

THE ROI OF CREATING A GREAT BRAND

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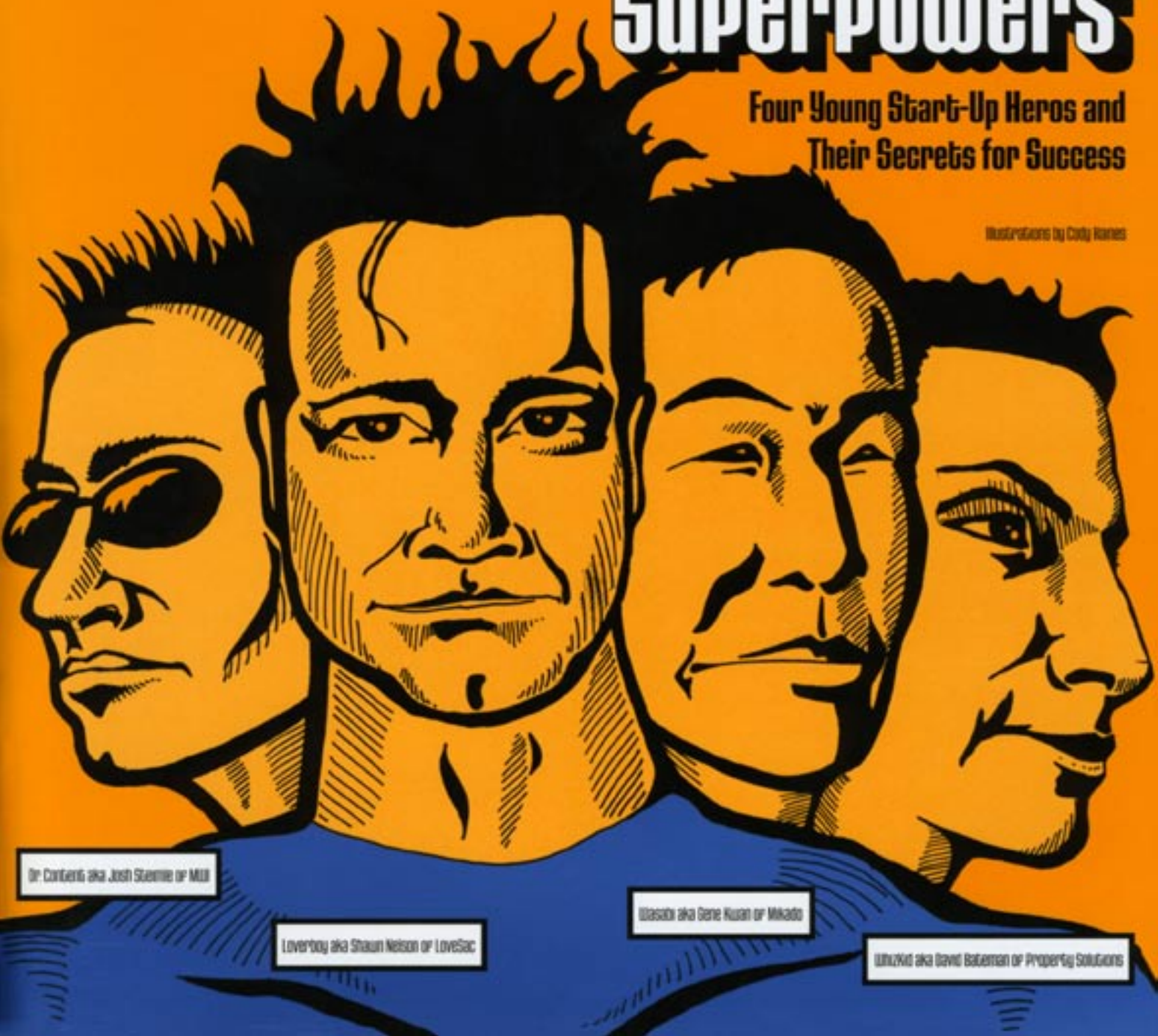
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ENTREPRENEURIAL SUPERPOWERS

Four Young Start-Up Heros and
Their Secrets for Success

Illustrations by Cory Horner



Dr. Conkerg aka Josh Steenie of MJJ

Loverboy aka Shawn Nelson of LoveSac

Wasabi aka Gene Kusan of Mikado

WhizKid aka David Bateman of Property Solutions

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Design and Advertising.



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What's the ROI?

By Randall Smith



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In 1886 John Wanamaker, the founder of the modern department store, said, I know half the money I spend on advertising is wasted, I just don't know which half." That sentiment of uncertainty has changed little 117 years later. When a business spends money enhancing image and credibility and promoting products and services, it's a business decision based on return on investment. And it shouldn't be otherwise. The investments have just been a little shallow lately.

The demand for advertising and design services has taken a major hit during the economic downturn. Clients have been spending less (or nothing at all), moving services in-house, or using freelancers. I've been in the business for over 20 years and this is the worst I've seen. The good news is the firms that have survived are stronger, leaner and well positioned for the future.

Downturns or not, the principles upon which the creative service industry is based are sound, despite Wanamaker's acknowledged uncertainties. In fact, smart managers recognize the value of design and advertising no matter what the economic condition.

One of the world's best-known management thinkers, Tom Peters, says that "design, like lifestyle, is one of the few differentiating factors, and companies that ignore the power of elegant and functional design will lose." The co-author of one of the most popular business books ever written ("In Search of Excellence," HarperCollins, 1982); his Peters Principles are

profiled in the October issue of Fast Company magazine. One of his six principles states "design is so critical that it should be on the agenda [along with a professional designer] of every meeting in every single department".

