



HEARTBEATS *international*

TURN THE PAGE FOR
THE FIRST CHAPTER IN A
LOVE STORY BETWEEN
BRANDS AND MUSIC...

SOUNDS LIKE DRINKING

**“ MUSIC HAS BEEN
RANKED AS THE
MEDIA MOST PEOPLE
WOULD LEAST LIKE
TO LIVE WITHOUT ”**

FOREWORD

In my work for Heartbeats International, I often travel to Tokyo. This is a city that in many ways characterises the chaotic marketplace that today's brands and marketers are facing. It is alarming, fast and dynamic. All of your senses are literally bombarded with messages. This has led to a situation where people seem to have learnt how to deliberately screen out advertising messages, basically not paying attention to the bright colours anymore.

Consumers' relationship with music is quite different. Music has been ranked as the media that most people would least like to live without (before TV and Internet). The last few years have seen music initiatives from global brands working as ambassadors of music, in order to attract attention and build a more emotional connection to their customers.

With the *Sounds Like Branding™* survey, we wanted to research whether this seemingly increased interest in music branding is just a trend that will quickly fade out, or if it is here to stay. We also wanted to determine whether there is a shift in how brands relate to music as an important branding and marketing tool. We decided to hear what the decision makers at global brands around the world have to say on the future of branding.

The *Sounds Like Branding™* survey gives the first chapter in what seems to be a love story between brands and music. It tells us that brands love music and that it will become increasingly important in the future of branding - that there is an opportunity for brands using music in the right way to reach through the market clutter and touch people's hearts.



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HEARTBEATS *international*

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EXECUTIVE SUMMARY

Music branding is a rising star in the marketing arena. The last few years have brought a surge of music initiatives from brands worldwide, and it seems like brands are in love with music. The *Sounds Like Branding*™ report is a study conducted by Heartbeats International, asking top brand managers to share their thoughts and insights on this newfound love affair.

The study was conceived to investigate and shed some light on where this affair is going. The result is clear. This is a love affair that is here to stay, but one that runs the risk of ending in divorce.

“ THIS IS A LOVE AFFAIR THAT IS HERE TO STAY, BUT ONE THAT RUNS THE RISK OF ENDING IN DIVORCE ”

The *Sounds Like Branding*™ study reveals a great discrepancy between how high brands rate music as a branding tool and the actual resources that are invested into it. Brands love music but have yet to invest time and resources into the strategic use of it. Therefore they also run the risk of losing out on the rewards of using music in the right way.

The *Sounds Like Branding*™ study was conducted between May and December 2008. It encompasses 70 responses from top global brands.

BRANDS LOVE MUSIC!

The *Sounds Like Branding*™ report concludes a strong show of support for the value of music. When asked;

97% THINK THAT MUSIC CAN STRENGTHEN THEIR BRAND

76% USE MUSIC ACTIVELY IN THEIR MARKETING

74% THINK THAT MUSIC WILL BECOME MORE IMPORTANT IN THE FUTURE

When asked how music can help to strengthen their brand, the survey shows a strong belief that music can help distinguish brands in today's competitive market.

MUSIC IS AN IMPORTANT TOOL FOR BUILDING A CONSISTENT & UNIQUE BRAND: 68%

...BUT THEY ARE NOT PUTTING THEIR HEARTS INTO IT

This newfound love affair with music does not come without flaws. Above all, brands are not committing their time or resources on a scale that mirrors the importance placed on music.

7 OUT OF 10 SPEND 5 PERCENT OR LESS OF THEIR MARKETING BUDGET ON MUSIC

6 OUT OF 10 HAVE NOT IDENTIFIED HOW THEIR BRAND SOUNDS

8 OUT OF 10 DO NOT HAVE A SOUND LOGOTYPE

WHAT DOES THIS MEAN?

The *Sounds Like Branding*™ study concludes that brands love music but have not yet developed the tools needed to be successful in utilising music for their brand. Their love for music does not translate into a strong show of commitment. This means that few brands are realising the full potential that music has to offer.

BRANDS NEED TO INCREASE PROFESSIONALISM

The analysis shows that music is still seen as a complimentary element in branding and communication. Music is selected on a case-by-case basis for individual campaigns. It is still deeply connected to subjectivity and the personal opinions of individuals within the marketing department or advertising agency. It is not yet considered to be a serious and strategic tool in branding. Professionalism is sometimes set aside, and music decisions are not based on what is beneficial for either the brand or the target group.

THE MUSIC INDUSTRY NEEDS TO SPEAK THE LANGUAGE OF BRANDS

The music industry also has some homework to do. It needs to explain the value of using specific branding tools such as music profiles, sound logotypes, artist matching strategies and the effect that these can have on a brand. It needs to start speaking the language of the brands, presenting the branding models and return on investment calculations needed in order to be convincing.

