The rise of challenger brands: Ready or not, here they come…

Category: Branding
written by Steve Harvey | 4 March 2018

Whether you're new to the marketing world, or you've been transforming the industry for years now, it's safe to say that competing in the digital age is becoming increasingly difficult.

Attention spans are currently shorter than ever. We go through each day half on auto-pilot, zoning out whenever we're confronted by the same-old tired advertising efforts. That's why today's competitive companies need to make sure that they're not just speaking to their audience, they're shaking them out of their stupor.

Challenger brands are experts in the world of disruption. They have a vision of the future that requires a complete change in the status quo, and that pushes people to take notice.

Before we had the concept of the "challenger brand" in marketing, all we had was best practices designed to guide companies along the same route to success. This meant that everyone seemed to do the same thing, leading to a sense of overall boredom in the marketplace.

While there's nothing wrong with sticking to the things that work for your company, if you really want to unlock the industry, convert your customers into brand ambassadors, and even make your business go viral, then you need to do something new.

So, how do you create a challenger brand strategy?



What are challenger brands? Challenger brand definition

Your challenger brand definition might differ depending on who you ask. However, ultimately, a challenger brand is a company that lives and dies by a specific mindset. They have huge goals and life-changing ambitions, and they're prepared to do something bold to transform the current market.

Challenger brands today are more likely to fight against a specific concept, than a person. For example, Warby Parker rose to fame as a challenger brand by tackling the issue of overpriced eyewear, while "Body Shop" addressed the idea that luxury cosmetics could be cruelty-free.

Although challenger brand marketing isn't always easy, there are considerable advantages to taking this route for your business. For instance, you can choose a place to stand in your industry and focus on fighting for one ideal over all others. This clarity around your purpose leads to a drive and

identity that even market leaders can’t match.

To help you begin developing your own challenger brand definition, here are the 3 criteria associated with challenger brands:

- **State of market:** You can’t be a brand leader and a challenger brand at the same time. You need to rail against a specific concept, which means that you’re not going to please everyone.
- **State of mind:** Challenger brands are defined by their state of mind. They have an idea of what the world should be like, and they’ll work tirelessly to achieve that change.
- **Rate of success:** If you design a successful challenger brand strategy then you should notice a positive amount of growth and development in your business. This doesn’t mean that you’ll always be successful, but you should be making progress towards your goals.

Building your challenger brand strategy: Steps for success

So how does a brand become a challenger?

Challenger brands are businesses that focus almost entirely on a specific goal. They might want to challenge perceptions about beauty, like Dove, or they may hope to disrupt an entire industry, like BrewDog.

Becoming a challenger brand usually means that you start off small, with nothing more than an idea, and a garage. However, no matter how small you might be, to begin with, your endgame is usually to outshine market leaders and change the status quo.

