

Are You Being Heard?

Smart PR = Good Branding

What is your Brand? Is it the promise you make and keep? Is it the logo? Is it your CSR initiative? Is it the column space you receive in the newspaper? Or is it a sum off all of the above?

That advertisements drive a brand is now a weak argument, companies (and individuals) across the world have realised that what drives and builds a brand is good PR. Be it in the form of CSR (Corporate Social Responsibility) activities, well-timed and topical editorial coverage in the different media, and delivering the promise the brand or product makes.

However, the role of Advertisements, in creating visibility and setting an ambience is irrefutable. A LOGO, in this environment merely becomes a representation of and not the Brand itself.

Qatar Today invites experts from around the world to talk about how brand-building works, and the important role PR plays in this.

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After The Sprint, Will They Go The Distance?

BY VAHID MEHRINFAR

45 countries, 39 sports, 10,000 athletes and the potential TV footprint of reaching 1.5 billion people... Undoubtedly, the 15th Asian Games was an event that could have added momentum to the wheels of a whirlwind journey to position Qatar indelibly

upon the world stage. Was this really capitalized upon? One must open up to some unbiased soul-searching against the intent and motivations that form the backdrop to such an exercise.

It is well-known that hosting an Asian Games represents more aspirations of any country than merely creating a sporting show-

case. Many relevant questions spring to mind that add context to such analysis.

Can we really see what the future holds for us, or are we merely mesmerized by the elusive images of hope and its rays projecting only intangible promises of a better tomorrow? Can it be that we are engaged in a transitory period

THE LOST ART OF ACCOUNTABILITY

"I do not see anyone responsible for PR and Branding being handcuffed and taken away for failing in their mandate," he says to a group of obviously uncomfortable PR professionals.

"Why aren't they ever held accountable for failing to deliver?"

Only those who are not familiar with Vahid Mehrinfar (a brand futurist, amongst many other things) would have been surprised by his radical comments.

So it is no surprise either that *Qatar Today* invited him to be the lead author of the compilation of articles on PR and Branding in the region.

Working out of Bahrain, as founder of Contexture Group

(which includes branding firm Vahid Associates Brand Futurists, advertising wing Contexture, environment design firm Nada Ahmadi Architects and PR arm Action Bahrain), Vahid is well-known in the region not only for his path-breaking and trend-setting work, but also for his always honest and often blunt assessments.

From working on designs for Donald Trump's shuttle airline (Trump Air) to conceptualising and illustrating the future of downtown Los Angeles, Iranian-born Vahid Mehrinfar had led a prolific career in the US.

Vahid moved to the United States in 1971 as a teenager to the Art College of Design, Pasadena,

California, where he became one of the youngest and only the third Middle Eastern entrant, and majored in transportation.

A teenage flare for conceptualising car designs recognized by GM of USA and Opel of Germany led Vahid into the portals of one of the world's finest design schools and then becoming one of America's leading architectural visualists with his artistic talents commissioned by heads of state, celebrities and select Fortune 500 companies.

Love and marriage moved him to this part of the world.

Today as Executive Principal & Chief Brand Futurist of Vahid Associates Brand Futurists, head-



of wishful-ness for our economic sustainability and global compatibility? Can our success of today be a pretext or precursor to an equally bright tomorrow? Are we really able to leverage the current economic boom against future odds by creating a more self-reliant future, mapping out favourable socio-economic scenarios that are based on indigenous ideas... ideas that can inspire a systematic manufacturing of opportunities?

If so, are we ready to embrace an era of competitiveness in which our current investments will mark tangible results supporting economic longevity rather than merely inducing momentary feel-good rush? Perhaps it is time to reflect on these issues and questions with more depth, as they are arguably the most appropriate indicators of an economic concern for tomorrow and its wellness.



As billions of dollars are invested into a spectrum of development projects which include many high profile financial commitments, both short and long term, one fact remains certain: The region is fight-

ing for recognition and its share of global acceptability. There seems to be conscious demand by the Gulf countries for respect towards their vision and endeavours in articulating viable economic concepts. No-

quartered in Bahrain, he leads a multi-million dollar business, yet the essence of "Brand V" as he sometimes calls himself, is self-proclaimed as a "Pro-Performance Pragmatic Purist".

Through his studies he was introduced to the work of Syd Mead, the world's leading industrial design painter and futurist, the conceptual designer behind such futuristic Hollywood films as *Blade Runner* and *Aliens*, with Vahid finding the work "stirring an internal passion to turn my own imagination about the future into more tangible and exciting artistic outlines."

He worked in Mead's studio as part of his training, and by meeting his mentor "became exposed to projects ranging from art direc-

tion for Hollywood films to design developments of hi-tech electronic brands, and from visualising interiors of palaces and private jets to architectural renditions of mega-development projects."

"This is a relationship that has progressed both professionally and personally over the years," he says. Vahid, over the last four years, has been representing Mead's interests and work in the Middle East.

Alongside his corporate ventures, Vahid has served in the capacity of exclusive advisor or board member to several firms. He is currently an advisory board member of Global Computer Graphic Society alongside some of the most influential contributors to the arts of computer graphics and animation in Hollywood.

With his unique approach and methodologies, Vahid Mehrinfar has accumulated an enviable track record with his extensive portfolio of clients across the globe, which includes many of the leading financial institutions, real estate companies, government organizations, corporations and private entrepreneurs in the Middle East.

For this special branding issue, Vahid Mehrinfar talks about one of the biggest lost opportunities for the country, the Asian Games held last December.

In his criticism of those who failed in their mandate to brand the country and city, Vahid finds support from Qatar Airways CEO Akbar Al Baker, who at a Forbes CEO Forum openly reprimanded those who failed in their duty.



where is this a more prevalent fact than in the case of Dubai, a name that has indeed emerged as a new centre on the list of important and sought-after cities of the world. A true success story that not only has inspired the world, but has also triggered a wave of regional awareness for standards and competitiveness.

A closer analysis of this phenomenon reveals an interesting set of communications-based patterns that I refer to as 'performing rhetoric'. The formation of these patterns are in fact the reflection of a series of economic plans that consist of a number of high profile development projects whose realization in turn has forced the infrastructural connectivity, advancement and upkeep. In other words, the ambitions behind these projects have served as criteria by which the connectivity has taken the sense of involvement for their actualisation. Through communication a sense of iconic achievement has been inducted into the mind of the community and other audiences where relevant while these development projects are part of a massive and systematic array of an exaggerated propaganda programme that is expressed in many forms of communications, especially branding. It must be noted that Dubai has successfully positioned itself uniquely amongst the known touristic and financial world destinations by ensuring that its offerings are based on commercial innovations and diversity with a twist of tomorrow. A



truly astute move considering that the only other consumer domain for discussion on the future has been Hollywood where creative minds have contemplated the subject for our entertainment.

However, every such steep trajectory in success brings about its own associated set of challenges; challenges that revolve around the very principles of critical economy that respects and responds to "consumer expectations". With that in mind, embarking on any ambitious development journey, one is bound to equally raise the expectations of audiences. Naturally it is highly critical to be able to meet these

evolving expectations and deliver on the painted promises to avoid any breakdown of confidence... an undesirable outcome which could be simply labelled in marketing communication terms as "exaggeration of the truth" to the target audience.

The role of communications in this equation constitutes an unequivocal means to ensuring the smooth and effective conveyance of economic intent. It is no longer sufficient to expect result from our investments through its needed utility. We must do more. We must converge with our audiences to design a promise that not only accommodates the trends of today but would also be adequate for tomorrow's needs and for the day after as well!

The Doha Asian Games offered tremendous long-term branding opportunity to Qatar, an event that provided a perfect platform

The Doha Asian Games offered tremendous long-term branding opportunity... A great opportunity for Qatar, and the region, to connect to the rest of the world was not realized.

for Qatar to devise the marketing campaign of a lifetime, the ripple effect of which would last into the next decade! This was to be an ultimate expression of global connectivity where we build lasting impressions in the cognition of not only the community at home, but regionally and globally. Qatar could have captured the moment and time itself. This was the one-time event whose capital investment could have converted into a compelling story of a nation on the move... a story of a nation that has been able to unite with the world for the advancement of humanity, for the welfare of the world.

