Brands, capital and crises
Rita Clifton has been called ‘The doyenne of branding’ by Campaign magazine and ‘Brand guru’ by the Financial Times. She has worked with many of the world's leading companies on their brand strategy, from national start-ups to mature global corporations across all sectors.

She features on a wide variety of TV and radio programmes on business, brand, marketing and communication, including CNN, BBC, Channel 4, Sky and Bloomberg. She has been a regular guest on Radio 4’s The Bottom Line with Evan Davies, and on Sky News with Jeff Randall and Dermot Murnaghan.

She speaks around the world on subjects as diverse as leadership, corporate reputation, innovation and communicating sustainability, as well as all aspects of branding and marketing, including personal and nation branding, branding in the digital age and how to build a world class brand. Her writing has included the best-selling book The Future of Brands, and two editions of The Economist book Brands & Branding.

From 1997 to 2012 she was London Chief Executive and then Chairman at Interbrand and before that Vice Chairman and Strategic Director at Saatchi & Saatchi. She now has a portfolio of chairing and non-executive directorships, including Bupa, Nationwide and Populus, as well as chairing the brand firm BrandCap. Her pro bono roles include the boards of WWF, Henley Festival and the practical sustainability organisation The Conservation Volunteers.

She has been voted one of the 75 Women of Achievement in the fields of advertising, media and marketing over the past 75 years, has been named in the Power 100 list by Marketing magazine and was shortlisted for the Credit Suisse Outstanding Business Woman of the Year. She was made a CBE in the New Year Honours List for services to the advertising industry.

Last but certainly not least, Rita has two daughters.
Brands, capital and crises

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When I was first briefed on this evening, I was asked whether I could say something about brands in crisis. We have obviously had quite a few of those recently. I said that was fine but was then told I could also talk about anything I liked. What a great brief! Over the years I have collected a few soapboxes on brands and branding so I hope you don’t mind if I take the opportunity to share some of these with you. So if at any point you think ‘What on earth is she going on about?’, it’s the brief, of course.

What I hope to do this evening is connect up some of these soapboxes, make some comments on brand crises and give some thought to what is happening in branding at the moment, both generally and particularly in the boardroom. There have been a lot of developments in the brand world, and in Britain right now there are discussions in our boardrooms and in our business priorities that could do with a bit of examination.

But first of all, what about all these crises? There has been the financial crisis of course and here is the business editor of The Economist’s fantasy front cover when it bit. It never ran of course but it captures nicely what even the most sophisticated commentators seemed to think at the time.

We have been so spoiled for crises over the last few years it is difficult to choose which ones to talk about. However there are a lot of common lessons – good, bad and ugly – that it would be good to share.

One thing to say about these crises is that the brand element is often overlooked until it is too late. When I was in Frankfurt at a conference just as the financial crisis was developing, the panel before me were discussing the prospects for the financial markets, speculating on what would happen and how it might all end in Armageddon. The room was packed. Then the Chairman stood up and said, ‘And now we will have a presentation on the value of branding in financial services.’ I had not opened my mouth or even stood up, but there was a scraping of chairs as at least a quarter of the audience got up and left the room. They clearly thought, ‘It has nothing to do with me, all this branding malarkey.’ All I would say is that, if the financial services industry had been more concerned with building sustainable brand value through strong customer relationships rather than short term financial incentives, we might not be in quite the mess we are.

What is interesting today is that in boardrooms and on remuneration committees, there is at least more conversation on how to reward people that build sustainable value, as opposed to just short term financial metrics. So I guess the message is: never waste a good crisis. The problem with human beings is that we only tend to respond to catastrophes. I just wish they did not have to happen quite so often.

A few months later Warren Buffett, one of the world’s most successful and least sentimental investors, popped up in Frankfurt too. What is intriguing about Warren Buffett is that when he was asked how he
judged where he was going to put his money in the future, he said three things: at number three was a strong balance sheet; at number two was a strong management team; and at number one was a strong brand. And this is a guy who chews concrete blocks for breakfast!

