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Making sense| Brand management in the new economy

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Making Sense: Brand Management in the New Economy

by

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Making sense! - Brand Management in the New Economy

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I. Contributions

One underlying attribute of brand management is the ability to react to changes in societal and market dynamics to better communicate the brand message.

Key variables affecting brand management are changes in *business environments* (market complexities, competitive pressures, global forces), *information processes*, and *societal forces* (Huber 1984; Aaker 2000). The core value of brand management is communicating a message that reacts to these variables. In the years preceding the Internet, these adjustments were both isolated and so subtle that the classic brand management system had not changed much since its original introduction around 1931 (Low and Fullerton 1994; Strasser 1989).

Yet research shows that the Internet has, and continues to revolutionize organizational, informational, and societal processes in such a manner that it has spawned a completely new dynamic between businesses and consumers (Evans 1999; Sinha 2000; Reichheld and Schefter 2000). The full impact of Internet-enabling technology has initiated what has been dubbed as *"a shift in the nature of knowledge"* (Burke 1986). This is an economic altercation so radical that the residual effect that the Internet will have on communication processes will extend far beyond its original inception as a data exchange system. In short, the Internet will change the way the world behaves.

Research has recognized this shift is occurring as one study found that seventy percent of American society (born 1983-2001) will live a "web lifestyle" – congregating less at the mall and more on the Internet (Kelly 2000; Gates 1999).

To the business, a "web lifestyle" signals a shopping behavior that can eliminate once formidable barriers to entry, cut operating costs, capture new consumer relationships, and enable significant profit potential. Under this inference, many new business entrants have attempted to capitalize on these opportunities by creating a recognizable brand identity (Jurkovich and Abrahams 2001). This is evident in the recent increases of several company branding budgets. For example, Amazon.com, one of the most recognized e-brands expended as much as 98% of revenue on marketing development (Gilbert 2000). The expenditures of brand development indicates increased interest in brand communication, yet doesn't entail efficiency and/or effectiveness.

Yet it appears the value of brands has actually *increased* as a result of the Internet's inception. To the consumer, the utility of decoding brand messages is to have a short-circuit tool that can be used to cut through the clutter (Reis 1998). This fundamental role appears ever more important since research concludes that as the number of choices increase, brand utility increases (Evans 1999; Kerper and Ellis 1998; Reis 1998). In the Internet-enabled market of infinite choice, managing brands may be more imperative than ever before.

II. Proposal

Successful brand management is challenged by the lack of direct control of how brand messages will be perceived by the public; it is a dependent variable (Blackston, 1995). Managing the brand's meaning is limited to the subjective likings of the audience it is intended for. For example, many people are selective listeners when any message is verbalized to them. A person selects what information that person wants to hear based on how it relates to that person's values. As the Internet has influenced a new dynamic between businesses and consumers (Evans 1999; Sinha 2000; Reichheld and Schefter 2000; Webber, 2001) the classic brand management methodology needs to be reevaluated to determine if it still pertains in the new Internet-dominant context.

Fullerton and Low (1994) state, "Little notice has been given thus far to the question of whether the brand manager system is the best organizational structure for managing brands". This becomes a more critical question as the new nature of knowledge may have transformed effective ways to communicate a brand message (Burke 1986). In other words, without a reexamination, companies may be spending exorbitant marketing budgets on outdated, ineffective branding practices.

This paper will examine the new epoch and its impact on brand management. It will observe how the latest business and consumer dynamic shape brand value amongst the new *nature of knowledge* (Low and Fullerton

1994; Burke 1986). It will conclude whether brand management needs to reshape traditional methodologies to better communicate a brand message.

III. Research

The unpredictable nature of the new economy has spawned many post hoc fallacies that have encouraged constant change on everything, including brand management.

If the Internet's effect on brand communication is to be accurately discerned, it needs to be rooted with an analogous perspective in the past. Having a historical method of analyzing brand management adds a realistic propensity that will signal when, how much, and why the changes revealed have occurred (Nevett 1991; Low and Fullerton 1994). This will help indicate what the nature of knowledge has historically done to communication behavior and how those effects translate into the current communication behavior.

