THE BRUTAL TRUTH ABOUT ASIAN BRANDING

AND HOW TO BREAK THE VICIOUS CYCLE

JOSEPH BALADI

THE BRUTAL TRUTH ABOUT ASIAN BRANDING

And How to Break the Vicious Cycle

THE BRUTAL TRUTH ABOUT ASIAN BRANDING

And How to Break the Vicious Cycle

Joseph Baladi

WILEY

John Wiley & Sons (Asia) Pte. Ltd.

Published in 2011 by John Wiley & Sons (Asia) Pte. Ltd.
2 Clementi Loop, #02-01, Singapore 129809

Other Wiley Editorial Offices
John Wiley & Sons, 111 River Street, Hoboken, NJ 07030, USA
John Wiley & Sons, The Atrium, Southern Gate, Chichester, West Sussex, P019 8SQ, United Kingdom
John Wiley & Sons (Canada) Ltd., 5353 Dundas Street West, Suite 400, Toronto, Ontario, M9B 6HB, Canada
John Wiley & Sons Australia Ltd., 42 McDougall Street, Milton, Queensland 4064, Australia
Wiley-VCH, Boschstrasse 12, D-69469 Weinheim, Germany

Library of Congress Cataloging-in-Publication Data
ISBN 978–0–470–82647–8 (Hardback)
ISBN 978–0–470–82649-2 (ePDF)
ISBN 978–0–470–82648-5 (Mobi)
ISBN 978–0–470–82650–8 (ePub)

Typeset in 10/13 Sabon Roman by MPS Limited, a Macmillan Company
Printed in Singapore by Saik Wah Press Pte. Ltd.

To my mother and father, who sacrificed so that I might find opportunity.

CONTENTS

Introduction	1
1. A Time of Profound Change	**7**
The old world order	*7*
The new world order	*9*
The rest of Asia	*14*
Toll-gates and vision	*16*
2. Five Reasons Why There are Very Few Great Asian Brands	**19**
Myopic CEO leadership	*26*
Corporate culture is by default, rather than by design	*32*
Charlatan brand practitioners	*33*
Performance of government agencies	*36*
Advertising agencies' lack of branding competencies	*41*
Conclusion	*45*
3. Redefining Brand, Branding, and Advertising	**49**
Brand and branding: Thinking differently	*49*
Branding made easy: The People Analogy	*57*
The brand blueprint	*70*
The brand proposition	*74*
The relationship between branding and advertising	*79*
4. Pre-Branding	**87**
Overview of the business and branding flowchart	*89*
Business goals and business strategy	*90*
The role of corporate guiding principles	*97*
Charting the road to a successful business	*132*

5. Brand Strategy **139**
If you don't make a choice, the choice makes you *139*
Differentiation *140*
Emotional dimension *147*
Focused target audience *159*
Ability to innovate and stay relevant *165*
CEO involvement and leadership *170*
Employee involvement and commitment *178*
Intelligent brand architecture *193*
CSR: The new branding imperative *204*
Summary *210*

6. Methodology instead of Mythology **215**
Positioning or repositioning? *218*
Preparing for a (positioning or repositioning) branding project *219*
The strategy-centric brand development methodology *224*
Costing the project proposal *235*

7. Brand into Action: Delivering against Your Promise **241**
Be careful what you promise *241*
Making the brand come alive *244*
Summary *261*

8. Conclusion **263**
The future is here *263*
Caught up in a good thing *264*
The "Asian/Chinese Century" *265*
Everything is connected; the rest is conceptual *266*
Summary: Tomorrow's Asian CEO today *270*

Index 275

INTRODUCTION

While the development and growth of much of Asia over the past two decades has been nothing short of spectacular, much of this has come not from the emergence and contribution of *great* Asian brands, but in spite of their absence. In fact, with the notable exception of one or two brands, a very persuasive argument can be made that no great Asian brands (excluding Japanese brands, as explained in Chapter 2) exist—at least not as measured by consumer surveys in Asian capital cities, where Western brands are preferred by eight out of ten Asian consumers.

