

# BREAKING BRANDS 2017

AIRBNB ▶ INSTAGRAM ▶ SLACK ▶ SNAPCHAT ▶ SPOTIFY

## MY SACRED RULES OF BRANDING



TIM FERRISS, EARLY-STAGE INVESTOR (UBER, FACEBOOK, TWITTER, ALIBABA, ETC.) AND AUTHOR OF THE NO. 1 *NEW YORK TIMES* BESTSELLER *TOOLS OF TITANS: THE TACTICS, ROUTINES, AND HABITS OF BILLIONAIRES, ICONS, AND WORLD-CLASS PERFORMERS*.

**1. INSTEAD OF FIXATING ON THE OFTEN NEBULOUS "BRAND," think of how you can "own a category" in the minds of 1,000 die-hard fans who can then act as your strongest marketing force. If you can't be No. 1 or No. 2 in a category ["Uber for X," imported light beer, low-cost airline, whatever], find or create another category.**

# THROUGH

**WHAT DOES IT TAKE FOR A BRAND** to truly break through in today's crowded market? Just as it has with everything else, digital transformation has upended the traditional rules of marketing. In less than a decade brands like Uber and Airbnb have attained the kind of consumer mindshare that companies used to have to work decades to create. Part of this is the simple fact that most of these newer brands are technology companies; they provide products and services that themselves can be built almost overnight, thanks to the proliferation of smartphones, cloud computing, and fast, free, and universally accessible digital tools. But many of these brands are also resonating on a deeper level with consumers. We wanted to get to the bottom of which companies best exemplified this—those brands that have attained the emotional resonance with consumers typically reserved for big blue-chip companies, but in a fraction of the time. So we surveyed 4,000 consumers and asked them

to name the brands that meant the most to them, both overall and across a variety of industries. We then sorted the list by industry, category, and age to come up with our list of 10 “Breakthrough Brands”—companies that, when measured on the basis of how they resonate with consumers, sit side by side with Apple, Coca-Cola, Disney, and other mature brands despite being relative babes. The 10 names here are new and white-hot; they are all tech companies; and they have all “broken through” to claim space among the giants. All but two of them are less than a decade old.

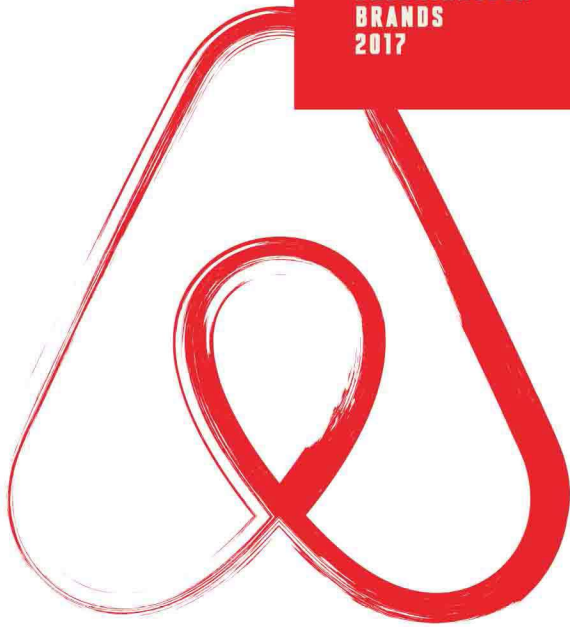
We've also shared some other key findings from our survey, like the brands that received the most mentions overall—those that may have broken through decades ago but still register highly in consumers' minds. On that list, Apple trounced everyone else. But it's the breakthrough brands of today that we find most compelling. These are the ones that are best positioned to become the Apples of tomorrow.

**SQUARE ▶ TESLA ▶ UBER ▶ VENMO ▶ WAZE**

**2. DON'T MAKE A PRODUCT FOR “EVERYONE.”** If everyone is your market, no one is your market. Particularly with the first versions of your product or service, it's better to have 1,000 people who *love* you (and many who hate you) than 100,000 who think you're kinda, sorta cool. “Great” to 1,000 edge-case nerds beats “good” to 100,000 of anything else, every time. In a social-sharing-driven world, cultivate the intense few instead of the lukewarm many.

