brandlife

Brand's mystery unveiled

Standard Branding Model© explained in detail by brand complex andrejdrapal.com

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Whereabouts

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Charts

Let us begin with confusions!

I could start with a fabulous quote of some respected historical figure. Many books that I like start like that, but I admire them nonetheless.

It is hard to imagine the added value of such an introduction. To transfer a part of cited author's goodwill and reputation to my own work? Most probably, that is the intention of anyone using quotes. I find this practice has no value whatsoever although there is a lot to be found later on in this book about the value of exchange that happens through branding. But wait! I should not reveal the mystery of this book in the first paragraph – even if I could. Fortunately, I cannot! Though it might seem from the subheading (Brand's mystery unveiled) that I am about to reveal the murderer in a crime story. There are not only many victims but also many suspects in the time and place of the text that follows. That means that each will get an answer, but each in different place and in different time.

It would be appropriate though to start with a quote like "If you want to know something about something, you already know everything about it by knowing that it exists". Or, "To know something is to organize/reduce the confusion in your head". In accordance with the first paragraph, I have no intention to reveal the author of those two quotes. Would it make any difference if you knew that they did not pop up in the great minds of Aristotle or Einstein but in the mind of Andrej Drapal? If that makes a difference for you, then you bought the wrong book. Sorry, no returns[1].

I could start by thanking Leslie de Chernatony for working with me on branding for a period time. I could also thank my wife for many conversations about many things not connected to branding. They were both very important in creating this book, though, as we know, it is the lateral thinking that opens new horizons, and not the direct approach. One cannot laterally think about branding. One could think about branding and laterally develop a valuable thought about biology. That is why I should thank not only my wife, who has devoted herself to public relations, but also everyone that allow me not to think about branding. But then I should also thank all my friends as well as books on evolutionary biology, chemistry, physics, complexity theories, cosmology, neuroscience, linguistics, history and – last but not least – philosophy[2].

I hope it is clear that although I said I could have thanked everyone and everything mentioned above, meaning that I did not actually thank them, I already performed this act by negating it. With this I want to warn the reader that the language is dangerous. Especially the differences between the indicative and performative verbs

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[1] At the moment of writing the writer does not know if Amazon's policy to charge only the portion of the e-book that was read applies here as well. If so, I am sure that you can be so kind as to find a way to pay for the whole book even if you decide to stop reading here. If you are holding a hard copy, you may ignore the request..

[2] Or, I might regret consulting them if this book turns out to be worthless.

often pose a badly neglected threat. And with this I want to thank memes, which mostly fall within the scope of words and language, but are much more than that, as will be seen later on in the book.

So let me start with confusions. I believe that there are many misconceptions about branding. If I did not believe that the world of branding had not yet been thoroughly addressed and that that it was still covered with the veil of confusion, I would not have decided to write this book.[3]

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[3] Is it paper or is it a computer or a tablet? I like tablets very much, because they remind me of the basic truth of evolution – that progress is an illusion. a virus has a much greater evolutionary advantage than a human. Are contemporary tablets more evolutionary fit than clay tablets from ancient Mesopotamia?

Why would a normal person be interested in marketing and branding?

I started to love marketing and especially branding when I began to hate it.

Why?

Hate is a driving force that makes people take something they hate seriously. There are other driving forces, too: curiosity, love... but hate offers a shortcut. You might be curious about many things and just stay curious. But hate gets you to the point where you need some resolution. You might say, "Sure, but can't I just avoid the situations I hate?" In my experience, it is absolutely necessary to avoid people you hate, but it is absolutely necessary to deal with and resolve the things you hate in any way possible.

What has this story to do with you, who were just accused of not being interested in marketing and branding?

Let me first guess who you are. Since I do not know you, I have no other option but to do a market segmentation. Should the market segmentation prove relevant, must you belong to at least one of the market segments described? There is serious doubt present in the last sentence. It is not so much that I would fail, but that the tool does not allow anyone to win. My experience along with rational thought has it that generalized marketing tools like market segmentation are easy, but not as helpful as they are claimed to be. But since I cannot develop this issue further in the very beginning, I intend to (mis)use this 20th century marketing tool anyway. Later it will become evident (I hope) why a great deal[4,5] of stress that we have put on market segmentation in the last century is futile.

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[4] Disclaimer: not all stress. I would not like to be accused of being against all past developments in marketing and branding. As we shall see later, one must be cautious about self-evidences that are producing a lot of outputs but no real value.

[5] Please note that I do not use footnotes to add something less important. Footnotes are rather an integral part of the text and sometimes, as an observant reader will notice, even more important. As we all know: it is the by-the-way moment of any good crime story when something really important happens.

[Marketing[6] practitioner](#)

One of the possibilities is that you are marketing practitioner. If this is the case, would not you be the prime target audience for a book that explicitly points to branding and marketing? Are you? In my experience, marketing professionals tend to seek fast and easy ways to implement solutions since they are under constant pressure to deliver to their companies or to their clients overnight and in a cost-effective way. In real life, the time pressure is huge. I will elaborate on branding in time perspective later, but the question here is: Will I compensate 8 or 16 hours reading this book with greater long-term efficiency[7]?

This book, if taken seriously, will help you develop and manage brands – not faster but more consistently and with efficiently. So this book is not a "How to…" or a "Become a Brand Manager in 5 Minutes" or a "Three-Step Guide to Becoming a Branding Guru". "There is no such thing as a free lunch" is my philosophy regarding all important issues of our lives. If you apply it to branding it means: if your recipe is too simple, you will have difficulties later on in the branding process or at the end when with no apparent reason everything collapses. In this book, I propose a slight shift of branding paradigm. It is necessary to have a better and deeper understanding of brands as our intuition tells us. But to do so means that you have to put some effort into release yourself from certain branding and marketing concepts that have become intuitive self-evidences, a kind of technical heritage of marketing. It will take time, effort and determination to release yourself from the rules of one paradigm and start thinking within new set of rules even if it is obvious that the new rule set provides a better way to achieve our goals. I promise there will be quite some distractions in the beginning but a feeling of relief later as you wade through the book.

In this book, you will find some philosophy along with elements of sciences like physics, evolution theory, theory of complex systems, biology and even genetics[8]. Why? Because marketing is not a unifier that exists detached from the rest of the world. Common literature about marketing and branding will make you think that

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[6] For the moment, this term includes all professionals who work on the highly diversified task of how to bring goods to markets.

[7] This would only be a functional value compensation. Short-time expenditure for long-term time savings. There are other types of compensation that might be even more important than functional value compensation. I have to go much further and say: "Reading is meme intake. Reading is frequently (always?) brand consumption."

[8] As previously stated, I do not consider myself a scientist nor think that I can say anything about sciences in which I have no formal training. But this does not mean that you cannot gather knowledge from any field of expertise to a degree that helps you improve your understanding of topics you practice on a daily basis.

there is a parallel world that has no links to contemporary scientific progress. For me such a detachment of the marketing world is the major obstacle for its development. I have never understood this standpoint and I guess this is why hard-core marketers never understood or accepted me. For this reason I do not see marketing professionals as the prime target group although I would be more than glad to be wrong, for my own and for your sake.

We are dealing here with an apparent reluctance of the marketing world to understand their concepts through eyes of other, natural or social sciences. This led me to name the model presented in this book Standard Branding Model©. I deliberately named this model after the Standard Model from particle physics. This is a theory that tends to unify all four forces of nature. Regardless the fact that gravity, as explained by general relativity, is still not fully incorporated in the Standard Model, it at least tends to unify gravity with so far consistently explained electromagnetic, strong nuclear and weak nuclear interactions. If brands are part of human existence, if humans are part of Earth's ecosystem, if the ecosystem evolved through interactions of matter and energy that can be viewed from a macro (cosmological) or a micro (particle) point of view, then Standard Branding Model expresses an ambition [9] to conceptualize known forces and matter through a branding perspective.

Marketing theorists and scholars

For those theorists that are working on their own marketing or branding paradigm, a different paradigm is normally something not to be agreed with. I guess there is plenty of stuff not to agree with in this book. I bet you look forward to reading on!

Scholars dealing with these subjects will find here at least one capital mistake. I work inductively. That does not mean there is nothing that influences this writing. It only means that the book is not a collection of references linked with redundant

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[9] There are many limitations to this ambition. First there is the fact that I possess no formal degree in physics, biology, chemistry or mathematics. I try hard to understand them on at least a proficient basic level, but the times of Aristotle and Reinaissance thinkers, who mastered all sciences, are far gone. So I conceptualize brands from the memetic point of view using memes coming from other sciences that I can reshuffle or reconceptualize. I am aware that it is enormously over-ambitious to reuse the name Standard Model from particle physics. The Standard Model was developed through many decades in the 20th century as a collaborative effort of many scientists around the world and is still matured by many more. It would be insane to compare the Standard Model and Standard Branding Model. But even though I am an anti-reductionist from the philosophical point of view, I am certain that sciences can and should learn from one another much more than they have so far. Therefore, using Standard Branding Model to provoke is productive by definition.

sentences. There are practically no references in this book.[10] I respect the work of all intellectuals as much as possible, so whenever I believe that I have used some ideas that are unambiguously coming from someone else, I do refer to him or her[11]. But since I do not write for someone else's sake, but for my own, I normally take "memes"[12] and not citations. This is why I do not refer to specific books or articles. This is a scholar's nightmare, I am sure. I have no advice on how to handle this issue, which I am most proud of.

Students

A marketing or branding student that reads this book for academic purposes should read and agree with warnings from the previous paragraph. All those inclined to be impressed with citations will most probably not find much to use from this book. The same goes for those that are afraid of trespassing the borders of life. The evolution of branding concepts is fast. They die even before they can be perceived, let alone accepted by formal educational institutions. I am fully aware that the prevailing education systems acts as a perfect shield against all brutalities of life. There might be some overly explicit stuff for you in *brandlife*. Age is not an issue, though.

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[10] To be precise: each word written has zillions of references. Language itself is nothing but a pile of references and autoreferences growing with time (each use) and thus self-assembling the ever-growing wealth of meaning. Even if I quote a sentence or a paragraph written by someone else, the only value this has is paying respect to the person who wrote that sentence some time ago. A reference itself has no value for the discourse I am developing unless the discourse (with or without references) makes sense (an argument) for itself. It is often (lately too often) perceived that a reference to an authority already gives a higher value to the person using that citation. Many believe that citation after citation in their papers would add to the value of their writing the same way language and language arguments would behave like brands in a co-branding situation. You can add the value to your brand with smart co-branding. You can never add the value to your writing with using authorities (brands) as an argument.

[11] In this very moment, I cease to be politically correct. Knowing that language is arbitrary, it is a complete nonsense to respect the balance in addressing "him" and "her" in sentences like that. There are many other politically incorrect language acts rooted in the human culture, and therefore, there is no need to work against the ways of the language trying to use feminine and masculine forms 50% of the time, respectively. The language developed and is developing against the rules of political correctness.

[12] More on memes at www.andrejdrapal.com.

Entrepreneurs

If you are a fresh entrepreneur just starting your first business, you have most probably intuitively done everything explained in this book, and more. You often hear that children perform certain mental or physical actions intuitively, with no restrictions, and thus much more effectively than adults. This goes for entrepreneurs, too. In the beginning, they simply live the brand. They need no education to live it. Later, when their business grows complex, they normally start to feel the lack of expertise to manage it. This book should provide experienced entrepreneurs with some structure, as well as some reflections on their past when they conducted their business/branding intuitively.

And most important for entrepreneurs: Your company is your brand. If this is a book about brands, it is as much a book about the company life. You cannot outsource or delegate life. Even if you already have a marketing or even a branding professional in-house or as an external associate, that does not exclude you from the target audience. The professionals mentioned above are there to help YOU.

CEOs, CFOs, CHROs, CIOs, C(whatever)Os

A good executive officer knows that he cannot survive floating above the processes he is leading, supervising or managing. Even if you take branding as one among the many processes, you should be able to relate our objectives, goals and tasks to those performed by a brand manager. After you come closer to the subject presented and developed in this book, it should become clear that brand management is in fact business model development and management. It should become clear that running a company is in fact running a company's business model and at the same time managing a brand. It should become clear that a CEO's primary goal and task is to run the brand and since all other executives help him, they only help him if they co-run the same brand. Chief brand officer (CBO), is thus not helping the CEO run an important process, but is in fact managing the soul of every company. Soul is not something you can put a finger on. The soul is present in every process of the company and in every element of a product – provided the brand is related to a product. A company without a brand is a dead, non-existing company. A product without a brand is a dead, non-existing product. This is why this book is titled *brandlife*.

Brand manager is thus not a function that would or could take the branding burden from all other executive functions. Brand management allows for brand potential within each segment of a company or within each element of a product or a service.

CBM encompasses all other C(whatever)Ms and is therefore the right hand of the CEO.

Politicians and/or celebrities

As products become brands, some people become brands. Wrong!

No product can avoid being a brand and each person is a brand within the "market" – the social environment for which he represents a certain value. As no man is an island it is also true that man cannot avoid being a brand.

We all "manage" our personal brands intuitively every day. We would like to be valued in circles (markets) that interest us. We build our reputation. A plumber does it within a plumbers' association, among his friends and relatives, among the fans of a local football club… A secretary builds his reputation among his peers, among the business partners of her company, among the members of a local charity … A politician builds his reputation within his electoral base. A burglar builds his reputation among his peers and fellow burglars. Reputation is one of the ways to measure the value of the brand. There is no significant difference between product brand management, which raises product reputation (value), and personal brand management, which raises personal reputation (value).

Addressing politicians and celebrities in this chapter is thus purposefully misleading. Because we tend to understand personal brands and branding as something pertaining to publicity mumbo jumbo, we often link branding with politicians and celebrities, who most commonly produce publicity tools. If you are a politician or a celebrity, do not expect any publicity hints, tricks or tools for a wider and stronger public appearance. There are too many how-to… books on this topic and I do not intend to compete with them. Should you be interested what can help bring forth, shape and express your internal value, this is a book for you. And you need not be a celebrity or a politician. Standard Branding Model© presented here is an intuitive management model applicable to every service, product, company and person. You do not need a huge branding team to lift your personal value. You can do it either alone with this book or with a coach or a branding team; when your personal brand appears on stage, no external team can take off your burden. Your brand is your value in any case. You should at least understand what drives your value forward and what might hamper it.

Outsiders

I like you the most. My insight into branding improved significantly because of Richard Dawkins' Neo-Darwinism, Dan Dennett's neuro-cognitive philosophy, Stuart Kauffmann's complexity theory and Erwin Schrödinger's philosophy of physics, and not much because of branding, marketing, PR and advertising literature. I do not want to imply that you, not fitting into any of the categories above, might get insight into biology, physics or philosophy instead of branding and marketing knowledge by reading this book. But I do believe in unexpected encounters that bring much more to our lives than ready-made, single-purpose, no-deviation obviousness.

There is another reason why I strongly bet on you as an outsider. This reason arises from the Standard Branding Model© method. As state above, segmentation is not a part of this method. There are many reasons to it, which will be explained later. There is one, however, worth to mention now.

Market segments exist only when interacting with a brand. A market segment per se is nonsense. Before Google introduced Google Glass, there was no corresponding market segment. Market segments start to develop by interacting with a specific brand. There is more: you cannot even seriously talk about market segments per se. You can say that most probably (but not certainly) blind people are not going to relate to Google Glass. You can and should define a demographic profile of most probable first users, who would then act as ambassadors for your brand. But demographic profiles should not be mixed with market segments. If too exclusive or narrow, demographic profiles might even prevent a constitution of most desirable market segments. You as a brand manager or a brand owner should have a vision for your brand and along with that a vision for your brand users. But you should understand this vision as a target, describing how you would like to shape audiences (change them), and not as a description of an existing market segment.

I do know that market segments described in this chapter exist for the brands that are already out there, but not for my brand – this book. This book, after being read, half-read or rejected at the very beginning, is going to develop its own segment. This segment is most probably going to be recruited from existing segments. But after being recruited they are going to add to their branded profile a completely new one: a *brandlife* segment.

What the heck is branding?

What are the most common brand-related sentences?

"You should brand yourself!" Meaning: You should promote yourself.

"You should brand your product!" Meaning: You should develop a nice visual identity for your product and advertise it.

"You should increase your branding budget!" Meaning: You should increase the promotional budget for (social) media.

There are many other similar sentences that are nicely served easy-going self-evidences, but they actually all point in the wrong direction. Or rather, the direction is the right one, since it is a fact that each person, each company and each product or service need a promotional, visual identity along with media marketing strategy, but such an easy-going notion of branding jumps over one important step that precedes the above activities. This step is aptly called branding.

The apparent confusion (as always) results from sloppily used concepts behind these words. If you go to Wikipedia – which should be praised as a magnificent crowdsourcing mechanism for archiving all kinds of facts[13] that come it handy when acquiring knowledge – you will find the most easy-going and thus misleading definitions of "brand" and "branding".

> **"Brand** is the "name, term, design, symbol, or any other feature that identifies one seller's product distinct from those of other sellers e.g. music." Initially, branding was adopted to differentiate one person's cattle from another's by means of a distinctive symbol burned into the animal's skin with a hot iron stamp, and was subsequently used in business, marketing and advertising."

A modern example of a brand is *Coca-Cola*, which belongs to the Coca-Cola company.[14]

There are then two examples of "a brand" presented on that page: Coca-Cola's logo and Apple's logo.

To sum up: a logo is not a brand. If a logo were the same as a brand, we would not need two separate words to name them[15].

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[13] The factuality of any fact is dependent on the territory from which this "fact" emerges. Gravity fact on Earth is one thing, while the same gravity fact observed from a cosmological gravity field or from Higgs boson's point of view is something different. The factuality of an empty 0.75 litre bottle is different form the factuality of a bottle full of Chassagne-Montrachet. Facts are concepts that help us organize our perceptions. There are no privileged facts. This is why the Encyclopaedia Britannica is not superior to Wikipedia.

[14] http://en.wikipedia.org/wiki/Brand

But this confusion is even more devastating. It shifts your focus from identity to an expression of identity as if identity was something self-evident. This definition of "a brand" as an expression of identity jumps immediately to pleasant topics of design, visual identity, logos, communications and all kind of promotion for… what? "Is it not self-evident?" a wiki-expert might ask. These shifts make you take as self-evident that there is already a person, a company, a product, a whatever, which needs a name, a logo, a communication plan, etc. This is as far from truth as possible.

Branding is a process that deals with all that lies (in time) before the pleasantness of branding such as labelling, designing, advertising and copyrighting. Branding is a process that actually develops the person, the product or the company that later needs to be visually identified, promoted, and sold in this or another way. That does not mean that branding is like a biological conception of man, or a physical production of a product or a registration of a company. Branding is a process that develops an identity of a person, product or a company. Let us take old-fashioned photographic processing as an analogy. A picture has been taken and it exists on photographic film, but it has not been processed yet. This process could be vaguely compared to branding, while the next step, copying the image on photographic paper, which can then be showed in photo albums or on gallery walls, could be understood as a product, the moment of truth of the brand that had been developed.

The "wiki" confusion originates from the most common misconception that identity comes in a package together with a physical body of a person, a product or a company. A child does not get his or her identity only with a name and a body, and the same goes for everything else on Earth – nothing is given its identity with mere physical creation. A name (logo, etc.) is given; an identity is developed. What is given is already gone! What has been developed never goes away (until it dies).

That is why Merriam-Webster's initial definition of a brand was so tremendously good in the past: "a burning piece of wood". Nowadays you find a slightly less accurate definition:

a. **:** A charred piece of wood
b. **:** Firebrand
c. **:** Something (as lightning) that resembles a firebrand[16]

Note that firebrand is a piece of burning wood.

Something that burns cannot be the same as something that results from this burning process. Burning is a process (branding), while the result of branding can be

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[15] I hope you understand that I use this extremely weak argument for the sake of attention. I would have never used such an argument if the main purpose of sentence had been functional argumentation. Wisdom should always be accompanied with power and beauty, as known by some.

[16] http://www.merriam-webster.com/dictionary/brand

something tangible like a logo, a name, or a communication campaign. Brand is not the end result of branding. A brand emerges as emergent property of branding. Brand only exists when branding is going on.

That is why I must emphasize that the same Merriam-Webster makes a tremendous mistake within that same definition of branding:

> "(1)**:** a mark made by burning with a hot iron to attest manufacture or quality or to designate ownership (2)**:** a printed mark made for similar purposes **:** TRADEMARK«

Merriam-Webster's definition obviously implies that brand equals trademark, that they are synonyms. I claim that this is the root of all misconceptions regarding the contemporary understanding of brand and branding.

A trademark is an expression of a brand; it is one of many moments of truth of a brand. A trademark comes from a completely different world as a brand does. A brand burns, while a trademark is something frozen. A brand is an (infinite) process, while a trademark is a finite stamp. A brand is continuous in time, while a trademark is finite. A brand develops (and dies), while a trademark is frozen in time since it has to be put into a register that protects the expression of an identity. My name is Andrej. This name is and remains written in my birth certificate, while I as a brand develop[17] and change with each moment, like fire. In this way a brand possesses all properties of life. And you cannot freeze life. If you do, it comes to an end.

Branding is a process of brand development. Therefore, it is a performative process. That means that it exists only when it is managed. It is like cycling –when you stop pushing the pedals, you keep moving, but the act of cycling is over. A trademark is finished, done (it is put into a register) and cannot be managed anymore. A brand, on the other hand, cannot be put in a box, but can only be managed, performed. Managing a brand is called branding.

There is no discrepancy in saying that branding is "developing something" and that branding is "managing something". Both claims are valid. The analogy of photographic processing with photographic film (technology of the 20th century) thus does not entirely apply[18]. A brand as a living creature should be developed until it dies. Development in this sense equals management. There is no management without development. If you manage to preserve, you manage to die.

There is another note to take into account. When I say that elements like a name, a logo or a dress of a person do not pertain to the branding process, I am not saying that names, logos, dresses and other things given do not become a constituent part

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[17] Please note the difference between me claiming this (performative) and me described in this sentence as a brand (indicative). My brand has a life separate from mine. But this is going to be developed in all colours later on in the book.

[18] No analogy is entirely valid. Should an analogy be entirely valid, it would cease to be and analogy and would become an identity.

of the brand while the brand lives. For those readers that are not familiar with rules that govern complex dynamic systems (system dynamics) or with the dynamics between genotype, phenotype, and extended phenotype[19], a brief clarification is presented below:

You start by developing an identity. Then you begin to manage it. Management is normally performed with tools, and the results can be perceived by brand users (moments of truth). The moments of truth integrate into the living brand by being used (like the food I eat becomes part of me). With this process all things given, such as names, logos, dresses, ads, packaging, tastes, etc. become parts of the brand's identity. In a way, it is the same process as when an extended phenotype becomes a part of a phenotype. A beaver's dam becomes a part of that beaver; my smart phone becomes a part of my brain and my senses.

Branding is an extremely curious process; evasive and utterly interesting in its evasiveness. It is like walking on a Möbius strip:
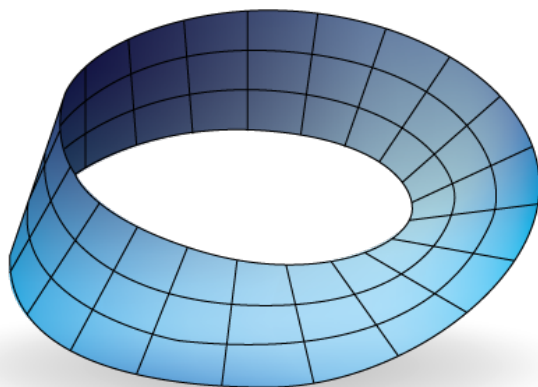
You start on one side but then you realize that you are on the other side at the same time.

We have come quite far away from wiki-like simplifications. That does not mean that branding is something remote, difficult and obscure – far from it. When you start to see the difference between brands and trademarks, you realize that the world of

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[19] To widen your knowledge of extended phenotype, you should first read Richard Dawkins' *Extended Phenotype* (1982) and then my *Lifebook* (2015).

brands and branding is something so easy and so natural that you cannot imagine there was ever a time when you mistook a logo for a brand.

Is a brand really something that lives?

Saying that this or that is alive is often meant metaphorically. When you say that after being published "a book lives its own life" we do not really mean that the book now possesses the properties that make the difference between something that lives and something that only seems to be alive but lacks those properties.

If you want to differentiate living beings from non-living entities, you must define the properties that belong to living beings and only to them. Many biologists, philosophers and scientists tried to define those properties for ages. Among the many definitions, I prefer the one by Erwin Schrödinger from his work *What is Life* (1944). The power of his definition lies in its simplicity, and for this purpose, I will simplify it even further: "Life has negative entropy". In relation to the second law of thermodynamics Schrödinger beautifully explains life as the only system that decreases entropy (while it is alive) over time. In this way, life is a property of an isolated system that contradicts the second law of thermodynamics. Everything in the cosmos (as we know at the moment) tends to have increasingly high entropy with time passing and the temperature falling. All closed systems (cosmos being one as well if you count out the black holes and other anomalies that bring certain uncertainty into the second law of thermodynamics) tend to equalize relations between the particles with even distribution, like in a crystal. No more moves between particles are possible because they are all identical. Being so it would not make any difference if a particle changed its position. Such a system with the highest entropy possible is completely frozen. Literally.

On the other hand, there is a system with the lowest entropy and the highest temperature. Such a system is described as a chaos with no predictability and no manageability. Such was the moment of the big bang if you follow the standard theory of particle physics and contemporary cosmology. Since a system with lowest entropy cannot be managed, it does not have the properties of a living system.

Life occurs somewhere between these two extremes. Where it occurs is best described with a power graph and power law.[20]

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[20] More on power law in Richard Kauffman's *Origins of Order: Self-Organization and Selection in Evolution* (1993), at www.andrejdrapal.com or in my *Lifebook* (2016)*.

Information

output level

60
50
40
30
20
10
0

0   2   4   6   8   10   12   *time*
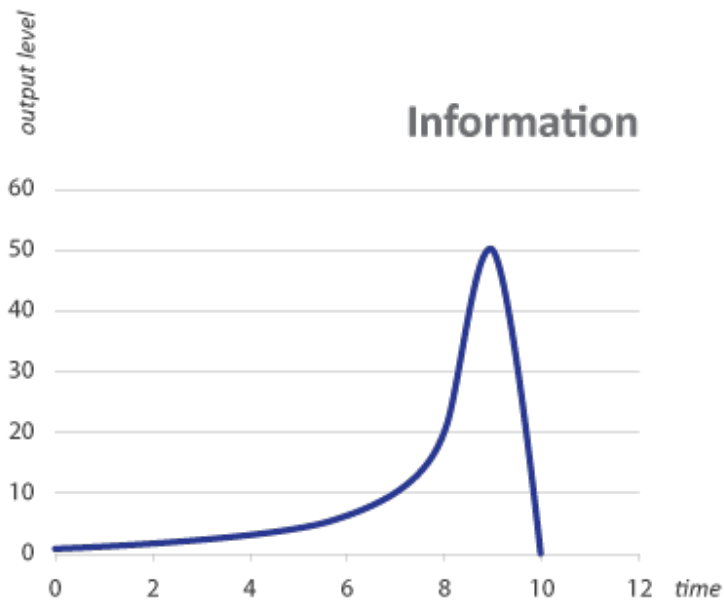
Number 10 on the y-axis is the moment of lowest entropy (highest temperature), and 0 is the moment of the highest entropy and lowest temperature. As excellently described by Stuart Kauffman, such a system produces the highest outputs (measured on the x-axis) on the edge of chaos. Somewhere between 8 and 9 is the highest information (life) output on this graph. You can also look at this graph as a path of life for each human being. Born at number 10, developing very rapidly in the first years of life, reaching the peak just before 20 years of age and then slowly losing power until you die at point 0.

The story of brands and branding goes along with this short story about life. We as brand managers have means at hand (in the brain) to manage brand in a way that it stays around the highest peak shown on the graph above. To be more precise: no living system can stay anywhere. It can only balance around the highest point of that graph. Like a cyclist. The faster you drive, the higher the force that keeps you in equilibrium around the highest point. What a good analogy for branding. The faster, the more energetic the branding process, the less will the brand waggle left and right from the highest point of its potential.

Brand management literally means to keep the brand from falling into the abyss of chaos[21] or to sink slowly into a conservative stillness of safe repetition of chewed up realities. Branding means managing a very peculiar brand order on the edge of chaos.

What is even more intriguing about life is that living systems maintain order not only within the system but outside as well. Same rules apply inside and outside. The magnitude of a brand's (living system) outside extension is defined by the extent to which such a system can still maintain (manage) order.

For simplicity's sake let us take the example of a man, whose body maintains an internal order of organs, cells, etc. until he dies. This same man is at the same time tidying (increasing the entropy) the house he is living in to keep it in order. The relationship between the man and the order of the house becomes interesting the moment when this man invents and produces a machine, a robot that tidies the house with no assistance by the man. Could we say that the robot, which decreases entropy, lives too?

To understand why we cannot say that a robot lives but we can say that a brand truly lives, we should seek help in the early works of Richard Dawkins. Dawkins defined a gene as a basic replicator of life. Through a specific replication of genes earlier discovered by Watson and Crick, genes maintain the flow of life. In order to maintain systems that act as "fighters against entropy", those systems have to replicate. The engine of such replication lies in genes. Genes use different bodies (phenotypes) to replicate. This is a truly short and extremely simplified story of the famous selfish gene.

What is even more important for us here is the conclusion to which Dawkins comes at the end of his famous book *The Selfish Gene* (1976). He concludes that humans evolved another, even stronger replicator that differentiates humans from all other living creatures: a meme. A meme has the properties of a gene, but in a "mental dimension". A meme uses specific human artefacts like gossip, poems, songs, religion, pictures, monuments, science… to replicate.

Since it is not an intention of this book to provide a full insight into genetics and memology[22], let me clarify the relation between a gene and a meme from the perspective of a brand.

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[21] We can observe this when creativity happens without any limitations. Limitations are, contrary to the belief of some poets and writers from the beginning of 20th century, who tried to write being addicted to alcohol or other drugs, using the tools that would eliminate conscious limitations, which are, however, crucial for any kind of creativity. Limitations are like resistance produced by friction, which actually allows us to move around. No friction – no change.

[22] Further reading on memology should include Susan Blackmore, *The Meme Machine* (1999), Dan Dennett work and www.andrejdrapal.com.

A brand is a memetic structure that is attached to a product, a service, a company or a person.

What are the intuitive implications of this statement?

First we can see that a brand's memetic structure can be attached to heterogeneous "objects" depending on whether they can be understood as alive or not. A robot tidying our house is decreasing entropy, but cannot be considered alive since it cannot replicate itself – if we take into account only this one indispensable property of life. A person is alive by all definitions of life. What about a service that only exists if provided by living creatures? What about a company that exists only so much and until there is at least one person that leads the company. One could say that a company without living creatures to perform its purpose is an entity with no value.

Second we can deduct that a brand without a base cannot perform its role as a brand. It is a peculiar characteristic of each memetic structure (meme complex) that it cannot exist without a base to which it is attached. There are two types of attachment. A movie has to be attached either to a film, or to a computer disk. A book can be attached to paper, to an audio tape or to electronic media. The story being told is in a way attached to a voice, which is produced by different body parts. The first type is a kind of an ontological attachment between a meme and its base.

In addition to the first-type attachment, brands develop an additional type at another level. Nike's brand is attached to a shoe in one of the first-type attachment forms. The second-type attachment is going to be explained later on in the book as moments of truth[23] of a brand.

Claiming that each meme complex only exists if attached to a physical base, and that brands, being meme complexes, even have a twofold base, I also claim that the base cannot exist without a brand attached. A monkey has the privilege of using a stick as a tool with no meaning. For a human this same stick is not only a tool but also a base for a meme complex. Being creatures infected by memes, for us there is nothing that would not be infected by memes. We could therefore say that everything necessary comes with a brand. This is why the intuitive notion that a company as a brand only lives as long as it is occupied by physical bodies, is wrong. A company lives as long as it is a part of a meme complex: This meme complex can, but does not have to be attached to a place called a company. It can also be attached to a book telling a story of a brand, the company of which ceased to exist long ago.

This explains the apparent paradox, which might baffle you: How come that there are many brands on Earth that are not managed, but are still considered brands. Brands exist whether managed or not. Only after a particular expectation has been addressed, does the need for a professional management emerge.

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[23] For reasons I will explain later on I prefer to use "moments of truth" instead of "touch points".

I have so far explained the relationship between a brand and its base. But how to understand a brand as a living entity? Does a brand decrease entropy? Does a brand as a meme complex reproduce itself?

A decrease of entropy resulting from brand activity is one of the better-understood and better explained brand characteristics. If one of the main purposes of a brand is to organize the world in a way that we can find our way around it more easily (making our decisions simpler), then this is in fact nothing but a decrease of entropy. Even the most common understanding of brands takes it as something that simplifies our purchasing decisions.

Do brands reproduce themselves? What else can we call what happens when we tell our friends about the restaurant we have just been to or about the car we desperately want to buy? A brand (like every decent virus) uses us as a vehicle for reproduction. The stronger, the more frequent and the more accurate their reproduction is, the stronger they are. As explained by Richard Dawkins, longevity, fecundity and fidelity define evolutionary fitness of a gene[24]. Had Dawkins developed recently introduced memes as vigorously as he did genes, the same rule would apply to them as well.

Sex and lies and rock 'n' roll

The title of this chapter could be a title of any book that deals with questions of life. And since every question is a question of life…

As we have seen so far, brand is a living entity. Therefore, *brandlife* should involve sex. But then again – as much as life is the first and final truth, there is no truth without lies. Could you say that *brandlife* oscillates between truths and lies? As serious as it is with all the oscillations and "otherimportantstuff", could it be that, in the end, *brandlife* is just another day at the beach, rock 'n' roll in an amusement park with no apparent parental control?

Sex

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[24] Dawkins, *Extended Phenotype* (1982).

Oscillation is one of basic principles if not the basic principle of life. There is no oscillation without the two poles, antagonists defining the limits of oscillation. If there are not (at least) two antagonists acting to produce wave amplitude, there is neither oscillation nor any change. The opposite of oscillation is only a straight line, death. A wave is a pulse. A pulse represented by a straight line is a pulse of a dead body[25].

The Taoistic Yin Yang symbol could also be interpreted as a perfect oscillation metaphor:

This metaphor does not only say that you need (at least) two poles to establish life balance, but also that you cannot claim that one pole is better than another. There are no good guys and bad guys in this ancient representation, and there is no place for them in brand management as well. In both cases, values[26] are not positive or negative by an outside definition. Values get their power and charge from inside. Brands themselves define the context from which the charge is then measured. The simplest example is the charge of a smile in different brands. While, a smile has a positively charged value in service industries, e.g. retail, it is negatively charged in military contexts, say on a battlefield. But if a nurse smiles to a wounded soldier is

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[25] Death is a state of maximal entropy and minimal temperature. But more about that is to come later on.

[26] This is first time I used the term »value«. I cannot believe that I was able to write so much without mentioning value. As you will see later on, value is the most valuable concept in brand management. As such, it cannot be described with a simple definition. All those that try to define rich concepts using short definitions do terrible harm to the epistemology of whatever they try to conceptualize. The richness of a concept derives from a contextual potential of that concept. If a context is rich, it is rich exactly for the reason that you cannot reduce it without losing its richness, its identity. The KISS (Keep it simple, stupid) principle might work for advertising and other selling purposes, but not for brand management.

almost like heaven (metaphorically and literary – to misuse this occasion for some black humour).

If one had to decide for a single most important characteristic of life, one would most probably decide for replication. Replication of genes and cells is the proof of life. As Richard Dawkins brilliantly explained in *The Selfish Gene*, genes use cells and higher structures like bodies for their reproduction. From this point of view, you could say that we, humans, are emergent properties of genes' selfish pursuit of reproduction.

Brands are of memetic structure and can therefore replicate only as memes do: they use us, our communication skills. We use them and spread them by gossiping, referencing, writing, and so on. Brands cannot survive without us and we lose our human nature without them. They are our mental food, food for our cognitive apparatus, but they are also our brainchildren. Brands, as meme complexes, are our mental food and our brainchildren at the same time. Brands can only live in the brains of their producers, but more importantly: in the brains of their users. Brands are first understood (absorbed) by our sensory and cognitive systems and later spread by means of various types of communication. The problem, or rather, the challenge of brand management is that no one can control how an individual perceives and understands (chews) a brand. That is why we say that brands live their own life in the heads of their users. You lose control over them the moment you disseminate them. You need to spread them around, but by spreading them from one user to another, our power to manage them becomes even more fictitious. The situation is even more challenging, because the moment a user takes a brand in, he becomes its co-owner. He is then responsible of disseminating it further in the way he[27] prefers, and not you, who created the brand.

You could say that to conceive (develop) a brand is easy, but to keep it under control (manage it) is far more difficult. Or is it? Rock 'n' roll should answer this question.

You may have noticed (or not) that by introducing memes that are the basic building blocks of brands and their ability to reproduce we have easily explained the well-known and established description of brand as "owned by the customers". This so often repeated description has mostly been taken as a metaphor for the notion that brand has no value without a customer and his perception of the brand and its value. After the brand memetic structure is introduced, it becomes clear that customer ownership is not a metaphor but rather a false representation of something else that is really going on. There are no customers who would possess a brand – the opposite is the case. The brands' memes possess the customers. As Richard Dawkins brilliantly explained that genes have their own life and that they use living phenotypes (bodies) to reproduce, so did Susan Blackmore extend his brief introduction of memes to the same level of importance for life as we humans experience and live.

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[27] To be more precise: The meme-complex or a brand uses the brand user to spread, i.e. to reproduce.

It would be completely wrong to understand the "sex life" of brands as if it would be in the interaction between a product and a user. Brands reproduce with the reproduction of memes. And the reproduction if memes follows same rules as apply to any living creature. The success, or rather the evolutionary fitness of brands depends on the ability of its memes to reproduce. This ability is defined with longevity, copying – fidelity and fecundity[28]. The more copies of memes are spread around, the longer they live; the more accurate the replication, the more fit the meme.

And what is the memetic structure of brands in reality? First of all, one has to understand that memetic structure is something that can be understood (at the level of cognition) and at the same time something that is manageable. The peculiar nature of all memetic structures is that they are only manageable through cognition. Different management tools can be applied, but all tools are of cognitive nature. Cognition (reason) is what differentiates us from other living creatures. This cognition can only apply to memetic structures, and brands are part of memetic structures. Humans can manage memetic structures with our cognitive skills, with our reason. We express ourselves through words. Since language forms the basis (reality) of a meme, memetic structure can only be explained and managed at the level of language. The structure and internal logic of brand construction from the viewpoint of meme constituents is going to be explained later, in Brand Identity.

An attentive reader might notice that I have introduced brands as memes (meme-complexes) and that brands consist of memes. Is this not logically inconsistent since something cannot equal parts of that something? A house is built with bricks, so bricks cannot equal a house.

Living creatures like humans, brands, and memes do not have such clear borders between themselves and their components. Each human has inside his body around 2 kg of microbes, which are as important for his life as the 1.3 kg of brain. My smart phone is a more important extended phenotype of me as my brain each time when my brain (as part of my physical phenotype) forgets something. We should not be essentialists [29] when discussing anything that lives. Thus, the relation between "whole" and "part" is dynamic, evolving and without clear borders.

Sometimes it comes in handy to distinguish memes from meme complexes. A meme complex is in a way a larger meme that connects together more memes, building a structure that can be recognized as a whole. But it is funny that even the

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[28] Dawkins (1976).

[29] I understand essentialism in a slightly different way than major philosophical traditions. Essentialism is reductionism. You can reduce a brick to a finite set of chemical and physical attributes and then reduce this set of attributes to essential ones so that you can explain each brick with the help of that essence. This reductionist method is not applicable to living creatures and not even to any complex dynamic structure. Even the smallest complex/living creature cannot be reduced without losing its structure/life. There is no such thing as the essence of life or even an essence of a single living creature. The question "Iis one single living microbe (a part of the 2 kg of microbes living in a human being) part of this human's essence or not?" is a question that allows no answer.

smallest meme is always made from memes, that and even the largest meme complex can be explained as one meme as well. When it comes to memes, size is not important.[30]

Let me finish this chapter with an example that should relate the sexuality of memes to a more practical everyday reality. I know I should not leave a reader who is interested in practical dimensions of brand management at a purely philosophical level. So let me devise a short story.

A fashion designer decides to introduce a miniskirt for the first time in human history. Actual pieces of cloth are put on the market and are being sold. But with those same pieces of cloth memes like "miniskirt", and attached to it "fancy", "modern", "liberal" and so on, are spread not only among those buying skirts but also among many that did not and will never buy mini skirts. Next year no designer would produce miniskirts, so there are none on the market. Even though there are no actual miniskirts out there, the meme "miniskirt" continues to live and replicate though word of mouth, gossip, magazine articles, photos, etc. (memes have a life separated from physical entities). Third year many designers decide to produce miniskirts (infected by the "miniskirt" memes) as already recognized pieces of cloth. More "miniskirt" memes spread around. But one of the designers decides to give his particular set of miniskirts the brand name "Miniskirt". Now there are different types of cloth on the market, there is also "miniskirt" meme on the meme market, and on top of that a meme called "Miniskirt", which is perhaps a trademark of a particular brand meme. The Miniskirt brand was of course not only comprised of the "miniskirt" meme, but combined various memes like "bluish", "sleek", "uptown" and "posh" under the brand name Miniskirt. Then, of course, everyone talks about miniskirts (meme replication) so the year after that someone decides to produce "bluish-downtown-durable-minitrousers" (mutation).

[Product brand vs service brand](#)

Perhaps this is right moment to focus our attention to different types of brands.

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[30] As can be seen here and in many other parts of this book, questions of life are substantial if one wants to understand brands and branding. For that reason, life is not explained in this chapter only. Every chapter will upgrade our understanding of life within brands. But at the same time it should be clear that this topic is much too broad for an extensive elaboration in *brandlife*. Those interested in the questions of life please see *Lifebook* from the same author.

Easy – there are no different types of brands at all! All of them are brainchildren, memetic structures, regardless if they emerge from a product, a service, or a person.

One could say that a base[31] for a product brand, for example a car brand, is the product, i.e. the car being branded. If it seems that brand bases for products are self-evident, where could we find a base that any meme needs to have in the case of service brands? What is the material base for a PricewaterhouseCoopers (PwC) brand, or for a brand of a local car wash? Is this a meeting on which PwC experts consult? Is such a base a study written by PwC? What about the headquarters or the facility where a PwC service or a local car-wash service is provided? Do people that engage in PwC consultancy or wash your car represent a base for respected brands? Yes and no. None of the possible material bases for service brands mentioned above are bases for brands, but rather the moments of truth of the brand they are part of. But at the same time all these moments of truth – and many, many more for each brand – are material brand enactments, which trigger the production of a brand in your head. They evoke different human sensations, which then trigger brand incarnation in your internal memetic world. Product brands, e.g. car brands, are based on the same processes as service brands. A car is only one of the many moments of truth of a car brand, which is expressed by that car. Same goes for personal brands. Brands are always an emergent property of our brain[32], which is triggered by various sensations produced by the moments of truth of a brand.

But then again, even if we keep aside the dynamics between a brand and a product/service/person, we should take into account that there is actually no product/service/person trichotomy. Let us get a bit more precise:

When you buy a product, say a car or a set of steel plates, we normally do not realize that the material part of that product is, as a rule, a negligible part of the product's perceived value. Even if you buy raw steel, you actually assess the value of, buy and pay for the service provided by the steel supplier. The greatest value always lies in the service and not in the material part. One should understand the

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[31] I do not want to get into a discussion weather brands really need such a base. It would not be feasible to apprehend certain memes as pure, unattached memetic structures. While it is relatively easy to explain why genes have to be attached to a physical structure in order to exist, it seems much harder to exclude the possibility of unattached brands. Among the many arguments against such a possibility that are often found in memetic literature I still prefer the one that I have just thought about: "Even if you think about nothing, you still think about something – 'nothing' becomes 'something' even if you only think about it." And, as we shall see later, brands always appear in a moment of truth, which is nothing but a derivative of the brand's base.

[32] I should say "of your body", because a brain is nothing without a body, the same way as a body is nothing without a brain. Neither could exist separately. Experimental psychology proved that the brain acts like a body of its own, using other body parts to function. Brands could be understood as fractals: every part reflects the functions and values of a whole. That is why each moment of truth of any brand is a perfect incarnation of the brand as a whole.

product/service/person as a complex of moments of truth. Each brand has a variety of such elements. These elements are mixed with the material substances of the product (or with the physical body in the case of humans), but in any case the service is what unites all products/services/persons.

This somewhat unusual and at a first glance philosophical observation with no practical value has huge practical influence on brand management and brand development. If you understand that important components of any brand, i.e. its functional promises [33], is predominantly service, then you also understand that you always need to develop a brand in a service-oriented way and that you somehow need to attach physicality to this functional promise later. You must understand service as an answer to a demand – in this way you are more open to what kind of whimsicalities (technological developments, for example) could best answer this demand.

Lies

As it often happens with many frequently used complex concepts, the concepts of brand and branding are widely misused and misinterpreted. To list such misses or "lies" – if you want to be comprehensive – you would need to dedicate a whole book to this topic. So let me only list a few of them, my favourites.

We do not need a brand because we have an excellent product!

As already stated (CEOs, CFOs, CHROs, CIOs, C(whatever)Oss), a product or a purely physical incorporation cannot exist per se. You can pretend as if a product did not have the necessary (implicit) attributes of a brand, but in this way, you are denying the objective truth. You can survive such a denial, but it would only mean that this brand lives an unmanaged (intuitive) life and not that it does not exist.

The story is very similar with brands. A brand cannot exist without a substrate to which it is attached. A brand is always the brand of a specific company, a service, a product, a place, a person or anything else that appears on a marketplace of values. This statement is not in conflict with the previous chapter where I pointed out that a

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[33] Later on, we will delve deeper into the "functional promise" of a brand. We will see that this concept allows us to avoid pitfalls of the product/service/person trichotomy.

brand is always a brainchild attached to the brain and only exists in the brain. What I am saying here is that one of the moments of truth of a brand is always a material product, a service or a person.

This fact has two consequences. The first one was implied in the previous chapter: each brand contains varieties of moments of truth, and therefore, a product/service/person is only one of them. This implies that brand management is a much wider task than mere product management. We will later see the full range of ways how you can find and delve into brand's moments of truth.

The second consequence, which is a bit more philosophical but extremely important in brand management, is that you can never separate a product from its brand nor a brand from its product. With this, I deny the dualism of products and brands. If they were able to exist separately, that would imply duality. When I say that a brand and a product must coexist in the same time and place, I mean that all the pitfalls of dualism have been avoided. These two distinct entities can only exist as one. This means that you can never manage product without managing a brand, be it consciously or unconsciously. That said, we just arrived at a second lie.

Branding is everything and production (a product) is nothing!

This lie is the opposite of the first one. Although I have never come across this second lie among CEOs (they tend to stick to the first one), you can find it active and fertile among marketing, communication, and promotion "experts". I used quotation marks on purpose, because whoever believes that branding is something that can exist separately from production or a product should not be called an expert.

Brand is a promise[34]. A promise without realization is religion. A promise that does not deliver what was promised is a lie. You can fool many customers once, and you can fool one customer many times, but you cannot fool many customers many times. This is plain kitchen-logic sustainability principle. It is another aspect of non-

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[34] The concept of promise is the G-spot of any brand. But again: that does not mean it is the essence of a brand. A brand has no essence. It is the most important complexity that has the strongest influence on an even wider complexity of the brand itself. With this, I want to train you in understanding one of the more important methodological and terminological backgrounds of this work: for any living creature the most important role is not played by essences (reductions), but rather complexities! You cannot explain life by reducing it to one substance (essence) but by adjusting your comprehension to see, describe, tolerate and propagate complexication. Complexication is a process directly opposite to KISS (kip it simple stupid). So we could say that branding and brand management lies on opposite side of advertisement.

duality between a product and a brand attached to it. Delivering a brand promise is a crucial moment in the sustainability of a brand. If a promise is not delivered in the way it was promised, the brand dies. A product/service/person is one of the promises related to a brand.

Our brand has low reputation, so let us change its visual identity!

It comes as a nuisance even to mention this lie, but it is so deeply stuck into corporate minds that I cannot avoid it. The root of this misconception lies in the fact that a brand's visual identity is often the first to see and last to forget. For that reason, it is often blamed and praised for everything.

Visual identity is – visual identity. Meaning: it is the strongest and the most visible moment of truth of a brand[35]. As an outside observer, you normally do not consciously perceive all other moments of truth. Because of this, visual identity normally comes as both the first and the last suspect responsible for success or failure. While this misconception is harmless for consumers and other outsiders, it is fatal for brand managers. If visual identity does not develop parallel with brand development – meaning that it also changes with brand development, both the brand and its visual identity are poorly managed.

We want a stronger brand so let us increase our promotion budget!

While it is true that customers need to detect, understand and accept a promise (which is commonly delivered through various types of promotion), it is also true that this activity only increases the promise's value but not necessarily the total brand value. On the contrary – if the promise is pumped up (normally with excellent creativity and high budgets) but the realization of the promise fails, increased promotion budget can decrease brand value.

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[35] I count a name as a part of visual identity. Name could also be separated from it – and nothing would change in this regard.

This lie is strongly connected to our second lie, but at the same time goes beyond it. By analysing the "increasing promotion budget" lie, you can see that a brand is much more than brand promotion even if you set aside the fact that a brand cannot exist without a product/service/person, which are the necessary moments of truth for any brand. Between promotion on the one side and functional deliverables on the other side, there are many other brand elements that are no less important than the two already mentioned.[36]

A major lesson of this lie is: beware of promises. Without a promise, there is no delivery, but it is more fatal to overcharge the process and then fail to meet the expectations.

Brand equals brand architecture!

The majority of brands deliver more than one functional promise. It that is the case, promises are organized in the form of brand architecture. BMW architecture spreads from BMW 1 to BMW 7, each one subdivided into different levels according to the power of the engine, and the level of equipment. Another example is P&G, a multibrand entity with more than 20 mainly unrelated brands and hundreds of products within each of those brands. Architecture is an important brand structure element, but since architecture touches only the functional dimension of a brand, it can never express its complexity. Any simplification aiming towards understanding a brand as a logo of a brand that is structured in the form of brand architecture is missing the point.

The fact that such a simplification bears no fruit can also be explained through a brand-development thought experiment. It is not uncommon, even among branding professionals, to think of brand development as mere brand extension. Brand development (upgrade) cannot be achieved only with architectural extension and new functional elements, e.g. a new product or a new product line. Although a change in architecture is most often a necessary consequence of brand development, brand development is simultaneously achieved on many other levels as well.

A brand can be reduced to a unique selling proposition!

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[36] This issue is fully explained in the chapter *Brand formula*.

A unique selling proposition, or USP, was especially popular among advertisers. The USP should be something that is unique to that brand and represents the reason why that brand should be bought and consumed. The USP presupposes a linear human mind that would not be able to process multiple propositions in the same time[37]. Such reasoning would not be not fatal only for neuroscience, but for branding as well. On the other hand, the USP sometimes works well for advertisers. They have good arguments to seek for one specific value of the brand that they then promote, a single value proposition that they believe to be most sticky in that particular moment. Advertising has to simplify, but that does not mean that a brand could be reduced to a USP.

Since everything that lives changes over time, you can expect with a 100% probability that each brand, being a meme complex, changes permanently in the minds of its users. Therefore, it makes perfect sense to prepare a brand for future development in such a way that many interconnected memes are at disposal for advertisers to use them over time. Even in times when the "miniskirt" meme becomes less attractive (less fit to reproduce), the Miniskirt brand can promote other memes of that brand without losing the brand's powers, and more importantly, without changing the story (consistency) of the brand. I guess the last sentence seems a bit contradictory. Take your time. Or rather, read on.

One could say that a USP is a meme from the brand's meme complex[38] that is promoted at the time when potential users are most vulnerable to that USP. But on the other hand, to reduce a brand to a single USP is a sure way to degrade the brand. And there is more: brands with a more complex identity structure can adapt to changes in the environment faster, better and for a longer time. So, if a certain brand really only has one distinctive USP, that most probably means that it might be successful in the short run but will definitely decline rapidly.

