4. BRAND STRATEGY

“A strong brand will look after itself.”
4. BRANDS STRATEGY

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The above ‘offline’ links require all the eGuide pdfs to have been downloaded from the Branding website and placed in the same single folder on your hard disk.

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Using this guide

Navigation

There are a number of ways to make your way round this guide:

> Bookmarks
  Gives a topic overview of the guide – first select the bookmarks tab on the left of the screen (alternatively use [F5] key), then click on to a topic to link to the relevant page.

> Next/previous page
  Clicking on the left or right of this icon, at the bottom right of each page, will enable you to move forward or back, page by page.

> Tool bar
  The tool bar at the bottom of the screen is another way to skip through pages, by clicking on the arrows.

> Margin icons
  These icons, in the margins to the left of the main text, link to various types of information. See next page for a complete list of these margin icons.

> Links
  Click on a highlighted word to navigate to a related page – either in the guide or on the World Wide Web.

> Search
  You can also search the guides using [Ctrl] + F for PC (or [Apple] = F for Mac) to bring up the ‘find’ dialogue box and then simply type in your search term and click the ‘find’ button.

> To home page
  Clicking on this icon, in the top right of every page, will take you to the home page of this eGuide.

> To other eGuides
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> **To Branding website**
Clicking on the ‘@’ icon at the bottom left of each page will take you to the home page of the Branding website. This link will only work when you are online.

**Margin icons**

We’ve added icons in the margins of the text to highlight particular types of information:

> **Case study**
This signals a story that will illustrate theory applied in practice. Click on the icon to view the example and, once you have finished, select ‘back’ to return to where you were originally.

> **Checklist**
Points to a summary page.

> **Resources**
Links through to the online Brand Store section where you will find further resources on the topic being discussed.

> **FAQs**
Gives answers to frequently asked questions.

> **Further details**
Indicates additional material on the same subject. This information may be located within the same eGuide; in one of the other six eGuides (in which case the link will only work if the pdfs of the other eGuides have been downloaded into the same folder); or on a separate website (in which case the link will only work if the pdf is being viewed online).
Restating a goal is not strategy, execution is not strategy, and tactics are not strategy.

Introduction

“A strong brand will look after itself.”

Brand strategy is one of the most fraught areas of marketing, though clearly also one of the most important. There are many problems with definition. The key point is you can’t have a strategy without a clear objective. Restating a goal is not strategy, execution is not strategy, and tactics are not strategy. A brand cannot function without a strategy and the function of brand management is to implement brand strategy.
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What is strategy?

“The objective of strategy is a sustainable competitive advantage, which may come from any part of the organisation’s operation. The market is the judge of this advantage. Brand strategy is the process whereby the offer is positioned in the consumer’s mind to produce a perception of advantage.” [Arnold, 1992]

> Strategy is essentially a discipline of planning, of setting a course for the long term or to achieve a specific goal.

> Its origins lie in game theory and the military. The dictionary definition is ‘the science and art of conducting a military campaign in its large scale and long term aspects’. It is mainly used to refer to corporate strategy and business strategy.

> It was made fashionable in the ‘80s by Michael Porter in his classic text, Competitive Strategy (1980), in which business is acknowledged as a competitive battle in which strategy is essential to winning. Competitive advantage could either be achieved by low cost or differentiation. Since only one brand can be the cheapest, and physical product attributes are easily copied, it follows that differentiation is the key to competing in today’s marketplace. Brand strategy therefore is a course of action to differentiate an organisation or a product in stakeholders’ minds.

> A brand’s longevity and strength has to be built less on price and more on differentiation. In markets cluttered with messages, and where a certain level of quality of product and/or service is expected by customers, brand owners have to find ever new ways to foster loyalty. Consider how Richard Branson has managed to stretch the Virgin brand into areas far beyond his original musical activities.

In markets cluttered with messages, brand owners have to find ever new ways to foster loyalty.
The difference between strategy and tactics

eGuide 5: Managing brands

> To view branding as naming, design or advertising is too myopic and will shorten the brand’s life expectancy. To take full advantage of brands as strategic devices, a considerable amount of marketing analysis and brand planning is required. But many companies are too embroiled in tactical issues and so fail to gain the best possible returns for their brands. [de Chernatony, L., McDonald, 1998]

However, all those tactical aspects have to be carefully managed because if any element breaks down, the brand can be damaged and its strength come under attack.

