

Brands hatched

Keith Humphreys notes how important it is for vendors to come up with the right formula to gain momentum in the branding stakes

EUROLAN RESEARCH often interviews networking integrators and VARs on behalf of vendors, and when we include a question along the lines of, "What can vendors do to help you develop your businesses?" the most often stated requirement is that the vendor should perform marketing, brand awareness and lead-generation activities.

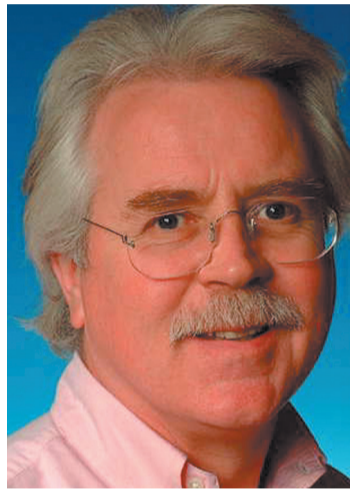
Aware of this, vendors have transferred much of their marketing budgets from co-operative funding of their partners' activities - seminars and local advertising - to creating brand awareness for themselves.

3Com was one of the first vendors to employ an expert in branding when it recruited Jan Soderstrom from Visa International in 1999. Nortel also recruited a brand expert, Jeffrey Brooks, who also had gained experience from outside of the networking industry, with Sony. Nortel insiders quickly nicknamed Brooks 'Brand Man', and when he recruited an assistant it was only a matter of days before he had the moniker of 'Brand Boy'.

Cisco has undertaken few changes to its brand in its 20 years existence. First, Cisco changed the lay-out of its name from having a small 's' in Systems to a large 'S'. More recently, it has developed a softer marketing attitude, having moved from Matchplay golf at Wentworth to marketing activities that are less masculine.

All three had exposure at one time or another to the pinnacle of sporting activities: Formula 1 sponsorship. 3Com and Cisco partnered McLaren at different times, and 3Com was lucky in taking over as McLaren's main sponsor at short notice for one Grand Prix in 1997.

Nortel carried on for a couple of seasons with Williams F1



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before handing over to Hewlett-Packard, which continues today. It is estimated that this cost Nortel in the region of \$5m a year.

Branding is defined by Walter Landor, one of the greats of the advertising industry, in this way: "Simply put, a brand is a promise. By identifying and authenticating a product or service it delivers a pledge of satisfaction and quality."

And digital brands need to have momentum, unlike analogue brands such as soft drinks, petrol or beer. When considering a digital brand, end-users ask themselves: "Who else is betting on this firm to solve my problems? Is the company moving quickly enough to keep up? Can I trust it to solve my problems in the future?"

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How do the networking vendors stack up, and has the money and resources invested in creating the brand paid off? Certainly it has paid off in the LAN space for 3Com, particularly in the SME market, as indicated on the graphs (right). But 3Com will find it difficult to convince the enterprise market, where it is trying to re-establish itself with products it is developing jointly with Huawei, when judged against the above criteria.

Bruce Claflin, chief executive of 3Com, described Cisco and 3Com as being in different elevators, one going up to the enterprise, and one going down to the SME. He said he preferred the elevator that he was travelling in. A clever analogy, but although it has the necessary momentum, it is flawed in its premise that Cisco is exiting the enterprise market.

