EXPAND, GROW, THRIVE

5 Proven Steps to Turn Good Brands into Global Brands through the LASSO Method

Are you looking for a way to better manage and grow your brands' equity? Then you need to read *Expand, Grow, Thrive*! Its proprietary LASSO framework provides fresh strategic insights for managing your brand equity through licensing globally.

— Christine Cool, Licensing Manager for PMV Group,
makers of Chupa Chups.

Expand, Grow, Thrive is the first of its kind to finally tell the story of how brands expand through licensing.

The book not only shares wonderful examples of how our most loved brands such as Coca-Cola, the NFL, and Star Wars make their way into our homes and into our lives, it also offers a powerful methodology for how to ensure they keep doing so. This book is perfect for anyone interested in knowing how brands expand and grow or simply wanting to know how the brand licensing industry works.

— Jamie Stevens, EVP, Worldwide Consumer Products,
Sony Pictures Entertainment

Study it carefully if you want to succeed.

Pete Canalichio's book provides a definitive framework which unlocks the riddle of profitable growth, brands, and licensing, with clear prescriptions and vivid examples.

— Jeff Lotman, CEO and Founder of the premiere brand
licensing agency Global Icons

I've heard it said that when the student is ready, the teacher appears. After a reading of Pete Canalichio's *Expand, Grow, Thrive*, I now know that nothing could be more true. As founder of a grassroots start-up brand, I think that Canalichio's methodology of brand building fundamentals is likely not only a must-read for the big-guy, household brand names, but also an essential educational guide for the small guys with big ideas. If you need to put some guard rails up on your road to licensing success, I highly recommend this book.

— Warren G. Tracy, President and CEO of The Busted Knuckle Garage

The information in *Expand, Grow, Thrive* is incredibly useful. When I oversaw Coke's brand licensing operations in the late 1990s there was no external resource to explain how the industry worked or how we could use licensing to delight our consumers and grow our brands. This book finally unlocks the mystery and offers a powerful LASSO framework to guide brand owners and their licensees.

— Tom McGuire, Founder and Managing Partner,
Talent Growth Advisors and former Vice President,
The Coca-Cola Company

Pete's sagacity and organizational leadership throughout these pages will not only engage and inspire leaders to a visionary level, but provide a host of pragmatic expansion and growth strategies to implement, to thrive, and drive with, for years to come. Leaders committed to their own development as well as the success of their organizations must read and share this inspiring leadership book.

— Peter Weedfald, SVP Sales & Marketing,
Sharp Electronics Marketing Company of America

In *Expand, Grow, Thrive*, brand building professionals from the associate brand manager to the senior marketing executive will find valuable insights for building more dynamic and sustainable brand growth. Through many entertaining, real-world examples faced by brand developers around the world, this book provides not only the lessons learned but the systems and approaches to enable others to benefit from them in their own work. In the LASSO method, the reader has a tool that serves as a powerful and proven structure for evaluating brand development choices whether you are a global brand or simply aspiring to become one.

— Nat Milburn, Managing Director,
Sionic Mobile Corporation and former Global Vice President,
External Business Development,
Newell Rubbermaid

This is an excellent book chock full of practical advice and information for professionals wanting to expand their knowledge of the brand licensing industry. *Expand, Grow, Thrive* provides a solid basis of brand licensing coupled with deep insights and real life "how to" examples. Fun anecdotes as well made for an enjoyable read. I must say I found myself taking notes throughout the book to reference later.

— Maura Regan, Executive Vice President,
Licensing Industry Merchandisers' Association (LIMA)
and former SVP and General Manager,
International Media Business, Sesame Workshop

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BY

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To my dear friend, greatest contributor, and LASSO Model co-creator,

Mark Di Somma

We started this collaboration almost three years ago in Miami. We had a dream of sharing with the world the story of how great brands build equity, reach, and revenue by partnering with great organizations. We also dreamed of creating a tool that brand owners could use to measure their brands' expansion optimality.

Well, we did it. Together.

Thank you for your insights, encouragement, and support. I couldn't have done it without you. For this, I'll forever be grateful.

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I knew the more stories I could incorporate into the book, the richer and more engaging it would be. With this goal in mind, I reached out to a host of industry leaders, some of whom were friends and colleagues, and others who simply believed this story should be told. They graciously gave up their time and willingly shared their brand and business secrets and, in turn, brought my concepts to life. I will forever be beholden to each of you: Kenneth Beaupre, Brand Advocacy and Licensing Manager at Caterpillar; Clayton Burrous, President and Owner at Sunbelt Marketing Group; Elise Contarsy, Vice President Brand Licensing at Meredith; Christine Cool, Licensing Manager at Perfetti Van Melle; Will DePippo, Assistant Director, International Licensing at Sesame Workshop; Jennifer Dorian, General Manager at Turner Classic Movies; Mike Dunn, President, Chief Brand Officer, Octane5; John Friend, Head of Consumer Products, International Expansion — 343 Industries; Darran Garnham, CEO, MTW Toys; Michelle Grech, award winning Brand Builder and former

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Introduction

Prelude: Addressing the Expansion Riddle

The pressure to grow is unrelenting. Decision-makers seek it. Investors insist on it. Customers are buoyed by it. A growing company exudes confidence, prestige, and acceptance. People want to work for companies that they feel are going places, literally and figuratively. In part, that's psychological. But, as McKinsey's research shows,[1] *it's also because there seems to be no alternative. Companies that are not growing are declining.*

Companies pursue growth strategies for all sorts of reasons. They expand to incorporate new strengths; add new activities; explore new territories; become more competitive; explore potential; escape convergence, saturation, stagnation, or commoditization; and much more … Too often though, as Lawrence Capron observes,[2] the motivation for growth is being able to claim growth, or at the very least evolution. Perhaps this is because managers feel they have little choice in the matter. "Companies must continually evolve to stay relevant, innovative, and competitive."

Welcome to the *expansion riddle*. Companies are under pressure to grow, but every action, and therefore every option, comes with risk. Standing still is dangerous, especially in dynamic sectors, but so is staying in one market, and so is diversifying into other

1. http://www.mckinsey.com/Insights/Growth/Why_its_still_a_world_of_grow_or_go?cid=other-soc-lkn-mkq-mck-oth-1510&kui=UnIpO0F3xWinuF8SDBwOnQ
2. http://insights.som.yale.edu/insights/how-should-companies-evolve

markets. And size does nothing to lessen the riddle. As Marc Emmer says,[3] "The larger the core business the harder it is to diversify, because a new business must grow at many multiples of the existing business to contribute enough margin to reduce [concentration] risk."

For all its popularity, growth is far from a sure thing. Bain asserts that in recent times 90% of companies worldwide have failed to achieve sustained, profitable growth.[4] They cite three common reasons for this: companies fail to even come close to realizing the full potential in their core business; they diversify too far in pursuit of fast growth; or they fail to successfully redefine their core, meaning they quietly rot.

Even if you have been growing, there's little to guarantee that the momentum you've worked so hard to build will continue to impel you forward. When McKinsey examined the top performers on the S&P Index, "less than half of the S&P companies that increased their revenues faster than GDP from 1983 to 1993 managed to do so from 1993 to 2003. Fewer than 25% of the outperformers of 1983 to 1993 remained in that group through 2013."[5] In other words, the predisposition to decline, even over a period of just three decades, is high. Companies that are not planning for sustained growth over longer time frames, rather than quarter by quarter, are likely to find themselves under increasing downward pressure.

Here's another important finding from McKinsey's work. As little as 25% of a company's growth can be attributed to market share acquisition from competitors; so, for all the talk about competing head to head and brand to brand, the returns on such toe-to-toe fights amount to little more than jostling in the wider scheme of things. The vast majority of growth springs from competing in the right markets and from making acquisitions that provide scale and increased market presence.

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3. http://www.vistage.com/blog/growth-strategy/growth-strategy-entrepreneurs-dilemma/
4. http://www.bain.com/consulting-services/strategy/fundamentals-of-growth.aspx
5. http://www.mckinsey.com/global-themes/employment-and-growth/why-its-still-a-world-of-grow-or-go

But identifying where that growth will come from is less straightforward than it sounds. McKinsey's own research found that 75% of managers believed the company would realize growth, at least through an increase in share prices, if they looked at opportunities beyond their core business in the next five years. However, over half of those polled also said growth would come from refining what they currently focus on, and a similar number thought that divestment of a currently held activity that they now judged to be noncore would generate increases in share prices over the next five years.

