

BRANDING FUTURE UNICORNS

THE IMPACT OF BRANDING
ON INVESTMENT



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INTRODUCTION

The world of investment can be a confusing one. Whether looking for seed funding or reaching for the third or fourth round, a business must be able to prove that their great idea is greater than all of the others. But what can be done to ensure a company stands out in a highly competitive market? This is where branding comes in.

What is a brand? Although the word originated hundreds of years ago when cattle were marked with an iron stamp, the purpose remains the same: a method of differentiating one's products from generic competition. Often the words 'brand' and 'logo' are used interchangeably, however, the true definition of a brand encompasses far more than just one icon. David Ogilvy, the father of advertising, defined a brand as *'the intangible sum of a product's attributes'*. It is this intangibility that can lead to some confusion.

Think of Apple for a moment. Arguably one of the most famous brands in the world, their products now range from phones and tablets to apps and credit cards. These are the products of Apple but not the brand. Their brand is the perception built around these products. It is the crisp white box that a new iMac comes in. It is the feeling of quality that customers get from holding an iPhone. It is the ability to put the letter 'i' in front of any product and make it sound more expensive. In all, a brand is an accumulated feeling and personality that is highly associated with a product, service or organisation, it is not just a logo.

That being said, creating a brand is not all about the intangible, it has a clear value and tangible assets. A clever combination of a logo, colour palettes, tone of voice, imagery and brand story enable businesses to curate a recognisable image of a company that customers are prepared to buy into. And when is this more important than when looking for investment?

“ *For every hundred people an investor meets with they will invest in only ten, with the hope of just one making profit.* **”**

A common misconception of branding is that it is the icing on the cake; a way to make a business look pretty but not more valuable. In reality, branding is a far more complex than this and forms a vital building block in the foundations of a business and its profit margins.

This paper will discuss the various stages of a branding project and how they directly correlate with investment processes. From creating pitch decks that give a brand a face, to increasing valuation through brand extension, the paper will discuss the best way to reach investment goals and targets.

First, let's begin with the brand story...

CHAPTER ONE: TELLING A STORY

In the current technological era it's unsurprising that brands like Microsoft and Apple are some of the most recognisable companies in the world. But surely this isn't just down to them having a faultless product? (After all, everyone has had their fair share of error messages and unexpected crashes.) What these brands have done to great success is to build a story around their business, so that when new products or services are launched they already come with a respected reputation.

So what should a company do if they're not a billionaire business based in silicon valley? The idea is still the same, to tell a story. In 2013, after years of placing top of Interbrands leading 100 global brands Coca Cola was knocked off the number one spot. With Amazon, Apple and the likes all creating experiences, it was time for Coke to rethink their campaigns. The brand launched a new 'share a coke' campaign globally, encouraging audiences to personalise a bottle with their own name. Coca Cola had created an experience that got people returning for the same old fizzy drink they'd been buying for years but with a renewed investment in the brand.

It was by highlighting their values and creating a narrative around them that Coca Cola regained its position as a world famous company.

“ *Startups don't just need a minimum viable product, but also a maximum viable brand story. A strong brand story is the differentiator and can help drive business growth, provide you with a compelling story for investors and customers and bring clarity to everything your company does.* **”**

Ryan Stoner, Startup Founder

So what is the moral of the brand story? There's more to a company than its product or service. A business should build its foundations upon its brand story. It's the way the brand introduces itself and the memories left behind.

Most companies already have a lot of the basics down, but it's vitally important that these are not shoved into a drawer and forgotten about once completed. This paper will walk through the process of creating a brand story and how best to utilise it in relation to investment. It will also discuss the problems that occur when companies go for investment without these important early steps.

Brand Values

Sometimes described as 'true north', brand values are the key defining characteristics of a company. They are what aligns every aspect of the business from the hiring strategy right through to marketing tactics. Values are not a description of an existing brand, they are the cornerstones that are used to grow one. Take Richard Branson's Virgin for example. With values that include: 'Be fun (but responsible)', 'Give value for money (but never be cheap)' and 'Innovate' it's easy to forget that the brand was created when Branson's small record store started turning a profit. Since then, the company has expanded into a mobile phone network, an international airline and even into space travel. All the while the values stay close to the heart of each new enterprise, creating a united brand.

