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## Creating the Future: "Brand Loyalty is Everything"

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**"A strong brand acts as an ambassador when companies enter new markets or offer new products"**

*The Australian Financial Review (31 July 2001) presented a feature article titled "The Best 100 Global Brands". Our August 2001 newsletter captures key points raised in that article.*

In a world where there is unlimited choice and the consumer is more discerning by the day, **brand loyalty is everything.**

A belief in the power of brands and brand management has spread far beyond the traditional consumer goods marketers who invented the discipline. Why? Customers, for everything from soft drinks to software, have a staggering number of choices, and the Internet can bring the full array to any computer screen.

In a global economy, corporations must reach customers in markets far from their home base. A strong brand acts as an ambassador when companies enter new markets or offer new products.

It also shapes corporate strategy, helping to define what initiatives fit within the brand concept and which do not. A brand has the power to command a premium price among customers and a premium stock price among investors.

To help assess which companies are managing their brands well, *Business Week* (USA) teamed up with *Interbrand* to offer a ranking of 100 global brands by dollar value.

The basic premise is that strong brands have the power to increase sales and profits. Coca-Cola is still the world's most powerful brand.

Branding used to be practised by companies that sold packaged goods to consumers

Developing brands included advertising, package design and some promotions - *this was in a different millennium.*

Professional services companies such as *Accenture* have realised that conveying a sense of trust and shared purpose is as important as technical competence when bidding for large contracts.

Universities, government agencies and individuals (eg Madonna) have also come to be regarded as brands.

Just look at what branding did for IBM. When Louis V. Gerstner jnr became IBM Chairman and CEO in the 1990s, he brought into the company his long time marketing associate at American Express. They reasserted the primacy of the IBM brand and consolidated all of IBM's advertising.

Using Ogilvy & Mather Worldwide, they gave the far-flung company a unified and consistent message across all of its products, services and geographic markets.

Ogilvy positioned IBM as a *"wise partner that could guide companies through their transformation"*.

Not surprisingly, in a year in which most technology brands took a bath in terms of their valuation, IBM held steady. For technology marketers, IBM has become the model.

Witness the German software giant SAP, a brand that came 43<sup>rd</sup> in the rankings. SAP had to move from being a product-driven to a brand-driven culture, and to ensure that all company names, logos, brochures and web pages had a consistent look.

**"A brand has the power to command a premium price among customers and a premium stock price among investors"**

A strong brand not only helps customers understand an organisation, but it also imparts a sense of purpose within the organisation. Once an organisation understands what the brand is all about, it gives direction to the whole enterprise.

When Boeing thought about expanding into areas beyond its core aircraft operations, executives thought carefully about what its brand stood for. Once Boeing defined itself as a *global aerospace-technology company* instead of just being an aeroplane builder, moving into satellites and aircraft services became easy decisions.

Brand gurus predict that the demands on brands will only increase in the coming decades. The 72 million members of Generation Y, who are now reaching their mid-20s, have exhibited the most social activism since the baby boomers of the 1960s.

They are likely to base much of their consumption on the values they ascribe to the companies providing goods and services, as predicted by brand consultant Marc Gobe, author of *Emotional Branding: the New Paradigm for Connecting Brands to People.*

**"As managers are learning, a brand is not just an abstract concept. It is a treasured corporate asset."**

### The Global Brand Scoreboard

1. Coca-Cola
2. Microsoft
3. IBM
4. General Electric
5. Nokia
6. Intel
7. Disney
8. Ford
9. McDonald's
10. AT&T