Of the 1435 companies Jim Collins evaluated in his landmark book, *Good to Great*, only 11 companies emerged as great: Abbott Laboratories; Circuit City; Fannie Mae; Gillette Co.; Kimberly-Clark Corp.; the Kroger Co.; Nucor Corp.; Philip Morris Cos. Inc.; Pitney Bowes Inc.; Walgreens; and Wells Fargo. Each had demonstrated a pattern of good performance, punctuated by a transition point, after which it shifted to great performance (defined as a cumulative total stock return of at least three times the general market for the period from the transition point through 15 years). In fact, the 11 companies that Collins identified averaged returns 6.9 times greater than the market — more than twice the performance rate of General Electric under the legendary Jack Welch.[6] Even so, several of those companies would later fail — a sign that even greatness is no guarantee of future success.

Investing for growth is another dilemma. Emmer's view is that "If the total industry revenue has strong momentum, the argument can be made to spend 80 percent or more (in terms of sales, marketing product development, etc.) on growing its core business. If a market is in decline, then the company should invest 40 percent or more in growing new businesses."[7]

Some conclusions from these findings seem obvious; others less so. Obviously, no company grows by doing nothing. Those companies that take an active part in capitalizing on fast-growing

6. http://www.jimcollins.com/article_topics/articles/good-to-great.html
7. http://www.vistage.com/blog/growth-strategy/growth-strategy-entrepreneurs-dilemma/

sectors are more likely to reap greater rewards than those that try only to reap organic benefits. Secondly, many companies are not recognizing their own latent potential, either because they can't see it or they don't want to act on it. These companies probably have work to do in terms of defining and refocusing their operations around their core strengths. Thirdly, while diversification is seen by many as an effective growth strategy, the search for growth must not be at the expense of focus or relevance, because a lack of either is potentially disastrous. The judgment calls around when to shift and when to focus are critical. Companies that have diversified too far and find themselves spread too thin need to rein in their borders. Finally, historic greatness and growth is no guarantor of future prosperity.

Growth itself will peter out over time unless there is an effective and competitive long-term growth plan in place. Finally, the majority of growth is likely to come from riding inherent growth in prosperous sectors and/or acquiring influential scale, and corresponding efficiencies through merger and acquisition and/or another expansion strategy.

By contrast, a brand can also try and change too much. In the 1990s, LEGO's sales were declining. Convinced that their core audience wanted toys that offered instant gratification, LEGO began moving away from its core product, iconic building blocks, into theme parks, children's clothing, video games, books, magazines, television programs, and retail stores, all in the name of growth. By 2003 the brand was in serious trouble. Turnover was down 30% year-on-year. The following year, sales fell another 10%. Still the research told them they were doing the right thing. Further swayed by this data, "LEGO was [even] considering dumbing down its toys, making the kits simpler and even perhaps increasing the size of its iconic brick."[8] It wasn't until the company stopped following the data, and started talking to LEGO players that they realized their mistake. Young users wanted LEGO kits to test and stimulate themselves. Thanks to some keen and timely

8. Quoted in Lindstrom, M. (2016). *Small data* (pp. 1–2). New York, NY: St Martin's Press.

insights by Martin Lindstrom,[9] senior management rethought its growth strategy and LEGO returned to prosperity.

So, what have we learned so far?

1. Do what you're good at — which means really know yourself as a company and as a value proposition.
2. Have a plan to grow — not just for now, but for the long term as well.
3. Expand where it makes sense but only as far as it makes sense — diversify, but don't dilute. Expand into areas that are growing already, and know when to stop.
4. Be part of something bigger; preferably, much bigger.

When you frame growth in these terms rather than just the numbers, companies have five ways to hit their precious growth targets.

1. They can stay in the markets they know and build out new products and services to win market share.
2. They can merge or acquire (or be merged or acquired by) another company, meaning they can take over someone else and pay, in cash, shares, or both, to gain a bigger footprint and a higher profile, provided that they can then gain the efficiencies to make the investment work.
3. They can franchise their operations, meaning they can replicate what was working into a bigger and bigger footprint using third parties.
4. They can license, meaning they can work with others to capitalize on the successes they already have both in markets they know and in less familiar sectors.
5. They can use combinations of these strategies.

9. https://www.martinlindstrom.com/

In an interview on how companies should evolve,[10] *Laurence Capron, co-author of* Build, Borrow, Buy[11] *and Professor of Strategy at INSEAD says,* "Choosing the right approach to adaptation and growth is difficult; as a result, many companies find a model and stick with it, even in contexts where it might not be effective." Too often, companies choose to grow in the way they feel comfortable, rather than in the manner that is strategically right. "They become good at executing a specific mode and so they repeat and repeat and repeat even in contexts and under conditions which might not be suitable," says Capron.

Background, it seems, can play a huge role in the decisions that leaders take around how to pursue growth. Engineers love products, so leaders with this training tend to focus on internal innovation. Bankers or financiers will pursue deals. Those that have experience in M&A will focus on that. But the companies that succeed in growing bring flexibility as well as experience to their growth strategies. They understand, contrary to what instinct might tell them, that there is no single way to move forward.

They also understand that growth is not always generated from within the company walls. Often managers overestimate how competitive their internal resources are, says Capron, and therefore they underestimate what it takes to get where they want to go. The hardest decisions are around internal and external mix: what do you grow through your own R&D; what do you buy and build; what do you partially invest in through what she refers to as "sequential engagement." A company like Cisco, for example, will use investment mechanisms like a minority stake to get a seat on the board. From there, they can decide which company to buy to create a better fit. "Sequential engagement can be very useful because you can really structure it in such a way that closes the gaps with early steps. Then, as you become more comfortable, you can then go for full control. Or not. The options remain open."

10. http://insights.som.yale.edu/insights/how-should-companies-evolve
11. https://www.amazon.com/Build-Borrow-Buy-Solving-Dilemma/dp/1422143716

Brand licensing can work in a similar way: enabling a company to engage with others and to work in other sectors without making a full-blown commitment. Often, when we talk to people about brand licensing, they are surprised to think of it as a way to achieve serious long-term growth. Sadly, the term is both loaded and misunderstood. Brand licensing is frequently portrayed as a series of deals intended to exploit an organization's intellectual property. Some see it as a gimmick for brands past their "use-by date" who wish to trade on their nostalgia. Others think of it as the cause of the very thing that Bain warned against: how a brand overextends into places that confuse customers and appear more opportunistic than thought-through.[12] While brand licensing, when practiced poorly, can manifest itself in any of these ways, those shortfalls should not be attributed to brand licensing per se.

Many assume brand licensing and promotional merchandising are the same. Again, this is a mistake. While both are marketing initiatives, and both often involve objects, there are important differences between merchandising items and licensed items. Merchandising is the stuff you give away to try and get exposure. It's an eyeballs strategy based on raising awareness of a logo. Brand licensing, on the other hand, assumes there is a customer relationship in place already, that the relationship has intrinsic value, and that fans will pay for opportunities to access the brand in ways that they haven't been able to do previously. They may pay in cash, or time, or both — but how they pay is less important than why they want to pay. They invest because the brand has value for them, and they are looking for ways to access additional value.

About 25 years ago, brand doyen David Aaker wrote an evergreen piece on the good, bad, and ugly of brand extensions.[13] These principles still ring true as we look at the foundations for brand expansion going forward. Every year, he observed, hundreds of companies introduce new brands and new products onto

12. http://www.bain.com/consulting-services/strategy/fundamentals-of-growth.aspx
13. http://sloanreview.mit.edu/article/brand-extensions-the-good-the-bad-and-the-ugly/

shelves bulging with choice. The bring-to-market cost of doing so frequently runs into the millions of dollars, and yet only a tiny percentage of these new options will succeed in meaningful ways. Brand licensing shortcuts the process by providing a new product or service with powerful ready-made associations that have already been cultivated by the brand, often over many years. As Aaker observed, for consumers the Weight Watchers brand means weight control, Jeep means adventure, and Hershey has a taste all its own. This is no coincidence. These brands have invested huge amounts to prompt consumers to think of their names in these terms. A brand is an engine — powerful not just for what it is, but also for its ability to generate value literally out of thin air.

