

What's branding got to do with the future of Europe?



The AIM Brand Lecture series provide a new forum for the sharing of the latest insights from the world of brands and from thought leaders who interact with it. Brand manufacturers share EU policy makers' ambition to create sustainable and inclusive growth. The Brand Lectures hope to enrich the debate on Europe's future and how different actors in society can shape it together.



Rita Clifton has been called "*The Doyenne of Branding*" by Campaign magazine and "*Brand Guru*" by the Financial Times. She has worked with many of the world's leading companies on their brand strategy. She has featured in a wide variety of TV and radio programmes concerning business, brands, marketing and communication, including for CNN, BBC, Channel 4, Sky and Bloomberg.

Her writing has included the best-selling book "*The Future of Brands*", and two editions of The Economist book "*Brands & Branding*". She chairs the brand firm BrandCap. Before that she was Chairman at Interbrand and Vice-Chairman and Strategic Director at Saatchi & Saatchi. Her pro bono roles include the board of WWF. She has been voted one of the 75 Women of Achievement in the fields of advertising, media and marketing over the past 75 years. She was made a CBE in the 2014 New Year Honours List for services to the advertising industry. More information at www.ritaclifton.com.

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AIM's inaugural Brand Lecture
by Rita Clifton CBE 30 September 2014

Thank you so much for the introduction and thank you very much for inviting me. I am very flattered to be giving the inaugural lecture. I am also absolutely delighted to see so many people who are interested in the subject of branding. I know that I am preaching to the converted for many people in this room, but I do have to say not everybody shares your interest in branding.

When I was recently speaking at a conference in Frankfurt, there were a lot of people in the room who did not necessarily get the 'brand thing'. These maybe were some of your favourite people – bankers. At this conference, just before me, there was a panel speaking about short-term prospects for financial markets and the room was packed! There was standing room only and everyone was riveted by all

the numbers coming out. Then the chairman of the conference stood up and said, 'and now there is going to be a presentation on the value of branding in banking'. I'm not joking, about a third of the room left! There was a scraping of chairs, people could not get out fast enough, because of course they thought 'what does this brand malarkey have to do with us?'

Had they just stayed and had a conversation, it could have been rather useful for all our discussions about how to build sustainable value into all our businesses... and how important that might be to all of our sustainable futures. And had they actually been incentivised to build sustainable brand value and relationships with their customers, we might not have had quite the mess that we did.

“ Branding is *the way* – for the most part, the *only way* – of generating sustainable wealth and sustainable value”

So I hope there are quite a few people in the audience who are already brand believers, but I hope to provide some examples, facts and stimulus to some of our thinking, because it is critically important, not only for us in the room, but also for wider audiences to get the ‘brand thing’. Sometimes when I speak in schools or universities or indeed to the general public, not everybody gets that we all need successful businesses to pay for our schools and hospitals and our civil society.

Branding is *the way* – for the most part, the *only way* – of generating sustainable wealth and sustainable value. I say this because sometimes people say to me, ‘oh, yes, the ‘brand thing’ is very important, but of course our most important asset is our people’. I am sure you have heard that one and what I answer to these people is: ‘Well, yes people are very important, but organised to do what?’ If you are not trying to build a consistent long-term idea together that is going to generate some long-term value, influence and wealth, then you are just a group of people doing stuff, versus another group of people doing stuff. The other thing about people is that

they have a horrible habit of dying or leaving. People die, buildings fall down or dilapidate, products and services become obsolete or rot, but the thing that lives on, if you look after it properly, is the brand.

It is very important that wider audiences support this case because at the moment there is a lot of cynicism and scepticism about this. We need the freedom to operate, to innovate, to engage people and to compete in this hyperactive world. We need our brands to succeed but we also need our European brand to succeed.

There is a great phrase: ‘only fools rush in where angels fear to tread’ and I say that since I am going to talk about ‘Brand EU’. I am going to look at some of the broader lessons we can learn from some of the most successful global brands and I will come at this issue from very different sectors. I know that there are many people in the room who come from a manufacturing base and that is critically important, but sometimes we need to make sure we are taking lessons from other sectors. This is also useful since you never know where your next competition is going

“We need our brands to succeed but we also need our European brand to succeed”

to come from. In a blurring world, no brand is sacred in this marketplace anymore – ask Kodak, ask Nokia, ask a lot of second- and third-tier food brands. You have got to make sure that you are able to compete with the very best.

