ONLINE RESOURCES
GLOBAL BRAND MANAGEMENT
A GUIDE TO DEVELOPING, BUILDING AND MANAGING AN INTERNATIONAL BRAND
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The strategic role branding plays

READING OUTCOMES

At the conclusion of this chapter, you should be able to:

- understand how the social sciences and other disciplines contribute to branding;
- communicate the role that branding plays in business and marketing strategy;
- explain when rebranding is needed as well as describe the rebranding process;
- define brand equity and describe many common brand-valuation techniques.

Introduction

Many people do not realize that the brands to which they are most loyal have nothing to do with an app, Facebook, or Google ad and are not being used as a result of some trendy viral video or buzz marketing campaign. Rather, most of the brands we use are hidden away in our bedrooms, bathrooms and kitchens. Many follow us from our parents' homes, because they used them too. These are consumer brands that we seldom discuss, but can't live without.

Just imagine if you woke up one morning to find that your toothpaste, deodorant, shampoo and perfume had been replaced by other brands during the night. Now walk into your kitchen and imagine that the same had happened with your cereal, coffee, orange juice and favourite toaster. Then imagine if you went to your garage and found a different car parked there. Confusion, bewilderment, chaos and anger might hit you immediately – not because anything was missing, but because your brands were changed.

Many of these brands have been around longer than you. The cereal in your cabinet, the butter brand in your fridge, the shampoo and soap in your bathroom – they existed years before you. They may have acquired new packaging or a new fragrance, or contain less cholesterol, but they still carry the same brand name, with the same promises or essence, the same consistency of delivery.

Yes, we will talk about technology and the changes in the world that are putting pressure on brands and making them harder to manage. And we'll explore the new world of branding, where ceaselessly broadcasting the brand story – the ongoing and mindless repetition of the same message – is not enough. But first, let's explore what it takes to create enduring brands. And what it takes to sustain them, take care of them and build a lasting relationship with their customers. Because if we don't know these basics, all of the rest will be for naught.

Overview

What informs a brand, makes it appealing and indicates its strategic business results? Those are some of the key questions of this chapter. We shall look at some of the various social sciences and other disciplines that can help inform our understanding of brands and branding. We conclude with an extended case study on Volkswagen to help understand what happens when a brand ignores its key brand promise – instructive on how to ensure that it doesn't happen for brands that need to be managed on a global scale. And we have a 'guest perspective' from global marketing leader Ricardo Monteiro, who explores the changing world of brand building and shows why brand practices need to evolve.

Long live the brand. The brand is dead. Why the brand is important to marketers

In many ways, we have already shown the strategic importance of brands in the first chapter when we mentioned that it relieves the perceived risk of purchase. On a deeper level, for the marketer, strong brands have enabled them to charge more – think of it as a premium for the consumer on the purchase insurance. It enables them to bounce back quicker and easier should a crisis occur (providing the brand responds appropriately – think of the classic Tylenol tampering crisis of 1982, still studied in PR courses), protect against new brands from entering the field, improve internal cohesion, fuel consumer engagement, and boost market capitalization, among other benefits.[1]

Not so long ago, in the 1970s and 1980s, brands and branding rose to the level of being perceived as strategic assets.[2] As marketers started understanding the power of branding, they began to realize that it is much more than a logo, symbol or slogan, but rather its entire experience.[3] In fact, brand marketers should recognize that they should be able to remove the logo and the communication and/or experience should still feel inherently like the brand.[4]

Branding and brand management are complicated subjects. Possibly because branding is not a science (science seeks to disprove the hypothesis and paradigms by continually testing them, whereas branding seeks to prove its foundation by executing tactics in the marketplace), there is no single theory or method to explain it and to help make it work. However, there are some disciplines, particularly from the social sciences, that can help us understand it.

