



**3rd Annual Regional
Wood Products Marketing Seminar
Sarajevo; December 6, 2007**

Branding strategies in the wood-working industry: Country experiences

**Davide Pettenella
University of Padova - Italy**



Paper organisation

1. Definitions: brand, brand name, logo
2. Brand management
3. Branding by SMEs
4. The use of forest and wood images for branding
5. Final remarks

1. Definitions

- From a **supply side**:
A **brand** is a name, term, design, symbol, or other feature that distinguishes products and services from competitive offerings (American Marketing Association)
- From a **demand side**:
a *brand* represents the consumers' experience with an organization, product, or service (The Chartered Institute of Marketing)

Brand: brand name and logo

Brand name = a written or spoken linguistic elements of a brand.

Normally a brand name has a **trademark** registration which allows to protect proprietary rights

UPM-Kymmene

Logo is the graphic element associated to a brand; it may be a symbol, a word or a combination of them



Brand, brand name and logo

Companies normally associate a brand to a slogan



And sometimes to a mascot, a jingles or a reference product

Brand name

IKEA

Logo



Slogan

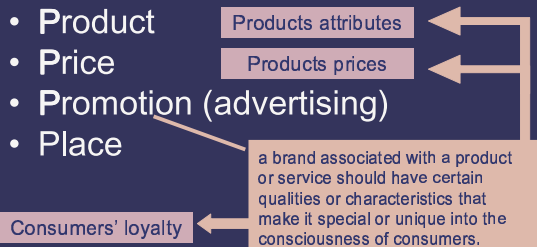
"IKEA furniture, more than life"

A reference product



2. Brand management

The role of branding in the marketing mix:
the 4 Ps of P. Kotler:



Brands as communication tools

A brand may communicate 4 elements
(e.g. Mercedes):

- **Attributes:** "long lasting", "prestigious", "expensive"
- **Advantages:** "I will have not to buy a new car for five year if I am travelling in the Balkan", "when I meet my clients they perceive me as a well-off partner"
- **Values:** high performances, safety, prestige
- **Personality:** "if this brand were a person, it will be a middle age, wealthy businessman" (= *target market*)

A good brand name should:

- be legally protectable
- be easy to pronounce
- be easy to remember
- be easy to recognize
- attract attention
- suggest product benefits or suggest usage
- suggest the company or product image
- distinguish the product's positioning relative to the competition.

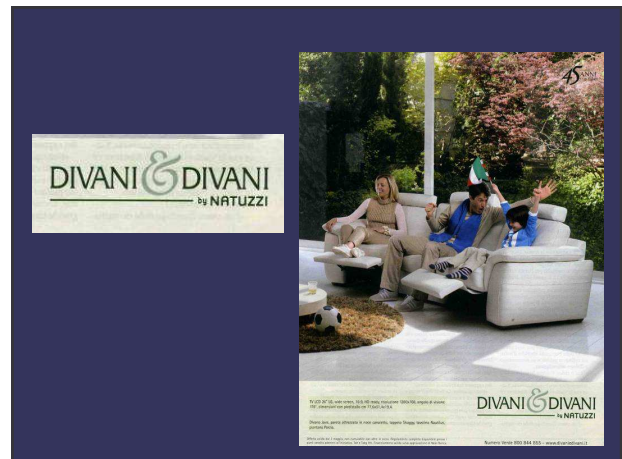
Types of brands/branding

Type	Definition
Premium b.	A brand for a product typically more expensive than other products in the category
Economy b.	A brand targeted to a high price elasticity market segment.
Fighting b.	A brand created specifically to counter a competitive threat
Corporate branding	When a company's name is used as a product brand name
Family branding	When one brand name is used for several related products
Individual branding	When all a company's products are given different brand names

Mercatone Uno retail company: an economy brand

Types of brands/branding

Type	Definition
Premium b.	A brand for a product typically more expensive than other products in the category.
Economy b.	A brand targeted to a high price elasticity market segment.
Fighting b.	A brand created specifically to counter a competitive threat.
Corporate branding	When a company's name is used as a product brand name
Family branding	When one brand name is used for several related products
Individual branding	When all a company's products are given different brand names
B. leveraging	When a company uses the brand equity associated with an existing brand name to introduce a new product or product line



Types of brands/branding

Type	Definition
Premium b.	A brand for a product typically more expensive than other products in the category.
Economy b.	A brand targeted to a high price elasticity market segment.
Fighting b.	A brand created specifically to counter a competitive threat.
Corporate branding	When a company's name is used as a product brand name
Family branding	When one brand name is used for several related products
Individual branding	When all a company's products are given different brand names
B. leveraging	When a company uses the brand equity associated with an existing brand name to introduce a new product or product line
Private (store) b.	When large retailers buy products in bulk from manufacturers and put their own brand name on them.