I am going to argue that this brand thing is very important to all of our futures. We need to make sure we have the right ambition, the right public support and of course the freedom to operate and innovate in a way that is going to help us generate sustainable wealth. If we do not get ‘Brand EU’ right, we will keep on with the lack of clarity, the frustration and the confusion. It would also be a fantastically missed opportunity that we all could collaborate on and share for the good of us all, not only for our companies, but for us personally, Europe itself and broader society.

Warren Buffett is the world’s most successful and least sentimental investor. You would have thought he was only caring about numbers and money but when he was speaking in Frankfurt, a few months after my disastrous attempt to speak to bankers,

he was speaking to some investors that asked him: ‘What are the most important criteria by which you are going to decide on future investments?’ ‘Number three’, he said, ‘is a strong balance sheet. Number two, a strong management team. Number one, brand’.

He knows that strong brands give you more returns for less risk. I guess that is what we all want in a business. But every now and again, articles come in the press about a new technological development or a development in the digital world with headlines such as: ‘is this the death of brands?’ or: ‘is it the twilight of brands?’ Some people have argued that, in a world of perfect information where product and price are laid bare, doesn’t it mean that brands are going to be less important? Let me think about that... no!

The reason is that in this exploding world of information, people want brands they can trust to help them navigate and to simplify things. Human beings are not going to be able to stay awake that much longer reading endless information on websites, social media and so on. They want brands to

“In this exploding world of information, people want brands they can trust”

help them simplify, edit and help their lives, and that is going to be important.

The doubters do have a point, however, which is ‘This is what the world used to look like’ – i.e. you used to make people aware of your brand, then they might try it, if they tried it, they liked it and they might buy it again, and that meant repeat purchase and sustainable value. Now, in a digital world it is a mess! At any stage of the research or the buying process, anybody and anything can get in the way – with good or bad effect.

I am often asked ‘Can you do a presentation on branding in the digital age?’ What they expect you to do is to show sexy YouTube videos, Vines, social media campaigns like Red Bull and many more. I am more than happy to do that, but here is what I think is the killer insight about branding in the digital age: you have got to be a really good business, to do really good business, where all of your people know what they are doing, where they care about what they are doing, where they are clear about how they can help you to be different and better versus your competitors, and they have got to love

what they do, because then they are going to tell other people.

Your own people are either your best ambassadors or your worst whistle-blowers. That applies as much to politics and political parties as it does to commercial business, and indeed to not-for-profit as well.

Brands have had their own bashers – I do not know if you have read the book *No Logo* by Naomi Klein? In my view, it is beautifully written... nonsense. It says that brands have become too powerful, that they bully and monopolise markets. Here is what I believe: branding is the most democratic of processes. If a brand does the right thing, produces great products and services and behaves well, people will ‘vote’ for that brand with their purchases and loyalty. However, if a company does what you do not like, you will vote them out! This with a scale and a speed that will take people’s breath away. If you do not mind me saying, this is rather more than you can do with governments and many other institutions. You cannot be too big because people will punish you if you do not do the right thing.

“ Branding is the most democratic of processes. If a brand does the right thing, produces great products and services and behaves well, people will ‘vote’ for that brand with their purchases and loyalty. However, if a company does what you do not like, you will vote them out!”

The European Union has had its own crisis, its own earthquake and aftershocks from earlier on this year. It is a fractured brand at the moment. The lack of clarity and the lack of communication have meant that there is a vacuum, a vacuum that is often filled with drivel, nonsense and poison.

I am sure you have your own favourite ridiculous headline about what the EU is currently reputed to be up to. Examples are ‘Euro killjoys’ that are banning toys, and are therefore being cruel to children, or that ‘Pigs must be given toys’, so it seems they take toys away from children and give them to pigs! It is so ridiculous but there is a vacuum at the moment, a lack of a concerted and positive vision, so therefore people will make stuff up.

While we are being cynical, rubbing our hands and worrying about ‘this ugly capitalism thing’, countries around the world who are our future competitors are getting geared up. Even the Vice Premier of China has talked about how brands and branded commodities are their way forward to social and economic progress. I should remind you that China is still a communist

country, which is very interesting. China wants to own and develop its own brands, because they realise that this is the only way they are going to generate sustainable value and sustainable wealth. He who owns the brand owns the wealth.