Asian brands continue to languish as a result of lack of differentiation, innovation, and consistency. In a 2009 *Newsweek* cover story (the headline for which inferred that there are as yet no Chinese global brands), Premier Wen Jiabao was reported to have called for China "to create companies that can innovate and churn out 'brand-name export products'—meaning companies with reputations for quality, innovation, and service so strong that customers are willing to pay a premium for their products."[1] Currently, Asian consumers are willing to pay a premium only for the likes of Apple, BMW, Omega, and similar Western brands that provide not only the security of implicit guaranteed quality, but also the unique emotional dimensions that create personal and bonding resonance.

The inability of Asian brands to graduate from good to great has been a particularly pernicious and persistent obstacle to companies across the region in their efforts to move up the value chain and provide brands of desire. A big part of that problem is the inability—and in some cases, unwillingness—of brand owners to face the reality of rapidly changing market and consumer landscapes precisely at a time that demands creativity and innovativeness.

That a problem with Asian brands even exists will be contested by those who argue that economic power is shifting from the West to Asia—and to China, in particular. Putting aside the argument that much of the economic power that is underwriting this paradigm shift comes from business-to-business (B2B) activity, rather than from the creation of compelling consumer brands, it is almost certain that a transition of power and influence to the East has commenced. Chapter 1 of this book questions what form that shift will take, and how sustainable it might prove to be. At the heart of the issue is the question: Will that momentous transition remain purely economic, or will it also be cultural?

The vehicle that delivered the cultural impact of the "American Century" (i.e. the 20th century) was the great American brand. Brands such as Levi's, Colgate, Pampers, and Mustang offered ever-improving functional attributes that delivered on product purpose, combined with emotional cues that went on to inspire and define generations of global consumers. The obvious question that emerges is: How effective (how cultural) will be the current transition of the world order from West to East in the absence of great Asian brands?

Chapter 2 attempts to answer this question by exploring five key reasons for the lack of development of Asian brands in general, and great Asian brands in particular. A central theme of that chapter, and indeed of the entire book, is the behavior, attitudes, and roles of Asian chief executive officers (CEOs) in regards to the branding process.

"THE GOVERNMENT KNOWS BEST"

Soon after I arrived in Singapore in 2002, I joined the tail end of a nine-month nation-branding project headed by a very senior government official. The brand positioning statement had been crafted and was making the rounds of ministers and other important government officials for their comments. I began to feel very troubled when the requests to rewrite and revise the statement kept coming in. When I explained to the head official why it was unwise to fundamentally change a positioning that had been crafted as a result of nine months of research, analysis, and workshops, she replied: "The government knows best." Her certainty and conviction were absolute, and it was obvious from her expression that she wouldn't budge from her position. I was stunned.

I have since witnessed that same mentality play out in the private sector across Asia, where—instead of the government—it is the CEO who knows best. The traditional hierarchical management structure that still characterizes most Asian companies has impeded, in some measure, the creation and sustainability of competitive advantage. Where the CEO rules absolutely, creativity and innovation falter. Where the CEO considers himself an oracle of knowledge, very few dare to question, contradict, or even offer an opinion. Where the CEO seeks validation, most will rush to agree with him and offer reassurance. Where brand is the catalyst and branding the process that determines the very flavor of a company, most Asian CEOs are settling for vanilla.

These ingrained attitudes of CEOs are, then, a major impediment to effecting management change; however, another important contributor to the slow development of Asian brands is, simply, CEOs' lack of knowledge about how the process of branding works and how pervasive it needs to be in the DNA of the organization. This situation is made even more complicated when CEOs *don't know what they don't know*. In as much as brand and branding are concerned, the existence of this "condition" creates a ripple effect that can grow to momentous proportions. The consequences for the organization are widespread, both internally and in terms of its external relationships with consumers and customers. This powerful chain reaction can manifest itself either positively or negatively. In other words, branding within the organization can literally be all about vicious or virtual cycles.