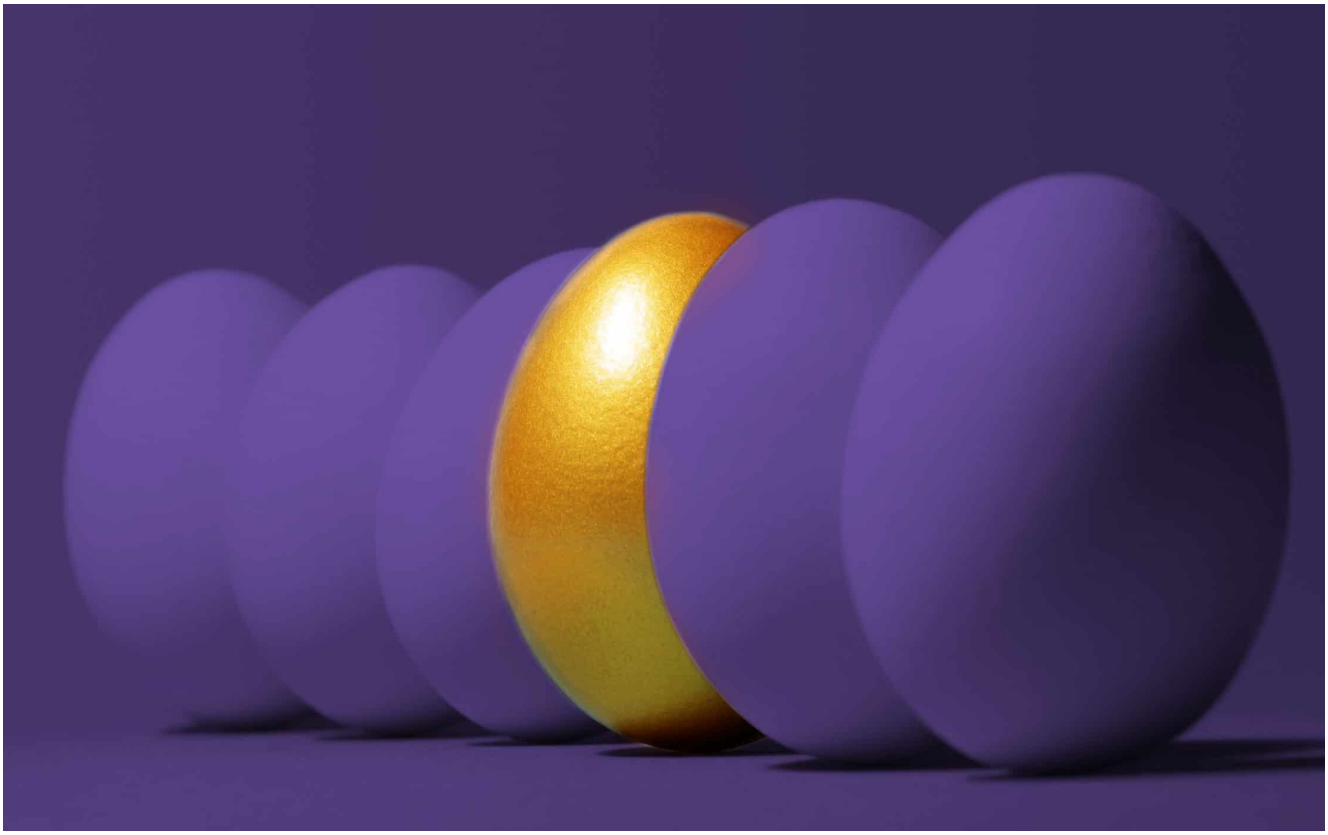
Here are a few ways that you can build your own challenger brand strategy:

Step 1: Make your mark

To become a challenger brand, you need an identity. Challenger brands are successful because they carefully define what they want to change in the marketplace, as well as the strategies they'll use to initiate change.

For example, "The Challenger Project" – a group which studies challenger brands, suggests that challengers can use their business as a vehicle for universal change, but they need a vision that remains razor-sharp from one year to the next. In other words, you need to decide what you stand for, what you stand against, and how you're going to place yourself in the industry.

A company that made their mark is Ovo Energy, a challenger brand that took on industry leaders who they felt were over-charging the current marketplace.



Step 2: Think and act differently (but with focus)

A successful challenger brand strategy is about more than simply telling people that you're going to make a change. If you want to break through the existing clutter in the industry, then you need to create a message that's entirely unique.

Thinking and acting differently with a differentiation strategy is a great way to improve your chances of earning attention. However, as with most things in branding, it's important to make sure that you're targeting the right audience with your messages.

While your challenger brand definition will involve challenging the current mindset, that doesn't mean adopting an identity that no-one else can get behind. Take the time to ensure that your message resonates with your audience before you begin advertising.

Step 3: Be bold and emotional

Many challenger brands find success presenting themselves as a "David and Goliath" story. In other words, you find something about the leading brands in your industry that your customers don't like and present yourself as the company that's willing to fight back against that injustice.

Of course, being "disruptive" in any niche is something that's bound to lead to controversy. You're going to inspire criticism, and you need to be willing to take the bad with the good. When BrewDog first began, it's aim was to deliver a craft beer experience with attitude – unlike anything else in the world.

While BrewDog has grown more popular by the day, with countless customers investing in equity with the company, it's

also seen some backlash, with legal battles, angry people opposed to their “swear-friendly” marketing techniques, and copyright disputes.

Step 4: Transform the market

There’s a difference between choosing a market positioning statement that allows you to target a larger market than your competitors, and being a challenger brand. If you’re hoping to disrupt an industry, then you can’t just provide a slightly different service.

Think about what Google did to the state of search on the internet, or the way that Skype transformed the way we communicate with people online. These challenger brands offered a service that was above and beyond anything else in the space, which allowed them to earn the respect and attention of their audiences.