Of course the other thing about Warren Buffett is that his favourite investment term is forever. He likes low-risk companies and those low-risk companies are branded businesses. For example, he is one of the biggest investors in Coca-Cola, as you probably know.

So the brand is rather important, though I know I am speaking to the converted. And we all need grist to the mill to make sure we can get these critical messages through more broadly.

A more down to earth, common or garden crisis hit Findus. I am sure you have your favourite jokes about the poor old Findus situation – how about 'I ate a Findus beef lasagne last night and I woke up this morning with a bit in my mouth.' Lots of people had lots of fun on social media too.

Eventually Findus published the following statement:

**Horsemeat scandal**
We understand this is a very sensitive subject for consumers and we would like to reassure you we have reacted immediately. We do not believe this to be a food safety issue. We are confident that we have fully resolved this supply chain issue.

This was five days after the event, so hardly 'immediate', and people did consider it a food safety issue. Also, claiming the issue was fully resolved was like saying, 'Don't panic!' Such a statement was likely to generate the opposite response to the one intended.

They could not find a human being quickly to talk about Findus, indicating a company in disarray. The company was a mess of private equity ownership in different parts of Europe and not being managed properly either above or below the water line. Eventually the spokesperson they found represented not Findus the brand but Lion Capital the private equity firm. When he appeared on television he actually kicked the Findus team, accusing them of not taking his advice. Not exactly great crisis management.

On social media, they did not have an English speaking Twitter account and the last blog 'conversation', about Crispy Pancakes, was in 2010. So there had been very little communication or engagement or relationships built with their customers over recent times. They had not been making friends before they needed them and an already-weakened brand lost trust and credibility. At least Tesco used the horsemeat crisis to say something new and positive about their brand.

So Findus did none of the things – ticked none of the boxes – that you would want to have on a checklist for
The very best brand management of course is to build something that is going to generate not only sustainable value but also sustainable influence and support.

Next on the checklist is to go above and beyond what people might expect as a minimum. Take products off shelves, introduce new standards and initiatives, be generous to a fault in any compensation. You have to get the right person up front to symbolise the best of your brand and of course they have to get out there and really talk to people. Communicate, communicate and communicate. You do not need me to tell you that did not happen in this instance and it is unfortunately a great example of poor crisis and risk management.

There has been a lot going on, not just in terms of the financial crisis but also a more general crisis in confidence. This is reflected in what is happening at board level where much attention is being given to governance and risk management. If you look at a variety of annual reports it is instructive to see where time is allocated on board agendas.

Aviva, a financial services organisation, spends some 22% of its time on financial reporting and 23% on corporate governance and group risk management. Tate & Lyle spends 33% of its time on finance and risk, about the same as strategy. There is certainly a lot of governance and a lot of risk management going on!

Good risk management is good brand management and vice-versa. That is something that has yet to really penetrate conversations at board level because even now there is still the perception that branding is for the marketing department rather than something that everyone in the company does every day to create lasting value. More on that in just a moment.

The very best brand management of course is to build something that is going to generate not only sustainable value but also sustainable influence and support. Security of demand, secure customer relationships – this is how you manage proactively for risk.

This summer I took on holiday a little light reading, as you do. Have you read Capitalism 4.0 by Anatole Kaletsky? It talks about the stages of capitalism since the eighteenth century and how capitalism has evolved each time in a new and fresh way. Every time someone says, ‘Oh, capitalism is dead’, it re-emerges in a different – and usually better – form. His argument is that capitalism has emerged and will continue to emerge stronger and also kinder.
It prompted me to think whether or not we are at Branding 4.0 at the moment. It is an intriguing thought, prompted by considering the stages branding has passed through, from marks on cattle's backsides to consistency of products to branding the corporation and corporate identity. Now, branding is seen increasingly as an organising idea for business. It does not just sit on the top like icing, or just with the marketing department, but should penetrate everything a business does. That is what the very best organisations are doing.

