New brand equity: the merger of nokia siemens networks essay sample

This Paper is about the creating of the new brand equity which is derived from the merger of Nokia's Networks Business Group and Siemens's Carrier Related Operations became Nokia Siemens Networks.

In Indonesia, Nokia Siemens Networks known as PT. Nokia Siemens Networks. PT. Nokia Siemens Networks run business to business marketing and it customers are operators telecommunication in Indonesia, such as: PT. Telkom, PT. Telekomunikasi Selular, PT. Indosat, PT. Excelcomindo, PT. Hutchinson, Samporna Telecommunication, Sinar Mas Telecommunication, etc. PT. Nokia Siemens Networks not only produced and sold telecommunications network equipments, solutions and services but also build BTS (Base Transceivers Station) for its customers.

This Paper examines how Nokia Siemens Networks form and communicates its new brand equity to customers and employees. So Nokia Siemens Networks can positioned its new brand image in the customers mind as company that could delivering superior customer value.

I. Introduction

The world's telecoms infrastructure providers have underwent major restructuring in the past few years either through mergers or acquisitions in the middle of a growing price pressure in the rapidly expanding and intensely competitive telecoms market.

The mergers and acquisitions (M&A) seemed to be popular in the telecommunications industry. The latest merger move on April 1st, 2007 was launched by the two Europeans vendors, with the recent 50-50 joint venture of Nokia's Networks Business Group and Siemens's Carrier Related Operations. This merger apparently reflects a synergistic move to create a powerful along network solutions provider.

The pressure to merge among telecommunications equipment vendors has never been as intense as it is now in the middle of a growing portfolio of contract wins by low-cost Chinese vendors and the streamlining of carrier operations. Not only are emerging vendors such as Huawei and ZTE exerting pricing pressure on telecommunications equipment, these companies have also improvised and moved up the value chain, thus proving to be a major force to be reckoned with in the vendors' space.

Following the merger of Alcatel-Lucent, Nokia and Siemens have pursued similar objectives to strengthen their market position through greater scale and more extensive convergence portfolios. Despite the massive rationalization during the merger, the company is likely to remain the third largest vendor in the overall global telecommunications infrastructure market. The industry giants, Ericsson and Alcatel-Lucent still have a firm hold of the top two positions. In this case, is the Nokia-Siemens joint venture worthwhile?

The combined company is positioned to lead the development and implementation of revenue-sharing and cost-saving products and services via its scale and global reach.

The merger of Nokia Siemens Networks would have one of the world's best research and development teams, with the ability to invest in next generation fixed and mobile product platforms and services.

In addition, the new company will also have a world-class fixed mobile convergence capability, a complementary global base of customers, and a deep presence in both developed and emerged markets. The merged company would be better suited to compete with both Alcatel and Ericsson in the market for both fixed and mobile telecommunication services. The partnership will be the most effective way to build the scale and broad product portfolio necessary to compete globally and create value for shareholders.

In Indonesia, Nokia Siemens Networks known as PT. Nokia Siemens Networks and it’s headquarter at Jalan H. R. Rasuna Said Kav. C 11-14 Plaza Kuningan Gedung Menara Selatan Lantai 7 Jakarta 12940. PT. Nokia Siemens Networks run business to business marketing and it customers are operators telecommunication in Indonesia, such as: PT. Telkom, PT. Telekomunikasi Selular, PT. Indosat, PT. Excelcomindo, PT. Hutchinson, Samporna Telecommunication, Sinar Mas Telecommunication, etc. PT. Nokia Siemens Networks not only produced and sold telecommunications network equipments, solutions and services but also build BTS (Base Transceivers Station) for its customers.

In merger there are large amount of tasks that must be handled by company. One of the tasks is related to brand and image, such as: developing new logos and corporate identities, assisting in name selection and designing collateral materials such as announcements, letterhead, and brochures.

Nokia Siemens Networks had launched its new brand on February 2007 at the 3GSM World Congress in Barcelona. The resulting brand is an implicitly dynamic wave (The wave symbol) with a purple to yellow gradient (avoiding what would have been a too-cold gradient from Nokia’s blue to Siemens’ light teal) and a confident, modern sans serif. In creating the brand, Nokia Siemens Networks wanted it to be different, fresh and energetic. Not boring old suits – so that’s why the colours are different and brand mark is the wave – it is means flexible.

Networks

Nokia Siemens Networks is creating a new brand identity. The essence of its brand is about uniting communities and bringing networks to live. This is to say Nokia Siemens Networks enabling both geographically networked communities and virtual communities.

