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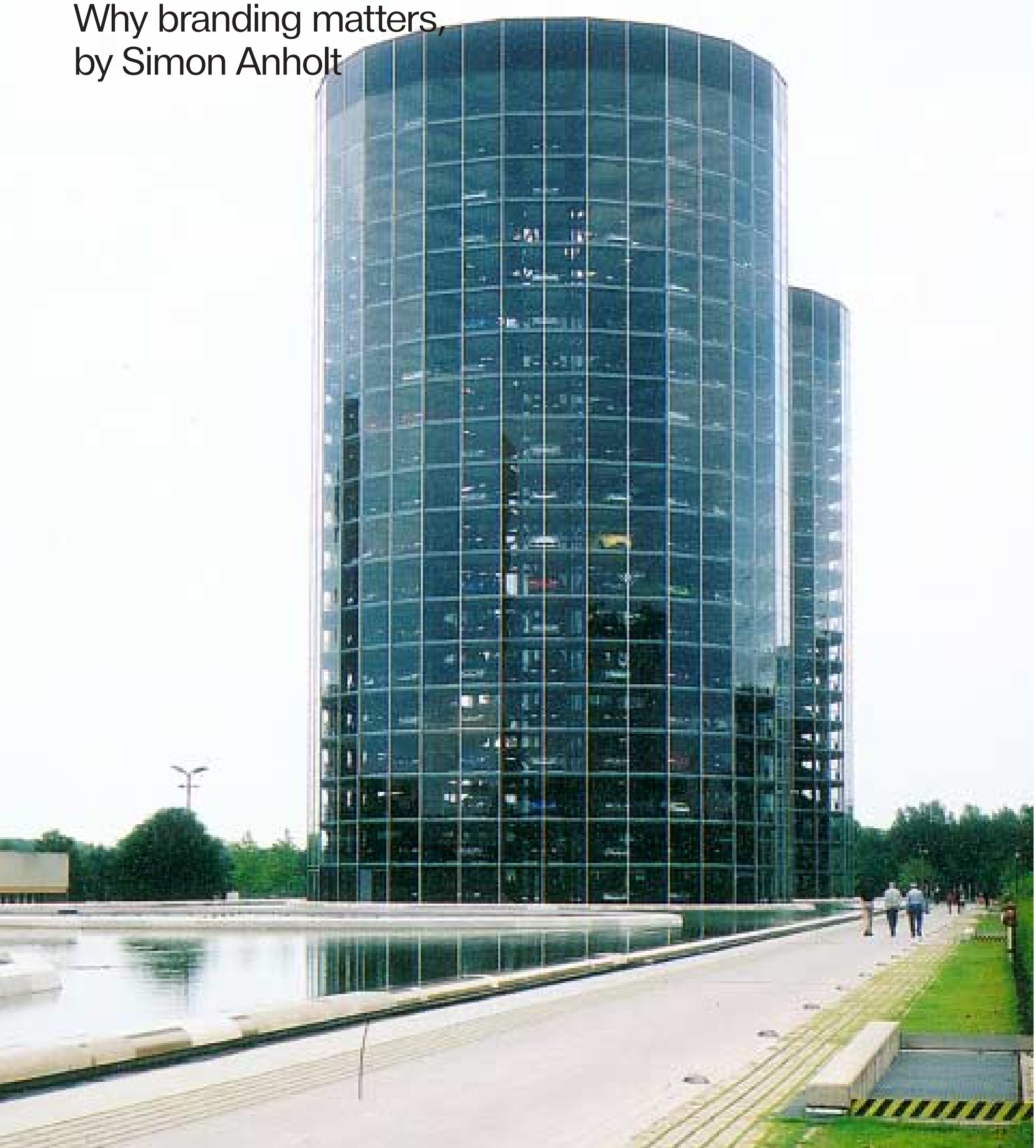
# Branding and the international community

## Foreign policy with commercial lessons

**Beyond Branding**
Ideas to save business

**Brand New Justice**
Why branding matters,
by Simon Anholt



Feature

# *Beyond Branding:* **a call to action**

The second book this year showing how humanity can be put back into branding is the internationally authored *Beyond Branding: How the New Values of Transparency and Integrity Are Changing the World of Brands.*

