While this may be true, Pentland still sells truckloads of shoes and its multi-million pound profits are not to be sniffed at.

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Meanwhile, Red or Dead, the brand with most “cool” potential, according to Knobll, is after some neglect being nurtured under its new footwear guardian Schuh, and Knobl says it has the potential to regain its “heritage of extreme cool” but needs an injection of edge.\(^*\)

But where the arbiters of cool are unanimous in their praise is for Pentland’s credibility in high-sport brands. Knobl says: “The company is very strong at pushing the boundaries of innovation and technology, which are appropriate values for its performance brands. Therefore Speedo, Bergius and Brasher live up to their promise.”

But what about new brands? Pentland’s last acquisition was the Ted Baker footware licence last year. Although undoubtedly a fashion brand, Ted Baker is more mainstream than cutting-edge hip. Will Pentland ride dabbling in underground brands which are yet to emerge? Rubin says: “We are always looking to add brands as long as they complement the portfolio. We are watching the market place to see what’s around. “There is the danger of a sales curve that goes like this,” he says, miming an inverted u-shape. “We want to grow brands in a controlled way to go like that,” as he sketches an uphill graph.

Knobll concurs with this strategy. “Pentland is brilliant at identifying brands with enormous potential,” he says. “Pentland’s brands are superbrands and it is more challenging to maintain cool brand status than superbrand status.” Rubin says that he is talking to new brands, although there is nothing imminent. “We are looking in the younger surf, skate category,” he reveals, although refuses to disclose names.

Tapping into the heritage side of the brands is key to Pentland’s strategy and is being applied to football brand Mitre and volume brand Kangaroos. “Kangaroos is about to come back and hit the vintage trend,” predicts Rubin.

Pentland’s biggest brand is Speedo, which is sold in 170 countries. In the UK Speedo has three factory stores, a £500m £3 store in Neal Street, London, a franchise in Bluewater, and a concession in Selfridges. In the UK, the biggest brand is Kickers, which is 20% of the domestic business, putting sales at an estimated £50m (wholesale), 60% of which is footwear, and the remainder is clothing. Kickers opened a UK store in March to trial product and present the whole range. The brand is also exploring the opportunity of launching in the US next year.

Reinventing the brands is the ultimate aim of Pentland’s multi-million pound three-office Leisure facilities and public spaces total 33,700sq ft of the overall 110,200sq ft complex, which Rubin says showcases the creativity of the group and raises the standard of everything it does. “It stems from a belief in creating an environment which will inspire people. And creating a community which is more committed to the business and doing things better,” he says.

A gym, steam room, pool table and bar are all set up to enable staff to work and play in a self-contained environment. Themed meeting rooms are designed to inspire Pentland’s creative minds during brainstorming and design sessions. The rooms are also designed to stimulate buyers: “Imagine buying Speedo bikini laid out on the table with a photographic background of palm trees and the sea,” Rubin says. “It is about creating an appropriate environment for the product.”

The massive project has taken four years to complete, and was instigated once Pentland went private in November 1999. As a public company Rubina says Pentland could never have made the investment for fear of shareholder wrath. “I did two years as chief executive of a public company and that’s two years more than I wanted to do,” he remarks. Aside from the short-termist nature of operating a listed firm, in clear it favours life out of the public glare.

Despite the unquestionably people-friendly style of office, the penthouse suites are in a high-rise block, at 313 Lakeside, it is hard to escape comparisons with Silicon Valley. Even the chandeliers reflect the corporate colours of the company’s brands. Pentland, however, remains a huge corporation and that is where its strengths lie.

As one industry expert says: “It is an organisation to be admired. It has some of the most significant brands around.” Now in their new home, the future looks even brighter for Pentland’s superbrands.
Conqueror wins accolade

By Sara Jenkins

The history and quality of ArjoWiggins’ Conqueror brand of fine paper has led to it being granted Superbrand status by the Business Superbrands Council.

According to the criteria, a Superbrand is deemed to have established the finest reputation in its field and offers customers significant emotional and/or tangible advantages over its competitors.

Sarah Flower, Conqueror brand manager, says: “In a highly competitive market, Conqueror is the only paper to gain Superbrand status, which is a positive endorsement of our commitment to maintaining its lead position.

“An important aspect of the brand’s sustained success is its relationship with printers, who know they can run Conqueror at any time and get consistently good results. The quality is backed up by merchants who offer outstanding service levels. These factors have all contributed to Conqueror gaining Superbrand status.”

