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Sales and Marketing: Successful Branding in Chemicals

Steve Butler
Cerebra Consulting

Looking back over the past few decades, chemical companies have generally been very slow in adopting good branding practices, and there has been a reluctance to accept brands and branding as valuable tools.

Unfortunately, branding is still widely perceived as primarily a consumer marketing activity, and one with relatively minor importance in industrial markets. While every chemical company necessarily has a corporate brand, and most have at least some sub-brands, only a few have made a good job of building and managing their brands overall. The majority has not paid any great attention to branding or has not taken it particularly seriously, and many have largely dismissed it as "not relevant here."

Branding in the Chemical Industry

There is growing awareness and enthusiasm for branding, particularly at the center of major corporations; Ciba Specialty Chemicals is an excellent example (related sidebar, below). Nevertheless, outside a few enlightened CEOs and senior directors, and, of course, the official "guardians" of the company's brands, (usually corporate communications for the corporate brand and divisional marketing departments for product range brands), senior managers' understanding of branding generally remains limited.

There is built-in resistance to branding in many chemical companies as a result of the technical heritage of the sector. A function of the industry's products and their manufacture is that a fair proportion of employees is highly qualified technically. These people are very able, and, not surprisingly, often graduate through the ranks of the company into senior commercial positions. However, while they may be very commercially astute, many retain a strong technical bias, and this can support cynicism about certain aspects of marketing, particularly those associated with consumer products and perceived as abstract, "touchy-feely" or simply as marketing hype. Unfortunately, branding falls squarely into this category in many middle managers' minds.

This is reinforced by the absence of established thinking about just how brands work in the sector. Branding has its roots in consumer products, and companies marketing directly to consumers have led in developing the science of branding. However, there are important differences between the purchasing and selling processes in consumer and business-to-business markets. Consequently, thinking based on consumer marketing is not always relevant. This creates a reaction in companies that sell products to other businesses that "…it's all very interesting, but it's all to do with consumer products and consumer markets...our business doesn't work like that." But it does not necessarily follow that brands are irrelevant in industrial markets, which is often the conclusion drawn. They are just as relevant, but the roles they play and the mechanisms by which they work are quite different to those in consumer markets.

As a result, brand ownership is frequently confined to a handful of people in marketing and communications departments. A key lesson that should be learned from other sectors is that brands, especially the corporate brand, need to be understood and owned by the entire staff. Therefore,

branding focus

Ciba Specialty Chemicals

SHORTLY AFTER Ciba was spun off during the formation of Novartis, a comprehensive review was commissioned of how branding was to be used and of where the corporate brand and product range brands should fit into the hierarchy of business decisions. A major program of research was undertaken, both internally and externally, following which a long-term brand strategy was developed, then debated and finally agreed to by senior management.

This essentially elevated the importance of branding within the company. Prior to the spin-off, Ciba-Geigy, although a well known and respected corporate brand, had rarely been used as a tool for creating value. Moreover, the company had never had a specific strategy aimed at the long-term development of its brands. Under the new thinking, the building and exploitation of strong brands, both corporate and product range, became a corporate priority and, by implication, brand considerations are now taken into far greater account in the making of other strategic decisions.

A head of advertising and branding was appointed with three key objectives. The first goal was to transform the corporate brand from simply the name of the company into a platform, embodying the essence, vision and core values of the company, so it would directly add value to the company and would serve as a reference point for all briefings to external agencies, all marketing initiatives (both corporate and business units) and all strategic decisions and initiatives. Senior management required that the brand would come to represent "what the company is all about," and that subsequently, strategic decisions, presumably including acquisitions, would be judged against the brand to ensure consistency.

The second goal was to drive brand awareness and strategic brand thinking through the company. A central element in this was that the possibilities of using brands to target further down the value chain had been recognized. The new executive was charged with building a thorough understanding of this among business units, such that their future marketing strategies would take maximum advantage of any such opportunities.

The third goal was to develop and install product range brand naming and management procedures.—*SB* a considerable amount of education will be required before chemical companies really begin to exploit branding to the full.

Corporate brands in the chemical sector generally appear to be well managed by corporate communications departments, but the emphasis is primarily on external communication. Some view internal communication as equally important, and see the corporate brand as a primary vehicle for this; but only in a few companies is the strong linkage between the corporate brand and the culture of the company fully recognized and leveraged.

The quality of planning and management of product range brands is far more varied. There are scattered examples of extremely well managed brands, and of innovative and thoughtful approaches that are highly successful, but the majority are not particularly well managed. Most companies have too many brands, which means the power and value of each is greatly diluted, and they frequently also exhibit a rather cavalier approach to managing them. Conversely, some companies have missed opportunities to brand altogether, either giving their products generic labels, or giving them "brand" names, but subsequently treating these purely as labels.

