

British Brands

THE NEWSLETTER OF THE BRITISH BRANDS GROUP

innov8 Brands and the innovation imperative

The Brands Conference 2001

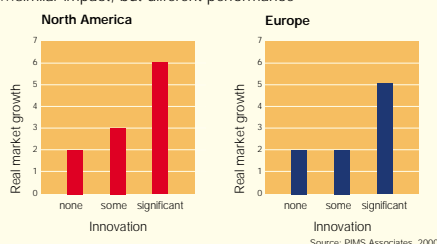
John Noble, British Brands Group

'Some people look at the world and ask why? I dream of things that have never been and ask why not!' *George Bernard Shaw*

The golden thread that runs through successful brands is that of innovation, a theme explored in the recent Innov8 conference organised by the British Brands Group. For the brand owner, it means being in a state of perpetual renewal, of maintaining constant energy to reinvent.

The USA leads Europe both in innovation and the resulting wealth creation. They have proportionally more businesses generating sales from new products and generate more GDP per capita. Hard evidence from the PIMS database shows that the impact on innovation on real market growth is similar on both sides of the Atlantic, but the relative performance differs.

The gap between USA and Europe:
Innovation is a key engine for growth in both...
...similar impact, but different performance



Why should this be so? Scale and a culture and mentality open to marketing and risk are potential explanations. While it is not just Europe that lags behind – the rest of the world is in the same boat – the UK can catch up, notably through long term investment in innovation.

This is the responsibility of companies more than government, although the conference identified a number of policy issues that would contribute directly to a genuinely innovation-led economy. Explicit support for the role of innovation (defined in terms of fulfilling customers' needs, not just new technology), recognition of the importance of communication in getting innovations to market, creation and policing of the real benefits of the single market, and reduced barriers to market access were quoted specifically.

There is an important distinction to be drawn between radical and incremental innovation. Radical innovations may be perceived as costly and risky but they have far greater potential to increase market share and enhance sales growth than incremental innovations if they make a real impact on consumer value. This is articulated by Procter & Gamble's Chris Start:

'Real innovation improves and/or simplifies consumers' lives in a meaningful way. Anything less than this is a minor change, which may be a worthwhile improvement in itself, but it does not fundamentally alter the consumer's view of the product.'

The high innovators that achieve higher consumer preference and franchise enjoy far greater returns on their investment than others and the conference identified seven best practices for effective innovation:

- Concentrate on quality, not quantity, of ideas;
- Focus on radical, 'breakthrough' innovation;
- Disseminate consumer insights effectively;
- Use these insights to filter ideas;
- Get to market first with defensible advantage;
- Communicate clearly the brand's consumer value proposition;
- Build strong team contributions.

Deep consumer understanding, on which successful innovation is founded, is becoming harder. Consumers may not know what they want anymore. Furthermore, the temptation is to serve articulated needs, while the real challenge is to meet unarticulated needs.

It is the nature of innovation that the more radical the innovation, the less likely the consumer has experienced it. As a result it is hard to obtain a clear consumer view from research because the consumer needs to experience the radical breakthrough product before they can express a view on it.

Successful brands require effective communication that explains the proposition and creates 'brand mindscape', whereby the brand images remain in the collective consciousness. This too requires new ways of thinking and the

conference proposed a number of guidelines for innovative communication:

- invest a percentage of above-the-line budgets to try out new means of communication;
- build an environment for creativity, learning through risk taking and ensuring those learnings are shared, not repeated;
- revisit the 'bin' of ideas from the past that may have been cast out due to old filtering systems;
- ask teams to consider what they would 'love to do' and unleash creative reserves.

Allan Leighton, chairman of lastminute.com and now of Consignia, concluded the conference by identifying the attributes of winning organisations. They possess a strong culture, a dominant brand, low resistance to change, a leading market position and an efficient low-cost structure. They are driven by value and employ outstanding people.

A report of the conference containing insights and practical suggestions on the theme of innovation is available from the British Brands Group, price £35 + VAT.

New publications

'Posh Spice and Persil' – a transcript of the recent Brands Lecture (free)

Innov8 – a report of the recent Brands Conference (£35 + vat)

'A Guide to Brand Protection' – advice on how to protect your brand (free)

All publications are available from the British Brands Group on 07020 934250 or info@britishbrandsgroup.com

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Chairman's Introduction

Andrew Redpath *Chairman, British Brands Group*

Once in a while, we have the privilege to hear a presentation that has a clarity and resonance which shapes our view of things. Jeremy Bullmore's Brands Lecture 'Posh Spice and Persil' delivered in December is one such example.

