

## Section 3

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# **ANALYSING BRANDS**

# CHAPTER 6

## STRIPPING BACK TO THE CORE VALUES



### Core values - finding out what they are

Every company has something which brings in the customers - the core values of the company or brand. Core values can, however, be lost from sight as time goes by. An entrepreneur starts a business and wins sales because he or she offers individual service, is a talented engineer, thinks nothing of putting in long hours and extra effort to make sure the customer is satisfied. The core values are dedication and engineering excellence.

This formula results in the company growing, eventually gaining a momentum which continues to bring in the business. Customers return to the company again and again. This brings a new dimension - its long established position becomes the reason for buying though, in truth, there is nothing special about the company which others couldn't match or better.

Many small companies have, as their credo, high service levels. As the companies grow, as the proprietors get rich, they lose the desire to work long hours and put themselves out for customers who could even be seen as intrusions in the smooth running of the business rather than vital to its survival. The service levels fall away and so does the business.

A dependency on past values, which may no longer be evident, can mislead a company into thinking that it has a divine right to custom. Since customers keep coming back, an assumption is made that this will always continue. What caused the company to grow is forgotten. In time the reputation of the company proves to be insufficient to pull in the custom and eventually, the company will slow down and die. Sometimes companies have a life cycle determined by their products but more often their life cycle is determined by creeping indifference.

Companies are beginning to look increasingly similar in many markets. Technology is available to any company at a price. Ways of making things have been refined and everyone understands and follows the 'best practice'. Large companies, run by professional managers, regress towards the centre, watching what competitors do, picking up the best ideas and often as not taking safe decisions to protect their own hides. Eventually, all companies look the same and none stand out from the rest.

If a company concentrates on the core values, such as making superbly reliable trucks, then it can afford to become more adventurous and try to delight customers by finding something extra, beyond the crucial elements of the offering. If it fails to differentiate by giving customers that little bit more, then despite excelling on the core values, it will join the morass of companies in being seen as just another manufacturer. The point of branding is to create a distinctive image which is underpinned by core values and some extras which distinguish the company from all others. The idea is to make this proposition as simple as possible, preferably distilling the core value to just one word.

### Internal analysis

There are techniques for finding out what people think of a company and what they believe to be its core values. However, before carrying out this important research, deep, clear thinking is required. Managers should at least have a hypothesis as to what makes their company different and why people buy from it.

Here are ten questions to ask about your company when determining its core values and features which distinguish it from others.

#### 10 QUESTIONS IN THE SEARCH FOR CORE VALUES

1. Knowing what I do about my company, why would I buy its products in a free market?
2. What is it that makes my company different from others against which it competes?
3. When people look around my company, what is it that impresses them?
4. How important is that factor in influencing people to buy from my company?
5. What is the single most important reason why people buy from my company?
6. When people have written us letters of thanks, what is it that has pleased them?
7. How could we differentiate our company by building on these features which delight our customers?
8. Who would people buy from if they didn't buy from my company? Why?
9. What are people getting from other suppliers that they don't get from my company?
10. What could we lift from what other companies do well and do it even better?

Obtaining answers to these questions could, in part, come from sitting on a hill top and considering what makes your company special, speaking to colleagues in your company, but especially, it will come from talking to customers. If this exercise is informal, all the better since an open questioning approach is more likely to be successful in drawing out the real strengths and weaknesses. An attempt to force people's views into boxes at this early stage would imply that the answers have been anticipated and this means there is a danger that some vital ones may have been missed out. And, if the questioning is not wholly scientific, this too does not matter as its purpose is not so much to come up with definitive answers but to arrive at hypotheses which can be set up for testing.

A useful method of keeping a finger on the pulse is to read widely on the market, taking in the publications special to the industry and business journals which provide a context. These provide a feel for the issues of the day. They will, of course, differ from industry to industry, but common themes at the time of writing are:

- managing and reducing costs, possibly by outsourcing
- quality and maybe some ISO standard
- productivity and output per man
- the impact of businesses on the environment
- shorter and shorter time scales for plans of all types
- safety in the work place
- stress in the work place
- empowerment of the workforce and home working
- globalisation/internationalisation of markets
- customer satisfaction and loyalty.

