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SOCIETY FOR AUTOMOTIVE INDONESIA (SOI) QSEAL BRANDING CAMPAIGN

TWO BRANDING STRATEGY PRESENTATIONS

OCTOBER 2007 – STTA WANLIE

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DISCLAIMER

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Seal of quality Branding program

Final Document
December, 2007

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Market Background

- Automotive component industry is one of the fastest growing and most valuable business in Indonesia
- This is the result of the high growth of two and four-wheel vehicles even after 1998 financial crisis
- To meet the steady domestic demand for mid-value components, many domestic small to medium enterprises (SMEs) entered the market
- The expanded market presence of low-quality, cut-rate, imported parts has forced down the overall value for the most common and fastest selling parts, resulting in Indonesian second and third-tier component manufacturer to lose their ability to compete.
- On the other hand, they also can not compete head to head with first tier manufacturers for the genuine branded parts market due to quality issues and lack of economic of scale

Market Background

- SENADA has identified new mid-value aftermarket segment as the prime end-market opportunity for second and third-tier automotive component firms
- To increase competitiveness of second and third-tier automotive component manufacturers, 3 upgrading models are develop
- The models utilize industry-based brands, **seal of quality** and increase downstream technology transfer to upgrade firms and drive penetration of select higher value parts sold in the new mid-value market
- With these models, smaller firms can be upgraded to create a higher value chain

Objective

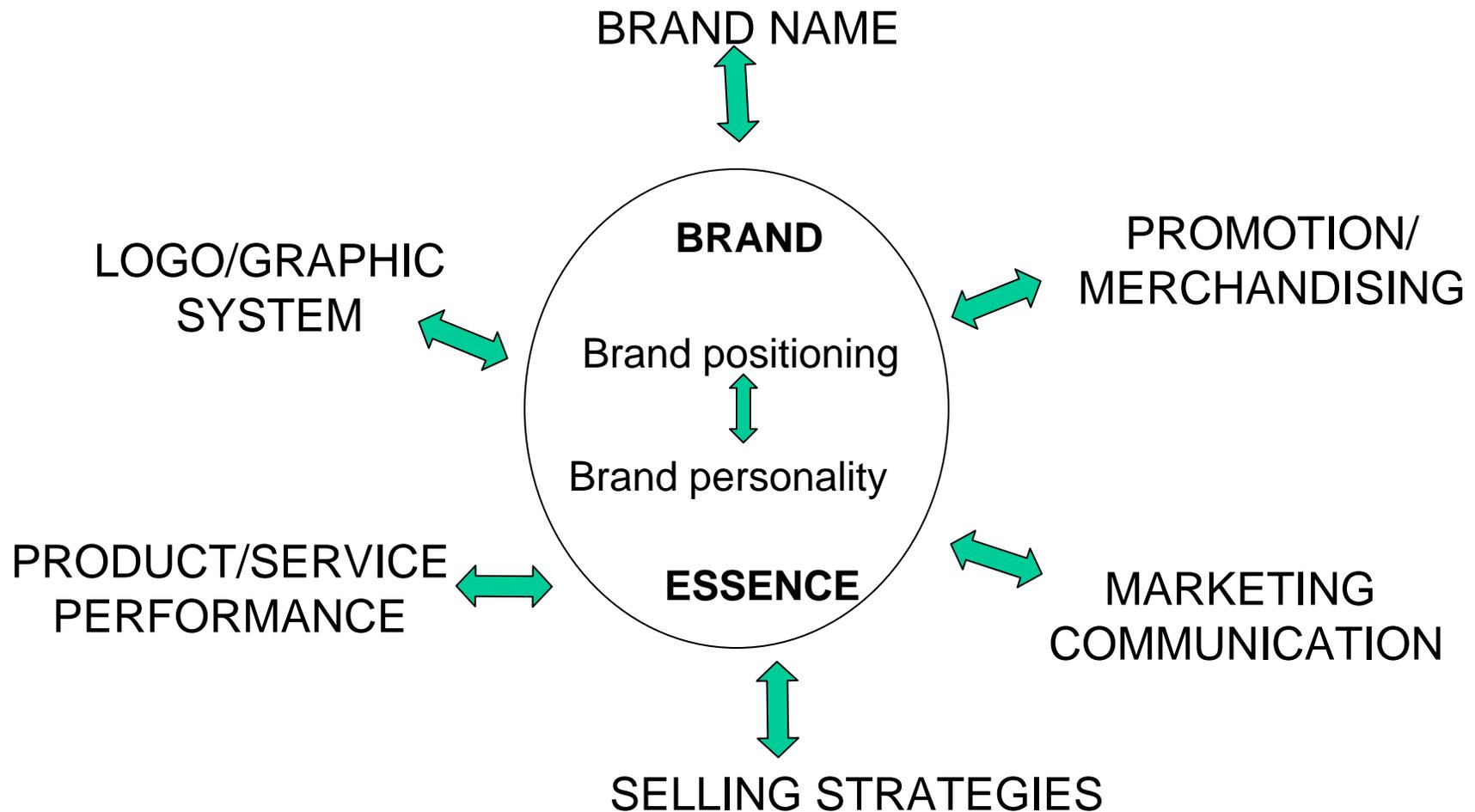
- To upgrade quality standards of automotive components parts
- To create confidence and quality guarantee for wholesaler as well as end consumer