This paper will explore a historical parity that encompassed many of the communal characteristics of today's Internet age. Much like the Internet's fundamental value, the printing press was first introduced as a means to reproduce, at low cost, text to be shared with others. The printing press shifted the nature of knowledge by introducing new processes of sharing information, and its spiraling effects led to changes that have dramatically influenced the way society operates today (Burke 1986). After the printing press was produced, its effects went far beyond its utility of reproducing information. It was a revolution that evolved from a communication technology into the socio-economical arena

(Martin 2001). The printing press was the last shift in the nature of knowledge until the Internet's inception.

The Internet's potential effect on brand management will be rationalized with what the printing press historically did to brand value.

IV. Methodology

The methodology of research will comprise of secondary sources, including academic journals such as <u>The Journal of Marketing</u>. It will also include a chronological analysis of business environments, societal forces, and information processes and how they influenced the evolution of brand management. The intention is to critically examine the viability of the classic brand management system and suggest, where appropriate, more relevant brand strategies in the new economic paradigm.

This paper will examine the following:

1. The evolution of brands before the invention of the printing press and what implications the printing press had on reformulating brand strategies.
2. Core attributes of classic brand management before the prevalence of the Internet.
3. The implications of brand management in the new economy.

Literature Review: From Gutenberg to Gates

I. What is a shift in the nature of knowledge?

Shifting the nature of knowledge involves a radically new process to retrieve and use information that liberates the individual from controlled communication. It is a transition that challenges human methodologies of thought and social interaction. Under this assumption, this transition alters what a brand means to the company and consumer. Such a shift not only changes *how* consumers buy but *what* they buy (Drucker 1999). Ultimately, a shift in the nature of knowledge is a drastic change in the social mind-set (Drucker 1999).

Based on this characterization, there have been two historical epochs that signify such a shift: the printing press and the Internet.

Theoretically, if one implores the notion of brands as nothing more than a word in the mind (Reis 1998), the history of brands can be traced to prehistoric times. Yet the economic paradigm of brands originates with the inception of the printing press. It was the printing press that signified the first technological innovation impacting communication that created the modern world (Drucker 1999).

II. Pre-Printing Press

Before the printing press, the world was characterized as a subsistent lifestyle. Life was primarily agricultural, conversations were limited to the few residents that lived near each other. In terms of consumption, the people of this period were self sufficient, relying entirely on their livestock and crops.

Suffice to say, sharing knowledge was extremely limited – when people wrote or talked about the world, it was a very small world. Troubadours or wandering scholars would travel the countryside to share with residents the news of the world or popular legends. With limited literacy, this information was commonly communicated through storytelling or songs. Information of this time did not reach many and the quality was based on the encoder's ability to recall the message. Consequently the information disseminated was both inconsistent and erroneous. But due to the limited literacy and isolation of the world around them, many residents were "disciples" of news, making them an easily-persuaded audience (Eisenstein 1979).

As years passed, scribal manuscripts incited a new variation on the oral tradition of storytelling – it became common for one person to read out loud to the group. A traditional sense of community involved occasional gatherings to receive a given message. The town priest was heralded as a teaching aid and a source of news on the world. Another prized source of information included the elderly because the old were like recorded records (Burke 1986). The town priest, specific troubadour groups, or elderly natives were the representative sources of information that the people depended upon. Because of this, the information process can be characterized as an era of the storyteller, glossator, and the commentator (Eisenstein 1983).

Brands at this time were utilitarian and could be characterized as "emblematic brands of utility" (Gellrisch 1985). There was a visual distinction of certain signs as intentional objects. For example, an ironsmith would have an anvil emblem printed on the sign or a sign with a mug emblem would communicate that this business is a pub. This was partly to do with the illiteracy at the time and the vagabond character of the people.

As time passed three conditions spawned the need for the printing press. One was the prevalence of "rag paper" which was the standard means of carrying written communication. This paper was commonly used for monastic scripture and legal documentation. The second was the growing literacy of society; partly attributable to a growing desire to read monastic scriptures. Society was also demanding information to cope with numerous uncertainties; particularly the black plague (Burke 1986). In the early 1450s, an entrepreneurial Johannes Gutenberg developed the printing press in response to these variables.

III. Post-Printing Press to Pre-Internet

It was a period of amazing transformation. Consumers were empowered with more access to information while businesses were able to reach more people than ever before. This was the effect of the printing press.

