Section 5

BRAND MANAGEMENT

CHAPTER 11

Caring For Brands

Brand responsibilities

For most industrial companies, the big brand, the umbrella brand under which all products sit, is the company's name. The amount of money and research which is spent on changing a company's name can vary from nothing to many millions. The new name of Signet, which replaced Ratners, the jewellers, occurred to a senior manager of the company one day. He simply put it to the board who liked and approved it. Accenture's name came from a staff initiative scheme. In contrast, British Telecom is estimated to have spent £50 million with the Wolff Olins consultancy transforming its name and logo style to BT. The expenditure on the changes to a company name, its logo, and styles of presentation may vary but the responsibility nearly always remains, and should remain, with the Board.

On the other hand, day-to-day management of the brand is likely to be the responsibility line managers. It is their task to build awareness and interest and to create the right perceptions of the brand using the marketing devices at their disposal.

In some consumer companies, the company name may be little known and it is the individual brands which mean everything. Where there are a number of brands in a consumer company, brand managers are appointed to defend and improve their positions but they operate within tight and clear guidelines. A brand manager can promote the product, look for new customers and suggest ways in which the brand could be strengthened. However the brand manager is unlikely to be empowered to make fundamental changes to the products such as, altering the recipe from which it is made or even changing the colour of the wrapping. These are often integral parts of the brand and changes to them can involve considerable risk. A small change to the formulation of Coca-Cola caused such a furore amongst loyal customers, the company was forced to relent by re-introducing the original drink as the 'Classic' product. It mattered not a jot that the new formulation was preferred in blind taste tests, customers wanted to know what Coke was doing altering their brand which they had told them was "the real thing" for years and years.

Once a strong brand has been created, the ownership of it shifts to the consumer. It is the consumer who has become loyal, the consumer that has learned to value the company or product for all the reasons that have been promoted. When this happens, changing fundamental elements of the brand become more difficult. Just as Coca-Cola had difficulty getting its customers to accept an improvement to its product, so too it took time for RS Components customers to accept the benefits of the company's catalogue being split into different books to accommodate the large range of mechanical products on offer. Customers recognise that the management of RS Components is the custodian of its brand but the core values of the brand, including the centre piece, the catalogue, belongs to the customer.

Corporate or decentralised branding strategies

There are two important routes which industrial companies can take in the development of their branding strategies. They can adopt a strong centralised or monolithic policy of branding in which they build up a `corporate' brand or they can have a decentralised policy in which the corporate brand is played down, perhaps used only as a linkage device and or maybe not featured at all.