Even for those steeped in brand management, the ideas that Jeremy conveyed put brands in a light that is all too rarely seen by the wider world.

The lecture is summarised in the centre pages of this newsletter so I need not go into detail here. Suffice it to say, the core reminder is that a brand is no more or less than its reputation, and as such can be found only in one place – in the minds of people. This means that the most valuable part of the brand – its added value over and above the core product, the qualities that inspire repeat purchase, the basis of its profitability – does not belong to the company but to the individual consumer.

That a brand is owned and controlled by the mind of its consumer is a paradox of deceptive simplicity – worth emphasising for its important implications. It is the reception, not the transmission, of brand stimuli that builds the brand. Brand reputation is not created by one-off experiences but by the sustained meeting of needs, expectations and aspirations. These however are constantly shifting and a brand needs to predict and adapt to sustain its reputation. Failure opens the door, with 'savage suddenness', to loss of market share and reputation.

Maintaining relevance, and therefore reputation, in this competitive, changing world is an important driver behind brand innovation and explains why branded companies innovate significantly more than unbranded companies. There is no option if they are to stay ahead, a consistent theme running through the British Brands Group's Brands Conference *'Brands and the innovation imperative'* (see the article on page 1).

This conference explored different aspects of innovation, from reaching a deeper understanding of consumers to closer alignment of the organisation and its people with the brand. An important finding for policy makers was the comparative performance of the UK and the USA

in terms of innovation. Data presented by PIMS demonstrated the link between innovation and real market growth in both countries, but the US generates significantly higher growth. It has proportionately more companies generating sales from new products and delivers more GDP per capita.

The key policy issues for building a genuinely innovation-led economy are outlined in the article. Policies that encourage (or at least do not discourage) innovation come top of the list, a message particularly pertinent to us in the UK. The steady attack on the scope of intellectual property rights and the current debate on grey trading (the import of goods into Europe without the brand owner's consent) are two examples where current policies and thinking diverge from this message.

The issue of grey trading hit the headlines in autumn last year with the European Court of Justice's judgment in the *Davidoff v AG Imports* and *Levi Strauss v Tesco* cases (see the article on page three). The ECJ has now defined the existing law beyond doubt. The policy debate is now whether the law should be changed in favour of grey traders. The UK government believes it should.

The case for change is based on the assumption of lower prices, evidenced by the price cuts on designer goods by some of the supermarkets last year. However, are such price cuts sustainable long term or are they a campaigning ploy to change the law? Experience from Europe within which parallel trade has been legitimate for many years suggests the latter. Fact one: parallel trade has not prevented the UK being significantly more expensive than other European countries. Fact two: parallel traded goods are often sold to consumers at the full price (ie. it is often the parallel trader and other distributors who benefit from any price differences, not the consumer). Fact three: price differences within Europe are greater than those between Europe and the USA.

A change in the law however would mark a significant shift in competition policy. Currently the policy emphasis on both sides of the Atlantic

is on *interbrand* competition, ie. one brand offer competing with another on quality as well as price. This encourages innovation, holds down prices through competition at both the supplier and distributor level, and delivers choice and an ever-improving offer to consumers. Selective and exclusive distribution systems are tolerated (on condition that there is no dominant position or price fixing) as they aid efficiency and help differentiate one offer from another.

The alternative model, promoted by those seeking to benefit grey traders at the cost of innovators, favours *intra*brand competition, where the focus of competition shifts to different sources of the same brand. Here the name of the game is just price, distribution agreements are discouraged, and innovation has no role (there is no benefit to the brand in out-innovating itself).

This is a zero-sum game. As intra-brand competition grows, inter-brand competition is damaged. A policy that favours grey trading disfavours efficient distribution systems, investment in innovation and long-term consumer benefit. It is also a policy that contradicts existing UK policy that endorses distribution agreements and, most importantly, sees innovation as the route to economic growth.

The debate is significantly more complex than cheap jeans or designer underwear in supermarkets.