The core values of a company may need to change in the light of these matters of current concern. The British manufacturers of machine tools which were over-specified and made to last fifty years, failed to listen to the changing needs of the market. Instead, rapid advances in technology and requirements for faster pay-back periods were recognised by the Taiwanese who responded by making cheaper but perfectly adequate machine tools capable of lasting 10 to 15 years and bristling with new technology.

Some general pressures which may effect any company and lead to a need to review core values include; what is happening in the wider economy, environmental concerns, legislation (national or from the EU) and employee requirements (including health and safety matters). Figure 6.1 illustrates the working of such pressures.

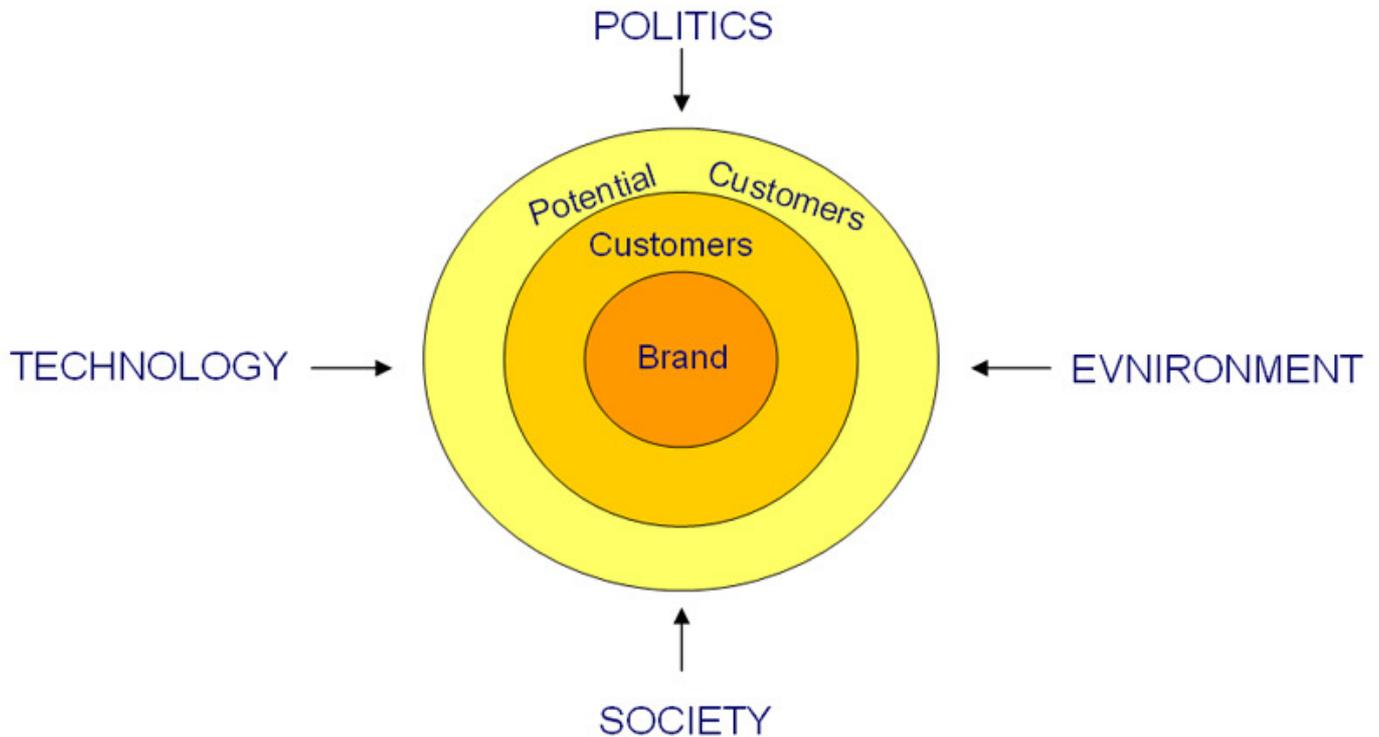


Fig 6.1 – Pressures On Brands

## Qualitative market research

Core values depend on the needs of the market and research in the market is essential to reveal what they are.

