

Rebranding in Eastern Europe

Driving growth and building brand value

Interbrand

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Introduction

Open a newspaper today and you are likely to find an article about the tremendous potential the BRIC countries offer. Brazil, Russia, India and China all offer exceptional growth opportunities for businesses and brands. Many European brands as well as those with an international profile have recognized that another promising location, the Eastern European region, offers just as lucrative a market.

In contrast to the intense competition and saturated markets in Western Europe where it is difficult and expensive to grow market shares and maintain customer loyalty to a brand, Eastern Europe is a region primed for high growth potential. There are several advantages that make this region very attractive for global brands:

- ▶ Political and economic conditions are good and continue to improve. Democratic changes are effectively promoted. This includes deregulated labor markets, and increased economic collaboration as Eastern Europe becomes more accessible thanks to the Schengen Agreement. The region also combines low labor costs with good infrastructure.

- ▶ Eastern Europe will continue to grow as a tourist destination in the next couple of years. Croatia, Hungary, and the Czech Republic have already been identified by travelers from all over the world as one of the places to visit. And due to cheaper prices, rich histories, and short travel times, Eastern European countries boast exactly the variety that makes them an interesting destination.

- ▶ Sophisticated brand audiences: The Eastern European audience is open minded and has grown closer to the West, welcoming international brands. Companies like Hugo Boss, Zara, McDonald's, and Starbucks have already launched their brands across the region.

Expansion in Eastern European markets, whether organically or through the acquisition of a local company, is likely to result in a re-examination of how brands perform. Expect the following key questions to surface: Will it be possible and profitable to introduce a brand on the Eastern European market without making any adjustments? What considerations are necessary to successfully rebrand a locally acquired brand? What pitfalls must be avoided? How can brand value be maximized? This is not a one-off exercise but a continuous process and needs to be planned and carried out carefully.

1. Leverage brand DNA

While different markets are bound to have varying needs and requirements, the principles strong brands represent are constantly upheld. The DNA of a brand provides a constant reference point and thus should not be compromised but rather used to support the success of a brand. The brand idea, the essential personality of the brand and the brand promise, need to be delivered across all touchpoints in ways that appeal to and match the expectations of local audiences.

This is precisely what makes the best global brands so strong and unique. They fully endorse their brand DNA across the globe, at every touchpoint. Whether eating at McDonalds, drinking a Coke, exploring an Apple store or driving a BMW, the experience must be authentic, differentiating, consistent and memorable.

Tip: To chart a successful course, make sure that there is clarity and broad organizational alignment regarding the brand DNA.

2. Tell a relevant story

The most successful global brands are those which adapt the core strengths embedded in the brand DNA in ways that are appealing to local audiences. Delivering a powerful, local and relevant story is critical to creating closer ties to local customers.

Furthermore, a story that is linked to the brand DNA and adapted to meet the needs of local markets helps to facilitate the process. It makes it easier for consumers to embrace the brand as a driver of choice and an agent of loyalty. A relevant story demonstrates that your brand is part of a global system and demonstrates the willingness of your business to adapt to local needs and audiences.

Tip: Full immersion in a local market is the best way to ensure that the brand story is relevant. Local experience will serve you far better than being thousands of miles away.

3. Build personal relationships

Brand building is about winning hearts and minds. To create a targeted local brand, marketers must ensure that all who come in contact with the brand have a positive experience. This will lead to them becoming brand advocates and long-term brand ambassadors. It is crucial that marketers build relationships with their employees and customers to drive changes.

To further this end, it is imperative that you select the right team, integrate major stakeholders, and maintain a local presence on a regular basis. Immediately involve the leadership team and also secure the management's understanding of and commitment to the new brand. From CEO to CMO and managing directors downwards, everyone must identify with the story and take part in leading the way.

Tip: Organize operational teams to link local teams with international teams to ensure that the local teams quickly embrace the rebranding process as their own.

4. Deliver tangible benefits

Customers will not embrace a new brand just because it is new. Novelty does not drive long-term business success. Additionally, criticism and even suspicions may circulate if a local brand is perceived to have given up a piece of local identity.

A new brand needs to deliver tangible benefits to the consumer. Brands must offer what people want. A product designed to fit local needs will create excitement, generate acceptance, and increase brand engagement. Constructively using the brand proposition to meet the needs and expectations of local consumers is more effective than merely reducing prices or providing promotional offers.

Tip: Listen and respond to local customer needs with relevant offers and responsible marketing activities.

Brand building is about winning hearts and minds.

Congratulations to Deutsche Telekom. Well done.

As one of the leading international telecommunications providers in the world, Deutsche Telekom has been very successful in expanding in Eastern Europe. At the beginning of 2000, Deutsche Telekom began to acquire selected telecommunication companies in both mobile and fixed line sectors in Central and Eastern Europe and has successively increased shares over the following years. The most recent purchase was in 2008 with the Greek provider OTE with subsidiaries in Romania, Bulgaria, Serbia, Albania, and Armenia.

Between 2004 and 2011 Deutsche Telekom has successfully rebranded 10 companies and transformed local heroes into international power brands. With a footprint of more than 2000 shops in 11 countries, Deutsche Telekom is now among the largest telecommunication retailers in Europe. Deutsche Telekom has assumed a model role in delivering on the four success factors crucial to rebranding.

1. Using brand DNA to gain leverage in local markets.
2. Crafting relevant and meaningful local stories.
3. Enlisting employees to develop personal relationships.
4. Creating a set of local offers to increase acceptance of new brands.

On June 6th, Deutsche Telekom's success story will take yet another step forward. The magenta footprint will be enlarged in Poland with the rebranding of PTC/ERA. With approximately 38 million inhabitants, Poland is the biggest market in Eastern Europe and PTC/ERA has approximately 13 million clients, a true market leader in telecommunications. The new brand will be launched with a campaign including all points of sale across the country, product packaging, flyers, direct mailings as well as building and vehicle signage.

Interbrand has accompanied Deutsche Telekom on the rebranding road over the years. Together we have acquired significant brand transformation expertise and also gained substantial local knowledge of Eastern Europe in Slovakia, Macedonia, Croatia, Montenegro, Hungary, and Poland.

Deutsche Telekom has successfully capitalized on the tremendous opportunities that these markets offer. Other brands looking for the chance to expand need only look towards Eastern Europe to find opportunities for success. The question that deserves to be answered is this: What is the potential for brands in those markets and how can they become successful business drivers? The opportunities for well-managed brands exist especially if they follow well executed strategies. ■

Your rebranding experts at Interbrand



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As Managing Director Nina is responsible for the strategic and operational management of the Cologne office and is member of the Interbrand Board for Central & Eastern Europe.

Nina has 10 years experience in the development, management, and implementation of brands and has worked for many national and international brands including Deutsche Telekom and TUI.

She manages the Deutsche Telekom client account for many years and was involved in the rebrandings for Deutsche Telekom in Central & Eastern Europe.

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Michael joined Interbrand in 2008 and has contributed to a list of clients including BMW, MINI, Deutsche Telekom, Roche, and HUGO BOSS. He also managed the ABB and Suva client accounts.

Before joining Interbrand, Michael worked many years for Deutsche Telekom and was responsible for European Sales Marketing. This included the international shop design and european-wide implementation in approx. 2000 shops across 11 markets. Michael was directly involved in the rebranding activities and shop projects, e.g. in the UK, Poland, Slovakia, Macedonia, and Montenegro.

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