

Panasonic eyes unity in brand revamp

Matsushita's rebranding of its business as Panasonic is designed to drive global sales and make its marketing more efficient

By David Blecken

OSAKA In a break with tradition rare among Japanese conglomerates, electronics manufacturer Matsushita has unveiled a radical rebranding initiative as it embarks on a major sales drive outside its home market.

The company has set out to address a perceived lack of brand value and global competitiveness by renaming itself and sub-marques National and Technics after its highest-profile brand, Panasonic.

The rebranding accompanies a push to increase sales outside the stagnant Japanese market. As Panasonic, the firm reportedly aims to boost its revenue to 10 trillion yen (US\$101 billion) by 2010.

For Gregory Birge, managing director of marketing consultancy F5 Digital Consulting, the move is long overdue.

"It has taken Matsushita a long time to realise that to be successful outside of Japan, brand image is critical," he said, pointing out that it is following the same path Sony trod half a century ago when it evolved from the unwieldy Tokyo Telecommunications Engineering.

Birge adds that in spite of a strong product range, Panasonic itself lags behind Sony in terms of global awareness, held back by a bewildering array of brands within the parent company, including National, PanaHome, Technics, Quasar, Victor and Rasonic, that dilute its presence.

This brand dilution was underlined in *Media's* recent Top 1000 Brands research by TNS. Panasonic came in 15th, well behind Sony and Samsung, despite similar levels of



Panasonic... trailed behind rivals Samsung and Sony in *Media's* Top 1000 Brands survey for 2008

advertising investment. National came in at 117.

Japan currently accounts for around half the company's sales. While it has established a relatively strong presence elsewhere in Asia-Pacific with the sales of home appliances — chiefly microwave ovens — the rebranding initiative is expected to facilitate expansion in rapidly growing markets such as China and India.

It is also targeting Europe, where Panasonic Corporation president Fumio Ohtsubo says it plans to begin distributing its three main appliance products — air con-

ditioners, refrigerators and washing machines — by March next year.

"In addition to our mainstay consumer electronics business, we expect to find potential growth globally in the home-appliances business," he said. "Though profit margins tend to be thin, we have maintained a nine per cent margin in that business — the highest among all of our units — by selling compact, low-energy products."

Ohtsubo explains that as well as allowing greater focus, the rebranding will reduce the marketing investment cur-

rently required. It will have only one brand to promote.

But while describing the move as a "brave decision", Birge cautions that the strategy to phase out the National brand, one that is recognised for its budget products in Japan and the US, risks weakening the equity of Panasonic.

"People who see National as cheap may come to see Panasonic as a cheap brand," he pointed out. "If the company wants to switch it to Panasonic, it will need to change the product. But it's easier to lower the cost of a very expensive product."

To establish itself as a credible competitor to Korean rivals in the region, he says the firm will need to focus on its TV and camera ranges while improving and updating its DVD line and seeking partnerships and acquisitions.

While the company is a market leader in the field of plasma-screen technology, it is understood to be weighing up a possible tie-up with Canon and Hitachi to step up development of LCD flat-panel TVs. It has also announced plans to fuel the market for Blu-ray DVD players by introducing cheaper variants.

Parita Chitaksem, research manager at Euromonitor International, agrees that meaningful strategic alliances will be critical in successfully launching innovative premium products. She also notes that the firm will have difficulty maintaining competitiveness in the large kitchen appliance sector outside Japan against manufacturers such as Whirlpool, Electrolux and Haier, indicating that "premium branded and innovative product ranges remain the way forward", particularly in non-Asian markets where Panasonic is known primarily as a TV manufacturer.

Although the move may be overdue, Birge said it was "never too late" for a company to take steps to realign itself as a truly global competitor. "It's an amazing change for a Japanese company to make," he said.

"The big question now is where it will put its effort. It won't just be about communications campaigns, but about understanding the real values of the brand. Panasonic deserves to be a strong brand."

Industry comments



Martin Roll
CEO, Venture Republic

"This is a huge change. It won't have dropped the Matsushita name easily, but Panasonic has much more resonance globally. It's a trade-off: it has let go of its history, but is opening the way for expansion and access to many more markets. The focus now should be on merging the company cultures and revitalising the Panasonic brand in preparation for bold expansion. It's in a good position, but it could do better, and this could be the trigger. The challenge is for the Japanese management team to create global leadership."



Gary Martin
Executive Director, The Nielsen Company Hong Kong

"Familiarity accounts for about half of a brand's equity. Bringing the corporate brand into line with the one consumers are already familiar with is a sensible thing to be doing. This will help get it over the doorstep to expand penetration in rapidly growing markets. Panasonic is already a significant player in a number of markets, but it has an opportunity to expand in other large-growth markets. This will help drive growth overall as well as making it less reliant on Japan. Good distribution and innovation will be crucial."

90

Years Matsushita has been in operation

\$86bn

Matsushita revenue for fiscal year ending 31 March 2008

\$15bn

Extra revenue required by 2010 if target is to be hit

\$304m

Cost of brand realignment

\$581m

Asia-Pacific ad spend on Panasonic brand in 2007

81

Years since the launch of the National brand

Normally the new business performance table appears here.

Normally McCann Worldgroup would be leading it.