While not every challenger brand strategy will lead to a world-changing product or service, if you can strive to transform the industry for the better, then you’ll be rewarded with the love and loyalty of your customers.

Step 5: Never back down

Challenger brand marketing is a stressful business. In fact, one of the biggest obstacles that most challenger brands face is the temptation to step away from the elements that set them apart from the competition to draw more happy customers into their midst.

All companies, big or small, will suffer from low points in their performance, and challenger brands can be particularly poised for trouble. It’s common when things get rough, for some businesses to panic and pursue the “safe” option, instead of maintaining their challenger status.

Unfortunately, backing away from your initial identity could

erode the trust that people once had in your brands, and diminish your “challenger” credentials. If you’re going to create a challenger brand strategy, then you need to be willing to stick with it.

Leaders of the pack: Challenger brand examples and “types”

When determining your challenger brand identity, it’s important to note that there’s more than one kind of “challenger” that you can be.

The first step in your plan should be to define what your narrative is going to be as a company, and how you’re going to present yourself to the world. This is a process that will naturally develop as you go through the brand building process, finding your tone of voice, image, and even your brand story.

Technology giants like Apple and Google naturally tend to adopt the “next generation” challenger brand strategy. Here are just some of the challenger “types” you can consider for your company, along with some challenger brand examples to inspire you:

Challenger brand types: The irreverent maverick

As the name might suggest, the “Irreverent Maverick” challenger brand is the company that’s willing to go to any measure to turn the industry upside down. These businesses are about attitude and transformation. They’re willing to take risks, overwhelm, and get on the bad side of the right people to impress their customers.



For an example of a maverick brand, think of Nando's, a business designed to spicing up the world with vibrant colours, African design, and heat-packed advertising strategies. Another example is "Red Bull", which is an organisation known for its willingness to tackle almost any challenge. From the Felix Baumgartner experience to yearly challenges for its fans, Red Bull know how to change the way people look at energy drinks.

Challenger brand types: The human being

One of the qualities you'll see in many challenger brand examples is the decision to focus on "people" instead of profit margins. Challenger brands are all about making a crucial change in the industry, and the reason they do this is to make the world better for a specific group of individuals.



Credit: Hazel Nicholson

"Human" challenger brands appeal to the market on a more personal level, by showing the faces behind the company and working on affinity with their audience. Think of Innocent – the company devoted to making consumers healthier, and improving the state of the food industry at the same time.

Innocent's commitment to corporate social responsibility, their adorable and ethically conscious marketing campaigns, and their unique brand identity make them a naturally more "human" challenger brand.

Challenger brand types: The people's champion

While some challenger brands focus on changing the world from an environmental perspective or enhancing our relationship with technology, the "People's Champion" make their products and services all about standing up for the consumer.



Credit: jabberwock

For instance, when Virgin first entered the market, they were devoted to delivering better customer service, stronger brand experiences, and cheaper prices for their customers. Although some people consider Virgin to be too much of an industry leader to maintain their position as a challenger at this point, they're still making a difference with their Galactic ideas, and innovative challenger brand marketing.

Challenger brand types: The game changer

The "Game Changer" challenger brand sets out to deliver an experience, unlike anything that's been on the market before. We showed examples like this above in the form of Google and Skype, who transformed the way that people search for information and communicate with friends and family around the world.



Another example of a game changer is Apple – a challenger brand that overhauled our idea of the mobile phone and transformed it into a smart device that we could use for many of the tasks previously handled by a desktop computer.

Without Apple, mobile connectivity and browsing might look very different to the way it does today.

Challenger brand types: The equaliser

Finally, one of the most common challenger brand examples you'll see in the world today, is the "Equaliser", a company that uses their position and marketing plan to bridge the gap between luxury and affordability. These businesses want to make sure that everyone can access the highest quality products in the industry – regardless of their budget.



Equalisers challenge the concept of privilege and elitism, opening previously untouched ideas up to the masses. Ikea transformed the designer furniture world when they created a brand that offered accessible, flat-pack furniture for a price that anyone can afford.

Against all odds: Tips for challenger brand marketing

Challenger brands are unique. They adopt a tone of voice and message that's new to the market, and that means that they don't struggle as much to be heard by their target market.

Although you might face some problems with reputation management, controversy, and even cash flow during your challenger brand strategy, you'll also have some specific advantages over leadership brands. For instance, you can afford to be more polarising with your company decisions and stand for something more "unique".

