The importance of being branded

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Branding goes beyond how your customers see you. It is the process of defining a point of difference and organisational culture and communicating them internally and externally. Cohesive branding can create significant value for individual businesses and at a national level.

By Warren Mearns

Export Year 07. It has a clipped, no-nonsense tone to it; full of intent and purpose. In fact, it’s less of a name and more of a call to action that requires little interpretation. According to its website, the objective of Export Year 07 is to reverse trends which show New Zealand’s export growth slipping well behind other developed countries. As our GDP slides, the initiative is part of the Government’s overall agenda to develop an export-led, high-wage economy. It beats the drums for more New Zealand companies to become involved in exporting – and in the process, fly the New Zealand flag. This makes a lot of sense because it is estimated that 40 per cent of all buying decisions are based on country of origin, a percentage that is even higher for premium products.

As a nation, it is argued, we have this great brand that can help our companies to become more competitive in overseas markets.

However, this assumption has relied too much on rhetoric as opposed to informed discussion. On the one hand it has taken far too much for granted and on the other hand it has underestimated the role of a critical business discipline.

It goes like this. We have this great brand that will help us to become more competitive in overseas markets. It is unique. (Don’t you just love that word?) It tells everyone that we are the cleanest and the greenest. The brand incorporates those stunning physical characteristics that tourists come to drool over.

It is asserted that this brand provides a set of country of origin identifiers which make us different to Australia, Chile, South Africa, Argentina and every other country on the planet.

This claim sounds all very good, however, it has three fundamental flaws.

1. Few companies know what branding is about
2. Few companies know what a brand actually is
3. And as a result the New Zealand brand is ill-defined

THE ROLE OF BRANDING

Branding gets confused and abused. In particular, it is often treated synonymously with marketing, when the role of branding is to provide the strategic framework that enables marketing to undertake its tactical activities.

Branding is a stand-alone business discipline that develops an organisation’s point of difference which enables it to be competitive in the market place. It involves the:
• comprehensive analysis of an organisation, the industry it operates in, the competition and its audiences – internal and external

• development of a brand strategy which includes an expression of the brand in words

• creation of what the brand will look like; the name, logo and visual system – colours, type, photographic style, graphics, language etc.

• application of the brand through marketing and communication activities and the alignment of internal systems and processes to the brand’s values and behaviour

WHAT IS A BRAND?

A common interpretation is that a brand is the promise that is made to customers. Or, the brand is not what you say it is, but what your customers say it is. While these views are legitimate ways of helping to understand a brand, an actively-managed approach makes a brand more tangible and provides it with structure. A brand needs to be expressed in words first before it can be given a visual interpretation, and consists of six elements (see figure 1):

**Essence**
A single, energising central idea; it is the heartbeat of the organisation

**Values**
What the organisation believes in and stands for

**Personality**
The traits and qualities that distinguish your organisation as being different

**Behaviour**
The actions associated with values and personality

**Relationships**
The internal and external rules of engagement

**Value Proposition**
The offer that is made to customers, the point of difference and why it matters

In developing a definition of the brand the goal is to develop behaviours that provide clarity around key attributes. This applies particularly to values, personality and relationships. Often brand attributes around these elements are little more than lists. Therefore they don’t help to provide a genuine point of difference, influence organisational culture or introduce consistency to the way the brand is articulated.

Let’s consider leadership for a moment, which is adopted by many organisations as a value. It is an attribute that can be demonstrated in many ways; quiet and assured; storm the barricades, innovation, quality, price etc.

Therefore leadership needs to be elaborated on so that staff understand the implications for their respective roles and in order for it to be appropriately translated visually. Which means, in turn, that there will be a brand personality trait to complement the leadership value. This could be around energy, intelligence, assertiveness, confidence etc.

All of this means the brand is the interplay of these five elements. It serves as a point of reference for organisational culture, it influences how decisions are made and it is the blueprint for conducting all external communication.

And it allows an organisation to make and keep its customer promise, in addition to ensuring that customers see the organisation in the same way that organisation sees itself.

**INTERNAL COHESION**

Brands have as much relevance inside organisations as they do externally. The first place a brand must find authentic expression is inside the organisation. There are no exceptions to this. If our sales representatives can talk persuasively and passionately about product benefits, distribution channels, pricing strategies and after-sales service without missing a beat, they should also be able to speak about their brand with the same fervour and conviction. If staff, especially those who are brand representatives, do not understand and embrace brand related behaviour, there is little chance of brand success externally.

According to Fortune¹ companies with internal brand programmes:

- are worth 50 percent more than companies that don’t have them
- have employees that are 30 percent less likely to leave – saving 1 to 1.5 times annual salary per employee
- were associated with a 30 percent increase in market value through improvements in internal communication

Other tangible outcomes of branding include; lower customer churn, lower cost of sale and increased profitability. And according to PricewaterhouseCoopers²
companies with strong brands find it easier to secure funding.

Interbrand is an international branding agency, founded in London in the 1970s, whose clients include PricewaterhouseCoopers, BMW and Samsung. The agency has a brand valuation model which it developed with the London Business School, and each year it is used to compare the value of the brands of the world’s top 100 companies against their market capitalisation. In many cases, the brand value is significant. Coke’s brand, for example, has been valued at $67.5 billion against a market capitalisation of $97.9 billion. When Jaguar was sold to Ford, the buyer’s accountants – yes, accountants – believed that the brand comprised more than 80 percent of the purchase price.

