

Brand Orientation – A Strategy for Survival

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Brands Today

The future of many companies lies in brands. By using brands as a starting point in the formulation of company strategy, an important precondition for a new direction – brand orientation – is created. Established brands have a great potential for increasing the ability of companies to compete as well as generating their growth and profitability. Awareness of this potential will make brands important in the formulation of company strategies as a source for sustainable competitive advantage.

The purpose of this article is to illustrate the transition from product focus to brand orientation. Managing a brand-oriented company involves organizing and controlling the operations in such a way that an attractive added value can be created. The aim is that this should be accomplished with unchanged or increased total brand equity (Aaker, 1991). Today the division of responsibility within many companies is not clearly defined with regard to brand-related issues, for example, product, positioning and corporate identity. Moreover, decisions in this area are often made on a low organizational level, leading to lack of overview and coordination (King

1991; Murphy, 1990). Therefore, the brand issues should be coordinated and given higher priority and the strategic decisions be promoted to the company management or board level.

In this article a basic model of a brand-oriented company is presented based on empirical research, carried out during the period 1990-1993. All citations in the article are from interviews conducted by the author. The purpose of the model is to give an overview of the value adding process through an analysis of the fundamental relationships between product, trademark, positioning, corporate name, corporate identity, target group and brand vision – the essence of the brand-oriented company's strategy.

By way of illustration, experiences gained from the pharmaceutical company Pharmacia Nicorette, which made the transition from product focus to brand orientation during 1991-1993, are used. In this company brand issues were made management issues when formulating a brand vision. In the light of a brand strategy discussion, an inventory of the company's brands and patents revealed valuable intangible assets (Parr, 1991). One of the conclusions drawn by the management of the brand orientation process is the importance of synchronization of the communication. Today the perspective on the operations at Pharmacia Nicorette has been

broadened and the long term goals are directly related to the building of an international brand. All efforts and resources are directed toward the fulfillment of this brand vision.

The model of the brand-oriented company is gradually presented along with the case of Phamacia Nicorette. As a background the article starts with three driving forces of brand orientation with examples from different companies.

In the future, managements capable of exploiting the potential of brands can gain a long-term competitive advantage, which for a growing number of companies may become a strategy for survival.

The Three Drivers of Brand Orientation

Three trends of development can be identified within industry and commerce today, making brand orientation a strategic choice: decreasing product divergence, increasing media costs and integration of markets. These trends can be perceived by companies with brands either as a threat or as an opportunity. In order to avoid the former and exploit the latter a company may opt for the strategy of brand orientation. The alternatives open to companies today are summarized in Figure 1 using these trends as a basis.

Decreasing Product Divergence

A product's superiority *per se* is no longer a guarantee of success (King, 1991). This realization was made by the management of Tetra Pak, an international manufacturer and supplier of complete systems and material for packaging food products, when their technical edge was threatened by a Japanese competitor. Claes Nermark, vice-president Marketing of Tetra Pak, was convinced of the value of brands as a competitive tool: "At the trade show Tokyo Pak 1985, our Japanese competitor Shikoku presented a copy of the machine system Tetra Brik under the name of UP-Fuji-MA60. This opened our eyes to the importance of brands. We realized that we had three legs to stand on: machinery, packing paper and brands. They could copy our machines, despite our objections based on patent rights, and the paper for our machines was already being sold by the US company International Paper. Brands, on the other hand, gave us stronger protection".

This bold action by the Japanese company changed the competitive situation of Tetra Pak, sparking off intensive discussions on strategy, in which the company's reputation together with its brands emerged as the core of the new competitive strategy. This marked the beginning of a thorough review of Tetra Pak's intangible assets as well as their identity.

Threat		Trend		Opportunity
Leveling	←	Decreasing product divergence	→	Differentiation
Anonymization	←	Increasing media costs	→	Positioning
Marginalization	←	Integration of markets	→	Internationalization

Figure 1.
Three Trends Compelling Companies with Brands to Choose Whether or Not to Incorporate Their Brands into the Company Strategy

The example shows that decreasing product divergence may be a motive for brand orientation. In Tetra Pak's new strategy, the risk of leveling is counteracted by differentiation in terms of corporate name, brands and corporate identity.

Increasing Media Costs

Making existing corporate assets work harder is paramount in a cost control world (Tauber, 1988). For the British food-producing company Rank Hovis McDougall (RHM), the increasing media costs are a particularly difficult problem threatening to anonymize their brands. Their portfolio of brands for the British includes well-known names such as Bisto gravy, Hovis bakeries and Saxa salt. Despite an increased media budget, RHM is witnessing their "share of voice" being reduced, due to soaring costs of media coverage and to the increased volume of advertising in general. Prioritization of brands is an important mission according to Elaine Underwood, Marketing Director RHM Foods UK: "Because we have so many brand names we cannot afford to put marketing in all areas. We are wrestling with the classifying of brands into groups. The core brands are Hovis, Mr Kipling (packaged cakes and frozen deserts), Sharwood's (chutney sauces and ready to eat exotic foods) and McDougall's (household flour and home baking products)."