The problem for them at the moment is that ‘Made in China’ is a value-destroying thing to say. That is why Chinese consumers often want to buy brands from outside China; they want to buy European brands because they trust the quality and status of European brands. We have so much going for us, sometimes it is only a matter of stitching it together.



It does help that sensible publications like *The Economist* do make the business case why brands are good for you.

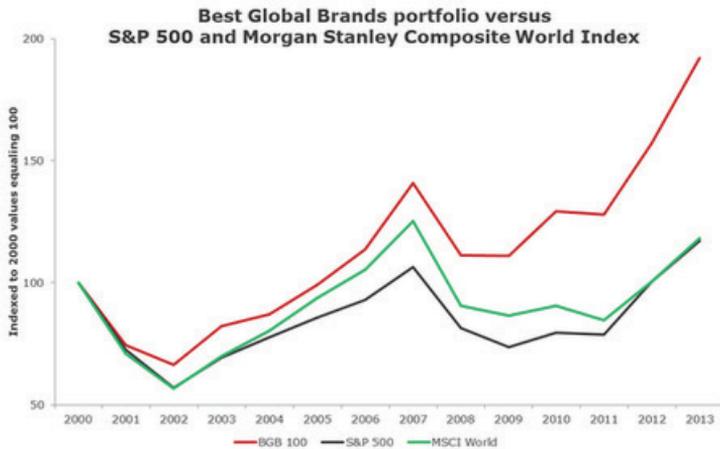


This is why developing countries want strong brands because they know they have a reputation to protect. They also absolutely understand that if you have a strong brand, you have a loyal customer, and if you have a loyal customer you have more security of income, more security of earnings and that means more security of employment. These are important social benefits, not just economic

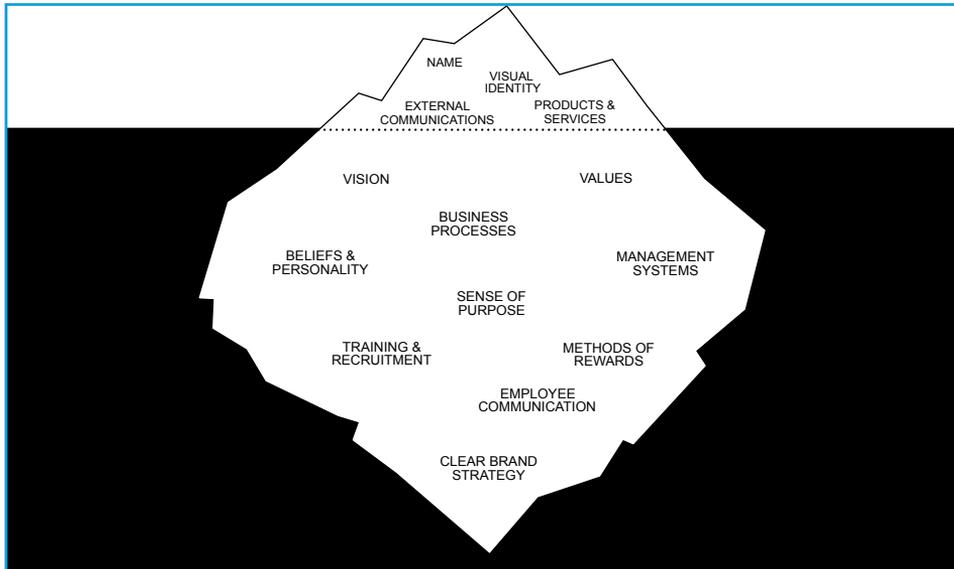
benefits. This does not get said often enough, in my view.

If you look at the performance of strongly branded businesses of all sectors against the Morgan Stanley Capital Index and in Standard & Poor's 500 of the biggest companies in the world, you will see that strongly branded businesses pull away from the average of all others.

Strong brands deliver superior returns



Source: Interbrand analysis with data sourced from Thomson Reuters and Best Global Brands



Looking at a balance sheet and formal income statement, branding works at the top line, on revenue generation, capturing new customers and growing existing customers. What people often do not understand is that branding also makes businesses and organisations more efficient, that goes for charities as well, because if everybody knows what they are doing, that cuts down inefficiencies and duplication. If they are good at what they are doing, that cuts down the need for expensive advertising campaigns, because your people will be great advocates for you and so will your existing customers.

