

The soul of a brand

In our guest column, US-based research consultancy Brand Keys founder and president Robert Passikoff talks about how beauty needs more differentiation to foster loyalty

That high levels of competition characterize the beauty market comes as no surprise. Along with the usual suspects, the industry faces competition from small independent brands and retail-developed brands—all of which cause furrowed brows. What's a brand to do?

Retail Beauty Trends: The 4 Ss

Most have looked, or will continue to look to leverage "category trends." And you could capture the essence of trends that have hit or are shortly going to hit the market by looking at something we call the 4 Ss:

- Store: the shopping experience
- Science: technology as product differentiator
- Senses: leveraging all five of them in product, process, and promotion
- Social: social networking and social commerce.

This is pretty much what brands have been doing for the past half-decade, and they have not differentiated themselves all that well. Surprised? You shouldn't be. That's the definition of a "trend," a general course, a prevailing tendency. If it sounds old, it is.

What is a brand to do?

In the absence of any real product differentiation and retailing via the 4 Ss, a company needs to focus on their brand and ideals. What do they mean and what do they stand for in the mind of the consumer? Does the brand emotionally engage the consumer? Because it seems that brands have given up their souls in a search for universal awareness and universal distribution.

In our most recent *2013 Customer Loyalty Engagement Index* survey, we found that 11 categories, mostly consumer packaged goods, but including four beauty categories, had vanished. In each of these, the importance of the brand or emotional brand value had decreased or disappeared altogether. Let me say this



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another way: the brand didn't matter!

This is the first time we've seen such consumer reaction, but companies should have expected it to happen. You can't build your market on constant same-as products, pricing strategies and promotions and indistinguishable advertising and expect your offering to be seen as different or better than the competition, who is doing precisely the same thing.

For example, in the mass cosmetics category, product evaluations by the brands' own customers were found to be statistically identical. Any difference between them, other

than the name on the package, vanished. Names of products were, of course known, but purely rational aspects are what's driving these categories—primacy of product (does it do what it says well enough?), location (is it on the shelves where I shop?), is it selling at a good price—but it doesn't drive emotional engagement or brand loyalty. Advertising and promotion can drive consumer behavior, but no matter how entertaining the ad, it's less powerful unless it leverages the product's emotional aspects—the "soul" of the brand.

If all you stand for is "shampoo," or "foundation" or "eyeshadow," you've become a 'placeholder' product—one whose name people know, but not for anything in particular. However, according to our survey, emotional engagement and brand meaning still exist in the luxury cosmetics. Luxury brands—in all categories—have been very careful not to lose their "souls" to marketplace abstraction.

Loyalty in the digital age

The digital age has made it easier to target consumers by their interests, geo-locations, social networks, degree of affinity for mobile commerce and a raft of other behaviors. All of which explains the explosion of niche beauty brands, but provides no real mechanism for how brands should go about re-claiming their souls.

Loyalty is still a leading indicator of consumer behavior and profitability, and it doesn't appear just because you're marketing on the internet. Brand power and emotional engagement is one of the first measures of competitive advantage, since companies that can leverage their brand always profit from long-lasting customer loyalty that drives sales. And that's something that will gladden the soul of any CEO. ■

Brand Keys is a US-based market-research consultancy specializing in customer loyalty and providing psychologically based metrics to predict future consumer behavior.