Best Practice

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Recognising intangible assets: How Boeing uses brand management and measurement as strategic tools

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Abstract

For much of its history, The Boeing Company took its brand for granted. That changed in the 1990s, when management undertook a major transformation aimed at expanding the company's scope, and began to realise the value of the brand as a strategic tool in the transformation. Boeing established a corporate brand management and advertising department to focus and coordinate branding efforts. Using a master brand strategy, the brand management team has worked to create a disciplined approach to branding; educate management and employees about the value of the brand; and implement a brand measurement programme to track brand-building progress through a variety of studies and provide management with an additional tool for developing plans and allocating resources.

Introduction

For much of its 87-year history, The Boeing Company took its brand for granted. The company's management recognised the importance of its business and product names — names like Boeing, B-17 Flying Fortress and 747 — and their reputation in the marketplace. But the brand was not viewed as worth investing in; the total advertising and brand management budget in 1999 was just 0.01 per cent of company revenues. In general, the brand was something that just evolved while the company went about the business of building commercial and military aircraft, as was the case with many companies founded in the first half of the 20th century.

Company management first recognised the potential value of strategic brand management in the late 1990s, when Chairman and CEO Phil Condit began a major transformation aimed at expanding the company's scope. Boeing's close ties to airlines — commercial aircraft accounted for as much as 80 per cent of its revenues — made the company vulnerable to downturns in the aviation industry, and Boeing had to find a way to maintain some stability through those cycles.

In response to this challenge, Boeing took on a series of acquisitions in the late 1990s and early 2000s that expanded its scope significantly. In 1996 the acquisition of the space and defence units of Rockwell brought the company enhanced capabilities in launch vehicles and systems.

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McDonnell Douglas contributed expertise in military aircraft through its 1997 merger with Boeing. And in 2000 the acquisition of Hughes Space and Communications added satellite systems to the company's portfolio. Reducing its dependence on airline customers gave the company a broader, more diversified base, increasing its ability to ride out downturns in any one business sector.

However, perceptions of Boeing lagged behind the reality. The Boeing name was still synonymous with commercial aircraft in many people's minds. Its potential had not been fully appreciated by company management. Analyst Pierre Chao acknowledged this when he commented in early 1999, '[Boeing is] an outstanding franchise and a valuable brand (that is largely unexploited)'.¹

Market capitalisation

After Judith Muhlberg, formerly with Ford Motor Company, joined Boeing as Vice President of Communications in 1999, company leadership began to become aware of the value of the brand as a strategic tool in the company's transformation, one that could provide a long-term and sustainable competitive advantage. This marked the first time that management acknowledged that a strong, relevant brand could enhance Boeing's market capitalisation, its ability to recruit and retain skilled employees and the credibility it needed to move into new markets. It was a radical shift for a company culture which had always believed that the concept of brand management applied to consumer goods such as cereal and athletic shoes, not to the aerospace industry.

Integrated efforts

Corporate identity

In the late 1990s research demonstrated that there was a gap between public perceptions and the true scope of the company, and that there were questions about the future of Boeing both internally and externally. In a study conducted in the summer of 1998, more than 70 per cent of the general public in the USA still associated Boeing primarily with commercial aircraft, airlines and specific platforms such as the 747, on an unaided basis.² There was a general sense that this was a company with a great history and a strong brand, but a lack of understanding that the company was still relevant in a high-tech world.

Like many well-established companies, Boeing saw an opportunity to revitalise its brand. The company needed to put together an integrated, consistent approach to adjusting its stakeholders' limited understanding about its capabilities. It also faced the challenge of changing perceptions while operating within the business-to-business environment.

Brand management programme

To focus and coordinate brand revitalisation efforts, Muhlberg established a new corporate department of brand management and advertising. Boeing already had a strong corporate identity programme, but advertising, merchandising, sponsorship and other brand-related activities were not integrated to support the brand; most were conducted on a local or regional basis, which resulted in inconsistent messages, redundant efforts and unnecessary expense. Anne Toulouse (one of the authors of this paper) was brought in as the Vice President of this department in late 1999.