If you have engaged staff, that means operating income can go up by 19% but if you instead have disengaged staff that means operating income goes down by up to 33%. If you have a

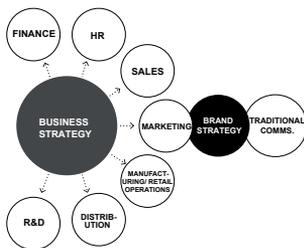
strong brand, you make about a 50% saving on recruitment costs versus all other companies. These are very sensible things to have at the top line, at the bottom line and at the cost line as well and these factors increase reliable profits and influence.

I wonder sometimes what it is that people often do not get about the 'brand thing'. A clue I think is represented by an iceberg structure: people can get obsessed with the top bit, the name, the packaging and the advertising. It is however the stuff that lies beneath that makes the big difference. The visual parts need then to do that justice but it is the substance, the culture, the people, the systems and the vision that really drive an organisation.

The way people used to do business in the traditional business world was that you had your business strategy, you had your operations, IT and HR hanging off that and then you had a marketing department. They did branding and then manage the communication of the brand. The next stage along was to make these elements meet a little bit so that brand strategy actually informed corporate or organisational strategy to make sure that everything you did gave you some form of competitive advantage – from the way you answer the phone and the way you serve customers to the way you recruit people and develop them.

On the right is branding 3.0: brand strategy and business strategy are actually the same. It is just what you do that helps you succeed in all of your markets, and seamlessly across all your operations, policies and decisions. If you are not doing this, any one of your people or touch points can be the weakest link, and particularly in the digital age where everything counts. People need to believe and understand what they do. Howard Schultz, the CEO of Starbucks, said 'I do not run a business, I run a brand'. That is what is going to generate long term value.

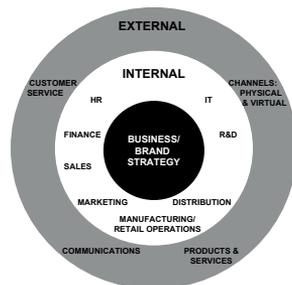
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“As far as ‘Brand EU’ is concerned, the main products people currently see and feel from ‘Brand EU’ are bureaucracy or directives, not things that they feel will be helpful to their lives. This is a real missed opportunity”

So, what is your brand about? How does that show up in products and services that are distinct? I know we have many world-class companies in the room and you know that brand-based innovation is the most effective and efficient innovation.

As far as ‘Brand EU’ is concerned, the main products people currently see and feel from ‘Brand EU’ are bureaucracy or directives, not things that they feel will be helpful to their lives. This is a real missed opportunity.

Let us think about who represents ‘Brand EU’. People do not necessarily understand what it is that Europe is about or how leaders are epitomising what Europe is about, and sometimes, frankly, maybe they do not.

If I had a pound or euro or dollar for every time a company has sworn to me that some of their core values were openness and transparency, and when I then enter their offices and see that there are dark corridors, people sitting in separate offices, typing away and not speaking to each other. People pick up their cues and clues from everywhere and you, all of us as leaders, need to epitomise that principle.



I want to share a few lessons from some of the world's leading brands from very different sectors. Sometimes it is more stimulating to look outside rather than staying in the manufacturing base, or indeed being 'category bound' in any sector. The categories that make up the most valuable 100 brands are very diverse. Classic fast-moving consumer goods only make up about a third of the top 100 today, the rest of them are in automobiles, financial services, computer services, internet services and broader professional services and businesses.

An interesting factor on global brands by country: America absolutely knocks spots off all the other countries in the world. However, when these charts started being compiled 15-20 years ago, America had over 65 brands on the list and now they have around 50, in today's much more competitive market. If you put all of the European brands together in the top 100, Europe owns about a third of the brands in the top 100, while the USA owns half. This is interesting because Europe of course has got a bigger relative population.

American brands have been the sustainable engines of the American economy since the Second World War. They have succeeded in great part because they had such a huge united domestic market on which then to export and expand. We do not have that same advantage at the moment in Europe. It is not effortless, it is not borderless, so therefore there is more strain and struggle to make sure one can compete on that basis.

