TEN GLOBAL BRANDS BY 2023: A SWEET FANTASY?

Over the past decade, ambitious bureaucrats in Ankara have pledged bold goals. Many observers saw these as mere fantasy. In 2012, the mixing of economic and geostrategic aspirations in the same pot was introduced to the Turkish public as the "2023 vision". This article analyzes one of the ambitious 2023 targets: having 10 Turkish-owned global brands. On its path to create global brands Turkey will have to address the challenges which today's developed countries have faced in the past.

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Over the past decade of single-party rule, the Turkish economy has branched out into new markets and cultivated sustainable trade relations, becoming more integrated within the global economy than ever before. This was mainly the result of growing self-confidence bolstered by political and financial stability at home.

During this period, ambitious bureaucrats in Ankara pledged bold goals, which many observers saw as mere fantasy. These goals, in a sense, were the result of the government's motivation to force the limits of vision and imagination as far as possible, even though some of them seemed very hard to achieve at first. The mixing of economic and geostrategic aspirations in the same pot was introduced in 2012 to the Turkish public as the "2023 vision" – in reference to the centennial anniversary of the foundation of modern Turkey.

Among the targets that the 2023 vision introduced, the most prominent is to make Turkey one of the world's top-10 economies. This target was first brought onto the agenda when Turkey was experiencing one of the world's best growth performances and when developing markets were shaking off the adverse impacts of the 2008 global financial turbulence.

However, developments over the past two years have exposed weak points in the Turkish economy. Unable to remain unscathed amid a sovereign debt crisis in its major trade partner, the European Union, Turkey saw its miraculous growth performance noticeably slow. Turkey's GDP grew by 9.2 percent in 2010, followed by an 8.8 percent expansion in 2011 but failed to meet the four percent expectation for 2012, as data from the Turkish Statistics Institute (TurkStat) shows. This wake-up call was enough to see the early euphoria of joining the league of top-10 elites fade. In April 2010, the International Monetary Fund (IMF) predicted that if the Turkish economy continues to expand annually at around four percent for the next decade, the economy is expected to rise to only 15th place by 2023 with an approximate gross domestic product (GDP) of 1.5 trillion dollars.[1] The Turkish economy would need to grow annually by an average of 8.2 percent during the next decade for the top-10 goal to be achieved.

While economic growth will continue to be a major issue in Turkey, this article analyzes another ambitious 2023 target: having 10 Turkish-owned global brands. It began with the Turkish government launching a program named Turquality in 2005 with the motto "10 global brands in 10 years", which was later incorporated

1 "World Economic Outlook: Rebalancing Growth," *International Monetary Fund* (April 2010), http://www.imf.org/external/pubs/ft/weo/2010/01/weodata/index.aspx

into the "2023 vision". However, this government-sponsored target today seems like a very far-fetched goal.

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Turkish delight is an unrivaled global brand for instance, but does the country have the ability to innovate in new sectors and diversify its appeal? The American doyen of branding and marketing, Professor Kevin Lane Keller, has concluded that a brand is developed through two major components: brand awareness and brand image.[2] The government and industrialists in Turkey have exerted limited efforts into boosting the appeal of the country's brands to the rest of the world. U.S. marketing expert Barbara E. Kahn deliberates in her book *Global Brand Power: Leveraging Branding for Long-Term Growth* certain aspects of how to position a strong global brand.[3] Kahn shares five tips to help entrepreneurs build their own brands:

i. Understand customer behavior
ii. Position yourself properly
iii. Know how your brand translates
iv. Think broadly
v. Find good partners

This advice is rarely being executed within Turkish industry's marketing strategies. Turkey's global brands roadmap needs consultancy from experts who have their fingers on the pulse of global customer tendencies.

Güven Borça, a Turkish author, carried out a comprehensive study of Turkey's potential to give birth to global brands. In his book, *Bu Topraklardan Dünya Markası Çıkar mı?* (*Can This Land Create a Global Brand?*), Borça cites several factors as to why Turkey has failed so far to introduce globally renowned brands.[4] Two of the critical reasons Borça cites are that most Turkish entrepreneurs are easily satisfied with marketing success at home and that they prefer financial strength over

2 Kevin Lane Keller, "Measuring Brand Equity," Chapter 26, *Dartmouth College,* 2003, p. 3.
3 Barbara E. Kahn, *Global Brand Power: Leveraging Branding for Long-Term Growth* (Pennsylvania: Wharton Digital Press, 2013).
4 Güven Borça, *Bu Topraklardan Dünya Markası Çıkar mı?* [Can This Land Create a Global Brand?] (Istanbul: MediaCat Kitapları, 2002).

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innovation. He points out that Turkey has not yet tested its competitive power in global markets except for regionally-oriented export activities. To begin with, the government should have collected reliable data to gauge its global outreach.

