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## **BRANDING ON THE INTERNET**

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## **OUTLINE**

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- Are brands a guarantee of success?
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I start out from the point that I was trained as a visual communicator in the field of graphic design.

Today in many parts of the world, the field of graphic design equals:

- corporate identity
- visual identity
- brand identity
- packaging
- etc.

and is today synonymous with brands and branding.

However, large parts of the third world, and I am from Africa, from South Africa – via England – still struggles to link design to branding.

Today my world and that of the Interbrand Group, in 26 centres around the world, is totally brand centric. We see everything as a brand, so be it South Africa itself or Nelson Mandela, Johannesburg or Cape Town, the Kruger Park, a bottle of Thelema wine or a Kruger Rand these are all brands. Brands today embrace geography, people, companies their products and services.

Let me declare my position right from the start by quoting Professor Michael Porter in the Harvard Business Review, March edition: “The phrases ‘new economy’ and ‘old economy’ are rapidly losing their relevance. If they ever had any. Retiring these phrases can only be healthy because it will reduce the confusion and muddying thinking that have been so destructive of economic value during the Internet’s adolescent years.”

Putting the Internet into perspective, today is an ongoing convergence of different technologies. Whatever a company does, there has to be a steady infusion of this new technology and the Internet into all facets of its activities. In the past few years, in talking about the power of the Internet, people got incredibly carried away and seduced by the new technology.

Question: How many old economy' brands survive their first five years?

Answer: around 10%

Question: how many 'new economy' start-ups survive their first 12 months?

Answer. Less than 10%

This means many things, just one being that in business terms an old economy brand has much chance of survival. But:

- What is a brand?
- Are brands a guarantee of success?
- Are brands valuable?
- Brands in a digital world
- The digital brandscape in South Africa

All topics that I will touch on all-be-it briefly due to time constraints, in my presentation.

### **What is a brand?**

Today the word 'brand' is all embracing: physically a blend of tangible and intangible attributes; psychologically the promise of an experience.

A brand is not simply a name or a logo or a product, it is a melange of absolutely everything that relates to it. Are we looking at the functional or emotional benefits; the intrinsic or the extinsic? What about global vs local or with the internet are we looking more at cyberbrands? A brand is a 360-degree experience, not a two-dimensional exposure to a computer or a cellphone screen. Experience is a scary word as it is wide ranging, without boundaries, all embracing.

To say an e-brand is useable, functional and delivers is a little like saying a car is safe and gets you from A to B. Yesterdays standards, yesterdays differentiators may easily become todays generic values, the norm.

### **Are brands a guarantee of success?**

Another definition of a brand is: “a relationship that secures future earnings by securing customer loyalty.”

Especially today as two weeks ago we were facing a slide into recession, today the turbulence is severe and uncertain in the extreme.

It’s no accident that some of the top global brands have experienced extremely challenging times in the past and survived. Currently we expect to see not some but many of the lesser brands disappear. This is a time for the strong.

It is no surprise that companies that own top brands invariably outperform companies that don’t. Brands provide a future security of demand, something little else can achieve.

## **Are brands valuable?**

Yes, indeed. In many cases brands are the most valuable assets any company owns. Looking at Interbrand's tables for the world's most valuable brands published in Business Week in August, you will see that the mega brands: 1<sup>st</sup> Coca Cola \$68.95 bn, 2<sup>nd</sup> Microsoft \$65.07 bn and 3<sup>rd</sup> IBM \$52.75 bn. Where you may ask are the so called 'pure' digital brands and these include 16 \$17.21 bn, Cisco, 58 \$4.50 bn AOL and \$4.3 bn Yahoo.

## **Brands in a digital world**

The script is continually being rewritten and updated. The future is arriving ever more quickly. Convergence carries on apace. New technology is evolving and increasingly all the senses of audio and visual are being targeted as we look at the total brand experience.

But many of the major digital brands do not provide the best experience, and this is where they can be at a disadvantage to more traditional brands which aim to seduce all the senses, not just audio and visual but also touch and smell, by providing a total brand environment rather than purely two dimensional.

On the logistic side when it comes to direct access, speed and interactivity the digital experience can be overwhelmingly good. Some 'old' companies - I would suggest more than was necessary - felt they would be better served by setting up a 'new' digital experience i.e. egg from the Prudential rather than creating a digital experience as part of the total brand experience i.e. Tesco and tesco.com. And this could lead onto naming routes and that is another paper. If you are interested in branding issues then visit [brandchannel.com](http://brandchannel.com).

This multi-dimensional environment lends itself to another issue. Talking about being brand focussed. But interpreting it and acting on the ideology is much more difficult. This becomes even more prevalent online where customers have the power of knowledge, companies opening discrimination. To overcome this problem, branding is becoming even more irrelevant whereby, the whole organisation needs to not only be viewed in the light of brand but in this new transparent digital medium, now needs to live its values more than ever as there is no place to hide.

### **The digital brandscape in South Africa**

South Africa is a blend of first and third world, with a vibrant economy, and we feel unfairly tarried by a stigma of being a) African and b) 'emerging'. We are both of those and proudly so, but so much more.

A few facts

- the current global Internet universe is 426491303
- made up of
  - USA 167.1m
  - UK 23.4m
  - RSA 2.5m
- useful to point out that our usage online is equivalent to leading markets and indicative that the entire market in South Africa is niche but very sophisticated with the potential to grow rapidly in the next few years.
- etc.
- South Africa has
  - 33% of all households fixed line telephones
  - 14% have internet access
  - of the 2.5 million people in internet access, 1.5m are at home and 1m in the office
  - most visited sites: search engines and portals and banking/financial

- monthly average time online 4 hrs 32 mins visiting 20 sites over a range of sessions.
- remember South Africa still has exchange control in place, as electronic activity, especially with a site like Amazon.com, making a mockery of this.
- of the top five sites, a search portal is No. 1 M-Web, with the next four positions held by South Africa's big four banks. If you like to watch animal life, visit african.com.

Interestingly to note that traditional forms of communications have built an awareness of these sites highlighting the fact that the digital medium cannot be the be all, end all but rather another exciting channel for communication.

## **Conclusion**

To conclude: the fact is the marketplace is getting ever more crowded, pressure on our time is increasingly crazy, which all means that e-brands are fighting with every other brand for a share of wallet. Brand owners of any persuasion, still have to fight for our attention (awareness), get us to try their brand (conversion) and if we enjoy the experience we go back for more (retention and loyalty).

Brand guru Al Ries wrote earlier this year that the Internet can be a business or a medium, but not both. Times move so quickly, that today the Internet looks increasingly like a medium, something Bill Gates calls "friction-free capitalism". Aligning technology offerings to business strategy is the way forward. Building a brand has always required a single minded focussed approach, a compelling idea, patience, investment of time, passion, energy and money, and a little bit of each – no e-brand can break these fundamentals of business.

Thank you.

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