



Knowledge, Brands and Customer Loyalty

Terminology as a Critical Success Factor



Assets and *machines* alone no longer determine the worth of a business. The focus in management is turning more and more to employee knowledge and skills, brands and patents, customer base and customer loyalty. For a business, value is created for the most part when employees are accountable. They recognise changes in demand and adjust products and services accordingly. A consistent, informative presentation of corporate policy and clear messages about development stages and corporate goals contribute significantly to sustained success. They are some of the most important non-financial influences on clients and analysts.

Focusing on success when handling information, communication, media and knowledge is essential in order to optimise a company's organisation of work and its sales environment. This fosters knowledge and competence that results in a significant competitive advantage over the competition in the longer term. The customer's path to the product is through language. An awareness of corporate communication – and language – promotes efficient corporate management. Language becomes a strategic tool when combined with

2

- Knowledge management
- Branding and brand protection
- Customer care and customer loyalty

Knowledge Management as a Success Factor

Knowledge as a Production Factor

Every business has extensive knowledge. This is a valuable asset that can be utilised as a strategic factor and a decisive competitive advantage. Besides work- and capital-intensive activities, information- and knowledge-intensive tasks are gaining in importance. In this environment, knowledge is essential in contributing to success. It encompasses the explicit knowledge in existing documents as well as the implicit knowledge held by employees. Implicit knowledge must be made explicit for other colleagues. Explicit knowledge must be generally accessible in a business, and all this knowledge must be protected to offset serious losses. The primary challenge is preparing the knowledge so that it is available for users at any time. Developing, using and protecting an organisation's strategically meaningful knowledge is the job of knowledge management. Effective knowledge management increases the competitive edge and efficiency of a business.

Making Knowledge Usable

To make knowledge available to others, it must first be formalised. Language is indispensable for this task. Company-specific knowledge is passed on mainly through company-wide, consistent corporate language. This in turn is based on assured, consistent terminology.

Terminology functions as an information carrier that can be used to make knowledge explicit, and to transfer and store it. Without exact terms and clearly defined concepts, a professional exchange of ideas is not possible.

Company-specific knowledge is recorded through specialised, widely supported terminology work that identifies and defines concepts as units of knowledge and sets them in relation to one another. Once they are recorded and purposefully organised, the concepts form a knowledge base that is available to the entire corporation and offers a basis for smooth, efficient, clear communication. A central knowledge base like this helps to minimize the loss of knowledge and avoid redundant research. Uniform terminology that is permanently maintained – especially when several languages are involved – reduces costly corrections downstream in documentation, product descriptions, instruction manuals, brochures and advertising in both electronic and print versions. Terminology helps to optimise internal business processes, but in particular, it also considerably improves customer communication and thereby also the image of a company.

Strategic Basis

Only when knowledge is systematically processed, maintained and managed does it become fully usable for employees and thereby also for corporate growth. The effective capture and management of corporate terminology is an essential basis for processing knowledge throughout a company and providing a functional, professional exchange of ideas.

Branding and Brand Protection

The Value of a Brand

The corporate brand plays a decisive role in establishing the value of a business. In fact, it can become a key distinction for countering potential price erosion when similar products are vying for the same market share. Brands are therefore a way to stand out against competing products and to promote competition that is about more than just price. Companies with strong brands always weather difficult economic times better than others. Strong brands make it easier to access new business segments.

What Is a Brand?

From the consumer point of view, brands are often identified with a company logo, corporate colours or conspicuous advertising. But creating a lasting brand goes much deeper. Successful brands create a feeling of positive customer experience that leads to customer loyalty and repeat business. Strong brands require systematic, hard work in all areas of a company, from training to global product design, global business processes and top performance in sales and customer service. All these factors contribute to customer loyalty.

How Is a Brand Communicated?

Besides direct communication with customers, indirect communication in predominantly written format is taking on a greater role because of the need to rationalise and globalise. Public presentations, advertising, investor relations, product presentations, customer service and so forth, occur over a multitude of channels (print, Internet, e-mail, SMS and, increasingly, webinars, blogs, wikis, podcasts, 3D-worlds, etc.).

