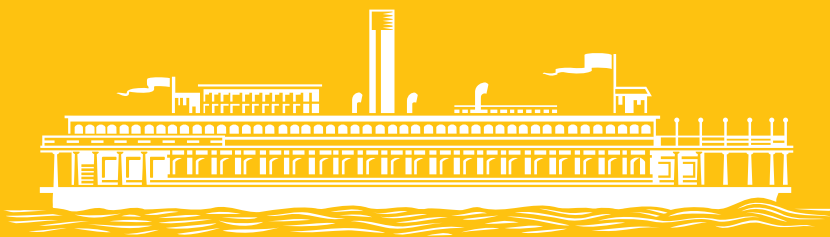


Why up-branding
is here to stay
by Allen Adamson
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Landor

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People want luxury however they can get it— so give it to them

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Just when you thought the luxury market couldn't get any more luxurious, there came the first-class-only airline, the designer pup and the \$172,000 diamond-studded fountain pen.

It boggles the minds and wallets of all but a select few.

However, as the real luxury market moves into the stratosphere, it's leaving open a vast universe in which mass marketers can fulfill the neo-luxury desires of mass consumers. And these consuming masses have shown strong evidence they are ready, willing and able to pay premium prices for products and services that were once considered commodities.

Premium becomes commonplace

From ice cream to bottled water, beer to potato chips, coffee to coffee pots, washing machines to power saws, there isn't a mass-market category that hasn't jumped onto the "up-branding" bandwagon—and a very wise jump it is. Adding a premium product to an already strong brand

name is a great way to drive brand growth and drive up margins.

In fact, it can cast a positive halo over the entire brand family of products, making them all seem worth more.

While this incredible market opportunity was recognized most presciently by brands such as Target and Trader Joe's, it's no longer a trend. Thanks to the Internet and other media channels, consumers have changed too: People are more informed and more worldly-wise than ever before. There's greater awareness of what's sophisticated, what's hot and, more important, what's cool. Having long satisfied their need for the basics, midlevel American consumers are no longer content with midlevel products and services.

With basic water needs satisfied, for example, American consumers want Evian, Deja Blue, Glaceau, or any bottled-water brand carried in Patagonia water pouches by athletes, movie stars, and politicians.

Consumers may get hungry, but no basic burger will do: Nieman Ranch beef cooked on one of Frontgate's sleekest grills followed by a Tassimo espresso is the only way up-branders will go. Some even think they'll be loved far better if they use Olay Regenerist and Crest Vivid White and launder their Victoria Secrets in Whirlpool Duets.

Small indulgences

On another level, given all the stresses of the world, there seems to be an increasing desire to "take care of me." People want a bit of luxury however they can get it. Starbucks, early on, recognized that while not everyone can afford to go to Tiffany's, they can enjoy the small indulgence of a grande nonfat latte. The coffee costs \$5 — a small price to pay to treat oneself well.

But while up-branding is definitely here to stay, it's a tricky thing to get right. You can't simply put your product in a shiny black box with a 10-point, sans serif typeface and expect people to grab it off the shelves. Lipstick on a pig never works — unless, of course, it's artisanal bacon.

As I mentioned earlier, consumers are becoming more aware. You can't up the price of a product without upping the intrinsic value — otherwise, people will see through it immediately, and you'll lose valuable credibility. And while word-of-blog can boost a brand's reputation very quickly, it can sink it even faster.

Hence (nice up-market word), here a few rules of thumb for taking your brand up a few notches:

1. Play from your brand's strength

Offer a benefit that is legitimately better and different but aligned with what consumers already associate with your brand. Crest, for example, has always been associated with a beautiful, healthy smile. Its up-branded product, Crest Vivid White, builds on this well-known brand association by adding whiteness to the beautiful, healthy equation. The key to success, however, is to make it simple for people to understand what makes your product worthy of up-brand status at an up-brand price.

2. Leverage design

Sophisticated or elegant design is one of the fastest ways to communicate better quality. Consumers have been trained to factor in aesthetics when assessing value. The more attractive a product, the more valuable they perceive it to be. Just as with genuine luxury brands, one of the most telegraphic ways to signal an up-branded product is to make it look like one, not just function like one. The new Whirlpool Duet "fabric care system" offers enhanced laundering efficiency in an ultrasleek design. The elegantly proportioned Whirlpool Duet signals that laundry day can actually be a very pleasant experience.

3. Consider limiting your distribution channels

Limiting distribution can be a powerful way to signal an up-branded product or service. If you're everywhere, how special can you be? Häagen-Dazs ice cream became the up-brand it is by starting out with limited distribution; for many years it was available only at gourmet shops and ice cream boutiques. Apple took great care to create an all-Apple, all-the-time retail experience in which



Crest Vivid White builds on a well-known brand association.

Think about how your up-branded product will actually be different and more relevant—and why people should pay for the privilege you offer.

its customers could try out products and get Apple-friendly assistance. Stihl, the leading manufacturer of consumer power tools, has taken a similar up-brand tack by limiting availability of its products to local, customer-focused retailers. The environment in which a company decides to sell speaks volumes about the company it wishes to keep.

4. Give your brand a “green” label

Historically, buyers of environmentally correct products have been perceived as more educated and more socially aware, characteristics generally shared with the premium-goods market.

Today green has gone mainstream, and consumers across many market segments are willing to pay more for products they believe will make a difference in the efforts to mitigate global warming. While Whole Foods, Patagonia, Aveda, and the Body Shop were forerunners in this area, more conventional brands are taking up the cause, not just for the financial up-brand value but for the environmental value. GE, as part of its Ecomagination program, has developed a number of environment-friendly consumer products, from compact fluorescent lighting to SmartDispense dishwashers. Benjamin Moore has just launched Aura, a paint that contains fewer volatile organic compounds than other paints. These up-brand products may cost more, but consumers are

beginning to see that the cost of not using eco-friendly products is far more drastic.

Up-branding is here to stay, but step back before you step up. Think about how your up-branded product will actually be different and more relevant—and why people should pay for the privilege you offer.

Pay attention to the up-branding rules of thumb that will get consumers to pay up and feel good about doing it to boot. ■

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