DEVELOPMENT OF BRAND FOR SEAL OF
QUALITY

Total Brand Identity

(a framework as of D. Aacker)



Brand Name

- Two route of brand name with several alternatives :
 1. Generic name : the name is self explanatory and it is everyday phrase. It is easier to understand and the seal itself can communicate what it is. Alternative name for this route : **Quality Seal; QSEAL; Quality Assurance; Uji Mutu; Quality Inspection**

Brand Name

2. Special name which stands on its own. It is simpler and memorable, but we need to established the link between the name and quality. Alternative brand name for this route :

Optimax; ProQual; Watch Guard

Brand Name

The team decided to choose :

QSEAL

QSEAL Brand Essence

Brand positioning :

QSEAL is the symbol of trust and confidence in the quality and value of Indonesian automotive component parts products

Brand Values and Personality

Authoritative	QSEAL commands respect and value of hard – earned production process work to ensure the highest quality
Rule Maker	QSEAL have the tools and know how in up-grading the firms thus increasing the value of the firms products
Ease and fairness	QSEAL will treat and deal with every firm with the same easy procedure as dictated by quality standardized process

Logo/graphic system



Logo/graphic system

Detail information :

- It is suggested that the word QSEAL is embossed
- The logo/stamp should be put in the end packaging that will be seen by the end consumers, not in the outer pack of any automotive components parts
- The location of the stamp/logo is suggested to be put on the right hand upper side of the packaging

Product/Service Performance

- QSEAL is a certification proof from Sentra Otomotif Indonesia(SOI) given to automotive component producers.
- QSEAL guaranteed the product standards and process standards to assure that the high quality measurement standards is met
- QSEAL is a proof that the firms has been through a verification, evaluation and or upgrading process to drive efficiency, reduce waste and achieve world class quality

The process flowchart :
please refers to SOI standard
procedure and costing

Selling Strategies

Staging approach with financial support will be use to sell QSEAL certification :

1. First stage targeted to first tier producers and the highest potential domestic automotive component firms with gross revenues between IDR 12,000,000,000 and IDR 100,000,000,000
2. Second stage targeted at second and third tier firms

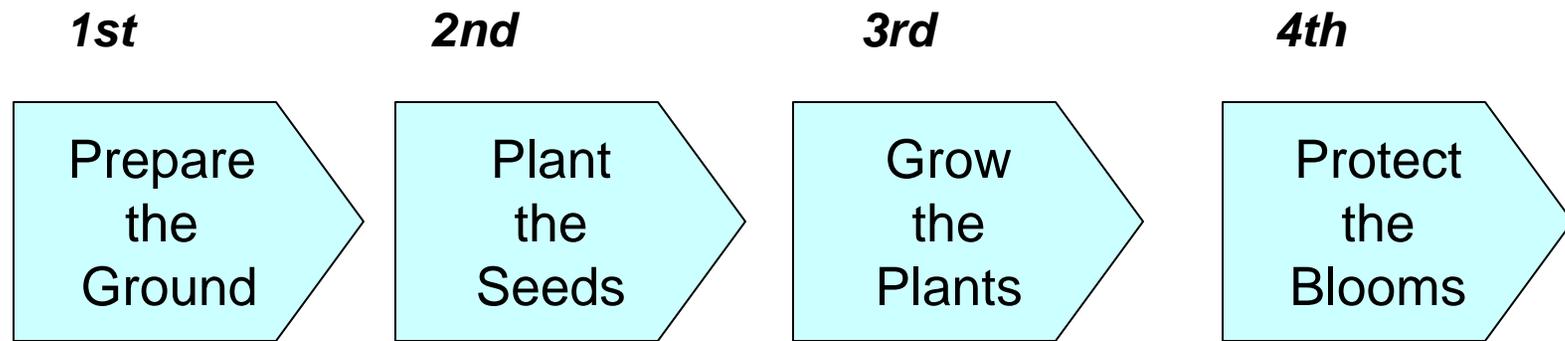
QSEAL Financing program will help the firms get loan from banks to get financing for growth

Marketing Communication

The block

1. No awareness and low need among second and third-tier automotive components firms to up grade the quality of their products due to lack of understanding about the benefit they can get from the up-grading process
2. No awareness and knowledge about SOI as the authorized certification body

QSEAL Communication Strategy



*Soft launch :
Oct- launch*

*Launch phase
3-12 months*

*Expansion phase
After year 1*

*Maintenance phase
Year 2/3*

O
B
J
E
C
T
I
V
E

- Start introducing the concept of QSEAL to opinion leader and major stakeholders
- Get early buy in from key firms
- Create relevance

- Build credibility and reputation
- Socialization of the concept to the wider audience