Effective challenger brands are all about seduction,

provocation, and category transformation. Because these companies are all about being unique and disruptive, there's no pre-set method for achieving success, but the following tips could help you to ensure that your business adheres to the right principles of a challenger brand.

1. Choose "who" you want to be (and stick to it)

Strong customer loyalty begins with a brand who knows who they are and what they want to accomplish. Although all companies need to be consistent with their brand identity, this can be particularly important for challenger brands, who need to show that they're willing to stand for their beliefs against all odds.

A challenger brand needs to determine how they're going to put their USP into the marketplace, and how they're going to engage with their customer. From day one, decide who your target market is going to be, and how you're going to speak to them in a way that will encourage them to follow your company in its quest for change.

For an example of an organisation that carved their own niche into the marketplace and stuck with it, just look at GoPro. These durable, portable, and high-quality cameras are incredibly desirable for today's rising number of YouTube stars and vloggers.

2. Know your strategy before you start a war

As a challenger brand, you're basically inviting leader companies in your niche to enter a battle with you for the love and respect of a specific audience. Since your competitor probably has a lot more time and experience in the industry than you do, you're going to need a solid brand strategy if

you’re going to change the world.

A good first step is to analyse your competitors and think about what they bring to the market that you can’t offer, and what they take away from their customers that you might be able to give back. For instance, when Uber launched into the transportation sector, they knew that they might not be able to provide their customers with a car in every city around the world. However, unlike standard taxis and cabs, they could provide a more personalised, and often cheaper experience.

It’s worth assessing your target audience too. Not only will this make sure that you’re designing the right image and voice for your target customer, but it could also mean that you have a better chance of tackling an issue that matters to the right people. It’s no good presenting yourself as a champion of a solution that no-one needed in the first place.

3. Chart your path to brand leadership

Just because you’re entering the market as a challenger, doesn’t mean that you shouldn’t plan for the opportunity to overthrow the market. The more your buyer personas grow, the more market share you’ll gain, meaning that you could potentially evolve into a leader.

Every company should begin their business journey with a vision of the future in mind. Apple had a clear vision of how they would change the communication world through the introduction of a smartphone. If you can see your future clearly, then you can begin to develop a lighthouse identity for your organisation that everyone (even the market leaders) can look up to.

Often, the path to leadership starts with sharing your unique industry knowledge with the world. That will mean maintaining a strong social media presence and designing a content marketing solution that makes it easier for you to connect

with your customers through blogs, articles, and engaging content pieces.

4. Champion user experience

There’s a reason why word of mouth marketing is one of the most important growth strategies any business can adopt in the modern world. In an era where consumers no longer know whether they can trust the big brands in their favourite industries, social media, forums, and review websites have risen as a solution for authentic, third-party information about user experience.

At the end of the day, you can have the most incredible product or service in the market, but if you don’t give your customers a memorable experience, they’ll always choose another brand over you. In fact, many experts predict that “experience” will be the only true differentiator that consumers consider by 2020.

For an example of a challenger brand with a strong focus on customer experience, look at Warby Parker. This manufacturer of custom eyeglasses allows people to try pairs of their preferred glasses on at home, without any excess charge. That means that they don’t have to travel to a store just to try a new look.



Begin your battle: Becoming a challenger brand

Great brands come in many different shapes and sizes. While there are some best practice solutions out there that can help you to design a better company, the truth is that most organisations will need to think outside of the box if they want to get ahead.

The mark of an effective challenger brand is the ability to disrupt the norm and start creating a more passionate following in their consumers. Whether your challenger company is motivated by idealism, indignation, or simply a desire for something new, consumers are naturally engaged by the transformative nature of a challenger brand.

Because challenger brands naturally inspire conversations, they also perform better in social media, by responding to customer complaints, and giving credence to the voice that your customers have found for themselves online.

The key to success with challenger brands is remembering to stick to your strategy. If you fall into the “business as usual” trap or find yourself struggling to stick to your moral codes, then you’re going to lose not only your reputation but the respect of your followers too. No matter what you do, remember that challenger brand marketing is a long-term commitment.

If you can adopt a challenger brand strategy for life, with innovation, disruption, and genuine experiences at the heart of your business, then you can win the ultimate prize in the business world: passionate, vocal customers willing to advocate for your brand.

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