How to Build Enduring Brands in the Digital Age

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What makes a brand last?

It’s a deceptively simple question, but its answer separates sustainable success from eventual obscurity. Almost every company devotes significant resources to defining their brand. But few ask the more important question: how to protect it?

You can (hopefully) rattle off the distinguishing characteristics of your product or service. You probably even have a brand pyramid stashed somewhere in your office (even if you rarely reference it). But being able to say what your brand stands for is not the same as how your brand plans to remain relevant. And given the rapid pace of change in today’s digital age, this second question is arguably more important.

Historically, brands have risen and fallen in prominence slowly. Look at almost any decade from the 1950s on, and the world’s most valuable consumer brands – from Oreo to AT&T – barely changed. Even as recently as the new millennium, this trend continued. Between 2000 and 2010 just two of the ‘World’s Top 10 Brands’ fell off the list. But between 2010 and today, only half of the Top 10 Brands remained the same!¹

The digital era makes brands less durable in part because of novel and disruptive business models. Amazon could simply not have existed before the internet. But brands are also more vulnerable because consumer habits have digitized: think micro-content, social networks and live streaming. New media requires new strategies. But while most traditional companies have struggled with managing this transition, there is nothing inherently antagonistic to legacy brands about digitizing lifestyles. Coca-Cola remains one of the world’s most valuable brands – and it was invented in 1892!

So stop talking about what your brand used to represent, and start evolving your brand for the future. But how exactly should your brand adapt? Let me share what I have learned from working for the past five years as entrepreneur, advisor, author and educator in one of the world’s most successful digital industries: esports.

In case you aren’t familiar, esports (or competitive video games) have exploded in recent years to become a $25 billion dollar entertainment industry, more popular than the NBA. Pro gamers number among this generation’s highest earning celebrities with eight-figure incomes. And the prime platform for watching esports, Twitch (acquired by Amazon for $1 billion in 2014) outperforms traditional sports broadcasters like ESPN.

While historically video games were one-and-done releases, esports have revealed a blueprint for brand longevity in the digital age. And this blueprint is generalizable to any

¹ According to Interbrand’s annual brands reports through 2019.
consumer facing industry as the MACE framework, which provides strategic guidance to outfox competition and sustain brands over time.

To appreciate the power of MACE, consider one of esports’ greatest successes: FORTNITE. Over the last three years, FORTNITE has become the most successful competitive video game. In 2019 alone, FORTNITE grossed $1.9 billion dollars. NFL quarterbacks perform FORTNITE victory dances in the endzone. And STAR WARS announced the return of its arch-villain, the Emperor, by broadcasting his interstellar message inside the game.

But FORTNITE wasn’t always a hit. In fact, the game launched in 2017 as a me-too zombie shooter that failed to sell 100,000 units in the face of an entrenched competitor: PLAYER UNKNOWN’S BATTLEGROUNDS (abbreviated PUBG). PUBG sold over five million copies of its innovative ‘battle royale’ format: allowing one hundred players to simultaneously engage in lightning-fast gunplay.

To recover, FORTNITE rushed out its version of battle royale in just two months. But crucially, FORTNITE didn’t slavishly imitate PUBG. FORTNITE noticed that PUBG’s chaotic battles often made hiding a more effective strategy than fighting, emphasizing patience over skill. So FORTNITE allowed defensive structures to be erected anywhere on the map, favoring reflexes and strategic thinking. As a result, FORTNITE deeply rewarded MASTERY. Spending the time to learn its unique building mechanics alongside traditional shooting skills resulted in consistent victories.

Secondly, FORTNITE positioned itself to be very ACCESSIBLE, releasing as a free-to-play game, compared to PUBG’s $29.99 price. Furthermore, FORTNITE employed a cartoon all-ages aesthetic, in contrast to PUBG’s gritty military look. And FORTNITE quickly made itself playable on any device: from a high-end gaming PC to a mobile phone! Even more so, FORTNITE recognized that not every gamer might want to shoot things in the head: launching in-game concerts and creative sandboxes to appeal to the broadest swathe of consumers.

