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SEPTEMBER 15 2006


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Brand value

A brand is made up of much more than simply a logo, it is 'a promise made and a promise kept'

The days are long gone when "branding" meant simply finding a graphic designer to slap up a logo and a letterhead for your company.

Since the late 1980s brands have been viewed as creators of shareholder value. In 1989 Nestlé paid £2,5bn — double the market valuation of Rowntree — to gain access to Rowntree's main brands, such as Kit Kat, and in 1988 Phillip Morris acquired Kraft for 600% more than its book value.

In the past 10 years, branding has

WHAT IT MEANS

> Branding creates value for shareholders

> Group practises what it preaches to clients

become known as a holistic business concept involving research, strategy, identity and design. Intellectual prop-

erty and brand valuation has become a global phenomenon. It is about everything from the design of your business cards to how your staff answers the phone; it's about how a company expresses its personality and its soul and, most importantly, it's a vehicle for creating value for shareholders.

In SA, branding has become popular for small and large businesses alike, as companies either rebrand to align their organisations to the new South Africa or simply seek to update their brands such as Standard Bank and Old Mutual. Good branding should align marketing, communication and identity strategies with business strategies.

As former HP chairman and CEO Carly Fiorina said:

"Strong branding is not just a promise to our customers, partners, shareholders and communities; it is also a promise to ourselves. In that sense, it is about using the brand as a beacon, as a compass, for determining the right actions, for staying on course, for evolving a culture, and for inspiring a company to reach its full potential."

Branding supports how a business grows, how it's perceived, how it projects itself, and determines the extent of its success.

But as branding has become a popular catchphrase, outfits that call themselves branding companies have mushroomed.

Enter The Brand Leadership Group, which offers an integrated solution that covers strategy, research, visual identity and design, intellectual property and valuation.

Brand Leadership was set up in 2002 by Thebe Ikalafeng, a brand and marketing expert and a former executive director of marketing for Nike Africa. The directors each bring specific expertise: MD Ikalafeng is head of strategy and integration; Prof Roger Sinclair is a specialist in brand valuation; attorney Hans Muhlbreg focuses on in-

tellectual property management; and Rebecca Roderick and Innocentia Liphoko focus on research. The group consists of three distinct but integrated businesses: Brand Leadership (research and strategy), Brand Leadership PR (reputation and relationship management) and The



Unisa The new university was merged from three diverse institutions



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Identity Practice (design, architecture and interiors). Henk van den Berg, who has overseen all the group's creative projects, is the creative director for The Identity Practice and Tendayi Gwata is MD of Brand Leadership PR.

The group's central concept is that brands are business assets and drivers of bottom-line results and should be managed in the same manner as other business assets.

Ikalafeng says: "All of us understand how to bring ideas to life. We strive to be a group of thought leaders in the marketplace. Our partners run specialist practices themselves and The Brand Leadership Group brings them together to deliver an integrated solution."

The group has worked on some of the country's biggest public-sector brands, including the national coat of arms, Gautrain and the Cradle of Humankind. The group has consulted in the public and private sectors. Its corporate clients include ABB, Afrox, Sun International, Apple, Standard Bank, Media24 and Johnnie Publishing.

It's quite a track record for only four years of working together. Ikalafeng remembers how it all started, when he was still marketing director for Nike

Africa. "When I was at Nike, I met Roger Sinclair and I learnt about the concept of brand valuation. I met Hans [Muhlberg] at a conference on brand management, where he was speaking on intellectual property. Rebecca [Roderick, who recently emigrated to Hong Kong] used to do valuation and research for Brand Metrics. I was fascinated by both of them. These were three areas I was not an expert in."

Ikalafeng brought these different experts together. "To the outsider, this partnership might have seemed disparate, but it was a whole new concept of an integrated approach to building brands. We put an interesting proposition in the market — a 360° look at branding from concept through to the bottom line.

"Building brands requires strong insights into markets and customers, developing strong and clear brand propositions for those consumers and the experience to deliver the brands consistently.

"The brand is the fundamental anchor," he adds. "For example, for leading global brands, such as Coca-Cola, Microsoft and GE, the brand accounts for up to 50% of the company's market capitalisation. As *Fortune* predicted in 1997, brand equity is now a key asset."

