

Interview

Place Branding

An Interview with Edward M. Burghard,
Executive Director, Ohio Business Development Coalition, Columbus, Ohio



Edward M. Burghard

EDITORS' NOTE Ed Burghard began his career with Norwich Eaton Pharmaceuticals as a Computer Programmer and proceeded to hold managerial positions in sales administration and operations research. In 1982, Procter & Gamble (P&G) acquired Norwich Eaton and Burghard shifted his focus to marketing. Soon after, he began directing marketing strategies and tactics that doubled sales and nearly quadrupled profits of P&G's U.S. pharmaceutical business. In 1999, he was named a Harley Procter Marketer, a competitive appointment awarded to P&G employees considered masters in the practical application of marketing theory. Currently on loan from P&G, Burghard is fulfilling a three-year commitment to lead the Ohio Business Development Coalition (OBDC) as its Executive Director. Burghard is a board member of the Arthritis Foundation, and Chair of its Communication Committee. He holds a B.A. in theoretical mathematics from the State University of New York at Potsdam and an M.B.A. from Syracuse University.

INSTITUTION BRIEF The Ohio Business Development Coalition (www.ohiomeansbusiness.com) is a non-profit organization charged with branding the state of Ohio. By developing and executing targeted, proactive sales and marketing strategies, the OBDC also helps Ohio compete for global capital investment. Supported by a combination of public and private funds, the OBDC aims to provide the Ohio Department of

Development and the state's regional economic-development organizations and chambers with qualified leads and effective tools to retain and expand Ohio companies and attract new business to the state. With the understanding that the private sector is best equipped to determine effective communication with others in the private sector, the OBDC's initial members include AEP, Applied Sciences, Dow Chemical, General Motors, the Ohio Business Roundtable, P&G, and the Turner Foundation, among others.

What is place branding and do you feel that it is a concept that has really caught on?

The best definition I have found on the subject was from an editorial authored by Simon Anholt entitled "Some Important Distinctions in Place Branding." Anholt talks about the tendency of most people to think of a brand simply as a logo and slogan instead of a more comprehensive approach to understanding and proactively managing strategy, motivation, behavior, internal and external communication, values and purpose. My thinking is a little less erudite. Place branding is about making a heart and mind-opening promise of what somebody can expect to experience when they invest time or money in a location, and proactively working across a complex delivery system to ensure that promise is realized each and every time.

Now as far as whether it has it caught on: In Europe, yes, without a doubt. And I give a lot of credit to Anholt, who is British. The European Union in general has kind of rallied behind it and most of the documented case studies have come out of Europe. So I think I would argue Europe really gets it and is doing it very well. Interestingly, a couple of countries in Africa are getting it as well, and are actively engaged in trying to brand themselves. And that's all Anholt's work. Anholt has made it a personal mission to help emerging countries apply branding principles. And I applaud him for that.

The U.S., no, I don't think we get it yet. And I think that's part of the problem. We tend not to think of locations in the context of a commercial product, and that's clouding our vision on the application of place branding. And while it sounds a bit self-serving, the more I dig into this the more I'm convinced that this is a more difficult application of branding than a classic product. It unfortunately requires an even higher level of sophistication than a typical product might. As a consequence, there are a number of dynamics

in the United States that are keeping the professional marketers from getting into this space. And yet, this space really needs people who have a lot of experience at marketing in order for it to be successfully implemented.

Why do you feel that place branding is so important to the United States?

There are three key reasons. First, it used to be true that in order to extract a profit from America, you had to make a capital investment in America. In today's global economy, this is no longer the case. In his book, *The World is Flat*, Tom Friedman provides a number of examples of industries that can effectively service the U.S. market from offshore operations, through the use of advanced telecommunications. He also suggests that even if the end-product still needs to be manufactured in the United States, to ensure a competitive delivered cost, parts of the industry's value chain can be managed offshore. The clear implication is that companies are no longer required to invest capital in the United States and can now select from a wide range of location options to build their operations. Suddenly states like Ohio are competing with every country in the world instead of just other states in America, for corporate capital investment.

Second, there is a decrease in the practical capital pool available. Companies are investing capital in creating both capacity and capability to service emerging markets like China and India. For most companies, these markets cannot be competitively serviced by current operations. Consequently, there is an increase in capital investment directly in those markets and in the European Union in order to take advantage of the global market dynamics.

Third, "Brand America" is no longer as strong as it once was. In his paper "The Importance of National Origin and the Decline of Brand America," Anholt suggests the love affair with America is no longer blind and unquestioning. As a result, states can no longer simply rely on the strength of Brand America to attract capital investment.

How does the United States' brand measure up against that of other countries?

With respect to brand equity strength, the best source of quantitative data on this question is the Anholt Nation Brand Index. In this global study, Brand America is still Number 1 overall. But, the relative strength of Brand America is declining.

With respect to capital investment, the best source I have found is PricewaterhouseCoopers' Global Private Equity Report. In the report, which covers calendar 2004 versus calendar 2003, global capital investment in the U.S. declined by 21 percent, while investment in China (+23 percent), India (+56 percent), U.K. (+41 percent), Germany (+52 percent), Spain (+46 percent) and France (+23 percent) increased.

I'm always looking for additional data sources to answer this question.

How do individual states' brands measure up?

The Anholt State Brand Index report is a good source of insight. Based on this data, Ohio is seen by the world as Number 1 in the Midwest. In the study, the Number 1 state in the country is California, Florida is second, Hawaii is third and New York is fourth.

In the report summary the author concludes, "it is clear that quite a few of the states have a genuinely international brand image that could prove to be an enormous business advantage in an increasingly borderless world, if the power of those images can be properly harnessed."