WHERE DOES THIS LEAVE BRAND NEW ZEALAND?

We first have to ask the question: What is the NZ brand? Do we have an instantly recognisable national brand identity in the way that Switzerland, Norway, Italy or Ireland...

Case Study:

Inspiring Good Times

DB’s corporate brand had always been somewhat neglected because of the focus on its products, however, delisting from NZX and a “new” social environment changed all that; DB underwent a re-branding.

The starting point for DB’s corporate rebranding was information gathering and analysis of its current positioning. This involved a number of face-to-face interviews with staff across the company using a structured questionnaire. Interviews were also conducted with external industry commentators.

The questions were brand-related – values, personality, reputation, future issues, strengths/weaknesses of the current expression and perceptions of competing brands. Maxim also conducted a visual audit of DB’s brand material, an analysis of competitors positioning and reviewed relevant internal documents.

The collation and interpretation of this information provided the raw material to develop the brand definition, design of the brand identity system and subsequent implementation.

Engaging an external brand agency gave DB the benefit of a consistent approach and skilled qualitative researchers with the experience to ask probing questions that explored branding issues. In addition, from a process point of view the brand supply chain remains intact.

More locally, 42 Below had net assets of $20 million when Bacardi offered $138 million for the company that had yet to turn a profit. Somewhere in between $20 and $138 million there is a number that Bacardi assessed as the value of the brand. One would assume that it was closer to $118 million than $21 million. In short, there is no shortage of evidence that branding can produce tangible business outcomes.

Values

Have vision – generate big ideas, respect intuition, think beyond the obvious, paint a picture, trust your imagination, remove your blinkers, daydream, and check out the angles

Show courage – put up ideas, admit when you’re wrong, see it through, confront the truth, say things that will be unpopular, ask for help, and hold your nerve

Do it well – encourage, support, lead, set standards, meet them, reset them, take pride, don’t obsess, and don’t compromise and be better than last time

Personality

Leader – leads from the front alongside everyone else

Sociable – welcoming, affable, generous

Contemporary – looks the part, makes the play

Ambitious – we’re aspirational, we want to be the best

Thinker – solves problems, untangles conundrums, makes people smile

DB is part way through an internal implementation. The brand identity has been applied to a number of items and some of the “pieces”, e.g. the newsletter, are important vehicles for communicating brand messages and behaviour. At the same time a cultural “tone” is being established for the company that is being integrated into internal systems, processes and behaviour.
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We do not lack for positive brand attributes that could be incorporated into a brand definition of New Zealand that captures who we are and what we stand for. However, what is currently lacking is the systematic use of the branding as a business discipline and a recognition that Brand New Zealand needs to be defined not only as a tourism destination, but also from a trade and investment perspective. Until this is done our country and company brand execution will continue to be inaccurate and we will short-change our potential.

It may be enough that we agree on an essence to build our brands around. It could be "naturally brilliant", which references our physical features, in addition to recognising an emerging commitment to sustainable practices and our innate inventiveness.

It is not a case of take your pick, but part of a debate we should be having now and one in which the business community should be fully involved. To date, too much responsibility for developing the New Zealand brand has been taken up by the mandate given to government agencies.

And naturally we should look to the companies that are doing it well; which tend to be notable exceptions rather than the rule. Icebreaker, 42 Below and Orca have all incorporated New Zealand attributes into meaningful and compelling brand stories. Each company has backed this up with premium products, outstanding design and consistency, almost to the point of being obsessive about brand execution.

WHERE TO FROM HERE?

If nothing else, New Zealanders are resourceful – which can be a strength and a weakness. On the one hand, we work things out and then get on with it. On the other, we sometimes rely too much on our own resources. Consequently we are not a brand-aware business community. In fact we are decidedly brand dead. Maybe that is a bit harsh, but as a business community we need to start using the language of branding to identify the issues we face and to generate solutions. CEOs need to step up. It is the CEO who articulates the vision, sets the tone, creates the expectations, provides the leadership and generates the momentum. They need to apply realistic levels of resourcing and timeframes to branding, as it is a continuous process. There is no end point; no sense of, “well we’ve done that, now we can move on to something else”.

In our industry, the situation is confused by a range of communications agencies (advertising, PR, design, web and marketing organisations) offering branding as part of their services. At best, the brand understanding they apply is through the lens of their core discipline rather than the business-wide perspective that is offered by branding. Branding gets confused and abused, and is often treated synonymously with marketing (it would be rare to find branding as a line item in a company’s budget.)

The discussion about the national brand will continue and there are issues that need to be addressed. How do we get on the front foot with our perceived “smallness” and “isolation” and treat them as positive attributes? How do we differentiate ourselves from Australia who we compete with in a number of areas, e.g. tourism, citizens, equity and human capital? How does New Zealand become a country employer of choice?

If individual companies wait for these issues to be resolved at a national level, they will miss the opportunities that Export Year 07 is encouraging them to take advantage of. However, their first step is to apply a brand framework to their export planning which will enable them to create differentiated and compelling country of origin brands.

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**References**