Educating boards on what branding entails is a challenge for people in the branding field. "It's



Standard Bank Sport sponsorship with a purpose

not just a logo," says Ikalafeng. "A brand is a promise made and a promise kept."

He says there are some good examples of how SA companies have kept their promises to consumers. For example, the Pick 'n Pay cyanide scare reportedly cost the company R200m, "but it responded quickly.

"CEO Sean Summers set a new benchmark in dealing with a brand in crisis. Pick 'n Pay offered a R5m reward [for information leading to the arrest and conviction of the person who planted cyanide in a product] and reinforced the trust consumers have in the Pick 'n Pay brand."

Ikalafeng says: "Conversely, a lack of brand integrity killed the Arthur Andersen and Enron brands. The mark of true brand leadership is clarity, relevance and consistency."

It's a promise made not just once. "The promise must be made and reinforced over time. Look at big brands such as Coca-Cola, established in 1886 — they're a brand built over time."

So enough of the theory, let's get to some case studies.

Unisa is an interesting case. The new university was merged from three diverse institutions — the old Unisa, Technikon SA and Vista University's Distance Ed-

THE BRAND LEADERSHIP GROUP

Formed in 2002

Offers an integrated branding solution, comprising strategy, research, visual identity and design, intellectual property and valuation

Core values are integrity, partnership, accountability, curiosity, honesty and passion

Group's directors each bring specific expertise:

- **MD Thebe Ikalafeng** is head of strategy
- **Prof Roger Sinclair** is a specialist in brand valuation
- **Attorney Hans Muhlberg** focuses on brand intellectual property management

The group has three distinct businesses:

- **Brand Leadership** (research & strategy)
- **Brand Leadership PR** (reputation and relationship management)
- **The Identity Practice** (Design, architecture & interiors)

SOURCE: FM RESEARCH



Geared For Prosperity



The National Ports Authority of South Africa controls and manages all seven South African commercial ports on a 2 954-km coastline. These ports are Richards Bay, Durban, East London, Port Elizabeth, Mossel Bay, Cape Town and Saldanha.

Situated at the tip of the African continent, the South African ports are in an ideal position to meet shipments from both eastern and western seaboards. Boasting an excellent infrastructure, the National Ports Authority of South Africa is in the unique position of being able to offer efficient services to port users throughout sub-Saharan Africa.

Unlike most European ports, each South African port has a natural hinterland with a defined market. This determines to a great extent the nature and types of cargo handled at each port, which in turn dictates the type of facilities each port provides. Each port operates and develops its own specialized services.

Through its seven commercial ports, the National Ports Authority of South Africa offers a combination of facilities and services that complement each other.

The seven ports assure port users of the most suitable port and appropriate facilities to meet their needs. These services include pilotage, tug and berthing services, bulk-handling facilities (both dry and liquid bulk), container-handling facilities, multi-purpose terminals for breakbulk cargo and ship repair facilities. Coupled with this, the South African ports also offer efficient transfer of goods between ship, road and rail for the efficient transportation of goods within and beyond the borders of South Africa through its extensive and modern road, rail and sea networks.



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Hans Muhlberg Focuses on intellectual property management

education Campus — on January 1 2004, creating a mega-university of about 300 000 students and more than 6 000 full-time staff. The move catapulted

Unisa on to the list of the world's 10 biggest universities.

Gerard Grobler, Unisa director of corporate communications and project leader of the rebranding exercise, says the branding of the merger aimed to convey the identity of an SA university with an African footprint. "We wanted to create something new, without losing the sense of tradition [the three institutions together had a collective history of about 180 years]. It was also an exercise in breaking down barriers."

Roderick, who was in charge of the research for the group, explains: "We did intercepts with students; discussions with staff, including admin and teaching staff, even security guards; and a Web survey, all in five weeks. Our Web survey went to more than 80 000 staff and students and we received 6 600 responses."

Says Grobler: "I've been involved with several branding and rebranding exercises. This one demonstrated that it is possible to achieve the impossible."

