

Under the Microscope

If something is worth doing it's worth doing badly

"If a thing is worth doing, it is worth doing badly," GK Chesterton once wrote. At one level he meant that you shouldn't give up an activity you enjoy just because other people are much better at it. Three cheers for Eddie the Eagle. Don't let Tiger Woods stop you playing golf. It's better to play the violin badly than not at all (though the neighbours may not agree).

This does not always apply. Brain surgeons and airline pilots must be experts, not enthusiasts. The best Prime Minister will clearly be someone who has spent years preparing himself ... ummmm ... yes, well, let's not go there.

Sometimes, however, it's hard to tell whether one is doing a thing well or badly, or even to be sure that it's worth doing at all. Problems of measurement, in fact. In his book *How to Measure Anything: Finding the Value of Intangibles in Business*, Douglas W Hubbard argues that it is always possible to find a way of measuring an intangible. It won't be perfect, and may not be very good – but it will be better than not even making the attempt.

The value of branding to a destination seems like a good test of this idea. Once you look past the bricks and mortar, the beaches and mountains or the bars and museums, destinations themselves are intangibles. How to measure the effect of an intangible on an intangible? A controlled experiment would be nice. Take a dozen or so similar destinations (waterfront regeneration schemes, let's say). Run a baseline study of each. Divide them randomly into two groups, and let Locum's branding experts loose on one group. Five or ten years later, repeat the studies and hand the results to a statistician.

Nice, but impractical. Real life seldom allows neat controlled experiments. Destinations are tremendously diverse. Their performance is affected by a huge number of endogenous and exogenous factors. And there is a wide range of approaches to destination branding, each with its own measurement challenges:

- plan the product to fit an existing brand (e.g. Center Parcs);
- extend an existing brand (e.g. Virgin's Virgin Limited Edition exclusive resorts);

- develop the brand and the destination in parallel (something Locum specialises in);
- get someone to design a logo and some nice letterhead and posters (bad mistake: a brand is much more than a visual identity);
- ignore it (which amounts to leaving it entirely in the hands of your customers).

The recognition in the last 20 or more years of the importance of brands to the asset value of companies has led to the development of methodologies intended to satisfy the stock markets – and to the recognition that a company's brands may easily be worth more than all the rest of its assets. For example, an Interbrand/JP Morgan study in 2002 reckoned that the Coca-Cola™ brand alone was 51% of Coca-Cola's stock market value – never mind Fanta, Sprite and the rest.

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Interbrand says it has a 'proven, straightforward and profound formula' for valuing brands. All you have to do is forecast current and future revenue, subtract operating costs, taxes, and 'intangibles such as patents and management strength' and what's left is the earnings due to the brand. You then measure how the brand influences customer demand at the point of purchase, and the current and future strength of the brand. Apply the formula and bingo!

This is difficult enough if the product is soft drinks and the client a global corporation. For most destinations, it's impractical. Practical tools include:

- Visitor surveys (how does your brand influence decisions to visit and willingness to pay?)
- Benchmarking (do you achieve higher yields/spend per head than competitors who don't manage their brands?)
- Do other businesses want to join your brand? What might they be willing to pay?

- Suppose someone else owned your brand: how much would you pay for the right to keep using it?

Unfortunately, all these work only for existing destinations. Valuing a future destination brand is largely an act of faith. But this doesn't mean that branding isn't worth while. At a minimum, the brand provides a framework for the management and marketing of the destination. It gives you a strong clear story to tell, which helps attract investors, tenants, buyers and visitors.

Later, brand management makes the difference between a destination that knows where it's going (if you'll pardon the expression) and one that's stuck in a rut.

And there's one brand proposition that can easily be tested against travel insurance claims: "See Naples and die".

Between the volcano and the polluted Mediterranean, the Camorra and the uncollected refuse, it's probably as true today as when that pioneer of destination branding JW 'Kennst du das Land' Goethe recorded it in 1787.



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