Protect your brand

A new guide for brand owners on how to protect their brands has just been published by the British Brands Group. Written for small and large organisations alike, the straightforward guide explains why brands are worth protecting, the various intellectual property rights that can be used, and what to look out for in the marketplace. It also gives sources of further help. The guide has been produced with the kind support of Bristows.

Initial copies of the Guide are available free from the British Brands Group. Multiple copies are available at cost.

Are brands really such big baddies?



Gill Grassie, Maclay Murray & Spens

The European Court of Justice on 20th November 2001 put an end to the battle between brand owners and grey traders with a resounding victory for the former. In the joint cases of *Davidoff –v- A&G Imports* and *Levi Strauss –v- Tesco & Costco*, the court emphatically sided with the brand owners and their ability to stop imports of their brands into Europe without their consent.

The supermarkets have portrayed themselves as the consumer's friend throughout, fighting for the right to import cheap jeans from abroad and sell them in the UK at a discount. Meanwhile the brand owners have struggled to make their position fully understood in the face of such a powerful if superficial plea – money.

But it seems strange, if the matter is so clear-cut, that the highest court in Europe has sided with the brands. And why are brand owners prepared to put up with the inevitable and consistent bad press? There is more to it than meets the eye.

What is all the fuss about?

Grey trading is the import of goods from markets outside Europe where they are less expensive into the home market where prices are higher. Price differences between markets for the same product create the opportunity. The main reasons for these differences are commonly:

- differences in cost of getting the product to different markets;
- differences in distribution and marketing costs;
- differences in consumer tastes, wealth, culture, and attitude to the product in question;
- short-term fluctuations in exchange rates.

Take for a simple example a pair of GUCCI sunglasses. The market for these in say India will be entirely different to the market in the USA. The wealth of the average citizen as well as the cost of living in each is likely to influence the price. I would imagine that GUCCI is cheaper in India than in the USA. Is this wrong? Should the citizens of the USA, or the UK for that matter, be able to buy them for the same price as paid in India?

Damage to the brand

In a truly global, harmonised market the answer would be 'yes' but we are not in that market. If the prices were equalised the effect on the brand would be devastating. The very point of branding is to differentiate products and offer choice. Were GUCCI to be sold everywhere at rock bottom prices (rock bottom in the UK but top of the range in India) how would this affect their image in the UK consumer's mind? After a short period they would be regarded as basic, nondescript sunglasses. They would be commonplace, the antithesis to the luxury brand. The reduced returns to GUCCI would result in less ability to sustain quality, fewer new lines, and less investment in those features that make it different and special. In our fiercely competitive world, such results are terminal.

Why do we like brands?

Why should the consumer be interested in retaining luxury brands, or brands at all? Brands provide reassurance in a society full of choice. They help us make decisions quickly and, by always striving to be the best, provide benchmarks of quality that competitors seek to follow.

People now have more disposable income, fuelling a desire for designer names that allow us to stand out from the crowd or express our personalities should we so wish. The logical effect of allowing grey trade is the end of the designer name, the limiting of choice, and less innovation. Grey imports lead to a greyer life for us all.

The bigger picture

Studies have shown that preventing price differentiation around the world will not result in prices dropping to the lowest level. Rather it causes some prices to rise and brands to be withdrawn from cheaper markets. If wholesale prices are driven down, lower returns to brand owners means costs not recouped, less investment in innovation and fewer new products. One study found that lowering the barriers to grey trade

would damage suppliers' profits in every sector (except alcoholic drinks) by around 15 percent and in some sectors by much more.

Free trade may sound attractive but there is a cost. A UK factory will be unable to compete with an equivalent factory in the far east. A UK exporter will be unable to develop new overseas markets by reducing prices. And a UK exporter will be unable to compete on price with low-cost domestic suppliers in markets outside Europe. Grey trading reduces UK competitiveness overseas and is a further nail in UK manufacturing and its associated jobs.

Is the decision of the ECJ right?

Legally there is no doubt that the decision is right. The question now is whether the law itself needs to be changed to allow parallel imports into Europe.

This law as it stands allows consumers to be confident in the quality and consistency of the brands they buy. It provides choice, with suppliers able to work with selected retailers to provide a differentiated offer. It prevents grey traders removing important consumer safety labelling from products. It preserves the ability of UK companies to export competitively and supports UK manufacturing jobs. Some may consider such benefits to be outweighed by the promise of lower prices. They should remember that, despite legitimate parallel trading within Europe for many years, the UK remains one of the most expensive countries in Europe. Clearly parallel trade is ineffective in reducing prices. The case to change the law has yet to be made.