Third, FORTNITE committed to a fast CADENCE of new content: releasing new abilities and weapons almost every week. These changes kept the game constantly fresh and top-of-mind for gamers.

Lastly, FORTNITE ENSNARED its customers by introducing social features and sophisticated matchmaking algorithms. These additions made it harder to leave Fortnite because of network effects; as more of your friends played FORTNITE, and more players enhanced matchmaking efficiency, the social benefits of being in the game increased. Additionally, Fortnite raised its switching costs by offering a massive catalogue of digital items. These could not be traded; and hence become valueless if players transfer to another game.

These four strategies catapulted FORTNITE to meteoric success. By the end of 2018, FORTNITE boasted 200 million registered users, while PUBG’s player population collapsed by 66%.
And these same FORTNITE tactics that follow the MACE framework are not one-offs, but generalizable to all brands:

**MASTERY:** Reward consumers for demonstrating expertise in your brand. In plain English, this means giving consumers non-transferrable rewards for using your products and engaging with your content. Ideally, these rewards require public displays of affinity or small (non-monetary) sacrifices to exploit psychology’s *Endowment Effect* (overvaluing losses) and *Familiarity Effect* (overvaluing affinity). One effective example of a company incorporating *mastery* into marketing tactics is Microsoft’s *I Love Bees* campaign for the popular video game, *Halo*. By scanning QR codes hidden within advertisements, avid fans discovered a web of scavenger hunts and online puzzle games that pieced together a secret narrative. The award-winning campaign drove millions of visits to Microsoft sites, and even an honorable mention in *The New York Times*. A physical products company can similarly integrate *mastery* into their online shopping offering, as Hasbro has done with their *Secret Lair* promotions for the popular card game, *Magic: The Gathering*. These 24-hour exclusives require customers to ‘queue up’ digitally (and at short notice), rewarding engaged fans with limited-run, high value cards – and buoying brand sales by 30% year-over-year.

**ACCESSIBILITY:** Make your brand accessible to as many consumers as possible by following three simple rules. *First*, make your entry-level products as cheap as possible (and ideally free!). For many industries, this means leveraging alternative pricing models (such as deferred payments, leases and subscriptions) to minimize upfront, out-of-pocket costs. The electric toothbrush brand, Quip, for example, achieved an incredibly low entry-level purchase point – and over one million new customers – by selling its brush with a toothpaste subscription – the modern version of the razor and blade strategy. *Second*, design and market your products primarily towards younger and first-time customers. Older or existing buyers are likely higher margin; but focusing here curtails your long-term customer base. Pepsi’s *New Generation* marketing campaign combined celebrity talent and kid-first messaging with grocery store distribution. Establishing the Pepsi brand as the youthful alternative to Coke allowed it to overtake its competitor in that channel. *Third*, distribute your product or service through as many sales channels as possible. And Walmart is today, even during the coronavirus pandemic, benefitting from an omni-channel distribution strategy combining physical stores and online.

**CADENCE:** An intuitive way of understanding cadence is the *Twitter Test*: manage your brand so it has something meaningful to post every day of the year. Constantly create news and content around your brand by following four simple rules. *First*, frequently release new products (or product updates). *Second*, maximize media and promotional assets, such as marketing videos and giveaways, through micro-content. For example, turn that five-minute interview with a celebrity endorser into five, one-minute clips. *Third*, encourage user generated content wherever possible. And *fourth*, communicate everything; even failure. Have a product launch that bombed? Start talking about it publicly. Apple embraced this principle in an online spat with Taylor Swift over music royalties. By directly engaging with Swift and owning Apple’s
predatory pricing, the company transformed a wave of bad PR into viral social media praise, culminating in Swift herself advertising Apple’s products. Most often, what consumers perceive as honest or genuine brands are simply highly communicative ones.