A powerful brand with a proven legacy, through licensing its brand name to a product, or opting to partner or joint venture in a direction that feels natural (like it belongs with the brand or brands involved), will provide recognition, and thus awareness, for that product almost out of nowhere. The association itself is critical. Work by Aaker and Keller found that the perceived quality of the brand in its original context was a significant predictor of how the extension would be evaluated *as long as there was a fit* between the two product classes.[14] That association will then encourage consumers to trial the product because they see the presence of the brand as a reassurance of quality. Equally, the brand benefits by introducing products to market that fit with its image, but also extend that image into new areas.

The story of Vidal Sassoon hair dryers illustrates this perfectly.[15] In the late 1970s, Gerry Rubin was running a company called Helen of Troy selling hair dryers and styling tools to the trade. Rubin had a good share of the professional hairstyling trade and was making a living but basically the market was stalled. As he pondered his options, his father alerted him to the fact that hairdresser to the stars, Vidal Sassoon, was licensing his name. Throwing everything he had at the opportunity, Rubin won the

14. Quoted in Aaker, D. A. (1991). *Managing brand equity*. Jossey-Bass Inc.
15. http://www.inc.com/magazine/19881201/6322.html

brand license. The decision paid off handsomely. His Sassoon-labeled products did $10 million in sales in their first year alone, outstripping sales of all his other products, and then continued to climb year-on-year.

So you see, licensing has the potential to deliver on many of the growth demands for global brands, but the result is far from automatic. It takes significant judgment and sensitivity to make the wider offer feel natural and delightful for consumers. Too often, the link between idea/product and brand is not thought-through carefully enough. Ideas and brands are thrown together in what feels, to consumers, like marriages of convenience or greed.

The challenge for all brands looking to grow their presence revolves around adding new dimensions to something in which people are already in love. Franchising, for example, is all about skillfully replicating a recipe for success and adapting it carefully for local conditions. But reinterpretation can also be a critical part of how an idea evolves. As we say, it all depends on how consumers see the brand and connect it with where it is going. For example, *MasterChef* started out in 1990 as a competitive cooking show in the United Kingdom with a format devised by Franc Roddam. Revived and updated in 2005 by the BBC, the show was reworked in Australia to make it more suited to that antipodean audience. Ironically, that focus helped the show take off globally. Today it is a licensed format, owned and run by Shine Group that bills itself as "the most successful cooking format on earth."[16]

The success of *MasterChef Australia* lies in the fact that it is indefatigably Australian. That's why Australian audiences are drawn to it season after season. But what *MasterChef Australia*'s interpretation has done is to add value by changing the format and introducing new and interesting experiences that audiences outside of Australia also enjoy. The choices of judges, dishes, and ingredients add local relevance. Guest judges from within Australia and beyond bring authority and credibility. The stories of the amateur

16. http://deadline.com/2014/10/masterchef-joe-bastianich-shine-international-mipcom-851783/

contestants, or "characters," whose personalities and back stories bring drama and emotion, remind everyone, as Andrea Toniolo so crisply put it, that "food is life."[17] There's drama, pain, heartbreak, triumph, tension, personality … everything that an audience is looking for … over plates of amazing food that people literally sweated over. Does it bear any resemblance to life in a commercial cooking environment? Absolutely not! Does anyone care? Clearly not. It's real enough that people relate to it. And unreal enough that they are not tuning out.

We've never had so many brands — and because of that, brands now matter more and less than ever.

Let's start with the bad news. Having a brand is good, but that alone will not be enough. John Gerzema and Ed Lebar argue that brands across the board have suffered key drops in awareness, trust, regard, and admiration over the past 25 years.[18] Their research revealed that this was true not just for a few brands, but for thousands of brands encompassing the entire range of consumer goods and services, from airlines, automobiles, and beverages to insurance companies, hoteliers, and retailers. They found that most brands were not adding to the intangible value of their enterprises the way they used to do. They ascribed this to three things:

1. Excess capacity — The world is overflowing with brands and consumers are having a hard time assessing the differences between them.
2. Lack of creativity — Consumers expect more big ideas from brands and they expect them faster. That's not happening quickly enough.
3. Loss of trust — Brand trustworthiness has declined markedly.

17. http://www.andreatoniolo.com/the-success-of-masterchef/
18. http://www.strategy-business.com/article/09205?gko=8a197

Therefore, brand presence alone will not generate growth the way companies might once have hoped. Instead, the brands that will thrive are those with a clear vision of their future in terms of direction and point of view. They must be inventive in the sense that they continue to redefine what they mean to people. And they must be dynamic because they penetrate popular culture, creating excitement, and giving people ideas to discuss. Brands, like growth, are dependent on movement.

Here's the good news: Whether they admit it or not, consumers are now brand-dependent. To understand why, we need to quickly explore two things: the changing presence of brands and the changing meaning of brands. Let's start with presence. After World War II, as countries like the United States entered a new era of consumerism, a brand was very much about a product and its name. In the restricted marketing environment of mainstream broadcasting channels, companies pushed their monikers to millions of people through a very small number of channels, knowing that simply by raising awareness, they had a good chance of lifting sales. Fast-forward to today and that style of marketing has long since departed. Brands are now about far more than just names, and the channels available to publicize them have increased out of all proportion. Consumers are also time-pressed and looking for mechanisms that shortcut their decision-making. Brands provide recognition, familiarity, and personality. These are the reasons why the presence of brands has exploded.

At the same time, in this high channel, high-media-consumption environment, the very meaning of a brand has changed. Today, a brand is not just a product or service, it can also be an event, a celebrity, a film, a TV series, or a political party. Brand has come to mean anything that is recognized as an entity in its own right and is treated as such by both mainstream and social media. We also talk about brand as a style, type, or interpretation — as in "her brand of …" These changes have normalized the term beyond marketing. Brand is now a description for elements that many of us view as modern-day life, and that have a specific character that is indigenous to them.

When a company looks to grow by expanding its brands, it does so by taking the brand beyond its current confines — into areas where it hasn't been before. So when companies talk about brand growth, what they are really talking about is expanding an idea/thing/celebrity and/or object further into the lives of consumers. The mechanisms may vary but it is not just the brand itself, or its intellectual property (IP), that is being leveraged. It is the relationships that people have with the brand because of how it appears, what it means to them, and a desire to lift their involvement.

In 2011, at a TEDx talk in Salt Lake City, Amy Lukas talked about the challenge of getting ideas to scale.[19] Her thoughts mirror our own in terms of the expansion riddle. "Scalability of an idea," she observed, "is the change of an idea in size and complexity." It's such a beautiful thought, because it reminds all of us that no idea can remain static. It must morph to survive, and as it does so, it takes on a life of its own, changing shape and density, involving more people, becoming more relationship based, and needing to address new challenges.

The irony of growing an idea is that you can expand an idea, but you often can't expand it while it is just an idea. It's too raw. It's too broad. There's nothing for people to identify and hold onto. There's not a *thing* for them to talk about with others. Concepts are exciting for entrepreneurs, artists, and other creators, but they're like air to most recipients. Real, but not so real that people can appreciate their value. In our busy world, people don't have time for conceptual explanations. They want an idea to be packaged in a form they recognize. They want to be able to call it something. They need it to be crisp, simple, and likeable. And they need it to deliver a story and experience through emotions, language, and design. *If ideas are to take hold and then change in size and complexity, they need a brand.*

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19. https://www.youtube.com/watch?v=890wEm3ZvWA

I met Mark Di Somma, one of the core contributors of this book, by chance. All right, not quite by chance. I met him at a conference where we were both speaking. I was there as a brand licensing expert; Mark was there as a creative strategist. Two guys of Italian heritage. I'm from Atlanta, Georgia, and Mark is from Wellington, New Zealand, but we both share a passion for brands and how they work. Mark was fascinated by the same question as me, what will succeed, and then how do you build on that? There was no way of knowing, we agreed. But, as we talked further, drawing on what each of us had seen thrive and fail over the years, a couple of things became very clear.

When we looked around at all the literature, there were shelves of books on growing your company presence, plenty on how to buy, sell, and negotiate for existing brands and businesses, quite a few on franchising, some on licensing. There was also plenty of publicity around the kinds of deals that were being struck. But what was missing, it seemed to us, was a framework that people in charge of growing brands could use to expand their marque methodically and responsibly into a broader phenomenon. What was also missing were the strategic criteria for knowing when to do that in order to meet growth targets.

