Revising the Brand Evolution Stage Model - a Case Study of an Asian IT Company

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ABSTRACT

The Goodyear (1996) brand evolution stage model suggests a possible brand evolution process. It comprises six stages, namely unbranded goods, brand as reference, brand as personality, brand as icon, brand as company, and brand as policy. However, the Goodyear model is just a general and conceptual model. This study responds to the call of McEnally and de Chernatony (1999) for substantial empirical study of the Goodyear brand evolution stage conceptual model. This study considered the case of an Asian IT company, Trend Micro. The results of this case study indicate that there are three brand evolution stages existing in the companies in the IT industry context. The author’s revised brand evolution stage model proposed that the sequence of the brand evolution stage model in the IT industry context is brand as identity, brand as reference, and brand as company. For the IT companies, the author revises the brand evolution stage model and suggests that the brand as company stage immediately follows the brand as reference stage and the IT companies may not experience the brand as personality and brand as icon stages.

Keywords: Brand evolution, corporate branding, case study, Asian company

INTRODUCTION

The issue of brand management has been widely recognized since the 1990s. Numerous researchers have devoted themselves to the field of brand research. Aaker (1991, 1996, 2000) and Keller (1993, 2003) have made a rich contribution to brand management. There are lots of interpretations about brands, de Chernatony and Dall’Olmo Riley (1998) devided different brand interpretations into three clusters. They are input perspective, output perspective, and time perspective. Input perspective brand interpretations include brand as logo, brand as legal instrument, brand as risker reducer, … and so on. Output perspective brand interpretations include brand as image and brand as relationship. Time perspective brand interpretation emphasizes the evolving nature of branding. Though lots of studies have been done on brand, however, most researchers have paid more attention to consumer brand management (Simees and Dibb, 2001; Rajagopal and Sanchez R, 2004). Few studies have discussed branding strategy in an industrial context from a process perspective. The Goodyear (1996) brand evolution stage conceptual model suggests a new avenue for viewing branding strategy from a process perspective.

The Goodyear conceptual model proposes brand evolution comprises six stages, namely unbranded goods, brand as reference, brand as personality, brand as icon, brand as company, and brand as policy. Although McEnally and de Chernatony (1999) explicated the model to increase the fertility of this model, the Goodyear brand evolution model is just a general and conceptual model. It may not be suitable in some contexts and it needs further substantial empirical support. (McEnally MR and de Chernatony, 1999).

The purpose of this research is to explore the brand evolution stage model using a case study approach in an anti-virus software industry context. The anti-virus software industry is characterized by rapid technological change, frequent product introductions and updates, and changing customer needs. Such characteristics may represent a fertile context for discussions of the IT industry. The results of this study could be expanded to other IT industry companies.

CASE PROFILE: TREND MICRO

Trend Micro is one of the largest network antivirus and Internet content security software and services companies
in the world with net sales of US$726 million in 2006. Trend Micro was founded by Steve and Jenny Chang with US$2,000 in 1988. The company was developed and conducts lots of its activities in Taiwan. Trend Micro is now publicly traded on the Nikkei in Japan and it was selected for Japanese Nikkei 225 Index in 2002. In 2006, for the fourth consecutive year, Trend Micro was rated as “No. 1 Global Brand in Taiwan” by global brand consultancy, Interbrand. Interbrand (Blackett, 1991; Keller, 2003) valued the brand of Trend Micro at US$763 million, US$910 million, US$1,077 million, and US$1,127 million from 2003 to 2006.

Trend Micro develops, markets and supports antivirus and Internet content security software and services. It adopts endorsed brand name strategy (Keller, 2003). That is Trend Micro has different names for different products, and the product names (for example, PC-cillin, and Scanmail) are supported by the corporate name, Trend Micro. Trend Micro was represented in more than 30 countries and its products are generally sold to corporate customers and end user consumers through its channel partners, including systems integrators, distributors, and value-added resellers. The customers of Trend Micro include USA Federal Reserve Banks, USA Ministry of National Defense, British Airlines, Shell, Siemens, Volkswagen, France Telecom, L’ORÉAL, Credit Suisse, and the Australian Ministry of National Defense, and so on.