A great example of brand cadence is online furniture retailer Wayfair’s user-generated content campaigns. Wayfair encourages customers to share pictures of their new furniture. And customers naturally want to do this: after spending $500 on a sofa and self-assembling it at home, the impulse is to be proud of how great your updated living room looks. But Wayfair then goes the extra mile – reposting the best user images with direct links to purchase. This savvy content strategy creates a steady stream of authentic, promotional images - and partly explains why Wayfair exploded to over $9 billion in sales amongst under-forty shoppers.

As a brief aside: it is possible to produce too much content, particularly if this content overwhelms consumers with choices. Oversaturation usually occurs because of product proliferation (recall Beanie Baby’s infamous collapse in the 90s). But much more frequently, excessive content is merely another problem lurking in disguise: bad content. Particularly on social media, many brands achieve regular updates with vacuous posts or shoe-horned giveaways. A high profile, recent example of bad content is how ANGRY BIRDS alienated its fandom by releasing nine nearly identical app games in under three years. Could the market have supported three good ANGRY BIRDS games a year? Maybe. But we’ll never know. Because Rovio’s problem was rushing out lots of bad games, with critical scores as low as 47/100.

ENSNAREMENT: Make your brand as sticky as possible through switching costs and network effects. Many ensnarement tactics are brand specific, but two generalizable strategies involve product development: systemization and spawning. Systemized product lines are best embodied by LEGO. The brand eschews one-off releases (bricks) in favor of selling entire systems (LEGO model kits). Imagine how vulnerable LEGO would be to low cost brick competitors, if all it sold was individual bricks! Instead, consumers buy entire sets, even when most of the bricks are already in their possession, because they want to complement their existing Pirates collection (or other, preferred genre). In a staid CPG category, P&G practiced systemization as Swiffer reinvented the mop as a system requiring consumers to buy wipe refills, creating an incremental, half-billion-dollar product line.

Spawning product lines include a built-in reason to share. The classic brand here is Twix, which includes two candy bars in every package instead of one. Another, recent example of spawning products is Coca-Cola’s Share A Coke promotion. By printing common names on Coke cans, the brand encouraged gifting amongst friends - and grew sales by over 10% in the US to 1.9 billion servings a day.

Importantly, while we can identify individual marketing campaigns or product choices that have helped sustain brands in the digital world, real success comes from combining all factors in the MACE framework simultaneously. To illustrate this point, let’s apply MACE to another cultural phenomenon: superhero movies. Arguably the biggest entertainment story of
the last decade has been MARVEL’s dominance of fellow comic book publisher DC at the box office, even though both MARVEL and DC boast equally impressive characters and storylines (think SPIDER-MAN and BATMAN, respectively).

So how is it that over the last ten years, nine of the ten highest grossing superhero films have been MARVEL properties. The secret isn’t just big budgets: MARVEL holds eight of the top highest superhero films by ROI measurement as well. ²

MARVEL’s success is driven by the MARVEL CINEMATIC UNIVERSE (MCU): an ever-expanding network of characters, stories and interconnected plotline that weaves every MARVEL movie with its predecessors. And the MCU is just a clever manifestation of MACE:

(Mastery) – MCU movies constantly reward fans with secret plot lines, inside jokes and clever references. Crucially, Marvel often tethers these rewards to small sacrifices and public displays of brand loyalty. The best example of this is the teaser scene that endcaps every Marvel film. Fans suffering through five-minutes of credits are rewarded with a final Easter egg: such as an inside joke, a teaser for the next MARVEL film, or a secret character reveal. And during these credits, you can easily identify MCU fans by who stays in their seats.

(Accessibility) – MCU films are aimed at young and broad audiences: with PG-13 ratings, a generally light-hearted tone (even when the world is at stake) and quick-witted comedy. As a result, fans of all ages embrace MARVEL movies. In contrast, DC films are largely dark and depressing stories. You wouldn’t show THE DARK KNIGHT, DC’s best reviewed movie, to a nine-year-old. But you might let them watch IRON MAN.