**3. FORGET BRANDING.** Think about consistently over-delivering one or two benefits to your customers/users/fans. Branding is a side effect of consistent association. Don't put the cart before the horse. Put good business first, and good “brand” will follow.

BREAKTHROUGH  
BRANDS  
2017



## AIRBNB

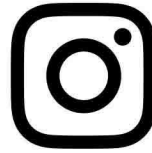
FOUNDED: 2008 | HEADQUARTERS: SAN FRANCISCO

**A PAYMENTS APP** or a messaging service is one thing. Opening up peoples' homes to let strangers stay in them? Well, that's just *crazy*. That's what lots of smart people thought back in 2008 when Airbnb's founders were trying to get their startup off the ground. Some 140 million "guest arrivals" later, it has reimagined travel, building an online platform for home-based accommodations with lush, inviting photography, an easy interface, and appealing prices, all wrapped in the cozy image of "belonging." This company has its challenges, like discriminatory behavior by its users and pushback from regulators—but breaking through has not been one of them. —*Leigh Gallagher*



## THE ALL-STAR BRANDS

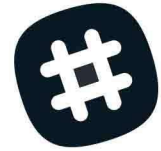
**AS PART OF OUR METHODOLOGY**, we asked respondents to name one company in any category that best exemplified a breakthrough brand. Apple topped the list—and got more than three times the mentions of the runner-up, Walmart. Here are the top 15.



## INSTAGRAM

FOUNDED: 2010  
HQ: MENLO PARK, CALIF.

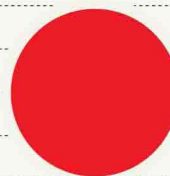
**CANDID PHOTOS OF FRIENDS** with a vintage patina, vistas with vivid hues, close-ups of fancy cocktails—Instagram's 2010 debut made everyone seem like a shutterbug—and everyone could be, thanks to the app that brought professional-grade photo tools to the iPhone-holding masses. But Facebook's billion-dollar acquisition of the fast-growing photo app in 2012 accelerated everything. Then Instagram had 30 million users; today it has more than 500 million. What started as a faddish distraction developed into a full-blown social network. Once a serious threat to Facebook, Instagram is now a critical pillar [alongside WhatsApp, Oculus VR, and the company's namesake service] of its \$25 billion business. And you can still use it to take a great photo. —*Andrew Nusca*



## SLACK

FOUNDED: 2009  
HQ: SAN FRANCISCO

**WORKPLACE CHAT SERVICE** Slack was an accidental success. Originally developed as an internal tool, the company—then named Tiny Speck—took a big bet on launching it to the outside world in 2013 after its original product, a videogame named *Glitch*, wasn't paying off. Slack wasn't the first app for chatting with coworkers—HipChat, Yammer, and others came before it—but it had a quirky design and slick user interface, and perhaps most critically, it came at just the right time: taking the tech industry by storm as it spread among the then-exploding number of new Silicon Valley startups. Today the service has more than 4 million daily active users—1.25 million of them paying—and Slack's colorful plaid logo has become an icon in Silicon Valley. —*Kia Kokalitcheva*



APPLE  
1,229



WALMART  
396



GOOGLE  
346





## SNAPCHAT

FOUNDED: 2011  
HQ: VENICE, CALIF.

**PLENTY OF PARENTS** are still thoroughly confused by the mobile ephemeral-messaging app, but that doesn't matter to Snapchat, which has achieved the holiest of holy grails: capturing the fickle hearts—and precious time—of teenagers and young adults the world over. It now has 150 million daily active users, numbers that have prompted attempts by Facebook and Instagram to copy some of Snapchat's most popular features. The ambitions of parent company Snap have grown in lockstep with Snapchat's scale as it moves beyond mobile apps for sending photos and reading bite-size news from media giants like ESPN and *People*: In the fall, Snap unveiled its first pair of video-recording sunglasses, called Spectacles. —*Kia Kakalitcheva*

