

«Switzerland»: a brand name that sells

As a brand, “Switzerland” is associated with numerous positive values that companies can build on when positioning their products and services.

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What comes into an Australian’s mind when he or she hears the name “Switzerland”? Mountains, watches, chocolate and cheese – or quality, precision and cleanliness? And how would a Swiss person answer the same question? With the national exhibition Expo.02 set to begin on 15 May, now is a good time to take a closer look at the stereotypes of Switzerland – the Swiss “brand” – both at home and abroad. Exporters are not the only ones who can exploit the country’s image to help sell their products: companies focused on the domestic market can also use those Swiss values which have positive connotations when marketing their services.

Generating associations

A brand encompasses every aspect of the way customers perceive a company’s products and services. Consumers take the complex of characteristics, sensations and experiences that they associate with a given company and blend them to create simplified and relatively stable concepts, or symbolic values, which for them constitute the brand image. Brands do more than simplify purchasing decisions: they also have emotional benefits and offer a sense of belonging.

Increasing globalization and the plethora of products on offer are making it increasingly difficult for many firms to set themselves apart from their competitors. Equally, as goods produced in different parts of the world become increasingly homogenous, customers need more and more knowledge in order to tell them apart. This is where a strong brand can help to position a product in the market and underline its quality and uniqueness. Yet both national and international marketing strategies continue to make profuse reference to a product’s origins. The first thing many consumers look at is the printed label that tells them where the item they are interested in comes from. Was this hi-fi really “Made in Japan”, and does that watch really say “Swiss made”? The idea of a given country that many people have fixed in their minds is based on first-hand experience, information and perception of that country’s

products plus an extra level of secondary imagery and values purveyed by marketing and the media.

The “Switzerland” brand

A survey of EU citizens carried out as part of National Research Programme 42 shows that the conventional tourist stereotype of Switzerland as a country of mountains, banks, watches and chocolate continues to enjoy widespread currency. In addition, the “Made in” image of Switzerland has long been associated with premium international quality, exclusiveness, above-average levels of environment friendliness and precision. Numerous surveys have confirmed these attributes. A recent survey carried out by Wirthlin Worldwide asked interviewees what qualities they associated with Swiss companies. The responses: conservative, closed, discreet and efficient. In general, perceptions of countries are very stable; they change only gradually, as people

Living your own brand

become better informed and have more experience to go on, or when events thrust the country into the public eye and create lasting impressions. And even though we, as “insiders”, have a far more differentiated image of Switzerland, our survey of some 450 Swiss companies still reveals the classic stereotypes. When asked which three qualities are most closely linked to Switzerland, those surveyed put quality, tradition and innovation at the top of the list. The question for company managers is how far they



can use these qualities to position their products and generate more business.

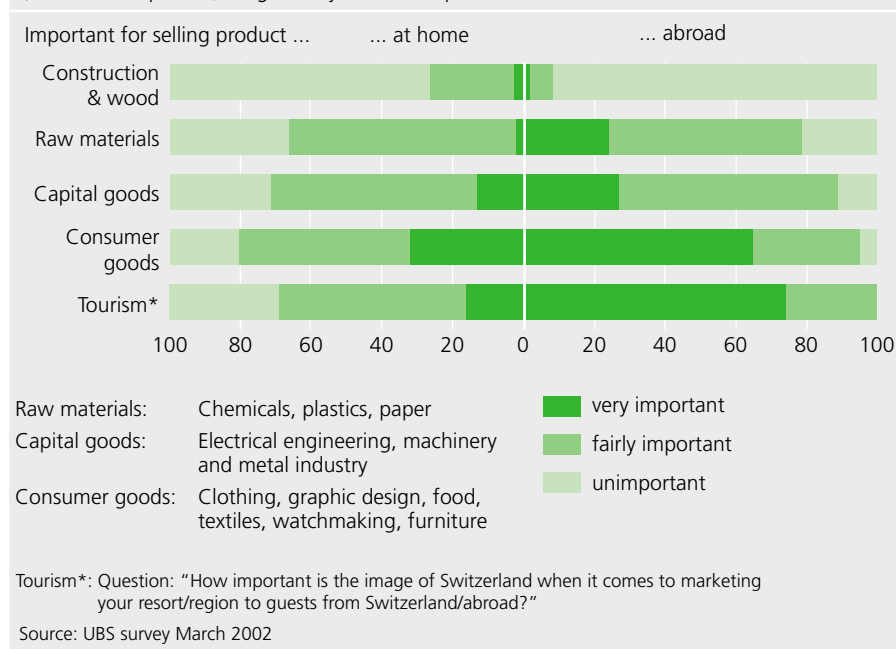
How customers use country images to assess products

For potential buyers, subjective assessment plays a crucial role in deciding which product or service to choose. But how does a customer form a personal judgment of the quality or value of a tie on display in an airport duty-free shop? Apart from surroundings, mood, the need for a particular item and a variety of other factors, brand, corporate and country image have an important role to play. Customers who have only limited information about one of the three aspects of the image will rely more on other ingrained perceptions. They may be familiar with the brand but not with the company, and may know very little about the country the tie comes from. As a result, they may be obliged to rely largely on the basis of the brand image they already have in their minds. This is where the “Made in” label comes in, helping customers who may know little or nothing about the brand and the company that produces it.