Most of all, it needs to be understood that there is a difference between music and music, and the effect that it has on brands and people. Just having music is not enough; it has to be the right music for the brand and based on the preferences of the target group.

WHAT IS MUSIC BRANDING?

MUSIC, THE SOUNDTRACK OF LIFE

Human life starts with a rhythm - heartbeats, 60-70 times per minute. Rhythm, together with melody and dynamics, is the foundation of music.

The *Millward Brown Brandamp Study* from 2007 shows that music is the medium that people would least like to live without. Music can awake memories sleeping deep in our subconscious. It is connected to our emotions and affects our mood. Music can be used to relax, sing along, or escape from reality. It is the soundtrack of our lives, and when the beat stops, there is no life.

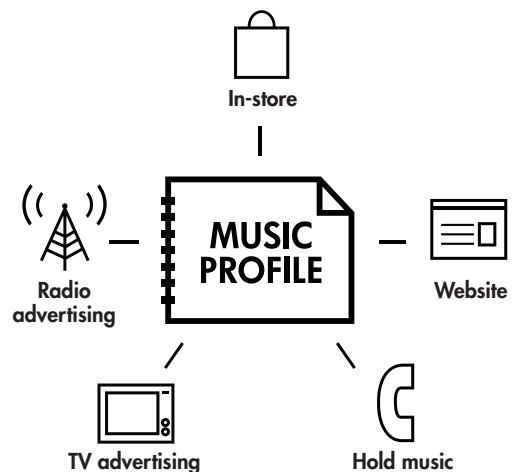
THERE IS MORE THAN MEETS THE EYE

We live in a chaotic marketplace where brands' ideas and products fight for people's attention. A place where brands no longer compete on a product level, but on building a brand that people connect to emotionally. In order to distinct themselves from competitors and stand out in people's minds, brands have always developed their logotype, their own specific colours and graphic profile that people associate with their brand.

**“ BRANDS NO LONGER COMPETE ON A
PRODUCT LEVEL, BUT ON BUILDING A BRAND
THAT PEOPLE CONNECT TO EMOTIONALLY ”**

But now an increasing number of brands are understanding that there is more to a brand than meets the eye. More of these companies are starting to ask themselves how their brand sounds. A music profile defining their unique tone in music is added onto their existing graphic profile. The music profile is then activated as in-store music, a sound logotype for TV and radio advertising, hold music, music for their website, events, etc.

A study conducted by professors Dr. Adrian North and Dr. David Hargreaves reports that brands with music that fits their brand identity are 96 percent more likely to be recalled than those with non-fitting music or no music at all.



MUSIC MAKES HEARTS BEAT EVERYWHERE

When it comes to making decisions, people tend to think with their heart. For a brand today, it is about creating an emotional bond to people; to leave the stage of merely being a product and to be seen more as a trusted friend – a friend with values that you identify yourself and your lifestyle with. It is no longer enough just to have the most superior product, but to have a brand that people associate with and emotionally connect to. Just think of your own emotional connection to your Apple iBook or iPod.

Music is something that people connect with, enjoy discussing and sharing with others. Music preference relates to and can reveal a person's personality. Brands are becoming aware of the possibility to emerge as an ambassador of this social media, the positive effect it can have on their brand image, and how it can attract the attention of people in product and brand marketing.

“ WHEN IT COMES TO MAKING DECISIONS, PEOPLE TEND TO THINK WITH THEIR HEART ”



THE SURVEY

WHY A SURVEY ON MUSIC BRANDING?

The last few years have brought a growing number of interesting music initiatives from brands in a diverse range of market segments.

We have the Starbucks Coffee initiative with their own record label Hear Music, Bacardi who are promoting their brand with music events and market activities, Procter & Gamble's brands Duracell and Tag Body Spray venturing into music, and mobile companies such as Nokia and Sony Ericsson charging their mobile phones with an unlimited amount of music. Music seems to appear everywhere in branding today.

But is this just a trend that will soon disappear like yesterday's fashion, or is music taking its place as a new strategic tool in building strong brands? Are forward-thinking brands of today starting to play the role of the record labels in using their unique distribution and marketing channels to make music available for their customers? And how does all of this affect the music industry that still looks for new revenue models since the death of CDs? These were some of the questions that we at Heartbeats International asked ourselves. We decided to ask the brands' decision makers for their view.