New formats, new partnering arrangements, and new corporate extensions are breathing new vitality into how and where ideas are seen through brands, and the environments in which they are experienced. While these changes are innovating brand growth frameworks in new and exciting ways, they are also making it more complex and more fraught. How should a brand look to grow? When is the right time to do so? How and when can it best capitalize on opportunities to hit the daunting growth targets that are increasingly expected?

As I said, Mark and I wanted to find a framework and test that framework across various areas in order to compare and contrast the success factors. Does a licensed celebrity brand, for example, succeed for different reasons than a well-known not-for-profit brand? Does a corporate brand operate under different dynamics than the one in the entertainment sector? Just as importantly, what might each learn from the other? To find out, we sat down with people who are working for, or who have worked for, brands that we thought had done a great job. We asked them about their approaches, their beliefs, their experiences, and their disappointments.

Having analyzed dozens of examples, we narrowed the critical elements of successful brand empire-building down to five key factors: the five first letters of which form the acronym LASSO. I will explore the implications of these in coming chapters.

Lateral

Owners of powerful brands expand their brands into new territories while staying true to the idea for which they are renowned. By doing this, these brands are able to continue to connect with people who know and trust them, and at the same time, to take the relationship into new spaces. This is particularly important at a time when more and more brands are looking to connect with customers across a broader front. Expanding a brand beyond its operating sector into wider life categories encourages customers to think of "their" brand in new ways. Bulgari has expanded into resorts selectively scattered across the globe over the past 10 years; *Better Homes and Gardens* has extended into a home textiles and decor program that is exclusive to Walmart; Pantone, a color chart service, now can be found on mugs and tabletop products and in books, taking advantage of the brand's color equity to shift the brand into entirely new channels of distribution.[20] The real challenge is to strike the right balance between surprise, whereby the brand appears where it was not expected, and alignment, whereby the appearance of the brand in this sector makes sense because it mirrors what the brand already means. If the association is too lateral, or if the brand isn't strong enough, the whole arrangement simply looks fetching, like a bridge too far for consumers to believe and be interested in. There are many examples of brand expansions that have gone terribly wrong: Bic's 1998 venture into

20. http://www.brandchannel.com/2016/12/05/brandspeak-licensing-michael-stone-120516/

perfume in the United States[21] or disposable pantyhose in Greece, Austria, and Ireland.[22] Consumers didn't *get it* and the extensions ultimately failed.

In a nutshell, this means there needs to be clear line of sight between what the brand says and stands for, and everywhere that it is seen. These associations can be literal or emotive, but they need to be well thought out. They must stem from something you will notice that I talk about a lot in this book — a brand's *expansion point*. The expansion point is the common reference point for every place that the brand moves into, and also is the singular idea that relates consumers to the brand. Two questions are pertinent here. Firstly, how does the addition expand on what people know about the brand already? Secondly, where can that expansion take the brand next? Each addition is like a station on a rail network, carrying the traveler further from the point they started from, and yet linked back to that starting point intuitively and effortlessly.

Addictive

If a brand is to grow into other categories, it must generate curiosity. It must encourage consumers to seek it out wherever they find it — and not just that, but to return time and time again to experience that brand again. As they do so, the brand needs to find ways to make each experience interesting and cumulative. Perhaps no brand extension release to date exemplifies this concept better than *Pokémon Go*. The concept for the game was conceived in 2014 by Satoru Iwata of Nintendo and Tsunekazu Ishihara of the Pokémon Company as an April Fools' Day collaboration with Google. In fact, it was originally called the Google Maps: Pokémon Challenge.[23]

21. http://perfumeshrine.blogspot.com/2012/12/bic-fragrances-perfume-history-of-les.html
22. http://brandfailures.blogspot.com/2006/11/brand-extension-failures-bic-underwear.html
23. https://en.wikipedia.org/wiki/Pok%C3%A9mon_Go#cite_note-22

"Through a partnership between Nintendo and Pokémon, Niantic's mapped a fantasy world brimming with Charmanders, Squirtles, Weedles and more onto real-world streets, parks and buildings by employing a miracle of algorithmic wizardry and real-time location data."[24] From the moment it was released in July 2016, the game had players competing for virtual turf mapped onto real-world landmarks such as churches, sculptures, or museums.

In order for a brand to be addictive, each point of contact must be surprising and delightful in its own right. At the same time, that point of contact must motivate the buyer to come back for more, knowing that the experience they have next time will build on what they already know. When this is working well, customers are presented with more and more ways to interact with the brand, across a range of media and sectors, and each time that they do, it strengthens their loyalty to the brand and increases their interest in seeking out further encounters. From a business point of view, this ensures not only that the brand has bankability but also that the relationships themselves can be proactively managed to keep customers on the lookout for new opportunities. Such reliance significantly decreases the risk of introducing new product into market.

Storied

History makes a brand interesting. It adds heritage to what is happening. It helps people feel like they are part of something that stretches back way before their time. Story also brings familiarity. Every human being understands the format of narrative: it is hardwired into us as a way of sharing. Brands that can expand what they offer within the context of expanding a familiar story are able to take customers on a journey that feels both familiar and new. Stories are involving and collective, but they are also personal.

24. http://time.com/4401279/pokemon-go-review/

Rogue One: A Star Wars Story was released in late 2016, but is set just prior to the first *Star Wars* movie, *A New Hope*, which came out in 1977. Peter Debruge of Variety shares:

> Not only does *Rogue One* overlap ever so slightly with *A New Hope*, but it takes that blockbuster's biggest weakness, that a small one-man fighter can blow up a battle station the size of a class-four moon, and actually turns this egregious design flaw into an asset. Now we know *why* the Death Star has an Achilles' heel and *how* that information fell into Princess Leia's hands.[25]

It's this level of story that has made the *Star Wars* series (with the release of *Rogue One*), the highest-grossing film series on record with over $4 billion in total revenue predicted. As a point of reference, *Gone with the Wind* at $3.4 billion, was a distant second.[26] *Rogue One* could also help keep "the Force strong" with Disney's *Star Wars* merchandise sales. In 2015 the franchise pulled in $700 million in merchandise sales with *The Force Awakens*, and the latest haul is expected to be even larger.[27]

Storied brands compel people to collect memories that link them back. They are wonderfully intriguing because they have had so much human involvement already. There is a powerful sense that "adding on" makes the past more special, and the present seem so much more potent. If you can build a brand with legacy, and at the same time add new timeless and universal ideas from that legacy, all the elements to draw a crowd are at your command. This is also an excellent way to grow a brand from its core strengths and explore ways to keep a historic brand current.

25. http://variety.com/2016/film/reviews/rogue-one-a-star-wars-story-review-1201939299/
26. *Guinness World Records* (Vol. 60, 2015 ed.). 2014. pp. 160–161. ISBN 9781908843708.
27. http://fortune.com/2016/12/13/disney-star-wars-rogue-one-box-office/

Scalable

Increasingly, brands operate across bigger and bigger vistas, but achieving scale is complicated. There is always a delicate balance to be drawn. On the one hand, an idea must expand to fill the bigger arena where it wishes to be seen. That in turn adds all sorts of complications in logistics, culture, language, and so much more. On the other, the brand must remain true to what people first fell in love with. The hardest point of scalability is knowing which parts to make even bigger and which to adapt or omit. The other critical decision is resolving the expansion riddle — expanding the brand purposefully into sectors that fit with the brand, but are also growing at rates that will add critical momentum. Brand licensing should be viewed, from a scalability point of view, as a form of merger and acquisition. You are merging the brand of one sector with the momentum of another sector in order to achieve new levels of growth and scale to create a hybrid presence, which is more powerful and effective than either expansion would have been alone.

One extraordinary example is Coca-Cola Shoes sold in Brazil. The program, which started in the 2000s, boasts dozens of different styles today. With sales over $100 million, Coca-Cola Shoes are now the second most popular brand in the Brazilian market behind Nike. In fact, with the success of shoes, apparel, and accessories, the Brazilian market accounts for more than 30% of Coke's global licensing business.[28] Coca-Cola Shoes even has its own website which boasts, "With a differentiated line of sneakers, high boots and sandals, we help spread all the vibrancy and optimism of Coca-Cola through our actions and our products."[29]

Scalability is a combination of brand equity, footprint, presence, and growth. More brands should judge their licensing decisions in

28. http://www.coca-colacompany.com/stories/on-the-track-coke-designs-exclusive-apparel-collection-for-rio

29. http://www.cocacolashoes.com.br/#sobreAcocacola

this way when it comes to market penetration. You're not just looking to enter into a new market through a licensing program, you're looking to link the brand to the levels of growth in that market as well. Do this carefully. Expanding your brand into a market with stalled growth may meet the scalability criteria in terms of footprint and even presence, but it almost certainly won't enable the brand to hit its growth targets.