**METHOD**

The general research approach adopted in this study is guided by the suggestions of case study researchers such as Eisenhardt (1989), Miles and Huberman (1994) and Yin (2003). As suggested by Yin (2003), the focus of this case study is on *why* and *how* issues. The analysis data were derived from in-depth interviews with managers of Trend Micro, documentation, and archival records of Trend Micro. The study team interviewed chairman of Trend Micro Steve Chang, chief culture officer Jenny Chang, CEO Eva Chen, and Senior marketing manager Chen. Steve Chang is the founder of Trend Micro and served as CEO from 1988 to 2004. Now he serves as chairman of Trend Micro. Jenny Chang is the co-founder of Trend Micro and served as chief director of global marketing for more than 12 years. Now she serves as chief culture officer of Trend Micro. Eva Chen is the co-founder of Trend Micro and served as executive vice president from 1988 to 1996 and CTO (chief technology officer) from 1996 to 2004. She serves as CEO of Trend Micro since 2005. The author also carefully read the two books, *@ Trend* and *Trend Unstoppable* written by Steve and Jenny Chang. There are more than 300 pages in each book. The former book narrates the story of Trend Micro from its establishment to 1999, and the latter one focuses on the story of Trend Micro from 1996 to 2003. Advertisements for Trend Micro in magazines, or newspapers, were obtained from media and corporate archives. The author also read through all the annual and quarterly reports of Trend Micro from 1995 to 2006. Press releases from Trend Micro, print media interviews with Steve Chang, Jenny Chang or Eva Chen, and Trend Micro’s intra-company quarterly, e-Trend, were also carefully checked. The main results of this research were also presented to the interviewees for confirmation.

**FINDINGS**

The author uses the case of Trend Micro to illustrate the details of the brand evolution process of an Asian IT brand. The dimensions discussed in the evolution stages include marketing strategy and marketing activities.

**Stage 1: Brand as Identity (1988–1998)**

Most Asian brands were established by independent entrepreneurs and thus lacked financial and marketing support from big enterprises. At the beginning, OEM/ODM contracts became a means of nourishing the development of their own brands. Most Asian companies developed their own brands simultaneously with performing OEM/ODM contract work. Trend Micro is an example of such a company. Trend Micro was established in 1988 and signed OEM contracts with Intel from 1992 through 1998. Trend Micro received royalties from Intel. To maximize its limited financial resources, Trend Micro knew that it had to get to become better known by customers and distributors at the lowest expense. During the early stage, Trend Micro participated in international trade shows (Table 1). The following quotations identify the reasons for and actions undertaken by Trend Micro to attract the attention of customers and
distributors and highlight its brand identity. At the beginning of each quotation, the author identifies the dimension to which it belongs. The dimensions include marketing activities and marketing strategy.

Marketing Activities:

“During the first few years, Trend Micro is very aggressive to attend trade shows. Because our company is small and unknown to the customers and distributors, people will wonder if this company still survives in the market when not continually showing up at the trade shows. (Jenny Chang, 2003)”

Why does the author name this stage as brand as identity stage? According to Aaker (1991) and Keller (1993), logo and corporate names contribute to enhance brand awareness. Further more, Simões, Dibb and Fisk (2005) argue that corporate identity includes corporate symbols (logos) and communications. The above quotation from Jenny Chang indicates that Trend Micro attempted to obtain the attention of customers and distributors during its early stage of brand development. So the author calls this stage as brand as identity stage.

Stage 2: Brand as Reference (1998~2001)

Most Asian information technology (IT) companies have engineers that possess good technical intelligence. They can develop and produce excellent products. However, they are relatively unknown in the global market. The first concern of consumers in choosing a brand is functional value (Goodyear, 1996; de Chernatony, 2002). Customers or distributors lack the confidence to try or sell new products from unfamiliar companies. During the earlier stage, firms still lack sufficient money for marketing and must spend their budget very carefully. Two of the best methods of solving the problem of no confidence among customers and distributors are winning product awards and leveraging public relations. Trend Micro is one of many Asian IT companies adopting this strategy and attempting to win product awards and achieve free exposure through the media and the industry analyst community.