“ **MUSIC SEEMS TO APPEAR EVERYWHERE IN BRANDING TODAY. BUT IS THIS JUST A TREND THAT WILL SOON DISAPPEAR LIKE YESTERDAY'S FASHION?** ”

Some of the topics that were covered in the questionnaire:

- How important is music in branding today?
- How are the top global brands utilising music in their branding?
- What are the major obstacles for brands when working with music?
- What does the future hold for the field of music branding?

OUR METHODOLOGY

The survey was developed and conducted together with StrandbergHaage, one of Sweden's most prominent and fast-moving PR agencies. The aim of the project was to monitor how the top global brands view music and its relevance to their overall brand experience. Therefore, the first hurdle was to find a relevant selection of brands. We turned to the annual Interbrand report, *Best Global Brands 2007*. The report is an annual list of the top 100 highly valued brands worldwide. We then cross-matched this list with the 2006, 2005 and 2004 editions.

To ensure that we had a wide selection of brands covering a range of different industries, we added brands within each segment. We then sent out a letter of intent to marketing and brand directors at these companies, explaining the purpose of our study. The letter of intent was shortly followed by an e-mail leading to an online questionnaire.

The questionnaire was kept short and concise in order to maximise the number of responses from the brands. It comprises thirteen key questions that we selected based on the criteria of answering our key objectives. We then analysed the material with both quantitative and qualitative methodology.



WHO DID WE SPEAK TO?

We received responses from 70 brands, on which the analysis of the results is based. Firstly we contacted marketing or brand directors, and in cases where we could not receive answers from them, we contacted individuals with a managerial position from these brands. It is important to note that this is not a quantitative secured study but should rather be seen as a trend barometer of what some of the most powerful brands today think of this field.

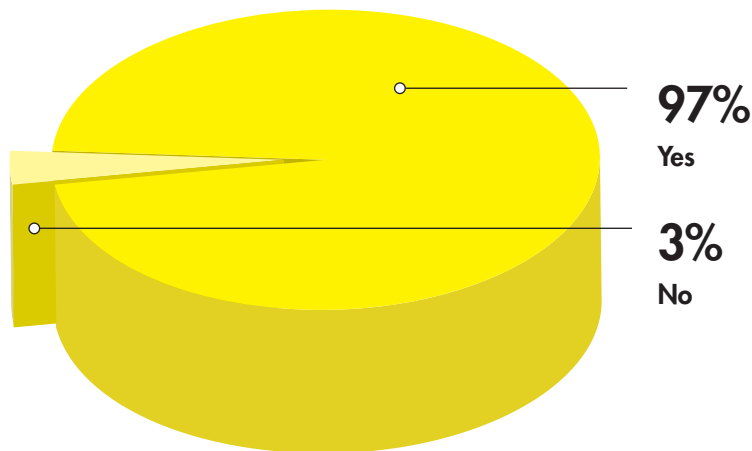


BRANDS LOVE MUSIC!

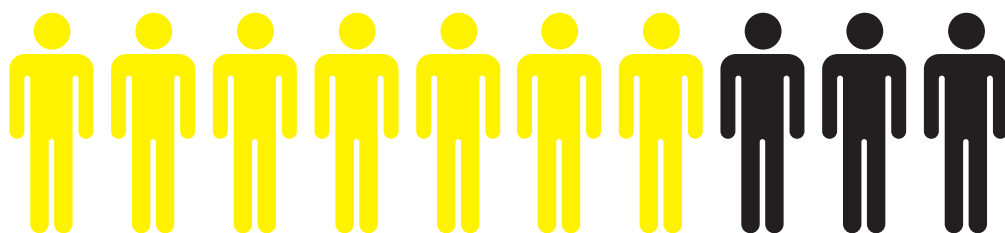
IT'S A LOVE STORY...

Brands love music. This is something that becomes obvious when looking at the responses from the survey. An overwhelming majority of the respondents think that music can strengthen their brand.

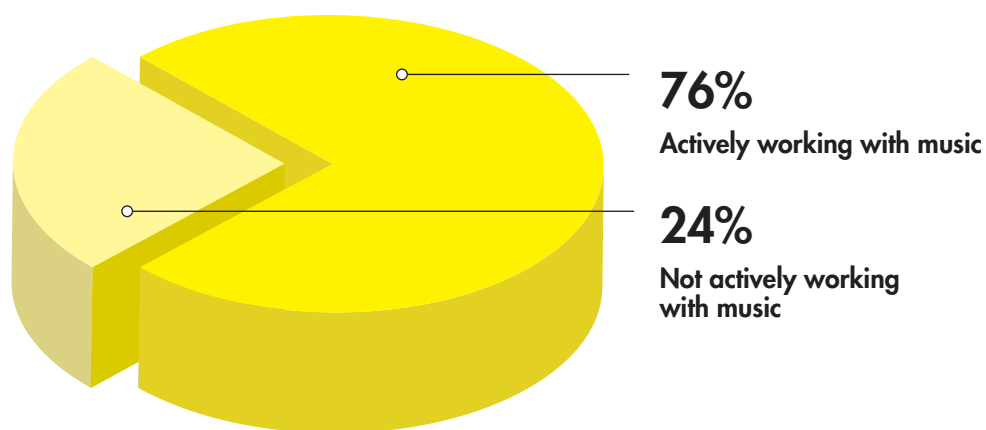
97% SAY THAT MUSIC CAN STRENGTHEN THEIR BRAND