Conqueror is one of the oldest brands on the market, dating back to 1888. The most recent changes to it were announced last year to both the look of the brand and its product offer.

It was restructured into five sub-brands: Concept, Connoisseur; Digital; Smooth; and Texture.
 Searching for magic

Are you 'cool'? Do you wear 'cool' brands? Do you even know what 'cool' is? Probably not. Definitions shift, and marketing moguls have had a fine time trying to pin the concept down. Now a new project Cool Brands Leaders - run by Superbrands, a body which looks at branding - sets out to identify the UK's hippest companies. The origins of 'cool' lie in black slavery, where it encompassed ideas of rebellion fuelled by disrespect for mainstream society. Its legacy remains, but just challenging authority in today's brand-heavy high street was never going to be enough. Today's hip brands have three things on their mind: product, packaging and the paying public. Trouble is, no-one is very clear how the three combine. A well-designed product is important but so, if not more so, is packaging. After all, packaging is a brand's first way of saying: 'hold me, touch me, buy me' to the right people. And who are the right people? The young, the restless, the opinion-forming and the cash-card wielding. But for the brand, only those under 30 years old can be the true arbiters of cool. A brand has to be so plugged into the zeitgeist that it instinctively knows when to ship in the candy stripes - and when to ship them out again. Top Shop is a case in point. Or a company has to be so committed to its own vision that zeitgeist finally catches up with it. An example is Diesel. 'We produce the clothes we like and sell them in shops we shop in,' says Dan Barton, Diesel marketing communications manager and Cool Brands Leaders' council member. Whatever approach it takes, 'a brand has to reflect the attitudes of the time', says Marcel Knoebi, chair of Superbrands. This isn't the kind of knowledge you can read off balance sheets; this is what you get when you live the dream you're selling. No wonder marketing people use the word 'magic' for a successful brand. 'If you start rationalising and making formulas, it all comes tumbling down,' says Mr Knoebi.

If you start rationalising, it all comes tumbling down
The Pentland Group has long been the giant of the footwear industry. The latest weapon in its armoury is its visionary HQ.

Chief executive Andy Rubin tells Louise Foster:

Making pride of place at the Pentland Group’s new headquarters is a lime green "history wall" covered with 155 gold framed archive pieces detailing the Rubin family’s 70-year business history.

The contrast between old and new is a recurrent theme at Pentland Lakeside, the revamped North London HQ, which marries ultra modern design with antique touches such as chandeliers. The interface between past and the present is also echoed in the father and son partnership of chairman Stephen Rubin and chief executive Andy Rubin respectively.

Pentland has been the giant of the sports footwear market since it started to acquire brands in the early 1980s. Stephen Rubin was the City’s miracle maker when, in 1981, he invested £49,800 in a stake in Reebok which he sold a decade later for £470 million.

Pentland’s strategy to accumulate brands has been spearheaded by Andy Rubin, keen to make his own mark on the family firm. Speedo was the first acquisition, followed by the licence for Lacoste footwear. Following the sale of the Reebok shares, Pentland nearly bought Adidas, but pulled out of the deal, hanging on only to Pony, which it eventually sold last year.

Today Pentland also owns outright Speedo, Berghaus, Brasher Boot, Ellesse, Kangaroos and Mitre, and has a majority stake in Red or Dead. It also controls half of Kickers Worldwide, and runs the whole operation, and holds the licence for Ted Baker footwear.

There is no denying the magnitude of Pentland’s brand portfolio, and this is now matched by the group’s stunning HQ. But is its strength also its weakness? One former senior employee observes: "There has been a strong pull away from conglomerates which hold lots of licences. Pentland is seen as a big brand collector, but it doesn’t do anything with them. It won’t get up-and-coming brands because that type of business wants smaller operations which have the time and staff to devote to them."

Ted Baker’s Ray Kelvin disagrees and is very vocal in his support of his footwear licensee. Pentland’s teams range from 12 on Ted Baker footwear to 400 on Speedo, and the company employs 1,500 people worldwide. However, it is apparent that brands such as Ellesse and Kickers are not the market drivers they once were.

But then fashion is a cyclical game. For years Kickers, Pentland’s biggest brand in the UK, has been associated with chunky black school shoes. This could change as Pulp frontman Jarvis Cocker – the singer who did wonders for Clarks – is reputedly a big fan of the original Kick Hi styles.

