

INTRODUCTION

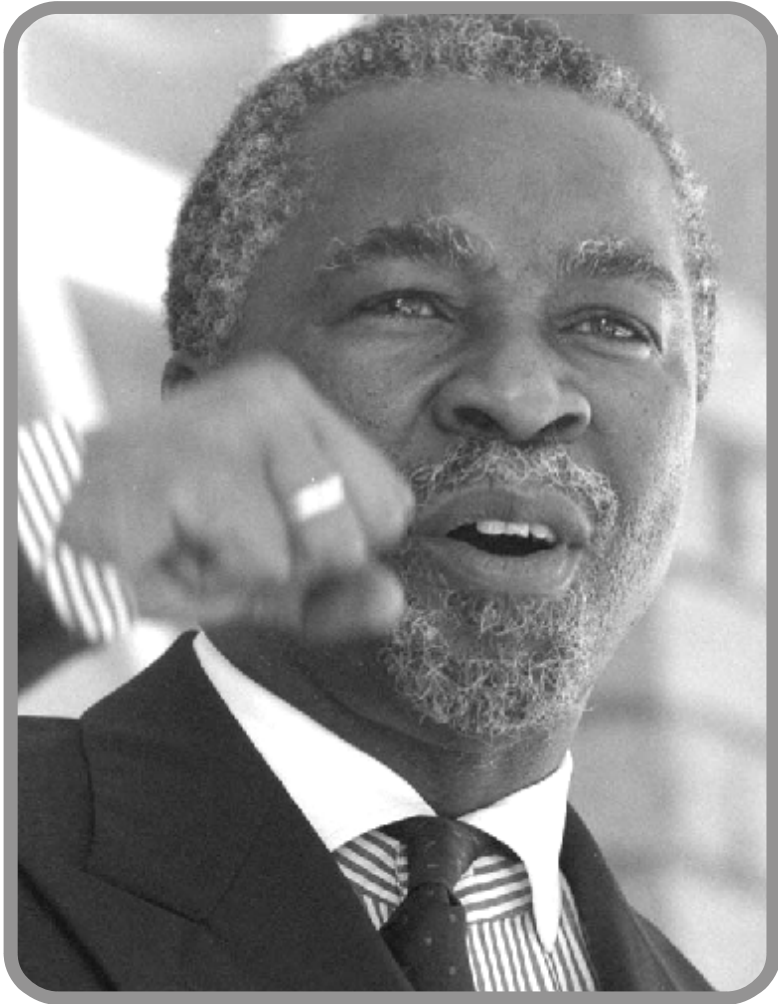


When the final whistle was blown at the FIFA World Cup™ 2006, the president of the world's largest sports brand, Joseph Blatter, summed up the event by saying, "This was the best World Cup of all time. **Never before has an event been presented in such** an emotional and global manner."

Blatter said the enthusiasm for the Germany team was giving coach Jürgen Klinsmann's players a major lift. "The Germany team is being carried by the enthusiasm in the country," he said. "I'm beginning to ask myself: 'Who can stop these Germans?' "Today, all the critics have to say 'Chapeau Herr Klinsmann'. I say that too."

Having spent the first 26 years of my life in the divided city of Berlin, these words rang ominous in my ears – yet so true, after I had witnessed an event that transformed an entire nation and re-invented the world's biggest sporting brand. Ever since the end of World War II, soccer has held a special role in German society – a role that The Kaiser, Franz Beckenbauer, defined as a "massive opportunity to present ourselves to the world and advertise Germany as a place to do business."

At the unveiling ceremony of the 2010 emblem in Berlin, President Thabo Mbeki made this world cup promise to more than one billion viewers: "We said **we will host the most successful FIFA World Cup™ ever** and we will keep that promise ... Africa is ready, Africa's time has come, Africa is calling. Come to Africa in 2010!"



BRANDOVATION™: THE DEFINITION OF GREATNESS

What happened in Germany during those ominous four weeks from 9 June to 9 July 2006, was an Ovation of Brand Germany – with such overwhelming success that tourism bookings have increased by nearly one third, investors confidence has surged to an all-time high, and the German team keeps winning in great fashion (all five games since the World Cup to date, with 23-1 goals and record viewing rates).

Ovation (from the Latin *ovatio*) was a form of the Roman triumph, when the victorious general entered the City of Rome to celebrate an important victory. Wrapped in his purple toga, the Roman general would march down the *via triumphalis* and showcase the splendour of the Roman Empire.

