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REBRANDING

Three letters gain a personality

UBS, Europe's biggest bank, has collapsed its multiple brands to focus on a single global name. **Haig Simonian** asks, has the strategy worked?

They have become as intrusive as Michael Jackson's legal troubles or the British Royal family's love life. On television and in print, in Europe, the US and Asia, they seem virtually omnipresent.

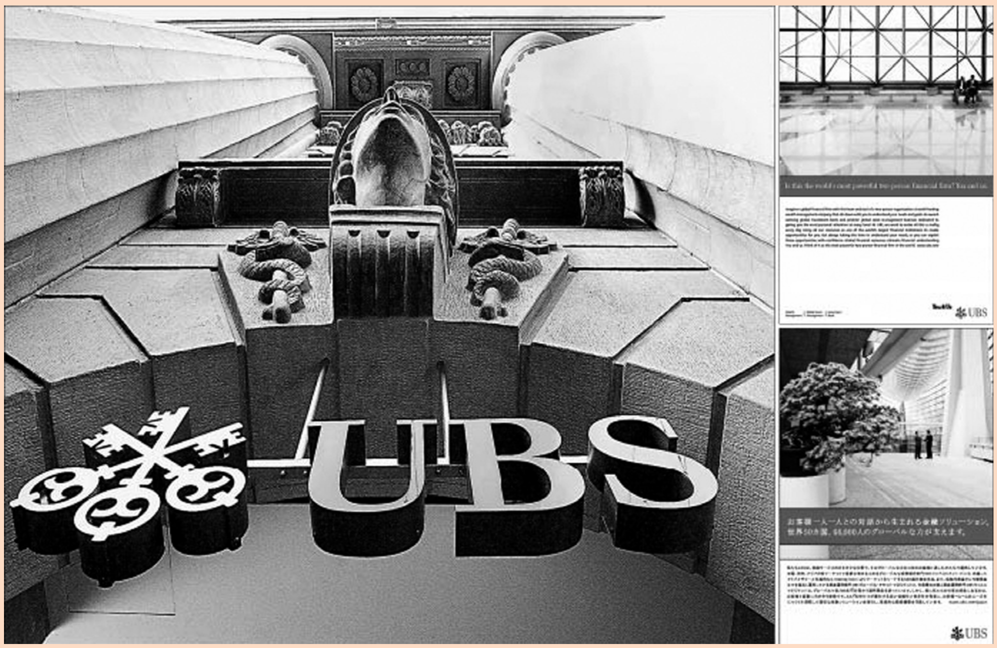
They are usually confined to the financial pages or business broadcasts, but can also pop up flanking sport, lifestyle or culture reports. Their settings may vary from snowy peaks to anonymous corporate caverns, but the two diminutive figures, male or female, are always there, side by side.

"Could this be the world's most powerful two person financial firm?" asks a cheeky voice or an inquiring strapline. "You and us: UBS."

The campaign by Europe's biggest bank to gain recognition is paying off. Last August, the respected annual league table of top 100 global brands compiled by BusinessWeek, the US magazine, ranked UBS 45th worldwide – a debut from nowhere in the past.

Such familiarity was not a foregone conclusion. UBS is a household name in its native Switzerland and may be familiar to well-heeled international patrons as the biggest wealth manager in the world.

But in US investment banking, or in Asia, where it is still growing, the group's initials ring fewer bells. Until recently, in many markets, it was UBS's illustrious component companies, such as Paine Webber or SG Warburg, acquired over the past decade, that commanded greater attention.



You and UBS: the bank's advertisements (right) retain the classic two-person format – banker and client – but subsume it into a bigger backdrop, such as a mountain scene or neutral corporate space Keystone

"Paine Webber was as familiar as Merrill Lynch or Morgan Stanley in US retail broking. But who'd heard of UBS?" asks Mark Branson, the bank's chief communications officer. "Even in London, Warburg was often better known than its parent."

Warburg Dillon Read, subsequently shortened to UBS Warburg, remained the denominator in investment banking. Paine Webber, bought in 2000, retained dominance in US retail broking. Even Brinson, a less familiar US specialist fund manager bought in the 1990s, survived for years as the group's preponderant moniker in asset management.

But with its takeovers largely completed by 2000, UBS started rethinking the brand. "The 1990s had been the decade of acquisition-led growth," says Mr Branson. "Once the focus shifted to organic expansion, we had to pay much more attention to the brand."

That shift reflected a recognition among branding specialists that it is notoriously difficult for financial services companies to distinguish themselves in the sector. Retail banking is broadly perceived as homogenous; innovation is swiftly copied, while cost competition – potentially an important differentiator for some banks – does not quite fit UBS's pukka image.

So the trend, at least among bigger banks, has been towards a single brand. HSBC, the UK-based global player, has been a prime example of acquisitions followed by ruthless rebranding.

Even Credit Suisse, UBS's arch-rival, has recently shifted in this direction, dropping many of its confusing acronyms. But other banks, such as Royal Bank of Scotland, retain multibrand strategies, at least for some parts of their business.

"Consolidation has certainly been the trend in financial services, although there have been exceptions," says Jeff Smith of Prophet, the branding specialists chosen by UBS to advise on the initiative. "Multibranding remains typical of more product-driven industries."