Customers will tell us what kind of brands they want!

This lie, or rather, this fallacy is a part of a larger and more deadly pervasive notion that customers are kings and we as producers are servants to their needs. While it is true that brands have to fulfil some needs of their users, otherwise they lose the place where they can actualize themselves, it is even more true that each brand

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[37] While it is true that human consciousness does not allow multitasking, this does not mean that human mind cannot performs zillion parallel operations unconsciously. This ability of our brain to operate like huge parallel computer provides a huge – if not unattainable – advantage to any computer possible. Another reason is that the brain operates in cooperation with the whole body.

[38] It is not difficult to see a parallel between a brand complex and a brand story. A brand story is a verbal development of a brand's meme complex.

defines (actualizes) every specific need of the user. That need is normally a part of a larger need, but you should not mistake generic needs for specific brand needs the same way you should not mistake generic products for branded products. This statement needs further clarification.

In general, we have a need for food. This is a generic need. Before there was language and before memes emerged from language use, we managed to fulfil our needs with a piece of venison. But to crave for Dean & Deluca Edwards Tender Smoked Bone-In Ham worth $80 does not only mean to fulfil a generic need for food, but also to fulfil a need that was actually developed by Dean & Deluca. There was no need for Tender Smoked Bone-In Ham worth $80 before Dean & Deluca developed this need within Dean & Deluca brand. No customer could even define the need for ham before ham – both as a piece of meat and as a meme complex – was developed. Customer is no king in brand relations. He is not only a servant, but also a product of each brand he consumes.

This shows you that the more a brand can develop (specify) its memes and distinguish them from memes that define generic products and needs attached to those products, the higher its value. But at the same time it is true that the more a brand grows specific (which, to be fair, is their ultimate goal), the less it can be asked for[39] by its consumers before it has been developed. The entire burden of brands development is placed in the hands of the brand owner. But at the same time the brand owner is deprived of his ownership the moment his brand is placed on the market.

Rock 'n' roll

How to manage life?

I sincerely hope that at this stage of the book the notion of brand as a living entity is not taken metaphorically any more – at least at the rational level. However, I can imagine that some of you might still be deeply repulsed by the idea of comparing a baby or a cat to a brand by using the criteria of life traits. But there are still quite some pages left to broaden the view on the brand as a living entity.

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[39] You should not be surprised to find that I completely disregard the role of opinion polls and similar research tools in brand creation. No research tool that aims to define market needs (which are always from the past) is suitable for brand creation. Research might help in later stages of brand management but it is not useful during brand creation. You should listen, understand and foretell megatrends so that you can situate your specific brand promise within the ecosystem of generic needs, but you should avoid developing a brand from anything that is explicitly requested from the market. This would make you develop generic, low-value brands.

How do we manage children or pets? In theory, the answer is quite simple. We impose a set of rules that can be understood as values or dos and don'ts, but then we have to let them go as soon as possible. We (hopefully) know that we cannot live their lives instead of them. We believe to know what to do much better that any other living creature, including our children, but we cannot transmit our experience to any other creature. Parents are often warned against controlling their children too much or too long so that they do not impede them from living their own lives. Those warnings are ubiquitous, but the question of what is too much and what is too long remains unanswered.

I very much like the analogy to rock 'n' roll in this respect. The rules that apply to rock 'n' roll are simple and straightforward but the music, if played with passion by a skilled musician, rolls. The same goes for brand and brand managers. The rules are straightforward and fairly simple. But a skilled manager is aware that what makes a change and rolls his brand is his ability to understand the complexity of the environment where the musical effects of these simple rules are going to be applied.

Another, quite different analogy might be golf. A golfer has to spend hours taking lessons and weeks training on a driving range so that he masters the extremely complex body movements, which result in the course of the ball being high, straight and long. There are hundreds of minuscule details regarding the body movement and the swing of the club that need to be mastered in a strike that only takes two to four seconds. But then each golfer knows very well that the best shot is the one that feels like it was the weight of the club that did all the work, and not the muscles. Good shots feel like the club was not forced but rather allowed to go.

Let it go! Be it a child, a musician, a club or even a brand. But that does not mean that anyone can "let it go". We all know that if child is neglected, if a guitar is played by an ignorant amateur or a club is swung by a beginner, the result will be a savage, noise and a missed shot, respectively. Only after certain rules are applied to branding, brand management, or any management, these rules can (should) later be set aside.[40]

But before we start talking about rules, we should first get better at distinguishing identity from perception.

Identity and perception

There are three crucial concepts you need to understand and differentiate when you talk about brands and branding:

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[40] You cannot forget something that you have not learned, be it in a mental (brain memory) or a physical way (body memory).

- Identity
- Perception
- Image

There are three evolutionary phases of how the relationship between these three concepts is understood:

- Naïve
- Analytical
- Syntactical

It is impossible to rationally explain what naïve understanding is by using the definition of naïvety. The three concepts are mixed in one big pot, while one or another are used arbitrarily and for different purposes as if there was no difference between them. In naïve discourse, you never know the relations between the three and what the concepts really stand for.

There are many examples of naïve branding conceptualization. Let me state a couple of them.

"You should change your image", or, "You should change the image of your company/product/..."

"You should change your identity", pointing to your company logo.

"Your perception of the product/company is wrong", implying that what you think about the product or the company does not reflect the truth about the product or the company.

And there are many more examples like that. You will better understand why such examples represent naïve understanding of brands and branding after you will have read an **analytical** explanation of three crucial concepts. Truth be told, branding based on naïve understanding is nothing but a mess.

Before proceeding to the next phase, I should make clear that naïve does not mean wrong. In each naïve statement there is an element of truth. How come? In the statement "You should change your identity", pointing to your company logo, you can find the same false understanding as in the statement "I am a different self when I wear black tie and when I wear casual", or, "I would be a different person if my name were not Andrej but John". While it is true that my identity does not change with a different outfit, it is also true that the perception of my identity changes when I wear different clothing. And it goes further than that: we all know that "clothes do not make the man", but at the same time that clothes do make the man. Your personal experience can tell that you express your identity in a different way if you come in for a banking job interview wearing a suit with a tie or come unshaven,

smelly and wearing jeans. You still have the same brain, heart, intelligence and emotions; but in fact, your brain, intelligence and emotions are different[41].

The paradox presented above is closely related to a similar paradox from evolutionary biology. The concept of extended phenotype, developed so brilliantly by Richard Dawkins in his *Extended Phenotype*, closely relates all internal (bodily) functions with those that are not integral parts of our bodies but play a role as important as internal functions. We know that our brain is limited by the skull, but at the same time it does not end in the head. Brain, without the organs and sensory receptors in the body is nothing but dead grey matter. The same way your brain is not limited to the head, your body (identity) does not end at the outermost layer of your skin. Dawkins' most picturesque example is a beaver with his dam. Dawkins explains in full detail how the dam influences the evolution of the beaver as much as the beaver influences the evolution of the dam. The beaver's dam is his extended phenotype. For the same reason you should consider your smartphone an extended part of your sensory, cognitive, and even manipulative functions. For that same reason, you should consider a logo an extension of identity, which, over time and through use, becomes its integral part.

Naïve interpretation of identity does not discern between a phenotype and an extended phenotype and instead focuses on the external phenotype (logo). The reason is simple: It is easier to change clothes than to change yourself. It is easier to change a logo than to change internal values, behaviours, processes, relations, etc. within the company. It is often easier to change an extended part of the identity than identity itself.

Identity is a sum of qualities and quantities of a certain person, a product, a service, or a company that is available for perception. When you say that someone should change himself to gain better reputation, you imply that he should change his identity. People often believe that identity is a direct, fixed cause for a perception that happens outside that identity. Object A has (a fixed) identity that causes a certain perception in subject B that perceives object A. The fixed one-way causation from identity to perception is implied in this view. If object A is perceived many times, then an image emerges in subject B that keeps the presence of object A even when object A is not in sight.

The analytical phase is based on the fact that identity and extended identity belong to an object only when perception and an image belong to a perceiving creature (subject). Branding based on analytical understanding separates the internal processes (internal branding) from external communication. The former manages and changes identity while the latter manages the communication that changes the perception of that identity. If the perception is managed in an efficient and proper way, then the image (of that brand) is stable.

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[41] There is no fixed relationship between brand elements. It seems frustrating in the beginning, but be sure that by the end of this book you will feel at home in complex dynamic structures of branding.

Such conceptualization of branding is, no doubt, far more advanced as the naïve one. It gives you opportunity to clearly see the topology of different branding elements, the branding process and the causations of perceptions. It allows you to develop tools to master identity, perception and image separately. In this way, analytical understanding offers a stable set of mental tools for managing identity and perception. It is mechanistic and thus safe. Unfortunately, it rests on the wrong assumption that identity is something objective while perception, including the image created, is something subjective. Since we already know that a brand is made from memes the same way products are made of atoms, it should not be difficult to draw the conclusion that identity is made from the same stuff as perception or an image. That does not mean that they are identical. Identity should never be confused with perception. But they both have a memetic structure and not a physical one. Both are as much objective as they are subjective.

Syntactical understanding of identity, perception and image exceeds the analytical division among the three, but does not confuse or melt them together like the naïve understanding does. Identity, perception and image all coexist at the same memetic level in a highly dynamic relationship that allows identity to be an image the same way that the light in quantum mechanics is a wave and a particle at the same time. That does not mean that you can reduce the function of a wave and a particle to one quality. On the contrary – one quality can exist in two different places at the same time. Brand identity, image, and perception could be considered elementary particles of brand, which follow the rules of quantum mechanics.

From this syntactical standpoint, many views on brand and branding – that may seem paradoxical at first – become easier to understand. Perception is reality. Perception is identity. Reality (identity) is not objective per se. Identity is not a static monolith emanating rays of light that our perception would interpret and organize in an image. Identity itself is made of memetic material that changes with each perception from outside – the same way a physical particle changes with each observation. [42] It is only by observation that previously potential brand values become coherent (they begin to exist by being perceived). That is why you cannot own a brand as you own a watch or a stone. A brand is only actualized when perceived and experienced by a user. The same rule applies to an internal brand user. A brand does not exist neither as an objective entity nor as a company, a product, a service, or even a personality. It only exists when it is being consumed. It is similar at an internal level: a brand is only actualized when its memetic structure interacts with the memetic structures of a worker or a manager. You should look at brands as parasites that can survive only by invading the tissue (memetic structure) of their users, i.e. only through user experience. This is where Richard Dawkins brilliant description of memes as viruses[43] of the mind comes in quite handy. But let

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[42] http://en.wikipedia.org/wiki/Uncertainty_principle

[43] Richard Dawkins, 1993.

me upgrade his statement: The mind is nothing but a complex structure of memes, i.e. a meme complex[44].

If you were able to extract all meme viruses from your mind, only dead grey matter would stay behind. Brands, being memes, are thus not something that came later in evolution when our brain started to be attacked by advertising and other consumer communications. Brands as memes are in fact constituent elements of the human mind. No brand – no mind. No brand – no identity – no "you" and "me". You build your personal identity in relation to brands or rather through consumption of brands.[45]

Brand is a sum of identities and perceptions.

How can you manage something that you do not possess?

There we go again. The answer is self-evident: as you manage your children or as you manage your team.

Brand management could be described with a series of exclamatory sentences:

> Let it be!
>
> Let it go!

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[44] Such statement was quite bold until Steven Pinker debunked so far prevailing behaviouristic/progressivist notion that human mind starts from zero, from blank slate. As he proved in his Blank Slate (2002), human mind rests on genetically hardwired (predefined) brains. For our purpose that brings an »opportunity« for memes that start to inhabit such hardwired mind from the birth or even some time before on as viruses on that predefined genetically moulded substrate. That means that other species have brains that are hardwired differently as human brains and at the same time did not evolve memes.

"The mind is a set of cognitive faculties that enables consciousness, perception, thinking, judgement and memory" (Wikipedia). The question arises about what is that what enables mind to perform such activities distinct to humans. This book is a part of a proof that memes and memes only are mind enablers. With such conception of memes in relation to brains and to mind my view differs from the one of Richard Dawkins and Susan Blackmore.

[45] Here we can clearly see how important it is to differentiate between products and brands. You can easily avoid consumerism, but you cannot resist having an identity or resist to building yourself through brands. There is but one exception. You can resist having identity only if you achieve nirvana in accordance with the Buddhist tradition. Nirvana means to purify one's identity to the extent that allows a yogi in his highest contemplation stage to be unrelated to any brand (any thought). In such a purified state, one loses his identity, his ego. He is not himself any more. Brands are not only food for your brain, but also constituent elements of your identity. You have to consume brands if you want to exist, and brands have to be consumed in order to exist. We are all consumed by viruses and at the same time we are viruses.

Let it flow!

You need to define the "be" in "let it be". You have to allow the "be" to leave your possession. You have to empower the "be" so that it flows with its internal power fuelled by interacting with its environment. If that is achieved, brands have an identity, they interact and roll without needing any fuel (direction) from you.

But as soon as the term "management" gets involved, different picture emerges. It is a picture of a rules and regulations manuals, formal procedures, delegation, supervision, control, reporting, rigid structures and everything that is a part of management science taught in schools and practised in all hierarchical structures such as commercial entities, governmental organizations, NGOs, armies, churches, football clubs and secret societies.

The bad news for all such organizations is that a living body is not a hierarchical structure. The notion of human as an entity led by brain that send top-down orders to other organs to perform their duties according to a plan devised in the brain is long gone. You must admit, though, that folk psychology, which considers life a hierarchically structured entity, still prevails in general discourse. It is because of folk psychology that it is so hard to expel mechanistic hierarchical ideology from management, marketing and even branding theory. Deep in our hearts we (and with "we" I denote the Western mindset) still see the linear point-to-point hierarchical structure as the only way to manage anything. Even when it comes to the so-called empowerment, we tend to understand those hierarchically connected points as having even more power. A manager that would say "let it go" does not exist. If a let-it-go situation happens to a manager (and it happens often), he tends to understand it as a mistake. All Western management tools are nothing but increasingly elaborated means of control.

The deepest paradox of management originates from a quite simple difference between "complicated" and "complex". A space shuttle is complicated and an amoeba is complex. Machines tend to be more or less complicated, but life is always complex. Complexity is like universe. Whichever point in universe you take, it is a point in the middle of the universe. On a table, a given point can be closer or further from the edge than another point. Complicated devices can be more or less complicated. Complex entities all have an equal degree of complexity. No living entity is more or less complex from another.

Machines are subject to linear causality: if a button is pushed, there will be a certain effect and the same happens every time provided that the machine operates according to original instructions. Linear causalities can grow enormously complicated. It is a curious coincidence that watch mechanisms, some of the most elaborated structures on Earth, are called complications. Yes, complicated machines are built for one and only reason: to master the environment. Machines are built to master time (watches), space (aeroplanes), bodies (surgery tools) and so on. When used properly, a machine is good as long as it achieves a unilateral end result of any conceived operation.

On the other hand, living entities might be quite simple (not complicated), like amoebas, but can never be managed like machines. It is not hard to see that most sciences aim to comprehend the (linear) causality behind life so as to enable us to construct machines that could produce living bodies out of linear cause-and-effect

mechanism. For example, it was once[46] believed that genes give rise to life, that they cause and/or affect the colour of your eyes, cancer, and even your life expectancy. It was (and still is) believed that computers could simulate (have) artificial intelligence. It is believed that with increasingly elaborate brain scans that would show which neurons are activated by or activate certain emotions, we could arouse emotions from outside and thus exercise control over the brain. A quite obvious result of all these discoveries is that with each one we understand physical and chemical processes going on in our bodies slightly better, but we are no closer to understanding the causality (complexity) behind life. You cannot be closer to or further away from complexity. And without understanding causality, no machine and no algorithm that would manage complexity can be built. Since this book is not about a speculation about what might happen in the future[47], for practical reasons we should conclude that until such a machine exists, we at least should not pretend to possess the tools to manage life.

Does that mean that brands are unmanageable?

No. As already stated: The first step in brand management is to avoid using (mental) tools that are giving us the false impression of having control over a brand. But before explaining what can be done[48], let me first explain the logic behind the complexity from which life emerges.

Management of life in time perspective

Life is an emergence of complex systems. Life emerges from complexity. Even within creationist views on evolution of life, there is place for life as emergence of complexity after initial light of life is sparkled by external force. All other theories of how life emerged in the universe comply with one or another theory of emergence from the very beginning.[49]

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[46] My cautious copy editor asked me here if such a belief really did not exist anymore. It does, but it is not prevailing anymore thanks to Stephen Jay Gould and many others.

[47] My strong belief is that as long as you stick to linear causality, you will achieve no breakthrough. Even with quantum computers, which would theoretically be conceived as machines with enormously higher computational power than existing computers, the question is still in the domain of linear causality. A better tool in the same field produces a result faster, but it still the same result.

[48] Chapter *Managing brand identity.*

[49] You can find more on that topic in *Lifebook*.

To simplify we could replace life with complexity.[50] The question how to manage life becomes how to manage complexity[51]? What is so interesting about complexity is the evolution of complexity in time. The butterfly effect is a prime mental example for describing evolution in time and space. A butterfly flapping its wings in China can cause a storm in Florida, which results from zillions of zillions of micro causalities in a vastly complex atmospheric equilibrium. Strictly mechanically speaking, one molecule of air that moves when the butterfly flaps its wings hits several other molecules of air; each of those hits several other molecules, and so on.

Let us look at building complexity in reverse order. The last step you take when you approach the top of a hill is the only one possible. One step before last you had more than one option how to get to the last one. The number of possible steps (to achieve the same goal, i.e. the top of the hill) increases with each step back. Imagine the number of possible steps when you start climbing on the hill.

Please note the complexity level line on the following graph.
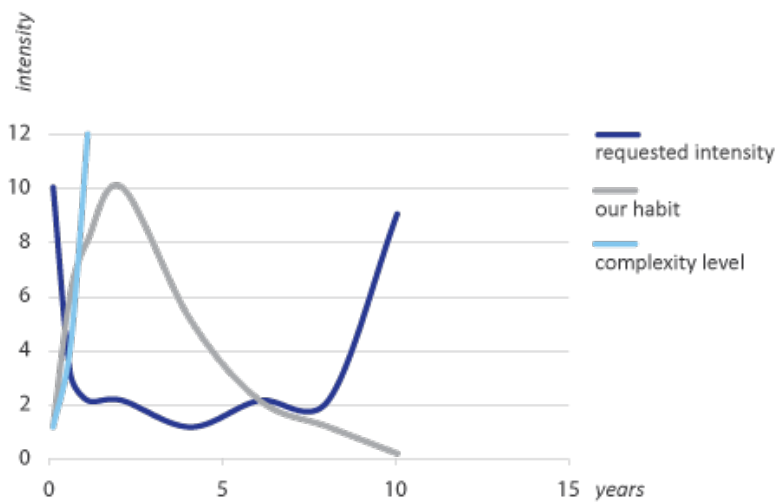
Time steps	1	2	3	4	5	6	7	8	9	10
Complexity steps	1	2	4	16	256	65.536	$4,2^9$	$1,8^{19}$	$3,4^{38}$	$1,1^{77}$

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[50] Please note that complexity does not directly equal life. There are complex systems that do not yet produce life as an emergent property. On the other hand, there is no life without a complex system as its base.

[51] Life cannot be but complex. But, not every complex entity or event lives.

It is impossible to accurately present the increasing complexity in time on a graph. The table below the graph shows exponential growth more precisely.

Please note that there are "only" 10^{80} hydrogen atoms in the whole universe. Therefore, the green line in the graph should be much steeper.

The habit in managing such complexity, especially in traditional management theory, is to develop precise mid-term plans, say one-month or even one-year. Stalin's Soviet Union even saw five-year plans. In such management traditions, most energy and time are spent on mid-term planning. If to the purpose of a plan is to help you manage your tasks in the framework of increasing complexity, it is quite obvious how futile and even misleading are all plans that try to determine your activities for the next day and much more for a longer period of time.

The blue line shows the way to manage complexity in time perspective most effectively. It describes perfectly how you plan and perform hill climbing in case there is no marked path. First you take some time and energy to define the target. You create a vision where you want to end your trip. You can have a very nice walk; we can climb very high but end up on the wrong hill. You should therefore put quite some energy into choosing and deciding where the last step should be. After you have decided about the vision you should gather the right equipment yourself to manage the trip. So you plan to take food, enough water, some climbing equipment, and yourself[52] but you will not plan each step that you make during the trip. What you do is just taking one step after another. You do not invest a lot of energy into deciding about each step, but only think about the next one or two steps. When you start to focus on the steps that are further away, you can fall. In this way, the distribution of your attention and your energy in time and space is like the blue line. You spend most of our energy defining where you would like to end up (the last phase of our climb) and going towards your goal step by step. Everything in-between, the whole mid-term planning, loses all value.

As you shall see further in the book, the rule that applies to managing complex systems in a complex environment applies to every management, including brand management. In the following chapters, which tend to be more practically oriented, you will be able to follow rules based on the simple kitchen logic[53] that has been explained so far.

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[52] Yes, you can forget about yourself while climbing mindlessly up the hill.

[53] I like to use the term kitchen logic to refer to a theory that looks very scientific, difficult or even obscure, but can actually be fully explained by everyday habits of average people. That does not mean that the chemistry behind cooking is simple. On the contrary. As every chemist would confirm, the chemistry underlying various cooking procedures is extremely complex and poorly understood. But there millions of excellent chefs that master this complexity but cannot even tell you how many oxygen atoms there are in a water molecule. Please refer to the book *What Einstein told His Cook* by Robert Wolke (2002).

Three-step branding process

Complex creation

I had serious intention to put down a simple "how to…" book on branding. Fortunately, I could not fool myself for too long, because complexity only becomes manageable after it is understood. The more it is understood, the less effort is needed later during management.

In my book *Kako stvari vznikajo* (*How things emerge*, 2009), written in Slovenian, I devoted quite some words to various concepts that are prevailing (self-evident) in our culture. As a matter of fact, the whole book goes against self-evidences. If I had had to decide about one self-evidence that seemed to me most harmful in that moment, I would most probably have decided for a how-to-… concept. But the book is rather a cry against the whole how-to… concept. The topics in the book are mostly quite practically oriented, but for this reason I have constructed practicality in extremely unpractical wording. Such epistemology should tell the reader that explaining complexity as if it could be understood, explained and managed in simple how-to… manuals is a very harmful fallacy.

After a while, getting accustomed to responses (not many, though) that were all accompanied with an "ah-yes-so-interesting-you-must-be-very-intelligent-and-so-on, I decided that my next book should be a blunt how-to… book about branding. At that moment, I had been practising branding as a consultant for almost 10 years and had abundant knowledge of how to craft a brand.[54] So I knew the how-to part since I have developed certain mental and practical tools that helped me develop brands and helped managers managing their brands. So I said to myself, "Putting those rules on paper must be a piece of cake. I should merely follow my own

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[54] Every item of knowledge is a piece of craftsmanship. Even scientific endeavour is craft. The term "craft" positions certain knowledge in the realm of physical reality. Craft cannot be but tangible. It results from practice. You can think about philosophy a lot. Sometimes you have a vivid idea about something important. But the act of shaping that important thing into something that can be later digested by others makes it into something that is also important for others, for its users. If that holds true for philosophy, it does even more for any other human activity. The manager of a huge manufacturing company, although he is stuck in his high-floor office cannot manage anything if he has not developed that craft experience about each and every detail he is managing. To sum up, even if you read hundreds of books about branding, marketing and management, you have no real knowledge about branding until you shape your first brand.

instructions always starting with the hint that branding is like cooking. I should not make it overcomplicated. Kitchen logic is perhaps the most used syntagm at my workshops. Therefore a recipe for a brand should fall into my hand like a ripe fruit from a branch."

And there you have it! You have reached around 25% of the book, but there is still no sign of a recipe. Did I forget what I had promised to myself?

Yes and no. Elements of complex systems become extremely simple once you understand the complexity that drives the simplicity. To use the tools explained in the following chapters one has to understand the material on which the tools are used. A stone chisel is an extremely simple tool. The mastery of stone carving does not depend so much on the tool, but rather on the master's knowledge of how the stone, material, behaves in different situations. And how to acquire *tactile* knowledge about the stone? By repeatedly using a chisel. Therefore, a book titled, say, *Become a stone carver like Michelangelo in three steps* would be a nonsense.

In this regard, the difference between stonemasonry and branding being that stone is more or less a self-evident physicality with a self-evident identity while a brand is made from a memetic structure is really not all that important. A brand seems not as self-evident as a stone. For all memetic structures, there is a rule that the identity of the matter reveals as the matter gets its shape. When a sculptor carves a stone statue, the statue still holds more or less the same qualities as the stone out of which it was carved. But at the same time, this "same" stone acquires a completely new quality – that of a statue. The only real difference between branding and stonemasonry lies in the fact that when you "carve" a brand, you carve the material (stone) of that brand and its shape (statue) simultaneously. The material of which the brand is made is created together with the brand. Unlike masonry, the branding process does not involve applying branding tools to something pre-existing. However, you must be aware that both masonry and branding create reality. That is why brand creators should understand the context in which they will put their creation. The aim of introductory chapters was to unveil that context.

brandlife is a how-to book on branding tools. The tools are simple, but their outputs are complex matters of life. In this way, brand creators are masters of life.

Simple tools

The branding process can be divided into three phases.

1. Defining brand identity.

2. Defining moments of truth in which identity is expressed in physical reality.

3. Managing moments of truth.

Through years of work, I have developed an easy and memorable brand formula, which is a cornerstone of brand identity. Brand formula is like a molecule that unifies 9 brand identity elements (atoms). Brand formula is the lowest common denominator that still represents the brand's identity at its fullest but also the most abstract level. Elements (atoms) of a brand formula do not represent the brand itself. Each element of a brand (formula) can also be an element of many other brands (formulas). The unique combination of such elements, if connected with strong ties, creates a basic identity of a brand. Elements have no identity. The brand formula is the lowest common denominator of a brand identity, the smallest brand entity that lives. Higher (more complex) identity descriptions such as brand story, brand brief, brand visual identity, etc. are constructed sequences not unlike syntactic structures. That would be a chemical analogy of brands and branding.

Nevertheless, my favourite analogy is that of a brand formula as a gene. Genes contain all identity rules of a living body. Genes are not bodies, the same way the brand formula of Coca-Cola is not something you can drink. To make a gross simplification, genes give instructions about the formation of proteins that make up a living body. You could even say that a brand formula is a DNA of life, since DNA is a source of identity and not a gene. A gene is like a meme that merges with other memes to form a brand formula, where the lowest common denominator of identity lies.

Moving to the other two phases of brand management – identifying moments of truth and managing moments of truth, I first need to address the concept "moment of truth" itself. Although the majority of brand management literature speaks of "touchpoints", I strongly prefer to use "moments of truth"[55] to describe a moment in

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[55] I have to pay tribute to Leslie de Chernatony, who did not only introduce the concept of moments of truth to me, but also most strongly influenced my brand-related work and writing. I had the privilege not only to participate in some branding workshops especially designed for my company, but was also fortunate enough to be able to invite to co-create two Slovenian brands: Ilirija and I Feel Slovenia. Thanks to rebranding, the former is now a strong product brand in the field of cosmetics and the latter is a country brand that still holds its value more than eight years after its creation.

Almost every sentence in this book is mine. I hate citations, as you must have noticed so far. But I do need to thank Leslie for every sentence in this book. I hope I have managed to upgrade his magnificent work (otherwise this book would have no sense), but at the same

which a brand is created in the mind of its consumer or in the mind of its stakeholder. I find this concept stronger, more dramatic and more illustrative. The moment a brand emerges in the mind of a consumer is a very dramatic moment. It is a moment of truth. Being a brand manager myself, I could fancy many nice, ambitious and potent stories about a brand, but then comes the moment when the brand is used. In that moment, the truth that survives the test is everything still left on the table. Everything else, all the wishful thinking, is thrown into the dustbin of oblivion. These moments are of course not only physical moments (the senses of taste and touch), but also moments of communication, of a price or of a distribution channel. It is the totality of these moments, perceived by a user, a worker, a shareholder or a stakeholder, that constitutes the final picture, the perception and, finally, the identity of the brand. But let us stop here. There is another chapter devoted to these issues.

Since there are far too many moments of truth to be managed, you have to choose the most important ones. So, in the second phase you select a manageable number of moments of truth for your brand.

In the third phase, you define how to manage selected moments of truth as project work tasks. Each selected moment has to have at least a manager, a goal defined in time, resources and controlling. At this moment the philosophy ends. Pure project management comes to power. If previous work has been done correctly, this project management phase should be considered a sure path toward success. If the sailor knows his boat (identity) and the weather (environment), and also uses a compass (identity again[56]), he should be sure to on the right track regardless the fact that he can see nothing in the cloudy night in the middle of the sea.

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time I know I will never come close to the energy, humour and empowerment he shares with the participants at his workshops. And, as you will soon see, workshops are one of the most basic tools of brand management. Thanks Leslie!

[56] Brand as a complex system could be understood as a bag full of paradoxes. But these paradoxes reveal important insights once you see that it is the traditional view that is in conflict with reality. How can identity be a compass? How can the communication of a brand be a moment of truth of a brand? Those readers more fluent in philosophy might have already recognized that I try to fight a very harmful way of understanding our world from Plato onwards – essentialism.

Brand Identity

Brand Formula

Brand formula as a part
of Standard Branding Model©

Benefits — Mission

Experience

Comparative advantage — Vision

Emotion

Functional promise

Personality — Values
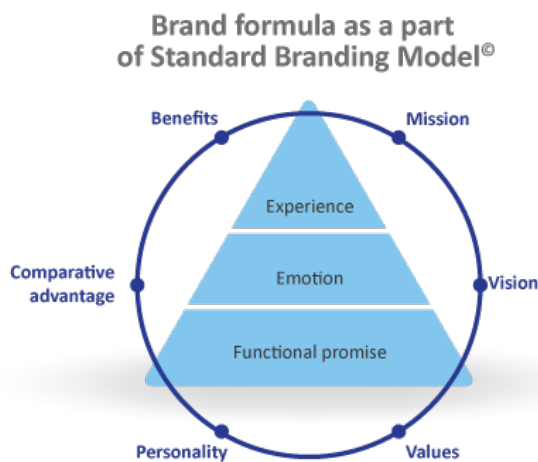
That is it. All brand elements put together into one picture. All the sentences that should arrange the brand story are here. And what is even more important: a vast majority of other possible values that are excluded from such a brand presentation should not be delivered by that brand even if by accident. Remember: it is important to know all brand identity elements, but it is even more important to vigorously reject all others.

There are three core promises to be defined: functional, emotional and experiential. And there are six additional value clusters: mission, vision, benefits, comparative advantage, values and personality.

Although each of them is distinct, they all behave like promise, benefit, mission, vision, comparative advantage, values and personality at the same time. Values are part of benefits, benefits are part of the mission, the mission can be a part of comparative advantage and comparative advantage can co-create personality. If these distinct value clusters behave like that, a brand begins to resonate in one harmonious tune, brand identity. But before we start to play with tuning, let us go step by step through each value cluster and each promise.

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It is in the nature of a brand formula that it has no starting and no finishing point. No one element is the first or the last one and no one is more important than another. You can start a story with whichever of them, take whatever route and end wherever you want. As long as you consumed all nine of them, you are equally well regardless how you started or finished. The same rule applies in case you are starting to formulate an already existing brand or to construct a new one. Start wherever you want. In any case, as you will find out, when you are done with all nine of them, you must repeat the route in various directions many more times. This works the same way as refining or distilling: with each round, you get better shaped elements and a stronger distillate. The elements of the brand formula define themselves through the process of rubbing shoulders with others. An element of the brand formula only exists in relation to others. A weak element cannot support others even if they are strong. A strong element is only as strong the weakest one supporting it.[57]

Each element in the brand formula can be described in various lengths. For the purpose of consistency and applicability of the brand formula, the mission and the vision are normally formulated in one or two sentences at most; core promises of emotional and experiential promise in one 2- or 3-word syntagm; comparative advantages, values and benefits in a couple of short syntagms, while the functional promises are nothing but a list of products or services of that brand.

Vision

Vision is probably the most abused element of the brand formula. It is a must in any book, speech, presentation, annual report or company profile that deals with business, non-profit, political or personal issues. "I have a dream" by Martin Luther King is an often used and abused example of a visionary statement. It is a statement of something in the future, towards which our reality should move. In most cases that is the underlying meaning of the word "vision". Quite some scrutiny is needed to reveal all the distinctive values of a vision as well as all the misconceptions.

While it is true that the vision implies the distinction between the present moment and a moment somewhere in the future, 10 or 20 years from now, it is even more important to address this distinction in terms of customer values. Why? Because vision should describe the potential energy between the future and the present,

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[57] This is a core value of rational egoism that can be found in Buddhism and some other ethical belief systems, and is absent in any collectivism. The most important ideological element of any collectivism and irrationalism is a denial of identity. On the other hand, rational egoism relies on the fact that a chain (a community) is as strong as the weakest link on that chain. Strong individuals are key prerequisite of a strong community. Strong brand formula elements are key prerequisites for a strong brand formula.

thereby supplying the fuel for your business model that should always base on the exchange of values between you and your customers. Vision defines the engine within the company or the personality that generates the exchange of values, thus generating the fuel that powers the body that produces values. The power is generated by using the potential energy between now and future. The use of potential energy is then perceived as the power of a brand.

Compare the following sentences.

1. In ten years' time, our company is going to be the strongest regional (or global) competitor in the semiconductor (or any other) industry.
2. In ten years' time, we will have increased our profitability by 15%.
3. In ten years' time, we will have become a role model the field of business excellence.

While it is true that all three sentences express a certain vision, this does not mean that every statement about the future and our place in that future is also a binding statement to generate that future. A vision should not only define a future end result, but especially the path to that future. So it should be a vision (a dream) of something different in the future but also a definition of your investment in that future.[58]

Yes, vision is a tool that transforms potential energy between now and future to harnessed energy. It is not enough to define the future and yourself in it, but to also define the engine that will bring you to that future.

> ***We will be the strongest global competitor in semiconductor industry by understanding semiconductors as human implants.***

With this statement, you redefine not only the role of your company in the future, but also the industry you are a part of now. You cannot change yourself without changing your environment. This is another paradox that traditional management thinking tools mostly avoid. At the same time, you both exist within an environment and form a constituent part of that environment. The illusion of a fixed background is one of the more devastating illusions not only in physics but even more so in

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[58] We will see that each element in the brand formula possesses or should possess certain ambiguity. Do you describe yourself in the future or do you describe yourself now, as you are foreseeing the future? A bit of both. Is your identity the identity of yourself in the future or the identity of yourself as of this moment dreaming of that future? A bit of both. Your identity is the identity of now. If vision is part of your identity, how can you have an identity that which will only be actualized in the future (if ever)? How can you be something that you are not yet? Brands and brand formulas are filled with such apparent paradoxes. You are what you want to be. Contrary to the traditional understanding of a brand as a polished block of the K.I.S.S. (Keep it simple, stupid) philosophy, a brand is a full sack of unreconciled paradoxes. A paradox is an identity that exists on two places at the same time. That gives it its potential power. The more sources of potential power a brand has, the stronger it is: provided that it has tools that transform this potential power into energy. Vision is a tool that transforms the potential energy between now and future into energy.

humanities, in management and in branding.[59] When you change (you cannot live without changing; metabolism is a change per se), you also change your environment. If your environment changes, you change as well, even if you think you remain the same. The most promising path to a strong vision is to define your changing process and your role in changing the environment.

But there is yet another already mentioned aspect of vision that should not be overlooked. Vision touches upon the value stream between our customers and us. Vision is a cash machine that produces revenue by exchanging your values with the money of your customers. In this way, vision thus not define how your product benefits the rest of the world, but how it benefits you (as an end result of the exchange between your product and your customer's money). The benefits for the world are or should be defined in the mission. The vision, on the other hand, should bear the customers in mind even if they are not mentioned directly. I would not advise you to directly refer to customers in the vision statement. There are other elements in the brand formula where customers are explicitly addressed. But the vision statement should address them implicitly. The vision is only going to be fulfilled if it is going to be accepted (bought) by customers. If any other stakeholder group "buys" it, but the customers do not, you have yourself a wrong vision. A wrong vision sounds good to all but to customers.

The question of how far should the vision go is an obvious one. It actually comprises two questions:

1. How far in time?
2. How far in space[60]?

When talking about time, you have to be aware that you can never change something in the future, but only now in this very moment. But when changing something in the present[61] you always ask yourself in which direction. Direction is defined by a point in future (time) and a place where our action of change takes place (space).

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[59] There is no other way how to avoid the pitfalls of linear, one-dimensional thinking than to study system dynamics, nonlinear (feedback-loop) systems, complexity theory, or contemporary particle physics.

[60] Time-space as a single entity does not only apply to theoretical physics.

[61] Change is a necessary result of any work. If there is no change, no work has been done. Any kind of work necessarily produces change. This is a basic principle of life: work is applied to reduce entropy. Since there are many ways how to reduce entropy, there is always the question of direction and time. If you shovel a sand pile from one place to another, such an activity definitely involves some work, because in the end this same pile of sand lies in a different place. If you move the pile back to the original place we again perform some work, but it seems that both activities even out so that the end result is a waste of energy and no real work has been done. This might be true, but not necessarily. If you shovelled the sand to make way for a truck to be loaded, and then move the pile of sand to the original place after the truck leaves, then, seeing the bigger picture, you have in fact done some real work.

The distance of the point in future where you anchor your vision is directly related to your ambition. If you drop your anchor on a short-term goal, lighter wind of change in your environment will be enough to turn you away from your vision. If drop your anchor further away in time, you will survive a spell of bad weather, but if a ferocious thunderstorm, appears you might not have enough time to lift the anchor and drop it in a safer place.

Short-term visions will necessarily force you to adapt them to changes more frequently. Short-term visions cannot envisage major shifts. Olivetti, an Italian typewriter manufacturing company, most probably had a decent short-term vision about being a producer of the best typewriters in the world. Later on, the company upgraded their typewriters to electric ones and even equipped them with some computer power that allowed to correct mistakes before putting them on paper, but the major shift in computer industry made typewriters obsolete almost overnight. Even if they had a long-term vision about the typewriting industry, it proved to be wrong.

Another extremely frustrating example of time perspective in vision comes from computer industry. As we all know, IBM was an industry leader before the introduction of PC. They had a very strong vision of a couple of large mainframe computers that would serve the needs of the whole world. But then Bill Gates and Steve Jobs appeared with the vision and execution of a computer on every desk on Earth. IBM's vision suddenly weakened. But was it really wrong? Does cloud computing not prove that IBM's vision of a couple of smart mainframes and a zillion stupid personal devices was right?

The message from those stories is quite clear, I hope. Visions are never right or wrong. They only work or do not work. Brands are never right or wrong. They are strong if they fuel value exchange, or are weak if their engine loses potential energy.

According to common sense, industries with shorter life cycles should aim for shorter visions of up to 5 years. But the case of IBM clearly shows that 20 or 30 years means nothing even from the perspective of fast-moving consumer goods.[62] On the other hand, we can currently observe extremely fast changes in energy

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[62] Please refer to an extremely powerful mental tool that allows somewhat easier orientation in the unpredictability of our future: fitness landscape. There are many authors in the field of evolutionary biology exploring this concept, but I prefer Stuart Kauffman, who came up with the most intriguing examples and repercussions of fitness landscapes through the symbiosis of evolutionary theory and the theory of dynamic systems. If you observe fitness landscapes from above, you can see valleys and peaks of different sizes. But if you live in such a landscape, you can never know whether you are in the valley that is followed by a small peak followed by an even deeper valley, or climbing up a major peak with the prospect of a major win. Your vision strongly depends on the position of the hill you are climbing. IBM seemed to be declining into a deep valley after PC had been introduced. Today it seems that the valley was only a path towards a higher hill that was a part of IBM's vision 30 years ago. But, as G.W. Hegel said, "The owl of Minerva spreads its wings only with the falling of the dusk", meaning that you can only be wise about the past and never about future events.

sector, which seemed to remain unchanged from the middle of 20th century onwards when the last industrialized electricity source, fission, was introduced. What we can see now is that fast changes in renewables are not produced so much by technology, but rather by panic. Panic about global warming shifted policies that govern the highly-regulated energy market in such a way that the visions of global players that rested on fossil fuels had to change almost overnight regardless the fact that technologies that would support cost-effective production of electricity from renewables do not yet exist, except for hydropower, an example of a technology, which has been industrialized for a long time now. This example teaches us another lesson: triggers for change can come from every aspect of life. Technology can be a cause but it can be an effect as well. Even if a change is caused by stupid, irrational action, it is still a change if accepted by the powers that support the longevity of the change[63].

The previous paragraph perhaps contains the most important lesson about the creation of a vision: You can never know what the future holds, but you can be sure that the future will be much more in your favour if you act strongly in accordance with your vision. If Angela Merkel says that Germany is going to be 100% renewable in 10 years, she does not say it because she would have a privileged access to that future, but because she knows that she can make that future happen. The future of Germany would be completely different without her vision. Should she fail in her vision – which is possible – the vision would become a dream, because it would prove that she failed to create a sustainable business model with sustainable tools that would make the dream come true. A vision without a business model is a dream. Future is a combined result of all human visions that became reality.

What you also learn from these examples is that rationality does not play a key role in the enactment of a vision. That does not mean that we can act as though physical and moral laws did not exist. If you have debt, you have to repay it with interest. This is a rationality you cannot avoid in a responsible world. But you can repay the debt in many, many different ways. The same goes for laws of physics. You cannot avoid gravity unless you are far away from anybody that would attract you. You cannot be on two locations simultaneously unless you are a particle that can perform entanglement. Major shifts in technology were huge because they apparently contradicted the established perception of the laws of physics and created new laws. Such shifts changed fitness landscape overnight. Due to such shifts, someone that found himself deep in a valley might have woken up high up close the top. Peasants became rulers and kings were decapitated. It is always better to co-create a winning vision even if you are not a leader yourself than to wait passively to see on which side of fitness landscape you will appear. You are better off with a vision,

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[63] There is in fact another major shift to be expected in the energy sector. This shift will be much more profound than the renewables hysteria, namely micropayment. It is not hard to imagine a situation in which energy is almost free, sold in micro-service packages that allow the necessary capital accumulation but being based on a completely new business model. I could imagine a situation similar to that of $3 aps for smart phones versus previous 50$ programmes for computers.

even if you are a winner on a small peak in the middle of a large valley of depression.

You might have noticed that I could not really discern a vision's distance in time and in space. Time is space, as Einstein proved. How big (another term for spatial change) a change from now to a point in future would be wise to envisage is again a question of boldness and ambition. Nokia shifted from rubber, wood, paper, and cable industry to mobile industry in the 1960s. That was a huge step in space (within the industry sector) that proved to be very beneficial for more than 40 years. The old Nokia might have survived but would never have achieved the glory and power of Nokia in mobile telecommunications. In 2014, Nokia is literarily out of the mobile phone business due to an apparently wrong vision that telecommunication companies and not computer companies will lead the market. They sold their mobile business to Microsoft. Nokia is now searching for a new vision and a new business model.

While new brands, those that emerge from the entrepreneurial zest of their fathers and mothers, enter the market with an inscribed vision that is most often not reflected in the product or the service, it is somewhat difficult to formulate a vision for an existing brand. It is like trying to describe relations between people living in a house just by looking at the floor plan of the house. You have to construct a story and an argument why the interpersonal relations were connected to that specific floor plan. If another floor plan induces the same relations, your argument is lost. If the vision of your brand fits any other brand, you did not work enough on formulating your vision. Apart from tests in time and space described in previous paragraphs, a test on specificity of vision in relation to other brands in the same industry is crucial. Almost every brand has a vision to be the best in the industry, to have the largest market share and the highest profitability. These elements are almost self-evident. Being self-evident, they are not the best candidates to form a vision. There is nothing specific if you say that a person wants to breathe. Using the laddering method[64] you should go as deep (specific) as possible regarding the type of breathing, air quality and temperature, breathing frequency, regions of lungs that you wish to use more and so on. Your brand is definitely not going to take the same position in the future as competitive brands. It takes some effort to imagine, but it is not only worth it, it is necessary.

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[64] I have to give credit to prof. Leslie de Chernatony especially in respect to the laddering method. The method is quite simple: never stop asking "why" after every answer. The laddering method is widely used by infants, and they acquire most of their knowledge this way. Growing older, you most probably want to be considered knowledgeable so asking too many questions does not really befit your status. Therefore, we tend to forget this method. In this respect, prof. De Chernatony is a perfect child and thus a genius.

Laddering method is a never-ending story. In management, you normally do not have never-ending time and money resources; therefore, you need to stop in the appropriate moment. And what is the appropriate moment? There is no outside agent that would tell a master craftsman when to stop. He or she is the only authority.

Let me finish this section with yet another important paradox. Vision is not explained only in the vision element of a brand formula but in each and every element. Vision is embedded in the whole brand formula. For each element in brand formula you should be uncertain whether it describes a present or a future status. Are we talking about present values or about future values? Both. Vision is everywhere, but it is only explicit in the vision part of a brand formula. The same goes for any other element: each element is (and should be) present in every other element, but explicit only within itself.

Mission

If I had the chance to outline only one confusion about brand development, I would take the one between vision and mission. This confusion regularly results in mission and vision statements that are indistinguishable from one another with perhaps only a lipstick difference: vision focuses more on the future and mission more on your role in it. As stated in the previous section, vision should describe your vision of the world in the future **and** your role in it. You cannot describe yourself without describing your environment the same way you cannot describe the world without describing your role in it, because your actions will change the world. The future has no fixed background, meaning that you cannot picture the future as if you were not part of it. If you change now in this very moment, the future changes at the same time.

The word mission also denotes something in the future and our role in it. Then what is the difference between the vision and the mission? The difference lies in beneficiaries. When you define your role in the future world, you define your benefit. You can only play a role if you benefit. And here comes the crucial question of any life system: "whom does it benefit?" This is a very basic, self-evident question in biology that becomes completely out of focus when human activities [65] are in

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[65] I deliberately do not use terms like social studies, humanities or management studies. This decision rests on the observation that neither Darwin nor Dawkins or any other evolutionary biologist succeeded to turn around the notion that out there is nature in »laws of nature« and there is (hu)man in the laws that detached him from the laws of nature. Humans have a privileged position according to the prevailing human self-assessment since the dawn of Christianity. It is not only a religious topology, but also a topology that is applied in every contemporary (post-ancient Greek) science. This topology is reinforced each time something that is considered a »huge step ahead« is achieved in science or technology. A huge step ahead really means another state that separates us even more from crude nature«. We call ourselves a species of reason while animal and lower kingdoms have no reason and we understand them as obeying different laws, not the laws of reason. I often ask myself why it is so hard to understand that reason is a product of evolution and a product of nature to the same extent as a beaver's dam or Ebola. Even if Ebola were

question. Who benefits is a relevant question when we breathe in air, when our blood transports oxygen, when a lion kills a zebra and when Apple develops a new iPhone.

As you can see above, the beneficiaries of your vision are customers, but also workers, stakeholders, suppliers and everyone else involved in direct value exchange. By exchanging that benefit for their money, it is actually you who benefits. On the other hand, the beneficiaries of the mission are stakeholders, who do not exchange their value (money) with the benefit of your products or services.

Vision defines an engine that is constructed to enable the exchange of values between a company and its customers. Customers exchange their value of money for the value of goods or services provided by the company the same way plants exchange oxygen they produce for the carbon dioxide produced by animals. Vision should therefore define the engine that produces benefit for customers and in this way defines the core of a business model that produces revenue (food) for the company. While the users of heat produced in a cogeneration plant exchange their money for heating, stakeholders (people living in that city that might not be customers of the cogeneration plant) benefit from cleaner air in the city. There is no direct, but rather indirect exchange of values between a producer and a stakeholder.

The curious fact about production is that it not only consumes energy[66] but also produces some side effects that are not directly consumed in the exchange between a company and a consumer. Mission deals with both, production and consumption. Side effects can be in fact considered collateral benefits or losses of production if production is understood as a process that starts with the intake of resources and ends with the exchange of goods produced.

Let us first concentrate on the input side of the production cycle although it is very difficult to separate various phases of production and exchange, as we do not want to lose our grip on the complexity of interactions. We should understand that most input is generated in the exchange with other producers. From the producers' perspective, you are those that exchange your money for their output. As long as this exchange is fair, it has a neutral end-balance result. You pay for what you get. And what you get is integrated into a product that we later exchange with your consumers for their money. So the whole value of goods that you pay for and are part of a product are actually consumed by the customer and are thus a part of our supplier's vision, of you and of your customer at the same time. You should

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produced in a laboratory and released into the world, we need to understand that the laboratory is also a result of the human ecosystem and is a part of the natural ecosystem as much as the Brazilian rainforest. When I say »human activities« instead of »social activities« I try to avoid the pitfall of the Western conception of humans being detached from nature. Human activities have same value and have to obey same laws as ants or atoms.

[66] Here, energy denotes the fact that energy is mass and mass is energy. I will not bother to explain that a company uses various resources in the form of material, goods, natural resources, human resources, etc. as input for the engine that produces goods. Any kind of input into production can be reduced to energy.

understand this chain of visions (values) that interchange as a chain that binds together any economy or any living system. No one loses in this exchange, and this is why evolution goes on and on…

But what if you just take the input for your production, e.g. natural resources that are free for anyone to take? It is a deeply rooted tradition of Western companies to put corporate social responsibility programmes into place saying that they have to give back to nature and to social environment because of what they took from them. But there are only few, if any, resources left that are not acquired through the exchange of goods. You pay (exchange values) for land and space; we pay for water; we even pay for geothermal energy if we have the systems to take advantage of it. Most probably, the air is the only natural resource that is not acquired through some sort of values exchange but as pure biological exchange. The times of colonization are more or less over. Even if a multinational takes over natural resources of an underdeveloped country, this relationship nowadays involves exchange in the form of public funding or something similar. The fact that such exchange is often not beneficial for the whole population of the country that has provided public funding but only to few members of the political elite, does not change the fact that exchange rests on the economy of value exchange between a company and those that hold resources under control. At the moment, the only pure colonization could occur on the Moon or on Mars. But even when the value of Mars' resources is called into question, those that have invested in space exploration will have all the rights to capitalize their investment as long as someone is willing to pay for that value.

There is not much to be found outside the vision engine on the input side of production. What about the output side? You normally say that consumers take all the positive benefits of production, whereas all the negative by-products or negative values are just left behind with no evaluation. What are those by-products? Mainly the polluted air, water, and soil. Other types of waste also used to be thrown away with no direct economic implications for the polluter. Nowadays, the majority of waste represents an exchange value. There is either someone that gets paid for waste management, or a customer that takes your by-products in the form of waste as his input resource. In that case, your by-products become normal products and a part of the same vision value chain as your primary products.[67] In this manner, I claim that the majority of CSR activities observed these days that are rationalized as

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[67] Zero waste movement only reproduces a distinctively natural feature: in nature, there is no waste. What seems waste from my perspective is food looking from another perspective. It is an evolutionary fact that an excess of energy (waste) always finds (creates) a need for that energy. Excess plastic "waste" is already producing consumers; do not be afraid. It is always just a matter of time. If that plastic is then consumed without repaying the producer for the value consumed, that cycle is a part of the producer's mission. It is our mission to help those that need plastic (for free), which is a by-product in our production of other goods that are consumed in exchange of values with our customers. It is natural to suppose that such a company would sooner or later invent a way how to bring a consumer of waste plastic into a value exchange mode in a way that both sides benefit. That is the only positive result of the zero waste movement. If based on exchange of values, then it makes sense; otherwise, it is only wishful thinking.

a kind of repay for the damage done in production are in fact the result of undigested (unconscious) global panic. Companies should take much more care in evaluating all the value chains of their production in a wider ecosystem perspective, and avoid the panic caused mainly by stakeholders that run their business models on the feeling of guilt. There are only few productions with a negative balance between positive and negative side effects. CSR activities, including donations, only have constructive value when the balance is negative[68].

