How Can a Brand Image be Resilient to External Changes?

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Acknowledging the ever-changing global environment faced by all types of businesses, SémioConsult® supported François Morel's proposal to try to understand how brand image can be resilient to external factors and changes. Companies with a strong brand image start a little ahead but all businesses must find the suitable strategy to follow regarding their structure, their communication and the place they grant to innovation.
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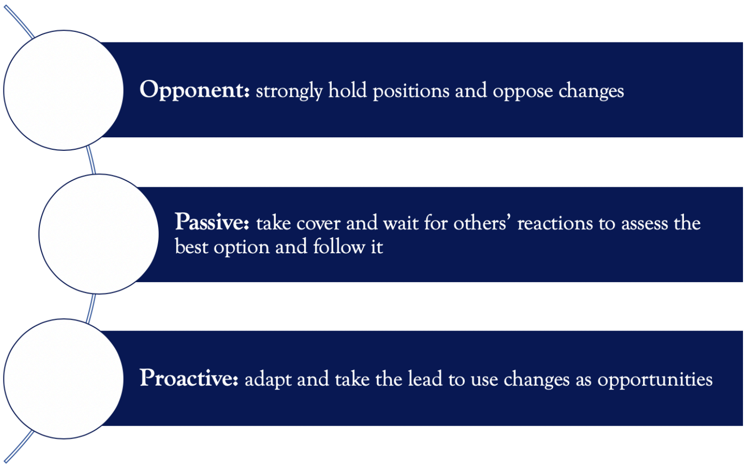
What is the resilience of a brand image?

Resilience is the ability of a person or a structure to **keep growing and developing when facing unsettling events**. This definition can also be applied to the concept of brand image. For a company, having a strong brand image is a strong lever to promote its products, increase its sales as well as its market shares and profits. As a matter of fact, strong brands have extensive marketing advantages. They benefit from an improved perception of product performance, a greater loyalty and larger margins. Overall, strong brands are less vulnerable to competitive marketing actions and to marketing crises. Consumers also tend to respond differently to strong brands' actions. For instance, consumer response will be more inelastic to price increases while it will get more elastic to price decreases.

A brand image is associated with multiples components which will generate, or not, an act of purchase. Each one of these components (attributes, benefits and usage) can be impacted by external factors. Those same factors will by extension have an impact on the brand image. Being able to answer those external factors with adaptability and rapidity is an excellent way to keep a brand image on its top rating.

Why is it important to prepare against external changes?

Facing changes, a structure can adopt three different behaviors, which are: opponent, passive or proactive.

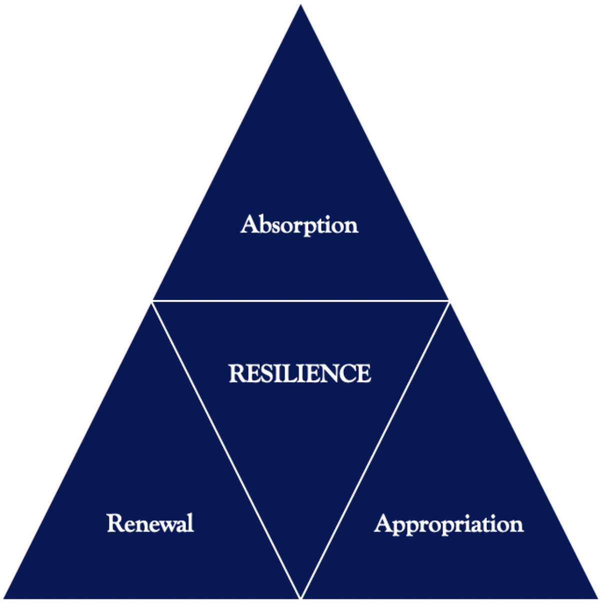


The last one is the key to a successful resilient strategy because it implies that a company is prepared to face these external changes, with a flexible logistic, a successful internal communication and strong learning skills. Being proactive also means that changes are seen as opportunities to develop the activity and to build a stronger brand image.