Today RHM are concentrating their marketing efforts on the positioning of these strategic brands (cf. core brands) for the company's long-term competitiveness, growth and profitability. The four brands prioritized will gradually be extended to include several other products. Consequently one important idea behind this is more efficient use of media investments as well as of the brand equity.

Integration of Markets

The integration of markets, e.g. the European Union and the North American Free Trade Agreement, intensifies the global competition. This trend affects the preconditions for branding strategies of both national and international companies. For example, many companies experience that it is one thing to be big actor on a small market, but another to be a small actor on big market. Internationalization, not necessarily standardization, seems to be one of the most effective ways to avoid marginalization.

For the multinational package food manufacturer Nestlé, the world market has long been a reality. However, their branding strategies have to a great extent been adapted to national conditions. Today Nestlé's management are striving toward internationalization of key brands like Nescafé coffee beverages and Buitoni Italian foods. The uniform brands (but not always identical products) can realize economies of scale in distribution and marketing. Nestlé's aim is to capture market shares on a global basis.

Camillo Pagano, former Head of Marketing Division, Nestlé, has described the situation on the European market for packaged foods in somewhat pointed words: "If you are number one: terrific. If you are number two: terrific. If you are a distant number three, you have problems. The dealer will tell you he'll put his own brand on the shelf instead of yours."

According to Pagano, the competitive ability of Nestlé's brands is related to their market share. Unless the company has a substantial market share, they risk being confronted with marginalization of their brands, which may result in the substitution of, for example, the distributors own labels.

To sum up, the market trends – decreasing product divergence, increasing media costs and economic integration – have an influence on the branding strategies of the companies

mentioned above. An important observation is that Tetra Pak, Rank Hovis McDougall and Nestlé are moving their brands to increasingly prominent positions in their strategy. Although these companies have for a long time used brands as a competitive means, they have not until today exploited the full strategic potential of their brands. In order to be able to utilize this inherent competitive power, these companies have opted to focus their strategies on brands. This process, which can be denoted brand orientation, requires a new strategic view of the role and management of a company's intangible investments and assets.

Brand Orientation: Pharmacia Nicorette

The transition from focussing on products to concentrating the company's activities around brands often results in a new strategic outlook. This was the experience encountered by the business unit Pharmacia Nicorette, which made the transition from product focus to brand orientation during 1991-1993.

The author and his colleague Frans Melin have closely followed the management team during this process with an action-based empirical research approach. AB Leo was acquired by Pharmacia in 1990.

From Idea to Drug

In the late 1960s, Swedish naval surgeons made the observation that smokers among the crew of submarines suffered from withdrawal symptoms on lengthy assignments in undersurface conditions. This observation prompted research in the area, which contributed to the development of Nicorette nicotine chewing gum, the first prescription medicine for anti-smoking treatment.

The Exclusive Right to Nicorette

AB Leo acquired the exclusive right to produce the nicotine gum under the name of Nicorette through international registration of patents and trademarks. The patent protection placed the company in the position of a monopoly. As the right to the trademark can remain with the proprietor indefinitely, it is in principle an infinite asset. The trademark protection for Nicorette was extended to encompass 51 countries, whereby a solid legal foundation was laid for its future development.

Establishing a Market

AB Leo, a small, national company, lacked the necessary conditions for launching Nicorette worldwide by itself. For this reason, the management entered into negotiations and signed distribution agreements with a number of well-known pharmaceutical manufacturers, e.g. the US company Marion Merrell Dow (MMD) and the Swiss Ciba-Geigy. Through these agreements, the new drug was incorporated into the product ranges of the distributive enterprises, while AB Leo retained the trademark rights to Nicorette. For example, MMD displayed Nicorette in their characteristic design and colors.

Nicorette reaped considerable PR successes as the first drug for anti-smoking treatment. For instance, in 1984 the *Fortune* magazine designated Nicorette "The Product of the Year" in the US. The editorial features on anti-smoking treatment were particularly valuable, as the information they communicated about anti-smoking treatment was not restricted by the prevailing regulations concerning the marketing of prescription drugs (Balance *et al.*, 1993).

AB Leo's marketing efforts were directed towards stimulating the demand for anti-smoking treatment, e.g. through conferences

and through influencing opinion leaders. Moreover, the efforts of the distributors were also geared toward building a market and supplying it with product information. Only the product and the brand were given; the market strategies could be designed and adapted to the conditions of the respective countries more or less without restrictions. As a result, not *one* identical brand but *several* discrete products were created with the same name. Nicorette had been positioned in several different ways using different communication strategies, depending on the target groups defined, etc. The consequent fragmentation was evidenced by the occurrence of more than 30 different packaging designs with the only common denominator being the name of Nicorette. Thanks to the patent protection, potential competitors were prevented from entering the market, and therefore all investments directly or indirectly benefited the sales of Nicorette.

