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Corporate Brand Management of SK*

Jinyong Lee**

SK group has been a pioneer in overall brand management and, more recently, in CSR-imbedded brand management. SK vision of “improving itself to give greater happiness to all of its customers” and the symbol mark of “Wings of Happiness” are some good examples of integrating distinct brand identities of various member companies. After impressive growth and expansions into diverse business areas, SK group is ranked as the third largest company based on asset amounts according to the Fair Trade Commission of Korea, only after Samsung and Hyundai Motor groups.

SK brand management can be analyzed, using the framework of 4 stages - ‘infrastructure’, ‘planning’, ‘doing’, and ‘seeing’ stages. In order to secure ‘infrastructure’ of brand management system, SK has invested huge resources to the ‘SK BMS’ (SK Brand Management System). At the ‘planning’ stage, the most important task of SK like other Korean business groups is perhaps to adopt a well-organized ‘brand identity (BI) system’ which may consolidate brand values of individual member companies. In actuality, SK BI consists of Customer Happiness located at the center and 3 other elements of Pride, Professionalism, and Customer-orientation.

At the ‘doing’ stage, the slogan of ‘OK! SK’ and the logo of ‘Wings of Happiness’ have been placed at the core of the SK group brand building programs. SK adopts the principle of ‘independent yet united’, pinpointing that each member company independently works for its business performance but it is, at the same time, encouraged to integrate its capabilities for the SK group brand. In addition, SK has sought ‘shared growth’ with business partners for happiness for all the members in the society. ‘Social Contribution Philosophy’ based on SK value of ‘creation of greater happiness’ is again one of the most important guidelines for CSR (corporate social responsibility) at the doing stage.

At the seeing stage, SK regularly evaluates its branding programs. SK has shown some very impressive achievements in brand management: (1) a core identity of ‘Customer Happiness’ participating member companies may share, (2) harmonious relationships between the group brand management office and brand management divisions of member companies, and (3) consistency-keeping in brand management over time. However, there remain two major challenges: (1) globalization of SK and (2) reinforcing sustainable superiority over not only Korean rivals but also global ones.

Key words: SK, brand management, brand identity, infrastructure, planning stage, doing stage, seeing stage, customer happiness, CSR (corporate social responsibility)

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I. Profile of SK

Mr. Tae-won Chey, SK Chairman, released SK Company Vision to internal members (SK 2016). The core message can be summarized by the statement of “SK group, as members of society, will focus on the maximization of social value” (SK 2016), which is consistent to the former statement in 2008 of “In 2008, SK will make an even stronger effort to fill the lives of its members and stakeholders with more happiness (SK 2008a).” As indicated by the chairman’s statements in 2008 and in 2016 repeatedly, SK is continuously striving to enhance happiness of its customers, employees, and investors.

Moreover, in 2013, SK launched its innovative “Independent Yet United 3.0” management system in order to achieve its goal of happiness for all of stakeholders. SK will continue to cultivate its value by strengthening the independent management of its affiliates. The supreme goal that SK is aiming for is the happiness of stakeholders. SK is making every effort to achieve a happier future for all of stakeholders, its customers, employees, and shareholders, and to grow together with society

SK is one of the top 4 conglomerates that include Samsung, Hyundai Motors, SK and LG. According to the Fair Trade Commission (FTC) of Korea, SK is ranked the third based on asset amounts. SK’s business areas, although

diverse, consist of 3 main fields:

- 1) ‘energy and chemicals’ including SK Innovation (formerly, SK Energy), SK Global Chemical, SK Trading International, SK Chemicals,
- 2) ‘information, telecommunication and semiconductor’ covering SK Telecom, SK C&C, SK Hynix, SK Planet, and SK Broadband
- 3) ‘marketing and services’ encompassing SK Networks, SK E&C, SK Shipping, and SK Securities

SK started its business as a small textile company in Suwon in 1953. The name of the textile company was Sunkyong Textiles Limited. SK has grown at an incredible speed and has formed to its present level of development through four stages (Rhee and Han, 2006): (1) market leadership in the Korean polyester textile industry, (2) expansions to the energy and petrochemicals industries in the 1980s, (3) an advancement to the telecommunications industry in the 1990s, and the (4) integration processes under the same name of Sunkyong in 1994 -- later under the unified name of SK from 1997 or 1998. Additionally, we may call (5) the period from 2010 to present, the 5th stage of globalization and expansions for continuous growth characterized by the acquisition of SK Hynix in 2012 and the recent reinforcement of SK China since 2010 (SK 2014).