These external changes can be split into two categories:
1/changes which can easily be forecasted and given enough time to be prepared, i.e. legal and regulatory changes,
2/ unpredictable factors such as social strikes or pandemics.
Every change can have a positive or a negative impact on a company as well as on its brand image. The correlation between the strength of a company and the strength of its brand is key to a long-lasting and successful strategy. This is why a company needs to be resilient itself if it wants to have a resilient brand image.

How can a company develop a strategy to be resilient?

Three companies' capacities can be developed to help become a resilient company: absorption, renewal and appropriation.



***The capacity of absorption*:** it refers to the ability of a company to take into account the external information and turn it into strategic choices and strengths. It relies on the capacity to collect and analyze efficiently data from competition, legal statements, consumers' behaviors … Once this work is completed, the strategy needs to be developed quickly, which means the company has to be able to activate human and financial resources in a short time when change occurs. If the prevision is strong and done in advance, it can be transformed into a preventive strategy that will be much more effective.

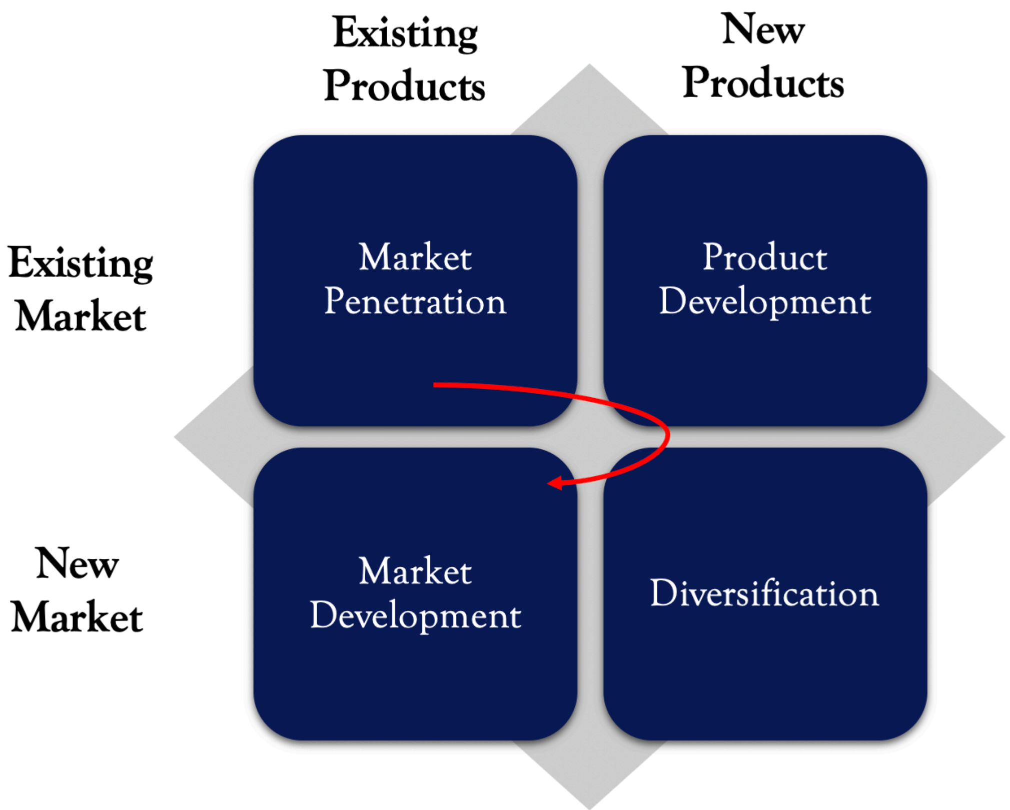
***The capacity of renewal*:** it refers to the global development strategy of a company. When a company has a strong ability to develop its activity on different markets and with different offers, it limits its risks by splitting them. By increasing its portfolio, a company can overcome changes in an easier way. It is also an improvement on the innovation field. Innovation is a financial and economic asset thanks to two levers: strengthening competitiveness and generating greater profitability. By offering a range of disruptive products in a competitive market, a company becomes able to produce a product at a lower cost than its competitors. It is then possible to sell this product cheaper to gain market shares, or to sell it at market price and thus increase the profit realized on this product. Companies gain financially from innovating, and this also allows them to assimilate novelty into a company's brand image.

