

# The manifesto for brands

HOW **BRANDS CAN DELIVER MORE** FOR THE UK

Wealth  
Creators  
PROVIDING JOBS  
Empowering  
RESPONSIBLE CONSUMERS  
Responsible  
businesses  
COMMERCIALISING  
Sources of global competitiveness  
INNOVATION



The Anti-Counterfeiting Group  
Campaigning Against the Trade in Fakes

## What are brands?

Companies produce products and services. A brand however is more abstract – and more influential – enduring in the minds of individuals. They are personal.

Brands are the sum of an individual's lifelong understanding and experience of a product or service and form the basis for consumer choice and preference. While a brand may be intensely individual, individuals act collectively in their millions, casting their vote daily on the High Street. This is why brands are so powerful. This is why they are so valuable.

Strong brands are built by delivering consistently against a clear and distinct promise (Gillette 'The best a man can get'). The result is trust and confidence, inspiring shoppers to become loyal. Some have been around for ages (Gordon's gin was founded in 1769) while others are new kids on the block (Alli weight loss programme was founded in 2009).

## How brands deliver for the UK

### Wealth creators

Brands create wealth for the UK, helping to reduce the deficit and fund public services. That brands are valuable to companies is well known. The most valuable in the UK (and the world's most valuable banking brand) is HSBC with a brand value of \$33,743 million<sup>1</sup>. In consumer markets, a brand may represent 50–70% of a company's market value. Brand equity may be key to business success but it is also crucial to the UK. Companies invest around **£16 billion** annually (12% of all intangible investment) in the UK economy by building brands. This is comparable to **all** investment in scientific R&D.

### Providing quality jobs in constituencies

Building a vote-winning reputation with consumers involves wide ranging skills. Market researchers, scientists and technicians, engineers, quality controllers, packaging and other third party suppliers, warehousing and logistics, retailing, merchandising and consumer advisers all play their part. Such jobs help support local economies, such as Ty Nant with its headquarters in Llanon and A G Barr with its new production and warehousing site in Cumbernauld. An estimated **1 million people** are employed in the creation and management of brands alone (4% of all employed<sup>2</sup>).

### Empowering consumers

The consumer lies at the heart of every successful brand. A branded product will be designed at the outset from consumer insights. In striving to meet the needs of different consumers (or the differing needs of the same consumer), brands provide a diversity of choice. Their related symbols and packaging are instantly recognisable, allowing quick, accurate buying decisions. Finally, brands stand by their promise, providing the most effective **consumer protection** in the marketplace with their guaranteed quality.

### Responsible businesses

Building strong reputations in today's market requires more than the consistent provision of excellent products. How products are made and how companies behave matter too. Branded companies fund self-regulatory bodies such as the Advertising Standards Authority to the tune of some £13 billion annually and invest in programmes to reduce carbon emissions, improve health and wellbeing, promote fair trade and support communities. They also help Government achieve policy goals through partnerships such as Change4life and the Campaign for Smarter Drinking.

### Commercialising innovation

Brand-led innovations create new categories (Febreze launched the fabric refresher category) and grow existing categories (Finish has helped grow the dishwasher tablet market to over £200 million through innovation). Research has found that branded companies invest larger sums, and invest more efficiently, in innovation than industry as a whole, creating superior economic growth and productivity<sup>3</sup>.

### Sources of global competitiveness

Branded products make a significant contribution to the UK's export performance. Branded Scotch Whisky products account for 25% of all UK food and drink exports for example. As importantly, UK branded exports such as Rolls Royce, The Financial Times, GlaxoSmithKline, Dyson and Burberry strongly influence perceptions of the UK overseas, providing a halo effect for other UK exports and contributing to the UK brand. Meanwhile, the UK's brand-building creative industries are world class, generating around £1 billion annually in Gross Value Added through exports alone.

<sup>1</sup> Brand Finance, Top 100 Updated, September 2008

<sup>2</sup> Westminster Business School, Valuing brands in the UK economy, 2009

<sup>3</sup> PIMS, Brands innovation and growth, British Brands, 2004

<sup>4</sup> The Gowers Review, paras 5.83–5.88

## How brands may deliver more for the UK

Brands already contribute much to the economic and social fabric of the UK. They may contribute more in a more positive environment. The British Brands Group and the Anti-Counterfeiting Group propose a six-point plan for greater wealth creation, jobs and competitiveness.

### 1 PLACE BRANDS FIRMLY WITHIN UK ECONOMIC POLICY

Branding is a powerful economic force, generating wealth and jobs, commercialising innovation, safeguarding consumers and stimulating competition, yet it barely features in Government economic policy. No Government study has ever assessed its contribution. With wealth generation now a top priority, this must change. Branding must be recognised and managed for the significant economic contribution it can deliver.

### 4 ENCOURAGE COMPANIES TO INVEST IN BRANDS

Business leaders must be confident that they will be able to earn a fair return from their brand investments. A Treasury sponsored review in 2006<sup>4</sup> identified that, in the UK, brands were not sufficiently protected from misappropriation and acts of unfair competition by competitors. This is in contrast to other European countries. A leading example is the difficulty brand owners have in stopping competitors mimicking their familiar packaging designs. The similar packaging dupes shoppers and free rides on the original's reputation. The Department of Business, Innovation and Skills promised a review in 2010, a promise which the new Government is urged to keep.

### 2 PROVIDE THE ENVIRONMENT FOR BRAND GROWTH

Brands will only contribute fully to the UK's global competitiveness if the UK is an attractive market in which to create, build and sustain brands. Brand ownership is internationally mobile and for brands to be domiciled in the UK requires a competitive fiscal environment, robust intellectual property rights effectively and efficiently enforced, and a marketplace where competition is vigorous but fair. For example, an ombudsman is required to oversee the new Groceries Supply Code of Practice (GSCOP) to ensure fair dealing in the grocery market.

### 5 ALLOW CONSUMERS TO MAKE INFORMED BUYING DECISIONS

While consumer protection regulations have been strengthened in recent years, enforcement in the UK is comparatively weak, allowing marketing practices that mislead shoppers, such as inaccurate product comparisons and product claims, to go unchallenged. In designated instances, brand owners should be able to bring civil actions under consumer protection regulations to deliver higher levels of consumer protection at lower cost to the taxpayer. This approach would be consistent with other EU member states.

### 3 STOP THE TRADE IN FAKES

Counterfeiting harms consumers, business and the economy and funds serious organised crime. This illicit trade continues to flourish, fuelled by the internet and targeting everyday products as well as luxury goods. Closer co-operation between all the enforcement agencies, combined with closer liaison and information-sharing with brand owners, is developing but more is required. The single most effective deterrent would be greater use of the Proceeds of Crime Act (POCA) by the courts, in order to confiscate the criminal profits made from this illegal trade.

### 6 DON'T RESTRICT COMMUNICATION BETWEEN PRODUCERS AND CONSUMERS

Communication such as advertising, websites, promotions and packaging plays a crucial economic role, informing consumers and raising awareness for and explaining new products. The result is a better environment for innovation, vigorous competition and market growth. However restricting commercial communication (eg. limiting what may be advertised and when and regulating product packaging) is too readily seen as an easy solution to policy problems. Robust policy analysis is critical when considering restrictions to ensure they are proportionate and justified. This involves setting measurable objectives, securing hard, convincing evidence and setting regular reviews to gauge policy effectiveness.

For further information on any of the issues raised in this Manifesto for Brands, please contact:

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