Better appreciation of the strengths and benefits of a robust branding infrastructure starts with a better understanding of key fundamental constructs. Chapter 3 provides an introduction to strategic platforms that are indispensable to managers about to embark on branding initiatives or programs within their companies.

For those companies actively considering branding projects, Chapter 4 identifies two essential pre-branding steps that are entirely strategic in nature: formulation of the company's business strategy and guiding principles. Given their importance, it is extraordinary how often they are misunderstood, underutilized, or simply ignored.

Chapter 5 identifies and discusses eight essential brand strategy drivers. Though not exhaustive, these drivers are the critical pillars that support all companies. They represent the building blocks that collectively contribute to the formation of strong and relevant brands. Because everything in branding is connected, the absence of even one of these elements will seriously undermine the structural integrity of any brand-building program.

Chapter 6 examines the phases of a typical "full-bodied" strategy-driven, brand development methodology. An understanding of the process and each of these phases provides the CEO and his or her team with one invaluable skill: the ability to properly assess branding project proposals. Proposals define the direction of the project. They must, therefore, reflect the correct and optimum scope items, as well as address the specific needs or circumstances of the company. Beyond providing decision makers with a more effective platform from which to make decisions, they will also be better equipped to estimate the realistic costs required to complete the project.

While this book is devoted mostly to revealing the systemic weaknesses that undermine the emergence of strong Asian global brands and provides a comprehensive road map for overcoming these, Chapter 7 goes a step further and discusses a common Achilles heel endemic to many Asian companies: implementation. In reality, branding projects consist of two stages. The first is the brand development process; the second is implementation. Without implementation, any effort companies make to review, revise, or change their positioning will be for naught. This chapter also makes the point that it is equally important that the brand promise delivers to another key stakeholder: the company's own employees.

The Brutal Truth About Asian Branding aims to reveal the reality of Asian branding—warts and all, and to provide a prescriptive road map that will align Asian brands with what they are destined to become: great and defining. Chapter 8 argues that, although presently largely dormant, there ***is*** greatness in Asian brands; and that the near future will be characterized by major change and will be championed by a phalanx of exceptional Asian leaders who are willing to experiment and challenge the conventional. These first of many will lead by example and demonstrate, through the success of their own companies, the kind of heights Asian brands are capable of reaching.

It is only by first identifying what is wrong, that the process of building great brands can begin in earnest. Currently, branding efforts by Asian companies are largely a haphazard, hit-or-miss affair. This is preventing Asian brand development from reaching critical mass. What is needed to successfully effect change is executive education coupled with courage (to do things differently). The goal of this book is to shine a light on the current face of Asian branding so that CEOs can see it clearly and objectively, and thereby make informed choices about where to go from here.

While Asia's current crop of CEOs are part of the problem that is holding back the development of great Asian brands, there are exceptions—maverick leaders who are materializing in individual markets and demonstrating that new thinking can deliver spectacular successes. These trailblazers will emerge as important catalysts for change.

There is spectacular greatness locked up in Asian brands. Empty talk and misconceptions will not unlock their promise. Only brutal truth will.

NOTE

1. Craig Simons, "Name a Global Brand that is Chinese. Can't Do It? Here's Why," *Newsweek*, July 27, 2009.

I

A TIME OF PROFOUND CHANGE

"America's financial strength helped it export its entertainment and culture. Now an emerging 400 million-strong Indian consumer market, as well as an economically vibrant Asia, is shifting consumer power to the region. It's now our time to make our culture the prime culture of the world. The time for Bollywood is now."

Bollywood producer, Shehar Kapur[1]

THE OLD WORLD ORDER

I was born in the second half of the 20th century. I spent the first 10 years of my life in Brazil—what was then, and to some degree remains today, a developing (if not an emerging) country. Although I was only young when my family and I departed, I have clear memories—of sights, smells, and sounds—of that early childhood. I was profoundly influenced by Brazil's culture.