As Gutenberg's printing press popped up in locations all around Europe, sweeping changes beyond any other invention in human history began to appear. The advent of the printing press enabled principles of standardization, verifiability and communication that comes from one source and can be disseminated to many geographically dispersed receivers. The substantial timesaving capability to duplicate information yielded a wider scope of knowledge. This helped shape legal systems and spread religious ideologies to an expanded audience at the same time.

Printing brought together people. For example, intrigued by the stories of the urban life and religious developments, a migration of people to urban areas help spawn the rise in roads for travel (Burke 1986). People began to build from each other's thoughts and knowledge. Once information was available on print, knowledge was now shared with a larger audience (Burke 1986). This invention gave a single individual the means to reach a large group of people. In 1517, Martin Luther wrote a list of complaints about the church and sent just a few copies to friends, with the intention to have a private discussion on the matter. The list found its way onto a printing press and, within days, the list spawned a massive movement that was known as Lutheranism. Printing accelerated communication, which subsequently accelerated challenges to traditional thought.

People were more empowered; the nature of knowledge shifted from a few with rich information to many with rich information (Evans 1999). To consult "silent instructors" such as books, newspapers, and periodicals, it was less imperative to defer to wandering preachers, troubadours, or other sources of controlled information (Eisenstein 1983). Consumers were now seeking recognized books as their source of information and personal empowerment:

> "...print brought out sharp challenges to institutional control. Print facilitated a focus on fixed, verifiable truth, and on the human ability and right to choose one's own intellectual and religious path." (Eisenstein 1983)

As a result, this increased value of individualism brought about the identity shopper. Society was dramatically diversifying its opinion in relation to the printed works people selected. For example, the fashion books of Spain and Italy set off many trends in northern Europe.

In reflection of these developments, brand use was modified from emblematic brands of utility to brands of differentiation. The value of brands arose from its use on uniform products, which could now be recognized by the label or printed name. Printing enabled icon or slogan frequency that could embed its value in a consumer's mind. With a growing recognition of products with a brand, owning specific brands gathered social value (Zhivago 1994). Brands were beginning to be used as a means to help people define their own identity.

For example, notable libraries would contain the outputs of master printers such as Estiennes or Christopher Plantin. Printers would place their emblem and shop address on the front page of their books (Eisenstein 1983). Owning such brands identified the individual as what historian Elizabeth Eisenstein states as "personal celebrity and eponymous fame".

As economies of scale evolved and substitutes entered the market, brands of differentiation correspondently flourished. In particular, the American Industrial Revolution generated advances in production of uniform goods - making a product stand out among a similar group of products became increasingly more important (Ehrenberg, Bernard, and Scriven 1997).

Consumers viewed brands as tools to short-circuit the overly laborious and largely impossible task of trying to make choices systematically. In short, branding makes product choice easy (Evans 1999).

Ironically, with the proliferation of choices and new innovative products, consumers opted to rely instead on their local retailers opinion:

> "Retailers were reluctant to relinquish their role as advisers to brightly labeled cans and packages – whose profit margins were usually lower than those of dealer brands and unbranded goods." (Low and Fullerton 1994)

With such a flood of new products, consumers sought the retailer for advice on products, relying more on the retailer than the branded goods. Until the mid 1920s retailers assumed the role that they themselves were more valuable than the costs expedited to create national brands (Strasser 1989). This spawned the beginning of what has been later noted as "the classic brand management system".

In the late 1920s, in response to retailer animosity towards national brands, manufacturers began formulating structuralized push and pull campaigns. These strategies emphasized benefits to both the retailer and the consumer (Low and Fullerton 1994). Firms often used a combination of persuasive, educational, and emotional advertising campaigns and public relations to encourage a link between a positive "feeling" and a product (Hamilton 2001). Marketing and advertising arose to dramatize the abilities of a company's product or service benefit. As a result, a growing number of consumers began to request the product by the brand name.

Push strategies directed resources to entice retailer's acceptance of national brands. These were dubbed "dealer helps" (in which national brand representatives would implement retail support programs) such as in-store sampling, assistance in shelf maintenance, window trims, store posters and hangers, recipe booklets, etc. all of which added value to retail stores during the growth of successful marketing practices. Retailers began to realize the truth, that although the margins were lower on nationally branded products than on the alternatives, the superior, rapid turnover of the former distinguished them as profit leaders (Low and Fullerton 1994; Parlin 1916).