From Drug to Brand

The market for anti-smoking treatment, which took more than 15 years to build up, was now entering a period of transition. Leo was acquired by Pharmacia in 1990. Three important developments influenced the future of Nicorette:

- (1) The expiration of Pharmacia's patent for Nicorette (1992-1994) opened up the anti-smoking treatment market to generic competition, whereby other companies had the right to market the gum according to the patent specifications.
- (2) The development and introduction of diversified products, e.g. the nicotine patch, presented a challenge to the nicotine gum. Ciba-Geigy and MMD had secretly developed their own variants parallel with Pharmacia's research on the nicotine patch.

- (3) Through the transition from being sold by prescription to being sold over-the-counter, the anti-smoking products could extend their markets. Normally, the lifting of a prescription requirement multiplies the market potential, creating new opportunities for marketing brand products (Dudley, 1993).

Parallel to these important changes, a discussion was going on among the management of Pharmacia Nicorette on what name to give their new nicotine patch, soon to be launched. This discussion triggered off a new attitude to brands within the company, a new appreciation of their value. Gradually, the initial discussions on the question of name took on the nature of strategy formulation for the business unit with the brand as a point of departure. In order to be able to appraise the strategic potential of the brand it was essential to gain a clearer picture of Nicorette and the process that took place to establish it. A model that can be used to illustrate this process retrospectively and appraise it is the brand pyramid.

The Brand Pyramid – The Case of Nicorette

The brand pyramid describes the basic conditions for establishing a brand (Melin and Urde, 1991). Marketing of branded products can be said to derive from a common structure as illustrated in Figure 2.

The base of the model, consisting of product, trademark and positioning, can be said to be regulated by the company, which strives to achieve balance between the individual parts. Frequently, brand names are selected using the product as a basis, and positioning is made on the basis of the product and the trademark. The base of the model may therefore become a strongly linked unit. (Cf. Volvo – (the trademark), the safe – (the positioning), car – (the product).) Of course, the main focus of the base may

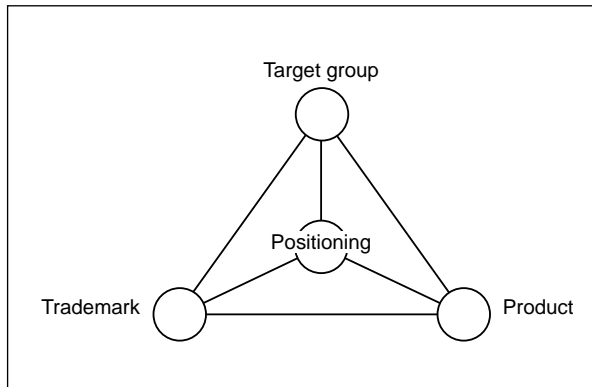


Figure 2.
The Brand Pyramid Illustrates the Basic Conditions for Establishing a Brand

vary depending on the nature of the product and its stage of development reached in the market. The trademark plays a crucial role in the brand pyramid, as it identifies the product, thereby creating the conditions for repurchasing and brand loyalty. For the individual company, a high level of brand loyalty is desirable, as it creates stability and makes it possible to capture a high market share and reach satisfactory profitability (Aaker, 1991). One condition for achieving brand loyalty is the model's base being able to communicate added value.

Brand loyalty is often characterized by a favorable attitude toward a brand and repeated purchases of the same brand over time (Rossiter and Percy, 1987). In the brand pyramid, loyalty can be described as increasingly strong vertical bonds between the target group and the base of the model. This process is initiated through bringing the brand product to the customers' notice, thereby awakening their interest. An efficient way of building the first bond in Figure 3, i.e. between target group and product, is through positive experiences.

The precondition for brand loyalty in the brand pyramid is illustrated by three different bonds. The first bond emerges between target group and product, the second between

product and trademark, and the third between target group and trademark – the latter constituting brand loyalty. Advertising and other marketing activities play a decisive role in strengthening the relationship between product and brand, i.e. bond number 2 in Figure 3.

For Nicorette the communication goal of the establishment period (1975-1990) was to influence the attitude of the general public to anti-smoking by means of educational programs and thereby stimulate the demand for trustworthy anti-smoking products. The overall goal of the period could therefore be said to create a market.

The first step in this direction was to increase awareness in the target group (doctors, smokers as well as opinion leaders) of the health hazards associated with smoking itself as well as giving information about the new drug available. This kind of investment in the building of a market created a long term demand for a new type of drug, not for a particular brand. This is illustrated in the brand pyramid by the formation of the bond between the product and the target group. The building of the brand was made more difficult by the restrictions surrounding advertising of prescription drugs.

