

# HOW TO CREATE LOYALTY BEYOND REASON

THE WHAT, WHY AND HOW OF BUILDING AN ICONIC BRAND



TBWA\Chiat\Day

# INTRODUCTION



From as early as I can remember, brands have played a significant role in my life. I can still clearly remember the tantrum I threw on my 12th birthday when my poor mum gave me Wrangler jeans instead of the Levi's I so desperately wanted as my first-ever pair of non-hand-me-down, five-pocket blue jeans.

I don't recall what influenced my preference for Levi's so many years ago, but since then I have been acutely conscious of the brands I choose to wear, listen to, eat and drink, watch, share, use, and promote as I strive to make the most of this precious gift of life.

I love brands and the powerful role they can play in helping to enhance the simplest of moments, improving so many aspects of an individual's life, and even shaping the entire human race for the better.

My responsibility at Airbnb for building the world's next global iconic SuperBrand has taken my passion and enthusiasm for brands to a whole new level. Through the work I do in collaboration with our founders, my team, and our partners, we will become as culturally impactful and ubiquitous as Coca-Cola was in the 1980s, Nike in the 1990s, and Apple in the 2000s. Airbnb will become the brand that defines this generation.

Now, this audacious goal will not be easily achieved. Like all companies, our resources are limited, and this goal requires that I continually prove to all our stakeholders the value of investing in brand. With that in mind I asked a small team, comprised of my own leadership team and our strategic planning partners at TBWA\Chiat\Day, to carry out a robust audit that provides greater insight and evidence of the multifaceted value of brand-building.

We set out to interrogate the hypothesis that investing in building an iconic brand is an effective driver of business growth and financial value. My passionate belief is that a healthy and iconic Airbnb brand will influence customer voice, drive loyalty, attract, retain, and motivate talent, help maximize the value of our partnerships, and lower the cost of financing. Each of these benefits plays a critical role in realizing Airbnb's ambitions and addressing a number of key market dynamics that the business currently faces.

Having been through this exercise, I now feel more confident than ever in the power of a strong, iconic brand to help Airbnb thrive in the face of these challenges.

**Jonathan Mildenhall, CMO, Airbnb**

A compelling product allied with an iconic brand is a formidable force for growth but these partnerships are few and far between. The disconnect between the worlds of "business" and "brand" in terms of language and culture means a lot of companies are leaving value on the table. The intent here is to bridge the two worlds and find a common language and set of references. These "cliff notes" are just a taste of the full paper but I hope you find them a useful primer on the what, how and why of creating an iconic brand in the 21st century.

**Neil Barrie, CSO, TBWA \ Chiat \ Day**

**“IF THIS BUSINESS WERE TO BE SPLIT UP, I WOULD BE GLAD TO TAKE THE BRANDS, TRADEMARKS AND GOODWILL, AND YOU COULD HAVE ALL THE BRICKS AND MORTAR —AND I WOULD FARE BETTER THAN YOU.”**

— *John Stuart*  
*Chairman of Quaker Oats, 1900*



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## **HYPOTHESIS:**

**INVESTING IN BUILDING AN ICONIC BRAND IS AN EFFECTIVE DRIVER OF BUSINESS GROWTH AND FINANCIAL VALUE.**

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## **METHODOLOGY:**

**THIS PAPER WAS PULLED TOGETHER BY A CORE TEAM FROM TBWA\CHIAT\DAY AND AIRBNB OVER A PERIOD OF THREE MONTHS.**

## **THE KEY STAGES WERE:**

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**1.**

**EXTENSIVE LITERATURE REVIEW OF LEADING ACADEMIC AND INDUSTRY RESEARCH: >100 PUBLICATIONS ACROSS TWO DECADES**

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**2.**

**GENERATING ADDITIONAL CASE STUDIES AND REAL-WORLD EXAMPLES**

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**3.**

**SERIES OF INTERVIEWS WITH THOUGHT LEADERS**

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# WHAT

## ...MAKES AN “ICONIC BRAND”?

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But what does “iconic brand” even mean? How do you know if you have one? Our first step was to identify five characteristics of truly iconic brands, building off existing literature, our collective experience and observing the behavior of the world’s leading super-brands.



# WHAT MAKES AN ICONIC BRAND?

## INSTANTLY RECOGNIZABLE

They are instantly recognizable through iconic visual assets.



## UNIVERSAL VALUE PROPOSITION

They have a universal value proposition that cuts across demographics and geographies.



## PLAYS A ROLE IN CULTURE

They contribute to culture rather than just reflecting it.



## EMOTIONAL CONNECTION

They have deeper emotional connections with their customers than their competitors do.



## HIGHER-ORDER VALUES

They stand for higher-order values that transcend their product category and resonate with the times.