We witnessed one of the most spectacular opening ceremonies that any sporting event has ever produced. But having registered the “glory of announcement”, it fell short on delivering on the true “glory of achievement”. Qatar failed to create a long-term, memorable perceptual impact with the Games. It failed to full-fledgedly engage its own people in truly feeling a sense of pride. It failed to whole-heartedly build or carry through to external audiences, the perception of the region’s development and advancement. Far from being gripped by any sort of major sporting fever, even a ripple effect of participative animation did not permeate to the neighbouring Gulf countries. Where were the associated activities of culture? Pretty pictures and glorified graphics were the only kind of showcasing that was visible. The substance of the region was missing in the frenzy to import the sizzle from

the outside and feature it as a one-time event of standard. A great opportunity for Qatar, and the region, to connect to the rest of the world was not realized. It would seem that the rhetoric stayed as rhetoric without lubricating the expected performance.

In the Gulf region communications remains to be a pressing issue. Perceptually there is a pace and attitude attached to the region’s progress as set by Dubai the influence of which is imposed on other States of the region currently. Dubai has managed to communicate its attributes as a globally recognized brand that has received the endorsement of many international opinion makers. No longer can the nations of the Gulf afford to be content by “just doing it” and “just building it” or even “delivering it”, for this approach simply will not ever satisfy the ever-growing appetite of the increasingly knowledgeable consumer who not only asks for the best possible, but would also demand a guaranteed continuity. It is this continuity that has justifiably alarmed the developers, producers and promoters about the concept of sustainability. Today, even Dubai’s success is under severe scrutiny for its ability to ensure continuity of the pace it has created. Needless to say that other Gulf States have their own challenges to overcome if Dubai as the leader is to be the benchmark.

Communication in all its forms, particularly branding, forms the conduit for realization of the desired self-reliance and sustainability. By an accurate program of

branding, we must form a simple collective objective that concentrates on finding pragmatic and seamless solutions... solutions that provide longevity and build business.

In this context, even though some Gulf countries, particularly Dubai, receive the glory of recognition for their development initiatives in the form of compressed evolutionary progress, it is my view that ways to tackle the challenges of perceptual and standard upkeep will be increasingly evident on their agenda for progress.

If this is to be true, then the authorities and people at the helm of marketing departments in the Gulf countries must see the writing on the wall and be ready to pre-empt this natural eventuality. Indulging on any uncalculated and arbitrary marketing hype economically and socio-politically without the relevant strategy and plan of action for upkeep can certainly be costly. Good communication and good branding is only realized when it can be sustainable, either by legacy, by image or both. Barcelona, New York, Paris are some good examples of this achievement in context of our topic.

Good and effective branding programmes on a national level go far beyond just being merely a luxury of expression, as high impact and entertaining it may be. Marketing by branding must signal a sense of purpose and authority if it is to be undertaken by Governments or their affiliates. It must have a determining facility to people’s lives, a necessity that instigates pride for all citizens and residents. For me, what was a branding opportunity of gargantuan and long-term proportions in Doha fizzled out to being a mere flash in the pan, already buried in distant memory.

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Firing Up Your Brand

BY ANTHONY RYMAN

THE world of Public Relations can be fraught with a lot of hot air, misguided notions and above all column inches. As Lord Leverhulme, founder of Unilever once said “half the money on advertising I spend is wasted, the problem is I don’t know which half”. Could the same be also said about Public Relations?

It is important to understand that the “public” is not just your customer. Let me rephrase that: your customer universe encompasses much more than the people who buy your product or service. When companies talk about audiences, they usually mean the customer.

When we talk about audiences, we mean everyone that comes into contact with your brand and your company this includes: investors, customers, suppliers, employees (and their families!), opinion leaders, influencers and the general public.

Your reputation is everything. Quality products and services, high

integrity and transparency are the keys to success

Company as brand

Your company is your brand. Your brand is your reputation. Public Relations focuses on maintaining and communicating and protecting your reputation.

You may remember there was a scare about eight years ago in Belgium when people got sick after drinking Coca-Cola and there were rumours of a toxic batch. More than 100 people in Belgium and two in France complained of headaches, dizziness and stomach upsets after drinking canned soft drinks manufactured by Coca-Cola. Coca-Cola, at first denied there were any impurities in their product – denial is often the first manifestation of refusing to acknowledge a fundamental truth - ostrich in the sand mentality!

“For 113 years our success has been based on the trust that consumers have in that quality. That trust is sacred to us,” Coca-Cola CEO Mr Ivester said. (Source: bbc.co.uk)

His statement came after four European countries – Belgium, France, the Netherlands and Luxembourg – started taking Coca-Cola soft drinks off their shelves. Belgium promptly banned Coca-Cola and a while later Coca Cola’s crisis management machine kicked in with Coca-Cola ‘regretting’ the incident and acknowledging that the company’s Antwerp, Belgium factory used the wrong type of carbon dioxide gas that gives Coca-Cola its fizz, making the drink taste bad, and that a fungicide had caused some contamination at its factory in northern France.

You can imagine how fast Coca-Cola’s shares plummeted. This reinforces the truth that what you communicate about your company and your brand must be not only compelling, but believable and most importantly, true for you to gain a positioning and differentiation that set you apart from your competitors, and if you fool the public, or make them an offer that is unacceptable, they will walk away in droves.

The real power of successful brands is that they meet the expectations of those that buy them, i.e., they represent a promise kept. A brand is a contract between a seller and a buyer: if the seller keeps to its side of the bargain, the buyer will be satisfied; if not, the buyer will look elsewhere. A strong brand creates strong positioning and differentiation. People remember strong brands and great customer experiences.

The strength of your brand is key to your earnings potential and your market share



Anthony Ryman is Managing Director of grow, a Doha-based creative, full-service communications agency focused on delivering quality creative solutions that add value to brands and businesses. The company’s directors have combined experience of over 45 years in regions across the globe. grow offers a number of services including brand consultancy, customer communications, multimedia, brand experience and internal communications.



Asset value of brands

"In the twenty-first century, branding ultimately will be the only unique differentiator between companies. Brand equity is now a key asset" (Source: *Fortune*)

The asset value of brands is now on the balance sheet. Brands generate high-quality earnings that directly affect the performance of the business and thus influence the share price. The stock market value of Coca-Cola in 2002 was \$136 billion, yet the book value (the net asset value) of the business was only \$10.5 billion. So the business value or "brand value" was \$125 billion. Maintaining this value depends on your customers' continuing confidence and experience of your brand and your ability to manage these profitably. (Source: *Interbrand*)

Another disastrous PR affair was the case of Dasani, a bottled 'pure' water brand.

Coca-Cola launched Dasani which was positioned as a pure, clean mineral water consumers then discovered it was tap water bottled not far from London! The brand was taken off the shelves a few months after launch to great public and media outcry.

Naturally, this did not help Coca-Cola's brand image!

Believe me I am not against Coca-Cola in any way, but these two incidents highlight how important it is to maintain brand integrity with all your customer dealings – both internally and externally.

The latest hullabaloo in bad public relations and not keeping your finger on the pulse of consumer engagement is the logo for the London Olympics 2012.

There was no crisis management scenario, hence no one knew really what to do when the public outcry reached epidemic proportions. It was, and is obvious that the powers



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that be in LOCOG and to a degree, their brand advisors Wolff Olins are so far removed from the urban myth that is London 'street cred' that they have presented us with an identity which is so very obviously 'now' but has no relationship to the pride and heritage that is the very essence of London and its citizens. Another example of not speaking the truth, in this case, not representing the soul or DNA of England and

its people. Hence the uproar which has, in PR terms turned into a fiasco and surely heads will roll.

