

Corporate Brand Strategy and Communication Planning

A case history from the automotive sector

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1. Marketing communications and corporate strategy

Corporate communication planners need to think like strategists if they wish to have an impact on their organisations' long-term competitive advantage. A good communication plan is a pool of actions intended to support each other for the optimal results-to-effort ratio; the best communication plans are sustained by robust brand vision and integration of internal and external communication – actually two sides of the same coin.

The best communication planners aim not only at external markets (i.e. customers, referrals, influencers, suppliers) but also at employees as a key target audience (Christopher et al., 1991). To that end, they use multiple channels and work in close co-operation with human resource managers.

As a component of the corporate strategy, marketing communications need to be consistent with the corporate pyramid of purposes (vision, mission, values), and a set of performance indicators must be in place.

2. Commercial vehicles and brand attitude: the Iveco endeavour

2.1 A tough business

Seven manufacturers compete in the European market. Product portfolio consolidation is the order of the day: economies of scale lead to creation of global production and trade platforms. Barriers to entry are high, mainly because of absolute cost barriers and the technology-intensive nature of this industry. Fleet owners, hunting out for the lowest financing and maintenance costs, tend to go one-branded, which accounts for high switching costs. The key competition driver is vehicle productivity, crucial components of which are quality of assistance, maintenance services, vehicle running costs ("total cost of ownership"), and financial services.

Iveco, a CNH Industrial company, designs, manufactures and markets a wide range of light, medium and commercial vehicles: an organisation with over 26,000 people, 11 plants in Europe, Southern America, Africa, Asia, and Australia, sales and marketing operations spreading over 160 countries.

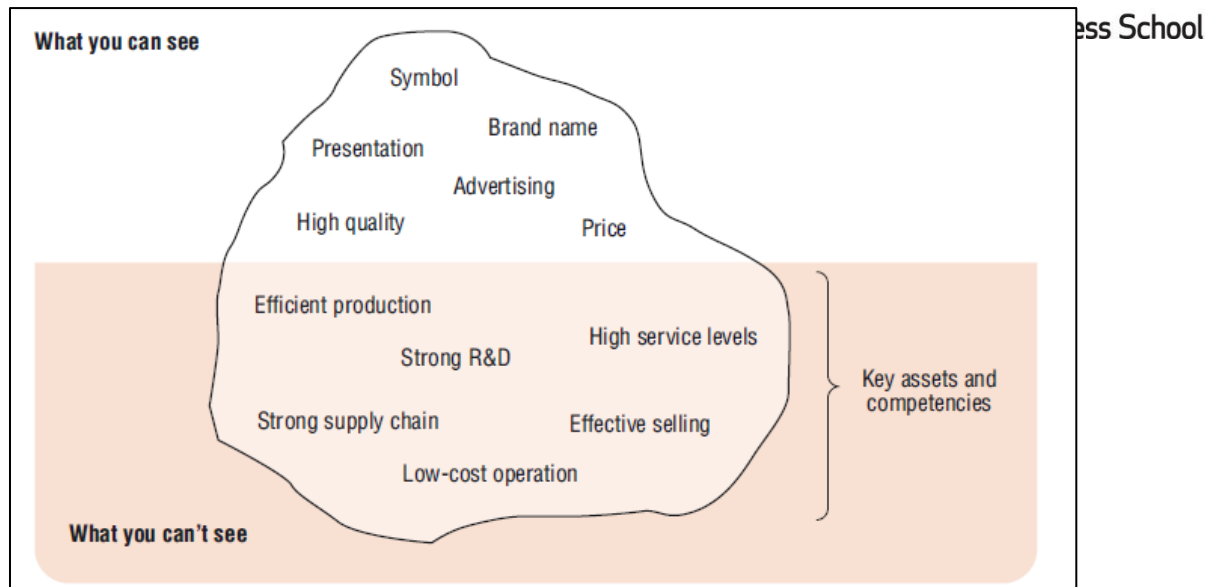
In 2004, it became apparent that if Iveco was to survive, it had no choice but to increase the return on investment (ROI) to a level comparable to competitors'. The turnaround, urged with unprecedented energy by the then recently appointed CEO of FIAT Group, Sergio Marchionne, would impact each and every company activity – from engineering to sales, from purchasing to external communication, from administration of human resources to finance.

