Chapter 5
Future of Branding in the Digital Age

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ABSTRACT  Digitalization of markets, media channels, and consumers’ decision making challenges brand management. A key question is whether the traditional strategic understanding of branding is relevant in the digital age. In this chapter, three challenges are discussed: digital consumer journeys, big data, and online brands. These challenges influence branding practices, but do not necessarily invalidate basic branding principles. On the contrary, branding will continue to be important in the future.

KEYWORDS:  brand management | digital marketing | social media | big data | consumer journeys

5.1 INTRODUCTION

YouTube star PewDiePie owns the fourth largest channel on YouTube, with 58 million subscribers. In contrast, Coca-Cola, one of the world’s oldest and strongest brands, is in 18,465th place, with a mere 300,000 subscribers (Holt, 2016). This example highlights some of the challenges for brands in the digital age. Consumers are increasingly using digital channels for information processing and purchasing decisions; social media and new technologies are creating new digital touchpoints between brands and consumers (Colicev, Malshe, Pauwels, and O’Connor, 2018); and new brand strategies such as influencer marketing and content marketing are being introduced (Olsen and Peretz, 2017). These developments can easily be interpreted as challenging fundamental theories and historical practices in branding. Taylor (2017) calls these developments “the battle of the branding beliefs” and portrays them as a series of dilemmas between the old and the new world. Figure 5.1 illustrates these dilemmas.
According to Taylor (2017), present-day brand management practice tends to be short-term and tactically focused, contrary to the more classic understanding of brands as strategic assets with long-term focus (Keller, 2012). Part of the reason for this change is the availability of behavioral data, such as click patterns. This access to new types of data and new uses of digital media channels fuels a more shortsighted and optimization-focused brand management culture. Mark Ritson at Melbourne Business School comments on this development in Marketing Week: “Marketing seems to be devolving into a base tactical pursuit, devoid of strategic thinking” (Ritson, 2016). Ritson’s comment is thought provoking, but also points to an important problem. If the underlying logic of brand management requires long-term strategic thinking, how will short-term digital-focused practices, digital consumer journeys, media channels, and analytic tools affect the branding field?

The purpose of this chapter is to look into these questions and discuss challenges for brands in the digital age. A crucial question is whether fundamental changes in consumer behavior have changed branding practices or whether such changes reflect changes in branding opportunities and communication tools available to brand managers (Batra and Keller, 2016). Many practitioners would claim the former—that new consumer behavior has changed the nature of branding. However, the basic principles of branding have always evolved around two major concepts: identification and differentiation (Samuelsen, Peretz, and Olsen, 2016; Keller, 1993). Identification deals with consumers’ abilities to identify the brand in a need situation and to recall the brand from the clutter of other brands and options. Differentiation is the brand’s ability to stand out from the crowd and provide relevant and unique benefits to consumers (Keller, Sternthal, and Tybout, 2002). Have
these basic principles really been challenged in the digital age? The answer to that question is not straightforward. On one hand, nothing has really changed. Whether a consumer bases her brand decisions on newspaper ads, Facebook feeds, or Google searches does not change the underlying psychological information processes (Kahneman, 2011), or how consumers complain about bad brand experiences. In the digital age, consumers might be active in online discussion groups and complain about brands on Twitter, whereas their mothers picked up the phone or chatted about bad experiences across garden fences. The underlying human need to gossip, share information (Berger, 2013), and vent negative emotions (Svari and Olsen, 2012) is the same across time and technologies. On the other hand, examples like PewDiePie and Coca-Cola point to an understanding that, even though branding theories may still be valid, they are at least severely challenged in the digital age. In the rest of this chapter, three of these challenges will be scrutinized.

The chapter is organized as follows. First, three major challenges for brands in the digital age will be identified. Each of these challenges will be discussed with a focus on understanding its consequences for branding. Second, the future of branding will be discussed. Will branding continue to be an important strategy in an increasingly digital future? Finally, topics for future research on brand management will be suggested.

5.2 THREE CHALLENGES FOR BRANDS IN THE DIGITAL AGE

Digitalization affects branding practices in many ways. Changes in technologies, market demands, and communication channels provide both opportunities and problems for brand managers. The basic question that is approached in this chapter is whether brands and branding are still relevant in the digital age. This is a rather large question and could be approached in many ways. Essentially, it must be answered by identifying some of the major branding challenges in today’s shifting landscape. Three of these challenges are:

1. Digital consumer journeys
Brand practitioners argue that digitalization has changed consumer behavior. Is that right? And if so, what are the consequences for how brands are built, developed, and managed?
2. Big data

New communication channels, technologies, and analytic tools have provided brand managers with enormous amounts of data (big data). How will access to these data affect the balance of short-term optimization of branding activities and the long-term strategic orientation of brand management? Could access to big data actually lead to wrong brand management decisions?