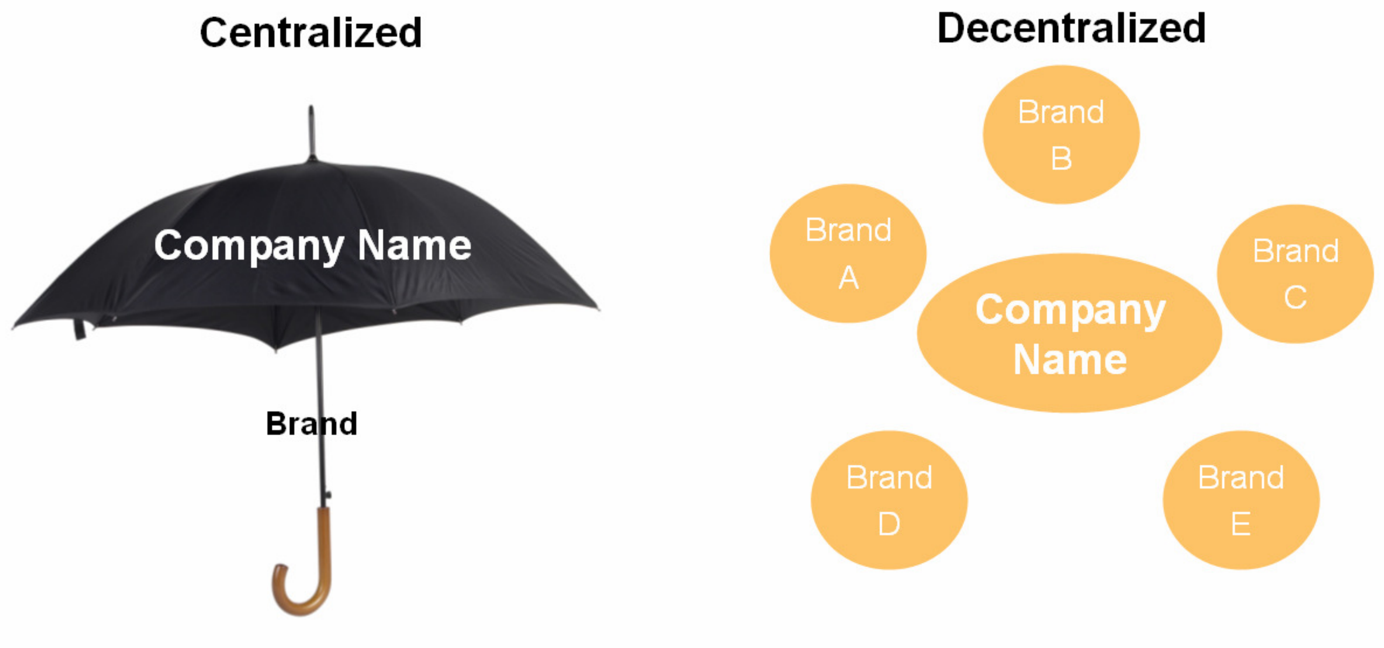

Fig 11.1 Alternative branding strategies

Strong corporate (monolithic) brands

Most industrial companies operate a strong corporate brand - one name, one logo, one type-style for all products and all divisions. This is the most cost effective of all strategies for a company with a large product range or where there are a relatively small number of customers, as is the case for many industrial companies. Every pound spent on promotion and every use of the brand reinforces the whole. It simplifies the introduction of new products as they are added as new parts of the companies range and given a product code by which they can be ordered.

There are some disadvantages with this `monolithic' strategy. It makes it more difficult for the company to spin off a division or a product at some future date. Also, all the products are lumped together so that a problem with one could taint the other. The Union Carbide disaster at Bohpal would have been easier to contain if the group had operated under separate companies, each with its own brand identity. Also, it can sometimes be confusing for customers who face a company with a profusion of brands in widely different fields. Having made this point, it does not seem to hinder the Japanese conglomerates who tend to favour monolithic, corporate brands. Yamaha markets organs to out-board motors under one name as does Mitsubishi who under that brand markets tractors, television sets, banking services, plastics and motor cars.

Decentralised brands

In a company with decentralised brands, there are a number of brands, each with its own identity. Unilever and Proctor & Gamble are examples of this type of arrangement in consumer markets. Sadly, many industrial companies copy this decentralised model with a rag bag of brands invented over time, none of them linked, and very few of them supported by a heavy marketing expenditure.

There are many disadvantages to this decentralised approach to branding in industrial companies and I will come to what they are. However, there are also some important advantages and they should be noted. For example, a company that has independent brands maintains the freedom to spin them off or sell them without in any way affecting the rest of the group. Damage to the reputation of one of the brands is also less likely to spill over and affect the others.

Keeping a portfolio of independent brands is, however, extremely expensive since each requires its own promotional budget. Nor is there any opportunity for cross-selling or cross-marketing support from one brand to another. It also means that each brand loses out on the opportunity to build synergy between the brands and benefit from coordinated promotions.

Similarly, within a company there may be a number of separate brands just as Hewlett Packard has its Laserjet and Inkjet range. However, these are not the same as the autonomous company brands which exist within some industrial companies. It is not unusual in some companies to find dozens of different unrelated brand names that are not linked by the company name. These are legacy brands that often aren't really brands at all but the remains of some eager marketing manager or brand manager who felt impelled to leave a mark by launching a new name. Most of these "legacy brands" could just as easily have a product code and they don't pass the three question brand test:

- When people think of the product or order the product, do they use the brand name or do they describe the product they want?
- Would it matter to customers if the product didn't have a brand name and simply had a reference code?
- Does the product have any values attached to it that make it special and different from similar products offered by the competition?

If the brand doesn't pass this three question test, it either is a brand that is flagging and needs support, or it should be a brand at all – it should be a reference code.

Reviewing a branding strategy

The marketing team in industrial companies which are responsible for the management of the branding should have a clear view of the objectives of the company brand(s). Sadly this is often not the case. The power of branding is not recognised or understood despite successful branding being a route to significant material gains in the form of more loyal custom and higher margins on sales and quite probably a higher valuation of the business.

In arriving at its branding goals, the marketing team should consider the following:

■ The current construction of the company in terms of its products, divisions and subsidiaries.