From the first stage of the textile company, Sunkyong (the former name of SK) has been a marketing innovator. One example is the sponsorship of the Janghak Quiz Show, a very popular TV program from 1973. Janghak means 'scholarship' in Korean. This PR program provided Sunkyong and its student uniform brand 'Smart' with high recognition and a very favorable image. SK is currently sponsoring Zhuangyuanbang, a TV quiz show in China that started in 2000. Zhuangyuanbang is predictably similar to Janghak Quiz in Korea. During the second and third stages of entries to new and critical industries including energy and telecommunication areas, SK was equipped with a fantastic business portfolio having high growth potentials and stable profit performances simultaneously. The fourth and fifth stages of the group integration supplemented the synergistic effects of SK's businesses. The extensive globalization is exemplified by the launch of SK China. A new growth engine is illuminated by the entry to the semiconductor market by acquiring SK Hynix.

Now, SK Holdings, as the group holding company, is acting as a strategic coordinator and investor that builds 'SK Values' to achieve balanced and sustainable growth. SK's initiative to establish the holding company system is believed to make the SK management system more powerful and transparent. Furthermore, board-centered management since 2004 has led to the early establishment of innovative

management practices.

In spite of recent economic crises such as subprime mortgage crisis in US and financial crisis in some Euro-Zone countries, SK recently achieved relatively good business performances. In total, SK's sales amount was KRW (Korean Won) 165 trillion (approximately \$ 138.9 billion) and its net income was KRW 4.6 trillion (approximately \$ 4.1 billion) in 2014. The aggregate sales amount consisted of KRW 91 trillion from energy and chemicals (55%), KRW 39 trillion from information, telecommunications and semiconductor (24%), and KRW 35 trillion from marketing and services (21%). In the same year, the market capitalization of all the SK companies had continuously been increasing since 2011. The market value was KRW 45 trillion (approximately \$ 39.8 billion) in 2011 and impressively jumped to KRW 76 trillion (approximately \$ 65.0 billion) in 2014 (SK 2015). Investors in financial market have maintained the bright prospect of the future potentials of SK group.

II. Analysis of Some Issues on SK Corporate Brand Management

SK is a typical business conglomerate in Korea. Like many other Korean business groups, SK faced some branding issues of integrating

various images stemming from a variety of businesses. A well coordinated brand management scheme might allow SK to enjoy synergy of member companies sharing the same corporate brand, SK. However, a cursory plan might confuse many customers of each member company and might even cause customer attrition. New branding programs, especially ones for large business groups require an enormous amount of marketing investment. Moreover, various stakeholders such as top management group, employees, and shareholders typically expect excessively positive effects of branding programs. Therefore, decision makers for these branding projects should understand that a huge amount of financial resources and a sufficient number of devoted brand experts are almost mandatory. Some specific managerial issues of SK will be discussed as follows. The first two issues have been successfully resolved. However, the rest of issues remain in progress.

First, it was a challenging task to create a well-designed image which might unify a broad set of affiliated companies belonging to diverse industries. Common characteristics from SK's core businesses, 1) energy and chemicals, 2) information, telecommunications and semiconductor, and 3) marketing and services are not self-evident. A few leading companies of SK with their flagship images would need to contribute to build favorable associations for the unified group brand. Some creative ideas to combine distinctive associations would be essential. The

SK vision of "improving itself to give greater happiness to all of its customers" and the symbol mark of "Wings of Happiness" are some good examples of effectively integrating scattered images of disparate companies. SK has focused on customer satisfaction and happiness in a steady way and has recently expanded into satisfaction or happiness of other stakeholders such as business partners, investors and society as a whole.

Second, complexities in managing the SK brand at the group level need to be resolved. Member companies perform their own brand building activities, some of which may not be in full harmony with the group branding activities. Since there are typically many brand managers in member companies, authority and responsibility in their marketing activities must be clearly defined in order to minimize conflicts and confusions. Furthermore, some of SK's member companies are managing their own product brands (such as T world of SK Telecom and EnClean of SK Innovation). These product brands need to be coordinated and managed properly along with the group brand, SK. Coordination between the group-level brand committee and member companies in SK group has successfully maintained by relying on the SK brand management system.