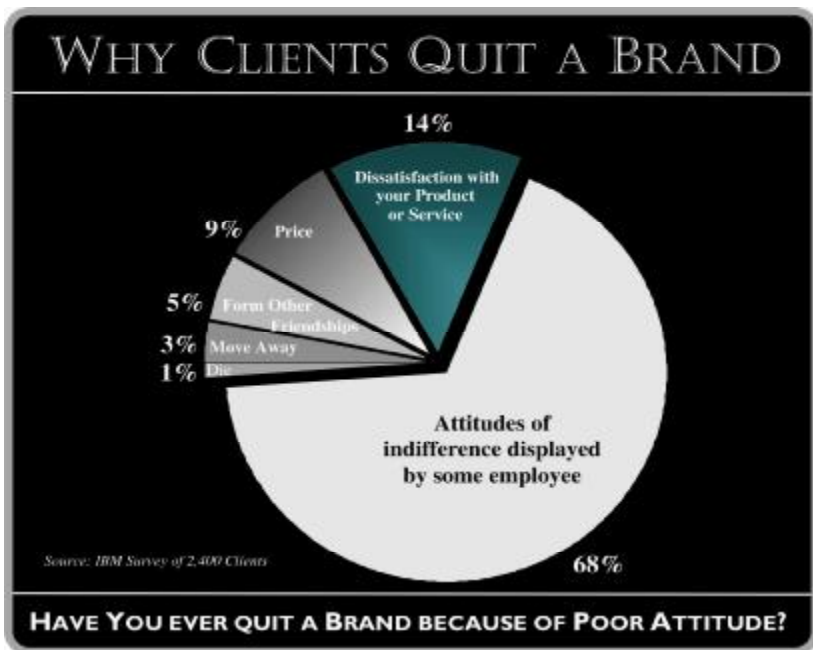
The parade of the German team at the conclusion of their victorious world cup campaign, held at Berlin's Brandenburg Gate in front of a million supporters, was reminiscent of the Roman Ovation and at the same time **illustrated the new laws of brand leadership** in the 21st century.



Whereas previously leading brands could buy their status through massive advertising campaigns or huge R&D budgets, the dynamics of brand leadership have shifted in recent years.

THE DRIVERS OF BRAND LOYALTY

In order to determine the drivers of brand loyalty, IBM recently conducted a survey of 2,400 clients on a single question: “Why do clients quit a brand?” The findings were astonishing:

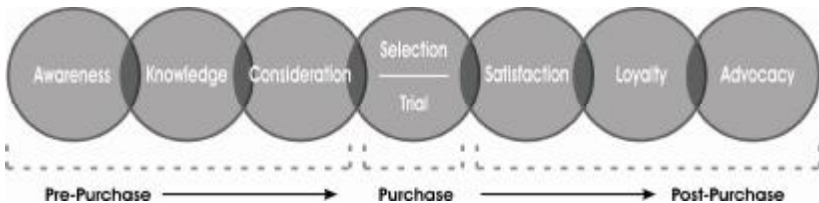


As shown, more than two out of three clients **quit a brand the minute they encountered** an “attitude of indifference” by an employee. Say for instance you took your car for service and – although the service was conducted properly - the attendant clearly did not care about yourself, so much so that you left the brand infuriated and vowed never to return.

CONVERTING BRAND LOYALTY TO BRAND ADVOCACY

The IBM survey suggests that client satisfaction is no longer sufficient for building brand loyalty. Attitude has now become the key driver of brand leadership.

However, according to the Client Relationship Lifecycle (CRL) Model of Harvard Business School, brand loyalty has been superseded by brand advocacy as the ultimate determinant of brand leadership – it is only when your clients start advocating your brand to others, that you are achieving premium brand status.



This is the role of BrandOvation™ - **“to make your clients stand up for what they have received”** (Wikipedia 2006) and rave about your brand to others. At the FIFA World Cup™ 2006, not only were the supporters of the German team ovating at the stadia, but the entire nation was caught up in performing the highest form of ovation – applauding itself for having the good luck to be there and experience one of the great brands in soccer win their games in a manner that demonstrated deep passion and total commitment.

It is only when your brand acquires the rare status of OvationAbility™, that you will be able to charge a premium and attract clients at the same time.

WHEN LAST DID YOUR CLIENTS STAND UP FOR WHAT THEY RECEIVED?

MEASURING BRAND PREMIUM

Measuring the strength of your brand thus comes down to a single question: What premium do you command over your competition? In other words, are your clients prepared to pay more for the privilege of procuring your services over somebody else's? As can be seen, this premium can be negative as much as it can be positive. **Leading brands often command price premiums of 40%** and higher as opposed to generic brands.

As in the case of BMW, a premium brand is characterised by the client's perception of a premium price translating into a premium image. If BMW were to cut prices by 20%, many a client would start questioning the value of the BMW brand.



