

Introduction

The Middle East and North Africa (MENA) region has seen an emergence of home-grown brands. Among these, Mubadala, Emaar, du, Emirates, Etihad, Jumeirah, Al Jazeera are companies that have developed brands with international recognition as well.

A brief analysis, however, of the three major global brand rankings from Millward Brown Optimor, Interbrand and Brand Finance show that brands from the MENA region have a lot more potential for growth, with only few ever making it to the global top 500 brands. Consequently, the economic importance of brands for the MENA region remains largely underrated.

There are a number of potential factors that account for this. Many MENA brands have only been launched in the last few years and are therefore still in the early stage of their development, compared to many longer-lived Western brands. In an economically diverse region this is partly due to the legacy of economic policies and structures as well as the role of oil as a major source of growth in the Gulf countries.

We believe that there is a great opportunity to advance MENA brands to the next stage of their development and to put them on the list of top global brands over the next five to ten years.

Six reasons branding matters now more than ever

- 1. Strong brands secure future revenues.
- 2. Brands help MENA businesses cross geographic and cultural borders.
- 3. Brands convey the image of their home countries.
- 4. Strong brands ensure a competitive economy.
- 5. Strong brands benefit all stakeholders.
- 6. Brands are the best vehicle to capitalize on current momentum.

Strong brands secure future revenues

Strong market performance benefits a range of constituents, from the companies themselves to individual shareholders. Research from Credit Suisse ¹ shows that companies with strongly branded portfolios consistently outperform companies with weakly branded portfolios.

A strong brand will help to minimise investment risk – safeguarding investment portfolios. This is particularly evident in times of crisis. McDonald's was able to recover reasonably well from strong criticism in the UK by re-launching its food range because they had a reservoir of consumer goodwill. Less risk brings about greater market confidence and increased support from financial audiences, which in turn stimulates and encourages further investment.

Strongly branded companies are usually more resistant to economic stress, providing a higher level of predictability of demand and more reliable, stable forecasting.

More certainty of revenue and profit allows greater confidence in predicting economic returns. Given this, brands are increasingly treated as any other asset, measured and held accountable for a certain level of return and importantly, producing demonstrable results for shareholders.



Many home-grown MENA brands have an international presence with huge potential for growth and penetration.

2

Brands help MENA businesses cross geographic and cultural borders

Global brands can be an enormous asset to their home countries in the MENA region. They can propel exports of products and services to foreign markets, and reduce dependencies on oil exports in the Gulf region. They provide jobs and stability. Failure to create successful global brands will ultimately create a burden on the home economy in the long term.

Brands are vital in achieving success abroad and are a significant source of global competitiveness. They can help transcend cultural borders as they are able to speak an 'international language' that goes far beyond audiences in MENA nations. Brands are future sources of growth.



3

Brands convey the image of their home countries

Many factors steer brand perceptions and purchase decisions. One such factor is the place where the product or service originates from – the "country of origin" effect. French luxury brands such as Louis Vuitton, German cars such as BMW, and British fashion brands such as Burberry have helped to shape their home country brands on a global scale, often improving their country's standing overall.

Strong brands originating in the MENA region can make a key contribution in shaping their country's brands, which in turn will lead to more tourism and investment capital. One such factor is the place where the product or service originates from - the "country of origin" effect.



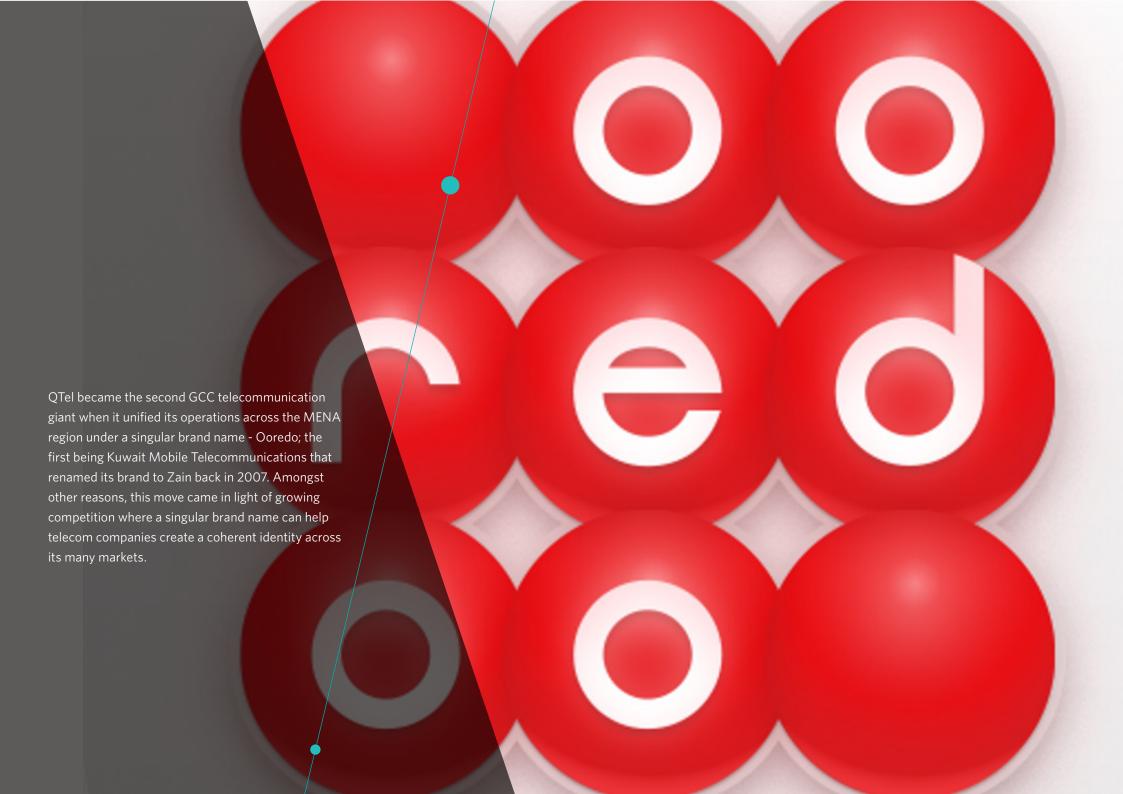
Strong brands ensure a competitive economy