"What I like about Brand Leadership is its strategic approach. It's all about proper positioning. They gave us so many sound business tips. They were passionate and proactive. When we launched the new identity at the official academic assembly, there was spontaneous applause. It was wonderful."

Brand Leadership also worked on the repositioning of the SA Revenue Service (Sars), helping to move its identity from a "Big Brother is watching you" feel to a friendlier image that projects paying taxes as a commitment to nation-building.

"We had started to reposition ourselves on the basis of a strategy we had in our heads," says Tasneem Carrim, who was the

assistant general manager of communications at Sars in 2005, when Brand Leadership started to work on the brand, and now heads taxpayer education. "Our objective was to promote sustainable compliance and we wanted Brand Leadership to help us articulate our new identity."

She says Brand Leadership helped Sars to think about how it should position itself in the mind of the public.

Brand Leadership also helped Standard Bank to rethink its sponsorship strategies. Khanyi Mlambo, now Standard Bank private banking director, but previously in charge of sponsorship for the bank, says: "Brand Leadership was one of the first companies we engaged in our quest to align Standard Bank's sponsorship with business objectives. Through the initial work done by the company and following the audit Brand Leadership conducted on our sponsorships, we were able to clear out the sponsorships that weren't giving value to our business and brand."

For example, Mlambo says, Standard Bank has invested a lot more in its soccer sponsorships. "Brand Leadership's advice was: 'Do it big or go home.' Subsequent to Brand Leadership's initial involvement, Standard Bank has increased its involvement in soccer throughout Africa. The bank is now sponsoring the African Cup of Nations tournament and has renewed the sponsorship of Kaizer Chiefs and Orlando Pirates. Now you can't open any newspaper or turn on the TV without seeing Standard Bank and soccer. It's now sponsorship with a purpose."

In the vein of creating new brands for new times, The Brand Leadership Group has worked this year on the launch of a

making business strategy visible through **design**

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new brand identity for the merger of Thebe Risk Services and Prestasi Brokers, to create one of the country's biggest comprehensive insurance brokers, Indwe Broker Holdings, with a combined heritage of more than 100 years. Indwe now serves more than 120 000 individual, commercial and corporate clients.

Says Indwe CEO Giel Muller: "We're bringing together two different cultures as far as staff and clients are concerned. Brand Leadership designed a new feel, logo and corporate identity.

"They did research among our staff and client base and helped us launch a new brand internally and externally. To take the customer loyalty and tradition behind the two brands and channel it into a new identity was daunting, but they did it brilliantly. The feedback has been positive."

Muller says rebranding is a long-term investment. "Positioning a new brand is not a short-term project. You can't throw

" Strong branding is not just a promise to our customers, partners, shareholders and communities; it is also a promise to ourselves"

- CARLY FIORINA

a few rand at it and walk away."

Brand Leadership was also involved in the repositioning of *City Press*, helping to return the brand from a historical low of 140 000 readers to an average single copy sale of 175 000. The newspaper was catapulted from the fifth most-admired brand in its category, to the number-two position (Markinor Top Brands Survey 2006), behind the *Sunday Times*, since the group was engaged more than two years ago. When the new strategy was presented group CEO Jan Malherbe said: "It's a pleasure to take advice from people who know what they are talking about."

Ikalafeng says: "We're developing into an integrated group of specialist companies. We've done extensive training and internalisation for organisations such as the GCIS and Unisa and are developing a holistic training offering to empower internal customers to deliver the brand consistently and align the internal and external brand." ■

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QUESTIONS AND ANSWERS

Value judgment

Tara Turkington spoke to Brand Leadership MD Thebe Ikalafeng about what makes and breaks brands in SA



What are SA's top brands and why?

MTN. One of SA's (and indeed Africa's), biggest challenges is to create and build consumer brands that are South African, but transcend borders. If you look through the *World's 100 Most Valuable Brands*, you'll see the US dominates the list, with 69%. MTN has made a case for Africa. Next, the world!

The more MTN-type brands SA has, the more SA is seen as a nation that contributes to a way of living in the world.

Having said that, Vodacom knows how to create communication that connects with the SA consumer, no doubt a reason for its dominant SA share. Once Vodacom and Vodafone settle the African territorial divide, it will be an African story to watch, though MTN must have a lead in the battle.