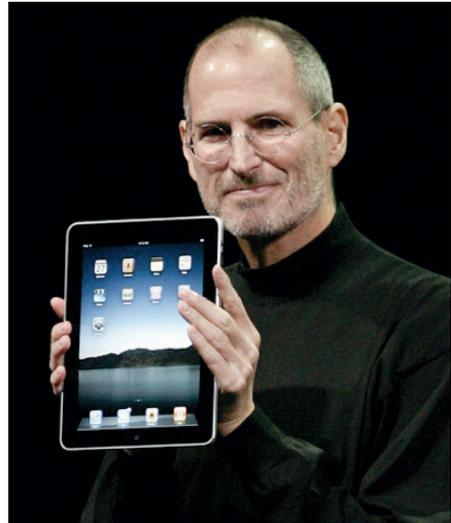
Looking at the top ten brands in the world, eight or nine out of those, according to different compilers, are US brands. Some of these brands are not that popular in certain circles, however we all need to learn from some of these businesses and, if nothing else, know how to compete against them in the future.

The characteristics of these very successful brands are three. Number one is **clarity** of what you stand for and how that is different and better versus the competition. This is something to think about for 'Brand EU'.

Secondly is **coherence**, how what you stand for shows up in everything you do, not only across your experience to the customer but also in internal to external consistency. There is no use pretending that you are a smiling customer service organisation on the outside if you have an axe-murdering culture on the inside. For example, it is inconsistent if the talk is about having a clear and marvellous creative economy on the outside when what people say they can see and feel is only more bureaucracy and interference in day to day reality.

The third aspect of a strong brand is about **leadership** – who runs the organisation and who symbolises the organisation, how they carry the best of those values and how they epitomise those values.

One of the most overused case studies is Apple. This is because it is one of the most successful brand case studies we have seen in business. They are very **clear** on what they stand for: 'Man shall not be subordinate to machine'. It is about humanising technology and this is present through everything they do. From the products they develop



– the delicious-looking human-based products that look as though you do not only want to use them but you want to lick them – to the Apple stores that are experiences designed for human beings and not just conventional shops made for people to go in and buy and sell stuff.

They have people that help you do things and they have repositioned nerds as geniuses – absolutely brilliant! They also had Steve Jobs who epitomised the Apple brand – the consistency and the clarity of what that brand stood for. He also used the clarity of Apple-thinking to simplify their innovation base.

We then have Steve Ballmer, until recently the Chief Executive of Microsoft. Steve Jobs was very



cool, very calm and very simple in his communications, while Steve Ballmer would typically run on stage at conferences, kicking the air and everything else, like a bomb going off. This was a bit like the Microsoft brand at the time. They could not compete against the simplicity, clarity and beauty of the Apple brand. When Steve Jobs died the Apple share price went down, when Steve Ballmer left, the share price of Microsoft went up. It's a tough old competitive world.

I think that there is an analogy for 'Brand EU'. The Microsoft brand was all over the place with lots of sub-brands that were not looking as if they were a part of a family, with no real clear idea in evidence about what Microsoft was about. Microsoft was more of a sales organisation and not a brand-based organisation – and it showed.

Even though they thought a few years later that they needed to make the brand look a bit neater, looking more consistent, this was not necessarily reflected in more fundamental changes under the surface of the iceberg however. The product 'Surface' was rather a good name because it was not really stitching together the Microsoft brand in a way that it could have.

Microsoft has then acquired Nokia, a brand that focused for so long on being in the product business only, making more fashionable and interesting handsets. Their brand idea about 'Connecting People' was potentially a strong one; you could have done a lot of interesting and broader product innovation and brand extensions with that. Nokia used to be in the Top Five brands in the world and now the Nokia brand could be dead before Christmas, after Microsoft spent billions on that business. It is a sad and extraordinary story that shows the difference between product-based thinking and brand-based thinking. Even Apple however needs to keep on renewing its brand and is always in danger of losing its cool. I am afraid to say that Tim Cook is just not seen as being as cool as Steve Jobs as a brand leader.

I know that sometimes it is quite difficult to think more broadly, particularly for manufacturer brands. Nestlé is a fantastic example with Nespresso and some of their other brand experience extensions. You can connect with people much better if you can surround them with space and experience, and not just products.

A company that people have mixed feelings about is Amazon. This was a business where you did not see any shops, you did not touch anybody, you did not speak to anybody and yet they have ended up being one of the most successful and trusted retail brands in the world. How have they done it?

Amazon has done it since they absolutely understood what consumers had a problem with regarding an internet-based business. Maybe you did not trust them to deliver or you did not trust them with your money. The logistics of Amazon were extraordinary and the tone of voice, speaking to people by remembering their information, making suggestions and using human language in a way people did not expect from a business of this kind.