"There isn't one answer for the sector," agrees Brian Boylan, chairman of Wolff

Olins, the international branding consultancy.

"Some, such as UBS, have decided they want to be players in the big game. If you want to be considered as a world player, you can't do it through multiple brands," he argues.

UBS's decision to "collapse" its brands and focus on one name was neither quick nor easy. Months of consideration and meticulous market research preceded the decision – culminating in the global brand positioning campaign running now.

"First, we had to crystallise exactly what issue the bank was trying to solve," says Mr Smith. "Even if you conclude that maintaining multiple brands creates confusion and limits the achievement of strategic objectives, you've got to decide what and how to change."

Identifying the right targets for market research and devising the appropriate questions to ask took weeks, says Mr Branson. "We started by asking, what would you be looking for in your ideal firm?"

"The key criterion was confidence. Innovative products, competitive prices or technological primacy were all potential factors. But clients across the board said what really counted for them was the sense of having a bank of the size and expertise they could rely on."

By November 2002, an in-house study group recommended shifting to a single brand. Alternatives ranged from the adoption of a new name to using either UBS or UBS Warburg. The decision, notes Mr Branson, was anything but trivial: dropping Paine Webber involved a $1bn write-off on the 2002 balance sheet because of the loss of assumed brand value.

The UBS Warburg name appealed because of the strong associations of the former UK merchant bank, compared with the relative anonymity of the three initials. Ultimately, however, it was felt Warburg's strong City of London investment banking connotations were too restrictive for a group that saw itself as global and equally strong in all product areas. But Mr Smith admits that, while plain UBS was "segment neutral", it created a recognition problem. "You have no in-built personality. Here are three initials: now you have to fill them."

> 'We had conflicting priorities – showing the size and power of UBS and the intimate client relationship'
> MARK BRANSON

The branding debate came roughly as UBS, like other multinationals, was consolidating its worldwide advertising into one company – in its case, Publicis of France. With one agency and one brand, copywriters and brand strategists worked together, using the market research to inject personality into those three initials.

The metamorphosis – best on TV – of "You and us" into UBS was swiftly seen as a winner. The decision to buck traditional bank advertising, generally involving close-ups of one person or a small group of people, was harder, admits Mr Branson.

"The research suggested we had two, apparently conflicting, priorities. Emphasising the size and power of UBS as a global institution,

and showing the intimacy of our client relationship."

Hence the decision to retain the classic two-person format – banker and client – but subsume it into a bigger backdrop, such as a mountain scene or neutral corporate space.

The campaign appears to have worked. Target groups have been tracked every month since last year's launch, with strongly positive findings, says Mr Branson. Some 18 months after the single brand decision, and a year into the advertising campaign, the results are "very encouraging", he says.

Data this month showed awareness of UBS in the all-important category of affluent and high net worth US citizens had risen to 63 per cent. Among US corporations and institutions it was 94 per cent. "We are making similar progress in Europe," says Mr Branson.

BusinessWeek put the value of UBS's brand at $6.5bn. Such a figure is near impossible to define empirically, but, interestingly, the bank came in above names such as Volkswagen, Xerox or even Nestlé.

Some competitors claim that any gains for the brand have come at a price, namely the vast expense of the campaign. Mr Branson declines to specify an exact figure, admitting to expenditure in the triple-digit millions, though at the lower end of the range.

UBS's strategy and its distinctive advertisements, however, appear to have achieved the first goal of gaining recognition. "It's quite striking for the sector. And they've made quite a lot out of trying to 'own' white and red as their defining colours," says Mr Boylan.

He only regrets that the strategy, specifically the ads, lacks "modulation" in the sense of different levels of meaning. "They've built a presence and created recognition – but for what? There's still a step further to go."

BANK'S TELEVISION GAFFE THAT LED IT TO SEEK A STRATEGIC BRAND MAKEOVER

In a world of beauty contests and competitive bidding, UBS followed an unorthodox path to find a branding consultant.

The search began after the bank suffered acute embarrassment on a popular business television show. UBS had complained regularly to the presenters of CNBC's *Squawk Box* about their inability to distinguish correctly between the group's brands when referring to the company.

The mounting acrimony eventually prompted an invitation from CNBC for a UBS representative to appear live to explain the differences.

The spokesman performed perfectly until, at the end of the slot, he himself stumbled over the group's confusing brands – causing immense merriment among his vindicated television hosts.

UBS turned to Prophet largely because of the high profile of David Aaker, its much-published vice-chairman, an emeritus professor of marketing at the University of California at Berkeley's Haas School of Business and a writer on branding issues.

The group, which employs about 150 people, was created in 1992 and now has offices in London, Hamburg, Zurich and Tokyo; its US headquarters are in San Francisco, and it also has offices in New York, Chicago and Houston.

Prophet says its focus is strictly strategic: while it can advise on creative matters, campaigns are very much left to advertising agencies. Clients include AT&T, BP, Siemens and Philips.

The UBS contract created the incentive for Prophet to set up a free-standing Zurich office, which has now expanded to employ six full-time staff and has developed its business beyond the bank initiative.