But how does this tie into investment? Investors are immensely interested in brand values. As well as demonstrating that the company's core principles are aligned internally, the investor themselves will want to be aligned with the brand. Values tell them what an individual is like to work with and what is most important to them. A potential investor has spent their career carefully building a network by selecting trusted partners to work with. They won't risk damaging these relationships on a business that doesn't share their principles. The average VC spends 3-7 years working with their clients so a strong initial relationship is vital for success.

Values are also a useful tool for when deciding which investors to pitch to. A vegan, organic smoothie company will want to reach out to like-minded investors who have a history of investing in similar environmentally conscious products. Likewise, when reaching out to stockists it will be far better to speak to Whole Foods and Holland & Barrett than a budget supermarket.

**" WE WOULDN'T BE
GETTING INTO
GREAT DEALS IF WE
WEREN'T SELLING
OURSELVES AS WELL
AS FOUNDERS SELL
THEMSELVES TO US. "**

SORAYA DARABI
VENTURE CAPITALIST

As the competition in investment has risen, VCs have started to create their own brands. Successful startups will use this to their advantage, using an investor's wealth of knowledge on the branding process as well as their financial resources.

“ 49% of employees don't know their companies brand values. ”

Forbes

Furthermore, creating values that are specific can be a challenge. Too often 'integrity' and 'trustworthy' are used to describe a company that is far from that. An article in Forbes discusses the 3 most overused company values: 'Thinking outside the box', 'game changing/revolutionary' and 'hacking'. Despite being 2 years old, the article still resonates with thousands of businesses using similar terms. It is important that values are chosen to reflect the real business and not just for show.

Brand values are vital not just for external use but when chosen carefully can effectively inspire existing team members and appeal to the top future talent.

Tone of Voice

Once brand values are outlined, a way to communicate them to an audience needs to be established. This is where Tone of Voice comes in. Although the quality of communications is always going to need to be of a high standard, it's the consistency that tone of voice helps with most.

Imagine emailing a fellow entrepreneur. Every email they've sent always begins with a cheery greeting; 'Hiya mate, Hey, Hello...'. Then one day it you read 'Dear Sam...'. The sudden change in formality leaves a feeling of unease and worry that they're about to drop a bombshell. It's the consistency in the language that allows business to build a relationship with clients.

“ *If people believe they share values with a company they will stay loyal to the brand.* **”**

Howard Shultz, CEO of Starbucks

Once brand values are established, a tone of voice can be used to refine how to should portray them. Some aspects will be fairly binary choices; formal/informal, simple/technical etc. Other aspects will require more nuanced thinking, for example 'humorous' could mean an element of sarcasm, or witticisms, or just a long list of puns.

When this is clear it will need to be applied to every area of communication. From internal emails to pitch decks, the way a company speaks will ultimately become synonymous with it's brand.

A good place to start when establishing a set of tone of voice guidelines is to find mentors with a similar style. One example of a more playful, informal voice can be found in Skypes latest guidelines which can be downloaded [here](#).

Brand Story

As most business owners are well aware, 90% of the hard work goes unnoticed by the general public eye. In terms of a brand story, it's the purpose, mission and vision that encompass this 90%. As this process involves a lot of crafting and wordsmithing, it is often a good idea to work alongside a branding agency to develop the final piece. However, the following information will provide a starting point for each.

Purpose

Why do you do what you do? What gets you out of bed in the morning? This is often the reason the company was created in the first place. Greg Ellis, former CEO and managing director of REA Group, describes his company's purpose: 'to make the property process simple, efficient, and stress free for people buying and selling a property.' He emphasizes the importance of serving customers and understanding their needs as well as encouraging employees to put themselves into the customers shoes. To highlight the importance, Ellis described the brand purpose as the company's 'philosophical heartbeat.'

Investors want to work with purpose-led brands, and a succinct answer to 'why did you start the company?' can have a far more profound effect than a technical breakdown of the business strategy.