For the same reasons, SABMiller is an inspirational brand. Taking a leaf from great US corporate brands, SABMiller has set the pace for SA corporations in determining the consumer brand agenda, and creating new ways to express ourselves through brands.

Cape Town and the Western Cape — Cape Town is a great SA city brand, with global appeal.

About 47% of all films and TV commercials in SA are shot in Cape Town and surrounds, so Cape Town forms much of the visual tapestry in our communication.

Stoned Cherrie — one of SA's tragedies is our lack of confidence in our self identity. Nkhensani Manganyi-Nkosi's Stoned Cherrie brought a new appreciation for the African aesthetic. The brand, which has spawned many other, possibly more successful, brands, such as Sun Goddess, has made it fashionable for nonblack consumers to buy into the traditional option for social functions.

If you could be a brand (other than Thebe Ikalafeng), what would you be and why?

Richard Branson is the ultimate alignment of a personal brand and a corporate brand. One of the greatest challenges is aligning your work and home environments, so they reinforce each other. Richard has created an organisation that enables him not to work for the Virgin



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group, but to live the Virgin life, without compromising his personality and personal values.

What will be the defining trends in branding in SA in the next five years?

With the first 10 years [in the democratic SA] defined by BEE, mergers and acquisitions, the next phase will be defined by how these partnerships deliver on defining a new South African identity and building an enabling culture.

The real test is how Cyril Ramaphosa, Tokyo Sexwale and Patrice Motsepe can leverage their new economic might to leave a legacy and brands that, 100 years from now, can be referenced. Thus, in the absence of creating whole new brands, there'll be a trend towards emulating organisations such as Robert Gumede's Gijima, which merged with AST to create GijimaAST, or Indwe Risk Services, which is the result of the merger between Pamodzi and Thebe Investment Corp. Mergers will remain a trend.

What have been the defining trends in the past five to 10 years?

Brand, brand, brand. To reassert our newly reclaimed Africanness, recognise our heritage and assert our power, many of the new South Africa's people, places and institutions have gone on a re-branding spree.

Gauteng premier Sam Shilowa became Mbhazima Shilowa. Sheppard Mdladlana became Membathisi Mdladlana. Terror Lekota is now Mosioua Lekota. DF Malan became Beyers Naude. Harrow Road became Joe Slovo. Johannesburg International, which recently changed from Jan Smuts, has become OR Tambo International.

Of course, the biggest focus has been on trying to understand the oft-ignored black consumer, and develop brand propositions — products, services and communication — that speak to a new SA consumer and SA identity. This has been demonstrated in campaigns such as Vodacom's Yebo Gogo, Telkom's Molo Mhlobo 'Wam, Polka's Internet service and Opel's Raj.

Do you have any role models?

As a growing brand community, we have only to look at the *World's 100 Most*

Valuable Brands for inspiration. The great brand and business thinkers such as Bill Gates, Branson, Tom Peters, David Aaker, Philip Kotler and Jack Welch, among others, have created a legacy of how to build brands.

Locally, people such as SABMiller's Graham Mackay, Pick 'n Pay's Raymond Ackerman, McCarthy's Brand Pretorius, former president Nelson Mandela, MassMart's Mark Lamberti, Vodacom's Alan Knott-Craig, Bidvest's Brian Joffe, finance minister Trevor Manuel and Rembrandt's Anton Rupert, who span the range of personal, national and

proposition, a promise made and a promise kept. Even Pick 'n Pay's No Name brand is a brand.

Which business sectors in SA are most desperately in need of a branding revamp and why?

The sector that most needs branding — SMEs (small and medium-sized enterprises) — has the least appreciation of the concept.

Branding is the strategic tool the companies require to clarify and differentiate their proposition, and present a distinct offering to the market.

If you were CEO of Brand SA, what strategies would you implement?

Despite creating countless institutions, and investing billions in developing tourism, investment and citizenship initiatives, and unmatched national enthusiasm and optimism, SA still struggles to create a unique global brand and a sense of national identity.

