BRANDING OVER THE CRACKS

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INTRODUCTION

'One cannot step twice into the same river, for the water into which you first stepped has flowed on'. Heraclitus, fragment 21

Market economies proclaim the advantage of flexibility over command economies, but in exchange for that advantage, they must surrender their claim upon the security of certain outcomes. Marketing gurus like Charles Handy and Tom Peters upbraid their audiences with homilies drawn from the philosopher of flux, Heraclitus: 'Nothing certain, but change' and 'expect the unexpected'.

The social division of labour, though, has definite proportions at any one moment. In London, 145 000 people working in computer and business services stand waiting to serve the 460 000 strong financial service sector centred on the City of London.[1] But while investment and production goes ahead on the assumption that the goods and services will be paid for, that outcome is not in any way guaranteed – a fact underlined by the recent disturbances in the financial markets. The point of sale is episodic. The subdivision of tasks amongst different sections assumes a successful outcome that only comes at the end of the process, if at all.

Like Heraclitus' river, the torrent of fruit-flavoured, sugared water flows on. Each purchase is discrete, and never literally repeated. But the brand *Coca Cola* defies the episodic character of the sale, to endure beyond each purchase, connecting them as if in one continuous chain. The Brand is the attempt to fix the flux of the market society with the appearance of permanence. Once branded, it seems that you *can* step into the same river twice. (The recent collapse in Coca-Cola's sales in Belgium, the consequence of a health panic illustrates the real contingency behind the

[1] 'The financial cluster generates large scale demand for telecommunication services, consultancy, legal services, software, data processing and information', *Business Clusters In The UK - A First Assessment,* Appendix Three, London, p 24, p26

durability of the Coke Brand.) Brands are for 'turning fickle customers into your company's love slaves', as Chuck Pettis (1995) puts it – except that slavery has been abolished and love is fickle.[2] Seattle Design Firm, the Leonhardt Group, meanwhile hope that 'brands are the emotional shortcut between a company and its customers'.[3] Making the wish the father to the thought, Virgin's Richard Branson says branding creates a 'mutually acknowledged relationship between supplier and buyer that *transcends isolated transactions'*.[4] But it is not possible to transcend the isolated transactions that make up the market economy, without transcending the market economy itself: the brand merely supplies the illusion of overcoming the episodic character of market exchange.

This article looks at the contemporary vogue for branding in business theory as symptomatic, less of success than of failure, of the attempts by businesses to avoid market failure. It sees the quest for brand added-value as an attempt to avoid diminishing returns, and looks at the ways in which branding raises the threshold to market entry at the cost of rivals. It also investigates the connection between re-branding, and attempts to overcome the barriers to accumulation at the international level by disciplining labour. The preoccupation with the value of brands – as opposed to the development of new production – is a telling insight into contemporary capitalist self-perception.

BRAND FETISHISM

Thomas Gad, who 'connected people' for Nokia, deploys the metaphor of genetic inheritance to ward off the fear of contingency: 'The brand code equals business DNA'.[5] The appeal to an organic metaphor is telling. The purchasers of Gad's book *4D Branding* are worried about how to replicate the initial sales. Genetic replication stands for the spontaneous replication of market success. Natural inheritance is a common metaphor for property relations, one that invests them with the comforting fixity that they lack in fact. Many years ago, the conservative Edmund Burke asserted hopefully 'The laws of commerce are the laws of Nature, and therefore the laws of

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[2] Chuck Pettis, *Technobrands: How to Create and Use Brand Identity to Market, Advertise and Sell Technology Products,* American Management Association, 1995, p18
[3] http://www.tlg.com/branding/tbran.htm
[4] Foreword to *4D Branding: Cracking the corporate code of the network economy,* by Thomas Gad, London: Pearson, 2001
[5] Thomas Gad, *4D Branding*, p16

God.' [6] DNA is a more secular image, but it still holds out the promise of the natural reproduction of market relations, and the replication of the original sale.

Branding transforms the episodic processes of sale and purchase into a singular object. Branding turns a social relation into a thing that can be taken hold of, and even bought and sold on the market itself.[7] The ubiquitous Brands seem to us to be the epitomé of market relations. But the appeal of the brand for the individual businessman is that it promises to suspend the uncertainty inherent in the exchange process. Branding is an attempt to overcome the spontaneous and unplanned character of market exchange – albeit one that remains firmly within the confines of private property.

The advertisers--or now brand consultants--are parasitic upon the anxiety of businesses, promising to sell them the one thing that they cannot produce …sales. Similarly, broadcasters and publishers 'sell' audiences,[8] and polling organizations sell ratings to advertisers.[9]

Branding is, in its essence, a defensive denial of the contingency of market relations, on the part of companies whose precarious existence is a torment to them, which must be warded off by the Juju of the brand.[10] Peter York at SRU Ltd hopes that 'a brand should ensure a long-term *and forgiving* relationship with its audiences'.[11] On the other hand, David Bernstein warns

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6, (Thoughts and Details on Scarcity, London, 1800, p32)

7 'When Phillip Morris acquired Kraft in 1988 for $12.9 billion, $1.6 billion was for goodwill, the majority of which was based on the estimated brand values.' Pettis, p206

8 The pioneer in this respect was 1920s CBS Chairman William Paley, who first syndicated radio broadcasts, Sut Jhally, The Codes of Advertising, New York: Routledge, 1991 p71

9 'Ratings per se must no longer be treated as reports of human behaviour, but rather as products – as commodities shaped by business exigencies and business strategies' Eileen Meehan, 'Ratings and the Institutional Approach', *Critical Studies in Mass Communications*, 1984, p221

10 'Branding is ultimately about securing the future of the company', Fiona Gilmore, *Brand Warriors,* London: Harper CollinsBusiness, 1999, p 1

11 In Iain Ellwood, The Essential Brand Book, London: Kogan Page, 2000, p11, my emphasis

that ‘a logo is not a magic totem or a philosopher’s stone’, but such caveats belong to a bygone age.[12]

‘The word “branding” is like a magical incantation’, says Thomas Gad.[13] Belief in the magical properties of the brand is today commonplace. In the first place, brands are mysterious. ‘What are brands made of?’ asks Arthur Einstein, the New York-based advertising consultant. ‘They’re existential’. Pettis points out that Einstein does not mean that brands are a response to the existential angst of salesmen. He means that “while a product can be touched and felt the brand itself is not a tangible thing. It is an abstraction”.[14] Chuck Pettis of the American Management Association is similarly vague when posing the question ‘What is a brand?’. The answer is: “The sensory, emotive and cultural proprietary image surrounding a company or product… a significant source of competitive advantage … an enhancement of perceived value and satisfaction” and “arguably the company’s most important asset”.[15] That should cover all bases, and nobody could accuse brand consultants of pedantic or mundane thinking – on the contrary, the imagination takes flight in discussions of branding.

Russell L Hamlin, CEO of the Sunkist Growers is also impressed by the intangible: “an orange … is an orange … is an orange. Unless of course that orange happens to be a Sunkist, a name eighty per cent of consumers knows and trust.”[16] The relation of trust between the producers and consumers here has been re-directed on to the object itself. ‘Trust’ is an intention accorded to other people, ordinarily, but here it is the Sunkist that deserves trust. ‘Men’, observed the philosopher Ludwig Feuerbach, “transpose their own being into things”.[17]

French explorer Charles de Brosses first characterized the objects worshipped by native peoples as ‘fetishes’.[18] These man-made objects were

[12] David Bernstein, *Company Image and Reality: A Critique of Corporate Communications,* Holt, Reinhart and Winston, 1984, p 157
[13] Gad, p9
[14] quoted in Chuck Pettis Technobrands, p9
[15] Pettis, Technobrands, p7
[16] quoted in David A Aaker, *Building Strong Brands,* Free Press, 1996, ellipses in the original
[17] Ludwig Feuerbach, ‘Principles of the Philosophy of the Future’, in Wolfgang Schirmacher (ed), *German Socialist Philosophy,* Continuum, New York, 1997, p67
[18] Charles De Brosses, *Du culte des dieux fétiches, ou Parallèle de l'ancienne religion de l'Egypte avec la religion actuelle de Nigritie,* 1760.

worshipped as if they were rather the creators of men. So, too are Brands made into fetishes that, though made by us, come to rule over us. According to United Biscuits' Sir Hector Laing: "Buildings age and become dilapidated. Machines wear out. People die. But what live on are brands."[19] Brands promise everlasting life to Sir Hector, but to others the brand exemplifies everything that is wrong with our society.