> Branding goes well beyond names and symbols. Strong branding is the result of successful business strategy. Davidson [1997] describes this as the ‘branding iceberg’ (see Figure 4.1).

Figure 4.1: The ‘branding iceberg’

What you can see above the water line of the iceberg are price, advertising, presentation, brand name and symbol. What’s below are key assets and competencies such as high quality, efficient production, strong R&D, low cost operations, high service levels, string supply chain and effective selling.

Who should be responsible for brand strategy?

“Corporate conviction and commitment offer the key to excellence in brand management and these are things that can originate only at the highest level within a business, otherwise, like a thinly-rooted plant, good practice will be washed away by the first winter storm.”

[Sir George Bull, Market Leader, Spring 1998]

> For several decades marketing was characterised by powerful brand management systems that devolved marketing responsibility onto the shoulders of bright but young brand managers eager to make their mark quickly. They had substantial powers over the brand strategy, image and positioning.

> This is changing irrevocably as brand strategy becomes too fundamental a part of a company’s worth to be left to a relatively self-contained marketing department. Marketing is now too complex a discipline and one with too many cross-functional implications for companies to entrust it entirely to junior managers.
Even though the CEO is the guardian of brand strategy, it is the collective power of individuals in an organisation that provides and sustains competitive advantage.

> Brand responsibility is thus moving higher up the line in many companies. In some cases this means establishing a central strategic unit which oversees brand strategy globally while leaving tactical activities to the local markets.

> Adding impetus to the tendency to make the chief executive the top brand manager is the realisation of the growing importance of devising and implementing a coherent strategy for the corporate brand.

> Even though the CEO is the guardian of brand strategy, ‘it is the collective power of individuals in an organisation that provides and sustains competitive advantage. When all employees – and not just senior managers – are engaged with the organisation’s purpose, it enables the organisation to adapt to changing circumstances, develop plans that are founded in organisational reality and deliver bottom line value.’ [Ind, 2001]

> Brand strategy development must involve all levels of marketing management and stands a better chance of success when all other relevant internal departments and external agencies are actively involved. [de Chernatony, L., McDonald, 1998]

### Elements of brand strategy

- eGuide 3: How brands work: Brand positioning
- eGuide 5: Managing and revitalising brands: Brand positioning

### Targeting

In order to decide how best to choose target customers for your brand, you need to answer questions, such as:

> Which customers are important to the market?

> Which are important to my brand?

> How can I get more customers or do more business with each of them?

The current preoccupation, rightly, is analysing which customers deliver the most value and hence profit the company most. These may not necessarily be the largest number of the brand’s customers – in fact it rarely is. In most brands, there is some variation of an 80/20 rule, where the minority of most loyal customers deliver most value to the company.

To Branding website
CIM 10 minute guide to the 80/20 rule.

Advances in technology have made it easier to collect, store and utilise more reliable data on who your customers are, how much and how often they buy from you, what else they buy etc.

The key strategic choice to make here is whether you are targeting the most valuable customers to keep their custom, targeting infrequent customers to make them more brand loyal, or trying to gain new customers?

All those targeting objectives are important to building a strong brand, but the emphasis may vary depending on the lifecycle of the brand. A new brand needs to establish itself in the marketplace, but over time customer loyalty will grow and the brand should reward its most valuable customers. Recruiting new customers, however, is a never-ending task and one which will ensure the brand's longevity.

Values

> Consumers buy brands because their values align with the brands’ values.

> To keep brands fresh, relevant and at the forefront of customers’ minds, it is vital to be able to have strong links between core brand values and positive customer experiences, which are brought to life in innovative products using the best technologies. [BBG, 2001]

Core brand values are what differentiate you from your competitors and can be expressed in a small number of words, although the words have to be meaningful in terms of the context of the brand.

Positive customer experiences are the fulfilment of the brand promises. To maximise the impact you make on customers, it is important to explore the full richness of the context in which the product is being used, focusing particularly on the benefits which customers experience.
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Proposition

A proposition is what you choose to communicate about your brand to the market and various stakeholders in your brand (see Figure 4.3: Orange brand alignment).

