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An interview with Charles Berger, by Karl Speak

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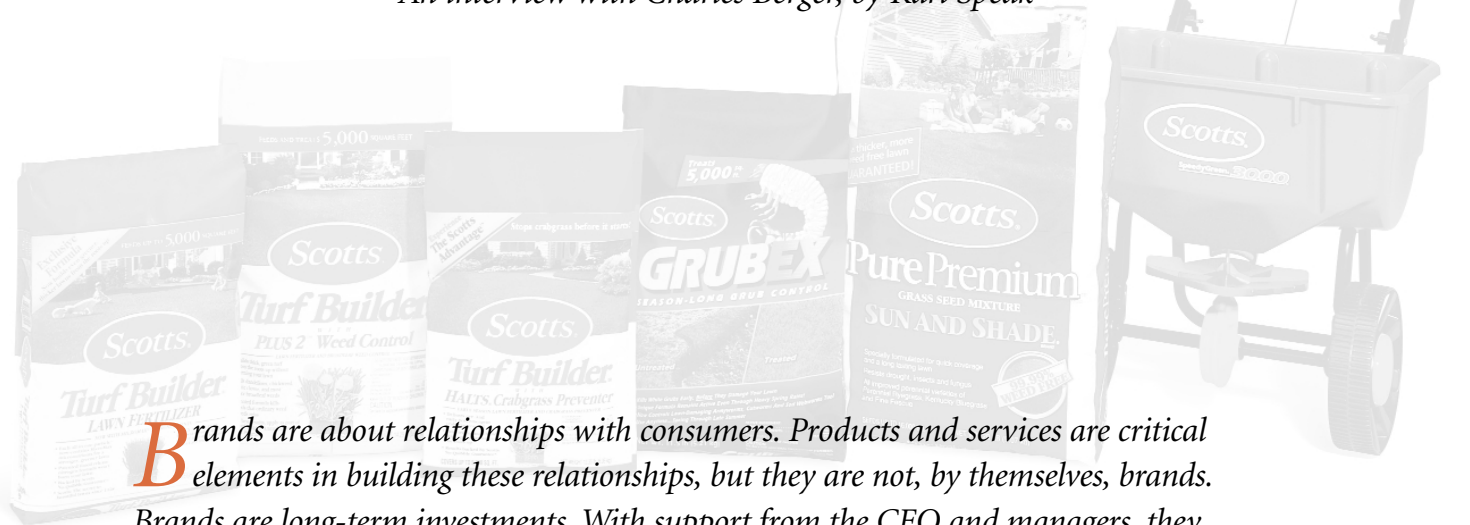
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# “Brands aren’t just names on packages!”

*An interview with Charles Berger, by Karl Speak*



**B**rands are about relationships with consumers. Products and services are critical elements in building these relationships, but they are not, by themselves, brands. Brands are long-term investments. With support from the CEO and managers, they can thrive for generations. Effective brand management is the ultimate path to revenue and profits. For more details on these and other insights, Karl Speak's interview with Chuck Berger, CEO of The Scotts Company, is must reading.

Charles Berger, CEO of The Scotts Company, is one of the most successful brand management professionals in America.

After receiving his undergraduate degree from Princeton and MBA from Harvard, Berger started his career in marketing management at Procter & Gamble, and then moved to Heinz to manage the Heinz ketchup brand. He next served as chief executive of Weight Watchers, a Heinz affiliate. Berger has been CEO at Scotts for the past five years, during which time he has firmly established the company as the leader in the lawn and garden category.

In addition to being a consummate brand management professional,



Charles Berger, CEO,  
The Scotts Company



Karl Speak, President,  
Beyond Marketing  
Thought Inc.

Berger is a gracious man, always willing to share his wisdom with young marketing professionals and fellow executives. Chuck Berger and I spent a gorgeous fall evening on Cape Cod, discussing his insights on brand management. It was a thrill.

**Speak:** Chuck, if a brand management professional could write the perfect resume, it would look exactly like yours. What is it like to be a CEO with a passion for brands?

**Berger:** Well, first of all, you have the power, as well as the responsibility, to create seriousness about brands and brand equity. You can make things happen. And I believe you're in a position to actually act on the value of these brands. It's a value that may not

appear on the balance sheet, but you know it's there. Being a CEO places you in a position to inspire employees to build stronger brands.

There isn't much magic to building them. It's a matter of having a passion for your consumer and always adding something new to the relationship between the brand and that consumer. I believe a CEO can use his or her position and perspective to maintain brand building as a very high priority for the organization.

**Speak:** Brand is an overused word. How do you define a brand?

**Berger:** Brands aren't just names on packages. And that's the crucial thing that anybody working in a company, from the marketing manager to the CEO, must understand. Companies own a lot of things that are trademarked, but they're not all brands. Only a handful really, really count, and they're the ones that are multi-dimensional. A brand isn't simply a word or a logo on a plastic bottle or a paper bag or a metal container. A brand stands for a valued relationship with a consumer.

A real brand owns a very tiny but important piece of "real estate" in a consumer's mind. A strong brand represents a relationship between consumer and product that extends beyond the product by having a meaningful emotional connection.

