Perhaps the engineers don’t get it – branding is not an option but a must-have

Seah Siew Hua
siewhua@newstoday.com.sg

MANY Asian companies do not realise that although offering innovative features is important, they are not giving enough attention to building a brand.

This was among the nuggets of management wisdom dished out by Mr Ho Kwon Ping, executive chairman of Banyan Tree Holdings, who was speaking at the Marketing Science Institute Asian (MSI) Marketing Conference yesterday.

The two-day conference was organised by MSI together with the Australian Graduate School of Management and the Singapore Management University.

Having to give up their cost-driven commodity businesses in the face of competition from the low-cost and high-tech business environments offered by China and India, companies in the rest of Asia have to start looking at establishing a strong brand identity if they want to survive, he added.

Speaking to a rapt audience of business leaders, Mr Ho said: “Some companies are trying to leapfrog the process of brand building by buying tarnished, money-losing and still well-known foreign brands. Whether this is a wise investment remains to be seen.”

He told them how Chinese computer giant Lenovo’s share prices dropped after it acquired IBM’s PC business and after “Start with the end as the beginning, with a strong brand as the imperative for survival itself. Strong branding is not a nice-to-have but a must-have.”

Using the digital music player market as an example, Mr Ho said that Apple’s success was largely attributed to its ability to evoke emotional responses from consumers.

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Using the digital music player market as an example, Mr Ho said that Apple’s success was largely attributed to its ability to evoke emotional responses from consumers. “Most companies in Asia, perhaps because they are founded by engineers, just don’t get this. “They don’t understand that the iPod, for example, is not about sound quality or the battery life of the product. It is about how music interfaces with our lifestyles,” he said.

Referring to the Banyan Tree chain of resorts, he said: “While product innovation remains important, our primary means of building guest loyalty is not the product feature itself. “It is to evoke an emotional response from our guests towards us, by creating memorable experiences for them when they stay with us. I think the lesson in this for other companies is that having an innovative product feature is a necessary but not sufficient condition for brand success.”

Dr Earl Taylor, chief marketing officer for MSI, said that if confronted with three equally global brands, it would be natural for the consumer to choose the one that embodies something about him.

Comparing iPod with a similar device that offers the same features, he said consumers might prefer iPod on the basis of the “marginal differentiation” in that it appeals to the consumer’s emotional needs.

“Another perception that has not gone away even in developed countries is that global brands represent quality,” he added.

Top management should also be actively involved in building the brand, said Mr Ho.

“Branding is not something you can just hire a consultant to do. Branding is something that key people in the company must have a feel for.”

As for the future of regional businesses, Mr Ho believes that “brand dominance will now surpass cost competitiveness and it will increasingly be as important as even technical superiority. And only then, when our Singapore companies and Asian companies get this, can they then challenge the Apples of the world.”