



MC BRANDNEWS

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INTRO

Meeting place for brands!

The theme of this year's Architecture Biennale in Venice is being presented under the motto "People meet in architecture." In previous years, topics were essentially abstract – mostly about numbers, statistics, and predictions. The same transformation is taking place right now in marketing. Away from the product, toward the brand. Accordingly, the motto could be "People meet with brands."

It's primarily about people meeting. The brand enters "the place of action," a part supplementing the whole. Because people identify with brands and allow them to play a role in their lives. Brands signal to the outside world who you are or who you would like to be. They establish connections by serving as sources of conversation, as Wolfgang Ullrich emphasizes:

"In the 1950s the existentialism of Sartre and Camus inspired an entire generation and reinforced young people in their individuality – since the 1990s the same has been achieved with brands such as Adidas or Apple. No longer a sentence like 'L'homme se fait' but instead a slogan such as 'I'm so free' is the best motivation for consumers; 'Greed is exhilarating' triggers more than 'God is dead'."

There is no doubt: a good name pays. Brands are becoming not only a part of our vocabulary but also increasingly an important component of our lives. People meet each other – strong brands are also there and welcome. They are a part of the family – and sometimes a host as well, for example in brand worlds. Welcome to Audi, Nivea, and Swarovski!

BRAND ORIENTATION

Buying brands is worthwhile again

From a consumer's perspective, brand-name items seem worthwhile again. In the eyes of German consumers, such purchases are again making more sense, as the current AWA numbers from the Allensbach Institute for Public Opinion Research clearly demonstrate (see chart). While in 2005 only

about 31% of consumers answered „yes“ to the question of whether buying brand-name items was usually worthwhile, nearly 36% thought so in 2010. During the same period, the portion of those who responded negatively to this question decreased from nearly 36% to about 29%.

Buying name-brand items...	1995	2000	2005	2006	2007	2008	2009	2010
is usually worth it	42.6	40.3	30.7	32.0	33.4	34.7	34.9	35.8
is not usually worth it	33.8	33.9	35.8	34.7	32.7	30.8	30.1	28.9

Source: Allensbach Media Market Analysis (AWA); figures in percent

> BRAND QUOTATION

"Brands with a future always have a history."

(Oliver Kleine)

> BRAND TIP

Brand Trail in Stuttgart



A journey into history: experience the fascination of 1,500 exhibits at the Mercedes-Benz Museum

When thinking of memorable attractions in Stuttgart, many visitors correctly identify the premium automobile brands that are "Made in Swabia." But in addition to Mercedes-Benz and Porsche, the greater Stuttgart area is also home to several renowned fashion labels, most notably Hugo Boss in Metzingen.

Additional highlights near the capital city where residents "can do anything – except speak High German" include Mustang, Ritter Sport, as well as an absolute must for car lovers: the Meilenwerk just outside the gates of the Mercedes production facility in Sindelfingen. An additional insider tip is the directly adjacent V8 Hotel, where guests can spend a night in "car heaven."

Details about the brand discovery tour in the heart of Baden-Württemberg, including addresses and a route map are available for download at

www.mc-brandnews.com



Welcome!

Brands today are primarily gaining ground through the personal interaction of their employees with customers as well as through lively interaction between customers. It is therefore no surprise that the purchase of brand-name items has once again become worthwhile from the consumer's perspective in the last couple of years, as the AWA numbers demonstrate in the latest issue of MC BRANDNEWS.

Traditional media are also still playing an important role in terms of memory, intensity, familiarity, and trust – as the latest results from TNS Infratest make clear. Norbert Dube from TNS Infratest recommends continued targeted use of traditional forms of advertising. According to Dube, "Internet advertising alone can quickly become a source of irritation in the daily lives of consumers." Less irritating, by contrast, are brand fan pages on social networking sites. Ever more customers are allowing brands to participate in their social Web microcosm.

