Revising the Brand Evolution Stage Model - a Case Study of an Asian IT Company

Ping-Kuan Lin

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E-mail: joycelin666@yahoo.com.tw
Tel: +886-2-33663850
Address: Room # 913, Building II, College of Management
National Taiwan University
No. 1, Sec 4, Roosevelt Road,
Taipei, Taiwan 106

Abstract

The Goodyear (1996) brand evolution stage model suggests a possible brand evolution process. It comprises six stages, namely unbranded goods, brand as reference, brand as personality, brand as icon, brand as company, and brand as policy. However, the Goodyear model is a general model. This study responds to the call of McEnally and de Chernatony (1999) for substantial empirical study of the Goodyear brand evolution stage conceptual model. This study considered the case of an Asian IT company, Trend Micro. The results of this case study indicate that there are three brand evolution stages exist in the companies in the IT industry context. The revised brand evolution stage model proposed that the sequence of the brand evolution stage model in the IT industry context is brand as identity, brand as reference, and brand as company. For the IT companies, the author revises the brand evolution stage model and suggests that the brand as company stage immediately follows the brand as reference stage and the IT companies may not experience the brand as personality and brand as icon stages.

Keywords: Brand evolution, corporate branding, case study, Asian company
Introduction

The issue of brand management has been widely recognized since the 1990s. Numerous researchers have devoted themselves to the field of brand research. Aaker (1991, 1996, 2000) and Keller (1993, 2003) have made a rich contribution to brand management. However, most researchers have paid more attention to consumer brand management (Simoes and Dibb, 2001; Rajagopal and Sanchez R, 2004). Meanwhile, few studies have discussed branding strategy in an industrial context from a process perspective. The Goodyear (1996) brand evolution stage conceptual model suggests a new avenue for viewing branding strategy from a process perspective. The Goodyear model proposes that brand evolution comprises six stages, namely unbranded goods, brand as reference, brand as personality, brand as icon, brand as company, and brand as policy. Although McEnally and de Chernatony (1999) explicated the model to increase its fertility, the Goodyear brand evolution model is a general model and may not be suitable in some contexts.

The purpose of this research is to explore the brand evolution stage model using a case study approach in an anti-virus software industry context. The anti-virus software industry is characterized by rapid technological change, frequent product introductions and updates, and changing customer needs. Such characteristics may represent a fertile context for discussions of the IT industry. The results of this study can be expanded to other IT industry companies.

Case profile: Trend Micro

Trend Micro is one of the largest network antivirus and Internet content security software and services companies in the world with net sales of US$660 million in 2005. (see appendix) Trend Micro was founded by Steve and Jenny Chang with US$2,000 in 1988. The company was developed and conducts lots of its activities in Taiwan. Trend Micro is now publicly traded on the Nikkei and Nasdaq in Japan and the USA, respectively. Trend Micro was selected for Japanese Nikkei 225 Index in 2002 and was listed on the Dow Jones Sustainability Index for the third consecutive year in 2006. In 2006, for the fourth consecutive year, Trend Micro was acknowledged as “Top Ten International Brand – No. 1 Global Brand in Taiwan” by global brand consultancy, Interbrand. Interbrand (Blackett, 1991; Keller, 2003) valued the brand of Trend Micro at US$763 million, US$910 million, US$1,077 million, and US$1,127 million from 2003 to 2006.

Trend Micro develops, markets and supports antivirus and Internet content security software and services. It adopts endorsed brand name strategy. That is Trend Micro has different names for different products, and the product names (for example, PC-cillin, and
Scanmail) are supported by the corporate name, Trend Micro (Keller, 2003). Trend Micro was represented in more than 30 countries in 2006, and its products are generally sold to corporate customers through its channel partners, including systems integrators, distributors, and value-added resellers. The customers of Trend Micro include British Airlines, Shell, USA Federal Reserve Banks, USA Ministry of National Defense, Siemens, Volkswagen, France Telecom, L'ORÉAL, Credit Suisse, and the Australian Ministry of National Defense.

