

Your Brand is an Asset?

Show me the money!

How to turn a brand into cash during an economic downturn.



Creative Thinking is Smart Business

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Cash is king in a downturn. With cash you have liquidity. With cash you have choices. If your brand is an asset now is the time to put it to work to create cash.

My favourite definition of wealth is 'the ability to choose'.

Wealthy businesses today have the ability to choose their direction. They have the capacity to buy other businesses, to negotiate terms with financiers in their favour, they have the ability to choose their strategy and to not have a course of action thrust upon them.

Wealthy businesses have this capacity in a downturn because they have cash. If you have a strong brand you can use this to generate cash. And, in a downturn, you should.

Your brand is an asset and should be treated as such. If not, it may just be an expensive ego. Good brands are assets. According to international brand valuation by Interbrand, in 2008 the top 100 brands had values ranging from more than \$66b (#1, Coke) to \$3.33b (#100 Visa).

What is the value of your brand? It does have a value. If it is an asset, then in a downturn your challenge is to use this asset to create cash. This cash can then be used to either stay afloat or grow your position of strength.

The worst two things you can do in a downturn with your brand is firstly nothing and, secondly, the same thing. Nothing produces nothing. The same thing produces the same thing. Things are now different; therefore you need to now act differently.

A common brand philosophy in economic downturns is to protect and build market share.

I agree this right in what it states, but it is wrong in what it ignores. Do both these things, but also build cash flow.

To simply protect the brand in a downturn is a defensive position. Strategically, leading with defence almost always results in a loss. Those that win battles lead with attack, not defence.

Your brand is an asset. Assets must produce a return to even be called an asset. Therefore, start demonstrating a return on your brand.

If your brand is worth \$20m on the balance sheet and you had property assets of \$20m, would you treat them differently?

I don't believe you should. Yes, this sounds remarkable coming from a marketer, but an asset is an asset.

Brands can be grown and developed just like property or infrastructure. You just have to know how. Therefore, don't be afraid to use it like such things.

The fallacy in the marketing world today is to treat brand assets completely differently to other assets.

OK, so you have \$20m in brand value sitting on the balance sheet, how do you turn that in to cash?

Well, here are just 4 (of many) possible strategies.

1. Sell The Brand

Not always the best option in a downturn but it is an option. You want to buy in downturns and sell in booms. But, if you have to sell something then at least put in on the table and consider it.

Don't sell the business just sell the brand. Remember you've built this brand before. You are more than capable of building a brand again. Is this the best course of action? Perhaps not. But it is an option.

2. Rent Your Brand

Otherwise known as licensing or franchising, renting your brand can actually yield significant cash flow quite quickly. If your brand is a leader in your industry then your competitors will be hurting at least as much, and most likely a lot more than you.

Your competitors have customers, distribution networks, staff and systems. Licensing your brand to them can drag them through the down turn and extend your market reach in quantum leaps for very little effort.

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3. Marry Your brand Off

If not a marriage, at least an illicit & vibrant affair. Think Stella McCartney and Target; Nike & Apple (sport kit); Bailey's & Haagen Dazs ice cream.

The relationship doesn't have to last forever, but marrying your brand to another for a period of time can do both brands a world of good. It can spike sales, create a sense of urgency and all through a very strong point of difference.

4. Compete Aggressively

This is a favourite strategy because you get to keep your brand and knock out your competition. Downturns are like the knockout rounds in a game of poker or critical moves in the key rounds a game of chess.

Brands ought to create a level of value over and above the standard. You need to use this strategically.

Let's use an example. In the good times, you, as the brand leader, sell Gizmos for \$100. Your competitor sells Wizmos, a similar product, but an inferior brand for \$80. You hold a 20% advantage in price due to your brand.

In a downturn there will be less transactions in the market.

If you're brand leadership really is valuable then be strong, go ahead and compete head to head against your competitors. Drop your price to \$80 and take their transactions for a period of time. If you truly hold brand value, use it to knock competitors out or take them off a consumers shopping list.

There are plenty of strategies to manage price reductions in order to retain brand integrity. Watch the current Mercedes Benz 'Let's Talk' campaign for an example. Don't be afraid to get strategically competitive. (Note: Strategically competitive is very different to a 'slash and burn' strategy).

In a downturn you must attack, not defend. You must lead, not follow. You must act, do not be stagnant.

Use your brand to generate cash.

What you do with that cash is perhaps the determinant in where you will be positioned as you come out of the downturn.

At least then you have the choice.



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