

## **Kit Kat Essay October 18, 2011**

**Title: Brand New    Essayist: Robert L. Shook**

Thank you for the fine introduction. Of all of the introductions I have ever had...this one was the most recent. Seriously, I do thank you, and since I am a second-year member and this is my first essay, thank you for inviting me to join. I only wish I could have joined 25 years ago. If so, perhaps by now I would have memorized everyone's names.

There is a story about Daniel in the lion's den. When he entered the den, he walked over to one of the lion's and whispered in its ear. Then Daniel spent the night in the den and was unharmed. The king was fascinated and summoned Daniel. "What did you whisper in his ear?" "I just told him that if he ate me," Daniel replied, "he'd be expected to make an after-dinner speech." I thought this story was appropriate because my fellow kit-katters, a lion is a cat and here I am tonight as the after-dinner speaker I am the one in the lion's den.

It has been difficult for me to prepare a 25-minute essay that's about 20 pages long. I typically write 500-page manuscripts. As Mark Twain once said, "I would have written a shorter letter, but I didn't have time."

My essay's title, "Brand New" and I think is appropriate because the Kit Kat Club is starting a brand new century.

My topic is about branding—a subject that goes back to ancient times and it is something that plays a role in all of our lives. The word “brand” comes from the Old Norse *brandr* meaning “to burn.” It refers to the practice of producers burning their mark (or brand) onto their products.

And when a newly-born steer was branded in the old west, it was brand new.

Brands goes back to ancient times. Stone seals dating to 3,500 B.C. found in the Middle East had seals to indicate who made certain items. The Egyptians, Greeks, Romans and Chinese all used various forms of stamps or markings to indicate who made pottery and bricks. Tom Lurie can tell us a lot about pottery he owns that are well marked. Wine jars were found at Pompeii. The marks indicate quality and they also let people know whom to blame if there was a problem. In the Middle Ages, European trade guilds began using marks to identify who made what. Bell makers were among the first to adopt this practice. Paper makers used watermarks. In 1266, the Bakers Marking law was passed in England and the use of stamps or pinpricks appeared on loaves of bread. Silversmiths were required to mark their products in 1363 in England. Bottle makers and porcelain manufacturers had trademarks. Later furniture makers were required to sign their work with marks.

Let’s take a look at branding in commerce and industry. I would be remiss to talk about branding and not talk about

Coca Cola, said the most famous brand in the world. The company was founded in 1886 by Dr. John S. Pemberton, a pharmacist and inventor of proprietary medicines and beverages. Pemberton stirred up the fragrant caramel-colored syrup in a brass kettle one day in early May 1886, and his bookkeeper Frank M. Robinson, with a fine ear for alliteration named it Coca Cola. At first it was sold as a remedy to cure common ailments. But when it was mixed with cold water and soda, it began selling as a refreshing beverage. While Pemberton got the credit for starting the company, perhaps more credit should have gone to Robinson for coming up with the name. The company never filed a patent for the product, and if it had, it would have expired in 17 years and the formula would have become public domain. Certainly it would have been a relatively easy task for a scientist to break down the ingredients in a Coca Cola and duplicate the soft drink, but that wasn't what was valuable to the company. What truly was of value was the name—the brand. In 2010, the value of Coca Cola's brand has been estimated to be worth \$26 billion. Imagine what would happen if the company would change its name to Joe's Cola?

Coca Cola has a nice run but it is no longer the world's top brand. Top brands today include: Apple, IBM, Google, Toyota, McDonald's, American Express, Starbucks and others. Starbucks basically sells a commodity, which coffee is, and would never have a market capitalization of \$28 billion if it were not for its brand. In fact, it might not even be a viable business!

The Standard Oil Company realized the value of a brand name when, in its 90<sup>th</sup> year in 1972, it changed its name to Exxon. In selecting this name, the world's largest company reviewed 10,000 names produced from a computer. In narrowing down its large collection of names, it reviewed more than 100 languages to assure that none of them had an actual meaning or any adverse connotations. The company spent more than \$100 millions (back then that was really a lot of money) to make the necessary changes that included converting all Esso, Enco and Humble signs for 25,000 U.S. service stations. Signs on the freeways and the gas pumps had to be changed too. So were emblems on trucks, equipment and so on. Even on its stock certificates. All this effort demonstrates how valuable Exxon executives believed its trademark was.