That is what protects you against crisis and risk in our 24/7 culture. People often ask me to talk about branding in the digital age, expecting me to show lots of sexy YouTube commercials and social media campaigns. I am always happy to do this but here is the killer insight about branding in the digital age. You have to be a really good business. You have to be a really good business on the inside, preferably with people knowing what they are doing together and caring about it. It is then that you stand a chance that they will go out and tell other people.

There is a great quote by Robert Stephens, founder of the Geek Squad, who talked about 'marketing being a tax you pay for being unremarkable'. If you are doing great things, people believe in you from the inside out. Equally, if you are behaving badly as a business, this will get out with a scale and speed that will take your breath away. No amount of flashy marketing, online or paid for social campaigns is going to make a bad or confused business any better.

Even Branding 4.0 is not going to make any headway with people who feel strongly against capitalism or branding per se. Just when we thought that Naomi Klein's No Logo book was history, it was republished just after the financial crisis. But there are still a few interesting things to note about this book. The Economist retorted in its article ‘Pro Logo’ with some home truths, outlining the rational arguments for why brands are good for us. If you have a strong brand, you have a secure customer relationship, security of income and earnings and therefore more security of employment, which is itself an important social benefit. But whilst we are wringing our hands and being cynical about branding in western economies, our competitive nations around the world are thinking about it quite differently.

Even the Vice Premier of China talks about how brands and branded commodities are China’s way forward to social and economic progress. Just to remind ourselves, China is a communist country. It is not satisfied with being the factory of the world. They know that he who owns the brand owns the wealth and they are busy developing technology brands like Lenovo. Inexplicably, China Mobile is in the top ten of one global brand league table. China is determined to build its brand base.

I know sometimes people are worried about there being 'brand league table-itis' but these league tables, and particularly the calculations that lie beneath them, are good for brands because they express them in financial terms. Whether we like it or not, the language of the
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boardroom is financial. Even though some may have a problem with the methodology, the point is that brands are hard financial assets that have a strong value, even if you may argue about what that actual value is.

We can calculate that brands are worth somewhere between 20% to 30% of the global economy. And that is just when you look at the value of brands as separable assets. That in itself is contentious as in some ways this idea is nonsense. Brands are the most important sustainable assets of any organisation; at their most effective they act as the core organising idea and make sure an organisation makes the most of all its assets.

People sometimes say to me, ‘Oh yes, but our most important assets are our people.’ I am sure you have heard that one. And I say, ‘Organised to do what?’ Unless you are building a consistent idea together, developing consistent products and services and creating something that is going to have some long term impact, you are just a group of people doing stuff versus another group of people doing stuff, with no real longevity. And as we know, people have a nasty habit of dying, or leaving.

If you look at some of the top ten brands in the league tables, you will see that some six or seven are consistent and common – Apple, Google, IBM, Microsoft and the like. In common with many in the top 100, these brands have had their own crises over the years. But as a rule of thumb, if you are a strong brand and have a relatively minor crisis, you can get through that easily. If you have a weak brand and a major crisis then you might as well rip it all up and start again. If you have a strong brand and a big crisis, everything depends on how you handle it. We will talk about that in a moment.

One of the most difficult situations is when people know on the inside that some things are going wrong with the company but your consumers on the outside think that things are OK. That is the danger period. That is when you are living on borrowed time, but you still can do something about it; less and less time, it’s true, with the impact of the digital whistleblowing age. This is why we need better metrics to make sure we can keep an eye on whatever is going on in the inside because that is going to spill through to customers. Again, more on that in a moment.