Own-able

Finally, and perhaps most importantly, the brand must know what it owns. This is a complex and involved area; aspects of which are beyond my core expertise. For example, every brand today fights a major battle protecting its IP against fast followers and copycats. Brand protection strategy has never been more important for large brands that also face knockoffs and the illegal use of their trademarks, nor has the monitoring of income streams to ensure that payments such as royalties are accurate and timely. There is a company called Credit and Financial Services, founded by Tony Toland, Sr. whose primary purpose is to ensure licensees follow through on the obligations of their contracts. According to Oliver Hoeltje, Assistant Finance Director, Global Business Development for P&G, Credit and Financial Services runs the back office for their Licensing and M&A departments. "[C&FS' work] gives me peace of mind. I don't need to worry about it." They are very good about what they do, which ensures that P&G not only receives the royalties earned on all officially licensed products sold, but ensures the licensee is not selling any unapproved product. Coupled with products like Brand Comply offered by Octane5 that use holograms to ensure branded products sold are officially licensed and not contraband, Credit and Financial Services protects for brands what is truly own-able.

While companies must have their intellectual property protected through copyrights, patents, trademarks, and trade secrets to ensure long-term profitability and maintain market relevance, "ownership" of the brand often lies with consumers. Martin

Lindstrom opines that "products are produced in the factory; brands are produced in our minds." As such, consumers often lay claim to the ownership of a brand and treat companies as simply the guardian of those brands. That is why when a "guardian" does something they disapprove of, consumers quickly make their displeasure known. Perhaps the most famous example of this was when Coca-Cola launched New Coke on April 23, 1985, eliminating Coca-Cola's 100+ year-old formula on which the company was founded for something that taste-tested better than Pepsi. There was such public uproar that the company reversed course and by July the original formula was back.[30]

More broadly though, when a brand chooses to expand beyond its current borders either geographically, reputationally, or in terms of offering, it must know what aspects of the brand it will carry across to the new sectors, and where it will adapt its core DNA in order to be competitive within that sector. The brand additions must not only feel like they belong to the brand, the brand itself must seem bigger, deeper, and broader because of the activities that now take place under its name. In other words, the expanded brand needs to connect its own dots in ways that consumers recognize and enjoy. Key to that is the brand having very clear ideas on what it considers proprietary and therefore sacrosanct. At the same time, it must judge carefully when and how to incorporate the thinking and inputs of others, through mechanisms like codevelopment, joint innovation, and open source, in order to continue changing and growing what it represents at the speed that consumers demand.

Not everyone is convinced that growth is the best agenda today.[31] Some argue that expanded consumerism is now an outdated economic driver, and that I would be better off to pursue agendas that focused on disciplined use of local resources or

30. http://www.cbsnews.com/news/30-years-ago-today-coca-cola-new-coke-failure/
31. http://www.brandingstrategyinsider.com/2013/09/brand-marketing-and-the-anti-growth-strategy.html#.WCBARSS5rm4

strategies that encourage people to consume less. Others have told me that globalization is dying as an economic force — that the pushback with Brexit, Trump, and less free trade is a return to a more parochial and bipartisan market. This book makes no attempt to refute any of these arguments. I can certainly see a case for companies choosing to take a more contained approach. I agree that there is also pressure on companies to do more within their own regions. But I am neither an economist nor a politician. From a brand perspective, Mark and I would argue that the LASSO framework is still applicable, and that companies may choose to pursue it with different levels of intensity or scope. They may choose to pull back on their scale, for example. They may choose to pursue a less addictive path in the interests of preserving resources. Brands will go where consumers dictate.

But in terms of the framework itself, how should companies be using LASSO to pursue their growth agenda? I'll delve into this in more detail soon. But for now — the LASSO framework points to a way of growth that addresses the concerns I discussed at the beginning of this introduction. By using the brands they have as the basis for growth, companies can make more of the assets that represent their brand portfolio. By carefully strategizing their expansion plan, they can ensure that they don't stray too far from the powerful associations that they have built with consumers. And by continuing to refine and update their brands, and the performance of their brands, they have a market-sensitive mechanism for continuing to strengthen their core business. Just as interesting, by tying their brands to dynamic parts of the economy, companies can look to lift overall performance at the same time as they broaden market presence.

There is a huge untapped potential here. But before I go any further, let me share a real-life riveting tale with you.

1

Pinning Their Hopes

A great brand licensing program isn't simply looking to extend a brand into new places, it's looking to work with what people know and love in order to change the emotional scale at which the brand operates.

A Tale of One Pin, Two Brands, and 3,000 People Waiting in the Cold

Scott Pitts felt like he had just placed his head on the pillow when the phone rang in his small Olympic apartment one-half mile from the Outdoor Medal Ceremony in Honshu, the main island of Japan. It was 12:56 a.m.

> "Who could be calling me at this hour?" thought Scott. It was the final day of the Nagano Olympic Games, and Coca-Cola's Nagano Olympic merchandise manager was beyond exhausted. He had been in bed barely two hours. A pause … then the phone rang again.
>
> "Hello. This is Scott Pitts," he mumbled, trying to shake himself awake.
>
> A Japanese voice responded, "Pitts-san, this is the Nagano Police. Your presence is required at the station immediately."

"My presence is required at the station? Why? What's wrong?" Scott implored, collecting his bearings.

"You must have a business permit," stated the police officer.

"I don't understand. Why do I need a permit?" Scott asked. "What the heck is going on?"

"There is a line forming outside the Coca-Cola Olympic Pin Trading Center. This is not authorized without a permit."

Scott scratched his head, thinking, "Why would there be a line forming outside the Coke Pin Trading Center at this hour?" While Coke's Olympic licensing program had many facets, the most important was the Coca-Cola Pin Trading Center located in downtown Nagano. Each day, Coca-Cola sold their special "Pin of the Day" there at 11 a.m. Normally, the line would begin forming two hours earlier. Who would be crazy enough to line up in the middle of the night? It had to be 20 degrees Fahrenheit outside.

"Pitts-san. Are you there?" inquired the police officer, growing weary over the conversation.

"Yes. Yes. I'm here. I understand. I will be there shortly."

"Very good, sir. The permit costs ¥200,000 yen. You will need to bring cash."

The phone went dead. Bring ¥200,000? That was almost $2,000! Where was he going to find ¥200,000 at this time of the night? Scott knew of an ATM near his apartment. He ran over and put in his card. The maximum he could withdraw was ¥25,000. Eight ATMs later, Scott arrived at the police station with the money in hand.

Scott got the permit and finally made it back to his apartment. He put his head on the pillow. Before he knew it, the alarm went off … at 6 a.m. He hit the snooze button. An hour later, Scott reached for what he thought must be the alarm — and realized it was his phone again. It was 7:17 a.m. What could be wrong now? He hoped no one had started a riot or been hurt.

> It was Jonathan. "Scott, I am sorry to disturb you, but you've got to get down to the Pin Trading Center. You won't believe what is going on." A short and precise summary of the situation followed.
>
> "I'm on my way. Try to keep things under control until I get there."

Scott hung up and dressed as quickly as he could. Fortunately, he didn't have to think about what to wear. A Coke uniform lay strewn over the chair where he left it the previous night. As he walked up to the Coca-Cola Pin Trading Center he couldn't believe his eyes. The line stretched for blocks. Never in his imagination did he think that a brand licensing program would impel thousands of people to line up in the dark on a cold February morning for a simple Coca-Cola Olympic pin.

His thoughts flashed back 13 months to January 1997.

Now, allow me to pick up the story…

Scott had joined Coca-Cola after working on the 1996 Olympic Torch Relay. As the Midwest Regional Coordinator, he had been responsible for crowd-building along the relay route in his region. In that environment, things happen in a rush. About 90% of Torch Relay crowd-building occurred in the 60 minutes prior to the passing of the Olympic Flame. Scott and the rest of the Atlanta Torch Relay Team had successfully wrangled more than 20 million people to witness the Olympic Flame going by. Now he had joined Coca-Cola, one of the premier Olympic sponsors, and would get to be part of another Olympic Games.

