

# Branding in Canada: The Canadian brand agenda

By Jeff Swystun

## Introduction

This is the fourth and final in a series of papers on Branding in Canada. We have examined the absence of Canadian brands on the global stage, explored true Canadian differentiation, and compared successful global brands with Canadian contenders. Through all of this, there were several insights that appeared consistently:

- Canada itself, and what it means to be Canadian, are widely debated but any agreement there might be remains largely unarticulated
- Canadian brands have not consistently leveraged "Canadian-ness" nor have they created a universal appeal for Canadian attributes and values in corporate, product and service branding
- The Canadian character does not lend itself to bold communications
- The country's resource-based economy has impaired Canadian marketers from competing on intangibles
- "Branch-plant" marketing is in evidence, where Canadian marketers are primarily adjusting foreign brands for regional relevance
- There has been a failure to capitalize on a clear track record of product and service innovation
- Canadian businesses are not recognizing the importance of promoting dominant and distinctive brands globally, running the risk of irrelevance at home and internationally
- The post-secondary education system has not developed uniquely Canadian curricula that prepare future business leaders to focus on intangible value and brand development and management
- An overall lack of investment in branding practice causes Canada to be reactive rather than a leader in effective marketing communications

This brand-building complacency runs the risk of making Canadian brands irrelevant due to size, penetration, visibility and, arguably, aggressiveness. This paper outlines the Canadian branding agenda that would enable Canada to give rise to brands that position themselves for success domestically and internationally. In turn, those brands will help define the country itself by communicating Canadian uniqueness and value.

Examining Branding in Canada through these four papers is not an exercise in navel-gazing. It is meant to be a call to action for government, business, entrepreneurs, academics, students and consumers. In fact, it may be Canadian consumers who drive the Canadian brand agenda more than any other stakeholder. Consumers need to let businesses and brands know that substandard service and products will not be tolerated.

For Canadian business and brands to succeed, Canadians need to know about them at home and demand excellence in all that they offer.

What follows is the Canadian Brand Agenda, a six-step plan for the country to be competitive and sophisticated in branding.

### **Step 1 – Bold Goals from Government**

There is a great need for firmer business goalsetting at the federal and provincial levels of government. Discussion on innovation or research and development are sounding hollow in the absence of very clear goals, supporting policies and investment. TD Economics' October, 2005, report on the Canadian economy stated, "Canada's underachievement relative to other industrialized economies has been remarkable."

What is required is aggressive goal-setting. Take the policy objective set by the Chinese government as an example. The People's Republic is executing a "go global" initiative, with US\$15 billion set aside for acquisitions of leading companies and brands. This is enlightened policy and extremely progressive for any nation. Economist David Wall of Chatham House believes that by 2025, Chinese investors could own two-dozen of the Fortune 500 companies. Of course, Canada operates under an entirely different political and economic system. However, imagine the federal government stating that by 2015, Canada will have the leading businesses/brands in 3 to 5 key industries.

Success in business and branding is not an overnight proposition and this type of horizon is appropriate. Yet, it would take long-term tangible support from government to focus on key industries and support Canadian contenders. This does not assume a safety net of grants, subsidies and protectionism but, rather, investment based on business cases that are rational and aggressive, yet achievable. It also requires strategic alignment with leaders in Canadian business.

### **Step 2 – Bold Goals from Business**

The Canadian economy is largely resource-based with some very interesting pockets of innovation in the technology, sciences and service industries. Our resources will always be a source of wealth and economic strength but must be balanced with building better or new mousetraps. In this century, India and China will dominate the productivity dimension of business due to sheer manpower. Canada is at risk of being harvested for its natural wealth and then laid fallow.

Canadian business leaders need to recognize the need to move fast and far in innovation, research and development and brand-building. A lesson can be learned from South Korea's Samsung. It has become a global brand leader by making some courageous decisions in the last decade. The company had found themselves caught in a difficult market position. They had a wideranging product portfolio that was priced too high to compete with "no names" while simultaneously lacking the product quality and brand reputation to compete in the high-end segment.

Their response was to increase margins by moving into premium brand positioning in all markets while rationalizing their product portfolio through dropping undifferentiated and unprofitable brands. The most important decision was reinvesting in research and development, design and brand. Jung-Yong Jim, President and CEO of Samsung says, "Competing successfully in the 21st century will require more than just outstanding product and quality functions. Intangibles such as corporate image and brand image will be crucial factors for achieving a competitive edge."

Samsung surpassed Sony for the first time this year in Interbrand's annual 100 Best Global Brands study. This quantitative ranking establishes the portion of a company's value attributable to brand. Samsung is ranked 20th with a brand value of US\$14.9 billion while Sony is ranked 28th with a brand value of US\$10.8 billion. Interestingly, South Korea has three brands in the top 100 ranking with Hyundai and LG being the other two. Canada has yet to produce a brand that makes the list. Canadian business must set a bold agenda to compete globally or face increasing marginalization. Canadian brands must be promoted aggressively and avoid the "me-too" marketing that characterizes many of the current communication programs.