There are some common characteristics amongst the world’s strongest brands, and about half of the top fifty in the world have been up there for fifty years or more. Firstly, they are clear about what they stand for. I know that sounds so obvious to say but why is it so difficult to achieve? So many organisations have mushy positions or mushy, generic values. If you are not clear about what you stand for and how you differ from your competitors, then anything else is either less efficient or effective, or academic.

Secondly, it is about coherence and how it all hangs together, across everything you do. So how about a coherent customer experience, for example? How are all the pieces working together? How are you answering the phone, how are you recruiting and training people, incentivising them to do the right thing that builds the brand in a distinctive way? How does everything really work together? What about internal to external coherence? This is another way of saying that it is no use pretending you have smiley customer service on the outside if you have an axe-murdering culture on the inside. It doesn’t work.

All these things need to show up – the clarity of what your brand stands for and how that shows up in everything you do, in every environment and across all channels.
If only I had a quid, dollar or euro for every time someone told me their values were ‘openness and transparency’ for example. You then go into their offices and there are dark corridors with people in offices off those corridors not really talking to each other. People pick up their cues and clues from everywhere. You must think about how your brand penetrates everything.

And then there is the characteristic of leadership. That is about staying ahead, being relevant and being restless. Unless you are doing that and innovating all the time, unless you are constantly renewing, you will not be delivering properly on that characteristic.

But more literally, it obviously matters who runs the company because they need to symbolise all the best values of that company – and preferably not be an idiot. That can go right or it can go very wrong.

Let’s talk about a few examples of brands in the top ten that have lived through crises and come through, including some that maybe have been on the brink of a nervous breakdown.

McDonald’s became the whipping boy for obesity. They were doing lots of lovely things around Ronald McDonald houses, cuddly advertising and employing Justin Timberlake but what stakeholders felt was that at the core there was a problem with what they were doing day-to-day. Mind you, for all the stakeholder problems there was not much of a customer problem. They still had over 60 million people visiting McDonald’s every day. But there was a stakeholder problem that was getting in the way of their business.

McDonald’s took it on the chin and absolutely changed their brand, renewing it from the inside out, being clear about what they were about, not just good fast food but enjoying good food fast. A rather different proposition. They then made it show through better-for-you products and services and a wider range of food. They developed more pleasant, café style restaurants that people wouldn’t mind hanging out in, and great coffee. They embarked on some nice communication and they are right back up there.

Toyota is another example of a brand that has been in crisis – a strong brand but a very big crisis. It is difficult to imagine a bigger crisis than people allegedly dying as a result of using your product. On top of all the publicity about their accelerator problem, they had the LA Times all over them like a rash, examining everything about that organisation. This was all at a time, in 2007, when Toyota was riding high, having just overtaken GM to become the biggest car company in the world. It was there in the top ten most valuable brands in the world and people talked about Toyota and its reliability, safety, quality and so on.

If you have a strong brand and a big crisis, everything depends on how you handle it.
If you look at the conventional measures over that period, at the return on capital employed for example, you can see the radical increases. However the return on capital employed measure is one that looks in the rear view mirror. It is simply an efficiency measure and does not tell you how the capital was employed. It does not tell you what was going on in the business.

There had been a build-up of problems at Toyota on the inside. The LA Times found there had been some problems with the accelerators since 2002. People knew on the inside – there were over a thousand letters about it – but good perception on the outside. That is why you need a better, more proactive and predictive monitor of what is really going on in the company before it spills into the outside world. If you are only looking at external customer data it is already too late.

It was rather like this with M&S when they went through their original late 1990s crisis. Later, people on the inside would confess that they knew what was going on. They knew the products were not as good and that the quality was eroding but there was a fear about speaking out. Yet customers on the outside were still thinking that M&S was great. All it took was a couple of difficult TV programmes and then people started noticing bad stuff about M&S. It was only a matter of time before public opinion and business fortunes had well and truly turned and they were too late to address it.