A small core brand management team, based at Boeing's new world

headquarters in Chicago, was established. Immediately this team set about streamlining and centralising brand activities into a unified, disciplined programme, making some dramatic changes within the first few years of operation.

Advertising

- A brand consultancy was employed to help define a brand strategy aimed at changing perceptions of Boeing around the world.
- A new advertising agency was signed to develop an image-changing global ad campaign, built around the theme ‘Boeing: Forever New Frontiers’, that encompassed both corporate and business unit advertising.

Brand merchandising

- Boeing took back ownership of the company’s gift stores, which had been outsourced, and assembled a professional merchandising team to develop a strategy and business plan for using merchandise to enhance the brand and reach Boeing employees, families and fans.

Corporate sponsorship

- A manager was hired for Boeing’s sponsorship programme and developed a global strategy for sponsorship, beginning with a major sponsorship of the National Symphony Orchestra in Washington, DC, on its 2002 European tour.
- A manager was hired for the Boeing’s brand measurement programme and developed a plan for tracking perceptions within key markets in the USA and abroad.

Master brand strategy

Master brand

The brand strategy of Boeing is based on positioning the company as ‘a branded house’, rather than ‘a house of brands’, to use brand consultant David Aaker’s terms.³ Like companies that include GE and Sony, a single master brand is used by Boeing to cover product and service offerings which are identified as descriptive sub-brands, in contrast to companies like Procter & Gamble which feature a set of independent, stand-alone brands. This master brand strategy is at the heart of Boeing’s brand management programme.

Clearly, Boeing’s brand equity rests in the master brand, Boeing. The Boeing brand is known and recognised around the world. Almost all of the business executives (a range of 96–100 per cent) in 11 countries surveyed in 1999 were familiar with Boeing (Figure 1), with the majority

Figure 1: Business executives — Total familiarity with Boeing in 1999

B2B

of those executives having, at minimum, a fair amount of knowledge about the company. Thus the greatest impact can be gained by capitalising on the strength already resident in the brand rather than fragmenting it.

In addition, as a predominantly B2B company Boeing believes that most benefit can be derived from building a strong master brand. The master brand enables Boeing to reinforce a reputation for customer service across the enterprise, not just within specific product and service categories. Boeing's business units, products and services in turn align themselves under the master brand and translate the brand strategies to meet their goals.

Intangible assets

In the past, when Boeing was focused more on manufacturing activities, the company considered tangible assets to be of greatest value to the company. Today the company is more focused on providing business solutions and systems integration — what is referred to as 'moving up the value chain'. This makes the company's intangible assets, such as intellectual capital and brand, more powerful and important, and drives Boeing's efforts to use the brand as a strategic tool.

The master brand approach also enables efficiencies throughout the enterprise. Boeing has a single advertising agency, a single corporate signature and graphic identity, a centralised global sponsorship programme and a centralised brand measurement programme. By coordinating these efforts, a unified face is presented to the world and the greatest exposure is gained for branding and advertising expenditures.

Changing the culture

Boeing's core programme in place, the company is now working to engage all its employees in protecting and strengthening the brand. It is a holistic approach that sees employees as at least as important as customers in building brand equity — a view that goes beyond the traditional customer-focused marketing programmes.

Corporate culture

The corporate culture at Boeing had traditionally held that brands mattered for consumer products, not aircraft and space systems. When the company set out to change its image from an American airplane manufacturer to a global aerospace leader, the value of the brand became more apparent. Boeing continues to work to educate management and employees about the value of the brand. Protecting and strengthening the Boeing brand allows the company to:

- recruit and retain the best talent in the industry
- differentiate the company from its competitors
- allocate marketing resources better for maximum return on investment
- enter new markets
- ride out competitive pressures
- take advantage of new business opportunities
- weather crises with credibility and more effectively manage risk
- deliver on its brand promise with all its stakeholders.

The brand management team uses an informal network of

communications, marketing and design staff to complement and support its efforts at the grassroots level. The team has established cross-divisional process councils to work together on advertising, branding and design management strategies and plans.