Findings

The findings of this study are described using the revised brand evolution stage model, which is based on the brand evolution conceptual model of Goodyear (1996) and extended by McEnally and de Chernatony (1999). This study argues that the revised brand evolution stage model comprises three stages: brand as identity, brand as reference, and brand as company. The author uses the case of Trend Micro to illustrate the details of the brand evolution process of an Asian IT brand. The dimensions discussed in the evolution stages include marketing strategy and marketing activities.

Stage 1: Brand as Identity (1988~1998)

Most Asian brands were established by independent entrepreneurs and thus lacked financial and marketing support from big enterprises. At the beginning, OEM/ODM contracts became a means of nourishing the development of their own brands. Most Asian companies developed their own brands simultaneously with performing OEM/ODM contract work. Trend Micro is an example of such a company. Trend Micro was established in 1988 and signed OEM contracts with Intel from 1992 through 1998. Trend Micro received royalties from Intel. To maximize its limited financial resources, Trend Micro knew that it had to get to become better known by customers and distributors at the lowest expense. During the early stage, Trend Micro participated in international trade shows (Fig. 1-A). The following quotations identify the reasons for and actions undertaken by Trend Micro to attract the attention of customers and distributors and highlight its brand identity. At the beginning of each quotation, the author identifies the dimension to which it belongs. The dimensions include marketing activities and marketing strategy.

Marketing activities:

“During the first few years, Trend Micro is very aggressive to attend trade shows. Because our company is small and unknown to the customers and distributors, people will wonder if this company still survives in the market when not continually showing up at the trade shows.
The quotation above indicated that Trend Micro attempted to obtain the attention of customers and distributors and enhance its brand identity during its early stage of brand development.

Stage 2: Brand as reference (1998~2001)

Most Asian information technology (IT) companies have engineers that possess good technical intelligence. They can develop and produce excellent products. However, they are relatively unknown in the global market. The first concern of consumers in choosing a brand is functional value (Goodyear, 1996; de Chernatony, 2002). Customers or distributors lack the confidence to try or sell new products from unfamiliar companies. During Stage 2, firms still lack sufficient money for marketing and must spend their budget very carefully. Two of the best methods of solving the problem of no confidence among customers and distributors are winning product awards and leveraging public relations. Trend Micro is one of many Asian IT companies adopting this strategy and attempting to win product awards and achieve free exposure through the media and the industry analyst community.

Stage 3: Brand as company (2001~2006)

Although Trend Micro adopted an endorsed brand name strategy for all of its product lines from its establishment, the corporate name, Trend Micro, enjoyed little customer recognition. That is, customers were familiar with Trend Micro’s product names, such as PC-cillin or ServerProtect, but were less familiar with the corporate name, Trend Micro. This phenomenon occurred because prior to 2001 Trend Micro focused on promoting its products rather than its corporate name. Why did Trend Micro shift its brand strategy from “brand as reference” to “brand as company”? The quotation below can tell the reason.

“When the Internet is more popular, the characteristics of anti-virus business are shifting from personal to corporate use, and from decision by engineers to decision by higher level executive managers. Moreover, virus outbreaks now spread around the world in minutes. This makes the market more global. These changes caused Trend Micro to re-think its brand strategy.” “When deciding which anti-virus products to use, higher level executive managers of corporations consider vendor company image before the products themselves. For corporate users, the most important thing is the trustworthiness of the anti-virus company, not the product itself. (Jenny Chang, 2002)”
Conclusion

The Goodyear brand evolution stage model and brand evolution stage model revised by the author differ as follows: first, Goodyear model comprises six stages, but the model revised by the author comprises three stages. This result reflects the argument of Goodyear, McEnally and de Chernatony that not all brands proceed through all stages (Goodyear, 1996; McEnally and de Chernatony, 1999). Second, in Goodyear model, stage 1 is unbranded goods. However, in the model revised by the author, stage 1 is brand as identity. During brand as identity stage, companies attempt to attract the attention of customers. Finally, in Goodyear model, brand as company is stage 5 and comes after brand as personality and brand as icon, but in the model revised by the author, brand as company is stage 3 and directly follows brand as reference stage. Companies with corporate customers didn’t experience brand as personality stage and brand as icon stage.