- Activate the consumer to create a greater value

- Keep momentum
- Strengthen customer relationship

B to B

B to B

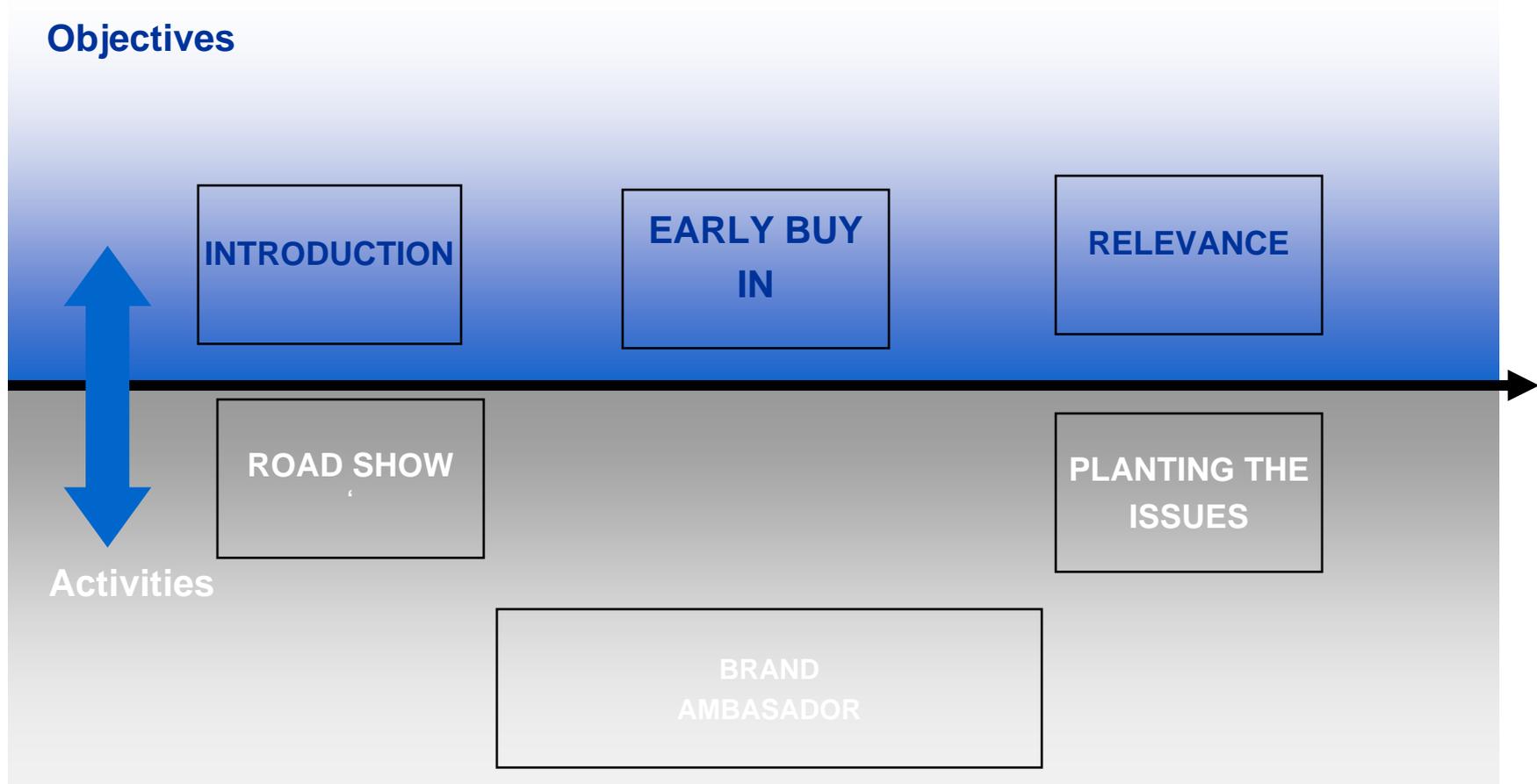
B to C/B to B

B to B

Phase 1 : soft launch

scope : automotive industry and mass media

Objectives



Any event related to automotive during the soft launch period are the opportunity to socialize the QSEAL

Detailed Plan for phase 1

1. Appoint the brand ambassador, one from internal stakeholder (Mr. Adirizal for example) and one figure from external stakeholder who has authority, passion and dependable. The role of the brand ambassadors/BA is to talk about QSEAL anytime he meet the media, anytime he attends automotive events/function. He will be the evangelist of the brand. There are 2 key messages that BA has to convey :
 - the big opportunity in automotive parts locally if the quality is being up-graded
 - QSEAL is the answer to meet the needs

Detailed Plan for phase 1

2. Start the road show from company to company which are potential firms to introduce the QSEAL and Qfinancing. Or use any events related to introduce the concept
3. At the same time, media team/PR team started to plant issues to media. The key messages is about the big opportunity in automotive parts locally if the quality is being up-graded
4. ASBEKINDO can start to socialize the benefit of QSEAL to its member through its website and newsletter using the same one page message develop for media
5. If possible, create a website for QSEAL
6. Follow up the early buy in firms (Fuboru, Tayori etc.)

Phase 2 : launch

scope : automotive industry and mass media

Objectives



CREDIBILITY

REPUTATION

SOCIALIZATION

Activities

SHOW CASE

TESTING

TESTIMONIAL

BRAND
AMBASADOR

Detailed Plan for phase 2

1. Launch seminar and press conference, if possible using the initial buy in firms as the show case. BA will be the main speakers.
2. Launch a test campaign program in co-operation with independent party (e.g : komunitas mobil/motor; montir or with university). The idea is like clinical studies in medical world. Here the third party/end users will try to use automotive parts with QSEAL for a certain period of time and evaluate its quality and satisfaction
3. Continue road show and socialization of QSEAL to the potential firms
4. Use the testimonial from test campaign program to sell QSEAL to firms and distribution channel/ASBEKINDO member