The attributes of Nokia Siemens Networks brand are what it promises to be: Pioneering, Passionate, and Pragmatic. Being Passionate is about emotion. It starts with inspiring leadership and continues with engaging people. It also addresses how the company is going to make difference, how it is going to bring new value to its customers, because it matter to its employees.

The pioneering attribute speaks to innovation leadership, being out there, trying new things, taking risks and having the guts to be entrepreneurial – knowing that not everything will go well, but for sure learning from your mistakes. The pragmatic side, it recognize that the speed at which its industry is changing requires people to be empowered, so it extend a high level of trust in them to act boldly for the benefit of its customers. But with that empowerment comes the responsibility to make customers driven decisions in a pragmatic way. Nokia Siemens Networks want to avoid an unnecessarily formal and bureaucratic way of doing things.

Nokia Siemens Networks would like to communicate and positioned its new brand image in the customers mind as company that could deliver superior customer value.

II. Literature Review

2. 1. Brand Equity

Brand defined as a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or groups of seller and to differentiate them from those of competitors (Philip Kotler & Kevin Keller, Marketing Management, 12th ed, 2006, p. 256).

Brands have several functions for company. Brands simplify product handling or tracing. A Brand offers the company legal protection for unique features or aspects of the product. Brands can signal a certain level of quality so that satisfied buyers can easily choose the product again. Brand loyalty provides predictability and security of demand for the company and creates barriers to entry that make it difficult for other companies to enter the market. Branding can be seen as a powerful means to secure a competitive advantage. Strong Brands result in better earnings and profit performance for companies, which, in turn, creates greater value for shareholders.

Branding is endowing products and services with the power of a brand. Branding is all about creating differences. To brand a product, it is necessary to teach consumers “ who” the product is by giving it a name and using other brand elements to help identify it as well as “ what” the product does and “ why” consumers should care. Branding involves creating mental structures and helping consumers organize their knowledge about products and services in a way that clarify their decision making and, in the process, provides value to the company. The key to branding is that consumers must not think that all brands in the category are the same so company should understand consumer motivations and desires and creating relevant and appealing images around its product.

Brand equity is the added value endowed to product and service. Customer-based brand equity can be defined as the differential effect that brand knowledge has on consumer response to the marketing of the brand. A brand is said to have positive customer-based brand equity when the consumers react favourably to a product and the way it is marketed when the product is identified as compared to when it is not. A brand is said to have negative customer-based brand equity if consumers react less favourably to marketing activity for the brand under the same circumstances (Philip Kotler & Kevin Keller, Marketing Management, 12th ed, 2006, p. 256-259).

2. 2. Building Brand Equity

Marketers build brand equity by creating the right brand knowledge structures with the right consumers. From a marketing management perspective there are three main sets of brand equity drivers (Philip Kotler & Kevin Keller, Marketing Management, 12th ed, 2006, p. 263):

1. The initial choices for the brand elements or identities making up the brand.

2. The products and service and all accompanying marketing activities and supporting marketing programs.

3. Other association indirectly transferred to the brand by linking it to some other entity.

Brand elements are those trademark able devices that serve to identify and differentiate the brand. Brand elements can be chosen to build as much brand equity as possible. A brand element provides a positive contribution to brand equity.

There are six criteria in choosing brand elements. The first three (memorable, meaningful, and likeable) can be characterized as “ brand building” in term of how brand equity can be built through the judicious choice of a brand element. Memorable of meaningful brand elements can reduce the burden on marketing communications to build awareness and link brand associations. The latter three (Protect able, adaptable, and transferable) are more “ defensive” and are concerned with how the brand equity contained in a brand element can be leveraged and reserved in the face of different opportunities and constraints.

Brands are not built by advertising alone. Customers come to know a brand through a range of contacts and touch points. A brand contact can be defined as any information bearing experience a customer or prospect has with brand. Any of these experiences can be positive or negative. The company must put as much effort into managing these experiences as it does in producing its advertised.

Personalizing marketing s about making sure that the brand and its marketing are as relevant as possible to many customers as possible – a challenge, given that no two consumers are identical.

Integrating marketing is about mixing and matching marketing activities to maximize their individual and collective affects. As part of integrating marketing, marketers need a variety of different marketing activities that reinforce the brand promise. Brand promise is a statement from the brand owner to customers, identifies what consumers should expect from all interactions with the brand. Interactions may include employees, representatives, actual service or product quality or performance, communication etc. The brand promise is often strongly associated with the brand owner’s name and/or logo.