Third, although SK is intending to spend more efforts to globalize the company, the SK brand is still not as well-known abroad as other comparable Korean conglomerates such

as Samsung, LG, and Hyundai Motors. SK's core businesses areas are 1) energy and chemicals, 2) information, telecommunications and semiconductor, and 3) marketing and services. Unlike other large Korean firms, SK's businesses are either based more on the domestic market or relying more on B-B operations. Samsung, LG, and Hyundai Motors appear to have the obvious advantages of having many consumer products in international markets. A physical product itself is often a remarkably valuable tool in building a strong brand. High-end digital TVs of Samsung or LG and worldwide presences of Hyundai and Kia Motors cars are good examples. SK Telecom is, quite proudly, the world's first provider of commercial CDMA operation, the 3rd generation synchronized cellular system and the 3-band LTE-A technology services. Unfortunately, the series of pioneering activities are less acclaimed in the global market than Samsung's or LG's new product launches of high-end digital TVs or smart phones and high-performance Hyundai automobiles.

Fourth, SK needs to establish greater differentiation and superiority compared to other Korean global companies or foreign competitors like Verizon, Vodafone, AT&T, and NTT. In spite of SK's successful transformation from the old brand Sunkyong to the new SK brand, SK needs to acquire some core competencies superior to other major global players. 'Customer Happiness' in the form of a high level of customer satisfaction is a potentially effective way of strongly representing

the SK's differentiated brand image.

III. Infra-Structure for SK Brand Management System

3.1 SK Brand Management System as Infra Structure

The SK Brand Management System (SK BMS) encompasses four facets of management: strategy, system, organization, and competence. SK has invested a large amount of corporate resources in order to secure the firm's infrastructure. The SK BMS consists of (1) a brand identity program (as strategy), (2) a brand evaluation system (as a system), (3) a brand management committee in the SK group and brand managers in individual SK companies (as organizations), and (4) brand education arrangements (as a managerial competence) (SK 2015).

Furthermore, the SK brand is regarded as one of the three core assets of the SK Group (SK 2008b). The other two core capabilities are SK Management System (SKMS) and SK People. While SKMS and SK People are more connected to internal operations of the member companies, but the SK brand is interconnected to both internal and external aspects. A brand is a well-coordinated 'external' manifestation to its customers and to other stakeholders such as investors or community members. A strong

brand is to be built through sophisticated and proficient management systems performed by talented and motivated 'internal' members. The SK BMS is systematically working for harmonizing marketing efforts directing outwards and inwards simultaneously.

Despite the importance of branding efforts, brand building activities of a group and of each member company need to be cautiously coordinated. Of course, it is the most important to strive uniformly to build a stronger group brand and to obey the standards and rules of group branding. However, it is also desirable to encourage each member's marketing efforts, which will result in an improvement of its own performance and an enhancement of a group brand value, in turn. The well-established SK BMS has contributed to respected harmony of SK brand management.

3.2 Organizational Structure

SK has a two-tier organization structure for corporate brand management. One tier is for entire group's branding tasks and the other is for each member company's branding activities. Any critical branding issues of involved member companies are to be closely reviewed in the group brand management office that supports the brand management committee. Some examples of crucial branding activities are the branding of SK in certain products or services of affiliated companies and new individual brands used in

combination with the SK brand. The brand committee in SK Group accepts requests of member companies only if they promise to conform to the shared corporate culture and take collective responsibility to implement SK branding activities.

In addition, the three steps of the branding standards are performed by the group brand management office: assessments of (1) appropriateness for the requirements for SK group brand, (2) any potential risk or conflict and (3) two way contributions between the SK brand and an applicant product.

3.3 Some Issues and Corrective Actions

Potential issues commonly observed in group branding activities are misuses or counterfeiting of a brand, slow communication between the group brand office and a member company, and work overload of the group brand management team. A close inspection of a misuses or a counterfeiting has steadily been made in order to prevent mistakes and misbehavior in SK's branding practices. A clear distinction between an activity of an individual member company and an activity of the entire group should be made in advance as much as possible. If it is not possible, any divisions of branding tasks should be also easily predictable by member companies in SK BMS. Otherwise, many ambiguous activities would be reviewed by the group brand office and might lead to its excessive

workload and confusions. SK, up to now, has successfully managed the SK brand relying on the well-organized SK BMS as infrastructure of brand management.

