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# BRAND

## NEW WAY

### TO GROW YOUR BUSINESS?

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*How to increase sales and profits simultaneously*

**MAHESH ENJETI**

*Brand Developer, Architect,  
Builder and Restorer*



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New South Wales, Australia [www.saimarketing.com.au](http://www.saimarketing.com.au);  
Email [mahesh@saimarketing.com.au](mailto:mahesh@saimarketing.com.au)

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**All good things are limited in a way**

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# BRAND STANDING: A VIEW FROM THE GRANDSTAND

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Weeks before I put the finishing touches to this little piece, I emailed a draft to Kevin Luscombe<sup>^</sup>, asking if he would be kind enough to provide an appropriate preamble. I greatly value Kevin's business acumen and his marketing nous, but more importantly, I have immense respect for him as a person.

This is what he had to say:

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*"It is 2016. Technology is enabling companies to find so many new ways to build competitive advantage, change channels of sales and distribution, track customer behaviour, and engage with individual consumer needs.*

*The touchpoint of the customer impact in all these initiatives is the brand (and I don't mean 'branding'). Yet there are so many people with the word marketing in their job title who still do not understand the real role of brands and how they create value, deliver cash flow, build profits and grow companies.*

*No wonder the leaders vastly outnumber the followers."*

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It was typically Kevin. Sharp, straight and sagacious.

Thank you, Kevin. I take this as a nod from you on the message in this nugget.

**Mahesh Enjeti**

Sydney  
July 2016



<sup>^</sup> For those who do not know him, Kevin Luscombe AM is the Chairman of Growth Solutions Group, a strategic consultancy based in Melbourne. His sharp intellect, rich experience inside market trenches all the way to Australia's Board rooms, his marketing savvy and leadership perspective have been a source of inspiration and encouragement to many marketers, me included.



*A Brand is not  
a function of Marketing.  
It is the very foundation  
of a business.©*

*— Mahesh Enjeti*



# THE BIG IDEA BEHIND THIS LITTLE BOOK

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Actually, it was not one idea but two.

I have worked in Marketing for over 40 years now - across sectors and segments, products and markets, countries and challenges. Over this period, I have noticed two distinct factors that seem to limit how well businesses can perform.

Firstly, they seem to be chasing revenue rather than growing profits. Sales become the primary driver - often achieved by dropping price. Revenue increases, margins decline, profits remain the same or even disappear.

Per Davidson, Paul Steffens and Jason Fitzsimmons, in a chapter titled ***Growing profitable or growing from profits: putting the horse in front of the cart***<sup>1</sup>, demonstrate that SMEs that pursue profits at the expense of growth are more likely to achieve high profitability and high growth over time. On the other hand, businesses that seek growth in sales while sacrificing profitability end up with low growth and low profitability as the years go by. A revealing insight!

For large companies, Bain and company's work on the *Strategic Imperative* provides a good perspective on sustainable growth.

This booklet shows how businesses can grow sales while also making profits.

The second factor limiting performance stems from businesses being unable to leverage the power of their brands. Brands merely become the means to increasing awareness and expanding sales. Their value has mostly to do with value for the consumer, rarely about profits for the business.

There is a different way to look at brands, not as a marketing cost but as a business investment that generates incremental profit. A way that allows brands to deliver value to the business as much as to the consumer.

This booklet is an attempt to connect these two ideas - profitable sales growth and sustained brand value - to help businesses in building long term prosperity. You will find in its pages an approach to building your business that will work each time, every time if you are passionate and committed to your task and learn to be smart about how you spend your dollars. I have applied these lessons in my corporate and consulting life, mostly in large companies, and now want to share it more widely.

*This is a little book that can make a huge difference to your business.*

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<sup>1</sup> The chapter appears in a book titled *New Perspectives on Firm Growth* by Per Davidsson and Johan Wiklund, Edward Elgar, 2013. Its findings are based on research undertaken in both Sweden and Australia.

# YOUR BRAND IS YOUR PURPOSE

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Brands pervade our lives - from the womb all the way to the tomb. This familiarity breeds a certain sense of false knowledge, especially among those in Marketing.

When asked to define a brand, businesses, big and small come up with a variety of answers. Some see the brand as the mere identity of their company, product or service i.e. the name, the logo, the typography, tagline and colour scheme.

Others view the brand as their reputation, the reason why customers buy their product or service and pay the asking price. Still others may have a narrow perspective and consider their Facebook presence, their website or banner ad as their brand.

Whatever the interpretation, it often relates to how the brand is seen through a Marketing lens.

My own definition of a brand informed by years of learning and discovery is this:

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***“A Brand is not  
a function of Marketing.  
It is the very  
foundation of a business.©”***

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This view goes back to the very purpose of why you are in business.