I had just come off working on the Atlanta Olympics myself. As a Coke employee, my role had been substantially different from Scott's. Because the 1996 Olympics were in Coke's hometown, the company had pulled out all the stops. One of their initiatives had been to build a seven-acre theme park they affectionately titled, Coca-Cola Olympic City. It sat across from Centennial Park and would be open for 100 days. My job had been to negotiate contracts with Coke's suppliers to ensure the park was built on time and on budget.

This was my first Olympic experience. I found it exhilarating and wanted more. When Laurie Ann Goldman, head of Coke's worldwide licensing program, asked me to join her team to head up a newly formed event licensing group which would support Olympic sponsorships,[1] I jumped at the chance.

Scott and I were both newbies to the world of licensing and event marketing, but we were confident we could make up for our inexperience with our business skills, exuberance, and perseverance. We quickly realized we had jumped into the deep end. With the Nagano Olympic Games just over a year away and nothing started, we needed to complete 30 months of work in the span of 9. This meant running processes in parallel that normally functioned in series.

Our role was to create a co-branded merchandise program that integrated the Nagano Olympic and Coca-Cola marques. We decided merchandise would be sold at the World of Coca-Cola in Atlanta, Georgia, allowing us to ride a wave of momentum from the prior Games hosted in Atlanta. We would also target Olympic pin collectors based in the United States through a catalog. Furthermore, we would sell merchandise along the Torch Relay routes throughout the Nagano prefecture and at a Coca-Cola Olympic Pin Trading Center located in downtown Nagano.

1. I grew up mesmerized by the Olympic Games. As a child I would watch them for hours, often by myself. There was something powerful, almost hypnotic, about the Games and what they meant. While I would never be athletic enough to compete, it was my desire to someday get to be a part of the Olympic Games. As of 2017, I have worked on eight Olympic Games.

However, first, we had to negotiate a program agreement with the Nagano Olympic Committee. That agreement would authorize us to create and sell the co-branded merchandise and set the terms for how the program would be run, including where the merchandise could be sold, what categories would be allowed, who could manufacture the merchandise, how product would be approved, the levels of royalties that would be paid, and finally, how those royalties would be split between Coca-Cola and the Nagano Olympic Committee.

We pulled together our plan and I flew to Tokyo to meet four members of the Committee. Through a colleague who served as my interpreter, we went back and forth for hours on the merits of a co-branded program. Because the Nagano Olympic Committee would be required to split the royalty revenue with Coke, the members were concerned that our program would cannibalize their existing program and deliver less royalty to them. I countered that it would likely bring in Coke-friendly consumers who would buy not only our co-branded merchandise but more of their Nagano single-branded merchandise. However, the Committee appeared to have no real interest in allowing Coca-Cola to create an additional merchandise program so close to the start of the Games. The objections continued. They didn't have any additional resources to put toward the program.

> "Not to worry," I told them. "All you have to do is stick out your hand and collect the royalties and we'll do the rest." Still, they seemed to balk at my request.
>
> With a wry smile, one gentleman asked, "Why would anyone want to buy Coca-Cola merchandise?"
>
> I paused for a moment, and they must have felt they had finally won their argument and could politely escort this persistent American to the door. I then answered with as much confidence as I could muster, "I can't say for certain, but what I can tell you is that almost a billion

> dollars of Coca-Cola branded merchandise was purchased worldwide last year."

That statement won the day! The Committee members agreed to our program and I left for my hotel, and then a 14-hour flight home. I was elated and exhausted! Our work had just begun.

With approval to move forward, the next thing was to identify what categories of merchandise we would sell and who would manufacture them. We knew that Olympic pins would be our most important category. Coke had sponsored the first Official Pin Trading Center in Calgary, Canada, in 1988. Since then they had hosted a Pin Trading Center at each subsequent Olympics. Pins had become the number one spectator sport at the Games so we were banking on another big turnout of pin buyers and collectors. In addition to the pins, we wanted to produce apparel, Coca-Cola Polar Bear plush, commemorative crystal and gold-plated Coca-Cola bottles, and other souvenir and collectors' items.

We almost didn't get approval for the plush. The Nagano Olympic Committee felt the Coca-Cola Polar Bear might raise concerns. The Nagano mascots, known as the Snowlets, were four cute little owls. Given that polar bears eat owls, there might be an uproar from the public! We shared our advertising campaign with the Committee and, thankfully, they quickly saw that the Coca-Cola Polar Bear was only interested in sharing a Coke and promoting friendship. It seemed as soon as we gained approval from the Nagano Olympic Committee that we started hearing from our colleagues in Japan that building a Pin Trading Center in Nagano was not a good idea. "The Japanese are sophisticated buyers. They would have no interest in buying Coca-Cola branded Olympic pins."

Oh boy! A large part of our budgeted revenue for the project was tied to the successful sale of Coca-Cola Olympic Pins. If the naysayers were right, not only would we not reach our targets, we would also have an egg all over our faces. The road to Nagano was getting narrower and more isolated by the moment.

To get an accurate assessment, Scott pulled together focus groups in the United States and Japan and asked each whether

Japanese would want to buy and trade Coca-Cola Olympic Pins. It was a possibility, he was told, but only if the designs were right and we could appeal to enough people to build sufficient momentum. Many of the team from Coca-Cola Japan believed that the resources should go to other market initiatives. However, if we chose not to build the Pin Trading Center, we risked missing a big opportunity to connect thousands of new potential consumers with the Coca-Cola brand in a unique way. Not building might be the easy way out, but we believed deep down it was important for us to press ahead anyway.

Our next job was to find an event retailer who would believe in the opportunity enough to assume the inventory risk, pay for additional staff, and cover the additional expenses associated with selling the pins when the Center was open. We knew that W.C. Bradley had had a profitable event merchandising program helping Coke with the Atlanta Olympic Torch Relay. Would they be interested in being our partners again for a project that would be staged on the other side of the planet?

Fortunately, it didn't take much convincing to get the team from Columbus, Georgia, signed up. I thought about those Southern gentlemen doing business in central Japan and cracked a smile. It would be entertaining, if nothing else. We collectively decided that the best way to build momentum was to open the Pin Trading Center early. That way, people would learn the location of the Center and become familiar with the concept *prior* to the start of the Games.

Almost immediately we ran into another roadblock. Per our agreement with the Nagano Olympic Committee, we had to use the Japanese pin manufacturer which had acquired the licensing rights to sell Nagano Olympic-branded pins. Instead of having one company to create more than 100 different designs of pins, the Japanese licensee turned out to be a consortium of small companies. There was no way we were going to be able to meet our objectives if we had to deal with dozens of companies scattered all over the country!

Fortunately, the agreement between Coca-Cola and the Nagano Olympic Committee allowed us to choose an alternative supplier if the licensee was not able to meet our delivery schedule. With the approval of the Nagano Olympic Committee, we turned to Aminco, which had supplied pins to Coca-Cola for previous Olympic Games. Not only did they know how to deliver hundreds of quality designed pins on time, they could execute a program at world-class pricing.

Good. But we were about to be dealt with another major setback to our fledgling program. With all the challenges we had been facing, we had not seen that our "get it done" attitude had put a tremendous cultural strain on our Event Merchandising team member based in Japan. Miho[2] was a young professional woman with Japanese parents who had been educated in the United States so she had grown up speaking both Japanese and English. Bright and energetic, she wanted to help us be successful. However, from the outset she struggled to fit in with the male-dominated Coca-Cola Japanese team. As I had shared earlier, they did not wish for us to open a Pin Trading Center in Nagano. At the same time, Miho had to answer to Scott and me, who were asking her to move forward with the project. By April, it had become too much and Miho told us she was leaving the team. Literally our one line of communication in Japan had just been cut off!

We considered all the options, including sending Scott to Japan for the duration, but with all his responsibilities in Atlanta we knew it would never work. Moreover, Scott didn't speak Japanese. After a series of false starts we found Jonathan, an American who had grown up in Japan with missionary parents. Bi lingual, culturally aware, energetic, and enthusiastic, he was quickly signed to the team and sent to Japan.

