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Viewpoints

The case for brands

The Economist, 8 September 2001

The case for brands

Far from being instruments of oppression, they make firms accountable to consumers

IMAGINE a world without brands. It existed once, and still exists, more or less, in the world's poorest places. No raucous advertising, no ugly billboards, no McDonald's. Yet, given a chance and a bit of money, people flee this Eden. They seek out Budweiser instead of their local tippel, ditch nameless shirts for Gap, prefer Marlboros to home-grown smokes. What should one conclude? That people are pawns in the hands of giant companies with huge advertising budgets and global reach? Or that brands bring something that people think is better than what they had before?

The pawn theory is argued, forcefully if not always coherently, by Naomi Klein, author of "No Logo", a book that has become a bible of the anti-globalisation movement. Her thesis is that brands have come to represent "a fascist state where we all salute the logo and have little opportunity for criticism because our newspapers, television stations, Internet servers, streets and retail spaces are all controlled by multinational corporate interests." The ubiquity and power of brand advertising curtails choice, she claims; produced cheaply in third-world sweatshops, branded goods displace local alternatives and force a grey cultural homogeneity on the world.

Brands have thus become stalking horses for international capitalism. Outside the United States, they are now symbols of America's corporate power, since most of the world's best-known brands are American. Around them accrete all the worries about environmental damage, human-rights abuses and sweated labour that anti-globalists like to put on their placards. No wonder brands seem bad.

Product power or people power

Yet this is a wholly misleading account of the nature of brands (see our special report on page 26-28). They began as a form not of exploitation, but of consumer protection. In pre-industrial days, people knew exactly what went into their meat pies and which butchers were trustworthy; once they moved to cities, they no longer did. A brand provided a guarantee of reliability and quality. Its owner had a powerful incentive to ensure that each pie was as good as the previous one, because that would persuade people to come back for more.

Just as distance created a need for brands in the 19th century, so in the age of globalisation and the Internet it reinforces their value. A book-buyer might not entrust a company based in Seattle with his credit-card number had experience not taught him to trust the Amazon brand; an American might not accept a bottle of French water were it not for the name of Evian. Because consumer trust is the basis of all brand values, companies that own the brands have an immense incentive to work to retain that trust.

Indeed, the dependence of successful brands on trust and consistent quality suggests that consumers need more of them. In poor countries, the arrival of foreign brands points to an increase in competition from which consumers gain. Anybody in Britain old enough to remember the hideous Wimpy, a travesty of a hamburger, must recall the arrival of McDon-

ald's with gratitude. Public services live in a No Logo world: attempts at government branding arouse derision. That is because brands have value only where consumers have choice, which rarely exists in public services. The absence of brands in the public sector reflects a world like that of the old Soviet Union, in which consumer choice has little role.

Brands are the tools with which companies seek to build and retain customer loyalty. Because that often requires expensive advertising and good marketing, a strong brand can raise both prices and barriers to entry. But not to insuperable levels: brands fade as tastes change (Nescafé has fallen, while Starbucks has risen); the vagaries of fashion can rebuild a brand that once seemed moribund (think of cars like the Mini or Beetle); and quality of service still counts (hence the rise of Amazon). Many brands have been around for more than a century, but the past two decades have seen many more displaced by new global names, such as Microsoft and Nokia.

Now a change is taking place in the role of brands. Increasingly, customers pay more for a brand because it seems to represent a way of life or a set of ideas. Companies exploit people's emotional needs as well as their desires to consume. Hence Nike's "just-do-it" attempt to persuade runners that it is selling personal achievement, or Coca-Cola's relentless effort to associate its fizzy drink with carefree fun. Companies deliberately concoct a story around their service or product, trying to turn a run-of-the-mill purchase (think of Häagen-Dazs ice cream) into something more thrilling.

This peddling of superior lifestyles is something that irritates many consumers. They disapprove of the vapid notion that spending more on a soft drink or ice cream can bring happiness or social cachet. Fair enough: and yet people in every age and culture have always hunted for ways to acquire social cachet. For medieval European grandees, it was the details of dress, and sumptuary laws sought to stamp out imitations by the lower orders; now the poorest African country has its clothing markets where second-hand designer labels command a premium over pre-worn No Logo.

The flip side of the power and importance of a brand is its growing vulnerability. Because it is so valuable to a company, a brand must be cosseted, sustained and protected. A failed advertising campaign, a drop-off in quality or a hint of scandal can all quickly send customers fleeing. Indeed, protesters, including Ms Klein's anti-globalisation supporters, can use the power of the brand against companies by drumming up evidence of workers ill-treated or rivers polluted. Thanks, ironically enough, to globalisation, they can do this all round the world. The more companies promote the value of their brands, the more they will need to seem ethically robust and environmentally pure. Whether protesters will actually succeed in advancing the interests of those they claim to champion is another question. The fact remains that brands give them far more power over companies than they would otherwise have. Companies may grumble about that, but it is hard to see why the enemies of brand "fascism" are complaining. ■