So it is too late by the time it shows up in the financials. The financial stuff is what happens as an outcome at the end, yet around the boardroom table a lot of time is spent talking about finance, looking at the numbers in detail. But by then bad practice may already have happened. What I often ask is, why don’t all boards have a proper dashboard indicating what is happening in the ‘front end’? You need to make sure you are monitoring the intermediate measures so you know what is going to happen in the numbers tomorrow.

Again, it took Toyota several days before they came forward with a full response. The CEO of Toyota commented after their crisis,

‘These priorities became confused, and we were not able to stop, think and make improvements as much as we were able to before, and our basic stance to listen to customers’ voices to make better products has weakened somewhat.’

Akio Toyoda (2010)

Now Toyota has got its act together. It has humanised the business and used its people and some of its quality measures, and stories around those, to rebuild that brand from the inside out. It talks about having a dream and a path which includes all the people who work for Toyota and what they have in common in order to collaborate and work together. ’It is more than just the product’ is something they have really taken to heart.

Now I know that Apple is one of the most overused case studies, but with good reason. Apple epitomised and epitomises all the characteristics that are best about brand practices. They are clear about what they stand for – ‘Man shall not be subordinate to machines’. They are obsessive about that. It is all very coherent and shows up through everything they do, including the way they develop products and services that are both delicious to use and tempting to lick. The way they have repositioned nerds as geniuses is a great way to humanise technology. These people know how to talk about the products and to treat people like human beings in their stores, not as people to flog stuff to.
And of course we know St Steve of Jobs. He epitomised the style of the brand and when he died the share price went down 5%, just in a day. Whereas when Steve Ballmer announced he was resigning as CEO of Microsoft, the share price went up! It’s a tough old world isn’t it? Steve Jobs epitomised Apple which is about clarity, cool and cutting through stuff, expressing very simply what that organisation was about and using it as an organising and quality-controlling tool.

Steve Ballmer on the other hand is like a bomb going off. If you have seen him at conferences, he runs on stage, punching the air, kicking ass and everything else. But of course he symbolised what that brand was about. The Microsoft brand is also a bit like a bomb going off. It has sub-brand-itis with bits and pieces and innovation going on without a real centre of gravity. The centre was not holding. What was the Microsoft brand about? Where was the clarity? It always felt like a company run by a salesperson rather by someone who really, really got the brand thing.

Nokia is an interesting example of a business that seemed to think it was in the product business rather than the brand business. It was so successful in fashionable handsets (which have a tendency to go out of fashion) rather than living and developing a bigger brand idea that was about ‘connecting people’, which is what they said they were about in the advertising. If you start off with brand thinking rather than how to make the next fashionable handset, you have a much bigger idea and a more open platform for moving things on.

Sometimes you hear commentators on the Nokia case study say, ‘If only they had focused.’ But I think people can often mishear that. They are thinking about focus in terms of the product and category, not in terms of the brand and what that could have done for them. ‘Connecting people.’ How much more could you have done with that? There are so many different ways they could have helped people connect with each other. This brand-based expansive thinking across categories is of course what Apple then did. No brand is sacred in its market anymore and organisations like Apple and, as I will come onto in a moment, Amazon are eating people’s lunch.

Now Microsoft has tidied things up and made it look more consistent and coherent. However ‘Surface’ has some alternative meanings here. There was always a danger that Microsoft was looking at the brand in a ‘surface’ way, trying to bring it all together in terms of the brand identity but not really reflective of the company’s DNA and perhaps not fully reflected in the structure and practices that lay beneath.
Apple is an extraordinary brand and it has some amazing people who do amazing things. The thumb recognition idea could be very exciting. But – and it is a big but – you no longer have a CEO who epitomises the brand in that very special way and that really does matter.

Another great example is Google, coming into the market with absolute clarity, not only of brand identity but also of what they stood for, organising the world’s information and doing no evil. The language of Google in the early days was distinctive and un-corporate, such as 'We love our employees and want them to know it', as was the Google-plex, with little trikes to go round on, climbing walls and a chef who used to cook for the Grateful Dead. It was an extraordinary organisation.