*Authored by Nicholas Ind (editor), Malcolm Allan, Simon Anholt, Julie Anixter, John Caswell, Thomas Gad, Sicco van Gelder, Tim Kitchin, Chris Macrae, Denzil Meyers, Alan Mitchell, John Moore, Ian Ryder and Jack Yan,* Beyond Branding: How the New Values of Transparency and Integrity Are Changing the World of Brands *(ISBN 0-74944-1151) will be published by Kogan Page on October 3, 2003. Visit www.beyond-branding.com for pre-ordering and more information.*

TWO BOOKS this year sought to answer the criticisms of the branding industry raised most famously in Naomi Klein's *No Logo*.[1] The first was Simon Anholt's *Brand New Justice*,[2] already reviewed in *CAP Online*[3] and the subject of a forthcoming web site and forum at www.brandnewjustice.com. The second is the most international response to the criticisms: *Beyond Branding: How the New Values of Transparency and Integrity Are Changing the World of Brands*, due October 2003 from Kogan Page of London.[4]

The books take the approach that it is not branding that is the villain, but the misuse of the discipline. Just as the language of activism is coopted by the establishment—oil companies, for example, market their environmental awareness frequently—the techniques of branding have been taken, their values cast aside.

Anholt's approach, covered in this issue, finds great support because he has used real-life examples to back up his claims. Branding can do, and has done, a lot of good. Removing it would result in furthering the reach of the corporate practices that Klein opposed.

*Beyond Branding* has its roots in Medinge, Sweden, where leading branding experts have gathered annually for several years. Hosted by well known authors Thomas Gad and Anette Rosencreutz, the retreat has attracted those passionate about branding—and who have proved themselves to be actors, not bystanders, in putting the profession back on track.

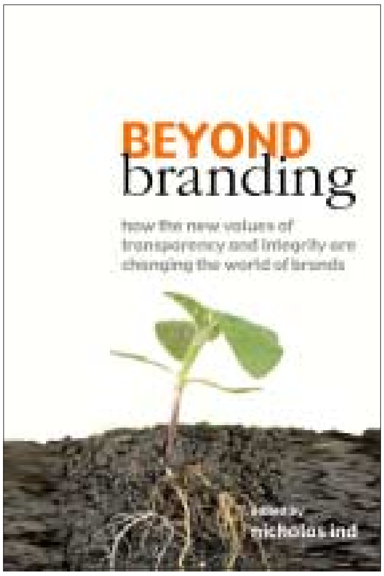
With the profession having taken a knock—and with those gathered agreeing that in many respects, the way branding was practised it deserved it—those assembled at Medinge decided that they would make a statement about branding.

The first document resulting from these efforts was 'The Brand Manifesto',[5] jointly authored by the group. The manifesto's eight points, first published in September 2002, reintroduced humanity into the equation. Branding had been looking inhuman, and like much of business, had sold its soul to become a tool to increase shareholder wealth and the Dow Jones index.

Books such as Marjorie Kelly's *The Divine Right of Capital: Dethroning the Corporate Aristocracy*[6] already point out the inhumane way corporations have departed from serving the public, even though the roots of corporate duty were in the public good. Maximizing returns to shareholders was the obsession at Enron and Andersen. At Medinge, Chris Macrae (of ValueTrue.com, and author of *World-class Brands*[7] and *The Brand Chartering Handbook*[8]) asked: how many more Enrons can the world take?

With reforms in the United States less than adequate and with the Delaware corporate principles firmly intact, Macrae's question can be

**Right:** *Beyond Branding* gets to the root of the problem. The book will be published in October 2003 by Kogan Page.




considered a forewarning. If confidence in the market weakens, then corporations might not be able to raise capital. The system may have conspirational, corrupt elements—but we also know numerous alternatives do not work. So how can it be improved?

Kelly's approach is to create economic democracy, arguing that the way we hold up shareholder rights is not unlike the antiquated way we held up the aristocracy as superior beings, or, more recently, the notion that men were superior to women. Her belief is that corporate wealth should belong to those who create it (employees) and that 'community wealth belongs to all'. Employees should have property rights stemming from their productivity. She highlights examples, such as Brazil's *La Prensa* publication, 'whereby the publication's profits are split evenly with employees, after capital draws its "wage".' A salary is set for capital, e.g. 10 per cent, so the first 10 per cent of profits for the year go to it.[9] In the case of employee ownership, employees know that they can directly pocket their gains—therefore, preserving purer market forces.