British Brands now available in electronic format

You can now receive your copy of *British Brands* as a .pdf file over the internet. If you prefer an electronic copy, please contact us at info@britishbrandsgroup.com.

Posh Spice and Persil

Jeremy Bullmore, WPP Group

Both big brands; both alive;
and both belonging to the public

“Right from the beginning, I said I wanted to be more famous than Persil Automatic.”

Victoria Beckham, *Learning to Fly*, The Autobiography, 2001

In his inaugural British Brands Group lecture, Tim Ambler left us with one perplexity. If brands are as important as they are to business – and he left us in no doubt that they are all-important – why do CEOs and their boards devote such a small proportion of their time to their health and nourishment?

With seemingly diffidence, I'd like to put forward a possible explanation.

And as an hors d'oeuvre, I offer you these thirteen deeply disturbing brand facts:

- Products are made and owned by companies. Brands, on the other hand, are made and owned by people... by the public... by consumers;
- A brand image belongs not to a brand but to those who have knowledge of that brand;
- The image of a brand is subjective. No two people hold precisely the same view of the same brand;
- That highest of all ambitions for many CEOs, a global brand, is therefore a contradiction in terms and an impossibility;
- People come to conclusions about brands as a result of an uncountable number of different stimuli, many of which are way outside the control of the product's owner;
- Brands – unlike products – are living, organic entities: they change, however imperceptibly, every single day;
- Much of what influences the value of a brand lies in the hands of its competitors;
- The only way to begin to understand the nature of brands is to acquire a facility which only the greatest of novelists possess and which is so rare that it has no name;
- The study of brands has generated a level of jargon that prompts deserved derision amongst financial directors;

- It is universally accepted that brands are a company's most valuable asset, yet there is no universally accepted method of measuring that value;
- The only time you can be sure of the value of your brand is just after you've sold it;
- It is becoming more and more apparent that, far from brands being hierarchically inferior to companies, only if companies are managed as brands can they hope to be successful;
- And as if all this were not enough, in *The Hidden Power of Advertising* Robert Heath states: “I found I had to accept that effective brand communication... involves processes which are uncontrolled, disordered, abstract, intuitive... and frequently impossible to explain other than with the benefit of hindsight”.

For the sake of economy, and to some extent for effect, I have made some half-truths into whole truths but all of the above statements are more-or-less true.

So, in answer to Tim Ambler's implied puzzle I advance this explanation: Brands are fiendishly complicated, elusive, slippery, half-real things. When CEOs try to think about brands, their brains hurt.

And I sympathize. Given the nature of brands and the persistent perversity of consumers, who wouldn't choose to concentrate on rational, quantifiable things like gross margins and return on capital invested?

First, my thanks to Victoria Beckham for my title. If her early ambition to be more famous than Persil Automatic seems surprising, it shouldn't. It was astute to choose not Robbie Williams nor Madonna as her benchmark of fame but the country's best-known washing powder. Because just about the only thing that

successful brands have in common is a kind of fame. Fame not only holds a powerful fascination but bestows an incalculable value on anything that enjoys it. We value the famous far more highly than the little known and fame is the fundamental value that strong brands own.

The matter of fame takes us naturally to the matter of brand ownership. Of course in a legal sense the company owns the brand. But for a company to *feel* that it owns its brands is to tempt it to believe that it has total control over them and it does not.

Forget the marketing-speak. The image of a brand is no more nor less than the result of its fame, its reputation. And like a reputation, it can be found in only one place: in the minds of people. The most valuable part of a brand... the added value bit... the bit that distinguishes a brand from a mere product... *doesn't belong to it*. It belongs to its public.

No wonder CEOs prefer to spend their time counting things.

This is not quite so depressing as it may seem because it leads us to wonder how exactly these images... these brand reputations... are formed in the first place.

Many years ago, I wrote that people build brands as birds build nests, from scraps and straws we chance upon. The metaphor remains useful but needs modification and amplification.