I spent the next 10 years in Australia: culturally a place that, in the 1970s, was on a different planet from Brazil. Even seeing it through the eyes of a child, the differences were startling; however, I could also see the similarities. Those similarities, I would later realize, formed the foundation of an overarching universal culture that was as much part of the Australian experience as it was of the Brazilian one, and much of the rest of the world. That culture was Western. The television shows we watched, the movies we went to see, the music I heard in the background as a child and later chose to listen to as an adult, the literature that was read to me and which I later read for myself, the clothes I wore, as well as the things that I eventually grew to believe were "right" or appropriate, were all heavily influenced by the West, and especially by America. I didn't know it then, but I was living in the "American Century," when the world took its cue for almost everything from that country.

How that came to be is the result of a combination of a multitude of factors, starting with the largesse of the Marshall Plan following the end of the Second World War and extending into the decades that followed through the sheer ingenuity, energy, enthusiasm, and mentality of American leadership, American business, and the American people. This is not to say that a master plan existed, or that there was some sort of engineered or premeditated Western or American altruism that fueled the effort that mended and rebuilt the world in the latter part of the 20th century. But as we look back through the lens of history, the facts do provide abundant evidence that the culture and values that America championed were, by and large, embraced by people all over the world.

> The single, most profound thing American businessmen figured out a long time ago was that brands fundamentally *define* people.

The genius of the strategy lay in communicating American culture and values through American brands. The single, most profound thing American businessmen figured out a long time ago was that brands fundamentally define people. In the living rooms of Paris, the slums of Bombay, and the souks of Lebanon, people watched *I Love Lucy*, drank Coke, and wore Levi's. These brands represented, and at the same time reflected, the liberating values of America: the opportunity to work and succeed, and to enjoy life in a manner that was somewhat heroic. That message was communicated through Hollywood, through popular songwriters and performers, and through the example of numerous ordinary individuals who were "making it"—those who attained the so-called American Dream. Though created and exported by Americans, what made this dream successful was its universal appeal.

For much of the 20th century, great numbers of people the world over aspired to that same dream. During that time, American "brands"—from products and services such as Colgate and Hertz, to iconic figures such as Elvis Presley, Martin Luther King, and JFK—came to define the lives of millions of people around the world, and in the process, defined the world itself. Observed French foreign minister Hubert Vedrine: "The United States of America dominates in all arenas: the economic, technological, military, monetary, linguistic (and) cultural one. There has never been anything like it."[2] What came into being in the second half of the last century was a paradigm of life created in the image of America.

What makes a paradigm powerful is how it completely conditions one to interpret and accept the "life" we are presented with as the life we are intended to live. In other words, paradigms convert the surrounding reality into a normative reality. The world that America shaped became reality, and it extended over so many years that a good portion of the world's population—up until recently—simply accepted it as *the* reality. Over this period and in spite of the Cold War, and notwithstanding the loud complaints and resistance by more parochial cultures (the French, for example), a new world order settled in. It was Western, English speaking, and decidedly American.

Though many may plausibly argue today that the American world order is faltering, no sufficiently powerful alternative order has emerged to replace it. So, while not everything that comes out of the United States today is automatically embraced by the rest of the world, as might have been the case in the past, America still remains the main "frame of reference" for many—however criticized and maligned it may be. But the writing seems to be on the wall. Big changes are afoot. As Singapore's Professor Kishore Mahbubani observed: "Once upon a time the world was in love with America. And America loved the world too. It was a magical love affair, with America acting as a shining beacon of freedom and prosperity for billions around the world. That love affair is over. The unique circumstances which created it can never be replicated again."[3] Whether Mahbubani's conclusion will prove to be accurate will depend as much on what America does, as on what develops in Asia, in the immediate and near-term future.

THE NEW WORLD ORDER

While America's overall influence is unlikely to decline in a dramatic or precipitous manner, its economic pre-eminence is likely to be surpassed by China, which has demonstrated both the will and the capability to

"'China is like a new sun in the solar system,' pulling the balance of world power back toward the East. . ."

Clyde Prestowitz, quoting a "top Singapore official"

translate its size, population, and resources into world influence. Indeed, the idea that the 21st century will be the "China Century" has already generated worldwide currency.