Selling indulgences: *For the Pope's visit to Denver in August 1993, the church authorized the first merchandising campaign for 'Pope products,' including everything from the standard T-shirts to the Pope-Scope'.*[20]

Brand and anti-brand

In 1989 the Vancouver-based Media Foundation started the magazine Adbusters, whose editor Kalle Lasn perfected the art of subverting the corporate message, or 'culture-jamming'. Culture-jamming caught the moment: the ubiquity of the big brands, the Nike 'swooshtika' McDonald's Golden Arches and Microsoft presented a seamless continuum of consumerism that was crying out to be ripped apart. After the anti-globalisation protests attained critical mass in Seattle 1999, brands were becoming targets of hostility as well as desire.[21] Anti-brand activists turn *Nike* into *Dike,* and *McDonalds* into *McMurder*. Canadian radical Naomi Klein's spectacular assault on branding, *No Logo,* [22] was paid the back-handed compliment of being listed as the best-selling business book.

No Logo's international success indicated all the strengths of the newly emerging culture-jamming activism, but also perhaps some of its weaknesses as well. Unwittingly, the anti-brand activist is paying homage to the same God, albeit negatively.[23] Both the brand enthusiast and the anti-brand activist share the same belief in the superhuman power of brands. As Mark Ritson, professor of Marketing at the London Business School argues Countercultures "speak the words of opposition in a language in which we

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[19] quoted in Chuck Pettis *Technobrands*, p6
[20] Pettis, *Technobrands*, p36
[21] see James Heartfield, 'Capitalism and anti-capitalism', *Interventions* Vol.5(2), Taylor and Francis, 2003, pp271-289
[22] London, Flamingo, 2000
[23] Surrealist film-maker Luis Bunuel once demanded of a young acolyte why he had not followed his example and defiled the font of a church they visited. 'I don't believe in God' the younger man replied.

are all fluent: the language of brands."[24] In *No Logo,* the quality of the journalism and the verve of the argument are not in doubt, but as an analyst of the power of brands Klein is in danger of reproducing the underlying prejudices of brand theory.

According to Klein: '"Advertising is about hawking a product. Branding, in its truest and most advanced incarnations, is about corporate transcendence."[25] If Klein were describing the capitalists' tendency to attempt to transcend the business of social production, it would be convincing, but she goes further in seeing a literal transcendence of production:

'even the classic Marxist division between workers and owners doesn't quite work in the [Special Economic] zone, since the brand-name multinationals have divested the 'means of production,' to use Marx's phrase, unwilling to encumber themselves with the responsibilities of actually owning and managing the factories, and employing a labour force.'[26]

Further, Klein emphasises 'this is not a job-flight story. It is a flight-from-jobs story.'[27]

But it is difficult to square that claim with the long climb in the numbers in work. Between 1950 and 1995 the world workforce increased from 1183m to 2742m.[28] Influenced by the New International Division of Labour theory[29] and the anti-NAFTA campaign, Klein emphasises the migration of jobs to the Far East.[30] But while it is true that there is job-relocation, the workforces of the developed world have continued to expand quite remarkably. Between 1986 and 2001 the 15 countries that would become the EU expanded their workforces by 20 per cent, from 134,185,000 to 161,507,000; over the same period the civilian workforce in the US expanded 13 per cent, from 180,587,000 to 209,699,000. Nor is it the case,

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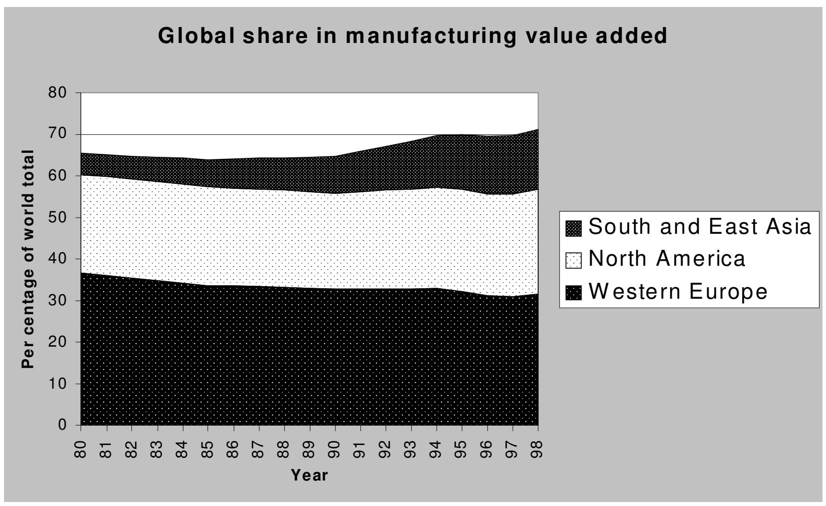
[24] 'Conversion Tables', *Blueprint* September 2000
[25] *No Logo,* p21
[26] p226
[27] p229
[28] ILO Monthly Bulletin, 1996
[29] See Froebel, Folker, Heinrichs, Jurgen and Kreye, Otto *The New International Division of Labour,* Cambridge: University Press, 1981
[30] Chapter Nine, 'The Discarded Factory'

as Klein argues, that the western world has dispensed with industrial production, employing only clerks 'to sell the brand name goods at the point of purchase'.[31] Despite the considerable growth of the East Asian industrial workforce, most new value in manufacturing is still created in the West.



Furthermore it is a mistake to take the statistical growth of service sector employment in the West as evidence of a 'post-material' economy. Much of the change is nominal, as activities undertaken in-house by industrial firms, such as cleaning or servicing machines, are reclassified from productive jobs to service jobs if they are out-sourced.[32] It would be a mistake to reduce productive labour to a physiological category directly related to material transformation.[33]

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[31] *No Logo,* 232

[32] see Gavin Poynter, *Restructuring in the Service Industries*: Management reform and workplace relations in the UK service sector, London: Mansell, 2000 p14

[33] 'The materialisation, etc. of labour is however not to be taken in such a Scottish sense as Adam Smith conceives it. When we speak of the commodity as a materialisation of labour – in the sense of exchange value – this itself is only and imaginary, that is to say, a purely social mode of existence of the commodity, which has nothing to do with its corporeal reality.' Karl Marx, *Theories of Surplus Value, Vol 1.*, London: Lawrence and Wishart, p171

The prejudice that the realm of production has been transcended, or relocated elsewhere serves to justify the restriction of the politics of protest and contestation to the realm of exchange. In this way the culture-jammers only hold up a mirror to brand theory, rejecting its conclusions while sharing its underlying belief in the priority of consumption over production. The tendency is for culture-jamming to reduce to an arch commentary on consumer goods, part of the language of taste by which the educated mark themselves off as more discerning consumers than the *hoi polloi.* It is hard to tell whether the Biotic Baking Brigade's Subcomandante Tofutti and his Global Pastry Uprising is parodying capitalism or parodying opposition to capitalism.[34]

Not only does culture-jamming tend to end up paying homage to brands as much as it critiques them, it also grants undue authority to the power of the brand. Where Klein's account portrays the brand as the culmination of the power of the market, the contemporary explosion of branding is not evidence of health, but decline. Hypnotised by the power of brands, the anti-brand activists fail to recognise that these are indications of capitalism's running up against its inner limits. In particular, branding indicates the attempt – ultimately futile – on the part of businesses, to suspend the judgement of the market. As Marx indicates, once capital "begins to sense itself and become conscious of itself as a barrier to development, its seeks refuge in forms, which by restricting free competition seem to make the rule of capital more perfect, but are at the same time heralds of its dissolution…"[35] It might seem strange that branding could be seen as a restriction of free competition, but as we shall see, that is precisely the motivation: locking consumers in and competitors out. The ubiquity of the brand demonstrates not 'the astronomical growth in the wealth and cultural influence of multinational corporations',[36] but a desperate attempt to avoid capital's own inner limitations.