It is not enough to rely on self-analysis, as useful as it can be, for forming hypotheses about what the market wants and seeing how closely a company meets these needs with its core values. Customers and other players in the market must be consulted as part of a planned approach. It is not appropriate at this stage to go straight into a large interview programme. It may not be possible to construct the right questions and use appropriate terminology. At the start it is important to obtain an *understanding* of the fundamental issues and this requires qualitative market research.

Qualitative market research seeks to find out what makes people tick. From a small number of interviews it aims to provide a grasp of the fundamental issues. It will not provide a measurement of these factors but it will ensure that a full comprehension exists of what really matters.

Questioning customers is crucial to finding out the core values of the brand and there is an obvious temptation to employ the salesforce for this task. Certainly, salesmen should learn about their customers through asking questions, but they do not constitute the most dispassionate researchers. They could have reasons for wanting to cover up stories which would make their life harder or, through being persuasive by nature and training, they may not be able to frame their questions in an unbiased fashion. Equally, respondents may feel threatened by answering salesmen's questions, sensing some sort of pressure which could ultimately lead to a compromising situation once the discussion moves away from fact finding and on to selling. Biased questioning and distorted answers, rule out salesmen as market researchers in most situations.

There are occasions when in-house questioning of customers could have a part to play though it would not be entirely related to information gathering. Imagine how you would feel if the chief executive of your bank phoned you and asked you what you thought of his company. Once you got over the shock, you would surely be both impressed by the interest shown in getting things right and you may also take the opportunity to straighten out one or two of the niggles that have been worrying you recently.

There is nothing more powerful to a chief executive than to hear, first hand, what customer think - assuming they are not too coy to be forthright. When the distance between the top man and the customer becomes remote, the company is in danger of going adrift. Feed back to the key decision maker will certainly create action. It is difficult for the chief executive of banks to speak to many customers but it could be well within the scope of the managing director of an industrial company with a hundred or so customers.

Chief executives or other senior managers cannot always carry out their own market research. They certainly should keep close to customers and to talk to them frequently, but formal questioning by non-partisan, professional researchers often is the best way of getting to the fundamentals of a market. Market research companies have the experience and resources to carry out the type of qualitative research that is required to uncover core values.

## Focus groups

Psycho-therapists tell us that people can sometimes be made to open up and reveal their real views when talking within a group rather than individually. The sharing experience of talking amongst a small number of people encourages self-disclosure. There can sometimes be safety in numbers, more than in a one-to-one situation of respondent and interviewer. The seven, eight or nine people who take part in a focus group provide a cloak and protection. Views, once voiced, may be recognised by someone within the group as not so unusual and generate the confidence to push the bounds of the discussion still further.

Points raised in focus groups can spark ideas. Since there is no compunction to speak and the discussion is spontaneous, respondents can soak up other people's comments and they have the time to develop points which

could be overlooked in a one-to-one interview.

As the discussion proceeds, a warmth of feeling between members can develop and this 'dynamic' is a further stimulus to the debate which would not arise in straightforward depth interviewing.

The number of people who take part in a focus group affect respondents' reactions. Between seven and ten people seems to work best. More than this number and some people begin to feel intimidated; others find it an opportunity to take centre stage and can dominate proceedings. A smaller number of respondents can work but there are fewer opportunities for shared experiences.

### **When to use focus groups?**

Focus groups are a qualitative technique. This means that they provide insights into a subject but do not offer any quantification of proportions as to how many people think or do something. Sometimes the answer to a problem can come out of focus groups, especially if it is sufficient to know what people think without needing to know how many think what. Group discussions are an ideal environment for answering the questions who, why, what, what if, and how. Of course, they can also answer questions on how much, how often, when, and where but they will not give any more than a feel for the answers. A larger study would be required to 'count the chimney pots'. Typical questions which focus groups can answer on branding are:

- What comes to mind when you think of this particular company?
- What do you think the company does well?
- What do you think it does badly?
- How do you think that this company could be improved?
- Why do you buy/not buy from this company?
- What could cause you to buy more from this company?
- What are the things that distinguish this company from others in its class?
- What is the personality/soul of this company?
- How do you set about choosing a company for this type of product?
- What would you do if the company you buy from at the moment was not available?