But what, exactly, does "surpass" mean? To many people, it refers to China's economic growth, or GDP (or both), outstripping that of America. And there exists a very good basis for that argument. The massive Chinese economic take-off that began with economic liberalization in 1978 under Deng Xiaoping has delivered extraordinary dividends for the country, and in the process has changed how companies do business and consumers buy—both in and (especially) outside of China. Since 1978, China's GDP has quadrupled, and today its economy is the world's sixth largest.

While technology has changed the way ordinary people around the world communicate and how business is conducted, it is globalization that has changed forever the way we live and the way we think. This phenomenon has particularly impacted China, changing the lives of millions of its people as well as the populations of neighboring countries. The process has made China increasingly confident and assertive. Increasingly accessible world markets, coupled with the significant relaxation of government regulations and interference, have enabled local entrepreneurs, government-managed companies ("state-owned enterprises," or SOEs), and incoming Western multinational companies to leverage the masses of low-cost, working-class citizens who are keen to flee their poverty-ridden destinies and manufacture virtually everything the world wants and needs. That China has become the world's factory is an undisputed fact. That this is beginning to realign the axis of business influence from the West to the East, and specifically China, is also, many would argue, a fact. The power and pre-eminence that Asia as a whole, and China in particular, has created has put in place an inexorable and inevitable shift that in mere decades from now (or possibly less) will have this region out-performing every other part of the world in economic terms. And even China's harshest critics, who argue that its "business model"—a combination of low-end, low-quality manufacturing capabilities made possible by an unlimited supply of low-paid, low-skilled workers—is unsustainable, are showing signs of reconsidering their stance.

The reality of China today goes far beyond the stereotypes with which it is often associated. Cheap labor, while important, is not the only engine driving the Chinese economy. What is increasingly characterizing Chinese companies is their skill in driving down operating costs through higher levels of efficiency. Furthermore, China doesn't just manufacture low-tech products. Over the past 10 years, Chinese companies have stunned the world with a dual strategy of home-grown and highly developed high-tech companies manufacturing everything from sophisticated consumer electronics to complex and complicated computer and biotech technologies, and acquiring established first-tier (and in some cases, iconic) Western companies—complete with intellectual property (IP) and proprietary technology. (The Lenovo purchase of the IBM PC division was certainly the most celebrated of such acquisitions.) Lastly, the major human resource (HR) investment China is making in the fields of engineering and applied sciences—fields increasingly being depleted of talented people in the West—is contributing to higher levels of technological development, allowing Chinese manufacturing to move up the chain and make increasingly more sophisticated products.

So, it is in terms of economic prowess that China (whose economy is expected to exceed that of the United States by 2020)[4] will be an even greater force to be reckoned with in the years ahead and will reshape the global business landscape. But, to date, it is this factor alone that is, by and large, contributing to the "China Century" appellation. As consequential as economic power is, it is nowhere near as spectacular as the idea of a world order paradigm shift of the American type, which influenced the fabric of global life during the latter half of the 20th century.

> Will China's ascent translate into sufficient momentum to change the world order as we know it?

So, the question emerges: Will China's ascent translate into sufficient momentum to change the world order as we know it? Expressed differently: Will masses of people around the world eventually release their grip on familiar, reliable, inspirational, and aspirational America and tentatively reach out to emerging, dynamic, and unpredictable China? Will China begin—at some point during this century—to influence people around the world very much like America has done (and continues to do)?

American leadership was influenced and inspired by two connected beliefs. The first belief was that, given its pre-eminence in the world, the United States had a responsibility to lead. Former US president Bill

Clinton declared in 1996: "Because we remain the world's indispensable nation, we must act and we must lead." His secretary of state, Madeleine Albright, went a step further when she inferred that leadership conferred the responsibility of proactive behavior: "We must be more than audience, more even than actors; we must be the authors of the history of our age."[5] The second belief was that "helping the rest of the world get rich is good for America."[6] This idea contributed directly to the rise and rapid spread of globalization.