Brand management tactics of from the 1930s to the 1990s can be generally characterized as "product oriented brand image development" (Aaker 2000). The role of marketing was to *create* demand instead of addressing demand. A brand manager's duty was typically simplified to one product while performance evaluations were reflected quantitatively (Aaker 2000). In other words, the orientation had strict financial motives. This approach to brand development was dubbed as "the four P's". This was a brand differentiation program that would build brand identity through pricing, packaging, placing, and promotional tactics.

Brands communicated a business-controlled objective which consumers in return trusted and valued based on the societal image it projected to the public. By purchasing a particular brand, it emphasized prestige and social status (Blackston 2000).

Consumers of premium brands (for example Porsche, Polo, or Heineken) not only purchased the product but also the brand's accompanying symbols of wealth, power, and upper class. Brands transcended product identity and became reflections of economic prosperity and symbols of the good life (Morris 1996). The goal of brand development was to associate a brand image that appealed to a targeted lifestyle – commonly developed through advertising and promotion specialists (Aaker 2000).

Key media innovations helped accentuate such psychological connotations of a brand. Broadcast media, in particular television, exhibit visual images that personify a brand. This media presented brands to a passive audience, meaning the brand managers controlled content and context of message (Aaker 2000). This was much like the troubadours and priests of the past.

Consequently, the information flow during this period is noted as "bounded rationality" - consumers made decisions that are sensible given the incomplete information that they possess and the high cost of getting better information (Evans 1999). It was a closed system in which information was dispensed in a linear, inside-out fashion to the benefit of the business (Duncan and Moriarty 1997).

For example, when shopping for a car, a consumer would have to expend lengthy amounts of time if he/she wanted to find the best product for the price. The successful car dealers pressed these opportunity costs with filtered facts, sharp deals, and building a risk of ignoring the purchase-"I have another *very* interested customer".

By the late 1980s and early 1990s the relevance of brands was challenged by many disenchanted consumers (Morris 1996). The upscale image that brands were denoted as was becoming representations of impersonal corporate ignorance for its customers. As brands got bigger, they frequently became impersonal (Kelly 2000). The market share tactics to expand the brand sacrificed a company's once personal relationship with a smaller audience. The Wal-Mart brand once had a small town charm; locals were proud of their Wal-Mart store. But the company's growth to become the retailing leader has shifted its identity today as a corporate monopoly. As companies grew at the expense of personal connection, people began to reject brands because they felt rejected by the brand (Blackston 2000).

The informative role in which advertising "told" consumers about a new brand, sale, or new features was beginning to lose merit (Ehrenberg, Barnard, and Scriven 1997). As the cynical nature of traditional advertising and the uses of mass media grew, consumers became resistant to the message. The average person was subject to 42,000 television commercials per year – the public was learning how to screen out commercial messages (Duncan and Moriarty 1997).

As consumers were growing weary of brand persuasion practices, a new invention was about to shift the nature of knowledge of how people received their information. It will eliminate the reliance on business-controlled communication and thus threaten the traditional role of supply-side brand management. Brands will never be the same again.

IV. Internet's influence

As the world was becoming more computer literate and the prevalence of computers was found in millions of homes, the Internet was developed through research as a viable means to share information. Like the roads that came from the printing press, fiber optic lines are being dropped in the oceans to connect with world at high speeds.

The Internet affected the brand dynamics between business and consumers. Today, every major company is selling its products on the web. As consumers continue to feel more comfortable about purchasing over the Web, their associations to brands in the past will weaken. This is the battleground that companies are fighting for that will determine which companies will live and which companies will die. This battlefield has taken shape in brand marketing arena as the adage "You can't be a great company unless you're great at marketing" has dominated company budgets.

Yet the Internet's unique quality has spawned a democratization of consumer culture by allowing the consumers to disintermediate retailers and marketing to receive their information about a product (Zyman 2000). Consumers have a new medium to seek product information without a dependency of going through the business first. In sum, people now controlled how they wish to receive their product information – a shift from business controlled to consumer controlled.