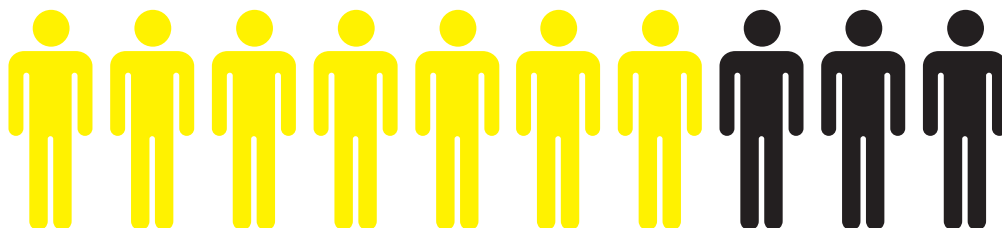
7 OUT OF 10 BRANDS ARE ACTIVELY WORKING WITH MUSIC TODAY



We wanted to see how music was utilised by brands today, how actively they are working with music and on which platforms. The survey shows that more than 7 out of 10 respondents are actively working with music in their marketing today.



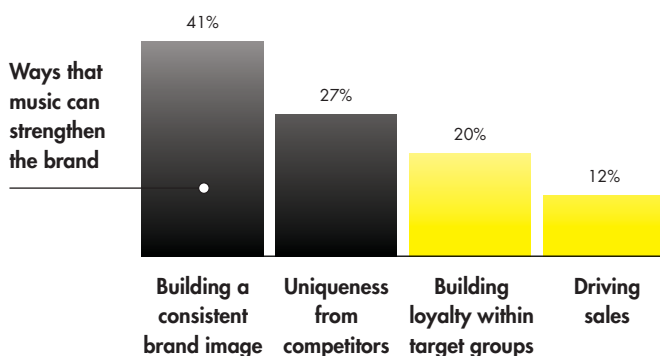
7 OUT OF 10 SAY THAT MUSIC WILL BE IMPORTANT FOR THEIR BRAND IN THE FUTURE



68 PERCENT SAY THAT MUSIC IS AN IMPORTANT TOOL FOR BUILDING A CONSISTENT AND UNIQUE BRAND

A crucial point was to see in what way music is important for brands. The majority of the respondents say that music can help build a consistent brand image (41 percent) and be unique from their competitors (27 percent) - a total of 68 percent.

According to the survey, the loyalty aspect of working with music is also ranked relatively high while the more sales-driven approach of using music seems less important.



HEARING IS THE SECOND MOST USED SENSE IN BRAND COMMUNICATION TODAY

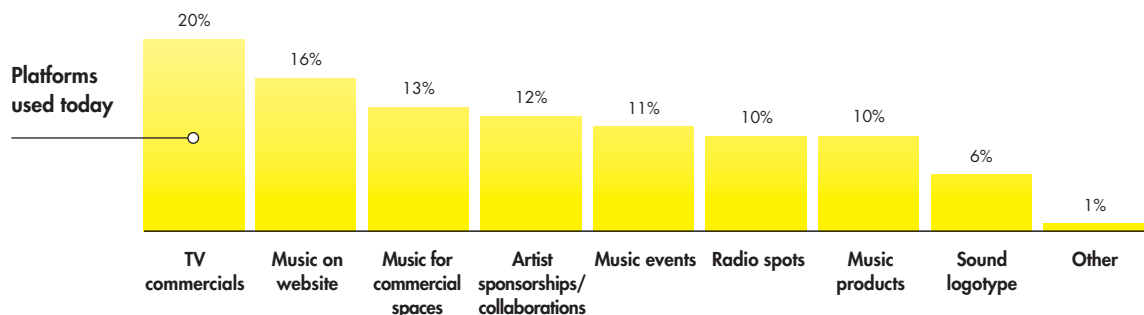
We experience the world through our five senses of sight, hearing, touch, smell and taste. We wanted to research how high the brands rank the sense of hearing (and indirectly, music) in their brand communication. The answers show that hearing is the second most used sense in brand communication today, alongside touch, while sight is seen as the most important.