She also writes of the World Bank's 1995 *Wealth Index*, where it was shown that 60 per cent of real wealth is in human capital such as social organizations and knowledge, 20 per cent in environmental capital, and 20 per cent in built capital. Even simply considering employees assets and not liabilities is a start.[10]

The experts at Medinge agreed that with branding being the interface between consumers and organizations, it could be used as a tool for good, approaching economic democracy from a different angle. It could be, for instance, a tool that would reveal the truth about organizations.

Edited by Nicholas Ind, already known for books such as the seminal *The Corporate Image*[11] and *Living the Brand*[12], and a biography on Terence Conran,[13] chapters in *Beyond Branding* include topics on authenticity, transparency and sustainability—but not delivered to make the book a trendy, mid-2000s purchase.

Its aim is to identify these issues and giving readers a choice. Ind's opening chapter on enlightened brands is clear on this point. Acknowledging that many of Klein's claims are valid, he writes:

> However, before we accept this view completely we should also recognize that brands can increase choice, enhance freedom and provide enjoyment. This suggests there is nothing inherently wrong with the concept of branding itself, but that managers and employees in an organization can act with good or bad intent. To encourage the former and discourage the latter, managers need to understand that it is in their business interests to promote the good. This will never deliver perfection, but it can begin to change the image of the brand at large and put the brand back where it belongs—on the side of the individual. Thus, this book does not aim to refute the negative image of business in general and brands in particular. Nor does it seek to attack business. Rather it recognizes that business can be a force for evil, but it can also be a force for good. Brands can enrich people´s lives or manipulate them. Employees can find fulfilment at work or entrapment. The task is to create a culture and system where the focus is more consistently focused on the good.

So how does it accomplish this? The book, according to Ind, is divided into categories of 'self-correction, persuasion and pressure, democracy and transparency and legislation.'

Therefore, the authors argue that individual freedoms are paramount to determining the success of brands and businesses. In a free-market system, consumers have the opportunity of rejecting misbehaving brands. Branding allows them to be easily identified.

At a basic level, bad news travels fast. It travels faster when it is branded. Therefore, verifiable bad

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> 'The humanity has been driven out of most programmes, replaced by jargon designed to manipulate rather than engage with consumers. The cleverer these tools seem to be, the more trust is compromised and real human value destroyed.'

news about corporate misbehaviours could damage a company, especially if it is disseminated online where one emailer carbon-copies several dozen contacts.

In the early- to mid-2000s, misbehaviours might include harming the environment or failing to live up to socially responsible issues. As Ind himself identified in his earlier *Living the Brand*, more people contribute to worthy causes today, to find meaning in their lives.

Secondly, persuasion and pressure from non-governmental organizations, as well as shareholders demanding greater transparency in the wake of corporate scandal, can help create greater good. Once again, these matters fall into branding's realm. No one would wish to be associated with a tarnished brand known for corruption and greed—and it is hard to believe that shareholders themselves have greed as their sole aim for investing in the market. Nor would they wish to invest in a brand which does not offer honesty or is the subject of intense scrutiny by other parties.

Perhaps the best example of the latter this year is that of Martha Stewart Living Omnimedia. With the brand tied closely to Ms Stewart, who has been indicted by the US Securities and Exchange Commission (SEC) and the US Attorney-General, the company's share price has suffered tremendously.

Thirdly, greater transparency can help organizations within. It is established in branding that an organization can only find greatest success when employees act in accordance with the vision. An absence of transparency leads to suspicions and a mistrust in that vision. It is often discovered that internal communications help strengthen a brand. By focusing on the relationships between people, brands can be strengthened, and organizations can become more responsive in seeing to concerns—including, ultimately, those that Kelly highlights. Similarly, such transparency can persuade external audiences to accept an organization. Today's companies often create communities—loyalty programmes, physical gatherings and online forums are all examples—where a member (who may be a customer) may only wish to be a part if one can understand the integrity of those behind them.

Finally, on legislation: each person can be an active participant in changing the status quo. The problems can be solved by demands, within our work-places and our societies. When organizations understand these shifts, they can campaign for greater good. Ind gives an example of Reebok instituting employee democracy in its Chinese factories. This strengthens its brand, having spin-offs in business performance as well as the more important human elements of employee satisfaction, reciprocated as motivation, loyalty and a potential willingness to help the company.

Individual authors have followed these four themes closely. Denzil Meyers proposes a new framework to help corporations make sense of their modern environment. Brands then become freely entered relationships, not objects to control. He considers the brand value scenario from the stakeholders' perspective, including employees, consumers, NGOs, investors and developing countries, all of whom have a different perspective than that of maximizing shareholder wealth.