(Cadence) – MARVEL creates a constant barrage of content across every media channel. This is most visible in the sheer number of MCU film launches (twenty-three to date). It feels like there is always a MARVEL movie in or coming to theaters. But MARVEL’s cadence runs far deeper than film. For example, MARVEL has also debuted eleven TV shows spanning 26 seasons of content (without even counting animated series!) In contrast, DC has released just 8 movies and 8 TV shows. And half of these came to market in just the last 3 years, when DC actively began copying the MCU strategy.

(Ensnarement) – Finally, the MCU leverages network effects and switching costs to lock-in customers. For example, the MCU’s multi-movie plotlines make skipping a film costly. Just try watching AVENGER’S: ENDGAME without seeing its prequel, INFINITY WAR. Furthermore, the MCU’s storytelling systemizes its heroes. To collect BATMAN, I just need BATMAN. But to collect the AVENGERS, I need at least four unique heroes (and as many as nine, if you include honorary AVENGERS like Scarlet Johansen’s BLACK WIDOW).

MARVEL’s success highlights a critical benefit to MACE: every factor does not have to be present at a brand’s outset. The MCU didn’t launch with twenty-three movies. Rather, MARVEL

² https://www.reviews.org/tv-service/marvel-vs-dc-big-budgets-rotten-ratings/
built MACE over time with steady, strategic conviction. Even wrong-footed launches (like FORTNITE’s original debut) can be course corrected with MACE. This makes the framework particularly valuable to managers of legacy brands – it is never too late to modernize.

To illustrate this final point, let’s take MACE into a much more mundane world: thermostats. At first blush, you’d think home appliance strategy has little to do with cape-clad superheroes and multiplayer shootouts. But nothing could be further from the truth.

The success of the original smart thermostat – NEST – is a perfect example of how even simple CPG products can be reinterpreted as MACE-ready brands for the digital age. Consider how NEST’s strategy layered in MACE factors over its lifetime:

(Mastery): NEST thermostats reward mastery in a surprisingly direct way: money! NEST thermostats clearly track energy savings. The more proficient users interact and adjust preferences in the app, the more NEST helps them economize their home – and clearly inform users of their successful economization.

(Accessibility): Arguably NEST’S biggest point of difference at launch was accessibility. NEST thermostat are designed for the digital generation: app-integrated and youthfully styled. Furthermore, NEST’S touchscreen interface is more significantly intuitive to use than traditional thermostats.

(Cadence): You might not think of a thermostat having a content cadence. Traditional thermostats are programmed once; then likely never again. But the NEST app constantly updates its users. It automatically recommends new routines, such as lowering the temperature at bedtime. It displays time to reach desired temperature. It tracks known activity patterns based on the weather. And much more. Smart thermostats don’t intrinsically need to generate content; but NEST does.

(Ensnarement) – Finally, and most crucially, NEST locks in its users with switching costs and network effects. As part of a broader GOOGLE smart home system of cameras, doorbells, alarms and locks, out-of-ecosystem purchases are painfully isolated. Even more cleverly, NEST leverages network effects to learn from aggregate user behavior; creating better algorithms to adjust temperatures and match user habits across AI-generated schedules.

Now we see how NEST’s true innovation is more than just being an app-enabled thermostat. Rather, NEST leverages its app integration to build MACE; just like MARVEL ensnared millions of movie fans and FORNITE bewitched teenagers everywhere.

MACE is a blueprint for any brand – even traditional ones - to evolve for long-term success and relevancy. It is true that brands without inherent, digital connectivity require clever thinking to leverage this framework. But that is not a weakness of MACE. Rather, it is an inherent fact of the new economy and its digital consumers. Brands that can’t effectively exist online and in mobile apps are destined to be dinosaurs.