The brand, according to this business lens, is about who you are, what you stand for, your company's offerings, the how and why of it and the way you behave with every stakeholder, including staff, shareholders, suppliers, community and environment.

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***If you don't know your  
purpose, pause, ponder and  
persist until you find one...***

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...because, your product and process, people and performance are all linked to your purpose. When working with clients, one of the first things I try and do is help them 'discover' their purpose, and whether that has a social motive or not. (CAUTION: Do not claim a social purpose if you cannot back it up with tangible actions).



## SOUND THINKING

*A while ago, I created a consumer brand for a clever piece of ingredient audio technology that went into devices such as television sets, portable audio, video games and mobile phones. The techies were ecstatic about the ‘code’ that was at its heart. Digital signal processing enabled a range of amazing features such as listening to “Hotel California” the way you wanted it, or watching “Psycho” at night by enhancing whispers and subduing screams so you enjoyed the film while others were fast asleep.*

*Take away the technical wizardry and there was one core purpose left - **“The personal enjoyment of sound”** i.e. the ability to alter sound, and experience it according to your taste. This purpose became the inspiration for a powerful visual metaphor - the sea shell that captured the unique property of the brand to both create and consume sound.*

*Knowing your underlying purpose can clarify and shape your brand thinking.*



# BRAND VALUE IS BUSINESS VALUE

When we hear the words 'Brand value', we often think in terms of how valuable your brand is to your customers - which is critical because customers will not buy what you have to offer if they don't see enough value in it. (That is, if the value you deliver is not as much as what your competitors provide for the same price). However, there is another side to 'Brand value' which is rarely considered: What is the value of your brand to the business? This value is critical because it has the potential to build both sales and profits (explained further on page 15).

Brands are particularly relevant when problems arise e.g. when sales stagnate and profits decline as a result of:

1. *Worsening economic conditions*
2. *Emergence of competition (e.g. a new entrant, disruptive technology....)*
3. *Changes in target market composition (or their behaviour)*

Businesses often respond to such challenges by dropping prices, refreshing their look and feel, launching a new campaign, etc. none of which usually works because the underlying reasons for declining sales/profits are not adequately addressed.

## **The building blocks of your business model drive the value of your Brand**

Before embarking on any communications activity:

- a) *validate the segments you are targeting;*
- b) *reassess your customer's needs;*
- c) *re-visit your core value proposition (the bundle of tangible and intangible benefits that your product or service provides);*
- d) *critically examine all your costs of production and delivery and your processes;*



- e) *review your pricing and*
- f) *objectively compare yourself against key competitors*

(How you rank against competition influences your share of wallet, a fact well documented in the book "The Wallet Allocation Rule" by T Keiningham et al).

*Consumer insight and a better understanding of your business model as well as its context can help shape your brand experience, an experience that is defined by your purpose and delivered by your people. True brand value stems from brand experience that flows directly from your business model.*



Image credit: Norfolk Tourism

## CASE STUDY: NORFOLK ISLAND

*Norfolk Island in the South Pacific was a popular holiday choice for older Australians. Mostly in their seventies, visitors often came back to relive their fond memories. But, this was a declining segment so the destination had to develop newer, younger markets. However, the value proposition was weak to those who were unaware of it. What could an island 5 kms. by 8 kms. offer for a week-long holiday?*

*The place (including a range of activities), its past (layers of history) and people (heritage and culture) that together made up the Brand experience inspired the concept of “**The World of Norfolk**” and the promise “**Small world. No small wonder.**” They helped to differentiate Norfolk Island as a world in itself no longer directly competing against other larger, more resourceful South Pacific islands which had much more to offer. The experience became the Brand. The Brand was the experience. True value.*

# EXPERIENCE FIRST, EXPRESSION LATER

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Business owners/managers are easily inclined to spend money on a facebook campaign, revamping their company website, making a new TV commercial, redoing a brochure, or producing new Point of Sale (POS) material. At times, they might choose to rebrand their business or refresh its brand identify – usually involving a name change, a new logo, tagline or colour scheme. Surely, all these deliver tangible benefits. For instance, campaigns and websites are visible, attract public attention, make you feel good and are something you can show off proudly to others.

Each one of them can most certainly help in enhancing the awareness and appeal of your products/services and has the potential to influence your customers and prospects to take a fresh look at whatever you are selling. But, they are merely an expression of your brand.

## **Make expression a reflection of your experience**

A more important aspect is your brand experience, the bundle of benefits and satisfaction sought by your customer. Before you spend any dollars on shaping your brand expression, you need to first get your brand experience right. Otherwise, you could be building your brand on a very shaky foundation.