This communication entails more than just the physical product or advertising. All the intangible communications of the brand, its customer service, its availability, its pricing policy, have a bearing on how the overall brand proposition is viewed by customers.

Figure 4.2.a: Brand leadership - the evolving paradigm

<table>
<thead>
<tr>
<th>From tactical to strategic management</th>
<th>Classic brand management model</th>
<th>Brand leadership model</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERSPECTIVE</td>
<td>Tactical and reactive</td>
<td>Strategic and visionary</td>
</tr>
<tr>
<td>BRAND MANAGER STATUS</td>
<td>Less experienced, shorter time horizon</td>
<td>Higher in the organisation, longer time horizon</td>
</tr>
<tr>
<td>CONCEPTUAL MODEL</td>
<td>Brand image</td>
<td>Brand equity</td>
</tr>
<tr>
<td>FOCUS</td>
<td>Short-term financials</td>
<td>Brand equity measures</td>
</tr>
</tbody>
</table>

continued/...
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#### Figure 4.2.b: Brand leadership - the evolving paradigm

<table>
<thead>
<tr>
<th>From limited to broad focus</th>
<th>Classic brand management model</th>
<th>Brand leadership model</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PRODUCT-MARKET SCOPE</strong></td>
<td>Single products and markets</td>
<td>Multiple products and markets</td>
</tr>
<tr>
<td><strong>BRAND STRUCTURES</strong></td>
<td>Simple</td>
<td>Complex brand architectures</td>
</tr>
<tr>
<td><strong>NUMBER OF BRANDS</strong></td>
<td>Focus on single brands</td>
<td>Category focus - multiple brands</td>
</tr>
<tr>
<td><strong>COUNTRY SCOPE</strong></td>
<td>Single country</td>
<td>Global perspective</td>
</tr>
<tr>
<td><strong>BRAND MANAGER’S COMMUNICATIONS ROLE</strong></td>
<td>Coordinator of limited options</td>
<td>Team leader of multiple communication option</td>
</tr>
<tr>
<td><strong>COMMUNICATION FOCUS</strong></td>
<td>External/customer</td>
<td>Internal as well as external</td>
</tr>
</tbody>
</table>

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Proposition, in other words, is the expression of values of the brand through everything the brand says and does. And although it may change throughout the lifetime of the brand, the actual values should remain constant.

Case study: Skoda

Considerations for brand strategy

Three basic truths have to be borne in mind when developing and implementing strategy:

Remember that markets are dynamic, not static

> Setting a rigid course which allows no organisational or operational flexibility is disastrous in today’s fast moving world. If a brand maintains a very rigid course and is run only in relation to its own history and standards while other brands are changing around it, then often that brand can find itself out of step with the market.
Remember that part of a successful brand strategy is defining what is immutable and what is flexible. Execution may change while the brand strategy remains the same. Tactics may vary while the brand strategy remains the same.

Case study: Marmite

There are many ways to respond to market conditions or even lead them by using relevant execution and tactics which are still true to the strategy of the brand.

Remember that in today’s world ‘everything communicates’

Brand strategy must be implemented and executed at every single point of interaction a stakeholder may have with the brand. It is not something just carried by the advertising.

In the service sector this is a particular challenge for brands as they seek to direct the behaviour of thousands of staff to deliver a certain promise. It is now virtually impossible to claim a service advantage where one cannot be absolutely consistently delivered.

### Figure 4.3: Orange brand alignment among different stakeholders

<table>
<thead>
<tr>
<th>ORANGE BRAND VALUES</th>
<th>TRANSLATION TO SHAREHOLDERS:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SHAREHOLDERS</td>
</tr>
<tr>
<td>HONEST</td>
<td>Keeps promises</td>
</tr>
<tr>
<td>STRAIGHT-FORWARD</td>
<td>Simple and clear</td>
</tr>
<tr>
<td>FRIENDLY</td>
<td>Confident and trusted</td>
</tr>
<tr>
<td>DYNAMIC</td>
<td>Innovative and energetic</td>
</tr>
<tr>
<td>REFRESHING</td>
<td>Bright and customer focused</td>
</tr>
</tbody>
</table>

Source: Davidson (2002)
Companies that put the emphasis on customers, employees and shareholders significantly outperformed those that focused on only one or two of these groups.