According to advertising guru David Ogilvy, a success factor for strong brands is developing a clearly defined brand personality. Only when companies always understand their target group communications "as part of a long-term investment in the reputation of the brand" can an established, preference-producing brand emerge, says Ogilvy. A brand's country of origin can also be crucial. As current estimates from national MC companies demonstrate, Germany continues to enjoy a quality advantage that should be used, especially in terms of the Chinese market where premium German brands are extremely popular – and continue to promise excellent business success.

Golden autumn greetings from

Your
Harald Zulauf

Harald Zulauf

CEO MEDIA CONSULTA International Holding AG

TV and print continue to dominate

Traditional advertising tools still have strong memory and recognition values among consumers even in this time of social media, as the current study „Advertising Touchpoints 2010“, conducted by TNS Infratest in seven European countries, demonstrates.

Europe's consumers remember TV commercials (80%); posters, billboards, and signs (68%); as well as newspaper and magazine advertisements (65% and 64%, respectively) most frequently. Simultaneously, with the exception of outdoor advertising, the intensity of the remaining top channels of (TV) 79%, (magazines) 68%, and (newspapers) 64%, enjoy particularly high perception. In contrast, 60% of the survey's participants perceive online pop-up advertising as

annoying, 52% find email advertising a nuisance, and for 40% of participants Internet banners are irritating. At the same time, „only“ 62% remember email advertising, 62% recall online banners, and 56% remember pop-up advertising.

In terms of trust in various touchpoints, recommendations from friends and acquaintances were named in first place with 46%, followed closely by product samples with 45%, and online recommendations with 40%. In contrast, only 25% trust TV and newspaper advertising and a total of 9% trust pop-up banners on the Internet.

Further details on the „Advertising Touchpoints 2010“ study are available for download at www.mc-brandnews.com

Touchpoint	Memory	Level of intensity	Familiarity	Trust
TV	80.4	78.7	54.9	24.5
Billboards/posters/signs	67.8	60.7	20.2	21.1
Newspapers	64.9	64.3	21.9	25.3
Magazines	63.7	68.3	23.5	25.8
Email	62.1	60.4	52.3	11.6
In shops	62.0	55.4	17.1	30.1
Internet banners	62.0	61.2	39.7	11.5
Radio	61.6	61.5	35.9	23.1
Internet pop-ups	55.7	60.3	59.6	9.1
Public transport	55.5	53.0	16.2	21.2
Mention on blogs/forums	26.1	34.9	22.3	15.4
Product samples	38.7	27.9	13.7	44.9
Brand/company website	47.3	49.0	17.8	31.9
Online recommendations	23.0	27.6	15.0	39.9
Recommendations from acquaintances	29.0	27.5	13.8	46.1

Source: TNS Infratest "Advertising Touchpoints Study 2010"; figures in percent, 7-country average

BRAND INTERACTION

30% of social network users follow brands

A good 30% of social network users worldwide currently follow one or more brands, as Universal McCann reports in their new study „Wave 5 – The Socialisation of Brands.“ Two years ago, scarcely 10% of users admitted that they were brand fans on Facebook, Twitter, etc. Simultaneously, the percentage of users who visit official company websites has decreased significantly. In 2008, 85% of Internet users had visited at least one official brand or company website within the previous six months. The current figure is down to 75%.

But consumers want to connect more than just their social networks with brands. Of 37,600 surveyed Internet users in 54 countries worldwide, nearly 50% have joined an online brand

community as a result of „Wave 5.“ In addition, between 63% (cars) and 75% (health) of Internet users interested in a category stated that they are also interested in a more meaningful exchange with brands.

From a brand perspective, a commitment to brand communities is worthwhile: 72% of respondents who have already joined a brand community say that they now have a more positive image of the brand, 71% report they are more likely to buy the product, 66% feel greater loyalty to the brand, and 63% have recommended joining the community to others.

The study „Wave 5 – The Socialisation of Brands“ is available for download at www.mc-brandnews.com

Advertising icon David Ogilvy cautions against wishy-washy brands

He qualifies as one of the most renowned and successful advertisers in the world. Advertising icon David Ogilvy died over a decade ago. What he left behind isn't only incredible advertisements but also brilliant bons mots and reflections on successful brand launch campaigns, including a presentation previously known only to insiders which he gave in 1955 at the American Association of Advertising Agencies and in which he spoke directly to competitors with a short-term perspective.