The BIG IDEA

All communications must come from a central core, the essence or soul of your organisation. We call this the "BIG IDEA". It's what sets you apart from your competitors. It defines who you are, what you stand for. It gives you a voice, an attitude, a



reason to 'be'. It gives customers and staff a reason to believe, to belong to your brand, your 'tribe'. It is authentic, transparent and true. Communicating your "BIG IDEA" consistently gives direction, motivation and clarity to your staff and customers and this leads to increased market share, growing new business with less effort and less cost and most importantly happy staff and customers.

One cannot underestimate the power of staff as brand ambassadors to endorse and buy into your company, adding value to your offer and building the brand, or 'tribe'. Likewise one cannot underestimate the power of your customers to endorse and become advocates of your company or tell everyone how bad you are. In these days of blogs,

One cannot underestimate the power of your customers to become advocates of your company or tell everyone how bad you are. In these days of blogs, vlogs, podcasts and texts, not to mention the social networking phenomenon that is Myspace or Facebook, the power has shifted to the consumer.

vlogs, podcasts and texts, not to mention the social networking phenomenon that is Myspace or Facebook, the power has shifted to the consumer. No more is it acceptable to communicate with your customer from a transaction-led perspective. Now companies must work together with all their audiences to listen, primarily, to the needs and

aspirations of an increasingly vocal and brand-aware audience and then provide them with the service or product they are looking for. We live in interesting times. PR is as much about listening and engaging than it is about talking, for as the wise man once said "credibility is very much like virginity. Once you lose it, it is impossible to regain."

Advertorials: News or Sleaze? The Debate Continues

BY BRIAN SALTER

What do you call a human discipline which is firmly rooted in the principle that people act on their own perception of the facts, then creates, changes or reinforces public opinion by reaching, persuading and moving-to-action those very people whose behaviours affect an organisation?

Basically, it can be argued that this is the fundamental premise of

public relations since it can alter perceptions and, hence, the behaviours of certain groups of people important to the success of such a business.

Public relations is all about reputation – the result of what you do, what you say and what others say about you. And PR practice aims to earn understanding and support, and thereby influence opinion and behaviour. It does this through education and persuasion. Education seeks to change the way someone

perceives an event and persuasion seeks to change how they interpret facts that have been perceived.

There is broad agreement that people really do act on their perception of the facts, and that how they react to those facts actually affects their behaviours. So it follows that a sound public relations strategy, combined with effective communications tactics, can lead directly to the bottom line of the profit and loss account.

Businesses of all sizes spend



significant sums of money attracting attention for their services or products. In today's world of mass communications, the public is overwhelmed by advertising messages. Yet publicity in the form of independent print, broadcast or online articles about a company or its products and services can attract the attention of potential customers in a way that one more advertisement simply can't.

Lending credibility

A major tool of PR is to use the media as conduits for placing articles about a business in order to lend credibility in the eyes of the public. People often think about using a product or service for the first time after reading an article about it in a newspaper or magazine or on a website.

Much can be said in the debate as to which is better: advertising or PR. An advertising executive will say that advertisements offers immediate impact whereas a PR man will say that public relations is much more strategic.

Conducting interviews and sending out news releases does not guarantee press coverage but it increases your chances considerably. And if you are quoted or profiled

An advertorial is a half-way house... The term "advertorial" is a contraction of "advertisement" and "editorial".

in a given article, the chances are that the publication's subscribers, who are ultimately your current or potential clients, will read it.

It is widely known that people give a lot more credibility to good editorial content than to paid advertisements. After all, anyone can claim that their own product is the best. But editorial content suggests that someone else has endorsed your product or service.

An advertorial is a half-way house – an advertisement written in the form of an objective opinion editorial, and presented in a printed publication – usually designed to look like a legitimate and independent news story. The term "advertorial" is a contraction of "advertisement" and "editorial".

Media businesses depend wholly or in part on advertising revenue for publication; and journals will attract advertisers when their readers are attracted by the content. But the dichotomy is that advertisers pay to ensure there is no critical view, which runs counter to their

advertising aims. Therefore, an advertiser has oversight of the copy, final approval or some measure of control to ensure the words and images are tied in to his advertising purpose.

Special promotional feature

Most publications will not accept advertisements that look exactly like stories from the newspaper or magazine they are appearing in. The differences may be subtle, and disclaimers – such as the word 'advertisement' – may or may not appear. Sometimes euphemisms describing the advertorial as a 'special promotional feature', or the like, is used.

Advertorials commonly advertise new products or techniques. The tone is usually closer to that of a press release than of an objective news story since advertisers will obviously not spend money to describe the flaws in their products!

A related practice is the creation of material that looks like traditional media (for instance, a newspaper or magazine), which is in fact created by a company to market its products. One familiar example is the airline in-flight magazine, which usually features reports about travel destinations to which the airline flies. Some editors expect readers themselves to spot the commercial interests that lie behind a supposedly disinterested contributor.

But many would argue that advertorials betray the trust of the journal's readership. "Advertorials should have no place in magazines, with quality editorial the critical feature to ensure survival in today's market,"



Brian Salter is a senior consultant working for Action Qatar, part of the Action Global Communications Group. He has worked as a journalist in the BBC and for numerous magazines and newspapers, and has also directed communications divisions in a number of blue-chip companies. He has been working in the Middle East for the past eight years.



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according to Michael Heseltine, the Chairman of the UK's Haymarket Group. And *The Guardian's* Simon Jenkins goes further, saying that "to present public relations as journalism is close to sleaze".

So what about the readers? If they can't trust their magazine, the integrity of its advice and its independent voice, then why should they remain loyal? Before being pushed into compromising positions by their publishers, editors should remember the old adage that people who feel cheated are not receptive to advertising messages. Magazines that trade credibility and reader loyalty are as good as selling their family silver. Brands need magazines with readers who trust what they read, not those who are wary, jaded and cynical.

No one answer

It's a difficult question and not something that necessarily has a right or a wrong answer. On Action Qatar's public relations training courses we spent a fair amount of time discussing the pros and cons of advertorials. Some are passionately in favour of them whilst others take the line espoused by Simon Jenkins above. I well remember many years ago going to a job interview for a communications position with a blue chip client. He opened the proceedings with a classic question that I'm sure I'll never forget: "Tell me, Mr Salter; do you

have any morals?"!

Yet advertorial content is both common and legal, albeit that many countries now insist that it must be described as such, typically with a caption that might read 'Advertisement' or 'Special promotion'. If there is no indication that the advertorial is different from normal editorial, there may be good cause for complaint.

The emergence of 'new media' is changing all this, however. Traditional print media attracts advertisers through unbiased reporting. Advertisers interrupt the information with classified ads, display ads, and full-page advertising. Consumers buy the products if they stop reading the information and respond to the ad. Online, a different model is emerging. You still have unbiased news reporting, but even newspapers online are integrating more and more advertorials. It's emerging into a hybrid model; like infomercials, this form of advertising works because it mixes information with advertising. Online advertisers reach audiences through endorsement and recommendation. Placing an ad to interrupt a web page, like a banner ad, simply does not yield performance in terms of sales or traffic. But if the article favourably recommends a product, and there's a hyperlink to the advertising message, then sales have been shown to increase. Businesses don't buy space;

they try to work into a favourable position within the web site. And this has implications for advertorials, as advertising and editorials start to merge. This grey area of advertising is fuelling much debate, but it is already being used by many famous web sites, including some of the most prestigious publishing houses. It is the new way of marketing on the Internet.

