

Interview with Luis Manzano:

“Advertising agencies are trying to move in on brand consulting firms.”

In conversation with G. Gonzalez-Andrio

Luis Manzano, General Manager for the Madrid office of Landor Associates, is one of the most knowledgeable people in Spain about the creation of brands. He speaks to us about a market that is unfamiliar to many but whose top five brand consulting firms earn a combined 20 million euros annually.

Before joining Landor in April of 2005, Luis Manzano spent six years as executive director at CIAC (Consultoria en Imagen, Accion y Comunicacion), a Spanish brand consulting firm. During that time, he worked with clients in Spain, Portugal and Latin America, leading branded environment programs for Telefónica Móviles, Banco Galicia, Iberia, Caja Canarias, IBM, and AC Hotels, among others. Luis has extensive experience in corporate identity design, implementation, branded environments and digital branding.

Before CIAC, Luis spent eleven years in the technology industry, working for companies such as Accenture, IBM, Hewlett-Packard and Lotus in their business management departments. Luis is married and has two children. He has a Master's degree in utilities engineering from the Universidad Politécnica de Madrid.

We had a lively and candid conversation about the state of branding in Spain. By the time we had finished, I felt like I had just received a free lesson in branding.

How are brand consulting firms doing in Spain? Is there a lot of competition?

Branding is new to the Spanish market. Generally, clients are unwilling to implement breakthrough ideas or even to pay to create them. So I think two types of consulting firms have emerged: those that implement concepts, enjoying high volume but low

margins, and those that grow their businesses by working close to the management consulting space. The problem is that the competition is enormous, and they're mixing apples with oranges; advertising agencies are now encroaching on the territory of brand consultants. However, the largest and most professional consulting firms continue to grow.

But that intrusion isn't only coming from advertising agencies, is it?

From advertising agencies and from the “designer friend” that every executive seems to have.

Alberto Corazón once commented that business schools are creating more conservative executives who are unwilling to take risks... and this is reflected in their brands. Do you agree with that point of view?

Absolutely. But then you have to consider entrepreneurs like Dietrich Mateschitz, founder of Red Bull, or Richard Branson of Virgin. They made themselves millionaires by taking risks and breaking conventions.

What is your opinion on recently revitalized brands like Banco Santander, Movistar and Globomedia?

Globomedia's brand is debatable. Its logo, a wink to the entertainment world with a goat in spotlights, is probably fine, but I don't like how it has been implemented. That is my personal opinion, and I have yet to see how it is used across all points of touch. People tend to simplify their brand in their visual identity.

Luis Manzano is General Manager for the Madrid office of Landor Associates.

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Movistar has been audacious; although if we analyze BrandAsset® Valuator data, it does not seem to have gained relevance among consumers despite gaining knowledge. This happens when there is no clear and simple message behind a brand. A good example of a clear, memorable brand idea is BMW's "the ultimate driving machine."

I think Banco Santander has done a great job of unifying its global network, except for the branch offices, where the quality of implementation has been low; you almost always see their signs submerged or badly maintained. The opposite example is La Caixa, although it is all a matter of allocating budgets. An argument that would quiet all critics would be short-term business results.

What are the biggest mistakes merged companies make when it comes time to create a new corporate identity?

The first mistake is treating the naming process like a beauty contest. A name should respond to a series of criteria and strategies. Another mistake is not considering cultural integration when merging two brands; brand engagement is fundamental. Lastly, making a decision based on personal taste. I have never seen a CEO opine on whether he should have an OS/390 Server or a Solaris. But all CEOs seem to have strong opinions on colors and names without thinking about the strategy behind it. Recently I attended a voting session where employees were asked to vote on a name without knowing the positioning or global reach of the product. That was a huge mistake.

Is it really worth all the costs to create a visual identity for a company? Or is it just a lot of myth?

About ten years ago that was the case. Nowadays, you can pay \$100 for a logo on the Internet, but

a brand is much more than a logo. The price you pay for a visual identity is contingent on the quality of work, time invested, and infrastructure of the organization that creates it. You cannot expect to get a strong brand, based on a powerful concept, developed by talented people, anchored by an international network with over 60 years of experience, for the price of a design studio down the street whose work is done by interns.

"Just as we don't pretend to create advertising, ad agencies should not pretend to create brands."

