

MEETING “NUGGETS”/SUMMARY

ISBM BUSINESS MARKETING BRAND CONSORTIUM

November 15th, 2001 – Newtown Square, Pennsylvania – SAP Headquarters

Member Case History – Infineon

Presented by Guy M. Wolff, V.P. Worldwide Communications, Infineon

- ❑ Key theme: Speed: Speed brings with it challenges, but also the opportunity to cut through approval cycles, and in fact, build a lot of integration, because you are able to sweep past a lot of the inherent noise that can accumulate on the message as time moves on.
- ❑ Interesting question for our group: In how many ISBM member firms is corporate identity, as well as brand management, in the same office – handled by the same person?
- ❑ Infineon outlined an effective agency compensation scheme, on which Guy has promised to share more with us:
 - Basic Retainer
 - Project Fees
 - Incentive Bonus.
- ❑ Key lesson: Brand Management very much a change management job. Brand managers need to develop change management skills in moving forward.
- ❑ Interesting how the leading creative element in this program: children – provided a creative translation that captured the company’s brand approach well for their customers and investor target audiences.
- ❑ Also a very interesting organizational approach, centralizing communications under a single Corporate/Investor Communications VP, with brand management, media relations, investor relations, and market communications all tied in world wide. An excellent “central/decentral” balanced mix for this new launch.

Understanding Brand Valuation

Presented by Dr. Don Schultz, Agora, Inc. and Northwestern University

- ❑ Don let us know about a new ruling coming from FASB, that promotional activities were going to be taken as top line reductions, not expenses on the SG&A line moving forward. This will have a significant change on the way the world works, and in particular the way our world looks.
- ❑ Traditionally we’ve used four ways to measure ROI:
 1. Tracking Studies
 2. Marketing Mix Modeling
 3. Customer Valuation
 4. Investigation of Elements of the ROI of the Brand – and future shareholder value.
- ❑ Challenge, brand value must be translated to and valued by the CFO. Boards have no interest in marketing indices as traditionally reported. They have interest in shareholder value, and brand must be related to the downstream impact on shareholder value.

- ❑ Brand is best valued by segment. One approach: estimate the value of future returns from various segments based on your brand.
- ❑ We as business brand managers do create lots of value – we don't do a good job of communicating the value we create directly to financial returns.

“Remember that the CFO is the CEO's closest business confidant”.

- ❑ We need to be taking courses in discounted cash flow management – to build a discounted cash flow picture of future profits coming from the impact of our brand.

Inputs from our “branding roundtable”:

- ❑ Agilent: Would like to create better connection with what they do with their various/multiple business portfolios.
- ❑ Dupont: Key issue: How should DuPont associate its parent brand with other brands – how can our team make reasonable decisions with respect to this? What are the risks of extending our brand to other categories? The development of a brand architecture is a major issue.
- ❑ AT&T – can relate to the Dupont question – brand asset management – the use of the AT&T brand across other brands, in co-branding, and ingredient-branding situations are an issue at AT&T.
- ❑ Foamex: understanding what to brand, where to brand it, and exactly how to go about doing it are important issues for them. They are beginning to move to some product families where they sell directly to the consumer – creating new brand challenges.
- ❑ Eastman: Recently split into several business units. Now have different managers in each market, looking to launch new business ventures. How to sort through the brand from a 360-point of view and build strategy key.
- ❑ Protein Technologies: How to build a strong ingredient branding strategy is important for them.
- ❑ Texas Instruments: Ingredient branding important, exploring branding opportunities where the TI ingredient is the critical differentiating factor in the end equipment product.
- ❑ Rohm and Haas: Branding “way up stream” from the product. With so many changes going on navigating the branding opportunity has become interesting. Navigating brand strategy through tremendous change.
- ❑ Timken: Building strategy is one thing, implementing it is another. How to move the brand off what is historically meant on into what it needs to be to succeed moving forward.
- ❑ Ticona: Building better understanding of the value of brands and trademarks, and bringing it down to earnings in metrics. Better dissection of the sources of value.
- ❑ Swagelok: How to use the brand to expand their product portfolio, move to new markets with new geographies and new challenges – global branding issues key.

- ❑ Agilent: Now moving in the year three of totally new brand. Building brand ingredients into their overall business dashboard.

SUMMARY

All in all an outstanding meeting – many good insights, and proof of the “blended” live/web approach.