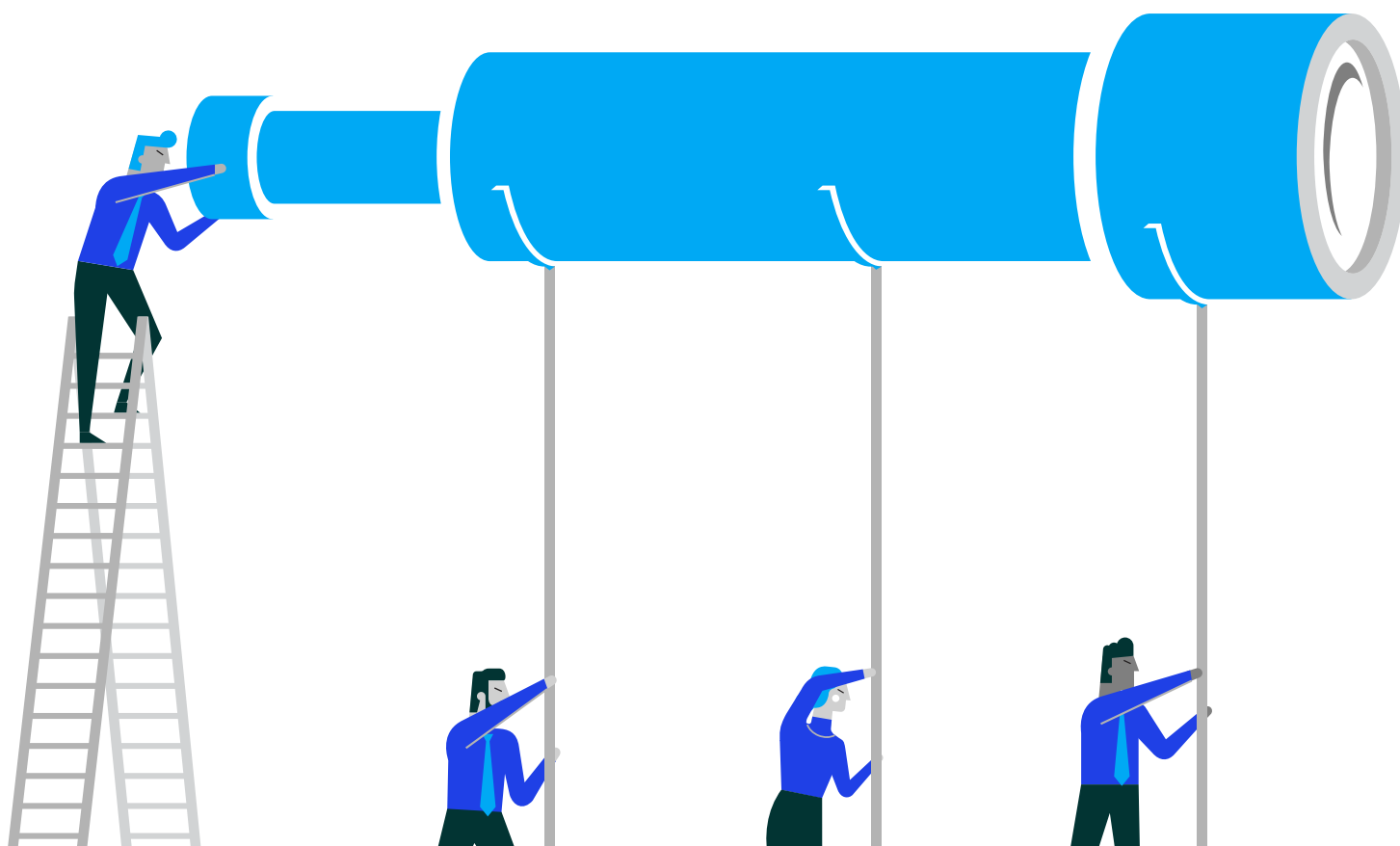# McKinsey & Company

Marketing & Sales Practice

Discussions in Digital: Surveying the brand-building landscape

The digital age is forcing companies to innovate the way they build brands.

by Dianne Esber and Jane Wong

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Branding has come a long way since the Bass Brewery started stamping its casks of ale with red triangles in the early 18th century. Digitization has given marketers extraordinary insights into the consumer decision journey, while social media has empowered customers to an unprecedented extent, allowing them to publicly hold brands accountable.

In our latest *Discussions in Digital* podcast, Dianne Esber, a partner in McKinsey's San Francisco office and a leader in marketing and sales, explores brand building in the digital era with David Yin, VP of brand strategy and consumer experience at Ancestry; Rebecca Messina, former CMO at Uber and Beam Suntory; and cohost Jane Wong, an associate partner in McKinsey's San Francisco office. The following is an edited transcript of their conversation.

What is a brand?

Dianne Esber: We thought we'd start with a little bit of a baseline and ask how you define a brand. Before we get started, I would love it if you guys would share a bit of your background.