Viral branding

A 'viral' approach rather than a top-down approach has been taken, building support for the brand from the inside out. This approach has been useful for a predominantly B2B company that does not have a broad consumer base to appeal to. Though it might not work in all B2B companies, it is an approach that is especially well suited to Boeing's culture. It is difficult to sell abstract concepts within an engineering company. By working through a cross-functional network and taking an evolutionary rather than a revolutionary approach, the company is able to demonstrate progress and success on projects and gradually build support among audiences that are most comfortable with concrete facts and data. The process is slow and at times difficult, but progress has been made, and the word 'brand' has become part of the company vocabulary.

In fact, various organisations vying for 'ownership' of branding must now be dealt with. Work is in progress to educate groups that there is no single owner; all have ownership of the brand. Collaboration is encouraged and the holistic view that the brand is more than the sum of Boeing's products is promoted, and as such needs to relate to multiple audiences: not just the customer, but also employees, community leaders and government officials.

When talking with employees, the brand is presented as a multidisciplinary, multi-audience enterprise. In the past, marketing departments within Boeing have focused not on the brand but on the next sale, sometimes at the expense of the brand. Now marketing people take a more balanced approach to addressing current business needs while simultaneously strengthening and protecting the Boeing brand for long-term success.

Employee branding

Employee branding is a key area of focus over the next few years. Because all employees are considered to be ambassadors of the brand, all have the responsibility and capability to deliver on the promise of the brand. Engaging employees will ensure that key audiences — not just customers, but also investors, suppliers, partners, communities and anyone who connects with the touchpoints of the Boeing brand — receive consistent messages. Ultimately, this means that Boeing will require fewer resources to get the brand message out.

Initially there was resistance to the brand message. The brand management team received comments that branding was just another 'project of the month', a fad that would soon pass. Boeing's audiences questioned the value of branding. The team continued to stress the message that managing the brand could provide a competitive advantage, building support by assembling cross-functional teams to work collaboratively on key projects such as integrating new companies, introducing new products and services and rebranding strategic subsidiaries. This cut across organisational borders and helped to disseminate the message widely.

Soon organisations throughout the company were asking to learn more

about brand strategy. The brand management team has given hundreds of presentations to internal and external audiences, typically at their request. Informative articles for corporate and industry publications have been produced. Brand management has been integrated into the executive learning programmes at the Boeing Leadership Center. A lot of time has been spent with employees and executives both individually and in teams, evangelising for the brand and creating brand ambassadors throughout the company.

Measuring results

Brand measurement

Before a formal brand management programme was established, Boeing had invested in several research studies aimed at obtaining a better understanding of the marketplace. These studies provided an isolated snapshot in time, but results were not tracked or shared throughout the company in a coordinated way. The development of a brand measurement programme, under the focused direction of a manager with responsibility for brand research, has brought the additional value of tracking progress, trends and perceptions held by stakeholders over time. It has also enabled the company to distribute results systematically across the enterprise using tools such as webcasts and via the brand management intranet site. The goal is to enable the entire company to use brand measurement as a tool for developing plans and allocating resources.

Two major primary reputation studies in ten key markets internationally and in the USA are conducted on an annual, ongoing basis. These attitudinal studies are used to gauge the progress of brand development efforts and the value of the Boeing reputation worldwide. These studies measure the reputation of the company in terms of 17 standard brand attributes, which can be rolled up into six groupings: corporate reputation; customer focus; social responsibility; good communications; visionary leadership; and strength and stability. In addition, frequently timely questions are included to help better understand the impact of world events and the global environment on the brand. Analysis of these data also allows Boeing to identify key drivers of reputation on a market-by-market basis among stakeholder groups.

A core shift in the measurement approach has been the inclusion of firms outside of Boeing's industry. To align the measurement programme more fully with the objectives of the brand management programme, not only are direct industry competitors looked at, but also leading firms in other industries with whom Boeing competes for share of mind, wallet and talent.

Results from the primary studies are enhanced by a number of externally conducted surveys that are monitored, including those conducted by media partners for client use and published reports such as *Business Week* and Interbrand's 'Best global brands'⁴ and Fortune's 'World's most admired companies'.⁵ Tracking externally conducted studies offers additional data without additional financial investment, enabling Boeing to strengthen the measurement programme by leveraging work that has already been completed.

