BRANDING

STRATEGIES AND POLICIES

1.01 Synergistic allocation and utilisation of resources by both the public and private sectors is necessary for leveraging upon brand building as a competitive advantage for Malaysia. Branding strategies and policies to be adopted cover national, industry and corporate initiatives:

National Initiatives

(1) establish a National Branding Task Force;

(2) identify brand champions;

(3) create favourable national traits and image;

(4) build national icons;

(5) encourage large companies and domestic market leaders to lead in global brand creation;

(6) designate anchor brands to support SMEs;

(7) support companies with product and service brand potential;

(8) manage domestic and international distribution channels;

(9) introduce governance in brand and marketing practices;

(10) develop and protect IP in product and service innovations; and

(11) review the teaching and practice of the evolving discipline on branding;

Industry Initiatives

(1) identify sub-sectors for accelerated brand creation;

(2) encourage the migration of OEMs to OBMs;

(3) facilitate branding in the services sector; and

(4) provide support for obtaining branding and marketing services; and

Company-Level Initiatives

(1) align corporate, product and service positioning with the country brand;

(2) encourage chief executive officers to champion the efforts on building and sustaining brand skills and expertise; and

(3) monitor the impact of brand investments on market performance.

NATIONAL INITIATIVES

(1) ESTABLISH A NATIONAL BRANDING TASK FORCE

1.02 Visible leadership and sponsorship of champions will be promoted to mobilise and sustain the enthusiasm, interest, commitment and participation in brand building efforts among many different stakeholders. In this respect, a National Branding Task Force will be established to address strategic brand issues. The Task Force will promote national, corporate, product and service brand creation across key stakeholders in the public and private sectors.

1.03 Areas of responsibility of the Task Force include:

- formulating and reviewing national strategies to support the growth of potential brands;
- identifying approaches to encourage more Malaysian companies to undertake brand building efforts;
- assessing the impact of strategic investments on branding, based on feedback from industries and key stakeholders;
- assessing the challenges and progress of the national brand initiatives, to effectively evolve and sustain positive signals for 'Made-in-Malaysia' products and services;
- identifying competency gaps;
- reviewing incentives to facilitate funding for brand-building initiatives;
- monitoring global developments and their implications on market access issues associated with branding; and
- monitoring and assessing 'country of origin' effects.

1.04 Members of the Task Force will comprise representatives from relevant Government agencies and industry leaders. The Task Force will include well-recognised national brand builders, technical experts and professional advisors to assist in the development and promotion of brand building across sectors. The Task Force will be jointly chaired by the Chief Executive Officer of Malaysia External Trade Development Corporation (MATRADE) and a representative of the private sector. MATRADE will also act as the Secretariat to the Task Force.

(2) IDENTIFY BRAND CHAMPIONS

1.05 Individuals with the commitment, strategic influence and capacity for brand creation will be identified from the public and private sectors. These champions will be co-opted into the National Branding Task Force. Their major role will be to determine the macro or key drivers and inhibitors within and across the different levels of brand creation, and recommend response strategies. This will involve the changing of mindsets, investment patterns and response behaviours at Government, industry and corporate levels through every phase of the brand value chain.

(3) CREATE FAVOURABLE NATIONAL TRAITS AND IMAGE

1.06 Cohesive delivery of the tangibles, in support infrastructures, and the intangibles, in value systems, will be promoted, in support of the brand that Malaysia aspires to create. Consistent communication, through a systematic articulation of national aspirations and competencies, on the unique and differentiated brand elements in the 'Malaysia' name, will be encouraged. The determination and delivery of the 'Malaysia' brand will involve integrated inputs and support of various national stakeholders, in particular, the convergence of support infrastructure, including Government policies, cultures, competencies and delivery systems.

(4) BUILD NATIONAL ICONS

1.07 Collective support will be sought and sustained in the building of national icons, whether they are symbols of progress, innovation, hospitality, creativity, resilience or any other sustainable signal. The ability to infuse the country's history, legacy, values and aspirations in building the national image will be developed. This ability will determine the strength of the national image.

(5) ENCOURAGE LARGE COMPANIES AND DOMESTIC MARKET LEADERS TO LEAD IN GLOBAL BRAND CREATION

1.08 A prerequisite to global brand recognition is market and brand leadership in domestic markets, where business relationships and market-consumer familiarity improve the likelihood for achieving targets on brand and market performance. For large local companies, brand learning and experiences within domestic markets will facilitate brand entry into foreign markets.

1.09 Large local companies will be encouraged to develop enterprise skills, competencies and business experiences in branding and invest in the improvement of their brand image. These companies have the resources and market influence to lead in global brand creation efforts. Brand monitoring will be undertaken to measure the progress of Malaysian companies in embarking and investing in branding, compared with other brands in the market. Various aspects of

will extend the coverage of incentives to include expenses incurred in the development and nurturing of supply chains abroad, for the building of regional or global brands. At the company level, distribution management strategies to be adopted to support strategic brand building include:

- reappraising channel development, in response to changing customer buying behaviours, technologies and competition; and

- building a multi-channel system, through physical and online distributions, to achieve sustainable competitive advantage.

(9) INTRODUCE GOVERNANCE IN BRAND AND MARKETING PRACTICES

1.13 Brand building requires the support of cross-functional skills and those of numerous third parties. Greater governance and regulation of brand service providers and marketing practices will be instituted to minimise confusion and delays in the adoption of effective brand building.