IV. The Planning Stage of SK Brand Management

The most important assignment of SK in the planning stage of brand management is, presumably, to adopt a well organized brand identity (BI) system. SK has carried out some corporate identity (CI) projects in order to create the current BI system. SK CI history reflects all the efforts SK has spent up to now in order to find better expressions of SK values.

4.1 SK CI History

There are three stages in SK CI history as follows:

- 1) The first stage between 1975 and 1988:
Most of the SK member companies started to use the same English company name, Sunkyong.
- 2) The second stage between 1988 and 1997:
Most of the member companies adopted the company name, Sunkyong. However, some did not choose to use Sunkyong. Some of the exceptions were YuKong

Oil Ltd. (currently SK Innovation), and Korea Mobile Telecom (currently SK Telecom).

- 3) The third stage since 1998: All the major member companies decided to conform to the SK brand. This decision may be exemplified by SK Telecom as 'SK', the unified group name, and 'Telecom', the business area the member company (SK Telecom) belongs to. Nevertheless, SK Group selected to adopt gradual changes (Rhee and Han 2006). After 1 year transition period of 1997, SK group completed SK CI program in 1998 and has run consistent campaigns of "OK! SK". During the preparation period, SK Telecom and SK Energy (formerly named YuKong Oil, Ltd. and currently SK Innovation) led the SK group's CI program. The first company to adopt the SK brand was Korea Mobile Telecom, a leader in mobile telecommunications. The change was done in March of 1997. The high-tech and leader image of SK Telecom was expected to contribute to strong and favorable associations to the SK group brand. The second company of the SK brand name was 'SK Energy'. SK Energy's CI program began in October, 1997. SK Energy was a first class energy/chemicals company which could strongly contribute to the favorable image of SK group brand. In January of the following year, 1998, SK released the group CI,

officially altering Sunkyong to SK for the rest of member companies. One of the most important events in the third stage is the adoption of 'Wings of Happiness' in 2005. The symbol mark of 'Wings of Happiness' presents SK's objective to create sustainable happiness for all the people around the world.

<Figure> SK logo of 'Wings of Happiness'



4.2 Brand Identity

The core spirit of SK is happiness. 'Customer Happiness' as the SK brand spirit is located at the center along with 3 other important elements. The three elements in the SK BI system are 'Pride' as a brand value, 'Professionalism' as personal identity, and 'Customer-orientation' as organizational identity (SK 2008b). These 4 elements may be described as follows:

- 1) Customer Happiness as the brand essence:
while SK is intensively putting forth a lot of effort to share 'happiness' with all stakeholders, SK is willing to maintain

and grow for the purpose of pursuing happiness. This is a *raison d'être* and an ultimate goal of SK Group.

- 2) Pride as a brand value: customers will feel proud and confident in the processes of purchasing and consuming SK products and services.
- 3) Professionalism as personal identity: customers will believe that SK is professional with superior technologies, know-how, and competent work processes of SK People.
- 4) Customer Focus as organizational identity: SK will provide customers with trust and satisfaction. This begins with a corporate culture in which SK people think of customers first and implement according to the SK corporate values. The SK culture is shared by all the member companies using the SK brand.

The brand identity of 'Customer Happiness' along with 'OK! SK' programs has significantly contributed to SK group brand equity (Lee 2007). SK is the first company to manifestly declare customer happiness as the core of its brand identity and have continuously stuck to customer happiness since 1998. However, only recently many global companies started to assert that they would deliver happiness to customers. For example, Coca Cola has run 'Open Happiness' campaign since 2009. In one advertisement, Coca Cola showed scenes of walking barefoot in the grass, playing Frisbee,

and joyfully eating lunch boxes. All the scenes were conveying the feeling of happiness and were suggesting enjoying happy moments. Similarly, Starbucks (e.g., a moment of peace), Amazon (e.g., smiling happy logo), and BMW (e.g., promising to deliver joy in a vexed daily commute) are communicating happy moments customers may enjoy. The 'OK! SK' campaigns stressing customer happiness are not only far ahead of all these marketing programs but also are providing good examples of consistently seeking for the same goal of happiness for almost two decades, successfully.