Attitude branding

- A brand sometimes represents a feeling, which is not necessarily connected with the product or consumption of the product at all.
- Marketing labelled as attitude branding includes that of Apple, Nike, IKEA, and The Body Shop

Brand extension

An existing strong brand name can be used as a vehicle for new or modified products; for example, many fashion and designer companies extended brands into fragrances, shoes and accessories, home textile, home decor, luggage, sun glasses, furniture, hotels, etc.

A special brand extension: line extension

- There is a difference between brand extension and line extension.
- When Coca-Cola launched "Diet Coke" and "Cherry Coke" they stayed within the originating product category: non-alcoholic carbonated beverages.

Multiple brands

- In a market fragmented with many brands, a supplier can choose to launch new brands apparently competing with its own, extant strong brand (and often with an identical product), simply to obtain a greater share of the market that would go to minor brands. The rationale is that having 3 out of 12 brands in such a market will give it a greater, overall share than having 1 out of 10 (even if much of the share of these new brands is taken from the existing one).
- In its most extreme manifestation, a supplier pioneering a new market which it believes will be particularly attractive may choose immediately to launch a second brand in competition with its first, in order to pre-empt others entering the market.

Generic products vs branded products

At the same time, generic (that is, effectively unbranded goods) have also emerged. These made a positive virtue of saving the cost of almost all marketing activities; emphasizing the lack of advertising and, especially, the plain packaging (which was, however, often simply a vehicle for a different kind of image).

Retailers brand

- With the emergence of strong retailers, the retailer's own branded product ("private brands") emerged as a major factor in the marketplace.
- Where the retailer has a particularly strong identity (such as IKEA, Marks & Spencer, Home Depot, ...) this private brand may be able to dominate those companies which are not otherwise strongly branded.

castorama

Auchan

Sainsbury's

THE HOME DEPOT

coop

OBI

Carrefour

IKEA

B&Q

Brand recognition

A brand which is widely known in the marketplace acquires brand recognition.

When brand recognition builds up to a point where a brand enjoys a critical mass of positive sentiment in the marketplace, it is said to have achieved **brand franchise**.

One goal in brand recognition is the identification of a brand without the name of the company present

W



Nike CBS NBC Bell Chanel

In the wood-value chain the brands with a large international recognition are those of the retail sector

IKEA
B&Q
OBI
castorama

Best global brands

= large concentration in few countries



3. Branding by SMEs

Branding a small business is essentially **the same thing** as a larger corporation,

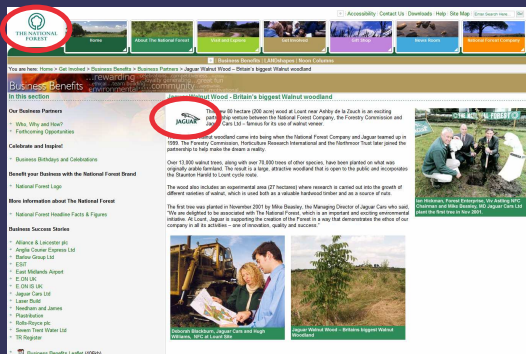
the only difference being that small businesses usually have a smaller market and have **less impacts** than larger brands.

The real difference is in the potential in **funding communication** activities

Branding by SMEs

- **Co-branding**: when two or more brands work together to market their products

Co-branding and Cause-related marketing: a type of marketing involving the **cooperative efforts** of a **"for profit" business** and a **non-profit organization** for mutual benefit.