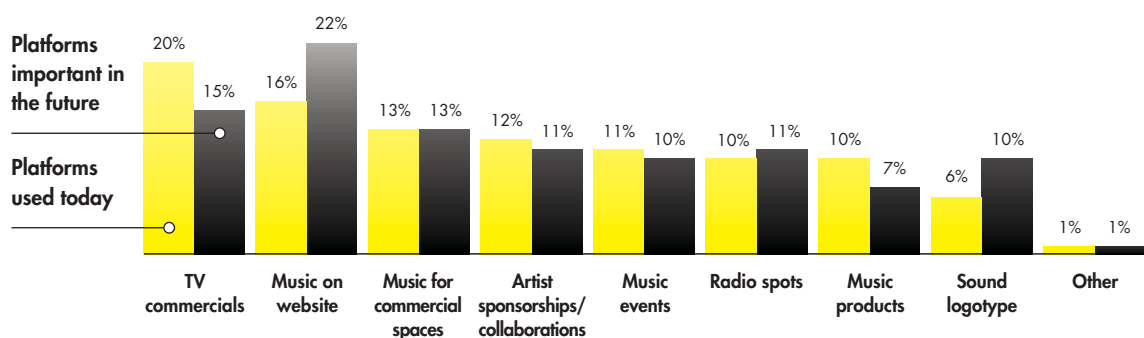
ON WHICH PLATFORMS?

On which platforms is music utilised by brands today? The result shows that it is quite evenly spread amongst the various platforms in the survey.

TV commercials is where music is mostly utilised by the brands today, and then comes music on websites as the second most used platform. This is followed by music for commercial spaces (i.e. stores and offices), artist sponsorships/collaborations, music events, radio spots, music products, and lastly, sound logotype is the platform being used the least.



Which of these platforms will become more important for brands tomorrow? The clear difference we can see is that music in TV advertising seems to become less important while music on websites increases from 16 percent to 22 percent. This follows the overall market trends, with more money being shifted from TV advertising to Internet and digital media. The importance of having a sound logotype seems to grow slightly as well, whilst the remaining platforms are of relatively similar importance in the future as they are today.



Please note: Platforms used today total 99% because percentages are rounded

RANKING OF PLATFORMS

We also asked the brands to rank the platforms in order of relevance to their brand communication today:

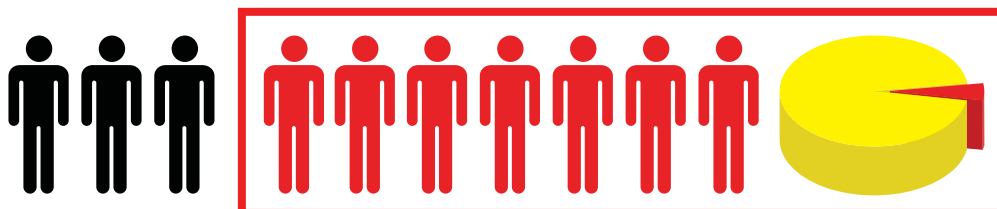
1	TV COMMERCIALS 16 %
2	MUSIC ON WEBSITE 14%
3	RADIO SPOTS 14%
4	MUSIC FOR COMMERCIAL SPACES (i.e. STORES AND/OR OFFICES) 12%
5	ARTIST SPONSORSHIPS/COLLABORATIONS 12%
6	SOUND LOGOTYPE 12%
7	MUSIC EVENTS 11%
8	MUSIC PRODUCTS (i.e. CDS, RINGTONES, ETC.) 10%

**ARE THE
BRANDS
DOING IT
RIGHT?**

BRANDS ARE NOT EXPRESSING THEIR LOVE

This is where it becomes really interesting. We have come to see that brands love music and view it as a very important branding tool that will become even more important for them in the future. On the other hand, the survey shows that...