**Speak:** As a seasoned and successful executive, what advice would you give to other senior managers about building brands?

**Berger:** Brands are not products—they're long-term commitments to relationships with consumers. I think the biggest risk in brand management is when a company spends a lot of time, money, and employees' attention on building a brand, but then fails to nurture and reinvest in it. That's letting the equity slip away.

Companies sometimes make financially driven decisions that

inhibit continued growth of a brand. It's almost like they're saying: Now that the brand is strong, we're going to move on to something else.

Properly supported brands create real momentum. A well-supported brand will make you



more and more money.

I reject entirely the idea of a brand life cycle as something you can't control. Without adequate support, it's true—brands will mature and finally die. But that doesn't have to happen to a brand. The products you're selling under the brand have to keep changing and evolving, and so some of the items or some of the concepts that are encompassed by that brand can change. But there's no reason the brand can't be immortal.

Some of the most admired brands have proven that the brand relationship can outlive the original product. Let's take Apple Computer as an example. Apple would be dead if it were still the original Apple II computer. That's easy to understand, because technology is changing all the time. At the other end of the spectrum are classic and venerable consumer goods brands, such as Heinz ketchup, which actually looks and tastes the way it did in 1890. In most cases, although you have to keep changing the product, the brand should be immortal. Loyal consumers expect the brand will always be relevant to them and lead them through changes in lifestyle and technologies.

**Speak:** Building strong brands requires the effort and passion of a lot of people in an organization. Many middle managers confide in me that they feel it is very difficult to build a strong brand without an enlightened CEO—someone like you. They believe in brands, but they need to know how to influence their senior managers. What advice do you have for them?

**Berger:** It does help a lot if you have people at the top who care about brands. But as with

*“A real brand owns a very tiny but important piece of ‘real estate’ in a consumer’s mind.”*

anything else, there’s no hard and fast rule. It is possible to build a brand without a lot of top-down support. Middle managers should be aware that the people in the senior management jobs may be facing a lot of financial pressures, particularly if they work for a public company.

My first suggestion for middle managers is that they show enthusiasm and tenacity for the business, as well as the brand. I would also suggest that as a group, they try to come up with a big idea that can lift the brand to the next level with its consumers. Build a case backed up with real, solid data, and it will be very difficult for an executive to reject it.

As far as I am concerned, a good idea clearly demonstrates how the brand can deliver additional value to the consumer. There are lots of good ideas out there. A big idea is a good idea supported with numbers that demonstrate how the investment in the brand will deliver more revenue and bigger profits. I always emphasize the importance of thinking strategically and having real, hard facts to back up an idea. When I am approached with a new idea, I often challenge people by saying, “Tell me what you know, not just what you think.”

**Speak:** I want you to ratchet your perspective up a notch and think about the brand concept for companies: How can a company have an intimate, enduring relationship with consumers that meets the same criteria as a strong product brand. I’m talking about a relationship that is unique because of its distinctiveness, relevance, and consistent relationship with its targeted consumers. Do you think brand management in that context makes sense?

**Berger:** Yeah, I do. Although I don’t know if I am as crisp on this as I am on product brands. At Scotts, we’re facing this opportunity right now: How do we build a corporate brand image when we have so many powerful product brands? And what do we want the corporate brand to stand for? I think consistency is important, but sometimes at a big corporation, maintaining consistency can be a challenge. Take General Electric as an example. Is it an aerospace company? Is it an appliance company? Is it a finance company? Those are three things that come to my mind. Or is it a whole bunch of other things that I don’t even know about? I’m still not exactly sure how best to maintain consistency on the company level, but I do think

it is very important.

A strong corporate brand can be a very important company asset. It gives a brand manager another way to talk to and relate to consumers. The communication

### The Scotts Brand

The Scotts Company, headquartered in Ohio for more than 130 years, is the world’s leading supplier and marketer of consumer products for do-it-yourself lawn and garden care, with a full range of products for professional horticulture, as well. The company owns what are by far the industry’s most recognized brands, and Scotts relies heavily, almost exclusively, on its product brands, placing little emphasis on its corporate identity as a master brand. In the US, consumer awareness of the company’s Scotts, Miracle-Gro, and Ortho brands outscored the nearest competitors in their categories by several times, as does awareness of Monsanto’s Roundup brand, for which Scotts is the exclusive marketing agent worldwide. In the UK, Scotts’ brands include Weedol and Pathclear, the top-selling consumer herbicides; Evergreen, the leading lawn fertilizer line; the Levington line of lawn and garden products; and Miracle-Gro, the leading plant fertilizer. The company’s leading brands in continental Europe include KB and Fertiligène in France, and Nexa Lotte and Celflor in Germany.