Integration is especially critical with marketing communications. From the perspective of brand building, all communications option should be evaluated in term of ability to affect brand equity. Each communications option an be judged in term of the effectiveness and efficiency with which it affects brand awareness and with which it creates, maintains, or strengthens brand image. Brand awareness is consumer ability to identify the brand under different conditions, as reflected by their recognition or recall performance. Brand Image is the perception and beliefs held by consumers as reflected in the associations held in consumer memory.

Marketers must now walk to walk to deliver the brand promise. They must adopt an internal perspective to consider that step to take to be sure employees and marketing partner appreciate and understand basic branding notions, and how they can help or hurt brand equity. Internal branding is activities and processes that help to inform and inspire employees. It is critical for service companies and retailers that all employees have an up to date, deep understanding of the brand and its promise. Brand bonding occurs when customers experience the company as delivering on its brand promise.

All of the customers' contact with company employees and company communications must be positive. The brand promise may not be delivered unless everyone on the company lives in brand. One of the most potent influences on brand perception is the experience customers have with company personnel. Companies need to engage in continual open dialogue with employees. Some firms have push B2E (business to employee) program through corporate intranets and other means. Holistic marketers must go even further and train and encourage distributors and dealers to serve their customer well. Poorly train dealers can ruin the best efforts to build a strong brand image (Philip Kotler & Kevin Keller, Marketing Management, 12th ed, 2006, p. 263-269).

2. 3. Measuring Brand Equity

Given the power of a brand resides in the mind of the consumers and how it changes their response to marketing. There two basics approach to measuring brands equity. An indirect approach assesses potential sources of brand equity by identifying and tracking consumer brand knowledge structure. A direct approach assesses the actual impact of brand knowledge on consumers' response to different aspects of the marketing. The two general approaches are complementary and marketers can employ both. In other words, for brand equity to perform a useful strategic function and guide marketing decision, it is important for marketers to (1) fully understand the sources of brand equity and how they impact outcome of interest as well as (2) how these sources and outcomes change, if at all, over time. Brand audits are important for the former. Brand tracking is important for the latter (Philip Kotler & Kevin Keller, Marketing Management, 12th ed, 2006, p. 270-271).

2. 4. Managing Brand Equity

Effective brand management requires a long term view of marketing decisions. Because consumer responses to marketing activity depend on what they know and remember about a brand, short term marketing actions, by changing brand knowledge, necessarily increase or decrease the success of future marketing actions. Additionally a long term view result in proactive strategies designed to maintain and enhance customers based brand equity over time in the face of external changes in the marketing environment and internal changes in a company's marketing goals and programs.

Brand equity is reinforced by marketing actions that consistently convey the meaning of the brand to consumers in term of: (1) what product the brand represents, what core benefits it supplies, and what needs is satisfies as well as (2) how the brand make those product superior and which strong, favourable, and unique brand associations should exit in the minds of customers.

Changes in consumer tastes and preferences, the emergence of new competitors or new technology, or any new development in the marketing environment could potentially affect the fortunes of a brand. Reversing a fading brand's fortunes requires either that it " returns to its roots" and lost sources of brand equity are restored, or that new sources of that brand equity are established. Regardless of which approach is taken, brands on the comeback trail have to make more " revolutionary" changes than the " evolutionary" changes.

Marketing manager must assume that at some point in time, some kind of brand crisis will arise. In general, the more the brand equity and a strong corporate image has more likely it is that the firm can weather the storm. Careful preparation and a well managed crisis management program are critical. The key to managing crisis is that consumers see the response by the company as both swift and sincere.

In the term of swiftness, the longer it takes a firm to respond to a marketing crisis, the more likely it is consumers can form negative impression as a result of unfavourable media coverage or word of mouth. Perhaps even worse, consumers may find out that they do not really like the brand that much after all and permanently switch alternative brands or products (Philip Kotler & Kevin Keller, Marketing Management, 12th ed, 2006, p. 273-277).

III. Main Issue and Analysis

3. 1. What is Nokia Siemens Networks would like to convey through their new branding equity?