Since then 55 years have passed, although one might think Ogilvy had only recently put his thoughts into words. Brand expert Karsten Kilian has translated the most important passages of the presentation manuscript. If Ogilvy were still alive today, he would have probably answered Kilian's questions as follows:

Kilian: Mr. Ogilvy, what is your creative credo?

Ogilvy: Every advertisement is part of the long-term investment in the personality of the brand.

Kilian: What exactly do you mean by that?

Ogilvy: I hold that every advertisement must be considered as a contribution to the complex symbol, which is the brand image - as part of the long-term investment in the reputation of the brand.

Kilian: But how do we know which image is right for a brand?

Ogilvy: There is no short answer. Unfortunately, research cannot help you too much here. You have actually got to use judgment. I notice increasing reluctance on the part of marketing executives to use judgment. They are coming to rely too much on research. And they use research as a drunk man uses a lamppost - for support, rather than illumination.

Kilian: In your judgment, what is often overlooked when building a strong brand?

Ogilvy: I find that most manufacturers are reluctant to accept any such limitation on the image and personality of their brands. They want to be all things to all people. They want their brand to be a male brand and a female brand. An upper-crust brand and a plebeian brand. And in their greed, they almost always end up with a brand which has not any personality of a kind - a wishy-washy neuter brand.

Kilian: Is the advertising reality truly so bleak today?

Ogilvy: Well, yes. What a miracle it is when a manufacturer manages to sustain a coherent brand image in his advertising over a period of years. In the past, it has only happened when one strong man, either at the client end or at the agency end, has dominated all the advertising output over a long period. Think of all the forces that work to change the personality and image of the brand, from season to season. The advertising managers come and go.



Companies that hold on to a long-term brand identity can relax like David Ogilvy.

The copywriters, the art directors and the account executives come and go. Even the agencies come and go.

Kilian: In addition to strong continuity, what else does brand management require?

Ogilvy: What guts it takes, what obstinate determination, to stick to one coherent creative policy, year after year, in the face of all the pressures to "come up with something new" every six months. We need to understand that every advertisement, every radio program, every TV commercial is not a one-time shot, but a long-term investment in the total personality of their brands.

Kilian: How can we sustainably safeguard a brand identity once it has been chosen?

Ogilvy: It helps to keep the brand image on the rails if the manufacturer and his advertising agency will take the precaution of engraving on a stone tablet a simple definition of the image, which they wish their brand to acquire over the years. Once you have a definition of this kind, it will be less easy for changing ad-managers and changing agencies to muddy the image. So, I say, write down a definition of your own brand images. Restate it at frequent intervals. See that everybody who works anywhere near your advertising understands it. And stick to it.

The complete manuscript of the David Ogilvy presentation is available for download at www.mc-brandnews.com

> BRAND CONFESSIONS

To accompany the fictitious interview with David Ogilvy, we have compiled the five best confessions from his classic 1963 book *Confessions of an Advertising Man*:

1. Any damn fool can put on a price reduction, but it takes brains and perseverance to create a brand.
2. Nobody has ever built a brand by imitating somebody else's advertising.
3. Good campaigns can run for many years without losing their selling power.
4. Never give up a campaign just because you have grown tired of it; housewives don't see your advertisements as often as you do.
5. What really decides consumers to buy or not to buy is the content of your advertising, not its form.

> CONFERENCE TIP

A brand conference will take place in November, where you as an MC BRANDNEWS reader can receive significant savings. Simply provide the codeword "MCNEWS" next to "message" when you register.

You will receive a 10% discount on your ticket to the 2nd Audio Branding Congress, which will be held on November 5 in Hamburg: www.audio-branding-congress.com

> BRAND PROFILE

Mercedes-Benz

In early 2010, the inventor of the automobile, Mercedes-Benz, reactivated the guiding principle of founder Gottlieb Daimler through the marketing claim "The best or nothing at all". The new brand core of Mercedes is "The right to lead." It is derived from the brand values fascination, perfection and responsibility.