3. Online brands

Consumers are online—for information search, entertainment, status-seeking behavior, and more. Brands must adapt their practices and participate online on consumers’ premises. These changes in branding practice can have both advantages and disadvantages for brand management, and can change the way brands are built.

Many other challenges could be discussed, but in this chapter the discussion will be limited to these three challenges. In the next sections they will be discussed in more detail.

5.2.1 DIGITAL CONSUMER JOURNEYS

Consumers use many different communication channels and touch upon brands on many occasions—both online and offline. In many cases, they have the choice of buying brands online. According to eMarketer.com, global ecommerce increased by 5.8% from 2016 to 2017, reaching $22.7337 trillion. In Norway, ecommerce in 2017 was for the first time over 100 billion NOK, an increase of 16% from 2016 (Dibs, 2017). These changes in information search and buying patterns must of course be acknowledged by brand managers. One issue is that digital consumer journeys create an increasing amount of online brand information for consumers, and this information is effortlessly available at all touchpoints with the brand, often with just a swipe of the finger on consumers’ smartphones. One could easily conclude that these changes in information availability reduce the importance of brands. However, this information richness is exactly why branding continues to be relevant. Consumers need a sorting mechanism, a way of finding meaning and patterns in the information clutter. Important mechanisms in this process are brand awareness and clear brand positioning (Keller, 1993). Consumers will choose strong brands that are recalled and remembered quickly, and which can provide accessible and relevant benefits in the purchase situation (see Olsen, 2011, for a discussion). This prediction is even truer in a digital age characterized by information overload. For example, Bart, Stephen, and Sarvary (2014) show
how mobile display ads primarily function as reminders of already established brand awareness structures and previously learned brand associations.

This observation closely mirrors classic research by Iyengar and Lepper (2000). In their famous jam study, they found that consumers were ten times more likely to purchase jam on shelf display when the number of jam alternatives was reduced from twenty-four to six. In other words, too many choices turn consumers away.

Another reason why branding remains relevant can be explained by how consumers organize and process information. For example, Daniel Kahneman (2011) has popularized his system 1/system 2 approach. Briefly explained, system 1 operates automatically and quickly, with little or no cognitive effort, and system 2 allocates considerable attention to effortful mental activities. Not surprisingly, strong brands often benefit from a strong system 1 presence. We tend to include strong brands in our daily habits and often automatically evaluate strong brands more favorably than weaker brands. Consequently, strong brands are unconsciously part of our lives. Yet, current digital branding practice, with its focus on rich branded content (Olsen and Peretz, 2017), implicitly assumes that consumers always are in a system 2 mode. A critical perspective on digital consumer journeys must therefore ask: Even though consumers in theory have access to all sorts of branded content, how often and when will they use it? Even though digital technology increases access to brand information, consumers do not necessarily appreciate having more information and choices. Thus, brand awareness, brand positioning, and the accessibility of brand associations remain a crucial issue in the digital age.

Summarizing this section, it has been argued that digital consumer journeys have increased the number of consumer-brand touchpoints, changed purchase patterns, and opened up for many brand communication opportunities. Yet, brand awareness, brand association accessibility, and clear brand positioning are still essential. In fact, due to potential information overload, they are even more crucial than ever before.

5.2.2 BIG DATA

In searching for marketing positions in a job database, many titles will be “performance manager”, “social media manager”, “digital marketing manager”, and “content manager.” Usually, these positions specify specific skills in Google Analytics and other performance tools. Increased access to big data, and brand managers’ shift from traditional to digital media channels, have made these specialized
skills relevant for branding. The possibilities of digitalization are fascinating and at times breathtaking. With these tools it is possible to follow consumers in their digital consumer journeys, measure what they click, see how different tactics (e.g. display ads, search words) convert into sales, what types of digital communication efforts and content are effective, and from which sites consumers enter the brand’s webpages and where they go when they leave. The amounts of data are boundless, and clever brand managers can create brand value by optimizing messages and offers. In many ways, the potential to analyze and observe consumer behavior in real time is a revolution for brand management. When we previously experimented with brand messages in analog media channels, it often took weeks before we could measure the results in sales or by other performance indicators. And those indicators were often soft indicators, such as attitudes and beliefs. Today, brand managers can adapt their tactics continuously and instantly measure the effects on facts like sales and customer acquisition.