Perceived value

Advertorials will generally be placed within their own pages on the host web site. This has the advantage that the links to the site being promoted come directly from a contextually relevant page – unlike most advertising links, that are generally placed on pages that have lower contextual relevance. Online advertorial and editorial have a much higher perceived value to the consumer and therefore have significantly higher penetration and click through rates than online banner or textual adverts. For the advertisers, advertorials yield less traffic, but better traffic to their product positionings. Those who click the hyperlinks are the very people who are genuinely interested in the product before they actually reach the advertising messages. So the advertorial is already changing the traditional face of advertising. In printed media, editorial space and writers – who in the main are unbiased – generate readers. And many readers generate advertising riyals as the advertisers chase potential receptors for their messages. But the print model of selling ad space does not work for most online sites. Selling advertising space on the Internet is tough; even for those who do it well, there is always dead advertising space. But using advertorials to generate interest has already proved its worth.



PR VS Advertising : 3 Facts of Life

Best-Selling Author of *The Fall of Advertising & The Rise of PR*. Al Ries speaks about when and where PR scores over Advertising, and the facts of life according to him.

BY STEVE KAYSER

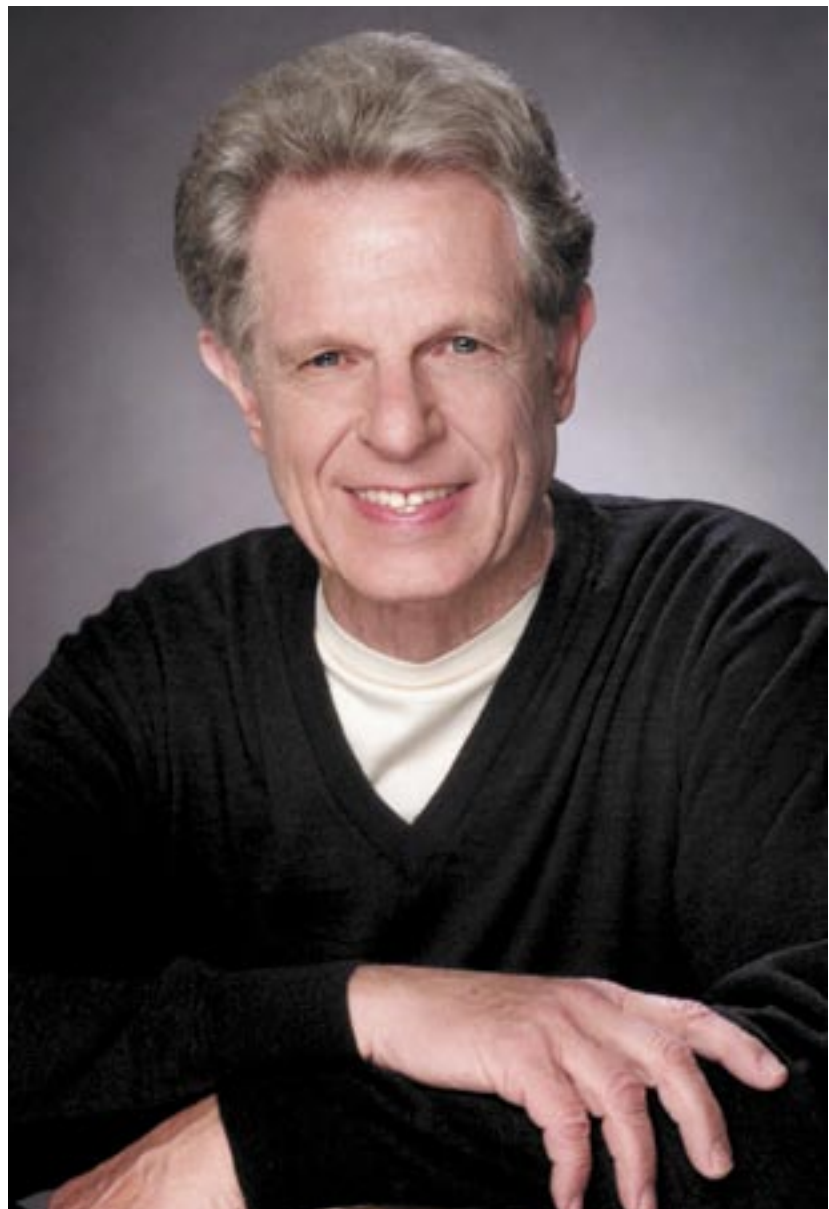
|q| You state that today's major brands are born with publicity, not advertising...

|a| Yes, all the recent brand successes have been PR successes, not advertising successes. Red Bull, Starbucks, Harry Potter, Linux, Palm, The Body Shop, JetBlue, and Google.

|q| Examples?

|a| Starbucks spent less than \$10 million in advertising its first 10 years. That's less than one million a year, a trivial amount for a national brand. Here's what Howard Schultz, CEO of Starbucks, has to say about advertising. "It is difficult to launch a product through consumer advertising because customers don't really pay attention as they did in the past. I look at the money spent on advertising and it surprises me that people still believe they are getting returns on their investments."

The Body Shop is a worldwide brand that has never advertised. Instead, Anita Roddick travels the world looking for ingredients for her natural cosmetics, creating many publicity opportunities. Actually The Body Shop needs to do what Botox has done. Shift from a





PR mode to an advertising mode. (Ms. Roddick was recently fired because sales have stagnated at The Body Shop.)

The fastest-growing retail chain in the world is Zara, headquartered in Spain and now operating in 27 different countries. As a matter of fact, their tags show the price of their merchandise in 27 different currencies. Zara does no advertising except for two sale ads a year.

JetBlue is flying high, primarily because of PR. The October 14, 2002 issue of *Forbes*, referred to them as "Lord of the Skies."

PlayStation and PlayStation 2 were introduced with a fanfare of publicity and went on to become the leading video-game brand.

Microsoft Xbox followed the same pattern. As a matter of fact, 75 percent of the target audience expressed an "interest to buy" before the first Xbox ad ran.

Linux has not advertised because no one owns the brand. It's open-source software. Yet Linux has some 99.9 percent name recognition in the high-tech community.

The Wall Street Journal has become a high-technology trade paper. If you are in the high-tech field and your brand is not mentioned favourably and frequently in *The Journal*, you are not going to make it in the high-tech field.

It was publicity in *The Wall Street Journal* and other management publications that built brands like Cisco, Dell, Oracle, Microsoft, Palm, SAP, Sun Microsystems and Yahoo.

[q] But didn't some major dotcoms succeed with advertising?

[a] What dotcoms are successful? Amazon, Ebay and other dotcoms that relied on PR to build their brands. Those that tried to do

it with advertising were notable failures. Google is another dotcom brand that rode to the top primarily with PR.

Fact of life number 1:

Advertising often gets the credit for PR successes.

Advertising Age recently ran a special issue on the best advertising campaigns of the 20th century. The number-one advertising campaign, as you might have guessed, was the Volkswagen campaign. The first advertisement in the campaign, "Think small," was run by Doyle Dane Bernbach in the year 1960. Almost everyone credits this campaign for building the Volkswagen brand.

But in the year before the campaign was launched, Volkswagen was already the largest-selling imported car in the country with 19 percent of the imported car market. Volkswagen was already a successful brand due primarily to favourable publicity. Granted, the DDB campaign accelerated Volkswagen's sales, which is exactly what the best advertising should do.

The best single advertisement of the 20th century, according to many commentators, was a Rolls-Royce ad. "At 60 miles per hour, the loudest noise in the new Rolls-Royce comes from the electric clock."

David Ogilvy said: "The best headline I ever wrote contained 18 words: "At 60 miles per hour, the loudest noise in the new Rolls-Royce comes from the electric clock."

Have you read the first paragraph of the ad? I'll read it for you. "At 60 miles per hour, the loudest noise comes from the electric clock," reports the Technical Editor of *The Motor*, the leading automotive publication in the United Kingdom.

David Ogilvy took his headline directly from a road test in a mo-

tor magazine. Do I think any less of Ogilvy's genius? Of course not. That's what advertising ought to do. Pick up and reinforce ideas put into the mind by PR.

Fact of life number 2:

Advertising often gets the credit for campaigns that don't deserve it.

Take the Energizer Bunny, one of the most admired advertising campaigns of all time. Is Energizer the leading appliance battery brand? Of course not. The leading appliance battery brand is Duracell, by a big margin.

