

Building brands for the future

BY Ruchi Gunewardene

Brands take years – decades, in fact – to build. In a long-term planning scenario, as businesses look towards a five-year planning cycle, they are beginning to establish goals for the year 2020. With the future in mind, we revamped our annual brands review so as to encompass a wider range of categories.

We want to be able to track products, services and companies which will power the economy through a brands-led approach in 2020 and beyond. So here's a snapshot of those who are currently leading that charge.

OPERATING ENVIRONMENT We are operating in an environment where Sri Lanka is on the verge of staking a claim to being the only country in South Asia that provides electricity to all households. Coupled with a phone in every hand, this affords a high level of empowerment and immense opportunities for individuals – we are at least a decade ahead of any other country in the region.

Together with improved housing, this environment provides Sri Lankans with a quality of life that must surely be enviable in the eyes of its neighbours. In this scenario, brands begin to play a more important role, as consumers become more discerning.

It follows that building brands through a structured and scientific process becomes critical. This is true not just of product and service brands, but also corporate brands that are looking to attract the best of the available talent to work for them, and entice prestigious customers to do business with.

Businesses that are operating in the global market need to have a good reputation and strong brands, if they are to succeed. The value that a brand can add to such companies is immense. Much like building and managing product and service brands, these companies should also resort to brand building, in order to create a strong corporate brand.

Whilst Sri Lankan entrepreneurs have become more sophisticated in building their businesses, they can do much more to build their brands.

There is limited appreciation of how one goes about doing so, and many continue to believe that advertising is a sine qua non for brand building – nothing can be further from the truth: think Brandix or MAS. The power of a brand actually exists when it is being lived by all employees on a day-to-day basis: think John Keells. It is not meant only for large businesses either, in that a brand can be built by small, rapidly growing businesses as well: think



The writer is the Managing Director of Brand Finance Lanka



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Kapruka. And it requires a sustained and long-term planning process to ensure it continues to generate value to the business, as opposed to short-term tactical promotions or advertising: think Dialog.

Brands operate in a highly challenging local and global environment. It is only those that are attuned to, and have the skill set to tap into and adapt to these changes, that will thrive in the future.

Taking a long-term view is key, because of the time it takes to nurture and develop strong brands through a sustained process. With this in mind, we present our findings from a comprehensive analysis of Sri Lanka's most successful brands.

LISTED BRANDS We selected the most valuable brands from amongst companies that publish financial reports annually, either because they are listed or state-owned enterprises. Whilst there are 100 on our list, only those that head the list are the true top performers.

Given the regulatory requirement for

financial services institutions to list on the stock exchange, Sri Lanka's Most Valuable Brands table is heavily weighted in their favour.

Meanwhile, we continue to witness the trend we've seen in previous years, which is the consolidation of established brands at the top of the table, as they begin to move ahead of others. The challenge for the others is to use their smaller scale and flexibility to outmanoeuvre the larger players.

However, the ability of Sri Lanka's top listed 10 brands to grind stellar performances is highly commendable. Essentially, the big brands are getting bigger. BOC retains its position as the most valuable brand in Sri Lanka, with People's Bank in second place, by a very close margin.

The performance of Dialog, which is the only 'triple A' rated brand on the table this year, is nothing but impressive. This rating stands Dialog in good stead, as it is indicative of a strong brand – which means that it has the long-term ability to increase its value significantly, over time.

The other notable brand in the top 10 is Nestlé, which performed remarkably over the years. Since being outside the top 10 four years ago, Nestlé has progressed steadily up the table in recent years, to secure a strong position at No. 7. It would seem that Nestlé's portfolio of brands has been fine-tuned to fuel this growth.

As for the Most Valuable Brands table, its primary purpose is to review the performance – rather than focus on absolute numbers – of brands over time. The challenge for those in the top 50, therefore, is to ensure that they maintain that single-minded focus on growth, by strengthening their brands. This can happen by defining or redefining a brand, where relevant, and through constant differentiation through innovation.

The brands at the other end of the table, on the other hand, have work to do – in order to define what they are, in relation to their consumers, and work towards a strategic approach of long-term brand building.

UNLISTED BRANDS This sector covers all categories of product and

service brands that are not listed on the stock exchange. The analysis is by category, and those that have the highest scores are consolidated into a table of 100 brands.