The message for all professionals involved in CSR is quite straightforward: there is much less to be compensated by using CSR programmes one thinks by default. We live in times of Western culture where we feel that by producing anything we mainly do harm. And we have to compensate for that harm. While it is true that we have to compensate for harm (negative value), it is also true that if we seriously evaluate all cycles of value exchange that happen in the production process, there is not much left. This "guilt factor" actually pushes companies to compensate for the fact that they exist. If that happens, the exchange of values stops and the company ceases to exist. Each company's core responsibility is to produce values for customers (and for stakeholders) that they accept as valuable. In fact, the majority of CSR you can see nowadays take a form similar to Christian penance for sins we have committed.

Using natural resources and damaging natural resources that are not a part of value-exchange cycle form a less important part of mission, although, for reasons stated above, they are highly spotlighted. Much more important traits of mission that should be defined in a brand formula are those linked to various stakeholders that are not directly involved in the end product value exchange cycle.

Although employees are normally seen as stakeholders and are, from the perspective of public relations, a segment of the public that has a non-commercial stake in the company, they are, like any other resource, in fact in a commercial relation with the company. They exchange (are paid for) their skills, knowledge, expertise, power, etc. for a salary or some other form of remuneration. But it has to be understood that their remuneration is a side effect of effective value exchange between the company and consumers. They are not natural resources for the company, since they sell their resource, but are as such also a part of the mission. "Our mission is employee satisfaction based on strong sales and other factors that make their relationship with our company a positive one." That would be a part of a very abstract mission statement. Stakeholders have that special quality in relation with the company at stake that cannot be completely consumed by the exchange of values (vision).

The easiest way to explain that special quality of stakeholders is to understand the difference between a shareholder that owns some shares of a company, advised

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[68] There are only donations that can be understood in the mission exchange cycle. Sponsorship is or should be seen only as a process that constitutes exchange of values with consumers. Sponsorship has or should have neutral value balance when consumed. Donation is or should be a compensation for a negative value that a by-product in the production of goods has on the environment.

and guided by a financial advisor, and a shareholder that owns some shares but also, in one way or another, has some other stake in that company. In the first case, the stakeholder is the financial advisor, whereas the shareholder is the person collecting the dividends if shared. Dividends are a direct result of a vision engine, so that pure shareholders actually belong to the vision part. Should such a shareholder also want a job for his daughter in this company, he becomes a stakeholder as well. And yes: the mission normally contains the message why it is desirable to work in the company.

A mission normally explains what the world (apart from consumers) would lose if the company ceased to exist. An energy utility that provides heat for a city exchanges that heat for their consumers' money. At the same time, that company also contributes to a higher living standard and improves the reputation of the city, which attracts foreign investors and tourists. The company is not involved in direct exchange of collateral goods produced for the city; the company receives no value in exchange for the additionally produced value of the company. It is a mission of that company to allow the wider community (not their customers) to enjoy the benefits of higher reputation of their city. Investors and tourists value such reputation. A city without such a company would have a lower standard of living and would be less attractive for investors. That reputation is a part of that city's vision as well as a part of that energy company's mission.

Therefore, the task to define a mission of a brand is not as abstract as it seemed in the beginning. First you have to define stakeholders (stakeholder groups). After the stakeholders have been clearly defined, it is much easier to define possible benefits that could be cogenerated in your production. Once the benefits for specific stakeholders are clear, it should not be hard to define your position in the future.

Benefits

At the end of the day, each brand formula element represents a certain benefit either for the customer or for the stakeholder. The "benefits" section of the brand formula pushes us to focus on the most basic benefits regardless the sphere where they come from. And even more importantly: they have to be specific for each stakeholder group.

As with so many other brand formula elements, the greatest threat lies in poor specificity. What defines specificity is different for each element, because it is crucial that benefits focus on as specific a stakeholder group as possible. When companies assess benefits of their products or services (brands), they tend to overestimate them. It would be more precise to say that they misplace them. If you know that your car engine is completely silent but there is no one that sees this as a benefit, than you cannot include the silent engine as a benefit in your brand formula

regardless the fact that it could indeed be beneficial. There is no such thing as a benefit per se. A silent engine might be a dream of an engineer or a scientist. So if a silent engine is ever constructed, then you cannot say that the benefit of silence was established in general; it was established only for a scientist. If that benefit would result in a sufficient number of silent cars purchased by scientists, then the silent engine should be stated as a benefit for scientists as customers. But if scientists remain scientists (and do not become customers) in relation to the silent engine, then this benefit cannot put into motion an exchange of values between the company and its group of stakeholders.

Who profits? This is the main question when developing the benefits section of a brand formula. We thus have to list all possible customers and all possible stakeholders. As already explained in the mission and vision sections, the customer section should outweigh the stakeholder section since the former, with the direct exchange of values and the accumulation of added value, allows some of that added value to be consumed by indirect (unpaid) exchange of values with stakeholders.

This is the right moment to mention a specific instance in which stakeholders do occupy the position of the vision. This specific instance is quite common in welfare state economies, where public authorities not only take the privilege to redistribute wealth but also to redistribute it in a way that that wealth is not linked to individuals to whom the wealth was redistributed but directly to suppliers of goods. Let me explain with an example. It is widely accepted that the authorities in a welfare state redistribute a portion of wealth to finance medical services for people that are not able to pay for them. Should the redistributed wealth (money) get directly into the hands of the underprivileged, who would then decide with which health institution (brand) to exchange their value (money), there would only be a welfare redistribution process that would not spoil the relation between customers and stakeholders. Underprivileged health service users would still be traditional customers using money, albeit this money would originate from public redistribution. The situation drastically changes if the redistributed wealth (money) is not given to customers but to service providers. With that apparently insignificant shift, the balance is in fact seriously damaged. In this case, the exchange of values occurs between a public authority and a service provider. Thus, the public authority finds itself in the position of vision within the brand formula of service providers. Suddenly, the public authority becomes the customer for such a service provider, and therefore, the service provider should take care of the domain of benefits, which are a crucial part of the survival engine (vision). Service users (patients) shift their position within the brand formula of such a service provider from customers to stakeholders since they exchange nothing with the service provider but only benefit from the mission part of service provider's brand. The service provider serves the public authority and not the patients. That is why it is not only normal but also necessary that a patient in such a system does not feel like a respected customer in a hospital or in some other publicly funded medical institution. And it would be an anomaly for such service providers to see their patients as customers! The benefits for patients are the only side effect of value exchange between a public authority and a service provider. Mission is the part of a brand where such benefits are to be defined. Having a

stakeholder status in such a situation, the patients and their benefits become a not-really-necessary cost.

Since this is not a book that would challenge the pitfalls of contemporary deviations in welfare states[69], we should mainly pay attention to the strict division between real customers and real stakeholders, which is grounded on a type of value exchange that is different in each case. Exchanging values is actually exchanging benefits. This indicates that benefits arising from direct exchange with customers should differ from benefits exchanged indirectly with stakeholders. Unfortunately I have to pay much more attention to such anomalies where "should-be customers" become "stakeholders only" because all instances of publicly funded projects constitute such instances. In fact, the majority of public funds, state funds, EU funds, etc., not only redistribute but also enter into a customer relationship with service providers, and shove the "should-be customers" into being mere observers. Service providers that act sustainably, meaning that they respect their survival machine, focus their vision, their conception of benefits and their business model on the benefits of such public authorities and tend to look at the users of their services as mere stakeholders that have already consumed the by-produced benefits and should not be part of pre-sale or post-sale activities unless they can help in winning a public tender. Real pre-sale and post-sale activities are focused on the public authority[70].

But let us come back to the question of how to define benefits. As mentioned earlier, all customer segments should be listed. Sometimes, a difference between two customer segments lies in a slightly differently perceived benefit. So again, we are talking about the chicken and egg problem and its solution. We define segments by defining the benefits of those segments, and we define benefits only by imagining

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[69] I hope it is clear that the author of this book does not challenge the welfare state as such but only the deviation in which the redistributor not only exerts the authority to redistribute but also to decide in the name of those to whom the wealth was redistributed. While the authority to redistribute can be democratically granted to a public institution, an institution cannot and should not decide for an individual with whom and how he exchanges his values for expected values. Redistribution of wealth is not based on value exchange. Redistribution is coercive action that, if accepted democratically, can still support a subsequent exchange of values. But if a public authority later interferes with the exchange of values itself, then you trespass the borders of a welfare state borders and you find yourself in the land of totalitarianism and collectivism. It is this pitfall in that Thomas Piketty from *Capital in the Twenty First Century* has fallen.

[70] This unfortunate but necessary end result of a misunderstood welfare state applies both to private and NGO service providers. Service providers of both types necessarily fall into the trap of being focused on fund providers' benefits and not on the benefits for the end user. The end user's benefits thus become a part of poorly understood public relations activities. Since we know that public relations activities are aimed at stakeholders, while marketing communicational activities are aimed at customers and markets, it is logical that NGOs have developed strong marketing departments under the name of "fund raising departments" and separate PR departments that tend to camouflage the fact that the real engine of NGOs is aimed towards their markets and not towards issues related to stakeholders. This is the only sustainable way in which they can survive.

the customer segment need to which our brand could respond with a matching benefit.

The best way to overcome this paradox is to simultaneously put on paper as much customer segments with their perceived benefits as possible. One customer segment could have from only one to several benefits. Various customer segments can share some benefits but not all of them. If two customer segments share all benefits we either were not diligent enough to break them down into more specific benefits that would separate the segments, or we are dealing with only one segment. Individuals within one segment might be very different from each other in ways that are not important from our brand's perspective[71] but they still share same segment in relation to our brand if they relate to the brand with same perceived values. Not only do specifics like sex, age, education etc. not yield any important clue about segments important to a brand; all general social or psychological specifics are also irrelevant until confronted with the qualities of your brand.[72] Nothing that is general has any value. Something that is specific can only be specific in relation to something else. We define ourselves in relation to brands[73] and brands define themselves in relation to their customers.

After you draw up an extensive list of customers and perceived benefits for them you should also start thinking of future, not yet existing customers with perhaps not yet existing benefits. Remember that within brand identity framing, you should always shift between the present and the envisioned future when defining each brand formula element. You cannot work with existing customers exchanging only actual benefits; you also need to exchange future (vision) benefits. There is not much factual difference between actual and future benefits since they are both perceived. If perceived, both are delivered to the customer and thus fairly exchanged.

Now we should mention that benefits come from very different domains. And all domains from where benefits can come are listed as brand formula elements. Benefits do not come only from functional promises. Far from that. In fact, functional promises, although important and basic in the central promises triangle in the brand formula, have little value in terms of providing benefits if we seek for as specific benefits as possible. In developed industries, functional promises develop in industrial standards and thus cannot provide substantial ground for specific benefits of a specific brand. Each phone can be used for calls and text messages, and each smartphone can open Google and play music. All benefits based on these functional promises are becoming more and more generic. With the development of specific industries, less and less functional innovations are coming to market. What is even more important: functional promises are easiest to copy by competitors. So while in emerging industries there might be some space to develop a brand based on

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[71] Reminder: brands are living entities. They have their own perspective!

[72] In the same manner, the qualities of your brand can only be specified in relation to benefits for specific customer segments. They do not exist per se.

[73] As we will see later, we can only relate to brands. We relate to humans as brands, too.

functional promises, there is less and less space for that as the industry develops. Then you need to find benefits on emotional, experiential, value, personality, comparative, vision, or even mission levels. When you say that it is more difficult to find a specific benefit on the functional level as your competitors develop, that does not mean that it is easy to find benefits at other levels. To be precise: it is easy to promise, but you also have to deliver. If you say your brand delivers fun as a benefit, you have to deliver fun each and every time (moment of truth) a user experiences that brand. If you say that your benefit is a feeling (value) of honesty, whereas honesty is not a benefit for your employees, you cheat and thus destroy your brand. All benefits that are perceived as such from customers are good as long as they are delivered.

After you have drawn up the list of customer segments with specific benefits, you have to reduce the number of benefits to 3–5 if you have listed more than that. The only way to do this is by combining two or three benefits into one on a more abstract level that unites them. You should avoid being abstract during the first steps of defining benefits. In the final phase, abstraction is not harmful if grounded on well-thought-out diversity of more specific benefits.

Although I have undermined the role of stakeholders in the beginning of this chapter, you should take the time and space to list the benefits for stakeholders following the same rules as for customers. Wider benefits that are not directly consumed in direct value exchange between the brand owner and the brand buyer are important for value perception of every brand. Benefits on the stakeholder level supply the brand with quite some or even most of the goodwill brand value. The goodwill brand value is a difference between the asset value of a brand and the value that someone would be willing to give to acquire that brand. I hope it is clear that I am talking about goodwill that takes its place both in the exchange with customers and in exchange with investors. Investors are actually willing to pay premium price (goodwill) for a share in direct relation to the premium that the customers are willing to pay for that brand. If brand market value for customers is two times higher than production value, share value should most probably be two times higher than book value of the company that owns the brand. The majority of this added value (goodwill) is created by concisely drawing up benefits for stakeholders, provided that both stakeholders and customers[74] perceive those benefits as valuable.

It is more than proper to conclude this chapter by mentioning the mental method that is crucial not only when developing benefits, but also when dealing with many other challenges of brand development. You have to have the ability to step into other people's shoes when working on benefits. You have to perceive your brand from the perspective of a customer or a stakeholder. That does not mean that you have to follow your customer. In brand development, customer is not king. You are

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[74] To mention customers when talking about the benefits for stakeholders is not a mistake. I have so far put a lot of effort into separating customers from stakeholders along with their respective benefits. But the separation does not imply that they are not related. In fact, a thing can be related to another one only after they are separated (distinguished) from each other. Unseparated entities form a unity and are thus not related.

the king. But you can only be king if you can design the shoes a customer will step in when relating to your brand. So, you have to have an ability not to step into your customer's present shoes, but into future shoes. You have to understand the customer to such a degree that you will know how he will feel standing in those shoes and that he will be willing to step in in the first place. Like in present-future paradox, you have to be aware that the same paradox applies to shoes. Shoes we are talking about are at the same time your customer's and yours. Both your customer and you should own the brand and both of you should share the view on the brand if the brand is supposed to be successful.

Comparative advantages

Decades ago, a brand was mostly regarded something that has a different quality than other brands. This notion is valid, but also misleading. Why is that?

Differentiation is no doubt one of not only most persistent but also most important qualities of any brand. But you should be careful not to confuse the differentiation that is triggered in the mind of a consumer, who establishes a connection to any given moment of truth, with the differentiation of a brand identity. Any given moment of truth is not the representation of identity but only one of the many representations.[75]

It is a fact that a brand has to establish a situation in which a consumer instantly recognizes the difference between one brand and another. But that does not mean that the moment of differentiation is THE brand quality. On the contrary – the first differentiation moment, which is also the most abstract and general, is the brand name being connected to the brand logo. Brand name combined with the brand

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[75] A careful reader that managed to come to this point in the book should not be surprised realizing that he might get more insight into an aspect of brands and branding in a randomly chosen chapter than in the chapter titled as that specific aspect. This is a necessary side effect of a brand ideology that lies behind this book and is part of the author's mindset. Some sell this ideology under the brand name "lateral thinking". I understand this method as a necessary side effect of taking the complexity of life seriously. The eye has been evolving over a billion years, but that does not mean that all visual sensations a human has can be explained only with eyes. All other human organs co-develop visual sensations. From this perspective, one should understand the whole human body as extended phenotype of a gene. We do see with our eyes, but the same eyes in a different body would produce completely different visual sensations. The same paradox applies to every organ of any living body.

So, you should not be surprised if you get more valuable insights about moments of truth in this chapter that in the chapter titled *Moments of truth*.

logo is the lowest possible denominator of a trademark. The only administrative prerequisite for a trademark is that it can be differentiated from all other trademarks.

But differentiation we are focusing on in banding should not be confused with trademark differentiation. Trademark (as one moment of truth of any brand) should trigger immediate recognition of a brand in the mind of a consumer or a stakeholder, but that does not mean that the whole complexity of brand identity should be evoked in that moment. On the contrary – a major function of a trademark is to allow the consumer not to be bothered by brand complexity. Trademark recognition allows you not to process all the qualities of the recognized brand because to process all of them would use up too much cognitive capacity. You have already experienced the brand that hides behind a trademark and you have stored that experience somewhere inside. When confronted with the trademark that was previously associated with those qualities, you do not have to evaluate them once again. You only recall a summarized result comprised in the trademark. This simple process allows enormous cognitive, emotional and energy savings. When you see Apple's logo, you do not go through all your experiences[76] with that brand. You already know everything about that brand. That allows you to focus on a specific task that you have in relation to that brand in the very moment. It is similar to driving a car: you do not need to pay attention to different commands in the car, but to given traffic conditions.

While a trademark should be easily differentiated by its name and logo, it would be misleading to say either:

1) that there should be one identity differentiation point that would be crucial for the success of the brand or

2) that all brand elements should be different from any other brand.

However, there are brands that were, in certain moment, in a position to have all (or at least the majority) of brand formula elements different from all other brands. This is the case only with brands that are so innovative that they create a new industry category. The first car brand in an environment where everybody travelled with horses, horse carriages, bicycles and street vehicles without engines was extremely different in all brand formula elements. As the time passed and there were more competitors in the same industry, more and more brand elements became industry standard, and therefore, no brand from that industry was able make that element unique. If your brand does not have the power to establish a new industry, you most probably could not develop a compelling differentiation on the vision or benefit level, so you are most probably forced to develop one here. Brands that have all or the majority of their brand formula elements unique are very rare. But that also means that you should be careful not to overdo things on your quest for the brand differentiation point. In the end, the brand as a whole has to be unique. It is good to be the highest person on the basketball court if you are a basketball player, but that sole quality does not make you a good player. Not only that you should not look for

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[76] Experiences that are as such moments of truth of that brand in any case.

the USP (Unique selling proposition) in the comparative advantage section of your brand; you should not look for it at all as we have already made clear in one of the previous chapters.

There is no need to search for something that would make your brand better. Being better or worse is a relational attribute. Your car could be lighter from any other car. From the perspective of one user, this difference might make your car better, but looking from another perspective might make it worse. In your explanation of this car you will definitely state that your car is better from any other car because it is lighter, but you should never understand the lightness of our car as a good quality per se. But then your search for a differentiation point could be quite broad. The trick to widen the field on which we look for differentiations is a shift of focus from competitors to customers. If you focus on competitive cars that all have a minimum distance from the seat to the wheel of 50 cm, you will never find the niche group of people with arms shorter than 50 cm. You can only see the difference between your brand and another one through the eyes of a customer[77].

Another inevitable characteristic of developed markets with saturated competition is that differentiation points move from the functional to the emotional and the experiential levels. More about that is to come in the following chapters, but for now let me make only this one crucial point: it is easier to copy functional promises of a brand than "softer" ones, such as emotional and experiential. Functional promises are normally technology-driven and one-dimensional (easy to copy) as well as non-relational. Emotional and experiential promises are normally established by a large scale of relationships between a brand and its user and are thus much more difficult to copy. Copyright protection is a crucial – if not the crucial – task of any brand. To protect a brand to such an extent that it cannot be copied[78] is the most efficient protection.

Competition

Competitive advantage is logically connected to competition. You have to have competitive advantage against you competitors – it is self-evident. But try to tell

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[77] Plural is one of the deadliest mistakes in any branding endeavour, especially in market segmentation. One cannot always avoid thinking, writing, and talking in plural. But if on one hand, a brand causes a generalization effect when put in a market, on another hand, any generalization in the process of brand development and brand management is dangerous.

[78] A curious side effect of establishing differentiation points on higher levels that cannot be copied is that costs related to formal copyright protection become lower or even disappear altogether. Protection costs are highest in pharmacy, where the only differentiation is on the functional level. That level must therefore be protected with heavy-duty and expensive procedures.

which came first – the competitors, or your competitive advantage? Do not try to answer. This is "the chicken or the egg" dilemma.

There are many instances in this book where I use a mental concept that there is no fixed background. When you think about your competition, this concept comes into power. Competition is never fixed. That does not only mean that new competitors constantly enter the market of your interest, but also that new markets emerge and compete with your market (and those markets bring additional competitors). If you run a network of cinemas, your competitors from the very beginning are other cinemas. After a while, one of them decides to differentiate by introducing a fast-food chain into the cinema. This move brings a new industry into "your" existing market. People start to eat when going to see a movie. But they can also eat when they go bowling. Maybe bowling centres just became your most important competitors. But this chicken and egg situation has even more side effects. With the introduction of the fast food chain inside cinemas, the change of competitors also occurs regarding the fast food chain.

You can also look at this dynamic relationship between competitive advantage and competitors from another perspective. When you know that you need to upgrade your brand – and upgrading a brand always involves making new promises – you often find that you do not know exactly in which direction to go. One option is to decide for a completely new set of competitors. The cinema that introduced a fast food chain could have come up with this idea either by evaluating what customers are looking for or by deciding that bowling operators should become their new competitors. The wider your range of competitors, the wider are your brand development options.

There are limits to the range where we can look for new competitors as well as for new promises, but to tell the truth, there are actually no limits. Traditional books spend a lot of time and effort on this matter when talking about brand extension. Can a waste management company extend its brand to a food chain? Can a railway company extend its brand to a broadband network provider? Can a music producer and distributer extend its brand to space travel? I hope that it can be seen even from far away in space that the only answer to these questions is yeno[79]. The further apart industries merged into one brand are, the more energy one has to put in to keep them together. But if such integration succeeds, the output (added value) is much higher. No one can be smart enough or have sufficient knowledge to predict the possibility to extend a brand to new industry in advance. In every industry, there are examples of failure but also of success. In a world where an army, whose functional promise is war, can also be a peacekeeper, whose functional promise is peace, everything is possible. That is the reason why the time spent on the issue of extension is mainly wasted.

This conclusion might come as a surprise to a brand purist. But it is not a surprise if you understand that a brand does not have only one USP and does not have only

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[79] As a non-native English speaker, I dare to propose "yeno" as a translation for the German "Jain".

one level on which it can compete. You might sell the best soaps, but maybe you do not respect sustainability principles in countries where your soap is produced. If someone produces music records, he might not produce records but fun. Records are physically limited, while fun is not! If one takes the complexity of a brand seriously, and it is the main goal of this book to lower the complexity barrier, then there are no limits to brand extension[80].

Values

What strikes me most when discussing values within the branding process is the fact that the concept of value itself is highly ambiguous. Having pondered over values in branding literature as well as having discussed values with my clients during the branding process, I always find people referring to *human values* as kind, cheerful, dull, accurate, focused and so on. But if you check various dictionaries, for example Merriam Webster, you mainly find definitions that are narrowly linked to *economic values* like:

- The amount of money that something is worth;
- The price or cost of something;
- Something that can be bought for a low or fair price;
- A fair return or equivalent in goods, services, or money for something exchanged;
- The monetary worth of something, etc.

It is stunning that the concept of value covers two very distinct poles of a brand. On the one side, values stand for something that is regarded as the most intrinsic part of identity in folk psychology; something that is so personal that cannot be bought; something that represents the starting point of any human being and also of any brand. On the side, the same (?) values stand for something that can be exchanged (for money), borrowed and traded in any possible way. Such trade values are actually an end result that emerges out of human and brand identity, something that can be externalized from that identity with a business process. Considering this, when you say "brand values", you normally refer to identity values that power the brand engine. On the other hand, when you say "brand value", you normally refer to the value of the brand that is the difference between the book value of all material assets and the market value of that brand (broadly speaking). Values (in plural) thus

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[80] While it is true that with smooth shifts of various brand values you can drive a brand to almost any possible extension, it is also true that no shift is free of charge. You can move any brand to any future brand extension provided you have unlimited energy resources. Since your resources are never unlimited, and even more importantly: since it does not make sense to consume more energy than can later be produced from the brand exchange on the market, one has to take into account that only input/output energy consumption/production is a limiting factor for any brand extension.

point in the direction of values being part of brand identity, and value (in singular) denotes something that is referred to as brand equity. This plural/singular distinction can serve only as vague approximation of the both senses of this word.[81]

Fortunately, there are some languages that have two different words for the two separate meanings. In Slovenian, my mother tongue, "vrednost" means value as equity (as value is defined in Merriam Webster), and "vrednota" denotes a human value. If you check the dictionary of Slovenian published by the Slovenian Academy of Sciences and Arts, you will find out that the dictionary defines "vrednota" as something that someone attributes a fundamental value in the form of personal, social, aesthetic and moral values, such as love, truth, peace and so on. The end result of the strict separation of (brand) values from (brand) equity in Slovenian is Slovenians' general belief that values represent something pure, unspoiled, and basic; something that should not be confused with money, trade, and equity. Money cannot buy values. In the Slovenian language (and mind) it is thus unacceptable to connect brand equity with brand values. Slovenian is much more precise in this respect, but there comes the negative effect of being so precise: Slovenians value brands very much, but we do not know how to sell them. Slovenia has a big heart, but it seems that a connection to wallets and to trade has not been really established.

I have used this deviation into the linguistic sphere to make the universe of value connotations a bit more comprehensible. Let us move a bit further in this filtration process.

Brand values are the source, the core of the brand engine (brand business model) that in the end produces brand equity. One of reasons that this is important is the fact that values are the deepest, the most elementary identity element of a brand itself (represented in the brand formula). But that same values are at the same time most comprehensively shared by brand users. Values of any brand can only exist if they exist as values of users. The brands that succeed to develop and execute values that match the values of users most perfectly are the winning brands. Although this is easy to understand, it is much tougher to follow this pattern of success in reality. It is not enough to recognize that, for instance, "being honest" is one of the most widely acknowledged values in the world, and decide to drive your brand only on honesty. The broader a value is spread, the less can the brand expect to capitalize from it. The more a value is specific, the higher the gain if the brand succeeds to integrate it. Values that are more specific are normally less present among potential users. So with a more general value you target a wider potential pool of potential customers but relate more vaguely to each user of our brand. With values that are more specific you target a smaller pool, but achieve higher equity for each user whose values match the values of our brand.[82]

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[81] I would go even further and suggest that all dictionaries abolish the equity connotation of the noun *value* for the reason that equity can completely and fully replace *value*. By eliminating that, *value* could then be defined on a purely human and an identity level.

[82] One should follow memetic theory of evolution in this respect explained by Richard Dawkins, Susan Blackmore. Lifebook is largely devoted to this issue as well.

If both a brand and its potential user only had one value, then there would not be many options neither for the brand to find a user[83] nor for the customer to find the appropriate brand. Fortunately, both brands and humans sit on complex dynamic stacks of values. Imagine a stack is like a cloud of tags. All tags are related in some way. Tags that are used more frequently are larger (more important). That means that a tag (a value) previously not used much (a small tag in a cloud) can grow into a major tag (value) over time. These dynamic and complex relations are going in both directions. Brands with a low expression of one value can grow that value with the help of users that already have that value more expressed. This transition of values is more easily observed in another direction: you often hear that people express certain values, which were not so visible before, by using brands that have that value strongly expressed. You are what you wear. But you should also not forget that brands are what their users are.

I hope that the close connection between brand values and brand equity is clearer. The danger to fall into the trap of the dualistic world, its spiritual purity and material mud is apparent, but should be avoided at any cost. Brand values are not something aetherical, spiritual and eternal while brand equity, on the other hand, would represent a dirty, profane reality of trade, exchange, and impermanence. It is true that brands are sold to users through a kind of a purchase agreement, but they are always co-shared with users on the brand value level. Sharing is caring. Brand users add value (equity value) to a brand simply by using it. The value that you as a user share with the brand is a gate that when opened (with usage), also open a two-way path for all other identity elements of a brand connecting the user and the brand. When you see a celebrity in a restaurant, there are many identity elements of that celebrity, which have spilled over to that restaurant brand. Celebrity enriches the value stack of the restaurant brand and with this, that brand's equity increases as well. This works in the other direction as well. A celebrity that is perceived as a bit narrow in values can build up his identity only by going to a specific restaurant with a specific set of values. This example of value exchange is so well known that it is often shifted from the implicit to the explicit level. Celebrities might charge for their value spillover to a restaurant brand. On the other hand, the restaurant brand owners are well aware that the difference between the sum of all functional costs to produce a restaurant experience and the final price charged to customers is actually

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[83] I do prefer to use user instead of customer regardless the fact that it is impossible to be a user without being a customer at the same time. I point out this issue because I know that the temptation to understand a user as someone that uses a brand without necessity that that brand was previously purchased. While it is true that sometimes it is hard to find a direct purchase agreement, it is theoretically impossible that there was not some kind of exchange of values involved in a pursuit to be a user of a specific brand. Customer as a person that is directly involved in an exchange of values with the brand owner represents only one possible form of exchange. Customer exchanges monetary equity for allowance to use brand. The value chain of value exchanges that connect user with brand owner might be very long and completely informal (with no traces of purchase agreements), but obscurity is a proof of existence, not of nonexistence. Perhaps the nicest example of user–customer – brand relationship is seen in parent–child relationship. Parents are only customers for toys and children are only users. But there is a strong exchange of values from brands through parents to children and back.

the price of all non-functional values that are consumed by customers together with food, drinks, customer care, lighting, security, etc.

That is why it is so important to understand that you as a brand owner do not create added value on common values like the food's nutritional value or the smile on a waiter's face, but rather on much more specific, niche values that are subtly (unconsciously) placed on the plate together with the nourishment and the smile.

How to develop and actualize those added-value values? It is easier to explain this with service brands since in service brands, the values of the individual that identifies with the brand are easier to identify. No one expects Heston Blumenthal to be kind and hospitable in his Fat Duck restaurant. Service brands that are still identified with brand owners are implicitly sharing values with their owners. The majority of brand owner values are directly transferred to the service brand created. If the brand grows, like in some large multinational consultancies, the link between the brand owner and the service is broken. Such large brands function as any other product brand where the service related to that product is an important part of the brand but is mostly not linked to the brand owner. In fact, every brand started from the values of those that created it. Almost every growing brand gets into the situation in which the link between the brand creator and the later brand owners and brand producers breaks, and the brand starts to live on its own set of values. There are quite some exceptions to this rule, but those are usually brands that did not outgrow the family business model. In the times of Steve Jobs, Apple was one of the few exceptions to this rule on the scale of extra-large multinational product brands. Steve Jobs was 100% Apple (at least for non-relatives of Steve) and Apple was 75% Steve Jobs. The question of what was going to happen to Apple after Steve Jobs had died was thus very relevant.

A major threat for brands comes with growth. In the start-up phase, brand values match the values of its founders. As the brand develops and new brand developers join in with their own set of values, the influence of the new sets becomes increasingly important. If new brand developers are worthwhile (strong), they have to add up to that brand. It is preferable that brand founders try to find brand developers that match their set of values as much as possible, but again: once founders establish a human resource department that takes care of human resource development, the informal intuitive link between the founders' values and the newly acquired brand developers breaks. In most cases, it is even beneficial for a brand that a link with the values of its founding fathers is severed. Values change all the time. Founding fathers' values change, but not necessarily in the same direction as the values of their customers and users. New brand owners might better fit the always-changing background of customers' values.

But there is another even more important lesson here. Both the background of values and the body that gives a brand its identity change over time. What was intuitive in the beginning changes and is not intuitive after a couple of years. A brand owner has to rewrite, redefine values every couple of years. This can only be done so that values and other identity elements are put on paper, made explicit, and are rewritten periodically. This is the only way to secure that they match the new values of the brand owner as well as the new values of customers and users.

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In our endeavour to define values, it is worth to consider that there is something as important as values: the non-values, the taboos or the no-go zones. Sometimes it is easier to define your brand values so that you search for such no-go zones To reflect weather it is permissible for a soldier to be kind might be good path towards better definition of hate that he has to has against enemies. But beware! We are talking about the path towards a solid brand definition. It is namely not advisable to formulate any kind of negative formulations in our brand formula. You should never focus on what you should miss, but only on what you should hit. It is necessary to know the obstacles and areas that are out of bonds, but when playing on the field (golf for example) a player should only focus on the target.

How then to define values? There is no simple tool to use on the complexity of life and get a simple result. That was so often repeated in this book that it should be repeated once more. There are several local and global lists on existing values to be found on the web. Almost every nation on Earth carries out regular surveys on what are the most important values for the nation. But such lists do not make your task of defining brand values any easier. On the contrary – they make you feel like you should only select the most desirable values and somehow implant them into your brand and you are done. Although it is true that in a certain way you could say that values are implanted into brands first by their founders and later by their brand developers, you should be aware that, as any implantation process in biology, this one faces serious rejection threats as well. A father and a mother implant genes and memes into their children, but as we know babies start to reject some meme implants from the day they are born, the same way as bodies reject implanted organs if they are not prepared to identify them as their own. Brands are living creatures. They reject implants immediately after conception, and with time, this resistance only grows. More about brand implantology is going to be explained in the following chapters.

To conclude this chapter about values, we should make clear that while it should be obvious that values of a brand could and should not contradict the prevailing values of employees that make the brand happen, they should not be defined as an average or a sum of all the values either. Brand values should be known and accepted by all employees, but that does not mean that brand values become the values of employees. It is impossible for a radical pacifist to accept the values of an army, but it is possible that a person whose primary personal value is not safety works in a Volvo factory nonetheless. Remember that it is a cloud of brand values that interacts with the values of users and not a single value. The same rule should be applied internally between the brand and the employees. The higher up you go in the responsibility pyramid of the company structure, the more those clouds should converge. But as much as it holds true that they never converge fully even in the top management, it is also important to follow the attachment of value clouds all around the company as closely as possible. It is necessary to have an overview of prevailing values in the company and it makes sense to reward those that show values that are close to the brand values, but one should never push individuals to merge with brand values nor define brand values as a simple average of employees' values.

Personality

From an abstract point of view, personality does not lie far from values. Both describe a more human side of a brand compared to the mission, the vision, the promises, and the comparative advantages. As we have seen, the values of a brand cannot and should not be far from values that are important for all those that represent the human force behind the brand. While it is sometimes quite frustrating to define brand values that are really unique in a brand and to separate brand values from the values of employees, it is much easier to search for the personality of a brand. The reason is quite simple: while values are abstract concepts, personality is or should be as down-to-earth as possible.

As the term _personality_ implies, each brand should be described as if it were something with qualities that you are normally attribute to persons. You normally describe people like _kind_, _versatile_, _rude_, _introvert_, _generous_, _active_, _meditative_…
But searching for such qualities often brings you very close to distinct values that are attributed to such personalities. Personality is a bundle of values. It has to have a certain physical quality or presentation as an object in the physical world. You certainly do not want to waste your strictly limited space within the brand formula for double inputs of values. That is why it is generally advisable to search for personality association among animals, cars, and celebrities. You are looking for objects that can be perceived as stable brands of objects from the physical world. However, it is not prohibited to define three to five abstract definitions of your brand personality, provided that they do not resemble brand values too much.

Here we come to an extremely important point in brand identity creation, which was partly addressed many times so far in this book, but it should be tackled once more since it represents something that is normally quite difficult for a non-branding expert to not only understand but to internalize. From my experience, someone who has no experience in modelling complex systems will have a tough time modelling living creatures, such as brands. It goes like that: Personality is always understood as a bundle of values, and should thus be tightly linked to values expressed in the "values"[84] part of the brand formula. Each brand formula element represents a value. So, the definition of personality should be different from that of any other formula element but still closely linked to it. If the personality of a brand is extrovert, then a value like "social" does not bring much added value to the brand formula, while a value like "meditative" brings too much difference (added value) so that it contradicts the brand and destroys its wholeness. If the personality of a brand is introvert, that definition does not fit a vision that says that this brand is going to

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[84] I have to apologize, but I cannot find the way to express different nuances in which the term "value" appears in this book. As already mentioned, each brand identity element can be und the same time there is a special section of brand identity formula that lists brand values. And at the same time, personality is nothing but a bundle of values. I try to point to specific nuances in which values appear at different places in this book, but I rely on your ability to read the context as well.

embrace this or that market. What I want to say is that each brand element should be different from another, but not too different. Since there is no objective measure what is "just the right level of difference", each brand identity developer has to decide arbitrarily about the rightness of his decision. For that reason, I recommend to search for connotations from the physical world when trying to define personality. You can find physical representations in no other part of brand formula, only in functional promises and in personality. So go for it.

The only limitation when searching personality in the physical world arises if the association is widely understood and appreciated. It would be more precise to say that one should search for a personality association among all brands (meme complexes) that are widely understood and accepted. Apart from animals, cars and celebrities, one could also search among wines, airlines, fashion brands or art objects. Personality is an association of our brand with another well-known brand. Personality is thus mental co-branding. The personality of some car could be Isadora Duncan, that of a service could be Michelangelo's David and that of some home appliance brand could be a turtle.

Personality is important not only as a vehicle for softer, more human-like qualities of a brand, but very often also as a direct instruction for a graphic designer working the visual identity of a brand. Personalities quite often explicitly identify the symbol that appears either in the logo or on lower levels[85]. It is always fun to define personality in workshops, so it makes sense to do personality search either as an icebreaker or as a relaxing break after a heavy task that the group has worked on.

Brand personality is normally not far away from what a leading coalition defines as personality. I have to be more precise here: it should never be too far from it. But this involves a negative side effect. It often happens that a group that tries to define the personality of a brand gets overexcited and starts to include unreachable wishes. The sky is the limit, but without a ladder that brings you to it, the sky is only wishful thinking. That warning applies not only when defining personality, but also when defining each brand formula element. It is often quite a challenge to decide whether a definition is completely out of reach or whether an ambitious vision is reachable in a foreseeable time. Just another Catch-22 of brand development: each brand element describes simultaneously the brand in this moment and the vision of that brand. The chosen personality thus reflects the brand as it is and the brand that it is going to be in 5 years', 10 years' or even 20 years' time. It is easier to overpass this apparent paradox if you understand that a vision is always a constituent part of this moment. You (your brand) do not move towards a future vision. Vision, something that you strive to achieve, is already a part of your identity in this very

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[85] The name is the highest (the most abstract) level of brand actualization (moment of truth). Below it is the logo (visual, auditory) with other design identity elements including short position statements or slogans. A level below one could find other identifying visual symbols, longer catch phrases, tunes and other elements that themselves already are discernable brands or self-sustaining meme complexes. Another level below one finds brand story, brand ads, brand corporation building, packaging, and all other moments of truth that compose a brand as a memetic structure in the physical word.

moment. In the process of brand identity creation, you start to understand that a vision comes to this very moment.

Functional promises

Functional promises take place at the bottom level of core promises of any brand. As such, they represent the most basic level of any brand. In terms of the evolution, brands first started to differentiate themselves from one another on this level. Brand A promises cars and Brand B promises carriages. Brand A is different from Brand B on a functional level. Only after the competition between car producers emerged, all other levels of brand identity came into play, including the emotional promise, the experiential promise and all other identity elements. Brand complex identity is a necessary result of the struggle for differentiation on a free market of goods and services that cannot be differentiated on one (functional) level only.

If there were only one provider for one functionality, there would be no need for brands. A world without brands and without competition was a sincere utopia of communism and is still deeply rooted in various contemporary civil movements that understand human evolution as a progressive movement towards an ideal world in which there would be no competition, no differentiation, and no struggle between humans. Such movements with apparently very divergent backgrounds all attack consumerism and brands. But as nature (of nature and of nurture) shows us in practice, all deviations toward free-ride-all-love-no-tension end up in misery. Mother Nature does not allow a living creature not to be differentiated. A living cell only exists as its chemical compounds are different from environmental compounds[86] and protected by membrane. A brand only lives as its compounds are different from its environment and is protected by a trademark and other protection measures.[87]

Differentiation should be taken extremely seriously and not on an unpainful general level. You can make no use of the universality of cars; you can only drive one car, which is different from all other cars. It is not the forest that makes you warm, but rather a log that you put on fire. A forest is fine, but a tree that needs a soil to plant roots and has to survive the shade of other trees, the attacks by parasites and winter sleet has to fight out its way the same way Coca-Cola has to find its way between Pepsi and other competing soft drink producers. There is no life without

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[86] For all those not really interested in biological questions of life, E.O. Wilson's *Life on Earth* iBook series is the best choice to acquaint yourself with the subject. This series of iBooks (available in iStore for free) is a perfect example how an extremely capable author uses the e-book technology to make the chemical basis of life and biology comprehensible to all those that only have basic knowledge about chemistry.

[87] More on protection in **Error! Reference source not found.**.

differentiation and there is no differentiation without pain. Consuming differentiated brands is like consuming food to produce a turd becomes food for another living species.

The easiest way to grasp functional promises is to understand them as brand architecture. In reality, it is the other way around: from brand promises to brand architecture. But in the process of finding a binding description of functional promises, especially for already existing brands, an approach from architecture is rewarding.

Coca-Cola, Coca-Cola Light, Coca-Cola Zero…

Diners, Diners Black, Diners Silver Club…

Siemens (Automation, Building Technologies, Drive Technology, Energy, Healthcare, Mobility, Financial Solutions, Consumer Products, Services)

These examples show that there is an enormous variety of ways for a brand to express itself on the functional level. The simplest brand might have only one functional promise. There might be a company that produces only one type of nails. All nails from that brand would be of the same weight, length and shape. But it is very hard to find a brand with only one functional promise in real life. A demand for shorter and longer nails forces the nail manufacturer to extend his brand to two or more functional promises overnight. In fact, each type of nail brings a separate functional promise with it. Then one day, the nail manufacturer recognizes that the customers who buy all functional varieties of his nails, go to his neighbour's shop to buy screws. Screws are made from the same material as nails, so why not produce screws as well since he already has regular customers? So he buys a machine that produces screws and suddenly he has a wide range of products (a large number of functional promises connected to screws) on his shelves and within his brand. With some screws comes a nut, so he has to produce nuts as well. With nuts, one should definitely produce bolts. Suddenly, the manufacturer sees that he has 20 types of nails, 15 types of wood screws and 15 types of screws with nuts and 30 types of bolts. For practical reasons he has to reorganize the functional promise of the brand in order to have only 4 major functional promises: nails, screws, screws with nuts, and bolts (each in several varieties so there are actually more functional promises). Architecture based on functional promises should be that stupid simple.

Brand architecture

It is easy to follow the functional development of a brand over time from a simple starting point. You just follow the development of new products and have a hierarchy of functional promises in front of you. The only decision you have to make is when to put several functional promises together into one on a higher level

(several types of nails into one nail-related functional promise). There is no simpler rule for such decisions than using common sense with one eye pointed towards the customer. Functional promises should be organized within brand architecture in such a way that the customer is able to orient himself fast and avoid spending time on functionalities he does not need. It is important to understand that the customer has to choose among functionalities only after he accepted all other levels of your brand. Your brand has already been bought; in the following phase, the customer only needs to select the right functionality. Architecture that is confused (presented in a way that does not help the customer to orient himself fast) might discourage a customer that already decided for your brand based on emotional promises, your vision, your personality or any other non-functional element of our brand.[88]

The problem of such a hierarchy in brand architecture is that it has to be generalized. After a nail manufacturer introduces all kinds of products made from iron, he realizes that hammers would be a perfect addition to his store. So, he introduces a new functional promise to his brand[89]. This promise is based on different materials and can be used not only for hammering nails, but also in combination with a chisel in making stone carvings. He knows that so far, stone carvers did not see his brand as a brand that would provide a solution for their craft. Therefore, his hammers are not recognized as tools that can be used with chisels.

The story above is not as much to show one possible development path of a brand, but more to confront you with the necessity to define functional promises with increasingly general terms as the brand expands. Nails as functional promises become a part of working tools, which are separated from stone processing tools. With brand expansion comes also greater generalization of functional promises, and, as we know, promises tend to lose their potency as they are being generalized. So you can either keep a large variety of more specialized promises risking that the architecture becomes messy, or you establish hierarchically long connections from more general and less potent promises to the final (bought) product. As stated before, customers never buy generalizations, but only very specific nails.

A brand manager or a brand developer normally finds himself in a position completely different from the one described above. It is very rare for a brand developer to work on a brand from the very beginning of brand creation and to go through all the steps of brand expansion in its life cycle. Start-up brands, as a rule, do not pay and do not have to pay much attention to the process described in this

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[88] From the 9 brand elements, only the functional promises are functional. The majority of brand promises is thus non-functional.

[89] Vertical integration is a universal drag like the second law of thermodynamics. Vertical integration follows this physical law. If all industries were able to follow the vertical integration drag, we would soon have one company as the only supplier for all consumers' needs. The entropy of such a system would be the highest possible. Therefore, we should understand the constant fight against vertical integration as a prime example of a living system fighting against the death of thermal equilibrium. That does not mean that vertical integration is something bad or harmful. If there were no drag towards vertical integration, there would be no need for human action either.

book. Brands are normally implicit in any start-up. It is only later, when entrepreneurs set up structures around their products, that they start to notice problems arising from neglected brand support. This "later" in fact comes very soon after the brand has been intuitively conceived. Brand managers so frequently step into action when a brand is already living a full life on the market and has already expanded in implicit functional promises. Brand managers engage in making implicit functional (and other) promises explicit and thus manageable. So, a brand manager normally has to use reverse engineering to unravel the functional logic of the brand he works on. A famous representation of reverse engineering is the one someone holds a watch in his hands and wants to understand how it works. He has to dismantle the watch in such a way that he understands the mechanism (business model) that runs it. Dismantling a brand (watch) in order to understand everything to the smallest element and to be able to put all the elements back together into a working watch (brand) is a reverse engineering technique that all brand managers have to perform regularly with each brand they are working on.

As briefly described in the introduction story to this chapter, one has to understand the lowest possible functional promises of the brand and then decide on which level of abstraction one wants to stop. There is no general law on whether it is good to stop sooner or later. What should positively influence your decision is the expected customer experience of the functional promise. Since there is no such thing as customer experience before the brand has been experienced, a brand manager cannot rely on anything objectively existing, but should decide where customer experience should lie to make the customer's life as nice and easy as possible. Allow me to warn you again that a brand can never rely on something that had existed before the brand itself started to exist. No research can make a brand manager better understand the environment where a brand is going to be placed because that environment changes the moment when the brand is placed there. Brands do not create only brand experience, but also change the environment of the brand at the same moment. As stated earlier, there is no fixed background. Each new brand experience changes the background for that experience. A brand stays different from its environment by way of exchange that powers its metabolism. But this exchange also changes the environment from where the ingredients for the metabolism came.

Objectivity fallacy

Why are there two brands with identical or almost identical functional promises but with a completely different price tag? After Porsche introduced the Cayenne, a story emerged that Cayenne uses the same chassis as Volkswagen Touareg. The implication was obvious: why spend all that money for the Cayenne if you can have same functionality with the Touareg for half the price? Even if that story was true, you will find no Cayenne driver who believes that the chassis of the Cayenne has

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same functionalities as the Touareg. It would make no sense to spend time and effort on analyzing the real functional difference between the two. Since we know that perception is reality, and since we know that Cayenne drivers perceive the Cayenne as functionally different from the Touareg, Cayenne's chassis is indeed functionally different from Touareg's in any case. If it were possible to define a brand that would only have a functional promise as its value definition, then different brands with the same functional values would have the same price tag. But since there is no brand that would only have functional value and since we know that all nine brand elements influence each other, we cannot compare brands on only one level. One cannot think about the functional promise of any brand separated from its non-functional promises. A functional promise per se or a pure functional promise does not exist.

It would be a huge mistake to think of high fashion brands like perfumes as abnormal examples. We tend to think that the price you pay for Chanel N°5 perfume is enormously higher than that of the same fragrance sold unbranded. We tend to consider such luxury brands as proofs of stupidity of men (and women) who are willing to pay for packaging, advertising, luxury shops and all other non-functional stupidities that you cannot smell after spraying the fragrance onto your skin. That would be far from true not only for high fashion brands but rather for every brand there is. A woman that puts Chanel N°5 (or some other beloved fragrance) onto her skin feels that this fragrance is completely different from a non-branded-but-might-be-the-same fragrance-, and the same goes for any other brand down to the simplest ones, e.g. nails. Nails of your favourite brand break less that nails from another brand. As your hand cannot function if separated from the rest of your body, so will a functional promise of a brand fail to function if separated from other brand elements. The price you pay for Chanel N°5 is a fair price for that product notwithstanding fact that the production price for brand functionality is negligible.

Functional promises are not something physical, but rather the qualities of your (customer's, user's) mind. One of the most common mistakes is to consider non-functional promises something that one cannot prove, cannot test, but only feel, and are thus subjective, whereas functional promises are something real, testable and thus objective. All nine brand qualities are neither objective nor subjective. They are living entities in the space between your mind (as part of your body) and a brand (as part of a product or a service). They are you. And you are neither completely objective nor completely subjective. As a living creature, you are both, and so are brands with their complex interrelation between all nine elements. In this way, a functional promise is no more physical than a vision; and a mission is no less objective than a functional promise.

Replicas

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A good replica of a Chanel purse has the same functional promises as the original, but the price might be 100 times lower. Is this not a proof that the price you pay for a luxury brand is a scam?

No. You can find different types of parasitism all around nature. Cuckoos are well-known brood parasites nesting their eggs in others birds' nests. Lice are skin parasites, and malaria is a blood parasite. But there is yet another well-known parasite that lives in the human cell – this is the mitochondrion. The mitochondrion is actually an organism that is a constituent part of every eukaryotic cell on Earth, and it induced the evolution of the eukaryotic cell with its parasitism. Let delve bit deeper into the meme section of human and its habitat. When children are taught in school, are they not parasites on teachers' knowledge? It is true that by sharing knowledge you do lose the knowledge we have, while by sharing bread you end up having less bread afterwards. Also mitochondria, being cell parasites, take something from the cell but en up giving back much more, i.e. energy. Parasitism is not so much about what is consumed, but about what is exchanged. The old view on parasitism in nature was that parasites are bad and that they only take while giving nothing in return, or even cause damage to the host. But it turns out that symbiosis, being a beneficial example of parasitism, is much more widespread in nature and nurture as previously thought. What happens when you take one sentence from a famous novel and make it a motive of your essay? Do you not act like a parasite when using someone else's achievements? Are humans really acting like parasites when felling trees in a rainforest?[90]

Replica manufacturers are parasites on the original brands. Apparently, they harm the original brands. But really, they do not. Original brands do not lose any value because of replicas. They do not lose market share since price barriers between originals and replicas are normally so high that those who buy replicas would never buy originals. But even in cases where the difference is not as great, for example in lower level fashion brands like Nike, the owner of the original brand knows how to evaluate free publicity that replicas are generating for them. And if a buyer from the replica market suddenly becomes rich, what a joy will be for him to buy the original instead.

It is important to understand that a name and a logo are not a brand. You can replicate the logo or the name, but it is another story to replicate the brand of Gucci, Nike, Patek Philippe, Comme des Garçons… One could replicate those brands, but to invest in such a replica would be more expensive than to invest in the original brand. Replicas are brands on their own. They share some brand elements with the originals, but in fact, their brand formula is more than 90% different from that of the original. As a kind of meme parasites, they play an important role in the

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[90] As a free thinker, you should never ever take a widely accepted truth for granted only because it is widely accepted. On the contrary – when something becomes widely accepted overnight (and 50 or 100 years is overnight in the context of human history), that should be taken as a warning sign for every man or woman that has some respect for his or her freedom.

contemporary human history. If they did not play an important role, there would be no market for them.

Emotional promises

Every system has a weak point. Every living system has a weak point, an Achilles' heel.[91] Emotional promise is, from my point of view, a weak point in the brand identity system. For all brands that I have helped to define so far, the emotional promise was always the hardest to define and I was the least satisfied with the final solution. But that does not mean that the emotional promise is objectively the weakest point of the brand formula. There is no objective rule that could define weakest point in any system. It is always the observer who defines the weakest point in his specific situation due to the interference between the observation and the object.