Peters also states, "I simply believe design is the principal reason for emotional attachment (or detachment) relative to a product or service or experience or brand proposition. Design, as I see it, is arguably the number one determinant of whether a product, service, experience or brand proposition stands out or doesn't. Has integrity or doesn't. Connects or doesn't".

Jerry Howe, president of the Salt Lake security company Peak Alarm, attributes the value of design to significant growth for his company. Howe said a conversation with his wife comparing the look of his company vehicles with those of his competition, led to a major branding overhaul. In 1999, Peak Alarm's vehicles displayed a small identification on the door. Their logo had been used continuously for 30 years and despite an appealing retro flavor, it clearly lacked impact on company vehicles. "It's our showroom going down the street," he commented, "the most visible part of our business."

Our firm redesigned the Peak Alarm logo, retaining its visual equity and then designed new graphics for the vans, pick-ups and cars that make up the company fleet. The vehicles, sporting racing stripes along the bottom edge are a real eye opener," according to Howe, and make you feel proud

— something you'd like to drive. We started with the vehicles, now we've got it on letterhead, brochures, window decals and yard signs." Numbers of employees, gross sales and customer base have all grown since the implementation five years ago. Now Peak Alarm's competitors are copying them, said Howe.

Starbucks became a \$3 billion firm during the last decade by turning the consumption of a beverage that's been around for centuries into an indispensable social ritual. "Key to this transition was the consistent application of design principles throughout the organization," says Dr. Sara L Beckman of the School of Business, University of California, Berkeley in the book "Design Does Matter." Everything associated with Starbucks — from napkins to coffee bags, storefronts to window seats, annual reports to mail order catalogs — reflects its "authentic and organic" roots. "Design is core to Starbucks expansion strategy and underlies its financial success," says Beckman.

The internal ROI can be just as significant as the external. We recently completed a branding overhaul for NIC, the nation's largest provider of online government services, including the State of Utah. Chris Neff, NIC director of investor relations, said, "There has been a significant morale increase that can directly be tied to the new corporate identity. NIC had two different logos during the past three years, neither of which effectively captured the essence of the corporate brand and were generally

Design and Advertising. What's the ROI?

viewed as feeble... basically, our employees didn't buy into the old branding and were pretty skeptical about NIC in general. The brand overhaul has been a big hit with employees and the affiliated materials are also beautiful and communicate a cohesive message that makes sense. I guess you could say that there is employee pride in NIC now — they finally feel like they're part of a company that has its act together and looks the part as well.

The October 27 cover story of Newsweek is titled "Design Gets Real: How It's Changing the Way We Work and Live." In the first issue ever devoted to design, Newsweek includes an article on how Target uses design to "solidify its position as the alternative to Wal-Mart, a place for people who believe that quotidian life holds satisfactions beyond getting the lowest price on paper towels".

Target, essentially just another "big box" discount store, uses their red bull's-eye logo to represent a combination of chic style and value. It brands everything from Visa cards to vegetables and it "won't stop until red looks good on a financial statement," according to their internal communications. The store was the first mass marketer to sell merchandise from name designers like Michael Graves, Todd Oldham and, recently introduced, Isaac Mizrahi.

In 1999, Cache Valley Cheese, a regional brand of the northern Utah Schreiber Foods, engaged Salt Lake advertising agency Richter7 to capture more market share in a category dominated by national brands like Kraft. In a TV and radio campaign based around the "Cache Valley Cheese Testers," its market share doubled in a 12-month period and the national brand was unseated as the leader in the Salt Lake and Phoenix areas. Darrin Purcell, marketing team leader at Schreiber Foods, said Cache Valley continues to maintain brand leadership and their relationship with Richter7.

Wondering which half of expenditures on advertising and design brings results is not nearly as productive as spending it first, and evaluating where to improve afterwards. It's more art than science, but it works, as these examples show. ■

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The Creative Process

The creative process is not a mystery and not unlike other worthwhile activities — it's hard work. The cartoon version of a light suddenly going on in the head belies the real effort behind creative problem solving. It doesn't come that fast and it's not that easy. The following steps outline a tried and true process, scalable and suitable to any problem that requires creative thinking:

1. Define the problem

Write a clear brief. This step has a greater impact on the finished work than any other step you will take.

2. Set clear objectives and define success

What's to be accomplished? Who's to be moved and to do what?

3. Define the approach

Articulate the roadmap to reach your objectives. Clarify team members' responsibilities.

4. Elicit buy-in and support

Build support early on, rather than surprise people when it's too late to contribute.

5. Gather information

Research and share information with the team, so all understand the business and the customer.

6. Develop and prototype ideas

The role of the designer is to have ideas, develop insights, and visualize them for all to see and understand.

7. Analyze the options

Think through the ramifications of the concepts presented.

8. Make the important decisions

Make the choice based on as much data as you can, but then go with your gut. It's not worth the time and effort to be just like everybody else in your industry.

9. Mobilize the team

Once you've chosen a solution, the execution phase begins. Everyone gets his or her marching orders.

10. Present to internal audiences

Share the objectives of the project and the proposed solution so all can understand and support it.

11. Take it public

With all the plans for distribution in place, this is the moment of unveiling.

12. Evaluate success

Take stock of what worked and what can be improved. Then change what you can.