This represents a brand perception study that is carried out amongst consumers, who may or may not be actual users. It is, therefore, a measurement of perceived attributes of quality, reliability, distinctiveness, reputation and trustworthiness.

Having conducted this research for as many as seven years, it is apparent that a core group of brands will dominate the top of the table each year. There may be some variations in their positions, but a few brands have consistently been placed within the top 20 every year – and they are worthy of mention.

This year's No. 3 brand Panadol has been in the top 20 every year which, indeed, is a remarkable performance. In addition, Sony (No. 2) and Munchee (11) have featured in the top 20 in all except one year during this period.

Dettol helms the list this year, and along with Johnson's Baby (in fourth place) and Harris brushes (at No. 15), it has appeared in the top 20 for four consecutive years. In the meantime, Sunlight (placed sixth) and Nokia (No. 18) have appeared four times in the last seven years. Though Maliban misses out on being within the top 20 this year (it is at No. 25), it has been among the leaders on four occasions during this time.

The other consistent performers are the Unilever brands. Unilever is the single-largest source of brands in this table.

Last year, the multinational had 14 brands in the top 100, and this number has increased to 16 this year. Clearly, Unilever has a solid system for creating strong brands, which Sri Lankan companies could emulate.

In this year's pecking order, nine out of the top 10 are international brands. This points to their structured brand management systems, and they are building brand equity at the expense of home-grown brands. This is not a good report card for local businesses – they should take steps to decipher the science

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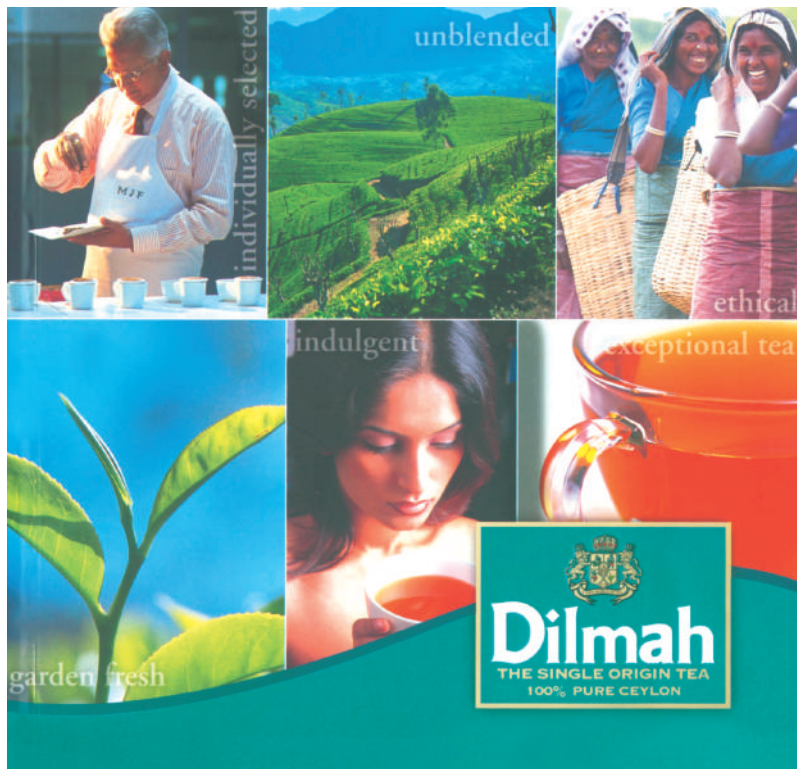
of brand building, and note that this encompasses a management process.

CONGLOMERATE BRANDS As branding applications become increasingly important to corporates, we embarked on a review of the brands that grace this sector. For the purpose of this study, we defined a corporate as one which is a holding company with diverse operating divisions. This enabled us to ascertain how effectively organisations with different portfolios under the same holding company manage their corporate brands.

Building a corporate brand is strongly influenced by the actions of a company or group, and how its employees and senior management behave. Brands that are able to capture this spirit, and then uniquely define it, will create a stronger and positive perception amongst its diverse stakeholders – e.g. investors, employees, suppliers, regulators, the media, customers and others.

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result in a common culture that would cascade over varying business sectors – and this, in turn, will sharpen what the conglomerate stands for.

EXPORT BRANDS These are the brands that are marketing Sri Lankan products to the world. To be successful, they must have world-class products and services which are captured by an excellent brand. In order to be successful in the global marketplace, these companies have high standards and compete with the best in the world. This is precisely what the firms at the top of the Export Brands list have achieved.