The following quotation narrates why Trend Micro focuses on the evaluation of individual products and public relation during this stage. Table 1 illustrates a typical advertisement by Trend Micro, which shows all the product awards received by Trend Micro in an attempt to win the confidence of customers and distributors.

Marketing Strategy:

“In the past years (before year 2001), Trend Micro has always tried to achieve the greatest effect with the least amount of resources. We put our focus on the evaluation of individual products and public relations. (Jenny Chang, 2005)”

Why does the author call this stage as brand as reference stage? According to the research of Goodyear (1996) and de Chernatony (2002), consumers are primarily concerned with functionality when purchasing a product. McEnally and de Chernatony (1999) argue that in brand as reference stage, the goal of brand management is to position the brand as having unique functional benefits. Professional and third party evaluations are useful for endorsing firm’s product functionality. The above quotation from Jenny Chang identifies that Trend Micro proved its product functionality via professional third party evaluation. So the author calls this stage as brand as reference stage.

Stage 3: Brand as Company (2001~present)

There are two sub-stages during Trend Micro’s brand management process from 2001 to present.


   Although Trend Micro adopted an endorsed brand name strategy for all of its product lines from its establishment, the corporate name, Trend Micro, enjoyed little customer recognition. That is, customers were familiar with Trend Micro’s product names, such as PC-cillin or ServerProtect, but were less familiar with the corporate name, Trend Micro. This phenomenon occurred because Trend Micro focused on promoting its products rather than its corporate name prior to 2001.

   “While the Internet is more popular, the characteristics of anti-virus business are shifting from personal to corporate use, and from decision by engineers to decision by higher level executive managers. Moreover, virus
outbreaks now spread around the world in minutes. This makes the market more global. These changes caused Trend Micro to re-think its brand strategy.” “When deciding which anti-virus products to use, higher level executive managers of corporations consider vendor company image before the products themselves. For corporate users, the most important thing is the trustworthiness of the anti-virus company, not the product itself. (Jenny Chang, 2002)”

Trend Micro attempted to build its corporate image with the help of an internationally famous advertising agency. In 2001, Trend Micro chose Ogilvy & Mather, one of leading international advertising agencies as its advertising agency. The quotations below identify why Trend Micro needed the assistance of an internationally famous advertising agency.

Marketing Activities:

“Although the stethoscope advertisements (Trend Micro’s first global unified advertisements, which were generated by Trend Micro Asia and local advertising agency in Taiwan) were adopted by Trend Micro worldwide, it really wasn’t met with much cheerful enthusiasm….The marketing budget wasn’t distributed in a unified way, so I slowly lost control (of the unified advertisements). It wasn’t too long before the various subsidiaries went back to singing their own tunes again.” “I knew why my own forceful attempt at marketing integration had been defeated at the eleventh hour, and I also realized the difficulty of being the global marketing chief officer in Trend Micro. Without the prestigious endorsement of a world renowned advertising agency, it would indeed be hard to promote integration. (Jenny Chang, 2005)”

The following quotation identifies the results of this company image building campaign.

Marketing Strategy:

“After lots of discussing in Ogilvy & Mather USA, the two sides (Trend Micro and Ogilvy & Mather) settled on the Intuitive Information Security strategy that pitched intuition, using “Go-Red” to set the overall tone…. Trend Micro’s position was that of a strategic master in network security, one that leads the industry trends with its security strategy renowned for its high accuracy. (Jenny Chang, 2005)”

“Trend Micro’s “Go-Red” advertisement (Table 1) first appeared in The Wall Street Journal and it received lots of attention from people in this industry. Besides, Trend Micro’s investment trusts, major customers, and distributors were all happy about that corporate image advertisement. (Jenny Chang, 2005)”

The quotations above identify the reason why Trend Micro selected a world renowned advertising agency and the result of this company image building campaign. This decision was made because such an advertising agency can play an endorsement role. The global advertising generated by a world renowned advertising agency would be more easily accepted by worldwide subsidiaries than advertising generated by advertising agency in Taiwan. This example confirms that brand building must consider all stakeholders in the corporate (de Chernatony, 2002).