Very early in the process, Iveco management realized the need for understanding the impact of brand perception on ROI.

2.2 The branding iceberg

The more senior managers dug their way through the reputational issues related to Iveco's brand perception, the more it became apparent that a number of company-wide factors, at first sight unrelated to brand reputation, were actually an integral part of the equation.

In other words, the Iveco management had bumped into the branding iceberg (Davidson, 1997):



In capturing the complexity of the branding iceberg, Iveco communication planners chose one particular definition of brand - emphasizing how brands can increase business value:

"A successful brand is an identifiable product, service, person or place, augmented in such a way that the buyer or user perceives relevant, unique added values which match their needs most closely" (de Chernatony and McDonald, 1998, p. 20).

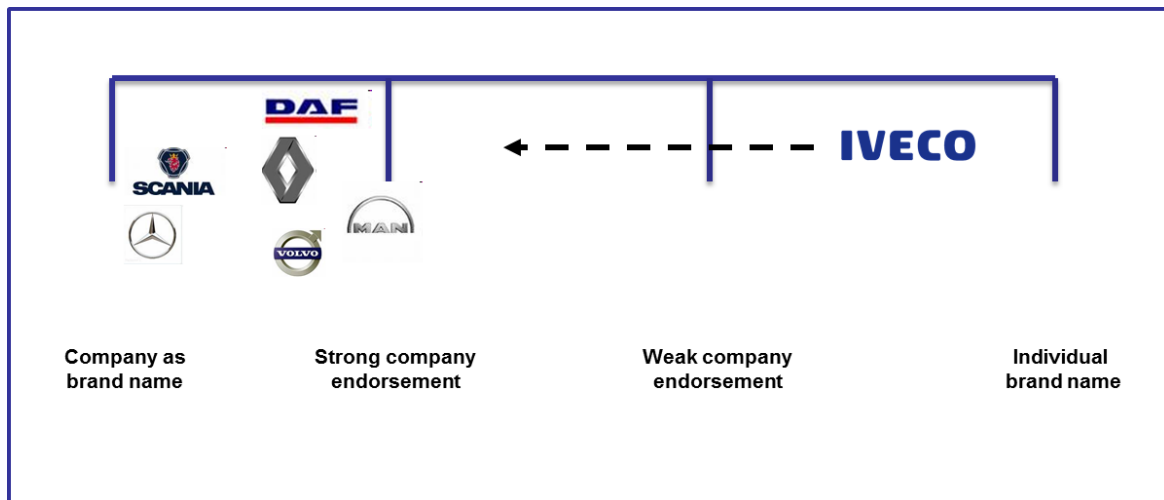
Perception, added value, and needs were keywords for the way ahead. Next came re-thinking of branding architecture.

2.3 House of brands or branded house?

For a number of reasons dating back to Iveco's early history, until the early 2000s the company had been nurturing individual products' brand names (Stralis, Daily, Eurocargo, for example) -- and growing *their* reputation stronger than the corporate brand. As a result, any new vehicle had to fight its way to customer recognition without capitalizing on the reputation of any other vehicles in the product range.

With all its drawbacks, this "house of brands" architecture was deeply rooted in Iveco's company culture: marketing efforts had been building reputation of each product on its own. Yet, all Iveco's competitors had long adopted "branded house" strategies - with their corporate "power brand" endorsing the products' brands.

In early 2005 it was clear to Iveco senior management that if they wanted to catch up with competitors, the new branding strategy was the "branded house":



2.4 A new brand vision

For the new brand strategy to be successful the brand vision would need to be reconceived, i.e. re-establish a sense of direction in order that the brand stays true to its covenant with stakeholders. Early investigation on critical 'underwater' branding iceberg components had pointed, amongst others, to: quality of vehicles; services provided by the dealers network; need to re-align staff beliefs by means of a new vision, mission and values, which had drifted away from the reality of markets' expectations.