Detailed Plan for phase 2

5. Publish the testimonial to the media to create reputation
6. Show Case the success of the first buy in firms as part of the selling tool for other firms

Medium/ contact point and materials needed

Brand Ambassador

- Mr. Adirizal
- Mr.from external

ASBEKINDO

- banner in website
- click on lead to micro site
- newsletter

Road Show

- Selling presentation
- Brochure/leave behind



Reverse parts exhibition

- Speaking opportunity for brand ambassador
- Part of road show to introduce QSEAL

Test Campaign

- Method
- Choose partners

Visibility

- Sticker
- Poster

Media/Public Relation

- Press Release
- News/issue planting
- Ceremonia
- Media kit : one page summary, Q&A, contact person

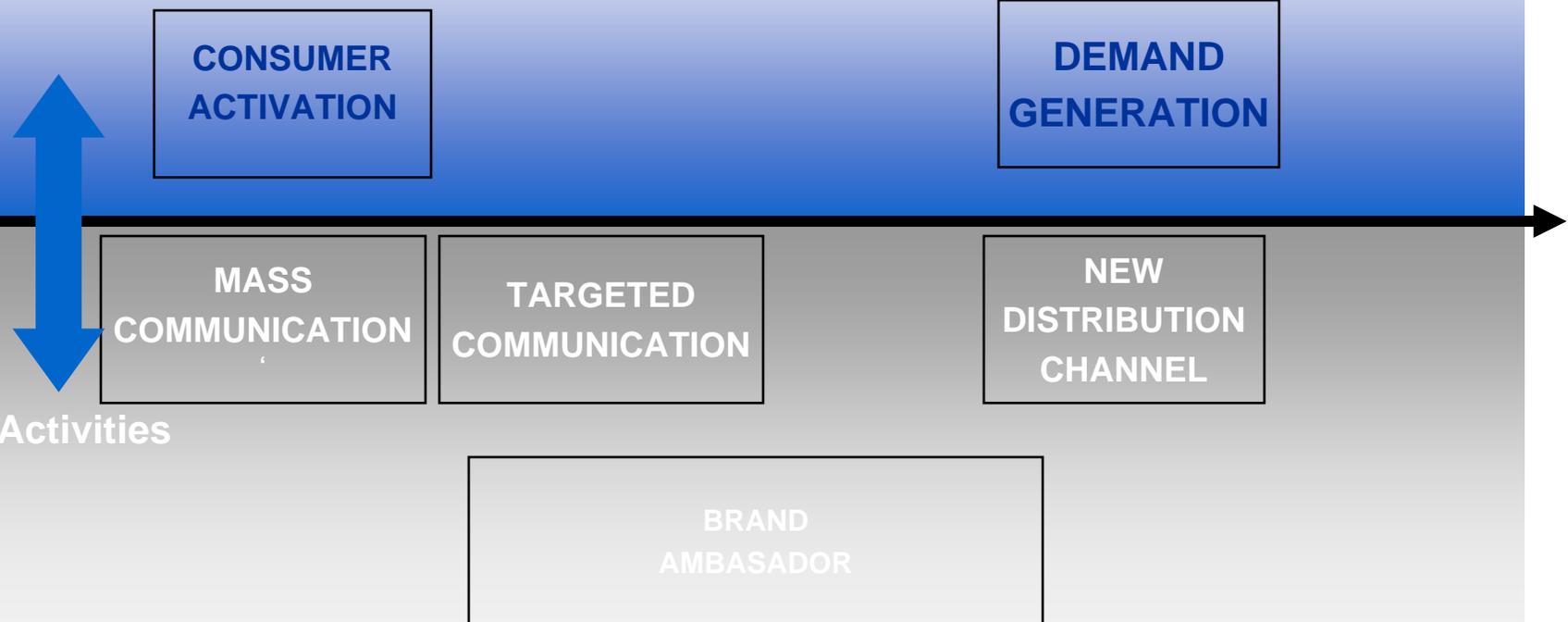
Seminar(optional)

- TBD

Phase 3 : Expansion

scope : consumer, automotive industry

Objectives



Detailed Plan for phase 3

1. Depending on the budget available, ideally there will be mass communication to sell QSEAL to a broad consumers
2. If the budget is limited, introduction to mass consumer can be done through a targeted/segmented consumers which can be identified. For example : all biker and car owners communities
3. Testimonial/result from test program in the phase two can be the proof and reason to believe in QSEAL
4. Drive consumers to QSEAL website where they can see for themselves how is the process, result and benefit for them to buy products with QSEAL
5. Start exploring new distribution channel

Medium/ contact point and materials needed

Brand Ambassador

- Mr. Adirizal
- Mr.from external

Media

- TV commercial
- Print
- Radio

(the usage of these medium will depend on budget and how wide the distribution coverage Of QSEAL products)