If China is to fulfill the promise of the China Century, it seems inevitable that it, too, must adopt a similar leadership philosophy—at least in part. The cultural and historical evidence, however, suggests that China may not be capable of taking exactly the same route. To those holding power in China, the idea of proactive leadership will need to be, by circumstantial necessity, far more self-serving than altruistic: that what is good for China strengthens China first (before the rest of the world). Secondly, in the absence of a liberal democracy, China's economic engine is being fueled by a disconcerting strain of Chinese nationalism: what Josef Joffe, in his book *Überpower*, describes as "humiliation at the hands of foreign powers near and far (stretching) backwards for centuries (that is resulting in) a generous dollop of Social Darwinism, the conviction that one's race or nation must prevail over lesser ones."[7]

If this nationalism translates into a bellicose political posture, China will be incapable of capitalizing on its strong economic power to take on the world's number one role. The honeymoon it is currently enjoying with the populations of countries around the world—including those of Europe and the United States—will sour if they sense the emergence of an imperialistic agenda. Moreover, a dispassionate approach to leadership that excludes the role of doing good (for the world) will not only alienate non-Chinese populations, but will also filter down into the business sector and embed itself as an expression of management philosophy that could well encourage Chinese companies to pursue profit at the expense of virtually everything else. Where profit is the overriding goal and effectively becomes a company's guiding principle, "greatness" is guaranteed *not* to happen. What is also likely not to happen is the emergence of great Chinese brands—those brands that are capable of having an emotional impact on Chinese and other consumers around the world.

In an Ernst & Young "new global reality" report that analyzed the impact of globalization on business, one analyst observed that "the new (world) order might feel more like a multi-dimensional balancing act: how to make your company resilient to shocks but flexible enough to

Source: Newsweek, July 27, 2009.

grasp new opportunities." In that same report, Professor Donald Sull of the London Business School explained that this amounted to an "essential balance between absorption and agility. The former allows firms to weather shocks with a protected core market, diversified cash flow, a strong brand or long-term customer contracts; while agility is essential for spotting and exploiting new opportunities."[8]

Two key words stand out on the "absorption" side of the equation: strong brand(s). While Chinese and other emerging market companies are demonstrating strong agility capabilities, they are struggling to create the safety buffers they will need if they are to weather the "shock" of increasingly sophisticated consumer expectations. Many will discover that there is arguably little value in moving lightning fast if, in the process, they end up missing the point. And the point revolves entirely around the emotional cues that brands must have in order to enter and stay within the orbit of consumers' lives. The longer it takes

Chinese brand owners to recognize this fact, the longer it will take for Chinese brands to emerge as *bona fide* global brands.

Right now, Asians, including the more affluent mainland Chinese, are doing what most of the rest of the world is doing: They are buying Western and Japanese brands.

Without great Chinese brands, no paradigm shift will take place. Without a Chinese Nike, or a Chinese Apple, or a Chinese Starbucks, or a Chinese Brad Pitt, or a Chinese Universal Studios, or a Chinese Bon Jovi, and even a Chinese Oprah—that the world, and not just China and the rest of Asia, recognizes—the China Century will be a hollow label unworthy of comparison to the American Century. Why? Because all of the above are brands, and real economic power is driven by consumer spending. Right now, Asians, including the more affluent mainland Chinese, are doing what most of the rest of the world is doing: They are buying Western and Japanese brands.

THE REST OF ASIA

"The world is trying to keep up with Asia, more than ever . . . siguro *(maybe) you can say it with a little bit of arrogance, the future is here. . ."*

Ria Puangco, strategic planner, Grey Group

For China to redefine the world order, it will likely need to align its efforts strategically with the equally vigorous efforts of most of its neighboring Asian countries, including India. This "team effort" will likely result in the future being more accurately described as the "Asian/Chinese Century" or perhaps just the "Asian Century."

Over the past century, the Asian business mentality (with the exception of that of post-war Japan) was best characterized as one of following, rather than leading. During this period, very little in the way of creative or innovative milestones emerged from the region. This is perhaps not surprising, as much of Asia during those 100 or so years suffered from the multiple burdens of colonial exploitation, despotic (or outright incompetent) leaders, chronic local economic mismanagement and corruption, rampant inflation, war, and periodic natural disasters. Economically speaking, for decade after decade, much of Asia was a "basket-case."