Through its new brand Nokia Siemens Networks would like to convey that Nokia Siemens Networks are coming from two very strong parent brands and it is more then just a sum of two. It look different from the other brands in the B2B space where everyone’s saying the same thing – I am the leader and I am the most innovative etc. when company created a brand, Company wanted it to be different, fresh and energetic. Not boring old suits – so that’s why the colours are different and it brand mark is the wave – we’re flexible. Nokia Siemens Networks is creating a new brand identity. The essence of its brand is about uniting communities and bringing networks to live.

The combining of two company it is means united two great engineering and R&D organizations that believe deeply in the power of innovation. The two companies also contribute complementary product focuses that address both sides of the convergence equation – Siemens, on the fixed network side, and Nokia on the mobile network side. Nokia Siemens Networks set new standards for efficiency and innovation by marrying agility with global processes and presence. With a world class fixed, mobile and service portfolio and global capabilities. Nokia Siemens Networks help customers to engage and build communities across new technology, fuel customers businesses and realize the full potential of new opportunities.

3. 2. How Nokia Siemens Networks positioned its new brand image in the customers mind?

Nokia Siemens Networks positioned its new brand image in the customers mind by campaign and convince the customers that the combination of two companies will create best world class products and services finally can deliver superior customers value.

Nokia Siemens Networks is creating a new brand identity. The essence of its brand is about uniting communities and bringing networks to live. This is to say Nokia Siemens Networks enabling both geographically networked communities and virtual communities. The promise that Nokia Siemens Networks want it brand to communicate is that Nokia Siemens Networks deliver flexible solutions suited to service providers' dynamic and competitive business environment.

Since its formation, Nokia Siemens Networks has already launched small branding initiatives and it appearance in regional ICT exhibition and conference. Communic Asia 2007 is view as a big opportunity because this is the first time that everyone has seen Nokia and Siemens together. What Nokia Siemens Networks want to do is to bring the brand closer to customers, so it is going to be doing some activities where Nokia Siemens Networks actually talk to customers about what the brand stands for and what does it mean to the people – in a B2B2C world, the people that make up the company are very key. It's all about what kind of people we are and what differentiates us from other competitors.

3. 3. How Nokia Siemens Networks inform and inspire employees about its new branding equity?

Branding is more than fancy logo so Nokia Siemens Networks is now trying to engage all its employees into understanding that they are all ambassadors of the brand and that they always represent the brand. One of the ways Nokia Siemens Networks has tried to do this was through a mobile portal launch, where employees could go in and celebrate the brand through various online options available – the most popular action turned out to be the downloading of the brand's ring tone.

The creation of Nokia Siemens Networks brand took it on a journey. This journey began with the rationale behind the brand – the business drivers and motivations for the decisions it made.

1. Nokia Siemens Networks looked at it heritage, talked with it customers, had conversations with it employees and researched the market.

2. Nokia Siemens Networks found a ' white space' and thought about how to make ' white space' it own.

3. Next Nokia Siemens Networks turned the logic and thinking behind it brand into a solution. It ' white space' philosophy carries through each element of the brand as Nokia Siemens Networks decided upon an essence and personality that has a look and feel that is unique from the rest of the market.

4. Nokia Siemens Networks made the brand real, marrying the brand solutions and design with the pride and excitement of bringing it alive. Nokia

Siemens Networks created brochures, advertising campaigns, merchandise, exhibitions stands and other valuable assets to launch the brand. In each of Nokia Siemens Networks locations across the globe, the brand is consistent and can be adopted simply at a local level.

Nokia Siemens Networks brand journey will continue to evolve. It works with its customers and partners to meet the challenges and opportunities of its continually changing industry and world.

Nokia Siemens Networks also emphasizes five cultural rallying pints for is new company. They are Customer Focus, Open Communication, Being Valued, Achieving Together, and Innovation Leadership. Sharing these cultural directions will take time. Nokia Siemens Networks currently going through dialogue with its 50, 000 plus employees, who are helping it further refine and give living substance to these cultures. Nokia Siemens Networks aware that some two-thirds of all mergers fail because the partners cannot resolve their cultural differences.

IV. Conclusion

Brand is not just defined as a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or groups of seller and to differentiate them from those of competitors but it is also has function to communicate what company would like to give to the customers.

The merger of Nokia’s Networks Business Group and Siemens’s Carrier Related Operations became Nokia Siemens Networks not only create new logo but also it generates new image where Nokia Siemens Networks would like to give impression that the combining of two company will unite two great engineering and R&D organizations that believe deeply in the power of innovation. The essence of Nokia Siemens Networks brand is about uniting communities and bringing networks to live. The merger will create best world class products and services finally can deliver superior customers value.