Brands are not just names slapped on products by the marketing department; they embody the value those products have for your customers. That may be more true for high-tech products than it is for soap.

by Scott Ward, Larry Light, and Jonathan Goldstine

Many managers in high-tech companies believe that market success depends primarily on the price-performance ratio. At the same time, however, most would acknowledge that the bulk of their offerings are fast becoming commodities (if they are not already). Products and services are highly similar—printers print and computers compute. And if one manufacturer boasts of more “feeds and speeds” today, competitors will catch up tomorrow. Price and performance are just the ante to get into the game.
What, then, can make the difference between a successful high-tech venture and an unsuccessful one? One critical factor is brand management. The problem is that many of the people leading high-tech companies—managers who have grown up through the technical side of the business—do not truly understand what good brand management involves and what it can do for their companies. Most think of marketing as merely selling, and branding as an advertising campaign or a slogan—necessary evils that are costly, difficult to assess, and antithetical to a business model built on delivering the highest performance at the lowest price. The idea of developing and maintaining a strong brand in the fullest sense—conceiving of a promise of value for customers and then ensuring that the promise is kept through the way the product is developed, produced, sold, serviced, and advertised—simply does not resonate as it should.

What’s needed is a sea change in managerial attitudes from a product-centric to a promise-centric business model. Successful brand management helps attract and keep customers. It can also be a strong foundation from which to launch new products, improve relationships with channel partners, foster good communication among employees within and across business functions, and help a company better focus its resources.

Changing long-held beliefs isn’t easy. But our experience suggests that the first step toward doing so is to recognize the barriers that may be impeding the change. In that spirit, we’ll first address what we feel are the two most prevalent misconceptions about brands in high-tech markets. Then we’ll elaborate on our definition of a brand and related concepts that are particularly important in high-tech businesses. Finally, we’ll suggest some specific steps senior managers can take to move their companies from a product-centric to a promise-centric, brand-driven business.

Two Misconceptions About Branding

Most technically trained managers reflexively reject the idea that their businesses could be focused around brand management, and they base that judgment on these two assumptions:

* Brands and brand images are irrelevant only when purchase decisions are “irrational” or “emotional,” which is fine for detergents, automobiles, and fashions. But they have nothing to do with markets populated by highly sophisticated and experienced customers, nothing to do with purchase decisions based on benchmarking studies and objective performance data.

* Brand management is best left to the marketing or sales departments; it’s not central to the technical direction of the company. A brand is just a logo, trademark, slogan, or ad campaign, and marketing handles those things.

Let’s tackle the first assumption first. It is true that most of our knowledge about brand strategies comes from the accumulated experience of consumer-packaged-goods companies like Procter & Gamble, Nabisco, and Nestlé. Such companies invented brand management—and a wealth of enduring and highly profitable brands. But just because a concept evolved in the consumer goods markets is no reason to reject it in business-to-business markets in general or in high-technology markets in particular.

A successful brand in any business commands enduring premium profits because substantial numbers of customers view it as a promise of receiving a certain type and level of value. Real value is at the heart of strong relationships with customers. And value need not be defined narrowly in terms of features and performance. Value in high-tech markets, as in other markets, is a much more complex concept. "Price" and "performance," for example, may mean different things to different people. Does price mean initial cost or life cycle cost? Does performance mean microprocessor speed, the product’s ability to keep pace with a company’s growth, or a vendor’s ability to deal effectively with a multiproduct environment? Does performance include resale and post-sale service and support?

Most customers’ evaluations of price and performance include multiple definitions and dimensions, and the trade-offs individuals make in their buying decisions reflect different definitions of value and different needs. Through strong brands, high-tech companies can make it clear exactly which aspects of their offerings’ price and performance benefit their customers.

We acknowledge that an individual’s decision to buy a certain brand of soap may be more emotional or irrational than his or her decision to buy a particular phone or than a company’s decision to go with a certain line of fax machines, at least as those terms are popularly defined and understood. Consumers may buy a certain brand of cosmetic or clothing to express a particular lifestyle, something that many people think shouldn’t apply to high-tech purchases.