Recently, MasterCard's "Priceless" campaign has gotten a lot of publicity. Terrific, but Visa leads MasterCard by more than two to one.

Fact of life number 3:

Advertising dollars cannot compensate for the lack of favourable PR.

No-brainer. The largest advertised brand in America spent \$780 million on advertising last year. Do you know the name of the largest advertised brand? It's not McDonald's, Budweiser or Coca-Cola.

The largest advertised brand in America last year, would you believe, was Chevrolet. Now let me ask you a question, what's a Chevrolet? If I told you I would meet you out front in my Chevrolet, would you be able to recognize my car?

What's a Chevrolet? A large, small, cheap, expensive car ... or truck. But you already knew that. \$780 million and there probably isn't one thing stuck in your mind that you can connect with Chevrolet. What a waste.

The largest corporate advertiser in America last year was Chevrolet's parent, General Motors. As a matter of fact, the company has been the largest corporation advertiser for five of the last eight years.



In eight years, General Motors spent \$23 billion on advertising. What did they get for their money? They lost six percent of market share, that's what they got – from 34 percent in 1995 to 28 percent in 2001.

Big advertisers often are companies with big problems. Advertising can often accelerate success, but it usually does nothing to forestall failure.

When US Airways went bankrupt, for example, what was the first thing they did? They ran full-page advertisements signed by the chief executive in *The Wall Street Journal*, *The New York Times* and *USA Today*. "Foundation for the future."

When United Airlines went bankrupt, what did they do? They ran full-page advertisements in *The Wall Street Journal*, *The New York Times* and *USA Today*. It's not really Chapter 11, it's Chapter 1.

When Firestone got in trouble, it ran full-page advertisements signed by the chief executive in *The Wall Street Journal*, *The New York Times* and *USA Today*. "Making it right." Translation: We have been making our tires wrong for 50 years, now we are going to start making our tires right.

When Arthur Andersen got in trouble, it ran full-page advertisements signed by the managing partner, the ex-managing partner, in *The Wall Street Journal*, *The New York Times* and *USA Today*.

When Merrill Lynch got in trouble, big trouble, it didn't run full-page advertisements in *The Wall Street Journal*, *The New York Times* and *USA Today*. It ran two-page spreads in those publications signed by both the CEO and the president.

"Lately you've been hearing a lot about Merrill Lynch." Now we are going to set you straight. And what

two guys in two thousand dollar suits tell you, you know you can believe.

|q| PR vs. Advertising ... biggest takeaway?

|a| Advertising's Achilles' heel is not a heel at all. It's the mind of the prospect. Advertising has little credibility in the mind.

Enamelon, a toothpaste that adds enamel to your teeth, spent \$25 million dollars launching the brand and received \$10 million in sales. Adds enamel to your teeth? A product like this needs to start with a PR programme in publications like *The Journal of the American Dental Association*.

Advertising is self-serving. What you say about yourself has little or no credibility in the mind.

"I did not have sexual relations with that woman, Miss Lewinsky," said Bill Clinton. Did you believe that? Did Hillary believe that?

"I will not resign," said Richard Nixon and then promptly resigned.

PR has credibility in the mind. It's the third-party effect.

It was PR that built the safety position for Volvo. And advertising reinforced it. It's what we call PR-oriented advertising. PR first to establish the credibility of the brand, advertising second to reaffirm and reinforce the brand's credibility.

This ad works because "safety and Volvo" are synonymous in the mind. "We design every Volvo to look like this."

But this ad doesn't work. "We design every Dodge to look like this?" The steering of a Dodge must be defective because look at all the accidents they have been having.

Advertising agencies, as you know, generally ignore the credibility issue and focus on creativ-

ity. Take the sock puppet owned by Pets.com. The sock puppet received \$60 million in advertising yet delivered only \$22 million in sales.

As it happens so often in advertising, creativity dies again.

As strange as it might seem, the ad agency disagrees. Here is what the world's most famous creative director said about the Pets.com campaign. "Business models, market conditions, the Nasdaq, VCs – they're not in my control. This has nothing to do with the success of the advertising. Ad agencies are hired to create brands, and we did that in spades."

It's the classic advertising error. The ad agency apparently thinks the brand is the sock puppet. But consumers don't buy sock puppets. Consumers buy pet supplies. And few did because the advertising didn't build the Pets.com brand.

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Steve Kayser is currently Cincom's Expert Access Editor and PR Manager. In his spare time, Steve models kilts for Un-Vanity, Non-GQ and The Manly Kilt Wearing Man's monthly magazines. Steve also headlines fundraising events for his run at an Olympic Gold Medal in the kilt-wearing mechanical bull riding competition to be held in Cincinnati, Ohio in 2050.



Stop Trying to Measure PR

BY NICK WREDEN

Although PR measurement is almost always an exercise in either futility or smoke-and-mirrors, it is important to note that PR has substantial value. Even in an age where customers define brands based on their economic, experiential or emotional value, PR plays a critically important role in shaping attitudes and driving sales. PR has much greater impact on a brand than advertising, and plays a vital role in internal branding. As a result, the smartest branding tactic for almost all companies is to immediately increase their PR budget.

Every PR professional knows and understands this. CEOs who have squirmed under the harsh light of media scrutiny also know this. But everyone else feels the urge to place PR in the same cate-

gory as, say, pencils and computers and force PR departments to justify or validate expenditures.

As a result of this unthinking pressure, PR departments and agencies have spent substantial sums to “measure” PR results. The effort started with clip counting (“PR by the pound”) and moved toward AVE (advertising value equivalency). AVE links the value of exposure to advertising rates, with some multiplier ranging from 1.1 to 8 thrown in because the mentions have more credibility than advertising.

AVE has become the industry’s favourite whipping boy for three reasons. First, there is no research documenting a reliable “credibility multiplier.” Another is because appearance does not translate into action or even absorption by the target audience. Finally, results can be easily manipulated, with

“credit” for an article with just a mention. With AVE, every agency can “prove” big-bang results from sending out a press release.

Despite these problems, a TEXTALL/Excel random sample of 4,200 PR professionals found that about one-third still use AVE to justify results. Sometimes, the rationalization for using AVE is almost laughable. “It’s just easier to go with a straight number,” says the co-founder of excom Communications in Los Angeles. Even more telling was the headline in a report about AVE: “Like it or not, PR pros use ad value equivalency to appease dollars-and-executives.” Appearances?! That’s a driver behind PR measurements?!

Another favourite PR measurement is before-and-after surveys. Sears Roebuck & Co. landed a positive story on *The Oprah Winfrey Show* about donating \$20,000 worth of goods to needy families for Christmas. An article about the effort said, “The respondents who said they agreed with the statement ‘Sears is a quality company’ increased from 58 percent to 65 percent.”

Hard questions

Kudos to Sears for its generosity, and no doubt there are brand benefits from having seven percent more people think that you are a “quality company.” But hard questions remain. What was the actual, mea-



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asurable impact on sales and profitability? If Sears cannot answer that question, how can it determine the ROI from its \$20,000 investment?

The current hot metric is “share of voice/discussion.” This metric is essentially based on the premise that the more the media is discussing your company, or raising an issue your company has a stake in, the more that target markets will buy your offering or believe your side.

That’s a reasonable – although unproven – hypothesis, but measurement of share-of-voice is closer to voodoo than science. Take a large handful of corporate and competitive mentions, tag them with a positive, negative or neutral value, calculate a “net favourable media value” before eventually emerging – voila! – with a final “share of discussion.”

Again, with no link to profitability and sales, nothing is proved from these common methods other than you got your name in the paper. Additionally, with the growth of blogs and other online media, it has become even harder to prove a link between PR outputs and sales outcomes.

So how can PR justify its expenditures? The best way is to include PR as part of a comprehensive lead management system. Lead management systems can track leads from source to sale. This allows companies to not only determine the best sources of leads but also

With the growth of blogs and other online media, it has become even harder to prove a link between PR outputs and sales outcomes...

ensure that leads do not fall between the cracks.