New Channel Selection

- TBD

Testimonial/test campaign

- Documented result

ASBEKINDO

- selling monitoring

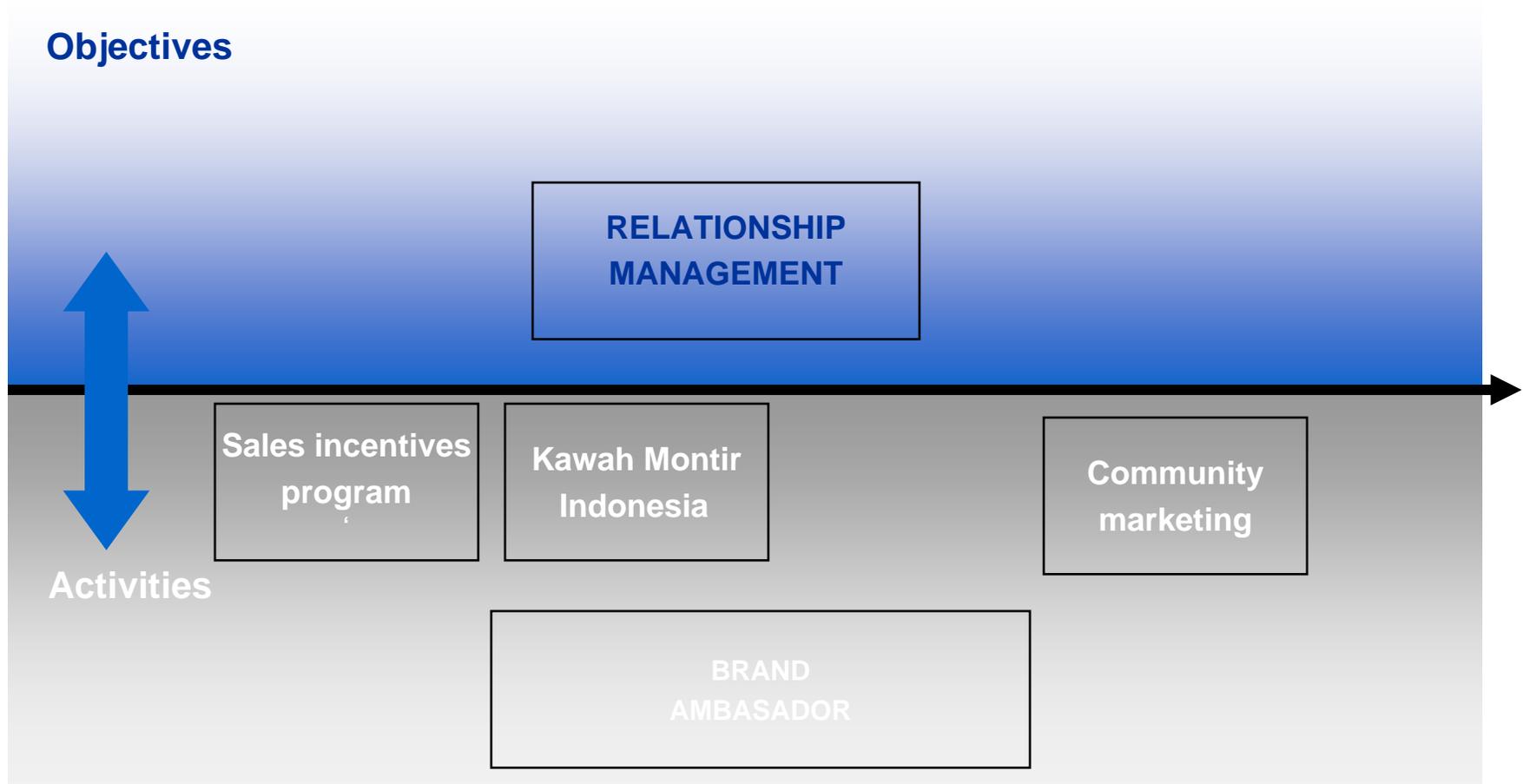
Targeted Communication

- Through selected automotive related communities
- Presentation
- Sponsorship

Distribution Channel

- Sticker
- Poster

Phase 4 : maintenance



Detailed Plan for phase 4

1. Create demand generation through a sales incentives program for mechanic or ASBEKINDO members.
2. Create Kawah Mekanik Indonesia program where all mechanic can learn new skills, up grade their knowledge or compete with each other to test their skills
3. Automotive related communities that we've been communicated to in phase 3 can be used as a new distribution channel : discounted price for communities member to buy QSEAL products

Medium, vehicle, contact point

Brand Ambassador

- Mr. Adirizal
- Mr.from external

ASBEKINDO

- Selling Incentives
- Kawah Mekanik Indonesia



Media/Public Relation

- Press Release on Kawah Mekanik Indonesia
- TV/filler/print ad on Kawah Mekanik Indonesia if there is much budget → optional

New Distribution Channel

- Selling incentives
- Kawah Mekanik Indonesia (if applicable)

Why SME's need branding ?

- Performance of the automotive parts industry is tied directly to the performance of the automotive industry
- In addition to that, the rising materials prices and interest rate make the future of many suppliers uncertain
- Auto parts supplier were continually faced with demands by their largest customers, car/motorcycle makers, to lower prices and increase quality
- As a result, even with favorable market condition, auto parts manufacturers struggled to maintain consistent profit margin despite increased demand

Why SME's need branding ?

- The aftermarket parts segment of automotive market tended to be more stable and subject to fewer fluctuations than the OE segment
- The major threat to the aftermarket parts industry was the increasingly high level of quality in original parts as well as the brand itself
- If auto parts suppliers want to strengthen its position, improving quality and branding are two among other ways to go

Why are brands important?



