

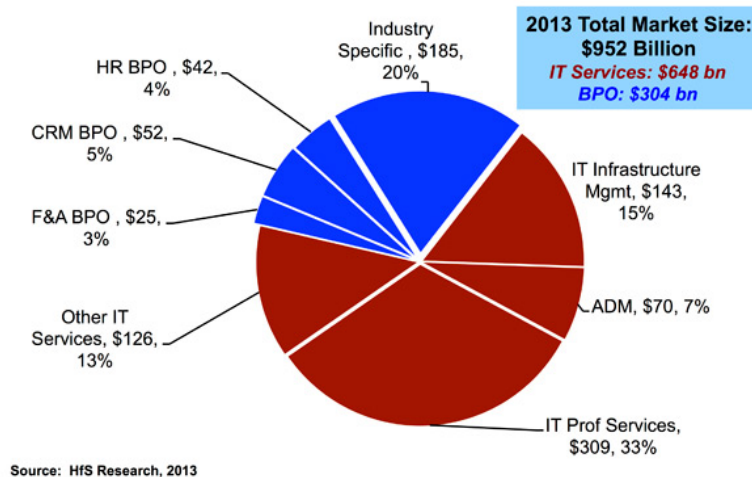
New Branding Tactics for Outsourcing Companies to Differentiate and Accelerate Growth

by John Grace

Significant changes in the outsourcing industry in the past few years mean that outsourcing companies must re-evaluate their branding if they want to succeed in the new environment. These changes are the result of many converging dynamics. Understanding the nature of what is changing can help companies reposition themselves for growth and greater profitability.

The good news is that the continuing growth of the global BPO and IT services market makes it look attractive to new entrants. Current industry projections suggest a global market size of over US\$900 billion. Unfortunately, this creates a wide and more confusing playing field.

Global BPO and IT Services Market 2013 (\$Bn)



Despite a languishing global economy, several reports and studies from different BPO sectors project a continuing growth rate of 4-6 per cent, possibly increasing further as the economy stabilises. But growth creates a new set of challenges.

Convergence of factors has caused the problem

The irony is that category growth puts new burdens on providers to stay competitive in a dynamic marketplace. Several issues form a foundation for new brand thinking.

- *Price shopping.* One of the unfortunate fallouts of the global recession is an emphasis on low cost, which has in turn resulted in an increase in price shopping, with buyers driving to the absolute lowest prices from providers. This isn't unexpected, but with new competitors entering the market, low price bidding becomes an even tougher hurdle. The implication of this trend is for brands to communicate their unique value in new and compelling ways.
- *Providing greater value.* Further, while price is a more important decision driver, buyers are, at the same time, looking for more than tactical support and are leaning on providers to bring new services and solutions to the table while keeping process costs low. Naturally all providers are looking to find a competitive edge so it is more critical than ever for providers to position themselves with clarity to differentiate, ensure understanding and secure engagement.

- *Shifting labour costs.* The past decade has seen a continuous shifting of global labour costs, so that some regions and countries that were once attractive sources of labour are less so today. Among other things, advances in technology have enabled new regions to be competitive. This has led to new perspectives about onshoring and rural shoring as viable alternatives, and keeps buyers up at night hoping that their outsourcing partner can satisfactorily meet their business needs. This is where the brand can act as an assurance of quality and service.
- *Increased scepticism and need for transparency.* One of the negative fall-outs of the global meltdown, lead by the financial services industry, is an increase in scepticism in what providers promise. This manifests itself in many different ways, one being the need for increased transparency and openness. Buyers approach relationships very differently post-recession, and this places a burden on providers to develop and sustain these relationships in new ways. Brand can be the beacon to show how open and transparent your company is in the new environment.

A consequence of these intersecting dynamics is that outsourcing companies must develop very strong brands to differentiate, attract new business and garner higher prices than competitors. This is easy to say, but requires some rigorous work to get there. What follows are the key elements necessary to define and strengthen an outsourcing company brand in the new environment we face today.

Keys to creating and shaping a unique and compelling brand

1. Create a unique and compelling brand idea that is different from your competitors. Stand apart. Spend the time and energy to really uncover why your company is different and better, and then make it part of how you communicate, what you communicate, and how you shape customer relationships.

2. Build the brand outwards from the DNA and culture of the company. This should be the foundational starting point. Unlike decades ago when a company could shout something and customers would line up, today strong brands have to be built upon the foundation of a company's culture and DNA to have any resonance at all. Every organisation has an internal ethos that guides decision-making, service philosophy, and general behaviour. The most important starting point in building a brand is to uncover this unique character, and build it into the final brand idea.

3. Express the brand idea in unique language that telegraphs, in a nutshell, what your company is, what it believes and the value it provides. In most engagements we begin, our clients are often using generic words as tag lines or primary marketing messages that could be used by anyone. Here are some expressions being used in the outsourcing industry today:

"Innovative Solutions. Exceptional Service."

"Shifting the Sourcing Equation"

"Extending Your Enterprise"

"Ready for Real Business"

"Experience Certainty"

"Helping Business... Process."

"Leading the Process"

"Applying Thought"

"New Ideas. More Value."

"Love the Way You Work"

"Passion for Building Stronger Businesses"

"Sourcing... Simplified"

"Premier Technology Services Partner"

"Rethink Outsourcing"

These types of generic messages create a real opportunity for an outsourcing company to really focus on what makes it special, and then find a compelling expression embodied in a short number of words that can be used as a primary marketing message. Strong marketers find different ways to express the underlying idea so it telegraphs a lot about the organisation and does much of the heavy lifting to create understanding and engagement.

4. Be open and transparent in your communications. The events of the past five years have driven customers and consumers to be very sceptical of messaging. Thus, smart business leaders now understand that they need to become more transparent in all

communications. By being more open and candid, companies are able to establish stronger bonds with their customers. In branding terms, a company needs a “brand voice” that is honest and true to how it behaves and conducts business

5. Use brand architecture to make your products and services very easy to understand. One of the front lines in creating customer engagement is to make your business clear and easy to understand. That means developing a brand architecture that is built from the “outside-in”. In many cases, this mean reorganising how you communicate what products and services you provide from the customer’s perspective. In that manner, new customers will understand you better, and be willing to engage further in building a relationship. This may sound surprising, but all too often, outsourcing companies presume that customers understand them. Not only can this be false, but in a highly competitive marketplace, clarity is an essential tool to secure new and expand existing relationships.

Developing and building a strong brand does not happen overnight. Identifying the need for it is the first step...one that can no longer be ignored in the evolving complexity of the outsourcing marketplace.



About the Author

John K. Grace is President and Managing Partner of BrandTaxi, a brand strategy consulting and design firm providing strategic advice and design services to corporations from global market leaders to smaller niche companies where brands are important to growth. His career focus has been on understanding the relationship of the brand asset to shareholder value, and how brand strategy drives effective marketing strategies.

Prior to founding BrandTaxi, John was the Executive Director of Interbrand, the largest global brand consulting firm with offices around the world. He was responsible for leading new strategic and marketing initiatives for the benefit of the firm’s clients both domestically and globally. Formerly, John was Executive Vice President of Lippincott & Margulies, serving on the Executive Managing Committee and the Board of Directors. There he worked for a wide range of the firm’s domestic and international clients solving complex branding and identity issues. Over the years, he has worked with almost every type of organisation and industry.