The original limitations caused by bounded rationality have been disrupted as consumers can now select from numerous informative sources concerning their purchase decisions. For example, a consumer entering a car dealership today is capable of having as much information about the car as the dealer does – including knowledge of how much the price was marked up.

Another consumer-empowering quality that the Internet has renewed is the ability of one customer reaching millions of others. In the past, a mistreated consumer was limited to family, friends, and co-workers. Through the Internet, one bad experience can be communicated to millions with a few clicks of a button.

Brands have been impacted by a new term called "cost transparency". Consumers can now call a business's bluff on pricing strategies with immediate comparisons. Premiums formerly extracted from branded goods have come into question by consumers. Consumers now question why they need to pay more for Brand A when Brand B has equal quality.

> "The Internet represents the biggest threat thus far to a company's ability to brand its products, extract price premiums from buyers, and generate high profit margins." (Sinha 2000)

Cost transparency has empowered the consumers to keep companies in check with quick price comparisons. As a result, consumers have become much more price sensitive (Kotler 2001).

This has created a shift from premium based brands of differentiation to brand parity. The ability to differentiate one's product has become nearly extinct amongst the plethora of cost efficient imitators. Because of the Internet's pressure on companies to compete on price rather than differentiation, it has impacted the traditional strategy of branding. The challenge today is creating brand value that consumers will pay more for regardless of price. Otherwise, the more a brand is on sale and discounted, generally the more ordinary it will be – brands competing on pricing have little else to say (Moon 2000).

The new economy contrasts with many traditional views of branding. Society is now able to detune the traditional marketing tactics. The real dilemma is not how many ads they see in a day but how many choices they have to make. Therefore a new strategy in branding will have to encompass contemporary tactics much different than the past. Based on historical events, brands are becoming a collaboration of the retailers of the past and the image/identity that consumers seek to associate with – more help and less hype. This is branding where consumers are in charge, they will choose what they want to see. This is a hybrid brand that encompasses qualities of being both a retailer and an identity enhancer.

As a result of this new shift in the nature of knowledge, businesses have begun to start thinking from the outside in, instead of the inside out. This has given rise to the consumer-oriented brand building function. Products and services under this practice will evolve on understanding consumer needs first and *then* create possible solutions to address these needs.

I. Analysis: Implications of the New Economy

The printing press and the Internet transformed the role of brands more than any other influence in history. These two innovations empowered the dissemination of knowledge that allow consumers to relinquish secondary influences on their beliefs. Because brands are information based, the means of how consumers receive their information plays a significant role in how brands are formulated and valued.

There are several inferences that can be drawn about the future of brands based on the historical externalities of knowledge shifts. Some of the key developments are: *Consumer's increased resistance of controlled messages, Consumer reluctance to change old ways, the emergence of an active audience, and the democratization/individuality of the consumer.*

Consumers increased resistance to controlled messages – Consumers in both the printing press culture and pre-Internet culture relied heavily on storytelling to guide their purchasing habits. It would be plausible to associate troubadours and the priests of the past as marketing campaigns of the present. Advertising, at its core, is the art of storytelling. In both periods, people sought their information about the world around them through these biased sources.

What the printing press and the Internet have magnified is the interrelation of how one's increased control over information processes impacts brand management. When consumers feel in control of their information it makes them feel more comfortable when making purchasing decisions. These two innovations shifted such powers in the hands of consumers and subsequently impacted the role of brand management.

> "A brand is a message or image by which a consumer can predict the behavior...thus will be better able to predict this when feeling uninhibited to the level of knowledge they themselves obtained." – Lorge 1998

Traditional persuasive tactics have lost their perceptiveness – consumers are offended with companies continuing this patronizing manner. Companies seeking a relationship with consumers will need to realize this transition by offering honest comparisons and offer information that may even inhibit a sale.

Consumer reluctance to change old ways - Another observation that can be correlated with the Internet's effect is how society adapts to knowledge shifts. Consumers are slow to wean themselves from old sources of information. For example, of the 7,000 titles published the first fifty years since the inception of the printing press, 6,700 were traditional titles (Drucker 1999). Like the 1848 gold rush, companies "piled onto" the Internet with intentions of prosperity. The Internet has been "staked out" as the future business model for many new and traditional businesses. Yet, consumers have been reluctant to adopt the Internet environment as swiftly. Currently it would be accurate to assume that consumers still value many elements of a traditional shopping experience. It is those companies that "walk" the consumer through this transitory period that are sure to succeed.