Industry marketers are yet to be convinced. Not one of Pentland’s brands makes it into the Cool Brand Leaders 2002, a chart compiled by Superbrands, a council of influential leaders from advertising, the marketing, broadcasting and publishing industries. Superbrands founder Marcel Knobil says: "Certain Pentland brands depend on having cool credentials, such as Ted Baker and Kickers, but they’re not cutting it in marketing and communications delivery. Kickers is contemporary but not cool and Ted Baker is no Diesel."

**Pentland is very strong at pushing the boundaries of innovation and technology**

Marcel Knobil, founder, Superbrands consultancy

One senior player in the marketing industry agrees: "Pentland is an incredibly mainstream company which is fine if you have a lot of mainstream brands and a few stars, but Pentland has no star brands. It is bogged down in a *Coronation Street*/middle England mentality, and its brands aren’t worn by hip young things."
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Andy Rubin, chief executive

Age: 37
Education: BA Law from Trinity College, Cambridge; MBA, Harvard Business School, Boston, US
What are you reading? The Professor: Arsene Wenger at Arsenal by Myles Palmer
Biggest business gaffe? On my first day as an investment banker I was asked to value a company in a leverage buyout. I didn’t have a clue how to value a company or what a leverage buyout was. I made a presentation and got it completely wrong, but it taught me a lesson in not being afraid to ask questions.
What keeps you awake at night? Making sure we’re doing the best job we can for our brands.
Dream brand to manage? Arsenal football club.
Best retailer on the UK high street? Ted Baker for developing such a strong personality without advertising.
Left: Kickeen is Pentland's biggest brand, representing 20% of sales.
Above: Workers' playtime in the specially designed relaxation rooms.

Left: Pentland's testimonial wall reminds staff of company values. Right: The controversial Ellesse ad campaign paves the way for brand relaunch in 2004.
Brands that change your lifestyle

We eat them, drink them, wear them and even enjoy major sporting events thanks to their sponsorship. The world’s major brands aren’t just an integral feature of everyday life. They virtually shape it. How and why asks Des King?

Is it a sweet? Is it a scent? No, it’s a superbrand. There are some consumer goods that need no explanation other than their name: think Kit Kat, McDonald’s and Coca Cola.

The Superbrands organisation has been tracking the branding phenomenon for the past 20 years and maintains councils in 11 different countries, each of which regularly stage tribute events for the year’s best-performing brands.

Luminaries serving on the UK council include Michael Peters and consumer affairs and design directors of Virgin, Lever Brothers and BT.

Marcel Knobil, chairman of the Superbrands organisation, assesses the do’s and don’ts of world-class branding for Talking Shop.

**DK:** So what makes a superbrand?

**MK:** Most of the great brands you look at actually have within the wrapping or behind the badge a strong quality product so that’s key principle number one.

Key principle number two, and this is absolutely paramount, is that the brand owner delivers against his or her promises.

It’s very easy for a brand to make big claims, as Tizer did when it claimed to be self-cooling but, of course, didn’t really deliver. That was the whole proposition, so all that was achieved was disappointment.

The third pre-requisite is generating awareness amongst those that matter to you. Again, this is absolutely crucial.

You’ve got to know whom you’re targeting and they’ve got to know about you. That could be through word of mouth or, of course, heavyweight advertising.

Lastly, the brand has to be differentiated from the competition. It’s not necessarily what’s in the content that makes a difference. It’s the fact that the consumer is specifying that product or label that creates the distinction.

**DK:** Is that how, say, Marmite achieved its iconic status?

**MK:** You won’t find too many things like Marmite on the shelf so that’s helped for a start. As many people love Marmite as loathe it and they’ve played upon that. It’s distinctive in taste and flavour. Its whole look is absolutely classic and the consumer just expects something special to come out of that jar.

**DK:** But surely all successful brands eventually become outdated?

**MK:** They adapt. Lucozade was a brand that was initially associated with the medicinal sector. If you’re ill, fine but, if you’re healthy, then you didn’t need it.

Then it was recognised that, in a world in which we’re going to get more and more stressed, the idea of being able to healthily inject ourselves with a burst of energy would be a very attractive proposition. Lucozade already had all of those caring credentials so, in repositioning it, they built upon the integrity and authenticity already implicit within the product.