AHISTORICAL BRANDS

As fetish objects brands appear to have no history. So according to one brand theorist "Branding goes back to the beginning of history … from Ancient Egyptian bricks to trade guilds in Medieval Europe" craftsmen have

[34] Paul Kingsnorth, *One No, Many Yeses,* 2003, London: the Free Press, p146
[35] Karl Marx, *Grundrisse,* Harmondsworth: Penguin, p651
[36] Klein, *No Logo,* 3

always marked their wares.[37] Actually, branding came into its own around the 1890s, just as merger-mania was transforming the family firm into the modern corporation.[38]

Leading brands of the 1890s:
American Express Travellers' Cheques; Avon Cosmetics; Cadbury's Chocolate; Coca-Cola; Colgate; FT; Gillette; Heineken; Ivory Soap; Kodak; Lipton Tea; McVities Biscuits; Pears Soap; Phillips Electronics; Quakers' Oats; Steinway Pianos; Van Houton's Cocoa; Wedgwood Pottery.[39]

The next wave of branding activity was 1926 – again as straitened circumstances forced the pace of mergers, creating corporations like the BBC, M&S, and ICI. The post-war boom fostered the growth of the consumer market, but it was the downturn of the 1970s that facilitated the creation of Microsoft, Virgin, and the Body Shop. In the 1980s the British government flooded the market with newly privatized companies: BT, British Gas and BA. Today the big brands of the eighties marketing boom are mostly in trouble: British Telecom's funds were depleted by speculative investment in East Asian markets, leading to pressure on Chairman Iain Vallance, the Thatcherite Golden Boy; Marks and Spencers' consistent losses during the past decade and reputation for the drab have led to a retreat from the global market, as indicated by the closing down of their French operation. The privatized rail companies, like Virgin and Connex, have become a by-word for disaster.

'Brands' – stylistic marks that subsume discrete commodities under one brand name, associated with a company – are integral to mass production. They substitute for the personal relations of trust associated with craft production. But *branding theory* is a contemporary phenomenon, as are its correlate goods whose value appears to inhere principally from the brand, rather than the material qualities of the good. The valuation of brands on company balance sheets is a relatively recent occurrence, signalling Capital's inner tendency to attempt to overreach simple market exchange. If brands are rediscovered throughout history, we can lose sight of what is new in the attempt by business to avoid the capricious nature of exchange.

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[37] Pettis Technobrands, p 7

[38] 'The 1890s were the first golden age for the modern brand mark.' Iain Ellwood, The Essential Brand Book, p13

[39] Ellwood, p23

Brand Chronology

1893 *Sears and Roebuck Co founded in Chicago, Coca-Cola registered as a trademark*
June 17, 1903*, Ford Motor Company incorporation papers filed, Michigan*
1926
Marks & Spencer Limited becomes a public company.
December 7, Imperial Chemical Industries founded in a merger
December 31 The British Broadcasting Corporation
1945, *'Coke' registered as a trademark*
January 10, 1956*, Elvis Presley records 'Heartbreak Hotel,'*
'Let's be frank about it; most of our people have never had it so good,' Prime Minister Harold Macmillan told Britons, 20 July 1957
1965 *McDonald's went public*
November **1965** *'England swings like a pendulum do,' sang Roger Miller. After a balance of payments crisis and deflation, the Daily Mail launches the 'I'm backing Britain' campaign in 1968.*
March **1976** *Anita Roddick founds the Body Shop in Brighton – 25 years later 1700 Body Shops serve 49 markets across the world*
November **1984** *two million people buy shares in the newly floated British Telecom (£4 billion), followed by British Gas in December 1986 (£5.4 billion) and British Airways in February 1987 (£900 million).*
9 August **1995** *Netscape Communications Inc., floated on the stock exchange. Microsoft incorporated its own Internet Explorer into Windows 95, which is launched the same month.*

DEFENSIVE BRANDING

While branding consultants talk up the creative aspect of branding, it is rarely noticed that branding strategies are often a defensive reaction to market conditions. In the 1970s Levi Strauss 'made the mistake of expanding beyond the core product lines', reports Robert Holloway, VP Global Marketing, an 'expansion' which 'diluted the Levis brand and its appeal to customers'.[40] Levis re-branding in the 1980s was a reaction to the perceived decline of the product.

Nick Hodges, Chief Executive of the London International Group, owners of the Durex brand ('*Du*rability, *Re*liability, *Ex*cellence', registered in 1929), explains that the declining sales of condoms in the seventies tempted the

[40] In Gilmore, p69

company into chinaware and photo processing – 'diversification was an eighties vogue' – but profits were stretched and debts mounted up to 1993.[41] But for the health crisis of Aids, the Durex brand would in all probability have disappeared, rather than becoming what it is today, a world-beating brand.

British Airways' chief executive Bob Ayling explains that the effect of the company's first re-launch, post-privatisation, was beginning to pall ('our research confirmed that we needed to change again'[42]). The issue of branding arises where, in Ayling's words, there is 'the need to re-launch'. In each instance the response of these companies was to dire straits was to 're-brand'. Branding strategy is a counter-crisis measure for companies that perceive their markets to be slipping away from them.

Iain Ellwood makes a case for 'the added value of advertising' that is positively downbeat. It can "revitalize a brand that may be losing market share; protect a brand against a competitors advertising effort; … reinforce a brand's appeal in the market."[43] The unavoidable conclusion is that rebranding is a defensive strategy, designed to shore up a product that is proving to be uncompetitive. The question remains whether the real point of intervention ought to be the brand image or the product itself.

ANTI-COMPETITIVE BRANDING

In keeping with the defensive character of branding, it is pointed that the brand consultants seek to play upon the anxieties of companies about the competition. David A Aaker warns that "as industries turn increasingly hostile, it is clear that strong brand-building skills are needed to survive and prosper."[44] Intriguingly, the appeal of a branding strategy is that it will give the additional push that gets your product ahead. Patrick McGovern, chairman of the board of the International Data Group says that 'Branding has become much more important recently because of the proliferation of choice that's available to customers'.[45] The unspoken assumption is that apart from the brand, there is not much to choose between the different products.

[41] Ibid. p176
[42] Gilmore, p38
[43] Ellwood, p74
[44] David A Aaker, Building Strong Brands, Free Press 1996, Inside flap
[45] In Pettis, Technobrands, p 10

In Britain for example, marketing and advertising have come to play an ever-greater importance in the economy, just as innovation has declined. The Department of Culture, Media and Sport reports that the 'UK is the fourth largest advertising market in the world'[46] (way above its ranking in GDP or growth). By contrast, the Department of Trade and Industry, only recognising a problem at the level of investors' subjective choices, believes that the 'UK remains relatively risk averse': 'The UK's more risk-averse approach generally contributes to lower levels of entrepreneurial activity and affects the early adoption of new technology and new products and processes based on such technologies.'[47] With its historically low rate of investment, the British economy presents an aggravated form of the contemporary preoccupation with exchange over production. The problem is that the concentration on marketing is largely a displacement activity for innovation.[48]

Neo-classical economic theory teaches that the market rewards labour-saving and innovative products. Competition differentiates between products on two scales, cost and quality. This was an economic theory that corresponded to a period of innovation in which products were actually differentiated. The role of competition is simply to realize the already existing advantages of the superior commodity. But with branding theory the priority is reversed. The superiority of the product is subordinate to the reception and durability of the brand. Branding theory corresponds to a moment in which the rate of innovation is relatively low, and the differentiation of products, therefore, must take place through marketing and advertising.