The following two questions have to be asked when discovering the emotional promise: what emotion *would you like* to arouse when the user is engaged with your brand, and what emotion *is* actually provoked by your brand. In some occasions, the answer is the same for both. Sometimes one answer for existing triggers and another for wished triggers should be found. There might even be many linked emotions for both of them. It is advisable to separate existing emotions from those we wish for. This is because we tend to see emotions mainly as positive, while in fact many brands provoke a variety of emotions that would be considered negative using common sense. But these "negative" emotions are a part of a specific brand machinery acting as lubricants that make the machine run smoothly. Frustration is commonly seen as a negative emotion, but in amusement parks with roller coasters, frustration plays an important emotional role. Sadness is not normally welcomed,

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[91] I normally support this statement with Gödel's incompleteness theorem (in fact, there are two theorems). An abbreviated quotation from the Wikipedia will suffice for our purpose: "The first incompleteness theorem states that no consistent system of axioms whose theorems can be listed by an 'effective procedure' (e.g. a computer program, but it could be any sort of algorithm) is capable of proving all truths about the relations of the natural numbers (arithmetic). For any such system, there will always be statements about the natural numbers that are true, but that cannot be proven within that system. The second incompleteness theorem, an extension of the first, shows that such a system cannot demonstrate its own consistency." While Gödel applied his theorems to the world of mathematics and they later expanded mainly to computer science and other non-living systems, it can be even more easily understood from the living systems' perspective, e.g.: there is one spot in the retina of the eye that perceives no light, and this is the spot where all nerves enter the eye. The blind spot is paradoxically the spot with the highest sensibility (all nerves with all information are there). The blind spot is a core concept of Jacques Lacan's theory as well: a real, phallus, a signifier of lack (void).

but a brand that provides funeral equipment should trigger some sadness. There might be a peaceful resort in the middle of the woods, but if there is a military camp on the other side of the fence, this proximity threatens not only the emotional promise of that resort, but also war-related emotions of the military camp.

The main danger that lies on the path of discovering and expressing the emotional promises of brands is automatically resorting to emotions that are generally seen as positive and are only vaguely connected to your brand. The situation here is similar to that regarding values. The more emotions are defined in general terms, the less binding they are. Another danger is that concluding too fast that the desirable emotions are those that already exist. You are and have to be emotionally bound to your brand. Such emotional connection and branding come in one package. We cannot manage a brand in any way without being in a emotional relationship with it.[92] Even for me as a consultant the relationship with a brand develops over time not only on the conceptual (rational) base but simultaneously on the emotional level as well. Wishful thinking is dangerous anywhere in brand construction but perhaps it is most frequent in the emotional section.

What is important in relation to wishful thinking is to separate it from the necessary tension between the present situation and the situation you would like to achieve with your brand. You should not restrain yourself from infusing the values of our brand that have not yet been achieved into the formula. As already stated: each element in the brand formula combines the existing values with the desired ones. Due to a specific meme origin, brand's future is in fact its present and vice versa. To connect present values with future values not wishful thinking or daydreaming. If you succeed in making a strong connection between the existing (established) emotions that bond your existing customers to your brand and the emotions that have not yet been achieved, you establish the desired dramaturgy in your brand. A brand that does not bring something not yet actualized but connected to that brand, is a dead brand. A brand without a drama within is a dead brand. There should always be "I'll be back" written on every brand. If you are aware of the present and the future state of emotions, you are able to help the brand develop into that direction with a little help from the moments of truth, which is the subject of the following chapters.

Emotions are the lubricants of a brand. This is common sense. You might know that a person is knowledgeable, ethical and active, but you cannot connect to these positive values unless you bond emotionally. Knowledge without emotions does not bring brand experience. You laugh in the cinema but not in the library. You can talk about laughing in the cinema and you can laugh about solemnity in the library, but talking is not the same as experiencing a brand.

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[92] This phenomenon is similar to that recognized by psychoanalysts. They call that connection "transfer". It was beautifully explained by Sigmund Freud and later theoretically extrapolated by Jacques Lacan along with the entire French school of psychoanalysis including Slavoj Žižek, a Slovenian who upgraded psychoanalysis to the degree of self-destruction. Slavoj might be the only person on Earth who managed to internalize the object of his analysis to such an extent that the only transfer he undergoes is a transfer with himself.

Experiential promises

It should be clear by now that each brand formula element expresses one type of user experience of the brand. It should also be clear that each brand formula element expresses the values of the brand. And it should also be clear that each brand formula element expresses the vision, the mission, the comparative advantage, the functional promise, and the character of that brand. Each element is a promise and the realization of that promise at the same time. Each element is a separate segment of brand identity but also a reflection of the whole brand complexity. Many brands share the same value, but at the same time, this "shared" value is unique in every brand due to the unique relations between brand formula elements in every brand. Everyone has hands, but you cannot find my hands anywhere but on me.

So, when you search for the experiential promise of a brand you cannot take a shortcut and say that each brand element promises some kind of experience. The experiential promise is the top promise, which is above the emotional and the functional promise, and aims at something that is the very first or the very last experience of any brand. When I say "first experience", what I have in mind is an experience that is not yet supported by any emotion or by any functional rationale. One could replace "experiential" with "existential", but that would perhaps sound too pretentious or too philosophical. But for this purpose it helps to think about what comes with the first impression about anything. What comes first is a pure sensation. Later you start to upgrade [93] this sensation with emotions, rational thoughts and user experience.

Sometimes it is easier to define an experiential promise as the last memory of a brand. I often use my personal experience with Australia. It is almost 20 years since went there for the first and so far the last time, and visited most parts of it. All specific memories about the events that took place, the people I met, even the food I ate have already disappeared. Instead of the previously vivid and diverse memories (experiences), an increasingly strong flash emerges: "something red". All other brand elements slowly vanish but some special feeling (not even a visual impression) of redness is becoming stronger and stronger. I have never studied the brand of Australia, so I do not know how Australians define it. But for me personally, that specific feeling of redness is the experiential promise of Australia.

A pleasant and extremely important coincidence brought me to the position to lead a professional team that had the task to develop a brand of Slovenia in 2007. We had to develop a national brand that would work for all segments of Slovenia,

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[93] Buddhists would say, "Downgrade!"

especially for the Slovenian economy, tourism, sport, science, and culture. To make a long story short, we have found[94] that a special shade of green, the "Slovenian green" is the experiential promise of Slovenia. There was a strong support for such a decision both from our research and from rational consideration[95]. But from my point of view the strongest impulse to decide for green[96] as the experiential promise came from the interviews with foreigners coming to Slovenia for the first time. Many of them mentioned a rationally inexplicable sensation that after their plane crossed the Slovenian border, the green of grass and woods was different than before. Knowing that the majority of them crossed the border coming from Austria or northern Italy or Hungary, which are all green to the same extent as Slovenia, that first impression gave us a strong hint that "the Slovenian green" is in fact a very unique shade of green not found anywhere else on Earth. From then on, an undeniable truth is that the Slovenian green is different from any other[97] even though you might think that green is just green.

The experiential promise is not "the core" of the brand, nor the unique selling proposition. The core of the brand is the brand itself. A gene has no core. Even a chromosome has no core. Even a human being has no core. There is no such place where you could find the essence of a living complex system. Human brain without the hands, the lungs, the hair, etc. is not a human brain any more. It is similar with brands. Although the experiential promise finds itself on the top of the inner part of

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[94] Fortunately, we had enough time and resources to conduct a reasonably well-received Delphi research with widespread qualitative research tools, web-based feedback research and equipped with strong personal experience from many segments of Slovenian life. Results that are reflected in the documents of brand identity (brand formula of I Feel Slovenia, brand book and business model) as separate outputs were not only accepted but also confirmed by time as the final judge. It is a brand that still works, as we say. And it works not only because we had the chance to support our work with decent research but even more importantly because brand identity is developed, as explained in this book, as a complex entity.

[95] Slovenia's abundant forests, which make it second to Finland in the European Union, cover 60% of the country. The abundance of water makes the grass green most of the year, and even urban areas like the capital, Ljubljana, are covered with parks and greenery.

[96] While we were working on the Slovenian brand there was huge pressure felt from many stakeholder groups about this or another national "symbol" to be taken as *the* symbol of the Slovenian brand. And at the same time those stakeholder groups waited for our decision hoping that they could destroy the result from the argument that let us say that Triglav (the highest Slovenian mountain of huge symbolic significance) is not the right choice, but the linden leaf (another strong symbol from the Slovenian history) or some other already "proven" hard fact is. Our decision for the »Slovenian green« came as a huge shock. But after a while this apparent but up to that moment hidden value became accepted even by our strongest opponents.

[97] Not only as a joke, we decided for Pantone U377 as the Slovenian green. We have not copyrighted this colour because colours cannot be copyrighted. But here one can find the strongest argument against the copyright mania: no one can copy the Slovenian green since you can find this shade of green only in Slovenia. It cannot be stolen from us, so why to use time and money to protect it?

the brand formula – which is a triangle of functional, emotional and experiential promises – that does not mean that the experiential promise is the most important part of it. Each brand experience (moment of truth) defines and asks for a different brand identity element to be more important. When you experience the special hospitability a of Slovenian *gostilna*[98] chef, the Slovenian green perhaps plays no role in that particular moment of truth. But even if the experiential promise does not play a direct role in that moment, it has to play an indirect role through various associations if the brand is to be strong and persistent. A brand has many connectors, each playing a role in a different situation. Each connector is directly connected to another connector. It is not that the connector bound to the brand user's perception is alone responsible for attractiveness of the brand. It is the complex interrelation of all connectors that define that specific moment, the moment of truth, where a brand connector relates to the brand user's experience through a meme unity.

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[98] There is no translation for the special type of Slovenian restaurant called *gostilna*, the same way you cannot translate Italian *taverna* or *aperitivo*.

Brand story

Is there any value in repeating that brand is a story? Not really. I guess this fact could be taught in kindergarten already. But here it is.

There are two reasons to introduce this topic in our brand's mystic unveiling:

- To make double (inside-outside) nature of brand story clearer;
- To explain some principles of brand story creation.

Let us start with the first one.

Shared story

If/since we accept that brands belong to the world of memes, we accept that a brand happens as a story.

A brand as a meme complex happens in the "space" that is shared by the memetic structure of the product and the memetic structure of the user. With this we accept that a brand lives in relation with both memetic structures but at the same time on its own.[99] As such it exists in the form of a story. Brand identity elements are compounds of identity that start to act like identity only if and after they are interrelated. This interrelation, this connectedness, can only happen as a dynamic knitting of those elements into a story. Elements do not exist unless they are not dynamically used, knitted. Brand elements do not exist "per se", but only as used. They can be used only through interplay with other elements, through interrelation. As already mentioned, each brand formula element is connected with others. But one should be careful: this connectedness is only potential. This potentiality transforms itself into reality only through knitting, through the actualization of a specific connection. A series of such actualizations is called brand story.

One could find similarity between brand actualization and matter actualization from the point of view of contemporary quantum mechanics and particularly quantum decoherence.

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[99] Consequently, the user lives in that space as well. We, being memetic structures, live in structures that are in fact shared with other brands. Consequently, we live in the same structures as brands used by other users. Consequently, the "world of memes" is nothing but a complex web of brands that we use and inhabit at the same time .

"Quantum decoherence gives the appearance of wave function collapse, which is the reduction of the physical possibilities into a single possibility as seen by an observer. It justifies the framework and intuition of classical physics as an acceptable approximation: decoherence is the mechanism by which the classical limit emerges from a quantum starting point and it determines the location of the quantum-classical boundary. Decoherence occurs when a system interacts with its environment in a thermodynamically irreversible way. This prevents different elements in the quantum superposition of the total system's wave-function from interfering with each other."[100]

Extremely simplified but still sufficiently for this comparison, quantum decoherence explains how human size reality emerges from quantum state elementary particles that are in fact only potentials. Quantum potentials emerge as a physical reality only after they have interacted with the environment. It could be said for brand identity elements that they emerge as a part of our (brand user's) reality only after they have interacted with the world of brand user's memetic structure. Before they were only potentials[101].

This perhaps too philosophical (metaphysical) introduction to brand story was important for understanding that although a brand has a story on the first level of actualization, it never has only one story. It goes even further: a brand should be managed in such a way that the brand story is coherent (one story) but also with the awareness that each user co-creates his own story of the brand. In fact, a brand's story is the totality of all interactions of the brand and its users, of all stories that are created between each user and that particular brand. One could say that there are as many stories (brands) as there are brand users. But one could at the same time say that a brand story is nothing but one story constructed from the multitude of all stories created. From the perspective of a brand (being a living creature) and brand managers there is only one brand story that exists (as a totality of all stories); from the perspective of a brand user that gets in touch with another user of the same brand with his own brand story, a multitude of stories exists.

Understanding this apparent paradox in brand story helps a brand manager to understand this part of his job, which is not only to define[102] identity but even more to steer the creation of the user stories of his brand. It comes as another paradox

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[100] http://en.wikipedia.org/wiki/Quantum_decoherence

[101] Readers who are more sensitive to a thousands of years long dispute about the dualism between matter and mind/spirit please note that the concept of decoherence applied both to the physical (gene) and to the mental (meme) world poses a strikingly simple solution. It enables us to avoid both the question of primacy (matter over mind/spirit or mind/spirit over matter) and the question of exclusivity (only matter exists; only spirit/mind exists). It is not that we say that matter equals mind/spirit. It is not that we say that reality exists only through spirit/mind. Decoherence allows us to understand the dynamic unity of both as the particle/wave nature of quanta allows us to grasp duality as a potential singularity.

[102] Brand manager can only define the preferred identity, which is potentiality. Identity actualizes itself only in an act of decoherence between a brand and brand user. Decoherence is the sole moment in brand creation.

that a brand manager in his endeavour to define identity through a brand formula in fact derives brand elements from (internal and external) stories of users. There is no other source to identify brand elements than brand stories. That is why we say that brand identity exists even before it is identified using a brand formula.

If a brand story is co-created between a brand meme complex and users' meme complexes, and since users are not under the control of a brand manager, does this not mean that brand stories are out of control? It seems that even brand identity is out of brand manager's control since we have just claimed that brand identity, as defined through the brand formula, comes as a distillation from all users' brand stories. It is a fact that brands are out of brand manager's control if we perceive control as control over a predictable non-living linear machine. A car is under control since the same turn of the steering wheel always produces same turn. Non-living linear machines are predictable and thus controllable. Living creatures like brands, which have a dynamic non-linear complex structure, cannot be controlled but can only be steered. You do not even control a child, you can only steer him or her. You cannot control neither brand identity not brand story; you can only steer them. The steering tools of a brand manager are moments of truth.

As a complex living structure, a brand has a self-regulating power. Self-regulation comes from the interactions with users. Self-regulation can develop in such a direction that a brand manager perceives it as harmful to his brand. Users can turn the brand away from the desirable direction. Unlike humans, brands have owners[103]. The owners can decide to put some additional effort into steering brands in the desirable direction or they can even decide to abandon brands if they evaluate that the costs involved in redirecting (rebranding) are higher than the revenue that comes from the ownership.

To conclude this section of a brand as a shared story, we have to point out something that should be self-evident from the material presented up to this moment: brand stories written by brand managers are only one possible actualization of all potential stories. I have written a nice story for I Feel Slovenia in 2007:

> "In Slovenia green is more than just a colour; it is the **"Slovenian green"**, expressing the balance between the calm of nature and the tenacity of Slovenians. It speaks of unspoilt nature and our focus on maintaining it that way. It symbolizes a balance of lifestyle that joins the pleasant excitement with which we pursue personal desires with the common vision to move forward with nature. The Slovenian green also describes our focus on the elemental, on what we feel under our hands. Finally, the Slovenian green talks about the balance of all senses with which we experience Slovenia. We never

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[103] It is clear, I hope, that I discern the difference between formal ownership and real ownership of a brand. If there is an entity that has legal rights to collect added value from the utilization of a particular brand (formal ownership) this does not mean that the brand "owns" its owner the same way as brands own us as users. In an interaction between users and brands (both being equally alive), one never knows whether the dog wags the tail or the tail wags the dog.

remember Slovenia only through images. The memory of Slovenia combines the smell of a forest, a babbling brook, a surprising taste of water, and the softness of wood. We feel Slovenia."

But this story is only one of many possible stories. If the Slovenian brand is to be strong, all co-created stories of all "Slovenia's users" should form a tuned symphony meaning that each user uses different instruments and words/melodies, but in the end all of them form a recognizable tuned music and not a cacophony of noise. Conducting such an orchestra of users is the task of a brand manager.

The brand story should have some drama

I do not claim that the brand story should be dramatic or tragic or that it should follow any kind of genre that we can enjoy in literature or film. I am using the term drama on purpose. Drama in our lives happens when a sequence of events does not follow the imagined path and something unexpected happens, which shakes us. That should be the basic principle in our endeavour to trigger powerful stories, powerful brands.

But wait – do gurus of advertising not repeat all the time that the most powerful stories and brands are simple? Is the Keep It Simple, Stupid (K.I.S.S.) principle one of the most powerful paradigms of any management? But this still does not contradict my claim that brand stories should bring as much drama as possible and that brand stories are complex structures basically in the hands of brand users.

It is in the manager's nature to make what they manage simpler. They want smooth internal processes, smooth customer relations, easy-going suppliers, and so on. They understand that if there are clogs in the pipeline, the water (business) does not flow as it should and that additional power (resources, costs…) should be introduced to make the business run. Each "drama" brings additional costs to the process and thus reduces the market potential as well as profit. They do not want surprises.

So why are we saying that a brand should be a drama if we are also saying that drama is not liked by business and that one of the major "tasks" of a brand is to reduce complexity in the decision-making process of a brand customer. Brands reduce the drama of us as customers. So how come that something that should reduce the complexity of us (customers) should be constructed as a drama?

To resolve this apparent paradox we have to differentiate between the story and the brand results of this story. The story of Apple is a huge drama. It is a story of failure and success of Steve Jobs. It is a story of his alleged meticulous attitude towards all elements of the Apple brand. It is a story of a painstaking focus on each and every detail of Apple products. It is a story of a man fighting his illness and a story of his

successors that now run Apple. But the brand itself, which resides on the top of this story, is far from being drama. It is ease.
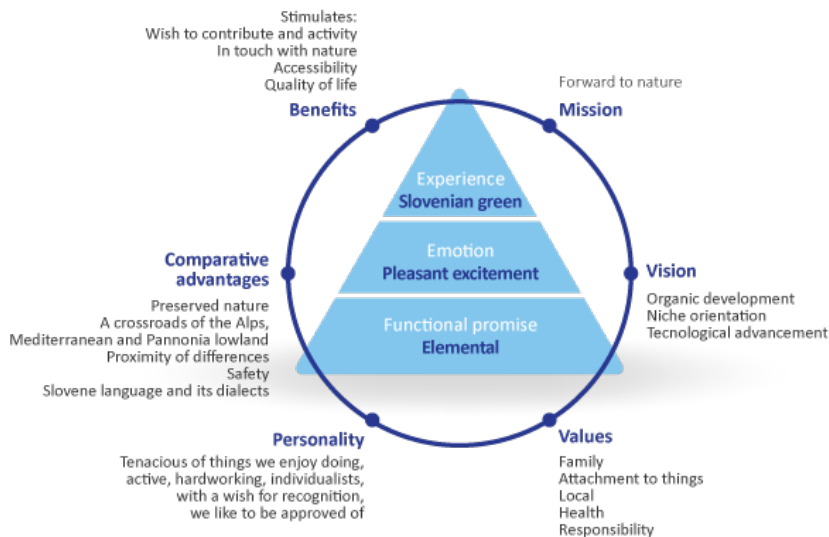
The resolution finds place in distinguishing brand identity and brand story as vital parts of brand identity and brand's moments of truth. In that sense, the "I Feel Slovenia" brand story from the previous chapter is in fact not a part of brand identity but one of the moments of truth of that brand. The brand story as a part of brand identity cannot be written! It is only performed in the meme world, which is co-created by the brand and its user. Brand story as a part of brand identity can only be experienced. Such conception of a brand story is quite different from a brand story that prophets of branding and storytelling are propagating. One can explain or even put on paper the story of Casablanca including the final sentence: "Louie, I think this is the beginning of a beautiful friendship," but this would happen in a totally different world than the one you are experiencing when watching Casablanca.

It is impossible to simplify the brand story as a part of brand identity. It has to be complex. There is no such thing as a K.I.S.S. brand. Even the simplest product brands from the commodity field share the same complex structure with apparently the most complex brands like Amazon or Slovenia. It is this complexity that allows a user to develop his brand story version that is compatible with versions of all other users. Brand identity elements have to be chosen so wisely that they allow many (selected) users to attach to them and to co-create a relevant story for them. If the identity elements are generic, smooth and easy-going, it is very likely that they do not support wide involvement (meaning wide co-creation) of brand stories. Such elements lead to flat, smooth and totally consistent story that might be enchanting at first glance, but has no power to resist the weathering of time. Stories that have consistent inconsistencies, paradoxes, hard edges, and drama in themselves are those that prove to be long-lasting and powerful. The background (identity) story of Casablanca is extremely complex. Only as such it allows any spectator to develop his own version of the story listening to the last sentence of the film.

Brand story knitting

As mentioned before, a story is knitted out of brand formula elements (and brand formula elements are derived from the process of brand story distillation). Brand manager tests elements and brand stories so that he travels from one element to another in random directions so that this travel creates a story path. The story of the aforementioned "I Feel Slovenia" brand was knitted from the following brand formula:

I Feel Slovenia brand elements

Stimulates:
Wish to contribute and activity
In touch with nature
Accessibility
Quality of life

Benefits

Forward to nature

Mission

Experience
Slovenian green

Emotion
Pleasant excitement

Functional promise
Elemental

Comparative advantages

Preserved nature
A crossroads of the Alps,
Mediterranean and Pannonia lowland
Proximity of differences
Safety
Slovene language and its dialects

Vision

Organic development
Niche orientation
Tecnological advancement

Personality

Tenacious of things we enjoy doing,
active, hardworking, individualists,
with a wish for recognition,
we like to be approved of

Values

Family
Attachment to things
Local
Health
Responsibility

There are so many possible paths to knit a story as there are possible users. Each time you, the brand user, start to knit, you take a different path. Even though every user takes a different path each time, all the knitting combined creates one and only story of the brand. Brand story is a joint story of all individually knitted stories. This might look like a paradox: nothing but individual brand user stories exists, but at the same time, the only valid brand story is a fabric made of all individual knittings.

In this knitting, there are always some gaps, which every user fills in with his own material, his own meme structure. Hopefully, the brand elements defined are relevant and persistent, which narrows the selection of those memes that are knotted in the story from the arsenal of a user. No user – no story. That means that a story that is not constructed from memes coming from the user's arsenal as well does not exist. As we have already stated, a brand owner or a brand manager does not really own a brand. A brand is always co-owned. It is co-owned by shared memes. We could thus say that brand is always co-branded since a brand user is a brand himself. Each user is a meme construction constructed by the same principles as every other brand. I am a brand, and as a user of a specific brand, I exchange my memes with that brand's memes so that both sets of memes form a story. An important but often misused implication arising from this fact is that I (as a brand) exist (as a story) only by interacting with other brands. I am my personal brand only when being co-branded with all the brands that I use. My story can exist only if it is interwoven with stories that are not my stories but stories of other brands. I have the same difficulties when managing my brand since I do not fully own it, and brand

managers have the same problems with their brands. The old saying that a man is what he wears is more than valid from both the practical and, as we have seen, from the theoretical point of view.

Returning to the *I Feel Slovenia* story, which could be knitted from the brand formula above; in the brand book of *I Feel Slovenia,* we have constructed a story as described above. I hope it is clear by now that this is only one of the possible story samples. This is more a kind of a test story that one should always put together in the process of brand identity formulation. It is a must, a step that should be repeated in as many directions within the brand formula as one has time and patience. This important step tests whether brand elements fit together in all directions. Here we can see the importance of developing elements that are as different from each other as possible. If all brand formula elements were the same, no story would come out of knitting. If brand formula elements are too incongruent, and if the memetic distance of one brand element to another is too large, then one cannot construct the story in such a way that all elements are included and that the story turns out acceptable.

This endeavour takes some practice. Not only should those two extremes be avoided[104] but also just enough space has to be left empty within the story for the fillings from different users. Brand stories (optional paths) should be such that they ask users to fill the gaps with their interventions. This requirement related to brand construction requires the expertise of a storyteller; but that storyteller should be a business model developer at the same time, as we will see soon. The demand is quite challenging indeed.

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[104] Stories with too similar brand formula elements tend to be dull, and stories with too unconnected elements tend to be unfeasible.

Brand and egoism

It is the right moment to open up the issue that is not frequently discussed within branding topics, and even when it is, it is mostly brought in as a negative example. It seems that it is in the nature of the majority – including the majority of branding professionals – to compensate an apparent attachment of brands to the world of profit with extended argumentation about how brands should be altruistic in order to achieve success. If someone who is involved in branding in this or another way cannot avoid being part of the world of market liberalism, which most people see as a world of greed, then he should find a way how to balance this apparent "bad karma" of a machine that produces added value and profit from a product or service. Various visible side effects of this compensation emerged in the last century, most notably the constant striving of theoreticians to prove the cost of such altruism for the success of the greedy brand.

The most prominent visible side effects of this compensation are all kinds of corporate social responsibility and brand social responsibility programmes. Argumentation goes like this: "We know that we have taken something from environment by producing and trading our product so we would like to compensate this damage to the environment with our corporate social responsibility (CSR) program." This compensation trick rests on the implicit presupposition that the exchange of values on the market follows the same zero-sum game as sports games. It is one of the unavoidable foundations of sport that you only wins if your opponent loses. This zero-sum metaphor, which is 100% valid when it comes to sports, found a home ground in the realm of goods exchange world (markets). It is uncritically accepted by that same majority we have been referring to from the beginning of this chapter that someone who sells products or services and produces added value through sales, which is visible as profit on the balance sheet takes something from the market. Such notion changes something that is in reality exchange of goods into a robbery. For this reason, the robber (seller) has to compensate his robbery through various corporate social responsibility programmes, which are then, for the right reason, seen as pure clemency for all the misdeeds done through trade.

The fallacy of such (prevailing) reasoning lies in the wrong assumption that the market "game" is a zero-sum game as the case in sports. But nothing like that happens on the market. I buy something that I think I need for the price that I evaluate is a fair price for the value that I receive with the purchased goods. In my perception, the value of my money equals the intrinsic value (for me) of the brand that I buy. The market is another term for a place where goods are exchanged without any other force than the force between two subjects that find themselves on that market and have the force to sell (seller) or the force to buy (buyer). A market

where there is some other force that belongs neither to the seller nor to the buyer is not a market but a prison.[105]

There is nothing left unpaid or invalidated on a free market. The exchange of values taking place on such a market consumes all values on both sides. Since there is no other (third) party involved, no one owes anything to anyone after the exchange has been completed. The market game is not a zero-sum game but rather an all-parties-win game. No party should have s feeling of guilt after the exchange. There is nothing that any party should compensate.

Let us reformulate this conclusion with another wording. Only if both parties involved in the value exchange act as pure egoists (not taking into account the interests of any third party), i.e. as evaluators of value that the other party is willing to exchange for his value, then we can talk about fair trade, the free market and the all-parties-win game. Pure egoism is a prerequisite for fair trade.

Since I am quite positive that I have brought the majority of readers to feel absolutely repulsed by this so far "reasonably acceptable" book and by me personally, let me explain how the intrinsic logic of a brand can bring some relief to all that believe in the power of human cooperation, participation and sharing as one of the foundations of civilization. Yes, I claim that we do enter value exchange on markets as pure egoists and that our brands and we as people have to cooperate and to be responsible at the same time.

The answer to this apparent incongruity between egoism and cooperation lies in the brand formula itself. The brand formula has the power to identify different aspects of a brand in such a way that we can accept egoism, but also cooperation and sharing, as integral and substantial parts of a brand. Egoism is an integral part of vision, while cooperation and altruism most often rest in the mission.[106] A brand cannot generate revenue (food) for itself if it spends more resources than its vision collects.

One could say that values represent the altruistic part of a brand. But regardless the fact that the mission deals with stakeholders, who are rightfully understood as those

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[105] Taking this statement seriously, we should stress that a relation between a community and a taxpayer has all traits of a market. Although one might jump to the conclusion that the taxpayer is forced by an external force unrelated to any goods that he receives in return (exchange), it should be clear that at least in cases when being a part of such a community is a voluntary act of the taxpayer, the taxes that he pays correspond to the goods he or she receives. The stress here is on the voluntary nature of such a community. Such a taxpayer grants his community market status by way of democratic elections of representatives that decide about the interests of the seller (a community), which are in accordance with his own interests on all those markets that are generally understood as public markets. Such a market becomes a prison only if the interests of community are taken over by the interests of a group of taxpayers that were not appointed to their privileged position by majority decision. Needless to say, such misbehaviour often happens.

[106] This is mostly true. Vision and mission are the primary and necessary habitats for egoism and cooperation within the brand formula, but that does not mean that they cannot appear in other elements as well.

that receive some goods from a brand that are not purchased (compensated directly through a purchase agreement and paid for), we should understand the mission as an integral part of a business model. Each element of the business model, each brand element, has its value only if it adds value to the brand and does not reduce its value. If a mission adds value to the brand, is a part of the wholesome egoistic "project" of the brand. The only altruism that is beneficial to the brand is one that is performed egoistically. On the other hand, each altruistic action of a brand that does not primarily benefit the brand is in fact destructive not only to the brand itself but to stakeholders and customers as well. They might benefit in the short term, but if the brand extends its altruistic endeavours over its capacity (over the limit that ads to its value and not deduct from it), the brand deteriorates and ceases to benefit its stakeholders.

A brand has to execute its mission as much as it has to execute all other brand formula elements. The mission is always aimed at the benefits to stakeholders that are not brand customers. A brand has to secure resources (financial, human, technical, and intellectual) to accomplish its mission tasks. Should the resources dedicated to accomplishing these tasks be in balance with the tasks connected to all other tasks emerging from other brand formula elements, then the brand will thrive and then we will have to conclude that the altruism performed through the mission task is not altruism but pure egoism. If a brand (its owners and managers) forgets about this balance, putting a strong emphasis on and allocating considerable resources to the mission tasks, such a brand gives more to stakeholders than it receives from the market. Such a brand is truly altruistic (gives no shit about its own interests) and thus, sooner or later, dies.

I could delve much deeper into the question of altruism vs. egoism, but I would then miss the focus, which is the brand itself. A clever reader will find many implications about this subject in many chapters of this book. A large part of the chapter on brand measurement is devoted to another but still the same aspect of brand egoism. For all those who would like to get a deeper insight into issues related to the egoism of life should take a close look at *The Selfish Gene,* a signature book of Richard Dawkins from 1976. All his later books up to the year 2000 add up to this masterpiece.[107] For all those who would like to get a candid view on the benefits of egoism in the realm of value exchange on markets, Ayn Rand's work is the foremost reference. There are many other distinguished writers on macroeconomics that could be recommended but Ayn has an unparalleled power to explain the basic facts about the fair market in language straight, firm, and authoritative.

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[107] I should note here that *The Selfish Gene* does not provide the most elaborate examination of egoism of life but also marks the invention of memes as replicators second only to genes.

Managing brand identity

It would be a huge mistake to accept that brand lives as something with a fixed identity, and then enters the world and lives there. A brand, as any other living creature, lives only by adapting to its environment, i.e. by constantly changing its identity.

But wait – does the term "identity" not denote something that is like it is all the time? When Ayn Rand states the first and foremost axiom of existence, the law of identity, that A=A[108], that existence exists, this does not imply that identity is irreversible. If identity did not change, there would be no need for brand management. Immediately when you exit the perfect world of mathematics where A is a perfectly homogenous entity that stays A from the beginning to the end of humankind, you have to deal with complex entities that are not only heterogeneous but also adaptable to constant changes at every level of interaction.

The more something changes, the more it stays the same. Now, we should be careful with "more". Living bodies change all the time on all levels, from cells and organs to the body itself. But this change is controlled. Uncontrolled change is called cancer. Coca-Cola, a brand that has existed for more than a century, is an example of a brand with a very rigid identity structure, but it has in fact changed almost all of its moments of truth[109]. We cannot judge changes in Coca-Cola's brand formula identity, but we can follow the story that adapts to changes in the environment,[110] and taste and packaging that changed over time, but not so much as not to recognize the initial Coca-Cola moments of truth. The line between the moments of truth, the brand story and the brand formula stayed consistent over time regardless the noticeable changes in the moments of truth and the brand story.

Rock 'n' Roll again? Yes. There is never enough Rock 'n' Roll.[111] It rolls because of strict rules inscribed on the emergence of music. We are talking about rules of self-organized entities that have autocatalytic[112] power.

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[108] Those readers who would like to get a condensed but elaborate insight into Ayn Rand's philosophy of objectivism should read *Objectivism, The Philosophy of Ayn Rand* by Leonard Peikoff.

[109] Please note again the importance of interplay between the brand formula as the core of identity and moments of truth as extensions of this core but at the same time constituent parts of identity.

[110] Notably there was a time when Coca-Cola extensively related itself to war, and there were times when relation to sports and the Olympics became prevailing.

[111] It should be emphasized that the author of these words and lines does not favour Rock 'n' Roll in the original denotation. He prefers Rock in opposition if one wants to get a more precise definition from the historic second part of 20th century arsenal of "Roll" genres. And that is an important point here. What Rock 'n' Roll describes is exactly what Rock in opposition (Residents, Amon Dull, Univers Zero, PFM, Etron Fou Leloublan and many others) is. Rock in opposition does not want to "Roll". This music stumbles back and forth

It took me many years to really understand the importance of strict and simple rules for the successful creation of most complex brands. The more an entity is complex, the simpler and stricter must be the rules behind its creation. The level of freedom is in direct correlation with rules that encumber movements of the subject of freedom. The question is not so much whether rules should be implied; what is important is timing and positioning of rules within various aspects of brand management.

I have already given a broad answer regarding timing in the chapter *Management of life in time perspective*. Most of our effort should be devoted to the most distant aspects of branding on one side and to the closest ones on another. Mission, vision and other brand formula elements should be regarded as an anchor that we throw somewhere in the distant future and allows us to pull ourselves toward it. The point thrown in the future (the vision) should be stable and thus rigidly constructed. On the other hand, daily steps in executing brand through moments of truth should obey only one but unforgiving rule: "This or that moment of truth must add a new step towards the vision." In-between there is a story that is reconstructed each time a brand is used. This mid-term story reconstruction is by definition out of our control and we should thus not feel as we are out of control if we do not directly control its creation. On the contrary: the more we control the moments of truth and the vision, the more stories that are being created out of our control are going to be congruent with the story we wish create.

How to define identity?

Brandlife should serve as a practical guide for defining and managing brands. Practice without strong and consistent conceptual (philosophic) background can serve animals well, but not humans. Why should such marvellous and painstakingly developed evolutionary emergence as the human mind be eschewed in any human practice? Not understanding how two distinct tools used by humans – language and reason – operate is like driving a car not knowing what a turn of the wheel will in

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all the time in frustrated un-timing. It made a joke about Rock 'n' Roll's apparent self-perpetuating movement. I do not want to enter the discussion that with this shift Rock in opposition itself constructed its own "roll" pattern since the majority will never find the "roll" pattern neither in Rock in opposition nor in Stockhausen. For the purpose of this book we should cling onto two facts:

    a) Using the Rock 'n' Roll metaphor, the author wants to evoke a metaphor on the self-perpetuation of life.

    b) The author was never enthusiastic about the Rolling Stones or the Red Hot Chili Peppers.

[112] Who else than Stuart Kauffman should be referred to here. Whichever book or speech you take will bring you closer to branding than any book that has "brand" in its title with the only exception of the book you are just reading.

terms of changing the direction. That is why the author of this book distastes "how to…" guiding books that imply that success can be achieved only by following certain rules and procedures. No human activity, not even the most mechanical and repetitive one, can be performed without a certain value, a mission, a mission and a purpose context. If such a context is well-thought-out, consistent and thus evolutionary self-supporting, then a brand manager following this path can expect not only success, but also personal satisfaction with a higher probability. Such a context is called philosophy. Brand management without brand philosophy is like a vessel without a steering wheel.

But it is futile to know all the rules and all the philosophy without enacting them. Enactment is always implicit in philosophy. It is implicit in *brandlife*'s philosophy as well. Let us now make it explicit.

As I have already explained, there are two interconnected processes in any brand management:

- Identity definition
- Brand management

Let us first focus on identity definition, identity as circumscribed by the brand formula and the brand story. There is another extremely important brand identity element (or elements), moments of truth – they are going to be explained on the conceptual level simultaneously with practical guidance.

Who?

The first question we have to address is who should be involved in the task of brand identity definition.

The process has to be led by a brand manager. A brand manager is the person who manages a brand. The argument is circular so we have to break it down. Sometimes there is a person in a company called brand manager and he leads a department called brand management, but does almost nothing of what was described in the previous chapters as a result of devising brand identity. The specification of what a brand manager does can be found in the previous and the following chapters. This book should be understood as the job description of any brand manager.

Where should such a brand manager be positioned within the company? He should be the right hand of the CEO. And in many successful companies the brand manager is also a board member, second in importance to the CEO and the one that supervises all marketing activities of that brand[113]. In larger companies, such a

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[113] I hope there is not much need to make explicit the hierarchy of brand managers if the company that holds its own brand (company brand) also holds many product brands, e.g. P&G or Unilever. The structure should follow the importance of the brand. It could be that the holding (company) brand is weaker than its product brands. In that case, product

brand manager / board member might have another title and a subordinated department led by an executive brand manager. Such a situation is still congruent with my argument. It is important that all those that work in brand management are directly subordinate to the top executive, be it a board member, the deputy CEO or the CBM.[114] The brand manager should have the ultimate power over all company's actions aimed towards markets. In practice, the CEO is most commonly engaged with questions related to stakeholders such as legislators, local community leaders, the media, trade opinion leaders, but also shareholders, financial institutions and internal workforce[115]. The CEO normally focuses more on the mission part of the brand identity formula.[116] Second to him, the brand manager or the Chief Brand Officer, CBO, should thus focus more/only on the vision level, on markets that provide nutrition for the brand engine. The brand manager should have enough power to influence actions and directions of all those that relate directly to markets; and one would probably have serious troubles to find those that do not relate to any process that is connected to the market within any company.

Would it not be easier to call the brand manager marketing manager? Yes and no. As we are approaching the more practical part of the book, it will become clearer that it is difficult to draw a straight line between marketing and branding. Not so long ago branding was considered a special part of marketing. But if branding is a part of marketing, we are forcing the brand to be related to markets only. We know by now that a brand acts and interacts with all stakeholders and not only with markets. Thus, the conclusion that marketing should be treated as a part of branding seems more than logical. This rule should be applied not only to processes but to the organizational structure as well. When I said that the CEO primarily focuses on the mission part of the brand formula, that claim in fact subordinated the CEO to the CBO since it is the brand manager who manages all aspects of the brand. The CEO and the CBO should be in fact understood as yin and yang. Although the CEO is normally more focused on human resource issues than the brand manager, for

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branding teams would be larger and with higher budgets than the company branding team but would still be at a lower hierarchical level than the company branding team.

[114] I have yet not encountered CBM (Chief Brand Manager) as a title. I find this solution possible but not preferable. Why? Such a title would position the brand manager on the same level with the CFO or the CIO while in fact both of them should be in this or another way subordinated to the brand manager as, I hope, will become clearer later on if it is not clear yet.

[115] To be precise, the latter three do not belong to stakeholder groups.

[116] It is even better if only the CEO is engaged with the mission part of the company. It is a natural tendency to focus more on the issues that are not related to markets since they "spend" money. Spending is fun in the eyes of the majority. Therefore, limiting the majority to engage in the mission part of a brand/company is a necessary precaution against losing focus on the market, which is a generator of added value. Activities connected to the mission (should) add value as well since there should be no activity in the company that would not add value at some stage, but only as far as they lead to market exchange as the final (first and only) generator of added value.

instance, it should be noted that the brand manager should bring ideology, a sense of direction coming from the brand vision, to, say, human resource processes.

But wait, is it not a common presupposition that the CEO should be the one bringing the sense of vision to the company's life and everyday operations? Yes, he should. But he is only the first among equals. A brand's sense of direction knows no hierarchy. Each employee has the same responsibility to co-create the sense of vision of the brand, but there is only one who manages it: the brand manager or the CBO. Everyone in the company, including the CEO, "is a brand", but there is only one who manages that brand: the brand manager and his team. It should be clear that the marketing manager and the marketing department, creating a mix of products, promotion, pricing, and placement,[117] should be subordinated to brand limitations, since a brand touches all levels of the company and not only market levels.

The same way a brand manager manages all levels of a brand, all employees are executors of this brand. This fact influences the second rule in relation to the question of "who?" When we say that a brand manager leads brand management, we want to say that he leads the execution that happens on all levels of the company. Each employee is a brand executor, and therefore each employee should understand what he executes. Since we know that understanding directly correlates to the level of involvement, we should conclude that employees would understand and execute the brand as much as they are going to be involved in creating the brand identity. This statement applies two levels of involvement.

First of all, we have to take into account that since each moment of truth adds something to brand identity, each employee with his actions, which should be as well understood as moments of truth of that brand, adds something to brand identity. Employees are the creators of brand identity in any case, even if they are not formally included in the prescribed branding process. They cannot avoid this function because they are employees.

From the first-level conclusion, it is not difficult to deduct a second conclusion: since they co-construct brand identity in any case, they should be involved in the formal process of brand identity creation as much as possible. For practical reasons it is not possible to involve all employees in brand identity creation to the same extent. If there were no limitations, all employees would be equally involved in brand identity definition. For practical reasons it is advisable to involve different layers of company into brand identity definition in the form of upside-down triangle so that the top layers are involved more intensely and the lower ones less. But there should not be a single layer that is not part of this creation.

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[117] For simplicity's sake, I normally follow the simplest possible definition of marketing: Porter's 4P. There are others like McKinsey 7S Framework and many others, but 4P will remain the most intuitive and practical for any purpose. One can always upgrade it but never downgrade it.

How?

The more we approach practical instructions, the wider variety of options is available that still match general instructions devised in the previous chapters. In this relation, the same rule applies both to this book and to brand management. After we have developed a strong notion of the final goal, we should take into account that the further away from the goal we are, the more paths that are equally "right" lead to that goal. It is like climbing a hill. After a group decides to climb on a hill, the group members might start from very different starting points following very different paths. The closer they are to the peak, the less options they have and the more their paths merge. In the end, they all meet at the top. Even if they start from the same point, they might separate on the very beginning, following different paths, but the result is the same: they reunite at the top[118].

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[118] As a matter of fact, the brand should be understood as the whole hill and not only as the peak. A brand is not a unique selling proposition (USP, peak of the hill), but all paths encircling that hill. Thus it is wise to allow employees to take different paths as long as you are sure that what they have in mind is the same hill and the same top. Different paths can be understood as variations of the brand story. Each variation adds some juice and some power to the brand. This metaphor also moderates the apparent incongruity between the Western goal orientation (peak orientation) and Eastern "the path is the goal" orientation.

If I am in the position to manage the branding process as an external consultant, I normally take the following steps.

Management insight

First I try to get sense of a brand from the CEO and the person closest to the position of a CBO. This happens in the form of unstructured interviews, several if possible. Interviews seem unstructured to those that I talk to, for I am always conducting surveys about one brand element or all of them. In this first phase, which is very often the king of the pitching phase as well, I do not want to get specific ideas about brand elements, but a holistic understanding of the present position of the brand. It is extremely important not to complicate things at the very beginning. You will have plenty of time for complications later. One has to get a general idea about the present position, about conflicts within the present position but also about gaps between the present position and the vision of the future position. Interviewees should not be aware of brand's technical dimensions. That would force them to start theorizing and making them look smart. They should tell you the story as it is in their heads. A story with all the questions, the shortages, the missing characters, the flawed evaluations, the overoptimistic futures and so on. As already mentioned: a brand is a story and nothing more. The fact that we now have some tools to disintegrate the story into distinct particles does not change the fact that the lowest common denominator of any brand is its story. We as experts know that brand story is knitted from brand elements but we also know that each element is repeatable in any other brand and thus no brand element can replace the totality of a brand. Brand story is like the molecule of water, which is the smallest particle that still holds all the features of water. Oxygen and helium, which are elements that compose the water molecule, have no features of water and can be combined as such in thousands of different molecules with features very different from water.

I do not restrict myself to interviews only in this phase. I combine interviews with researching available written material about that brand, such as company brochures, brand identity books if they exist, web pages of the brand and the web pages of the competing brands, but also personal insights[119] into the industry that the brand is part of, especially predictions about possible future developments. One should never take predictions about the future as something that predicts future[120],

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Each path is a goal in itself from the perspective of brand strengths as long as the same peak of the brand (experiential promise) is kept in mind.

[119] I am not going into the question of where such insights come from.

[120] There is an interesting paradox to be found in futurism. It is theoretically impossible to predict future because of complexity and unpredictability and the irrational nature of man. Nassim Nicholas Taleb's book *Fooled by randomness* is an excellent elaboration of the

but rather as something that establishes the present context. Future taken in this sense is a necessary ingredient of any brand at each stage of brand construction.

Now is the right moment to address another paradox of brand creation. The body that constitutes a brand creates that brand. That would mean that the only role of a brand manager or the person that leads the process of brand identity definition should be to make something that was explicitly pre-existing in that body. That should apply to an external consultant even more. He should be neutral in relation to brand identity; he should not influence something he is not part of. Although the role definition of such an external consultant or even an internal brand manager appears to be conditional to an objective result, this is never the case in practice. No matter how much I tried to restrain myself from influencing the definition of the brand identity, I never really succeeded. And it gets worse: I have even noticed that one can never objectively bring out something that is a part of a living creature, such as a company. One cannot avoid interaction between the consultant's identity and the object of his work identity, which is brand identity[121]. No one can touch a brand without leaving his fingerprints on it. And after realizing this truth I have even advanced it: I do not hesitate to influence the creation of the brand identity at all, not any more. Not only because I know I cannot avoid it but even more because brand identity creation takes time. There are many instances when you a as brand facilitator can check whether an "imposed" brand identity reflects something that the brand body will be able to promise also after you leave, so you have plenty of time to level your influence with the influence of future brand owners.

But there is also a third reason why I do not restrain myself from influencing the future shape of the brand I am working on. Most often, the brand owner calls you to help him with his brand when he or she is somehow stuck. There are many reasons for this. Most often, those that manage a brand for a longer period of time lose the necessary distance. If you want to evaluate the position of the brand, its relation to its competitors, its relation to possible futures and all other traits, you have to evaluate this from a distance. If a brand is as loved as it should be, this distance is diminishes over time as a rule. Competent owners then, from time to time, hire

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unpredictability of future. But on the other hand, we know from past experience that a strong vision of the future transposed to products formed this future in the direction of that vision. Futurists provide food for a vision of man, that produce goods based on their vision that enacts that future. The context of this moment created by futuristic gibbering enables the creation of products that will make that gibbering future come true. But we should be careful: 99% of futuristic gibbering produces a context for products of which only 1% will in fact change that future.

[121] One can draw a parallel to quantum mechanics measurement where, as we know, one cannot measure quantum objects without causing a change in the measured object only by observing it. If you observe it, you necessarily change it. That fact is at the same time the root of the theory that for us as observers, objectivity happens by observation only in the process of quantum decoherence. Although I am aware that whoever claims to understand quantum mechanics is most probably a charlatan, I find some philosophical implications derived from QM so potent that I never cease to use them; not to advance QM but philosophy.

outside experts to provide this distance together with branding expertise. Providing distance already implies the provision of identity. Positioning (distance) is identity. One cannot provide a space for distance without influencing the future brand identity that is put there.

The role of an external brand consultant is therefore not technical but substantial. A brand consultant is not an analyst with no influence on the future shape of the brand, but more of a surgeon that cuts a body. Such a body can be healed but killed as well.

Second-level managers and leading coalition interviews

The next step is a series of one- to two-hour interviews with the second most influential level after the CEO or the board members. This is where more practical insights into brand life are combined with the presupposed ability to see the contextual picture of the brand that is in the process of identification.

What is a leading coalition? This is far from being a trivial question, because one cannot necessarily find leading coalition on every organizational chart. There are always individuals that are not very high up on the formal organizational level but have informally taken the position of opinion leaders, which makes them part of a self-empowered leading coalition. It normally takes some time to identify such individuals outside the formal organizational structure, and to dismiss those that have a high formal status but are in fact not part of the leading coalition. There is no rule saying that a high-ranking CFO in principle does not qualify for leading coalition membership since he is normally more defence-oriented, whereas a production manager would since he is more connected to the brand and brand development.

It is easier to pin down second-level managers. The number of second-level managers normally depends on the size of the organization, but for the purpose of this task, one should limit himself to not less than 15 and no more than 30. Why 15 and 30? A brand developer should upgrade his brand insight achieved up to this moment with as wide a variety of other insights as possible, so 15 seems to be lowest number of advisable interviews. On the other hand, one normally has a limited time available, while the variety of insights does not increase linearly with the number of interviewees. After the 30th interview, one normally gets only insignificant distinctions regardless the formal or informal rank of the interviewees.

In the end what we get are not only diversified insight into the brand but also a wider selection of those that in fact represent the leading coalition. It is this leading coalition with which we will work most intensely in the process of brand definition as well as in the process of brand management. That means that all those responsible to lead a major production, marketing, sales, controlling, financial, stakeholder and legal processes have to be part of this leading coalition, including individuals that

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"only" have informal powers. Should we find out that certain formal positions are not occupied by persons that play an important role in the actual *brandlife*, this is a sign of a business model malfunction. One normally finds leading coalition members outside formal structures, but should not find high-ranking managers not being a part of leading coalition. If a brand developer discovers such discrepancy, it becomes an object to be fixed within brand identity development. Brands cannot be operational with such unresolved discrepancy. But more about that is to come later on.

As a rule, the structure of interviews should follow brand identity structure. That means that this is the right moment for a brand manager to challenge his so far defined insight, and the CEO's insight as well. There is always a certain discrepancy regarding brand insight between the CEO or the management board and the leading coalition even in the most homogeneous brands. Brand consistency is not measured by views that are all alike, but by views that play together in harmony while being played from different standpoints. Different functions necessary produce different views and different stories. A brand manager tries to allocate a common source for these stories or include the story elements that stand too far away without losing too much energy.

At the end of this process the brand developer should find that the leading coalition perceives some brand elements more homogeneously than others. This finding is a starting point for the next phase. Less commonly viewed elements should be taken more seriously later on.

But beware – a brand developer should be even more cautious about the elements that were brought to him as self-evident and similar from all members of leading coalition. There is a high chance that such homogeneous attitude does not represent a strength but rather a weakness. If a company that receives public funding to maintain national highways feels that they have no competitors since they are the only ones maintaining national highways on a certain territory, this is a sign that their brand developer should challenge this false notion later in the process[122]. Unanimous understanding of competition along with a unanimous view on competitive advantages is a serious burden for the future development of this company and should thus be challenged in the following phases by the brand developer.

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[122] Competition and competitive advantages are the first candidates to be underestimated, at least in my experience. It seems that, as years go by, company leaders start to overestimate the power of their brand in comparison to their competition, and they start losing the ability to find competitors outside the narrowly defined industry or sector they are part of. A brand developer normally finds such blind spots in other brand elements as well, but competition is always a prime candidate.

Leading coalition workshops

If the purpose of insights and interviews is to widen perspectives, workshops should then narrow down the selection in order to obtain the final brand identity picture.

The path to the final picture is not a straight one. The method is about putting all that was acquired in the previous phases on the table and pushing the group to select the most appropriate ones. The process is more like taking one step back (complicate) and two steps forward (narrow down). It is impossible to define upfront how many steps it is going to take to come to a suitable solution. This process resembles spirit distillation. Each step produces increasingly strong spirit with increasingly specific taste. But that does not mean that one should perform as many distillation steps as possible. After three or four distillations the beverage strong, but quite plain. The same rule applies to leading coalition workshops with one important difference: in the distillation process one cannot take a step back, while at a workshop it is necessary to step back, which is why it is impossible to predict the number of steps forward (distillations) necessary to achieve the optimal condensation.

Time is a key factor here. One could hold four workshops,[123] which is a minimum requirement from my experience, in four consecutive days. It is not only due to the fact that the brand developer who runs such workshops has to have enough time to put results of each workshop on paper, but also the fact that brains and bodies of participants have to digest the new experiences and that at least a week's pause should be taken between each workshop. The pause between workshops should also not exceed four weeks although I experienced quite a good brand identity process, which took four workshops in over four.