But we argue that in markets such as personal computers, the line between a high-tech product and a consumer product is becoming increasingly fuzzy. And parallel kinds of motives exist even in
## High-Technology Brands: Misconceptions Versus Realities

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<thead>
<tr>
<th>MISCONCEPTIONS</th>
<th>REALITIES</th>
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<tr>
<td>Technology products are bought on the basis of the price-performance ratio, period.</td>
<td>Price and performance are important, but other factors may also be highly influential. Additionally, the people involved in purchase decisions may weigh various performance factors differently.</td>
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<td>High switching costs associated with a large installed base are the key to profitability.</td>
<td>True for a while, but customers don’t like to feel trapped, and competitors are dedicated to offering seamless transitions, along with better performance and functionality.</td>
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<tr>
<td>Brand management is used when product differentiation is difficult or impossible.</td>
<td>By then it’s too late. A brand’s promise of value is the core element of differentiation, not an alternative to it.</td>
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<td>Branding is something the marketing department does, and as such, it means advertising, trade shows, and sales literature. The results are hard to measure.</td>
<td>The promise of value must be reflected in every aspect of the complete product offering in tangible and measurable ways. Even psychological rewards among brand users, like trust, can be measured and related to business performance.</td>
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Business-to-business high-tech purchases. Consider the following:

- Many hard-nosed M.B.A. students purchase a relatively costly Hewlett-Packard calculator instead of a less expensive brand that performs just as well to signal their proficiency with technology to themselves and to others.
- The vast majority of people who use personal computers would not recognize the microprocessor in their PCs if the machine were disassembled and the parts arrayed in front of them. However, Intel’s success in establishing a strong brand has arguably influenced consumers’ purchasing decisions, effectively shifting some brand equity its way from PC manufacturers.
- When managers of information technology weigh the merits of a vendor’s bid, they may be thinking not only about how well the vendor’s products and services will complement their own company’s business and technological environment but also about how the purchase decision will look to others. That is, IT managers may be just as concerned with the image of the product—and with how the purchase decision will reflect on them—as they are with the technical strengths or weaknesses of the vendor’s offering.

- How many people do you know once claimed that they would be the last Apple buyer? Even at its lowest point, Apple still enjoyed considerable brand loyalty from a devoted group of followers for whom that brand was synonymous with the Apple’s simplicity and its utility for their particular needs. And witness the enormous popularity of the iMac, the result of Steve Jobs’s thus-far-successful efforts to refocus the company’s marketing and product-development strategies.

In short, a rational decision means one that maximizes value, but value can be based on objective or subjective data.

As for the second assumption, consider this: It’s true that creating logos and advertising campaigns are a part of marketing. But those activities will fall short of their intended goals if they are developed in isolation from the broader strategies that shape the company’s overall approach to serving its customers.

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help lines and effective order and service fulfillment to ensure that its promise of value is consistently kept.

If these arguments aren’t enough to dispel the misconceptions, consider one more thing: some high-tech companies enjoy considerable brand equity, or financial value, that can be attributed to a brand name. Essentially, a brand’s value is derived by multiplying its annual net after-tax profits, adjusted to exclude the earnings expected for an equivalent generic product, by a discount rate that reflects the brand’s strength as defined by such factors as the brand’s ability to influence the market, the stability of its customer franchise, the ability to sustain demand in the face of technological change, and the strength of supporting communications. Calculated according to that methodology, the world’s most valuable brands include IBM, Microsoft, Intel, and Hewlett-Packard.¹

Fine-Tuning the Definition of a Brand

Brands are often confused with logos or trademarks. A trademark is a distinguishing name, sign, symbol, or design, or some combination of them, that identifies the goods or services of one seller. A brand is a distinctive identity that differentiates a relevant, enduring, and credible promise of value associated with a product, service, or organization and indicates the source of that promise. Emphasis can be placed at the corporate level or at the level of a subbrand. For high-tech brands, the emphasis is often at the corporate level because specific offerings are generally configured for specific clients, so identifying a subbrand isn’t feasible. IBM does not have subbrands for its e-business offerings, for example, since its solutions are unique to each of its servers and include software, service, and support provided by business partners. By contrast, Lotus shares brand equity with its subbrand Domino. Just as a trademark must be seen and recognized by customers in order to perform its identification function, so too must a brand’s promise of value be tangible and predictably manifested in a company’s business behavior and, ultimately, in its products and services.