Either way, there are many opportunities for significant improvements in the management of range brands, which could deliver significant benefits to companies.

branding focus

Rohm and Haas

ROHM AND HAAS historically has placed no great emphasis on corporate branding. It did develop one major product range in Plexiglas, but this was a joint venture with Elf Atochem in 1992, and sold outright in 1998. Therefore, despite having been formed in 1909 and being among the largest chemical companies in the US, it remained one of those companies that the majority of the general public had never heard of.

However, in recent years the company has changed dramatically. It has become more focused on the fastest-growing segment of its target markets. It made a number of acquisitions, the largest being that of Morton International in June 1999. These collectively made Rohm and Haas a major force in several new markets, specifically, electronic materials. It became the third largest chemical company in the US with turnover of almost $7 billion and made significant steps toward becoming a more global company.

Since the June 1999 acquisition, interest in branding has increased. With respect to the corporate brand, the company recognizes that it is now a "new" company, built with acquisitions, and it is trying to take the reputation for excellence that each had and build a new global image for Rohm and Haas.

A policy statement issued in mid-1999 expressed the desire that, in most circumstances, the corporate brand—the Rohm and Haas name accompanied by the long-standing chemical flask logo—would be applied to all the traditional chemical divisions and business units. Also, where product range brands exist, they will be endorsed by the corporate brand.

The major exceptions are in the salt and electronic materials divisions of the company, where strong brands have been acquired. Morton Salt, with its Umbrella Girl and "when it rains, it pours" slogan, is the best known consumer salt brand in the US.

The electronic materials business of Rohm and Haas has been built on key acquisitions, Shipley, LeaRonal, Rodel, Morton, Silicon Valley Chem Labs and Mitsubishi Chemical's photoresist business. The electronics market is global, and Rohm and Haas has positioned itself as a strongly branded supplier, offering an extensive, integrated package.

The brand most prominently established in the semiconductor and printed wiring board industries is Shipley—not Rohm and Haas. Therefore, during the past few years, the Rohm and Haas name has been used in the electronics marketplace to support the Shipley name as an endorsement, rather than the most prominent name put forward in the marketplace.

Within the electronic materials division, Rohm and Haas' strategy has been to develop an umbrella-like brand that spans a family of acquired technologies and products. This "Mosaic" brand is used to convey the notion to the marketplace that products are available for key stages of the production process for semiconductor and printed wiring board production that are independently strong, and also compatible in use. All the components in the Mosaic family will be designed to work together as optimized processes, avoiding sub-optimal interactions.

Customers can buy the separate components, but Rohm and Haas believes that sales can be improved if customers also understand they can buy the integrated system, i.e., from the Mosaic package.

In principle, this may provide the basis of an excellent approach to resolving the branding debate, but there will be issues around this. For example, if Mosaic, in effect, becomes the company's core product range brand, by which corporate brand will it be endorsed?—*SB*

Corporate Brands

The corporate brand is not just the name of the company, but it is an immensely valuable tool that can be used in various ways to add value. If well managed, it can be a huge asset to a firm: it performs very real, practical functions and contributes to the health and wealth of the company. It is the primary vehicle for communicating fundamental information about the company to the outside world. It is the centerpiece in the company's efforts to differentiate itself from its competitors, and it can be a key element in differentiating products from competitors. It is the cornerstone of the company's culture, which builds unity, a sense of belonging and loyalty among employees, and, in turn, contributes to their motivation and commitment.

This applies to all chemical companies, including those producing basic commodity chemicals or fine chemicals that may have few or no product range brands.

What the outside world thinks of the organization is extremely important. Positive perceptions of the company—in other words, a strong corporate image—by various external audiences or stakeholders, translate into tangible actions on their part that are to the company's advantage and that deliver significant value. If customers have positive perceptions of what the company stands for, they will have confidence in it as a supplier (in its reliability, quality, integrity and ethics), and this will be an important factor in their choice of supplier. If employees feel they are working for a well respected, ethical, innovative, dynamic company, this will enhance their levels of motivation.

The corporate brand is key to the creation of a strong corporate image. If managed consistently, the brand can be developed such that it instantly conveys a selected set of key messages. In particular, it will convey a broad impression of what the company does and what it stands for, at the most fundamental level. This includes how it is differentiated from competitors, what outsiders can expect when they have dealings with it, and what its primary core competencies are.