- They guarantee consistency of experience



- They cross borders of country and market
- They allow direct communication with consumers

Microsoft®

- They influence behaviour and attitude and increase loyalty



- They help to attract the best people to the company



- They represent one of the greatest sources of wealth and value for businesses

Why are brands important?

- Generate ongoing cash flows
- Add value over and above the basic offers
- Provide line extension opportunities
- Allow for premium pricing
- Help insulate against competitive activities
- Tend to survive over long periods of time
- Enhance stock market value

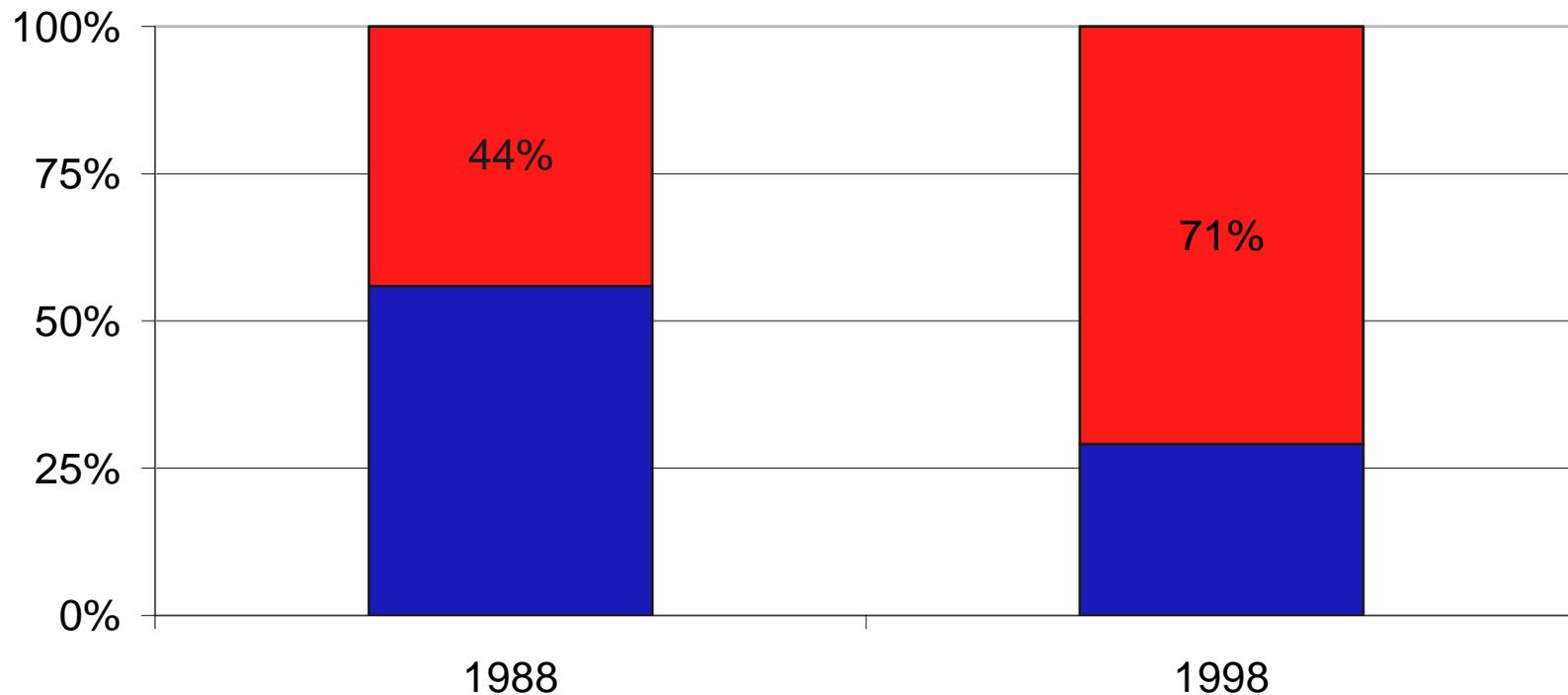
Example of the value of the strongest brands

Brand value is higher than other tangible assets of the company

Company	Stock Market Value	Net Tangible	Intangibles	%
	\$130.3 bn	4.4 bn	125.9 bn	97%
	26.9 bn	8.2 bn	18.7 bn	70%
	14.3 bn	1.6 bn	12.7 bn	89%
	79.8 bn	21.3 bn	58.5 bn	73%
	42.3 bn	10.9 bn	31.4 bn	74%