Consider a hypothetical smoothie brand and the questions they should ask themselves...

Why did I start this vegan smoothie company in the first place? I love smoothies but felt guilty that all my favourites rely on dairy products.

Mission

This isn't where you write a detailed methodology of how the product works, that's already established (and if it's not, step away from the paper and go sort this out first!). But how is the business is going to succeed? Consider both the present state of the company and what it will take for you to reach your goals.

Back to the smoothie brand...

How do I sell these vegan smoothies? I'm going to promote a vegan smoothie as an alternative to other smoothie brands, not just as a eco-friendly option but as a better tasting product.

Vision

This is the aspirational part of the story. Where will the company be in 5 years, 10 years, 20? By demonstrating to investors that not only is there faith in the future of the business, but that the team are committed to reaching goals reduces the amount of risk associated with the brand. Reduced risk is one of the greatest motivators for investors, and a clear purpose, mission and vision allows them to see your business plan in a succinct, memorable way.

What I will do with my smoothie brand when I make enough money to move out of my mum's house? Run a smoothie-themed adventure park complete with a 'mixed berry' waterslide and unlimited smoothies.

“ *Most people overestimate what they can do in 1 year, and underestimate what they can do in 10 years.*

Bill Gates, Microsoft co-founder **”**

Proposition

But what about the elevator pitch? How can the entire business be summed up in 30 seconds? It's time to write a groundbreaking proposition.

This is more than a tagline or slogan. This gets to the very heart of what the brand stands for. One example is Apple's 'Think Different' that encompasses brand values (innovation), tone of voice (to the point), and it even applies to each of the purpose, mission and vision.

A strong proposition explains the benefits of the brand to the customer. It should be concise, emotive and memorable. It should highlight a unique selling point. Again this stage often requires some careful brand thinking so it is best to consult with an agency. Furthermore, the proposition will likely go on to inspire the aesthetic decisions of the branding so it's best to collaborate from here on out.

As mentioned previously, the branding process is not a series of checkboxes that can be ticked off and forgotten about. Each stage leads onto the next to form a branding process that continues throughout your businesses life cycle. It's now time to look at how a brand story turns into a visual style.

CHAPTER TWO: VISUALISING THE BRAND

Now that a brand story is established, it needs to be visualised. This may not come until after the initial round of investment but it is an important early step that will not only save money (from avoiding a later rebrand) but will bring additional value to the business.

First let's look at the core elements of a brand design...

Brand Name

A business name may have gone through a few changes in the initial development process but now is the time to refine it, and stick to it. Any changes to a name from now on are going to be expensive not just in cash but in terms of brand loyalty. It's worth investing time into scoping out the competition, checking similar sounding names and spellings. This must be scalable, so consider the brand's vision and if the name will still align in 20 years time. This is also a good time to speak to trademark lawyers to get the name (and brand) copyright protected. Putting this off risks copycat companies jumping on the companies reputation and quickly

***" FOR EVERY £100
SPENT ON DESIGN,
COMPANIES CAN
EXPECT A £225
RETURN ON
INVESTMENT."***

DESIGN COUNCIL
THE VALUE OF DESIGN
FACTFINDER REPORT

degrading all the other hard work (and money) that has been invested. Most design agencies work with trademark lawyers and will be able to advise and even offer alternatives for naming solutions.

Once a name is chosen, collecting all the domain names and social media handles will further avoid costly changes at a later date.

A Note On Social Media

A social media presence is becoming a widely used tool by investors to check real world interest in a product or service. The earlier a brand can start building a following, the more support it will have when it comes to pitch time. Lots of startup brands launch 'teaser' campaigns when they are at early stages so as to not blow the full marketing budget but to generate interest and help refine a target audience.

Logo

Often referred to as the face of the brand, a logo is the iconic symbol that identifies the company. This is likely to be the first thing that the audience sees so it must be immensely effective and memorable in a short amount of time. A logo is a brilliant device for turning values and tone of voice into a more tangible asset.