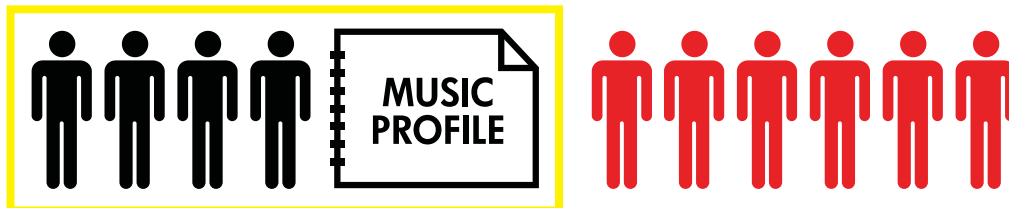
7 OUT OF 10 BRANDS SPEND 5 PERCENT OR LESS OF THEIR MARKETING BUDGET ON MUSIC



ONLY 2 OUT OF 10 HAVE A SOUND LOGOTYPE

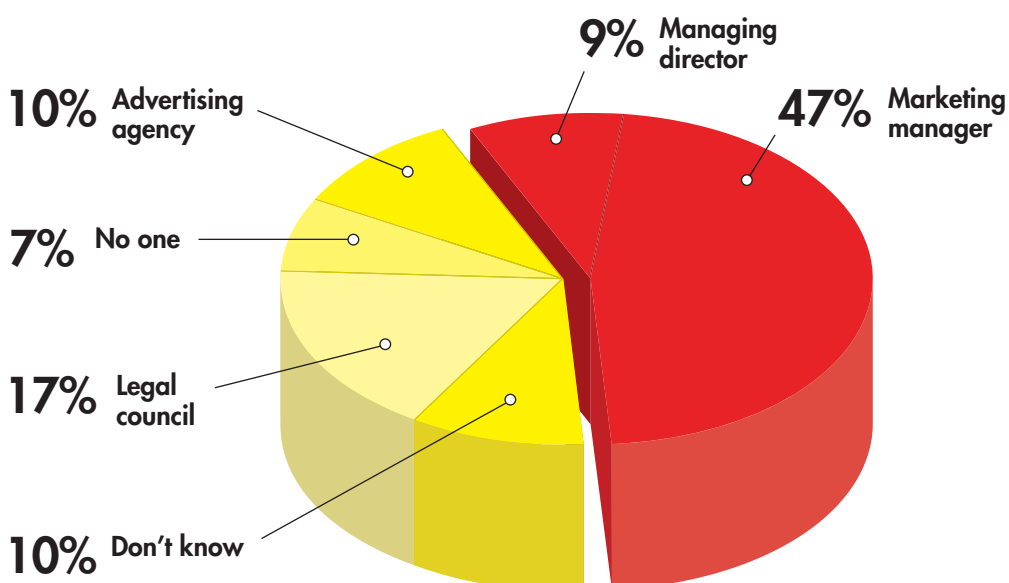


ONLY 38 PERCENT OF BRANDS HAVE DEFINED HOW THEIR BRAND SOUNDS



IN THE MAJORITY OF CASES, THE BRANDS THEMSELVES ARE RESPONSIBLE FOR LEGAL RIGHTS

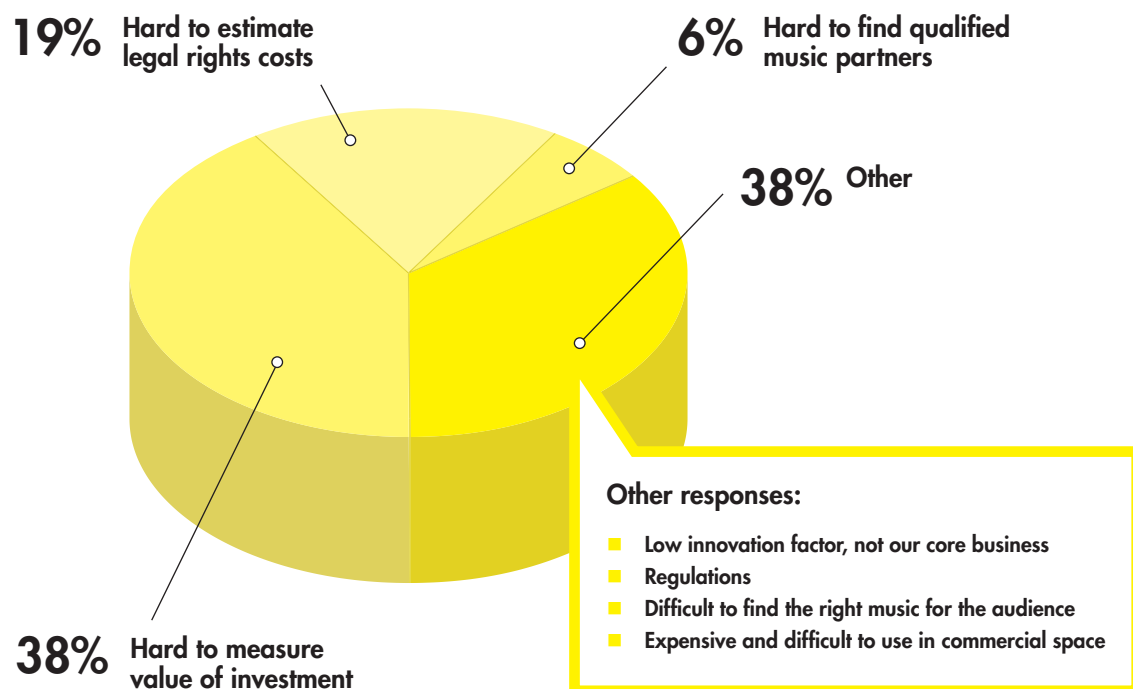
Legal rights is an increasingly important aspect when working with music commercially. The new digital music platforms and the national differences in copyright law make it challenging for brands to keep track of it all. The survey shows that the brands themselves are in charge of music agreements and payment of fees to the copyright organisations in the majority of cases.



