers and shareholders. In fact, it expects net income to beat expectations in its first fiscal quarter report due next week.

FedEx does, however, need to carefully manage risks as it begins to rebrand all Kinko’s units under its umbrella brand. Given Kinko’s inconsistent service levels of the past, FedEx must ensure it can “deliver certainty” in all aspects of service, before putting the FedEx name on them.

The danger of not re-examining your brand’s sweet spot over time is obvious. While potentially fraught with risk, if Iams or FedEx or any of the others mentioned above had stayed the course and not expanded their context or sweet spot, they may have faced a prevailing brand malady called irrelevancy. If you don’t know what I’m talking about, do a Google search on brands like Oldsmobile, Kmart, Sears, Planet Hollywood, Zainy Brainy and Wang Computers, and you’ll get the idea.

But, because the brands mentioned above took the time and highly calculated risk of truly redefining the business they were in to businesses they are in, each is reaping rewards that might well have been unimaginable just a few years ago.

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