VIEWPOINT



US manufacturers refocus on branding efforts

While there is still general optimism regarding the US economic environment, manufacturing executives are less confident today than one year ago, reports a national survey conducted this January by Grant Thornton LLP*. It's the organisation's tenth Survey of US Business Leaders, which has a definite focus on the business implications of branding. It makes interesting reading and its relevance to the US sports industry is clear. But this insight into corporate thinking in the US also needs to be understood by other global and national players around the world.

According to this new survey, 60 per cent of manufacturing respondents expect the United States economy to improve in the coming year but that figure, however, is a considerable decrease from 82 per cent of respondents in January 2004.

Although economic recovery has been slower than expected, the vast majority of manufacturing executives (92 per cent) still remain optimistic about the growth of their own business. In addition, nearly half (48 per cent) plan to increase their headcount over the next six months and nine in ten are on pace to meet or exceed their sales targets (61 per cent on target and 32 per cent exceed).

The brand—more important than two years ago

And as companies strive to meet their growth targets, business leaders have recommitted to a critical asset: their brand. In the past, the power of a strong brand has traditionally been used to sway consumer choices. But, according to the survey findings, its influence goes well beyond the traditional. Nearly two-thirds of respondents (66 per cent) agree that having a strong brand is more important today than it was just two years ago, with the primary focus on fostering loyalty among current customers (79 per cent) and differentiating the company within the marketplace (74 per cent).

"Manufacturers see the need to provide more than just products to their markets. The best and most loyal customers today don't want their expectations just to be met, but exceeded," says Jim Maurer, partner in charge of Grant Thornton LLP's consumer and industrial products industry practice. "A strong brand conveys this commitment to customers and sets them apart from their competition in acquiring new clients and retaining existing ones."

Building a brand often begins with identifying the core strengths that give a company its competitive advantage. Among manufacturing respondents, 80 per cent say their strong market and customer relationships are the competitive advantages that drive their brand, while 63 per cent say it's their superior sales and distribution capabilities.

Staying focused on these unique competitive advantages and fully leveraging brand value in the marketplace means the difference between companies winning or losing customers. In practice, 34 per cent of manufacturing firms say they focus on selling new products to their current market, while 26 per cent are looking to sell current products to new markets.

Better branding is not just the charge of the sales department. To deliver this brand promise, manufacturers have made significant investments in a variety of areas, including operations (56 per cent) and information technology (52 per cent). Commercial technology, sales and attracting key talent, round out the list at 50 per cent each.

Business leaders realise each employee is essential to delivering brand promise. To this end, 87 per cent of executives believe their employees have a clear understanding of their company's brand and of their own roles in fulfilling brand-related goals (88 per cent).

The buck stops here

Of course, if any one employee is integral to a brand's development and success, it is the chief executive officer. The CEO serves as the voice of the brand, conveying its meaning in both words and actions. The majority of manufacturing firms surveyed agree, the CEO has the ultimate responsibility for developing and reinforcing the brand, either individually or as part of a senior leadership team (73 per cent). Ninety per cent of manufacturing leaders also say the CEO leads the management team in assessing the company's core strengths. Finally, 89 per cent say the CEO recognises that customers will interpret a brand to their own liking, and as a result, a 'listen-to-the-customer' culture must be utilised.

"A brand distinguishes companies from their competition not only for customers, but also for employees," says Maurer. "Developing a strong brand and integrating it into the company culture helps infuse employees with pride and loyalty."

In today's competitive marketplace, branding is vital to success – a fact that manufacturers and their customers are well aware of. A strong brand serves as a beacon where traditional boundaries between customers and suppliers have disappeared, ultimately providing the customer with a relationship-based experience that exceeds their expectations and helps both parties succeed.

** To order a full copy of the report, www.grantthornton.com/blcsurvey. Grant Thornton LLP is the US member firm of Grant Thornton International, one of the six global accounting, tax and business advisory organisations, and has member firms in 110 countries. The survey was conducted by Harris Interactive, an independent market research firm, among more than 300 executives, with 100 of those individuals being from manufacturing companies.*