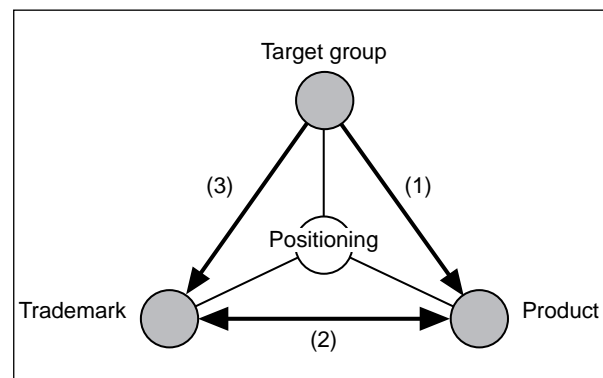


Figure 3.
Brand Loyalty Can Be Seen as a Manifestation of a "Tacit Agreement" between the Consumer and the Brand Product. The Market Share for Nicorette Was Based on the Patent and Not on Brand Loyalty

The idea of *investing* in brand advertising is primarily to generate long-term returns. The building of a brand and a product is normally coordinated on the basis of the defined market positioning. Due to the fact that Nicorette at this time did not have any competition from other brands this process was difficult. The lack of a clear position and a consistent strategy followed by the different distributors blurred the brand's image.

Successful brand building may result in a tacit agreement based on product satisfaction and consumer confidence. When making a choice, the consumer may, according to the brand pyramid model, rationalize the decision process by direct association with the brand rather than making the mental loop via the product. In this way a strong link can be created between the target group and the brand, i.e. bond number 3 in Figure 3.

Generally speaking a brand becomes increasingly important in the model in the long run. This is often reflected in the advertising, emphasizing the emotional values rather than the product's functional benefits (Chernatony and McDonald, 1992). This shift had so far not taken place in the marketing of Nicorette, which most probably reflected the prevailing product focus at Pharmacia.

Strategy Formulation for Nicorette

Thus, the basic problem confronting Pharmacia Nicorette was that a market had been created but not a brand. With no particular advantage to Nicorette themselves, all actors on the future market could benefit from their marketing investments. Jörgen Johnsson, the president, realized that, without the brand being built on the market and commanding loyalty, its market leadership was threatened. During the two years of patent protection that remained, the challenge

facing the unit was to change its direction and establish Nicorette as an international brand.

The discussions that followed centered on two basic issues : Do we produce drugs or consumer products? Should we use one or several brands?

□

***Advocates also stressed
the company's tradition and
competence related to drugs***

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The main argument for keeping the drug image was the credibility it was considered to engender among smokers and opinion leaders. Advocates of this line of action also stressed that the company's tradition and competence were related to drugs. They feared that the over-the-counter products (nicotine gum and nicotine patch) would have a negative influence on the attitude of physicians to the company's new anti-smoking drugs that would probably be available by prescription only. This could be avoided by giving the products in question names of their own.

Several objections were raised against preserving the traditional drug identity and introducing new brands. It was emphasized that the expiration of the patent protection, the competitive scenario and the trend toward self-care with over-the-counter drugs argued for a consumer-oriented product range. This attitude originated in market surveys showing that only 20 percent of prescriptions for anti-smoking treatment were issued on the initiative of the doctor, while the remaining 80 percent were issued on the initiative of the patient. Also, from a consumer perspective, the different product variants could be regarded as aids to solving the same

fundamental problem. According to this line of argument, they formed a natural product family. Christer Wernrud, director of Pharmacia Nicorette, sums up the discussion in the following way: "We have to stop talking about our patients and start talking about our customers instead. After all, our customers are no longer the doctors and the chemists but primarily the people who use our products."

Against this background, the managerial group were agreed that it would be natural to use the brand Nicorette for all nicotine products. The group decided to follow a family name strategy, judging this to provide the best conditions for realizing the unit's plans for a global brand. In addition to facilitating the launching of new products, the branding strategy would generate synergy effects in production and marketing. Even if future nicotine drugs become available on prescription only, it ought to be possible, and indeed advantageous, for them to carry the same name as the over-the-counter products. Furthermore, the family name strategy for Nicorette would allow synergy effects to be utilized in the marketing activities aimed at both the consumer and the professional markets. At the same time as the branding strategy for Nicorette was taking shape, negotiations were conducted at group level about a higher degree of control over its distribution. The aim was to use Pharmacia's marketing companies more efficiently, thereby reaching synergy effects and increased control. Also, the group executive board regarded the launching of Nicorette internationally as an opportunity to enhance Pharmacia's image. As the family name strategy was built on the brand of Nicorette, further corporate names were in principle unnecessary. Moreover, there was initially no wish within the business unit to enhance the drug image through using the Pharmacia name. This stance was due to consumer

studies showing that smokers did not look on themselves as being ill and therefore thought they were not in need of drugs. A compromise solution was found whereby Pharmacia would be used as discrete sign-of-approval. In a strict sense a strategy of brand (Nicorette) and company name (Pharmacia) is applied. As the marketing efforts emphasize Nicorette, the logic and advantages of the family name strategy are nevertheless valid in this case.

