Wavemaker

The Provocateur

SPECIAL EDITION

What New Economy brands can learn from Powerbrands *and what's stopping them*

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One of the best things about working in an agency is the exposure we get to brands at varying stages in their journey. Global Powerbrands with decades of heritage are the fabric of our industry but now, more than ever, we're bringing cutting-edge services to a new breed of disruptors.

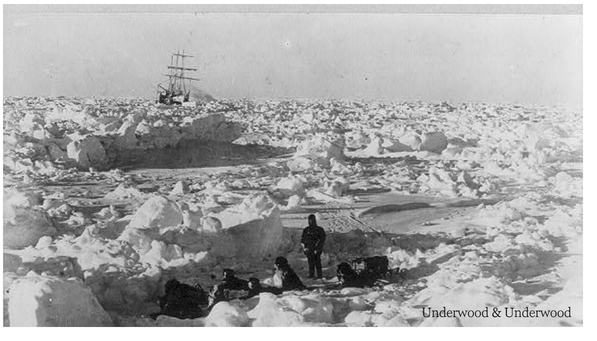
In the coming decade the composition of our clients will look very different – last year an estimated **$621B was invested in start-ups**. In our own business it already is, almost a quarter of new client revenue came from these digital disruptors in 2021.

When a start-up has a proven business, raised new funding or IPO'd, it needs to scale-up to hit growth targets. Up until this point the young business will have worked with smaller external partners and tightly controlled resource allocation.

But at 'scale-up' stage things change, often dramatically, and it's at this point a larger agency partner is hired. The business is under pressure to attract new customers but often wedded to the data, platforms, closed loop and short-term returns of their formative years.

The mindset that got them to this point is not the one that will take them forward. Many of us in the agency world romance about being a start-up, but most of us have no idea what it feels like to be emotionally and financially invested in a business at this precipice. Whether it's clients, friends or family, I've always found it insightful to talk to people in this situation about how they felt shifting to scale-up. New investment pours in, new hires are made, often new management, and lots of external partners. It's hard.

That part is easy to understand. Less easy is why start-ups often find it difficult to take the seasoned advice of agency partners who've seen it all before. To learn from the big global brands they aspire to disrupt.



Underwood & Underwood

One reason is that they've made it through a perilous journey. Akin to Shackleton's **Incredible Voyage to the Antarctic** aboard the ill-fated ship **Endurance** and what came next, they have survived life-threatening moments for their business, forged deep bonds with their colleagues, been led by a visionary leader and developed an unwavering confidence in being able to create the future. Their culture is one of figuring things out for themselves. The business is 'their baby'. They epitomise endurance.

Add to this a communications industry in thrall to advertising sages, scientific professors and theorists, often calling out new economy advertising as malpractice. Toss in the fact that advertising executives are among the least trusted advisors in the world (IPSOS), and you get disruptors who want to change the future negotiating with reputationally-challenged partners they often view as set in the past.

New Economy brands are right to pride themselves on being different and following a new model; They are entitled to be sceptical about aping brands who have succeeded the 'old way' (and about direction from the agencies who helped them.) But that doesn't mean there are not valuable lessons to be learned from these old ways, from the hard-won wisdom accrued by Powerbrands over decades of trial and error.

> *Too often start-ups end up advertising the category vs re-enforcing what makes them distinctive.*

'Blanding' (creating generic brand identities that follow repetitive trends in the name of modernity, but at the expense of authenticity and differentiation) is everywhere. Sometimes it's down to the business rushing to create a minimum viable brand, in other instances they started with something unique which other category entrants have quickly copied.

Brand imitation is not new, but with modern capitalist means and tools, it's becoming rampant. If your start-up does well, assume someone, somewhere is going to buy the same outfit and at some point you'll both turn up at the same party.

Powerbrands, particularly the low-involvement category, are masters at honing in on what makes them and turning up in places that **a)** enable them to reach more people **b)** re-enforce their identity. Beyond countless examples of brilliantly told ads, and the **Red Bull** mavericks of this world, I've always admired how **Heineken** brings their brand to life through sponsorship. As the rapid loss of high-attention media opportunities continues, and feed media loses its context power, Heineken's investment in **F1, James Bond, Champions League** and **Rugby** cements their premium positioning in highly aspirational contexts, at scale, from screen to shelf.