More recently it has started to look and sound a little bit more corporate, perhaps inevitably. Its website statement on its culture talks about the people who make Google the kind of company it is and how it strives to sustain the open culture often associated with the start-up. It does not feel quite as fresh or indeed as vibrant as it did.

They also had the experience of being summoned in front of the House of Commons Select Committee on the corporation tax issue, akin to being spanked by the headmistress in front of the great British public. There are things people feel they are doing that may not be in keeping with what they might expect of Google. It is a mini crisis but it is also a crisis for the UK as we do not look great to the outside world when we are seen to be treating executives in this way. It might get a few cheap votes but it does not present the UK as a great place to do business.

Talking about the naughty school boy department, here are some senior executives from Goldman Sachs and other Masters of the Universe in front of the SEC Committee in the United States. And you think, 'Goldman Sachs – that was the company that Warren Buffett said he wanted to rescue above all the others when the financial crisis hit!' Now why did he want to do that? Because at the time they were the strongest brand in financial services. They had strong principles which they all knew and could recite by heart.

Excerpt from Goldman Sachs’ principles
‘We have no room for those who put their personal interests ahead of the interests of the firm and its clients.’

Their theory of excellence may have been superior, uncompromising and competitive but at least it was a strong brand and they knew what they were doing. People might say, 'That is the problem with brands. They’re here today and gone tomorrow. They are easily destroyed.' However the point here is that they were not 'doing' the brand properly anymore when some executives seemed to start thinking more about their own as opposed to their clients’ interests. They were no longer doing the brand and that was the problem with Goldman Sachs.
One brand that certainly does not seem to have many problems at the moment, except when you think about evil, is Amazon. A lot of people describe Amazon as a monster – a ‘monster within.’ Now it is quite a nice monster, not a scary one, but of course it does want to sell everything to everybody everywhere. What is it that Amazon has done right? They had absolute clarity of what they stand for – they absolutely ‘got’ the customer and talk about wanting to be the earth’s most customer-centric organisation. They understood with clarity what customers want – the reliability, the efficiency, the stuff to arrive when it was supposed to arrive, and safety in handling people’s money and everything else. They cracked that as an internet business, despite the fact you never speak to or see anyone or go to any shops. The tone of voice is engaging and warm and they remember what you wanted and what you might want. You feel you have a relationship with these people even though you have never met anyone from there.

It helped to have a CEO in the leadership position epitomising the customer centricity. He is obsessed with it and doesn’t seem to mind his people teasing him about it. But this is what they are doing, wrapping themselves around the customer and penetrating just about every category. And not only doing that – and winning trust to do that – but also becoming a manufacturer in their own right with Kindle where they will make higher margins. It speaks volumes for an e-tailer that went from being a hotel for other people’s products to their own brand and building that in a really powerful and effective way.

‘Our mission is to be the earth’s most customer-centric company... it’s the job of every person in this company to reinforce the culture, including me.’
Jeff Bezos, Amazon

Samsung had its crisis in the 1990’s when it was going down the low price and commodity road to perdition, making products for other people. Yet they decided to focus on building their own brand, recognising how important that would be in the future. They did not want to be punched up any more as an own label manufacturer but wanted to do their own thing. They changed their philosophy to be a leader rather than a follower and, critically in relation to the brand as an organising idea, started to incentivise their senior management on building brand value as opposed to short term financials. It paid off. If anyone told you fifteen years ago that Samsung would overtake Sony in terms of brand value you would have laughed at them.

‘Competing successfully in the 21st century will require more than just outstanding product quality and functions. Intangibles such as corporate image and brand image will be crucial factors for achieving a competitive edge.’
Jong-Yong Yun, President and CEO, Samsung Electronics

This is all such important stuff, building a brand, in whatever size, shape and stage. If you want to add value to day-to-day process and cost you have to build a brand. There is no choice. If you want to leave something to your children as an entrepreneur, you need to build a brand. It’s the only way to generate reliable, sustainable value. And sometimes you think, ‘What is it that people don’t get?’