WHAT IS HOLDING THEM BACK?

HARD TO MEASURE VALUE OF INVESTMENT

The largest obstacle for brands when working with music is measuring the value of their investment. The difficulties in estimating legal rights costs is also ranked highly as a concern.



CONCLUSIONS

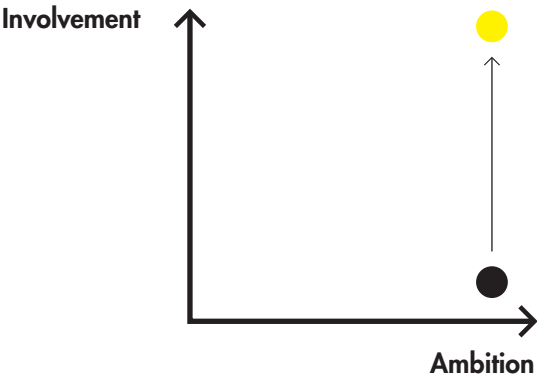
SUMMARY OF RESULTS

The *Sounds Like Branding™* survey concludes that there is a great discrepancy between how high brands rate music as a branding tool and the actual resources that are invested into it.

Brands love music but have yet to begin investing time and resources in the strategic use of it. One could say that their love for music is yet to translate into a strong show of commitment. This leads us to ask whether brands are getting the most out of their current efforts. Just as in love - in marketing, the more involved you are, the more you usually get in return.

BRANDS LOVE MUSIC	...BUT ARE NOT PUTTING THEIR HEART INTO IT
97 percent say that music can strengthen their brand	7 out of 10 invest 5 percent or less of their marketing budget into music
76 percent use music actively in their marketing today	Only 2 out of 10 have a sound logotype
7 out of 10 think that music will become more important in the future	Only 38 percent have defined how their brand sounds with a music profile

WHAT IF THE BRANDS WERE MORE INVOLVED?



TRUE LOVE NEEDS INVOLVEMENT!



Why are brands not putting their hearts into it? Why do we have this great discrepancy between brands' ambition and their commitment?

Our analysis shows that music is still seen as a complimentary element in branding. More often than not, music is seen and used as a supplemental media to enhance the visual aspect of communication or branding (such as in TV advertising). It is likely that this is the main reason why we are not seeing many brands making significant investments in music.

The analysis also shows that music is often selected on a case-by-case basis for individual campaigns. Music is still deeply connected to subjectivity and the personal opinions of individuals within marketing departments or advertising agencies. It is not considered to be a serious and strategic tool in branding. Professionalism is sometimes set aside, and music decisions are not based on what is beneficial for either the brand or the target group. Just as in any other marketing endeavours, to be successful it is vital to know what impact a certain message (in this case, music) will have on the brand, and to have a deep understanding of the preferences and possible reactions of the target group.

“ **MUSIC IS STILL DEEPLY CONNECTED TO SUBJECTIVITY AND PERSONAL OPINIONS OF INDIVIDUALS WITHIN MARKETING DEPARTMENTS** ”

The music industry also has some homework to do. It needs to explain the value of using specific branding tools such as music profiles, sound logotypes, artist matching strategies and the effect that these can have on a brand. The music industry needs to start speaking the language of brands, presenting the branding models and return on investment calculations needed in order to be convincing.

Most of all, brands need to understand that there is a difference between music and music, and the effect it has on brands and people.

TODAY'S APPROACH TO MUSIC BRANDING



Music seen as a complementary media
(for TV advertising, etc.)

