Editorial

Brand strategy as a paradigm for marketing competitiveness

Journal of Brand Management (2010) **18**, 177–179. doi:10.1057/bm.2010.48

The importance and relevance of brands to economies in the twenty-first century is underscored by the fact that brands are now one of the most valuable assets to firms. This observation is axiomatic in all economies, particularly in the emerging markets of Brazil, China and India, where brands such as Petrobras, Haier and Tata have emerged as ‘super brands’ in their sectors.

In line with this increased recognition of the significance of brands, the literature on branding has grown proportionately in the last couple of decades. New concepts and new measures of ideas are being developed to enable us to understand, evaluate and make sense of the role of brands in today’s world. With this growth, our understanding of the branding process now includes its development, nurture, evaluation and maintenance – all of which enhance the longevity of a brand and the assets emanating from it. Such assets include (but are not limited to) the Reputation and Identity of organisations. Although concepts such as Reputation and Organisation Identity (in and of themselves) are distinctive in terms of their definitional and measurement properties, in relational terms, they are nothing more than part of an array of the ‘sense-making’ ideas that have emerged from the society’s attempt at engaging with contemporary, twenty-first century, economic realities. In the case of identity, both internal and external stakeholders create a brand-based view of

organisations, and it is through these that they develop their perceptions of, and perspectives on, the identity of organisations.

Consider the case of Apple and its iSeries (iPad, iTunes, iPhone). Apple’s ability to develop an effective platform for retailing Software applications (Apps) developed by individuals that are not employed by Apple (and by independent software developers) effectively created a new business model for the organisation. Although it can be argued that Nintendo’s Wii series represents a similar strategy, the distinction between the two is clear in the fact that the overwhelming majority of Apple’s Apps are largely developed by other providers. Apple’s ability to engage the customers with its iSeries has been enhanced by the reputation that continues to emanate from the customers’ view of the organisation. The organisation’s view of its own identity is also influenced by the external interpretations of its identity as epitomised by the media-influenced assessment of Steven Job’s role in leading, marketing and steering of Apple’s successful launch of its series of offerings and new brands. This market-based perception of Apple, through the evaluation of its brands, has greater influence on its ability to leverage its reputation in developing and appropriating the resulting economic gain from its offerings that has grown from its PC/Laptop origin. Through its success, Apple has effectively created a new business

model for itself as a retailing brand – and these are in addition to its legendary design and brand marketing competency and capability.

From product to experience, Apple's brand has come full circle in its ability to engage with its stakeholders as a market-leading organisation. Apple's brand-based assets play a dominant role in its ability to evolve to its current position. Apple is not alone in this. The rise of HSBC as a global bank, following its acquisition of the United Kingdom's Midlands Bank in the early 1990s and HSBC's development of the brand as a global bank, exemplified the game-changing effect that has accrued to it as a result of embarking on a concerted branding strategy.

On the other hand, the inability of Motorola and, recently, Nokia to provide serious competition in the rapidly changing smart mobile/cellular phone environment can be traced to their engineering orientation, despite the ubiquitous presence that their names have endowed them.

The implications of the foregoing are captured by the axiom: 'brand name alone does not make a brand'. Developing market-leading brand capacities is essential for long-term competitiveness. This, however, requires more than brand communications. The ability of brands to facilitate organisations' development, evolution and competitive advantage epitomises the emerging role of brand strategy as an underlying resource that enables a firm to create, deliver and capture values faster than they can be competed away. Effective brand strategy is, therefore, a methodological paradigm for explaining, facilitating and developing market-leading capabilities.

Market-leading capabilities are, however, not just about engineering or functionality. For instance, in evaluating the current competitive stance of Nokia in relation to other brands such as BlackBerry and iPhone, one would be right in concluding

that Nokia's inability to create/acquire a 'perceptual sophisticated' brand (as opposed to functional sophistication) has weakened the Nokia brand's market leading capability. Now, the question is how one conceptualizes market leadership. If innovation and novelty are one's measure of leadership, then surely Apple wins without any contest. However, in terms of reliability and functional usage, Nokia is considered by many to be ahead of Apple. All of Apple's products, including its Apple computers, which it has had years to fix, are still slow, prone to constant crashes and so on. When customer want reliability, affordability and stability, they are more likely to choose Nokia over Apple. Yet, Apple's brand-based business model has facilitated its process of creating and developing smart phones, which is well ahead of Nokia in market success. While Apple relies on brand-based perceptual sophistication, Nokia took the functional approach instead. Perceptual sophistication enables a brand to develop itself and engage with the market in the long run. Functional sophistication on the other hand can be limited in its ability as a source of competitive advantage. Simply put, functional sophistication can be easily copied, borrowed, acquired or outsourced. Perceptual sophistication, however, is unique in its ability to enable a brand to be 'cool', 'trendy', innovative, desirable and so on. At the same time a perceptually sophisticated brand is able to use its brand name as the platform around which innovative and functional elements can be introduced in a way that maximises the perceptually sophisticated brand's access to market. While functional sophistication focuses on the product, perceptual sophistication focuses on the value co-creation process between customer and producer. Brand is the platform for this dialogue in a perceptually sophisticated brand. However, the two types of sophistication are not in competition with each other. Therefore,

for example, Apple is both functionally and perceptually sophisticated because its products have a high functional quality though not as per with other technically superior competitors, and the organization is driven by the desire to develop new offerings to excite the market and notch up exclusivity for its offers to create first mover advantage.

In conclusion, what brands such as Apple and HSBC have in common is emphasis on the perceptual sophistication of their brands (including their corporate and product brands) as a platform for engaging, communicating and developing new offerings using tangible and intangible aspects of their brands as launch pads. For instance, HSBC focused on its 'the World's local bank' idea and adopted managing 'by the brand' as opposed to 'managing its brand' to transform itself into a formidable retail bank with global recognition and presence. This is an emerging brand strategy in practice paradigm for competing in a customer led era. It is a paradigm shifting competitive approach in which the brand is the key platform for an organisation's offering facilitates a firm's agility. Brands, essentially, enable firms to engage with their customers; it becomes the substance that underpins their offerings, even though the specific functional elements change over time. For instance, as innovations of the Internet and virtual reality developments add to and intensify our multi-sensory experiences, real-life physical interactions with brands

become more important than ever before. Hence, organisations seek to engage customers and other stakeholders through multiple sensory touch-points in order to create brand impact and long-lasting experiences. Multi-sensory brand experiences lead to memorable and emotional connections as customers seek 'new thrills' and excitements to reignite their sensory experiences.

The papers published in this issue were presented at Cambridge University, UK, at the fifth meeting of the Academy of Marketing's *Brand, Corporate Identity and Reputation Special Interest Group*. The resubmitted papers were subjected to double blind peer review process yielding the cohort in this volume.

Professor Balmer's commentary paper surmised on the exceptional growth and importance of corporate branding in the last 15 years. This has been a particularly opportune time to reflect on the growth of corporate branding and brand marketing in general, as evidence by scholarly papers, and the practical importance of brand marketing. It is particularly important that we re-evaluate brand importance in the twenty-first century global market. It is a provocative and excellent paper to kick-start the next direction for research and practice of brand strategy as a business model.

Temi Abimbola
Warwick Business School,
The University of Warwick.
E-mail: Temi.abimbola@wbs.ac.uk