*Remember, the best ad campaign cannot overcome serious shortcomings in your brand experience.*

Find a creative agency that makes the effort to understand your business and knows how to build brands, not just churn out campaigns. The magic of creativity and the logic of strategy must work together.





# Bubblefish<sup>®</sup>

SCALING UP YOUR BUSINESS

## CASE STUDY: BUBBLEFISH<sup>®</sup>

*A couple of years ago, I met Delia Suteja, a young business woman who had successfully run her own creative design agency, Bubblefish, for nearly 10 years. I agreed to mentor her once I sensed her purpose and passion in building brands.*

*Here was a rare instance where Brand experience was not quite matched by expression. Her agency was committed to delivering business results for its clients. With my input, it became even more determined to be insights led and strategy driven. It was time for Bubblefish to reposition itself and revamp its expression. Simultaneously fine-tuning its target selection (towards more growth oriented clients) and service offering (from building websites to building brands and businesses).*

*The change in messaging across web, social media, credentials, electronic mail and proposals reflected Bubblefish's new promise: **"Scaling up your business."** A brand expression better aligned with brand experience led to improved bottom line results and more team satisfaction. I am now associated with Bubblefish as an Advisor.*

# MATCHING PROMISE WITH DELIVERY

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We have seen the importance of getting the experience right before working on the brand expression. There is another reason why it is critical to align brand expression with brand experience.

Expression represents the promise you make to your customer. It is reflected in how your product is showcased through your promotion - all your advertising, your email campaigns, your social media content, your store front, and the messaging on your packaging. Expression is about how you communicate value to the consumer.

Experience, on the other hand, is about the delivery of that promise. Defined by your purpose and dependent on your people, it has to do with performance. Is the product or service doing the job it is meant to do, and is it doing this better than competition? Is the perceived value of what customers are buying more than the price they are paying for it? Experience is about how you deliver value to the consumer.

## **Promise only what you can deliver**

We often tend to be fixated with expression, how good our product looks, how clever our advertising is, how many people like our Facebook page - almost to the point of falling in love with our own communication. Instead, we need to be more concerned about how closely our product performance matches its promise. There is no doubt that Marketing is about creativity and that products/services should have an aspirational appeal. But overpromising and under delivering is the surest way to destroy the value of any brand. When a product falls short of its promise, consumers are reluctant to buy it again. After all, your brand is a promise that your product or service will provide consistent quality and assured value each time it is bought.





SIMPLIFYING OPERATIONS.  
AMPLIFYING OUTCOMES.



## CASE STUDY: ORBIZ

*A young operations management consultancy approached Bubblefish seeking to establish a distinctive corporate profile in a competitive market.*

*Delia and I discovered that their purpose was performance improvement using sophisticated lean techniques. The client agreed with our recommendation not to sound too technical like other operations management experts, or assume a superior stance associated with some management consultants. This led us to develop a communication platform based on the simplicity of the service delivery model that the firm's clients would experience during every engagement (whatever their size or sector). The promise was perfectly aligned with actual delivery.*

***"ORBIZ Performance specialists. Simplifying operations. Amplifying outcomes."***

*became the Brand expression for an experience that was founded on the VIRTUOUS CICLE of Purpose, People, Process and Performance (the letters CI in CICLE represented Continuous Improvement).*

# BUILD YOUR BRAND. BOOST YOUR BUSINESS.

Imagine you are selling 1000 units of a product that costs \$70 at \$100 each to make a total profit of \$30 000  $\{1000 \times (100 - 70)\}$ . Now, assume you are able to reduce the price by ten dollars, and sell 10% more i.e. 1100 units. Assume also that there is a 5% saving in the production cost because of higher volume. The profit per unit is now \$23.50 (\$90 less \$66.50). Total profit is now \$25 850  $(1100 \times \$23.50)$  which is still less than the profit made prior to the price reduction. So the effect of a price decline, despite any economies of scale, could potentially diminish overall profits. Sustainable growth (as we have seen on page 6) comes from profits. Marketing's role is to grow profits not sales. (Of course, a price reduction can be a useful short-term lever to disrupt competition).

When brand expression is backed by brand experience i.e. brand promise is matched by brand delivery, there are two distinct benefits. Firstly, more people in the target segment are able to clearly see there is commensurate value obtained for the price paid. A stronger brand (achieved through consistent brand building) can gain more sales without having to lower the price. A spin-off benefit is the ability to occasionally launch short term promotions without diluting the value of the brand.

In the above example, if sales were to go up by 5% without any reduction in price, the total profit would increase by 5% to \$31 500  $(1050 \times 30)$ .

