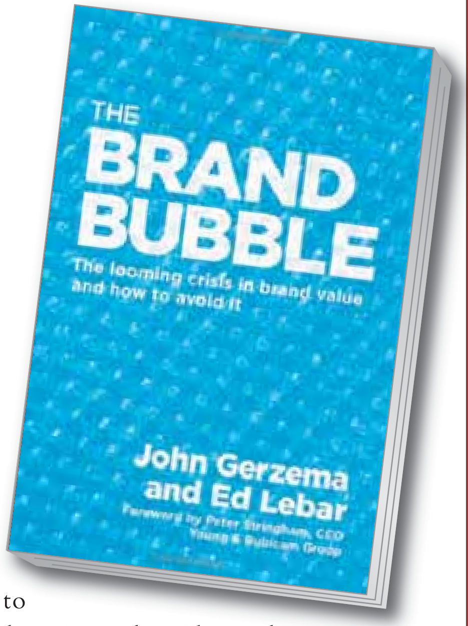
Perspectives
ON BOOKS

The Brand Bubble

The Looming Crisis in Brand Value and How to Avoid It

By John Gerzema and Ed Lebar
Jossey-Bass (2008)
REVIEWED BY ROBERT EHRLICH



The authors of "*The Brand Bubble*," both senior executives at Young & Rubicam advertising, have written a wake-up call for brands. Their basic premise is that, like the recent financial bubble, a brand bubble is ready to burst. Wall Street values most of these branded companies higher than they should, assert the authors. What built these successful brands over the last 20 to 30 years will not sustain them going forward.

Why is there a brand bubble? Brands can be copied easily as quality global sourcing has emerged in the last decade. The idea that a brand name has significant product superiority is no longer true. Consumers know that brands can be duplicated and be bought cheaper without sacrificing performance. Therefore most brands can no longer grow with current marketing practices.

Consumers no longer care about most brands they buy and switch easily between them.

The authors base their findings on their Brand Asset Valuator studies. Young & Rubicam surveys consumers on the value of thousands of brand names and has done so for many years. The authors base their conclusions on changes in consumer attitudes over time. Basically, consumers no longer care about most brands they buy and switch easily between them. They are too busy to invest time and money in brand loyalty. Therefore they only care about brands that excite them for both current and future products.

Apple is an example used by the authors of a company that has generated this type of brand excitement and differentiation. They understand what their customers want and dream about and provide it. Most brand companies just assume consumers will continue to buy their products because they have brand awareness and distribution. That is the old marketing paradigm, assert the authors. It will no longer work when consumers have access to instant product performance reviews and worldwide sourcing.

Is their work credible? Is there an impending end to most brand power? There is much evidence that brands are losing share to private label, store brands and new niche brands. Many large consumer companies are suffering from slow growth and lagging stock prices. Many marketers are unsure how to deal with the new competition and lack of interest from their user base. Line extensions have proliferated to squeeze sales out of an old brand with mixed to largely negative results.

The solution offered by the authors is to energize your brand to make it irresistible. They suggest companies do an energy audit to see current strengths and weaknesses. Of course, this might be easier to do for computers than detergent but it must be done. The authors do give many examples of how to energize a brand. Whether one buys the idea of a brand bubble bursting suddenly or a slow deflation of brand value, it is worth reading Gerzema and Lebar. There is no doubt they provide a valuable warning to all brand marketers that the past practices will no longer work. Change or die is the new marketing paradigm and their data support that. The hard part is finding that irresistible force in your brand. Most brands will not, unfortunately, and suffer the fate of declining sales and eventual oblivion. While brand decline has always been a fact of life, "*The Brand Bubble*" contends this trend is accelerating much more rapidly and will take investors and management by surprise.

***Robert Ehrlich**, chairman and chief executive of DTC Perspectives Inc., regularly reviews books about the pharmaceutical industry, marketing and advertising for DTC Perspectives magazine. He also writes a weekly e-newsletter providing insights on pharmaceutical marketing trends. To subscribe to this free weekly analysis, sign up at the Web site, www.DTCPerspectives.com. Ehrlich can be reached by e-mail at Bob@DTCPerspectives.com.*