Let me start with the *product*. The intrinsic product – its delivery, its function – must be the primary brand communication. No washing powder that fails to deliver high standards of detergency will survive, however skillfully marketed. Function is the first and permanent requirement for brand success

The next clue to brand character is *advertising*, often claimed to be the greatest

Both big brands; both alive; and both belonging to the public

brand builder of them all although I would not necessarily support that claim. That there has to be some *communication* between a brand and its public is obvious but its name, its packaging, its vans, its news value can all give important clues to its character.

Then *price*. Price is both an objective fact and a stimulus likely to elicit any number of different subjective responses. The same low price can simultaneously lower the barrier to entry and increase suspicions about quality.

Promotions are almost as deceptive a stimulus as price. Surely a two-for-the-price-of-one or the chance of a free holiday in the Caribbean must lead to more sales and therefore be good for the brand? Maybe the first but not necessarily the second. Most promotions fall neatly into one of two categories: bribes or bonuses. The bonus signals generosity and confidence, enhancing the brand. The bribe signals insecurity and desperation, diminishing the brand.

Advertising, packaging, price and promotions have this in common: they are all within the control of the marketing company.

I said at the start: 'The only way to begin to understand the nature of brands is to strive to acquire a facility which only the greatest of novelists possess and which is so rare that it has no name.' The last part of that sentence is not quite true. In her 1996 Reith Lecture, Jean Aitchison wrote: "An effective persuader must be able to imagine events from another person's point of view. In fashionable jargon, he or she must have 'A Theory of Mind.'" This may be fashionable jargon among academics and psychiatrists but it is a hopelessly inadequate term for a rare and priceless facility.

The ability to imagine events from another's

point of view is the first qualifying talent of the would-be effective persuader. Those scraps and straws over which we painstakingly pore have no universal significance. We all have invisible maps in our heads on which we plot the position of competing brands. Every brand is allocated its own, unique space. There may or may not be such things as parity products. There are certainly no parity brands.

A brand is defined in our minds as much by its competitors as by its own behaviour. Changes take place all the time. A new competitor may occasion a perceptible change – but the really dangerous changes are the daily, immeasurable, imperceptible changes that accumulate invisibly over time until they've gained often-unstoppable significance.

It is all this that leads me to say that brands are living, organic things – because all the time, those with knowledge of a brand are changing. They may grow richer or poorer and will certainly grow older, and as the perceiver changes so inevitably does the perception.

So let me return to these scraps and straws from which we, as individuals, infer so much. And let me move from those brand communications over which the marketing company has theoretical control to brand encounters of a far more accidental nature.

You see a truck, boldly branded, driving badly on the M25. You read that the company that makes the product has been taken to court for racial discrimination. After holding on for 25 minutes, you have still to speak to a human being at the company's call centre. Like people, brands have body language and it is a language we understand. Every time we encounter a brand, we make an infinitesimal and subconscious adjustment to our personally

constructed brand picture, and in each of the instances mentioned above those adjustments will not be in the brand's favour.

This means opening up the whole marketing strategy to absolutely everyone within that company. It means recognising that every corporate action, every corporate decision, every corporate communication will be seen as a clue – as one of those all-important scraps and straws from which people build brands.

However, irrespective of how brilliantly reputation management may be masterminded, and however much that reputation contributes to differentiation and competitive success, if there's anything fundamentally wrong with the product, then ultimate failure – I'm extremely happy to report – remains inevitable.

The full text of this lecture and the inaugural lecture by Tim Ambler are available from the British Brands Group (Tel: 07020 934250 Email: info@britishbrandsgroup.com).

Consumer value on the net

New research undertaken by Tilburg University for AIM, the European Brands Association, identifies consumer attitudes to web sites and concludes with the key ingredients for delivering consumer value. Copies of the study are available from the British Brands Group.

Consumers and Corporations

Transcripts of the lecture series 'Consumers and Corporations' organised by the Consumer Policy Institute have now been published on its web site, www.consumerpolicy.org.uk.

A new aura for gold

Jane Wentworth, Wolff Olins

Walk down the aisles of any supermarket. Fill your trolley with Gold Blend instant coffee, Terry's All Gold chocolates, Kodak Gold film, Golden Churn butter or Crispy Golden cod – and you can pay for it all with a Visa Gold card. Brand managers have hijacked gold for their own purposes, creating a world of 'pseudo gold' in which products with limited intrinsic worth are given status by association with the world's most ancient and revered precious metal. No wonder gold is in trouble.

