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# Will social media kill branding?

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**Abstract** The traditional branding paradigm involved heavy upfront investment and tightly managing the image via controlled communications in hopes of creating dominant brands that could be leveraged to cultivate loyalty and a long-term, steady stream of profits. However, social media can drastically alter consumers' behavior and their brand preferences. This rapidly evolving landscape has left managers at a loss, and what they are experiencing is likely the beginning of a tectonic shift in the way brands are managed. In this article, we take a close look at the building blocks of branding and also examine the core of social media. After careful analysis of the two, we discuss the likely impact social media will have on the practice of brand management. We conclude that it will extend beyond the narrow confines of the use of social media as a message platform, to the core of how markets are targeted and products are delivered. We make recommendations regarding how companies can manage various facets of branding in this new marketplace.


## 1. The worth of brands and the changing landscape of social media

Each year, *Business Week* publishes a listing of the world's most valuable brands. In 2012, Coca-Cola retained the top spot with a brand value of $77.8 billion (Modi, 2012). A look at the top 20 most valuable brands (see Table 1) reveals some interesting insights. First, many of these brands were created decades ago, with Coca-Cola being more than 100 years old. Even the newer brands—such as technology giants Microsoft and Apple—were founded about 35 years ago. Second, for these companies, their brands are the most valuable assets. While this is a desirable position to be in, it takes a long period of dedicated and focused effort to cultivate these brands. And, once companies have created these assets, they are justifiably concerned about maintaining them. The same holds true for lesser-known companies and their brands.

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**Table 1. Best global brands: The 20 most valuable brands, 2012**

| Rank | Brand | Industry | 2012 Brand Value ($B) |
|---|---|---|---|
| 1. | Coca-Cola | Beverages | 77.839 |
| 2. | Apple | Technology | 76.568 |
| 3. | IBM | Services | 75.532 |
| 4. | Google | Technology | 69.726 |
| 5. | Microsoft | Technology | 57.853 |
| 6. | GE | Diversified | 43.682 |
| 7. | McDonald's | Restaurants | 40.062 |
| 8. | Intel | Technology | 39.385 |
| 9. | Samsung | Technology | 32.893 |
| 10. | Toyota | Automotive | 30.280 |
| 11. | Mercedes-Benz | Automotive | 30.097 |
| 12. | BMW | Automotive | 29.052 |
| 13. | Disney | Media | 27.438 |
| 14. | Cisco | Services | 27.197 |
| 15. | HP | Technology | 26.087 |
| 16. | Gillette | FMCG | 24.898 |
| 17. | Louis Vuitton | Luxury | 23.577 |
| 18. | Oracle | Services | 22.126 |
| 19. | Nokia | Electronics | 21.009 |
| 20. | Amazon | Services | 18.625 |

* Source: Modi (2012)

Recent years, however, have seen a dramatic growth in social media. Twitter has more than 230 million active users, who send 500 million tweets on a typical day; there are more than 100 million blogs; and Facebook just surpassed 1 billion users, making it the third largest 'nation,' with a population exceeded only by China and India. Services such as YouTube, Flickr, and MySpace have become a part of everyday routine. Social media is a rapidly evolving space with no definitive sense of what direction it may take. This is proving to be disruptive to brand management, and understandably concerns exist that social media may threaten the very essence of branding.

Many authors (e.g., Edelman, 2010; Kietzmann, Hermkens, McCarthy, & Silvestre, 2011) have lamented that businesses do not seem to appreciate social media's full impact. Indeed, industry seems to be in a state of confusion. As revealed by a Harvard Business Review Analytical Services study of 2,100 companies, while two-thirds of respondents were actively using social media, many felt it was still an experiment with an unclear future. Only 7% successfully integrated it into their marketing activities; most companies were still trying to understand the likely impact of social media on branding and searching for best practices regarding its use.

Against this backdrop, we specify the foundation of branding. We also establish the core characteristics of social media. With a clear understanding of the two, we outline (1) the implications of social media on branding and (2) strategies for utilizing social media to create and manage brands.

## 2. Deconstructing branding

Brand equity is defined as the differential effect of brand knowledge on consumer response to marketing efforts (Aaker, 1991). The ultimate aim of branding is favorable response from consumers/customers. Companies attempt this by marketing products to customers, highlighting differentiating characteristics. Differentiation lies at the heart of branding. In its absence, products cease to be brands and instead become commodities, which makes charging a price premium impossible. Differentiation allows companies to control their prices and command loyalty for their brands.

Brands can be differentiated according to their physical attributes. For example, Bounty is known as the "thicker, quicker picker-upper" paper towel and Kraft Macaroni and Cheese claims that "It's the cheesiest." However, most successful brands reach beyond physical attributes in attempt to build emotional connections with consumers. A look at the top 10 slogans with the highest recall rates underscores this point (Kohli, Thomas, & Suri, 2013). Nike's slogan, "Just do it," which posted the highest recall rate, appeals to the user's motivation to excel. Similarly, the slogan with the second-highest recall, McDonald's "I'm lovin' it," aims to create a loving bond between the customer and the fast food giant.

Once companies establish differentiation that is meaningful to consumers, they must create brand knowledge: awareness about the brand and its image. Traditionally, this entailed significant financial investment in advertising and promotion budgets in order to garner marketplace notice. Heavy financial backing was particularly important in the early stages of the product life cycle. This created a high barrier to entry for new brands; however, once they were established, it protected them in turn by building a barrier against upstart brands and effectively shut those out of competition for the top spots. This underscored a need for heavy investment in branding, but one which could only be justified if it provided proportional returns for the dominant brands over a long time span later in the product life cycle.

Thus, companies make significant marketing efforts to be successful. Since new products experience a high rate of failure, the introduction of new brands is a risky undertaking. The marketplace for most products is also very crowded, making it difficult for new brands to appeal to customers in ways previous brands have not yet tried. As such, finding a