A strong emotional response to a brand is most common when at its core, the logo is simple. Too many visual elements and the brain gets confused about which area to focus on and moves onto the next thing. With digital media exposing us to even more content every minute its vital your brand gets straight to the point (Millennials have an average attention span of 11 seconds, Gen Z have an average of 7).

It's no coincidence that most social media apps have reduced their logos to flat outlines with 1 or 2 colours maximum. Logos now have to work across a huge range of platforms and must still be recognisable at app icon size. Even if the brand sits offline, it is likely some form of online presence will be required, so considering a logo for both print and digital is vital to creating a future-proofed brand.

Colour Palette

Colours have a great effect on our emotional response to a brand. Some connotations are particularly powerful, for example red is associated with power and adventure which is why it's often used in energy drinks and sports brands. Blue on the other hand is much calmer and often connected with freshness, which is why many spas and health products use it as their core colour.

Not every brand follows these rules though. Using a colour palette that disrupts the conventions can differentiate a brand against the competition. A good example of this is Deloitte's branding which uses black and green to separate themselves from the wash of blue that is typically associated with banks.

“ *Over the past few years, we took a disciplined approach to building a more consistent and differentiated global brand.* **”**

Punit Renjen, Deloitte Global CEO

Deloitte has been named the most valuable professional services brand—and the world's third strongest brand overall—by Brand Finance in its 2019 Global 500 report.

Although not always necessary, colours can be trademarked. The Cadbury purple has been trademarked so that the particular Pantone cannot be used by other food brands. Whether or not a company chooses to trademark a colour, it's important to own it. This means using it consistently across all of the touchpoints, creating a clear association with the rest of the design assets. Brand guidelines often include a breakdown of colour hierarchy which recommends the ratio of each colour to ensure even more consistency.

A careful balance of colour symbolism, disruptiveness and consistency will create an incredibly powerful toolkit.

Typography

Fonts can be incredibly powerful as they can identify a brand even out of context of the logo. They should also be kept simple. Too many combinations or overly 'script-like' type can lead to confusion and illegibility.

It's the designers job to understand the intricacies of typesetting to guarantee every piece of communication is clear to read. It is the business owner's role is to ensure that their brand remains consistent and memorable. One way to do this is to use a one or two typefaces across all communication. Much the same as a logo or colour palette, the type will become an asset in itself associated with the brand. Some studios create bespoke typefaces or specific letterforms for certain projects to add even more ownability to the design.

" THE DEVELOPMENT OF A STRONG BRAND IDENTITY IS A CRUCIAL PART OF DEMONSTRATING THAT THE FOUNDERS ARE COMMITTED TO DELIVERING THE BUSINESS PROPOSITION AND PROVIDE LIVING PROOF OF THIS COMMITMENT. "

TRISTAN LLOYD-BAKER
VENTURE CAPITALIST

Pitch Decks

All of these branding elements can be brought together in a pitch deck. According to research done by DocSend, investors spend an average of 3 minutes and 44 seconds per deck. This is not a lot of time to get a message across so it's vital to utilise every brand asset.

5 or 6 simple slides with clear messaging, a killer story and a unique proposition will be all the content you need to get that first brand impression across. At the earlier stages an investor may not be expecting to see a brand but this is an opportunity to differentiate from competitors. By demonstrating an existing partnership with a branding agency, be it initial sketches or a full brand design, sets a company apart and shows commitment from the offset. Once again, the more developed the brand is the less risk the investor associates with its company.

An established brand provides more than just a visual style for the deck. Investors will be asking about marketing strategies, target audiences, industry insights (and mentors) and ultimately the company's valuation. The brand story will come into play here, creating memorable key phrases that connect the core values to more complex figures.

“ *Investing in strong brands doubles returns over S&P average.* **”**

Brand Finance

Read the full press release [here](#)

The core elements of a brand can quickly turn a business concept into a tangible output. It's this tangibility that is so valuable to investors, it allows them to visualise the future of the proposal and once again, takes some of the risk out of their decision.

Investment is a two way street so it's also important to work with someone who understands the value of branding from a business perspective. They are going to act as a partner for the foreseeable future and using their expertise in both business and branding will help a company grow.

