Branding - Get Your Basics Right

Prof. Donald E. Sexton, in an exclusive write-up for *OER*, focuses on how a country brand affects behaviour through perceived value and what factors influence the branding investment process

The country brands can play a crucial role in a country's economic development. They can increase both the volume and prices of exports. The country brands can also help attract investment.

How Country Brands Affect Behaviour: Perceived Value

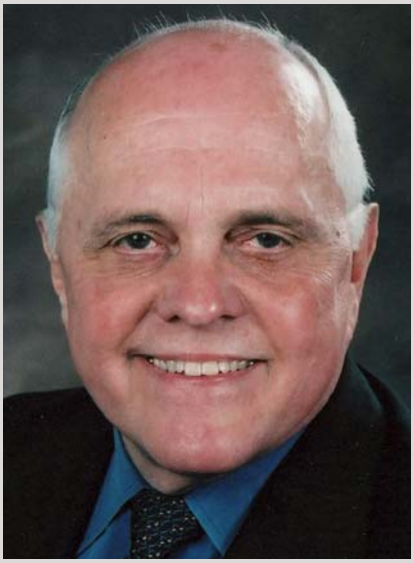
Brands affect behaviour through 'perceived value'. Perceived value is the value a customer perceives a product or service to possess. Perceived value determines a customer's actions. For example, if the price of a product or service is above what the customer considers its perceived value to be, no purchase will take place.

Perceived value can be thought of as consisting of two major components: the economic component and the brand component (see exhibit 1).

The economic component would be what is sometimes referred to as "value-in-use" in discussions of pricing. For example, if an airline is considering purchase of a new model of aircraft engine, considerable attention would be given to the economic benefits that engine can provide in regard to fuel and maintenance costs. However, the perceived value of the engine would also reflect a brand component - what is contributed to the perceived value by the reputation of a General Electric, Pratt & Whitney or Rolls-Royce.

For some products and services, the country of origin may increase the perceived value of the product or service. For example, Germany is widely regarded as having a reputation for products that are well-engineered, France for products that are luxurious, Italy for products that are stylish, and Japan for products that are reliable. The reputation of some countries may decrease perceived value.

Perceived value can be measured. Statistical techniques are available that allow the estimation of overall perceived value and also permit the estimation of the relative importance of the economic and brand components shown in exhibit 1.



Prof. Donald E Sexton - International Marketing Expert

Donald E. Sexton is Professor of Business at Columbia University, where he has been a member of the regular faculty for more than thirty years. He received his M.B.A. and Ph.D. degrees from the University of Chicago. He teaches in the areas of marketing, branding, and statistics. He is a recipient of the Business School's Distinguished Teaching Award. He has written numerous articles on branding and is often quoted in media such as the New York Times and Business Week. He is the founder and president of The Arrow Group, Ltd. (www.thearrowgroup.com), a company that provides consulting and training services to organizations such as General Electric, Pfizer, IBM, DuPont, Citigroup, and BellSouth. He has worked in the Middle East, Asia, Latin America and Europe, on many varied projects, including export development in Iran, Honduras, and China. Besides his Columbia appointment, he is currently a visiting professor at the China Europe International Business School in Shanghai.

Building a Country Brand

To build a country brand, one must understand the components of a brand. These are: identifiers, attributes and associations (see exhibit 2.)

Identifiers consist of all the signals that identify a brand such as name and logo. For countries, identifiers would include the country name, but also the country's flag and other symbols, even country-related icons such as the Pyramids, Mount Fuji, or the Sydney Opera House.

Attributes are any characteristics. They might be features or they might be benefits. For countries, the attributes may be product reputations such as German engineering prowess or personalities such as Australian candor. Attributes should be chosen to achieve country objectives.

Associations are the connections between the identifiers and the attributes. Strong brands have strong associations.

To build a country brand, one must:

- Select a target market - customers or perhaps investors.
- Determine the desired country brand attributes - the attributes that must be communicated to members of the target market.
- Design the identifiers that will be the cue for the attributes.
- Develop and implement a communications campaign that will connect the identifiers to the attributes within the minds of the members of the target market.

Exhibit 1: Perceived Value

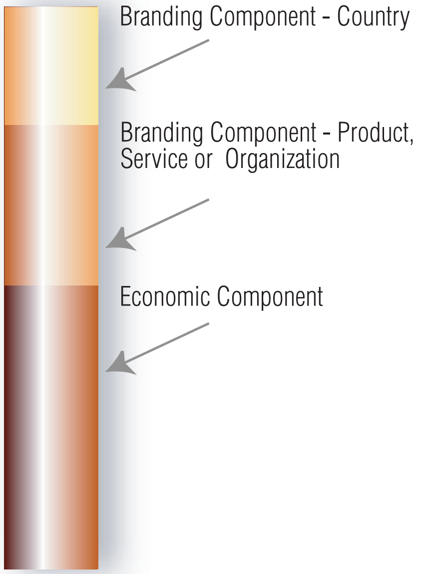
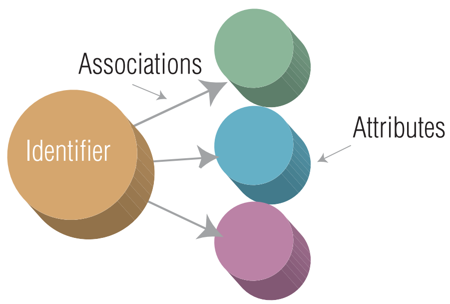


Exhibit 2: Brand Components



- Monitor the country brand to ensure that the country brand will be an important part of the overall perceived value to the target market member.

Country Brands and Investing

Not only can country brands affect purchase of a country's products and services, but they can also affect investments made in that country. For investing, the economic component of perceived value would be determined by the financial analysis of a project. However, the brand reputation of the project management company - or of the country where the project is located - could positively or negatively affect the perceived value associated with that investment project. If the investment required for a project is above what an investor considers its perceived value to justify, then no investment will take place.

To conclude, positive country brands can provide powerful stimulus for both exports and investments. To build positive country brands requires a clear strategy as to what attributes need to be associated with the country's identifiers. Then, a communications programme needs to be implemented, which consistently builds the desired associations over time among the members of the customer or investment communities in the country's target markets.

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