However, digital analytical opportunities also create new problems for brand managers. Google Analytics and other digital tools focus on the short-term effects of branding efforts. What are the direct consequences of measuring mostly tactical digital behaviors (e.g., click patterns, sales conversion)? In the absence of more strategic brand indicators (e.g., brand associations, brand awareness, brand evaluations, and so on), brand managers run the risk of downplaying the long-term aspect of brand management. Consequently, even with access to more behavioral brand data, they risk losing the strategic perspective of branding and becoming too focused on the short-term. This short-term focus is in itself problematic, since brand management by definition requires a long-term management philosophy (Keller, 1993, 2012). However, it is even more problematic that we risk mistaking consumer data collected via digital tools as equaling consumer insight. It rarely does. We can observe consumer behavior online, but we gain no insight into the reasons as to why consumers behave as they do. Insight demands interpretation and understanding, which take time. Digital performance specialists do not have this time, and often no longer have the skills to follow up on these processes. A challenge for brand managers in the digital age is therefore to balance the possibilities from big data against the time-consuming insight processes of more traditional consumer research. This balance, illustrated in Figure 5.1, will increasingly predict the success of brand management in the future.

To summarize this section, it has been argued that access to big data provides brand managers with a lot of data and opportunities to optimize their branding efforts. However, as managers, we often tend to act upon the data we acquire, which could lead to wrong branding decisions. Access to big data might influence
the delicate balance of short-term optimization and long-term brand management, which in the long run could hurt brands.

5.2.3 ONLINE BRANDS

In December 2017, Stormberg, a producer of outdoor clothing, announced a cooperation agreement with the World Wildlife Fund (WWF). However, as Figure 5.2 shows, the debate soon went sour when consumers engaged in an ongoing public debate about wolves living in Norwegian woods turned against the company. According to the financial newspaper *Dagens Næringsliv* (2 January 2018), consumers opposed to wolves threatened to burn their Stormberg clothes publicly. On Stormberg’s Facebook page the debate escalated. Ten days after the announcement, 3,100 comments, 664 shares, 20,000 positive responses, and 142 negative responses were registered. Thus, a majority of Stormberg’s customers supported the brand, but the basic lesson in this example is not the valence of the reactions, but the amount, the visibility, and the ease of reporting these reactions.

In a distant era, not so long ago, brand communication was primarily a one-way process. Brand managers and their communication agencies developed creative content, and flooded mass-media channels with advertising messages to influence consumers. Consumers’ reactions were both time consuming and technically difficult to express. If consumers vented their reactions to friends and neighbors (e.g., via word of mouth), the number of people they reached was usually quite limited. The rise of social media and digital technology has changed the influence of word of mouth in consumer–brand relationships. Word of mouth has expanded from time-consuming person-to-person processes to an abundance of different online communication formats (Eelen, Özturan, and Verlegh, 2017). These communications include electronic word of mouth (eWOM; Pauwels, Aksehirli, and Lackman, 2016)—e.g., liking a brand on Facebook or writing reviews on electronic forums—posting videos on YouTube and Facebook, retweeting brand messages, and sharing them through social media. Currently, good and bad publicity, mistakes, and brand experiences could potentially be shared and spread to thousands of consumers with only a few clicks. An example is H&M’s recent scandal of using a dark-skinned child to advertise a hooded sweater with the text “Coolest Monkey in the Jungle” (Figure 5.2, January 2018). The scandal hit social media and resulted in worldwide outrage toward H&M.
Digital technology and media platforms allow for easier consumer–brand relations (Fournier, 2009), but also consumer–consumer relations. By using eWOM, consumers are able to complain, brag, share, and discuss with a minimum of effort. The total effects on brands are therefore formidable, and must be taken seri-
Managing the brand–consumer/consumer–consumer dialogues is a critical task for brand managers and can explain why job positions such as “performance managers” and “social media managers” have arisen.

Virality is the buzzword that drives eWOM and brand–consumer interactions online. Akpinar and Berger (2007, p. 318) put it like this:

Virality has become the holy grail of digital marketing. Rather than focusing on paid media, in which a brand pays to advertise, brands are devoting more and more attention to earned media, in which consumers are the communication channel.