Moreover, the symbol of 'Wings of Happiness' completes the SK brand identity by including a design aspect which, effectively, conveys the three aspects of SK brand identity discussed above. Ms. Connie Birdsall, Creative Director of Lippincott Mercer, a worldly renowned design company, played a principle role in the task. She articulated her idea of creating a strong but warm design with red and orange colors. SK expects that 'Wings of Happiness' will lead to four valuable effects (SK 2005):

- 1) The symbol of 'Wings of Happiness' effectively represents SK's core value of pursuing happiness. Customer happiness is an ultimate goal and a brand essence of SK. With the new logo, SK will more steadily and firmly strive for 'Management for Happiness'.
- 2) The new logo will enhance synergy among

SK member companies sharing the same logo for their CI.

- 3) The logo symbolizes the growth to global markets. SK is intending to enter many international markets. The logo motivates SK to fly globally.
- 4) The logo will efficiently protect the legal right of the SK brand.

4.3 Objectives of Brand Management of SK

Four issues of brand management of SK were discussed above. It was pointed out that SK has successfully achieved the unification of diverse member companies into the image of the SK brand and the clear guidance of the complexities in operating the SK BMS. In particular, some industrial experts believe that the SK brand becomes more powerful by adopting gradual changes from Sunkyong to SK, locating SK Telecom and SK Innovation (SK Energy at the period of SK brand unification) plus recently added SK Hynix at the center of the SK image along with the new logo of 'Wings of Happiness'.

An adequate introduction of a brand management committee has served to establish the SK BMS for a short while. The SK brand management committee consists of executive managers in charge of coordinating branding activities in member companies of SK Group. The brand committee reviews critical marketing programs

performed in order to increase the SK brand value and also has the authority to permit the use of SK in the products and services of SK member companies. There still exists room for improvement like clear-cut distinctions between the brand committee's own authority and delegated work for member companies. The SK BMS turns out to be an impressive success for the group brand building activities, in spite of some initial concerns about the efficacious settlement of the group branding program.

Nevertheless, there remain two more issues to be resolved: globalization and highly acclaimed differentiation that is superior to world-class rivals in Korea or in other countries. SK has shown profound interests in globalization. It has pursued excellence of the SK brand and has begun to invest a large amount of resources. The new logo of 'Wings of Happiness' indicates the accelerated globalization of SK. The slogan of 'Customer Happiness' demonstrates the strategic intent to maximize customer happiness (beyond mere customer satisfaction) in order to acquire world class excellence.

4.4 Brand Structure

For most products and services of member companies, the main driver in brand management is the group brand, SK. However, there are some exceptions. For instance, SK Telecom has 'T' brand. T brand is a family (product) brand encompassing a broad range of mobile

telecommunications services including wireless voice telephony, video calls, broadband wireless data, and roaming services in various countries. SK Innovation (formerly SK Energy) also manages some powerful product brands such as EnClean (a brand of gasoline or diesel fuel in gas stations). SK has not been too strict in accepting a product or a family (product) brand as long as it is in harmony with the SK brand and complies with the SK standards and required branding processes.

V. The Doing Stage of SK Brand Management

5.1 Major Brand Management Activities of SK Group

SK brand management at a group level works according to the SK BMS. The most important branding issues such as a change of a group brand and the adoption of a new logo are discussed in the CEO conference. However, the brand management committee and the brand management office supporting the committee are working bodies of brand management in charge of many SK branding activities. The brand committee reviews each member company's compliance to the SK brand standards and its participation in SK brand building activities. The committee started its tasks in 2006 and

handled much more branding cases in 2007 than the previous year. The number of case reviews was increased by 110% in 2007. Since then, approximately 20 brand cases per year and in total 200 cases up to now have been reviewed up to 2016.

SK is also devoting to brand education for internal members' knowledge and skills for brand management. The Sogang-SK Brand Academy is occasionally held not only for SK member companies' brand managers and marketers but also for members of partner companies and interested college students. SK also frequently runs brand seminars for the members of the brand committee and brand conferences open to internal and external members.