Secondly, a stronger brand can also ensure that your customers perceive a higher value for the price paid. This gives the business the freedom to raise prices without sacrificing volume. In the same example, assume you are able to increase the price by 2% with no change in sales volume because of the pull of a stronger brand. Profits will increase by \$2 000 or 6.67% to \$32 000  $\{1000 \times (102 - 70)\}$ .



A small increase in price can thus deliver a proportionately larger increase in profits.

To summarise, brand value built on the back of a great brand experience and supported by creative brand expression can manifest in two ways – selling more without reducing prices or being able to charge a price premium without sacrificing volume. If businesses begin to purposefully invest in ‘Brand building’, it is possible to achieve both outcomes at the same time because of a multiplier effect. Higher profits allow future incremental investment in the brand, leading to more growth.

*The combined effect of increased sales and higher margins is what makes a business successful in the longer term.*

The inherent value of a brand is in its power to grow sales and command a better price. Next time when you choose to spend money on any marketing activity, ask yourself how this will help enhance ‘Brand value’.

# TAKE A DIFFERENT BRAND PATHWAY. TALK TO ME

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In my day to day work, I come across scores of business people as clients, prospects, students (in my MBA classes) or as mentees.

Some have a clear vision but many have ended up doing what they are by sheer accident. Or because it seemed like a good idea at the time. For others, it may have been the only available option.

Whatever your circumstance, it's never too late to think about your vision and your purpose (whether gainful or noble), because these are the building blocks for your brand as well as your business.

If you are unsure how to go about this, I am happy to help you get started. I will set aside up to 90 minutes exclusively for you at a mutually convenient time and place (or virtual space). No strings attached. I can only offer a few spots each quarter.

If after that meeting you are keen to build your brand and grow your business profitably, we meet again to scope your project. This will include what we can do to get your brand experience right and how we go about matching this experience with the right expression - so you have a twin pronged growth solution.

## **Size doesn't matter. What you prize more does.**

It doesn't matter how big or small your business is. I am willing to talk to anyone. The only requirement - you need to believe in the value of your brand and be seriously committed to building it. The path will not be easy or quick. It will take time and effort, passion and perseverance and a reasonable investment. But I can assure you, it will be more than rewarding both materially and intellectually.

### **Call me**

+61 2 8206 2482

### **Link in with me**

### **Text me**

+61 425 254 659

### **Email me**

Take the first step. I look forward to connecting with you.

Warmly,

**Mahesh Enjeti**

# ABOUT ME

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Mahesh Enjeti, Managing Director of SAI Marketing Counsel and Advisor, Bubblefish Creative Brand Building, combines the best in management and marketing consulting to create sustainable profits for clients' businesses.

Over four decades, Mahesh has worked with hundreds of brands across every conceivable sector. These include names such as Allergan, Coromandel International, DCM, DOLBY, Hawkins Cookers, Hunter Regional Economic Development, Indian Overseas Bank, ITC Hotels, LG, Maxxium, Norfolk Island Tourism, Sheraton, TABCORP, The George Institute for Global Health, Tourism Australia, Tourism Tasmania, VISA and more.

Since 2014, Mahesh has worked closely with Bubblefish in building brands for a naturally flavoured water (Sol. QUENCH and Sol. ESPRIT), a boutique operations management consultancy (ORBIZ Performance Specialists), a bubble tea franchise operation (QueenTea) and a home-grown, all natural, West African hair and skin beauty range (Pure Persona).

Mahesh has won Awards for marketing effectiveness and excellence in New York, New Delhi, Hong Kong, Singapore and Sydney and has been published worldwide (e.g. Market Leader, UK, Professional Marketing Australia, CMO Council and HSMAI Marketing Review, USA).

Mahesh teaches Leadership, Strategy, Marketing, Entrepreneurship while also mentoring students undertaking practical business projects at the Sydney Graduate School of Management, a part of Western Sydney University. He is involved as Strategy Lead in the 5-day Executive Development Programme for Visiting C-Suite Managers from Malaysia.



Mahesh has served on the Board of the Australian Marketing Institute and on the judging panel of the AMI Awards for Marketing Excellence over several years. In 2016, he also judged entries to the Stevie International Business Awards. The year saw Mahesh chosen as a Regional Finalist in the Business Leader category at the New South Wales Business Chamber Awards 2016.

With an honours degree in Physics and a PGDM from IIM Calcutta, Mahesh is also a Fellow of the Australian Institute of Management, Fellow of the Australian Marketing Institute and a Member of the UK Marketing Society and the Australian Market & Social Research Society.



## **A BRAND NEW WAY TO GROW YOUR BUSINESS?**

*How to increase sales and profits simultaneously*

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Mahesh Enjeti

*Brand Developer, Architect, Builder and Restorer*

Visual expression by Bubblefish®