## SPOTIFY

FOUNDED: 2006 | HQ: STOCKHOLM

**SPOTIFY HAD ITS FIRST BREAKTHROUGH MOMENT** back in 2011, when a Facebook partnership introduced the Swedish streaming service to the U.S. market and it went from a little-known cult favorite to a popular service. But it's not until you tangle with Taylor Swift that you really hit the big time. When the pop superstar pulled her music from Spotify's catalog and penned a critique about its artist compensation practices in 2014, she inadvertently lent her celebrity to the brand. Since then, the company has ballooned from 12.5 million paying listeners to the 40 million it has now, nudging millions of would-be song pirates into the paid-subscriber camp. Apple Music and others are on its heels, but Spotify's early lead—and Swiftgate—solidified its position in a competitive market. —*Robert Hackett*



## SQUARE

FOUNDED: 2009  
HQ: SAN FRANCISCO

**JACK DORSEY'S** other company, Twitter, gets all the attention—good and bad. But Dorsey also runs Square, the company whose little white dongles changed small business forever. The idea was simple enough: Give away small credit card readers that connect to mobile phones and tablets and charge the same rate for each transaction, regardless of the type of card. Square was the first to make that easy, and along with its user-friendly accounting services, it fast became a tool of economic empowerment for tutors, dog walkers, and shingle hangers of all stripes. Dorsey may or may not remain Square's leader, but he has already made a lasting imprint on the way we pay for—and sell—goods and services. —*Michal Lev-Ram*



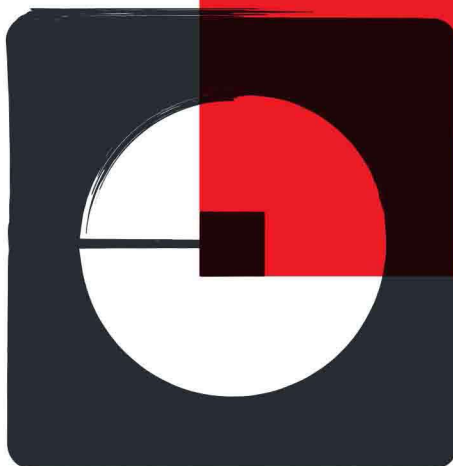


## TESLA

FOUNDED: 2003  
HQ: PALO ALTO

**ELON MUSK** doesn't have customers. He has *followers*. Not since Steve Jobs has a company's product been so closely aligned with the person who brought it to them. In Musk's case, his customers admire not just his raw ambition but his ideology: He has made it cool to want a carbon-emissions-free world. After several rocky years, Tesla began to hit its stride when the Model S, its all-electric luxury sedan, was named the 2013 Car of the Year by *Motor Trend*—the first time in the award's 64-year history that its winner was not powered by an internal-combustion engine. Tesla's next act, its upcoming Model 3, isn't expected to ship until the end of 2017, but 373,000 customers have already plunked down \$1,000 to reserve one. —*Kirsten Korosec*

## BREAKTHROUGH BRANDS 2017



## UBER

FOUNDED: 2009 | HQ: SAN FRANCISCO

**FEW COMPANIES EVER SEE** their name become adopted as a verb, but for Uber it happened almost out of the gate. The ride-sharing startup quickly grew from a fun way to summon a black car with a mobile app to a business currently valued at nearly \$70 billion. Though Uber has competitors around the world, its "win at all costs" attitude—including often rattling local lawmakers—helped it establish dominance in many markets, including the U.S. Today it operates in more than 70 countries and isn't limited to shuttling people around; it also delivers hot meals, is developing autonomous-driving technology, and dreams of a future with flying cars. —*Kia Kokalitcheva*