Well, using the iceberg analogy, sometimes people get distracted over the top bit, the visible bit, the name, the logo, the advertising. But the branded culture and substance that lies beneath is the part that really matters and the visible bits need to do that justice.
The way that this has been considered over the last few years has changed. On the left hand side in the diagram below is the production model, with a marketing department and the brand hangs off that. That is almost along the lines of brand as separable asset – you can almost float it off.

Then there is the next phase which is brand strategy and business strategy as alter egos of each other. It gives you an angle on business strategy and that is clearly much better as it stitches in competitive advantage across what you are doing.

There is now a different way of thinking which is, if the brand is the most important sustainable asset you have, it makes sense for it to be the organising idea for all the other assets. This is a way of making all your assets work better, giving competitive advantage across them all. How do you really utilise all your assets – your people, your distinctive products and services, your management information, property and everything else – and rally them towards creating value? How do you understand where it is creating value from the inside out and how do you make sure you are doing it all the time, consistently and coherently, so the right stuff eventually shows up in the financial information?

It is this third phase which is interesting. We do not distinguish between brand and business. As Howard Schultz of Starbucks says, ‘I don’t run a business, I run a brand.’ The brand is the business and vice-versa. That is the thing that lies at the centre and that is what needs to organise the way you do business. That is what is going to create sustainable value and that is what is going to show up to the customer and your own people.
People often say that Britain is a great creative economy and indeed we are, with our leading advertising and design businesses being a critical part of that. But branding is not just about the creative economy. It is about the ‘doing business’ economy. That is how you add value, by making it part of everyone’s day-to-day job. So it is fantastic we have great creative industries, that they generate £2 billion a year and employ so many people. It is good to see that we in the UK are leaders in advertising but we are not so strong on research and development which is a tiny proportion of our service economy. That is an area in which we could do better.

Knowledge-based economies are also the most efficient and effective economies, something you can see in Scandinavia and the USA. Investment in knowledge-based economies has a noticeable and significant effect on GDP per Capita. You will note the four countries in the bottom left corner which spell PIGS. Contrast what has happened in those economies versus the ones who invested in their knowledge capital.

If you wish to cheer yourself up about Britain read Made in Britain by Evan Davis. He talks about the frequent complaint that we in Britain are going to the dogs and do not manufacture things anymore. It is true that we no longer do big, dirty manufacturing but we do make some amazing high premium, high value items which are desirable around the world. We have also won many more Nobel prizes than any other country outside the USA, so we are really not so bad.

But we are not very good at building our own brands for long term exploitation and management. You can pick your league table, with four British-based brands featuring in one and seven in another. Either way, not great for an economy that is acknowledged for having world-leading creative, brand-building businesses. What the following table shows is that Germany is also extremely good at building brands and they do it for the long term. Now, if we are to generate the kind of sustainable value that we need as an economy to pay for schools, hospitals and jobs, we need to be building and nurturing more and better successful brands.

It is true that we do not do big, dirty manufacturing anymore but we do make some amazing high premium, high value items which are desirable around the world.
While it is great to build brands to sell them, and indeed to build them for other countries, this is just a one-off transaction, hopefully with the money going into the economy and being reinvested in other businesses. We need to keep on creating and renewing them over time. But if you sell brands you lose control both of them and where the long term profits end up and that is not healthy. People bemoan the selling of our assets such as Cadbury, Rolls Royce and Branston Pickle but it is not because we should mind our brands being bought by international businesses as it brings lots of money into the economy. There is plenty of enthusiasm for Verizon buying Vodafone’s stake in the company and the amount of money that will yield for the UK economy. The downside is that Vodafone has had its US arm cut off. In terms of global brand domination, it actually takes something away.