John Moore writes of authenticity, where businesses, through brands, engage with audiences more honestly and humanly. 'The humanity has been driven out of most branding programmes, replaced by an ever-growing list of clever-sounding jargon and "tools" designed to manipulate rather than engage with consumers. It seems to me that the cleverer these tools seem to be, the more trust is compromised and real human value destroyed,' he writes. Moore looks at ways that authenticity can be restored—and provides reasons a company should follow his examples.

Chris Macrae's chapter, 'Brand, Dynamic Valuation, and Transparent Governance of Living Systems', highlights the danger of failing to realize the true relationships in society. Macrae laments that the various disciplines seeking to create economic democracy and human participation are not being connected, wasting the opportunities of globalization and networking that we have today.

The logical outcome of this failure is excluding much of the second and third world from decisions that affect their own future. It sets the stage for more frightening global prospects. Macrae's father, Norman Macrae, one of the men instrumental in building *The Economist* into the force it is today, wrote, 'by 2005 the gap in incomes and expectations between rich and poor nations was recognized as man's most dangerous problem.' He will probably be proved right, as he frequently has. This gap generates everything from nation envy to violent conflict. And the gap has not narrowed in recent years as much of the planet continues to be ignored.

By mapping transparency, Macrae believes that the human elements can become more evident as it can expose potential win–win relationships. Organizations can then see where they can invest, for example, because they have identified the concerns of the people closest to them, creating a win–win. Through mapping, they can see how one area might reinforce another. The idea is to minimize, if not do away with, win–lose and lose–lose scenarios. Without change, the "branding" that Klein exposes may look like a short-term win–lose (short-term sales because consumers have been duped) and long-term will emerge as a lose–lose (when consumers realize they have been lied to).

Thomas Gad's 'Leadership Branding' chapter extends his and Anette Rosencreutz's "Brand Me" principles (from their book *Managing Brand Me*[14]) to leadership within the organization, bridging the communication gap between management and those people who are charged with executing strategies. Gad does not approach this solely from the management viewpoint. He empowers individuals so that they can analyse whether there has been a mismatch between their personal brands and that of the organization. A match could enhance personal satisfaction; a mismatch could serve as a warning that an organization is not what it is cracked up to be. And, as mentioned earlier, bad news can travel quickly.

While every writer introduces concepts and implementation methods, one chapter is particularly notable in showing that *Beyond Branding*'s principles are achievable.

John Caswell, in 'What's Brand Got to Do with It?', examines how the complexity of the modern business system can be managed, linking it back to serious and sustainable business agenda. His approach is realistic: it doesn't interrupt the existing processes, but instead creates frameworks to allow the organization to understand what is going on within.

Tim Kitchin deals with the development of a sustainable brand, realizing that governments are not going to come to their senses overnight in solving many of the earth's problems. He argues, for a start, that the notions of brand equity are antiquated, based around the concepts of advertisements that 'inscribe messages in the mind of customers.' In reality, brands are managed by all their stakeholders.

This argument is highly persuasive. Citing Andersen, Kitchin writes:

> Stakeholders make their ultimate affinity-decisions about a brand (to support or not to support) based upon the clarity and consistency of purpose that a brand declares and exhibits to others. They mentally resolve the gap between how a brand is talked about, and how it appears to treat others. This is their commitment gap, based almost entirely on second-hand evidence. To truly commit to a brand, stakeholders try to assess the authenticity with which that brand acts across its entire relationship network. Because that network is largely invisible to them, they use proxies (analysts, media, friends and family) and symbolic gestures (philanthropy, leadership declarations, physical ambience) to assess the honesty of a brand they are committing to.
>
> As a consequence of this delicate interdependence, comprehensively failing one stakeholder may ultimately bring down relationships with all the others. Even when no direct transactional promise has apparently been breached this fragile impression of honesty can be destroyed overnight.

Andersen fell not because of legal action, but because stakeholder expectations were unfulfilled. His solution is the introduction of five principles of brand sustainability in which all stakeholders can collaborate, managing intangibles in the organization.

Similarly, Julie Anixter's 'Transparency or Not? Brand Inside: Brand Outside' takes a stakeholder approach to brand creation, calling for the participation of all individuals. But there is a twist to this. 'Through participation in a true value exchange, the individual's talent development, future and opportunities are not only enhanced, but *intertwined* with the values of the brand. Tight controls are trumped by the individual desire to evolve and to create meaning.'