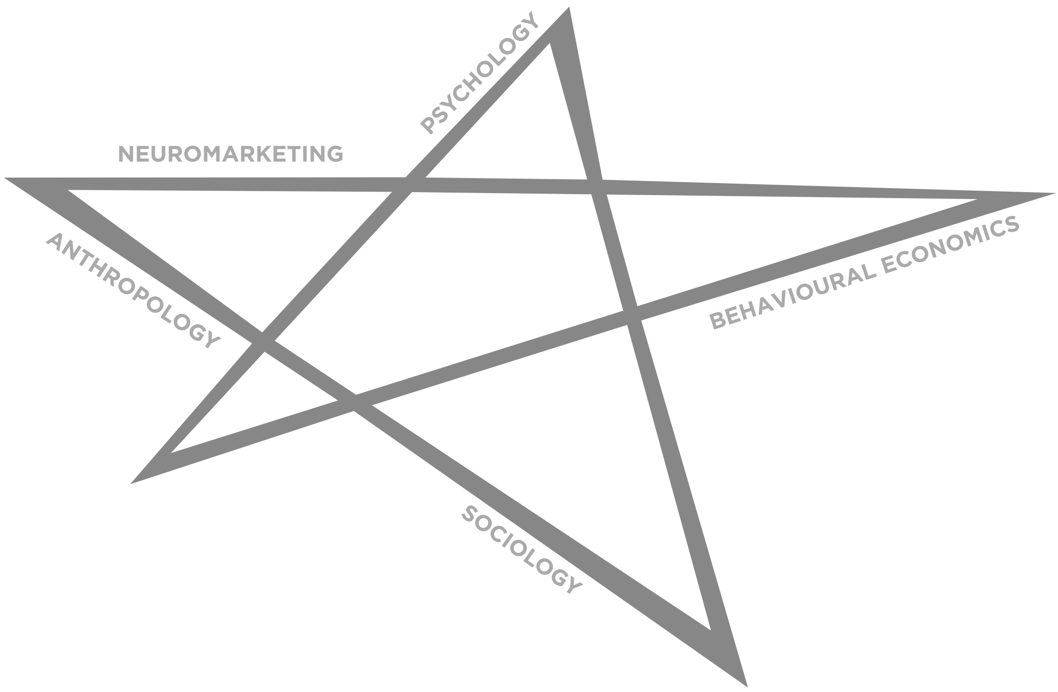
PSYCHOLOGY

Knowing and understanding psychology is crucial for developing successful brands as well as understanding why they work. We believe that in this age, consumers control the destiny of brands, not the manufacturers. For manufacturers to be successful, they need to understand the needs and wants of consumers. And that requires a fundamental understanding of the consumer's perceptual views of the brand. To enhance the consumer experience, brands must understand consumer expectations that go into building lasting trust with them. Finally, in today's world, brands have personality and behave differently in different situations based on their values, beliefs, traits and experiences (just as we talk differently to a boss, co-worker, client, parent, spouse, child or a stranger in the street).

SOCIOLOGY

An understanding of how societies are built, structured and function – including their issues and problems – is a powerful key to understanding consumers, one which becomes even more acute for practitioners needing to cross borders – and societies – with their brands.

FIGURE 2.1 Ways to understand brands and branding



NOTE While the field of brands and brand management is not a social science, practitioners and academics draw on a wide range of social sciences to explain its power.

One example of the insights that the study of sociology can bring to branding and brand management is a paper that was published in 1980, where a new approach to consumer behaviour and branding was introduced. In the introduction to this paper the authors wrote: 'Sociology represents an area rich in its potential for contributing to research in consumer behaviour; that it has been largely neglected was pointed out by Nicosia and Mayer (1976) and by Zaltman and Wallendorf (1977).'[5]

This paper aimed to rectify the situation by introducing a subset of sociological theory called 'symbolic interactionism'. When the conceptual frameworks of symbolic interactionism – how people interact with each other – are applied to analysis of brand choices, new insight into important aspects of consumer behaviour result. More specifically, symbolic interactionism defines a concept of self that is new to consumer behaviour research, namely the 'situational self-image'.

'This concept allows a union of previous work on self-image/brand-image congruence with that on situational effects to produce a theoretical statement about brand choice for frequently purchased products which have well-developed and easily distinguishable brand images.'[6]

ANTHROPOLOGY

Like sociology, an understanding of anthropology is a necessary partner to branding. Branding by its very nature requires constant observation of human behaviour, so that product developers, manufacturers and marketing professionals can create value and turn their products and services into precious brands.

BEHAVIOURAL ECONOMICS

While tactical promotional marketing is more closely aligned with the incentives, rewards and optimizing of utility and value found in classical economics, the behavioural shortcuts that we make and that are the focus of behavioural economics – a coming together of economic theory and psychology – inform much of what makes branding such a powerful tool for marketers today.

As Darren Bridger wrote in his book *Neuro Design* (which we highly recommend), 'The old, rational model was that people seek to maximize the benefits they got from spending their money and they do this with some form of mental calculation, taking into account the potential benefits they would get from each product, its cost, volume etc – almost as though consumers had an inner accountant in their brains. While we do something like this sometimes, we usually don't have time or mental energy to perform such an exhaustive analysis of the options available. Instead, we use mental shortcuts, such as gut feeling about the options open to us.'[7]

Understanding all the shortcuts we tend to make on economic decisions (such as deciding to purchase a product or service) and what triggers our decision to make them is the core of behavioural economics. Bridger points out three main hurdles to making a purchasing decision: 1) risk; 2) uncertainty; and 3) difficulty.[8] Branding and brand management address all three. As stated in Chapter 1, strong brands reduce purchase risk and uncertainty because of its clear, understood promise. In addition, it reduces mental difficulty, because it lessens the need for the prospect to think about their purchase decision.

NEUROMARKETING

Neuromarketing, or neuroscience, is a field that uses medical technologies such as functional Magnetic Resonance Imaging (fMRI) to study the brain's activities and responses to marketing stimuli. It helps us track how brains fight to conserve energy per the observations of behavioural economics, and why we instinctively try to limit our decision-making processes. We should point out that the need of people to limit mental energy is even more acute in a world where we are exposed to approximately 4,000 to 10,000 brand messages a day.[9]

When exploring the conservation of mental energy, it is helpful to have an understanding of the neurology of learning. When we encounter a stimulus, the synapses in the brain fire, creating a pattern of associations. And the more times they fire, the stronger these pathways become, requiring less mental energy for recognition and recall of these associations. Over time, therefore, strong brands develop strong syntactical connections. As a result, individuals feel familiarity and comfort when encountering the brand and hold an intuitive understanding of the brand's meaning without needing to use much brain power. They lock out competing brands that are less familiar and thus have fewer, as well as weaker, syntactical connections.[10]

In addition, by using techniques developed for the medical profession to follow the responses of our brain to stimuli, we can learn how our brains respond to marketing messages. When certain marketing professionals claim that the logo IS the brand, we can now learn if indeed it is true. We can also measure how human brains react and respond to packaging design, videos, written and audio messages and more. Obviously, the more we know about the response rate to our marketing messages the better.