Brands can be built around many different promises of value. We’ve said that performance is the price of admission in high-tech markets; nevertheless, for some high-tech companies, the promise of value can center around the related idea that they offer cutting edge products and services. Lucent Technologies’ current brand-building effort is a case in point. Lucent’s message is, in effect, “We know competitors will match us, but look to us to be the first with the newest technology.” By con-

Any high-tech company attempting to build a brand must pay for the mistakes other companies have made.

A company cannot expect to build that broader acceptance simply by making a promise of value in advertising. It must first know what promise to make and to whom. That requires the ability to assess the potential of relevant technologies and to anticipate its customers’ current and future needs – even before customers can articulate those needs. It must also ensure that the promise of value is understood and fulfilled as the company manages complex networks of value-adding partners, ranging from consulting firms to systems integrators, from independent software vendors to resellers.

Gateway Computer Systems is a good example of a company that understands the importance of marketing as a companywide function. Gateway differentiates itself from other mail-order PC companies through folksy advertisements in otherwise terse and dense catalogs. But the company knows that its marketing message – in essence, a promise of friendly service – must be backed up by efficient

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trust, IBM is not often first to market with the latest technology; instead, its promise of value is built on its long tradition of superior service and support. The president of one of its major European customers told one IBM senior executive, "As long as IBM is in the general price range of competitors, we'll always buy IBM for the service and support you deliver."

Of course, the promise of value must be relevant to the people or businesses a company wants to have as its customers; no business can promise everything for everyone. But it is possible to tailor a promise to meet the desires of a specific subgroup of customers, as long as that promise can be kept and as long as it doesn't confuse anyone. That's why a company must consider its own capabilities and its target customer segments before developing its brand message. Consider how IBM tweaks its brand message for application development tools. Traditionally, target customers for the tools were IT managers in large organizations. Those managers valued service, support, and reliability. However, a new breed of customer has emerged in recent years. These customers are young, sophisticated, highly competent, and comfortable with technologies. They care less about IBM's tradition of service and support than they do about being able to work with so-called bleeding edge technologies. Some even look forward to the hassles of working with new technologies for the intellectual and technical challenges they pose. Accordingly, IBM's promise of value for this group emphasizes technical prowess, layered on top of its traditional message of solid service and support.

EMC, a manufacturer of data storage systems, knows the importance of choosing a particular type of customer before defining the promise of value. Attempting to avoid the price wars that resulted from marketing to technically sophisticated buyers in IT departments, EMC instead tailored its promise for senior managers who could dictate purchasing decisions. In a series of advertisements in publications like the Wall Street Journal, EMC raised relevant issues for senior executives, such as the role of data storage in securing competitive advantage. EMC realized that in IT departments, purchasing decisions are often narrowly based on price, but for senior executives, any decision reflects broader considerations. As luck would have it, EMC's decision to create its promise of value for senior executives, and to market to them, may have bought the company some time in the mid-to-late 1980s, when the company faced critical product quality issues. It is hard to imagine any credible promise of value that EMC could have made to IT professionals and other technical customers who were directly affected by the company's quality problems at that time. Under Michael C. Ruetter, who became EMC's CEO in 1992, the quality problems have been solved, and profits have climbed from $30 million in that year to an expected $1 billion in 1999.

Managers in high-tech businesses face many of the same problems as managers in other businesses in formulating distinctive and credible promises of value. But in high-technology markets, offering a distinctive value proposition is especially difficult since, with lightning speed, competitors match one another's clearly defined performance characteristics (modem speed, microprocessor capacity, and the like). What's more, many buyers have been burned by both new and established companies that promised much but delivered little—and often delivered late, to boot. There are almost as many business failures as there are start-ups in the high-tech arena in a given year, any high-tech company attempting to build a brand must pay for the mistakes other high-tech companies have made along the way. There isn't a great deal of trust between customers and companies in high-tech markets simply because there are many and frequent new entrants, and most have not had the time or the wisdom to build a promise of value that goes beyond price-performance.

