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COMMENTARY

Branding: too often overlooked in disruptive innovation and social purpose arenas

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Abstract

Branding is critical to disruptive innovation and social purpose programs, both strategic arenas of contemporary and future concern. Despite the progress that has been made in the last three decades, establishing branding as an imperative for business strategy, the strategic relevance and practical impact of branding for these strategic arenas is often still underappreciated, underevaluated and underused in practice. In this commentary, I explain why branding is critical for the success of disruptive innovations and societal programs while arguing that branding academics and practitioners must remain or again become more outspoken advocates of branding. We need to communicate the conceptual and practical power of branding to the thought leaders outside of marketing, many of whom are academics in other fields, and we ought to do more to convince executives and practitioners of the mission-critical role of branding beyond marketing.

Keywords Branding · Innovation · Purpose · Strategy · Brand management · Disruptive

Introduction

Disruptive innovation has been one of the most influential strategic concepts of the last three decades. The basic idea—the only way to grow is to create new subcategories that reflect new and relevant customer "must haves." Instead of making other brands less preferred, winning is making competition less relevant or totally irrelevant because they lack visibility and credibility within the newly defined subcategory. The key to strategy, then, is to become the leader of the new subcategory and manage it to success.

One objective in this article is to detail why branding is critical to disruptive innovation; it enables disruptive initiatives to live, to gain traction, to thrive, and to impact. The argument draws on my book *Owning Game-Changing Subcategories* (Aaker 2020). A second objective is to explore a hypothesis that in this important strategic arena, branding is too often underused, misused, or even missing. It may seem obvious that branding concepts and tools are needed in order to succeed. However, that is not always the case for many of the leading thought leaders, at least in the form of the books and articles that came to my attention. Further, when getting into the practice of organizations whether they be disruptive innovation start-ups or a program within a large firm, there was too often a lack of appreciation for and understanding of branding. A third objective is to suggest that the same phenomenon might be occurring in another strategic arena for nearly every business, how to use its resources to effectively address societal social challenges. The discussion is based on my book The Future of Purpose-Driven Branding.

The role of branding in disruptive innovation

My book, *Owning Game-Changing Subcategories* (Aaker 2020), shows that brands have four jobs that are really indispensable to the success of a disruptive innovation, jobs that require strategic thinking as well as innovative tactical programs. These four branding jobs are nearly always crucial to success.

Job 1—become an exemplar brand, a brand that represents the disruptive innovation, the new subcategory. The exemplar status creates relevance dominance with respect to the subcategory, which means that it has the most visibility

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and credibility plus an ability to accomplish the other three jobs starting with managing the subcategory to success. Both Warby Parker, who reinvented the eyewear experience by delivering products direct-to-consumer, and Tesla, who created a whole new genre of luxury electric cars, were exemplar brands.

The exemplar label can be earned by being the early market leader. It does not necessarily have to be the pioneer or the first mover, but rather, the first brand to get it right and the one that dominates the early marketplace. Apple did it with iPod, iPad, and iPhone. In none of these was it the pioneer. Exemplar status can also come from the brand's voice and action, namely being a thought leader, actively making new subcategories visible, and, in general, being the brand that speaks for the new subcategory.

Job 2—to position the new subcategory. Although using similar concepts and tools, it is very different from positioning a brand where competitors are usually the perceptual context. Positioning a subcategory involves identifying the customer "must haves" that define the subcategory and then making sure that they are visible when a customer is determining what options to consider and then which to choose. The goal is to make the "must haves" so prominent that a customer will be aware of them.

Salesforce created in 1999 a new software subcategory based on cloud computing. Its"must haves" were "no investment required" and "continuous upgrades," there was no need to wait as much as a year for upgrades and then close a business for a week to install them (Aaker 2022). There was a personality component, the feisty, underdog, disruptor with a sense of humor. And it addressed the security reason "not to buy," with brand pillars reflecting system data redundancies and protections. The subcategory pillars were visibly promoted by Salesforce sometimes with outrageous stunts like picketing a competitor's event with signs that "non cloud" software was obsolete. Just putting cloud computing advance out there would not have been enough, brand building was an enabler.

Job 3—to scale, build the committed customer base quickly. Digital has enabled fast brand building because the customers can be reached quickly with e-commerce, social media, and a website relatively inexpensively. Dollar Shave Club launched their firm which offered razors through e-commerce in March of 2012 using a short, hilarious, irreverent video. The video garnered a base of 18,000 subscribers in 48 hours and led to follow-on videos which made fun of alternatives like Gillette and the drug stores which kept razors in a lock-down shelf (Sterling Woods 2023). In four years, they sold their business to Unilever for over a billion dollars. Scaling was a key step.

Job 4—to build barriers so that competitors are discouraged from entering. Barriers can include a relevance wall created by the Job 1 exemplar brand role and/or the Job 2 strong subcategory position linked to the brand. Another is the Job 3 strong customer base, prospective competitors have to realize the "best" costumers, those most attracted to the "must haves" are taken. But there are more brand-driven barriers to consider.