Yet, the massive property developments that are visibly reshaping and transforming most of Asia's capital cities, and the ubiquitous signs of middle- and upper-class affluence, are today obscuring the fact that Asia was once a profoundly troubled region. It is, nevertheless, extraordinary how many young Asians—from Singapore to Shanghai and from Bombay to Bangkok—are completely, even blissfully, ignorant of their immediate past. There is an almost universal assumption that affluence, modernity, and comfort were always more-or-less a part of everyday life. Observes an elderly Singaporean: "Young people will never understand how we feel. . . (They didn't see) the squalor. I came from a poor family and even though school fees were just $3, my parents struggled to pay them."[9] The region's transition (across many, if not all, countries)—from helpless to independent, supplicant to generous donor, unskilled to well-trained, and borrower to lender—has been dramatic. The Asia of today bears little resemblance to the Asia of merely two decades ago.

Generally, dramatic, rapid change is catalyst driven. Asia owes its transformation to three important catalysts: (1) the technology revolution, (2) globalization, and (3) the ascent of China. Some argue that a fourth catalyst also deserves recognition—the ascent of India. The individual impacts, as well as the confluence, of these three (or four) major developments have been the main drivers that have enabled many Asian countries to transition from a region of Third World strugglers to leading First World power economies.

Today, much of the region can legitimately boast of developments and accomplishments that are beginning to elude those of some parts of the Western world. These include: the existence of strong product quality, very well-educated and competent workforces, solid and powerful financial sources, endless research and development (R&D) capabilities, a passion for technology, growing infrastructure in most countries, and the development of free trade agreements throughout the region. Rounding out all of these—or, as some would claim, creating all of these—is the contribution of what might be loosely labeled as "Asian values," which infuse Asians with everything from personal discipline to a solid work ethic. End product: Asia has come a long way, indeed.

And the process is ongoing. Asia is generating ever more energy and momentum as it powers through with aggressive scale and scope to earn not only the admiration of people, companies, and countries around the world, but also a consensus that its efforts are inexorably reshaping this present century into an image of itself.

TOLL-GATES AND VISION

As impressive as this powerful Asian vehicle of energy and ambition appears to be, it will eventually slow down even as it passes what amounts to its first "toll-gate" (one of several that lie ahead). This first toll-gate can also be equated to "phase 1" in what is a multi-phase journey that will deliver the Asian/Chinese Century. The great growth of the late 1980s, the 1990s, and the early years of this century was, to a large degree, reflective of the opportunities created by the three interconnected catalysts mentioned earlier (i.e., technology, globalization, and the ascent of China). At the risk of oversimplifying, where success, growth, and affluence occurred, it was almost inevitable.

Much of this process was fueled by an opportunistic business model—that of the "trader"—in next-to-ideal (and unlikely to be repeated) circumstances. Things were made, and then were sold when the right opportunities presented themselves. In this way, tens of thousands of individuals built their wealth in all corners of Asia. Some individuals still operate in this manner, but they are becoming fewer as the model becomes unsustainable—mostly because the same catalysts that created the circumstances for that type of growth have also provided the climate for aggressive competition.

All Asian companies are now struggling with effectively differentiating themselves in a sea of unrelenting competition.

And it is with competition and its effects that the region enters "phase 2"—what lies beyond the first toll-gate. This phase is all about going up the value chain. While the region comprises countries and companies at very different stages of development, the lead countries—the "Asian Tigers" of South Korea, Singapore, Taiwan, and Hong Kong—have successfully built solid infrastructures that have enabled them to manufacture goods efficiently and deliver high-quality services. *All* Asian companies are now struggling with effectively differentiating themselves in a sea of unrelenting competition. What this really means is that they are struggling to break the code needed to build great brands—brands that are unique, relevant, and compelling. Phase 2 will be all about building brands. This catalyst alone will largely facilitate the essential move up the value chain.