Building trust is a worthy goal, however. The credibility of a company's promise of value results from persistence and consistency. It would be difficult, for example, for a new entrant, or even an established one, to claim that it could fulfill phone or Internet orders for personal computers better than Dell does. And Apple's devotion to simple, easy-to-use computer systems continually shores up its distinctive promise of value. On the other hand, consider that Netscape had little competition for quite some time for its Internet browser. Microsoft's inroads into that company's once-dominant position in the browser market may be due to Netscape's failure to articulate clearly a distinctive and credible promise of value as much as to Microsoft's bundling of its browser into Windows software. Lacking any loyalty to Netscape, many consumers elected to "switch rather than fight." Netscape

The credibility of a company's promise of value results from persistence and consistency.
might have preempted Microsoft by giving customers tangible reasons to stick with its browser. Even after Microsoft's entry, Netscape could have questioned customers who defected and those who stuck with Netscape to determine where its implicit promise of value was being fulfilled and where it was not. With that knowledge, Netscape might have emphasized the salient dimensions of its value proposition in its advertising and modified certain technical aspects of its offering along those same lines as well.

Powerful brands make promises that are enduring. Making a promise is serious business, and, as in personal life, making too many promises, or changing them frequently, raises uncertainty in the people to whom the promises are made. Making and keeping a promise, and keeping it consistently, can be a powerful source of competitive advantage. Studies of the U.S. consumer-packaged-goods industry show that many brands that were market leaders half a century ago are still market leaders today, despite inroads from cheaper private-label brands and generic products. While being the market leader half a century ago does not guarantee leadership, or even survival, today [Remember Schlitz, Woolworth's, and PanAm!], there's a higher probability that truly strong brands will continue to be leaders because they make and keep a promise of value over successive generations of technologies.

No doubt IBM's reputation for solid products and for great service and support has helped its Server Group catch up to a radically changed environment for buying large computers. IBM realizes that it can no longer be profitable if it just sells "the box," so the Server Group is aggressively pursuing new partners to provide a wider array of software applications, technical features, service, and support.

Time will tell if IBM's past leadership in the mainframe market will continue in the new, and very different, server market. True, newer technologies can eclipse older ones; electromechanical calculating machines never had a chance against electronic ones. But an enduring promise of value can buy time for a brand in the face of new technology or, as we suggested earlier in the discussion of EMC's products, in the face of serious lapses in product quality.

Consider the devotion of scientists and engineers to Hewlett-Packard. If a competitor introduces a superior product, HP's brand equity gives the company a chance to at least match its competitor. Tide's brand equity allowed Procter & Gamble to plan an orderly progression of products to respond to competitors' scented offerings, liquid detergents, and proliferation of package sizes. The Novell brand—and its promise of leadership in superior and secure networking software—has bought that company time in the face of competitive inroads from Microsoft NT and Netscape Calendar. Recently, Novell unbundle its powerful Novell Directory Services (NDS) from its flagship NetWare operating system software and continued to fulfill its leadership promise with a new version, Scalable Directory Services, or SCADS.

Managers in high-tech companies may fail to think about the different promises their products could fulfill because their instincts and training tell them that good, cost-effective high-tech products and services will succeed as long as they perform as promised, satisfy customers' needs, and garner a large installed base that will withstand any upstart brand. But such product-centric thinking is highly dangerous because customers do not necessarily experience a company's promise of value just because its products enjoy wide acceptance. [Remember WordPerfect!] There is a tendency among managers to believe that a product's success is ensured once a large installed base is secured, since switching costs pose a barrier to buying from other suppliers. Witness the practice by high-tech vendors of giving away software and hardware products in order to penetrate a market rapidly. However, sheer presence and satisfactory performance do not ensure that users will become loyal customers—that is to say, customers who are eager to buy products, not just customers who feel compelled to buy them. No customers like to feel trapped by the pervasiveness of a company's hardware or software. Sooner or later, customers will defect. Monopoly power built on overwhelming market share is not, in the end, a promise of value. People will buy because they feel they have to buy, but they will not become loyal customers.