When last year the World Gold Council (the international body responsible for promoting and marketing gold world-wide) invited Wolff Olins to create a new positioning and global brand for gold, its market price was at a twenty year low. In its second largest market, the U.S., the top retailer of gold was the supermarket chain K-Mart, where the average price tag was just \$90. The kind of people the Gold Council wanted to reach were people who regarded gold jewellery as old fashioned, ostentatious, even tacky; people for whom metals like silver and platinum were seen as more fashionable, cooler, more desirable.

The task was to create a new look and feel for gold that would provide a consistent experience for consumers, wherever they came into contact with the brand. This brand had to reawaken consumers' desire for gold and act as a focal point

for the Council's activities. More importantly, a simple, yet powerful idea for gold was needed. An idea that would drive every aspect of the brand, not just the logotype, but the imagery, the typography and the tone of voice; an idea that would be both unique to gold and creatively inspiring for the people who promote it.

Our starting point was gold's incomparably rich cultural history. Since it was discovered over seven thousand years ago, it has inspired every civilisation in history, not simply for its rarity and beauty, but for its spiritual significance. Gold is unique in its ability to link people to other cultures as well as other eras. It's this idea of connection that made gold so special. The idea for the Gold brand is about connection to the important emotional moments in life, the profound emotions shared by everyone: love, lust, joy, despair, passion, tenderness.

If the Gold brand is to stand out against such global luxury brands as Gucci or Tiffany, it needs to be both compelling and distinctive, so Gold has been adopted as the global name, and is not translated into local languages. Gold differs from other global brands by being a commodity, albeit a rather special one. The brand is not necessarily associated with specific jewellery products, but with an idea of what Gold itself stands for, an idea of emotional fulfilment rather than mere adornment. A photographic style was created that uses images to suggest the *idea* of Gold rather than literally focusing on a single piece of jewellery.

In our search for a symbol for Gold, we turned once again to its history. In almost all cultures there is a symbolic relationship between gold and the sun. In Europe, the alchemists used a circle as their sign for both the sun and gold. As the circle is also a universal icon for totality, wholeness and continuity, it seemed an appropriate place to start. The symbol ultimately created for Gold consists of three concentric circles, signifying past, present and future and designed so that the relationship between the three circles creates an optical illusion of the glow, or aura of gold.



Words are as important to the Gold brand as the visual style. In addition to devising a unique typeface for Gold, a distinctive tone of voice was also developed, which, like music or poetry, is capable of articulating big ideas and deep emotions in a way that resonates across different cultures. The way the four elements – the mark, the typography, the visual style and the language – all work together creates a rich brand environment which is far more potent than a simple logotype could ever be.

Apart from developing a new positioning and brand expression for Gold, the work of advertising, PR and media agencies also needed co-ordinating. Creative agencies naturally want to express their own ideas, but if the overall message is to be coherently expressed it is vital that this creativity is driven by one single, overarching idea. Since the launch of the Gold brand in May 2001, an international print media campaign has been rolled out and plans are under way to follow it up with film and TV campaigns. Promotional events and conferences, PR activity, exhibitions and trade fairs are all playing a vital role in expressing the Gold brand consistently world-wide. Only if the brand idea – that gold connects people to the important emotional moments in their lives – underpins everything the World Gold Council does, will perceptions change and gold reclaim its rightful position as the most noble of metals.

Repository of brands

RioBrand provides a centralised pool of brand identities and information that can be searched for free. The repository can be searched by brand name or owner, as well as by colour, shape and symbols. Visit www.riobrand.com.

New members

The British Brands Group is delighted to welcome Pilkington as a full member of the Group and Mountainview and Left Field as associate members.

Information on how to become a member is available on 07020 934250 or info@britishbrandsgroup.com.

Recruiting and retaining talent through employer branding

Paul Jackson, *Silverfin*

Today's business leaders would unquestionably agree that brands are valuable and exercise a powerful influence over consumer choice. However, there is a widespread failure to recognise that the value of a brand also extends to its ability to influence employee choice and loyalty.