The biggest issue with this technology, which is not yet fully developed, is privacy. The study of human biological and physiological characteristics and their evolution teaches us what could be learned from the past in anticipation of the future.

Of course, there are other disciplines that contribute to our understanding of the power of branding, the practices of brand management and the need to adjust brand elements (the study of semiotics, for instance, comes to mind), but these are some of the core disciplines. And while we can only give a brief overview here, we encourage you to dig deeper into them, for they inform our approach, as you will see throughout the rest of this book.

There is one other question that we must address before proceeding to the core of managing a global brand and that is 'What is the value of branding and how do we determine it?' While we assume that you wouldn't be reading this book – and we wouldn't have written it – without assuming that branding creates value, it is always better to be armed with the evidence.

Determining the value of the brand

We address this topic, because many still even question when a brand becomes a brand. Some believe that critical mass is a qualifying measure. If so, what is the minimal size of a faithful audience that a brand needs? What is the financial threshold that a product or service must cross to become a 'brand'?

At the end of the day, since brands are intangible assets, we need some ways to measure their value. After all, many branding professionals preach the importance of building brands by emphasizing the actual monetary value to the owner. In fact, the term 'brand equity' could simply be defined as 'the value that comes from the consumers' perception of the brand (product or service), and not just from the product or service itself.'

Since we know that the consumer is now in the driver's seat when it comes to deciding the fate of brands, brand equity is also in the hands of consumers. Tracking brand equity is different in many markets. Companies such as Nielsen are using their proprietary methods to measure brand equity with market share and customer loyalty. Other similar organizations are using slightly different methodologies or technology to assess pretty much the same things: brand strength; brand image; brand behaviour; and key performance indicators.

So how do we begin to calculate the actual value? There is no 'right way' and the answer is never complete. After all, if we only measure a brand by looking at the sales, how confident are we that the sales are generated only because of the brand image? Could it not be the actual product attributes? Or the amazing customer service?

Marketers can, however, generate evidence that points to a conclusion. Several branding firms have developed methods to evaluate brands, and offer annual reports, including global brand ranking. One firm, Prophet, has developed a global index called the 'Brand Relevance Index'. This report focuses on the premise that brands are strong only as long as they are making a difference in their consumers' lives and are relevant to them. According to Prophet, the main components of brand relevance are:

- customer-obsessed – brands that we can't imagine living without;
- ruthlessly pragmatic – brands that we depend on;
- distinctively inspired – brands that inspire us;
- pervasively innovative – brands that consistently innovate.[11]

In 2017, Prophet published four different reports, one each for the UK, Germany, US and China. They surveyed 11,500 consumers on 240 different brands across 27 industries in the UK (population: 66 million) and in Germany (population: 82 million); 13,500 consumers on 275 brands across 27 industries in the USA (population: 327 million); and 13,500 consumers on 235 brands across 30 industries in China (population: 1.42 billion).

These numbers already indicate a somewhat questionable validity to the study because the percentage of consumers surveyed in China is minimal; and Chinese consumers have been exposed to 'branding' as we know it for a very limited period – of maybe 25 to 30 years at the most. But, criticism aside, Prophet wrote in their report, 'Businesses grow when their brands are welcomed into people's lives. Brands must continually find ways to engage, delight and deliver. To succeed, brands must be relevant.'[12]

Interbrand, another branding firm, looks at brands from a wider perspective. Like many other branding consultancies, Interbrand is fully behind the notion that brands are completely controlled by the consumers. As a result, the most successful brands are those that engage with consumers and understand all their unfulfilled and unmet needs. Since consumers are living in an age of constant change, a change they create by utilizing new, emerging technology, Interbrand asserts that brands need to become active, not reactive, ahead of the changes to succeed and survive. Organizations need to make the brand the centre of gravity and be prepared for an ever-shifting environment.

The annual Interbrand Best Global Brands report is indeed global, and not national or regional. In the Methodology section of its report, Interbrand mentions that the keys for evaluating brands in their index are: 1) financial forecast; 2) brand role; and 3) brand strength. All three contribute to the brand value. And to determine them, they use: 1) financial institutional data (such as from Thomson Reuters annual reports); 2) consumer goods data on brand volume and value (such Canadean); and 3) their social media signal (such as Twitter and Infegy, social media analysis). Obviously, such a ranking methodology will lead to completely different results in different parts of the world. In the meantime, Prophet's national relevance index shows a very different story when compared to the Interbrand index.