Building a Powerful Brand

Powerful high-tech brands build equity through a process we illustrate in our brand pyramid, which is based on materials developed by Larry Light. (See the exhibit "How High-Tech Brands Build Equity.") The pyramid's bottom level represents the core product—the tangible, verifiable product character-
How High-Tech Brands Build Equity

To build a strong high-tech brand, managers need to answer the following questions:

LEVEL 5
What is the essential nature and character of the brand?

LEVEL 4
What does "value" mean for the typical loyal customer?

LEVEL 3
What psychological rewards or emotional benefits do customers receive by using this brand's products? How does the customer feel?

LEVEL 2
What benefits to the customer or solutions result from the brand's features?

LEVEL 1
What are the tangible, verifiable, objective, measurable characteristics of products, services, ingredients, or components that carry this brand name?
BRANDS FOR HIGH-TECH MANAGERS

years. Declining profit margins in the business as a whole, fueled by such strategies as companies actually giving PCs away to encourage end users to get on the Internet, have left the PC market barren of strong brands. Compaq is currently pinning its hopes on translating its promise of value for higher-end technology applications. The company's ads boast of its entrance into the enterprise-computing arena, pointing out that 17 of the 10 largest stock exchanges in the world run on its systems and claiming that Compaq "out integrates" the top IT integrators. Time will tell if Compaq can leverage its promise of value in this very different market.

The top two levels of the pyramid illustrate the concept that powerful brands attract and hold customers with their particular promises of value. At the top level of the pyramid is the personality of the brand. It's the characteristics the brand would have if it had human qualities: friendly, warm, caring, confident, decisive, aggressive, or the like. The next level of the pyramid describes the deeper values that the brand reflects. We are particularly interested in reflecting values of the target customer that will create and reinforce brand loyalty. By "values," we mean such things as conservative values, family values, achievement-oriented values, and so on.

Taken together, these two levels of the pyramid define the relevant and differentiating character of the brand. In the end, powerful brands enable customers to fill in the blanks in the following sentence with ease: "Oh yes, [brand name], that's the company that..."

Focusing a company around brand management does not mean tearing up the organization chart. Focusing a company around brand management—getting from the bottom two basic levels of the pyramid to levels three, four, and five—does not mean tearing up the organization chart, forming yet another set of teams to explore a new initiative, or instituting a gaggle of new processes. Business-planning processes and topics are the same in a product-centric company as they are in a product-centric organization. A brand plan is a business plan. The fundamental difference between a product-centric and a brand-centric company lies in the attitudes of the people throughout the organization—not just in the marketing department—in their understanding of what it means to shift from selling products or services to selling a promise of value.

How can senior managers help the process along? By doing the following:

Figure out what the company's current promise of value seems to be. What do customers think of the company and its offerings? Do they see offerings as brands or merely as technology products? How do customers feel about the total experience of buying and using the company's products? We are not suggesting that taking this step is as simple as sending out a survey that asks, "What emotional rewards do you get from using this product?" Rather, it is a matter of probing and listening. Consider, for example, the experience of one manufacturer of Unix-based servers. In a very competitive marketplace—where nearly identical boxes are produced by HP, IBM, Silicon Graphics, and Sun—managers at one of these companies conducted a series of focus groups with server buyers and users around the world. They found that those people had many and complex perceptions of the competitors, the offerings, and the promises they felt the competitors made. In other words, they had a lot to say. The most intriguing data were about the kinds of promises of value the customers wanted but felt some vendors did not or could not deliver. Armed with the data, the company formulated several alternative promises of value and tested them out in a second round of research.

Once the promise is clear, think about how that promise relates to the company's strengths and employees' impressions of what the company is offering. Do the internal and external impressions match? If not, how do they differ?

Refine the promise of value. This step requires managers to make three crucial decisions. First, they must understand how the potential customer markets are segmented and choose the segments they wish to serve. Second, they must determine what type of promises are feasible to offer. Third, they must set a branding policy—that is, they must decide whether and how much the equity of any one subbrand will be shared with other subbrands and with the parent brand. Older, established high-tech companies like IBM can generally rest a great deal of equity at the parent-brand level. But at times the parent may wish to allow a subbrand to build an identity of its own. Such branding decisions must be handled with care. The trick is to enhance the promise of value for selected customer segments without jeopardizing or diluting the core promise.