This in turn gives rise to the so-called halo effect, where the customer’s assessment of various factors – chief amongst them product quality – is colored and influenced by the values linked to the country image. Thus the image purchasers have in their minds of a country affects the marketability of a brand. If the brand is closely associated with a country image, production locations need to be selected accordingly. If there is an advantage to having the label “Made in Switzerland” on your product, you need to produce it in Switzerland. Clocks and watches with a Swiss label evoke logical images, whereas Scandinavian olive

“Made in Switzerland” – an important selling point for a product?

(% of 476 responses, weighted by share of exports)



Overall, 27% of managers polled consider the label “Made in Switzerland” to be very important, while 45% view it as fairly important. As expected, the “Made in Switzerland” label is more valuable when selling products abroad than within the country. 35% of firms which are mainly geared to exports consider the “Made in Switzerland” label very important, with only 11% saying it has no influence. 13% of companies focusing on the domestic market accord very great importance to the label, while 49% believe it has no role in selling their products. None of those surveyed believe that it hinders selling their products.

oil or Italian whisky would probably not conjure up the desired associations.

Complex networks of associations

Yet a product’s supposed country of origin need not always correspond to the country where it was produced. Computers assembled in Ireland or trainers finished in Malaysia bearing an “American” label are just two examples of the importance of global brand names for international companies. In such cases, the country image of the nation where the goods were produced may be of secondary importance. In some cases, the source of the product may even be deliberately concealed in order to avoid a drop in sales. Automotive dealers in the US are alleged

to have refused point blank to sell models produced in Mexico, or removed labels which referred to the place of origin. The relationship between the various effects of brand, country image and place of production is complex. There is much to be learned from an analysis of the message received by the customer.

How the “Switzerland” brand can boost business

The customer’s assessment of the qualities of a product or service has a direct impact on the decision to buy. When, as part of an international comparison of competitiveness, managers of Swiss companies were asked whether the image of Switzerland was a help or a hindrance when it came to building up business relationships abroad, the

answers given clearly confirm that the country image can bolster trade. What is more, Switzerland has always been in the top third of the list of countries in recent years. Our survey confirms the positive effect of the “Switzerland” brand (see box). Companies can selectively transfer the positive aspects of the image to their products and services.

Any brand or company name which uses the concept of Switzerland or the word “Swiss” is exploiting the image that is associated with these. The central register of Swiss companies lists around 2000 active firms whose names include the words “Schweiz”, “Suisse”, “Svizzera”, “Switzerland” or “Swiss”. It is likely that many more play on the “Switzerland” brand by using the initial letters “Sw...” (Swatch being an obvious example). The name of the new national airline “Swiss” makes no compromise in this respect. Yet brands, company names and labels announcing the

country of origin are not the only methods used to tell potential buyers where a product comes from (or give a sometimes less than wholly accurate indication of the provenance of items manufactured in a number of stages). Often, the product itself and the packaging in which it is presented exploit familiar symbols or depictions of flags to create a link to the positive image of a country.

Brand management

Marketing communication gives a brand a face and projects an image. Yet the promise associated with a brand can extend to areas beyond the actual products: call centers, customer service and channels of distribution are further aspects of the interface between company and customer. A good brand helps a company grow and affords extra flexibility in pricing. Branding, in other words, is much more than simply advertising a product to the world. Yet a brand image can only create a lasting impression if it is si-



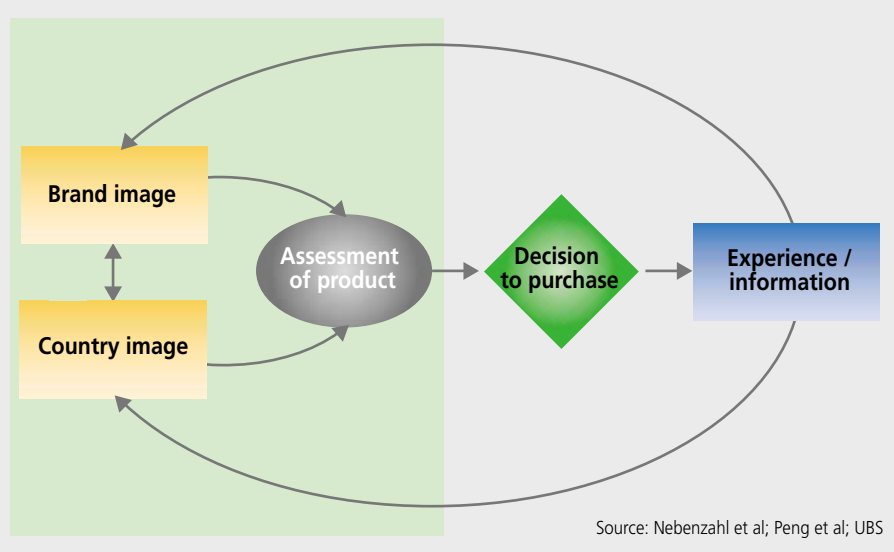
multaneously “lived” within the company.