The original ad-buster Vance Packard first noticed the way that advertising increased in importance in inverse proportion to product differentiation, when he listened in on 'an annual conference of advertising agency men' who 'heard an appeal for more 'gifted artists' in persuasion to cope with this problem of the "rapidly diminishing product differences"'.[49] Packard highlighted the challenge made by Chicago Tribune research director Pierre Martineau to advertisers: 'What is the advertising direction going to be

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[46] *Creative Industries Mapping Document 2001,* p1.01
[47] UK Competitiveness Indicators, Second Edition, Department of Trade and Industry, p69
[48] See James Heartfield, *Great Expectations: the creative industries in the New Economy,* Design Agenda, 2000
[49] *The Hidden Persuaders,* Harmondsworth: Penguin 1962 (orig. 1957) p25

when the differences [between rival products] become trivial or non-existent'. The answer, according to one agency president David Ogilvy, was that 'the greater the similarity between products, the less part reason really plays in brand selection.'

A RESPONSE TO FALLING PROFIT MARGINS

According to Brian Sharples, president of Intelliquest, 'developing a price advantage is the single biggest lever that a company can employ to boost margins and profits'.[50] The promise of branding is that it can sustain price advantage – even where the normal course of cost-reduction seems to lead inexorably to reductions in price. Branding theory bucks the trend described in neo-classical theory for the advantages of labour-saving technique to be passed on to the consumer.

Iain Ellwood explains that 'some [companies] often price their products too low and the resulting effect is to devalue the brand … trying to reduce the prices too much, leading to an unnecessary cut in profit margins'.[51] Unfortunately, falling prices is a normal effect of competitive reduction of costs. Michael Cox and Richard Alm illustrate the trend.[52] They show how long one must work in each decade since the 1920s to purchase some typical commodities. (* latest in 1999)

Year	1920	30	40	50	60	70	80	99	Latest*
Half gallon of Milk	37mins	31	21	16	13	10	8.7	8	7
Three-pound chicken	2hrs 27mins	2:01	1:24	1:11	33	22	18	14	14
100 kilowatt hrs electricity	13hrs 36mins	11:03	5:52	2hrs	1:09	39mins	45	43	38
3min coast-to-coast call	30hrs 3mins	16:29	6:07	1:44	1hr	24mins	11	4	2

[50] Pettis, Technobrands, p34
[51] Kogan Page, 2000, p23
[52] *Myths of Rich and Poor,* New York Basic Books, 1999, p.43

For consumers, the effect of competition has pushed down the cost of milk and chickens to a fraction of its cost to our grandparents. But to keep in the game farmers and retailers are chasing minute profit margins on a gallon of milk or a chicken. Avoiding these falling profit margins increasingly engages the creativity of the firm.

A brand solution to falling profit margins is illustrated by the clothing manufacturers, Levi Strauss. Levi's Robert Holloway describes how the initial failure of diversification only reproduced the trend of falling prices over a wider – and less admired – range of commodities. As he experienced it, the challenge that Levi faced was 'putting Levi Strauss back into the Jeans market'.[53] But this is not quite the back-to-basics story that it appears. The 'jeans market' was no longer simply about selling stitched cotton. As Holloway notes, in 1996 Forbes announced that 'Levi Jeans are not so much a product as an Icon'. Holloway describes how 'the decision was taken to focus on image not volume. The high image flagship product of Levis brand – 501 Jeans – would lead the company's return to profitability' – a goal achieved by 1996.[54]

What in fact Levi Strauss did was to supplement the depleted value of the cotton trousers by realizing the price of the icon. They were no longer selling clothes, but kitsch, thanks to the unrewarded efforts of Marlon Brando, James Dean, John Travolta and Mickey Rourke amongst many who had invested the clothing with its new premium. The 'brand-added value' of nostalgia for the 1950s shows up on Cox and Alm's chart as a reversal of the trend for commodities to fall in value relative to wages:

Year	1920	30	40	50	60	70	80	90	latest
Pair of Levis	10 hrs 36 mins	5:18	4:30	4:00	2:36	2:18	2:48	2:48	3:24

Iain Ellwood explains that with price cutting 'the damage to the brand in the long term is difficult to repair, especially as shrinking profits reduce investment and quality'[55] Clearly this was a lesson that Levi learned the hard way in the 1970s. For Levi Strauss & Co. the value of the brand was

[53] Gilmore, p69
[54] Gilmore. p69
[55] Kogan Page, 2000, p23

something worth defending in the courts. The British supermarket chain Tesco's bought 501s at cost, and, instead of charging the premium price of between £32-£49 gave some of that back to customers by selling them at £30, and then £25. According to reports, Levi Strauss 'fears that its reputation will be damaged if its jeans are sold in supermarkets'.[56] On 5 April 2001, the European Court of Justice Advocate General Stix-Hackl ruled against the power of brands, that Tesco had a right 'to freely sell products bought from around the world'. John Gildersleeve, Tesco's director, said: 'This is a great day for consumers.'[57]

In the European Court of Justice case, Tesco's were at pains to distinguish their strategy of buying up 501s in East Europe at cost to sell in West Europe at a reduced price, from the growing market in imitation designer-wear. But the market in fake labels is a response to the same market distortion that Tesco's exploited – the difference between the intangible value added by branding, and the costs of production of the goods themselves. In prosecuting designer rip-offs, top label companies insist that they are protecting quality, but by their own admission, the quality no longer inheres in the material object, but in the associations of the label.

The dispute between Tesco's and Levi's over the mark-up on 501s has little to do with creating new value. Rather it is a dispute over the distribution of additional value already created. By exacting a premium price, are attracting more of the surplus value created elsewhere in the economy – like any monopoly. Western consumer goods markets, buoyed by the expansion in personal credit, set shop prices adrift from factory costs of production. By importing goods, Tesco's took advantage of price differences that arose from the dampened spending power of East European consumers, but also, presumably, from the reduced costs of production there. Neither company's strategy represents a substantial transformation of production relations for capital as a whole, only a struggle over dwindling profit margin.

[56] Telegraph, 17 January 2001
[57] Telegraph, 6 April 2001

The Limits of the 'Brand –Added-Value' theory

Between mid-1988 and the end of 1991, IT firm Compaq was falling out of its target customers' consideration and boosted its advertising, but sales failed to respond. Market Research firm Techtel were drafted in to explain the problem: 'opinion of the brand was falling because of the price', said Techtel's president Michael Kelly. Compaq's high-value products were losing out against newer and cheaper rivals. They fired the president, the advertising agency and laid off 1400 employees. To reposition the brand as more competitive Compaq had to spend another $16M in advertising to demonstrate that they had recognized the problem and dealt with it. They had 'broadened from a technology-driven image to a customer-driven' one, according to Kelly. (Pettis, Technobrands, p98) The theory of 'brand added-value' did not prevent Compaq from having to restore profitability by the more traditional means of cheapening the goods by reducing labour costs to get a wider share of the market – but the branding specialists demanded their slice anyway. Instead of adding something new, Techtel only put a gloss on the ordinary dynamics of class struggle.

LO-TECH LOGO

Brand strategies generally emphasise novelty and innovation. Branding plunders the image-bank of the new technologies, from laboratoire Garnier to 'liquid engineering' and the 'appliance of science'. The dominant brand strategy is 'brand-new!' – the promise of cutting edge technologies (carefully moderated with new age values, of course). But all too often branding and technological innovation are pulling in opposite directions. Amongst themselves the brand strategists take a dim view of technology. Patrick J McGovern of the International Data Group patronises the pointy-headed techno-geeks: 'Technologists tend to think technology alone will sell their products – that superior technology is the only thing that differentiates them from their competitors'.[58] How very silly of them, to think that building a better mousetrap was the path to success.