I would be bluffing if I did not confess that normally I have already defined more than 75% of a brand identity prior to the first workshop. Why even host a workshop then?

   a) Only 1% of an undefined brand element is worth 100% of the brand. Each element redefines all other elements, as we have seen previously. Therefore, 75% really means nothing. But it means a lot in the procedure; it is a waste of

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[123] I do not enter the subject of how to plan, organize, and run a workshop. There is plenty of literature on this subject. It does not really matter which technique you apply. It is more important to stay focused on the final result (distillation). I normally hold four workshops not much longer than four hours. I prefer to work with a group of about 20 and not more than 30 people. I found out that for the most brand elements it is not advisable to split the group into smaller working groups for the obvious reason that it is extremely important that all members more or less equally understand both the final result but also the path that led them to it. I use the laddering method whenever I have a genuine interest in what lies behind the participants' definitions. But in cases where I previously discovered that a group members avoid certain facts (related either to the market, the economy, psychology or management), I use the challenge technique meaning that I persistently push members to clarify their views by confronting them either with objectivity or with their own views.

time to engage a workshop group in figuring out the obvious[124]. One should thus first focus on elements that are least defined in the beginning. New definitions bring new context for already defined elements and thus change already defined elements.

b) Because the brand does not belong to the brand developer or the brand manager but to all members of the leading coalition. It actually belongs to all company members, but since you cannot make the whole company attend the workshop for technical and physical reasons, at least the leading coalition should have a common view on the brand after the last workshop session.

Should I take the time and place to stress how important it is that all leading coalition members attend all the workshops, and that the CEO along with all the board members are necessarily part of the leading coalition and that they should attend all the workshops as well? I guess I should. At least for those readers coming from cultures that discourage close contacts between different ranks at events that request from members to forget hierarchy. Workshops cannot produce results if workshop members experience unequal treatment. The workshop leader has to create an environment in which the word of the lowest-ranking member has same potential value as the word of the CEO.

It is always difficult to decide with which brand element to start. Brand formula is circular. It has no starting point and no finish line. You simply jump from one element to another with the ultimate goal to bring a context of all other elements into the discussion about each element. The role of the brand developer is crucial in this respect. He has to force the group that is by nature inclined to see each element as self-sufficient to see and make explicit relations to every other element. If workshop group members do not make these relations explicit themselves, the procedure has to be repeated until they do.

As I said I choose the least defined elements for the first session, but practice has taught me that the vision and the mission should be worked on as soon as possible in the mentioned order. With the vision, the brand developer has to widen the perspective in time. It is extremely important for a group to understand that a brand lives in each moment, but is defined primarily by its future (vision). It is important

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[124] Since all readers of this book are clever, all of them noticed the circularity of this argument. "It makes no sense to bother with no sense so everything we bother with makes sense." Who then guarantees that the decision about what is important is not the wrong one? The workshop leader, the one that decided about 75% of the brand before the workshops begins. But what if the workshop leader is wrong and misleads the group?

All those questions are extremely relevant, but have no other objective reality but the workshop leader himself. It is his responsibility (and power) to be sure. He can be sure because he should test this upfront brand construction through workshops. A responsible leader will be prepared to adapt to a new insight so that it will affect initial picture but not destroy it. The workshop leader is not an objective machine but rather a conductor, who knows that the brand constructed and later run by the workshop members will be covered in his fingerprints.

that the mission follows the vision in order to differentiate markets from publics. Confusion of markets with publics comes as the most frequent and at the same time a more challenging threat in the brand identity definition process.

Another brand formula element that should receive special attention in most cases is the functional promise. Why? Because companies usually take their product or service line for granted. Brand workshops are the perfect place to rethink brand product extension since such extensions are normally based on complex decisions. Leading coalition workshops are the most complex structures in the company. Another reason is that such a group normally scrutinizes wording more exhaustively and quite often finds naming mismatches. If naming proves to be wrong, the product or service is enfeebled. I was most often invited to work on brands for the non-functional reasons (culture, values, company integration, company restructuring) but found out during the process that dysfunctions of functional promises are often an important if not even the main cause for non-functional disharmony.

After a final brand formula picture has been constructed, it is the task of the brand developer to put the brand story on paper. Unlike elements that can and should be defined collectively, this is not the case with stories. As we have previously described: brand story as a part of brand identity is only one of possible stories.

Lower-level brand integration

After the leading coalition has defined the brand formula and the brand story comes the time for this identity to penetrate each pore of the company that owns the brand.

While it is true that in theory everybody who implements the brand should participate in the identity creation process and should thus influence both the brand formula and the brand story, it is impossible to follow this rule in practice, especially not in medium-sized or large and older companies. Thus, the penetration of brand identity via different communication and participation tools comes into play here.

According to ancient experience, information is good, but involvement is always necessary. With this in mind, it is always possible to plan workshops in which employees are not only informed about the brand they should own and live but to engage in it. The fact that they cannot develop identity does not mean that they cannot develop their role within this identity. A brand is not something one would keep on a bookshelf but the guiding principle for every act performed within the entity that holds that brand. This rule gets an even deeper meaning when observed from another direction: a brand is nothing but the sum of actions of those that create it. The threat that the leading coalition would develop a perfect brand but the body of the company would do something else in its daily operations is not as uncommon as one might think. Since we know that a brand does not equal a product we should

also know that a strict product construction procedure (recipe) accepted by everyone involved in the construction does not guarantee brand enactment, not in cases when the brand attaches to a product and even less when the brand is attached to a service[125].

The task of a brand developer is thus to plan workshops with all employees and force them to express themselves within the brand framework and through their actual daily operations. They should play their own roles within the brand framework from the point of view of their daily operations. It is again the brand developer's job to interpret how their reactions reflect the brand. Such reflections are even stronger if shared by a larger internal group. Such workshops should enable the group members to act and to reflect on the feedback they get from the group as measured from the brand's standpoint. It takes time and effort to involve all the employees in this endeavour, but every minute and cent pays off.

Engagement is of utmost importance, but information about the brand should not be missing either. While everyone first thinks about using company newsletters, the intranet, presentations, posters and other typical communication channels, one should not forget that every part of the company has a communicative and not just a functional value. The organization of the workspace, colours, CEO's availability, parking regime, etc., etc.; everything communicates brand values to the employees, be it planned or unplanned. But with aforementioned communication tools I have already touched upon the subject of the next chapter: *Moments of truth*.

How often?

Identity is fixed but not unchangeable. It would be unchangeable in a static world, but since the environment changes all the time, the reaction of a brand with its environment changes all the time, which is why identity changes more than not. Identity is always relational. Blue is of a different colour if framed in black than if framed in red.

One can compare a brand with a tuned piano. A piano, used or unused, becomes untuned over time. Each string makes sense on its own, but when played in relation to another (those relations make music), the listener experiences disharmony in the same sequence that was in harmony in the beginning. Entropy plays a role both in music instrument tuning and in branding. From time to time, a brand as an instrument has to be tuned. The comparison with music instruments stops here, because brands could and even should be tuned a bit differently each time as if

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[125] Once again, a product is a service and a service is a service. Nothing but a service exists. Even

different audiences possessed differently tuned ears while listening to the same piano. Audiences change over time while using the same brand, which is why the brand should also be renewed from time to time.

Here lies an important paradox that we can often notice while evaluating the consistency of a personality. It seems self-evident that a person that does not change his opinion with the wind is consistent, while on the other hand we tend to evaluate those that constantly change their attitude as hollow. A sailboat parallel might be more instructive both for people and for brands. Attempting to reach the final destination, a sailboat has to trim (change) sails all the time in response to the changing wind. The sailboat loses time and wastes the energy of the crew with every change, but without making a change reasonably often, it would never reach its final destination. It is for this reason that branding is closer to art than to natural science, because it is the feeling that guides the brand manager in evaluating whether and when he should change brand identity to keep it on track. And there is more: in the case of a brand, even its destination (vision) might change over time, so even a total change of identity still proves the consistency of the brand.

Based on this it is not difficult to conclude that the pace change in the environment guides us in deciding when to change brand identity. Here I have to be precise: brand identity changes all the time with each new user and with each new employee and with each change in the environment. I am talking about the identity petrified in the brand formula and the brand story here. The brand formula and the brand story are by definition always a bit behind the enacted brand identity. The real brand identity is by definition in harmony with the environment. This is the rule of nature.[126] This harmony might lead to extinction of a brand only if the promise of that brand (which comes from the written brand formula and the brand story) is too far from the actualization of the brand. It is the distance between the brand's promise and its actualization that we want to narrow down during rebranding. Rebranding is nothing but rewriting the brand formula and the brand story in such a way that brings both closer to brand actualization and with that closer to being in harmony with the ever-changing environment.

I still have not answered the question how often. It was on purpose. Of course, if you have not already figured out the answer from the previous sentences…[127]

Rebranding should follow a similar path as branding, but faster. Changes of wind (the environment) take different forms in the social life. Changes that are more frequent or more important are legal, technological, climate, and economic. But in the end all changes are reflected in your customers and their behaviour. But at the

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[126] This might come as a surprise for readers who are not interested in evolutionary theories, thermodynamics and the complex systems theory. But I have to stress again that a person that has no knowledge whatsoever about aforementioned fields of thought can never become a good brand developer or even a brand manager.

[127] In practice, one should do rebranding every two years or even every year in FMCG, and not less frequently than every five years for products or services that experience slower a pace of change, the steel industry for instance.

same time changes in customer's behaviour affect changes in economy, climate, law, and technology. And there is more – we all know that brands change customers and their behaviours, which go on changing everything else. Who then changes whom?

You should forgive me, but the last paragraph is here only to promote the importance of system dynamic thinking. You are my environment as much as I am your environment. The answer to the question "Does the dog wag the tail or does the tail wag the dog?"[128] is only dependent on the standpoint of the one that gives the answer.

The use of external consultants

It is well known how consultants answer a direct question: "It depends." And they are right. By now we know that it really depends on which part of the environment we focus our attention. But in the end, the client will want to know what to do. And then the consultant should produce a sense of direction. It is for this reason that I normally come with 75% "finished" sense about the brand I start to work on. Already in the beginning, I know quite well where I should direct the creation of the brand. Through the creation, I give a chance to the brand, to the brand team and to me to change these 75% completely because I know that by changing it I will prove that the initial 75% was correct.

Consequently, the right answer to the question of whether and, if so, when to use external consultants in brand development is: It depends. External consultants bring not only a fresh view but also, even more importantly, they are quite often more forward-thinking since they feel less restraint than in-house experts. But for the same reason, they are more detached from reality and can thus never develop a brand without being internally balanced. So, the most reliable answer would be that they are invaluable, but only as much as the brand body (internal structure) can digest.

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[128] Wag The Dog. A nice film, by the way.

Brand users

Brand users are defined through brand identity. Values written in the brand formula are nothing but values that should be appreciated by brand users and thus their values. At the same time a brand does not exist without users. A Kartell juicer, designed by Philippe Starck, remains only a piece of metal if it is not consumed by one of its (internal or external) users.

There is no brand management if the person managing the brand does not have as the fullest possible understanding of brand users. And you cannot understand brand users if you do not possess the tools that help you understand human nature.

It would be expected here to introduce some theories that are currently most widely appreciated, and then apply one of them to the matter being discussed. I will take another way. I do claim that branding theory and practice prove the multiple draft theory of mind, developed by Dan Dennett in *Consciousness explained* (1991), and not vice versa.

A brand is nothing but an emergent property of multiple drafts – if you understand brand formula identity elements as drafts. There are nine brand formula elements, nine drafts that combine with each other, often overlap and sometimes even form dramatic polarities.

George W. Bush's famous quote was, "I have opinions of my own, strong opinions, but I don't always agree with them." It makes no sense asking yourself whether the former US president was making a joke, made a Bushism or showed inexplicable clairvoyance when uttering this sentence. It is a mistake not to understand that a subject is an end effect of more or less random, opposing and conflicting statements; it is also one of more devastating mistakes in all kinds of human relations and of course also in brand management.

The entity that owns a brand has an external relation to that brand as much as any other entity does. Brands are human creations but the moment they are created, they start to live their own life that takes its own path that can often contradict the intentions, wishes, plans or even interests of brand creators. A brand is like a child. It starts to live its own life immediately after conception. Before it is launched (born), a brand is strictly a matter of internal affairs. All types of company's internal functions are helping it to mature enough to survive after the launch. But even these internal functions become external to the newly created body over time. After the brand has been launched, its position is anywhere between a strong dependence of a new-born baby, an adult potent creator of values and a declining resident of an institution providing help to those closing the finish line of their lives. It is quite common for brand developers to interfere with the brand's life quite heavily after the launch. It is their child anyway. They know what they meant with it. They made plans about its success. They should guide it! After a while creators get tired, get new brands to develop, and leave the brand in the hands of other professionals to position it in everyday life. If the brand holds, if it is used, if it gets nourishment from its customers, the brand becomes more dependent on customers than on its owners. If and when the brand gets sick or grows old, troops of doctors suddenly

rally around trying to reshape it, to refit it. Sometimes they succeed and the brand re-emerges with new powers and refreshed values, and sometimes they fail and the brand dies.

A brand living only through its users is not a contradiction of the previous statement that a brand has its own life. The proof that this is not a contradiction is the fact that each human is alive only as a multiple draft of all brands (meme complexes) with which he cohabits. We as humans, as mental (meme) beings are nothing but a sack of overlapping brands. This truth was so precisely understood and managed by Buddhism which sees nirvana as the final step of detachment from all earthly obstructions. Nirvana is nothing but the detachment of a person from all thoughts that link him to reality. In our language that would mean that in nirvana, we are detached from all meme complexes, from all brands.

Moving from this philosophical description of the relationship between a user and a brand to a more practical description of this relationship, it is quite clear that the only place one should and could search for a user is within the brand itself. All characteristics of a brand are already written in the brand formula and the brand story.[129] This apparent paradox can be described in another way as well: one cannot be attached to a brand if some brand formula traits are not his own traits. If the vision of a brand contradicts my vision, there is a high probability that I will not allow this brand to become a part of my life. It is similar with other values. It is perhaps easier to understand that if I do not have the need for coffee, I cannot be attached to the functional promise of coffee brand. If the benefit "to learn the basics of life" were not something that I would perceive as my benefit, I would never go to a university (brand) offering that specific benefit through the functional promise of a particular course of study.

Anyone who internalizes this simple truth should immediately see an extremely important implication: there is no need to put any additional effort into specifying the user of a brand. Brand user is fully defined by the brand itself. The brand formula defines brand identity and user identity at the same time. That does not mean that brand identity defines the whole user identity. Far from that – each user has very different identity layers (drafts). But if there is not at least one layer that fits brand identity, that person will not become your brand user. For the purposes of brand management, you can completely forget all other identity layers of your user. Those layers are completely insignificant for your brand since your brand interacts only with respective traits within a user. A Sheraton user might be either married, lonely, young, old, an introvert, or an extrovert, as long as these contradicting values are not a part of Sheraton's brand formula and as long as the user shares at least some of Sheraton's brand values.

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[129] Provided that the brand formula and the brand story are defined as they should be!

UTOPIA	IDEAL	NON USER
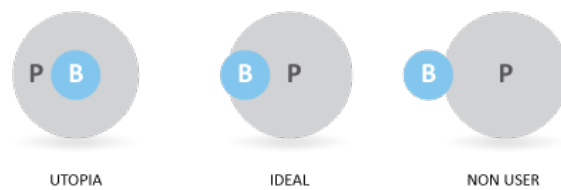
Only the part of personal identity that overlaps with brand identity is important because it is the only part that interacts with it. This means that all that is important about the user is already written in brand identity. A brand developer has to make explicit the values of the brand that tend to be relevant to drafts that exist at least in some individuals.

The task of a brand manager is then "only" to translate those brand identity elements (values) into demographic data, which then allow him to approach potential users. That means that the brand manager has to find out the gender, age, location and media preferences of users that are most likely to exhibit traits (drafts) described in brand identity. There is no need for other lifestyle definitions of your potential users. Lifestyle is defined in the brand identity definition. If we feel that a certain brand identity definition is not a good description[130] for a brand, that proves a poorly defined brand identity.

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[130] The question of what is a good description is a tricky one. We always know what is good and what is bad afterwards, when a brand has already succeeded or failed. But it is impossible to know if a brand identity definition is good in advance. However, there are some technical clues about what makes a good definition and what not. The most frequent problem is if brand identity elements are not specific enough. Generic values like "we are going to be leaders in this or that market", or "price-performance", or "value for money", or "quality is our main value" clearly show a lack of effort and weak definitions. The trick lies in the fact that the more our values are specific, the narrower is our target group, while generic values address a larger target group but lack comparative advantage potential.

Brand owner as a user[131]

The apparent paradox that separates a brand from its owner is most visible in so-called personal brands. Personal branding is going to be addressed as separate subject later on in this book. For now imagine yourself as you get feedback from other people that reflect on you. You do not have to be a celebrity to notice a huge difference between perceptions. It seems like there are many "yous" around, all very different from each other, depending on "external users" that "use you". You might even appear in a local newspaper featuring a story about the local fire brigade that you have once been a member of, saying that all fire brigade members are courageous. (Even though you know you are not brave but only joined the brigade for good company).

But then the majority of those that know you better say that you are kind, a bit introvert, a good musician and a good father. You are flattered by such a perception of your brand, which you have developed, but would like to change their opinion about you being introvert. You know you feel good in all kinds of companies and are not particularly fond of lonely evenings in the company of books. Why do others see you as an introvert? Maybe they compare you to people who are more extrovert than you are. Or maybe you only wish to be considered an extrovert because the social norm prefers extroverts in that particular moment. Perhaps you often go to parties but are not a party animal? You might force yourself to go to parties and suddenly change how others perceive you, e.g. "Look at John! What a change in his life! I did not know he was such a party animal!" On the other hand, you would eventually realize that in fact you do not enjoy parties. You might find out that you are in fact an introvert but the majority sees you as an extrovert.

With this simple story, I only wanted to give a glimpse into personal brand management, and clearly show the difference between myself, my brand, the internal and external perceptions of me (which are in fact my brands) and audiences that shape my brand when they use it. They (brand users) change not only my brand but me as well. It was me that went to parties more often after deciding that my brand (introvert) should be changed. And it was their intervention that made me realize that I do not like parties while I was being recognized as a party animal. You can see that I am, to some degree, a privileged user of my brand since I have some powers to manage my brand that other people do not possess, but on the other hand, the sheer number of others that shape my brand considerably outweighs my powers. That is why celebrities that make money out of their brands feel so desperate in managing their brands if they cannot live with what external users of their brands built into their perceptions. A personal brand might become such a strange place to live in that a person abandons it and starts to develop a new one. In

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[131] Brand owners, being owners of the company that owns the brand(s), are going to be reflected upon from a different perspective later in the *Governance* chapter.

some cases, it is easier for a person to commit suicide than to build a new brand. A brand is capital. Capital brings dividends, but it is a liability at the same time. The larger the capital, the larger the debt to that capital.

We have also seen that a person uses his brand as he uses his car, his mental abilities, or his experience. Brands are external phenotypes of a human body. They are parts of external phenotypes that have their own life. A beaver's dam and my cell phone have no traits of life in themselves, they are an extended phenotype of a beaver and of me, respectively.[132] Dams and cell phones do not produce emergent properties that would not be an integral part of their instructions while being created. Brains, brands, and other complex structures produce emergent properties that cannot be deducted before they emerge from their instruction books. There never has been and never will be a brand book that would describe all (emergent) properties of a brand that a brand book describes.

I have used an example of a personal brand only to draw a distinction between the owner of a brand and a brand itself more vividly. A company owns buildings, machines, patents (trademarks), licences, and other complicated stuff. But they do not own their workers, suppliers, and not even brands in the same sense. A company has certain rights in relation to its labour force based on employment contracts. The company has certain rights as an entity that paid its workforce to build a brand. In this sense, the company owns the brand, which has emerged as the result of work performed by people hired for the period in which the brand has been developed. The company has the right to collect the added value that emerged from the work done on that brand, but it does not own the brand in the same way as it owns its machines and buildings. And it goes even further: the company cannot manage the brand in the same way it manages a machine. In practice, there is no other entity than the company and its workers that can manage a tool owned by the company. When a company starts to manage its brands, it has to be accepted that only a minor part of brand management is done directly by the company and its employees. Brand users do the majority of brand management. We should easily extrapolate that the best way to manage brands is to manage its users.

Internal users

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[132] I hope it becomes clearer and clearer that t is extremely difficult to draw a clear line between living and un-living stuff in this universe. We could say it is very difficult to draw a line between complicated and complex. You can never be sure if some complicated stuff becomes to behave like complex stuff that starts to emerge properties, to emerge life. Albeit all hopes to force life emergence through artificially produced complexities with computer programmes failed so far. My explanation is that life emergencies are produced only if digital and analogue complexities combine.

Here we come to internal users. It is easier to manage internal users than external users. So it is easier (cheaper) to manage brands through internal users that through external ones.

Please note a quite common confusion at this stage. An internal user (employee) buying and using products of his company is something that should not be confused with his possible engagement to the brand. Although product usage is in many cases a prerequisite for brand engagement, the link is not as strong as it seems. It would be a bad sign if a manager employed by BMW would park a Mercedes in the company's parking lot, and it would look strange if an employee at Chanel would not be dressed in Chanel clothes while working in a Chanel store. But you would not expect each Ferrari worker to own a Ferrari or a Boeing worker to sit on Boeing airplane. I could more easily imagine a worker that would feel obliged to use his company products and at the same time spread negative values about the company brand. It is true that companies make money by selling products and services, but also add value embedded in their brands. Phone producers all make similar cell phones, but only some of them add brand value to physical objects in order to collect higher added value. So it is important that employees use company products but it is much more important that they add value to their brands. Surely, they show respect to their brand using a product that occupies the brand, but there is much more good to be done to the brand than only to use its product or service. If they communicate the brand actively and passionately, they become brand ambassadors and add much more value than if they only use it.

Having brand ambassadors and especially internal brand ambassadors is not as important in terms of spreading the word, but much more because of quality of that word (reputation). As I have briefly explained in the story of a personal brand owner being confronted with conflicting perceptions of his brand, the unanimity of voice is equally or even more important. It is easier to pump a quantity in a brand positioning than a good reputation. You can easily buy advertising space and airtime to boost frequency. But to counteract the inconsistency of brand perceptions – the inconsistency that is then spread around by brand users – is much more difficult since reputation cannot be bought in the short term. Therefore, internal brand ambassadors are extremely important. Internal brand ambassadors have easier access to internal resources related to brand identity, as explained in previous chapters. From the brand manager's perspective, it is easier to bring in-house employees to a synchronized voice about the brand than external. It is not the brand manager that runs the brand; it is not the management board or the marketing department either; it is the whole company that should run the brand. And not only in order to achieve unanimous voice about the brand but also because in general, different parts of the company practically manage different moments of truth of the brand. So it is not only communication, being one cluster of moments of truth[133], that is the reason why it is so important to involve the whole company in brand management, but also other moments that so often stay unattended in brand management.

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[133] Moments of truth? Wait for the next chapter.

When I say it is easier to bring internal people to speak with one voice, it should not be forgotten that a huge opportunity presents a similarly huge threat if the opportunity is not seized. It is much more damaging to a brand if internal users do not have a common view on their brand and if they spread this scattered or even damaging voice.

Brand managers should know that to understand the future value of their brand they should measure how internal users assess the brand in this moment.

External users (how does a brand happen in the consumer?)

There is not much more to be said about external brand users. From the brand's perspective, there is not even much difference between internal and external users. To be a brand user denotes a situation in which a part of brand's body is shared with a part of the user's body.

That is why the term stakeholder is best to describe a necessary interchange between a brand and its user. On the other hand, the term public is equally inappropriate as the term audience since both denote a situation in which there is something that "emanates" and something that "receives". This concept is rooted in the work of Claude Shannon, the father of information theory, and his source-channel-receiver framework, which proved to be extremely valuable in code breaking, computer chip manufacturing, and statistics. Information theory developed by Shannon, Turing, and many others is important in the digital world but fails in a world where digital and analogue systems interfere with each other in dynamic (chaotic) relations like in the brain or in any living entity.[134] The brand-user interaction does not rest on information exchange. Brand formula, for example, is a piece of information that can be transmitted from the source via a channel to the recipient; but brand formula is not a brand, but only a description of a brand. Andrej is my brand name, but Andrej is not a brand – it is only the brand name, one of my moments of truth. Brands do communicate (exchange information) but they do not live on that exchange. All information about Coca-Cola can be transmitted to me, including tastes produced on my tongue, but that would still not induce me as a

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[134] Quantum computing is a step forward and one of its aims is to replicate life. While I guess there is no one left that would expect life to emerge from digital computers among many that predicted such emergence twenty or even ten years ago, the hope for life jumped to quantum computing. I guess there are not many people that really understand the mechanism of quantum computing and I am certainly not one of them, but I still believe that if quantum computation is going to be digital, no more life will be produced by it than by existing digital computers.

Coca-Cola brand user. The same way you do not think only with brains,[135] you do not sense only with senses.

How does then a brand-user interface happen if not through communication? Here we have to be precise; it does not rest on a transmitter-channel-receiver system where the receiver is separated from the transmitter by the channel. Here I am not referring to the famous quote by Marshall McLuhan that "the medium (the channel) is the message" but to a more extreme notion of information without a medium or a channel. Such information is not information any more, since information needs a channel or a medium by definition. In a brand-user situation, the brand "becomes" the user and the user "becomes" the brand; they share a common memetic entity. There is no channel or medium that would separate brand's memetic structure from the user's. Both memetic structures are shared. And it goes even further: no brand's memetic structure exists before having been shared with a user and no user exists before having shared his memetic structure with a brand. The Brand and the user only happen as they interfere with each other. There is no audience and no public at this event. They both have a stake in one another. The brand is the user's stakeholder while the user is the brand's stakeholder. The dog wags the tail and the tail wags the dog at the same time. Something that should be perceived (traditionally, in Shannon's view) exists only when it is being experienced, interfered with, changed by the user. A brand is nothing but a sack of user experience. A user (human) is nothing but a sack of brands he occupies. This is a non-informative, analogue basis of brand-user interference. Both the brand and the user happen the in memetic world that can only be shared by both simultaneously and never occupied by only one of them.

This fact has necessary and serious implications for brand management. Not only can one not manage brand image, but it poses serious obstacles in brand identity management as well. If brand identity is changed by each interaction with each user, than theoretically one could manage a brand not only by influencing the "brand side of a brand" but necessarily by influencing the "user side of a brand" as well. And how can you manage brand users – individuals over whom you have no authority? It is easy to imagine certain management processes within your company to manage your brands since such brands are your property. Or are they?

Let us take this from another perspective. Is it really so impossible to manage individuals that are not formally subordinated to us? Is it not true that you actually manage them via your brand, which they use? You change them with your brands and so you can say that you manage them via your brands. This is hilarious! You manage your users (customers), over whom you have no authority, via brands you possess but cannot manage since they are co-managed by those same users.

You can now see that the distinction between brand owners, its internal and external users is valid only for the purpose of defining goals that those three types of users have in relation to the brand. Brand interactions and management challenges are

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[135] A brain detached from a body could not operate as the human brain even if fake signals were transmitted to them. The physicality of a body allows the brain to function as they do.

not only similar but also the same in all three instances. Let us now proceed to the next chapter where those challenges are going to be listed, explained, and eased to a certain degree.

Moments of truth

Brand is nothing but [136] an interaction, a junction between product's memetic structure and user's memetic structure. A product that lies somewhere and is not being perceived is a physical (objective) entity that receives brand quality only if it is connected to user experience. What is user experience then? Experience is a memetic structure that is co-owned by the user and the brand that is being experienced. It is this act of connection, experience that forms and reforms both the brand and a part of the consumer, who is the subject of the brand.

After having unveiled brand's memetic structure in previous chapters it is time to take a closer look at the moments [137] where the brand meets its user and when the user experiences the brand.

I have to admit that I have some rational arguments as to why I do not use a more frequent term, "touchpoint", to denote the junction between a user and a brand, but I do not take those arguments too seriously. An extremely strong argument might be that I do not use it because it is used too frequently. Another might be that I feel sorry for the moments of truth being used mainly for service brands. As if moments of truth happened only when a brand user was in connection with another person providing some sort of brand service. I hope that by now, my most valuable reader, you have accepted the fact that from the perspective of brands and branding there is no difference between a product, a service or a personal brand. They are all equally alive and as such interact with users following the same pattern. It is the intrinsic nature of every memetic structure – be it a human or a brand – that it interacts on a memetic level. I as user do not interact with Tiger Woods as a physical (most probably living) creature, but with his brand, i.e. his memetic

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[136] "A brand is nothing but..." is a phrase I obviously use a lot. In this extensive use lies a certain paradox. If a brand really is "nothing but..." then this phrase could be used only once, only when it would be followed by a description of what a brand really is. How is then possible that I respect the linguistic logic as much as I can, hope that I am not a relativist that would undermine the objectivity of reality but still use this phrase really often?

The fact that there is objective reality meaning that A is A (using the famous Ayn Rand's objectivist axiom derived from Aristotle) does not contradict the fact that there are always multiple views on this reality. Take a brand: a brand is something extremely unified, objective (objective in its memetic environment) and homogenous; but at the same time explicit through the 9 brand elements, each of which adds a layer derived from another perspective. It is the totality of these different layers that provides a brand with consistency and wholeness. So, to say "a brand is nothing but..." many times and from different perspectives is not a sign of dispersion, but a steps toward cohesion.

[137] Please note that I do not take the time/space unity only metaphorically. Time is a property of space not only in relativity theory and all further developments in physics of both extremely large and extremely small dimensions, but in our visible and livable dimensions as well. When I say "moment", I take it in its topological extension, and when I say "place" or "junction", I point to the temporal extension of those terms.

structure. And I do not interact with it with my flesh, but with my own memetic structure.[138] This interaction does not differ from my interaction with my iPhone or Mič, my hairdresser. So, I use "moments of truth" solely as a sign of my rebellion against all those that do not take branding seriously enough or without enough reflection.

However, a "moment of truth" has another instructive feature that provides an instructive lesson to brand thinkers and to brand managers. It refers to an often-experienced gap between brand promise, which is normally communicated, and brand usage or the actualization of that promise. It often happens that we, brand users, experience this or that brand and then feel as if we have been cheated by its promise. From a brand manager's perspective, the moment when a brand is first experienced is a kind of a moment of truth: Have we really constructed the memetic structure of the brand close to the one that is going to be co-invented by the user?[139] With the brand promise as the execution of brand identity, we, brand managers, actually try to construct something that can happen only during an interaction with a user. We talk (promise) about the taste of Coca-Cola (experience of Coca-Cola) but real experience cannot be described, but only experienced. And if it is not experienced in the way it was projected in the promise, that is an instance of a devastating moment of truth. It does not matter if experience is better or worse than the promise. Devastation comes in both instances.[140] That is why the "moment of truth" in its dramatic dimension is the preferred term for me.

A cautious reader has noticed a "minor" mislead in the previous paragraph. It is not true that a brand promise is something that is separated from a brand's memetic

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[138] The distinction between flesh and memetic structure is here not to support a dualistic view on existence, but to point out which inseparable part of unity interacts. Although I do not discuss the option that memetic structures could, in principle, exist separated from living human flesh as some king of James Lovelock's Gaia memetic structure or Platonistic ideas, it is worth mentioning that memetic structures could in principle be attached to some other substrates than the human brain/body. The most obvious one reason for this is that brands are nothing but memetic structures attached to products, services or humans. Since brand memetic structures are attached to humans as well, there could be no other explanation for human memetic structures than that they consist entirely or at least partially of brand memetic structures.

[139] Brand experience is nothing but a re-creation of brand memetic structure in interaction with user memetic structure.

[140] I often use a pricing example in relation to this mismatch. Pricing is a part of brand communication. Price in relation to similar brand prices positions the brand. If you experience a brand as being overpriced, e.g. if the hotel room does not meet your expectations based on your experience in other similarly priced rooms, such a brand will lose value in our eyes. But if you experience a functionally excellent room at a price that is too low, you will devaluate your experience of that room in almost the same manner. Such would be the experience if all other elements influencing brand appreciation remained unchanged. If something similar happened during the Olympic Games, when room prices normally go through the roof, you would "deduct" the perceived value of the Olympic Games from the room price; or in case of a loyalty discount you would add this discount to the room price for the purpose of your perceived value.

structure. To experience a brand promise is to experience a brand. One does not co-create Coca-Cola's brand only by taking a sip of from a glass or from a bottle, but each time one consumes the memetic structure of the brand.[141] That is why we have to differentiate between a brand user and a brand customer. I am a Coca-Cola brand user although I do not buy or drink it.[142] Noticing and engaging in any way possible with ads and other communication activities of any brand makes me a brand user. For instance, I have been an active Morgan brand disseminator by using its example not only in conversations with my friends but also in my lectures on branding. But I have never bought, drove and perhaps not even seen that car in reality.[143]

This introduction to most the practical part of brand management was necessary so that we would never forget that a moment of truth is a memetic structure (experience) attached to a some kind of physical substrate. We have to use some sort of physical entity to allow the memetic structure to interact, but we should be aware that it is the memetic structure that changes water to Evian.

Years ago, I developed a fairly complex chart to help my team, my clients and, far more importantly, to help me grasp the paradoxical structure of moments of truth. Although it is more than 10 years old, I still find it valuable, and, what is more important, each time I look at it, I discover some new brand insights in it.[144]

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[141] A promise is a part of a brand. A proof for this can be found in well-known blind tests. The famous Pepsi challenge proved that Pepsi was preferred to Coca-Cola if cups were unbranded. Many other tests also prove a strong influence of a branded promise to user experience. So, although we look at the brand promise separately, as something that precedes the brand itself, we do this only to single out two parts of one whole (brand) in the same manner as a human memetic structure makes a unity with "its" body.

[142] Coca-Cola is an exceptional brand and I am its heavy user, but a very rare customer.

[143] From this sentence, it is clear that it makes no difference regarding brand experience if I experience Morgan on TV or in a magazine ad or see it on the road. All these experiences represent the same brand physicality and in all those instances I am a Morgan brand user. Virtual reality has the same value for our memetic experience as offline reality. The only shift is (or can be) made after purchasing a Morgan. Then I (being a memetic structure) transcend the brand experience, but only from the Morgan manufacturer's point of view, because I only then seal the value exchange, i.e. money for the ownership of one Morgan car. If a Morgan owner allows me (not recommended) to drive his car, this brand experience certainly adds to our brand experience but it is on the same level as reading about Morgan in a magazine. Test-driving is certainly more compelling as looking at advertisements, but until I buy an example of that brand, all this is only unconsummated love.

[144] This is another proof that it is the memetic structure that makes us as much as we make memetic structures. Ten years ago, I had half or less of the brand insight I have today, but following that chart I learn something new even now. If I was not sure that it was me and only me that charted that picture, I would fancy some extraterrestrial force that possessed me at that moment, e.g. a great architect of all brands.
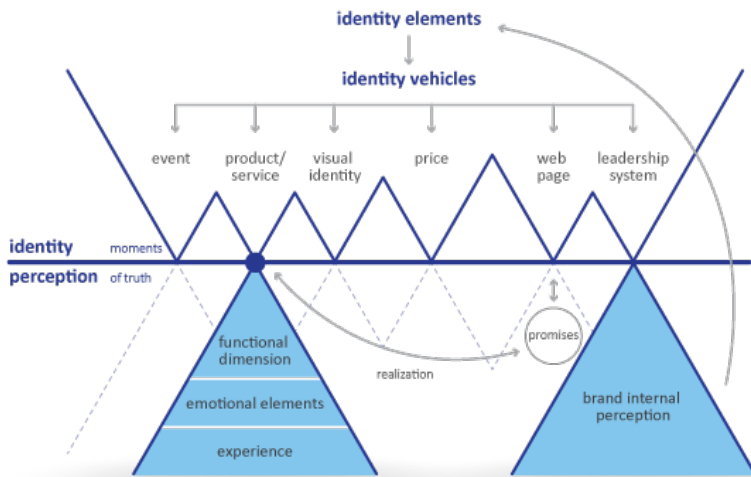
Let me first draw attention to the red line that separates identity from perception. It separates the upper part with identity vehicles (material substrates) from human perceptions (cognitive and sensorial). What is striking is that this picture clearly shows that "perception is reality". In other words, nothing but perception exists. Identity is identity only as a part of perception. Identity, driven by identity vehicles to the human perception, is nothing but the already mentioned memetic structures, memes and meme complexes that "merge" exactly on that red line. That this line is two-dimensional and not a three-dimensional tube is not a mistake. It has no depth. It is two-dimensional, evasive in a physical world of 4 or even more dimensions. It is not only out of depth but also out of time. When the lower and the upper part of the chart touch each other, experience emerges, a meme complex appears, perception meets identity, the brand happens. This is the sole moment of the brand. It exists nowhere else. It exists only in that moment of truth – a moment that is a dot (one dimension) but connects with other dots to form a timeless two-dimensional line that could as well be considered brand story.

Another important feature of this graph is that each identity vehicle from the upper part (downward-pointing triangle) re-establishes an upward-pointing twin brother on the lower part of the chart. Each upward-pointing triangle on the perception part of the chart has a brand identity structure that comes from the brand identity formula. Perception has the structure of identity but in a sequence where the functional dimension (functional promise) is at the top (experienced first), followed by emotional elements and then by experiential elements or promises. Each moment of truth is co-created by two such triangles touching the horizontal line of the moments of truth with a single point.

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This paradoxical one/two-sidedness of a brand[145] is emphasized by the line that connects brand's internal perception with identity elements on the top of the chart, and then driven to the red line by identity vehicles. This line can be seen as Baron Munchausen's ability to lift himself with his own hand by pulling on his own hair. A leadership system that drives internal brand perception is nothing but a brand identity vehicle that co-creates brand's internal perception that supplies brand identity elements to the leadership system. This is another way to say that a leadership system leading an entity that owns a brand has to be brand-driven and brand-established. There is no other leadership than brand leadership. You cannot lead if you do not lead something that is a ship/brand.

Please, at least pay attention to the brand promise that is placed within the triangle below "web page". A brand promise could actually be indicated anywhere on the chart. As we have seen, a promise is an integral part of each brand element, brand experience and brand perception. A promise is also an integral part of the one-dimensional moment of truth. Only because the moment of truth is one-dimensional it can hold so many elements, including the promise and the realization of that promise. How come? Because it is not the promise vs. realization of that promise that really represents brand engine, but the co-creation that happens between the brand and its users' memetic structures. Drama (engine) happens in a single one-dimensional dot and is timelessly repeated over the red-line story.

It should be clear though that the above chart does not and cannot specify all possible identity vehicles. However, I have listed some of the most obvious vehicles that co-create moments of truth. Some of them beg for further explanation.

Trademark as brand protection

Trademark, ™, is a protected sign, a name, a symbol that denotes a brand; it is a set of words, syllables, numbers, symbols, shapes and forms put together in a unanimously recognized unique form that can be protected in such a way that, if copied, this copy can be considered infringement. Trademark is the first and most important example of legally protected moments of truth of a brand. There might be other protected moments of truth of a brand that are not trademarked, like packaging (a bottle of Coca-Cola), production processes (in pharmaceutical products), and many more. The latter are generally understood as patents.

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[145] Please recollect the Möbius strip from the beginning of the book. In a similar way, perception and identity (reality) are at the same time two sides and one side of the Möbius strip.

I like to say that a trademark is a petrified sign of a living entity, a brand. It is the most abstract connection of the brand with other legally protected moments of truth with the distinction that ™ is the only exclusive and indisputable connection to the brand.

A trademark is generally understood as a goodwill container of a product or of a company. If a company's assets are worth 20 and the market value of that company is 100, then the value of the company's goodwill is 80. A trademark thus represents the value of the brand behind this trademark. As assets can have a negative value (debt-equity ratio), a brand/goodwill can also deduct from the asset value of the company. If the guests of a restaurant get poisoned, the market value of such a restaurant often falls below its asset value, at least until its reputation is recovered. Since a brand cannot be bought, its petrification, its trademark can play the role of goods in market exchange. A trademark can be bought, sold, or put on stock exchange.

This symbiotic nature of brand and trademark can be seen well in the example of the personal brand. After slavery has been abolished in the entire world,[146] men and women cannot be bought, but our names are on the market all the time. I sell my brand by way of a contract between a trademark on the buyer's side (company) and my name, which is the trademark of my brand. As already said: trademarks are codified (petrified) total representations of brands that they represent. Managers of respected brands manage them as moments of truth. Brand managers and all other managers use them for legal protection and commercial trade. They are used also to separate one brand from another, but in this role, a trademark is only one of many tools that can be used for that purpose. So in fact, trademarks are of less concern to brand managers than to all other managers. Trademarks are weak moments of truth since they play a primarily rational role in the precise play of legal protection and a bit less precise but equally unimportant trade issues. Brand trading issues related to trademarks are certainly of great importance for trademark owners, but of no importance to brand users and thus of lesser importance to brand managers. The mission of both a brand and of a brand manager is to engage with its users on a memetic level. A trademark owner's mission is to raise the trademark value.

Regarding this distinction between a brand and a trademark, I believe there is no more doubt that no one can own a brand. Even I as the apparent owner of my body do not really own it, as was scientifically proved time and again by neuroscientists, cognitive scientists and philosophers.[147] One owns a trademark but can "only" manage a brand and not own it. I can manage myself; I can strive towards a higher efficiency, better looks, greater sustainability, and deeper compassion. In managing

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[146] Here I am talking about legal trade. Human trafficking is still a common practice around the globe, but it is illegal.

[147] It comes by no surprise that philosophy developed this managerial detachment of me from myself millennia before it was proved by hard science. Likewise, quantum entanglement has been the basis of Buddhism for more than two millennia while it has been scientifically proven only recently.

myself I feel the same resistance a as brand manager of any product or service brand. This resistance is proof that something is not owned but managed.

That is why I will completely skip all issues regarding trademark legal protection. I will give some attention to brand value though, since everything that brand managers achieve is evaluated by brand value, which is reflected in trademark value. Trademark value is a necessary result of a brand manager working on brand values. Brand values are the brand manager's tools; trademark value is a necessary result. Brand managers hate trademark value since it is a sign of brand's death. So creating values is important for brands, while trademark legal protection is not.

I am quite sure that many of those that came up to this point of the book think that, if not earlier, here is the proof that I am not only out of my but also out of any mind. How can anyone seriously engaged in branding even dare to think that brand protection is not important? Apparently, this is exactly what I am saying. Well, not really.

Brand protection is a too serious business to rely on trademark protection powers only. Who relies only on lawyers is dead meat already. Who lives on antibiotics all the time is dead meat already. Lawyers[148] are the antibiotics of your businesses. A trademark is an antibiotic vehicle for a brand. A trademark can be understood as an emergency tool in case everything else in protection goes wrong, like antibiotics are an emergency tool that is extremely useful if your immune system breaks. All antibiotics are destined to the same fate: they lose power each time they are used. The more we use them the more their power to protect is weakened. This holds true also for trademark, a protection tool.

Effective brand protection is provided by all brand formula elements simultaneously in a balanced way. If I have given legal protection with a trademark its proper place, it is now time to balance another branding self-evidence, which is that brand protects best if you innovate products or services faster than your competitors. While it is true that especially in technology-driven products technical innovation is extremely important for the same reason, as enough water in water is important for water being water. If a product relies only on the functional promise based on technological innovation, then technology innovation is crucial. But have we not seen that a brand that relies only or mostly on one brand element, is a weak brand? From the perspective of protection, this statement gets additional support. If a brand relies on one brand element only and has succeeded because of the competitive advantage of this element, then one can easily understand both success and failure that may result from this. If a competitor over time reaches that sole competitive advantage, then the protective shield vanishes completely. If a brand that started on

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[148] Although the subject matter of this book is not general, I dare to emphasize lethal consequences of legalism in life. The Western society's inherent nature is the growing importance of legal branches of society. That is why the Western society is in decay and that is why all societies that follow Western patterns are in decay as well. If the body (be it a person, a company, a society or a state) cannot protect itself with nothing else but legal tools, it is dead meat already.

a single competitive advantage, for instance, a single technological develops other brand elements in a way that a complex mix of them forms a protection shield for the brand, then losing competitive advantage in one element would not harm the brand much, if at all.

A brand manager has to pay equal attention to every brand formula element, to all relations between them and to the brand story as a whole all the time. Attention is distributed in a way that each element is constantly revised in relation to the ever-changing environment and that each element is revised in relation to changes in another brand element. In this respect, each brand element represents an environment for every other brand element regardless the fact that they both form brand identity. Brand identity is heterogeneous. The more it is heterogeneous, the more it is able to protect itself from maladies coming from its environment and from inside. This is a lesson taken from farmers: A monoculture might yield high temporary revenue, but it opens the door wide for an instant attack of different diseases.[149]

From a protection point of view, a product, or rather the functional promise of a product has the same potentiality as any other brand element. But still, a product and/or a service play(s) a special role in managing the moments of truth.

Product and/or service

Let me start this particular moment of truth with a peculiar paradox regarding the relationship between a product and its promise. While traditional producers and especially producers of goods that rely heavily on functional elements (like raw material manufacturers or B2B spare part suppliers) intuitively believed that they did "not need" a brand, since the product "talks for itself", marketing and advertising industry later developed the notion that the success of a product lies in communication, positioning and all other tools that convey promise. It is also somehow to be expected that those involved in the product or service production overestimate the role of the product/service, and those that communicate it overestimate the communication surrounding the product/service.

In fact, there is no priority class for certain moments of truth as there is no priority class for certain brand identity elements. To say that brand experience in the moment when we taste water attached to the brand is not important would be equally stupid as to say that the promise conveyed by brand communication does

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[149] This brings me to the thought that if our civilization really understood evolution and lived sustainably, there would be no need for a book like this. I have discovered nothing new, but only rediscovered ancient evolutionary truths on the body of branding.

not affect the taste of that water. To promise that a certain water brand is sweet does not only select brand users (repel those that do not fancy sweet water on the memetic level) but it also implants a certain expectation into the mind and taste of sweet-water users that might find the water less sweet as expected. Product perception starts and finishes in our minds. Perception consists of the memetic structure that surrounds it; but at the same time no memetic structure can exist without its physical support, be it a product or a service.

This extremely fragile but important relationship between the memetic structure and the physical product is perhaps easier to grasp using examples of services. Let us consider a hotel classification system that rests on one to seven star ratings.[150] When I was much younger, I went to a nice Croatian island with my wife in high season and with no room booked in advance. There was no Internet at that time to check availability or to book a room. After arriving, we voluntarily decided for the last and only option, three-star apartments in an old house with a bedroom, a kitchen, a bathroom and a terrace for a reasonable price. The service delivery was as promised, but with a supplement of a swarm of cockroaches. The reply to our complaint, which we filed on the first day, was that the apartment has everything that was promised, so we have nothing to complain about. We even got extra service, as we were given instructions where to buy cockroach repellent. Although that situation happened in the seller's market, such a fragile relationship between a promise and its delivery is immanent in every service brand, although perhaps not on a cockroach basis. But here comes another lesson of this story: managing this relationship is not difficult only for brand managers, but for customers as well.

It is really important for product or service brand managers to make each brand identity element visible in the product itself at least to them. To expect that users would or could rationally identify brand identity elements from the product or service is pretentious and even misleading. It is not up to the customer to understand any brand rationally. They have to feel it and experience it in accordance with the promise and the perception. But to achieve this accordance at least the brand manager should rationally understand his product or service as being composed of particular brand identity elements. He should also give instructions to the product/service producer on how to assemble the product/service from brand identity elements. Having come this far in the book, this might seem obvious to you, but it is far from reality at least from my personal experience as external brand developer.

Let us conclude this chapter with a quite obvious conclusion about the relation between product and service brands. From brand's point of view, there is no difference between the two, but there are huge differences from the management and the customer points of view. Intrinsically, each service brand has its objective reality, as each product brand has its service dimension. The service dimension of product brands is represented and executed by non-functional brand identity

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[150] Hotel star rating opens another question, the question of brand categories. There is a special section later on that will make this brand complication explicit.

elements, but not only by them. Objectivity of service brands is achieved by customer experience.

What then is the difference between service and product brands when it comes to management? The difference arises from the temptation to considere the brand finished after the product exits the production line. After the product is finished, it is only intuitive to believe that the brand is in the package with the product. In fact, product brands, especially B2B brands, and brands that are expected to rest more on their functional promises require more energy to execute brand wholeness when in contact with its customer. It is sometimes difficult to understand that the customer experience of a B2B buyer of steel bars relies not only on the product's moment of truth but also on the service part of, for example, delivery details, pre- and post-delivery sales support and all other customer-related activities, including fairs and other types of promotional and communication activities. Considering a million of tonnes of steel produced in communist Russia a sign of success was (is) one of the more blatant and misleading mistakes of collectivism It is somehow easier to understand that a bed in a hotel is a functional and an emotional and an experiential part of service brand. A hotel maid is an equal part of the service brand as is its bed. A brand manager has to manage both, the same way as a steel brand manager has to manage both the product and the service attached to the steel brand. So in the end, what seemed to be different in product brand management and in service brand management proved to be equal. Is this a surprise? Not really.

So in the end we have to finish with customer experience. We have to finish with something that is in fact a starting point. It is customer experience you have to trigger in every instance. Should we lack competitive advantage in a product like steel plates, we have to upgrade this experience with service. The fact that a product such as steel allows less manoeuvrability in the service dimension than a service brand such as hospitality comes as obvious. But that does not mean that one cannot upgrade basic or commodity brands on the service level.

Packaging

I inserted this chapter at the very beginning of putting down this book knowing that I would have to write about moments of truth and that packaging self-evidently is one of them. I did not think much about it since packaging was always second to product/service as a success factor in branding, marketing, and marketing communication literature. Packaging even became a kind of dark side of marketing with the saying "same stuff, different packaging", denoting the malpractice of packaging valueless goods in shiny wrapping.

What should be clear from the conception of this book is that nothing pertaining to a brand comes as an addition to something that is more basic or more important.

Packaging should thus not be considered something that has to be attached to a product or a service after this product/ service has been produced or conceptualized. We have to understand that packaging changes the product in the very moment when there is a brand in question.[151] There is no necessity to develop the product first and the packaging later. Packaging, as well as any other moment of truth, can represent an initial brand development trigger, with the product/service development following later on. In fact, the chronological order plays no role in brand development. There is no time, there is only now.[152] There are no separable brand elements; everything exists in the same meme unity. You certainly have to distinguish a product from packaging, as you have to distinguish pricing from a sales promotion, since each element or moment of truth requests specific expertise. But in the end, from the users' perspective, they all unify in one homogenous brand experience. A Coca-Cola bottle is a product to the same extent as the liquid in it.

The same rule applies even to non-branded products like presents. We all know that a present that you give to someone is something more than the brand that is part of the present. That is why you supplement the present (an already packaged product) with a personal note or something like that. We know that the experience of giving or receiving a present cannot be reduced to the level of the product in the packaging in the same way as drinking Coca-Cola from a conventional plastic cup is not the experience of drinking Coca-Cola.[153]

Brand is like an onion. Onion skin does not hide the essence of the onion; the layers are its essence. The more than you peel an onion, the less onion you have. The essence of anything, including a brand, does not lie somewhere behind the curtain. The curtain is the essence and the packaging is the brand.

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[151] As we have seen, humans as "meme creatures" cannot trade anything else than brands, complex structures in which the functional dimension is only one of requested dimensions. An animal takes an apple simply as a nutritious foodstuff, but humans have lost this "ability" with memes. This human "upgrade" is irreversible. We can never go back to nature in the sense of DNA. We can only go forward to nature, which can be understood as an unavoidable mixture of genes and memes.

[152] Note that the relativity theory clearly states that time is a subject-dependent category and thus not something objective. There are only personal times in relation to something. I might start to develop a brand from a packaging point of view, while for someone else this might be the last step. What matters is that both time perspectives are subjective and there is no objective time perspective. There is no fixed background neither in space nor in time. You can start with one or another brand formula element or with one or another moment of truth, and it will have no effect on the final result.

[153] Yes, I do claim that a major threat to Coca-Cola is putting this liquid into all kinds of huge, tasteless, easy to produce waste containers. Unless this brand's vision is to be the most valuable waste brand.

Price

Why are iProducts so expensive in comparison to other -phones and -pads that have the same or even better technical specifications than iProducts[154]? There are zillions of answers to this question, but I like the one that I have only read in this book: "Because they are more expensive". To really understand this answer we should understand the relation between value and price. Price represents brand value to a certain degree, but since values are inter-subjective, meaning that they are created only during the interaction between a brand and its user, and that there are as many values as there are users, the price cannot represent brand value(s) in a solid, time-independent[155] way, not even in theory. We as users certainly exchange our money for brand values that we expect to consume, but the two are of a different nature, otherwise we would not exchange them.