The leadership matters a lot: the founder and CEO of Amazon, Jeff Bezos, epitomised the brand being utterly customer-centric and obsessed with it. They have now taken that retail business into own brand products because their vision about being the earth's most customer-centric organisation overcomes boundaries, category, separations or anything else. You have got to be a better brand in the round, all the time, competing against the best in the world.

If anyone would have told you 15 years ago that Samsung would be a stronger and more valuable brand than Sony, you would have laughed. How have they succeeded with it? They were previously on the low-price and commodity road to perdition, but they got themselves out of that by understanding the importance of building a strong brand, even in a commoditised business. They also learned from a philosophical point of view that they needed to be a leader and not a follower and that they needed to invest and build in their own brand.

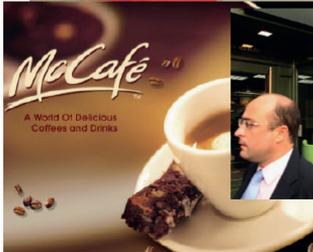
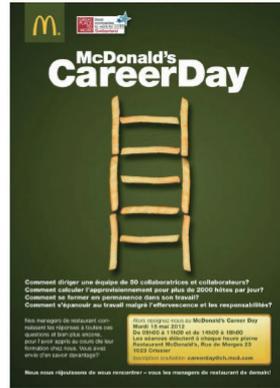
What is more, they incentivised their people to build brand value and not just work on straight financials. That really concentrated the minds of the management team. It also helped that Sony as a brand was exploding into sub-brands, a bit like Microsoft, fragmenting the brand. This is sometimes what can happen in Europe as well – a very fragmented brand with no centre or core that drives and adds value to everything else.

The brand that went from a boys' bedroom-idea to a top ten global brand in ten years is Google. The clarity of Google, of the brand identity, was to cut through all the mess of information on the internet. There was also clarity of what Google stood for: organise the world's information in a way that did no evil and that had fun.

The way Google talks about themselves is different – 'we love our employees' -, they talked about lava-lamps, they do not use straight corporate language, there are lots of stimulating things to do in the Googleplex. Yet, they also let their engineers dedicate 20% of their time to work on their own innovation projects. They put their money where

their culture is. This is a very serious business, and they are connected in so many sectors now and they are the favourite destination for all of our brightest young people. Google has to be careful, however, of people thinking that they are too big. Like any organisation, they will get punished if they do not carry on behaving in the right way.

Some people used to think that McDonald's was evil but they showed that you can recover from a crisis. Europe might be having a crisis but you can recover. A few years ago, I was being interviewed by media channels with questions such as 'Is this the end of McDonald's?' They had come to be seen as the poster boy for the obesity epidemic, and had got the reputation for bullying environmentalists. Although they may have had Justin Timberlake in the advertising, they were not building and renewing the brand in the round. However, they took the criticism on the chin, improving their products and services so that they are healthier. They may have been about 'good fast food', but people thought that fast food was rubbish. They repositioned themselves to be about *good food fast*, and about



'Simple, easy enjoyment'. The places they are presenting, the McCafés, are nice places where you might eat decent food and not have to slip off those original horrible plastic red seats. What is more, they have turned around the McJob-prejudice, and instead signal 'We look after our people, we are good people doing good things', and they have championed that too. McDonald's has recovered from crisis by understanding what the brand should be about and then organising everything around that.

On Toyota, it is difficult to think of a worse crisis than being associated with customer deaths as they were alleged to do. They were very successful, one of the most valuable brands in the world, and by their own admission maybe they

became too complacent when they overtook Ford and General Motors. Toyota lost focus on what the Toyota brand was about and they were not open about what was happening on the inside. The results were disastrous, with accidents and recalls connected to their accelerator pedal and floor mat. What they did in the end was to acknowledge and own the problem. Their CEO came forward eventually to apologise, even though it was counter-cultural to speak like this to the global public.

They got out to speak about what Toyota was doing to repair the processes and to repair trust. They got their own people talking about what great work they were doing, how much quality assurance there was in that business.



If you do not communicate, there is a vacuum, and that is one of the challenges here. They are now doing great work on clarity of thinking, on the future vision of Toyota, and have reinforced their principles and standards. They have recovered because that is what a strong brand can do. People give you the benefit of the doubt, even in some ghastly crises (including things like the horsemeat saga!).