You have to win support for the brand across the organisation. The individual employee’s ability to deliver the brand promise consistently makes all the difference between a business that merely owns a trademark and a business where brand capital is constantly augmented. The problem is the lack of success of so many ‘living the brand’ internal programmes.

The new way of assimilating the desired brand values into the whole business requires systems, structures, plans based on comprehensive gap analysis, and a mobilisation programme designed to exploit the particular skills of brand experts to engage hearts and minds of everyone as ‘brand capital generators’. [Gilmore, 2001]

Remember that in today’s world brands have stakeholders beyond just consumers

Employees and shareholders are the obvious ones but increasingly there is pressure on companies for transparency and standards in all aspects of their enterprise.

Skilled people can choose where to work; investors have a wide choice of investment opportunities; customers can choose what to buy and where to buy it. This choice means that your stakeholders have both the right and the opportunity to understand and influence what your company does and doesn’t do. [Duncan and Moriarty, 1997]

Kotter and Hesket found that over an 11-year period, companies that put the emphasis on customers, employees and shareholders significantly outperformed those that focused on only one or two of these groups. [Duncan and Moriarty, 1997]

Social responsibility and the brand as ‘citizen’ are growing topics of interest and concern. Recent events surrounding ethical business in corporate America have further exacerbated this.

Corporate social responsibility (CSR) is not a management fad and will become integral to all business and communication strategies. The business case will become better quantified and increasingly accepted as part of the corporate balance sheet. [BBG Newsletter, summer 2001]
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Importance of strategy to brands

The following are examples of companies with successful brand strategies:

Britvic

When Britvic bought the Robinsons drinks brand from Reckitt & Coleman in 1995, the purchase was seen as complementing the company’s drinks portfolio by increasing its presence in the still, as opposed to fizzy, drinks sector. There were a number of issues to address:

> The brand, in existence for 70 years, needed invigorating without losing core emotional values
> Its availability had to be widened
> There was almost saturated consumption among the core market of children while the adult market penetration was very low.

After a fundamental rethink, by 1997 a new strategy was in place. Elements included:

> Focusing on leveraging the brand’s strengths across different lifestages and consumer-need states
> Identifying three target markets – children, adults and families – with three distinct communications
> Underpinning growth through innovation: partnerships with other brands, like Disney, to freshen the category in stores.

The brand now enjoys constant growth, with the innovation programme contributing over 14% of the brand’s volume.

First Direct

From its inception First Direct has been determined to match efficiency of operation (eg, by developing a branch-free model) with effectiveness of service (eg, by having a highly-motivated staff). It was launched 13 years ago in a market that was assumed to be ossified – consumers were ‘stuck’ in their primary banking relationships – and where market shares hadn’t changed for the past two decades.

To Branding website
But, through radical innovation, a very single-minded proposition and a high level of service delivery, First Direct was able to attract consumers away from ingrained primary banking relationships and also generate a lot of value from those customers by cross-selling. It now has over a million customers.

It has invested substantially in supplementing its telephone network with Internet and mobile phone services. Key elements include the following:

> More than half of customers are now e-customers, which has had the advantage of cutting down routine calls to the call centre

> That has meant the bank can increasingly offer new and more complex services on the telephone

> An emphasis on constantly updating the Web site content within the framework of a strict brand template and based on constant customer feedback

> Trying to make all channels work as seamlessly as possible within the constraints of technology by resisting a bureaucratic approach.

Häagen-Dazs in 1997 was the leading ice cream brand in the UK. Because premium ice creams are based on their point of differentiation, the challenge for brand owners is to make them relevant. Häagen-Dazs did this very successfully with its provocative advertising campaigns.

Over time, however, the advertising was toned down to attract mainstream consumers. The challenge was to build relevance, in the face of the early adopters beginning to show signs of significant disaffection for the brand. By 1999 rival Ben & Jerry’s was seen to have a more edgy, informal and trendy character. What Häagen-Dazs had to do was to recapture some of its original provocative edge through a new approach in its advertising.

