

The euro *will be good for* branding

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The advent of the euro zone means that companies will have to try harder to win the hearts and minds of audiences through branding. There is a unique opportunity for anyone in or selling to the euro zone to get their branding into order—which in turn will lead to demand for the branding profession.

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MONETARISTS have argued the pros and cons of the European single currency—the euro—since the Maastricht Treaty was signed in 1992. What has not been discussed in great depth is the euro’s effect on branding.

Free-market supporters can easily point to increased competition and better prices for consumers. Those who have opted not to join, they say, will experience higher transaction costs for dealing with companies in the euro zone.

The most easily identified “victims” in this will be higher-cost producers. The common currency removes, most importantly, a psychological barrier. A firm in Germany can happily purchase from one in Italy, for example, without having to go through currency conversion difficulties. Of course, this has been happening for many companies already and financial institutions have had a few years to become accustomed to the euro. What January 1, 2002 has brought to the euro zone is a consumer push for the currency, bringing the concept into the mainstream. And this is where it matters for the European nations: consumers and small businesses outnumber larger ones.

For commodities in particular, an importer in France may choose to purchase Product X from Italy rather than Germany, if the Italian producer is cheaper. This is more than likely, with pressure brought on high-cost labour. It is here that the justification for branding comes in.

No one will make a decision based on hard facts alone. They consider informal relationships, the reputation of the producer, even the image of the purchaser on staff or even the family members of the person in charge. There are sentimental reasons that transcend mere economics.

It is why some of us in the branding profession find solely economic reasons hard to fathom, principally because people are not solely economic creatures. The heart plays as much a role, if not greater sometimes, as the head. Therefore, an argument that, for instance, New Zealand could not have succeeded as a producer of automobiles—an idea entertained in the late 1960s—because of its relatively higher costs falls on deaf ears. For if it were true, then no one would purchase Mercedes-Benzes or Jaguars and the world’s population would have turned to the transportation which emerged from East Germany or the Soviet Union between the 1960s and the fall of communism in eastern Europe.

Arguments that a country would not have been able to create a marketable brand in a short time are also nonsense, when one considers Acura and Lexus. MG and Jaguar didn’t take that long to become established in the United States.

These thoughts now apply to the small- and medium-sized businesses throughout Europe that should provide a boost to the branding profession. The discipline is partly about creating those additional emotional reasons for product purchase. But branding a product alone is useless without consideration of the organization behind it. Branding, as has been said in this publication over the years, encompasses all the ways the organization communicates and symbolizes itself to all of its audiences. That means that higher-cost German producer of Product X isn’t going to win the French importer’s share of mind with a recognizable good. Everything about the German company will have to be genuine: it must communicate its values honestly to the importer, it must behave in the right way, it must be customer-oriented—as well as putting out the right product.

How the process takes place has been discussed in our other studies, but a quick recap is in order. The German company gets its vision in line with what it's really like. It finds out how to bridge the gap between that and the audiences. It brings the brand into line, taking the opportunity to get staff on side. Then it communicates the brand externally, leading to a better image, improved chances at sales and improved performance.

The contest for the importer's heart and mind is going to be fought by the Italian company, too. What strategies could it adopt? It could include the low-cost nature of its production *into* the branding. This may hurt the chance at earning premiums on the profit but it may prove successful given the right type of firm during a recession. It might stress, if the country image is complementary, Product X's origins. Aiming for an image of a futuristic producer or other strategies could come into play.

For both firms, branding studies will be required, not only to understand themselves, but to understand the requirements of the customer. How will things be perceived by a French industrialist aged 45 from Rennes making the decision? The questions need not be that specific, but an understanding of industry behaviours—much of which might already lie in the producers' existing knowledge—and what and how designs have traditionally influenced that industry through a competitive and historical study of that sector will be necessary.

Already it's clear how extensive branding can become. Further, the need for companies to incorporate branding properly into their systems has become greater with the euro zone's arrival.

Brand experts themselves need to begin differentiating. For instance, advertising agencies, often champions of the brand, are regularly indistinguishable. The winners will exercise, just as branding believes, a mixture of economic and emotive factors. To win this great promised clientèle of European firms—or any firm wishing to sell into the euro zone—the identity and branding companies will need to practise what they preach. The New Year is going to be either a bonanza or a death-knell, depending on how the profession approaches this unique opportunity.

About the author

Jack Yan founded Jack Yan & Associates, JY&A Consulting's parent company, as a virtual firm in 1987. A graduate of Scots College (where he was *Proxime Accessit*) and Victoria University of Wellington (BCA, LL B, BCA (Hons., 1st class), MCA), Jack is regarded as an authority in the areas of branding, identity, typography and cross-media branding, speaking and writing world-wide on these topics.

At JY&A Consulting, Jack's focus is examining branding and global business, including how smaller firms can leverage their intellectual capital applying an international marketing strategy. His master's thesis proved a connection between organizational vision and business performance through best-practice methods, which are now applied to many JY&AC clients. Recent research includes an examination of the success factors for online firms in Australasia, touching on cross-media concerns.

Client firms include insurance brokerage Willis, UNICEF, Electricity Corp. of New Zealand, Colgate-Palmolive, SANE Australia, Colonial, Knight Ridder, Victoria University of Wellington, and numerous non-profit organizations. He developed the *Lucire* brand from 1997, now one of the world's leading pure-play online fashion titles.

Jack Yan has a reputation of taking all his firms to leadership positions.

He is a regular columnist for *Desktop* magazine in Australia and *Visual Arts Trends*, and formerly contributed to UK design titles, *DZ3* and *Fontzone* (1998–2000). His articles also appear in *Les Temps Typographiques* (in French). Articles about him or his work have been published in *The New York Times*, *Desktop*, *Elle* (US and Taiwan), *The Washington Post*, *Harper's Bazaar*, *Pioneer Press* (St Paul, Minn.), *Access*, *Design Week*, *Vogue*, *IdN*, *Publish*, *The Sydney Morning Herald* and *The Evening Post* (Wellington, New Zealand) and broadcast on Saturn Television and the TV One network in New Zealand.

Jack Yan is a member of the policy institute, the Centre for Strategic Studies (CSS), Alliance Française, AGDA and advocacy group TypeRight (which he co-founded) and a former member of the Society of Publication Designers and the Sales and Marketing Executives.

His interests include the application of Confucianism in the context of global harmony and business, automotive design and international cultures.

He regularly travels and currently divides his year between the United States and New Zealand.

About JY&A Consulting

JY&A Consulting (<http://jyanet.com/consulting>) is part of Jack Yan & Associates, an independent global communications company founded in 1987. Based in Wellington, Sydney, New York, San Francisco, London, Manchester and Tel Aviv, JY&A Consulting tailors solutions using researched business principles, based around the organization's vision and identity. The company specializes in identity, branding, marketing strategy and global strategy. Its clients have included small businesses, non-profit organizations and *Fortune* 500 companies. JY&A Consulting staff and alumni regularly contribute to the house journal, *CAP*, published in print, and online at <http://jyanet.com/cap/>.



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