FIGURE 2.2 Comparison of top global brand rankings

TOP 10 BRANDS 2018 – INTER-BRAND TOP GLOBAL BRANDS

APPLE	GOOGLE	AMAZON	MICROSOFT	COCA-COLA
SAMSUNG	TOYOTA	MERCEDES	FACEBOOK	MCDONALD'S

TOP 10 BRANDS 2018 – PROPHET TOP RELEVANT BRANDS

APPLE	AMAZON	PINTEREST	NETFLIX	ANDROID
GOOGLE	SAMSUNG	KITCHENAID	SPOTIFY	NIKE

NOTE Rankings differ by criteria, showing that there is no one way to judge the power of a brand. Examples shown from 2018.

And, finally, Siegel + Gale has the annual Global Brand Simplicity Index, which has been correlated to stock performance,[13] but explores completely different factors and uses its own methodology as well. In China, for instance, only Apple appears in the top five and none of the other top Interbrand global brands is even included in the top 50. Then, in the US, Apple, Google and Amazon dominate the list, but no other Interbrand-ranked brand is in the top 50. In the UK, Apple and Google are at the top and Amazon is number 10. Again no other Interbrand top 10 appears on the top 50 list. Finally, in Germany, Apple, Amazon and Google are the top three brands, and Mercedes is a distant 41. An interesting fact is that in Prophet's Brand Relevance Index many Chinese brands show up only in China, but not in Germany, the UK or the US. Chinese brands are also rare in the Interbrand BGB report: Huawei is at number 70, and Lenovo is last at number 100.

What can we learn from that? Firstly, since none of the methods relies entirely on financial results, it is extremely difficult to suggest from their studies that the best brands are also the most profitable. Secondly, brands affect our lives where we live. Tech-oriented brands invade our daily lives wherever we are. Apple, Google and Amazon are part of the global economy and provide us with the tools and technology that we depend upon. It makes sense that when judged on relevancy, we think that we can't live without them. Thirdly, as stated above, the determination of a brand's value is an ongoing debate. But, overall, strong brands have been shown to perform better than weaker ones.[14]

To help you in the short-term, however, one of the authors of this book along with Colleen Fahey have offered in *Audio Branding: Using sound to build your brand* a few informal ways to determine brand value (all the following quotes are from that book):[15]

- the company valuation (stock prices or ability to obtain loans);
- the sales close rate ('For this to be a successful metric, sales must truly adopt the new brand messaging, and the experience from one salesperson to the next must be consistent, as well as from the rest of the representatives from the company');
- the perceived price/value ('One way to do this is to ask people what they'd pay for a generic version of your product and then ask what they'd pay for one under your company's brand; calculate the difference and multiply by the size of the potential audience. .... One of the most prevalent metrics for measuring the strength of consumer brands but is also used for B2B brands.').

In addition, your 'other metrics could be unsolicited enquiries (although this also depends on the success of marketing communication programmes that reinforce the branding as well as taking into account activation programmes that can help generate leads even without strong branding); attitude towards the company; and more.'

Finally, 'you'll also need to keep in mind that branding refresh efforts tend to take between three and five years before results become truly noticeable.'

Brands should live forever, but sometimes they need to be rebranded

While we might be able determine a brand's value at a particular point in time, consumers' relationship with brands is rapidly changing, especially with new technology constantly being put in their hands. Consumers nowadays gain information and knowledge about new brands faster than they did before, and temptations that didn't affect them in the past may be effective now.

Remember Netscape, Walkman and MySpace? They were the brands to beat at one time and now they are gone. There could be, as we speak, a group of Generation Z students plotting in a tech incubator to create the face of the next platform or gadget that will sweep us off our feet. Some would say that that is impossible. This is exactly what the strength of a brand is meant to prevent. It is the best possible defence against new competitors.

While we witness the invasion of a few new brands into the world's brand ranking, we can't escape the fact that the value of many old brands is unshakeable. These are the old stalwarts of the branding game: Coca-Cola, Mercedes, Toyota, IBM, GE, Philips, McDonald's and other brands that hover around their 100th birthday. If there is a lesson to learn about branding, it is one to be taken from these old warhorses. They never fall asleep, they innovate, reinvent themselves, and know the rules of the branding games better than anyone. It will be very hard to beat them in the game they've played for so long.

The beauty of branding is that it allows brands to live beyond the age of being just trendy. Rather, they can gain immortality and good brand health for generations to come, but not without continual maintenance and an occasional rebranding. There are four main reasons for rebranding:

- The brand is no longer relevant. Examples could be brands like Kodak, which was the inventor of the digital camera, but hadn't realized that the digital age would come so soon. The brand was caught flatfooted when their competitors launched digital cameras and film became obsolete.
- The company is under new ownership, and the new owner has a different vision for the brand. Not all of these are successful. Motorola was a major brand, but once a new owner purchased it, no rebranding could save it and return it to what it used to be or make it a new successful brand.
- Brands that have reached a maturity stage and are stuck without being able to grow can utilize rebranding. In many of these cases the brand simply looks tired, out of style, out of touch etc. It could be that a simple redesign of the brand's packaging could be the rebranding, leading to a jump in sales and a reinstatement of the confidence of the consumers, who may have thought that the brand was lagging behind.