We need a co-ordinated plan to channel the energy into a great brand. Second, there's too much focus on messaging rather than partnering to develop product and service propositions. SA's product and service creators (hospitality, heritage and security initiatives) need to work together to deliver the brand. Just saying "alive with possibility" is not a good proposition if it's not reinforced by experiences that citizens and visitors have of our country. But the recent 2010 National Communication Partnership Conference is a good start towards integrating messages.

Tourism's local initiative "sho't left" is a good example of how the message folks (tourism) and creators of products and services can work together.

What are the most important things the management in any business should know about branding?

The brand is the interpretation of business strategy into a consumer proposition. It is the link between the business and the consumer. The brand is the creator of wealth. Leading brands, Coca-Cola, Microsoft and GE, are among the top five brands globally, at between US\$35bn and \$67bn. This underscores the value of the brands. ■

THEBE'S TOP SA BRANDS

- MTN
- Vodacom
- SABMiller
- Cape Town and the Western Cape
- Stoned Cherie

SOURCE: FM RESEARCH

commercial branding, prove that SA has the resources and ability to create and lead great brands.

What books on branding would you recommend to someone who knows nothing about the subject?

Seminal books include Al Ries and Jack Trout's *Positioning*, Tom Peters' *Brand You* on personal branding, David Aaker's *Brand Leadership*, Kevin Lane Keller's *Strategic Brand Management*, Philip Kotler's *Marketing Management, Market Segmentation* by Prof Malcolm MacDonal, *Kellogg on Branding* from the Kellogg School of Management, and Tim Ambler's *Marketing & the Bottomline*.

You've dubbed the times we're living in as "an age in which everything is a brand". Is there anything that can't be?

If one accepts that everything is a proposition to fulfil a need, whether physical, emotional or spiritual, then one can accept that everything is brandable.

Brands are a response to a need, a





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What lies behind the brand

Group developed an integrated approach to branding

Behind every great brand there are thinkers and doers, producing terabytes of strategy, research and creativity.

Brand Leadership has integrated the disciplines required for coherent branding. The group covers the following areas:

- Intellectual property — one of the most important offerings is ensuring that clients have ownership and protection of their brands. This area is led by attorney

Hans Muhlberg, the author of *The Law of Branding* and an expert in intellectual property, particularly trademarking. “Almost anything can be trademarked,” explains Muhlberg, who’s been in the business for more than 20 years. “You can trademark a distinguishing name, a sign, a logo, a pay-off line, a colour — the BP green or the FNB blue — you can even trademark sounds, shapes and, in unusual cases, smells, though not in SA.”

Brands need to be protected, Muhlberg says, because a large portion of a company’s equity is held in the brand. “Take Google, for example, all the equity rests with the name.”

Muhlberg says trademark legislation in SA is in line with the top legislation in the world, though the process of registering trademarks is slow.

“Until recently, it took about three years to register a trademark, and it still takes about two years.”

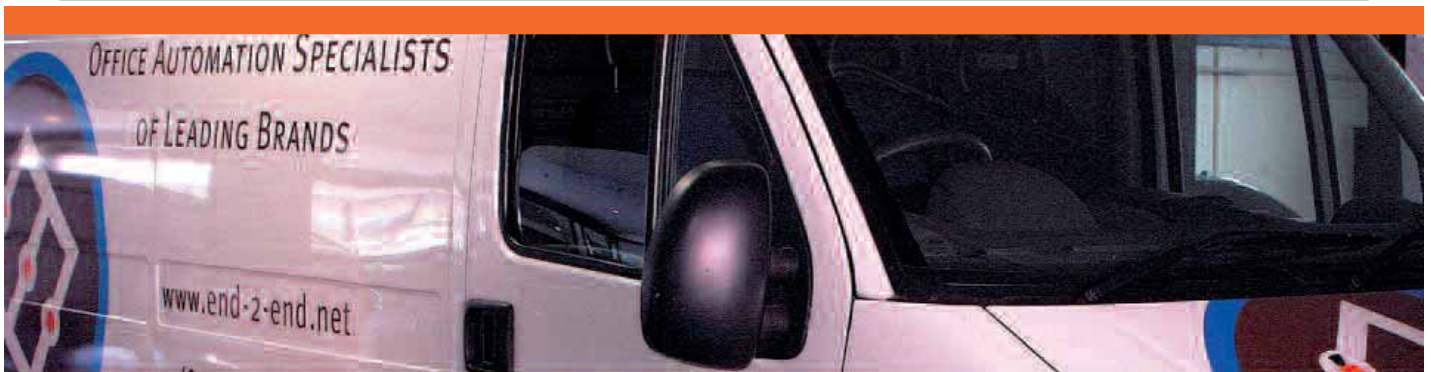
He is critical of The Companies & Intellectual Property Registration Office (Cipro), a subdepartment in the department of