Are brand consulting standards, such as that of your firm's, at the same level as those of advertising agencies in Spain?

I would ask that the other way around. Landor's quality is exceptional. Only the best work here.

Are advertising agencies replacing brand consultants' work?

What they are replacing is the assignment for the work. In the end, with few exceptions, their work has very little to do with ours. Just as we don't pretend to do advertising, advertising agencies should not pretend to create brands. The same problem exists with design studios. My last client brief was: "Triple sales in four years," including channel sales strategy. I cannot imagine any other type of agency working on that.

How much money do you think a brand consulting firm can earn annually?

That's not an easy question to respond to. The space is as fragmented as the wine business. What I can say is that the top five firms in Spain earn about 20 million euros annually.



Was the business of brand consulting brought to Spain by multinationals?

Not exactly. As a business grows globally, having a global network allows you to offer better services. However, there are still local clients who do not value this.

What objectives have you set for 2007, and what are your results for 2006?

Our objectives for 2007 are still being finalized. Although it has not yet been decided, we should continue to grow at 15 to 20 percent. Unfortunately, our group policy does not permit us to release local office results.

Who are your largest clients? Where do you see new business moving for Landor in Spain?

Our largest clients are PepsiCo and Telefónica, but we have other international and local clients. Our new business goals in Spain are to create stronger and longer lasting relationships with clients, achieving a mutual benefit that will provide return on investment and impact their business.

What percentage of your work is for clients in Spain?

About 60 to 65 percent of our work is for Spanish companies. Some are multinationals. For example, the Madrid office leads the London and Paris offices in our work with Alcatel-Lucent.

Are branding pitches as complicated and difficult as those in advertising? Is there finger pointing?

It is odious. I don't think that there is finger pointing, but pitches can be slanted. We are not used to responding to that, but the last bell has rung: the brand for the city of Madrid.

Historically, Barcelona has been the nest of creativity in this country. Are we far from the level of other Anglo-Saxon markets?

Spain is very far behind countries like the United Kingdom. All you have to do is take a walk through the streets and look at the stores to see that.

“Our first consumer brands client realized a 30 percent increase in sales for its snack foods.”

Just out of curiosity, what do you think of the level of creativity from the advertising agencies in Spain? Do you like the images you see in print and on screen?

I like them a lot, but I continue to note their lack of boldness.

Which category is most difficult during the year: drinks, etc.?

The food and drinks category is the most recurrent. Then there are other projects that are very large, but not repetitive, and those can be in any category.

How do you see your business changing over the next 10 years?

I see Landor developing expertise in vertical categories such as banking or telecommunications, capable of speaking to clients about their businesses while promoting and transforming them through brand management processes.



One last question, why did José de Zubeldia leave so suddenly?

José is a great professional, but the company wanted the Spanish office to evolve at the same pace as other offices and with a different style. The team here is more united than ever, and it is noticeable.

How do you measure the benefits of your work for your clients?

One example: our first consumer brands client realized a 30 percent increase in sales for its snack foods against the same period the previous year, without any additional advertising. This shows the strength of branding. Another example is the limited edition bottle of Evian: it sold two million units in a few weeks. Nonetheless, it is often very difficult to measure the impact of our work because other factors vary, and it is hard to know what we can attribute exclusively to branding.

But do you rely on any tools to quantitatively measure the value of a brand?

Of course. Almost all branding firms have a method of discounting future cash flows due to price difference or brand, including the most popular ranking. The problem is doing this based on estimates. Landor has access to a unique tool called the BrandAsset Valuator which is based on real surveys with consumers about their perceptions of brands; combined with the economic value added (EVA) formula, we can determine fact-based results.

Is BrandAsset Valuator used for re-branding or creating brands?

BrandAsset Valuator allows us to identify gaps in positioning among brands in specific sectors. We are then able to take advantage of these gaps for our clients. No other brand consulting firm has a tool like this one. Hopefully, our clients will value the differences in methodology and rigor that Landor offers. BrandAsset Valuator is based on surveys with more than 350,000 consumers across the globe and measures more than 56 different consumer perceptions in regard to over 20,000 brands. That is not something every agency can do.

What is the most unknown part of Landor?

We create sonic brands. We also develop brand engagement programs for clients and branded environments, which are the structural design of a point of sale space—a stand, a store, a waiting area in an airport, or even the interior of an airplane. ■

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