## How many focus groups are needed?

Qualitative research relies on the quality of the response not the quantity. It is not a numbers game. The number of focus groups which are required as part of a research programme is that which will answer the question 'what is going on?'. Sometimes just one focus group will give that answer though with no further corroboration, it is not possible to be sure - the one group could be atypical, a quirk of the people who attended or a result swayed by the strong character of one of the respondents. Two groups could check each other out but might both produce the same misleading result. With three or four groups the coincidence of achieving a consistently wrong result is much reduced and so this is normally the number which many researchers recommend.

Each group is taped and a transcription is made from which the findings are prepared. Pulling out the points from four focus groups could involve working through 50,000 words of speech. More groups would not give any more insights and it would begin to slow the interpretation down by weight of words to analyse.

It is quite possible that there are different groups of respondents whose views need separately addressing. Buyers versus specifiers; companies in one sector compared with another; large companies as opposed to small ones; companies in one region and those in another. Where it is thought that these groups *could* have views which are significantly different, one from the other, they should be treated as separate samples from the point of view of the research with two, three or possibly four discussion groups carried out with each.



## Focus groups with industrial respondents

Recruiting and moderating focus groups with industrial respondents has its differences compared to those with householders. Buyers and specifiers in industry will need to find time in their already busy diaries to attend the focus group. Almost certainly the venue for the focus group will be some distance away and it will be necessary to travel there by car, tube or taxi. It will cost the respondent time and money. The details of why the discussion is being carried out may not be fully known to respondents as the researcher prefers to unfold the subjects in a controlled fashion so that the reactions can be observed. The hurdles of cost, time and a lack of understanding about the purpose of the meeting will be off-putting to most who are asked to attend. In some

circumstances it is necessary to make contact with 100 to 200 people to get firm promises from around 12 to 16 and know that in the event 8 or 9 people will be sitting round the table at the appointed hour.

And all this assumes an incentive – somewhere between £70 and £100 per person depending on the subject and the audience. The financial incentive is important but the thing that really makes people turn up to a focus group, is the interest which the recruiters can generate in the subject. Where the subject is central to a buyer or specifier's job, it is easier to obtain their cooperation than where it is incidental or the subject is considered trivial.

To suggest that a buyer should turn up at a hotel or some venue where they can be watched by observers who sit behind a viewing mirror, and to discuss what they think of the way companies are branded, may not capture the interest of many industrial buyers. This means that the invitation has to be couched in terms that the respondents can understand. For example, it could be described as a discussion on how companies choose their suppliers and the ways they could improve their service.

The control (or moderation) of the groups needs to be carried out by an expert. Bringing eight or nine people who do not know each other together, putting them at ease and drawing out of them the truth on a subject in just an hour and a half is not as simple as it may look. The professional researcher will make it appear so because that is his/her job.

The discussion will all the time move from the broad to the particular. Most of the talking will be done by the respondents with interjections from the moderator to draw out people who are quiet or to control those who are dominating. The moderator will also steer the group and ensure all aspects of the subject are adequately covered. Guiding the direction of the discussion will be a pre-prepared topic guide which lists the points to raise. The precise questions will be phrased during the discussion itself.

The moderator will listen, perhaps taking the occasional note, relying on the tape and DVD to capture the proceedings. All concentration will be on covering the subject and pursuing avenues of interest which are raised in the discussion.

There are many circumstances in industrial markets when it is difficult if not impossible to recruit eight or nine people to one place for a discussion group. There could be too few people to invite (bearing in mind the requirement to have many more people available to allow for refusals, booked up diaries or lack of interest) or they could be so scattered as to make it impossible in a practical sense, getting them together. This is quite common in industrial markets where there are tens, even hundreds of customers/potential customers but not thousands and where they are distributed around the country or even around the world. In these conditions an online focus group is possible.