Whether or not it uses a country image, brand management should always pursue a single aim. A well-managed brand which, through the importance of the interface between company and customer, forms an integral part of a corporate strategy, can add to the value of a company by helping to differentiate its products and boost consumer confidence. Business and brand strategy should reflect the same strategic visions and corporate culture; brand management is thus a key management task. If branding is to generate value, it needs to be based on a precise understanding of the customer and of customer segments, competitors, and the company’s own business strategy. Only then can a decision be taken about what a brand should represent to customers. This positioning should then be communicated to the groups concerned in the most systematic, efficient and effective way possible.

The value of familiarity

Interbrand’s list of the top 100 most valuable brands places Coca-Cola, Microsoft and IBM in the first three. The global list includes three Swiss brands: Nescafé, Rolex and Swatch. Our survey within Switzerland reveals a whole range of well-known Swiss brands. The roughly 400 Swiss companies that responded to

The many influences on the assessment of a product



Source: Nebenzahl et al; Peng et al; UBS

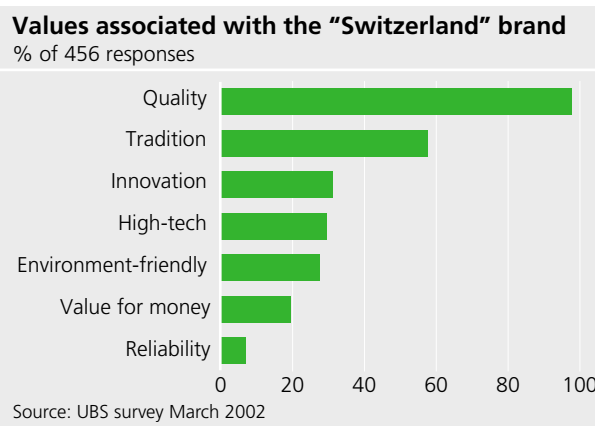
The assessment of a product and the resulting decision to purchase are dependent not just on the consumer’s requirement, the value for money and other factors, but also very much on brand and country image. Experience with the product and additional information act to confirm or correct existing expectations.

the survey named 74 different products or firms. Top of the list are Nestlé (67% of respondents and 25% of all nominations), Swis-sair/Swiss(Air)/Swiss (40% and 15%), Swatch (37% and 14%), UBS (24% and 9%) and Novartis (14% und 5%). Marketing efforts are invariably aimed at achieving the highest possible profile for the brand among the customers targeted.

The monetary value of a brand's capital can be determined by selling identical products with and without the brand, with the difference in the sales achieved representing the value of the brand. The added value of a product with a strong brand name can be derived from the perceived quality and the characteristics ascribed to it. Companies with strong brands can take advantage of ingrained images to give them a headstart over the competitors, even if the images concerned are sometimes unjustified. Equally, the widespread marketing image produces an intangible brand value. Many customers are prepared to pay hefty premiums for a product in order to connect directly to its image. What is being sold here is not products or solutions, but lifestyles. This despite the fact that less familiar brands frequently offer equal or even better quality and superior characteristics.

Moreover, the value of a brand is not only reflected in the extra price people are prepared to pay for it. Brands can also be traded, in other words sold. They can reinforce consumer loyalty, leading to increased sales. In some cases, the brand can be viewed as an asset which a com-

If the values associated with the "Switzerland" brand reinforce product differentiation or consumer loyalty, marketing strategies can benefit from using the "Switzerland" brand and the values associated with it.



pany possesses, and as such can have a positive influence on its credit rating.

Exploiting positive dimensions

Sectors which are considered to be typical of a country can draw more benefit from that country's positive dimensions than those not felt to be typical. If the country image is strong and can be used directly to support a brand which is already strong, it should be emphasized together with the brand. The "Switzerland" brand can be used to sell more than just chocolate. Quality, tradition, innovation and high-tech are values that can be used just as effectively in established sectors such as the machinery industry as they can by companies working in nanotechnology or medical technology. If the brand image is weak but the country image for the sector in question is useful and the association is easily made, there is merit in emphasizing the "Made in Switzerland" aspect and the individual values associated with it. The challenge for companies is to stress the most positive image dimensions that can reasonably be linked to the products and services they offer.

Selling Switzerland

From an economic point of view, state-run PR campaigns assist the private sector most tangibly by their efforts to promote trade and tourism and underscore the country's locational advantages. In the context of global competition between tourist destinations, Switzerland is sold as a country of mountains; yet a more informed view of the country would have to include aspects such as infrastructure, overall conditions, political system, economic structure and socio-economic groupings within the population. Since the "Switzerland" brand changes only slowly, and those who know more about Switzerland generally have a better overall image of the country, each campaign has the same defining impact as each Swiss product and service, all of them acting as ambassadors for Switzerland. ■

A brand simplifies purchasing decisions

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