### **Step 3 – More RIMs and Tim's**

Look at a successful company and there will once have been a stubborn, gifted, visionary entrepreneur. David Ogilvy said, "The best leaders are apt to be found among those who have a strong component of unorthodoxy in their characters. Instead of resisting innovation, they symbolize it." Simply stated, Canada needs many more entrepreneurs who personify innovation and risk. Our neighbors to the south are extremely entrepreneurial. This requires taking chances, falling down, getting back up again and not giving up.

Canadian character and opinion does not always embrace the bold. We are proud people, proud in our accomplishments as a people. We are less inclined to support the maverick. We appear to have a culture that believes if one is successful it comes at the expense of everyone else. Mavericks discover that Canadians are interested in their endeavors only when they are suffering setbacks.

Canada has a decent track record of success stories. But we need more RIMs and Tim's. We need the unorthodox characters who see the world differently and who doggedly pursue new opportunities and unmet needs. We need them to stay in Canada and accomplish their goals here. And we need to rally behind them as their success is success for us all. This will help ensure that more businesses and brands are birthed and that a fair proportion will stand the chance of sustained success.

### **Step 4 – Teach and Train**

There is no such thing as a purely Canadian curriculum in business. Entrepreneurialism, innovation and sound business practices must be taught and encouraged throughout a Canadian's education. Post-secondary institutions in Canada must construct uniquely Canadian curricula in business and branding. They are well positioned to help define

what differentiates Canada and Canadian business, what makes them relevant and what ensures their credibility.

Currently, business schools in Canada use the case study method, with the majority of cases originating from somewhere else in the world (largely the US). This has resulted in talented people receiving the message that Canada is not the place to be challenged, excel and prosper. Universities must not only teach process but must also guide the talent to areas of opportunity unique to Canadians.

Canadian companies must continuously invest in the education of their people, reinforcing the principles of business and brand management that will help them compete domestically and globally.

### **Step 5 – A Canadian Brand of Branding**

Branding in Canada remains largely unsophisticated. Rudimentary principles are in place but, too often, branding is still equated with advertising and other short-term communication initiatives. Many marketing firms mainly serve as “communication branch-plants” for large multinationals that have a presence in Canada. Opportunity for top branding and marketing talent in the country is limited. One client complained to me, “The lion’s share of our time is spent fitting French onto packaging and advertising that has been decided elsewhere. We could be offering incredible value in segmentation, positioning and strategy but the perception is that Canada is a secondary market and that all people make purchase decisions in the same way.”

Canadian business leadership needs to understand the value found in intangibles. The past 30 years have seen a reversal in the primary source of enterprise value. Based on empirical evidence, the industrial revolution was much longer than the history books state. Throughout most of the 20th century, commercial enterprises knew that tangible assets were the overwhelming repository of value and this guided investment decisions. With the advent of the 21st century, intangible assets became the dominant source of value. Fortune magazine has reported that, in 1978, the Dow Jones Industrial Market Capitalization had 95% of the value attributed to tangibles. By 2001, 72% of the value was attributable to intangibles, with roughly 30% of that being brand value.

Business leaders must wake up and recognize the sources of wealth within their own companies. Jim Stengel, Chief Marketing Officer, Procter & Gamble says, “Marketing is a \$450 billion industry but we are making decisions with less data and discipline than we apply to \$100,000 decisions in other aspects of our business.” To be clear, executives are close to flying blind in decisionmaking. Canadian business leaders must grasp the value equation and develop and implement branding practices that create and manage intangible value.

### **Step 6 – Brand Canada**

There is evidence that successfully branded companies are identified with their country of origin. If a consumer in another part of the world is weighing the pros and cons of a purchase decision and most of the factors result in parity (quality, cost, convenience) –

they may factor in the nationality of the brand. Perhaps there are three contenders – one Canadian, one American and one Swiss. How would the perception of Canada stack up against these two other nations – or any other nation for that matter?

Historically, Canada has invested in branding, but from a tourism perspective. Less has been spent holistically defining Canada as a brand: who we are and what we stand for. Having this “umbrella” or master brand would provide greater context to the goods and services Canadian businesses produce. “Brand Canada” would act as a sorting device in the purchase decision, allowing Canadian goods and services a greater chance of success. It is high time Canada articulated its beneficial differences to a world that largely has a kind disposition toward us but not a consistent and shared understanding.

### **Summing Up**

The Canadian Brand Agenda is no small task because it is no small opportunity. Canada is yet to define how it will compete in this century. With the evidence clearly demonstrating that business value is largely attributable to intangibles and that brand is a significant intangible asset, Canadian enterprise must leverage its resource roots into knowledge and innovation. It must embrace branding as a strategic imperative that requires investment because a brand represents a relationship that creates and secures future earnings by ensuring preference and loyalty.

This is a call to action for government, business, entrepreneurs, academics, students and consumers. Innovation and brand building must be on the agenda for all. Canada and Canadian enterprise are brands whether deliberately created or by default. The only decision is, will we choose to manage them proactively and strategically or will we let the market define who and what we are as a nation and what our brands represent?