According to Yankee Group, as many as 80 percent of all leads languish without follow-up or remarketing. Following up on these lost leads could increase sales by 10-20 percent, based on a survey by the CMO Council and the BPM Forum.

McGraw-Hill has even scarier data: These statistics, provided by McGraw Hill, are alarming: 18 percent of inquiries receive no information; 43 percent receive the information too late; 59 percent receive the wrong information; and 90 percent of all leads are never followed up.

Marketing and sales battles

Part of the problem is due to the eternal he-said, she-said battle between sales and marketing over lead handling and qualification. Clarifying this tiresome turf battle represents a major step from lead bungling to lead handling. Another issue is a lack of automated lead management systems, along with compensation or other incentives to ensure that lead management systems are maintained and used. Lead management systems can be quite expensive, but work-

able ones can be developed with a spreadsheet and a contact management system.

Other tips include:

Define the lead management process: When a lead comes in, who get it? Who is responsible for qualification? What are the timetables for follow-up? What happens to leads that need to be followed up on in, say, six months?

Get the source of every lead: Train everyone in the company, from the president to receptionist, to ask, “how did you hear about us?” If they don’t know, prompt with a source. An article? An ad? A friend? Record this information for future analysis.

Distribute – and act on – leads quickly: Leads go cold after 48 hours. Additionally, numerous studies indicate that the first to contact a lead usually winds up with the business – regardless of price.

Nurture your leads: Unfortunately, few buy after a single phone call or contact. Practice consultative selling. Learn their issues and objections, and be able to match your offering to their requirements.

A good lead management system that can evaluate, track and manage leads is the key to determining the effectiveness of your PR programme.

So stop throwing money at so-called PR “measurement” system. You might as well figure out how many angels can dance on the head of a pin. Instead, put those resources into a lead management system, and link that system to sales and profitability.

The current hot metric is “share of voice/discussion.” ...the more the media is discussing your company, or raising an issue your company has a stake in, the more that target markets will buy your offering or believe your side.



CSR: Feeling Good, Doing the Right Thing

BY SANA BAGERSH

The one thing that makes CSR very meaningful and intrinsically linked to the Arab and Muslim world is that it is ingrained in our religion and culture. Every Muslim is obligated to give a certain percentage in alms.

And yet, when this very basic principle crosses over the corporate world it gets mangled in so many other complex issues. Is corporate alms giving the same as CSR? Should it be? Do the same Islamic principles hold sway? Well, they both achieve the same goals, but work in slightly different ways. Alms giving is a discreet and personal act that shouldn't be trumpeted or spin-doctored in any way. Whereas CSR is often one side of an image building campaign that enhances the long term value of a company and its brand.

And yet...CSR should, in my opinion, be an integral part of every corporate company's obligations to its community, society and the environment. For whatever reason. Islamically speaking, donating a portion of your revenue 'cleanses' the money you make, practically speaking CSR redeems your commercial success. Am I being religious here? I don't think so, just humanitarian.

Perhaps I should talk about what we, a modest yet thriving marketing firm out of Abu Dhabi, did. As part of a programme I launched

called Ad-Care, I have committed to providing pro-bono design services to charities and non-profit civic groups such as handicapped and special needs centres.

But I felt this was only a drop in the bucket, so I launched a supporting programme called the Public Good Student Initiative (PGSI) which takes a resource that comes freely to me and utilizes it to achieve trickle down benefits. Let me explain, PGSI involves using the steady stream of interns from universities that come to Brand-Moxie to try to enlist their support for charitable causes.

'profit'. But he convinced me that making a small profit was actually 'Islamic' as a way to pay for my time, resources and commitment to the project. The main thing was that we would be able to channel monies to the autism and Red Crescent centres that they would not have had access to otherwise.

But there have been stupid mistakes, too. In a moment of gung-ho environmentalism we issued 40,000 one-page calendars in 2004 that outlined 40 Ways to Save Our Planet – and it included tips on recycling, responsible energy use etc. We enrolled the support of *Gulf*

Islamically speaking, donating a portion of your revenue 'cleanses' the money you make, practically speaking CSR redeems your commercial success.

Getting it right

Does it work? Sometimes yes, and sometimes rather erratically. But it has such great potential that I will nurture it forward.

A new programme we are working on involves designing greeting cards, providing it to an energetic charity worker who markets them to corporations as Ramadan cards, Season's greetings etc. When the charity worker came forward to me with the idea I had doubts, because although most of the money would go to support a new autism centre that has opened up in the capital, both he and I would be making a

News and a florist to help defray the cost of printing and distribution. We got many emails of support and calls from teachers who said they had hung my calendar-posters in their classrooms. But I didn't repeat it again as we realized the obvious, we were adding environmental damage by printing the posters.

Another, incredibly exciting project we are working on is ambitious in scope and requires many many supporters. Working with one of the biggest advocates of CSR and a high profile personality residing in Qatar (I prefer not to mention



his name without getting his approval) and a special UN emergency response unit, we hope to rally resources to create an emergency response network for as much of the natural disaster prone regions of the world as possible. It will require satellite telecommunications, a communication centre manned by a permanent staff, as well as a response team that can galvanise resources to the disaster-hit zones quickly and efficiently. Will this project come to fruition? I don't know. But if it does, my humble contribution may become my most important legacy.

A smart investment

The point is that there are so much that corporations and organizations can do if they work together. The great thing about CSR is that it is always money very well spent. It finances important projects that can help communities move forward towards greater education

Choose your 'CSR investment' in a way that will positively marry into your brand values and corporate image.

and economic prosperity, and it can bestow massive image building paybacks that will contribute to a company's commercial success and long term sustainability

But are should there be guiding principles to what should be supported? Absolutely. There are two different 'tracks': there is altruism for its own sake; and if you're an individual or company that believes in giving without wanting any publicity back; fair enough, and may there be many more like you on our planet.

But if you are a company or individual, like most of us, that wants

to tie your philanthropic activities with a 'return on your investment,' there is nothing wrong with that either. Your contribution is needed and whatever recognition you get is well-deserved a hundred times over.

If you are in the latter category, choose your 'CSR investment' in a way that will positively marry into your brand values and corporate image. As an example, we are working with an art gallery that is trying to raise funds for their operation and expansion. Our recommendation to them has been to integrate their fund raising with CSR activities that would also fund special art classes for disadvantaged children.

Or it could be something that assuages your business's blights in some way. For instance, we are also working with a client that markets a petroleum-derivative. Did we have qualms about working with a company that maybe construed

as a polluter? Yes, but rather than turning my back on them, we are helping them to commit towards 'neutralising' or mitigating these activities by promoting environmental friendly activities. So, this company's CSR will focus on greening projects, responsible use of their product, and other conservation initiatives.

Another example of a clear CSR-ROI link is my recommendation to a client that has been suffering from dwindling recruitment into the company to focus on support for educational initiatives that can help support promising students

with limited means to achieve their academic ambitions. The value comes from the wonderful PR they would get in the broad media, but also in the highly focused penetration they are getting before a target segment already positively disposed to the company.

One of the most erudite CSR practitioners is the head of UNOPs in Dubai, the UN response organization I mentioned earlier. He described to me a highly successful CSR initiative that involved a large real estate company's foray into a North African country. Their building efforts were hampered by limited roads and access to building site. So they channelled their CSR funds to help build the land infrastructures of the communities around their big development projects. Selfish? Sure. But who cares... they managed to transform small forgotten villages.

So, the message is clear: practise CSR, whether it is in the form of a small contribution of computers to a school or a large endowment to a low income housing initiative. At its best CSR is a powerful way for corporations and organizations to pool resources and change the world. At its very least, CSR is the right thing to do.