- 'The competition made me do it.' There are many cases where the competing brands look at each other, and noticing some changes in a competitive brand, will decide to do 'what they are doing'. Why? Because the competitive brand is experiencing success and leaving all others behind.

Just like 'branding', the term 'rebranding' is often misused. In the case of 'rebranding' one would assume that there was a brand there to begin with, but that is not necessarily the case. There could be many other ways to describe the process of 'rebrand'. It is a process of renewing, refreshing, redoing, revamping, regenerating, rebooting and some more. But the long and short of it is that it is about making your brand better than what it was before, and if it wasn't really a brand, it is an opportunity to create one.

The process of rebranding is not just an external exercise in introducing a new advertising campaign. It could be an entirely internal reorganization and the introduction of change management into a business. That process will eventually introduce a new organization to the world and with it new behaviours and relationships with consumers and the trade.

In January 2018, Philip Morris announced that it was urging the consumers of its products – cigarettes – to abandon the habit of smoking. In what seemed to be a completely suicidal business decision, the company asked people not to buy its products. The step of adopting a policy of social responsibility was a rebrand of Philip Morris. It seemed like a mad business move, but it gained a lot of favourite points for them. Although the products were not modified – cigarettes were still cigarettes – by admitting that the product was harmful, the attitude of the brand owner was completely different. Years ago, cigarettes were presented to consumers as 'something good for you', and that was the brand position for years. So far, the company has not taken cigarettes off the shelves in the UK, where the announcement was made, but claim they are aiming to remove them by the end of 2020.[16]

The solution for Philip Morris, as far as product development is concerned, has been to shift into smoke-free or tobacco-free alternatives. Significant amounts of money have been invested already in research and development of such products.

This is just one example of an old established brand that obviously sees the writing on the wall in terms of the harm presented to its clients. By taking responsibility and rebranding the entire product line, and changing public opinion about the present harmful products, this brand is really committed to the process of rebranding. It is not just another ad campaign from a new ad agency. The company even launched a website explaining everything to the world, in a fairly simple and transparent way.[17]

From this case we can see that rebranding is a tool for announcing major shifts and changes in the vision, mission and other very broad identity changes of an organization. The complete repositioning of an organization can mean changes to the promises made to consumers in a 'previous life'. It might also involve a change in what used to be the brand essence, and what made that brand different. Some brands simply have to rebrand because they have reached the end of a viable existence in that brand life cycle.

Another example of rebranding is the case of Formula 1, or as it is popularly known, F1. Formula One car racing began as the European Grand Prix championships of the 1920s and 1930s. Later, the foundation of the modern Formula One began in 1946 with the Fédération Internationale de l'Automobile's (FIA) standardization of rules. A World Championship of Drivers followed that in 1950.

British businessman Bernard Charles Ecclestone was the former chief executive of the Formula One Group, which manages Formula One and controls the commercial rights to F1. The business partly owns Delta Topco, the ultimate parent company of the Formula One Group. Mr Ecclestone controlled F1 and ran the business for a long time. He didn't run it as a brand but managed it as a cash cow without investing much in marketing. F1 sold TV rights, but neglected all the other aspects of brand development; at least, it didn't manage it as a 21st-century brand.

In late 2016, Liberty Media agreed to buy a controlling interest in the Formula One Group for US $4.4 billion (£3.3 billion). The deal was approved by regulators and completed on 23 January 2017. Chase Carey subsequently became chief executive of the Group, following a coup against Ecclestone.[18]

The brand name, Formula One, was not developed by marketing professionals. It is almost certain that in today's market environment the name would be different, but it is still a great name. The 'Formula' part of the name refers to the set of rules that racers and racing teams must comply with; the 'One' represents the fact that it is the top racing category in the FIA, comprising the fastest and most advanced cars.[19]

Each F1 race can have up to 300,000 fans attending in person, with an additional 80 million people watching live at home. The F1 owners believe the sport has 150 million global fans. While, previously, their only relationship with their fans was to sell them tickets to the race, or to let them watch the race on TV, the rebranding of F1 included developing a more dedicated relationship with the fans. They had an outdated brand model that might bring in money but didn't promise a future in an age where relationship, engagement and customer experience are the building blocks of any brand, especially in sports.

On May 17, 2017, *The Daily Telegraph* reported a story about a young boy who burst into tears when his favourite driver, Kimi Raikkonen, crashed and dropped out of the Spain Grand Prix. He was caught crying on live TV during the race, which touched a nerve among many F1 race watchers. And it didn't go unnoticed by the rebranded F1 brand. They located him in the stands and brought him to the paddock where he could meet his hero. This sounds like a simple event, but it represented a new brand, one that cared about its customers, the audience and the fans. It would not have been possible under the previous management and represented a shift from a 'managed product' to a 'managed brand'.

Other rebranding processes might include a name change, and, obviously, along with this, a completely new visual and verbal manifestation of the brand, including new logo, new colours, new fonts, new design language, verbal language, and brand behaviours – the way it presents itself to the world. Most of all, every successful rebranding process should introduce to the world a revised, and hopefully improved, customer experience. But any rebranding will not be an overwhelming success overnight and it comes with a steep price tag. The introduction of the new brand identity and all that comes with it has to be a well-planned campaign and managed process to guarantee success and not leave the previous customers in shock and bewilderment. Success can be declared only after the ultimate brand owners (the customers) intuitively and completely feel confidence in the new brand experience.