Rebecca Messina: I started my career at a company famous for brand building, Coca-Cola. I spent 22 years there and was fortunate enough to be part of the moment when we started to incorporate a digital perspective. After that, I went on to become the global CMO at Beam Suntory, and three years later, I become the global CMO at Uber, where they didn't talk about a journey to digital—they were simply born that way.

As for defining a brand, I don't think there's a right or perfect answer. But I think at their core—and this might be a little soft for some folks—I think brands are feelings. They emote something that causes a kind of behavior that's irrational to some degree, or we wouldn't be wearing Rolexes and driving Porsches, we could buy cheaper versions of those products.

A definition we often used at Coke is that a brand is an intangible sum of everything you stand for. Coke

taught us that you can be intrinsic and something much more abstract, like an idea.

I think Coke certainly shows you that it can be a big idea on the back of something like a caffeinated uplift, and that's clearly what it was born as. But it can ladder to this beautiful idea of bringing the world together with equality, happiness, all of that.

When you look at spirits, I think you can really have a relationship that's more product or more brand driven. What are you looking to drink today? How do you like your whiskey? And what are you looking for in its profile? But then ultimately, you're going start to navigate by brands and the brands that make you feel something.

David Yin: I've come from a similar path in a different way, since I started my career in traditional packaged goods at Clorox and Avon. Then I went to companies like Eventbrite and Fitbit and really started to understand how you grow brands from nothing, and how to establish a brand in someone's mind, especially in categories that are new to people, things that they don't even have words for, in some cases. Most recently, I've been at Ancestry, which is a really interesting mix of all those experiences.

I completely agree that brands are emotions. The thing I also like to bring into it—especially when I'm working with teams that are very new to brand marketing as a concept—is not just "What is a brand?" but "What does it need to do?" I think defining what a brand needs to do helps people connect with it.

At the highest level, I think of brands as navigational tools, and there are two things that they really need to do. One is that they need to be sticky and memorable. That's where I think the emotional piece plays a much bigger role in today's marketing. The other piece is that brands are fundamentally an expectation of the quality of an experience. I think it's really important to start paying attention, as digital companies evolve, to that expectation of quality. Because how many companies have we seen that were on a huge runup of growth, but then you realize no one's coming back for more? They ran out of people, and that's not brand building.

Brand impact on the consumer decision journey

Jane Wong: What role do brands play throughout the entire consumer decision journey? How do customers interact with brands, from the initial set of brands they look at, through active evaluation, the actual purchase decision, the loyalty loop, and the experience of the product?

David Yin: Brands play a critical role throughout that whole journey. It's interesting. There are different models for what you've described. The thing that I always tell my team is that you have to think about your brand in three different contexts: What gets people's attention? What drives their decision—and that can be different than what gets their attention—and finally, what drives their retention? What keeps them coming back for more?

The brand plays a critical role across all of that. The other piece is that a brand plays a very different role for someone before they've experienced your product than it does after they've experienced it. So that's a different way to think about it. For example, at Ancestry, the promise we can make to a customer before they've experienced our product is actually modest, so their expectation of what we can deliver is less than what we actually deliver. Then, once they've had a product experience, they are mind blown! After that, the kind of brand experience you can promise and communicate to them is so dissimilar that you can go to a very different and much more emotional place.

So that's where brands have to flex a little bit—depending on where someone is in their journey—because maybe they won't believe what you promise them. But after you've overdelivered on that quality expectation, the brand can now play a very different role in someone's mind or life.

Rebecca Messina: I think, David, you did a beautiful job of talking about the early part. So now take that same story and take it to the end,

which is how that brand becomes something that can break a tie with another brand. Because when you've done what David explained over and over again—you've established that promise ring of trust with the consumer—then even when you get it wrong, they still forgive you, because you've built in this sense of love and trust, where consumers think, "I like them, I'm used to them, I forgive them."

This idea of brand love is what can actually break a tie for you. Customers might even pay more because the brand is worth it to them. So you just reduced the price sensitivity, and that's the Holy Grail, right? If you get to that, you've really become a brand in their mind.

David Yin: Leveraging a brand as a relationship with consumers is such an important piece. Whenever you interact with a person, if you're just getting to know them, your permission and your willingness to forgive are very different than they are when you've had a long relationship with them. When you know that in the end a brand is going to do the right thing for you, you'll come back.

Changing consumer expectations

Jane Wong: How have consumer expectations of brands changed over the years?

Rebecca Messina: Thankfully, they're holding us more accountable than ever. And they can. They have the tools to do so. Spend all the money you want, scream all you want, say anything you want, it will all come down to what you do. I also think we're being held to standards that we deserve to be held to. We need to make true promises and not hide behind words.

I once worked with a guy who said something so interesting and telling about brands, which was, "Sometimes marketing is a tax for being unremarkable." He told me that in the '90s, and it just stuck with me.

"There are different ways to come at social impact. One is, am I doing harm or am I doing good? "

—David Yin

But today, all the marketing tax in the world won't make up for an unremarkable product. You just have to be what you say you are. You have to deliver on that, and that's what they'll come to expect from you every single time. I love being a marketer today, because I love being held to those standards. Our job is to ensure that the brand is as good as the product, and the product is as good as the brand.