The Scotts Company and Stern’s Miracle-Gro Products merged in 1995. The Scotts brand, of course, revolves around lawn care, which is primarily a male-dominated activity. Miracle-Gro’s brand equity, the strongest in the garden category, centers around gardening activity, which is predominantly a female activity. Having a broader brand portfolio, which covers both lawn and garden, allows Scotts to have more leverage with its retailers and therefore ensure that their products are easily accessible to consumers no matter where they shop.





between a product brand and the consumer is generally focused on getting the consumer to buy or use a product. The corporate brand has to talk in broader, yet still relevant, terms with consumers. A strong corporate brand can provide consumers with added confidence to buy and use branded products. An important role for a corporate brand is to communicate the organization's core values. If consumers understand and believe in those core values, it will give them more confidence to buy new products from the company or try new things, such as doing business with that company on the Internet.

**Speak:** I am seeing something in today's intense, short-term-oriented business environment that bothers me. There appears to be this overriding emphasis on generating transactions—that is, on selling products, but neglecting the importance of nurturing and growing the consumer relationship. Are you worried that the shift in balance is a bit shortsighted?

**Berger:** Let me address that this way. Everything I needed to know about marketing I learned in one day in the Harvard Business School marketing course. That may be oversimplifying it, but there are just a few basic things that every brand manager must keep in mind. The first thing is the importance of being consumer-oriented as opposed to being manufacturing- or product-oriented. Do you really think your business is just a factory? Or is it all the consumers with whom you've built relation-

ships over the years? Don't get me wrong—the factory, products, trademarks, and patents are all very important. But companies with strong long-term consumer relationships are the ones that can sustain growth most efficiently. Look at today's stock market. Many companies have extremely high market capitalization based upon their consumer relationships and other intangibles. Telecommunications companies are great examples.

Recently Scotts launched a lawn-service business. We were able to leverage the consumer relationships that Scotts developed over the years to launch a business that is off to a great start. In less than three years, we have been able to develop significant market share in the markets we have targeted. Moreover, our ability to acquire new customers and retain them, two important success factors in the service business, are much better than that of our competitors, who have been in the business for many years. We think a good service, coupled with strong consumer relationships, will allow us to continue to grow this business at the expense of our competitors. In effect, our brand equity is helping us to grow the business quickly, and at the same time, this new product is adding value to our brand equity because of the quality service we deliver. It reinforces our relationship with the consumer.

Really good brand managers are obsessed by market share and total category growth, and I

am too. However, we must always remind ourselves not to let this short view of counting sales cloud our understanding and commitment to consumer relationships. Every consumer transaction has two purposes—generating sales and reinforcing the consumer relationship. One without the other is truly shortsighted.

**Speak:** Where would you place package design as a tool to build strong consumer relationships?

**Berger:** There is no doubt that package design is important in adding value to the consumer relationship. There are two ways I think about package design. First, a package that adds value to the consumer experience is definitely a strong brand-building tool. When Scotts switched from paper to plastic bags for our lawn fertilizer it was a big hit with our consumers.

Second, consistency is important. Of course, I don’t claim to be a design expert, but I look at the design of a package in terms of consistency. Package designs must be consistent from package to package and whenever the brand is extended over a family of products.

Consistency is not always easy. Young brand managers are often tempted to change the package design of an established brand, but a dramatic change in a design can cause great peril. Strong brands have created a familiarity with their consumers. In some cases, if you had to do it all over again, you might design that package differently, but it’s too late for that. Don’t get me wrong—I’m not against updating a brand’s package design. I just prefer that the package design be given a “Hollywood haircut”—a slight change, so that the brand’s character looks fresh but still maintains its familiar personality. Every brand manager should remember that consistency is the hallmark of all strong brands.

**Speak:** As you look back on your career, are there any particular mentors or learning experiences that stick out in your mind?

**Berger:** Tony O’Reilly, the guy who ran Heinz for 35 years, had a big impact on my professional life. Tony had a great sense of brands and their power. Although there were times when Tony was forced to cut back on the marketing budget for some of Heinz’s touchstone brands, he knew how to strike the right balance between managing tight financial resources and supporting the long-term health of a brand. He was very committed to the power of the brand.

Another learning experience that stands out in my mind was working for my father when I was a young man. My dad owned a small drug wholesaling business called the Scranton Drug Company. I remember schlepping 20 cases of Alka Seltzer for every 5 cases of Bromo Seltzer and every 1 case of Bicodol and wondering why the heck my dad bothered with the Bicodol anyway. The next year, I was taking a marketing course in business school, and the teacher was talking about the power of a brand name. I realized he was talking about the same thing I’d noticed in my father’s warehouse! Even though all three of those products were fundamentally the same product, the one with the strongest name—Alka Seltzer—sold more. Carrying case-loads of antacids from a dusty warehouse onto a truck gave me an innate appreciation for brands.

**Speak:** Do you have any final advice for brand enthusiasts?

**Berger:** At the risk of sounding too pedantic, I would like to mention a few of those simple “brand basics” that have served me well during my career. Avoid being a product manager; be a brand manager. Focus on the relationship with your consumer, not just your product. As a brand manager, your brand is your flame, and it’s your job to keep it alive and in good condition. Respect the power of the brand and give it more power by putting the right new products under its umbrella. Avoid constantly adding new brand names for each new product. Finally, be passionate and charismatic about your brand.

**Speak:** Thanks for sharing your real-life lessons about brand management.

**Berger:** My pleasure. ■

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