Music selected based on personal
preferences

Music considered only as a
design element

Music selected on a case-by-case basis

Music's effect on brand and target
group not always considered

TOMORROW'S APPROACH TO MUSIC BRANDING



Music also used as a foundation
media (i.e sound logotype)

Music selected to follow music profile

Music seen as a communication tool

Music selected based on brand and
target group preferences

Music used as a strategic tool
in marketing

“ BRANDS NEED TO UNDERSTAND THAT THERE IS A
DIFFERENCE BETWEEN MUSIC AND MUSIC, AND
THE EFFECT IT HAS ON BRANDS AND PEOPLE ”

FULL SURVEY RESULTS

1. Do you think that music can strengthen your brand?

Yes: **97%** No: **3%**

1.1 In what way?

Music can help to build a consistent image of our brand: **41%**

Music can help to make our offer unique from our competitors: **27%**

Music can drive our consumers to make a purchase: **12%**

Music can build loyalty within our target groups: **20%**

2. Have you defined how your brand sounds?

Yes: **38%** No: **62%**

2.1 Would you be interested in having it defined?

Yes: **64%** No: **36%**

3. Do you have a policy regarding how you work with music?

Yes: **45%** No: **55%**

3.1 Who developed it?

Branding agency: **8%**

Ad agency: **0%**

Record company: **4%**

Event agency: **0%**

PR agency: **0%**

DJ: **4%**

In-house: **62%**

Other: **23%**

4. Does your company have a sound logotype?

Yes: **21%** No: **79%**

5. Are you familiar with the term *Sonic Branding*?

Yes: **38%** No: **62%**

6. How do you rank the following senses in order of what you currently use to communicate your brand?

Sight: **28%**

Touch: **21%**

Smell: **15%**

Hearing: **21%**

Taste: **15%**

7. Do you currently use music actively in your marketing?

Yes: **76%** No: **24%**

7.1 May we ask why?

- Regulations
- We haven't thought about it.
- Not our highest priority. We need to fill with value, not increase awareness.
- Haven't found a real innovative way yet.
- Compilations and CDs are dated. Music is also not our core brand values.
- Lack of time, money and resources

7.2 If yes, on what platforms?

TV commercials: **20%**

Radio spots: **10%**

Music for commercial spaces (i.e. stores and/or offices): **13%**

Music on website: **16%**

Artist sponsorships & collaborations: **12%**

Music events: **11%**

Sound logotype: **6%**

Music products (i.e. CDs, ringtones, etc.): **10%**

Other: **1%**

- Customer events, trade shows

8. How do you rank the following platforms as being relevant to the use of music in conjunction with your brand?

TV commercials: **16%**

Radio spots: **14%**

Music for commercial spaces (i.e. stores and/or offices): **12%**

Music on website: **14%**

Artist sponsorships & collaborations: **12%**

Music events: **11%**

Sound logotype: **12%**

Music products (such as CDs, ringtones, etc.): **10%**

9. Who at your company is in charge of agreements with and payment of fees to music copyright associations? (such as PRS/PPL, ASCAP, GEMA, STIM, IFPI)

Managing director: **9%**

Marketing manager: **47%**

Advertising agency: **10%**

Legal council: **17%**

No one: **7%**

Don't know: **10%**

10. Approximately how big a portion of your marketing resources are spent on music?

0-5%: **71%**

5-10%: **7%**

10-25%: **2%**

25% or more: **2%**

Don't know: **19%**

11. Have you identified any major obstacles to working with music?

Yes: **28%** No: **72%**

11.1 Which are the major obstacles in your opinion?

Hard to estimate the cost for legal rights: **18%**

Hard to measure the value of investment: **41%**

Hard to find qualified music partners: **6%**

Other: **35%**

- Regulation
- Low innovation factor, not our core business
- Integrated experience offline/online
- Difficult to find the right music for the audience
- Hard to find budget
- Expensive and difficult to use in commercial space

12. Do you think that music will become more important for your brand in the future?

Yes: **74%** No: **26%**

13. What platforms do you think will become most important in the future for music usage?

TV commercials: **15%**

Radio spots: **11%**

Music for commercial spaces (i.e. stores and/or offices): **13%**

Music on website: **22%**

Artist sponsorships/collaborations: **11%**

Music events: **10%**

Sound logotype: **10%**

Music products (i.e. CDs, ringtones, etc): **7%**

Other: **1%**

Please note: Results may total 99% or 101% as a result of rounding.

HEARTBEATS INTERNATIONAL

Heartbeats International is a brand communication agency on a mission to make the world a bit more sensational. We believe that great brands are built through a multi-sensory approach and that music is one of the most powerful media when building effective communication.

From our headquarters in Stockholm and bureaux in Tokyo and New York, we help global clients such as Absolut Vodka, Rolex, and Conrad Hotels in making their customers' hearts beat.

WWW.HEARTBEATS.FM



FIND OUT MORE

The *Sounds Like Branding*™ survey is also available as an inspiring seminar hosted by Heartbeats International. Contact us for a full presentation of the survey, and discover how your brand can benefit from integrating music in your branding and communication today.

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**SHARE YOUR THOUGHTS ON THE SURVEY
AT WWW.SOUNDSLIKEBRANDING.COM**





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