

Why great brands zig when others zag

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“Customer service” has become such a business-world mantra that the idea of customer-centricity can be easily misunderstood. A brand can incur real opportunity costs by attempting to provide across-the-board excellence in customer service. When you try to treat everyone well, you risk withholding exceptional treatment from your best, most loyal customers.

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Plus, without a strong sense of self, a brand doesn't inspire respect. In *Can't Buy Me Like: How Authentic Customer Connections Drive Superior Results*, advertising industry veterans Bob Garfield and Doug Levy observe that “Businesses that prostrate themselves before customers at the expense of their own core vision, to say nothing of their dignity, evince no respect and therefore engender none. . . People who patronize you do not wish to be patronized themselves.”

The managers of great brands, by contrast, have the courage and commitment to maintain their appeal among and focus only on those they consider their ideal customers. By never holding sales, Lululemon keeps bargain-hunters out of its stores. Trader Joe's doesn't offer coupons or loyalty cards, so everyone gets through the checkout line quicker. For great brands, the customer is *not* always right – only the right customers are always right.

Another grocer adheres to this principle – Whole Foods Market. The recent Great Recession dealt a body blow to fast-growing Whole Foods. Co-CEO Walter Robb described the experience as “a lot of humble pie.” Whole Foods had earned the unfortunate nickname of “Whole Paycheck” because of its high prices, and when the recession pinched those paychecks, a good number of Whole Foods customers took their business elsewhere.

But Whole Foods' management realized that the customers who stayed were special. They were loyal to the brand because they enjoyed the experience of shopping their stores and they appreciated the company's values. “That was very affirming,” Robb said, and he explained that the company realized it should focus on those customers. “So instead of chasing every customer out there, we started doing customer discussion groups. . . We cut the growth in half overnight and said, ‘All right, slow down. Let's make sure we're doing this better and more thoroughly and more thoughtfully.’”

Through the Whole Foods example, it's easy to see that targeting is not merely a way to achieve marketing efficiency. Targeting is a way to shore up brand equity, identify strategic possibilities, and determine operational focus. Targeting can be a prime driver of profit margins.

And yet, the 2011 Prophet State of Marketing Study found that even though 50 per cent of marketing executives considered their current strategies well-targeted, more than 75 per cent of them do not believe they're executing those strategies effectively. “Building a brand has never been more challenging,” the study

authors noted. “[E]xploding and fragmenting channels have made customer relationships a moving target.”

If that’s the case, then it matters now more than ever which customer relationships you choose to target. Wharton professor and author of *Customer Centricity: Focus on the Right Customers for Strategic Advantage*, Peter Fader draws a line of distinction between brands that offer superior service to everyone, such as Nordstrom’s, and the practice of “customer-centricity” as a targeted endeavor. According to Fader, “Customer centricity says, ‘Let’s find who the most valuable customers are and let’s do everything for them,’ [by offering] super duper service and more than that. For the other customers, [it says] ‘Eh, we’re glad to have their business, but it’s going to be more on our terms than theirs.’” In Fader’s estimation, the opportunity costs are too great to do otherwise.

Sorting Out Lovers and Haters

Red Bull is one of those brands that has had little trouble figuring out who’s important and who’s not. It has become the most popular energy drink in the world with a brand personality so strong that Red Bull drinkers don’t even care that the product doesn’t taste very good. *Businessweek* reported that during Red Bull’s early years, a British market research firm ran taste tests that concluded, “No other new product has failed this convincingly.” But Red Bull founder Dietrich Mateschitz countered, “Taste is of no importance whatsoever.” Instead, his product was intended to improve physical performance and “emotional status.”

In introducing Red Bull as a new product, part of Mateschitz’s marketing genius involved setting up a website that actually *helped* nurture rumors that the beverage contained harmful ingredients. In response to reports that speculated that Red Bull was a dangerous drug, he explained it was far more “dangerous” for his product to generate no interest. Mateschitz claimed it was just as important to him that high school teachers hated Red Bull as it was that their students loved it. The brand’s polarizing nature was part of the company’s strategy. He said the aspiration was to “make the brand interesting enough that people wanted to get their hands on it.”

Speaking at the Advertising Research Foundation’s annual conference, Thomas Grabner, then-CEO of Kastner & Partners, Red Bull’s advertising agency, explained how they clearly defined the brand personality to the point of being polarizing. They knew they “could not create passion by appealing to all people equally. If you stand for something, some people will love you and some will hate you, but the ones that love you will buy your brand and be willing to pay a premium for it.”

The Red Bull product line is very simple, limited to three drink varieties in the U.S. Red Bull doesn’t do licensing deals or brand extensions under an umbrella brand. The company also stays away from event sponsorships, preferring instead to develop its own distinctive promotions, mainly in extreme sports, which includes fielding its own Formula 1 racing team. In 2012 Felix Baumgartner’s world-record-breaking 24-mile skydiving freefall was made from the Red Bull Stratos helium balloon and watched live by a record 8 million people on Red Bull’s YouTube channel. The Red Bull homepage is so crowded with daredevil sports videos and Red Bull music events listings, that it’s easy to miss the trio of beverage cans in the upper right hand corner. Red Bull employs this unconventional approach because it sets out, Grabner explained, to engage its target group, knowing that product sales would follow.