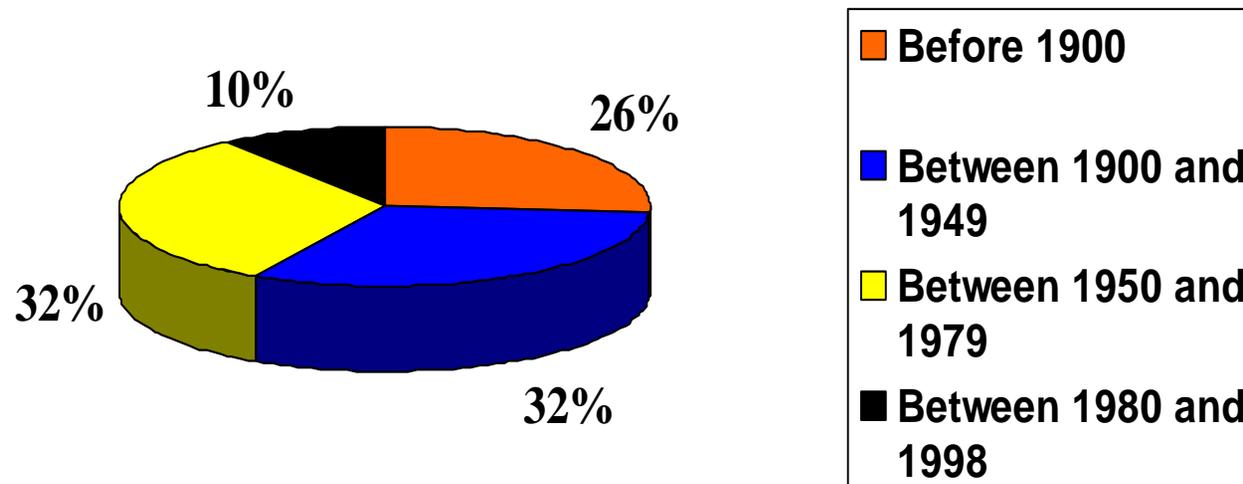
Intangible assets account for the majority of business value

**Market
Capitalisation of
FTSE 100 Index
(UK)**



Brands are unique assets which are difficult to replace

Launch Dates of the Top 50 Global Brands



What is a Brand ?
How to build a Brand ?

A brand is not...

- A product
 - “A product is a thing made in the factory, a brand is made in the mind. A product can be copied, a brand is unique. A product has a definite life span, a brand properly managed, can last forever”
Stephen King
- A name, design or piece of advertising
 - A brand is an association of experiences, not a piece of communications

Product

- Tangible: you can touch it, feel it, see it
- Has physical attributes: styles, models, features, price
- Has the right features to meet consumer expectations of performance and value
- But this is not sufficient ...

Brand

The total experience of a product:

- Personality
- Trust
- Reliability
- Confidence
- A Friend
- Status
- Shared Experiences

Within every Brand
there is a product/service,
but not every product/service
is a Brand

Can you identify her?



Is she a Brand?

Can you identify 'her' ...

- Personality?
- Trust?
- Reliability?
- Star quality?
- Familiar?
- Status?
- Shared Experiences?

What about
'her' now?



We must move from a product to a brand



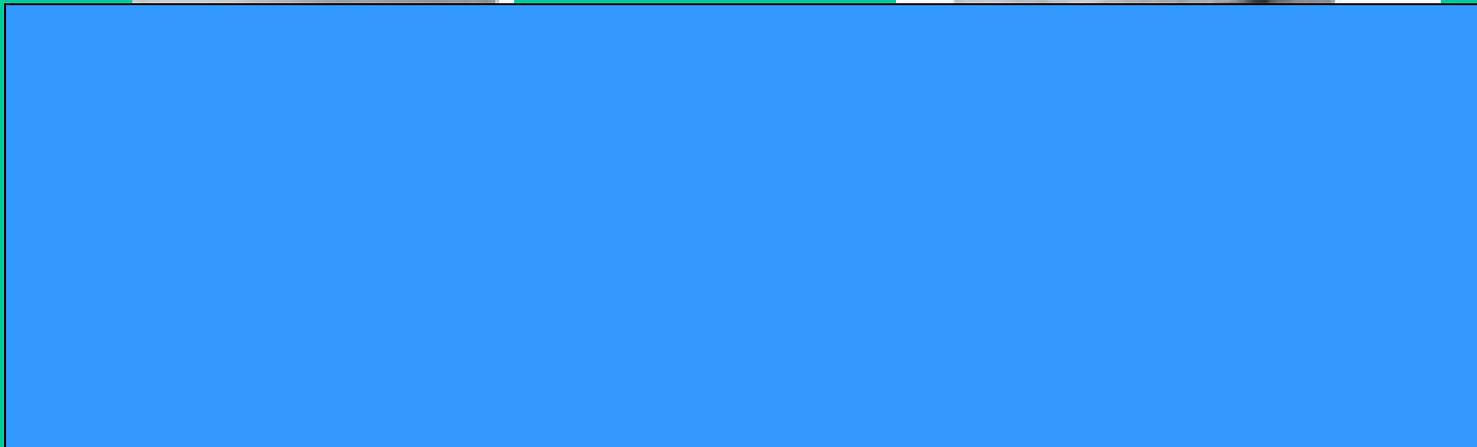
A Brand is how a consumer feels
about a product/service

Today products and services are rarely unique (and new innovations can be matched by competitors usually within 6 months!)

Brands are the key to differentiation.

Ice Cream

(what kind of ice cream, how do both taste :
same, different ?



Ice Cream

(how about now ? Do you have a different opinion about below ice cream brands ?