The advertising, the packaging and so forth sent out such strong energy signals from the very colours reflecting vibrancy that they were able to turn around an established but self-limiting brand into one that successfully applied itself to that trend.

**DK:** So packaging can help?

**MK:** Packaging can help in a very significant way. Look at part of the Lucozade range now and you’ve got these very sports-like squeezable bags that are so appropriate to the brand proposition –
not necessarily the fundamental imperative that actually creates the success of it but still a key contributor. And take something like Toilet Duck. The packaging is almost the heart of the product. Everything was built around the packaging, even the name itself. It was a packaging innovation and a significant brand builder.

**DK:** Who calls the shots then in brand building?

**MK:** What comes first is the spirit and the positioning and that should dictate everything around it. A responsible brand guardian will know, for example, that Lucozade is about energy or that Avis is about trying harder. It’s that core proposition that the advertising and the packaging then communicate.

Invariably, brands that go wrong over the years are those for which there hasn’t been a vigilant brand guardian within the company. Brand marketing has grown up. Tools such as advertising and packaging are there to assist not define.

**DK:** Does the relatively fast turnover in brand guardians worry you?

**MK:** As long as there’s real cognisance of what that brand’s all about then it doesn’t matter so much. So it’s ego that can be the worry. The prudent brand guardians are looking for something that has integrity right the way through it and has a long life ahead of it.

Hovis is a good example. It has phenomenal heritage and people have a lot of faith in it but there might have been the sense that it was maybe getting a bit tired. The way they’ve revitalised that brand through the baked bean and the cucumber wrapping was really quite visionary.

**DK:** Aren’t we seeing a contraction in some brands?

**MK:** Yes. There’s been a brand culling. When you’re a very big organisation and you have a lot of costs to carry, it probably makes economic sense to have streamlining but that doesn’t mean it’s the death of niche brands.

**DK:** Retailer-brands are gaining ground too. Is that a growing trend?

**MK:** Yes, it is. Own-label used to be seen as very much a ‘me too’ strategy and a second-rate one at that. What the likes of Sainsbury and Tesco have recognised is that by investing enough into own-label they can deliver something that has merit in its own right. Both of them have done that pretty well. It’s not product specific either.

**DK:** Who drives the market more effectively, the manufacturer or the retailer?

**MK:** It doesn’t work as precisely as that. Sometimes it’s one, sometimes the other.

**DK:** But isn’t it getting harder to have your product placed with these major multiples?

**MK:** One would naturally expect the retailers to have a better understanding of what the consumer wants. They’re in a far more privileged position.

**DK:** Understanding is one thing but dictating is surely another?

**MK:** Who is the stronger is another thing altogether. The whole Levis/Asta situation was very interesting in this context.

**DK:** But a brand is nothing if it has no outlet?

**MK:** Sure, but the outlet in which that brand is placed will also contribute towards its definition. The reality is that if you’ve got a strong enough item then demand will drive availability. And the Internet is clearly providing manufacturers with some added leverage in this respect too.

**DK:** Could you foresee, say, ‘Taste the difference’ becoming a superbrand?

**MK:** Sainsbury itself is already a superbrand and also possibly in terms of a particular own-label line attaining that status.

Take something like Boots’s No.7. Now that’s very strong indeed and its also interesting that Boots have created stores not under the Boots’s name which offer a whole range of items including of course their own lines.

**DK:** Big brands are synonymous with globalisation, which doesn’t always get a good press – is that a potential problem?

**MK:** We’ve got people like Naomi Klein to thank for that. Logos are just symbols that differentiate one product or service from another. What she’s having a go at are the corporations behind those symbols. I think that it’s fair to say that not all of those corporations behave responsibly.

The very fact that you have a logo is an incentive to behave well. If I’m putting my name on a product then I know that, in order to sell it, the next time and the next time again then it’s got to deliver. I have a reputation to maintain.

The ‘no logo’ attitude is very attractive to some consumers — but all those that have got onto the ‘no logo’ bandwagon must appreciate that in reality they’re still buying into a kind of branded philosophy in its own right. In any case, no brand is of course just another ‘brand’.
A quick trawl through the current crop of Super-brands reveals a fair sprinkling of goods that might never have attained such kudos without their inimitable packaging.

Coke and Perrier bottles, Nivea's familiar blue and white livery, the current shelf-appeal design for Oxo and, of course, Kit Kat are instantly recognisable.