Once established with various audiences recognizing its implicit messages, it then acts as a platform for additional communications, conferring credibility and endorsing them. The history of the DuPont brand provides an impressive example of the role of the corporate brand in building corporate image (related sidebar, below right).

However, corporate image is built not just by communication—by the company telling the outside world about itself—but also by individuals' experiences of actually dealing with it. Therefore, it is crucial that the company (i.e., every member of its staff) behaves in a way that is totally consistent with the messages it is communicating, so that people are not disappointed when they deal with it. This means that the culture of the company, which dictates how staff behave and how they deal with the outside world, must, in turn, be consistent with the proclaimed brand values. The corporate brand can and should play a pivotal role in implanting and sustaining corporate culture.

Strategic Management of the Corporate Brand

Two strategic decisions underpin the application of the corporate brand. First, should every subsidiary, division or SBU bear the corporate name? Second, should every product brand be endorsed by the corporate brand?

The primary reason why subsidiaries bear names other than their parent's corporate brand is that they have been acquired. The question is then "when we make an acquisition, should we rename it with our own corporate brand?"

This is an important question, especially given the extent of chemical sector acquisition activity in the last few years, and one where there are building the corporate brand

DuPont

DUPONT WAS one of the first major industrial companies really to grasp the importance of the corporate brand. Its executive committee decided in 1909 that the name should be represented consistently in the form of the red oval with the name inside, and that it should be applied to every product throughout the business. The original logo incorporated the words "established in 1802," but this was dropped in 1955. However, apart from this, the corporate identity, has fundamentally been constant over 90 years.

In 1935, DuPont embarked on a major program of corporate communications in the US, sponsoring a nationwide weekly radio show called "Calvalcade of America." The advertising slogan coined for this was "Better things for better living...through chemistry," which quickly became the overriding brand message associated with the corporate brand. This basic "strap line" was linked with and conveyed by the DuPont brand for 60 years, with minor variations, as the cornerstone of numerous corporate communications campaigns.

In 1970, the strap line was changed to "There's a world of things we're doing something about," but the underlying message did not change. The emphasis remained on demonstrating the societal benefits of DuPont's useful, ubiquitous, innovative product line. This was conveyed and illustrated through the 1970s and the 1980s in a long series of television advertisements, mostly depicting the benefits of a single DuPont product or product range—one of the most famous being a commercial featuring racing driver Mario Andretti, wearing a Nomex fire-safety suit.

In the late 1970s, at which time the chemical industry was under siege on environmental matters, the message was modified to include a new emphasis on safety, aimed at demonstrating that DuPont's chemicals could be made, used and disposed of safely.

The "Better things for better living" line was re-introduced in 1981, but given the acquisition of Conoco, without the words "through chemistry." The early 1980s also marked the beginning of DuPont's drive to build the corporate brand globally. Advertising through Asia-Pacific through the 1980s used the same strap line and focused on the themes of DuPont as a first-class science technology leader, producing life-enhancing products worldwide. Some modifications were made to reflect different national situations. For example, in Japan, the products and applications highlighted were selected to emphasize DuPont's products in high-technology items.

The same approach continued through the 1990s, with communications becoming increasingly sophisticated. One campaign, for example, portrayed DuPont as comprising good, ordinary, people doing extraordinary things for the benefit of "all of us."

Over a long period, the brand positioning had gradually shifted from chemicals to science and technology. However, in the late 1990s, DuPont made a number of major strategic acquisitions taking it much more into the life sciences arena. Moreover, the negative halo of the chemical industry had not completely disappeared, although this was now less related to environmental concerns than Wall Street's perception that the chemical industry did not represent exciting investment opportunities, and therefore stock prices were depressed. For these reasons, DuPont no longer wished to be seen as a chemical company, and this, combined with the new strategic direction, led to the development of a new corporate brand positioning, launched in April 1999.

The basic messages are somewhat different, although by no means of reversal of the general direction of the previous 60 years. The new strap line, "The Miracle of Science," aims to encapsulate DuPont's commitment to "being the world's premier science company."

The new corporate positioning, embodied by the corporate brand, is "DuPont is a science company, delivering science-based solutions that make a difference in people's lives in food and nutrition, health care, home and construction, electronics and transportation.

Miracles of Science was launched through a major advertising campaign in the US. This included a 12-page advertisement in the Wall Street Journal, and was followed by regional launches around the world with both print and major network television advertising, featuring DuPont's "To do list for the Planet."