Why does the author name this stage as brand as company prior stage? Because the Internet security market was more global than before and the final decision makers became higher level executives rather than the CIOs (chief information officer) at that time. Furthermore, the higher level executives were mainly concerned with corporate image, rather than individual product performance. This phenomenon confirms that company’s overall image is generally more influential than the sales presentation in organizational buying behavior (Levitt, 1965). Thus Trend Micro had to build its corporate image in response to the changing situation. de Chernatony (1996) argues that in brand as company stage, brand management is shifting toward greater use of corporate branding. So the author calls this stage as brand as company prior stage.


Before 2003, the core competence of Trend Micro was being faster, more accurate, and generally superior to its competitors in identifying the solutions in the event of virus outbreaks. In 2003, Trend Micro suffered a slowdown in its business. CEO Steve Chang led his colleagues to visit the customers of Trend Micro and organized focus group interviews with their customers. Following these focus group interviews, they identified the true need of their customers. The true need of their customers is to keep the business going, rather than how soon Trend Micro identifies the solutions
to the virus whenever any virus breakouts. The quotation below indicates that Trend Micro stressed the in-needed service for its customers.

“Our business will focus on professional service for our customers. ...The product development and organization design should reflect the needs of our customers.” (Eva Chen, 2006)

To communicate this commitment with its customers, Trend Micro launched another advertising campaign. The slogan of this campaign was “Business. Life. Continuity. Security at work, at home, or on the go” (Table 1). The series of advertisements conveyed that Trend Micro was a software security company which can keep your business and life going in the event of virus outbreaks. To reflect this corporate commitment, the number of customer-support personnel was significantly increased. According to Trend Micro’s annual reports, the number of personnel in customer support was just 351 in 2002, representing 19.1% of all employees. In 2005, the number of personnel in customer support increased to 864, representing 29% of all employees.

Why does the author name this stage as brand as company post stage? McEnally and de Chernatony (1999) argue that in brand as company stage, the fundamental nature of the brand is being reconceived. Managers no longer think of only the physical products; rather they think of products and services. From the above quotation from CEO Eva Chen, Trend Micro’s business focus is on professional service for their customers at this stage. So the author names it as brand as company post stage.

There are two sub-stages during Trend Micro’s brand management process from 2001 to present. The author names them as “brand as company prior stage” from 2001 to 2003 and “brand as company post stage” from 2003 to present. Trend Micro focused on building overall company image during brand as company prior stage and focuses on fulfilling customers’ true needs during brand as company post stage.

CONCLUSION

The Goodyear conceptual model proposes brand evolution comprises six stages, namely unbranded goods, brand as reference, brand as personality, brand as icon, brand as company, and brand as policy. Through this case study on Trend Micro, the author finds there is some difference about brand evolution stages comparing with the Goodyear brand evolution stage model. The Goodyear brand evolution stage model and brand evolution stage model revised by the author through Trend Micro case differ as follows: first, Goodyear model comprises six stages, but the model revised by the author comprises three stages. This result reflects the argument of Goodyear, McEnally and de Chernatony that not all brands proceed through all stages (Goodyear, 1996; McEnally and de Chernatony, 1999). Second, in Goodyear model, stage 1 is unbranded goods. However, in the model revised by the author, stage 1 is brand as identity. During brand as identity stage, companies attempt to attract the attention of customers. Finally, in Goodyear model, brand as company is stage 5 and comes after brand as personality and brand as icon, but in the model revised by the author, brand as company is stage 3 and directly follows brand as reference stage.

<table>
<thead>
<tr>
<th>Table 1: Summary of Trend Micro’s Brand Evolution Stages</th>
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<tbody>
<tr>
<td><strong>Brand Evolution Stage</strong></td>
</tr>
<tr>
<td>Main Marketing Strategy</td>
</tr>
<tr>
<td>Main Marketing Activity</td>
</tr>
<tr>
<td>Examples of Trade Shows and Advertisements</td>
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</tbody>
</table>
Companies with corporate customers didn’t experience brand as personality stage and brand as icon stage. Table 2 illustrates the difference in brand evolution stages between Goodyear model and the author’s revised model.

