

# Perspectives on corporate branding strategy

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The high level of investment necessary to maintain production capabilities and rising cost of R&D for product differentiation, makes strong marketing capabilities and unique brands pre-requisites for modern companies to cover these heavy investments.

The competition in the global business environment is tough and achieving a unique position and competitive advantage becomes more and more difficult and expensive. How can companies and management teams catch up?

Corporations around the world are increasingly becoming aware of the enhanced value which corporate branding strategies can provide for an organisation. Branding in the classic sense is all about creating unique identities and positions for products and services hence distinguishing the offerings from competitors.

Corporate branding employs the same methodology and toolbox used in product branding, but it also elevates the approach a step further into the board room, where additional issues around stakeholder relations (shareholders, media, competitors, governments and many others) can help the corporation benefit from a strong and well-managed corporate branding strategy. Not surprisingly, a strong and comprehensive corporate branding strategy requires a high level of personal attention and commitment from the CEO and the senior management to become fully effective and meet the objectives.

Corporate branding is often, but wrongly, referred to as an exercise where the company logo, the design style and color scheme are changed. Naturally, these are important elements to evaluate and potentially change at a later stage once the strategy has been decided upon. It is often accompanied with a new corporate slogan, and then everyone expects results to occur during the project. Corporate branding is a serious undertaking which entails more skills and activities than just an updated glossy marketing facade with empty jargon.

## Long-term vision

A strong corporate branding strategy can add significant value in terms of helping the entire corporation and the management team to implement the long-term vision, create unique positions in the market place of the company and its brands, and not the least to unlock the leadership potential within the organisation. Hence a corporate branding strategy can enable the corporation to further leverage on its tangible and non-tangible assets leading to Branding Excellence throughout the corporation.

There are thousands of unique corporate brands. Companies like Microsoft, Intel, Singapore Airlines, Disney, CNN, Samsung, Mercedes and many others are good examples to think of. The global financial powerhouses HSBC and Citibank

have both in recent years acquired a vast number of companies across the globe and adopted them fully under their international corporate brands with great success and within a surprising short timeframe.

A strong brand is about building and maintaining strong perceptions in the minds of customers. This takes time to establish and many resources to keep, but no one remembers what the local banks used to be called, and HSBC and Citibank have managed to transfer the brand equities from the acquired brands into their own corporate brand equity.

An ancient and famous Indian proverb says: "If you don't have a goal, how can you know when you have arrived?" In order to establish and grow a corporate brand successfully, the management team has to track and measure the strength of the current corporate brand and the entire brand portfolio. Research can help understand the business landscape in more depth and serves as a foundation for the future corporate brand strategy. Modern research tools have become very sophisticated and at the same time easy to employ. There is no excuse for not trying to get a market and customer driven perspective of the brand portfolio including the corporate brand.

## **What are the benefits of a corporate brand?**

There are several benefits from employing a corporate branding strategy which a corporation can exploit. First of all, a strong brand including a corporate brand is no less or more than the face of the business strategy hence portraying what the corporation aims at doing and what it wants to be known for in the market place.

The corporate brand is the overall umbrella for the corporations' activities and encapsulates its vision, values, personality, positioning and image among many other dimensions. Think again of HSBC which has successfully implemented a stringent corporate branding strategy. They employ the same common expression throughout the globe with a simple advertising strategy based on the slogan "The world's local bank". This creative platform enables the corporation to bridge between many cultural differences, and to portray many faces of the same strategy.

A corporate branding strategy creates simplicity as it always will stand on top of the brand portfolio as the ultimate identifier of the corporation. P&G has notoriously been known for a multi-brand strategy and yet again, the corporate brand P&G is still what encapsulates all activities by the company. Depending on the business strategy and the potential need for more than a one-brand architecture in the case of P&G, which markets many different brands under their umbrella, a corporate brand can very often assist the corporation and the management to focus in on the core vision and values.

Once this overall platform has been established and implemented, it serves as a great stepping stone for revisiting any other brands in the corporations' portfolio and to have a new approach and look at their various brand identities.

This ultimately will lead to the final brand architecture of the corporation and set the strategy for how branding and brands will play an important role to achieve the corporate objectives.

When the corporation decides to implement a corporate branding strategy, some cost efficiencies can often be achieved as opposed to a large multi-brand architecture where the corporate brand plays a smaller or insignificant role. Today, there is a general requirement for high level of investments to maintain efficient production capabilities and scale in many industries (for example technology and pharmaceutical), and to stay competitive in R&D for new products and services.

## **Product life cycles**

Product life cycles are getting shorter and shorter for many industries and products, and corporations have to seek solutions to recover their development and marketing costs within the shorter life cycles. These factors combined are forcing corporations to evaluate their cost structure, and a corporate branding strategy can help the management achieve their goals by bridging across product categories and services as opposed to a multi-brand strategy.

There are obvious cost efficiencies in terms of reduced marketing and advertising spending as the corporate brand replaces budgets for individual product marketing efforts. Even a combined corporate and product branding strategy can

often enable management to reduce costs and exploit synergies from a new and more focused brand architecture. The Apple brand has established a very strong position of being a design-driven and innovative company offering many types of products and services. Their corporate brand encapsulates the body and soul of the company, and the main messages from the company uses the corporate Apple brand. Various sub-brands then help to identify the individual product lines.

But one should carefully avoid the potential trap of stream-lining the brand portfolio just based on a raw cost perspective as secondary effects can play a significant impact of the overall revenue stream and on the stakeholders image of the corporation. The basic guideline is based on revenue contribution of the various brands. If profit contribution can be enhanced by reducing the number of brands, the portfolio is too big. Reversely, if the overall profit contribution can be enhanced by adding new brands, the portfolio is too small. Hence an individual wish for strong corporate branding must be evaluated carefully and all factors taken into consideration.

In the last couple of years, corporate brands have become very strong drivers of financial value for corporations. Corporate brands by themselves have become valuable assets on the company balance sheet with market values very often much beyond book value.

The founder of SONY, Akio Morita, once said: "I have always believed that the company name is the life of an enterprise. It carries responsibility and guarantees the quality of the product". Therefore, a strong and well-balanced corporate brand orchestrated throughout the corporation by a passionate CEO and his team can lead to very successful and sustainable financial results.

## ABOUT THE AUTHOR

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