The Brand-oriented Company

In the case of Pharmacia, the point of departure for the discussion on brand orientation was simply: a product (nicotine gum) and a brand (Nicorette). The importance of positioning and the defining of the target group has also been highlighted in the discussion. A further analysis of the Pharmacia Nicorette case reveals a larger context where the whole organization could be involved in the value-adding process. The building of the Nicorette brand is not only a part of the strategy but the core of the strategy itself. As a necessary development, the basic brand model is now completed with three general concepts related to the company: corporate name, corporate identity and brand vision. When the corporate name and identity become an integral part of brand the coordination of the communication is particularly vital (King, 1991). Again, the case of Pharmacia Nicorette illustrates a rather uncomplicated brand structure, i.e. one brand used in combination with the corporate name, which of course is inseparable from the corporate identity. The brand vision applies in this case to just one brand.

To achieve an overview the brand and company models can be merged and thereby form the brand-oriented company (Figure 4).

The brand-oriented company can be compared with a communication model with

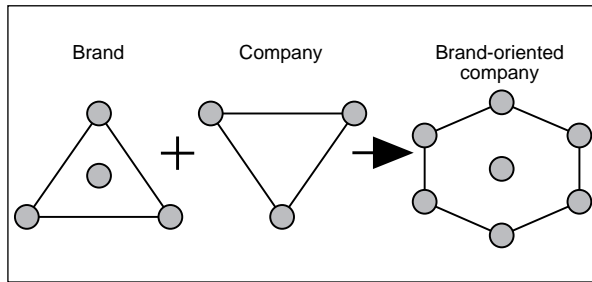


Figure 4.
The Brand and Company Models Form a Conceptual Framework of a Brand-oriented Company

sender, message and receiver. The management of the company formulates a brand vision and acts like a sender when communicating it. The message directed to the receiver's target group can be seen as combination of the product, the trademark, the corporate name, the corporate identity and the positioning. Seen in this perspective the brand-oriented company emerges as a unity. The brand pyramid has been completed with brand vision, corporate name and corporate identity and all parts of the model are linked together, as illustrated in Figure 5.

In the brand-oriented company, the brand vision represents the essence of the strategy. With this vision as a guiding principle, the management takes the overall control of all

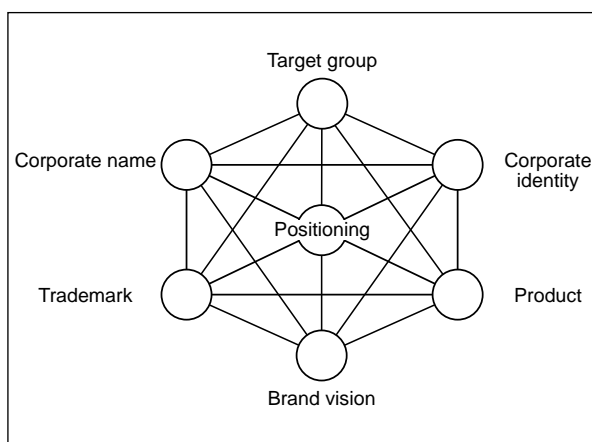


Figure 5.
The Model Illustrates the Fundamental Relations and Concepts in a Brand-oriented Company

communication, which is then geared toward reaching the long-term goals. In Figure 6 the role of the brand vision in the model is indicated by arrows.

The message to be communicated to the target group is formulated in the branding strategy (see Figure 7). The interrelationships between the different parts of the message are also specified by the branding strategy. For example, in the strategy adopted by Pharmacia Nicorette, the main emphasis in their communication directed toward the consumers is on the brand. The corporate name (Pharmacia) is strongly linked to the corporate identity and is mainly used in the communication with the professional market. The product normally (product range) constitutes a cornerstone in the message, frequently forming the basis of the branding strategy. The position is the lowest common denominator for the message. A perceived added value can be attained through a clearly defined and sustainable position, which is built on the harmonization of the individual parts of the message. Generally speaking, in the communication with the market, the product (design, packaging, quality, etc.) is associated

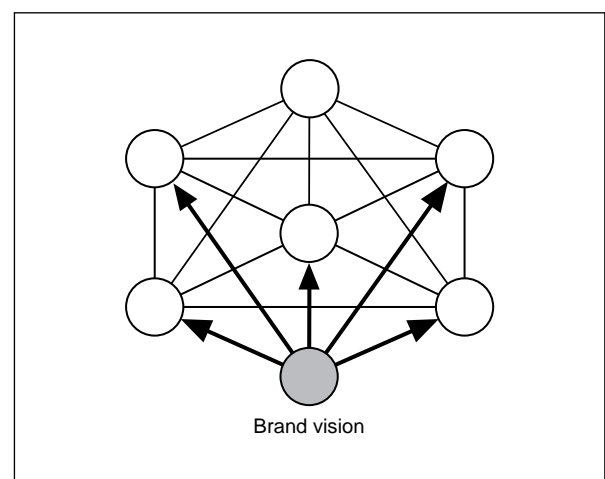


Figure 6.
The Brand Vision Can Be Viewed as a Sender's Purpose with the Message. The Management Makes Sure that this Message is Consistent with the Long-term Goals as Stated in the Vision