## VENMO

FOUNDED: 2009  
HQ: NEW YORK CITY

**FROM JUNE** to September last year, nearly \$5 billion was sent through popular payments app Venmo for everything from sending in rent to your landlord to paying your friend back for covering for you at dinner the other night. PayPal inherited the popular app—which lets people send money to one another instantly from their phones—as part of its \$800 million acquisition of Braintree. Venmo first drew a cult following among younger users, who liked its mobile and social elements and distrusted "bigger" brands like PayPal. But it's now becoming the shining star in PayPal's portfolio of digital-wallet apps, on track to process \$20 billion a year—and to never let anyone mooch from his or her friends again. —*Leena Rao*



## OLD BRANDS, NEW MOMENTS

**TRADITIONAL BRANDS AREN'T DEAD**—far from it. Consider Apple, which got more mentions than any other brand in our survey. Or consider these three brands that made our list—legacy names by any definition that are having a resurgence.



Disney is in the midst of a hot streak that kicked off the moment Princess Elsa appeared on-screen in 2013's *Frozen*, its 53rd animated feature.



America's most famous denim brand has won plaudits both for its sustainability principles and for barring customers from bringing guns into its stores.



## WAZE

FOUNDED: 2008  
HQ: MOUNTAIN VIEW, CALIF.

**NAVIGATION SYSTEMS** existed long before Waze came onto the scene in 2008. [If it isn't obvious by now, a brand need not be first to be a breakthrough.] But its unique community-driven navigation service helped it stand out by making it fun and social for drivers to contribute road updates, like alerts about construction or accidents. By the time Google—which already had its own popular mapping app—beat out other companies to acquire the Israeli startup for more than \$1 billion in 2013, Waze had 50 million users. Now based in Mountain View, it's growing its influence in the ride-sharing space, via a partnership with Lyft and its own nascent car-pooling service in the Bay Area. —Kia Kakalitcheva

# HOW TO BUILD A BREAK-THROUGH BRAND



JIM STENDEL | FORMER CMO | PROCTER & GAMBLE

**THERE HAS ALWAYS** been some science to the high art of brand building: Identify what the brand is supposed to stand for and whom you are trying to reach. Build a strong messaging platform. And target your resources to the right media. That approach is still accurate, yet both the way consumers evaluate brands and the method by which their meaning is disseminated have changed completely. *Fortune's* Jennifer Reingold spoke with **Jim Stengel**, head of branding consultancy the Jim Stengel Co. and former global marketing head at Procter & Gamble, to get some perspective.

remarkable stories about employee enablement of the company's purpose.

One was Mattel. Barbie has been in a funk for a long time, and no one knew what to do with her. They went back to when the company was founded. What did the founder hope Barbie would do? The original intent was to get girls to think of themselves in various roles and inspire confidence through play.

### What other changes are there?

We have to look at the rise of the "story" brands. They have a story that's easy to access and understand. There's a willingness to be human and have a personality and have some fun. They behave like a friend behaves.

**Social media has got to be the biggest single difference in how a**

### brand's message gets out.

It's enormous. It lets you create advocates and to have a dialogue, to learn more, and to react. The brand building is about fully engaging those who are potential advocates. You have to be okay with lots of people talking about your brand—and give them license to do so.

### Social media can also really harm a brand—and quickly. How do you deal with that?

You have to be willing to jump on [problems] when they happen. Before, you had more time to think. That requires a different decision-making process and a fast, nimble, and empowered team.

When Starbucks stumbled on its race initiative, it didn't have lasting impact. They blew right by it because everyone knew their intent was good. And they quickly said, "We didn't get that right." It was very human.

### Some big brands that have always relied on scale to get their message out have stumbled. Why?

Scale is not bad. But it's not the competitive advantage it used to be. For one, everyone is now selling through different channels. Another shift is the incredible rise in computing power and data available to everyone. Also, the ecosystems in marketing are different. You can't underestimate the overwhelming influence of Google and Facebook. 📱



The retail giant is one of the industry's top performers and is beloved by its affluent clientele. Now it's finally turning its focus toward e-commerce.

### What are the biggest changes you see in building a brand today vs. 10 or 20 years ago?

People are really trying to convey a sense of purpose. I don't think that's a fad; it's been with us for several years, and people are getting better at it. At the recent ANA [Association of National Advertisers] meeting, there were several