Price follows same rule as packaging. Price does not come in the end as some kind of product evaluation from the production point of view. Price is a completely independent variable, as is any other moment of truth. Only as such can it be a constitutive brand element. It is a separate pillar, which has its own architectural value (beauty), but is interconnected with other elements in a way that makes this price inseparable from the brand. Like any other moment of truth, price also influences brand value perception. In fact, it is not the value that influences pricing; the price influences value perception much more than we are willing to accept.

I take the story of Ljubljana Festival[156] as a fine example of price/brand positioning. I had the privilege to help Darko Brlek from the moment that he was appointed as the director of Ljubljana Festival (previously Ljubljana Summer Festival). To be able to help a brand for more than 15 years as an external consultant is a unique privilege in itself. To help an artistic director like Darko Brlek, who was able not only to survive so many years but who has also made a local Festival with a long history (since 1952/1953) into an important global player, is already beyond expectations. Ljubljana Festival is the perfect example of gradual development with an extremely strong vision from the moment that Darko took it over: to become one of *the* global festivals. Considering the available budget from the Municipality of Ljubljana, which could not even reach 5% of the Salzburg Festival, that vision seemed a pleasant dream with no foundations.

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[154] I am writing this in June 2015. It might be that Apple loses this high-price quality somewhere on the way to the moment when you are reading it.

[155] One might object stating the common practice of many brands in the digital era that allows pricing to follow demand, so that first- and last-minute bookings are cheaper, and when demand reaches its peak, the prices also rise. Values come closer to the price in such commodity cases, but the gap, though narrower, remains.

[156] www.ljubljanafestival.si

I guess I should reveal the mystery behind the festival's success now. Contrary to expectations, I will not claim that a whole range of smartly interconnected moves lifted the Festival to its present position. It is certainly true that a wide variety of changes in the program, the packaging, the promotion, the positioning, sponsorships, partnerships, the name and everything, actually, were crucial, but if I should single out just one, it would be pricing. And it was Darko who actually nailed down a pricing policy at the very beginning of his term of office. At the time when the budget was still exceptionally low, when artistic celebrities did not feel the need to appear at the Ljubljana Festival, the prices went up considerably. And the rise in prices carried on for several consecutive years[157]. It should be no surprise that sales doubled. The higher the price, the greater was the box-office success. Before, the festival had 20,000 to 25,000 visitors, but this number jumped to 50,000 in 2007 and 2008. The target of 50.000 visitors was maintained even during the deepest stage of the economic crisis in Slovenia, which was much more severe and lasted much longer than in the rest of Europe, apart from Spain and Greece.

I have seen more brands suffer from poor sales because they set their prices too low, than those that set their prices too high. I got used to high-pitched words about the quality of a particular brand, about its incomparable advantage, about its uniqueness on the one hand and fear-based modesty in price positioning on the other hand. One cannot imagine a stronger reason for failure of a brand than the incongruity between "high quality" and "low price". The reason why this incongruity is not so widely perceived lies in the price war among large retail stores around the world in the last 30 years. This war is so fierce that it created the illusion that the lowest possible price positioning is the only possible positioning. This illusion is a death trap not only for retailers, but – since retailers started to play such a leading role in mass consumer markets – a trap for all brands. Suddenly everyone thought that the only positioning that exists is lower-than-that-of-the-competitor. Suddenly price appeared to be the only brand quality that a brand manager could adjust in brand management.

Fortunately, there are cases like Apple and Ljubljana Festival that prove the holistic nature of a brand. There are two lessons to be learned from those two examples.

1. Brand cannot be reduced to a single USP.

2. If managed well, the price can increase the perceived value.

What better place to repeat the "value" lesson than the *Price* chapter. Brand value(s) should not be mistaken for price tags. I should be even more precise here: brand value is not a sum of sales, which is the price per item multiplied with the items sold. Brand value cannot be found in balance sheets. Brand value can even not be determined in the moment when the brand is sold to another owner. Brand value(s)

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[157] It was only the serious economic crisis in 2008 that forced Ljubljana Festival to slightly lower its prices in 2009 and the following years. In fact, lower-quality seats became considerably cheaper, but the price for best seats remained high. This strategy proved to be successful.

are made of memetic material. They are formed during brand-user interaction. They are inter-subjective/memetic. They are rich and as such they cannot be destroyed as a vault can be destroyed with a bomb. Even a price tag has two realities. The first one is rich and memetic (price position), and the second one is measurable and poor[158] (cash exchanged for memetic values). That is why price positioning as a memetic activity is an integral part of brand construction and not a measurable end result. That is why Darko Brlek was successful in price positioning – the price increase boosted the brand value perception at the same moment. Along with brand value upgrade came a significant increase of interest; new audiences were developed. New audiences caused a significant increase in the interest of sponsors. With increased sponsorship income, the City of Ljubljana was "forced" to match the sales and sponsorship curve. But what was even more interesting was that there was no need to proportionally increase promotion budget. A curious thing happened: price positioning was already a promotional activity. There was no need to extensively boost promotions: the price increase along with the implied value increase polished it up by itself. Baron Munchausen effect all over again.

From what we have said about price so far, one could get an impression of mysterious ambiguity inscribed on it. On one hand, it is a part of economy, money, and trade, but has an almost spiritual nature viewed from another perspective. Indeed, the price represents an apparent opposition between values, which are regarded as the ultimate human distinction,[159] and money, which comes as soulless entity of brute trade.[160] This unity of price comes only after we understand that there are no other "objects" to be exchanged between humans but values. Humans differ from animals and other living creatures in this specific trait only. All living creatures exchange goods,[161] but humans only exchange values. Values are memes that are attached to all kinds of material substrates – objects and goods but also habits and all other types of social interactions. For animals, goods exist without values "attached", whereas for humans, goods without "attached" values cannot exist, nor can values without some kind of human action (based on volition). That is why it is wrong to talk about values in connection to other living creatures but humans, and why it is wrong to imagine values as being attached to something. One cannot separate values from goods. They are like two sides of the same coin.

And yes, price, denominated in those same coins, having the same memetic nature as value/goods, and as a common denominator,[162] loses the glare of mystery if we understand that for humans nothing non-memetic exists, nor does anything that

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[158] I deliberately use the rich–poor opposition.

[159] It also represents the ultimate brand distinction. As stated all over this book, values are not hidden only in the "value section" of the brand formula but should be recognized in every brand formula element.

[160] While "value" represents both sides in English, there are two different terms and mental concepts in Slovenian and some other Slavic languages. One denotes the material worth of something (*vrednost*), while the other refers to an internal (ethical) dimension (*vrednota*).

[161] Exchange of goods is where life begins.

[162] Having value (*vrednost*) and the only value (*vrednota*).

could be valued/evaluated. We are sometimes even prepared to die (the highest price paid) for certain values. There is no mystery[163] in such actions if the subject performs them of his own volition.

Promotion

Promotion has to be mentioned among the important moments of truth, not for the reason that many mistake branding for promotion,[164] but because promotion should set up a totality of a brand in the form of a promise. In this sense, a brand "**is** a promise",[165] while the whole brand should come out during promotion; not as a brand, but as… as what? As a promise. Are we not being circular here? Yes, we are circular as much as a brand is circular.[166]

When you say that the "whole brand" should come out during promotion, what does it mean? That the whole brand's memetic structure should come out? Wait a second: Is this book not devoted to providing a glimpse into the vast complexity of a brand? How could a single promise, even if packaged into the most extensive promotional campaign possible, bring out the whole complexity of a brand? Indeed, it cannot. On the contrary – as already mentioned, advertising industry developed a wide set of tools and practical tricks how to explain a brand in one sentence, in one picture. In the last instance, we should understand that the most condensed

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[163] Some misery perhaps.

[164] This mistake is most commonly found in advertising agencies that commit this fallacy for obvious business reasons. And it has not been difficult to spread this fallacy among clients and customers, since both adore pictures, catchy slogans, and shiny billboards. My wild guess is – but as all wild guesses this one is accurate as well – that the majority of branding failures can be traced back to a narcissistic obsession with "me being shiningly exposed".

[165] Many branding practitioners and theoreticians in fact define a brand as a promise (only). Let us take an introductory statement of David Aaker to his book *Aaker on Branding*: "Far more than a name and logo, [a brand] is an organization's promise to a customer to deliver what the brand stands for not only in terms of functional benefits but also emotional, self-expressive, and social benefits." For the sake of truth, David Aaker does not reduce brands to one dimension only. What really distinguishes my approach from his is the never-ending background to the foreground interplay of different dimensions that change the attitude to this (and in fact any) subject so much. There is no fixed background. The background is the foreground at the same moment. The promise is the brand; the price reflects brand values; the price influences brand values; and so on. There is no brand essence. Brand margins are emanating brand values as much as any other brand element.

[166] It is not by chance that I use a circle in the graphical representation of brand formula.

promise of any brand comes with its name. The name is the shortest promise and promotion of a brand.[167]

There are many more circularities to be mentioned in relation to promotion. We should, for instance, understand that promotion could not be separated from the product/service. It would be completely wrong to consider promotion an activity that promotes something that is objectively something else as the promotion itself. Promotion is the brand as much as the brand is the promise. Blind tests prove that promotion enhances the taste of the product or the feeling of the service. In this respect, a promise does not promise something that would have a different location in space/time as that that was promised. A promise is already promised, and a product is its own promise (promotion). Consequently, we should understand that every moment of truth is promotion even if it is not called promotion. It is well known that good placement reduces the need for advertising and at the same time that "a product speaks for itself". It is not only that brand identity elements are circular; moments of truth are as well.

A promise is so tightly linked to values that this relation should be exposed once more. A promise has a similar memetic and social dimensions as a gift. By receiving a gift, I promise to that the person who gave me that gift to give him some other value in return. As there is no such thing as a free lunch, there is no such thing as a gift and no such thing as a pure promise. Assets are and have been liabilities all along. Liabilities are assets. This observation does not pertain only to brands.

Placement

Placement was easy in times before the Internet. Fast-moving consumer goods were only fighting for retail exposure. One should understand placement from the real estate point of view in order to clarify the importance of placement in other cases as well. "Location, location, location" they (real estate agents) say about the possible value of a real estate property. A building in Tbilisi has a price that is a hundred times lower than the same building built and sold in Tokyo. The place and land have same influence on real estate property as shelf placement in retail. The fact that it is difficult to move real estate from one place (shelf) to another does not change this fact. If you asked a food supplier for a retail shop if it is easy to fight for a better position, you would be surprised to find out that sometimes it seems easier to move a building than to gain better shelf placement.

My answer to all those that fight directly for better placement and feel like they are fighting a monster that does not allow them to move or asks them to pay more than they can afford is: take this book seriously. The trick to overcome excessive

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[167] You can certainly find some radio commercials that seem stupid repeating only the product or company name, but this might be extremely efficient in certain situations.

placement costs lies in brand complexity. Liabilities are assets. It takes more brainpower and also some extra investment in brand complexity development and management, but in the end such complexity eases the burden (costs) related to the management of each moment of truth alone. Do not fight directly for better placement. Use other moments of truth to overcome restraints and costs related to better placement.

One such no-brainer is to use promotion as a means to gain better placement cheaper. Retailers want to sell us much as possible. That is why the most promising brands win the best places.[168] The most promising brand gets the best promotion. Promotion = promise = brand. In this way, the most promoted brands gain a better shelf position more easily (cheaper). One could even envisage a situation in which a retailer pays for a brand to be sold in his shop. But beware: we are talking about promotion perception in the eyes of a retailer. I had a situation with one of my clients that invested in consumer promotion reasonably well but could not improve his shelf placement in a certain retail chain no matter what he did. Having gathered intelligence from retailer's decision-making structures, I found out that they did not understand the vision of that brand and were therefore reluctant to give it a better position on their shelves. This was a message that promotion (positioning) of that brand had to be adjusted, but also that the client had to go to that retailer and present him his brand's ambitions, visions and future investments. The cost of such a presentation was negligible and the cost to modify messages within already existing promotion was low. It was not long before the brand obtained a better position with no additional cost. So at the end brand gained not only better placement but also better communication positioning that should have stayed less than optimal should that process have not taken place.

But are we not oversimplifying the issue of placement by linking it only to real estate placement or retail placement? Is it not true that placement became something completely different with online and mobile shopping? Or is it?

First of all, we have to establish what placement really is. A short definition would be: "placement is the place a brand occupies in the moment of purchase experience". There are strict rules in offline retail placement, as can be seen above. The best places are those that are closest to paths that shoppers take most frequently – the corners of major crossroads or places at cash registers, where shoppers stand for longer periods of time.

Do some other rules apply to the online shopping world than to the offline world? No. The rules are the same, only tools change. Online placement follows the same guiding principles as offline placement with respect to the fact that online shopping routes follow digital and not offline architecture. It only seems that the digital world has no corners or crossroads. It only seems that customers just pop in. This is far from the truth. We could begin with the old-fashioned digital rule that an item that

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[168] I deliberately simplify this issue because retail shop organization is a craft and a science about which I know very little. But in the end of the day this world run on some very basic, easy to understand principles. Retailers should understand the detailed mechanics behind it, but for the purpose of branding it is enough to follow the principles. To understand the mechanics behind but not the basic principles is a much worse mistake than vice versa.

does not appear on the page without scrolling is lost (bad placement). This rule changed dramatically after mobile platforms surpassed the now obsolete web-based platforms. Scrolling became intuitive and first-sight appearance became obsolete with touchscreens on mobile platforms. By the time you read this, this rule might be obsolete as well. But the fact that all kinds of search engines optimizations and landing page tactics are not part of promotional but of placement strategies remains more than valid. Search Engine Optimization (SEO) and services such as Google Analytics are nothing but brand placement tools of recent times.

So the famous statement from real estate, "Location, location, location…" is more than valid for all, not only for real estate products, as long as you accept that the product and the promotion affect the price as much as its placement. Why? When you evaluate the location of a real estate property, you tend to forget that the location – if of high value – must be a brand in itself, highly promoted and having a high "product" value. Tbilisi, as a location, is a brand with its own intrinsic value as much as Tokyo. Walmart, as a retailer offering placement space, is a brand like any other local almost-no-name retailer. I can imagine no place that would be non-branded, so a wise brand manager understands product placement as a special co-branding technique. But I have to say something more both about brand managers and about co-branding in the next chapters.

Customer service

One can easily imagine a potential car buyer that just came across a perfect ad for a new car that made him call his local or regional retailer to start a buying procedure. The ad positioned the car brand as invigorating, fresh, and youthful, whereas the customer service representative taking the call as responds calmly and professionally but with no passion and in an old-fashioned way. All the money that was put into that ad was spent in vain for this particular customer. If he did not abandon the idea to purchase this car altogether, he at least became suspicious. And you do not want suspicious customers, do you?

There is a story (fictitious or not) that perfectly explains the importance of internal branding. Apparently, Steve Jobs was approached by a keen manager, who suggested him to cut iMac production costs by simply removing the Apple logo from the computer motherboard, arguing that no customer even sees the motherboard, which is why an Apple logo induces unnecessary costs. To branding amateurs this might seem a perfect argument. But Steve Jobs was no branding amateur. Therefore, he strongly objected to removing the logo from the inside of the computer, knowing what a strong brand reinforcement that logo is for all those working on motherboards. He knew that a brand is a living creature, which also lives when there is no customer around. A brand lives in meme complexes of its internal audience. If that audience does not reinforce its brand in all explained qualities (brand formula elements), no one else will do it for them, least of all the customers.

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The customer service representative in the title thus stands for all brand employees that should not only repeat the brand name like stupid computers, but should allow the brand's meme structure to be reinforced through their own lives. It is not enough to rationally understand brand vision, mission, and all other elements; this story should be understood and rewritten by every employee. Surely each one would and should rewrite this story slightly differently, since an individual should be individual. But every rewriting should add to the homogeneous brand story. Homogeneity does not mean repetition of the same, but rather a well-tuned symphony of different voices, colours and tastes. A receptionist cannot and should not interact with potential customers in the same manner as a salesman. But the potential buyer should have a feeling that both characters come from the same movie.

Once again, computers clone memes, humans replicate them. To replicate means to mutate them to such a degree that they add to brand identity with personalization. To clone means to copy and thus to add no value. But since humans are no genes, no simple replicators, but living creatures, they do not only function as brand vehicles, but also consume their own brands. The brands that they work on enrich their memetic structures, their lives. This is the moment that allows us to reflect on the double nature of products/brands and on humans as labour force and brand ambassadors. Exchange of values always happens on the level of the product and on the level of labour force. A worker exchanges his time, skills, strength, etc. for the wage he receives for the work performed. This lowest level of value exchange happens in all instances of free labour market. But this is the lowest level of exchange in the same way as the purchase of commodity products happens on the lowest level. Products exchanged on such a level are hardly ever exchanged for more than the cost of the ingredients, energy, and work applied, along with a negligible added value. As products can add value through brand memetic structure, so can workers upgrade the relationship with their employer on the memetic, co-branding level with their products/brands. Exchange on this level can happen either with the added value that such an employee adds to the brand and is later compensated by the employer, or he exchanges values with the brand in such a manner that he upgrades his own values through the co-branding process. A brand ambassador does not only add value to a brand, but also benefits from brand values transferred to his memetic brand structure and raises his own market value. I hope it is clear how *brandlife's* approach explains brand value exchange on all levels as a potentially symbiotic relationship and not as brutal exploitation. As explained in the appendices to this book and as we have pointed out many times so far: brutal exploitation can never result in a sustainable future.

Suppliers

The recent demand in many industries that a producer should prove that his suppliers follow the same standards as he does might come from environmentalists, workers' associations and similar collectivist pressure groups, but this should not

obscure the positivistic view on rational egoistic branding. Rational egoistic branding knows that it is only rational as long as it is sustainable. It is only sustainable if the exchange of values happens on all levels, with all stakeholders (markets and audiences), freely, and under fair conditions for all parties involved.

Rational branding thus strives for suppliers that meet all qualities that are inscribed in their brand formula. But not as a result of pressure from outside, but only because of the internal, egoistic pressure. To maximize brand value, one should maximize all moments of truth of the brand. That does not mean that suppliers should copy the brand memetic structure of the company to which they supply. That would not only be impossible but also stupid to even try. As employees represent intelligent replicators with their own individual memetic structures so should suppliers find matches in their brand formulas that add to brand values to which they supply. It is then logical that brand managers in charge of suppliers look for suppliers that would benefit their brand not only on the functional level but on as many brand identity levels as possible. Whenever such matches are both stronger and more complex, you find suppliers that become partners in development and sometimes even co-branded[169] partners.[170]

I suggest a very simple test for brand potential. If a brand owner treats his suppliers on the functional level only (only price-performance) then such a brand most probably falls into the commodity (easy to replace, low value) brand segment with low or no potential. Brands with vision, potential and value-driven brand management tend to consider suppliers their asset to the same extent as their intellectual property and employees – for egoistic and not for external reasons.

One could find and explain many further examples of moments of truth. It is not the purpose of this book to list them all, but to explain the logic behind the moment of truth. All given examples provide additional thoughts on brand identity and brand management since that is the main topic of this book. It should be fun for every brand manager to allocate the most important moments of truth for his brand, but as far this book is concerned it is much more fun to proceed to the chapter about management.

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[169] Co-branding once again.

[170] I would take Intel as a good cobranding example in the computer industry. Intel became an iconic brand through a strict co-branding procedure with many computer manufacturers although it is not a consumer brand (yet). A similar example comes from my own country with Akrapovic exhaust systems for motorcycles and lately even for the sports car industry. Much more examples are to be found in the hospitality industry, where a preferred food and beverage supplier add to the overall brand value of a hotel, for example. However, co-branding in supply chains should not be mixed with the rest of co-branding extensions, such as sponsorships (e.g. Pampers and UNICEF), product placements (e.g. Jaguar and James Bond movie) and similar.

Brand management

From what was explained so far should be quite clear that managing moments of truth represents only one part of brand management. It is the final part, though, that seems so important in the end especially because advertisers and many other suppliers like it so very much. One should be even more precise: Principles, tools, mindsets, etc. of brand identity management are coming from a substantially different environment than the management of moments of truth. While you have to manage moments of truth with mostly hierarchical (push) tools (planning and controlling), you have to manage brands, manage the process described in this book, mainly with pull tools. The extraction process of identity definition (brand formula and brand story) should be – as much as possible – pulled out from the body whose identity is being defined.

Managing brand identity (again[171])

As we already said: since brand is life, there is no other tool to increase the value of a brand than constant brand management. You cannot establish a brand and leave it in a drawer.

Even if a brand is not managed consciously, it is still managed somehow. In the initial phases of a brand's life, it is quite common that the brand is not consciously managed. Especially start-ups as new corporate brands born from entrepreneurial ambition just happen as brands. They are normally started intuitively. Most often a person or a small group of friends share a common vision, values, mission (entrepreneurial prerequisites), and define the value for a consumer of that brand over a series of talks while they develop their business plan. Although they would never say that what they pursued while shaping their view around their future enterprise was a branding process, this is in fact just what it is. Failing to understand and correctly name the process they have gone through, leads many of them to the

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[171] I often wonder, reading books, why chapter titles do not repeat, at least not in non-fiction literature. As if non-fiction prevented the writer from repeating himself. As if we did not know that you can never step in the same river twice. Any discourse is primarily self–referential, meaning that propositions learn from previous propositions. Learning means changing. The same title will have a different meaning in a different location in time or/and space. But then every repetition follows the same rule. So, we come to this peculiar question whether certain repetition is redundant. And further, whether certain redundancy is in fact sense-giving and thus not really redundant. More about that on my blog.

possibly fatal mistake of not maintaining the brand even once the new venture is on the market. Most of them think that branding is not a necessary part of running a business. They might think that until they cash in some funds that can be spent for "building a brand", it is not yet the right time to "invest in a brand". They think of a brand as something that comes along with an entrepreneurial idea, they take it for granted, and as something that goes alongside other business matters with no additional effort.

Building a brand is like building a house and maintaining it. It is a fact that maintenance costs in a newly built house seem to be lower or negligent. But later, if not sooner, we find out that 5–10% amortization comes as a rule no matter how old the house is. The same goes for any other type of capital. A brand as capital follows the same rules. Newly established brands, which are normally run by a small, coherent group of founding fathers, who intuitively know what was the real reason to build the company (brand), normally go on for quite some time with no special care or maintenance. But the pleasant times of zero maintenance are over once changes in internal or external environment build up to such a degree that the body (brand) needs to adapt to these changes. The more extensive the adaptation needed, the costlier and more time-consuming it is. On the other hand, we know that life is nothing but changes in time perspective ant that the environment changes all the time. The environment of yesterday was different from that of today. The environment was even different one second ago as compared to this moment. Changes in environment, which interact with your brand, changes your brand all the time. In this way, it is not only the environment changes all the time, but also your brand alongside the environment[172] and therefore, it[173] changes the environment as well.[174]

So far, it was said that brands change all the time. The changes are induced externally and internally. Your body temperature is influenced by outside temperature and by the food that you consume, but the room temperature also

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[172] Brand A represents the environment for brand B, and brand B represents (part of) the environment for brand A. Albert Einstein formulated this fact for physical objects in his relativity theory. There is no fixed background.

[173] Or rather, he/she.

[174] This is the main argument why quantitative predictions about a brand that does not yet exist are not possible in principle. However, such predictions are made daily. Those that evaluate results should be aware that they test an environment that so far had no chance to be changed by the not yet existing brand. Researchers normally construct sophisticated tools to establish how potential customers would react if they were in the position to buy or use such-and-such a brand or a product. While they somehow know that they cannot test a brand that does not exist, they think that they can overcome this obstacle by picturing something that has certain traits in common with something already existing along with some differences. Should there be something like a fixed background, this strategy would work. But they forget that immediately after a new brand has been introduced, this previously examined environment changes precisely because of this. We are now talking about a new environment that was not yet examined. They think that it is possible to eat a cake and have it at the same time.

changes because your body heat. Brands follow the same patterns. Such brand adjustments to the environment are managed by brand moments of truth.

But there are also other changes that have to be made and are the focus of this chapter: identity formulations. It is the growing split between identity and identity formulation that causes major problems in brand management. We manage moments of truth based on our understanding of brand identity and of the environment in which the brand is placed. It is fatal not only to misunderstand the environment[175] but even more to misperceive our own brand. Should we see our brand as green since it was established as such, but the brand experienced changes, which made his environment understand him as blue, we would harm him if we managed his moments of truth in a greenish direction. Since we know that the majority of brands are performed (brought to life every day) not only by me (a brand manager) but by all those that support the brand as employees or as suppliers, it will do me (my brand) no good if I understand this brand as blue, while everyone else sees it as green. All those that influence the brand's moments of truth should share same brand identity picture to be sure that all of them are pushing the brand in the same direction.

The question now is how often we should rewrite brand identity formulation since we know that for practical reasons we cannot perform it daily. But as we have learned, costs inflicted by either exhaustive maintenance work if performed too late or by reduced income due to mismanagement remind us that such brand maintenance is needed sooner than later.

How fast the changes that force us to change brand identity formulation occur depends on the type an industry (external changes happen more rarely in heavy industry than in fast-moving consumer goods, for example) and on the success of the new venture (successful ventures tend to change their environment faster and tend to hire new staff, who should understand brand identity faster). While companies tend to be much more cautious about external changes and refocus (rebrand) their business strategy faster whenever they perceive a new competitor, a new product in their segment, a new megatrend that might change the habits of their customers or something else in their environment, they more often forget that changes in the internal structure change the brand's balance as much as changes in the environment do. A mix of newcomers that only partially share values, vision, mission, and promises of their brand necessarily make a new brand emerge. They have to be managed so that the necessary change is not excessive. Each new person can be a potential, but as well a threat for the company. They are a potential if the existing brand establishes a productive bond between itself and the brand of

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[175] I am sure that it comes as a surprise that this book does not consider customer segmentation. After all, it is very common, especially in the advertising industry, to spend time and resources on customer behaviour, trends, megatrends and so on. While these brand aspects might be important for some brand managers, I deliberately refrain from them. There is one simple reason for this, which is also the source of many other reasons: You can only manage (change) yourself and not others.

the new person; and a threat if this relation remains unmanaged and especially if the quantity of unmanaged bonds is larger than that of managed bonds.

Experience shows that once per year a brand manager should test if brand identity still reflects brand reality. The most appropriate time for this task is when the company evaluates its last year's performance. Should that task be performed through key performance indicators (KPI), Global Reporting Initiative (GRI) guidelines or any other measurement methodology, the quite obvious but generally neglected fact is: business measurement is brand measurement and vice versa. If a company measures something that does not influence brand value, then such measurement adds nothing to the business. Annual measurement should therefore consider those indicators that can say something valuable about brand's internal strengths and weaknesses but also about external ones. Profit and loss statements and balance sheet statements are brand graveyards if not connected to brand tissue, for they only show the picture from the past. Actual causes can be found only in the brand engine, as already described so far in this book. But more about brand measurement is to follow. So far it is important to know that identity renewal can (should) be performed annually alongside with normal annual business performance evaluation. A brand manager should be capable to detect anomalies in the form of incongruity between perception[176] and identity. If he encounters such anomalies, he has two options:

a) To adjust identity formulation to perception.
b) To adjust moments of truth so that they change perceptions, or put in place new moments of truth that will influence such a change of perceptions

It should come as no surprise that it makes no difference if we change the background (perception) or the foreground (identity), since we now know that it is only a matter of viewer's momentary position what he perceives as the foreground and what as the background.

Now is the right moment to clarify the naming and the positioning of that activity within an organization, which normally serves as branding playground.

Marketing

I hope that it is clear by now that the expression "to brand something", a phrase that even appears in latest book from the most respected David Aaker[177] and is being used all over advertising industry, has no sense. So let us now investigate the

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[176] As we know, perception *is* reality.

[177] *Aaker on Branding, 20 Principles That Drive Success*, published in July 2014 as a Kindle edition.

relation between branding – as conceptualized this book – and marketing. Blurred relations between concepts result in confused practice. A business professional that cannot handle basic mental tools based on linguistic principles and expressed in a coherent logical structure is doomed to steer a boat based on faked navigation inputs. Since Ayn Rand already answered the question *Why Businessmen Need Philosophy,* I will not discuss the issue that seems so strange to contemporary businessmen, economists, marketing professionals and even to sociologists and psychologists. One sentence suffices: Management is based on language; language is based on human cognitive ability; philosophy is a science that connects human cognitive ability to reality.

Marketing was initially understood purely as consumer relations. Marketing offered tools and solutions on how to put a product or a service on market. We have already used the 4P marketing model in listing domains where brands express themselves. If the brand expresses itself through 4P, that the person who manages 4P, which is the marketing manager, in fact manages all of moments of truth.[178] Such truths express themselves via the product, the price, placement and promotion. Unfortunately for marketing, its promotional part has become so influential and overwhelming, driven by enormous funds put into the advertising industry, that already before Michael Potter marketing was understood as communication (promotion) only. So, the current Wikipedia article on marketing states that "[m]arketing is communicating the value of a product, service or brand to customers, for the purpose of promoting or selling that product, service, or brand." Such devaluation of marketing has had serious negative implications, including the notion that all that matters is communication and promotion, and that good communication can sell any product.

Over time, "marketing" professionals (in fact advertisers hiding behind marketing) discovered that there is another target group that they could communicate to: employees. They called this internal marketing although they only performed internal communication activities. This shift created a funny confrontation with public relations professionals that claimed their power over all publics, including internal, which is often deemed the most important among all publics.

It is really simple to resolve this confusion as long as you take marketing as a domain that manages brand moments of truth. If you know that communicating moments of truth is only a part of marketing, then you can easily locate the first subdivision of marketing called advertising, responsible for communication with markets, and the second subdivision, public relations, responsible for communication with stakeholders.[179] The only reason why marketing does not cover

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[178] Immediately after you accept moments of truth as the basis for brand management, it becomes unimportant how you structure those moments. They can be structured using the 4P, the 7S or any other system developed by marketing theoreticians or practitioners.

[179] It is slightly unorthodox to claim that markets do not belong to stakeholders. But if you scrutinize the situation from the value exchange point of view, you can see that markets are unique in the sense that their stakes are consumed (annihilated) via the purchase. For example, Person A has a stake in Company B until person A consumes his stake via a

the whole territory of branding is that it does not cover brand identity management. Brand identity management does not have a direct relation either with markets or with publics.[180] It is a company-unifying function like finance or legal. Thus, the hierarchy of functions would be as follows:

a) Branding that covers brand identity management and moment of truth management.
b) Marketing that covers the management of all moments of truth
c) Advertising that covers 1P (promotion) for markets, and public relations that covers 1P (communication management[181]) with stakeholders.

It is not my intention to devalue marketing, procurement, finance, HR experts and their respective departments and say that branding is everything. What I say and try to develop in this book is that if branding is understood and accepted in its full meaning, then all traditional management functions should be understood as though they emerge from the internal logic of branding. If the finance department loses its link to the brand, brand value and values, it becomes a department without sense and purpose. The same goes for marketing.

Who manages brands?

A brand manager could be called Chief Development Officer (CDO) as well. If development is understood properly, i.e. as development of all functions that matter (not only functional development), then such naming makes sense. It should not come as a surprise to find the CEO or the Chair of the Board taking care of the

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purchase agreement. The stake is consumed through value exchange (money for product/service). Person A as a consumer might still be a stakeholder on many other levels, like an environmentalist, a member of a regulatory body or even as an employee, but as a consumer he has lost his stake with brand consumption. Another way to describe the separation between markets and stakeholders is to place markets in the vision part of the brand formula and stakeholders in the mission part. Those from the vision part provide nutrition (money) in exchange for the goods produced by the brand/company. Those from the mission part consume brand externalia (the government, regulatory bodies, NGOs, etc.) or constitute input elements for product/service production as suppliers and employees.

[180] There is only a contextual difference between "public", and "stakeholder". Those who focus more on the communication aspect of public relations say "publics", whereas those who emphasize the relational part say "stakeholders".

[181] I do not want to enter the long-lasting discussion among public relations theoreticians and practitioners whether PR is more of communication management (James Grunning) or rather stakeholder relationship management (Jon White). In any case, PR covers the domain of stakeholders.

organizational, financial, lobbying and other corporate matters, while the CDO or the Vice President primarily looks after the brand. This is not a hypothetical situation. BMW, a highly valued company and brand, implemented such a structure years ago. I must confess that a short conversation I had years ago with Uwe Ellinghaus, the then vice president responsible for branding at BMW, made me upgrade my own understanding of branding as a management tool that has in focus all the functions that precede communication. His two most important statements were the following:[182]

a) My basic job, on which I spend more than half of my time, is to check BMW-branded shops around the world, see how they comply with the BMW brand and instruct them how to come closer to the brand.
b) In the moment that one of BMW video advertisement would receive a Cannes award, the agency responsible for this award would be fired.

Such a rule should be applied to all monolithic brands where brand equals company, such as BMW, Apple, McKinsey and so on. In a multibrand case like P&G or Imperial Tobacco, where brands owned by those companies establish a stronger and more distinct relation to markets than parent brands, brand managers represent the CEOs of respected brands regardless the fact that they are not in charge of many corporate functions still performed on the parent company level. But they should still take care of all brand dimensions and not only of marketing or even communication.

It is the right moment to make a statement against mono vs multiple brand division. I do not find this division productive in any respect. If a brand is really a brand, it should have all characteristics of a brand and should thus be managed as a brand regardless if it is a lone rider or part of a larger family. It would be stupid to say that the father of a family has different human characteristics from his child or his children. It also makes no sense to distinguish large brands from smaller ones. It is trivial information that larger brands have larger structures behind them. But those larger structures of larger brands cover exactly the same tasks as a lonely entrepreneur has to perform running his brand on his own.

It is much more interesting to observe brand mitosis in various cases. Is Toyota Prius already a brand separate from Toyota? How much Apple is there in Apple

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[182] I sincerely hope that the reader understands the rationale behind quotations in all my writings. Even if I use a direct and explicit citation from a published book or a web page by mistake, do not blame the author of that citation for the sense produced – blame me. The author, whose words were (ab)used was out of the picture in the moment that I used his words in my discourse. I use cited memes in the same manner as I use all memes that are constructing me, while I exist for the purpose of replicating memes (cognitive creature). It is pure coincidence that I "remember" the name of the "author" of a meme or a meme complex, and this only serves to replicate the meme of the name of that author. So two statements from Herr Ellinghaus that I have even found in my notes recently (and I take notes very, very, very seldom) should by no means be attributed to him. The meaning that you are going to attribute to those statements are the result of copulation between my memes and yours. Herr Ellinghaus is long gone.

Watch and how much Google is there in Google Glass? There can be no rule about how much consumer brands could or should be separated from their parent brands. P&G is a parent brand in itself that has to be managed regardless the fact that it is not consumed by consumer markets but by shareholder markets only. How far the Smart brand is from the Mercedes brand is a strategic decision of the Mercedes company. If there was a rule for such cases, that would not be a strategic decision anymore.

The best way to explain what is or what should be a brand manager's work description is the following picture.

Who is (should be) brand manager?

brand

consumers   stakeholders
                 internal   external

Managing moments of truth

Before you start to manage something, you have to know what you are going to manage. The chapter *Moments of truth* listed some of the most important moments of truth for a brand, be it a product, a service, a person, an NGO, a political party or whatever that comes up in any type of value exchange relationship. Two important limitations have to be stated here:

a) Each brand has to decide upon its own selection of moments of truth.[183]
b) Moments of truth listed so far away from the price are all complexes of possible moments of truth, meaning that each from the list has to be laddered down as close as possible to experiences really important for the brand user.

To say that each brand has specific, or rather unique, moments of truth is redundant. Since each brand has to be different from another by definition, and since a brand expresses himself only through moments of truth, those moments should differ from one brand to another only to comply with this basic physical truth. This explains why brands are, why they develop and why they separate one from another even if not understood, if managed poorly or even if not managed at all. Brands exist and live in their life cycle in any case. We manage them only to secure them better fitness, higher fidelity in reproduction and greater fecundity.[184].

Here we come to a very interesting point. Although identity influences which moments of truth are most important, moments of truth influence the changes of identity at the same time. Brands live only through their moments of truth. They live only if consumed[185] by users. Consumers understand brand identity only through moments of truth. So each change, not only in the quality of a moment of truth but also in a mix of pushed moments of truth, changes the perception of brand's identity and thus the brand identity itself. Here the often-misunderstood reality comes into

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[183] That has to be done by the brand manager on the behalf of the brand.

[184] Thank you, Richard Dawkins, for your fundamental work, *The Selfish Gene*, and many others until *The God Delusion*. Richard Dawkins is in fact a perfect example of brand mutation that went over the edge. In the word of genes, only those phenotypes (species expressed over moments of truth) win that accumulate and produce a manageable level of mutations. No mutation would mean no adaptation to the ever-changing environment. A too fast or a too large mutation leads to extinction, or to the emergence of a new species. But then we can observe a similar evolution of memes as well. What happened to Richard Dawkins is that after he jumped on a anti-religion train from the year 2005 onwards, his discourse became so different from the previous (huge memetic mutation) that we should talk about two distinct memetic personalities emerging from one genetic body. When I refer to Richard Dawkins, whose discourse mutated perfectly from 1976 and *The Selfish Gene* to 2005 and *The Ancestor's Tale*, it is this Richard Dawkins and not the one from *The God Delusion* (2006) onwards that I admire so much. If the new Richard Dawkins understood the old Richard Dawkins and took him seriously, the new Richard Dawkins would never exist.

[185] Coca-Cola is not consumed only when drunk, but in her every moment of truth.

the picture. When I separate brand identity from brand moments of truth, I do not take them as if they came from two separate realities. In life, they are inseparable. The essence of the brand lies in his externalia (moments of truth) in the same way as there is no essence of an onion. Each layer of onion is its essence. There is nothing behind. A brand's "essence" lies in his moments of truth. That is another explanation of the fact that brands have no essence.

The second limitation is easier to explain but much harder to follow in real brand management. A brand manager has to be in love with his brand. This positive precondition brings a potential serious drawback with it: brand managers tend to prefer their moments of truth to those of the customers and their perceived or wished qualities to those appreciated by the consumers. While it is true that if a brand manager really believes in such qualities, he will sooner or later enact them in customer perception as well, he should still not underestimate what really happens between brand users and his brand in the moment of consumption.

But there is another threat to be aware of: to generalize moments of truth. It is a peculiar power of human brains to generalize reality. Brands are prime examples of generalization. Without this human cognitive capacity, there would be no brands, only perceptions. But when the moment of truth of a brand arrives, this moment is singular, unique and irreducible. It is as it is. Brand managers then have to group those moments together into higher, more general categories up to 4P, for example, but they have to be aware that a brand user does not experience 4P but each moment of truth. A brand user in a hotel with high peace value experiences the noise of a specific car of a specific milk delivery company at 4 o' clock in the morning, and not a brand identity element written in the brand formula.

I like stories of elder B2B brand owners or managers about what they take as most important for their brands. They would of course not use words like brand manager, brands and moments of truth. But what they say is exactly what brand managers would. They often say that they have to visit their customers at their premises at least annually, to check their reactions and possibly to invite them for a nice dinner. They might supply steel shafts for that customer, but such meetings might be extremely important moments of truth of those steel shafts. They know they cannot compromise on certain functional values of steel shafts delivered, but they also know ell that there are many other moments of truth that form customer brand perception. They do this intuitively – such were the moments of truth that worked well centuries before they took over. But they should always be aware that there is another steel shaft producer that lags behind at the moment and is most probably developing not only qualitative twists to this moment of truth but also new moments that will position his brand as more desirable as theirs.

As explained in *Sex & Lies & Rock 'n' Roll*, a brand manager should never consider himself capable to manage a brand in the sense of total control. A brand is a living (memetic) creature. A brand lives in interaction with its users. The brand manager just has to kick his brand in the right direction and then observe with pleasure what others are doing for/with it. A quite simple and intuitive rule has to be followed when selecting those kicking and steering moments of truth: Do not choose more than you are able to manage; choose those that can influence the brand values you want

to push further with the lowest possible effort (cost). Please note that brand identity formula comes into power in this very moment. You can shift focus from one value to another over time and by using different moments of truth, knowing that you will "only" change the lighting of the stage, but the stage (identity) itself will keep its integrity. As long as you ensure that your selected moments of truth convey the memes that you want to point out in the brand formula in that very moment or choose those meme complexes from brand story that should appeal to certain customer segments at a certain time, you can be 100% sure that you are steering your brand in the right direction.[186]

Although moment of truth management is crucial in *brandlife*, there are no specific tools for it. What? How can something so important exist without any specific mechanisms?

Let us clarify this issue with an example. Recruitment is an extremely important business function and so are moments of truth.[187] Each company performs this function regularly, following some general and some specific rules and procedures. These could be called tools to perform recruitment. From the perspective of these already implied tools, nothing changes when recruitment is taken as brand's moment of truth. The same recruitment experts should perform the same tasks using same tools, but with a slight twist: they have to make sure to check not only candidates' functional promises, but also how such promises fit into all other brand values to which such candidate applied. In the company where brand management reached its highest level, there is actually no need for branding experts to interfere in this process. Each manager of a business function is a brand ambassador in the sense that he knows exactly how to understand and enact the brand from his functional position. In less brand-conscious companies, it is the role of a brand manager or his team to help respective managers in brand enactment. But that does not mean that they supply them with additional tools for their job. They provide them only with support in translating the brand ideology into the procedures of specific functions. No additional tools are needed for brand alignment. This rule applies both to internal and external moments of truth.

There are a couple of important implications of the example explained in the previous paragraph:

1. Brand management does not request any additional resources but a brand manager and perhaps a small team that helps him if the brand covers a larger territory or is present worldwide.

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[186] Provided that the selected customer segments in fact perceive, understand and take (exchange) values in a desired way.

[187] As I repeat, too often perhaps: If there is a business process that is not simultaneously a brand's moment of truth or produces at least one moment of truth, then this process is not substantial neither for the brand nor for the owner of the brand (company).

2. The rule that no additional resources are needed applies to the management of both internal and external moments of truth. For example, no additional marketing communication tools are needed[188] for brand support only.
3. If one locates a specific moment of truth that has not yet been applied, the already existing tools or procedures have to be used. No extra layers are needed after serious brand management has been introduced.
4. Applying brand management to all business functions helps every function to understand and infer the relation between functional and non-functional values in their rules and procedures. Those more technical business functions often face serious problems trying to understand their role outside functionality. The brand, if taken and guided using the *brandlife* methodology, brings them to the position to level the irreplaceable functional values with the irreducible non-functional ones.

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[188] And it goes even further. If a brand is managed rationally, meaning that all business functions support the brand (which requires no extra costs, no extra human resources, etc.), huge advertising spending is less needed. Since we know that advertising costs generally represent a large portion of brand support, especially in B2C brands, clever brand management reduces advertising and thus overall operating costs.

Brand management in time perspective

Misunderstanding the time perspective is one of the more persistent problems in brand management, but also in management in general. All subordinates generally accuse managers of all types (CEOs CFOs, prime ministers, etc.) that their decisions are short-term oriented. On the other hand, managers often suggest their subordinates to stop dreaming and start caring about this month's result.

Short-term orientation seems to be completely detached from the long-term perspective in many such claims. Executives who have to take care of daily, monthly or yearly reimbursements for employees and suppliers seem to focus solely on short-term tasks and goals. This orientation is understandable, because they know that they cannot hope for a good future if they do not secure immediate resources for "the body" that is aiming at that future state. On the other side are researchers, engineers and all kinds of developers, who know how much their development would help "the body" if only they were not limited by stupid daily restrictions.

It should be clear by now that the reconciliation of this frequent opposition lies in establishing a link between the future (the brand) and daily steps. If one understands the whole story (the brand) and its connection with a small step that the brand has to take today or tomorrow as a step towards that goal, then the antagonism between short-term steps and long-term goals disappears immediately. [189] The challenge lies in the fact that this link is not something that could be established objectively. There is no outside authority that can approve the link. At the same time, this link should be shared with all that participate in the body that takes daily steps with the aim to achieve some future state (the vision). Each team member, no matter which position he has, should internalize the same quality of the link between the step he takes and the vision of the team. The manager would then be able to understand the step proposed by a developer since the developer understands the overall picture and the relative value of that specific step among all steps proposed. It is still the manager (of any level) that has to decide, but that does not mean that he is the only one that should understand. Each individual that constitutes the internal brand body should understand the whole picture to ensure that decisions are not only understood but also implemented. It is utterly wrong to suppose that lower-ranking employees should understand short-term steps and top executives should bother with long-term issues. The power to make decisions about different actions (of me, of my team) should not be mixed with the ultimate need to have a common understanding.

You can surpass this chasm between short-term actions and long-term vision by strictly observing the relation between brand identity (brand formula and story) and moment of truth management. If you understand this relation, and provided that you have constructed your brand without self-deception and selected the most

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[189] Each brand identity is an explanation of the present state and the desired future state at the same time. Each brand element has to express the brand's vision in every moment.

important moments of truth that relate to the brand that you manage, then you know in advance that stupidly executing every moment of truth will be enough to achieve a goal. Suddenly you (all members of a team) find common ground: you can only manage your own next step. Management is always short-term personal management. The same way you can never change another person (you can only change yourself), you cannot manage directly something in the future, only your next step. The totality of steps taken by the team "creates" the future. Future could be understood as the emergent property of steps taken in each moment. If steps are coordinated around the goal, then one does not scrutinize each step asking himself whether taking this step would really bring him to the set future goal. A brand has the same internal and external powers: it allows your brain to focus on immediate decisions and not waste cognitive resources on brand identity, vision and other long-term issues. When you see your brand of chocolate on the retail shelf you do need to waste your energy re-evaluating if this chocolate is sweet enough, if it is organically produced, environmentally friendly, etc. You can only focus on immediate questions like, do you need it at this moment, do you have enough money to buy it and similar. Proper branding also spares valuable cognitive resources internally: If brand identity is internally aligned, you do not have to ask yourself all the time whether this or that action is a part of your brand vision.

The gap between short-term and long-term perspective in brand management and in management in general is bridged not only with a proper link between the brand and its moments of truth, but already within the brand itself. Each brand element has different validity in time. While functional promises are more or less something that is actualized in the very moment that a brand is consumed (short term), the vision and the mission on the other hand provide the brand with values that are consumed over a longer period of time. That is why we mentioned so many times in the previous sections that every brand element has value both now and in the future when it will definitely be changed.

Rebranding

If housekeeping (brand management) is structured as a daily routine, then maintenance work that would affect a group larger than the one that manages the brand is needed less frequently. How this maintenance occurs was explained in the previous chapters on brand management. Daily routine has to monitor changes in the environment and align all important brand aspects with perceived changes. Since we already know that adjustments have to be consumed by all business functions, it is not entirely true though that only the brand manager is responsible for them. But since managing anything always means managing change, this should be a daily routine of every business function, based on instructions from the brand manager. This routine can be seen as a cycling routine on a known or defined path. A cyclist does not only follow the hills and curves planned in advance, maintains stability all the time. Stability is maintained with the speed. The faster your brand is driving, the less attention is needed for its temporal stability. The better you define identity (route), the less you have to worry about being on right track. But from time to time a cyclist has to consider unforeseen changes in the environment. The tyres might go flat or a storm might approach from the direction in which he is going. It is time to adjust plans to new circumstances.

Such an adjustment of plans in the branding environment is called rebranding. Rebranding is a process in which a leading coalition reshuffles all elements of brand identity together with the brand story. The result of such a process is not only a new brand but also a new business model that brings about changes in all moments of truth as well.

It is quite clear that the wider and deeper your daily monitoring and daily adjustments are, the less frequent the need for rebranding. The perception of this need is not something to be objectively determined. Some brands are more robust as others, meaning that they stay longer on the existing path and conclude that risks arising from changes do not compel rebranding investment (yet). Some have more fragile self-perception and rebrand whenever they face even minor changes in their environment. Frequency should in fact be written somewhere in the brand. Brand identity should tell you what type of brand you are dealing with. Brand values tell you whether you are more maintenance-oriented (robust) or rebranding-oriented (fragile).

But again – you never have full control over your brands and consequently you can never perform rebranding having full control. Since we know that brands are the result of co-creation between a brand and its users,[190] rebranding never lies only in our hands (minds) only. This fact might be taken as a difficult challenge for a brand manager, but it opens up a beautiful opportunity as well. If brands are co-created by users, then you can perform rebranding by simply rearranging the users. Brands can perform rebranding simply by "exchanging" the existing set of users with a new one.

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[190] See chapter *Brand story*.

A new set of users, according to the aforementioned laws, necessarily produces a different brand. For clever brand managers obstacles are opportunities.

Likewise, you should understand shifts in values of our customers as rebranding that you cannot avoid. While you cannot avoid such changes, you can surely influence them. But how? Large-scale communication campaigns would not be enough, though it is true that such campaigns are led by almost every brand. The real fun starts once you understand that your brands are communication campaigns in themselves. Brands change consumer value sets with much higher efficacy than classical communication campaigns. Imagine that you would like to change family values and compare results before and after the introduction of contraception.

Innovation

Living creatures innovate and rebrand themselves every day. The more you change (adapt to changes in the environment) the more you stay the same. But innovation is a concept too popular in contemporary management that I could dismiss it with such a trivial statement.

Certain facts about innovation were stated already in the chapter on brand protection. There is no protection like innovation. And there is no blunder more fatal than understanding innovation only as technology innovation.

Although we tend to see our society as post-industrious, we[191] are still very much members of a post-Renaissance, science-based, fact-driven, and, what is even more important in this respect, mechanistic society. A post-Renaissance human believes that there is reducible mechanics behind each act of nature. We believe that it is only a matter of time before the technology will have advanced to the extent that machines will be able to replicate themselves. We believe in strong artificial intelligence (strong AI). We believe that technology is the only thing that prevents us from constructing thinking machines but also that it is only a matter of time before we are able to reduce human cognitive abilities to detectable physically observable changes in the brain. With this notions we prove that we still tend to understand our world as complicated but not complex. Complicated machines are reducible and

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[191] With "we" I refer to all contemporary cultures including Confucian China, Hindu India and even the majority of Muslim countries. To be more specific, "we" are all those within the global economy that rely on market economy and freedom of the individual at least in the economic and not necessarily in the political sense. It would take us too long to elaborate on the relations between political and economic freedoms in contemporary societies, so I ask the reader to take into account the deliberate imprecision in these issues, which are not so important for the ambitions of this book, but are extremely important for many other aspects of our life and for the next book.

fully manageable. We tend to understand our brands and our companies as such machines. It is consistent with such a view to understand innovation as technological innovation only.

It is fun to reverse the argument. I do not argue that since the prevailing world view is such and such, brands have to be understood in the same way, but that brand complexity proves the irreducibility of reality. Artificial intelligence is theoretically and practically impossible because brands exist. Brands annihilate the possibility to understand our world mechanistically.

Many smartphones have proven on tests that they are technologically superior to Apple's iPhone, but Apple has succeeded not only in being seen as the icon of innovation but also in increasing its brand value for many years. Apple's major – though not the only – innovation was iStore, which allowed zillions of apps to be developed, which in turn slashed their prices. Although iStore is technologically driven, it is not a break-through because of technology. Innovation was and still is performed on various brand identity levels and was/is seen on the business model level. Amazon could serve as another example, and so could Microsoft and all other brands. Microsoft is an especially interesting example. It is generally accepted that Windows should be considered a technology innovation, but Microsoft's recent success lies in innovative sales activities that bind customers to a product that lost its technological competitive edge a long time ago – at least from my point of view, being a person that has problems differentiating a bit from a byte.

Since brands are complex by nature, and since – unlike in nature – in a company nothing happens with no effort, innovation (change) should be encouraged as innovation of any business model element, of any part of a brand, of any moment of truth. Examples prove that innovations of those moments of truth with which everyone can compete cost more than innovations of elements that come as a surprise. It is circular to say that brand managers have to be innovative to find moments of truth that add the most innovation to a brand with the least effort and costs. Innovation lies out of the category box that a brand is generally considered to be part of.

Variety of brands in relation to management

Although brand management principles described so far are valid for any brand regardless of their respective functional promises, there are certain differences between various types. Changes do not apply to identity formula itself, but more to predestined highlights of different brand identity elements in a variety of types. In brand management, though, there are more important differences to be seen and explained.