A more affordable route is to manage the brand, tweaking it along the way, from continually updating its visual representation in small ways to keep it up-to-date to revising its language and altering its behaviours. This is the core task of brand managers and that is what we will explore, along with the development of foundational elements of brand, in future chapters. First of all, in the next chapter, we will take a look at the differences between internal and external branding and the complete 360 degrees of branding. In the meantime, let's meet international branding expert Ricardo Monteiro, who gives his thoughts on the evolving world of branding. We also explore the results of Volkswagen's recent missteps on its brand.

BRAND BUILDING IN OUR CHANGING WORLD – A GUEST PERSPECTIVE FROM RICARDO MONTEIRO, PORTUGAL

Ricardo Monteiro has dedicated his professional life to marketing, working for Unilever, Omnicom (BBDO) and Havas. His career has led him to live in Belgium, Brazil, Spain, and Uruguay, among other countries. A career man, Monteiro retired in 2017 from his position as Global President and Chairman of Havas, best known for its 'Most Interesting Man' campaigns in the US and the Evian Babies advertisements in Europe. In his 37-year long career, Ricardo worked for many of the world's leading brands and was involved in developing brand campaigns for almost every point in the globe. When he retired from Havas, the agency was already present in more than 75 countries with well over 300 operating agencies.

Today, Ricardo lives close to Estoril in Portugal with his wife of 36 years. He is a father of four and a grandfather of children of three different nationalities. He teaches at the Porto Business School and, as an Invited Professor, at the Catholic University in Lisbon. He also serves as a non-executive director in Sonae, Portugal's largest conglomerate. He is a Business Angel and a regular TV presence. He also dedicates a lot of his time to the Portuguese Diaspora as an ambassador-at-large.

Here are Ricardo's observations about how the branding world has changed, and what has remained the same, helping us prepare for and succeed in the new global brand-building environment:

'Thirty-seven years ago, I started my career in marketing as a Management Trainee with Unilever. To this day, Unilever and Procter & Gamble fight an endless battle for the wallets of people the world over, from Los Angeles to Shanghai, Oslo to Johannesburg. When I joined, it employed 330,000 people. Among the many companies on its roster you could find pearls of yesteryear like the United Africa Company or Hindustan Lever (still going strong). It had palm-oil plantations in the Ivory Coast and Indonesia and hundreds of factories across the globe. Customs duties were the rule of international trade. Multinational companies truly were multinationals; they had to cater for the local customer in every country, as cross-border trade was mostly an expensive impossibility.

'I had the privilege of joining their lengthy training programme – it took the whole of 18 months before one could become a junior manager – and went to places like Four Acres, their in-house academy in London.

'One also had to work at filling-lines in factories and learn how to mix a proper soap bar or sell to a mom-and-pop store. I did it all. I wanted to become a Marketing Director. I was lucky. Nine years later, having climbed every single step of the corporate ladder, I overshot my target and was appointed Managing Director of one of Unilever's operating companies in Lisbon, Elida Gibbs. I felt on top of the world. I was only 32 and already a senior director.

'Why the lengthy introduction? You see, the world was simpler, back then. You had ideas, you presented them to the shareholders' representatives, you got a budget, you researched them, and they would either fly or die. Good marketing would ensue. It was defined by that old acronym, the Four Ps: Product, Place, Price and Promotion. If your idea was good and your research sound, fine-tuning those four variables would guarantee you a place in the marketing Hall of Fame. Millions of bottles of shampoo or margarine tubs would fly off the shelves as you sat at home in front of your TV set, waiting for the latest advert that your Mad Men agency would have produced for you at great expense. You know the saying, "Half my marketing budget is a waste, I just don't know which half."

'And life was sweet. You read the books. You knew the rules. Your employer had both the financial clout and the organization to support your dreams. What could possibly go wrong? Nothing, marketing was the best way to convince people to part with their money, and it worked.

'My career continued to prosper, and I was already the whole of 56 when expressions like "big data", "programmatic media buying", and "automated creative" started stalking my nights.

'At that time, I had become Global President for Havas, one of the world's top marketing firms. It manages brands for Reckitt Benckiser, Louis Vuitton, Hyundai and many others in more than 75 countries. So, as I struggled to keep pace with the data onslaught, and more and more clients demanded "proof" that their adverts would work, asking for their "return on investment", I started to understand that marketing was no longer a top-down exercise where one could "push" goods through whole countries, tinker around with them and build brands so strong that "pull" was as guaranteed, as night follows day.

'So, where are we today and where are you as regards brand-building?

'Consider this: according to most agencies that rate brands for market value, the top five contenders in 2017 were Google, Apple, Facebook, Amazon and Microsoft. Not all agree on their precise place in the ranking, as Amazon has been moving fast, but at the time of writing, these are considered the five most valuable brands in the Western world.

'Now let's think a bit more. How many of those actually sell a product for a price? You can say Apple does. Microsoft too. But how much did you pay the last time you Googled something? Or went online to post that nice family picture on Facebook? You paid nothing. Vlam! Two of the world's most valuable brands do not actually sell a product or service that they charge for. So, Price has become zero. And, in the case of Facebook, the Product is you.