Brands provide the means of competition by allowing those in the market to distinguish one competitor from another and to help them assess, quickly and efficiently, one offer against another. Customers will know who you are and hold you responsible for your actions. Inevitably, reputation will suffer if customers don't like you, your products or your services.

With increasing deregulation in MENA countries, more brands are adding to the competition. To succeed companies need to differentiate further, offer more choice, better value, better performance and more engagement with customers. Brands are essential in deregulated markets – efforts to liberalise markets would fail without brands.

Overall, brands contribute significantly to the process of adaptation and growth which is crucial to competitive economies in the MENA region. Brands that fail to deliver on what consumers want will disappear quickly, making space for new and more effective alternatives.





5

Strong brands benefit all stakeholders

Brands are vehicles to communicate purpose and vision to all stakeholders: consumers, prospects, supporters, shareholders, legislators, business partners, regulators, employees, and even competitors.

From an internal perspective, strong brands help to attract and maintain top talent and loyal employees for MENA companies. Furthermore, a strong brand can command greater loyalty and motivation among employees².

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Brands are the best vehicle to capitalise on current momentum

Many companies in the MENA region have seen strong growth in recent years and achieved worldwide recognition. There are many positive perceptions associated with the region in the areas of sports, architecture, and other high visibility initiatives.

The FIFA World Cup in Qatar in 2022 and the Expo 2020 in Dubai are likely to have a further impact on the whole MENA region with increased visibility of homegrown brands. With this in mind the momentum is there to accelerate brand growth and to capitalise on the heightened awareness around the world for products and services from the MENA region.

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The time is right to further accelerate brand growth by focusing on intangible assets. Companies in the region have excelled in many areas – so should they in branding. This requires courage and investment in an area that is not easy to measure in the short term. So what do MENA brands need to do? We believe that they should address the following areas in their next stage of development:

Brand positioning

Develop and define your brand positioning in line with heightened strategic ambitions – what do you want to stand for in the future? Strong brands require clarity, coherence and leadership. Elevate branding to the boardroom.

Brand architecture

Review the current structure of brands in your organization from a customer centric perspective rather than an organizational perspective.

Naming

Ensure that your brand names fit with your overall positioning and brand architecture. Review the potential for names that appeal to audiences at home and globally.

Visual corporate identity 3.0

Your brand's visual identity must convey your organization's key messages, your product offer, as well as reflect your company's vision, mission, and values.

Brand voice

Creating a unified 'tone of voice' across all channels of communication that speaks your target audience's language is a way of making yourself heard above the market chatter.

Sensory branding

Appeal to all senses in relation to the brand. Leverage senses to relate with customers on an emotional level. Brands can forge emotional associations in the customers' minds by appealing to their senses. A multi-sensory brand experience generates certain beliefs, feelings, thoughts and opinions to create a brand image in the consumer's mind.

Conclusion The opportunity is now to invest in world class branding to increase the competitiveness of home-grown MENA brands. The time is right to capitalize on the positive momentum in the region and positive sentiments among customers and

on the list of global brands.

prospects worldwide. The benchmark should be global not local. Strong brands will also serve to attract a larger talent pool to the region. Ultimately, strong global brands will act as a catalyst for further organic growth and will put MENA brands

Works Cited 1. Credit Suisse Research Institute: Great brands of tomorrow, 25 February 2010 2. Millward Brown: The Business of Brands



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