■ The awareness and loyalty of customers to the various brand names.

■ Any protection which the brands enjoy such as trade mark registration.

■ The target customers for each of these different parts of the business and the degree to which they overlap, one with another.

■ The parts of the business which are currently earning most money and those which could do so in the future.

- The feasibility of selling any one of the parts of the business.
- The relationship of one part of the business to another and the scope for cross-selling between them.
- The current methods of managing the brands in the company and any advantages which could be gained from separating them or bringing them together.

Reviewing these points will begin to shape the branding strengths and weaknesses of the company and will help the board decide whether it should adopt a monolithic or decentralised branding strategy. This process could also lead to some tidying up of the brands such as selling off those which have no future, revitalising those which are flagging, extending those which offer opportunities or extracting more mileage out of the brands by licensing them or using them in joint ventures.

Branding objectives and guidelines

I argued in Chapter 8 that in creating a brand it was important to be clear about the aims to be achieved and that the brand values should be explicitly communicated. Having clear objectives for a brand and its values is not a one off task – it should be on-going. The senior management of a company (usually the Board) should have this responsibility and communicate a clear brand policy to the marketing team. This brief may be at two levels. At the first level there could be a statement about the broad philosophy of the brand. This statement is likely to include words which, like motherhood, few would dispute. However, the aim is to bring the emphasis on what should be really communicated. The following list shows some of the words which might be included in such a statement (although never all of them together):

EXAMPLES OF KEY WORDS WHICH COULD BE USED IN THE FIRST LEVEL OF A BRANDING OBJECTIVE

Dynamic
Powerful
Dominant
Innovative
Leader
Growing
Stable
Steady
Caring

The subtleties of such words should not be overlooked. A company may think it more important that it is seen to be growing very fast than the fact that it is powerful. Equally, the principal image it may wish to create is that of a clever, inventive company. Everything will depend on the size of the company, the number of years it has been in business, and the market in which it operates. It may, for example, be appropriate for a pharmaceutical company to be thought of as inventive and responsible and for a computer company to be seen as innovative and rapidly growing. A new financial services company may wish to give the impression that it is firmly established and rock solid.

The statement of broad philosophy should reflect careful thought by senior management and be arrived at after discussions throughout the company and, equally vital, with customers. Formal market research is usually the most objective method of feedback on market perceptions and the appropriateness of a broad brand philosophy. Research of this sort should be also considered at intervals throughout the life of the brand.

When, a broad branding philosophy is agreed, it should written down so that everyone, especially the marketing managers, are aware of the Board's thinking. The objective is all the better for being short. For example:

> To portray the company/brand as one which is rapidly growing and which cares about its customers and staff

As well as a broad philosophy, there is often a need for a second level of objectives; specific goals. For example, targets could be set to achieve certain levels of awareness such as, *"The company/brand should be `front of mind' in 80 per cent of target companies"*. Similarly, there could be targets set on customers' ratings of service levels. One major European truck company has a commitment to achieve an overall satisfaction score of 6 on a scale running from 1 to 7 on 58 different service attributes. Goals of this sort, however, necessitate brand measurement research. There is no point in having such as awareness and satisfaction levels as goals unless what is actually achieved is measured and preferably at regular intervals. An appropriate research budget, therefore, needs to be available.

Internal branding

If staff do not understand their company's brands how can they be effective? How can staff communicate the brand values to the marketplace? Yet rarely is much done in this respect; there is no real effort on building branding internally. The result of neglecting this is not only missing opportunities for positive communication but, very likely, a lack of uniformity and control in how brands are presented.

The requirement is for communication. The brand values, those fundamental issues which drive the company and brand, should not be a secret of the senior management but understood by all staff, in all functions and at all levels. This may involve displaying a statement of brand values and this could be part of the mission statements now much in vogue. But this is not enough. There is no virtue in staff being able to parrot slogans if they do not understand how the brand values relate to their own particular jobs - whatever their role there should be some linkage.

One objective of internal branding initiatives should be to achieve a uniformity of approach, and therefore control, in all aspects of the communication of the brand. This will include areas such as the maintenance in good order of visual display - the vehicles, reception, the premises generally and personal presentation.

The control of corporate designs

Once a corporate design has been approved it must be strictly adhered to. It is the role of marketing management in industrial companies to see that people stick to the rules. Companies which run franchises know that the value of their brand is their principal asset. Other companies could learn from the controls and standards set by the franchise companies. Typically they insist on the following:

- The logo must be used with all its components and not deconstructed without special permission. (Sometimes guidelines are given as to where the logo should be located and its relative size).