In some cases, of course, the company will want to maintain a strong connection between its parent brand and a given subbrand. GroupWise, NetWare,
ManageWise, and BorderManager, for example, are all Novell subbrands, but it is not clear how much customers associate those products with the parent company or whether Novell could be building stronger brand equity if it made the connection between the subbrands and the parent more explicit.

Determine what the company's various business functions must do to make good on the promise of value. It may help at this point to try to distill the promise of value to its essence. For example, if the promise boils down to superior service and support, then those capabilities must be fully developed, maintained, and monitored. Resources should be directed not only at creating a team of fully qualified service technicians for postsale service but also at developing Web-based service capabilities. Service and support should also be built into technology offerings in the first place.

To make sure it could keep its promise, for instance, the server vendor hammered out its value proposition—which centered around providing tailored solutions to help buyers achieve sustained competitive advantage—with managers and employees from every business function within the company. Those people suggested instituting specific objectives and measures to make the promise clear and to make it work. For example, to deliver on the promise of providing tailored solutions, the company's manufacturing operation needed to recruit and closely collaborate with the independent software vendors that would tailor applications to each buyer's needs. To deliver on the promise to help a buyer achieve competitive advantage, the company needed to go beyond selling boxes to understanding a customer's business.

In some instances, the changes were minor—but meaningful for customers. For example, the company instituted changes in its order fulfillment processes. Previously, customers were told only when their computer would be shipped. But customers in Asia wanted to know when their computers would arrive, so the company changed its procedures to take into account the delivery time to offshore destinations.

Delivering on a promise of service and support need not be costly—in fact, it can cut costs and produce profits. Customers, channel partners, and technology vendors can all win. For example, consider Support Pack, which Hewlett-Packard offers to customers buying its low-end, high-volume line of printers, PCs, plotters, fax machines, and the like. Support Pack is a service package in a box designed for computer superstores and other resellers that distribute HP's products. Previously, a customer would be offered the opportunity to purchase a postsale service contract immediately after purchasing an HP product. But channel partners are much better at selling physical products than services, so HP set out to make after-sale service profitable, both for the company and for its channel partners. Support Pack is an actual box, displayed next to HP products.

It's designed to be easy for customers to buy and channel partners to sell and earn significant margins on. Support Pack sells for 10% to 20% of the price of the corresponding hardware product. It contains a "Dear Customer" letter with instructions for registering as a Support Pack customer, a mail-in registration card, information about service terms and conditions, and options for obtaining service. With this service product, HP cuts down on incoming service calls, dealers get a product they can sell at a good profit, and customers are reassured that they will get service and support if they need them.

Institute measures of brand performance. Begin to develop the algorithms that relate those measures to business performance. For example, it's important to track how customers perceive the brand relative to its competition over time. It's also important to monitor the health of key dimensions of a brand's promise of value. Managers should try to modify research on customer satisfaction levels to determine if satisfaction is leading to loyalty or if satisfaction levels are simply high or low for all players in the market. The company should try to gather information that reveals which customers are true brand loyalists and why others defect. These data can be extremely useful as managers try to decide where to place resources and how the business might more extensively change its activities to fulfill its promises.

The Rewards of Brand Management

As we've suggested throughout, high-tech businesses that actively manage their brands stand to gain a great deal. For example, as we've discussed, allocating resources becomes a more direct process
What Lies Between Your Brand and Your Customers?

One of the difficulties in maintaining a powerful brand in high-tech markets stems from the involvement of numerous partners in the production, distribution, and support of complete technology products. Many high-tech products contain components from several suppliers and are sold through a variety of channels. For example, a server such as IBM's AS/400 contains components manufactured by several suppliers, and it may be bundled for sale with software written by independent software vendors and sold by systems integrators, computer resellers, or some other value-adding entity that makes and maintains contact with customers. Can IBM make, deliver, and control a relevant, distinctive, and enduring promise of value to the end user through so many filters?