Sadly, pack developers tend to be thin on the ground at Super-brands tribute events, a case of they also serve who only promote and protect.

The irony is that we had a bang-on celebration of our own that we've rather allowed to slip through our fingers - not just an occasional one-night stand but Robert Opie's year-round affair in Gloucester.

While the Opie museum remains out of public view, behind the scenes activity has made a future renaissance much more viable.

Not only has the collection been carefully stored and archived but things have been set in motion towards achieving charitable status. This should pave the way towards a whole raft of longer-term benefits.

There are more immediate issues to be resolved - not least the urgent requirement for new storage space when temporary warehousing facilities cease to be available come this October. More pressing still is the need for an industry backer to share Opie's vision in the most practical of ways.

Heritage can sometimes be an over-played value. But, with consumer enthusiasm for brand unabated, both Messrs Knobil and Opie regularly comment on the issue for the national media - this priceless testament to packaging's contribution to defining contemporary culture is surely worth holding on to. If you can help, or know a man who can, call Robert Opie on +44 (0)208 997 6419.
‘Superbrand’ status for Canon

CANON HAS laid claim to being Europe’s most trusted brand for cameras. The company has secured number one ranking in 14 of the 18 European countries participating in the Reader’s Digest ‘European Trusted Brands Survey 2002’.

Reader’s Digest, the world’s most widely-read magazine, recently surveyed more than 30,000 people in 18 European countries to uncover the most trusted brands across 30 product categories, including cameras. They were also asked to rate them for quality, value, image, understanding customer needs and their intent to purchase.

In many categories, the results showed Europeans trust local brands above all others, but Canon succeeded in transcending these geographic and cultural boundaries to score its success.

In a similar survey conducted by Reader’s Digest throughout Asia, Canon secured ‘SuperBrand’ status by receiving ‘best brand’ recognition across multiple categories - including home office equipment, cameras, digital cameras and video cameras.

“Two of our key goals at Canon Europe are to achieve quality and excellence in our imaging products and deliver strong value for our customers,” said Alessandro Stanzani, Head of European Marketing at Canon Consumer Imaging. “The results confirm that our brand has inspired the creativity and trust of people throughout Europe.”

The European countries in which Canon won most trusted brand of camera include the UK, France, Germany, Netherlands, Italy, Sweden, Denmark, Norway, Belgium, Switzerland, Finland, Hungary, Portugal and Slovakia. This is the second year running in which Canon has ranked number one in all these countries. Other brand champions that emerged from the European Trusted Brands Survey included Nokia (mobile phones), Visa (credit cards) and Nivea (skin care).

Canon Europe recently launched its pan-European advertising campaign, ‘You Can’, which aims to empower customers and employees to creatively pursue their dreams and ambitions with Canon technology. The new ‘You Can’ campaign will appear on TV and in magazines throughout 13 European countries - reaching a total audience of more than 270 million.
Conqueror now the Superbrand among papers

Arjo Wiggins Fine Papers' Conqueror brand has become the first paper to be given Superbrand status by the Business Superbrands organisation.

Conqueror was one of 52 brand’s awarded 2002 Superbrand status by Superbrands, an independent authority on branding comprising of eminent figures in the branding, marketing and business communities.

Conqueror brand manager Sarah Flower said Arjo Wiggins would look to carry the Superbrand status symbol on its promotional packaging and website, and would send a global mailout to its merchanting partners to inform them of the brand’s new status.

"It is a tremendous achievement after our work in re-positioning the brand last year," said Flower.

Conqueror was restructured into five sub-brands last year.
Bad service destroys a brand

Ray Mather, director, Jupiter Consulting Services, London SW17

Two excellent pieces, "The quest for superbrand status" and Mark Ritson’s column, really hit the mark on the fundamentals of brand building (Marketing, May 9).

In the NOP poll ‘What makes a superbrand’ the leading response was ‘delivery of quality service/product’. In sixth and seventh place respectively came ‘high levels of awareness’ and ‘strong media presence’.

Mark Ritson concludes his column with “words like service, product, reliability are far more central to the brand concept than trendier words like identity, presence and vision”.

Both analysis and opinion pieces point to the same conclusion on the sequence and importance of the brand elements and are supported by our own experiences of brand building with marketing teams over a number of years.