David Yin: I think there are two things that are really important about that nowadays. One is that you can actually measure that effect in a lot of digital businesses, where you can see the quality of the audience that you bring in and whether or not they stay. You can bring in a whole bunch of people who seem like they were a good signal, but then they all churn out. We know when we put this message out there that we bring in a lot of people. But we also know that when we put this other message out, we bring in fewer people.

When you see who stays between those two messages, you'll get a very different response. The organization will—if you can show the data—balance itself. But you've also potentially brought the product team something really important, which is if we could say this and deliver on it, people will come.

The consumer as cocreator

Jane Wong: So what role have you seen the consumer actually play in shaping and defining a brand?

David Yin: Word of mouth is one of the most powerful places where brands are built. And you have no control. Fitbit was such an amazing experience because it wasn't a brand built by an agency in a room that we then rolled out. It was something that consumers took on themselves because of their love of it and then shared it with each other.

And that democratization of the way the Fitbit brand was built became something we needed to figure out how to intercept, rather than control. We needed to figure out how to find what's really meaningful to consumers as they're sharing it with one another and then internalize and feed it back, as opposed to really trying to own every single part of that communication and make it stand for just this one thing, because there were multiple communities of people that loved Fitbits. You had hard-core athletes, who were some of the original adopters. And then you had moms who just wanted to walk a little more while their babies were sleeping. Those are such different communities, but they shared a love of something. What they played back about what was important to them was different, which meant you had to feed it back in the right places to the right communities.

Rebecca Messina: I think in the old world, we were producers inside a company. Now I think what you're seeing is that some of the most successful brands of the last 20 or 30 years are those where a lot of the value is created outside the company.

You get smarter with every single person that participates in your brand. I think Wikipedia is a great example of the idea that the more we cocreate it, the more beautiful it becomes. Another example is eBay, which is an external marketplace, but the more we feed it the more we keep it going, right?

I really think brands today are becoming centers of exchange versus centers of production. The center of exchange is that we're facilitating for the outside world to come together in ways that it never did before. Cocreation is taking on this unbelievable meaning of "I am genuinely participating in this brand and making it better. But in turn, it's making me better."

Untapped potential

Dianne Esber: Digital has unlocked a lot of new ways to build brands. What do you think are some of them that might be underleveraged or that people aren't taking enough advantage of?

Rebecca Messina: Digital gives us so much to work with that we probably aren't even working with a fraction of what we have at our fingertips because of the available data. In the 20th century, man was replaced by machines. In this century, if we're not careful, our cognitive labor is potentially going to be replaced by machines. I still don't know if we are leveraging our hearts and our empathy the way we should because of this real-time, short digital cycle. I sometimes think it's taking away our imagination and our creativity at playing a long game.

David Yin: I completely agree. We get a lot of reporting numbers right now. I don't think people are really opening themselves up to the things we get from digital that aren't numbers. For example, don't tell me how many likes I got. Read the comments. A lot of that still goes on. We measure the quantity rather than the quality of something. There are plenty of quality signals that come through digital that are vastly underutilized.

The power of social impact

Jane Wong: What role does social impact play in a brand? Is it the price of admission now?

David Yin: There are two different ways to come at social impact. One is, am I doing harm or am I doing good? I think more and more consumers are expecting their brands to do no harm. If you are actively doing harm in some way, you're pretty heavily punished by consumers nowadays. More companies need to be aware of that.

In terms of actively doing good, there are certain businesses where if social impact is core to your value proposition, it's the price of entry. For example, if you're in the microlending business, you can't get away from social impact. But at the same time, there are a certain percentage of consumers for whom that will not be their main priority.

Rebecca Messina: I totally agree with David that the idea of doing no harm is the price of entry. I can't imagine the brand in today's context that's going to get away with doing harm for very long, unless they're in a category of harm, and we can probably name a few of those. But I think different companies are held to different standards, and the scrutiny will vary. If you're making chocolate, consumers are going to hold you accountable for how you treat the farmers and that entire supply chain.

It's also a good way to differentiate yourself. All things being equal, I'm going to go with a brand that's doing good versus the brand that's just not doing any harm. It can be a differentiator. I would actually argue that some of your brands, like Coke or any of these big brands that have an emotive place in the world, actually have a social responsibility because of their scale and their reach.

Leveraging brands to attract talent

Jane Wong: What's the role of brand building in terms of attracting and retaining talent? How does that affect how companies think about building brands?

Rebecca Messina: The ability to attract talent will, to a large degree, define the brand that you become, so I think it's huge. The value proposition is key to what they're coming in for and what they'll give us in discretionary energy, because they believe they're doing something bigger than their job. It doesn't always have to be big and lofty. It just has to be purposeful.

David Yin: I don't think there's any arguing that a strong brand can attract great talent. The mission and its connection to that really is the bigger piece of it. You don't have to be a well-known brand to attract talent. But having some core consistency and tenets and something you're doing for customers that's important and feels worthwhile is all part of brand building, right? And you can't separate that from the desire to want to work somewhere.

Dianne Esber is a partner in McKinsey's San Francisco office, where **Jane Wong** is an associate partner.