In today's competitive world of the 'volunteer employee', there is an imperative for businesses to brand themselves as 'employers of choice'. The employer brand must therefore work across the total workforce. Successfully managed, it will impact the quality of human resources a business can attract and retain – and ultimately the effectiveness of the workforce in underpinning the values of the brand. Good employees make product brands stronger. The retail sector has already recognised that 'happy staff make happy stores, make happy customers, and make happy shareholders'.

It is a cliché, but nevertheless true, that effective people management will be the defining characteristic of successful business in the coming decade. Yet most companies are unprepared – even the best are vulnerable. Big businesses are no longer beautiful. Increasing numbers of graduates are now choosing to join smaller businesses. It has been demonstrated that many employees are less brand loyal and have a lower appreciation of the brand values of the business than customers in the external world.

There is an increasing need for branded businesses to create the 'Employer Brand' by applying the principles and rigour of brand management to the human resources discipline. This is potentially a powerful concept, but whilst there is a lot of talk about Employer Branding within companies, there is not a lot of action. Many companies continue to underestimate the dual bottom line impacts of a non-aligned workforce and employee churn.

The reality is that whilst most branded businesses lavish care externally in marketing their consumer brands, they fail to apply the same effort and consistency in marketing themselves to their current and potential employees.

Additionally marketing best practice is not being transferred to HR departments. Word of mouth and management behaviour are key

communication tools but they are not being managed systematically in the employee context with the risk that inconsistency of brand communication between the external and internal audience will ultimately undermine brand trust and weaken brand power.

Creating a successful employer brand has to focus on two key tasks – developing and maintaining both an appealing recruitment offering and an effective retention proposition. This brand also has to talk consistently and in a differentiated and meaningful way to two key audiences in order both to win the war for talent and to obtain extraordinary results from the majority of the workforce.

The effective Employer Brand should follow the 10 key rules for success:

- 1 To be successful an Employer Brand must become a matchmaker. It must match what the business needs in terms of capability and performance from employees, with what employees, and potential employees, want from an employer. Central to the employer brand is its product benefit, and this must be constantly reviewed to make sure it meets the 'customer needs'. Many businesses are already sitting on competitive brand propositions but have just not articulated or acted on them.
- 2 Create an 'added value' brand for the business – the more benefits you offer, the more likely you will be able to retain your employees. A successful Employer Brand is a high value enabler as it enables the success of consumer brands by ensuring high quality motivated people work in the business. To deliver this value requires placing the same focus on the employer brand as the product brands.
- 3 Employee product segmentation is crucial. Different 'product' priorities need to be made for recruitment and retention. For new employees, the total benefits package is twice as important as for employees who've been in the business for 10 years. But when it comes to retaining staff, reputation and training is more important.
- 4 In segmenting the employee base it must be recognised that one size doesn't fit all. Top talent need to be rewarded not only financially but emotionally – they're the movers and

shakers. But in the process the majority must not be neglected – they need to be motivated and trained – and often these are the people that are forgotten.

- 5 Care should be taken in determining the Employer Brand profile. Successful organisations will have a dominant talent profile driven by the style of business. There are four basic types of business – performance driven with less risk, big risk start-ups, ethically moral driven, and lifestyle.
- 6 Communication platforms and external communication messages for recruitment should be examined from a potential employee's standpoint. Do they pass the telephone test? How effectively do the messages answer these fundamental questions – Tell me, why would I want to join your business? How will you add value to my career over the next 3 to 5 years? Why should I believe that you will add more value to me than your competitors?
- 7 Employer branding must be used to develop 'recruitment' as a strategic process. Many major employers are often short termist in their approach – recruiting because they have a gap that needs filling, rather than taking a strategic 'talent plan' approach which assesses and recruits based on perceived long term skill and capability gaps.
- 8 Managers must become the key communicators and coaches of the brand values. People leave managers not jobs. The ability to recruit effectively for the future and secure better retention rates needs to be every management team's priority. The brand audio must match the video.
- 9 In assessing the performance of the Employment Brand, the business must measure what matters. Key performance indicators will include benchmarking externally, measuring brand equity and brand health internally and externally, and assessing added value not just costs.
- 10 Finally, successful brands are managed holistically and consistently over time. Unless senior management is aligned with the employer brand, the real value of the brand will not be unlocked.

Brand trust: leverage it or lose it



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A brand is more than a product, a logo or an identity – it is a promise, and key to this promise is the most powerful word in branding today: TRUST. In the huge online marketplace of 450 million people, building and nurturing trust has never been more important.