Speaking of names. What about our name, the Kit Kat Club? I was driving downtown with an out-of-town friend and I pointed out the Columbus Club. I mentioned that we had our Kit Kat meetings there. He evidently got things confused because I heard him talking on his cell phone to his wife about the things going on in Columbus and he told her, "They even got their own Playboy Mansion."

I've been writing fulltime for the past 30 years. By far my biggest mistake as a writer was that I didn't apply what I knew about branding to my own personal career. I have written 55 books and I've had six NYT best-sellers—three Number One. But I ghost-wrote those books (three with

Mary Kay Ash and one for Dave Longaberger) and because my name didn't appear on the book jacket, it didn't build my brand.

On the subject of brand name authors—ask yourself about the last novel you bought. The chances are, it was by an author whose name you knew. For example when you buy fiction, you look for an author whose name you recognize. Names such as Stephen King, John Grisham, Mary Higgins Clark, Robert Parker, James Paterson, and so on. You buy their books because they are brand authors. You recognize their name and know they can craft a good story—even if you never before read their books. You don't want to take a chance on a book written by an unknown author who might be a lesser writer.

While I didn't build a brand for myself, I did profit from the brands I wrote about which attracted readership and generated sales. My book, The IBM Way was a best seller in the U.S., #5 in the UK and #1 in Japan. I also wrote books on Ford and Honda, also big brands that attracted readership to my subject if not my brand. My book, Mary Kay that I wrote in 1981, 30 years ago, enjoys sales of 800,000 to 1,000,000 books a year. The company does business in 35 countries and has 2.3 million saleswomen. A copy of the book is included in every new sales consultant's sales kit. When I first met May Kay Ash, she asked me, "How do you get paid as my ghostwriter?" I said, "We are 50-50 partners." She said, "This will make

you the highest paid ghostwriter in the world.” I smiled and said, “Wouldn’t that be wonderful?”

Although I didn’t build my brand as an author, I have a successful track record with books that I ghostwrote and this attracts people with big brands to ask me to ghostwrite their books. This is why Buck Rodgers asked me to write his book, The IBM Way in the mid-80s, a big best seller. And because I wrote Mary Kay’s book, Dave Longaberger asked me to ghostwrite his book. I only knew that a family named Longaberger made baskets somewhere near Newark. When Tami called me, I thought she was Dave’s wife, not daughter. I did a book, Winning the NFL Way, with Bob LaMonte, a super sports agent who knew of my reputation of writing business books. He knew dozens of the top sports writers in the country who would have loved to write his book.

After LaMonte’s book, he told Kevin Elko, who makes millions giving pep talks to NFL teams to call me. Kevin and I wrote a book, The Pep Talk, and it’s now being made into a full length feature movie. So although my name is not a brand to the public, it is a known brand in publishing circles. This gives it some value, but not nearly what it would be worth if it was a brand known by the general public!

What about when people buy expensive art? A painting by Monet or Andy Warhol sells for millions. Another painting

by an unknown artist that could have the same eye appeal might sell for a few hundred dollars.

It's the same thing when you're on the Interstate and want to get off for a quick bite for lunch. You go to McDonald's, Wendy's, Subway—rather than Herb's Sandwich Shop or Mary's Kitchen. You want to go with a known quantity.

You do this when you buy soap, toothpaste, cereal, orange juice and so on. For example, when was the last time you bought a bottle of ketchup that wasn't Heinz, or a box of detergent that wasn't Tide? Even a simple purchase like a candy bar or a pack of chewing gum. When was the last time you bought a candy bar or a pack of gum that was an off-brand? I know I haven't. And of course we'll pay a premium to buy a brand-name food for our dogs. Many folk only buy Purina and would never consider an off-brand for their loved Fido.

A little boy goes to the drug store and asks for a box of Tampax. The clerk says, "What in the world do you want to buy a box of Tampax for?" The little boy says, "On television, it says with Tampax you can swim and ride a bicycle. My little brother can't do either one." See, kids know brands too.

People are even willing to pay higher prices for these products and other items ranging from low-priced items such as razor blades and underwear to big-ticket items such as a Rolex watches and Tiffany and Cartier's diamond

rings. Interesting, because a diamond ring is a blind item—we have no idea of its value—so we trust the established merchant with a sterling reputation (no pun intended).

Some retailers have better brands than their vendors' brands. Tiffany's, Brooks Brothers and Nordstrom's are examples of how this works. We're less inclined to buy a store brand with a Macy's label. And we are even less inclined from a retailer such as 7-11 or Kohl's. Retailers love to put private labels on their merchandise because it means bigger margins. As you can see, some labels demand higher premiums than others. It all depends on the retailer's and product's reputation. You can see too that different brands conjure different images. Some wonderful, others not so wonderful.