Brandix Lanka, MAS Holdings and MJF Export’s Dilmah can compete with any global brand in their respective categories... and win. They have worked extremely hard on developing their brands – in essence, to bring meaning to what they are marketing, beyond the basic commodity that they manufacture.

This is the role that brands play – they stand for emotional or intangible attributes which go beyond the tangible goods that are shipped. By understanding this ahead of the competition, the brands at the top of this list are able to compete more effectively on price with other less-expensive alternatives from across the world.

So Brandix and MAS have a high degree of association or partnership with their buyers, and the highest compliance with manufacturing standards. They work only with the most established global brands. Dilmah offers tea that is curated by an expert, which is appealing to the most discerning palates.

Virtusa and MillenniumIT are the fourth and fifth-placed brands on the table. MillenniumIT was delivering such a superior product that one of its customers – the London Stock Exchange – eventually acquired it, for 18 million Sterling Pounds. It continues to provide highly sophisticated products and services to stock exchanges around the world.

In the case of all the brands on the list, the approach has been to focus on high value addition and select customers, and specialise in areas where there’s greater price elasticity. In essence, this represents

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It is no surprise that Sri Lanka’s largest listed company John Keells Holdings is the strongest conglomerate brand. In second place is a relative newcomer – Softlogic Holdings. Hemas Holdings is next, followed by CIC Holdings and Hayleys Group.

The challenge confronting these brands is to be able to stand for a proposition that is broad enough to encompass the varied businesses they’re involved in, but sufficiently narrow to have a unified theme. Most of these brands have evolved over time, with little strategic input and corporate brand management. The CEO is essentially the manager of the corporate brand, and he or she has to actively shape it, to make the most of this critical asset of the business.

Much like a product or service brand that is nurtured to stand for a specific offering or proposition, if created for the conglomerate, it would bring greater meaning to its employees. Also, it will

Sri Lanka's export strategy, which should be emulated by others.

DIGITAL BRANDS With 2020 on the radar, we felt it would be useful to consider brands which are driving the digital revolution. Doing so requires obtaining data regarding a brand's engagement on multiple social media platforms and sentiments of users, as well as establishing the number of loyal (active) brand followers.

However, in the absence of this data – and to kick-start an evaluation of brands that lead this category – we have been tracking the effectiveness of the performance of brands on Facebook, which is the single-most important social media network.

The listing presents an interesting mix of conventional, established brands selling to the local market (e.g. Mobitel, Dialog) and marketing internationally (Dilmah); those that are reliant on the Internet, to supplement their revenue streams (SriLankan Airlines); and finally, the purely Internet brands (ikman.lk and Kapruka), which rely on that medium alone.

Brands that will emerge in the future, in this field, will be those that are engaging across multiple social media platforms and continuously interacting with their users – by exchanging views in an interesting and relevant manner, resulting in the creation of a group of loyal followers and brand advocates.

EMERGING BRANDS Once again, this category has been created with an eye on the future, to track brands which have the potential to fly the national flag across the world, and eventually emerge as a facet of Brand Sri Lanka.

Dilmah is the benchmark brand, as it has already achieved this. It is, therefore, no longer an 'emerging brand' – and thus not on this list. Dilmah has captured the essence of Sri Lanka in the tea that it markets to the world at large. And by consistently building its brand over a period of 30 years, Dilmah represents the brand for others to follow.

So who else has the capacity to capture the core essence of Sri Lanka, and market its brand to the world?

MEDIA SERVICES PHOTOFILE (JKH)



WATERFRONT John Keells Holdings' game-changing mega development

Well, the larger the scale of business, the bigger the impact of the brands on our survey results. At the top of the table are the two leading local hoteliers – Cinnamon Hotels & Resorts and Jetwing Hotels. They are attempting to define Sri Lanka in different ways, to attract tourists to our shores.

A brand must have a relevant emotional connect, with a strong proposition which goes beyond the generic 'Made in Sri Lanka' or 'Proud to be Sri Lankan' slogans which adorn many products and services that are marketed locally.

The brands on our list have, to some extent, been able to dig a little deeper to capture the true essence of the national ethos.

They will emerge as strong contenders in the future; either within their categories, or if they're sufficiently large and visible, as flagship brands for Sri Lanka – much like what Dilmah has done for Ceylon Tea.

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