(10) DEVELOP AND PROTECT INTELLECTUAL PROPERTY IN PRODUCT AND SERVICE INNOVATIONS

1.14 A conducive environment will be created to protect IPRs, including patents, designs, copyrights and trademarks, which are important components of the brand value chain. Such environment will not only attract investments, but also promote greater innovativeness and creativity among domestic inventors of products and services. Technical support for the registration and protection of IPs will be enhanced.

1.15 The protection given will be extended to cover processes. In general, under present domestic IP laws, innovative processes and methodologies which have been developed are not eligible for registration and protection. While some manufacturing processes are accepted for patents, present IP laws do not cover service-oriented processes, where the outcome is a service or business solution, and not a product. In promoting the growth of the services sector, potentially patentable service methodologies and processes will be considered for patent registration.

(11) REVIEW THE TEACHING AND PRACTICE OF THE EVOLVING DISCIPLINE ON BRANDING

1.16 Presently, branding is still generally taught, and therefore practised, as a subset of the marketing discipline. As part of the evolution of branding as a discipline, the development of effective approaches to brand building will be

encouraged. The convergence of academic research from institutions of higher learning with best practices of brand builders, professional service providers and Government agencies, will create the knowledge infrastructure to initiate and sustain value chain branding within Malaysian enterprises.

1.17 Improved access to knowledge and best practices in brand creation will encourage companies to assign priority to brand investments. In implementing their brand investment strategies, companies will be encouraged to adopt effective approaches to brand building. This will minimise the gaps in knowledge and experience between companies with well-recognised brands and those without.

INDUSTRY INITIATIVES

(1) IDENTIFY SUB-SECTORS FOR ACCELERATED BRAND CREATION

1.18 Sub-sectors for accelerated brand creation will cover those already supported by matured or maturing business value chains, where national competencies are competitive. They include electronics, furniture, palm oil, processed foods, and *halal* products and services, as well as other resource based products which are prominent in the overseas market, and where the 'country of origin' effects will enhance the global promotion of such brands.

(2) ENCOURAGE THE MIGRATION OF ORIGINAL EQUIPMENT MANUFACTURERS TO OWN BRAND MANUFACTURERS

1.19 Research on brand practices among Malaysian OEMs indicates that the majority consider product quality and reliability as the core strengths of the country's manufacturing sector. However, product quality and reliability alone will not be adequate to sustain the OEM market, as global brand purchasers continually source for distinctive products and capabilities around the world. OBMs are in a better position to sustain their markets. Malaysian companies will be encouraged to hasten the pace at which they evolve from OEMs to OBMs. These OEMs will be provided the support to develop stronger brand value chains for their products and services, either in joint ventures with global brands or other local OEM clusters.

(3) FACILITATE BRANDING IN THE SERVICES SECTOR

1.20 The services sector is targeted to assume a greater role in driving the growth of the economy during the Third Industrial Master Plan (IMP3) period. Malaysia is envisaged to be a regional centre for selected business services, including distribution, tourism, education, health and professional services. The development of capacities and capabilities in the services sector will include brand-building skills. The same principles of value chain branding apply to the services sector, including the importance of strategic alliances, technologies and customer services. The global services sector is well represented with established brands,

where the driver of service branding centres on the credibility and sophistication of customer services. The customer services are developed and effectively delivered through technologies and strategic alliances.

(4) PROVIDE SUPPORT FOR OBTAINING BRANDING AND MARKETING SERVICES

1.21 Companies in the manufacturing and services sectors will be assisted in identifying and obtaining relevant branding and marketing services. A virtual platform will be established to help match companies with appropriate local and international service providers. Indigeneous competencies will be nurtured and developed to address the gaps and take advantage of opportunities in the brand value chain. The creation of complementary service providers to support brand building, through special programmes, will further contribute towards the progressive growth and development of Malaysian brands.

COMPANY-LEVEL INITIATIVES

(1) ALIGN CORPORATE, PRODUCT AND SERVICE POSITIONING WITH THE COUNTRY BRAND

1.22 Companies will be encouraged to embody national brand values within corporate, product and service brands. Timely articulation of national brand values by the National Branding Task Force will provide guidelines on the promotion and convergence of values to be promoted by all stakeholders.

(2) ENCOURAGE CHIEF EXECUTIVE OFFICERS TO CHAMPION THE EFFORTS ON BUILDING AND SUSTAINING BRAND SKILLS AND EXPERTISE

1.23 While components of the strategic brand processes may be outsourced to qualified third parties, companies will be encouraged to focus on acquiring institutionalised knowledge in brand building. This knowledge is proprietary, which they can build and leverage upon for future market advantage. Different categories of brand expertise will be encouraged to be developed, in accordance with activities along the value chain, which may involve both market-facing business processes and back-end operations. Each phase of the brand value chain will create its own demands on people and technology. Chief executive officers of organisations will be encouraged to initiate and manage efforts to fulfill the demands. The development of brand mindsets and strategic competencies required to drive well-recognised brands, through an entrepreneurial spirit and culture, will be promoted. This requires active participation of top management, comprising both the chief executive officers and the boards of directors. The development of brand skills and expertise is relevant to both start-up companies, as well as established companies, including SMEs and larger organisations.

(3) MONITOR THE IMPACT OF BRAND INVESTMENTS ON MARKET PERFORMANCE

1.24 Guidelines on brand investments will be formulated for companies intending to undertake branding. While waiting for the development of universally-accepted brand audit and valuation models, brand performance indicators will be designed and monitored by process custodians and incorporated into the companies' balance scorecards. These process custodians include internal and external auditors, corporate planners and strategists, financial controllers, service providers, and systems and methods managers. Brand experts and financial service professionals will determine the manner of recording the cost of brand activities.