2.5 Brand positioning: challenging the dominant culture

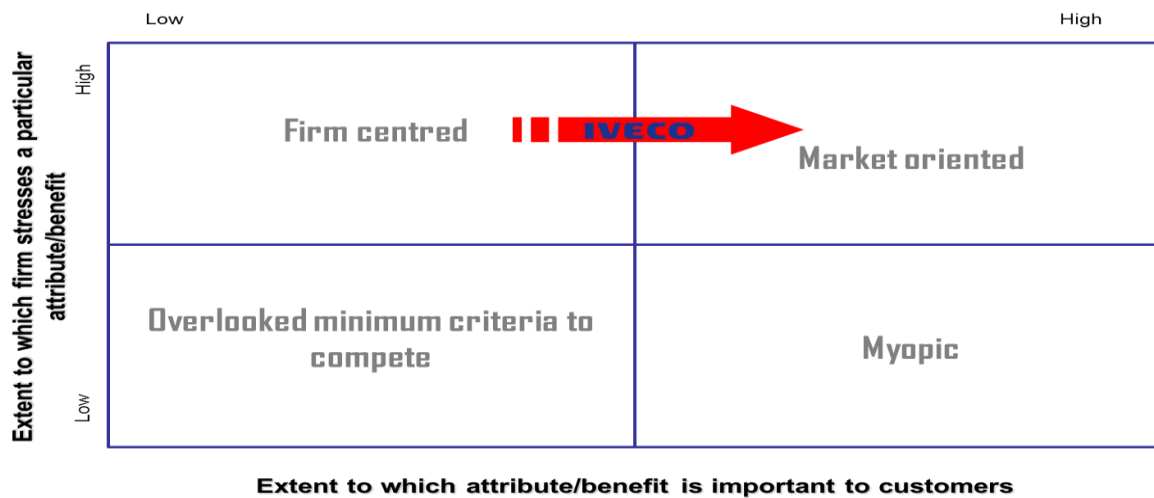
The next step was to change the Iveco brand positioning, which required uncovering how the Iveco brand could match customer needs -- and thus become meaningful and valuable.

Communication planners set up a 'Sherpa' task force of people with the best understanding of the existing brand's strengths (Collins and Porras, 1996). Their mission: Challenge the mainstream set of beliefs about the Iveco brand by exploring unknown – and sometimes hostile - territories in order to understand what actually mattered to customers, not company managers. For such a mission to be accomplished, strong support by the CEO and senior management was essential. The Sherpa task force focused on:

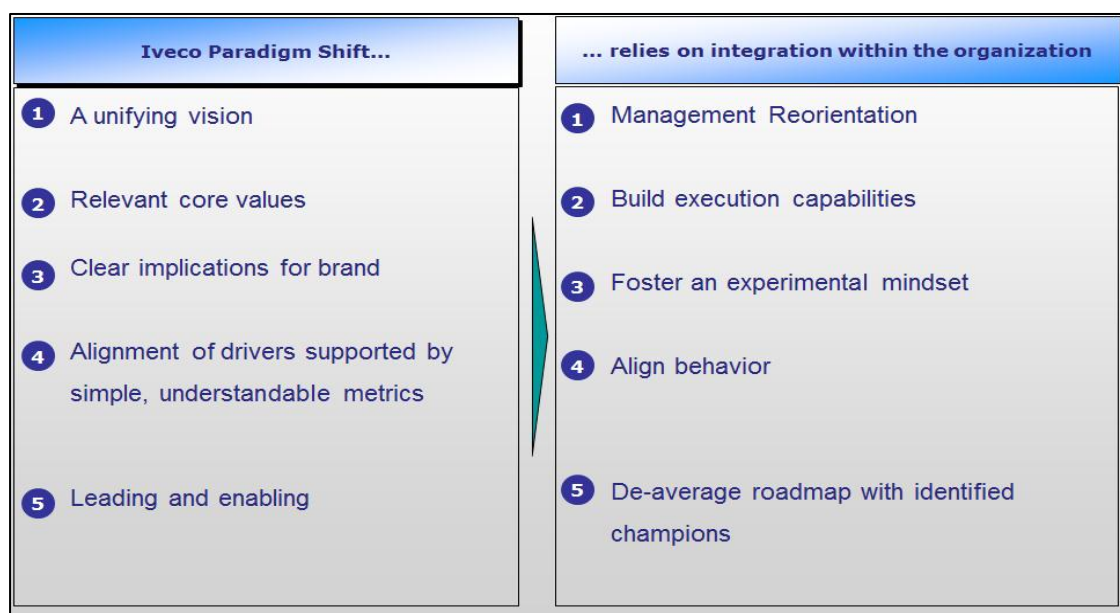
- Quick wins: *existing* functional advantages the Iveco products could offer, which had been neglected by previous marketing communications;
- *Additional* attributes/benefits the company could add to the brand in the medium run, after partial re-thinking of product and service features. This would be a multi-domain, cross-boundary effort inspired by the brand vision and led by the communication department with heavy involvement of sales & marketing, human resources and engineering.