Branding by SMEs

- **Co-branding**: when two or more brands work together to market their products
- **Brand licensing**: when a company sells the rights to use a brand name to another company for use on a non-competing product or in another geographical area

The "ecological panel" by the Saviola Group (a particleboard made totally from recycled final used wood products)



Branding by SMEs

- **Co-branding**: when two or more brands work together to market their products
- **Brand licensing**: when a company sells the rights to use a brand name to another company for use on a non-competing product or in another geographical area
- **Collective brand** (umbrella mark): an homogeneous cluster of companies make use of a common brand

Development of a common brand

A common brand may be based on:

- Quality standard
- A common territory
 - A region
 - A country: national brand
- A common business
- A common objective

Developed by:

- Public institutions
- Private organization
- Partnership

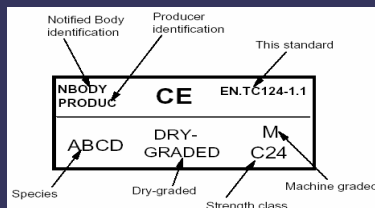
Brands (ecolabels) defined by public institutions

- EU Ecolabel
- EMAS
Registration of industrial sites
- Environmental Products Declaration



Normally voluntary brands,

but starting from 2007 **compulsory** CE mark on wood used in construction



Examples of collective brands defined by private organisations



→ Common standards: well-managed forests



Private initiatives

SMEs in Veneto Region – Italy
2.700 companies; 18.400 employees



“Vero Legno” brand

A collective brand to inform consumers on the real components of the final product (no use of plastic or melamine sheet, but “true wood” veneer sheets)



<http://www.verolegno.it/>

MÖBELFAKTA

A reference system for furniture quality determination. The Möbelfakta system has existed in Sweden since the 1970's but development from 1995-97 has improved its content and appearance as well as adapting it to modern requirements and test methods



A special territory (e.g.: a National Park)



Environmental declarations (ISO 14020)

	Contents/objectives	Control systems	Examples
Type I	To recognize in a credible manner the excellence of env. Performances of a product	Third party Certification	EU Ecolabel
Type II	To present some the env. characteristics (as defined by a company) of a product	First party declaration	Recyclable; "Ecological panel" by Saviola Group
Type III	To present in a transparent manner all the env. characteristics of a product	Third party Certification	Environmental Product Declaration

The top ten ranking of the national brands is:

1. UK
2. Switzerland
3. Canada
4. Italy
5. Sweden
6. Germany
7. Japan
8. France
9. Australia
10. United States

Source: **Anholt** survey

Branding a nation

Slovakia: "A small country with a big heart"

Hungary: "The essence of Europe"

Slovenia: "The green piece of Europe"

An example of national brand: "Serbian furniture"

(source: Borislav Vukovic, 2007)

- 6 leading wood industries* from the **Serbian Furniture Cluster**, following a successful presentation at the international fair in Moscow in 2003 and in 2004, supported by USAID, developed the brand "Serbian Furniture"
- The long-term goal of the project reinforce the **domestic demand** for Serbian furniture, enhance **foreign investments** in the sector, present their products on the **international markets**

(*) **Eurosalon** (Belgrade), **Kopaonik** (Kursumlija), **Modul** (Nis), **Trifunovic** (Pranjani), **Saga** (Belgrade) and **Sava** (Hrtkovci)

Partnership initiatives: national eco-labels

Name	Country/ies	Starting year	Logo
Blue angel	Germany	1997	
Nordic swan	DK, FIN, N, Sv, Isl	1989	
Marque NF - Environnement française	France	1992	
Milieukeur	Holland	1992	

4. The use of forest and wood images for branding

Forest and wood: common and effective images used by a lot of companies in branding

(but not so much from companies of the wood-working sector!)



5. Final remarks

SMEs branding: an old technique!



Source: Laner, 2006

What is changed from the old times?
Which are the causes of success of branding?

"We became rich with information, but poor with time"

→ Consumers need clear, simple, quick market signals

The best way to satisfy this need is to match clients' expectations with an **external performance** that coincides with the **company's inner culture**.

A **transparent behaviour**, continuously **oriented to improvement**, is in the long run the best way to raise the company's reputation, the brand value and the clients' loyalty

Download this presentation from the web site
www.tesaf.unipd.it/pettenella/index.html