Emergence of an active audience - The Internet and printing press are also similar on influencing the shift from a passive to active audience. Both gave rise to an intellectual class that feels more in control of what information is to be accepted. Upon the inception of the printing press, people began to actively select specific textbooks and other printed materials for the information they were seeking rather than relying on traveling preachers. The trends of listening to controlled messages have been devalued by the Net's capability of active participation. This is resurgence in reading to get information, reversing the trend of simply watching and listening to information on TV (Zyman 2000). Upon the inception of the Internet, people obtained more control over the level of detail, the specificity of the subject, and easier retrieval abilities for the information they wished to receive. Holding back details, good or bad, connotates an insecure organization to its stakeholders.

The democratization/individuality of the consumer - Shifts in the nature of knowledge democratize consumer culture. The printing press and Internet reformed the pursuit of personal privacy and individual rights. People are less reliant on outside sources following the advent of both the printing press and the Internet. The consumer is empowered to search the Internet with less discriminatory information. However, a distinguishing characteristic of the e-commerce has kept more consumers inside their homes (Putnam 1996). Consumers' purchasing abilities have moved from a social shopping context to the individual's home. This is the age of the "lonely shopper".

Ironically, one of the characteristics of a knowledge shift is the means to actively select information independently from controlled forces. Once one has access to specific information, there is less reliance on external sources. Internet capabilities can personalize information in such a way that the issue of privacy has thus become the key value for consumers today.

Yet, it seems that as soon as consumers were empowered with content control, businesses were immediately strategizing on how to regain this power. This brought the use of e-profiling methods.

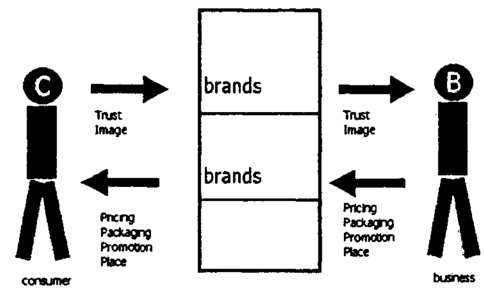
Businesses justify Internet profiling tactics to better recognize individuals and treat them as individuals. However, many company sites request opt-in personal profiles that may, unbeknownst to the consumer, be sold for premiums. The financial benefits of selling profiled lists are enticing, McKinsey and Company recently stated that e-commerce companies spent as much as $250 per targeted customer. Ethical respect to privacy rights needs to be carefully scrutinized by businesses.

II. Analysis of Traditional Brand Management

The methodologies of traditional brand management are no longer relevant to effective brand communication. This is a supply-side orientation that represents linear, inside-out thinking that treated the entity as one that has no mind or character of its own but rather one that can be maneuvered by external agencies (Duncan and Moriarty 1997). Yet, most companies today continue to use the marketing practices that have made them successful, failing to comprehend that both the marketplace and marketing tools have changed (Duncan 1997).

Branding practices evolved during a period when companies "hide" behind their brands, unbeknownst to the consumer. As Table 1 illustrates, the manufacturer or company was closely associated *with* their brands. In other words, a consumer's direct association with a manufacturer or company brand indirectly correlated into the opinion of that particular organization. A brand a consumer could trust meant that they could also trust the manufacturer of that brand.

Table 1:
Pre-Ecommerce shopping experience



With the shift in the nature of knowledge, companies can't just make a product, price it, place it, promote it and expect it to be successful. Today brands are dynamic and have a stronger connection to the companies they evolve from:

> "Corporate brands depend much less on their evaluation of the single product or service and correspondingly more on their global assessment of the company they are dealing with" (Blackston 2000)

Consumers are in charge, businesses today are not allowed to say or market anything unless the customer wants to hear it. The best branding strategies today emphasize the company name as the most important brand (for example, *Microsoft* and *Intel*). In the e-commerce market, the brand name itself has become the entry into the company. By clicking the brand name (i.e. Sears), the customer is instantly in the company's web site with the ability to purchase the product/service. Manufacturers are no longer limited to an external medium to reach a consumer; they have now become the medium to reach a consumer. The brand no longer is inside the store but is now the storefront.