trade & industry, which is responsible for trademark registrations. “They messed this up, but things do seem to be improving.”

SA, he says, is about to sign the Madrid Protocol, which will assist international companies to register trade-

WHAT IT MEANS

- > Great brands need to be protected
- > Developing a brand costs about US\$100m



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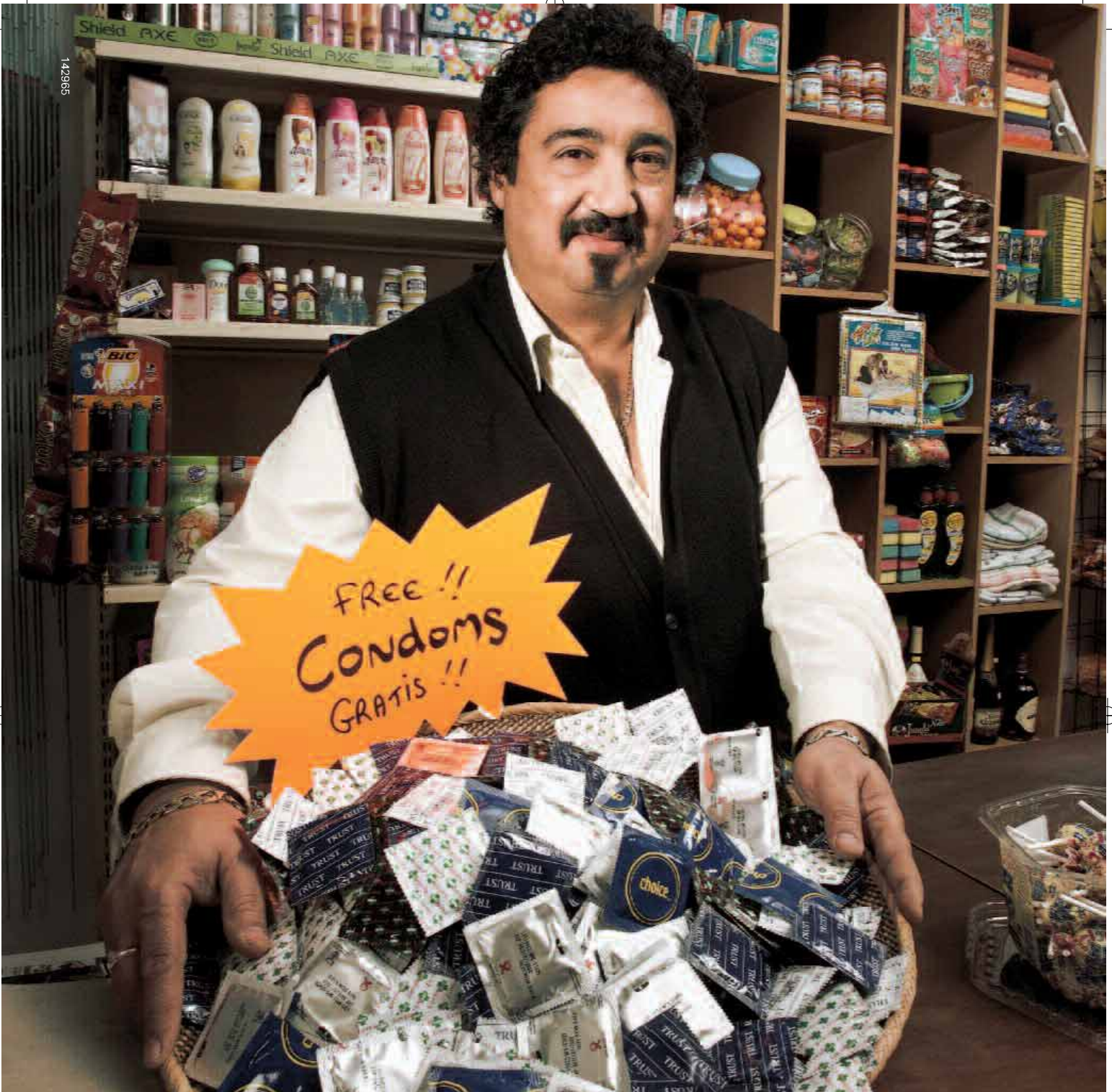