***The capacity of appropriation*:** it is the ability of a company to learn from its mistakes and learn from the past events. The awareness of the shock and its effects is essential to question the organization and practices implemented within the company. It is then possible to carry out a post-crisis analysis and learning in order to prevent such events in the future or at least to manage them in a better way. Nevertheless, there will always be a time lag between the actual time of an event and the emergence of new practices. This phenomenon is therefore measured on a multi-year scale.

Relevant strategies that can be implemented

A flexible hierarchic organization is better than a top-down one: When decisions are subject to the validation of a single entity, this unilateral process slows down innovation, depending on the availability of this entity. To improve this, it is necessary to be able to leave more autonomy in initiatives to each department and collaborator. Last-minute decisions weaken the organization and jeopardize other business lines or supplier linkages. To do so, the implementation of communication and monitoring tools is necessary.

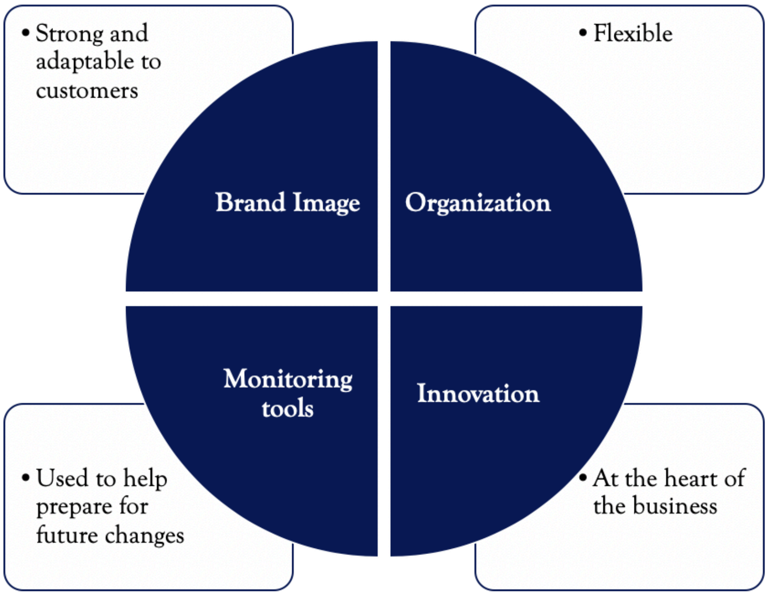
***Identify the opportunities of strategic positioning on markets*:** This strategy is based on the works of Ansoff and his matrix. After a successful market penetration and product development on a known market, a company can first diversify its product before embarking on market development. This strategic axis seems to be a great opportunity for a company that can capitalize on its previous achievements.



Each box of this matrix is a potential lever for economic growth and for the brand image development. It is also a riskier strategy because its success depends on its preparation and is, thus, rather unpredictable.

Main takeaways:

Four criteria may assess whether a company and its brand image are resilient or not to change.



1) Its brand image is strong and adaptable to customers. If the brand image is well established with a strong loyalty base, it is more stable in the face of change. This often results in the creation of a database of clients and their needs. However, branding must be flexible in order to follow the effects of fashion and overcome bad opinions.

2) The organization within the company is flexible. This requires quick and effective internal learning along with the implementation of internal communication tools. It also means creating an affinity with suppliers so that they may answer quickly to the needs of the company.

3) The company places innovation at the heart of its business. This allows companies to have various tools that are well anchored in each department. In addition, it allows the company to offer customers constantly renewed experiences and to reach new audiences. It also induces an ability to diversify. If it is not the case, the company must be able to engage financial resources to develop and implement new strategies.

4) There are monitoring tools within the company to help prepare for future changes. The implementation of such tools allows the company to anticipate future changes. This leads to effective communication between the different departments dependent on the quality of the department and the management committee.

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