'Now, let's consider Place – actually making sure the product or service gets to people where they want it. At one time, Coca-Cola's mission statement made it to every marketing teaching room because it stated "Our mission is to place a Coca-Cola bottle within arm's reach of everyone on Earth." That endeavour, a physical barrier that needed overcoming, and a legal and logistical nightmare, was proof of might. Anyone trying to emulate that feat would have to spend tens of billions of dollars and many years of painstaking work, making sure every link of the chain was in place.

'As a matter of fact, as recently as 2007, Coca-Cola was still the world's most valuable brand at around US $100 billion (£78 billion). Its business has not decreased, its profitability is still impressive, but Coca-Cola doesn't even make it to the top five now. More than one hundred years of careful marketing and distribution prowess could not resist the capacity that some modern brands have of achieving immediate distribution everywhere. Take a look at that top five: all of them can be reached and actioned upon from anywhere in the world, from the top of a mountain to the middle of the ocean.

'All you need is a link. So, Placement is not physical anymore. Or, if it is, as in the case of Amazon and Apple, it has become seamless, one could argue, immaterial. Placement, distribution have become instantaneous. One of the mantras of the start-up world that every twenty-year-old will tell you is that their new company will be "global from day one"... and they can be ...

'And now for Promotion.

"Up until the year 2004, advertising agencies had a virtual monopoly on the world's advertising budgets. They fed free-on-air TV networks, countless newspaper titles, radio stations, you name it. If you wanted to advertise, you had to go through them. They did marvellous work, producing advertisements that still resonate in our memories. Think of Cindy Crawford gulping down that Pepsi bottle before three gawking teenagers … the world would notice. Even Apple gave us the Mac "1984" Super Bowl commercial. It was only aired once and many people still consider it one of the finest, most impactful commercials ever produced.

'Can you actually remember a great commercial from the last couple of years? You probably can't – unless you're reading this the day after, well, the Super Bowl. So, if not, is it because there weren't any? No… you were just too distracted looking at your LinkedIn newsfeed, or making that WhatsApp video call to your mother back home… Ad agencies have seen their market share decline from virtually 100% a decade ago to barely 50% today. The dispersion of screens, platforms, gaming options, you name it, have taken away from traditional advertising. Google, Facebook and Amazon are simultaneously platform and content generators. You rarely watch an advertisement for them. If you live in Europe or Latin America, chances are you have never seen a single piece of advertisement for any of them. While advertising others, they advertise themselves… for free. No need for promotion, except for self, free promotion.

'Then comes consumer-generated content, or even brand content produced by companies themselves, sometimes for a few hundred dollars. Digital platforms have made it useless to look at advertising, even online, for anything else than fun. Information is everywhere. "Now available in a store near you" is a risible proposition.

'Influencers, paid or not, carry much more weight than the whole of L'Oréal. That is until they become (became?) irrelevant because people realize they're paid to do stuff for brands. Moreover, structured marketing offerings easily stumble over a bad Trip Advisor review. In a word, companies have to fight multiple promotional wars on as many fronts as there are smart phones, and have to pray for some break that might put them up there with Despacito so that the money keeps flowing.

'So, say you, what am I trying to tell you? That today's brand-building has been reduced to achieving top-of-mind awareness, no matter how fleetingly. Make no mistake, you still have to make sure your offer is relevant and that it meets some kind of demand.

"If you charge for it (bad move – make clicks remunerate you!), your price will tend to zero because sooner or later someone will come up with similar stuff for free (OK, not always if you're Louis Vuitton). Then you must make sure you can get your stuff into people's hands in the blink of an eye – that and all the rest, the endless, sleepless nights, the investment rounds, the never-ending quest for the next Netflix, Snapchat, Shazam, all modern brands known everywhere by virtually everyone.

'Immaterial offerings, at virtually no cost, that people can access seamlessly and immediately, global in their reach, that everyone will have come across because, in the ethereal existence of the digital world, an "invisible hand" has made them relevant. And – this is very important – with a monetization path and rags-to-riches trajectory that takes no longer than a few months and erupts onto everyone's mobile "from day one". These are the ingredients of a brand today.

'Unless you want to sell shampoo. But there's not much money there.

'Now, how will you do it? Let me tell you this: I know half your efforts will be wasted, I just don't know which half.'

EXTENDED CASE STUDY: VOLKSWAGEN, THE FALL OF A BRAND

One way to understand branding and how to create and maintain an effective brand on a global scale is to study one that has disappointed consumers and other stakeholders. And one of the biggest global disappointments has been Volkswagen, with its environmental scandal at odds[20] with its 'smart fun' brand promise[21] and counterculture positioning.