Does place branding need to be pushed at the state level, or should it be more a function of the private sector?

I think it needs to be collaborative. I don't think any one sector can drive it. Unfortunately, if you try to drive it solely from the public sector, you run square into the challenge of politics and then the game suddenly is, how much can we afford on a line item in our budget? The private industry has a tremendous capability of understanding it. And they have all of the application expertise. But, as the world gets flatter, companies want to be citizens of the world, not citizens of a town, a city, or a state. So they've got a built-in bias against local place branding, even though they have the expertise. You put the two together because companies do recognize that they need to be citizens of the area, where their employees live, and work, and prosper. So you put public and private interests on the table at the same time, and I think you've got a workable formula.

A lot of states have catchy slogans and logos that many people would think of as branding. What is the difference between building a true brand and a superficial one?

There's actually more of a difference than you might think. A tag line and a logo are important components of branding because they are important visual components of communication pieces. But branding is a much bigger thing. A brand is a promise, and it sets an expectation for a particular performance. Branding speaks to every touch point that's involved with the consumer and it defines the experience you can expect. The Ohio brand is a promise we make to executives that if they choose to invest capital in Ohio, they, and their employees, will be able to achieve both their professional and personal aspirations without sacrificing one for the other.

In 2005, when you accepted the position at the Ohio Business Development Coalition, did you feel that the mission of economic development was pretty well understood by government and the private sector? And can you tell us a little bit more

about your specific role and how you developed it?

I think a lot of people expected there to be some advertising and some campaign development. I don't think people realized we would be getting into conversations about how we can make Ohio more relevant, how we can make it more competitive, what the shortcomings of Ohio are relative to the competitive states in our region, and what we need to address in order to make Ohio a better investment proposition than the other states in the Midwest region. Yet that is at the heart of branding: knowing how to ensure that your product remains relevant to the target consumer. In our case, our target consumers are executives who are in a position to make a capital investment decision. I'm still going through the process of getting the broader economic development community to truly understand branding.

Was there as much of a learning curve on the private sector side?

The private sector understands how branding works. But, what I'm still working on is the issue of social consciousness, like understanding why it is in a company's best interest to address social issues and try to improve the economy and so forth. There are a lot of compelling conceptual reasons, but I would argue that most companies haven't figured out how to directly connect the dots to their P&L performance. So I view that as an outstanding gap that we really need to figure out how to convincingly close in order to get the full support of the private sector.

You have business leaders who are looking for tangible results. And you mentioned that there is often a challenge in that. How do you measure success in regard to place branding? And are there certain systems you can put in place to really show that value?

Ultimately, success is measured by the vitality of the Ohio economy and the satisfaction within the business community that the promise and performance of Ohio is congruent. These process measures will take time to affect and will reflect the impact of the entire Ohio economic development community, not just the OBDC's branding work. This is a team sport – one team, one dream.

In the interim, we have created some in-process measures to help us gauge if we are on the right path in our journey. We are executing an annual brand equity monitor survey that polls C-level executives and consultants across the nation. The results of this survey will help us better understand how we are affecting mind-space on a number of key attributes in the capital investment decision process. The on-going surveys will help us gauge the relative success of our efforts versus a benchmark cohort of directly competitive states. We also are tracking the number of domestic and international visitors to our Web site.

Can you touch on your regional efforts?

First, we've created an Ohio Marketing Leadership Team with representation from each of the major regional Chambers, which are generally synonymous with cities, but not always. And we've invested in some communication software to facilitate, and share in, best

practices, and generally improve everybody's marketing skills. It also gives me an opportunity to train, and I've been invited in to help them with their regional branding efforts. The other thing we did was to create a matching grant program where we're putting up money that can be matched on a regional basis. But the rules of getting access to the money require alignment of the regional branding work with the state branding work so we're all basically delivering the same promise and singing off the same sheet of music.

Many states are creating campaigns that are designed to speak to both business and consumer/tourist audiences. What do you think of that strategy?

In my opinion, it is a mistake. The overall brand promise may be the same, but the target audience is different and how you bring the promise to life will be different. For example, the overall Ohio promise of balance without compromise is applicable to both the business community and travel and tourism. The brand line for the business community is "Build Your Business. Love Your Life." Our proposed brand line for travel and tourism is "State of Perfect Balance." To bring the promise to life for the business community, we know that a good advertising idea is to tell the stories of Ohio business executives who have achieved a work:life balance without compromising one for the other. We also know a message of work:life balance is not a compelling way to encourage tourists to invest their vacation dollars in Ohio. An uncompromised balance between cost and entertainment value is more relevant.

Effective segmentation is at the heart of most successful branding initiatives. Delivering the right articulation of the overall brand promise to the right target at the right time in the purchase decision process is key. When non-homogeneous segments are aggregated for budget convenience, communication suffers dramatically.

It is important that messaging be strategically aligned across target segments. But, I feel strongly that the delivery of the message should be based on a deep understanding of the specific needs of the segment and the unique way your product can meet those needs. It begins and ends with the target.

You have met a lot of business leaders over the years. If I was talking to some of them without you in the room and I asked what it was like to work with Ed Burghard, what do you think they'd say?

That's interesting. Well, the label that gets put on my back is "provocative professor," which is nice. I kind of embrace that. They'd say he always invests time to explain why he's doing what he's doing but still has the ability to get things done. At least I think you'd hear that at P&G. "Servant Leader" is something I would hope you would also hear, because it's something that I've been working very hard at, trying to make sure it's a skill set of mine. I truly believe when you go into exercises with everybody else's interests at heart, in more than just a symbolic way, then you deliver better results. Finally, I would hope you'd hear that he understands [Stephen] Covey's principles and strives to consistently apply them. ●