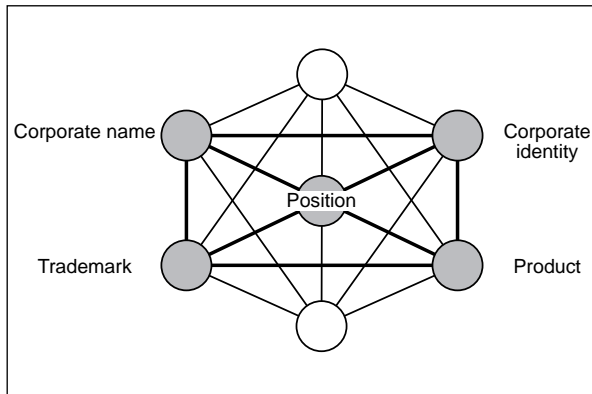


Figure 7.
The Message of the Brand-oriented Company Is Basically Composed of Five Interlinked Parts

with functional value, while the brand is associated with the emotional values (e.g. security, health, modern life style).

Of course, every brand strategy is more or less unique. The combination and the relative weight the different parts of the message can be varied indefinitely. A major challenge to the management of a brand-oriented company is to convey an image over time that is relevant and attractive to the target group (Park *et al.*, 1986). An important goal in this conceptual framework is to produce coherent communication. If the different parts of the message can played after the same tune this will most likely reinforce the total impression of the company and its brands. The image of the brand-oriented company can be said to be a reflection of all the actions taken by the organization (see Figure 7).

Unless the five parts of the message are in harmony, the communication can easily become a cacophony of contradicting signals, unfit to serve as a basis for a brand or a brand-oriented company. Marketing then becomes a *cost*, not an *investment*, as the fundamental structure for accumulation of brand loyalty and brand value is lacking. Brand orientation does not involve subordinating part of the operations but instead streamlining and focussing the

company's total, i.e. internal and external, communication. Figure 8 illustrates how the target group's image of the company and its brands can be influenced.

Recognition of a product can be aided by a clear and all-embracing corporate identity. This guiding thought reflects a brand-orientation and is illustrated in the model by the bonds between target group, corporate identity and product.

The first step toward brand loyalty is when a product is associated with added value. This having been achieved, the company's aim is to develop the market for their brand as well as their corporate name. This is illustrated by the crosswise bonds in the model. A tacit agreement is eventually reached, based on product satisfaction and consumer confidence in the company and its product. The consumer's choice is then facilitated through direct association to the product's name (e.g. corporate name and trademark). A consumer's brand loyalty can either be referred to a trademark, corporate name or combinations thereof, as illustrated by the bonds between target group, corporate name and trademark.

The value of a brand-oriented company is on the market reflected in brand loyalty,

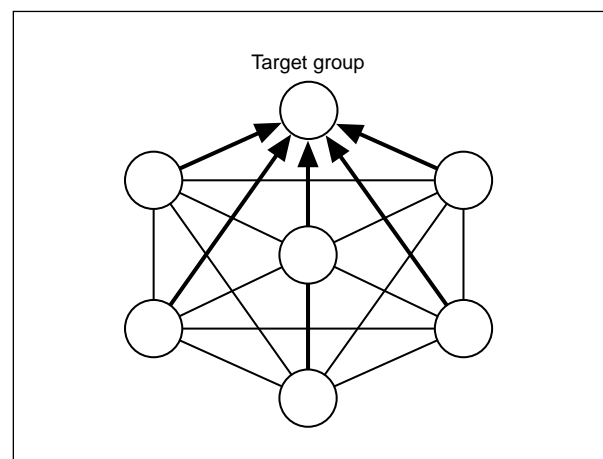


Figure 8.
The Target Groups' Impression of the Brand-oriented Company Is Formed by a Diversity of Contacts

awareness, perceived quality and positive associations (Aaker, 1991). The right to use a distinctive mark protects a company's value from being imitated by competitors. The exclusive proprietary right to trademark and corporate name, as well as product and packaging design, provides a firm basis for the brand-oriented company. In addition, according to the provisions of the patent law, a company may be granted time-limited protection for its inventions, to fortify its position further. Without legal protection, the strategy of a brand-oriented company may collapse like a house of cards.

Brand Orientation in Pharmacia Nicorette

A brand-oriented company strives to be unique and to offer unique brands. The model of the brand-oriented company describes the basic structure of these companies in a communication perspective. In order that unequaled added value be supplied, thereby creating the conditions for brand loyalty, a comprehensive perspective is necessary. Again, the case of Pharmacia Nicorette can be used to illustrate this.