The Sherpa interviewed 200 dealers and 200 employees across Europe, five country managers, while 400 clients across five European markets completed a questionnaire and, in addition, 180 agreed to face-to-face interviews.

Giving priority to what augments added value to customers – as opposed to *what the dominant company culture believed* was relevant to them – was quite a paradigm shift from "firm centred" to "market oriented" brand positioning:



In autumn 2006, backed by evidence from field research, the Sherpa task force delivered the main guidelines for the new brand positioning:



The paradigm shift was related to:

- how the brand should reflect the new vision and values;
- adoption of performance indicators consistent with the new corporate purposes;
- changes in the management style in view of fostering innovation, from the executive suite to the shop floor.

The Sherpa looked at the change of paradigm from four different angles. The common denominator was shifting attention from products to people – as the real enablers of brand reputation:

	OLD		NEW	Challenges
Strategy	Product Technology		Customer centricity	Segment-specific behavior
Branding	Product awareness		Brand equity	Loyalty-oriented activities
Communication	Media		...and Word of Mouth	Integrated communication across segment-specific dimensions
Metrics	Market share		Share of customer, customer equity	Define and monitor brand excellence metrics
Measurable Value: volume growth, premium price, loyalty <i>In essence: Stakeholder Value</i>				

Iveco chose to implement these principles in a decentralized fashion, so any concerned department was tasked to define its own implementation measures.

3. From branding strategy to communication planning

3.1 Taking stock

With the new branding strategy in place, corporate communication planners were asked to prepare a roadmap to “walk up the brand name spectrum” and move from “house of brands” to “power brand”. Building upon the brand vision exercise and the Sherpa report on brand positioning, the communication plan aimed to improve brand reputation towards external audiences, and improve employees’ company pride. The key point was to change their brand attitude, i.e. their understanding of the brand’s ability to satisfy what they were looking for (Percy et al., 2001).

3.2 The communication plan

The plan was completed in late 2006 for implementation as of January 2007. Out of an initial roster of over 200 options, the final version included 9 categories of communication actions:

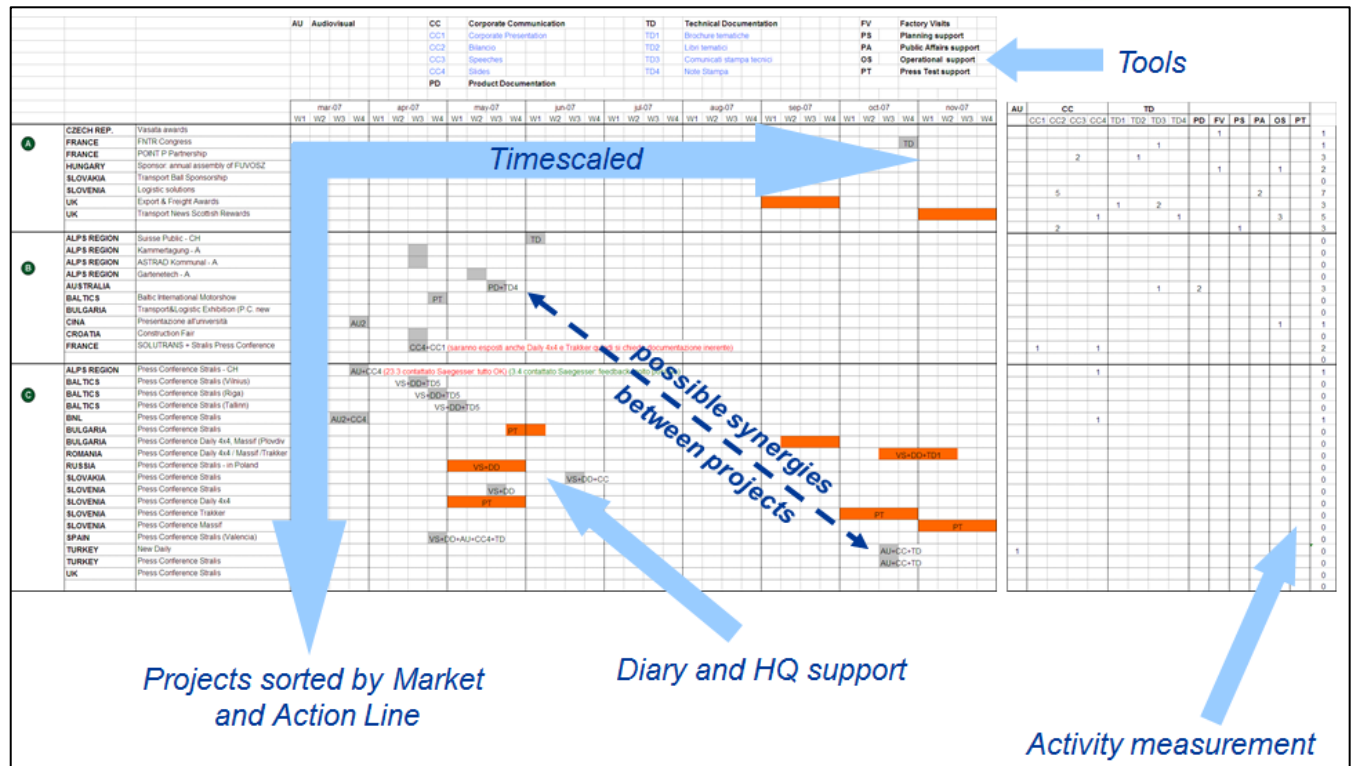
Actions	Objectives
A • Events in association with industry partners	<ul style="list-style-type: none"> • Leverage on industry partners' brands
B • Fairs/events	<ul style="list-style-type: none"> • Make the Iveco experience credible • Involve clients to spur conversation about Iveco products and services (word of mouth) • Leverage component/supplier reputation to push Iveco image
C • Product/service launches	<ul style="list-style-type: none"> • Get consensus by customers' prospects and industry partners • Company and product pride (internal launches prior to external actions)
D • Fleet campaigns	<ul style="list-style-type: none"> • Shock press and stakeholders' communities • Maximise the sense of ownership and "willing to be part of the fleet" • Create pride to drive an Iveco vehicle • Promote not only vehicle but also the Iveco network/people who made it
E • Network identity standardization	<ul style="list-style-type: none"> • Enhance relationships and make communication between HQ and the network more effective
F • Memberships & Clubbing	<ul style="list-style-type: none"> • Have drivers be ambassadors of the brand • Create viral marketing happenings to create an Iveco experience • Demonstrate the advantages of being Iveco users • Media involvement
G • Press Tests	<ul style="list-style-type: none"> • Demonstrate Iveco products "talk for themselves" • Feedback gathering
H • Iveco permanent exhibition area	<ul style="list-style-type: none"> • Build brand reputation towards "far environment" stakeholders • Leverage for improving coverage by industry media • Target non sector media • Company pride
I • Merchandising	<ul style="list-style-type: none"> • Create opportunities to welcome "far" audiences to Iveco environment • Support activities under Communication Plan's Action Lines

Approx. 30 Markets

140 projects

1. Short Description
2. Audience(s)
3. Project Objectives
4. Main Activities
5. Inputs Required from Headquarters
6. Estimated budget

The 'Dashboard' was designed to offer a comprehensive view and stay in control of such complexity: timelines, locations, cross-action links, required tools, input from headquarters, team in charge. For each category of actions the team defined a set of brand performance indicators:



3.3 Measuring brand performance

Measurement of brand performance was a complex task, due to the connections with many company functions as illustrated by the iceberg metaphor. By adopting multiple parameters, Iveco endeavoured to meet the objectives stipulated in each of the four angles defined in the paradigm shift summary (page 7). Cross-department co-operation was key to define parameters and put in place effective measurement tools.

Strategy-related measurement tested the matchssing between each and every product/service feature with specific customer needs, in order to make the brand experience valuable and meaningful.

With regard to branding, measurement probed clients' brand perception in comparison with the 'best in class' competitors' brands.

Communication parameters looked at the level of awareness and familiarity with the brand, measuring how the associations in customers' and prospects' memory were strong, favourable, and unique (Keller, 2003).

Metrics parameters included, amongst others, profitability calculated on individual clients (called "customer equity"), in addition to the classic market share.

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