The findings of this study make two main contributions. First, although these three brand evolution stages are derived from a single company context, it is possible to transfer the results to other industrial settings. The reasons are as below. Most Asian newly-established IT companies have high quality products, but are not widely known by customers or distributors in the global market. IT companies lack sufficient money for marketing during the initial stages. Attracting the attention of customers and distributors, winning product awards, and leveraging public relations may be the best ways to build brand awareness during the early stages. Generally, customers of Asian IT companies tend to be corporate rather than individual end users. In the corporate equipment purchasing process, higher-level executives are generally the final decision makers. Higher-level executives are concerned with corporate image more than the product itself. Consequently, company image building ("brand as company" strategy) is urgently required once the brand has proved its functional value ("brand as reference" stage). Thus the revised brand evolution model presented in this study has potential for application in other IT companies. Second, the findings of this study indicate that brand as company stage occurs directly after brand as reference stage. It is not necessary to travel through the brand as personality stage and brand as icon stage for the companies which main customers are corporate ones. However, Goodyear’s conceptual model suggests brand as personality stage follows brand as reference stage. The importance of this new finding appears to be as follows: The IT market is highly competitive even exceeding the consumer goods industry. Thus the step that firms should take after each brand-building stage is extremely important. In such a

<table>
<thead>
<tr>
<th>Brand Evolution Stage</th>
<th>Stage 3: Brand as Company</th>
<th>Brand as Company Prior Stage</th>
<th>Brand as Company Post Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Period</td>
<td>2001-2003</td>
<td>2003-present</td>
<td></td>
</tr>
<tr>
<td>Main Marketing Strategy</td>
<td>To build corporate image</td>
<td>To emphasize customer service</td>
<td></td>
</tr>
<tr>
<td>Main Marketing Activity</td>
<td>Corporate image advertising. (For example, “Go-Red” advertising campaign)</td>
<td>Customer service advertising. (For example, “Business. Life. Continuity.” advertisements)</td>
<td></td>
</tr>
<tr>
<td>Examples of Trade Shows and Advertisements</td>
<td>Corporate image advertisement</td>
<td>Advertisements emphasizing customer service</td>
<td></td>
</tr>
</tbody>
</table>

![Image](image_url)
competitive industry environment, inappropriate brand strategies not only waste time and money, but also lead to the loss of market opportunities. Thus, the findings of this study may have implications for practitioners and academics.

Table 2: Comparison of Goodyear Brand Evolution Stage Model and Revised Brand Evolution Stage Model

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Sales</th>
<th>Percent Growth</th>
<th>Net Income</th>
<th>Percent of Net Sales</th>
<th>Year</th>
<th>Net Sales</th>
<th>Percent Growth</th>
<th>Net Income</th>
<th>Percent of Net Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>$660</td>
<td>12%</td>
<td>$168</td>
<td>25%</td>
<td>1999</td>
<td>$133</td>
<td>40%</td>
<td>$21</td>
<td>16%</td>
</tr>
<tr>
<td>2004</td>
<td>$587</td>
<td>34%</td>
<td>$150</td>
<td>25%</td>
<td>1998</td>
<td>$95</td>
<td>32%</td>
<td>$4</td>
<td>4%</td>
</tr>
<tr>
<td>2003</td>
<td>$437</td>
<td>12%</td>
<td>$84</td>
<td>19%</td>
<td>1997</td>
<td>$72</td>
<td>71%</td>
<td>$8</td>
<td>11%</td>
</tr>
<tr>
<td>2002</td>
<td>$391</td>
<td>37%</td>
<td>$70</td>
<td>18%</td>
<td>1996</td>
<td>$42</td>
<td>147%</td>
<td>$6</td>
<td>14%</td>
</tr>
<tr>
<td>2001</td>
<td>$285</td>
<td>56%</td>
<td>$40</td>
<td>14%</td>
<td>1995</td>
<td>$17</td>
<td>---</td>
<td>$4</td>
<td>23%</td>
</tr>
<tr>
<td>2000</td>
<td>$285</td>
<td>56%</td>
<td>$40</td>
<td>14%</td>
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</table>

Source: Annual reports of Trend Micro

APPENDIX

Summary Financials of Trend Micro (in millions, US dollar)

REFERENCES


Website of Trend Micro: http://www.trendmicro.com