The question about how to organize types of brands is not a trivial one. No living creature can copy its value chain production from another one. Each brand, even those of the same type, e.g. BMW and Mercedes, are different because they have different brand identity formulas and because they express their respective identities either through different moments of truth or differently through similar moments of truth. They have different business models. But still, one can frame a couple of patterns that share a higher degree of resemblances. Like all other framings, also this one is subjective, meaning that someone else could make a slightly different list with the same authority as I did mine and also that I will most probably see my list differently as time goes by.[192]

On a broader scale, we could differentiate between:

- Consumer product brands
- Consumer service brands
- Corporate brands
- B2B brands
- B2G brands
- Destination (tourist) brands
- National brands
- Political (party) brands
- Public brands
- Personal brands

Consumer product and service brands

As already explained, there is no difference between product and service brands. Both are service brands when it comes to customer relations. Since relations with customers are the sole purpose of any consumer brand, and since the value of the

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[192] That is why I hate lists and I hate "how-to" manuals unless they are instructions for using a machine or a tool. And even those are becoming obsolete with the development of intuitive tools.

brand is consumed solely through value exchange with customers[193] (brand value in exchange for the monetary value), it is service that makes the only difference when it comes both to service and product brands. This truth becomes more and more apparent with the rise of wealth (accumulation of resources) and product abundance. Only few consumer products can hold a kind of functional/technological edge over the competition for a short period of time. All those that do not develop a competitive service around such products experience a fast decline after their competitors have reach the same technological edge or even stepped over it. It is service and service only that safeguards brand value over time. It is service that provides the necessary environment for products that rely on technological innovations. I am not saying that technological innovations are not substantial for development and growth of many consumer brands. Technological development either in the product itself, in the production line or in distribution, is crucial, for it not only provides better user experience but also, and even more often, allows cheaper production and/or distribution. But it would be a fatal mistake to rely on technological supremacy of any brand, as explained in the previous chapter. Service is one of the obvious moments of truth to be developed when it comes to the many products that rely too much on their functional promises.

One tends to understand service brands as those that rely more on people, as opposed to product brands. This is obviously rubbish And I have no intention of going further into this at this point.[194]

What is more important is the pitfall to which many service brands succumb failing to understand what is the actual service part of their business. It is "only" the functional promise of a window cleaner to clean windows. All window cleaners clean windows. All tend to leave windows clean after they finish their job. If they rely only on this functional promise, they miss their brand as much as product brands that only rely on product. Window cleaning service is much more about accessibility, availability, personal relationship with the customer, post-service or post-sale relationship and many other features that each window cleaner must put on top of his functional promise.

The functional promise of a brand is only a prerequisite. Advantages lie in other brand aspects and in other moments of truth.

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[193] Such value exchange can happen only within the limits of an autonomous (free) individual in a market economy. Brands exist also outside of market economy, but at least two types of brands do not: service and product consumer brands. If consumers do not act as free individuals willing to exchange values, as described by Ludwig von Mises in his cardinal book *Human Action* (1949) or by F. A. Hayek in his *Road to Serfdom* (1944), they cannot be consumers, and with no consumers there can be no consumer brands.

[194] Looking forward to all that feel such statements as despising readers. I would rather consider statements that repeat obvious as despising. Especially since I believe that obvious (self-evidence) is the most frequent fallacy of any discourse.

Corporate brands and B2B brands

There are some corporate brands that are consumer brands at the same time, for instance, IBM, Audi and Lufthansa. As long as you understand brands as meme complexes it is on the company (brand owner) to decide whether to treat Audi A4 as a self-sustaining brand, as an endorsed brand or as a product that forms the functional promise in Audi's (corporate brand) identity formula. Each functional promise from a brand has the potential to develop into a separate brand. This might happen indirectly, with an intermediate phase of an endorsed brand, or directly. Since brands emerge at the intersection of a brand owner and a brand user, both of them "decide" about such a separation. A company might push such a separation for business reasons in one direction, while each customer pulls in his own direction, but both actions are needed in any case. Brands are born as children, as results of intercourse between the brand owner and the customers, we could say a bit poetically.[195]

As in any separation, also in this case separation happens where the inconsistencies of functional promises of a corporate brand become too apparent and their management within the parent brand too costly. Since separation is costly[196], customers are the first to notice the incongruity, while company still hopes to avoid the nuisances of separation. Such situations serve as additional examples of the fact that branding allows no bluffing. Companies can try to persuade their customers to see the reality of functional promises[197] that they want them to see, but if all other moments of truth speak another way, customers know that a new brand was born out of the parent company long ago, whereas the company fails to realize that fact and still bluffs in communications. Customers can pull out brands or any other values from a corporation in accordance with their interests based on their perceptions. If a company genuinely follows what identity changes their brand goes through, especially on the level of functional promises, then it is not the customers that pull, but the identity logic that drives the brand to such auto-mutation. Nothing in evolution is really forced from one agent, even if that agent is the customer. Though it is correct to say that customers pull out a new brand since the brand is partly owned by them, this is also false since a brand lives as a complex entity within a complex environment.

Corporations that are not suppliers of consumer goods are brands as well. In such case customers are not to be considered consumers but other corporations that use

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[195] It is due to the reductionist post-Renaissance tradition that "poiesis" is disapproved of as a method for conceptualizing complex phenomena.

[196] Many resources are needed to establish a new brand regardless of how the brand comes to life. Human, intellectual and financial capital is needed, plus time, which plays an important role in the conception and growth of any complex system.

[197] As a matter of fact, this is the case with all brand identity promises, but whenever there is a need for separation, the incongruities of functional promises come to the forefront.

brand products as sources for their outputs. In the end and from the *brandlife*'s point of view there is almost no difference between B2B corporate brands and consumer corporate brands. Both exchange their values (products/services) with their customers for the value of money. The same rule that drives the creation of endorsed or separated brands from consumer companies/brands applies also to corporate B2B brands.

The best way to reflect corporate brand structure is to train your brain in understanding the difference between a moment of truth (company incorporated), its brand name and logo as a moment of truth, functional promises as products, and services and brand as memetic structure. But even those that consider this question non-substantial (should) understand that a brand happens only through value exchange with brand users – customers. It is the type of value exchange that really makes the difference between different types of brands.

B2G brands

While it makes sense to distinguish between B2G relations on the one hand and B2C or B2B relations on the other hand, it seems like it would make no sense to differentiate B2G brands from any other brands. Is a GE refrigerator sold to a government or a municipal authority different from a similar refrigerator of the same[198] brand sold to a consumer? What differentiates brands in interaction with different markets are not different procurement methods that public institutions and private companies use, but rather a specific value they infuse in the respective markets with consumption. Brands change with each user. Brands change a lot if used by bodies with such a strong presence as public authorities normally have.

Since every customer or at least every distinct customer segment influences brand value, I am taking the opportunity to emphasize this fact in relation to B2G because governments and other public authorities are an example of the often-missed opportunity to use customers as brand drivers. Each brand case should be evaluated separately, of course. There are no generalizations possible in human actions. Public authorities might diminish the brand value of a commodity like a detergent by filling it with the perception of low-quality/low-cost memes. But the

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[198] One should note that you can never sell the same product twice but you can apparently sell the same brand with every item sold. This differentiation should suffice for an average level of generalization that a branding practitioner needs. But in fact each time value exchange is performed in any moment of truth, a "new" brand is born. If brands are co-created by customers, each customer co-creates his own brand in every instance.

same authority might provide a positive value of reliability memes to a car brand, for instance.

Destination brands

Destination branding[199] has developed into a distinct branch of branding populated with practitioners, theoreticians and specialized magazines.[200] If we know that all brands are in essence of the same nature, how did it come to this overpopulation?

One of the reasons is of course that tourism industry became not only an extremely strong income-producing sector in almost every part of the world, but also that for this reason competition became fierce. In this respect, tourist destination brands face the same fate as any other brands. At first, their success rested on functional promises like sun, snow, or some natural or cultural sights. Soon many of them realized that the majority of destination brands share sun, many share snow, all have this or that type of cultural event or historical monument, and all have at least small waterfall worth seeing. Although one cannot copy a destination for an obvious reason already explained by many physicists, including Albert Einstein, destination brand distinctions do not rest (only[201]) on functional promises. So this common brand fate could not serve as a destination brand boost factor. What is it then?

For any brand that rests on the collaboration within a larger group of partners, employees, suppliers, etc., the task to formulate identity and manage it involves the participation of all mentioned. This has been emphasized all over this book. The same rule also applies to destination brands. If we take into account that it is difficult enough to align all internal brand publics within a corporation, which has at least some coercion tools at hand for such an endeavour, it is even harder to define

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[199] Although destination branding with "destination" in its title is aimed at tourists as the only customers, it could have a wider scope. It is impossible to distinguish tourist functional promises from non-tourist ones in the promises of destinations. A glass factory can be seen as a part of industry that pollutes and degrades the environment, but can be also included as a tourist functional promise of a destination that can build its attractiveness on its industrial legacy or its glass manufacturing tradition, like Murano, for example. More and more destinations realize that almost every functional promise can be upgraded or modified in such a way that it also serves tourists. But because tourism is such a distinct part of the service industry I will remain in differentiating destinations as part of tourist brands and place branding as a part of overall positioning of state, region, city or any place at all.

[200] For instance, Simon Anholt and the magazine *Place branding and Public Diplomacy*.

[201] It would be completely wrong to diminish the role of place brands' functional promises. But since I cannot imagine that a brand manager of a certain destination would forget about the functional promises even in theory, I take this devaluation as helpful.

identity and to manage the brand of a destination emerging from heterogeneous individuals living there. They do not only live in such destination but also own it. There are no formal coercion tools available for public authorities, which most often run destination brands, at least not in democratic societies. What makes identity formulation even more demanding in destination brands is the fact that unlike in corporations, people in a society tend to have much more conflicting interests.

The most common conflicts of interest arise from industry versus tourism, development versus nature and noise connected to tourism versus peace of private life. Since we know that unresolved conflicts within brand identity diminish its value, destination brand developers have to overcome this challenge through an extensive participation process supported by their branding experience but also mediation skills. It is so easy – especially for all tourism enthusiasts – to be overwhelmed by apparent beauties and attractions of their beloved destination and fall in love in a picturesque and witty ad proposed by a respectful creative agency. But as explained many times so far: perhaps communication can mask the reality for a limited time, but such a mask turns out to be an additional cost when it becomes clear that the image is too far from reality. Long-term positioning can only rest on sincere branding, and sincere branding can only rest on sincere conflict resolutions.[202]

I Feel Slovenia was developed both as a tourist destination and as a national place brand. In that particular case, we used our personal in-depth knowledge about various identities of Slovenia with a meticulously devised Delphi study and web-based refinement of results. While there certainly are other paths to similarly good results, I still find the tools used in this case extremely rewarding.

If identity formulation for destination brands is challenging, it should be stressed that moment of truth management proves to be even more demanding. People tend to reach a consensus with words more easily than with actions. When a brand manager has to implement actions that are in conflict with certain interests, this brand manager has to have guts, and even more importantly, strong support from his superiors. The reason for this is that he can rely only on the execution power of those stakeholders that form brand promises in reality. He should thus steer the conflicting interests into a commonly accepted direction described in words in the brand identity. As already stated: To accept common wording is frustrating enough, and when it comes to actions, stakeholders with different interests tend deviate from the defined path even more. Only if their story, their business model is in some way or another a part of a larger destination brand, they can more easily accept the common story and add their business model to the destination business model. In such a case the brand manager co-brands his brand to the destination brand. All brands of a destination are in fact co-brands of that destination, and vice versa. Co-

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[202] That does not mean that destination brand identity explains the brand as it is in that very moment. Each brand has to introduce vision in its promise, as explained in the sections on brand identity and brand story. But the vision that brings promises not yet realized has to be managed. Vision management provides a feeling that brand is really moving in the direction of that vision. As we know that feeling comes through moments of truth, and so moments of truth have to be managed in a defined way.

branding thus has to be present as a goal already in identity definition, and even more later on, in the execution part.

Place branding

The majority of what has to be said about place branding was already described in the chapter about destination brands. The sole difference is a larger variety of customers and consequently a larger variety of possible business models that lie behind place branding. As a result, a brand identity developer and a brand manager have to bring together a larger variety of interests (described and evaluated in business models).

Place brands might have various purposes, but in each case, they tend to raise their value as is the rule for any brand. In the contemporary world, it is common for them to attract investors since investors both prove that places are attractive and provide various types of capital, which is the staple food of any place. Investment attractiveness is closely linked to being attracted to live in such a place. To focus on the advantages related to the living conditions and to develop living conditions is a regular part of place branding though. There are many subvarieties of those two attractions, such as health, safety, cleanliness, culture, recreation, nightlife, food, but also other cultural traits of people living in that place that come both as input data for brand identity formulation and as moments of truth to be managed. Each place has unique identity and unique potentiality (what to develop further).

If you want to read more about how I Feel Slovenia as a destination brand was built, see the *Brand story* chapter.

Political (party) brands

There is no other reason to distinguish political brands from the rest but to have some fun. And there are a couple of lessons that might be valuable not only to party leaders but also to all other brand leaders.

First of all, political brands that are subsumed under party brands can and should be described by Standard Branding Model identity formula and managed through moments of truth as brands of all variety. Political brands trade their values as all other brands do, even though some might think that they do not. Political brands exchange their values for voters and votes in the election. This is in fact their sole value exchange (sales) moment. This is the first lesson: Brands can have extensive lists of moments of truth on one hand, and only one sales moment on the other. The

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sales moment happens only once or very seldom. Political brands are not really special in that they build their values and market value during the whole pre-election time, and only exchange it on the election day, since that is true for every brand. There is only a slight twist: Especially consumer brands do not have so much time for value creation and have more frequent sales events. However, there is a lesson for all types of brands: Brand value (brand goodwill) can be built only in the "non-sale" period. In the moment of sale, the value/goodwill is consumed (annihilated) in the exchange process. Because such long periods between elections (sales moments), political parties are extremely vulnerable in post-sale anti-climax period. They tend to understand election results as value exchange for the future period while in fact they have only consumed the past value/goodwill. If they do not understand that post-sale period is in fact pre-next-election-sale period, then they also forget that they have to fill the empty goodwill container right after the election.

But there is another lesson to be taught from political brands that is partly specific but at the same time valuable for all brands. While it is possible for any other type of brand to exist without a visible and exposed leader, this is not the case with political parties. Party leader is sometimes not only occupying the bottom-left corner of brand identity formula, i.e. personality, but quite often also some other party brand identity parts. It is theoretically possible that a party leader covers the whole party brand. This is not necessarily a sign of a autocratic party. On the contrary – more often it is a sign of a party that did not put enough effort into identity construction and has to rely mainly or even exclusively on its party leader brand. It is possible that such a party leader transfers his values to the brand so that his successors later accept those values as party values. If such a transfer does not occur, then the party lacks an important brand identity element and is doomed after its charismatic leader has left the leading position.

It is clear that brand leaders that are more valuable brands on their own add more value to brands they own or brands they lead. Richard Branson and Virgin, late Steve Jobs and Apple, but also Lee Yacocca as a "mere" executive of Ford and Chrysler are examples of personal brands that transferred a lot of their personal goodwill to brands they own (owned) or lead (led). In any of the aforementioned cases, their brand has to occupy a part of the brand formula they lead, but since they are in a tight co-branding position, also their brand formula has to include some values/elements from the brand they manage or owe. Strong leaders as brands are in a co-branding position with their company brands regardless of brand type.

There is, however, one another peculiarity to be mentioned in relation to political brands and their moments of truth. Since we have to distinguish public authorities, such as governments, ministries, and municipalities, being an executive part of public governance, from political parties, being representational, it has to be taken into account that moments of truth in political brands are not not much more than "words" formulated in promises. It is not an intention of this book to enter questions of complex relations between parties, coalition parties, opposition parties and the parliament, but they are all doomed to deliver words as only possible deliverables.

We could say that their functional promise is promise itself and nothing else.[203] In this, they are very different from all other brands.

Personal brands

Movie stars, fashion models, prominent scientists, writers, musicians, and other celebrities are not the only ones that can be considered personal brands; each human being is a brand by default. Each has an identity formula, moments of truth and customers as well. When you apply for a job, when you negotiate your price (salary) and in many other instances you exchange your values for goods you are given in return, e.g. a salary or some other type of compensation. If your brand offers higher value or more needed values, you get more. Therefore, personal brands are brands as much any other brands.

There is, however, one difference to be mentioned: most people do not hire a brand manager to manage their identity formula and their moments of truth, but rather do it themselves. A large majority does this spontaneously, but not carelessly. Those that work on their reputation consciously, actually build their personal brand through moments of truth in a similar way as any other brand. Celebrities hire professionals to do branding for them for the simple reason that their brands have gained such great value that it is rational for a celebrity to do their job and leave branding to professionals. As everywhere else, the basic principle of added value comes into play here as well. If costs induced by hired experts are lower than the added brand value, then it makes sense to pay for such a resource, or for such a service.

The rest of the population considers the idea to hire brand experts for themselves obnoxious. A "minor" problem of theirs is that they spend considerable sums on personal coaches or on shrinks[204] for simple identity problems not knowing that they are curing branding problems with the wrong tools. Branding is, in large part, identity management. If brand management helps to manage corporate identities, it should come as no surprise that similar management is applicable to human personalities as well. Humans are brands with brand stories, with wanted and

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[203] One could take the parliament, a representative body, as a brand that delivers not only promises but also laws. But as already mentioned, to delve deeper into the branding situation within a political and governmental institution – not to mention the judiciary part – is a subject for a separate elaboration.

[204] I do not want to imply that branding can solve serious mental disorders that require medical psychiatric treatment. But I do claim that many borderline psychological problems, most commonly described as identity problems, could be solved faster, cheaper and more effectively with proper branding techniques than with a psychiatrist or a coach. And I do claim that though branding can have no positive effect on schizophrenia and other types of psychotic disorders, it could definitely help to treat many types neurotic disorders.

unwanted identity traits as well as wanted and unwanted perceptions we want to manage or change. We tend to sell ourselves for the highest possible value (be it material, emotional or whichever) on any market that we find important. Richard Gere as an actor builds his goodwill for Hollywood, and Richard Gere, as a Buddhist, for the Buddhist community[205].

Public brands

Within the context of this book, I consider public brands those that offer any kind of goods or services that are generally considered as a part of a social state.[206] It is not the type of ownership that demarcates public brands from other brands. Companies owned by municipalities (collectively) might offer consumer goods. Such publicly owned companies are completely aligned with the category of consumer goods brands. Public brands are those that are or should be equally accessible to all citizens and are financed through taxation and not through value exchange in the

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[205] It was not a coincidence that I took Buddhism as an example. Buddhism as a meme complex is quite unique since the highest level you can reach as a Buddhist is a state of no memes. Buddhist enlightenment in all four schools of Buddhism should be understood as emptiness of memes. Though Buddhist teachings lead their followers to the state where brands vanish, they as a community cannot escape memetic and branding nature of humans. Though I highly respect the Buddhist memetic circle, I have to compare their ultimate goal with that famous joke about an expedition coming to a remote African village and asking their chief if they are still practicing cannibalism. The chief replies, "No, not anymore. Yesterday we ate the last one."

[206] I find the differentiation between public brands and public companies reasonably acceptable, although I am not completely satisfied with it. I think it is in fact theoretically impossible to find a logically decent resolution in this respect for a quite simple reason: In a mixed economy, one cannot expect clean terminology solutions either. Market economy and social state combined in almost every economy on Earth at this moment, are based on such different value foundations that terminology cannot resolve them. From the perspective of a social state "public" means that each member of a public has an axiomatic right to a product or a service either for free or at least for such a price that does not deter any person from using it. Such goods in a social state range from air and water to schools and medical services, but also include corn or even gasoline in cases where a social state is rooted deeper into a more collectivistic society. From the perspective of market economy, "public" means that a company is traded publicly on stock exchange while on the other hand each brand is public in the sense that is available for anyone on the appropriate market. "Public" in a social state means that something is owned collectively while in market economy it means that each privately owned value is eligible for free public trading. Brands belong to the market economy, but, like meme complexes, they also pertain to the social state. I give up here.

moment of consumption. Although there is still a large variety of brands that compete (free public schools and hospitals), those that sell some services but mostly run on public funding (immigration office that "sells" passports), and those that are fully publicly funded and directly or indirectly used for the benefit of all citizens they cover (executive government offices), I will leave these distinctions unexplained. It would again bring us too far from the intentions of this book to analyze subtle and extremely interesting differences among them in relation to value chains they form. It should suffice for our purpose to pay attention to the fact that no institution can avoid being a brand and thus each institution forms specific identity, moments of truth and value chains that have to be identified and managed.

Since public institutions are publicly granted, people running such institutions often forget to run them as brands and especially forget to conceptualize them and to pay attention to value chains they create or they should create. Those that forget this "minor" detail then find themselves in a questionable no-value-added position and are sooner or later dismissed – and not only from the public sphere. It is a specific challenge for managers of such institutions to find the value relation between the state funding or municipal budget and the service they provide for taxpayers. The challenge is not only to find relations but also to make them visible [207] to taxpayers/customers. This is a challenge because of the distance between the amount of taxes we pay and services we get both in time, in space and with relation to brands. We normally perceive that we pay taxes to an anonymous state or tax revenue governmental institution, which has no apparent relation to a school or a hospital we use. Since exchange is not direct and free, we tend to consider our taxes too high and services that we receive too poor. It is a specific and necessary task of every public institution to make this value exchange visible and accountable.

The trap that managers of public institutions[208] commonly fall into is the "mission versus vision" trap. Since public institutions execute their owner's vision by default,[209] managers of such companies consider that vision their own. But in fact what is their owner's vision should become their mission while they should develop their own particular vision. Since many of them do not understand such a necessary shift, they perform their activities as if their sole purpose were mission execution. It is a mission of (some) governments to provide public schools, hospitals, etc. to their citizens, but it is not a mission but rather a vision of respected public institutions to exchange knowledge or health with funding they get from taxpayers. Students, patients, etc. are their customers and a part of a commercial value chain, while the same students and patients are also publics[210] and a part of a mission value chain

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[207] Visible in this context means accountable.

[208] All such managers are at the same time brand leaders and brand's moments of truth.

[209] They are incorporated for somebody's vision function by default, otherwise they would not be public.

[210] It is worth again to pay attention to the fact that it is not a physical body that defines an entity as being public, but its peculiar memetic structure. A government must see the same physical body differently from different points of view: as a student representing a member of the public, accommodated or/and as a customer in the memetic representation of a

for governments that collect taxes and secure the environment to procure public goods. The brand identity formula of a government is substantially different from the brand identity formula of a public school or a hospital owned by the government. The trap in which managers of public institutions often fall is that their customers surprisingly (!) feel not as customers but rather as numbers in bureaucratic reports.

This trap has an opposite side as well. In the example above, the government that provides funding becomes a real customer of such public institutions. Everyone always looks in the direction from where the money comes. If managers forget that the government is the only institution that allocates taxpayer money, what they see in the government is the real customer. This sentiment is additionally enforced by the fact that it is the owner that decides who is going to manage his institutions. It is not easy to expel the one that redistributes the money from the vision part of the formula and decide about your career at the same time. That is why it is so rare for customers (students, patients, other users of public utilities) to feel as customers in relation to such institutions. That is why at least they should be in this or another way more directly involved in the direct purchase[211] value exchange with public institutions.

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> **Commented [M4]:** ?

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citizen. We play very different roles not only in time and in space but even more in the memetic structure of time/space. Being a citizen occupies different memetic structures within an individual than being a student. Why? Because we as individuals (brands) always formulate our memetic structures in relation to other brands (institutions, individuals, concepts, poems, sciences...), other memetic structures or superstructures. We as brands are what we consume as brands. Brand segments are nothing but brand identity elements. Segmentation does not come afterwards. Segmentation is an integral part of brand identity formulation. An individual's identity is divided among all identities he shares values with. I hope that the hatred that I exhibited towards the obsession with segmentation in marketing in the first chapter comes across as less appalling now.

[211] It would take us too far to further elaborate this very important trap. It is in fact a necessary trap of every collectivism. I find it difficult to understand how come that same people that intuitively know that no one can eat, know, suffer, live or die instead of them take for granted that somebody else can exchange their values on their behalf, be it an individual or a collective.

Brand category

Brand categorization is nothing but a tool for managers to quantify something that cannot be quantified.

I will borrow an intriguing question about wristwatches posted on Quora by Ethan August to explain such an apparently harsh statement:

> *If 2014 saw 1.2 billion wrist watches sold globally, why can't the demand for new watches be largely satisfied, if not completely exhausted within 6 years (=~7 billion people / 1.2 billion wrist watches sold)?*

In addition, the author asks some further questions with the assumption that the responses would help him to evaluate the market saturation point for the wristwatch category.

Brand category is a concept that enables brand managers to evaluate market potential, market share or market development possibility. According to such a rationale, there is a pool of all wristwatches sold in one year, which constitutes 100% of the category of wristwatch market. It is presumed that different brands take a share of that market and fight for larger share. Such a concept seems to be a helpful tool that enables managers to quantify their possibilities, aspirations, investments, and so on.

Nothing is wrong with this if used for past events. The past is quantifiable to a certain degree, but the future never is.

The main trouble even for past events is the question of what are the criteria that put one brand into this category and some other brand into another. Does Apple's iWatch – along with all other sports watches that measure time only as a part of their measurements – fall into the wristwatch or a new category? They certainly look like wristwatches. Even some golf GPS rangefinders are available as wristwatches. Do wristwatch GPS rangefinders belong into the wristwatch category into the category of GPS rangefinders, which also appear in the form of a smartphone, a small tablet or any other device that cannot be attached to the wrist (the wrist being a constituent part of the wristwatch category)? How much is the wristwatch category based on being attached to the wrist or on being a watch or on being something that measures time as well as something else. Or to take another example: From a certain perspective a horse chariot complies with a larger category of personal transportation systems, including cars. From the perspective of 100,000 years of human history, a horse chariot is in a same category as a car. From the perspective of last 200 years, horse chariots fall into a different category than cars. Even categorization of past events falls short.

That is why it is right to say that market success lies in developing a new category. Developing a new category means nothing but accepting the truth that from the point of view of customer experience, a category is something that does not, or rather, should not exist. This situation resembles the question of what we demand from search engines. We do expect offline shops to be divided into categories since in the analogue offline world there is no other way to organize stuff than in

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accordance with analogue rules. We have to digitalize (organize in recognizable chunks) the analogue world with categories since otherwise we could only find what we are looking for by accident. We know in which section (digit) of an offline market we can find bread and in which one cheese. But when we enter the digital world, i.e. the online world, we find categories obsolete and as something that prevents us from efficiently looking for the desired item. We are used to going on a full-text search. That means that words become digits in themselves. In a full-text search, the only categories are words[212] being the smallest mental chunks. We have our needs, our aspirations, and our expected experiences (in relation to a brand); if we are capable to express this need with words, we need nothing more than a full-text search. All kinds of structured categories, organized in all kinds of hierarchical orders, represent unnecessary steps in the digital world. And a world of words is in itself a digitalization of what was previously an analogue world.

If brand managers adore categories, that does not mean that categories are of any use for customers. As we have seen with some examples, successful managers are successful precisely because they can move out of the category box. To move out of the category box means nothing but to move alongside customer needs and aspirations. What is more, you can develop new customer needs and aspirations only if you can move out of the category box.

The basic problem with categories is that they rest on the presupposition of something fixed. A category cannot exist as a category if it is not fixed. Something like "unfixed category" is *contradictio in adjectio*. Since we know that nothing is fixed in the real world and that consequently nothing is fixed in the branding world, categories are not a helpful tool for brand managers and even less so for brand developers. Branding becomes easy only after you have rejected all easy-going tools and consequently after you have rejected categorization.

A brand category from the perspective of a brand or a brand owner is the brand itself. A brand category, being a demarcation line from all other brands, is inscribed on the brand itself and particularly in the comparative advantages part of the brand identity formula. Brand categorization, grouping of different brands into the same category, might have some value for historians, but has no value for brand managers that are looking forward. At the moment that an acting man looks backward, he has already lost his way. At the moment that he adjusts his acts to any kind of categorization, he in fact looks backward. The only category for a brand manager is his brand alone.

Commodity brands

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[212] Memes are the smallest chunks in a category. I do not want to enter the discussion of the relation between a meme and a word. It is an important question but too far from branding issues as elaborated in this book.

It makes sense to pay some attention to so-called commodity brands and their relation to the brand category. Commodity brands were briefly mentioned earlier in this book in connection with suppliers and pricing. As with many other concepts within branding also this one is taken too easily, too fast and not really digested.

A commodity brand is commonly understood as "a good or a service when the demand for it has no differentiation across a market".[213] To have no differentiation would mean that a product or a service that falls into the category of stuff that is not differentiated by brand qualities. Wheat, petroleum, gold, rice and similar are treated as examples of commodity goods. One might find some additional explanations for commodity goods like the one that their price "is determined as a function of its market as a whole[214]".[215]

It should be clear by now that all goods can be traded only as brands. Value exchange does not happen on the level of wheat as a material good, but on the brand level. Material as such has no value for humans. It has direct, non-conceptualized value for animals. They eat wheat, but they exchange values only within the nature. They exchange values only so that they exhale carbon dioxide and defecate. Humans as genetic creatures also have to exchange values on the same natural level. We also exchange carbon dioxide and manure in the value chain of digestion. But we, humans, also trade values on the memetic level, a level that is so far not available for any animal known. Once we started trading brands on the memetic level, we cannot avoid this level whatever we do. Concepts and brands are our brainchildren[216]. We are living through them. So there is not a single human good that would not be a brand or part of a brand.

Since we know by now that brands as living creatures can exist only if they are differentiated one from another, it is theoretically impossible for two undifferentiated goods to exist. That means that, in principle, commodity brands are impossible.

But at the same time I would argue that one can find commodity brands. But here we have to be more precise. The commodity category should be understood as brands that exist on the highest entropy level possible. The second law of thermodynamics says that all that exists evolves towards higher entropy. The higher the entropy, the lower the temperature of the system and the lower the information

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[213] Wikipedia, https://en.wikipedia.org/wiki/Commodity

[214] Wikipedia again. Same page as in previous footnote. I might cite David Aaker or someone else in the same context, but I find Wikipedia extremely handy.

[215] It was already Ludwig von Mises who in his book *Human Action* denunciated the possibility that prices on the level of whole stock would have any value for human actions on any market. Prices on the level of whole stock might be something that historians and macroeconomists might deal with, but are of no value for a person or a company within their daily market activities.

[216] As I recollect, the term "brainchildren" in relation to the memetic world was coined by Daniel Dennett. He published a book, *Brainchildren: Essays on Designing Minds* (1998), which I highly recommend. This concept has now been accepted as crucial within memetics as a parallel to genetics and giving birth to humans.

value of such a system? I hope you see the clue already: All brands, forming a part of our cosmos, are drawn in the direction of higher entropy. Our, human energy is the only force that prevents them from slipping into a perfect equilibrium, the highest entropy, death, a state of no differentiation. So if a certain brand really reaches the commodity level, this only means that it has already died. So the commodity level really exists, but no living brand is there. All brands tend to run away from the commodity abyss. This book's main aim is to help you, a brand manager of any kind, to maintain the greatest possible distance from this abyss.

Brand value, reputation and goodwill

Brand internal values get their moment of truth in the moment of purchase in the form of brand value that unifies all values in one number. That moment also unifies all wants and desires of a customer that unifies the various needs he plans to satisfy with the purchased brand under one number that he is willing to pay to satisfy his needs. We as brand managers might aim very high when valuating our values, but an actual evaluation can come only with the cooperation of the necessary partner[217] in any branding – the customer[218].

It is, however, of no surprise that all brand evaluations include a "customer base" as a part of brand's evaluation. But evaluators should know that from the brand's value perspective it is not only the customer base purchasing power that counts, but also customer base goodwill that is exchanged with the brand at the copulation/exchange moment of purchase and later with usage if the brand is such that it prolongs the brand's life over a longer period of cohabitation with the user.

Goodwill is a sum of values that a brand acquired and are at the same time not consumed on the market. As already explained, a part of brand's values and thus a part of brand's goodwill is a sum of customer's value and customer's goodwill. Since we are talking here about exact numbers, value and goodwill can be presented in money value. As I already said, values acquired on the market are from the past, and are thus frozen in an objectively defined money value. Goodwill cannot be derived from the past, since it is a combination of past and projected values. But that does not mean that goodwill cannot be expressed with an objective number. Goodwill money value becomes objective at the moment when the brand is sold to another brand owner and it is exactly the number agreed between the seller and the buyer. Therefore, we can say that brand goodwill from the perspective of the transactions of brand's outputs (products or services) becomes his value at the moment when the brand itself becomes a product on sale. So we could also say that a BMW M3 has certain goodwill in the eyes of a potential buyer based on past sales and projected value for him, a potential consumer, until he decides to buy it. In that very moment goodwill is transformed into an objective, agreed money value. The same shift from goodwill to money value happens on the level of the brand itself when sold.[219] Like in the categorization issue, this is also a good place to talk about

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[217] The term "partner" is used in its narrow sense, i.e. someone that has capital interest.

[218] This holds true even though each of the two partners has a very different role in the process. As mentioned many times in this book, it is the brand manager, the brand itself that has to define its vision and its identity. Brand values can be defined by one partner only, while the customer integrates it or not. It would be utterly wrong to ask the customer what the brand promise should be.

[219] Such shifts happen every time stocks of public companies are sold/purchased.

different levels on which exchange of values happens, but from the perspective of each transaction, there is no difference in goodwill/value relation if it happens on the labour market for the BMW staff, on the suppliers' market for BMW, on the car market or on the brand market.

When I mentioned that a customer decides on the money value he is prepared to pay for a product of a certain brand based on past sales of that product and the projected value for him as a customer, one might object that in the eyes of a customer past sales are not as important as reputation. It is a matter of common sense that it is past reputation that adds to or deducts from the value that a product is able to achieve on the market. But in fact reputation is nothing but the brand story that has been accepted by customers and potential customers. The amount (quality and quantity) in which the story is accepted is also sold on the market with the price appropriate to that quantity and quality. So it would be nonsense to talk about reputation that was not confirmed on the market with past sales, in the same way it would be nonsense to talk about brand value that is higher or lower than the value that a brand actually achieves on the market. It is nice to talk about reputation, but each reputation has its own moment of truth, value exchange moment. In that moment the only value that talks is money value.

Co-branding

Branding without co-branding does not exist.

This statement might seem to contradict the often-stated fact that brands as living creatures are selfish creatures that form their business models to develop themselves, to protect (differentiate) themselves from the environment and perhaps even to give birth to offspring (spin-offs). But this sense of contradiction is misleading.

First of all, brands as meme complexes are as such composed from memes already "used" in other contexts, other brands. However, each meme gets a different value in a different environment, but it still holds true that all memes are shared. In fact, memes use[220] brands for their replication in a similar way as genes use physical bodies as vehicles for their reproduction. After this peculiar fact of nature was beautifully explained and proven by Richard Dawkins[221] in *The Selfish Gene* (1976) and further developed in the memology by Susan Blackmore and others, we can add that brands are specific phenotypes of memes. Memes combine themselves into meme complexes and some of them, those that shape themselves around physical entities like humans or corporations or other human-organized entities, become brands. As such distinct brands, they are egoistic entities but as parts of many other brands they are co-brands by necessity.

Another reason for the initial statement is the fact that each brand has a mission. A mission is necessarily a non-commercial link between a brand and its environment as well as other brands. The most visible execution of such a mission link can be seen in every sponsorship. Sponsorship is an exchange of values whereby a sponsor receives a part of sponsored brand juice (meme substance, value) in return for his sponsorship investment. It is true that a part of sponsor's reputation also flows from the sponsor to the sponsored, but since we are not talking about quantities of value exchanged in this moment, let us leave this detail for now. In this way, brands exchange values with other brands through the mission part of identity egoistically by knitting a social structure with the help of their egoistic behaviour.

So we should accept that brands can only exist as egoistic but at the same time only as co-brands.

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[220] Dawkins could have said "abuse".

[221] Sponsorship is certainly not the only example of brand's mission actualization. More about that in the mission part of the brand formula and in the chapter *Brand and egoism*.

Business model as an integral part of a brand

Let us clarify a distinction between a business model and a brand first. A business model is a sum of interests of a brand/business model holder in a form that explains or formulates value chains. Value chains are moments of truth arranged in such a way that the end result[222] of their activation is surplus value[223]. A business model is thus a blueprint of the mechanics that a brand owner employs when managing moments of truth.

A business model can be formulated in any form that suits the brand owner as long as it connects all value chains or at least those that represent major opportunities or major threats. While threats are not an integral part of the daily brand operation they have to be conceptualized and evaluated in the form of risk assessments or emergency plans.[224] Risk assessment plans do not add value to a brand, but rather prevent excessive losses in situations that are not expected based on the blueprints of daily routines.

Therefore, business models as blueprints for value chain daily operations should be understood in the same way as mechanisms that run the life of a cell.[225] Any cell has mechanisms for the intake of goods, mechanisms for the transformation of imported goods into vital substances, distribution mechanisms within the cell and mechanisms that discharge waste from the cell. Brands maintain their lives in a similar way, with the difference that in nature, exchange rates are predefined and fixed by chemistry and physics, while in world of memes values are inter-subjectively and separately agreed in each value exchange with the help of money as common value denominator.

As already stated, each brand can decide about its own business model formulation. Moments of truth based on the methodology of this book could be applied to various brand types abundantly explained in contemporary management

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[222] One should be careful when using the term "end result" since we know that the end result of any living being is death, the state of a perfect equilibrium, of the highest possible entropy and of the lowest energy. It would be more correct to understand end results as each value exchange that a brand performs with its environment.

[223] Gains or profit as the difference between the energy consumed (purchase) and the energy produced (sale).

[224] Every ship has precise instructions regarding the daily routines of gaining speed and following the aimed direction (gaining value). But for each ship there is also at least one emergency plan in case of unwarranted events.

[225] I strongly advise any reader to upgrade his knowledge of life mechanisms by reading a magnificent iBook by E.O. Wilson, *Life on Earth* (2014), http://eowilsonfoundation.org/e-o-wilson-s-life-on-earth/. From the seven units, ingeniously using all possibilities of web-based multimedia e-books, the first one explains the basics of chemistry necessary to understand cell mechanisms.

theories and "how-to" books. I personally prefer using the Business Model Canvas by Alexander Osterwalder. I like this method for the same reason that I developed Standard Branding Model: You start with an easy-to-remember one-page model that pushes you to use your time and brain to develop a plethora of interactions between elements. A major benefit of such models is that the first results of interactions already produce something that can be used either in branding or in the business model. Each further step is an upgrade of the first steps. The more time and effort you invest, the more detailed and compelling the result, while the limiting entry point is extremely low.

It is not the purpose of this book to further elaborate on business modelling. But since value creation is the main "reason why" behind branding, I have to go through some business processes that influence value creation most and have not yet been mentioned among moments of truth. Please note that the processes are explained only from the branding point of view.

Governance

Although it is generally accepted that governance, especially with two-tier corporations, is a process that supervises management, branding is perhaps the only point where managing and governing bodies find themselves on the same side.

Governance is (should be) brand governance. It is easier to understand this rule when it comes to companies with simple ownership structures. In the cases where the owner is also involved in the company's daily operations, it is not hard to see all levels of governance aligned alongside the brand. The situation becomes more complicated in cases of a more dispersed ownership structure or even in cases of public companies. The more distanced are owners from the brand's daily life, the more they lose all dimensions of stakeholdership but for the shareholder dimension. That means that they share values only as traders of company value (goodwill) and not on all other levels that come into value exchange relations when such a brand's outputs are being traded on their respective markets. Such distant owners are interested in the overall value for which this brand can be traded on brand's markets, but are voluntarily transferring their powers over the brand to the governing bodies. Such governing bodies, represented by boards or by supervisory boards or any other types of owner representation, then have to understand that they do not represent only shareholder interests against their brand, but also all other stakeholder interests if they intend to govern brand into the direction of growth.

As already explained, brand market value is a compound of past sales and future projected values. While shareholders decide about their investment considering both values, it is a common mistake of governing bodies to evaluate the brand mainly or even only regarding the (past) shareholder value. If management is evaluated only based on past results, seen as stock value, then such governing bodies push the management backwards. Such governance makes sense only in cases of cash cow brands, which have no potential for development leading to a no investment policy. Otherwise it should be the main task of governance bodies to evaluate and steer the management in alignment with all brand identity elements and all moments of truth.[226] Such bodies should understand a brand better than the management.

It is a fact that family-owned brands are governed in the best possible way. Why? Because they are governed like living creatures. It is often said that this attitude represents an advantage but a disadvantage as well. The family governance type should have a strong limit to growth since such a limitation is an integral part of the family structure. I define this limit to growth, which is often empirically proven, as a limit to understand a brand as a meme complex living outside a family but governed by a family. On the other hand, I see a huge potential in companies with a more

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[226] In the conclusion of this book, I will suggest key performance indicators as growing from a brand, and philosophy of integrated reporting as a measurement and a steering tool both for managing and governing bodies.

diversified ownership structure in governance, which would accept a brand as a family pet.

Capitals

Natural capital and man-produced capital

Nowadays we understand that there are various types of capital and not only natural capital, which is the base for initial capitalization. What is more, over time and through various types of capitalizations, all capital is in fact man-produced capital.[227] Man-produced capital (financial assets, building, machine tools, roads...) is the result of human work and thus possesses added value. It was created in the value-creation process. If one type of such capital "enters" the brand value chain, it becomes the capital of the brand but is as such "only" a potential to produce added value. In this respect all tools, such as scissors for tailors, hammers for masons or computers for writers or even trees for loggers represent capital that is an indispensable potential for the owner, but are only a liability if such capital is not included in the value creation chain. Any type of capital is a potential for brand value creation but at the same time only a liability and finally a cost if such capital is not a constructive part of value creation chain. Scissors not used by a tailor or a plot of land not used for food production or for production facility that makes profit, is only a liability. The higher the capital the more the brand owes to that capital, as balance sheets teach us.

One could argue that even initial capitalization through the colonization of the Wild West or any other collection of land and raw materials (minerals, oil, etc.) through the brutal force of an imperialistic power is already a force resting on human knowledge. United Kingdom, Spain, Portugal or any other nation known for some

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[227] Various economics theories use different terms in this respect and set different priorities when evaluating each type of capital for different types of growth they measure. But the bottom line of each theory is the division of something that is "a stock" from something that is "a flow". Marxian economics differentiates constant capital from variable capital, while Adam Smith distinguishes fixed from circulating capital. This book is not involved in opening or closing questions of economics but rather questions of value creation. As we will see, value creation is much more a question of practical philosophy as of economics. I am using some economic terms as much as they are used on the basic level of practical economy (running a business) since I cannot avoid using common language. I hope it is clear by now that one of my aims is to bind terms of practical economy together.

Capital is a result of flow (value creation) that is not consumed but rather stored as stock.

period of blistering imperialism induced this imperialism on human knowledge. They have developed competitive ships, guns and logistics that gave them competitive advantage over nations and lands that they conquered. I know I do not develop politically correct statements for the prevailing mentality of the so-called post-imperialist era, but logic is blind to political correctness. Those entities that invested in tools that allowed them to execute imperialistic strategies, were more successful. And since every success develops competitors, Spain competed with Portugal, and Portugal with United Kingdom and United Kingdom with the Netherlands and so on until the imperialistic market was saturated. Since the imperialistic market is saturated in this time of human development, the entry is much more expensive, it is much more expensive to develop competitive tools (arms and logistic support) and competitors are in the process of consolidation with the European Union as the prime example.

Long story short, my point is that there is no difference between different types of fixed capital. Even land has exactly the same properties in relation to added value creation as human capital. Land becomes valuable only after it has been productively inserted into the value chain and the same goes for a worker or an iPad. They are all the result of some human work done on the input and will provide an output of a higher value only if some additional work in the form of human practical knowledge is applied on them within the process of added value creation.

Human capital

Human capital is less and less the capital of man's brute force and increasingly the capital of knowledge encapsulated by a person that sells its powers to a brand. Human capital in fact provides so-called intellectual capital of a brand. In this respect, capital is transitional since it is unified and cannot be detached from each individual "human force" that can freely move from one brand to another.

One of the more frequently used fallacies in the objective evaluation of the relation between capital and value creation is the claim that the more a company invests in human capital (like education or recreation), the lower becomes its financial capital. It might be that cash flow that is somehow reflected in the EBITDA is lower in the short term due to higher investment in human capital. But if we understand that each type of capital is only a potential for added value creation, an increase in human capital provides the same potential for future growth as an investment in real estate capital. Both investments are futile unless the investment potential is evaluated by sales on the market in the process of value exchange. Higher capital investment (in any capital) should result in a higher financial yield.[228] So whatever

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[228] Again, provided that (any) capital is utilized on the market. A highly intelligent person on a remote island might have high intellectual capital but since it cannot be utilized, it has no value. Utilization of the same capital in the present North Korea or Venezuela is by definition

reallocation of investment to any type of capital should have the same positive result on the EBITDA. Sure, some capital investments enable the investor to have yields that can be seen on the profit and loss statements – some sooner and some later. But the general principle, applicable to each and every type of capital, is that capital is mere potential and thus a liability if it is not recreated on markets by the power of human creation.[229]

Intellectual capital

The intellectual capital of a brand is nothing but a unity of a meme complex as a brand. Intellectual capital that cannot be detached from a brand with the fluctuation of workforce is the total of all memes that constitute a brand. That is why it is so important to understand that each worker is a brand and that a contract between a brand and a person working within that brand is in fact a co-branding contract. A brand uses the brand of a worker to enhance its power. A brand exchanges the value of salary for the value of brand memes of each particular worker. Acquired (purchased) memes from this value exchange come into possession of the brand.

Since brands are living creatures, it is not contradictory to claim that brands possess intellectual capital. Intellectual capital cannot be limited to man's possession. What is more, according to memetic theory and meme evolution, one should understand that as much as genes are using different bodies for their replication, memes are using humans and brands as vehicles for their replication. Brands are thus owned by intellectual capital.

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smaller than it could be somewhere else. Capital has value, but until utilized this value can have a negative or positive sign. Stock that has no access to flow can have the same destructive power as water behind a clogged dam. It is not capital that yields profit or added value, but human force executed on the market. It is this quite obvious and simple fact that refutes all conspiracy theories about power of capital from Karl Marx onwards.

[229] This is the point where I have to refer to Thomas Piketty's *Capital in the Twenty-First Century*. This book provides a prime example how to completely misunderstand the role of capital in a society. It is a perfect example how a book with the most concise elaboration possible, on a magnificent volume scale, can be completely wrong because of one simple mistake: A wrong (indigested) premise of the relation between the non-power of capital (which is in fact liability) and human creation, which is the only actual force behind added value creation.

Trademarks

Trademarks should not be understood as intellectual capital. They are formally externalized (frozen, as I have stated in the introductory chapters and in the *Trademark* chapter) capital that can be directly traded. Trade is a constituent part of the word **trade**mark. You can sell or buy a trademark. You cannot sell or buy meme complexes of any brand. You cannot sell or buy something that is co-owned by customers. Intellectual capital is traded within the brand on the market of value exchange with its customers or on the HR market with its employees. Such trade in fact creates a brand on a daily basis.[230] Brands exist only in those moments of co-creation, of various realizations of moments of truth. At the moment that the trade stops, the brand dies, the same way as a human dies at the moment when they stop breathing. Trademarks are of a different sort. They are petrified and as such exist even after their brand has died. They might even be traded after their brand has died. In such a case, a new brand could form around this trademark, which used to denote another brand in the past.

A trademark is generally understood as a goodwill container for a product or a company. If company assets are worth 20 and the market value of that company is 100, then the value of the company's goodwill is 80. Trademark thus denotes the value of the brand behind this trademark. Like assets can have a negative value (debt-equity ratio), brand/goodwill can also have negative value and can lower the asset value of the company. If restaurant guests are poisoned, the market value of such a restaurant often falls below the asset value of such a restaurant, at least until their reputation rises again. Assets of such a restaurant are still 20, but since its goodwill is –30, the market value of the restaurant is only –10. Sooner or later, the reputation recovers and the brand's goodwill rises as well. Since a brand, being a living creature, cannot be bought, it is its petrification, the trademark, that is traded on the market of brands. A trademark can be bought, sold or put on the stock exchange.

Patents, copyrights

Patents and copyrights are a variation of a legalized monopoly. As such, they are not capital employed on behalf of the brand, but serve as the brand's protective shield. When it comes to patents, only the patent user is allowed to run the value

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[230] Brand is an emergent property of such trade. When we trade (purchase, sell) brands, we in fact trade various moments of truth of that brand and not the brand as a meme-complex. As said above, we cannot trade something we do not own.

exchange process of the patented brand, and when it comes to copyrights, the copyright holder is monopolizing all value exchange instances so that he gets a chunk of that acquired value in any case.

But then, according to Standard Branding Model, each brand, being a meme complex, actualizes the monopolization of certain memes from a common meme pool. It is true that new concepts, or new meme complexes, evolve only rarely. Such inventions happen from time to time. One could say that Google achieved a huge breakthrough with specially devised Google glass in the digital world of the World Wide Web. But some would object that spectacles were invented 800 years ago in Florence, perhaps even more than 2000 years ago in China, and the WWW was a tool that allowed shared access to digital data, introduced by Sir Tim Berners-Lee in 1989. Google's invention rests on many other inventions from various periods and various individuals. Google rearranged existing memes in a new way that proved to offer exceptional utilization of something that had already existed before it was rearranged in a new way. In the memetic part of our world, to which brands pertain, we talk about the same mechanisms that govern the genetic part of evolution. There is nothing invented in the biosphere, it "only" co-evolved through mutations of existing material that proved sustainable.[231]

Until all players on the market are in the position to reuse existing memes, each monopoly that a brand represents is in a position equal to all others. It is only when non-market forces, such as the state, start to interfere in branding and co-branding value exchange,[232] that such protected monopolies start to produce values that are not fair from the point of view of all those that freely exchange their values. It is enough for this book to conclude that each brand is a monopoly in itself, and leave further elaborations on extremely complex monopoly issues for some other opportunity.

I guess it is time to reveal the meaning of the "©" symbol alongside the Standard Branding Model. It is a joke. I have used it for more than 10 years, as if the BSM were somehow formally protected. It was not formally protected and it is not formally protected. The same as this book, the BSM is a rearrangement of existing memes in a way that will hopefully produce added value for users and for me. It is protected by the fact of creation. It is vastly improbable that anyone else could rearrange existing memes in exactly the same way as I did. One might by chance give his meme complex the name BSM and even protect that name. But since

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[231] Sustainability is nothing but value exchange ability.

[232] Be it individuals as brands or brands owned by companies – in both cases any act like this results in a totalitarian system of a certain degree. It is a fatal mistake to consider totalitarianism as an absolute entity that exists or does not exist. As can be seen from explanations so far in the book, it is impossible to have 100% non-market system. That was a utopia in both Stalinism and Nazism, but was not fully executed even when those regimes were in full swing. There was always some trade going on behind the formal scenes, as explained in possibly the best book on totalitarian economy, *We The Living* by Ayn Rand. On the other hand, the existence of the state as a mega-brand in itself imposes restrictions in value exchange among other brands even if it is governed by the most liberal principles possible.

branding is not the same as naming, that would still be another brand, some other meme complex as mine. There are many John Smiths on Earth, each one being a different brand, even though they all share the same name.

Value creation

A brand creates value for customers and for stakeholders. Such created value is added value and is the difference between the input and the output value.[233] Values are different in purpose but come from the same unified source: the brand.

Values for customers are defined on the most basic level in the vision of the brand. Vision defines the basic modus operandi of the value exchange between the brand and its customers. One should not complicate here: customers exchange their value (money or a similar entity that is needed by the brand, money value) for the value produced by the brand (a product or a service) since they need that value for the purpose of their life[234] (their added value creation). If this is true and since this is true, added value is created no sooner and no later than in the moment of exchange. Added value is not created on the production line or in the research laboratory or at the designer's desk. Value is not created in any process within the brand itself. It is not created in the purchase department after such a department has bought cheaper input products. It is not created when a brand hires the world's best car designer. It is not created on the production line that uses the latest software and has just reduced its power consumption. It is not created by ingenious marketing and advertising strategies and execution. It is created neither in sophisticated selling channels nor on the post-sale level. It is created only in the exchange with a customer. Added value can never be spelled by the producer or by the customer only. It can only be spelled if both of them objectify (agree to) that value, if both spell it. A brand is like a vault that can only be opened using two keys simultaneously: the key of the brand owner and the key of the brand user. A brand is a secret word that can be expressed only by the two of them. Added value is not intrinsic to any entity; it is always relational.