Did you know that Walgreen's has come out with its own brand of beer. It is 50 cents less a can! It may be as good or better than other beers, but how many of you would buy a six-pack of Walgreen's beer? I can just imagine what my two grown sons would say if they saw a case of Walgreen's beer in my fridge! I'd never hear the end of it! Or imagine if the Columbus Club served Walgreen's beer!

Another great brand that projects a strong image is Harley-Davidson. And when Honda first started exporting automobiles to America to sell cars, American consumers only knew about their motorcycles. Honda automobiles were laughed at and called "a motorcycle on four wheels" in reference to its motorcycles. With a philosophy of



constant improvement, the Honda car slowly won favor in the U.S. and boy has the Honda brand image changed.

It's interesting that in the pharmaceutical field, Big Pharma hardly ever attaches its name to its prescription drugs. For example, I bet many of you take Lipitor, the biggest selling drug in the history of the world. I do. But how many know who makes it. Pfizer does. Think about the prescription medicines you take every day? Who takes Nexium-the purple pill for acid reflux disease? I take that one too. Astra Zeneca makes it.

The value of an entertainer whether it's a movie star or an NFL player is based on how well his brand does. It's about money and which star sells the most tickets. If you're flipping channels looking for a movie to watch, chance are you'll go with the flick with known actors versus an unknown cast. How much money a star actor receives is based on his fan base. How big will be the audience he or she draws? Ticket sales determine a professional athlete's value and accordingly, the size of his paycheck. The better the brand of the individual, the more he or she is worth. This is particularly true when it comes to product endorsements. Tiger Woods had the best brand in sports and he blew it.

I am starting a new book with a man named Mark Roesler. He represents dead celebrities. I saw Mark on 60 Minutes two years ago and made up a file on him. I contacted him this summer and we're now working on a book about his

life titled, Forever Famous. He doesn't actually represent the celebrity but he does represent their estates. He has more than 300 such celebrities that include: Elvis Presley, James Dean, Marilyn Monroe, Babe Ruth, Jackie Robinson, Princess Di, Vince Lombardi, Malcolm X, Mark Twain and many others. All of these clients, although dead, have a name and image that are marketable and therefore very valuable even though they are long gone. Elvis' estate makes \$50 million a year—Michael Jackson's made \$250 million since his death. Again, it's all about branding.

It is not logical for a poor kid to spend \$200 on a pair of sneakers because they're called "Air Jordan" but the kids do it. Of course, adults do the same thing when we buy designer clothes, sports cars, and so on.

One of the best brands in America, like it or not, and I don't, is Donald Trump. It's hard to imagine that people could consider him as a presidential candidate! That shows you how strong his brand is. His appeal tells us something about the taste level of the average American. Kind of scary, isn't it? He sells his name, "Trump" to hotels, resorts, high-rise condos and so on.

Look at the new brand names: Yahoo. Google, Yelp, Tom-Tom, Go-Daddy (some with market caps bigger than GM and Dupont). These names were laughable 10 and 20 years ago. They are huge brands today. Even the name Apple would have been considered goofy back in the old days. But not any more.

I will conclude with a story about four people who are on a train from Paris to Barcelona. There are four people in a compartment, an elegant grandmother with her beautiful granddaughter, and a stately elderly army general who is traveling with his aide, a handsome young lieutenant. They are sitting silently and the train passes through a pitch-black dark tunnel, one of several that will travel through on its journey. In the dark tunnel, there is a sound of a kiss, and a loud slap. The train emerges and nobody says a word.

The grandmother is thinking, “That young man kissed my granddaughter, but I brought her up to be a lady and she slapped him. I’m sure he won’t try kissing her again in the next tunnel. The beautiful girl is thinking, “Wow, I sure did enjoy that kiss. But my grandmother slapped him. Too bad. He’s not likely to kiss me in the next tunnel.

The general is thinking, “How do like the stunt my aide just pulled. He kissed that beautiful girl, but evidently she thought I kissed her and she gave me a hard slap.”

The young lieutenant is thinking, “That was unbelievable. How often do you get to kiss a beautiful girl and slug your boss at the same time!”

The moral is that you can give people the same set of facts and they will come to a different set of conclusions. I am certain is happened tonight during my essay.

Thank you.