According to Chris Pettis:

'High technology customers face a Hegelian dialectic in that their high-tech marketing and product managers, who understand well the technicalities of

[58] Pettis, Technobrands, p10

their products, are not equipped with the overall brand expertise and experience that their companies need but find it hard to define.'[59]

What Pettis is describing is not an Hegelian but a Marxist dialectic in which the dynamic forces of production, represented here by the technologists, are constrained by the conservative relations of capital accumulation. The philistine marketing men personify the priority of circulation over production, which are increasingly at odds.[60]

In fact, as technological innovation slows down, the importance of branding increases. Brian Sharples, President of Intelliquest, Inc., says "technology executives in mature markets have fully embraced the concept of branding, although companies in new and emerging markets tend to focus more on technology-based competition"[61] – get with the programme, guys! Innovation is so yesterday. Chuck Pettis explains cryptically, that 'as markets mature, creative technology solutions give way to standards as the market begins to define and demand a compatible and standardized approach'[62] But what can Pettis mean by these 'standards' which creative technology solutions must give way to. On closer inspection Pettis simply means the image of high standards, as a promise that substitutes for the state of the art (now a hopelessly passé formula).

The Director of Corporate Communications for Hewlett-Packard Co guiltily admits that 'we have not as a company, historically, been conscious of the importance of managing the overall HP brand.'[63] But then when Hewlett-Packard looked after the printers, the reputation of the brand looked after itself. New technology companies that survived on innovation in the eighties became increasingly image-conscious in the nineties. The terms 'new technology', 'IT', and 'dot.com' no longer referred to specific technologies, but themselves became a brand, and one directed primarily at investors at that. By the bursting of the Internet bubble, an echo resounded in the hollow space where the new technology should be. Most so-called Internet firms proved to be either marketing ventures or potty enthusiasms. Branding got the better of the Nasdaq, and investors were duped.

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[59] Pettis Technobrands, p166
[60] 'The monopoly of capital becomes a fetter upon the mode of production', Karl Marx, *Capital I,* Lawrence and Wishart, 1974, p715
[61] Pettis, Technobrands, p35
[62] Pettis, Technobrands, p35
[63] Pettis, Technobrands, p67

Anti-competitive branding is an attempt to secure the continuation of profit margins at the level of relations between companies. At its most extreme it represents the divergence between capital's existence as a source of new value, and as technological progress. In the IT bubble, speculation substituted real investment; investment in brands diverted resources from investment in new means of production.

At another level, branding is associated with more than redistributed profits between companies. The role of the brand in the reorganisation of global markets and labour discipline indicates attempts to restructure production in capital's favour.

Intel Inside

In May 1991 a court ruled that '386', the trademark previously exclusive property of Intel was from then on common nomenclature for a microprocessor of those specifications. 'Out of this "crisis"' writes Chuck Pettis, came the decision to trademark the Intel Inside logo' (Technobrands, p70). The Intel Inside campaign was launched at a cost of $250M in the second half of 1991 and 1992, 'the most expensive ad campaign ever launched by a semi-conductor company' (Ibid.). Intel's original appeal was due to its having cornered the market for microprocessors at the top of the range. With more competitors muscling in, the company tried to hang onto the term '386', through legal means. But as William James said, the word 'Dog' does not bite, and Intel failed to lay claim to a number. Instead they diverted vast resources into a branding exercise that targeted not just their Original Equipment Manufacturer customers, but also end-users.

GLOBALISATION: AVOIDING PROBLEMS AT HOME

Globalisation was the buzzword for the nineties, and a core theme of branding strategies. Just as George Bush Senior was promising a New World Order, McDonalds was opening up in Moscow. The global reach of brands like Nike and Coke seems awesome, but on closer inspection is less so. The globalisation strategies that companies adopted were largely a response to problems these same companies were having in their home markets--like Marks and Spencer's move to Paris.

According to David Bernstein, “deliberately setting out to become international by assuming an international origin is wrong-headed … Brands are born somewhere. Companies are born somewhere.”[64] For all the talk of globalisation, brands remain stubbornly national in their character. ‘International brands are creations of their homelands. MacDonalds, Coke, Levi’s … are as American as apple pie’, says Bernstein.[65] In brands, we can see both capitalism’s inner striving to conquer a world market, but also its inability to let go of national particularity.

It was the challenge of falling returns and saturated home markets that persuaded many large companies to resolve their problems on the world market. Nick Hodges at Durex explains that ‘during 1993 we put together a plan to globalise the Durex brand, cutting costs by closing smaller factories, moving production to the East and automating production in the West.’[66] For Durex, then, globalisation was more of a desperate counter-crisis strategy than a positive expansion.

Globalisation put new emphasis upon the brand, as competition in foreign markets heightened the challenge of product definition. Bob Ayling expresses the ambiguity of British Airways’ new identity, which is ‘aimed at presenting British Airways as an airline of the world, born and based in Britain’.[67] L’Oréal first sought markets outside of France in the 1960s – the point when De Gaulle bankrupted the country – leading Alain Everard, Zone director, for Africa-Asia-Pacific to argue that ‘a key element to our success is the internationalization of our brands’.[68] Today eighty per cent of L’Oréal’s sales are abroad. Levi Strauss and MacDonalds also found an international solution to their further growth. Levi opened its first Original store in Poland in the mid-Eighties, when wearing Jeans was a blow for independence on the part of East European youth. The Moscow MacDonalds opened in 1990 was as important for image as it was for immediate sales – it ‘made the brand seem truly global’, said Senior Vice President John Hawkes.[69]

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[64] Bernstein, *Company Image and Reality: A Critique of Corporate Communications,* Holt Reinhart and Winston p133-4
[65] Bernstein, p135
[66] Gilmore, p177
[67] Gilmore, p40
[68] Gilmore, p50
[69] Gilmore, p95

At L'Oréal, Alain Everard explains that the company read the emerging Asian markets as a new outlet: 'The markets of developing countries tend to follow a certain pattern. First a thin layer of buyers of luxury goods such as Lancôme'… then 'as income starts to move over $2000' western middle class aspirations are 'reflected in purchasing'. 'Between 1989 and 1993 the market for health and beauty products grew by 94 per cent in Indonesia, 93 per cent in Malaysia, 60 per cent in Taiwan and 90 per cent in Thailand'.[70] L'Oréal's expansion was based on the role of East Asia as a locomotive pulling the market economies out of recession in the eighties. According to the World Bank 'from 1965 to 1990 the twenty-three economies of East Asia grew faster than all other regions of the world'.[71] The emerging markets of East Asia solved L'Oréal's problem of securing profits – at least until increasingly speculative Western investments there led first to boom and then bust. L'Oréal's latest expansion is the *L'Oréal Kids* line.

Global re-branding can lead to anxiety about the identity of the product. Bob Ayling explains the real background to the much-debated re-design of BA's livery. Dispensing with the Union Jack tailfins in favour of abstract ethnic designs provoked BA's original sponsor Mrs Thatcher to cover up the model on a BA display at the Conservative Party conference. 'One of the most difficult branding issues is what happens to the brand as strategic alliances are formed with other airlines'.[72] In this case it was a deal with Qantas, in which BA took a 25 per cent stake. For a while the company thought about the brand *Global Airlines* as the natural successor to British Airlines, but rejected it. *Global Airlines* represents the notional liberation of BA from its national boundaries, but in fact BA remained tied to the fortunes of British capitalism. The consolidation of the European markets was driven in part by Britain's own competition policy. The ambiguity of the tail design expressed BA's own ambiguity as a British-owned company, with global aspirations. 'The new identity is aimed at presenting British Airways as an airline of the world, born and based in Britain'.[73] As David Bernstein says, 'Marlboro is international because it is American. Perrier because it is French, Johnnie Walker because it's – Scotch.'[74]

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[70] Gilmore, p49
[71] *The East Asian Miracle: Economic Growth and Public Policy,* A World Bank Policy Research Report, Oxford University Press, 1993, p1
[72] Gilmore, p42
[73] Gilmore p40
[74] Bernstein, *Company Image and Reality: A Critique of Corporate Communications,* Holt Reinhart and Winston p136

GLOBALISATION AND THE MERGERS & ACQUISITIONS MARKET

Company growth through Mergers and Acquisitions (M&A) is accelerating on the European continent in anticipation of the single currency and across the world. For a company, securing a rival brand enhances monopoly domination of the market. With each merger, brands are consolidated.