They equip brand teams with high-quality advertising assets, and trade with promotions at point-of-sale and consumption. They also help to launch and re-enforce new product innovation and category responsibility (preventing drink driving) in powerful contexts like new 0% beer in F1. These brand re-enforcers, 25 years strong, are marketing moats nobody in the category can touch.

As New Economy brands source new investment, it is our job to identify the most effective combination of channels and sponsorships, the highest quality exposures, over particular time frames, to targeted growth audiences. Our media plans are designed to take advantage of the multiplier effect. But as we introduce new channels, we need to work harder to make it possible for audiences to stitch our media and messaging together, to realise the full synergistic effect.

Most channels these brands harness in their early years tend to be sound-off (in-feed, display, print, search), or a 'live read' podcast.

> *As New Economy brands scale up they need to harness channels that speak to all the senses, most notably our ears.*

This is an area where Powerbrands are at the top of their game.

Mark Ritson wrote a great **piece** on the power of sonic branding last month, looking at the most distinctive brand assets in the UK. Looking farther afield, **Old Spice** and **McDonalds** are brilliant examples of this. When you reach a point of brand maturity where you have many assets in market at any point, targeting a consumer who will give you fleeting glances at best, it's a real missed opportunity not to explore a branding device that has stood the test of time. Perhaps my favourite sonic branding example comes from a time when I lived in New York, from a couple of personal injury lawyers of all people – **Cellino & Barnes**. We've all encountered hundreds of thousands of ads in our time, but

Marc A. Hermann / MTA New York City Transit

their sophisticated combination of costly signalling media (TV, OOH) and sonic branding (TV, radio, digital) has stood for 25 years and even became a viral internet challenge in 2018. Consistent and memorable sonic branding charged their multiplier effect.

New Economy brands have calculated risk baked into their DNA, but this often falls down when assessing investment in brand building, whether it's honing a distinctive identity to avoid boosting your rivals or broadening your channel mix. One reason for this is that the money being invested is personal, sometimes with friends and family funds on the line if they haven't already exited. Their decisions have a more profound impact on their future.

Another is that things often get both more expensive and harder to measure at scale-up stage. Early success for New Economy brands is predicated on a disruptive product experience, often new to the category, brilliantly targeted to buyers who are pre-disposed to the category and trying new things, which converted to an action/sale in a relatively short time.

And that brings us to a third area where Powerbrands offer a hard-earned lesson worth learning. One of the toughest conversations for New Economy brands to have with their agencies is about immediate vs mid-long-term activity, tightly targeted vs broad, and measuring channels that cannot be tracked as surgically as digital. A good analogy for us non-entrepreneurs is solar panels. We know solar panels are the right thing, they will make our asset/home more efficient, plus we'll do our bit to save the planet. We've bought the idea, but then the solar agent reveals that it could take 10 years to realise our full ROI. It's the right decision, but the likelihood is we'll leave within a decade and not realise their full benefit.

The average tenure of a Chief Marketing Officer is two years.

Everyone believes in the value of long-term brand building, but there is no long term without short term success.

How scale-ups measure success is arguably the most important step in their media investment evolution.

Powerbrands know there is no silver bullet to measuring effectiveness, that purchase journeys are non-linear, that they must have global consistency adapted to different markets and increasingly, that privacy limits what can be tracked.

It's hard to govern measurement, particularly for brands growing at an exponential rate and entering new markets. But peer into a Powerbrand, and you'll often find teams whose sole responsibility is to govern a clearly communicated set of measurement beliefs, standards and methodology rules. **Good measurement unifies the business around a common language; it improves the quality of data which ultimately informs their point of view on how media impacts sales.**

Thoughtful measurement design provides control where needed and autonomy for its users. As media agencies we bring many high-value services to clients but designing a future-proofed measurement solution with scale-ups is arguably one of the most important. It is fundamental in building the healthy conditions to challenge biases, scale intelligence, and take calculated risks.

Supporting New Economy brands as they scale up is both challenging and rewarding. They want advice from our industry – but won't be bound by the past. They want to learn from Powerbrands – but not be restricted by their behaviours. In return we learn a huge amount from them – and they inject energy and enthusiasm into our people.

As agencies, we must do what we do best – be completely immersed in their business but removed enough to offer objective advice.

If we do this with the tenacity New Economy brands bring to their own businesses, media agencies will play a lead role in creating an exciting new wave of Powerbrands that endure.

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