Table 2:
New Customer – Business Dynamic

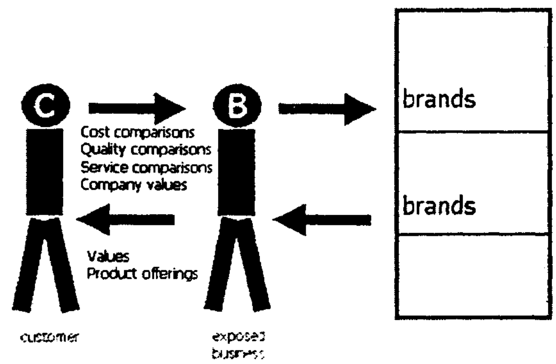


Table 2 explains this new dynamic further. A consumer selectively enters an e-commerce site with various comparison or interest motives. By going through the company first, the company values become an intricate part of the brand evaluation. This was exemplified with Nike's recent demise in popularity due to the highly publicized sweatshop incident. Company performance is now highly exposed and thus requires a strong culture to communicate a cohesive identity. This is the future storefront to all company brands and therefore must be built as top priority.

This storefront has taken on a new complexion as well. The top three perceived brand attributes: trustworthiness, energy saving, and using latest technology point to a new movement from that of the materialism not too many years ago. Consumers are becoming smarter than ever. They are realizing the purchasing power they have on companies and are thus demanding something more than just the product they're acquiring. Brands matter more than material factors- consumers are now evaluating brands more intently on their position on social values. The company and its product/service need to develop brands that communicate vision, values, a purpose and a personality – replacing the tangible benefits that classic brand management relied on.

And branding may be more important than ever before. The consumer today is pressed with amazing amounts of pressure when shopping. The average grocery store today carries 16,875 brands and that number continues to grow. The cereal category in particular has faced an exponential amount of new market entrants ranging from cost to niche strategies. Yet while the number of cereal brands in the supermarket has gone up, the market share of brand leaders actually has gone up. A strong brand *gains* from the proliferation of choices. When consumers face many choices, they will continue to go with a brand that they recognize.

Yet the Web makes the case for branding more directly than any packaged good or consumer product ever could. There are some 800 million web sites currently in existence worldwide, all competing for attention (Kerper and Ellis 1998). Manufacturers of cosmetics can only display about 10 products on store shelves, but on the Web, 50,000 different combinations of products can be offered (Feather 2000). With over two million web e-commerce sites on the Internet, a consumer is faced with infinite decisions of which site is worth visiting. Brands help consumers with this decision by communicating a site where one knows it will be worth his/her time, a site they can trust.

Building brands of trust should be the key objective of brand managers today. Although issues of cost transparency jeopardize the need for brands, research has found that price is not as important as a brand that a consumer can trust (Reichheld and Schefter 2000) The Internet is a watchdog and stakeholders are constantly at the doorstep ready to leave on a broken promise or letdown.

In order to develop trustworthiness, the brands that succeed today will have to be value-driven, not image-driven. Creating value-driven brands are those qualities that assist a person to what is worthwhile, that exemplify a person's beliefs. The rises of such contemporary brands like Bath and Body Works, Patagonia, Ben & Jerry's are attributable to a vivid stance on social or environmental issues. Consumers will consider it a commodity until a brand stands for something beyond its tangible qualities.

> "Customers will gladly grant a producer profit if they see the profit as the front of a fair exchange, and will do so in a longer context of supporting a company that serves the higher and more noble aims of society" –(Moon 2000)

To avoid becoming a commodity, brands must be extremely sensitive to their consumer demands and emphasize relationship building. As consumers are forming their new associations on the Internet, it is those companies that capture their attention and develop a lasting relationship with the consumer that will obtain "stickiness". This is a type of web site where the shopper feels comfortable and reliant on, much like his/her local grocery store.

Centuries from now this period of time will be looked upon much like the way history looked upon the Puritans setting foot on the New World. The Internet has dropped the whole traditional basis of consumerism and the way a company does business. The Internet is an uncharted territory that the world is just beginning to explore. Brand management today needs to orient future practices that formulate brands to help, not persuade consumers.

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