One is to brand the innovations. Consider Uniquo, the Japanese clothing retailer that developed branded fabrics such as Heattech that create and retain heat for wintertime comfort and Airism which allows moisture to escape making garments cooler in the summer (Aaker 2020). Competitive clothing brands and their retailers attempted to respond with similar fabrics but they could not offer the authentic Heattech and Airism brands.

Another is to engage in ongoing innovation so that the subcategory becomes a moving target. Toyota's Prius dominated a subcategory for a dozen years in part by continuous innovation adding interior features, design changes, motor efficiency, or handling characteristics. Competitors considering entering the "Prius" subcategory had to match or exceed an offering two years off. Not easy.

Branding: too often overlooked

Disruptive innovation traces its roots back to the work of economists who were concerned with what drives the macro-economy. In particular, it was Joseph Schumpeter, an Austrian economist, that posited that entrepreneurs will engage in "creative destruction" where new products and production processes will replace the old generating economic energy and growth or society (Schumpeter 2008 [1950]). He warned that capitalism driven by such innovation will thrive but warned that political restriction may end up becoming threats to that growth and to capitalism itself. He is considered the intellectual father of disruption innovation and, of course, did not include branding in his theories.

There are many books and articles relevant to the concept of disruptive innovation directed at finding the magic, doable concept that will cause customers to materialize, buy, and use it. An audit of the top 15 books relevant to disruptive innovation showed that none of them consider branding as a key enabler of innovation. The focus is usually on finding the right technological trend, customer need, culture, people, R&D process, or organizational structure that will allow the disruptive innovation to emerge and be resourced and executed. Books, for example, might include Kevin Kelly's *The Inevitable* about the 12 technological forces that will shape our future, *The Art of Innovation* by James Kelly and Jonathan Lippman about the IDEO experience of creating new offerings, Howard Yu's *Leap* about automation and AI, and Jim Stengel's *Unleashing the Innovators* introducing the use of start-up partners to find disruptors (Kelly 2016; Kelly and Lippman 2001; Stengel 2017; Yu 2018).

But books more directly aimed at disruptive innovation also neglect branding. One of the two most influential books is *The Innovator's Dilemma* by Clayton Christensen, who then a HBS professor, observed that leading firms that were successful lacked the incentive to compete in small markets or make simpler, lower priced offerings (Christensen 2000). As a result, competitors are free to disrupt the market and eventually match and surpass the market leaders. Nothing is presented on creating the brand that enables the new entrant to capture a position or the brand under attack who could both detect and respond to the relevance risk. Branding does not even appear in the index.

A second influential book is *Blue Ocean Strategy* by INSEAD professors, W. Chan Kim and Renee Mauborgne which deservedly became the face of disruptive innovation and sold over 4 million copies (Kim and Mauborgne 2015). One of their beliefs is that firms should create value by developing offerings that render competitors irrelevant as opposed to not preferred. Another is that industry structure is not fixed but can be changed by a firm with a new value innovation. A good foundation but branding, which is a key to how the industry structure is changed, is missing. The creation of a new category or subcategory (my term) will almost always need an exemplar brand to provide the definition, the motivation, and the positioning strategy. Simply putting out a new offering is not enough.

A third "Blue Ocean" belief is to align the value, profit and people proposition using a process that is perceived as fair. But creating a people proposition, finding the right brand pillars that will differentiate, inspire, and connect employees and others is really the job of the brand. And there is virtually no use of branding in the Blue Ocean book to scale the business, a critical task in the digital age. There is a half-page in which a first-mover brand is described as one of four barriers to imitation but no consideration of branded innovation or using the brand and ongoing innovation to create a moving target.

Turning from thought leaders to on-the-ground entrepreneurs, a reasonable hypothesis is that much of the disruptive innovation is driven at the outset by teams, whether inside a firm or start-ups, that are rich in talent relating to the innovation and the resulting offering but lack branding or even marketing expertise. The budget, the personal and, more importantly, the strategic concept of the role of branding is usually under-represented or even absent. At best, it will be outsourced. Casual experience with such embryonic efforts reveals the lack of basic branding, the use of a brand vision and relevant brand building programs. A name used as a place maker is sometimes used as the go-to-market brand because time ran out. The concept of a heritage story or positioning a subcategory will rarely be explicit. This lack of branding, when it appears, presents a risk of the concept failing to reach its potential or, if initially successful, failing to retain its leadership position.

Social purpose and programs

A similar argument could be made in another area of strategic importance, the efforts of firms to step up and address the serious, sometimes scary, challenges facing society such as global warming, resource conservation, inequality, and personal health. Their efforts too often are composed of grants, volunteering programs and energy goals that are unbranded, perceived to be similar to the efforts of other firms, and hard to communicate to employees or customers.