Companies in many industries use numerous sources for their product components. However, the brand name indicates where the buck stops. If a buyer of a Ford Mustang has a problem with wheel bearings made in Mexico or engine mounts manufactured in eastern Europe, the problem must be resolved by Ford, through one of its dealers, or ultimately in Dearborn. Because of the relatively great need for service and support associated with many high-tech products, the issue of who, exactly, is the seller is critical. To use a well-known example, the "Intel Inside" microprocessor may fail, but the computer company that installed the part is responsible to the customer. The computer manufacturer may deal with Intel, but that's of no concern to the consumer. There are variations on this scenario, but the theme is the same—customers don't want to buy a bill of hardware and software, they want to buy a complete offering, and they want reassurance from somebody. That somebody is the creator and owner of the brand.

Many companies also use multiple routes to distribute products to customers. They're responding to the growth in distribution channels to serve segments of customers who want and get alternate ways to buy products and the need all companies have to reduce their high cost of service with direct sales forces. The complexity of high-tech products and their market applications requires distributors to do much more than simply resell products. They may install, upgrade, and service new products. They may train customers to use the new products. They may integrate new products with existing systems. The term "value-added reseller" is apt. Because of VARs' importance, managers in high-tech businesses may begin to feel that they are customers. Moreover, buyers may believe that their most important contact is with the VAR, not with the manufacturer. But that state of affairs is a recipe for dilution of a powerful brand.

Managers of high-tech brands must understand that the promise of value is inherently a "pull" marketing concept, in which demand is driven more by customers who pull the product through reseller channels, than it is a "push" concept, in which the company offers resellers high margins and other incentives to push the goods out to end users. Pull marketing is common in the consumer-packaged-goods arena, where manufacturers advertise heavily to end users. Cosmetics and detergents are among the most intensively advertised consumer packaged goods, and they enjoy considerable levels of customer loyalty. Push marketing is traditionally more associated with business-to-business products in that a higher proportion of the money spent on marketing is devoted to direct sales forces and to distributors, which push the product for the manufacturer to end users. We are aware that successful brands—both consumer goods and technology products—are more likely to result from a consumer's perception of a brand. The desire to pull is far less likely to result from generating consumer desire—the desire to pull—by emphasizing a brand's promise of value. High-tech managers must ensure that VARs understand the brand's promise of value, and they must do to fulfill and reinforce that promise.

Companies should consider instituting performance measurements to monitor their VARs' success in delivering on the promise of value.
stands and knows how to work with. Similarly, brand management can improve the relationships a company has with its suppliers and distributors. It’s fashionable to refer to those relationships as “partnerships,” characterized by cooperation and communication, but some are really naked power struggles. (See the insert “What Lies Between Your Brand and Your Customers?”) If a company’s promise of value to customers is well understood internally, then its managers can evaluate and select partners based on their ability and willingness to support the promise. What’s more, a well-articulated promise forms a solid basis for clearly and consistently defining the roles of, and allocating tasks between, a company and its partners.

Finally, high-tech companies that manage their brands effectively are well positioned to increase their profits. In general, marketing high-tech products and services costs less than marketing consumer packaged goods. High-tech markets are often more segmented, focused, and granular. For business-to-business customers, advertising is a less important ingredient of the promotion mix than more cost-effective ways of approaching customers such as trade shows, the Internet, and user groups—all powerful vehicles for reaching highly targeted customers. Moreover, targeting customers means that expenditures for product development and promotion can be tightly focused and efficiently allocated. On the revenue side, strong technology brands can increase customers’ willingness to buy related products and services and pay price premiums. Launching new products may also be less costly for powerful brands because of their loyal customer base and the increased willingness of potential customers to deal with a well-known brand.

Our experience indicates that many managers in high-tech businesses find brand management concepts interesting but are loath to move from a product-centric to a brand-centric business model. The “it doesn’t apply here” argument is often based on what are believed to be unique characteristics of high-tech products and markets, especially the volatility of the industry caused by swiftly changing technology and high levels of uncertainty among buyers. We argue, however, that it is precisely those volatile conditions that make the brand concept especially pertinent. When things change quickly, and when buyers face great uncertainty, they want to deal with a company they perceive has a vision of their needs and interests that goes beyond price and performance. They want to deal with a company they feel they can trust.


2. “Mission Impossible: Winning the Computer Advertising Wars,” Upi-
side, September 1997.

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