Bob Ayling at BA explains how Jacques Delors' Single European Act of 1988 led to the greater consolidation of the European airbus industry:

> The laws in Europe forbidding foreign airlines from having a majority stake in domestic airlines have recently been liberalized. We took advantage of this by taking stakes first in TAT and then in Air Liberté in France and in Deutsche BA in Germany. In these we have control over their operations…[75]

The question raised is whether BA are positively interested in the rival brands' own performance, or negatively in taking out a competitor.

Nick Hodges at Durex explains how the process of re-branding bought up local rivals works:

> When re-branding local brands – such as *Hatu* in Italy, *Sheik* in the United States or *London* in Germany – we implement a three step plan. Step one sees the Durex seal of Quality on the front of all non-*Durex* branded packs. Step two links the local brand to Durex on the front of the pack. Step three positions Durex as the parent brand, *Durex Sheik,* for example.[76]

Ultimately, of course, the rival brand is not important for what it brings to the company, but for its absence as a competitor.

[75] Gilmore, p42
[76] Gilmore, p179

BRANDING OFF THE COMPETITION

Generally seen as evidence of the triumph of the free market, branding strategies are in fact about avoiding the downside of competitive pressures. Fiona Gilmore differentiates the strategy of branding from the cost-cutting measures in vogue in the 1980s: 'This simple economic value comes from the price premium justified by effective branding, maintaining and growing markets, and from building brand loyalty *to deter new entrants* and substitutes, thereby making future earnings more secure.'[77] Bob Ayling emphasizes the point that branding must secure markets against new entrants: 'One of the big branding challenges that British Airways has faced over the last few years it that as a "mature" brand it has to keep the brand fresh in the face of "new" brands … new entrants' to the market'.[78] You do not have to subscribe to the victim mentality adopted by Richard Branson and Freddie Laker to understand that BA plays hardball when it comes to protecting their over-mature "brand" against rivals.

The economic advantage of excluding competitors from the market can be seen from the premium Nestlé paid for the Rowntree Group, more than five times the book value of the company, at £2.5 billion. Of that sum two billion represented the economic advantage of excluding a rival from the market. According to Iain Ellwood, 'Once a company has large market share in one product, it will be easier to gain share in an associated market *than further increase the original*.'[79] Here it is clear that the prospect of growing the company by buying up rival brands has substituted for developing new products and creating new markets. Ellwood writes that 'as global consolidation takes place, there are huge financial incentives to buy up strong brands in fields where the company is weak, rather than developing new brands from scratch.'[80]

ECONOMIES OF SCALE

While buying up rival brands is one response to global markets, another is to globalise the brand. Amongst twenty 'ways that branding online can offer

[77] Gilmore, p2
[78] Gilmore, p47
[79] Advantages of Brand Extension, Iain Ellwood, *The Essential Brand Book,* p39 my emphasis
[80] Ellwood, *The Essential Brand Book,* p39

added value' Iain Ellwood proposes 'go global – even small companies can now reach a large global audience for a low cost.'[81] It is an insight that has long been understood that global marketing reduces marketing costs. 'International campaigns are tidy; save advertisers time and production costs', says David Bernstein. [82] What Bernstein and Ellwood are describing are the positive effects of *economies of scale*. With the expansion of companies, the reproduction efforts can be cut out. This is as true of marketing as it is of product development or purchasing.

For L'Oréal's Alain Everard, the savings represented by international marketing were vital. Reproduction on an expanded scale meant that the company could save on design and packaging – 'we project the same brand names and images in all markets'. But marketing beauty products on an international scale presents certain definitional problems:

'We use the local language and adapt the international advertising unless there are exceptional reasons for not doing so … for example in Malaysia and Indonesia it is forbidden to air TV ads with non-Malay/Indonesian models so we use well-known local models.'[83] In more amenable Thailand, though, Natassia Kinski (and now Andie MacDowell) serves as a model for beautiful women. Everard insists though that 'we can sell not only the French way of life … but other cultures as well: the American way of life with Ralph Lauren … Italian values with Armani…' Whilst L'Oréal's sales are parasitic upon East Asian success, globalisation for them seems only to mean the extension of Western culture to the East.

> 'Companies … could enforce rigid uniformity as McDonalds does, where every staff member in every country should greet and treat customers in the same prescribed manner… The advantage for McDonalds is that one system can be continuously refined and spread across the world, as internal communication is standardized.'[84]

[81] Ellwood, p 39
[82] Bernstein, p136
[83] Gilmore p54
[84] Ellwood, p46

BRAND EXTENSION

One way to economise on marketing is to extend the brand, by including new products under a well-established trademark or logo. 'Extending the power of a brand into new products and services is one of the strongest reasons for brand-building' suggests Thomas Gad.[85] As an economy of scale, brand extension can be advantageous. According to Ellwood the 'advantages of brand extension' include 'lower introduction costs for new products or lines … lower risk on investment in new products.'[86] That way the new product can piggyback the success of the old. In effect the company's prior achievements become guarantor to the customer that the new line will be of the same standard. 'Virgin has become a true lifestyle brand, with people adopting its values as a convenient way of reflecting their own aspirations,' writes Ellwood.[87] It is perhaps a poor example. Following the failure of Virgin Trains, Branson's VOP Holdings, owners of the Our Price and Megastore chains lost more than £126 million in the year to January 2000. A tongue-tied Branson described the loss as 'a significant erosion of the company's profitability'.[88]

But brand extension carries pitfalls. 'The Pierre Cardin brand … has been stretched too far and has now been devalued,' warns Ellwood, sagely.[89] The view that brands become *over-extended* describes real problems, but through the prism of branding fetishism. In truth it is not the brand that is overextended, but the company. The reputation of the brand is just where the problem comes to light.

OWE MY SOUL TO THE COMPANY STORE[90]

Perhaps the most successful example of brand extension is the expansion of retail outlets like Wal-Mart and Sainsbury's in the 1980s. Iain Ellwood explains well what the basis of the supermarkets' success is:

[85] Gad, p138
[86] Ellwood, p38
[87] Elwood, p36
[88] *Private Eye,* 23 March 2001
[89] Ellwood, p36
[90] "You haul sixteen tons and what do you get? Another day older and deeper in debt. Saint Peter don't you call me for I can't go, I owe my soul to the company store." Tennessee Ernie Ford "Sixteen Tons", 1954.

