

Branding in the Customer Economy

By

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In the future, history will show the 1970's – mid 1990's as the halcyon days of branding in Malaysia. Limited media outlets, minimum competition, regular double digit economic growth, and rapidly increasing levels of disposable income meant the few brands available could prosper with little or no marketing.

This really was brands' golden age. There were only a handful of distractions during prime time. When launching new products, advertisers had one 'commercial' TV station, two each of Malay, English and Chinese newspapers, and only a few magazines and billboards to choose from. Brand giants had a conduit to the Malaysian home via that one TV station, or a few newspapers. With so few media outlets, it was relatively easy to create awareness, position a product and build a brand.

The arrival of ASTRO in the mid 1990's heralded a media revolution. Suddenly there were more than 25 TV channels showing imported TV programmes 24/7 and numerous 24-hour radio stations. The print media soon caught on. New titles were born overnight. Within a short period, imported magazines and local versions of imported magazines proliferated.

The outdoor people were quick to join the revolution as creative billboards with sophisticated lighting and graphics soon replaced the hand painted, 3rd world variety.

Next, BIG digital TV screens. Jalan Raja Laut was perhaps the first location, followed by the junction of Bukit Bintang and Jalan Sultan Ismail. Screens featuring the news appeared at the entrance to Star Hill and mini TV's appeared in supermarket aisles.

As the bas mini's disappeared, newer, more modern buses arrived plastered with messages selling movies, cosmetics and drinks. The old yellow and black taxis were replaced by red and white taxis featuring neon signs. Planes began criss-crossing the sky at 500 feet, trailing messages.

Most recently, the internet, state of the art TV on the ERL and instant messaging have all made impressive debuts in an increasingly overcrowded market.

Such media fragmentation is hardly surprising. We're merely following global trends, which means that what happened in the West is likely to be repeated here. The halcyon days of branding are over for Malaysian firms.

The death knell of traditional branding tactics are ringing everywhere. Respected advertising agency Doremus admitted recently in their newsletter, "it's almost impossible to get your name in enough channels to build substantial awareness." More troublesome perhaps for local brand builders is a recent survey by Willard Bishop Consulting in the USA. Its study found that in 1995, it took three TV commercials to reach 80% of 18-to-49-year old women. In 2000, a mere 5 years later, it took 97 ads to reach the same group.

If Malaysia is to advance from an OEM manufacturing base to a developer of world-class brands, branding must take on a new urgency. Companies that made their money in commodity driven markets and therefore required little or no marketing skills, are diversifying into more competitive industries. As a result, more competitive and advanced branding strategies are now required. Unfortunately, many of them are currently found wanting.

Furthermore, those companies that survived the OEM business are now losing business to cheaper locations. In response, they are attempting to develop brands to remain competitive. However, they are attempting to take on the MNCs with their million-dollar marketing budgets. How can Malaysian firms compete in a world that spent US\$1.5 trillion on marketing in 2001? It's a battle that Malaysian firms cannot win!

Because of these developments, it seems obvious that every single branding consultant, advertising agencies and marketing firm would re-define their strategies and develop new models to help develop your products to become brands, right? WRONG. Unfortunately, this is not happening!

Much of what is still being written and taught about branding today is a rehash of everything we've heard for almost 30 years – 'positioning', 'awareness', 'brand personality' and so on. Yet in many cases those

concepts apply to a specific media world that no longer exists. Worse, they are failing to address the fundamental cause of branding failures today.

So many of today's marketing efforts are focussed on acquiring new business. Meanwhile existing customers, many of those whom resulted from expensive acquisition efforts, are leaving via the back door, often because these firms did not deliver on initial marketing promises! Customers are enticed with exciting, hard to beat offers. Once on board and the agency has got its fee, it's back to the same old hated routine of playing 'chase the customer service' employee and so on.

Instead of more advertising or PR, what is really required are investments in operational excellence and accountability. The Michigan (U.S.) State Business School reported that every \$1 invested in marketing earned \$5. By contrast, for every \$1 invested in operational excellence, returned revenue was \$60. Despite such research, the majority of Malaysian firms spend fortunes on acquiring customers yet very little on retaining them.

Moreover, traditional branding campaigns often only result in a short-term sales surge. Worse, such campaigns lack more than superficial measurement, which means they lack management.

Acer spent about US\$1 billion over the past 10 years on global advertising with a big chunk of that going to America. It recently abandoned the US retail market due to mounting losses.

This love affair with dated concepts has the potential to harm locally manufactured products. Yet here we are, in the information age, still using the techniques of the mass economy.

It's like asking Andre Agassi to use a tennis racquet from the 1980's in the US open against Leyton Hewitt. He could use it and he could play. He might win an occasional game. But is it the right way forward to compete and maximize his existing talents??

And now that China has joined the WTO, FDI has slowed to a trickle and AFTA eliminates government protection, Malaysian firms are in a position to re-define what constitutes a brand. Brands are doomed when top executives succumb to dated marketing techniques, complacency mixed with arrogance or ego. No longer should companies believe that what has brought companies success in the past

guarantees dominance in the future. Brands can no longer be built on advertising alone.

So, how are Malaysian firms to compete in a world that spent US\$1.5 trillion on marketing in 2001?

To be successful tomorrow, Malaysian companies must adapt to the emerging business and customer requirements of tomorrow, which include a special emphasis on accountability, profitability, service and the ongoing ability to meet customer requirements.

If companies adapt to the new branding imperatives they can build brands in the demand economy of tomorrow where customers will define brands. This includes focussing on our profitable customers. We need to find out what it is they want, and give it to them, when they want it. For example, the Japanese are so responsive to customer demands that they even developed square watermelons because their customers complained about the amount of space taken up by regular watermelons.

The alternative is branding failure. According to an Ernst & Young report, 90% of new products fail in Europe and an incredible 95% fail in the USA. Some fail, of course, because they are ahead of their time, like the first microwaves or even the Edsel, built from the ground up to emphasize for safety. Others fail because of poor pricing. But the majority fail because they are developed with minimal customer input. No matter how offerings are "positioned" or how much is spent on marketing, it won't rescue products that don't benefit or incorporate customer requirements -- from their perspective.

Branding is critical to Malaysia's development. Advertising the cheapest price can no longer be called 'branding'. The signs of a branding revolution are all around us. It is a battle that cannot be won with the tactics and weapons of the past. Malaysian firms must be willing to lead this revolution by partnering with their profitable customers to produce solutions, measuring their activities and results, and improving operational excellence. Otherwise, a lot of money, time and resources will be spent fighting a branding war that has already been lost.