On clarity, consistency and leadership, there is a challenge to Europe and to many nations around the world. It is difficult to make things happen with nations and cities since there are so many stakeholders involved. When you think about place-branding, the 'I Love New York' slogan with a heart in the place of the world 'love', is one of the most famous examples. It was just a slogan, but a great slogan based on a real truth. The emotion that went into 'I Love New York' and the unity that it gave people was very interesting and also very American.

In Britain, we have elevated self-deprecation to self-flagellation these days. In a TV programme like *Rip-Off*

Britain, three ladies are telling you that most days in Britain, you get ripped off. Can you just imagine a programme like *Rip-Off America*? The website of the programme says 'if you like *Rip-Off Britain*, you might also like *Fake Britain!*' Britain has a bit of a crisis of confidence, with only four brands in the Top 100 in the world, but it does create brands for many other markets: we are acknowledged to have world class creative industries. We are a slightly strange mixture!

If you compare and contrast what is going on in the USA with Europe and Britain, we have some interesting insights. If you look at Google searches over time, people are still interested in America, and not just people who want to do mischief to America. People are interested in the economy and in what America is doing and the Google search levels are actually maintained over time.

I am afraid to say that looking at Europe and the European Union there is a decline in interest and searches over time, and the same happens in some of the individual countries. People feel more disconnected and

“We are a world power when we are united”

discombobulated and in a survey about people’s views of Europe, the ‘neutral’ category overtook the ‘positive’ category around 2009-2010 and it has stayed that way since then.

This is not good news for us working together. People are a bit gloomy about their prospects; a lot of people believe that the economic situation will get worse. There is some light on the horizon from Germany and from the UK. The worrying factor is the one on the pessimism about the future for our children, where I am afraid a majority of people in all European countries think that things are going to be worse for their children.

The future, however, is not written. If you do not plan the future you want,

you will get the one that shows up. That is why more careful and deliberate management is needed about what we are doing all together. It is true that sentiment is rebounding a little – some of the lines in the charts are ticking up again. The favourability of the EU is slightly rebounding as well, but there is a long way to go.

When it comes down to it, the vast majority of countries believe that they are better off in Europe than out of it, no matter all the cynicism and concerns. In a recent survey, only Cyprus and the UK believe that they would rather be out than in.

In another survey there were very strong and positive views on how the EU is promoting peace, that is great

Publics Both Idealistic about EU and Very Frustrated

% who say the EU ...

	Does not understand the needs of its citizens	Is intrusive	Is inefficient	Promotes peace	Is a world power	Promotes prosperity
	%	%	%	%	%	%
Greece	85	86	67	70	59	30
Italy	77	63	57	64	41	31
France	69	54	50	70	59	42
Spain	65	68	63	65	57	53
UK	64	60	64	67	43	53
Germany	53	64	43	84	39	47
Poland	49	58	30	76	51	66
MEDIAN	65	63	57	70	51	47

Source: Spring 2014 Global Attitudes survey. Q61a-f.
PEW RESEARCH CENTER

news for how the EU is perceived positively. The negative things, however, such as 'The EU does not understand our needs', 'The EU is intrusive and inefficient', were much higher than the EU being a world power or promoting prosperity. This is obviously not good, that people do not believe Europe is promoting prosperity. We are a world power when we are united, and I use that word in a very reserved way.

As mentioned earlier, branding can be seen as the top bit of the iceberg, the superficial bit, but there is so much of substance about Europe and about the EU that is not getting through to the visible part. An example is that we in Europe are the main commercial partner of the world, both in terms of our exports and in terms of our imports! We deal with the rest of the world in a way that is very much ahead of the others.

We have a very high value well-branded manufacturing business in Europe. It might not create the greatest amount of jobs; those are created in areas like food services, administrative support and other sectors. We are not doing

as much as we might do in the technology areas where 'Brand America' is really winning at the moment, as indeed is Asia.

We are in a great position on global trade. When looking at statistics compared to the US, Europe has stayed stable while the US has declined and we are actually doing pretty well on many fronts. The big news here is of course the rise of China.

By next year there will be more luxury consumers in China than anywhere else in the world. Two-thirds of their luxury purchases happen outside of China, is that not interesting in terms of exports? Chinese consumers trust imports from Europe and they value many of the brands that are coming from Europe.

In Europe we are very good at investing in intangible assets. We are pretty good at investing when looking at brand equity, software databases and R&D, but it is not enough in comparison to some other markets.