DuPont's objective in investing in this campaign is equally clear. It is to show broadly "what products we make and how they are used, to demonstrate that these do improve the quality of life, and therefore that DuPont is a good and useful institution that deserves political consent and business patronage...and also a favorable evaluation by Wall Street as a science/technology company—not just a chemical company."—*SB*

numerous factors to be taken into consideration. Surprisingly, many chemical companies do not seem to have really thought this through as a general strategic question; there is a tendency for them to make an acquisition, then to address the issue of the name.

There are two distinct schools of thought regarding the corporate brand, which are highlighted when acquisitions are made. The first is held by those companies that place their corporate brand on a pedestal. At last, it represents what the company stands for and what top management demands and that business decisions are consistent with it, and in some cases, go as far as focusing their business activities around it. The brand is not just a passive yardstick for assessing whether a particular strategic move or acquisition fits but is actually a positive driver of business strategy.

This approach necessitates that the target's existing corporate brand can fairly rapidly be replaced by the acquirer's corporate brand, without a significant loss of brand equity. Moreover, the positioning and core values of the target must be sufficiently close to the acquirer's own so that this re-branding will not result in external inconsistencies or internal cultural conflicts. Companies that appear broadly to have this philosophy include DuPont, Clariant, Ciba, BASF and Elementis.

For example, on acquiring Hoechst Specialty Chemicals, Clariant immediately reorganized all the Hoechst businesses into Clariant divisions. Similarly, in 2000, Clariant immediately integrated the businesses of the acquired BTP into three of its divisions—Clariant Functional Chemicals, Clariant Life Science & Electronic Materials, & Clariant Textile, Leather & Paper Chemicals. Ciba did the same with Allied Colloids.

Under the second philosophy, while acknowledging that their corporate brand is important, companies make business decisions based on thorough analysis of the commercial situation, including the market, customers' evolving requirements, industry sector dynamics, production and supply chain economics, geographic and technical synergies. Then, having made their strategic decisions, companies consider the brand implications and the best course of action regarding it. With acquisitions, the brand debate not only follows the strategic decision, but it is often left until after the deal is concluded.

Rohm and Haas (related sidebar, far left), Burmah Castrol (prior to the acquisition of BP), Akzo Nobel, ICI, and the former Degussa-Hüls and SKW all appear to fall into this camp.

The author holds the personal view that there are some strong arguments in favor of viewing the brand as a key part of the strategic rationale for an acquisition. However, its is stressed that placing the corporate brand at the center of a company's thinking should complement everything else.

Characteristics of Successful Corporate Brands

There are numerous facets to successfully building and managing a strong corporate brand. The following list is far from comprehensive, but simply aims to highlight some of the key characteristics of chemical companies with powerful corporate brands.

1. *Top level endorsement:* The CEO is committed to building the brand, and other members of the main board are supportive.

2. *Ownership:* The corporate communications manager may be the

guardian of the corporate brand, but its real owners are members of the staff. This is achieved by the strong two-way linkage between brand and culture.

3. *Core brand value are carefully defined and made explicit:* They are not the entire set of corporate values but are just the really key ones. They are the ones which are the "essence" of the company, that over and above all else are what it stands for and which differentiate it.

4. *Core values:* The core values promoted are reality.

5. *Consistency:* The most important word in connection with branding. The corporate brand is built slowly and painstakingly and is reconfirmed and supported by each and every direct and indirect communication from the company.

Changes to the brand may become necessary in time, but these are minimized, effected with great care and attention to detail, and, if possible, gradually. Where there is a major enforced change, for example, as a result of a spin-off, a significant, fully coordinated effort is made, over an extended period, to reassure key stakeholder groups and establish the new corporate brand as rapidly as possible.

6. *Employee awareness:* Staff are emissaries of the company, so they understand what the brand stands for. The company periodically checks they not only understand this, but believe it.

7. *Culture:* The brand is actively used to create and sustain a basic common culture.

8. *Monitoring:* Periodically, tests are conducted as to how the brand is perceived, and not just among customers, but all key audiences.

9. *Endorsement of product range brands:* Apart from very specific circumstances, there is nothing to lose and much to gain by doing this, so the two are used in conjunction.

10. *Extent:* As a general rule, all subsidiaries, divisions and business units bear the corporate name although there are exceptions to this in the vast majority of major chemical companies, usually the result of acquisitions.

Steve Butler specializes in assisting chemical companies with complex commercial issues, such as branding, new product development and global organization. This article is drawn from his recent book, Successful Brand Strategies in Chemicals—Creating Value and Enhancing Profitability (Informa Publishing Group Ltd.), which examines the role of branding in the chemical industry and how powerful brands can be built. E-mail address: stevebutler@cerebraconsulting.com. CMR