This is nearly a spiritual agenda. Instead of a top–down approach, Anixter advocates co-creation so that an organization doesn't fall foul of excluding those within. One of the most naturally voiced chapters, she warns against the possibility that 'co-create' could get 'pegged as bullshit', but 'Transparency or Not?' comes across as good sense.

Simon Anholt and Sicco van Gelder's jointly penned chapter poses a 'What if?' question at its core:

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*Hoover Digest*, no. 3, 2002, pp. 9–15, adapted from remarks by Shultz at the dedication of the George P. Shultz National Foreign Affairs Training Center, Arlington, Va., May 29, 2002.

17 Leonard, op. cit., at p. 54.

18 G. P. Shultz: 'Act now', *The Washington Post*, September 6, 2002.

19 B. Graham and D. Priest: 'Pentagon team told to seek details of Iraq-Al Qaeda ties', *The Washington Post*, October 25, 2002, p. A24.

20 As discussed by the author in an address to the Marknadsföreningen i Stockholm (MIS), Stockholm, Sweden, June 25, 2002.

21 Yan: 'The moral globalist', op. cit.

22 M. Gimein: 'You bought. They sold', *Fortune*, vol. 146, no. 4, September 2, 2002, pp. 64–74.

23 S. Cropley: 'Off the leash at last', *Autocar*, October 23, 2002, pp. 58–9.

24 Yan *et al*: 'The brand manifesto', op. cit.; Yan: 'Brand 2010', op. cit.

25 N. Ind (ed.): *Beyond Branding: How the New Values of Transparency and Integrity Are Changing the World of Brands*. London: Kogan Page 2003.

26 'VW signs workers' charter', *The Dominion*, June 10, 2002, p. 19.

27 Leonard, op. cit., at p. 51.

28 See also comments by R. Mathews and W. Wacker: *The Deviant's Advantage: How Fringe Ideas Create Mass Markets*. New York: Crown Business 2002, at p. 73.

29 M. Kelly: 'The next step for CSR: building economic democracy', *Business Ethics*, summer 2002, *q.v.* the summary by S. Waddock: 'Fluff is not enough—managing responsibility for corporate citizenship', *Ethical Corporation*, February 2002, <http://www.ethicalcorp.com/NewsTemplate.asp?IDNum=178>.

30 Leonard, op. cit., at p. 55.

31 A. Laxon: 'On the Green rollercoaster', *The New Zealand Herald*, July 22, 2002.

**Brand new justice:**
**why brands count**
continued from p. 21

## Notes

1 Universal McCann, quoted in *Industry as a Partner for Sustainable Development: Advertising.* Brussels: World Federation of Advertisers (WPA), European Association of Communications Agencies (EACA) and United Nations Environment Programme 2002.

2 IMD/PIMS: *A Virtuous Cycle: Innovation, Consumer Value, and Communication.* Brussels: AIM European Brands Association 2000.

3 ICF Kaiser: *Company Interviews and Bureau of Economic Analysis*, quoted in Scottish Enterprise: *Global Companies Enquiry*. Glasgow: Scottish Enterprise 1999.

4 Naomi Klein: No *Logo.* London: Flamingo 2001.

5 Wally Olins: 'Branding the Nation: the Historical Context', in *Journal of Brand Management,* vol. 9, nos. 4–5, April 2002, pp. 241–8.

6 Joseph Nye: *The Paradox of American Power.* Oxford: Oxford University Press 2002.

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**a call to action**
continued from p. 25

But just suppose that those powerful corporations and brand-owners were distributed around the world a little more evenly. Suppose that some of the global mega-brands were actually produced by and owned by companies in much poorer countries. How different would our concerns be today if the companies whose products were manufactured in the sweatshops of Puerto Rico and China were actually Puerto Rican or Chinese? How would our corporate social responsibility agenda look if Nike were Nigerian or Pepsi Peruvian?

The shift is already happening, say the authors. Dealing with nation branding and the forms of social responsibility, they examine what could result. And while the chapter sounds conceptual, once again—as expected from the very practical Anholt and van Gelder—it is founded firmly in reality and what is happening today.

Ian Ryder's chapter similarly sounds conceptual at first glance, dealing with anthropological issues. But he warns readers that ignoring human history is dangerous. If brands do not evolve, then they are in trouble. They are social constructs and to be relevant, they must be responsible and transparent, and aligned with society.