> Supermarket multiples are an excellent example of how retail power has increased in the business chain. Their grip of the general grocery market has tightened with a few key brands such as Sainsbury's, Tesco and Waitrose dominating the UK market. They can use their superior buying power to reduce costs and generate profits, which in turn squeezes the supplier still further.[91]

The aggregate buying power of the large chains has created real economies in distribution as well as holding down wholesale prices – even leading to complaints from the British Prime Minister that supermarkets had a stranglehold on farmers. Though some suppliers get hurt, Ellwood is right when he points out that some of 'the top branded supermarket multiples' own-label products are now better quality than many manufacturers' brands.'[92] In fact this is what one should expect as concentration of production brings economies of scale. The supermarkets' buying monopoly has given them the leverage to force the restructure the food production and distribution chain. The outcome is either a coalition between farming and supermarkets, as in the case of the Co-op, or the consolidation of smaller farms into large agri-business. Tough as it is for small farmers, supermarkets will not pay them more because they are more labour intensive than agri-business.[93]

A more fanciful outcome of supermarket consolidation, though, is the hope invested in loyalty cards. 'The shopping data gathered from these cards is enormous … Stores can use this information to predict and redirect stock, for promotion and seasonal trends.'[94] Still caught in the full flush of this innovation Ellwood gets carried away with the potential:

> It cannot be long before they develop a more sophisticated programme of bronze, silver and gold card holders to segment

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[91] Ellwood, p50
[92] Ellwood, p53
[93] 'The introduction of power looms into England probably reduced by one half the labour required to weave a given quantity of yarn into cloth', according to Marx, though 'the hand-loom weavers, as a matter of fact, continued to require the same time as before'. Like the hand-loom weavers, small farmers' prices are set by more efficient large producers. *Capital I,* Ch.1, p47, Lawrence and Wishart, 1974.
[94] Ellwood, p51

> their shoppers further. Potential fast-track checkouts for gold card holders and a seductive concept for those with little time available.[95]

What Ellwood is describing is the supermarkets' ambition to tame the unpredictability of the consumer goods market. Seeing their aggregate purchasing power enhanced, these large retail outlets imagine that the businessman's Nirvana of a perfectly planned market is within their reach. Surely, they reason, now that we have consolidated all of the high street outlets into one, the anarchy of competing over a fickle customers' unexpected choices is at an end. In the days of primitive markets, such ambitions were realised with the emergence of the 'company store', where employees bought goods from an outlet run by their employers. With typical market rationality, Company Stores were known for overcharging captive markets, often setting prices above the wages the same company paid them.

Of course, the ambition to recreate the Company Store tells us more about the anxieties of the store managers more than they do about markets. All the evidence is that customers carry many different 'loyalty' cards, although Britain's fourth largest chain Safeway abandoned its card, saying that the move would help to deliver savings for customers of up to £110m.[96] Ellwood is more accurate when he says that 'the introduction of loyalty cards has helped competitive multiples define and protect their territory'.[97] Anxiety, not opportunity, drives the supermarkets to try to ward off the insecurity of the market place, the very institution to which they owe their success.

RE-BRANDING AS DISCIPLINING THE WORKING CLASS

BA's Bob Ayling understands that the company's re-brand was directed as much at the staff as it was at the customers. 'The new livery, the efficiency programme and the change in staff skills are all designed to show employees and customers the airline is changing, as we need to do'.[98] Similarly, at L'Oréal Alain Everard understands the coercive power of the brand over the employees. "When it comes to hiring people in South East Asia, for instance, we have to make them understand that they are joining not only a

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[95] Ellwood, p51
[96] 'Safeway To Abandon Loyalty Card Scheme', *Financial Times,* 5 May 2000
[97] Ellwood, p51
[98] Gilmore, p39

company manufacturing skin care which they may use … but which is the number one cosmetics company in the world".[99] Now it is the workers who have to pay homage to the brand, like worshippers of a wooden fetish, as if they owed their existence to the brand, not the other way around. Pettis has employees recite the corporate catechism, to remind them of their higher purpose:

> Employees should have the positioning statement and the associations posted at a visible spot near their telephones so that they can refer to them when communicating with any of the companies publics, including prospects, customers and suppliers.[100]

At Asda, store debts of £1 billion, falling share prices and lost sales in 1991 led to a re-branding exercise, that saw the 'crisis ridden company' return to its niche as the 'low value family shop in poorer areas', and abandon its plans to challenge more 'up-market' stores like Sainsbury and Tesco.[101] The brunt of the re-branding was directed at the staff, as Chairman Archie Norman insists 'central to the Asda proposition is straight talking'.[102] For Asda employees that meant 'living the legend' (!).[103] It also meant that Asda reversed its financial condition by 1996 through the simple expedient of raising capital from its staff: 'we … have the biggest share ownership plan in Britain. Since it was launched in July 1995, 36 000 colleagues have taken up share options'[104] Re-branding was only partially directed at the outside world. Perhaps the most significant aspect is the emotional pressure upon staff to 'live the legend', meaning, in the end, 'work harder … and bail us out while you're at it'.

The ideological claim of mission statements upon staff indicates that, finally, branding strategies are dependent on the production process, however much it appears that success can be won simply at the level of marketing. Unfortunately, re-branding is generally a substitute for real change in the production process; so re-branding strategies are mostly exhortations as far as the workforce is concerned. Anita Roddick's Body

[99] Gilmore, p53
[100] Pettis Technobrands, p121
[101] Gilmore, p30, p28
[102] Gilmore, p 31
[103] Gilmore p33
[104] Gilmore p33

Shop provides an interesting example of a branding strategy that seeks to disguise its own character through marketing. David Aaker explains 'The Body Shop charter reminds employees as well as customers that "goals and values are as important as our products and profits" and that "the Body Shop has soul – don't lose it".'[105] Body Shop founder Anita Roddick believes that "employees like customers are 'hyped out'" and need a sense of purpose that is more ennobling and involving that mere profits."[106] Roddick's mission statement is a piece of employee-oriented branding, whose result is to get the best out of the workers. Curiously, the very denial of the goal of profit creation has proved to be a very successful piece of profit-creation – drawing upon the best intentions of the employees to earn profits of GBP6.8m and a book value of GBP300m at their height.

Thomas Gad states a branding cliché when he says: 'People are one of the greatest assets in a modern business and the single most important asset in building a brand'.[107] Iain Ellwood makes the same point: 'People are the greatest asset for any company: if they can be encouraged to express the brand at all levels, the business will benefit enormously.'[108] But this is a cliché that needs to be unpacked. On the face of things it acknowledges the special contribution of the workforce. But their contribution is to act as 'expressions' of the brand. In true brand-fetish mode, Ellwood makes the brand the originator and the workers the loyal creations. According to Thomas Gad, a good brand:

> will enable you to have your pick of the best people from the universities or the job market, and they will work for you for lower salaries, fewer fringe benefits, while making fewer demands for personal development.[109]

At this point one has to feel that Gad is carried away with the magical properties of the brand, imagining that logos and narratives can do the work of pay and prospects in getting the best out of the workforce. In the real world workers' acquiescence or combativeness determines the extent of their adoption of the company brand, not the other way around.

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[105] David A Aaker, *Building Strong Brands,* p109
[106] David A Aaker, p109
[107] Gad, *4D Branding,* p164
[108] Ellwood, p26
[109] Gad, p36

DE-PERSONIFICATION OF CAPITAL

The emergence of the brand is made possible by the overcoming of the family firm. Many brands take the form of a personalisation of the product: Colonel Sanders, Ronald MacDonald, Mr Gillette are all essentially fictitious proprietors, or where they are real people, have long since ceased to be the principle share-holders. Just as common is the association of the brand with a personality, like L'Oréal's use of Andie MacDowell as brand, herself replacing Natassia Kinski.[110]

The corporation supplants the individual as owner of the firm. Sir Edward Coke in the 17th Century concluded: "a corporation was but an impersonal creation of the law – not a being, just a product of written rules and government fiat"[111] Nonetheless, the fictitious person of the corporation must be recognised in law as having rights and responsibilities just as if it were indeed a person. For the brand, too, as individual proprietors are left behind, ersatz persons, brand-characters who make the product intelligible to the consumer, must replace them. For individual customers, there is a need to put a face to the corporation, even if it is a fictitious face. The brand assumes a human character that people can relate to, and place within a human narrative – even when that is markedly fictional. "Today", writes Thomas Gad, '"your brand has to have the qualities of a dear friend, someone you really trust (and I mean *really*)."[112] It is helpful that Gad, the advertiser who coined 'connecting people' for Nokia, insists that his comment is not figurative. It tells us that he really does think that the brand is a person. The victory of the fictitious corporate person over mere mortals is complete.