Even though we had W.C. Bradley as our event retailer for the Coke Pin Trading Center, we still needed an event retailer for the other Coke Olympic-branded merchandise that would be sold along the Torch Relay route and during the time of the Games throughout the Nagano prefecture. This proved to be one of our biggest challenges. Few companies in general are willing to take

2. Our team member's real name has been changed to protect her privacy.

the risk of buying event-specific merchandise. While the payoff can be huge, the program is fraught with risks, including obtaining sales permits, staffing for the event, gaining merchandise approvals from the brand owners, selecting the right mix of merchandise, and finally, finding each of the exact locations for selling the merchandise where the crowds would be.

Event retailing just didn't make sense to most Japanese businesses. They would be happy for us to hire them, but they had no interest in signing up to own and sell the licensed merchandise. While Scott and I focused on getting our contracts signed with the Nagano Olympic Committee and the licensees who would manufacture the merchandise, we continued looking for an event retailer who would meet our requirements. The search proved elusive. Finally, after two months, we found a small company in Japan whose owner was entrepreneurial. After vetting them, we felt they were qualified in every way except one: financially. The owner's limited capital would put the program at risk because he would not be able to secure the entire inventory needed for the program to reach its full potential. We advised him accordingly and, to our delight, he went out and found a larger company willing to back him. This enabled us to close the deal. The pieces were finally coming together to deliver the merchandise by the time of the Games. Now the questions were: "Would they come?" and if they did, "Would they buy?"

The latter half of 1997 was a blur, as Scott, Jonathan, and I raced to approve the concepts, prototypes, and final projection run product that was being made by our licensees. Once Coke had approved the product, and we had gone through the Nagano Olympic Committee approval process, it still had to be tested for safety and quality standards. Having Jonathan on the team proved a godsend as he followed through on every task. He also settled in well with our Coke colleagues in Japan, which strengthened the chemistry between the two teams.

Construction on the Coke Pin Trading Center finally began in November 1997. Despite only wanting to have the building erected for 60 days, Japanese construction laws required that the center be built to the standards of a permanent structure. On

January 1, 1998 a small crowd of dignitaries from the Olympic Committee, the City of Nagano, and Coca-Cola senior executives gathered for the official opening. The center itself looked amazing. The exterior featured a 40-foot-tall Coca-Cola bottle with a large sign. Inside, the walls were stocked with brightly colored pins in all shapes, sizes, and colors, each commemorating something different: count downs; countries; sports pictograms; mascots; Nagano-centric; and all kinds of Coca-Cola pins. We had designs with delivery trucks, vending machines, six-pack bottles, and even coolers. Inside the center was a small stage for special events like the ribbon-cutting ceremony. Everything went off without a hitch and we got plenty of friendly media coverage, thanks to our hard working Coke colleagues on the Public Relations team.

The first day netted us a little over $10,000 in sales. Not a bad start. When sales dropped to about $2,000 the next day though, I got a bit concerned. We would never reach our budgeted revenue total if things didn't pick up dramatically — and we were being watched by consumers; Aminco, our pin licensee; W.C. Bradley, our event retailer; and our team at Coke. Sales barely reached $100,000 for the month of January. They were back up to $10,000 a day in early February but we were still a far cry from the $30,000 to $40,000 we needed on a daily basis to make our budget. Perhaps the pundits were right. Maybe the Japanese would never get into pin collecting and trading. We held our breath and waited for the beginning of the Olympic Games and what that would bring.

As Scott walked towards the Coca-Cola Olympic Pin Trading Center, the crowd went for blocks and blocks. Almost all the pins had been sold except for the Pin of the Day, which was held back. In fact, shipments of basic Coke pins had been couriered in the last couple of days from Atlanta to put *something* on the shelves. Over the 17 days of the Games, sales had jumped to over $40,000 on the opening day and increased ever since. Day 3 of the Games was Valentine's Day and Coke had made a special heart-shaped Pin of the Day to commemorate the holiday. The pin, which sold for the yen equivalent of about US$10, was selling on the streets of Nagano for over US$400 By Day 4, consumers were buying all 1998 pins that were allocated for each day along with many of the previous day's pins. There was nothing in stock. Every crowd projection and financial goal for the project had been reached by Day 7. Our business partners had exceeded their own targets and were also extremely happy. There was no time in the day when there wasn't a crowd in the Center and oftentimes there was a line formed outside. Sales on a couple of the days had soared to over $90,000 — unheard of for a 1,500-square-foot store. The Coca-Cola Pin of the Day program was a resounding success!

Scott pondered the size of the crowd lined up outside the Pin Trading Center. He was extremely concerned that the fans would be angry or disappointed when they learned they would not be able to purchase the Day 17 Pin of the Day. Too much goodwill had been earned and Scott was determined to ensure no one walked away with a negative impression of Coca-Cola or the Nagano Olympic Games. He decided he would count off the first 1998 customers in line. That was the least he and Coca-Cola could do. Inside, the W.C. Bradley team would merchandise the shelves with every piece of inventory in stock to make the purchase experience as rich as possible.

As Scott and Jonathan made their way along the line, the crowds were very happy and excited, despite the early hour and the cold temperatures. About 30 minutes later, he reached the 1999th person. There would be no more Pins of the Day available for anyone from that person on, which Scott estimated to be another 1000 people. He kept saying, "Why don't you go home, get warm and get some rest? You can come back at 10 a.m. when the Center opens." They just smiled and chose to stay.

Here are my closing thoughts on Nagano …

When Scott's call came in that Sunday morning, I was at first startled and then irritated that someone would call so early. Who could be calling? In 1998, few home phones had Caller ID. Recognizing Scott's voice on the other end of the line, I immediately shifted from irritated to concerned. My military training kicked in, ready to hear whatever bad news he was about to share. Why would he be calling me at such an early hour? Scott started the conversation by saying that the police had called him in the middle of his night. I went into crisis management.

> "Give me the details Scott." I said, as awake as I could muster.
>
> "Pete, everything is OK."

I relaxed a bit and caught my breath. As Scott relayed what had happened, I began to feel the same emotions he had experienced 16 hours earlier. We had done it! A year before, the task had seemed insurmountable. Now, not only had we pulled it off, we had overcome the skepticism of many and blown through our best estimates!

Our success story didn't end there. In fact, we continued to sell Coca-Cola Olympic pins from our catalog for almost a year after the Games ended. Japan had fallen into a pin-collecting craze as never before. Today, I look back and wonder what else we could have done to fulfill their ongoing thirst for Coke Olympic pins instead of moving on to the next Olympic Games in Sydney. I am certain there is a special place in the homes of thousands of people who came to Nagano, a place where they keep and display their Coca-Cola Olympic pins and other merchandise. Perhaps those pins might one day become an heirloom passed down to children and grandchildren. For brands like Coca-Cola and the Olympics, it really doesn't get any better than that!

I love this story, and when I share it, everyone smiles. But logically, it doesn't really make that much sense. Where's the connection between the Olympic movement, a fizzy drink, and commemorative pins? And why would anyone in their right mind, never mind thousands of people, wait out in a queue in freezing weather to buy them? When people ask why I think this happened, I smile widely and make this very simple point. The success of this program did not depend on its logic. In fact, the pin program at Nagano was so successful because people responded to what was being offered in ways that *transcended* common sense.

While the planning and implementation of every strong brand licensing program is carefully planned and meticulously detailed, an idea captures people's imagination, not because it's linear or even because it's well project-managed. Those things make the program possible, but they don't make it desirable. A program like this works because it's associative. It offers access to something people want to feel part of, and want more. That's why so many queued in the bitter cold that night in Nagano, and why they chose to collect pins as their souvenirs of the Games. They were collecting more than pins. They were deepening their association with an event they never wanted to forget.

I shared this story because, in order to understand how ideas take hold and why brand licensing is so powerful, you first need to understand how human beings assimilate ideas into their lives. And one way to get a better sense of that is to look at how and why people collect. You'll see what I mean in a minute.

Denise Gershbein and Nick de la Mare have also examined why people are so interested in turning things into collections. Their insights provide wonderful perspectives on how ideas work and why we are curiously keen to codify and assemble the things that happen in our lives.[3] Human beings, they say, have an innate wish to categorize the things that they encounter. We find comfort in perceptual order, and in extending that order. It's that wish to find meaning that drives us to connect thoughts and objects through stories, even between things that don't, at first, seem to make sense.