Baskin 31 Robbins
Since 1946



Häagen-Dazs



Ice Cream

(its all about your perception on the brands, the product is actually the same, its vanilla with choco chunk)



- Casual
- Young
- Pop
- America
- Active
- Colorful
- Fun



- Luxurious
- Adult
- Elegant
- Indulgent
- Classy

How to build brand

All great brands have one thing in common.....



a brand idea

that can be experienced and expressed by customers,
employees, shareholders, investors and business partners
alike

Some Good Brand Idea

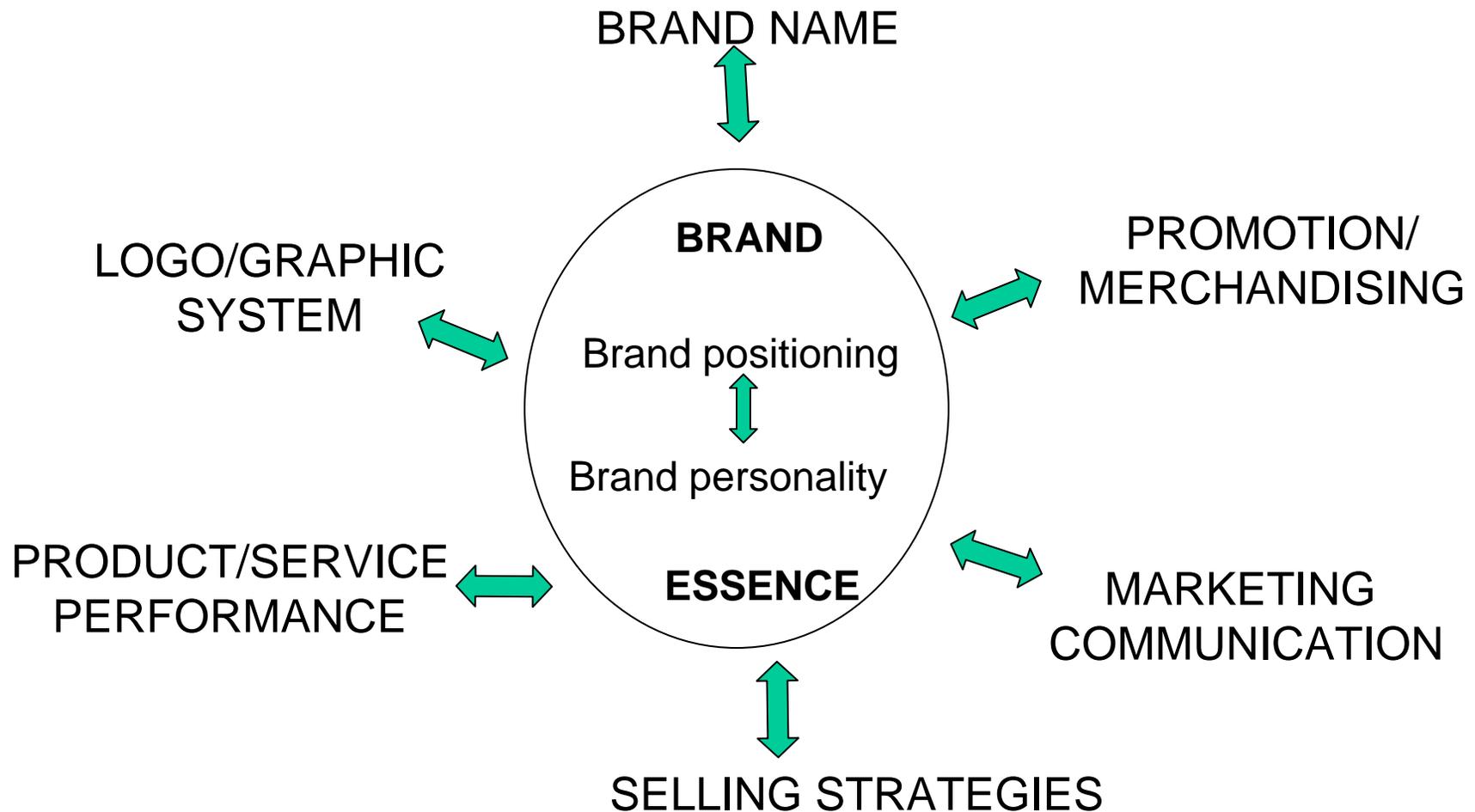
- **Nike**
 - Just Do It
- **Ricola**
 - a little pleasure to take your mind off the pressures of city life
- **Amex Blue**
 - Its cool to be Blue
- **Lux**
 - Dreams of beauty
- **IBM**
 - Solution for a small planet

Brand Idea

- Serves as a reason and driving force for the brand and dictate what kind of experience will be felt by its customer
- After that is found, build the total brand identity to complete its existence
- The important thing for BtoB is taking into account the value proposition of the brand idea and customer experience elements that deliver the promise

Total Brand Identity

(a framework as of D. Aacker)



How to market the brand ?

- Target the most valuable customers
- Understand their needs, and what are the important impediments to their loyalty ?
- Where that customer is in his journey towards loyalty, what perceptions keep him there ?
- What segment are there among your valuable customers, how different and similar are they
- Then we can create the right program and message for each of them

Key important element for service category : Moments of Truth

- CRITICAL LOYALTY DRIVERS in the TOTAL CONSUMER EXPERIENCE of the category/space in which the Brand plays where the Brand exceeds or falls down on its promise , thereby resulting in positive and negative Brand perceptions/experiences
- The Brand can also proactively *create* positive experiences itself (surprise and delight)

MOT Personal Experience : example

- Time Warner - promotes customer service as a part of its USP but the call center service doesn't live up to its promise - long waiting times, computer handling etc ☹ MOT
- MCI calling card - offered special call discount . Signed up for offer but not actioned by MCI . Customer Service even denied the offer had been running ☹ MOT
- Hard Rock Hotel - CD offered at check-in. CD player in room (surprise & delight-unconventional) ☺ MOT

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