These studies contribute further insights and offer additional

Brand equity

methodologies for measuring efforts. For example, Interbrand has determined that among industrial firms the brand's contribution to earnings is about 5 per cent. In 2002 Interbrand and *Business Week* placed the value of the Boeing brand at \$2.97bn, somewhat higher than this 5 per cent expectation.⁶

Armed with data from these studies, Boeing is able to adjust its approach and respond to changes in the world marketplace. In addition to obtaining a market-based understanding of the equity being built in the brand, a better understanding of what drives equity in the minds of the company's stakeholders can be obtained.

Brand measurement has the added potential of lending credibility to and garnering support for brand management initiatives. Executives are more willing to support brand-building efforts when they are tied to business results. A question commonly asked at internal presentations is 'how will you know when you've succeeded?' Boeing is in the process of educating its internal customers on the various methods through which the company's progress and the value of the brand can be measured and captured.

Because the goal is to measure the impact of the brand management programme around the world and over time, data are still being collected and the scope of the measurement programme is being thoughtfully expanded. Boeing knows that it has strengthened the brand within the USA since 1999, and several gains have been made in international markets as well. For example, between 1999 and 2002, the depth of familiarity with The Boeing Company increased among business executives (Figure 2).

In 2002 in the Asia Pacific region specifically, business executives demonstrated a more accurate understanding of the breadth of the company, recognising that Boeing is associated with the defence and space industries as well as with commercial aircraft (Figure 3).

Financial analysts' reports have shown that there is growing recognition that Boeing has a broad-based aerospace portfolio. As early as September 2000, Pierre Chao noted that Boeing represents 'one of the great

Figure 2: Business executives — Know Boeing very well/fair amount

Figure 3: Aided awareness of Boeing breadth among business executives, 2002

transformation stories in corporate America', while allowing that there was still much work to be done.⁷

Boeing is still benchmarking and diagnosing, checking results and adjusting its approach. Work is in progress to find answers to the question of how quantitative research results focused on a general business audience are relevant to Boeing's limited customer audience. In addition, the challenge of the difficulties inherent in conducting direct research on customers, who include high-ranking political and government leaders, must be addressed. The brand management team has begun to provide the company with an additional tool for decision making, and is making significant strides in convincing executives of the value of the brand management programme.

Conclusions

In just a few years, the brand management team has been surprised and gratified to see a growing acceptance of the importance of the brand and its contributions to the financial health of the company. From being a company with a great brand but lagging relevance in the marketplace, Boeing has demonstrated that it is a solid enterprise with a strong business strategy and a powerful brand that can carry the company well into the future.

Boeing has now a strong brand management team in Chicago, along with support teams throughout the global enterprise. Strategic oversight of advertising, corporate identity, merchandising and sponsorships has been centralised. Boeing's brand portfolio has been examined to make sure that it is positioned to support the master brand approach and to communicate with clarity about the brand structure. Progress is being tracked through a variety of brand measures and the course is being adjusted as needed. Boeing anticipates that transforming the business, and its image, will take about five years, but the work is already well begun.

Much has been learnt in the process. Boeing has benefited tremendously by having a CEO who readily took on the role of brand steward and champion for the brand management team's efforts. By

Brand portfolio

Brand stewardship

working with a branding partner that did not have a vested interest in advertising or merchandising, a very valuable unbiased approach to brand strategy was obtained.

In hindsight, progress could have been made even more quickly if the brand management team had worked more on gaining the backing of those who support the CEO by developing an approach that provided data-driven evidence of the importance of branding. The course might also have been easier had the team reached out to new hires in key positions such as marketing and business development early on, gaining allies coming into the company free of prejudice. Earlier work on employee branding, to engage grassroots support, may also have been beneficial.

Boeing Chairman and CEO Phil Condit has said: 'One of the reasons I am optimistic about our ability to open new frontiers is the tremendous intellectual capital of our people and the great Boeing brand'.⁸ Recognition of the power of the brand to open doors is now part of the Boeing culture, from executives to line workers. How will the brand management team know when it has succeeded? When intangible assets are displayed on the company's balance sheet.

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