"When we envision emotional or historical relationships between seemingly disparate objects or experiences," they say, "we create narrative." That's how someone's idea becomes something that is shared with strangers, and how an idea grows into a phenomenon

3. http://productdesigngrays.blogspot.co.nz/2008/10/collective-instinct.html

among fans. We incorporate their idea, or thing, into our lives. It becomes part of us, and we weave a story around it that brings it even closer.

> "Collecting often begins with a personal affinity for one object or idea," the designers say. "We happen to come across a beautiful antique tin that stirs our aesthetic and nostalgic sensibilities or see a painting that unleashes a curiosity for modern art. Maybe we stumble upon a practical object like an eggbeater or a road sign that embodies some concept worthy of consideration, despite the mundane, or because of it. It is that feeling of affinity with an object and what it represents that makes us desire more of the same."

That's how it begins, and grows. That's why people collect plates, cars, toy soldiers, dolls, pins, and all manner of things. And they keep collecting and collecting, because, having entered a world of objects or ideas, the objects and ideas become part of their world. As Gershbein and de la Mare point out, "the act of collecting is more about discovery and accumulation than it is about completion." We want to feel surrounded, physically or mentally, by the things that give us comfort and joy.

When we interviewed Bill Jones, Chairman and Founder, and Bryce Jones, CEO of CollectorDASH,[4] a software company whose platform enables communities of collectors, they told us collectors are super passionate and social, willing to pay lots of money to fulfill their passion for a brand or thing. Whether their passion is for trains, dolls, coins, or Coke, all collectors have similar needs and characteristics. What brands need to do, Bill told us, is to tap into that human passion because it forms communities. That community may be social or mobile, specific to a place or group, but it is the connection that brings people together. For example, one of CollectorDASH's clients is trainz.com, the largest reseller of

4. Collectordash.com

pre-owned model trains in the world. They sell more than $5 million of products a year.

Programs like the Olympic pins link people with something they want more of — and their wish to have more, and to find relationships between the things that they are collecting, seeing, or buying, motivates them to become more and more involved. The success of brand licensing, in other words, just like collecting, stems from the relationships that people have with ideas, and their wish to bring those ideas together into forms and systems that they can surround with a personal story.

People love ideas that add value to their world. Brands are one of our collections: they are part of how we organize and link our lives.

Weight Watchers began as an idea — the idea that people needed support from other people in order to lose weight. That idea became a theory, then a belief. That belief was captured and expressed in a brand and it grew from there. To get some sense of just how powerful that belief has since become, consider this from the company's own website: Each week, approximately 1 million Weight Watchers' members attend over 40,000 Weight Watchers' meetings around the world and, in 2014, consumers spent approximately $5 billion on Weight Watchers' branded products and services. In 50 years that idea of companionship has become a multi-billion dollar global business comprising clubs, weight control systems food, and much, much more. Few people today would even recognize this as an idea that began when a woman named Jean Nidetch invited some friends over to her house and confessed her love for eating cookies.

A great brand licensing program isn't simply looking to extend a brand into new places, it's looking to work with what people know and love in order to change the *emotional scale* at which the brand operates. It does this by giving people more ways and new ways to interact as consumers. In Nagano, pins were the mechanism for consumers to extend their relationships with both Coke and the Olympics. In the case of Weight Watchers, the brand enables people to lose weight together and to feel part of a community as they do so. That's a powerful, powerful dynamic.

But what gets people interested in an idea in the first place? What does an idea need for it to even have a chance of making it?

Drs Nicole Dubbs and Kerry-Anne McGeary work at some distance from the world of marketing. They have been looking at why ideas take off specifically in the area of social change. Their observations about why people choose to embrace ideas are relevant to all of us. They point out that, while social networking tools and big data have increased the transparency of ideas and the rate at which ideas can be exchanged, the resulting flood of information has actually made it more difficult than ever to get mindshare and attention. There's the double-bind. There are more ways to air ideas than ever before, but there are also more ideas being aired.

They believe that if you want other people to take up, adopt, adapt, integrate, and ultimately champion your idea, there are four key things you need to understand:

1. You must know where and how to position your idea so that it has the greatest chance of succeeding. In other words, you must identify the "blockage points" that stand between hearing your idea and acceptance of your idea. Once you understand what people will recognize and like, and what they will struggle with, it's easier to remove the barriers that stand between your idea and acceptance of your idea.

2. The idea must be involving. It must invite people to do something or act in some way rather than simply reading, observing, or agreeing. If an idea does not engage this way, it remains too abstract for enough people to act on it.

3. The result must be clear and it must be something that enables people to include others.

4. Finally, people must believe in the vehicle — as they say, "there must be trust, authenticity, relevance, and salience in the message, messenger, and medium." The messages that people hear to support the idea must make sense and appeal to the listeners' priorities and judgment set. No idea will

> fly if it doesn't make sense, even if that sense is more emotionally based than some people realize.

All of these observations about ideas for social change are applicable to the uptake of ideas in other contexts. As you read through the story of how my team and I brought pin-collecting and trading to Nagano, you can see how we encountered and overcame issues centered on all these points.

Those of us who read a lot may think they already have the answer to what makes ideas grow. In 2000, Malcom Gladwell published *The Tipping Point*, in which he talked about the power of influencers to take an idea from zero to hero. Gladwell identified groups of people — connectors, mavens, and salesmen — as critically important spreaders of ideas, alongside the stickiness of the idea itself, and the environment into which the idea is introduced. Many people still believe that this thought, the concept of an idea reaching a tipping point, is the key to an idea getting uptake. But is this the magic formula? Is it just about interest, momentum, and getting enough people to share?

Jonah Berger thinks not. In *Contagious: Why Ideas Catch On*, Berger says *The Tipping Point* has prompted many people to search for the right set of influencers to bring their idea alive, but ideas get taken up for reasons that are more complex and nuanced than selecting the right set of whisperers. Ideas explode, he suggests, because of six things: social currency, triggers, emotion, public, practical value, and stories. Those six characteristics help turn an idea from one person into something that more people are likely to want to share.

I agree. As I've just discussed, an idea in itself is not enough. The idea must make sense, it must add value for people, and it must trigger sharing in order to activate significant interest. It must also be framed in a form that resembles the brand: it must have a sense of entity, it must be tangible enough to be recognized, and it must have generated enough of that sense broadly enough for people to desire more.

As we've seen, brand licensing takes an idea that has growth dynamics and enables it to go to places where it is further welcomed. Brand licensing itself is not actually a growth strategy, in the sense that it won't make something grow that isn't growing already. It is, however, an expansion strategy. It can help a growing brand broaden its reach exponentially.

Was the pins program at Nagano a brand? No, in fact, it was three brands: The Coke brand, the Nagano Games brand, and the Olympic Games brand. The program worked because all the factors it needed to grow were in place to start with, and then once it was established, all the characteristics that would enable it to spread worked:

- The team and I were able to work through the roadblocks to make pins part of the Games.
- The idea of collecting pins did not require people to learn any new behavior or habit that was at odds with their current ones.
- People saw in the pins, the opportunity to take home a little piece of the Winter Games held in the city of Nagano.
- The presence of the Olympic and Coke brands provided proof that purchasing the pins was a good idea.

From there:

- The build up to the Games reinforced the value and desirability of the Winter Games.
- Time and the wish to be associated with the event acted as powerful triggers.
- Pride in hosting the Games and being at the events provided strong emotional affinity.
- The sight of crowds queuing and the overall public interest activated participation and, possibly, a fear of missing out.
- The pins were tangible, meaning they had practical value.
- The pins themselves were the subjects of stories and prompts for buyers to share stories with others.

The world we understand and feel at home in is not always the world of others. What excites them may surprise us — in good ways sometimes, and not so good ways at other times. I found that out, first hand, when I worked on the Nagano Olympics. My story is a study not just in what can happen when an idea takes off but how it can surprise even those who've been working with that idea for years. People may not see anything in your idea at all. Or they may take to it with a gusto that leaves everyone wondering what the hell just happened. And there are all sorts of reasons to suggest why that might be the case.

And that's why Scott Pitts found himself counting off 1998 people on that cold February morning. Word had spread. Time was short. The brands were highly familiar. Pins were limited. The price was affordable. And the memory was compelling.

The case for purchase didn't have to make sense. Because sense was not what people were hoping to buy.