Since the Internet began rising in popularity as a commercial vehicle, trust in the concept of e-Business and of transacting online has been key. As some consumer fears have been allayed, the focus of trust has begun to shift from the process of transacting online to the actual brand itself.

The issue affects newer online brands and existing offline brands alike. Interestingly, well-known and trusted offline brands are generally considered more trustworthy than well-known online brands. In either case, for customers who are often separated by great distances electronically from the brand they are buying, trust is key to reducing perceived risk.

As such, the Web adds a new layer of complexity to managing and engendering brand trust. In traditional branding, trust is closely tied to how well a brand delivers on a promise. On the Web, trust also encompasses privacy, security, responsiveness, and speed, among other elements.

The net result: brand trust is fleeting

Critical brand trust is difficult to earn and even more difficult to maintain in the online world, as a number of factors chip away at brand loyalty with every click of the mouse.

Brand promiscuity Whether on or offline, only three in ten people are committed to specific brands today, down from four in ten a year ago. More than half of consumers say they have no real preference, signalling a propensity to switch. Furthermore, only 9 percent of people are loyal to just one brand, down from 14 percent the year before.

Competing marketing messages A recent survey indicated that consumers are able to maintain only a finite number of online relationships – fewer than ten in fact – so new or competing online information may result in one trusted brand being displaced from the limited scope of online relationships by another.

Consumer's propensity to shop around

36 percent of online consumers are 'window shopping' on the Internet, researching and comparing prices, products and services. An additional 24 percent are actually purchasing, visiting upwards of three to five sites in one surfing session. For nearly 70 percent of online consumers price is the primary component of a buying decision. As such, the impact of online research on buying decisions, and thereby brand trust, is significant.

Brand pollution Online brand pollution through outdated or incorrect messages contributes to brand trust decay. 30 percent of information on the Web is more than one year old, meaning that negative news stories and bad product reviews linger in cyberspace. A click on a link that leads to an error page due to a failure to update invites the web user to try a competitor's site, without the original site owner being any the wiser.

Companies must understand what messages and images customers are seeing about their brands daily online if they are to maintain and nurture brand trust.

Nurturing trust online

On the Internet, the brand is everything, embodying a company *virtually* in the consumer's mind. As such, all the messages, images and information consumers read, whether on the authorised corporate Web site or elsewhere on the Internet, impacts on the brand perception.

In a world where consumer loyalty is more fleeting than ever, the three key components of building brand trust are:

- Maximising 'trust signals'
- Promoting multi-channel customer interaction
- Promising only what one can deliver

Trust signals These include:

- Experience: the sharing of positive experiences helps to reduce risk and engender trust.
- Familiarity: frequent exposure to a brand serves as a cue to building trust.
- Affiliation and belonging: people intrinsically need to belong; if they feel part of a community, they tend to develop a communal sense of trust.

- Transparency: open and transparent communications, such as updating customers about the status of a transaction or order, increases trust.
- Factual signals and heuristic cues: objective security guarantees, certificates or statements help enhance the overall feeling of security.

Addressing these factors in combination is the strongest approach, as they rarely exist independently and the presence of one bolsters another. Furthermore the ability to interact with your company through multiple channels is key. A recent Carlson study showed that customers who use three or more channels of communication with a company feel 66% more committed than consumers with just one touch point.

Fundamentally, companies must deliver on their promises and promise only what they can deliver. Down at the corner shop of the new millennium, discussion of negative experiences spreads like wildfire and one bad experience can quickly multiply and influence future buying behaviour on a global scale.

Brand trust pays off. It costs seven to ten times as much to acquire a new customer as it does to keep a current one and a five percent 'loyalty increase' can lead to a lifetime profit increase of 95 percent. In this world of digital Darwinism, only the strongest companies will survive and trust will be a key factor – if not THE key factor – in survival long term.

British Brands Group

The British Brands Group represents the interests of brand manufacturers in the UK. Membership comprises companies of all sizes across a wide range of product sectors.

The role of the Group is to encourage recognition of the values and benefits of brands to consumers, society and the economy and to represent the interests of brand manufacturers on issues which affect their ability to operate in a framework of fair competition.

The Group is the UK representative of AIM, the European Brands Association based in Brussels.

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