The principle behind online focus groups is similar to that behind Internet message boards. Participants are recruited

in the same way as in a conventional focus group and it is explained that they will be required to log on to a web site two or three times over a two day period. They are given a user name and password to access a secure web-site, on which questions about the research topic are 'posted'. The participants are asked to reply to each question, rather like they would with an online questionnaire.

A key difference with an online focus group from a simple online questionnaire, however, is that every participant sees the responses of all of the other respondents, and is asked to respond to these views as well as to the initial question posed by the researcher. In addition, the researcher inserts questions as the discussion develops, in order to probe areas of particular interest, or to gain further information on new topics that participants introduce to the discussion. In this way, a real-time, dynamic discussion develops between the researcher and the respondents, just as would be the case with a face-to-face focus group.

## Depth interviews

Depth interviews offer some other advantages which the researcher, looking into branding, may consider important. They allow the interview to take place in private with views untarnished by comment from others. The very thing which gives focus groups their strength in some areas can be a weakness in others, if for example:

- the discussion is personally sensitive perhaps because it involves talking about the inertia in buying or non rational reasons for choosing a supplier
- the buyer doesn't want to talk about prices paid or suppliers used in front of other buyers in the same industry who could use this information to their competitive advantage
- the researcher wants a truly unbiased view on what someone thinks of an advert, a concept, a new product or the like
- it is important to follow one person's methods and approach through a sequence from beginning to end, perhaps as a case history, to see how they do something.

Depth interviews are almost (but not always) carried out face-to-face. Face-to-face interviews are likely to take at least half an hour and most probably twice this length. During this time the respondent has the exclusive opportunity to talk whereas eight people in a focus group would probably only be able to talk for just 10 minutes each. In terms of 'information grabbing power', depth interviews work harder than groups though in flushing out the real issues, this need not necessarily be so.

Respondents can be controlled more closely in one-to-one interview situations. For example, it is possible to

show cards featuring company names and ask the respondent to choose those which have similarities (and say why) and separate those which are different (and say why). An answer to these questions could identify the 'constructs' or factors which people use to distinguish companies and help the researcher understand more about what causes brand differentiation. Keeping the responses clean in a focus group would be much more difficult as everyone seeks to chip in and have their say.

### Customers as a source of information

Customers should always be the starting point in stripping back to core values and should certainly be covered in any qualitative research. They offer an immediate source of business since most will be sure to be obtaining equivalent products from competitors. And because they are already buying from the company, they must, by definition, think it worth doing business with. In other words, there has already been a successful selling job done on the customer and an image has been created.

Questions which every company should regularly ask its customers through qualitative research include:

- How does the company rate as a supplier? How could it improve?
- What does it do particularly well?
- And what are its failings?
- Has the company changed recently, showing either any improvements or regressions?
- Setting price aside for the moment, what could the company do to encourage more purchases from it?
- And which of the following issues do you think the company could improve? How could it improve?
  - the quality of its products
  - the design of its products
  - the availability of its products
  - the reliability of its deliveries
  - the packaging of its products
  - the sales service
  - the after sales service and warranty
  - communications with customers.

## Potential customers as a source of information

Moving on from customers as research respondents, we turn to the potential customer. New customers breathe new life into a company, feeding it with growth, replacing those existing customers, some who will inevitably move on or go out of business or stop buying because of their own internal changes.

So what then can we find out from potential customers? The most important question we need to be able to answer is “what would win the business?”. In many respects we already know the answer to this question as there are only two ways into the account - either to be lucky enough to be around when the incumbent supplier defaults or to make an offer which is sufficiently attractive to entice the buyer to start buying. That offer is not necessarily price. Research has shown that although buyers are, of course, interested in new competitive deals, there are many other influencing factors besides. There are few buyers of customer relationship management software who would yield to everyone who approached them offering something cheaper since to make a change would involve incredible disruption and cost. There are also understandable suspicions that after the foot is in the door the price may have to be paid of lower service or that prices will be edged higher at an early opportunity.

