

Strategic Chronicle™

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Branding State and Civic Entities

To many it sounds strange to talk of “branding” a state or civic entity, but it is quickly becoming common practice among nations, regions, cities, and communities. Branding has spread rapidly beyond the confines of the corporate world of consumer products to embrace all entities ranging from the individual person to supra-national organizations, such as the European Union.

Branding Moves Beyond the Corporate World

From the perspective of a state or civic entity it has become essential to articulate its brand to attract and retain desirable citizens, ensure economic development and prosperity, wield appropriate political influence, and deliver social well-being.

This new concept of the Brand-state, with its stress upon image and reputation, is becoming an essential element of the strategically well-managed government or community. Like a well-branded product or service such as Coca-Cola or American Express, the top leadership of state and civic entities is now

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challenged to think in imaginative new ways about the brand of their realm, and the particulars of brand management, such as brand positioning, brand strategy, brand quality (quality of life), brand satisfaction (citizen satisfaction), and overall brand loyalty.

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Wise corporations have invested heavily in their brands to enhance their position in the market, establish competitive advantage, and drive their market capitalization. Now, social and political entities are realizing that the lack of a well-articulated brand can cause them to lose in the state or civic marketplace of citizenship and economic development. Increasingly, nation-states, such as the United States, England, Belgium, Poland, and even Estonia have stepped forward to engage professional branding assistance to ensure that what they stand for promises a desirable future.

This attention to brand asset management is a shift from the traditional operating paradigm surrounding politics and power, to a new world of identity, image, and influence. Smart states are building powerful social brands around carefully crafted identities that are reflective of both what they stand for and who they wish to become. This is no different than what the most successful companies have been doing for some time.

When the value of brands makes up 40-70% of the combined market capitalization of the most successful corporations in America, it is clear that the times have changed and all players must learn to capitalize upon their intangible, brand-articulated assets. Such attention to branding state or civic entities has become strategically wise, economically prudent, politically desirable, and absolutely essential.

The New Public Diplomacy

Today, across all levels of the government, this branding of state or civic entities is being called “public diplomacy.” Public diplomacy represents a change from the old-style “art of politics” where diplomacy operated at an official-to-official level. Public diplomacy, understood as the art of brand-building and reputation management, is directed instead at the various target audiences of the citizenry and the business community.

With both citizens and businesses perceived as consumers of public policy, successful public diplomacy requires a commitment to new ways of thinking and new structures. Self-aware, political entities have abandoned their previous take-it-or-leave-it attitudes, and are, proactively repositioning themselves to achieve new relevance and share of mind with their constituencies and stakeholders. Essentially, they are discovering that they must promote themselves aggressively to achieve enhanced market share.

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With this recent rise of the brand-state, those entities which lack a strategically compelling myth around which to rally their citizens, will not survive nor flourish, nor will their citizens experience increasing well-being. Thus, state and civic entities are now compelled to reinvent themselves by applying the same branding and marketing techniques employed by the most successful corporations. Now, each state or city must find its special niche in the public marketplace and position itself against a set of compelling meanings that have become the measure of state or civic success: efficient order, social benevolence, prosperity, and well-being.

Two Approaches to Reinventing Marketing

As capitalism with its “selling,” and consumerism with its “buying,” approach saturation in the Western world, marketing, as a discipline, finds itself facing an increasingly difficult proposition – “how can it sell more to consumers who have everything and refuse to be sold to?”

Impressions Versus Relationships

Traditional marketing is built upon the belief that brand impressions, whether consciously perceived or not, motivate the consumer and translate into purchase decisions through unconscious mechanisms. Thus traditional marketing has been built upon achieving a predominance of mental impressions.

With the vast proliferation of brands, the advent of new media, and the fragmentation of markets, the short answer to sell more for traditional marketing has been to take its wares to market at every possible point of contact and to commandeer the public. This has invoked the ire of consumers who resent the turning of every relationship and occasion into a sales interaction. Once passive, the target audiences of today are turning into a society that resists the commercialization of every contact and element of culture.

Today, people are able to avoid and edit media, shift their day parts, and cover their tracks, making themselves unavailable to marketers. This situation has marketing facing a crisis that requires radical new thinking, and possibly a fundamental transformation of the entire marketing model as regards how marketing connects with its various audiences. Recent thinking among marketers, is falling into two camps:

1) Experience-based Marketing

Thinkers in this camp believe they simply must try harder, and that they can do so by trumping “lifestyle marketing” and “liberation marketing” with a new rallying cry, “experience-based marketing.” This new approach will inconspicuously place brand identity inside important or entertaining cultural content (movies, music, television

programming), such that the consumer won't realize or mind the fact that they are being marketed to because they will be having a "brand experience" seamless with its respective content.

These marketers intend to create new partnerships with the creators and producers of as yet largely untapped media "content" that will allow them to commercialize it to a greater degree. This will allow brands to drive more impressions into the minds of consumers, and content programmers to receive more revenues through media placements and de facto celebrity endorsements.

2) Permission-based Marketing

Thinkers in this camp believe that there is a fundamental paradigm shift occurring across the economy, and that if commerce will remain robust and growing, it will be because of a changed relationship between marketers and consumers. They believe it is necessary to reinvent the traditional marketing model from an intrusion-based approach to that of an invitation-based approach, the so-called "permission marketing" much talked about during the rollout of the internet.

In this approach, marketers begin by recognizing and respecting the privacy of the individuals to whom they wish to market, and entering that privacy only if those individuals indicate their desire to learn about the respective product or service being offered.