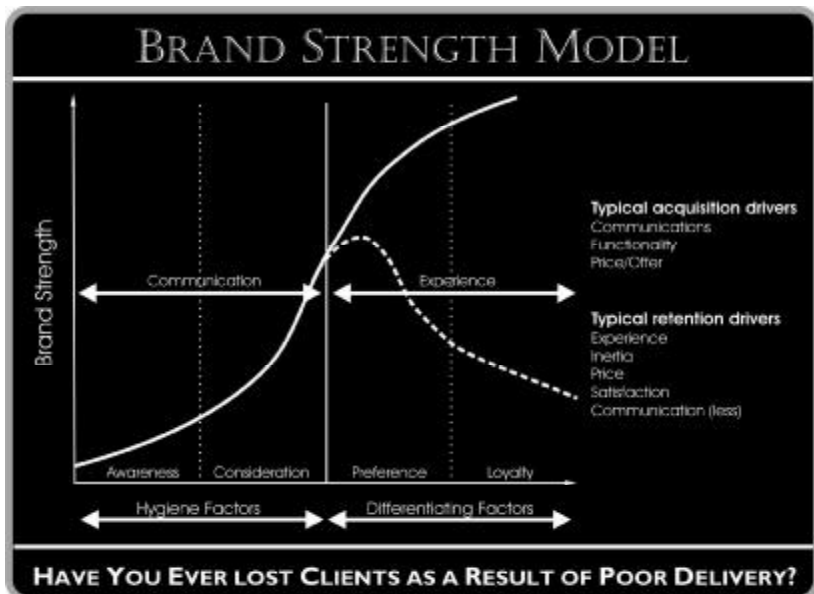
WHAT PREMIUM DO YOU COMMAND OVER YOUR COMPETITOR?

EXPERIENCING THE PREMIUM BRAND

“Nothing kills a poor product faster than good advertising”. Retaining clients over time requires not only that they have a positive experience with your brand, but also that they can identify with your brand character – this being the people in the company and the degree to which they can be trusted to deliver your brand promise.

The strength of your brand is driven both through communication and experience with the brand. Brand strength initially depends on the *Hygiene Factors*, i.e. awareness and consideration, which are driven by communication and influenced by acquisition drivers such as functionality.

Strengthening or weakening your brand then depends on the *Differentiating Factors*, i.e. brand preference and brand loyalty, which are formed from the client’s experience with your brand and influenced by the retention drivers, such as service and, importantly, employee commitment.

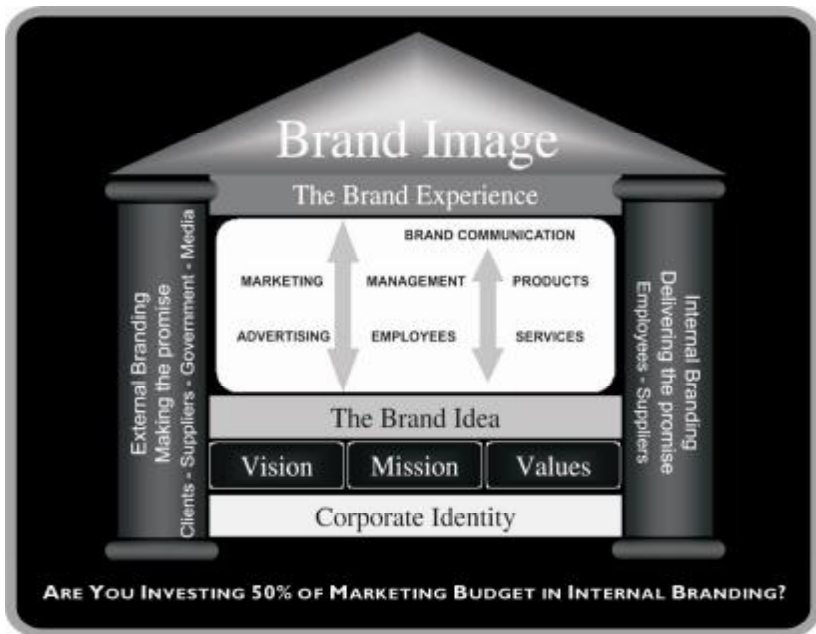


DELIVERING THE PREMIUM BRAND

Your Brand Idea is formed by what is called the Corporate Identity: Your vision, mission and company values constitute the Value Proposition that your brand is extending to the market. This Brand Idea is then communicated to the market through three channels: Marketing / Advertising, Quality of Product / Service, and the Moments of Truth: the Interactions of your Clients with Management and Employees.

This is how your Brand Image is created: partly by what YOU say (Left Pillar: “Making the Promise”), and more importantly by what THEY experience (Right Pillar: “Delivering the Promise”).

This is why a Fortune 500 study found that **more than 50% of the marketing budget in leading US corporations** is allocated to internal branding – the key driver of premium brands.



The Key Driver of Premium Brands

The verdict of IBM's survey on brand loyalty clearly articulates the key role attitude has taken on. Attitude has become mission critical for brand leaders. Longitudinal research conducted over the past twelve years indicates that employees perform across five levels of commitment:



Research at over 1,500 corporations representing more than four million employees has shown employee commitment to average at 3.4 – between reluctant compliance and apathy. The averages vary between countries, with Israel topping the list and, surprisingly, **Japan residing at the bottom of the log** out of 21 countries. However, the message is clear – after decades of cost cutting and downsizing, amidst a global lack of inspirational leadership, employee commitment at corporate organisations is cause for serious concern. The question is, at what cost?