Unfortunately, there are still too many marketing teams that don’t appear to be fully integrated into their own businesses, and take brand decision in isolation of what is really happening in other parts of their company.

Many have no influence and in some cases no apparent interest in getting all of the perhaps less trendy brand building blocks solidly in place, before concentrating their efforts and budgets on “trendier identity, presence and vision that dominate the vocabularies in and around WCl”.

One thing is for sure, the absence of reliable products and good service will always destroy a brand – no matter how many creative advertising awards it has won.
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By Sasa Janković

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It was restructured into five sub-brands: Concept, Connoisseur; Digital; Smooth; and Texture.
THE Friar acknowledges that the likes of McDonald's, Coca-Cola and Adidas know a thing or two when it comes to marketing.

So it was no surprise to him when an NOP world survey commissioned by the Superbrands organisation — an independent authority on branding — came to these conclusions yesterday.

However, the data throws interesting light on how age groups respond to sports sponsorship.

The trio of top companies clearly knew what they were doing when they signed on as World Cup sponsors. The survey found that 40 per cent of people within the 15-24 age range said they would feel more confident about a brand if it was seen sponsoring a high-profile event such as the World Cup.

But only 19 per cent of 25 to 34-year-olds felt the same and this fell steadily until only 6 per cent of 55- to 64-year-olds were similarly affected.

Just in case it may seem to be a matter of older and wiser heads reigning, for some reason the percentage of those over 65 in this category rose to 11.
A TRIPLE WINNER

by JACQUI HOLMES, Skyport Staff

EASYJET scored a hat-trick last week when it scooped three awards.

The low-cost airline was named Top Management Team in BT/Guardian UK’s most visionary companies awards, Best Online Retailer title in Revolution Awards and Business Superbrand at the Business Superbrands award.

In recognition of its major role in changing the shape of air travel in Europe, EasyJet was presented with the Top Management Team accolade in the BT/Guardian awards for the UK’s most visionary companies.

The airline was praised for ‘constantly breaking the traditional mould by challenging accepted ideas and practices, and prides itself on its unique culture, business plan and vision’.

Competition from Go-Fly, EmpireDirect.co.uk, Expedia.co.uk and The Carphone Warehouse Group was beaten off to win the Revolution Awards Best Online Retailer category.

EasyJet has been a leading player in encouraging consumers to make their purchases through the internet.

Cutting out the middleman has also been one of the key ways in which the airline has been able to minimise its costs – a prerequisite of offering low fares.

“We were quick to realise and harness the internet’s potential and sold our first seat online in April 1998,” said Ray Webster, EasyJet’s chief executive.

“As a result, we now sell 90% of all seats via the web.”

Then EasyJet made it a triple by taking a Business Superbrands award in recognition of ‘having established the finest reputation in its field’.

The Superbrands council, the independent authority on branding, considered more than 1,000 brands before selecting 52 brands for Superbrands status, of which EasyJet was one.
Searching for magic

Are you 'cool'? Do you wear 'cool' brands? Do you even know what 'cool' is? Probably not. Definitions shift, and marketing moguls have had a fine time trying to pin the concept down. Now a new project Cool Brand Leaders – run by Superbrands, a body which looks at branding – sets out to identify the UK's hippest companies. The origins of 'cool' lie in black slavery, where it encompassed ideas of rebellion fuelled by disrespect for mainstream society. Its legacy remains, but just challenging authority in today's brand-heavy high street was never going to be enough. Today's hip brands have three things on their mind: product, packaging and the paying public. Trouble is, no-one is very clear how the three combine. A well-designed product is important but so, if not more so, is packaging. After all, packaging is a brand's first way of saying: 'hold me, touch me, buy me' to the right people. And who are the right people? The young, the restless, the opinion-forming and the credit-card wielding. But for the brand, only those under 30 years old can be the true arbiters of cool. A brand has to be so plugged into the zeitgeist that it instinctively knows when to ship in the candy stripes – and when to ship them out again. Top Shop is a case in point. Or a company has to be so committed to its own vision that zeitgeist finally catches up with it. An example is Diesel. 'We produce the clothes we like and sell them in shops we shop in,' says Dan Barton, Diesel marketing communications manager and Cool Brand Leaders' council member. Whichever approach it takes, 'a brand has to reflect the attitudes of the time', says Marcel Knobil, chair of Superbrands. This isn't the kind of knowledge you can read off balance sheets; this is what you get when you live the dream you're selling. No wonder marketing people use the word 'magic' for a successful brand. 'If you start rationalising and making formulas, it all comes tumbling down,' says Mr Knobil.