The positioning of Pharmacia Nicorette was an important step in the process toward brand orientation. The citation below gives a vivid description of the thinking behind the positioning: "Helps you through the hard times". Claes Björkne, regional marketing manager for Pharmacia Nicorette states: "The positioning is founded on the consumer's perception of the product and not the other way round. Viewing the product as a helping hand has a great impact on the design of mass communication. It's essential to adopt a friendly and sympathetic profile. Aggressive behavior or lecturing are out of place. Nor is it allowed to make fun of smokers. We don't have to provide information about the health hazards related to smoking, as these are common knowledge. The only thing we need to tell those who have already decided to give

up smoking is that there is a way to make it easier to quit smoking and to lead a normal life while doing so. We know that it's hard. This is the key to branding, the brand name being the 'point of recognition' which will hopefully last a very long time!"

In consequence, the position relates to the brand's inner qualities urging the consumers to choose Nicorette from Pharmacia. Today several rival anti-smoking products exist on the market, e.g. Nicotinell from Ciba-Geigy and Nicoderm from Marion Merrell Dow. The positioning of Nicorette is intended to distinguish Pharmacia's anti-smoking products from those of their competitors. This is of crucial importance, as the product differences are comparatively small. The positioning of Nicorette means that the company tries to place the brand personality in the consumer's mind as well as on the market for anti-smoking products.

Frequently, the corporate name and corporate identity are used to reinforce the trustworthiness of the message. For this reason, the corporate name is perceived as a kind of hallmark, a guarantee when used in combination with a brand. This is a fitting description of the relationship between Pharmacia and Nicorette. Pharmacia can help promote the image of Nicorette primarily among doctors and medical researchers.

The management of Pharmacia Nicorette summarizes the strategic goals of its operations in a brand vision: Nicorette will be the leading international brand in the market for anti-smoking products with the theme "Helps you through the hard times". This market leadership will be founded on the pioneering efforts and product range of the research-intensive pharmaceutical manufacturer Pharmacia. This vision is realized through making the whole organization brand oriented, as it is the whole which forms the market's mental picture of Pharmacia Nicorette.

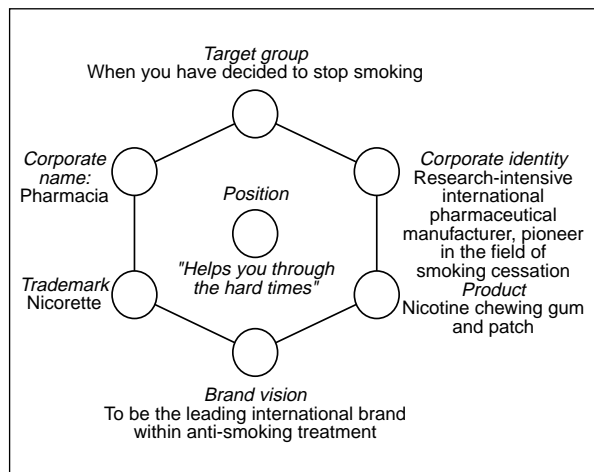


Figure 9.
The Aim of the Brand Orientation at Pharmacia Nicorette Is to Engage the Whole Organization in Communicating the Message Emanating from the Brand Vision (For Lucidity, Some Bonds Have Been Left out of the Model)

Within Pharmacia Nicorette, there is a changed perception of the own operations. For instance, the business can no longer only be related to research and development of anti-smoking preparations, but marketing of an international brand. Stefan Appelgren, financial director of Pharmacia Nicorette, emphasizes the consistency in brand building: "It's a long-term investment. From a financial point of view it's a question of what opportunities the company has and how tenacious it is. To say that the brand is to be boosted in the short term is impossible. I'm convinced that it's a matter of long-term investment, as the brand survives the product."

The brand orientation broadens the perspective on the operations, highlighting the strategic goals directly related to the brand. One advantage of a strategy being expressed in terms of brands is that it is perceived as alive and thus more stimulating to work with than, for example, an abstract level of return (Hamel and Prahalad, 1989). Through the brand orientation within Pharmacia Nicorette, the resources are

coordinated in the struggle to become the market leader in the anti-smoking treatment market. J3rgen Johnsson, president of Pharmacia Nicorette states: "Everything we do should be geared towards the position we seek to achieve for Nicorette. We must, for example, know exactly what we are doing already in the clinical trial and product development stages and that this work is in line with our brand vision."

Ultimately, the brand orientation is an expression of Pharmacia's wish to replace their patent protection with a sustainable differentiation strategy for Nicorette. The aim is for Nicorette to be perceived as a unique brand with added value, which will then constitute an effective protection against competitors and generate long-term profitability.

Brand Orientation – Managerial Implications

An increasing number of company managements are beginning to realize that their products are no longer unique. If the consumers do not perceive a product as having an added value, price and availability will probably determine their choice. This frequently gives rise to a completely new competitive situation, which is difficult to control. Brand orientation is a strategy of survival for companies facing the threats of decreasing product divergence, increasing media costs and integration of markets. The idea behind the strategy is to turn these threats into opportunities by focussing a company's operations on competing with brand products. Rallying the entire organization, its commitment, efforts and resources toward this goal may disperse these threats. The future prospects for strong brands can be considered to be very good indeed.