It is well-known that up to 90 percent of all purchasing decisions are made by customers who have no physical contact with the product. This *virtualisation* of customer relations makes brand-consistent, high-quality communication a business-critical factor. Quality in the sense of consistency, accuracy and comprehensibility is essential. The value of a product nowadays is determined more by its surrounding information than by its physical characteristics. The value of the information determines the competitive advantage.

The Art of Global Brands

Since the proliferation of the Internet, companies can no longer afford to compete in different markets with conflicting information. Instead, they have to ensure that customers are given consistent, target group-specific, brand loyal information via all possible geographic target markets and media forms.

Co-ordinating brand loyal communication in a global context poses its own challenge for creating and strengthening brands, namely conveying global information adapted to a local situation. When a company speaks to customers with “the same language”, its brand value increases accordingly and thereby also its corporate value. This goal can be reached by standardising the concepts and terms used by the company.

When Is a Brand Successful?

Every product can be characterised by a variety of features that are designed specifically for the product and its user group. These features can encompass anywhere from a few to many terms that, through good business practices, become anchored in the language of a product’s development cycle as early as possible. This ensures that no misunderstandings occur as the product nears completion. Everyone in the company who is involved must make this contribution to ensure brand consistency. Concepts and terms should always be developed and communicated with the customer in mind.

If this conscious management of language, and subsequently terminology, is missing, the result is inconsistent descriptions in the different types of information, which can result in:

- Delays in product completion
- A high number of support and service events
- Product recalls and withdrawals on certain markets
- Denial of product approvals
- Unsuccessful recruiting of new customers or weak customer loyalty
- Legal disputes due to misinformation or product defects.

Branding potential is not utilised or is under-utilised in many corporations. Although the processes for developing and transmitting information often seem to function somehow, albeit usually automatically and not particularly efficiently, they are inadequate for global information management and for supporting a corporate presence in global markets.

A conscious and deliberate (corporate) language information policy and strategy support the corporate communication process both internally and externally. Customer satisfaction and identification with the company, its products and its brands is the desired result.

The exact definition of company-specific concepts, the user-oriented creation of technical terms and other expressions, and the consistent use of this “language” for all regional markets can only be ensured by thought-out information and communication processes, and efficient, pro-active terminology management.

Developing and protecting brands is not possible for globally active companies without efficient management of their corporate language and thereby also their terminology and localisation processes.

Customer Care and Customer Loyalty

The Value of Customer Perspective

“Getting a customer back to our brand through advertising, spots or buying incentives costs us almost five times as much as winning over a new customer.”¹⁾

Financial

“To succeed financially, how should we appear to our shareholders?”

Customer

“To achieve our vision, how should we appear to our customers?”

Vision and Strategy

Internal Business Processes

“To satisfy our shareholders and customers, what business processes must we excel at?”

Learning and Growth

“To achieve our vision, how will we sustain our ability to change and improve?”

Strategic questions for a corporation's success ²⁾

8

Brand value research has shown that company growth is accompanied by the number of satisfied customers, who act as references. However, the measure of customer satisfaction is only partly determined by subjective experience with product quality. A much stronger influence is exercised by the quality of product information and the efficiency of a company's after sales support once customers have purchased the product. In areas where there is strong competition between similar products (such as rental vehicles and computers), the quality of customer care is especially important in securing customer satisfaction.

What Is Customer Care?

Customer care consists of numerous processes that accompany the customer before and after the purchasing decision. It is especially prevalent when promotional offers are used intentionally to create customer relationships that not only retain the loyalty of regular customers, but also win the satisfaction of new customers. For this, the product/service characteristics (features, quality, price, time), image and reputation (brand), customer service (response and delivery times) and social responsibility aspects of a company are taken into account. These four aspects are given different priority depending on the business area and market segmentation.

¹⁾ A sales manager, quoted in ADACmotorwelt 11/2008

²⁾ Robert S. Kaplan/David P. Norton. Balanced Scorecard: Translating Strategy into Action. Boston: Harvard Business School Press, 1996.

