

10 steps to build a premium brand



María E. Girón | Red Forbes



Their products' price is three times the average of their category; in exchange they offer qualities such as innovation and status. The key to building and positioning a brand in the premium sector is to have a clear strategy.

Premium products or services are those that provide so much value that their Price becomes three times the average price in their category. A Starbucks coffee, Callaway golf clubs, Godiva chocolate, a Nespresso capsule, or almost everything Apple.

Sometimes these brands are born with that positioning, as Starbucks: its founder trusted from the first moment that their clients would pay more for a coffee in what he called “the third place”: your house, your office and a Starbucks store.

With Apple, Steve Jobs took the technology universe to the next level supporting its premium positioning with constant innovation, the search for excellence, establishing an emotional and loyal relationship with their customers, and an exclusive distribution that did not exist in their sector.

In other cases, –and very frequently in premium brands– products are born in mass-consumption oriented companies. That happens with Nespresso and Nestlé, NH Collection, premium brand of Spanish hotel chain NH Hoteles, or DS Automobiles, which brings back the legendary car known in Spain as “The Shark” and extracts it from PSA Group to create a nostalgia-inspired premium brand.

In my experience with global brands in different categories, I have learned that the key to build a premium brand can be summed up in the following ten points:

1. More than meeting needs, the product has to appeal to the customer's dreams and aspirations. Hitting the ball further without being an expert golf player, enjoying the scent of a cafe-made coffee at home, or experiencing the comfort of a five-star hotel at the price of a four-star one...
2. Build the differential value of the product and reflect it in the Price. Make sure once they try your product, there is no turning back, they would not want to quit. Work on your product until you get that.
3. The gross margin is the proof that customers value the intangible qualities of the product. The cost can be reduced increasing the volumen and it gives us the resources to invest in brand-building.
4. Protect the product's differential value, what makes it unique. Keep in the value chain what is strategic and keep the promise of value. For Nespresso, the key is the capsules, not the coffee-makers.
5. Build a story that stir up emotions and provides meaning. Sometimes it is necessary to dive in the past to identify those products with a non-explored potential.
6. Adjust your expenses. Build an internal austerity culture. Keep a light structure. You need margin to build and communicate your brand.
7. Invent distribution. When creating a premium brand you must not rule out being an online or offline seller. Communicate generously through your stores. Remember, you sell not only the product, but the benefit and the dream associated to it.
8. Start as a global brand, your clients are global too. Explore outside markets from the beginning. Make sure your product's value is relevant in several markets.
9. A premium brand must be managed by someone that uses both brain sides. Someone analytical and able to manage creativity. Both qualities are needed to lead a premium brand company.
10. You need passion and commitment to search for excellence in the product and its value for customers, always, non-stop.

Building and launching a premium brand has advantages for a company that knows the market: they have access to the supply chain, contacts within the sector, customer knowledge, organization skills, and resources. However, sometimes it can be an obstacle because the management of a premium brand demands actions and a type of culture different from mass-consumption products; it is a surgical task.