Innovation is a much surer way of getting the potential customer's attention. New products, things which will mean an improvement to the buyer, almost always kindles interest. The word “new” is still one of the most important words in the marketers' vocabulary.

Persistence too may eventually break the barrier down with a potential customer. So often suppliers retreat at the first or second rebuff whereas it may need constant hammering to persuade the buyer that the interest really is serious. And by constant hammering we mean sometimes 10 or 20 contacts to open the door to new orders.

The feedback from potential customers can appear daunting. Who is this company I have never heard of? I am happy with my existing suppliers who I know well and who I like and trust? Why should I change? Swapping my business from someone I know little about could be hassle? Why should I open up a new supplier when I am trying to reduce the number I am dealing with?

This type of comment could easily cause a supplier to run away, back to his own customers. However, there are always ways of breaking into new accounts but they require an awareness of the buyers' unmet needs.

Here are some questions which could be asked of potential customers:

- What do you know of this company? What does it mean to you? In what ways do you see it positively?  
In what ways negatively?

- How did you first learn of the company? How long ago was this? What has added to your knowledge of the company over time?
- If you were to advise the company as to the best way of communicating with someone like you, what would you recommend?
- How could the company get its product (or service) on trial at your company? What would this trial involve? How long would it take? What could the company expect if and when the trial is completed successfully?
- Who does the company have to beat to become a principal supplier to your company?
- And setting price aside, what would the company have to do to convince you that its products are worth considering as alternatives?
- Assuming that the new supplier was successful in persuading you that its products offer something worthwhile, how much business could it achieve with your company?

Questions on price are not included in this list but they are certainly valid. For instance, the buyer could be asked 'what commercial terms would have to be met to obtain business with your company?'. Equally, this is a subject on which many buyers are taciturn, preferring to await the offer price of the supplier before acknowledging their readiness to pay a particular sum.

### **Distributors, specifiers and installers**

In many markets industrial companies deal directly with final customers; a manufacturer of process plant sells to the companies who use it in their own business and the order is delivered to the customer's factory. However, in other markets a distribution or value chain is in place and the immediate customer is an independent factor or wholesaler. In markets such as construction, independent specifiers also have an important role as may installers. Where these intermediaries are a significant force in a market, their views should certainly be covered in qualitative research to probe brand core values. We will talk further on this subject in a later chapter.

### **Other interested parties**

In addition to customers, potential customers and intermediaries, there could be other constituencies whose views need to be considered in stripping back to the core values. These will vary from business to business but they could include:

- politicians (as they influence legislation, spending on government contracts)
- journalists (those writing in the trade magazines of the supplier may carry out comparative tests or decide which public relations releases to let through as editorial comment)
- academics (who teach students, using examples of companies in their line of business and who carry out research into related fields)
- suppliers to the company (as they may have a broad view of what is going on if they are also suppliers to other companies in a like field)
- trade associations which may have a bird's eye view of the industry and may be important in referring potential customers to suppliers who are members.

## Summary of chapter 6

Successful planning requires a complete understanding of the core values of a brand. Brand differentiation should be developed on the basis of this approach. The core values may be what makes the brand unique but in other cases something additional is required. However, whatever is selected as the core values of a brand must be a genuine part of the product or service package and not an aspiration. And furthermore, the simpler the core value is to understand, the easier it will be to communicate. It is a healthy discipline to find one word that describes the core value of a company.

Internal analysis is the starting point for understanding core values. However, this approach should be seen as a method of generating hypotheses. Core values are the issues which make customers buy and they can only be really understood by talking to the market. Informal methods can be effective but often professional market research should be considered.

The type of market research required to strip back to the core values is likely to be qualitative as this provides an understanding of the subtleties of what could differentiate a company or a brand from another. Appropriate techniques are focus groups and depth interviewing. Small samples are usually sufficient - eg four groups to research a market although more may be required to analyse different markets or sectors. Respondents for qualitative brand research include customers and potential customers. In some industrial markets distribution chains and independent specifiers/installers may also have to be covered in the research.