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Brand Strategy: A New Paradigm For Asian Boardrooms

BY MARTIN ROLL

The face of business in Asia is changing faster than one can blink one's eyes. Asian companies that used to be back-end workhorses, manufacturing consumer goods cheaply for Western companies, are slowly realizing the benefits of branding.

In a market where competition implies slashing prices on their unbranded products, Asian businesses are slowly becoming more attentive to the power of branding in capturing consumers and

returning larger profits on their investments. Firms are realizing that whereas they were wearing themselves down on razor-thin margins to compete with the next supplier, they could increase returns by investing in their brands. This then is the shift in thinking that is pushing boardrooms in Asia toward creating strong brands to differentiate themselves and consequently realize greater profits. Branding is an investment that must be perceived as such and is required to deliver ROI and shareholder value like any other feasible business activity.

Most Asian firms, however, still view branding as advertising or logo design. If firms are to benefit from branding, they must recognize that it impacts the entire business - the structure, goals, attitude and the very outlook of those in the boardroom. Managers will need to see branding not as an appendage to the ongoing business, but rather as an infusion which seeps through the very spirit of the organization, as a healthy return on investment (ROI). In fact, it will require a shift in focus and priority for every functional aspect of the organization aligned around multiple customer touch points.

A large part of Asia's economic development until now can be attributed to low-cost advantages which enabled Asian companies to gain market share from other suppliers. But Western companies, by buying some of these Asian firms or aggressively outsourcing some of their operations, are already streamlining their cost structures. Low cost alone no longer provides a significant advantage.

Asia is still one of the world's biggest providers of commodity products. At the same time, Asian manufacturers mostly produce for other companies and the majority of these products are therefore non-



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branded. In other words, these are volume products without strong brand equity. The largest part of the financial value is captured by the manufacturers' customers – the next player in the value chain – primarily driven by strong brand strategies and successfully planned and executed marketing programmes.

Reasons for lack of strong brands in Asia

Many reputed global brand surveys have found that only four of the top brands originate in Asia. Three classic brands come from Japan and a fast-growing ambitious brand comes from South Korea: Sony, Honda, Toyota and Samsung. But given the size and volume of Asian business today, it is evident that Asia could build many more prominent brands and capture more financial value from better price premiums and customer loyalty.

There are many reasons why Asian companies have not fostered many global brands until now:

- The diversification of businesses spanning many industries with limited overlap and synergies has been a major impediment to building brands in Asia. The prevalent mindset in Asia is based on trading, rather than branding, and the generation of revenues, rather than profits. But it is hard to create a relevant, clear and differentiated brand strategy, and build a corporate brand, which encompasses all areas, when a business has its hands dipped in every pie.
- Another important reason for the lack of strong brands can be found in the prevalent business structure within Asia, which consists of many small and often family-owned businesses – with

diversified business interests as illustrated before. The management perspective would favour short-term business wins against brand strategies, which require more resources and long-term perspectives.

- The implications of IP protection in Asia have been a major barrier against building brands. In their own backyards, many Asian companies have faced rampant counterfeiting and infringement of IP rights. Until and unless legislation and law enforcement get better in the region, it may be a hurdle that prevents a deeper appreciation and respect for intangible asset management in the Asian boardroom.

But the one reason, more than any other mentioned above, that influences the creation of strong brands is the mindset of the boardroom and the CEO. Branding is a boardroom discipline and successful brands can be built only when the boardroom, led by the chairman and the CEO, understands, appreciates and commits to treating branding as a strategic discipline.

Branding drives shareholder value

The primary objective of boardrooms is to build and sustain shareholder value, and deliver competitive returns to shareholders. One of the most effective ways to achieve this is to build brands with strong brand equity. Brand equity is the reputational asset that any successful business builds in the minds of customers and other stakeholders. Strong brand equity is also one of the main reasons why the market capitalization of a company often exceeds its book value.

Many Asian companies traditionally focused on asset-intensive industries. But it has been dem-

onstrated that the most profitable Asian companies focus on intangibles such as human capital, exploiting network effects, and creating synergies based on brands or reputation, rather than investing in tangible assets.

Intangible assets like brands play a significant role in value creation and can become an important driver of shareholder value for many more Asian companies than today. On the New York Stock Exchange and NASDAQ, for example, intangible assets are known to account for 50-75 percent of the market capitalization of the listed companies, where the majority is accounted for by their brands.

The role of the Asian boardroom

A strong brand is characterized by a unique brand promise (the customer focus) and an outstanding brand delivery (the organizational system and performance behind the promise). The brand promise and the brand delivery must be consistently balanced in order to build and sustain strong brand equity. The modern brand-driven organization is characterized by three distinct characteristics, which set it apart from less brand-focused organizations:

- The right boardroom mindset toward and beliefs about branding
- The right skill sets to build and manage brands
- The right allocation of organizational and financial resources to achieve the various business objectives and build sustainable brand equity

Companies must ensure that everyone in the company is properly aligned with the brand values with the right mindset and belief. The entire company and its multiple and cross-functional actions and activities should be channelled to-



wards this goal.

Internally, this comprehensive task of aligning and managing customer touch points cannot be left to or even controlled successfully by marketing departments alone. The boardroom should take a more active role in the cross-functional orientation of marketing in the Asian organization.

Externally, the Asian business leaders can benefit tremendously by representing and leading their brands by example. Asian business leaders can help to build their brand portfolios by appearing more outside the boardroom, and acting as the primary spokesperson of the brand strategy and vision, internally and externally.

It is important to note that marketing function and discipline has come under increasing pressure to demonstrate financial results.

Boardrooms must recognize this development and act accordingly.

The first change is related to the role of marketing. As marketing is increasingly taking place along the entire value chain, marketing is not the responsibility of the marketing function alone. Instead, everyone in the organization is involved. This requires a more cross-functional orientation of marketing, with a solid understanding of all the elements in the value chain including skills within engineering, purchasing, manufacturing, logistics, finance and accounting. This might require an upgrade of skill sets and ongoing training of the marketing personnel.

The second change required is related to the outcome of marketing. For the marketing function to become an integrated part of the boardroom agenda, the key issue

for the future is to focus on demonstrating the financial consequences of marketing expenditures.

Finally the boardroom should recognize the critical importance of resource management in building strong brands. Therefore, the last cornerstone of successful Asian branding refers to organizational and financial resources, their allocation and management. The more everyone throughout an organization can be trained and involved in delivering on the brand promise, the more efficient and competitive the brand strategy will become.

Asian cultures have always valued the long-term aspects in almost any aspect of life. Asian boardrooms should use this unique strength to influence them in creating more successful brands – but it requires a different mindset in the Asian boardroom.

Branding and Small Companies

BY JONAS BERGVALL

Should a small company use branding as a part of its competitive strategy? I will point to some factors that imply that brands with a small geographic market have a good chance to steal market share from the gigantic, global brands.

If I ask you to think about a brand, one which you consider to be a strong brand, the probability that this would be a global brand is pretty high. In rankings of the strongest

or the most valuable, it is inevitably global brands that we tend to measure. But the most important thing from a small brands perspective is to be strong in its own defined market. However, I will not define an exact size of this market to which these thoughts can be applied. My main implication is that a smaller brand has an opportunity to serve its customers in a more flexible and creative way than its greater counterparts. This applies particularly to small brands that tend to have closer connections to its customers

than big, global brands.

My belief is that many of these small brands have a chance to get stronger if they can overcome their inferiority complex with bigger brands and start to make their brands more clear and focused, and build their brand in new and exiting ways.

A definition of branding

My definition of branding comes from the idea that the winner in a competitive situation is the product or service, that customers experi-

ence as the best choice. The keyword is experience. When a customer is about to make a choice of buying something he/she weighs up several factors against each other to determine what constitutes the most ideal experience. These factors are partly the capacity and performance of the product or service, in other words how well it works in comparison to what the customer is expecting. But it also covers the brand's ability to satisfy more of the customer's needs, be it cultural, psychological, social, etc. These intangible assets are what you want to (and are potentially able to) influence through branding. Creating an association with a visual trigger makes it easier for the customer to identify the product which he feels satisfies his needs in the best and in the most exciting way.