Go anywhere in the world and we seem to take German car brands for granted these days. Considering the not so distant past and the history of Germany during the previous century, you might have expected some German car brands to have failed. After all, Audi, under its previous name – Auto Union AG – used slave labourers from concentration camps during World War II on a massive scale.[22] BMW's owner during the 1930s and 40s, Gunther Quandt, and his son, Herbert, were friendly with Adolf Hitler and they were not afraid to use their political connections to take advantage of the Holocaust and businesses seized by the government to manufacture weapons, artillery, ammunition and U-boat batteries.[23] Mercedes Benz, during World War II, created a notable series of aircraft, tank and submarine engines. Daimler produced parts for German arms, most notably barrels for the Mauser rifle.[24] During World War II, Daimler-Benz also used slave labour and Hitler himself drove around in a luxurious Mercedes.[25]

Most notable of all German cars at the time, however, was Volkswagen. Back then, it had a very close relationship with Porsche, the Zuffenhausen-based sports car manufacturer founded in 1931 by Ferdinand Porsche, who had designed the original Volkswagen – he was hired by Adolf Hitler for the project – and was a company co-founder.[26] In April 1934, Hitler gave the order to Porsche to develop a Volkswagen.[27] The epithet 'Volks' – literally, 'people's' – had been applied to other Nazi-sponsored consumer goods.[28] Volkswagen today makes very few references to that period and considers the birth date of the VW Beetle brand to be around the Fifties.[29]

Indeed, marketing the VW to global markets was a bit of an uphill battle. It was perceived as a 'Nazi car' repackaged by a Jewish-owned ad agency, DDB, in a 'Jewish' city.[30] It was an 'ugly car' by American standards,[31] small and uncomfortable for five adult passengers.[32] The famous advertising executive George Lois said after returning from the VW factory: 'We learned that Hitler's "people's car" had a lot going for it. My copywriter Julian saw it as a dumb, honest little car, but a marketing enigma. New York was our biggest market for our new account, and that's what made it so tough.'[33]

The ad agency, DDB, took the obvious disadvantages of the product and turned them into a desirable brand,[34] establishing a car brand that stood in stark contrast to the American gas-guzzling behemoths, with their ridiculous fins, chromes and excessive weight. Brand-building is based on finding a difference, but also relevance. In this case, the VW was a great solution to the increasing parking problems in a city such as New York.

Changing consumer behaviour and consumer brand perception was key in this brand strategy. Advertising radiated confidence in a brand, broadcasting that it was superior in simplicity, quality and longevity. The brand position of VW prepared the American market for another brand introduction: the Japanese compact cars, the Honda Civic. Lois summed up the legendary campaign in this way: 'We sold the Nazi car in a Jewish town by junking all the rules of car advertising.'[35] Indeed, VW went from one success to another, and solidified its brand reputation as reliable, easy to maintain and moderate in price – features that supported the 'smart' portion of its brand promise – and, with the addition of updated models, it could even compete on design.

The company grew tremendously over the years and owns in addition to the VW brand Audi, Bentley, Bugatti, Lamborghini, Porsche, SEAT and Skoda.[36] Their brand portfolio provides them with complete coverage from luxury and mid-luxury to regular car brands.

Among the constituencies of the brand, VW clearly preferred the shareholders, and the brand strategy was to be the biggest car company in the world, pure and simple. In 2011, Martin Winterkorn, VW's chief executive, took the stage at the automaker's new plant in Chattanooga, Tennessee, and outlined a bold strategy. The company, he said, was in the midst of a plan to more than triple its sales in the United States in just a decade, setting it on a course to sweep by Toyota to become the world's largest automaker. 'By 2018, we want to take our group to the very top of the global car industry.'[37]

However, during 2015, the company was exposed in global media for installing emissions software on more than a half-million diesel cars in the US and roughly 10.5 million more worldwide that allowed them to sense the unique parameters of the emissions drive cycle set by the Environmental Protection Agency and, thus, cheat it.[38] According to the EPA and the California Air Resources Board, which were tipped off by researchers in 2014,[39] these so-called 'defeat devices' detect steering, throttle and other inputs used in the test to switch between two distinct operating modes. While this mode likely delivers higher mileage and power, it also permits heavier nitrogen-oxide emissions (NOx) – a smog-forming pollutant linked to lung cancer – up to 40 times higher than the federal limit.[40]

In short, VW diesel cars were among the top pollutants in the world,[41] although the brand presented itself as an environmentally friendly one in advertising and promotional materials. In other words, VW performed one of the major 'don'ts' in any branding strategy – never deceive your customers. At the end of the day, and especially in our generation, nothing can stay a secret for too long and VW is paying a steep price. Between 2015 and 2017 there were resignations, indictments, jail sentences, and most of all a serious financial burden of around $25 billion,[42] with a significant drop in sales all across the globe, especially in the US market.[43] For 2018, the company was not offering diesel models,[44] losing a big portion of their product line.

The legal saga is not over. Future generations of consumers will be the final judge of Volkswagen. How VW rebrands and fully responds is yet to be seen. Whatever route they end up taking in rebuilding their brand, it is sure to be costly.

KEY TERMS

- anthropology
- behavioural economics
- brand failure
- neuromarketing
- psychology
- sociology

DISCUSSION QUESTIONS

- Why are the social sciences and related disciplines key to understanding branding?
- Why isn't branding dependent only on marketing and advertising?
- What role do brands and branding play in business and marketing strategy?
- Which methods of brand valuation do you prefer and why?
- When is rebranding needed and what are the steps in the rebranding process?

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