What is more, in Europe we are very good at higher education. We actually outrank the rest of world.



The results of what people think of Europe are interesting also when we look at soft power. In a survey combining issues like culture, art, leadership, political administration, liberty and other factors, the UK led last year, much thanks to the 2012 Olympics.

This year Germany has reached the top of the soft power survey. How did that happen? It has not only happened through celebrities such as Heidi Klum, Boris Becker or Claudia Schiffer that all symbolise great things about Germany – great taste and great style. It has also happened through German brands like

Volkswagen and Mercedes-Benz that are transforming the way people feel about Germany.

Europe is a leader in the arts. Look at the top art fairs in the world and you will see how Europe is leading the world, it is extraordinary. Our world-leading art fairs have become successful export brands in their own right as well.

We are a dynamic, imaginative, innovative and fascinating trading block but people think of bureaucrats when they think about Europe. Sometimes it is said that ‘reputation is

“ How clear are we about what ‘Brand EU’ is about? How does that show in everything we do?”

reality with a lag effect’. What people feel is what they have experienced, and there is a little bit of that when you look at what happens in many meetings about Europe.

At a festival recently, people were asked what top three things they can say about Europe. Some of the answers were ‘diversity’, ‘culture’, ‘unity’, ‘exciting’, ‘friendly’ and ‘beauty’. These are wonderful things and if you can capture some of those, just think of how exciting this is in comparison to people doing bureaucratic things. We have beauty, we have architecture, we have art, we have dynamism, we have sport (I have to pretend that I like football from time to time).

We have so much, so many things that are going for us. We are going to need all of those things, combined and in collaboration, in order to make the very most of future opportunities, some of the ways in which we can win, not only with our brands collectively, but also with our brand collaboratively.

For your business the challenge therefore is to ask yourself if you are

clear about what your brand stands for, how that is different and better than the competition. This does not only apply to the competition of today but also to the one in the future. Consistency is key, ask yourself how what you stand for shows in everything you do, across the customer experience, and in your internal to external culture. On leadership you have to ask yourself how your leaders symbolise all the best values of your organisation. You also have to look at how you are innovating, how you are restless and how you are constantly renewing your business.

The same challenges exist for Europe as well. How clear are we about what ‘Brand EU’ is about? How does that show in everything we do? At the moment there is a lot of fragmentation and confusion. What about the leadership? Who do we put up front to have these conversations, who is our equivalent of Heidi Klum, Claudia Schiffer and Boris Becker? How are we innovating and constantly renewing ‘Brand EU’? Because it’s worth it. We’re worth it!

Thank you very much for listening.



Laurent Freixe, President of AIM and CEO Europe of Nestlé, introduced the inaugural Brand Lecture by sharing his view that consumer brand manufacturers have a role to play in supporting actively the foundation of the European project, which is, and has always been, about sustainable value creation. He highlighted the need to bring the young generation on board in order to boost Europe's competitiveness and how youth unemployment is putting the future of our continent at risk. Economic recovery must be sustainable and inclusive, thus we need an all-of-the-society approach. AIM's strategic plan is called *Sustainable Growth through Trusted Brands*. Each word is important but 'trust' is paramount. Brands need to do more and better every day to earn the trust of consumers. This would also be a relevant motto for Europe.



In his introductory remarks, **Robert Madelin**, Director-General of DG Connect of the European Commission, pointed out that brand manufacturers have valuable expertise to offer to the EU institutions. However, some decision-makers are not ready to listen to them because they do not trust the multi-stakeholder model and their perception of lobbying is that it represents narrow interests. About trust, he praised AIM's joint initiative with BEUC, the European Consumer Organisation, on common principles of consumer information. Such trust-building initiatives are crucial to reconciling European values and the market economy. Finally, Mr. Madelin argued that the skills and jobs to engage not only with digital matters but with economic activity in general are missing for the youth of our continent. We have to recreate a pipeline of resilient, problem-solving and lifelong-learning citizens who can be assets for companies such as the ones AIM represents and for the European economy in general.

AIM is the European Brands Association. It represents brand manufacturers in Europe on key issues which affect their ability to design, distribute and market their brands. AIM's membership groups some 1800 companies of all sizes through corporate members and national associations in 21 countries. AIM's mission is to create for brands an environment of fair and vigorous competition, fostering innovation and guaranteeing maximum value to consumers now and for generations to come.