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CORPORATE REPORT THE BRAND LEADERSHIP GROUP

marks in SA, and which will require trademarks to be registered within 18 months, which will require Cipro to act faster. Muhlberg says cobranding has become a new trend. "For example, in SA Discovery Health and Ster-Kinekor are cobranding. Even the World Cup is a form of cobranding. "It is much cheaper to take a brand from one company to another. The king of it all is Virgin, and there's going to be a lot more of it."

□ Research — Brand Leadership prides itself on the quality of its research, which informs its branding exercises.

Before moving to Hong Kong recently, Rebecca Roderick, who remains a director of the group, headed the company's research division. There are five principles underpinning good research, says Roderick. First, knowledge of the landscape, including the business dynamics, environmental issues and appropriate legislation, must be established. Second, there must be access to quality information — internally and externally.

Third, the latent truths about a business must be uncovered. For example, says Roderick, when Brand Leadership was working on the Unisa branding, "we identified 12 factors that encouraged students to go to a university. This knowledge then needed to be translated into brand communication."

Fourth, she says, is analysis — a sharp interpretation of the information gathered.



Prof Roger Sinclair Not just tangible assets can be sold

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Tendayi Gwata If you're going to build a brand, you need PR support

Fifth and most importantly in the research cycle, comes the courage and conviction of the client to implement changes. This goes back to the first principle. "If you have understanding and insight upfront, you can deliver winning solutions at the end."

Fellow director of research Inno Liphoko says research "allows you to look at brands from different angles. Unless you understand what drives your consumers, the emotional ties that bind them to your brand, and the particular need your brand fulfils, you will not succeed."

□ Brand valuation — the "need for brand valuation is relatively new", says Prof Roger Sinclair, director in charge of valuation in the group. "It was only in the 1980s that businesses began to recognise that if they bought companies, they bought more than the tangible assets. There are things you can't drop on the floor, including licences, legacies and leadership."

He says research done in the US eight years ago suggested that it cost about US\$100m to invent, create and launch a brand, and the chances of that brand succeeding were only one in four.

At first, conventional accounting methods couldn't deal with brand valuation. Last year, a new international accounting standard, IFRS3, was introduced, which regularises the purchase of brands and enables companies to place brands on their balance sheets.

In 1999 Sinclair launched an internationally acclaimed, Web-based brand valuation methodology called Brandmetrics. The model has four inputs — finance, dilution, brand category and

research — and its complexity lies in the algorithm that joins the four.

Using this method, Sinclair has conducted some world firsts in brand valuation, including valuing SA as a brand a few years ago, which estimated the brand value for the country at about \$55bn. □ PR and branding — Tendayi Gwata joined the group in 2006 to head the group's PR offering, which focuses on reputation management.

Gwata, who has international journalistic experience and local PR experience, met Ikalafeng when they were both working on the National Ports Authority's brand. She says they soon both realised that it "makes sense to work together. If you're going to build a brand, you need PR support, and the best environment is a partnership that understands the brand positioning and the intended relationships with the various stakeholders of the brand."

Gwata says: "PR is a key driver for building the reputation and relationships with the brand."

She says that PR today is about "building the reputation of the brand and the relationships with the various stakeholders, with the brand as an anchor."

Henk van den Berg has just stepped into the role of executive creative director for The Identity Practice, the group's creative offering.

Van den Berg says: "Creating brand identity requires a strong foundation of strategy and an understanding of consumer insights to create meaningful brands." ■

Special Report written by Tara Turkington
Advertising executive: Andile Kona

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