Mercedes stands for...



The Chinese love German premium brands

With 1.3 billion people, the Chinese market is anything but homogeneous, not least of all due to sometimes extreme climatic and cultural differences, stark economic disparities, and countless languages and dialects. While in metropolises like Guangzhou, Beijing, and Shanghai international electronics brands such as Motorola, Nokia, and Sony as well as sport brands like Adidas and Nike are preferred, in the large cities of Hefei, Lanzhou, and Zibo as well as in rural regions the preference is more for Chinese brands, exemplified by Anta, JeansWest, and Double Star.

Moreover, millions of Chinese are currently moving into the middle class and come to the fore as consumers for the very first time, which partially explains the boom of German premium automobile brands in China. Volkswagen is now selling nearly every fourth car in China. With the „Lavida,“ for the first time VW has a medium-sized vehicle in its collection that is built completely in China. Furthermore, considering that only 2 out of every 100 Chinese currently own a car (in Germany it's 56 out of 100), the market potential becomes very clear.

The future of foreign consumer goods brands is also looking very rosy, although tig-



hter distribution systems are required. While five years ago, 70 sales centers were enough to reach 70% of the affluent middle and upper classes, a recent BCG study found that today 240 outlets are necessary to achieve the same distribution. And in ten years, the number of required sales centers will be 400. Accordingly, Audi wants to double its current network of 151 dealerships within the next three years. Overall, Der Spiegel seems to be right in writing about the „beloved enemy“ China: „The demand in emergent developing countries for goods that are ‚Made in Germany‘ appears to be virtually inexhaustible.“

MC BRAND RADAR

“Made in Germany” still stands for premium quality

This time we wanted to know from our MC national affiliate companies what „Made in Germany“ stands for today in their respective countries. Here are the assessments of selected MC brand experts:

Burhan Beidas, Chairman MC United Arab Emirates (UAE): Products from Germany are distinguished by premium quality as well as by their long lifespan and durability.

The „Made in Germany“ label is associated primarily with cars, heavy machinery, dairy products, household appliances, and medical care.

Dariusz Zielinski, Managing Director MC Poland: In Poland products that are made in Germany are considered of high quality, long-lasting, safe, and easy to use. On the other hand, German products are often perceived as relatively expensive, and their design is seen as old-fashioned.

Klára Tibitanzlová, Account Manager MC Czech Republic: Czechs value German products because they are of high quality and produced with precision. They are also considered reliable and long-lasting. Often a higher price is expected that must be justified through better quality. Usually the long tradition of German brands is perceived as positive, which is why many German labels are perceived as well-established and reliable. German products are considered functional, high-performance, modern, and fashionable.

Mar Velarde, Managing Director MC Spain: Products from Germany have a positive image in Spain. They are perceived as being of high quality, innovative, and modern because technological research in Germany is extremely advanced. German products are often relatively expensive but at the same time safe and reliable.

> BRIC STATUS REPORT

Over the past year, Chinese companies have invested 56 billion euros in foreign countries – a considerable portion of that in Germany. Among foreign investors, China already ranks fourth with 8%, as the current IBM study “Global Location Trends” illustrates. Germany occupies second place among worldwide foreign investors after the United States. The main target countries for German companies include the United States, China, and India.

Those who want to do business in China should be familiar with the 36 stratagems of the Chinese general Tan Daoji. The 1,550-year-old rules for success are considered a cultural treasure and are taught to young children in school. They illustrate how one can create advantages in life, especially when dealing with foreign competitors.

調虎離山

For example, Rule 15 advises “to entice the tiger from the mountain onto the plains.” That is, entice a negotiating partner away from his trusted terrain into unknown territory. This is because people who feel insecure cannot fully play out their own strengths and are therefore more easily defeated. Rule 25, on the other hand, states that one should replace the beams to protect them from decay. Companies can, for example, consciously encourage weaker sales personnel to go to the competition and simultaneously attempt to acquire the best sales people from competitors.

An overview of all 36 stratagems is available for download at www.mc-brandnews.com

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