The solution as explicated in The Future of Purpose-Driven Branding (Aaker 2022) is to introduce two brands into the process. The first are signature social programs, programs that address societal needs or problems that touch people emotionally, are credible, have real impact, represent a long-term commitment; and are branded. These signature programs, which can be internal or external nonprofits, are likely to impact society challenges because they are focused, have a long-term horizon, and are guided and motivated by a brand. A brand also makes communication more effective by representing what the program is and by providing a memory structure that allows the brand to live and evolve.

The second is a business brand that has adopted the signature program as its own in part to receive much needed energy, image lift, and employee engagement opportunities thereby instilling pride in employees and respect in the eyes of customers. The signature program gets in return its endorsement and a commitment to financial and volunteer resources. So, it is a win–win. Using the business brand as a conceptual and practical focus of the relationship of the signature program and business provides an operational path for the signature program to add value to a business.

While the concept of a social program aiding a business is accepted, the role of branding as motivating and, implementing that relationship is absent in nearly all books that argue for business participation in social challenges. Many point out that an offering that does social good (e.g. making windmills) can provide a growth path and also that creating energy cost savings can help the bottom line. Others mention employee morale or customer choice being affected but not in a branding context.

Moving from thought leadership to on-the-ground management, it is safe to hypothesize that in the nonprofit world, branding and indeed marketing, is underfunded, understaffed, underappreciated and inadequately understood. There is just too much effort needed to just raise financial backing and keep the operation going and too much need for specialized talent outside of marketing. Social programs within firms, as well, too often fail to integrate the social effort into the business but relegate it to separate operations off to the side. As a result, its operation also is short on branding resources and also is at risk of being cut back or eliminated during a downsize event.

Why is branding underevaluated?

Branding has come a long way since the domination of the P&G branding model, which held forth for over a half century since its inception in the May of 1931 when Neil McElroy, then a brand manager for P&G's Camay Soap, created the now fabled P&G brand management model, namely to examine detailed sales data, find areas of weakness, determine the cause, and correct it usually with advertising or sales promotions (Aaker 2014). It was nearly 100% tactical. The responsible person would be a middle manager working closely with an ad agency.

In the late1980s, brand equity emerged with the premise that brands were assets that supported business strategies (see Aaker 1991, 1994). As the concept took hold, branding identified brand pillars that resonated and differentiated, simulated brand equity tracking, was directed by a CMO or VP Marketing who had a seat at the executive table, and was involved in all aspects of the business.

The strategic role of marketing and branding has seemed to be on a constant upward trajectory for the last three decades. Books and talks relevant to branding have proliferated. Many business schools have courses in branding. More and more firms seem to be on board. The occasional plea that we measure branding investments quantitatively (that means using short-term sales) by those frustrated by the uncertain payoff of building brands assets seems to be under control.

However, there is evidence that branding has played a smaller role in these two important strategic arenas, growth through disruption and addressing societal challenges, that should be expected given their relevance and power. Basics like the brand vision, obtaining differentiation, creating visibility and energy, or building brand loyalty are too often missing or underused.

The question is why and what to do about it? Some possibilities that merit consideration:

With respect to social programs, paradoxically, the surge of interest in "purpose" may have a role. Many of the books and articles on purpose assume that there needs to be a single purpose for a business. For some businesses, that means that social programs are not included under the purpose umbrella. The answer is to encourage one or more social purposes alongside the business purpose so that a social dimension of the firm can have be organizational support and a home.

With respect to both strategic areas, two observations. First, both disruptive innovation and social programs are often outside the mainstream implementation of a business strategy and therefore can be detached from branding resources. Disruptive innovation sometimes has to be isolated from an organization geared to operational effectiveness and making incremental innovation. Similarly, a social effort team may be outside the business organization, sometimes in a foundation physically separate. In either case, their team may be detached from branding resources that no person or entity closes the gap with little time, motivation, or spare resources to correct the limitation.

Second, the thought leaders, the writers of books and visible spokespeople, in these areas tend not to be branding specialists or even marketing people. The disruptive innovation literature is dominated by strategy or economic professors. Many of the social impact thought leaders are economists, political scientists, or social science people focusing on "saving capitalism" by encouraging firms to address societal problems. They are far removed from worrying about making programs more effective or more able to help a business. The task of joining this force and being heard is formidable but needs to be part of any "solution."

These last two possibilities suggest that we need to communicate the conceptual and practical power of branding to the thought leaders outside of marketing, many of which are academics. That would involve home run books or articles and participating in their social media world. A tough challenge.

With respect to on-the-ground management, more effective branding concepts and skills need to be introduced into these two strategic arenas. Ways need to be found to have executives outside marketing gain a greater understanding of branding. The goal should not only be to expose the utility of brand tools but also their mission-critical role. In general, we may need to be less confident that the job of teaching and selling the role of branding is over especially when these two strategic initiatives are involved.

The fact is that branding does have a key long-term role to play in disruptive innovation and in gaining success in social programs. The challenge is to gain recognition of its critical role and to then make sure that it is done creatively and competently.

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