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[233] I hope that the difference between values defined in the brand formula and values created in the process of value creation is clear from this statement. Brand values are brand capital and are as such a liability until they are sold within the brand with added value.

[234] This is another proof that the life of a brand has the same characteristics as the life of a customer. They both need value of another for the purpose of their own life development and are thus prepared to trade one for another. The output of one represents output (garbage) for the seller and needed capital for another (food). A customer buys education from a school to empower himself to sell his services more widely or expensively and thus prolong (develop) his life. A school accepts money in exchange for services provided by the customers to develop services that would help the customers enrich their lives. Money is customer's garbage, and service is producer's garbage. A customer, such as an employee, then sells his knowledge to the employer, who integrates it into the brand and adds value to that brand. Exchange of nutrients between living creatures on the gene level is duplicated by the exchange of values only between human beings on the meme level. On the gene level we, humans, exchange physical entities like CO_2 and proteins, on the meme level we exchange values with other humans but also with brands, as already explained in this footnote. Brands as memes are alive as much as humans.

Values for stakeholders are also relational, but different both in purpose and exchange platforms, and, what is most important, they are indirect. Values for stakeholders are defined in the mission of the brand on the most basic level. I have explained some basic facts about stakeholders in the section that explains brand identity with the brand formula, and specifically in the mission section. It is only after we take into account value creation that we can truly define stakeholders that occupy the mission statement value creation and exchange.

It is easier to grasp what stakeholders are by defining who they are not. We have already explained why workers are not stakeholders in the *Mission* section of the *Brand identity formula* chapter. What about banks and other financial institutions? Contrary to the prevailing understanding of banks as stakeholders, it should be clear banks are only suppliers. Banks supply their services for the price of their money lent or by charging for some other services. Stakeholders are only those that are in no direct value exchange relation with the brand.

Here is an interesting example. A municipality owns a commercial entity, e.g. an power plant already taken as example in the *Mission* section of the *Brand formula* chapter. Being an owner, the municipality collects dividends on the investment. The owner has a strict capital gain interest and is as such definitely not a stakeholder but rather a shareholder. In this specific case, the municipality developed some services, such as accounting, which are then offered to all commercial and non-commercial entities in that municipality. In this respect, the municipality acts as a supplier and is therefore definitely not a stakeholder. It is only the third role[235] that such a municipality plays in relation to the power plant, i.e. the role of the regulator and the role of the municipality developer that defines the municipality as a stakeholder.

The confusion about values related to stakeholders lies in the fact that most individuals and institutions appear on different stages simultaneously, as we have seen in the municipality example above. A worker in such an energy utility plant is its worker, its customer and, as someone living in that city, also a stakeholder interested in the overall development of the city and especially interested in pollution that such a plant might or might not cause (co-produce along with heat and electricity). It is thus necessary to take into account that in the meme world people and institutions have multiple personalities while in the gene world they have only one body. The confusion of different roles that the city plays in the life of its energy utility plant is fatal. The municipality as the owner is not rewarded with the plant's responsible functioning, but only with dividends. Dividends should not be confused with the fee that the plant pays for the services provided by the municipality. And dividends have no relation to values or negative values for the environment, which are a by-product of the plant.

Although stakeholder value exchange happens indirectly it is still value exchange. But since it is indirect it takes special effort to evaluate it. If there is value exchange, it can and should be evaluated by money value. Consequently, any activity on the mission level with stakeholders, including the so-called corporate social responsibilities, should be evaluated both in input and in output. Costs induced by

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[235] The first two being the capital investor (owner) and the supplier.

this indirect value exchange with customers should be correlated with the benefits/gains for the brand expressed in money value. It is a fact that standard accounting methods could identify costs induced by activities related to stakeholders' activities, but not benefits. To be more precise: Annual reports do include costs in numbers, but benefits are only expressed in words. As it is possible to formulate a story (words) behind any number in an annual report, it should be a rule to assign money value to any benefit explained in the responsibility section of an annual report. Until this is done, value chain is not fully explained and is therefore not managed entirely. This gap in reporting was recently addressed by the Integrated Reporting initiative that aims to close this gap. The present status of the initiative is that unfortunately there are still more words than numbers used.

Risk assessment

Risks that a brand should be guarded against come from every identity element, every moment of truth and every business model process. Value creation is in itself a risky business since it rests on predictions of future value of those elements that are going to be exchanged. We develop those brands and those brand elements only that we evaluate are going to be valued more in the future that they are now.[236] Humans err in evaluating future values, otherwise we would not be humans and the whole world of memes would be futile. Sustainable brands evaluate the risks involved in their activities on the market, select those that would harm the brand most if actualized, and decide about the insurance measurement for each of them.

Most common and most frequently discussed risks taken into account when it comes to most brands are the following:

- A substantially mistaken vision
- Market orientation and market needs
- Stakeholders' value changes
- Competitors' actions and reactions
- Changes on the labour market
- Environmental changes
- Different types of accidents

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[236] This statement forms the base of catallactics, the most solid explanation of human actions drivers best explained by Ludwig von Mises.

While the list could be much longer, we could also reduce it to a single item: The combined effects of changes in the environment too large to allow further brand sustainability.

There are two important hints for any brand manager in this respect.

The first one is related to the complexity of the environment. Since the environment is complex and not complicated, a change in each part of the environment does not change only our relation to this change, but all other environmental parts as well. That means that risks should never be evaluated in isolation. There is always a chance that one change annihilates another one that was also perceived as a threat in such a way that the two combined now represent an advantage. It is of course much more probable that a previously evaluated minor risk grows into a catastrophe when combined with other changes. Both possibilities clearly show that all fixed risk assessments and contingency plans are not only futile but represent unnecessary costs or wrong investments. All governing and supervisory bodies that expect fixed risk assessment plans from their managements thus force them in the wrong direction. Since fixed bodies expect fixed plans by definition, nothing else can be expected from them unless they change their mode of operation.

The second one is related to the rebranding issue. Rebranding is a brand's adaptation to changes in the environment. Should a brand perform such adaptations constantly, no risk-related activities and costs would be needed apart from, perhaps, risks related to environmental catastrophes, but these are covered by services provided by insurance companies. It is this second issue that offers the solution for the first one. If the chapter on rebranding was taken seriously, then it is clear that rebranding can regulate the majority of risk issues. If a brand manager applies all monitoring tools through and around the company that runs a brand, minor adaptations can be made seamlessly as a part of all daily value chain operations, moments of truth management. Costs induced by such activities are the lowest possible in relation to outputs of risk management.

The role of branding in various business functions

Not a single business function is or should be detached from branding activities. Either the detached function does not add value to the brand value chain or the brand was not thoroughly defined.

A brand's function in marketing seems self-evident and was so far frequently discussed, as was its role in human resource management, research and innovation. Business functions that are more technical are a special case. Technical people tend to understand all non-technical functions and operations as non-pertinent to them since they understand them as something that is not really substantial for their success. This negative sentiment against apparent gibberish of non-technical sectors can be detected also in finance departments for reasons already discussed, i.e. that certain aspects of value chain creation of branding have not yet been successfully translated into numbers. Blunders related to understanding supply chain management as price-performance [237] operation only has already been discussed as well.

Public relations

A function that needs to be scrutinized a bit further in relation to branding is public relations. Public relations was treated as a department with a function very much distinct from that of marketing and advertising. Frequently adverse relations between departments were caused by limiting their functions to tools (each of them utilizing different tools) and misunderstanding the functioning of fields they cover. It was understood that a customer is a fixed human function in the realm of marketing and advertising, while public relations deals with internal publics and all those external publics that are not customers. Alongside such a view, also departments that manage the aforementioned functions were defined. Sometimes we find three separate departments, sometimes PR is a part of marketing, sometimes a part of

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[237] If the price is generally understood in this relation, quality (performance) becomes the weakest part of this duality. Whenever quality is understood as some kind of "objective" or "general" quality, as if there could be some sort of quality valid for all instances, quality management fails. Quality and performance are intersubjective. Each brand is defined with different qualities, different performances. The only performance that supply-chain managers should consider is brand-related value/performance in relation to cost.

marketing communications (with a separate marketing department), and so on until all permutations are exhausted.

It is easy to see from the *brandlife* perspective and the already discussed segmentation issues that the solution lies in consequent acceptance of the fact that each person plays different roles according to memes they occupy in each respective moment. All departments (functions) do not "attack" Jim, Alice and Susan as customers, but rather those meme complexes related to the vision part of brand identity and those moments of truth that form the vision part of value creation that Jim, Alice and Susan sometimes occupy. On the other hand, public relations "attacks" the memes of the same Jim, who is employed by this brand, Alice, who is part of the regulator meme complex, and Susan, who participated in the creation of environmentalist movements that created memes that are going to harm the brand. It is memes attached to the brand formula that define segments outside the brand. Public relations deals with mission-related memes and those publics that are defined as being invaded by those memes. It is not mere wordplay to reverse the hierarchy of those that really act: from humans to memes. Such reorientation is the only way to resolve segmentation issues but also organizational issues occurring between customer and public functions within a company.

It should be stressed again though that there is one task that public relations has not been performing so far but it should. Public relation activities expressed with moments of truth primarily related to mission objectives should be evaluated in money value terms both in costs and in outputs included in value chain creations. I sincerely hope that the Integrated Reporting initiative or something comparable is going to solve this persistent issue once and for all.

If we accept that public relations has such a role, its connection to marketing is most apparent in internal communication. Employees are an integral part of brands' value creation. As such, they should enact all brand identity elements combined in the brand story. It is the role of internal public relations to motivate all employees to embark on the brand wagon. Motivators are therefore one of those that secure the creation of market value.

It is thus only due to the limited brain resources that departments that deal with memes related to markets and those that deal with memes related to issues[238] are separated.

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[238] Issue management is a constituent part of public relations.

Brand measurement

The best way to understand and perform brand measurement is through Key Performance Indicators (KPI). If we understand "indicator" as a measurement point and "performance" as a result of added value mechanism, then it is a natural conclusion that each brand identity element and each defined moment of truth is at the same time a KPI or is a trigger to a definition of a selective KPI[239]. Measuring is an integral part of branding as much as the already mentioned risk assessments. In this way, integrated brand measurement does not induce considerable additional work and costs.

While it is easy to find different answers to the question whether some KPIs could be qualitative only and not quantitative, I take it as a law that an indicator that cannot be reduced to a quantitative measure expressed in money value is not an indicator.

A major objection to the quantification of every indicator is the fact that with quantification you necessarily lose the quality of information related to the quantified indicator. This objection indeed holds true. But my refutation of this loose attitude towards quantification does not lie in this objection but in the pursuit to make those indicators, which everyone is taking as quantified by default, qualitative. As much as we should take some effort to qualify profit margin we should also be able to develop a quantitative measure for values or mission enactments. If there is no better tool to find, at least reliable longitudinal opinion polls should be performed on such apparently unquantifiable KPIs.

Key Performance Indicators in practice

While KPIs, by definition, do not exist without being attached to a particular organization they intend to measure, it makes sense to list a couple of examples, at least to give a feel of the territory applicable for their location. Examples listed are arbitrarily chosen and are a mixture of actual cases and imaginary situations.

A company might find out that its performance is weakened by gradual shifts of focus from customers (vision) to stakeholders from the mission part of identity.[240]

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[239] Sometimes I find the relation of all business functions to the brand overrated. But then I get relaxed again.

[240] As a matter of fact, such a shift is quite common and can be taken as a foreseeable effect of entropy. In all industries that tend to be regulated or are in any other way dependent on stakeholder actions it is easy to gradually forget about customers. In such cases, regular checks of this balance are a necessity.

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Such shifts could be measured by opinion polls, but a number expressing a ratio between funds invested in the mission and in the vision brings opinion polls to a much higher level. The decision about which data should be included in capital investment measurement seems important, but in fact, any decision is better than no decision. After we have defined funds/capital,[241] we simply follow value chains and separate those that go directly to customers from those that follow more indirect paths through mission memes. A goal of a particular ratio could then be applied and measured annually or even more frequently.

As a matter of fact, the majority if not all qualitative KPIs could be expressed with the distribution or redistribution of capital invested or utilized. Should a company detect customer service problems and connect such problems to the degradation of some values governing procedures followed by customer care personnel, measurement of customer response could be longitudinally related to investment in training and other motivational tools aimed at changing the value base of customer care personnel.

Monitoring of financial results in two-tier accountancy reports has been a standard for hundreds of years. Companies measure income, various costs, changes in capital, margins of various products or services and many other things. Such reports serve well in an overall health evaluation of an enterprise. They serve as static pictures of an entity at a certain moment in time and are not explicitly connected to dynamic qualitative expressions of mission and vision and their particular enactments expressed in words. To say that a company will invest X amount of money into the development of product A and to measure the balance of such endeavour next year is not enough. A company might perform such an investment not so much to maintain an overall profit margin but rather to obtain a recruiting tool or a communication tool to demotivate or mislead the competition. KPIs, being measurement tools for such activities, should be constructed from various sources and then linked to the hierarchically highest values expressed as profit margin over time, share stock value or capital increase, for example.

While it is a challenge for fully commercial enterprises to link hard financial data to words, as expressed above, it is sometimes even harder to numerically express value chains for fully or partially publicly funded companies or even indirectly but commercially financed companies.[242] In such cases, sources of income should be directly connected to measured customer value. As already explained, the mission should be tightly linked to the value chain expressed through the vision. If there is no money value linked to a particular service performed by a governmental agency

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[241] A chapter on capital serves as an introduction to this task. But as already mentioned, a list of capital types should be much more detailed than the proposed one. Each company has a very specific list of capital invested.

[242] A typical example of the latter is a power distribution company. The company does not charge their customers directly for most of their services t, but rather indirectly through fees included in the electricity costs. Although they are important not only for the stability of local distribution but also for the stability on an international level as well as for the quality of electricity distributed, they do come into direct purchase contact only with a tiny fraction of their customers.

funded from the government budget, then the performance of such an agency is not measured and does not even exist.

Links between opinion polls and value chains are extremely loose in cases where mission values apparently overrule vision values, as is the case in the majority of public institutions. It should be stated again that there is one rule only that applies to all types of organizations, be it commercial, non- profit or governmental: the customer rule. If there is no customer value chain, there is no reason to exist. If there is a value chain, it can/should be measured with KPIs. It looks like the recently introduced Smart specialization, a development tool devised by the European Union, might be a step towards a more solid quantification of national and EU value chains.[243] It would be completely wrong to see such institutions as the only ones socially responsible, in the same way as it would be wrong to assume that commercial entities serve only as customer satisfaction machines.

When we come to the measurement of social responsibility and try to link it to value chain(s) using objective numbers we necessarily come to evaluations of different needs of different customers and stakeholders in time perspective. Customers by definition evaluate their expected values in the shortest time frame possible. This fact was perfectly explained by Ludwig von Mises, for example. "We are all dead in the long run" expresses this view shared by most commercial entities. On the other side of this dispute, which has been going on from the moment of the first human social entity onwards, are institutions that warn against short-term thinking and possibly lethal consequences of it. The Standard Branding Model does not resolve this dispute, but offers a tool for each particular resolution. Each brand has to solve this question practically on a daily basis. All of them do it intuitively, and it is up to you to upgrade your intuition by using this tool and upgrade the value produced by your brand for you, your customers and all stakeholders. It is in the nature of national brands to position their brands on a larger time scale and thus include long-term KPIs more than brands of fast-moving consumer goods, for instance. National brands have to take into account all existing brands within them and thus also all individual as well as all fast-moving consumer goods brands. If national brands perform their branding task according to the methodology presented in this book, they will resolve the short-term/long-term question.[244]

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[243] But we should take into account the fact that tools as tools are not a solution but only an enabler for attaining solutions. Smart specialization might be misused as a mere bureaucratic, self-aimed, no-value activity, but also as a selection criterion for creating a method to measure those value chains that are crucial for customer/citizen satisfaction.

[244] Global warming being one of such hot topics at the moment. From the standpoint of *brandlife* this is not a scientific but a value-chain question. It is not science that governed the evolution on Earth, but rather a meticulously performed value-chain execution of each living creature on Earth.

Integrated reporting as "natural" consequence of an integrated brand

Integrated Reporting is the initiative of the IIRC, which aims to develop and introduce integrated thinking into the business practice in both public and private sectors. Below is a concise statement from their webpage (http://www.theiirc.org):

> <IR> is a process founded on integrated thinking that results in a periodic integrated report by an organization about value creation over time and related communications regarding aspects of value creation.

> An integrated report is a concise communication about how an organization's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value in the short, medium and long term.

There are two preconditions for integrated reporting:

1. To understand and make something that is integrated (a company, its business model) explicit.
2. To report activities that are the result of such an explicit, integrated brand run on an integrated business model.

We have so far made clear how to understand a brand, and how to make it explicit. We have specified how to describe a brand and its business model. We have also identified the extensions (actions) of this brand on its exterior, i.e. markets and publics, and we have named these actions as moments of truth. We have also connected the KPI type of brand measurement with results (added value) produced by such a brand. KPIs are measurement tools but are only necessary ingredients of the last phase, which is reporting.

Reporting is a necessary communication act of any brand. As a communication act, reporting is "only" one of the moments of truth. Reporting as such adds value to the measured brand, itself. Reporting builds trust, and trust – as is self-evident to every child but not to every adult – enhances holder's power in his pursuit to exchange his values with the values of others. If a car dealer builds his reputation by constantly measuring the degree of honesty, he performs his car deals faster, with lower costs and thus makes more profit for himself, but also for his customers, since customers do not want to spend too much time[245] in the exchange process. Each moment of

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[245] Not spending too much time on the exchange process is of course a typical Western value. We take time spent for negotiations as something that adds no value to the goods exchanged. It is a necessary cost, similar to energy costs, and should be reduced to the minimum. As we all know, negotiations have an extremely different role in Arabic and some other Eastern cultures. There, negotiations are a part of a service ritual that follows not so much formal rules provided by law, but informally codified rules of social cohesion. Taken as necessary part of a service attached to a product they in fact represent higher consciousness of service base of each and every brand. Arabic and some Eastern trading

truth – if performed in accordance with the brand – adds trust[246] and value and should thus be measured in accordance with that promise only. Responsible reporting is therefore reporting that creates a transparent a link between promise and its execution (moments of truth). There is no outside authority but acceptance (or non-acceptance) of markets and/or publics that judge the responsibility of the promise. To be precise, let me clarify the argument with an example. The external value of "the fight against global warming" can never be an external measuring stick of the promise of any brand. If a brand integrates a value against the threat of global warming and if such a value is accepted by markets[247], then this acceptance is evaluated in accordance with the overall brand reputation if the brand consistently executes the anti-global warming value through its moments of truth. The same rule would apply to a competitive brand that promises and enacts pro-global warming values.

The relation between outside values and promised values are thus measured directly by the acceptance of markets. There is no need for additional measurement. Brand managers should of course envision how markets would move in the future regarding such values. Brand managers should thus take the time to envision the future environment and adjust their brand vision, values, and other brand elements

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cultures really live the wholesomeness of a brand, while the Western functionalist (purely rational) approach is deprived of some of the brand complexity.

By the way, Western formal rules of negotiations enacted in a contract are nothing but codified rituals.

[246] Please note that there are no external measures of a brand. A brand cannot be subjected to any outside measures. If a brand promises (if its value is) irresponsibility, it has to be trusted as being irresponsible. While being irresponsible to some outside measurement of responsibility, it is responsible to its core values. If a market segment accepts those core values, such a brand acts responsibly only if it acts irresponsibly. If a mafia family promises drug dealing as its functional promise and torture traitors, such brand can only act responsibly if those promises are delivered. Sincere delivery of brand promises can only be measured by the brand itself. In the case of such a mafia family, it is not the delivery but the promise itself that should be evaluated towards the values of the environment of that family. If any such promise is accepted in general, then such a mafia family has every right to perform its actions in congruity with its brand values. This is also a conceptual (philosophical) proof that crime prevention should not rest on law enforcement but rather on value enforcement. All kinds of enforcements+ are too late and even futile if the prevailing values do not counteract misdeeds.

But to come back to the question of where the measurement of a brand lies: that measurement lies only within the brand itself. There is and should be no outside authority that would build fixed measures. A promise, being a core engine of a business model and of a brand, is a vision, identity and measurement stick at the same time. A brand says, I promise to reach that hilltop, and itis measured by the execution of that promise. The brand says, I want to be dull, and such a brand is measured by how much dullness it achieves.

[247] Markets only! As we have seen, markets will not accept a promise if the incongruity between public values is too strong, even though publics do not purchase brand products or services. Publics influence markets and markets influence publics regardless of the fact that they are separate entities and should be understood as separate.

to an external vision, as we have seen in first part of this book. We also know by now that such visions of strong brands change the surrounding values. The vision of Bill Gates about the future with a PC on every desk as opposed to the vision of IBM (the supremacy of mainframes) in fact changed the values of this future (present).[248] In the same way a strong brand with a strong customer base and consistent reputation might change future values related to global warming, which are quite equally distributed among pros and cons at the moment.

While it is impossible to measure the relation between outside (social) values and brand promises as explained in the previous chapter, there is a strong need to measure and report how a brand executes its promises. KPIs are measurement tools, and integrated reporting is the communication tool in such measurement.

Let us now see how to integrate some rules about integrated reporting (IR). When IR guiding principles state that IR should[249]:

a) have a strategic focus and future orientation, we know that our brand is a strategic and future-oriented unity (promise) that has to be evaluated in relation to its execution;

b) provide connectivity of information, we know that the brand formula and the brand story provide the basic logic to this connectivity;

c) provide stakeholder relationship, we know from the previous chapter how the complex relations between a brand and its stakeholders influence the value of the brand by influencing sales (exchange of values on markets) but also the future value, which is reflected in the meme exchange market;

d) be material, we know that the aim of branding, as explained so far, is to bring all brand elements to a commonly reducible "value" that is in the end "material value". We also know that this value has to be defined in the short and in the long term;[250]

e) be concise, we should take this principle as a counterpart of the explicit principle of brand identity creation, which can be explained by a one-page formula if necessary;

f) be reliable and complete, we should consider this a guiding principle of trust as long as we take into account that we measure the relation between a promise and its execution in this respect;

g) be consistent and comparable over time, we should bear in mind that *brandlife* provides tools for consistency, while it will take some time to achieve comparability – at least until all brands are constructed on the principles explained in this book and in IR initiative.

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[248] It might be that Bill Gates was wrong about the future since it seems that mainframes in the form of cloud computing are bringing back IBM's vision. It might be that there will be a couple of mainframes on Earth, no PCs on desks and billions of personal interfaces in cloud mainframes. Clouds are contemporary mainframes.

[249] http://www.theiirc.org/wp-content/uploads/2013/12/13-12-08-THE-INTERNATIONAL-IR-FRAMEWORK-2-1.pdf

[250] Because of the reasons explained many times, this book avoids setting a medium-term period as equally important to long-term and short-term periods. See chapter *Management of life in time perspective*.

Conclusion

I often wonder why there is so much old stuff around in management, branding, advertising, and communications literature with new fancy names.

Scientific management, restructuring, change management, total quality management, creative destruction, corporate social responsibility, sustainability, integrated reporting, stakeholder analysis, business ecosystems, knowledge management, storytelling, management by walking, input-output model, positioning, branding, framing, balanced scorecard, etc.

I have randomly enumerated different concepts from the past 100 years without intending to make a comprehensive list. Some of them one-time summer hits, whereas other seem to be evergreens. But I am asking you here to consider them synchronous. It should not be hard to see them linked together in this very moment as emanations of a single principle of life. All mentioned models could be understood as a result of a search for a common principle that is driving the evolution of man, of a social entity, of a company, of any complex living system.

A drive to understand the meaning of life is central to any human being regardless of specific cognitive abilities with which he is endowed. Every theoretician seeks for a Grand Unifying Theory (GUT) from the point of view of the field he is exploring. Physicists are on the hunt for a GUT that would unify gravity with other three fundamental interactions of nature (weak, strong and electromagnetic). Various theoreticians that try to explain fundamental interactions of management have a similar goal. While in principle, a new theory in science is an upgrade of previous theories (relativity theory did not negate Newtonian physics but upgraded it for the masses, distances and times that Newton was not able to measure), new humanistic theories seem to negate all previous ones or at least try to position themselves as something completely different.[251]

Although it seems that slightly different laws of nature[252] that run both domains[253] are guided by slightly different principles, in the end both also follow certain common

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[251] *And Now for Something Completely Different* is Monty Python's film from 1971. A brand manager that has not studied subversive logic behind this and other Monty Python's films and series is seriously underprivileged as a professional and as a human. While Monty Python made an artistic mockery of "something completely different", this book hopefully explained that one should search for something completely different while knowing at the same time that something completely different is impossible.

[252] The world of genes is ruled by laws that were best explained by Darwin's theory of evolution, while the world of memes follows faster Mendelian heredity laws. In extremely simplified terms: changes in genes accumulate slowly, generation after generation until they become visible, whereas human changes in knowledge exchange instantaneously and directly. This fact makes meme evolution much faster, but does not change the similarity between genes and memes that form humans as living creatures.

principles. Change management rests on restructuring and vice versa. Both run on creative destruction. One cannot have corporate social responsibility without sustainability that rests on the balance of input and output. Only one type of reporting is sustainable, namely integrated reporting. Business ecosystem is something that connects stakeholders. Positioning is one way to understand branding. Balanced scorecard comes from sustainability. Framing[254] is branding and is best performed by management by walking. And on, and on, and on.

While we see that each proponent of one concept more or less only reshuffles what is already known, one could understand such an escape from the branding point of view: to differentiate. Since naming a concept is a strong differentiation point, why not at least name old stuff differently and achieve brand differentiation with that? This is cynical, but it is how it goes. As we explained in this book: moments of truth (naming, for instance) are emanations of a brand as a memetic structure, but is at the same time they give feedback to the memetic structure and change it. Not only does the dog wag the tail but the tail also wag the dog.

Since I cannot exclude myself from the memetic world explained, how come that I still insist and write about branding, which has obviously been rewritten so many times so far?

A wider framework is the answer. I do not want to say that I have mastered this wider framework, which includes insights provided by contemporary physics, biology, evolutionary theory, neuroscience, theory of complex systems, chemistry and memology[255], but the ambition of *brandlife* to make them easier to understand lies on acceptance and inclusion of many principles that are almost self-evident in the aforementioned sciences, but have so far not been taken as relevant for our comprehension of branding. I hope that some of that wider framework[256] spilled over and become part of your meme complex, my dear reader.

I sincerely hope that the catchphrase "Brand's mystery unveiled", which appears as a subheading of this book, makes perfect sense now. It is nonsense. It is a catchphrase. One could never have the ambition to unveil anything complex. Complex systems are un-unveilable even though they are available.

And, last but not least, I have to confess one omission in this book. One and only, of course.[257]

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[253] By separating the two domains, I have attached all sciences to the physical world of genes, and all humanities – including management – to expressions of memes. As we have seen, they are deeply interlinked and, at least when speaking of humans, one cannot exist without another, but they are still ontologically different.

[254] Part of NLP, neuro-linguistic programming.

[255] A list of my weaknesses in the aforementioned fields would be much longer than a list of strengths.

[256] Surprise, surprise, this wider framework is nothing but philosophy –philosophy in the noble sense of uniting all sciences.

[257] You would certainly waste your time searching for other omissions or mistakes in this book. It is perfect – unbreakable from whichever side you take it. Since Kurt Gödel already

I have deliberately omitted one major lie, or rather a fallacy, present in contemporary mainstream branding literature in the introductory chapter *Sex and Lies and Rock 'n' Roll*. It is a "how-to" fallacy.

Let us explain it with the help of another fallacy: Follow the example of how a successful company, X, did it. Do not get me wrong. It is certainly worthwhile to know and understand as many examples from the real word as possible, both of success and of failure. But the same as we cannot live another person's life we cannot live another's brand. Experience explained in different brand stories are inaccessible to us ontologically. The only possible tool, language, can only transcribe them to us. Not only has a story written down in words already transformed the experience, also our own cognition immediately rearranges memes transferred to our cognition so that they fit into our own structure, our own predefined cognition web that defines our personal experience. This process is known as learning. Therefore, one should learn from examples, not follow them.

At this point, the first fallacy merges with the "how-to" fallacy. One can only follow recipes but not really learn from them. It is almost like if you follow a list of cooking recipes all your life – you will have no chance to understand what you are doing if you do not understand the wider context of such recipes.[258] A wider cooking logic involves understanding the identity of ingredients, their behaviour when mixed together, exposed to different types of heat and cold, and so on, and so on.

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proved that such a perfect system is theoretically impossible, I had to introduce one fallacy in order to complete a perfect system.

[258] I cannot avoid linking my argument to the famous Chinese Room Argument by John Searle stating that strong artificial intelligence is impossible. Wikipedia did a short and accurate rewriting of this thought experiment and so I will use it:

> "Suppose that I'm locked in a room and ... that I know no Chinese, either written or spoken". He further supposes that he has a set of rules in English that "enable me to correlate one set of formal symbols with another set of formal symbols", that is, the Chinese characters. These rules allow him to respond, in written Chinese, to questions, also written in Chinese, in such a way that the posers of the questions – who do understand Chinese – are convinced that Searle can actually understand the Chinese conversation too, even though he cannot. Similarly, he argues that if there is a computer program that allows a computer to carry on an intelligent conversation in a written language, the computer executing the program would not understand the conversation either.

One can see that I am in fact following Searle's argument claiming that a special ability to contextualize is necessary for a system (computer, human, whatever) to understand and to experience anything.

A cautious readier will notice that I have made myself inconsistent with some other claims further back in this book that rested on the elaborations by Dennett and Dawkins on how consciousness and experience emerge from complex systems, and also with claims in my book *How Things Emerge*. But I will leave this inconsistency open for my next steps, which I hope you will follow with as much joy as I will.

Brand mystery could be easily unveiled by making the following promise: *Brandlife*, how to master branding in three easy steps. *Brandlife* is a book about these three steps. But it was not intended to be easy, since management of a living complex structure cannot be easy by definition.

At the end, we have to conclude: branding = cooking = living.

Appendices

Branding and lobbying

Looking at the last 100 years of corporate practice in Western democratic societies one clearly sees that both branding and lobbying developed as professional and highly organized and positioned practices in every commercial enterprise. Although they are normally not within the same department and employ professionals that do not overlap with their skills, it looks like both activities work hand in hand for the benefit of organization they are placed in.

As is often the case with such self-evidences, this one is also far from truth. One only has to check the premises and goals for both activities.

The main purpose of branding is to shape something that is on the market (product, service, person, region...) in such a way that it returns the highest possible added value from the exchange of that good on the market. It is the consumer and his perception of values that he would gain by purchasing your product that is the sole objective of branding. "Me and the consumer only" is the dream situation of any branding strategist and brand manager. An unhampered market situation is ideal for branding with regard to the participants on the market, the seller and the buyer, the brand owner and the consumer.

Lobbying is an activity that tries to gain advantages for the company from legislators and other decision makers on the state or local level. The only (or at least the final) public on which lobbying focuses on are those who make decisions on behalf of the so-called public interest. Such a decision maker's sole goal is to hamper certain aspects of the market "in the interest of" the so-called general public, which is precisely why companies employ lobbying. If were no market hampering performed by those that act on the market on behalf of the so-called general public, there would be no need for corporate lobbying.

One could imagine a perfect state-regulated economy. In such an economy, completely regulated by those that have the right to decide on behalf of the so-called general public, there would be no need for branding. Any company's sole task would be to secure beneficial decisions of the state with the lobbying process. In a perfectly regulated market brands could in theory bring no added value.

It is thus very easy to assess how much certain economies rest on statism (collectivistic regulations) or on unhampered free will of individuals (humans and companies) entering the market from the resources allocated to lobbying and/or to branding. It is easy to see that in the so-called Western democratic world we have lived in a mixed economy for more than 100 years. But it is also easy to see that lobbying is gaining momentum so the conclusion is obvious: we are moving away from the liberal market and free individual.

To sum up, the correlation between lobbying and branding is −1.

Disclosure: I have to admit that even though my heart lies in branding, I act as a lobbyist from time to time. There is only one excuse for this: one cannot pretend to be living in a different world than he is really living in.

Branding, ethics and morality

Branding is frequently accused of being an unethical activity that makes innocent human beings succumb to consumerism, which is fuelled by brands, which are further fuelled by capital.

Many refutations to such a notion have been discussed in previous chapters. I hope at least that it is clear that capital is one of the many necessary preconditions for any type of a brand, but brands as memetic structures can only be fuelled by a unique human activity – cognition. It is the power of cognition that allows us not only to feel (perception) but also to engage on the memetic level (conception). So any kind of capital (stock of food, money, knowledge) is a prerequisite, but our ability to add value within the memetic world of brands makes a difference in any capital stock. So we should say that brands, our mental capacity, is in fact fuelling capital.

The connection between branding and consumerism is even shabbier. Consumerism is an unsustainable execution of the input-output model. Life is based on the input-output model. On every level of human existence (cell, organ, body, cognition, etc.) the entity consumes inputs in order to produce something (energy, house, a novel, etc.) together with some so-called waste[259]. If one consumes more than he is able to produce, then his economy is unsustainable and he is soon expelled from any value chain. If one consumes inputs that he has exchanged on a fair basis, but the consumption exceeds his production ability, his economy is unsustainable as well. Such a producer gets fat, loses the ability to move, and soon becomes an easy target for various types of predators lurking all around. According to this book, branding in connection with business models (the economy) steers away from both types of consumerism. The reason is simple: brands that fall into the consumerism trap are unsustainable and short-lived.

Conventional accusations of branding thus have no value for our purpose. But there is one dimension of branding, which has not been addressed so far and has an extremely strong relation to ethics, or more precisely, to morality.

But first I have to explain my very personal concept of ethics and morality. Ethics is a property of the digital part of our memetic nature. Like a photon is simultaneously a wave and a particle, memetic reality behaves as being both digital and analogue at the same time. The digital part is characterized by the ability to digitalize, write down, prioritize, and arrange in order according to discrete patterns. Ethics is a digitalized set of rules that explains what is good and what is bad for each human being or for a certain social entity like a family, a community, a state, a nation, a

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[259] As I have explained already, there is in fact no waste. Product and waste are different only from the viewpoint of a producer's goal. If this book is my product (food) aimed at my audience, the waste that emerged during the process and are a necessity of life (exhaled CO_2, many tweets, wear and tear on my computer...) is also food for someone else (plants, non-readers of my book, Apple...).

religion or humankind. But the same way as we cannot see (experience) a photon in its wave/particle dimension, but only as light, we can surely understand ethic, but can only experience and practice morality in its analogue dimension.[260] Ethics is digitalized in various codes or as part of different philosophies. On the other hand, morality is experienced every day. What connects them is language, a unique cognitive tool.

The challenge of branding in relation to morality (and ethics) lies in a special property of language, which is often misunderstood or even completely neglected. Language is not so much a communication tool but much more a management tool. With language, we manage our environment. We make things happen with our language. And one cannot make things happen without inducing some force upon something. We cannot change something that we have no power upon. To have power means to have the ability to manipulate something, to manage it. Language has developed (evolved) as a unique tool to manipulate our environment. Language with all its powers is a supreme manipulation tool regardless of our high ethical ambitions. Communication is a mere accidental side effect of language. It is the language domain where memes emerge, and where brands emerge as meme complexes.

The power that comes from human strength leads directly to the question of use or abuse, to the domain of morality. The prime question of morality is therefore: What are the forces that prevent us from managing brands so that we do not abuse our power? The answer should not be morality, since morality is an end result. We are thus looking for forces that would produce morality. So far, we know that one of them is strength. But what are the other forces?

As it happens so often, the resolution comes from ancient Greek architecture. Doric, Ionic and Corinthian orders with their distinct columns were understood by Vitruvius and many later architects as emanations of strength, wisdom and beauty. One could find such triads that form a consistent base for human activities in many, if not all, traditions that precede ancient Greece, but for our purposes let us stick with this one. This solution is ancient and contemporary at the same time so it makes sense even for those that do not want to spend time investigating ancient structures that evolved into contemporary systems.

It is wisdom (not knowledge) that curtails strength so that it does not evolve in a destructive direction. We know from everyday practice that someone with immense power but with no wisdom can damage his environment and in the end even himself in proportion to the power itself. Wisdom channels such power into a constructive, non-damaging direction. But we also know from everyday practice that wisdom without power is futile. It is power in sleep mode. Power at rest is potential power that can be as damaging as power not restricted by wisdom.

The third force that, if balanced with first two, enacts a stable, sustainable, and thus moral entity is beauty. Beauty has a direct link to the second law of thermodynamics

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[260] Those interested in further consequences of such a dichotomy should refer to www.andrejdrapal.com and especially to my much too bold effort to explain dimensions in my first YouTube appearance.

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and through that to the unique property of life, counteraction to entropy, creation. If the second law says that entropy, disorder of any closed system, increases and only increases, it is at the same time true that whenever we notice a decrease in entropy and an increase in order, we notice properties of life. That is why humans as living creatures tend to like order and dislike mess. We intuitively connect mess with the highest possible entropy, i.e. death. Order is a sign of birth, a sign of beauty as ascribed to order.

One could foresee human creation that would rest on force and wisdom, but would be messy. A parliament can adopt a law written with all intellectual power available and enforced by the highest authority, but if put together in a disorderly manner, with bad architecture or even with poor print design, it will have lower sustainability than if force of beauty is implemented together with wisdom and strength. We do not want to face ugly (messy) objects of any kind even if we recognize them as powerful and wise.

I have deliberately used the most profane example of how a triad of powers works in the formation of stable human entities, be it products of architecture, any other physical production, human actions or results of our memetic activities, such as brands. Nothing else is needed for morality of such products and actions. Morality necessary emerges from the triad of forces. Although it emerges by necessity, it is not fixed in advance. The relation between the three forces is dynamic and not fixed. It is never fixed in the ideal position of equilibrium. Sometimes one of them prevails, sometimes another. Management therefore involves managing the three forces in the direction of the perfect equilibrium. The perfect equilibrium is digitally defined in ethics. Management operates in the domain of imperfect morality, in the domain of everlasting readjustments of interconnected wisdom, strength, and beauty.

If brands are managed in accordance with sustainability principles discussed and explained in this book, they are moral and ethical as a rule.

The Last Chapter

On the day that I the last pages of *brandlife* were about to be edited, Friday, November 13th 2015, a couple of terrorists took 129 lives in 6 simultaneous attacks in Paris. I am certain that 100 out of 100 persons asked whether a book about branding should or even could address issues related to terrorism, racial questions or international politics would reject such a possibility, but those of you who have really read the book should not be surprised that I consider the 13/11 Paris attack an obvious branding issue regardless how much you agree or disagree with the positions presented so far.

First, I have to follow a multiple draft scenario theorem used so many times in this book, and stress that a branding view on this attack and similar terrorist actions is only one of many. The first and by far the most important view is the view of the individual, who has to feel individual sympathy with relatives and friends of the victims. I cannot resist to imagine not only the terror experienced by all victims from the moment attacks started to their final moments, and the terror experienced by all those that were injured and will no doubt bear the reminiscence of terror they experienced until they pass away, but also the terror experienced by their relatives that have to accept the loss caused by this unimaginable act of men that they might have even known or met.

While a human being cannot avoid having the feelings expressed above, humans also have another power that distinguishes us from the rest of the (un)known living universe: **cognition**. While one cannot avoid having feelings, one can easily make errors when attempting to **conceptualize** events that trigger feelings. *Brandlife* should provide you with some mental tools that make such conceptualizations easier.[261] Even in cases of terrorist attacks.

To summarize lessons from *brandlife* in relation to terrorist attacks: one should mainly pay attention to values. **Values are the main source of energy** for a brand. While bodies have different sources of energy, such as acids, proteins, fats and so on, human memetic structures get their fuel from values mainly, if not exclusively. But values have another important role for a brand: they attract or repel each other. What does that bring to our story?

Values, as extensively described in this book, with this property of attraction or aversion, in fact constitute borders between meme complexes in such a way that they pull together (unite under one brand) values that attract each other and avert those that do not fit into the brand, and they normally form another brand separated from the first one not by a cell membrane, since meme complexes do not have

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[261] A warning should be included here: To understand something better often does not relieve the stress caused by emotions. There are instances when better rational understanding relieves stress. After you have rationalized risks attached to a nuclear power plant, and considered the measures taken by the operator of the plant, you are relieved from a heavy emotional burden. On the other hand, it is sometimes better not to understand certain risks, especially those on which you have little or no influence.

membranes to protect them, but rather with a kind of an invisible magnetic field that keeps brands at a safe distance so that their meme complexes do not merge.

The importance of such a value field becomes more apparent the more we climb the ladder of complexity of bodies to which those brands are attached. An individual more or less seems united with his set of values (brand). He can eat various foods, but the body, apart from ageing, does not change its identity. On the other hand, such an individual often changes his brand, changes his set of values, changes his story expressed in his brand meme complex. But already on the next level of complexity – a family – not only meme-complexes change but also bodies (family members). How do they change? With marriages? Marriages are nothing but strict procedures how to digest new values (meme complexes brought into the family identity) together with a new body (a bride or a groom). While an individual can only change his brand, families change their brands by taking in new bodies with their own set of values.[262] It always remains a question whether a new body will fit into the existing family value set, into the existing family culture. Families make mistakes, though, and from time to time misjudge their memetic intake, but are still flexible enough to expel such an intake after recognizing that values do not fit together. We should even say that values themselves repel each other and that families are nothing but vehicles for their actions.

It is not difficult to foresee that the more entities that hold their identities (brands) are complex, the more they have to be rigid when taking in cultures (meme complexes) since it is much more difficult to expel an adverse value from a complex body that consists of many smaller bodies, each having a slightly different set of values (culture). We should be aware that more complex entities do not annihilate individual cultures[263] but only allow them to form a web of connections that have a higher level of attraction than of aversion. The so-called identity of larger, complex bodies, such as villages, tribes, nations or even races, rests on a fragile and small difference between repulsive and attraction forces. **The larger the mass of the body (or rather, the complexity of the body), the more the values that form and protect the body have to be unanimously shared and understood and lived.**

A wish that there were only one culture shared by all people living on Earth is similar to a wish that there were only one brand of beer, car, or holiday resort. It is a wish shared by all totalitarian regimes. Until such a totalitarian utopia happens[264] one can

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[262] I do not want to go into the issue of arranged marriage traditions here, but I hope that evolutionary rationale (as well as branding rationale) behind arranged marriage is more than clear from the above conclusions.

[263] The melting pot as propagated by USA of 20th century is the most stupid concept one can imagine.

[264] Although we still have a vivid recollection of the demise of Stalinism, Fascism, Nazism and similar utopia-driven totalitarian regimes, it is quite clear that the totalitarian seed remains potent. It is like a virus that changes its DNA. Since this is a memetic virus, it changes its memetic structure so as to adapt to its environment and to political correctness. For instance, if at a certain moment tolerance is something that reflects political correctness, then a totalitarian virus can easily mimic the memetic structure of tolerance. That is why a totalitarian virus can be easily attached to either left, right, up or down politics.

still not avoid tensions between cultures like one cannot avoid clashes between Pepsi and Coca-Cola. All belong to the same memetic structure. Go to the CEO of Pepsi and ask him to be tolerant of Coca-Cola memes. You will not have to wait long for what you deserve.

One can thus easily see the unfortunate events in Paris as moments where highly complex bodies carrying a distinct set of values obviously reached a state in which repulsive forces between values got stronger than attractive forces.

While this might be obvious to many, I hope that a rational reader can also see the way out of the mess. Unfortunately this way out does not fit into a politically correct answer, but since I am not a politician, I have the privilege to explain reality and not dwell into policy-making solutions. One can add force to counteract the repulsive forces but this is never an evolutionary stable strategy. Such a strategy leads to sudden explosive releases of energy, as was the case on 13/11. Brands do well at a safe distance. They cannot be merged using force into one superbrand. Cultures should do well at a safe distance. Cultures are cultures precisely because they cannot come together on the memetic level. Bodies attached to different cultures, to different value-driven meme complexes, should do well at a safe distance. Laws that govern humans are integral part of nature.

There is one more lesson to be learned from the 13/11 Paris attacks from the branding point of view. While two of the main characteristics of values are that they are on the market all the time and that we buy and sell them all the time on extremely different markets, as explained previously in this book, there could be no exchange between repulsive values. This does not mean that trade is not possible between cultures. Values that can find a common denominator in money value cannot repel each other. Only values that cannot be expressed in money value fail to find common language. Where there is no common language, there can be no resolution on the level on meme complexes, values, brands, and cultures. Paradoxically we should thus conclude that where there is no money, i.e. no capital common denominator between two cultures, they should be kept at a safe distance. **It is not capital that causes crisis and terrorism; it is a lack of common capital denominator**.

So this might be The Last Chapter as presented by Friday 13/11 horror movie.

Suggested readings

David Aaker: Aaker on Branding: 20 Principles that Drive Success, 2014

Andrej Drapal: www.andrejdrapal.com, 2008–2015
Andrej Drapal: Kako Stvari Vznikajo, 2009

Robert Aunger: The Electric Meme: A New Theory of How We Think, 2002

Philip Ball: Critical Mass: How One Thing Leads to Another, 2003, 2006

George Berkley: A Treatise Concerning the Principles of Human Knowledge, 1710, 2006

Susan J. Blackmore: The Meme Machine, 1999, 2000
Susan J. Blackmore: Consciousness: An Introduction, Second Edition, 2011
Susan J. Blackmore: Conversations on Consciousness: What the Best Minds Think about the Brain, Free Will, and What it Means to be Human, 2005, 2007
Susan J. Blackmore: Ten Zen Questions, 2009

Leslie de Chernatony: From Brand Vision to Brand Evaluation: The Strategic Process of Growing and Strengthening Brands, 2001, 2010
Leslie de Chernatony: Creating Powerful Brands in Consumer, Service and Industrial Markets. 2003

Deepak Chopra: Cosmology of Consciousness: Quantum Physics and the Neuroscience of Mind, 2011

Paul Cilliers: Complexity and Postmodernism: Understanding Complex systems, 1998

Richard Dawkins: The Selfish Gene, 2976, 2006
Richard Dawkins: The Extended Phenotype: The Long Reach of the Gene, 1982, 1999
Richard Dawkins: Viruses of the Mind, 1993

Richard Dawkins: The Ancestor's Tale: A Pilgrimage to the Dawn of Evolution, 2004, 2005

Richard Dawkins: The God Delusion (not recommended at all, but still…), 2006

Daniel C. Dennett: Consciousness Explained, 1991,1992

Daniel C. Dennett: Darwin's Dangerous Idea: Evolution and the Meaning of Life, 1995, 1996

Daniel C. Dennett: Freedom Evolves, 2003, 2004

Daniel C. Dennett: Sweet Dreams, 2005, 2006

Daniel C. Dennett: Breaking the Spell: Religion as a Natural Phenomenon, 2006

Daniel C. Dennett: Intuition Pumps and Other Tools for Thinking, 2013

Kate Distin: The Selfish Meme: A Critical Reassessment, 2004

Sašo Dolenc: The Man Who Counted Infinity and Other Short Stories from Science, History and Philosophy, 2012

Fyodor Dostoyevsky: Crime and Punishment, 1866, 2002

Will Durant: Our Oriental Heritage, 1935, 1997

Albert Einstein: Relativity: The Special and the General Theory, 1916, 2006

Jay Wright Forrester: Industrial Dynamics, 1963

Francis Fukuyama: The Origins of Political Order: From Prehuman Times to the French Revolution, 2011

Francis Fukuyama: Political Order and Political Decay: From Industrial Revolution to the Globalization of Democracy, 2014

Mark E. Furman: The Neurophysics of Human Behaviour: Explorations at the Interface of Brain, Mind, Behaviour, and Information, 2000

Michael S. Gazzaniga: Who's in Charge? Free Will and the Science of the Brain, 2011

Stephen J. Gould: The Mismeasure of Man, 1982, 1996

Brian Greene: The Elegant Universe: Superstrings, Hidden Dimensions, and the Quest for the Ultimate Theory, 1999, 2000

Brian Greene: The Fabric of Cosmos, 2003, 2004

Niels Henrik Gregersen: Information and the Nature of Reality: From Physics to Metaphysics, 2010

Friedrich Hayek: The Road to Servdom, 1944, Pot v hlapčevstvo, 1991

Steven Johnson: Emergence: The Connected Lives of Ants, Brains, Cities, and Software, 2001, 2002

Michio Kaku: Parallel Words: A journey Through Creation, Higher Dimensions and the Future of the Cosmos, 2004, 2006

Jean-Noël Kapferer: The New strategic Brand Management: Creating and Sustaining Brand Equity Long Term, 2004

Stuart A. Kauffman: The Origins of Order: Self-Organization and Selection in Evolution, 1993

Stuart A. Kauffman: Investigations, 2000, 2002

Stuart A. Kauffman: Reinventing the Sacred: A New View of Science, Reason, and Religion, 2008

Naomi Klein: No logo, 1999, 2002 (not really recommended, but…)

Jacques Lacan: Ecrits, 1966; Spisi 1994

John C. Lennox: God's Undertaker: Has Science Burried God?, 2002, 2007

Claude Lévi-Strauss: Le regard éloigné, 1983; Oddaljeni pogled, 1985

Roger Lewin: Complexity, Life at the Edge of Chaos, 1992, 2000

Niccolo Machiavelli: The Prince, 1532, 2003

John Maynard Smith: The Origins of Life: From the Birth of Life to the Origin of Language, 1999

Ludwig von Mises: Human Action: A Treatise on Economics, 1949, 2010

Thomas Nagel: Mind and Cosmos: Why the Materialist Neo-Darwinian Conception of Nature is Almost Certainly false, 2012

Blaise Pascal: Pensées, 1669; Misli, 1986

Thomas Piketty: Capital in the Twenty-First Century, 2013, 2014 (not recommended, but worth to read for so many blunders in one book!)

Steven Pinker: How the Mind Works, 1997, 1999
Steven Pinker: The Blank Slate, 2002

Michael E. Porter: Competitive Strategy, 1980

Ayn Rand: We the Living, 1936, 1996
Ayn Rand: The Fountainhead, 1943, 1996
Ayn Rand: Atlas Shrugged, 1957, 1999
Ayn Rand: For the New Intellectual: The Philosophy of Ayn Rand, 1961, 1963
Ayn Rand: The Virtue of Selfishness: A New Concept of Egoism, 1961, 1964
Ayn Rand: Capitalism: The Unknown Ideal, 1966, 1986
Ayn Rand: The Return of the Primitive: The Anti-Industrial Revolution, 1971, 1999
Ayn Rand: Philosophy: Who Needs It, 1982, 1984
Ayn Rand: Why Businessmen Need Philosophy and other Essays, Audible 1999, 2000

Ferdinand de Saussure: Course in General Linguistics, 1916, 1998

Erwin Schroedinger: What is Life?, 1944, 1992

John Rogers Searle: Freedom and Neurobiology: Reflections on Free Will, Language, and Political Power, 2005, 2006

Peter M. Senge: The Fifth Discipline: The Art & Practice of the Learning Organization, 1990, 2006

Alex Simmons and Bernd Scmitt: Marketing aesthetics, the strategic management of brands, identity and image, 1997

Lee Smolin: The Trouble with Physics: The Rise of String Theory, the Fall of a Science and What Comes Next, 2006

Krisnamurty Sriramesh and Dejan Verčič: The Global Public Relations Handbook: Theory, Research and Practice, 2009

Ian Stewart: Does God Play Dice?: The New Mathematics of Chaos, 1989, 2002

Nicholas Taleb: Fooled by Randomness: The Hidden Role of Chance in Life and in the Markets, 2001, 2005

Jon White, Laura Mazur: Strategic Communications Management: Making Public Relations Work, 1995

Ludwig Wittgenstein: Tractatus Logico-Philosophicus, 1921, 2001