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[110] 'Some brands rely on the narrative of their founder, such as Bill Gates of Microsoft, to personify the changes in the personality of their brand; … Other brands us a fictitious family or characters … like the two Oxo families who we watched grow up over 15 years of advertising.' (Ellwood, p137)

[111] Bernstein, p18. Karl Marx considered the formation of stock companies 'directly endowed with the form of social capital (capital of directly associated individuals) as distinct from private capital, and its undertakings assume the form of social undertakings as distinct from private undertakings'. He added 'It is the abolition of capital as private property within the framework of capitalist production itself.' (*Capital III,* Lawrence and Wishart, 1984, p 436.

[112] Thomas Gad, *4D Branding,* p11

In an age when people were less willing to suspend their disbelief, David Bernstein proposed that ‘A corporate personality is far easier to convey when there is a single entrepreneur, extrovert and identifiable at the helm’. [113] But if that is the case, who are these nobodies that Bernstein uses to illustrate his argument?

‘Tesco, Jack Cohen; Lotus, Colin Chapman; Thorn, Sir Jules; IBM, Thomas Walton; Texas Instruments, Pat Heggarty; Mars, Forrest Mars; Hanson Trust, James Hanson; Argyll Foods, James Gulliver; AIB, Bernard Audley’?[114]

Sir Hector Laing’s (United Biscuits’) earlier point, that people come and go but brands go on forever begins to make sense, when we consider the way that the corporation has liberated itself from human mortality to become a transcendent persona.

BRAND ADDED VALUE—THE CONTEMPORARY CONCEPT OF CAPITAL

Interbrand estimates the additional value that brands bring to some big name products:

Brand	Brand value $M
Coca Cola	83,845
Microsoft	56,654
IBM	43,781
General Electric	33,502

Source: Interbrand/Citibank 1999

They also estimate the extent to which brands multiply the value of some key supermarket products:

Brand	Multiple
Coca Cola	4.95
Gillette	3.83
Louis Vitton	2.35

Source: Interbrand/Citibank 1999

[113] Bernstein, p65
[114] Bernstein, p65

In 1988, British foods company Rank Hovis MacDougall 'made history by becoming the first firm to include a brand valuation on its balance sheet'.[115]

The 'added value' of the brand represents a return to an archaic conception of profit – that of 'profit upon alienation' associated with early economic theorists the mercantilists. The mercantilists adopted the standpoint of the merchants who made money on the mark-up between purchase and sale. East India company merchant Thomas Mun (1571-1641) persuaded the treasury that added value comes from selling 'more to strangers yearly than wee consume of theirs in value' The theory of 'profit upon alienation' fell into abeyance as manufacturers saw the importance of creating new value through increased productivity, relegating the 'profit upon alienation' to the end point, or realization of the prior gains.

In the 1980s, a renewed emphasis upon marketing resurrected the theory of 'profit upon alienation'. Prime Minister Margaret Thatcher credited her 'father's background as a grocer … for my economic philosophy. . .ensuring the incomings showed a small surplus over outgoings at the end of the week'.[116]

In another respect, though, the brand-added value concept departs from the eighties dogma of cost-cutting competition--in the equilibrium model of economics popular in the eighties growth was out of the picture. Instead, markets were seen as a zero-sum game, in which Peter is paid by robbing Paul. That view corresponded to a time when market raiders like the late Sir James Goldsmith could make more money buying up companies, breaking them up and selling their assets than by engaging production.

With the return of growth in the nineties, shadow chancellor Gordon Brown showed off his knowledge of the latest economics in a speech about 'neo-classical endogenous growth theory'. Deputy Prime Minister Michael Hesletine ridiculed 'Labour's brand new shining modernists' economic dream' by punning on the speechwriter's name 'But it's not Brown's, it's [Ed] Ball's'. Brown's re-focusing on growth, though, won the day, and since 1998 the Office of National Statistics have recorded Gross Value Added in the economy. Value Added is calculated by comparing the difference

115 Thomas Gad, *4D Branding,* p10
116 *The Downing Street Years,* London: Harper Collins, 1993, p11

between the value of input compared with output. Since all inputs – wages, raw materials, and machinery – are paid at cost, the Value Added remains the mysterious product it always was, except that the alchemy invoked to explain it today is not the philosopher's stone, but the bewitching powers of brands. 'Brand equity can be defined as the value provided to a product or company by its brand identity', writes Pettis.[117] Why brands get the credit tells us more about the preoccupations of our own time than it does about the mechanisms of wealth creation. In other ages, the qualities that were deemed to garner special reward were thrift, risk-taking intellect, or breeding. In our image-conscious age, graphic design and logos are invested with the magical property of making something out of nothing.

The concept of Brand is the contemporary version of the concept of capital, the value that begets more value. "Branding survives because it enhances the present value of future cash flows", writes Fiona Gilmore.[118] "Products are made in the factory" says Walter Landor, president of the Landor branding agency, "but brands are made in the mind".[119] As ever, the capitalists want to separate off the magical property of creating additional value from the dreary business of making things. The divorce between the value of brands and the apparent cost of production reinforces the belief that brands create value out of mental power alone.

A logo "won't cure all the ills of a badly run company" warns David Bernstein, "but companies are tempted to think so – and this contributes to the cost". Bernstein argues that "if the benefits of a house style are so wondrous then no self-respecting company can pay peanuts for the treatment".[120] What Bernstein means is that the high cost of re-branding arises from the company's own anxieties about its competitiveness. The more anxious they are then the greater the cost of the re-branding will be. "The reputable designer", writes Bernstein, "regards himself as a problem solver" "The Company therefore has a problem", Bernstein continues. "Otherwise why call him in?" The cost of the service is in proportion to the anxiety of the company. The advertiser preys upon the company's uncertainty about itself. The good designer "will 'ask the question behind the question'". In other words, he will discover yet more problems that the

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[117] Pettis Technobrands, p14
[118] Gilmore, p2
[119] Quoted in Naomi Klein, No Logo, p195
[120] *Company Image and Reality: A Critique of Corporate Communications,* Holt Reinhart and Winston, 1984, p157

company did not even know it had. Bernstein's caveats belong to another age.

Estimating the added value of the brand raises certain difficulties. Thomas Gad has outlined the different methods. Cost-based value: 'accumulates costs for building the brand'; Revenue-based value: 'current value of the expected future earnings'; Transaction-based value: 'market prices of a similar brand acquired recently'.[121]

The flaw in all the valuations of brand-added value is the assumption of additional value to be had. As explanations from the standpoint of the individual firm it makes sense to argue that the profit margin is the sum that you have withheld from your rivals. But as an account of the economy as a whole it cannot succeed without a prior explanation of the existence of surplus in the economy. At one level this is not difficult. All societies at a higher level than Colin Turnbull's benighted *Ik*[122]produce a surplus over and above what they consume. The economic form that the surplus product takes is the defining characterisation of that society, as slave society gave up its surplus as Tribute, Feudal society its service and industrial capitalism its profit. It is characteristic of our image-conscious and culture-driven age that what added value is to be had, is attributed to the magical power of the brand.

[121] *4D Branding,* p133
[122] Colin Turnbull, *The Mountain People,* London: Pan Books, 1974

Jerry Gibbons, President of the Doyle Bane Bernbach advertising agency met client Bill Gates of Microsoft in 1982. 'Our feeling is that you're not spending at a level that's appropriate for your company right now' Gibbons told Gates, whose advertising budget was $250 000. Gibbons took a bar napkin, drew a circle – 'this is your industry today' – marked out a pie section, saying 'this is your current share, and as you know, the industry is going to be growing'. Gibbons drew a larger circle to represent the difference between $1.5 billion and $5 billion. 'This is how it's going to be growing in the next few years, and good strategy for your company would be to capture as much share of the market as you can now while share points are cheap. Share points are cheap because the market size is small. As the market grows the cost of acquiring share points is going to increase greatly. If you can increase your share, then when it becomes more competitive, all you'll have to do is protect your share.'

'He grasped that concept pretty quickly'. Gates went back to Seattle and doubled his advertising budget.
Source: Chuck Pettis Technobrands, p145