CHAPTER THREE: GROWING THE BUSINESS

Once the first round or two of investment has been raised it will be time to look at growing the business. As mentioned previously, working on the branding at the earlier stages will allow this process to go much smoother and cost less in both time and money. There are three key criteria to creating a truly successful brand that will stand the test of time:

Ownability

This means using ownable assets, unique to the company. This includes the assets discussed in Chapter 2 (logo, colour, typography etc.) but also extensions such as marketing campaigns and packaging. The more ownable a brand can be, the greater chance it has of getting interest from both customers and investors.

It may be that at this stage your 'investors' are now stockists. Stores don't want shelves of products that look exactly the same, they want variety and something 'new' that they can market to customers and will act as a disruptor.

Ownability is also very important for challenger brands with larger companies looking to steal ideas from startups. It is not unheard of for larger brands to copy products and services so having protected IP and a significant brand loyalty at the early stages will put off competition trying to mimic your designs. Smaller companies can't out spend them so they have to out smart them instead.

Memorability

Being memorable will build customer loyalty and make it easier to increase the company's valuation. It may seem obvious but a crucial part of the branding process is creating a product or service that customers return to. It's no good creating a ground-breaking new product if it can't easily be recognised on a shelf or from a google search.

Scalability

Think back to the vision and where the business will be in 10 years time. It's important to futureproof the brand so that it is not confined to one idea. A name and brand that are flexible allow new products and services to launch under the same brand, therefore retaining the loyal customer base through the established reputation. This is why companies like Virgin and EasyJet use their names over and over again in different iterations to help connect back to their reputation.

The most effective way to create a scalable brand is to consider the wider applications at in the initial branding project. Too often companies get tunnel vision, creating the ultimate design for their one product but unable to change it later on. It's fine to be a little ambiguous in the vision for the company, this will allow more flexibility whilst still showing an investor that the business is one step ahead of the game.

These are the three pillars for a strong brand and each of them ties back to your brand story (Chapter 1). When building a brand, consider each element carefully and make sure that you have a toolkit with a range of assets that are ownable, memorable and scalable.

A Note On Rebranding:

An easy trap to fall into is to create a 'quick brand' to help launch the project and then redo it when you have larger funds. This can be an extremely costly experience. A rebrand costs equity as well as customers. The loyalty built with the 'quick branding' will be lost overnight when the entire brand changes. By following the above stages alongside the growth of the business a successful and long-lasting brand can be created first time round.

One example of a costly rebrand was the launch of Cardiff City's new logo which replaced the 'Bluebirds' symbol with a red dragon. Not only did the team name and colour change but the manager decided to keep the 'bluebirds' nickname which only led to further confusion. The rebrand is estimated to have cost £100million as well as the faith and trust of many confused fans.

***" YOUR BRAND
IS THE SINGLE
MOST IMPORTANT
INVESTMENT YOU
CAN MAKE IN
YOUR BUSINESS."***

STEVE FORBES

EDITOR IN CHIEF OF
FORBES MAGAZINE

CONCLUSION

As we have explored throughout this White Paper, branding plays an essential role at all stages of business. Rather than viewing it as a one-off cost, a branding project should evolve alongside the business and be invested in with the same attitude as hiring great employees and product development, all of which lead to a more valuable company.

Branding acts as certification when approaching investors. By demonstrating existing brand loyalty and confidence in the future of the business, the level of risk is reduced and investors are more likely to invest both their time and money in supporting the company.

Investors are looking for strong brands. A strong brand means that there will be a higher profit at a lower risk.. Higher profits because a) the business will attract more customers and b) it will be able to charge a premium. A lower risk because you will have built up brand loyalty reduce churn.

A brand forms the foundations of your business and continues to play a vital part in the growth of a company. Yes, it will cost time and money if done right, but the returns on investment far exceed the initial output.

Finding a branding agency to join you on your journey can be a challenge in itself. At White Bear studio we pride ourselves that every brand we've ever created has reached their investment. If you'd like to hear more from us and how we can help you move to the next step with your business, get in touch...

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