We do obviously have some great British-based brands. Dyson by any measure is an incredibly successful organisation, exporting to 50 countries and producing over £200 million of profit. But why is it that James Dyson felt the need to say this:

‘I always refuse to consider the word brand; I think people buy products.’

I know the point he is trying to make. He does not want all this ‘flimflam logo stuff’ and the money spent on marketing to divert attention from the product. But why did he need to say this? It might make a good contentious PR line but it is not very helpful for the ambition of many other businesses. It is worth asking, why isn’t Dyson the British Apple when it comes to domestic goods? Why are there no Dyson retail outlets (after all, Apple stores are the most profitable retail space in the world)? Why is the company not innovating and generating more and broader ideas and even more wealth? It is still quite a small company, relatively speaking. Why would they not want to try brand as the basis for their thinking, as opposed to just product?

We can sometimes elevate cynicism to a fine art in and about Britain and take self-deprecation into self-flagellation. The TV programme ‘Rip Off Britain’ has just come back for a new series, a programme which, in the
first 45 seconds, has three high profile ladies telling us, in different ways, ‘Welcome to Rip Off Britain’. It does a comprehensive job of depicting how utterly rubbish we are as a nation. Just imagine ‘Rip Off America’! I don’t think so. And then of course, if you go into BBC iPlayer, it will suggest that if you like ‘Rip Off Britain’, you might also like ‘Fake Britain’ ... Give us strength!

We are not good at blowing our own trumpet in Britain even though we have some great brands. I mentioned Dyson and then there is Burberry, a brand that doesn’t mind being called a brand. This is one of the most successful case studies but how ironic that it is run by an American, a woman who recognised the power of British attitude in fashion and style and used that unashamedly to build that business and brand and to keep on renewing it in a way that was ultra-modern while still true to its heritage.

It has been extraordinarily imaginative, individually tailoring coats through the ‘Art of the Trench’ and employing some breakthrough thinking about social media. It had something called the Tweetwalk, welcoming many, many more people into the Burberry brand than could ever possibly attend its London catwalk show. Just as models were about to go onto the catwalk, they tweeted the pictures to the rest of the world, creating excitement and buzz and also relationships. It is also not just about revenue generation and sweating the brand but also continually building the brand as an asset and organiser to the whole company. With Burberry Acoustic they find unsigned musicians and bands that create the right atmosphere and right associations for Burberry too.

Jack Wills may be a brand you hate. I love it! It is a very particular brand, founded by a brand believer from the top to the bottom. Peter Williams has been a passionate advocate for Jack Wills and the brand shows up through everything it does, from the stores to the service to the clothes. They are clearly targeted at a particular demographic which influences the way they enter new markets, selecting Nantucket and Martha’s Vineyard as opposed to Manhattan for new stores, for example. It is all extremely important in building the Jack Wills brand in its entirety.

When people say they ‘cannot afford that branding business as they are only a start-up’, consider Ocado. The brand was stitched in to the business from the outset, into the whole experience. It was so very clear about what it stood for, making every touch count and getting food from A to B so it arrived in great condition, delivered by people you would not mind inviting into your kitchen. Stitching the brand in from the outset won them the funding from Waitrose in the first place which transformed their fate.

So, a few thoughts to leave with, and a few challenges. How clear are we all about our brands, whether we are their owners, looking after them or advising on them? Are we clear about what they stand for? Is everything coherent inside and outside and across the customer experience? If you have a potential idiot running the company, could you coach them not to be? Are you renewing, innovating and setting the agenda? How is branding being championed and monitored in the boardroom because, as the old saying goes, the fish rots from the head?

And finally, thank you for listening to the banging and crashing of those soapboxes.

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This is the thirteenth in the Brands Lecture series.
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**Posh Spice and Persil**
Jeremy Bullmore, WPP Group

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