Main Image: Agent Provocateur, a truly 'cool' brand. 'They've taken the idea of being sexy and provocatively pushed that through their advertising, packaging, the whole in-store experience,' says council member and marketing director of Imagination, Ralph Arolli.
Two’s company - but not for struggling Doulton

By Business Correspondent
David Jones

INDUSTRY experts agree troubled pottery giant Royal Doulton is now in a position to turn a corner — even though its share price fell to an all time low this week.

The backing for the company, which employs more than 2,000 workers in Stoke-on-Trent, comes as more than four million of its shares changed hands earlier this week.

Doulton has lost a third of its share price in the last month and financiers speculated that dealers were selling, rather than buying, showing their concern the company’s value was continuing to nose dive.

Royal Doulton is implementing a rationalisation process which will see 40 per cent of its product lines cut and further production moved abroad.

Geoffrey Snow, senior partner at Poges stockbrokers in Hanley, said the company had belatedly made the right moves by cutting unproductive lines and making cheaper products abroad. He said the first six months of the year would show if the company would be able to return to profitability.

“Tregard the first half of 2002 as a critical time for it. This will point to whether the company is going to recover and return to profitability. If it can keep the losses down to about three million one may think it has got a chance of making profit in the second half of the year. Mr Snow said the company had taken the right decision to concentrate on exclusive ware in Stoke-on-Trent.

“The writing has been on the wall about cheap stuff for some time but since August it has been making the sort of noises it should have been making before,” he said.

“It will be concentrating on the brands such as Minton in this country and making the cheaper stuff in Indonesia.”

Ian Jackson, senior lecturer in economics at Staffordshire University, said Royal Doulton had put a strategy in place which could see it through the crisis but warned the firm may struggle to avoid a merger or takeover: “It is in a period of profound change at the moment as it tries to weather the general downturn in business and the problems in the ceramics industry locally.”

He said, “It has recognised it has massive problems and is putting strategies in place to get out of that. The big question is whether it can remain independent. I do think its recovery plan has a lot of credibility. It has not been able to compete with the Far East and Europe on price and perhaps its product range was too wide. He said the company may be forced to concentrate on marketing and retail.

“It is looking to add value not from production but in marketing, retail and sales. Historically it has had value in production but now it is in these areas.”

Geoff Bagnall, general secretary at the Ceramic and Allied Trades Union (CATU), said he did not necessarily agree Royal Doulton had been the architect of its own demise.

“Some of the problems are outside the company’s control,” he said. “They have been caused by the economy and the downturn.

“We think it is doing what it can to keep afloat and are helping as best we can.”

But Mr Bagnall maintained his opposition to the company’s drive to place 30 per cent of its production in factories in Indonesia and Bangladesh.

“Any investment must take place in Stoke-on-Trent. Money should go into research, development and training,” he said.

THE COMPANY’S STRENGTHS

With vast expertise in all areas and a considerable talent pool in design and production, the company continues to hold iconic brand status across the globe. Superbrands, an independent body monitoring changing tastes in Britain, rated the Stoke-on-Trent firm’s brand as among the strongest in the UK.

THE COMPANY SOLUTION - mark 1

In 1998 new management launched a radical rescue plan to steer its course away from the brink. In March of the following year the company plunged more than £2 million in the red in the wake of factory closures, huge job losses and stock write-offs.

THE COMPANY SOLUTION - mark 2

Chairman Hamish Grossart pledged to return the business to profit by 2002, although that date has since been pushed back by 12 months. Firstly, £1 million was sought from the city to fund its restructuring. The historic Minton House headquarters were sold off along with two leaders from its brand stable — Royal Crown Derby and Caithness Glass. Then, operations considered unprofitable were closed.

THE COMPANY SOLUTION - mark 3

In August the company unveiled new initiatives to create a “leaner and meaner” operation.

It is to transfer 30 per cent of its production to Indonesia and Bangladesh. Domestic production is to focus on higher value branded goods and lower value goods will be sourced to other countries.

THE CITY’S VIEW

The city has been unsympathetic to the company’s plight and the share price has slid steadily from a high of 300 pence in 1997 to 150 pence in 1998, hitting an all-time low this week of 12.5 pence.
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