How Do Businesses Communicate with Customers?

Every company has a vested interest in presenting a product's value and innovation in a way that makes it understandable to outsiders and clearly differentiates it from competing products. To accomplish this, a company develops a personalised customer language concept specifically for its target group that consists of a clearly defined consistent language with unambiguous, established terminology, and that determines how a company's image and the effectiveness of its advertising is perceived at home and abroad.

The Art of Turning Customers into Partners

Through global co-operation, the relocation of production and direct investments abroad, companies are being directly confronted with new and different things (language, communication, values). Technical language and terminology are widely used in the activities and processes involved in the planning, implementation and usage phases of a product.

The communication processes within a company, as well as between the company and customers at home and abroad, initiate, manage and direct activities on many levels that play a deciding role in how customers perceive quality. Companies that focus their attention on communication and address their customers intelligibly can secure new market shares and expand. A company that forgoes developing a language policy that consistently and clearly uses its technical terminology will be at a considerable disadvantage next to its competitors. For international business, the target clientele must be analysed for every country. Local conditions (traditions, level of language) must be considered when creating the language for the customer – for every language and every country (such as English for Australia, Great Britain, New Zealand, USA). Applying an internal corporate language policy greatly reduces this burden for international companies.



When Is Customer Care Successful?

Communication processes are easier when the parties can refer to clearly defined concepts and terms. That is the task of terminology work, which is done before the actual exchange of services. Terminology work defines the framework for all activities in a company and has proven to be particularly cost-effective in strategically important and complex communication processes. Furthermore, terminology is able to minimize the potential losses and behavioural uncertainty of the parties involved. In addition to the beneficial aspect, terminology work presents an important cultural and social dimension for every business: values, attitudes and behaviour are formulated for internal employees as well as for external reference groups so that the company can compete successfully.

Terminology as a Critical Success Factor

Assured use of a uniform, customer-oriented corporate language is based on consistent, company-specific technical terminology and promotes transparent communication of a company's profile, offers and goals both internally and externally. Optimal solutions have an impact on knowledge management, branding and brand protection, as well as customer care and customer loyalty.

Language is not just a company's business card, it is also a strategic tool for

- **Knowledge management:** Without systematic processing, maintenance and management, knowledge intended for employees and therefore also corporate growth, becomes lost. Effective terminology management is an essential basis for processing knowledge throughout a company.
- **Branding and brand protection:** Developing and protecting brands is not possible for globally active companies without efficient management of their corporate language and thereby also their terminology, because the exact definition of company-specific concepts and the user-oriented creation of technical terms and other expressions can only be ensured by thought-out information and communication processes.
- **Customer care and customer loyalty:** Customers and companies must speak "the same language". Communication processes are easier when the parties can refer to clearly defined concepts and terms. Furthermore, social and cultural aspects such as values, attitudes and behaviour should be formulated for the company as well as for customers. This must be done before the actual exchange of services so that the framework is established for all subsequent transactions. Defining concepts and communicating knowledge, taking social and cultural aspects into consideration, is the task of terminology work.

Finding Solutions

Companies that had similar problems solved them by

- Introducing company-wide terminology processes
- Acquiring specific tools
- Teaching their employees
- Hiring external consultants.

For more Information

- Rat für Deutschsprachige Terminologie
(Council for German-Language Terminology) (www.radt.org)
- Deutscher Terminologie-Tag e. V. (German Association for Terminology)
(www.dttev.org)
- Deutsches Institut für Normung e. V. (German Institute
for Standardisation) (www.nat.din.de)
- German Terminology Portal (www.termportal.de)
- International Network for Terminology (www.termnet.org)
- International Information Centre for Terminology (www.infoterm.info)

The Council for German-Language Terminology (www.radt.org) was created in 1994 on the initiative of the German, Austrian and Swiss UNESCO Commissions to promote terminology in German-speaking countries. It consists of a panel of experts who represent organisations, associations, administrative bodies, business and industry, and educational institutions in the field of terminology from Germany, Austria, Luxemburg, Belgium, South Tyrol and Switzerland.

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