Häagen-Dazs presentation
**Checklist**

> Is there a clear and clearly expressed strategy for the brand? Is it flexible enough to change when necessary?

> Is there a well-established brand management process to ensure that this strategy encompasses all the touch points brand consumers will encounter?

> Is the brand strategy defined not just in relation to its own history and standards, but also in relation to dynamic market changes?

> Is the entire organisation focused on delivering the brand promise?

> Do you see the brand not just as a promise to your consumers, but to all your stakeholders, including employees, investors and partners?

> How is your brand positioned to differentiate it from the competition and keep your consumers loyal?

> Do you know which customers you should target – and why?

> Is responsibility for the brand at a high enough executive level?
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CASE STUDIES

1. Marmite: Where’s my breakfast?
2. Robinsons: Brand rejuvenation
3. Skoda: A joke no longer
1. Marmite: Where’s my breakfast?

Not many brands survive 100 years. Marmite – created in 1902 by the same man who invented Oxo – is one of the most enduring and recognisable fmcg brands and is eaten by 25% of UK households. The iconic design has not been changed since 1940, the only modifications being a change from a metal to yellow plastic cap, and the metrification of the original ‘1lb’ label.

The brand was helped when the word ‘vitamin’ was coined in 1912 to describe organic substances vital for life. Marmite’s key ingredient, yeast, is a source of five B vitamins and folic acid.

Since commercial television’s arrival in 1955, Marmite’s advertising has relied on substantial TV campaigns with well-remembered slogans; ‘the growing up spread you never grow out of’, then ‘my mate Marmite’ in the 1980s and recently, the attention-grabbing ‘love it or hate it’ campaign, devised by BMP DDB. This was one of the first advertising campaigns to be upfront about the fact that not everyone likes the product. The strategy was successful because it recognised there is no point in trying to convert people who do not like the product, but meant people who do like it could feel part of a select group and enjoy the sense of allegiance.

In 1998, Marmite had a staggering 70% market share – its nearest rival, Bovril (which is virtually identical to the non-connoisseur, and just as well-known a name) had just 20%. After the ‘love it or hate it’ campaign, in 2000 Marmite had increased this share to 72%, and Bovril had gone down to 15%. Other brands and own brands barely register [Source: Mintel]. Sales of Marmite increased 16% after the first four weeks of ‘I hate Marmite’ adverts [Source: ACNielsen].

There is plenty of opportunity for brand extension for Marmite, but the proprietors treat the product with respect. The recent link with Walker’s crisps was a rare example and has proved to be successful.

Why is the brand so successful? Marmite has not been slow to recognise that the product has a cult, quintessential Britishness about it – Marmite on toast being a traditional staple for generations, like baked beans or cups of tea – and recent PR has focused on how the brand,
product and packaging has changed little through the years, and how this consistency leads to strong brand loyalty.

Also, it was the first product in its sector to come to public attention. According to Simon Mottram of The Fourth Room, a creative strategy group, ‘they wrote the rule book’. Their marketing continues to be relevant. Like Bass, Colmans and Robertsons, they are ‘heritage brands’ – Jaguar and the Mini are other obvious examples of these, but humble grocery products can be just as powerful to the consumer.

And finally – the large, simmering pot on the front label is called, in French, a marmite. Not a lot of people know that.

2. Robinsons: Brand rejuvenation

The Robinsons brand can trace its roots back to 1823 and has existed as a fruit drink since the Wimbledon tennis championships of 1934. When the brand was taken over by Britvic in 1995, Robinsons appeared to be staring decline in the face, the family market was demanding more and more fizzy drinks, demographic trends forecast a declining number of children in the coming decade and the brand had achieved low penetration amongst adults of just 2%.

Initially Britvic attempted to market the brand to the adult market and shed their slightly dated image, but by 1997 Robinsons were struggling to hold their sales volume and had largely failed to increase adult consumption. Brand managers realised that they had ignored their core customers, the family, and also moved away from many of the brand’s core values. A fundamental rethink was needed.

Robinsons built their new ‘innovation’ campaign on rejuvenating and invigorating the brand for the modern market whilst returning to their core values of tradition, Englishness and healthy lifestyles. Three key consumer types were identified – family, adults and
4. Brand Strategy

children – and the marketers began to build a singular brand which could leverage their core values and achieve growth across each distinct market. Sub brands which didn’t fit this model where quickly removed, new ways of marketing the brand were identified and new products were developed to achieve growth.