Jack Yan's 'The Brand Manifesto' almost brings the book full circle to its roots. Restating the manifesto's eight points, he looks at the emerging consumers and their demands. They are socially responsible now, as evidenced by the firms already founded by young enterpreneurs. And if companies choose to survive for the long term, Yan gives a similar warning to Ryder: brands have to align themselves with these values as quickly as possible.

But not all the brand sins have been covered at this point. Alan Mitchell's 'Brand Narcissism' attacks how brands are superficial, used for self-glorification. If a narcissist does the following:

> … they so routinely use people for their own narcissistic ends they want as friends. In fact, precisely because use other people for their own ends, they have a habit of hurting and disappointing, turning many a friend into an enemy along the way

then brand narcissism is very similar. Narcissistic brands say they are the consumer's friend and turn out to be 'superficial, exploitative, manipulative and even dehumanizing.'

In the context of narcissism, Drucker was right when he regarded marketing—and branding—a subset of selling. It's a reality that many marketers don't want to hear.

Mitchell traces why narcissism happens and like a doctor dealing with an illness, discovers the roots of the problem and prescribes a cure, in this case involving re-engineering the relationship between buyers and sellers.

Have the authors fulfilled Ind's introduction? While the book itself is not divided into four discrete categories, they are addressed individually. However, in case one has any doubt about how the themes hang together, Malcolm Allan concludes the book with a final chapter with a challenge for readers to go 'beyond branding'.

By taking it to the reader, Allan leaves the book with an active message: branding can create the world you want. Involve the community you are in, collaborate with stakeholders, use the objectives you have transparently declared—these are ways a brand can move humanity forward. He does not believe these are 'warm and soft' ideals, but necessities for creating a truly successful business today.

One could sum up this final call as the quest for meaning in our world, rather than the quest for luxury—which partially sums up the purpose of the book.

Brands have tried to line the pockets of corporations for many years, especially in more recent ones. In doing so, they contribute to the lifestyles of only a privileged few in a soulless fashion. Meaning, however, can be created from the techniques brands now have: a meaning for consumers, who may buy more; a meaning for employees, who find greater affinity with the brand; a meaning for society, which brands can truly connect to, help and grow.

And as *Beyond Branding* also shows, this meaning need not be at the expense of robbing the rich to give to the poor.

Its recommendations can mean a complete shift upwards for the whole planet so that the income gap is narrowed, while real incomes around the world rise.

Allan maintains, echoing the sentiment of many of his co-authors after writing their contributions, 'Now having had the time to properly read and digest those of the other authors, I am strengthened in my view that we collectively need to emphasize to readers and reviewers that this book is a call to action for individuals, teams and enterprises large and small. It has to start with individual readers deciding that they are with us in whole or part and that they are going to do something in their sphere of influence as a contribution.'

It would almost seem imprudent for people to ignore the collective wisdom of some of the world's leading branding experts in the discipline's most internationally minded book, not just because of the human (and humanitarian) aims, but because the formula for a successful, 21st-century business is contained in, and clearly annunciated from, its chapters. It is no surprise, a few months out from publication, that it is already generating a buzz in the world of branding. After its publication in October, the authors hope to both hold and share with readers this collective responsibility to do literally a world of good. •

## Notes

1. N. Klein: *No Logo: Taking Aim at the Brand Bullies.* New York: Picador 2000.
2. S. Anholt: *Brand New Justice: the Upside of Global Branding.* Oxford: Butterworth–Heinemann 2003.
3. J. Yan: 'Social justice through branding', *CAP Online*, March 17, 2003, <http://www.jyanet.com/cap/2003/0317fe0.shtml>.
4. N. Ind (ed.): *Beyond Branding: How the New Values of Transparency and Integrity Are Changing the World of Brands.* London: Kogan Page 2003.
5. J. Yan, based on T. Gad, S. van Gelder, N. Ind, T. Kitchin, C. Macrae, A. Moore, J. Moore, A. Rosencreutz and J. Yan: 'The brand manifesto', *CAP Online*, September 9, 2002 <http://jya.net/cap/2002/0909fe0.shtml>; q.v. J. Yan: 'Brand 2010', *Agenda*, no. 13, June 2003, pp. 4–5.
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10. Ibid., at pp. 103–4.
11. N. Ind: *The Corporate Image: Strategies for Effective Identity Programmes.* London: Kogan Page 1990.
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13. N. Ind.: *Terence Conran: the Authorised Biography.* London: Sidgwick & Jackson 1995.
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# It's **goodbye** to the idea of **the third world** (we're not a nasty multinational).

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