To date, in their efforts to build brands Asian CEOs have been singularly unsuccessful. Brand building is proving to be challenging to decision makers in Asia for a variety of reasons (see Chapter 2), but particularly because it is conceptual in nature. Asian CEOs are notorious for investing only in what they can see and feel. What is "invisible" is often underestimated and ignored. The likelihood of this mindset changing will depend on the kind of political and business leadership that evolves in China and the rest of Asia. If it remains self-centered and self-serving, the massive growth of the past two decades will not be sustainable. Asian businesses will begin to encounter changing expectations of consumers, who are demanding not just higher-quality products, but, increasingly, that they deliver emotional relevance. Unless Asian businesses are able to develop genuine relationships between their brands and consumers—in Asia, as well as around the world—they will fail to move up the value chain.

The first toll-gate has been successfully crossed. What lies beyond is a hill (some would say a mountain) that will provide a litmus test to those empowered to make change: the politicians and business leaders—and perhaps not in that order. Much of the change needed to transform China and the rest of Asia lies ensconced within the conceptual idea of the "brand." As this book will go on to explain, the "Asian brand" is capable of greatness. That greatness will contribute in a very large part to the formation of the Asian/Chinese Century. The road ahead is paved with the need to change thinking and practices. Those individuals who have the vision to see beyond the hill and demonstrate the will to cross each and every toll-gate will create great companies that influence and impact society in very positive, responsible, and, importantly, transformative ways. In today's world, this is evolving as the leading-edge role of business, and it is where the future of Asian business lies.

NOTES

1. Clyde Prestowitz, *Three Billion New Capitalists* (Basic Books, 2005), p. 233, quoting Sumathi Bala, "Bollywood Dreams Going Global," *Financial Times*, August 28, 2004, p. W6.
2. Josef Joffe, *Überpower: The Imperial Temptation of America* (Norton, 2006), p. 28.
3. Kishore Mahbubani, "Economist Debate on Brand America, Against the Motion," *The Economist*, February 2009.

4. David Shambaugh, "The Road to Prosperity," *Time*, September 28, 2009, p. 15.
5. Joffe, *Überpower*, *op. cit.*, pp. 37–38.
6. Prestowitz, *Three Billion New Capitalists*, *op. cit.*, p. 2.
7. Joffe, *Überpower*, *op. cit.*, p. 200.
8. *Redrawing the Map: Globalization and the Changing World of Business* (Ernst & Young, 2009).
9. Esther Ng, "From all Walks of Life, They Came to Pay their Respects," *Today*, May 21, 2010, p. 3.

2

FIVE REASONS WHY THERE ARE VERY FEW GREAT ASIAN BRANDS

With Asia's ever-increasing share of world GDP and expanding levels of exports to the West, one might be excused for wondering why branding in Asia continues to be an area poorly understood by Asian managers and badly executed by Asian companies. Not withstanding the plethora of award programs celebrating every business discipline under the sun (including branding), as well as branding practitioners who continue to sell the mythical success stories of ever more powerful Asian brands, the reality is that Asian brands across the board are continuing to exhibit weak vital signs. Despite significant industry education, as well as major investments by government agencies to enhance the overall understanding of branding practices so as to strengthen Asian brands, very little traction has taken place over the years. Figure 2.1A provides a snapshot of the Singapore branding experience tracked over a period of five years from the point of view of the press. General conclusion: Branding is either misunderstood or simply ignored. The experience in other nearby markets such as Malaysia (see Figure 2.1B), Indonesia, and Thailand, as well as—significantly—mainland China, has been very similar.

When we refer to "Asian" brands, we are referring to all non-Japanese Asian brands. This will no doubt surprise and perplex some readers. Japan is indeed part of Asia. But Japanese brands began developing a full generation before the rest of Asia got going, and most of their more visible and well-known global marques are at a very different point along the evolutionary development curve. To include Japanese brands in the overall Asian branding calculus would dilute the present reality and misleadingly suggest that *all* Asian brands are performing well when they manifestly are not. The goal should be to