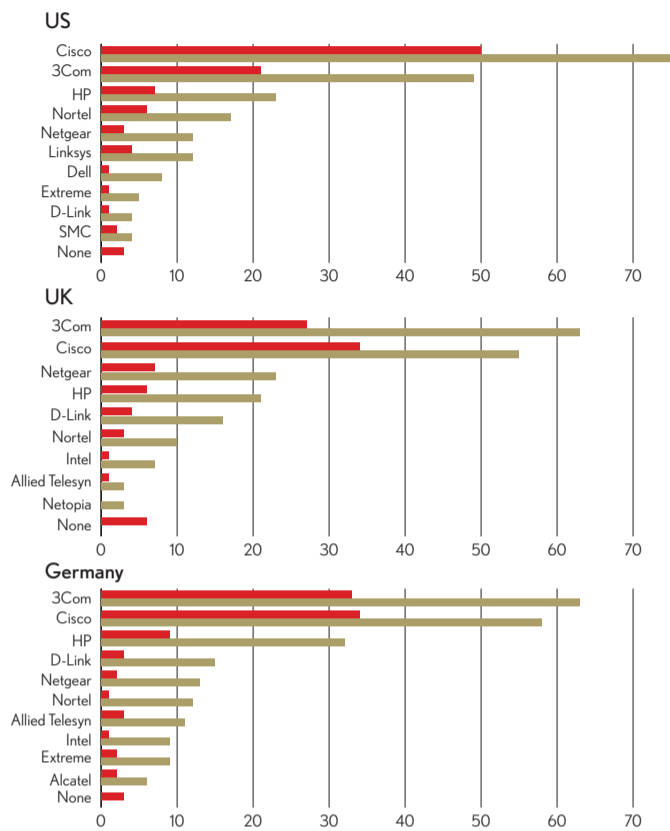
Cisco is indeed strengthening its SME strategy, with Linksys being the brand in the home networking and small-office/home-office markets, and Cisco the brand in the commercial space. To this end, Cisco has introduced the SMB Select programme, which borrows the notion of Proximity Resellers from the US.

These are dealers that are limited in geographic coverage by the coverage of the Yellow Pages region or the distance that the dealerships can cover to service its clients. The SMB Select programme dovetails with another recently announced initiative, the Opportunity Investment Programme, to offer a degree of protection for Cisco resellers by geography and by customer.

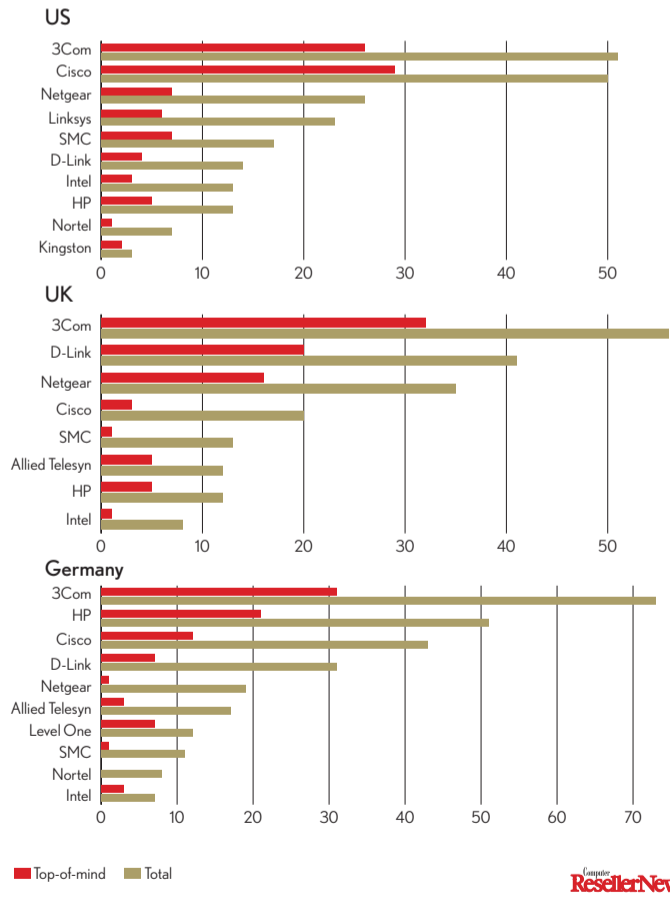
Will Cisco succeed by dominating in this market as well as the enterprise? Time and market share statistics will tell.

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Enterprises: When you think about Ethernet switches, which one brand comes to mind first? What other switch brands come to mind? (%)



Resellers: When you think about Ethernet switches, which one brand comes to mind first? What other switch brands come to mind? (%)



Source: NOP World Survey