To conclude, eight pieces of advice are given below, which may be of help in the

transition from product focus to brand orientation:

(1) *Make brand issues management issues:*

Managing a brand-oriented company involves organizing and controlling the operations in such a way that an attractive added value can be created. The aim is that this should be accomplished with unchanged or increased total brand equity (Aaker, 1991).

Today there is no common point of departure for the shift toward brand orientation. Business executives, marketing managers, company lawyers and accountants all have diverging views of the role of brands. For instance, brands are still frequently reduced to be a tactical tool in the hands of the product manager in his sales efforts. The first step toward brand orientation must be to make brand issues management issues.

- (2) *Develop a brand vision:* Brand-oriented companies do not follow the development of brands, they spearhead it. The brand vision is their way of describing their long-term goals. The ambitions for the prioritized brands are concentrated in the vision, which thereby becomes a guiding-star. A well-defined vision also specifies the relationships within the brand-oriented company. An example taken from Nestlé shows how this can facilitate product development, in the statement of François Coindreau, marketing director of Nestlé: “The brand vision can help you in product development. Each time you launch a new product successfully with an existing brand in a different field from where it is today you are moving the brand. You have to find the common grounds for what you want to provide under the brand and what the consumers will accept. You are responsible for the proposal and the consumer will accept or not accept the

offer. You are in charge of your brand and it is your decision not the consumer’s.”

Such a brand vision, created by the management, allows all efforts and energy to be concentrated on its realization (Murphy, 1990).

(3) *Make an inventory of your company’s brands and patents:*

The exclusive proprietary right to brands and patents forms the basis of brand orientation. These intangible assets provide protection for the company’s market investments, brand protection especially so, not being limited in time (Cohen, 1991). Many potential threats have been avoided by Tetra Pak through their effective protection of brands (Diamond, 1981). Bertil Hagman, former president of Tetra Pak, took a strong standpoint against the wrongful use of brands, infringement, plagiarism and falsification: “Trademark protection is a vital issue. The trademarks of Tetra Pak are an integral part of our identity and as such must be treated with the utmost of care and attention...It would be regrettable if competitors could profit unfairly from our long years of effort, and in the process, perhaps downgrade the image that we have so carefully established, simply because we, at Tetra Pak, did not take the time or the trouble to protect the trademarks of the company” (Hagman, 1987).

Brand and patent protection, actively pursued, is a natural step toward brand orientation. It is therefore advisable to make an inventory of your company’s intangible assets.

- (4) *Define your company’s added value:* In a competitive situation, it is impossible to be everything to everybody. Therefore, it is necessary to position the company and its brands by means of added value. François Coindreau, marketing director of

Nestlé, claims that the added value is central to all brand-oriented companies: "A brand-oriented company believes that its brands can give added value to its products and sell with a premium. There is no brand if there isn't a strong product policy in terms of consistent and high quality standards."

Quality is in many cases the basis of added value, but it needs to be further defined. In many markets, high quality is not a competitive advantage but a prerequisite for entering the competition. Hence, an attractive added value should be defined and linked to the company and its brand products.

- (5) *Formulate a branding strategy:* A branding strategy describes how the company's brands should be used and organized, whereby the relationship between corporate name and brand name is also determined (Doyle, 1992). Today, the branding strategies of many companies are inefficient, ineffective and unnecessarily complicated. This is frequently due to the use of brands being determined by the development of the product range. The situation is the reverse in a brand-oriented company. Consequently, a branding strategy should be formulated based on the brand vision.
- (6) *Synchronization of communication:* The image of the brand-oriented company is a reflection of all its actions. Accordingly, it is vital that all its operations and all communication are synchronized in accordance with the brand vision. Uniform, harmonized and consistent communication with the target group should be strived for.
- (7) *Invest in marketing activities which build and enhance the brands:* Coordination of communication in a brand-oriented

company means that the individual parts (i.e. corporate name, trademark, positioning, corporate identity and product) enhance the whole, improving the conditions for effective market investments. Continuity is crucial, which is evident in the following statement from François Coindreau, marketing director of Nestlé: "At Nestlé we believe in brands and we see brands as long term investments. We don't have a 'stop and go policy' in our strategy of building brands."

Never let the marketing budget become a residual amount allowed to fluctuate with the company's income. This could result in a reduction in marketing investment, thereby risking a weakening of the brand value.

- (8) *Develop competence for successful brand orientation:* Brand orientation is a choice of strategy, in many companies determining their competitive strength and thereby also their prospects of survival in the long term. Increased awareness of brands and their potential is important to meet future competition. Competence in the area of strategic brand management should therefore be further developed to enable successful brand orientation.

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