There are three major deficits in the vision that have impeded Turkish ambitions to propel many homegrown brands from the domestic market to the world stage. The first is how Turkey introduced the global brands goal at the very beginning. This goal was introduced without making an in-depth analysis with cost and benefit calculations. In addition, very few people discussed how feasible and realistic this goal would be. Exacerbating the lack of vision was the fact that both policy makers and industrial players were caught up in less critical factors such as having 100 percent locally made products. They also expected the global audience to buy these products immediately.

The second deficit is closely related to Turkish foreign policy, which over the past decade has strived for regional integration through economic and security cooperation. Creating brands was something that simply accompanied or subsidized this process in the eyes of Turkish industrialists and the players involved in the management of Turkey's economy. The pioneers of the 10 global brands initiative in Turkey mistook selling locally made products to the world for "nation branding". A separate roadmap is needed solely focusing on branding for industry alone. Policymakers and the private sector in Turkey overlooked this key difference.

The third deficiency is that Turkish policymakers are not yet able to define the strategic products to work on, nor who the target consumers for these products should be. This is the most critical problem Turkey should begin addressing.

Over the past decade, Turkey has struggled to address an inherent problem that interrupted the emergence of sectors that are accepted as strategically important in today's world – namely: electronics, green technology, pharmaceuticals, biotechnology, and logistics. Turkey lags behind many countries in these fields. The country has the potential to create global brands, but there is still confusion as to which sector should give birth to these brands and how. Instead of introducing some innovative star brands, Turkey is represented mainly by goods such as textiles and food at the global level.

The country's long-failed ambitions to ramp up research and development (R&D) investments explain the drawback. On its path to create global brands, if not by 2023, in the future Turkey will have to revisit the challenges which today's developed countries have faced in the past. Namely the necessity to switch from a labor-intensive industrial growth model to innovative sectors such as electronics and green technology – which provide high added value with relatively less manpower. In Turkey's case, this needs to be done swiftly, which is a hard task considering the country's fiscal balance along with its macroeconomic vulnerabilities.

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A recent top-500 industrial companies list compiled last year by the Istanbul Chamber of Industry (ISO) involved less than a dozen companies in the strategically important sectors mentioned above.[5] This reveals how the country has so far failed to channel its resources and energy to strategically eminent sectors. In the rankings prepared by Brand Finance, an international company specializing in brand valuation, there are no Turkish brands amongst the world's most valuable 500 brands.

A look at the government figures further explains the situation. A total of 89 companies receive financial support from the Turquality program. Among these, there are only eight innovative firms – four electronics firms and four drug and health care companies.[6]

The percentage of funds allocated from Turkey's GDP to R&D investments remains below one percent. It was 0.4 percent in 2003, the year when the government accelerated its support for R&D investments and encouraged more R&D units of

5 "Turkey's Top 500 Industrıal Enterprises – 2012," *Istanbul Chamber of Industry,* http://www.iso.org.tr/en/iso-500/EN-Turkiye-nin-500-Buyuk-Sanayi-Kurulusu--ISO-500-raporunun-sonuclari.html
6 Aydın Albayrak, "Though a Valuable Nation Brand, Turkey Has No World Brands," *Today's Zaman*, 3 April 2013, http://www.todayszaman.com/news-311621-though-a-valuable-nation-brand-turkey-has-no-world-brands.html

multinational companies than had previously ever entered Turkey. The percentage of funds dipped to 0.32 percent by 2012; this figure was 0.34 percent in 2011. The government has pledged to allocate 4.77 billion lira to R&D in 2013 and is targeting earmarking two percent of its GDP for R&D by 2023, which is the case in many developed countries.

FIGURE I:
Share of budget allocations on R&D in GDP

(%)

Year	**Share in GDP**	**Share in budget expenditures**
2008	0,26	1,02
2009	0,38	1,28
2010	0,34	1,22
2011	0,34	1,27
2012	0,32	1,11
2013	-	1,07

Source: "Central Government Budget Appropriations and Outlays on R&D, 2008-2013," *TurkStat,* 27 June 2013.

In a move to strengthen incentives introduced in 2003, the Parliament passed a law in 2008 supporting R&D endeavors. According to this law, companies have to employ at least 50 staff members in their R&D units to receive government funding for R&D. The law allows companies to make research and development investments tax-deductible.

For the next 10 years, Ankara should decide whether it will force a switch from hard labor to innovative sectors. These high added value sectors will aid Turkey's venture into creating globally renowned brands. In the meantime, the government must urge universities to brainstorm about how to better raise awareness of the country's brands abroad while the industrial players should be encouraged to shoulder responsibility to this end. Industry, government, and universities must focus together on market research for brand loyalty and awareness, targeting the consumers who will generate the greatest returns.