Manipulation Versus Willing Consumers

The "experience-based" approach, driven by those players who have already saturated every available marketing medium, hangs its future hopes upon impregnating even further the elements of modern culture previously not fair game for respectable marketing, with new instances of brand identity. At its extreme, this approach would increasingly

reduce all media experiences to commerce, and all such perceptions would include brands and commercial messages. We have all seen examples of this, whether the gratuitous soda can in "Friends," or the ISP advertisement in your latest compact disk.

In the short-term this approach would produce a strategic alliance of sorts between marketers and the producers of content, such as film and television, with the intent of making the vehicles of each profession the vehicles of the other. This suggests a future world filled with the experience you have when you receive a very personal e-mail from your spouse with an advertisement at the bottom from the provider of his or her free e-mail service.

Permission-based marketing begins viewing each individual as a person, and only shifts to consider him or her as a consumer if the person grants a free-will interest in the products or services being offered.

Must marketing creep into the art and culture of modern media and our most personal communications? Many think this will only drive consumers away from both brands and media in the same way that telephone solicitors ensure non-purchase with their repetitive telephone calls.

Permission-based marketers believe that the consumer marketing model based upon manipulation and the repetitive presentation of the same impressions, while powerful and useful, is no longer able to build brand loyalty.

Permission-based marketing is founded upon respect for the individual and his or her free-will. Permission-based marketing begins viewing each individual as a person, and only shifts to consider him or her as a consumer if the person grants a

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free-will interest in the products or services being offered.

Thus, by treating the individual first as an end in him or herself, permission-based marketing is founded on an inherently ethical basis. Traditional marketing, based upon achieving the greatest number of brand impressions and perceptions, is no respecter of persons. Rather it always views the individual as a consumer, as always fair game, and thus as a means to an end, the end of volume, revenues, market share, and earnings.

Permission-based marketing suggests that the brands that respect the potential consumer, will invite the individual to interact with their brands on their own terms, for their reasons, on their time, and in their place as defined by the individual.

Choosing a permission-based relationship with the consumer doesn't mean the end of marketing as an activity, it is about relationship-building. This new, permission-based approach to marketing promises more effective and repeatable "selling," and more engaged and fulfilling "buying." With the consumers' freely given attention and interest, it becomes possible to influence their attitudes and behavior and deliver mutually beneficial value to all parties. Under this new approach to marketing, marketing, and most importantly, branding and brand-building continue as legitimate disciplines, but with interested and willing parties. Once the target audience is engaged, the real marketing begins.

Knowledge and Economic Growth

The rise of our entrepreneurial society, the information economy, global capitalism, and modern prosperity are all inextricably linked together with the cultivation, dissemination, and management of knowledge. Increasingly, knowledge itself and the transfer of knowledge, are widely recognized as the key factors in long-term economic growth.

Many consider this pivotal role of knowledge to be a new development, but, in fact, knowledge has

always been a critical driver of economic growth. The roots of today's "knowledge economy" can be traced back to the beginning of the Industrial Revolution when society first learned how to create, organize, and exchange useful knowledge.

Scientific Thinking and the Spread of Invention

Interestingly, prior to the Industrial Revolution, periods of invention did not create sustained economic growth in society. For example, population increased with the growth of agricultural yields, but the standard of living remained nearly equivalent for centuries. It was not until the 18th and 19th centuries that invention, for the first time, flourished and drove continuous economic growth.

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The Industrial Revolution was categorically different from everything that preceded it because knowledge became a driver of economic growth. Previously, invention had occurred intermittently. But because the inventor lacked any real understanding of why things worked, knowledge of any single invention generally failed to spread to others or drive notable economic progress.

During the Middle Ages, individuals, through trial and error, discovered and produced many isolated inventions. However, these early inventors weren't able to articulate their inventions nor develop general theories that could explain and extend their success to other and further invention. For example, medieval inventors could not generalize from a water wheel to the "theory of hydraulics." Thus, while others may have discovered or copied a water wheel, it was without a comprehension of the knowledge behind the invention. It worked, but inventors didn't really understand why it worked, so they couldn't expand their know-how to create other inventions.

During the 18th century, with the beginning of scientific reasoning and the recognition of causality, thinkers and inventors began to understand why techniques and inventions worked. Soon, previously held truths began to be questioned and revised as new ideas emerged, yielding an intellectual and cultural dynamism that led to widespread innovation and entrepreneurial activity. As this cultural dynamic gained momentum, early scientists, thinkers, inventors, and practitioners all began to generalize and share the emerging knowledge, collecting together their practices and principles and creating some of the first encyclopedias, handbooks, and periodicals of “useful knowledge” that spread new knowledge across society.

Without widely applicable scientific theories and a knowledge base, it was unlikely that one invention would stimulate other inventions. Fertilizer offers a good example. Fertilizer has been used since antiquity, but, before the 19th century farmers did not know that nitrogen was a crucial ingredient of agricultural success, nor did they know how it got into the soil. Thus, after harvesting, they cleared their fields with slash and burn technology, thereby releasing the nutrients into the air rather than returning them to the soil. Once the role of nitrogen was discovered, scientists were able to develop synthetic fertilizers to significantly improve upon farming practices.

Innovation and Knowledge Management

With the development of propositional knowledge, causal relations, and scientific generalizations it became possible to turn science into knowledge and for knowledge to drive invention. Soon all knowledge began to be mined for its extended, practical applications.

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Since the advent of the Industrial Revolution, discoveries and inventions have continued to build bridges, creating and applying knowledge to drive economic growth and prosperity. Today, epitomized by the new discipline of knowledge management and its technologically enabled practices such as patent mapping and the computerized review of vast areas of knowledge, knowledge and know-how are being aggressively optimized.

What began in the United States during the 18th century with the first patent issued in 1790, has exponentially compounded into over seven million patents today, and the foundations

for a global economy that promises further growth through innovation and the increasingly sophisticated management of knowledge.

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