- The brand name style must always be used in the same way on signage, printed material, packs, vehicle livery, uniforms etc.

- The colours of the name and logo must always be the same and measured against a standard colour chart.

- All decals and signs of the company name must follow special guidelines.

- The logo and brand name style and type styles must be used in the same way in all adverts.

In vehicle franchises the rules go far beyond the use of the brand and logo to include the layout of the reception and showroom, dealer frontage, and paperwork systems. This ensures that the independently run franchises, wherever they are, present themselves as a familiar and reassuring face to customers.

Rules on the use of the brand should be available to the many people who may have to implement them. The marketing manager and product manager are obvious candidates but so too may be the regional manager, transport manager and building maintenance manager. All could need to know the limitations of the use of the brand as they in turn order print, repaint vehicles and put up signs.

The rules on consistency of the brand on signage, e-mail signatures and business cards should extend to the format of adverts. Adverts from a company are expected to have a certain style. Indeed, that style offers the opportunity for building recognition, not just of the offer on the page at the time, but the whole company – in other words, the brand. The layout, graphic style, headline and body copy position, and the location of any visuals may all add up to a signature that says "I know that this advert is from …a certain company".

Inevitably rules on the use of branding will be seen as limiting by anarchistic managers who believe they know better. In their mind their customers will be different; their offer will need special treatment to stand out; in fact, they will believe that the market is tired of seeing the old format – it is time for something new. This view extends up and down the company. I once worked with a company whose managing director was reported as saying "are we still working with that old ad?" when it hadn't yet been released.

The development of new products under the corporate umbrella

Corporate brands are strengthened by the regular introduction of new and improved products sold under the umbrella of the company's name. Improvements to existing products are not in question; anything which makes a good product better has to be a good idea. In industrial markets these improvements take place all the time. It is the introduction of completely new products that can cause major problems.

Products that are completely new to a company do not always fit comfortably within the organisation. New products attract high expectations and yet, many new products fail.

Senior management have a responsibility to encourage innovation, accepting the risks of failure, as innovations are behind the success of some of the fastest growing companies. For sixteen years Geophysical Services specialised in seismographs and oil exploration but remained a relatively small company with sales of just $2 million. It was when it changed its name to Texas Instruments and concentrated on developing silicon transistors and semiconductors that its sales grew into the billions of dollars. The question is not whether innovation is a good thing or not, but rather how to manage it.

In high-tech companies it is likely to be the Research & Development department which drives the work on new products. Industrial companies less tied to technology, are more likely to give the new product responsibility to the marketing department or worse still, it may not be assigned to anyone at all. In many industrial and business to business companies, especially SMEs, the ideas for new products occur almost randomly as through constant learning, better ways are found of doing things.

The temptation is to make the new product a brand. This seems intuitively logical. A newly born child is given a name, why not a newly born product. In this way, companies build drawer upon drawer of brands, most of which are not really brands but products. The following table shows when a brand is really a brand rather than a product.

A brand is:	A product is:
Something customers ask for by name	A convenient locator in a product range
The name people use when talking about the product to someone else	Something which could be just as easily be ordered by description
When people think of the brand rather than the product	A label which could be changed without any loss of loyalty to the customer
Something which has developed or could develop a personality beyond the product	A label which customers have to look up and don't really care about
Something people would pay a premium for under that and no other name	

Summary of chapter 11

In most industrial and business-to-business markets the brand which really matters is that which carries the company name. Brands are often badly neglected and yet this is a missed opportunity which could make the difference to the success of companies in markets where there is only a hair's breadth separating a close run pack. A small percentage improvement in brand awareness and image could provide a company with an opportunity to obtain premium prices or take a greater market share.

Since branding is so important, they should be given aims and the support of the most senior management in the company. Managers who are responsible for the day-to-day task of defending and building the brand need clear guidelines on what their company and brands stand for. Setting branding goals should be supported by precise instructions of where and how the corporate name, logo and design can be used.

Under the umbrella of the strong company brand, long term success of a company is secured by innovation. The encouragement for launching new products to strengthen the corporate brand is another responsibility for senior management. The important thing here it so ensure that when new products are launched, they are only given the status of a brand if they really do have unique features that will be attractive to a significant sector of the market.