Relevant and interesting topics spread fast, almost like an infectious virus, from consumer to consumer on social media and other digital platforms. Virality helps in creating “brand evangelists” (Kawasaki, 2015), but can also hurt the brand through effective spreading of negative information. These viral effects increase the importance for brands to have a social purpose—to be transparent, sustainable, and conscientious (Olsen and Peretz, 2011). Otherwise the brand will be exposed to negative eWOM in the target group. One example of a brand that has taken this development seriously is Heineken. In May 2017, its “Open Your World” campaign, to promote openness as a value that helps break through the barriers that divide us, spread incredibly fast and has been viewed on YouTube many millions of times. Research from the global consultancy firm BMMG supports this movement and shows that 65% of consumers want to support companies with a strong purpose. However, only 45% of consumers can name such a company (Bemporad, 2017). New digital media provide consumers with tools to find, share, and spread information about companies and brands. Brand managers can no longer just say they are responsible for their brand’s actions, they must also act responsibly and participate in the online dialogue with their consumers.

Another aspect of online brands is liquid consumption (Bardhi and Eckhardt, 2017). When was the last time you bought a CD? Fewer and fewer consumers make purchases in this category. Nowadays consumers tend to stream music online, for example by using services like Spotify and Apple Music. New technology opens up for changes in consumption patterns and in many brand categories reduces consumers’ needs to own products and brands. Instead of owning the brand, they pay for temporal access and flexibility. Examples are streaming media and video-on-demand services like Storytel and Netflix, which have reduced the need for buying books and DVDs, and new car services like Bilkollektivet, where consumers, for a fee, have access to a range of rental cars. Liquid consumption is
a more flexible way to consume brands, without ownership and using mobile and adapted solutions across situations. Bardhi and Eckhardt (2017) contrast it with the more traditional solid consumption: focus on owning brands with a safe and predictable value across all situations. Figure 5.3 conceptualizes the difference between solid and liquid consumption.

<table>
<thead>
<tr>
<th>Solid</th>
<th>Liquid</th>
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<tr>
<td>Value resides in size, weight, security, attachment, commitment</td>
<td>Value resides in flexible, adaptable, fluid, mobile, light, detached and fast</td>
</tr>
<tr>
<td>Long-standing possessions, attachment/loyalty, identity-related objects</td>
<td>Fluid possessions, lack of loyalty, fewer objects, user value</td>
</tr>
<tr>
<td>Consumption meaning is stable across contexts</td>
<td>Consumption meaning varies by contexts</td>
</tr>
<tr>
<td>Emphasis on ownership and possessions of material objects</td>
<td>Emphasis of access and intangible objects</td>
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FIGURE 5.3 The difference between solid and liquid consumption (Bardhi & Eckhardt, 2017)

Liquid consumption has many implications for how we understand brand loyalty and brand relationships (Fournier, 2009). How can you be loyal to a brand you do not possess? So far, examples of brands that have been challenged by liquid consumption have been limited. However, if digitalization continues to alter many markets and business models, it is likely that brands in the future might be significantly affected. It will at least challenge Russell Belk’s (1988) classic concept of owning brands as part of consumers’ self-identities—the extended self. In general, many established constructs in the branding literature imply brand ownership. If liquid consumption increases, there is a need to reinvestigate many of these constructs.

To summarize this section, it has been argued that the role of brands has changed for online consumers. Currently, it is easier and less time consuming to engage with brands, and the rise of social media and digital platforms changes the nature of brand relationships. The virality of sharing and spreading information has become both an opportunity and a challenge for brand managers. Lastly, brand ownership is declining and consumers are more likely to consume brands in a more liquid manner.
5.3 FUTURE OF BRANDING

New digital technology, media channels, and online consumption patterns influence the art and science of branding. The purpose of this chapter was to discuss how changes fueled by digitalization affect branding practices and brand management. Three challenges to branding in the digital age have been identified: digital consumer journeys, big data, and online brands. The key insights in our discussion have been that these challenges do not reduce the importance of brands, but in many ways shift the practice of branding and provide brand managers with new opportunities. These challenges strengthen the need for deep consumer insight, good understanding of digital consumer journeys, and the importance of well-known and well-positioned brands. To summarize, these three challenges essentially deal with problems of balance:

- Balance between opportunities gained from technology and data, and deeply understanding consumer needs
- Balance between short-term optimization and long-term brand strategy
- Balance between short-term sales conversions and long-term consumer brand relationships

Brand managers should certainly embrace new digital opportunities, be curious about new media channels, experiment with new branding activities, and use those that prove to be most effective. However, basic principles of branding and brand management are still, and will continue to be, central. Key concepts like identification, differentiation, and brand positioning (Samuelsen et al., 2016) will not go out of fashion, and may be even more important in the digital future.

REFERENCES


