

How can Brand owners ensure that licensees comply with their Brand standards?

By Ulrich Wolfers, signato Brand Consulting GmbH, Switzerland

Background

Brand owners today invest a lot of money in their Brand in order to be competitive and to increase the value of their Brand. A typical Brand development and implementation process includes, amongst other things, market research, the development or evolution of Brands, the development of the related marketing and communication material, the implementation of the Brand standards at all Brand carriers such as POS, stationery, vehicles, work wear, plants etc. as well as training of e.g. salesmen and retailers.

Brand owners have to ensure that their Brand is always well presented at all Brand carriers, after the implementation and also later on, which can be very challenging. Why? Because many companies sell their products and services not only through their own channels but also through third parties such as licensees or franchisees, which means that Brand owners don't have their Brand fully under control.

Third parties are supposed to implement the Visual Identity standards of the licensor correctly and manage the Brand image to the highest standards. Hence Brand owners should ensure with professional tools that also third parties comply with their Brand standards. But how can they do it? With Brand compliance audits. An independent consultancy should regularly conduct Brand compliance audits and measure on-site how consistently Brands are being applied across all Brand carriers.

The Visual Identity can be diluted very fast and thus lose its effectiveness even entirely by e.g. the incorrect implementation of Brand standards or non-compliance, dirty stores, damaged signs, changing employees and suppliers as well as the use of wrong colours, fonts or logos. At worst the reputation of the licensor can be damaged.

Through the performance of Brand compliance audits Brand owners can ensure that third parties (and of course also company owned entities) comply with their Brand standards. Without the support and guidance of the licensor, including the performance of Brand compliance audits, it is challenging for the licensee to comply with the Brand standards of the licensor.

Brand compliance audits are designed to help Brand owners to:

- Understand the condition of their Brand portfolio,
- Ensure a consistent and compliant visual impression
- Increase the Brand's competitiveness
- Secure and improve the Brand's value
- Relate the visual and financial performance of the Brand
- Demonstrate accountability for managing the Brand
- Identify opportunities to connect with clients at all consumer touch points
- Discover trademark infringements

Case study

signato is a consultancy highly specialised in the performance of Brand compliance audits. The company audits, amongst other things, licensees at the start of a new agreement and throughout the partnership. This ensures that they continue to meet the Brand and Visual Identity standard of the licensor, and increase the Brand performance and value of the licensor in the market.

At the end of 2012, signato conducted Brand compliance audits for petrol stations on behalf of a Visual Identity management company. The petrol stations were sold by a major global oil company (licensor) to a local oil company (licensee) who now operates the petrol stations under license and continues to use the brand of the licensor.

Before the divestment of the retail network the licensor didn't invest into his network a lot and didn't maintain it well. Hence the petrol station didn't comply with the Brand standards in terms of compliance, cleanliness and maintenance. With a view to bringing all its petrol stations up to the minimum Visual Identity standard of the licensor, the licensee agreed with the acquisition of the network mid of 2012 to enhance it by mid of 2013.

It was signato's role to identify all areas of non-compliance, to develop action points and timeframes and to calculate the budget required to refurbish the petrol stations. The audit (signato visited 80% of the petrol stations in the license market as a comprehensive review) covered every element of the petrol station, ensuring that all items were properly evaluated. Relevant action points, such as painting canopy stanchions, repairing shop buildings, cleaning pumps, installing new prime signs, and training of retailers and suppliers were also identified.

In addition, photographs of every Visual Identity element were taken and used together with a comprehensive yet easy to use Visual Identity checklist to develop a comprehensive audit report for the licensee. The report detailed the results, action points, timeframes and the budget required to refurbish the petrol stations and also highlighted cost-effective ways for the licensee to achieve the Visual Identity standard and improve its competitive position.

Following a detailed analysis and review of the audit the licensee was asked to bring the network up to Visual Identity standard. To support the licensee with the implementation of the project, signato was also asked to conduct a tailor-made face-to-face training on Brand and Visual Identity management.

At the end of 2013 signato went back to the license market to review whether the licensee achieved the Visual Identity standards. The audit turned out to be very positive meaning no compliance issues or any other significant problems were identified. As a result of the Brand audits all petrol stations in the license market are today in an excellent condition and comply with the Visual Identity standards of the licensor. Customers gave a very positive feedback and the sales volume has been growing significantly, up to 20% at some petrol stations.

SMD International provides the service of brand compliance audits in cooperation with its partner signato.

Joint brand compliance services of SMD International and signato

We provide the following professional services in the area of brand compliance audits:

- Performance of brand compliance audits,
 - o Appraisal of the overall visual impression of all branded items or sample sites/locations,
 - o Investigation into possible infringement, abuse or counterfeiting,
- Development of comprehensive audit reports,
- Calculation of the budget to bring visual impressions up to standard,
- Recommendation for remedial actions to meet compliance criteria,
- Delivering training courses on brand and Visual Identity management.

Depending on your current situation and topics, we offer the following services:

Subject	Service	Benefit
Newly established brands or marketing campaigns	Implementation Audit	Ensure a compliant implementation
Selected or all brand carriers in specific markets	Brand Compliance Audit	Ensure a consistent and compliant visual impression
Business areas operated and managed by third parties	Brand Compliance Audit	Minimise reputation issues
Specific brand carriers (e.g. workwear, trucks, wagons)	Brand Compliance Audit	Identify problems with suppliers
Products been sold in markets which are known for IP infringement	Brand Compliance Audit	Identify trademark infringement
Business units which have been sold and been debranded	Debranding Review	Prevent legal disputes

Our typical clients are:

- Companies who operate in competitive markets and want to stand out from their competitors through an excellent brand impression,
- Companies who sell their products or services through third parties which means that their brand is not fully under their control,
- Companies whose brand is presented at many consumer touch points so that it's challenging to control or to maintain the visual impression of their brand,
- Companies who want to check physically on-site whether their products have been counterfeited,
- Companies who leave markets and want to make sure that their brand has been completely removed from all brand carriers.

Please contact us for further information and prices.



Ulrich Wolfers
Managing Partner signato

c/o SMD International
brand-compliance@smd-international.info
Tel. +49 4102 8048 0