Branding demands a lot of money

Considering that the strongest and most valuable brands seem to

be global, it is easy to come to the conclusion that the only businesses that are able to build strong brands are big, multinational companies. It is assumed that branding always costs a lot of money, since it can only be done through advertising and media. And a big investment in media takes a lot of money.

Yes, big investments in media do take a lot of money. But no, brand building is not done solely through advertising and media. This is a misconception that in many cases, lead small brands to think that they have to focus on product and price. You can think of it this way, global brands are forced to invest heavily in media due to their lack of ability to be present locally everywhere, which simply would be even more expensive.

The paradox of this situation is that customers may feel closer to global brands than the smaller brands that they are often physically closer to. The big brands tend to invest in TV-commercials and activities on the web, for example,

which brings their brands into their customers homes. You cannot get much closer than that. Or can you?

It is like David's fight against Goliath, with the difference that most people no longer only want to see David as the winner. Even though it seems like it is a human characteristic to support the smaller and weaker, we now know Goliath so much better than David. We know what Goliath stands for, what he believes in, and what he wants to accomplish.

What do smaller brands do?

Small companies with local and regional markets seem to have accepted global brands' dominance over their customers and live by the convention that branding costs too much money – they are left to compete with product offerings and price. Even though they have realized their opportunity to offer personal service, it is seldom you come across companies that manage to do so in a unique or exciting way. Therefore they do not appear to be able to counter the pull of big brands and the credibility they offer. This seems to be a general phenomenon, no matter if it is a consumer or B2B market.

The small brand's opportunity

What then can small brands do to increase their profitability, or even survive, in their struggle against the global brands?

I think they have a great opportunity to create a compelling experience with the customer which would reassure them that the smaller brands is the better choice. After all, branding is nothing new, it has always been crucial for anyone who wants to sell something to gain credibility. But small companies need to understand this tool



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in order to control and strengthen their credibility, and also to better understand the strengths and weaknesses of the bigger brands.

You do not build a strong brand only through advertising and media, it is the collected, overall experience that makes a strong brand. This experience is influenced by all encounters you have with a brand: how the salesperson acts, how other personnel interact with you, your service, packaging, public relations, and contributions to the community, etc, etc. There may even be ways to interact with your customers that has yet to be invented. The bottom line is to what degree you manage to satisfy those needs that you have promised to satisfy. One of the problems big brands have to deal with is how to deliver what their advertising has promised. It is difficult for big companies to have complete control over the whole experience through the distribution channel. There are of course exceptions, but overall, most big brands are dependent upon subcontractors when it comes to the distribution channel. The consequences of this are that they have to deal with the channel as more of a distribution channel than a communications channel.

Apple computer is a good example of a strong, global brand, which recently found themselves forced to expand their brand experience by opening Apple branded stores. Earlier they were dependent upon the goodwill of the computer dealers to promote Macintosh Apples computer brand. This move to branded outlets is probably expensive, and for the time being is limited to the North American market.

McDonalds is also a good example of a brand who tries hard to push the brand experience down to the local restaurants. But McDonalds

is also an example of how difficult it is to manage the experience over time. How many times have you waited a lot longer for your hamburger than what you have come to expect? How many times have you felt that the young person behind the counter really would like to be somewhere else, and therefore not being able to perform the service you expect? Naturally, McDonalds deals with these kinds of problems, and over all manage to handle them very well. But it shows how hard it is for a big company to be consistent, despite seeming control of its distribution channels and an extensive internal education program. It is after all a very simple product — a hamburger.

But if it is difficult for a big brand

customers. In a small organisation it should be much easier to manage and perform a consistent branding strategy.

The possibility lies not in thinking big, but to think further. A small company has an opportunity to stop saying “if we only had money we would communicate in large media”, and make better use of existing channels to create an expressive experience for its customers.

Creative Sales Promotion: An Underestimated Experience

A concrete suggestion to small companies and small brands is to examine their sales promotion. When you are short on money, the risk is that you focus too much on short-term sales. When the battle against

Yes, big investments in media do take a lot of money. But no, brand building is not done solely through advertising and media. This is a misconception...

to be consistent, there is something that is even more difficult, namely to be flexible and creative. You do not easily change direction with a tanker that has gained speed.

Small companies and small brands have a great opportunity to take advantage of the giant's weaknesses. In small companies there is the opposite situation from big companies. Small companies have flat organisations, the decision making process should be a lot easier and they are physically close to the market they wish to attract. Yes, small companies may have less money to spend on large media, but due to their small size, the possibility exists to create an intimate, unique and potentially a more exciting experience for their

big brands already feels lost, it all becomes a struggle of taking what you can, often by putting the focus on price. As small companies seldom have the resources to create long term cost advantages, they are forced to a profitability level way below the market leading brands. The risk is to focus on cash flow generation and short-term sales to the detriment of delivering on the ambition to create satisfied and loyal customers. The internet does not make the situation any better, where it is becoming increasingly easier to find undifferentiated, cheap products and brands, naturally an attractive place for those who are always looking for the lowest price.

For those small companies and



brands who wish to explore the possibility of using branding as a part of their competitive strength, I suggest that the sales channel, or the sales force, is a good place to start. This is where you are already in contact with your customers and the sales people are often in crying need of better support. Since the big brands have to invest considerable time and effort to “push down” the brand experience through the distribution channel, and may not be giving sales promotion top priority, this is the perfect place to create unique experiences. Also, among advertising agencies, sales promotion has not been as fancy to work with as TV-commercials or other large media.

Why do we not see more of small brands?

Business after business that we see, are dominated by a few market leaders, and these are often globally active brands. The smaller brands with a narrower geographic market are left to fight for the bits

and pieces that are left over. Some even see a moral dilemma in the dominance of the big brands, not least after the release of the book *No Logo* by Naomi Klein.

But from a small brand’s perspective this is more of a profitability problem. So why are there so few small brands that act with a clear differentiation strategy and make themselves heard and liked?

Surely, there are as many explanations as there are brands and there are differences from nation to nation. In Sweden for example we have something which is commonly referred to as “the law of Jante”. This nationwide convention means “you shall not consider yourself to be somebody”. Although this concept has over recent years lost its hold on the Swedish mind, it still sets its mark on Swedish society. To differentiate yourself, to make a stand, is therefore something that probably feels awkward and strange. In a small organisation, there are a few people who are able to shape and stand by the identi-

ty of the brand and communicate its aspiration. This makes it much more difficult to “hide”, than if you are part of a bigger organisation.

Many small companies are founded and run by entrepreneurs who are often mainly focused on a product or a service in which they saw a potential in the first place. Unfortunately this makes it difficult for them to think that marketing could be something else than solely that product or service. When the big brand comes along and satisfies more of the consumer’s needs, other than the functional needs that the product or service satisfies, the competitive strength of the small brand becomes rather weak.

The will to invest in a small brand may be connected to small companies will to grow. If that is the case, maybe we can learn something from a licentiate thesis written by Henrik Barth at LuleÅ University, Sweden. In order to write the thesis “Barriers to growth in small firms” Barth interviewed 1.240 small companies in Sweden, Finland, Belgium and Ireland about what they see as the main hindrances for innovation. Although the results differ between the countries the conclusion is that a company has problems to grow above the size where the CEO no longer can manage everything by himself. Lack of knowledge about organisational issues makes it hard to create an organisation that is able to grow. Also the lack of knowledge in other areas and the difficulty in attracting competent employees makes it even more difficult.

The challenge for small businesses then are great – but maybe the most potent opportunity lies in thinking big and creating a brand experience that dwarfs global brands! ■



Apple computer is a good example of a strong, global brand, which recently found themselves forced to expand their brand experience by opening Apple branded stores. Earlier they were dependent upon the goodwill of the computer dealers to promote Macintosh Apples computer brand.