**TRULY ICONIC BRANDS EMBODY  
ALL FIVE OF THESE ATTRIBUTES.**

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# HOW

## ...DO ICONIC BRANDS DRIVE COMPETITIVE ADVANTAGE FOR BUSINESSES?

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But how does investing in creating an iconic brand actually benefit my business? Answering this frequently asked question in plain English was a critical objective for this paper.

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# WE'VE SUMMARIZED THE EXTENSIVE RESEARCH AND EVIDENCE ON THE WAYS ICONIC BRANDS CREATE COMPETITIVE ADVANTAGE INTO FOUR DIMENSIONS:

## 1 – FINANCIAL PERSPECTIVE

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Correlation between brand strength and stock-market performance

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Brand as financial asset on the balance sheet

## 2 – CONSUMER PERSPECTIVE

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Emotional power to influence choice

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Stand out in commoditized categories

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Sustaining price premiums

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Driving loyalty beyond reason

## 3 – GROWTH PERSPECTIVE

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Driving salience to help attract new customers

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Powering expansion into new categories

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Proactively managing the PR narrative

## 4 – CULTURAL PERSPECTIVE

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Driving disproportionate share of voice

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Proactively managing the PR narrative

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Improving employee morale and productivity

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Attracting partners at lower cost



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# WHY

**...SHOULD YOUR BUSINESS OR  
CLIENT INVEST IN CREATING  
AN ICONIC BRAND?**

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The overall picture from our extensive review is clear that brand can play a critical role in addressing the market dynamics that will make or break ambitious businesses.

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# SPECIFICALLY

## 1. STANDING OUT IN A CATEGORY OF COPYCATS

Successful disruption rarely goes unnoticed. Airbnb now faces competition from the giant travel aggregators on one side and the niche home-sharing players on the other. Unlike Google or Apple, our business is not primarily differentiated by proprietary patents. While Airbnb currently has a superior product experience and selection of accommodations, this isn't as clear as it could be to the uninitiated. Our differentiation is increasingly driven by "Brand IP" more than "Tech IP."

## 2. COUNTERACTING TABLOID MEDIA NARRATIVES

As a result of the passionate feelings and regulatory & political debates that surround the Airbnb brand, we are treated in the media more like a cultural celebrity than a traditional business. In the past year, the company has made front-page news with a series of storylines, both positive and negative, including the incredible Cuba narrative that culminated in President Obama "bragging on Brian and Airbnb" for our approach to doing business there, #airbnbwhileblack, our challenges with New York City, celebrity stays, etc. For many people, their first encounter with Airbnb will take place through these sensational media headlines.

## 3. CROSSING THE CHASM INTO MORE MAINSTREAM AUDIENCES

For most businesses there's a "viral cap" at which the "build an excellent product and people will come" approach is no longer sufficient to drive growth. Maintaining our phenomenal growth momentum means we must move beyond the current millennial, early-adopter segments and into more mainstream travel segments like family, business travel and luxury travel. Building a strong brand can help drive greater leverage against these new, more conservative or demanding groups.

## 4. EXPANDING INTO NEW VERTICALS

Our future strategy is predicated on evolving from a home-rental company to powering the whole trip, requiring us to extend our authority and appeal into many different verticals including experiences, transportation, guidebooks and services. And when we look at the handful of leading brands that have successfully expanded beyond their core, we see the importance of an iconic purpose driving the expansion whether that's Disney, Apple or Google.



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# BUT IT IS NOT THE RIGHT PATH FOR MANY BRANDS

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Investing in creating an iconic brand is a serious commitment requiring extensive investment and a degree of risk.

**But we believe it is the right path for Airbnb.**

As we've discussed we believe brand has a critical role in addressing our market dynamics. Equally important, it plays to our internal culture and characteristic.

First, a visionary, visible leadership with stellar ambitions, and the courage and clarity to pursue them. Second, an instinctive sense of our brand values running throughout the company. Finally, a clear, compelling brand vision that drives the business, to create a world where all 7 billion of us can belong anywhere.



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# SO IS IT THE RIGHT PATH FOR *YOUR* BRAND?

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Ultimately the power of brand is emotional. That's why it disproportionately impacts decision-making and invokes loyalty beyond reason. That's why you see Harley Davidson tattoos on people's bodies and Apple logos shaved into people's heads. Decision-making is guided more by feeling than fact and just like any relationship, people can sense when the other party is faking it or is sincere.

So before committing to the task of building an iconic brand it's worth asking some big questions:

1. **DO YOU HAVE A CLEAR, COMPELLING BRAND VISION THAT GENUINELY DRIVES THE BUSINESS?**
  2. **DOES YOUR LEADERSHIP TEAM BUY INTO THE VISION AND HAVE THE COURAGE AND CLARITY TO PURSUE IT?**
  3. **DO YOUR EMPLOYEES BELIEVE IN THE BRAND AND UNDERSTAND THEIR ROLE IN DELIVERING IT?**
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