For their traditional family market, Robinsons returned to their association with Wimbledon and tennis that had served them well in the past, by sponsoring Tim Henman and rising British stars and funding youth tennis initiatives. A promotional link was arranged with Disney for their animated films and the brand linked up with releases such as A Bug’s Life, Tarzan and Toy Story 2. The slogan ‘feed their imagination’ was also adopted to appeal directly to parents shopping for their children.

For the adult market, where Robinsons had previously had little impact, the brand was supported by a portfolio of new products designed to appeal to older consumers. High Juice and Barley Water squashes were launched as premium products for the adult palate and marketed as such. Fruit Break, a low calorie, ready-to-drink spring water and fruit beverage, was launched to target females. The strength of the Robinsons brand, combined with products aimed specifically at them, soon attracted adult consumers.

Children were appealed to directly with the launch in 2000 of Fruit Shoot, a fruit drink in innovative ‘sports cap’ packaging designed to appeal to kids by being cool. Heavy advertising and even a computer game in association with Nickelodeon supported the launch. In less than two years, Robinsons quadrupled their share of the ready-to-drink kids market.

Consistent values and innovation have invigorated the Robinsons brand and growth has been consistent since 1998, growing 34% in the first three years, despite the spectacular launch of Sunny Delight and increased investment in fizzy drinks. The brand has grown year on year, climbed from the twelfth to the eighth largest grocery brand in the UK between 2000 and 2002, and is purchased by more than half of all UK households. The innovation programme already contributes around 15% to the brand’s volume and this figure looks set to grow.
3. **Skoda: A joke no longer**

Despite a good reputation in Central and Eastern Europe, Skodas became a laughing stock in the West when they were introduced over 40 years ago but in 1991, when Volkswagen bought a stake in Skoda, a careful marketing strategy began to re-position this negative view.

First the product was dramatically improved and launches of the Felicia and the Octavia in 1994 and 1998 were greeted with rave reviews. But the results were disappointing: whilst awareness rose briefly, sales were unimpressive [Source: JATO].

The launch was unsuccessful because it continued Skoda’s established strategy that there should be no recognition that people thought Skodas were terrible. The lesson was that product reinvention alone was not enough; marketing would have to perform a greater role.

The most basic challenge was to persuade people that a Skoda wasn’t a joke. The Fabia in 2000 was launched with more positive press comments and was named ‘Car of the Year’ but the perception of the average buyer was that it was still extremely embarrassing to be seen driving a Skoda.

But with half the budget of the Octavia launch, Skoda’s new marketing agency Fallon set specific objectives – to increase Skoda sales, to make more people consider buying a Skoda, and to improve the image of the Skoda brand. The most startling obstacle to this was the statistic that 60% of people would ‘definitely not consider’ buying a Skoda [Source: Quadrangle].

The strategy was to acknowledge the problem existed, and confront it head-on with a great car. The execution of this was a provocative approach that showed people making fools of themselves by assuming that because the car was so good, it couldn’t be a Skoda. This idea was manipulated carefully to ensure that people were in on the joke, subtly moving them onto Skoda’s side with the tagline, ‘It’s a Skoda. Honest.’

The advertising was almost twice as effective in getting noticed as the average car ad [Source: Millward Brown]. Skoda sales grew by 34%, topping 30,000, the company had a waiting list for the first time and Skoda achieved a psychologically important 1%
market share of new cars sold in the UK. The market share target has now been revised to 2% by 2004 [Sources: SMMT, JATO, Daily Car Registrations, Skoda UK]. Before the campaign, 47% of interviewees saw Skodas as cars you couldn’t take seriously. After the campaign, this had reduced to 32% [Source: Millward Brown].

The campaign recognised that a great product alone is not enough. It employed the basic marketing tenet of delivering value to customers and showed the value of integration at a strategic level (in this case, advertising and PR). Recognising that negativity towards Skoda could be a positive force if handled correctly, was an important lesson.

[Main source: The Death of the Skoda Joke, a report by Fallon, January 2001]