The brand management committee and the brand management office of SK provide the member companies with guidelines for SK brand management including related 4P mix activities. However, member companies independently carry out most marketing activities for product, price, and channel management. Marketing communications are somewhat differently managed from other marketing activities. Although some tasks like sales promotion and direct sales are in the hands of brand managers or marketers of member companies, marketing communications programs for the SK brand image are managed at the group level to acquire synergistic effects. Some branding activities in SK group level are described below.

The slogan of 'OK! SK' and the logo of

'Wings of Happiness' have surely been placed in the center of the SK brand building programs (Lee 2007). OK! SK campaigns have been run since the new name SK was adopted in 1997. Nevertheless, SK created a series of advertisements slightly modified from the second half of 2007. The slogans of the new campaigns are currently focusing on roles and responsibilities and on social contributions of SK member companies. These are related to the SK brand theme of happiness for the relevant stakeholders but have been modified according to social trends. However, SK has stuck to the principle of consistency in brand management on all of these campaigns with minor adaptations.

The logo of 'Wings of Happiness' has been presented at all marketing communications programs and products with the SK brand. It is clear that customers and stakeholders love the design and believe that it effectively conveys the core messages SK desires to express.

SK has enjoyed fruitful outcomes and positive outside evaluations of its marketing communication programs. According to a 2006 internal Gallup poll, public opinion showed encouraging results: 85.2% of the general public and 94.0% of opinion leaders had positive attitudes towards SK Group (Rhee and Han 2006). In addition, KARB (Korea Advertising Review Board) selected two 'OK! Tomorrow' campaigns as the best advertisements of the month in 2007. Marketing research has revealed that consumers have maintained very favorable attitudes toward

SK group brand up to now. The high evaluations stem from the fact that SK marketing communication programs utilized a variety of topics so as to effectively communicate 'Customer Happiness'.

5.2 Marketing Communication Programs of OK! SK

"OK! SK" program has kept its consistency since the birth in 1998. However, there are 3 stages in the evolution of OK! SK program for the brand building purposes: 1) the first stage of SK brand introduction and familiarization between 1998 and 2002, that is, the stage of 'customer happiness', 2) the second stage of the diffusion and extension of happiness value between 2003 and 2006, that is, the stage of 'happiness into social issues', and 3) the third stage of the SK brand enhancement by suggesting a variety of perspectives on happiness since 2007, that is, the stage of 'various meanings of happiness'.

In the first stage of OK! SK program, the campaigns had overt objectives of SK brand management, 1) improving brand awareness of SK and making all the customers know the brand and 2) maximizing the brand familiarity. The main target audience was predictably the customer group. The brand campaigns of SK group emphasized customer happiness as a core brand essence of SK group and adopted advertisement models of ordinary people unlike

other companies' campaigns relying on celebrity models. Still, those SK campaigns were proven to be extremely effective. The majority of consumers have kept a strong image of SK as a happiness provider. Some examples of famous campaigns were the main messages of "Until customers say OK" and of "Until customers become happy".

SK realized needs to expand target audience to other groups in the society and accordingly obligations to extend subjects of happiness to social issues. Some of voluntary activities of SK members or SK-related people were 1) social activities of helping shopping malls located in rural areas, 2) providing study rooms for children in need, and 3) staging puppet play performances. SK brand campaigns in this period emphasized the theme of sharing happiness and participating in voluntary social work. Some of the messages were "I am happy to meet you" and "It is easy to become happy." Furthermore, in the second stage, the logo of "Wings of Happiness" was adopted and used as a symbol of happiness for SK group.

OK! SK brand campaigns in the third stage have suggested that we should rethink the meanings of happiness. Often, a lot of ad messages in the third stage claimed that we would find happiness nearby, close to us, along with an image of warmth. The messages of "Slump is happiness," "Farewell is happiness," "Tough (painstaking) today is happiness," and "Happy tomorrow will start right here" were

some examples of successful copies in this stage. The campaign of “Powerful hopes” was another example of being run during the global recession in 2009.

For better understanding of these campaigns, it is necessary to take a concrete example. One of very popular advertisements with a slogan of ‘OK! Tomorrow’ was about the Korea Women’s Handball Team. The handball team won a bronze medal in 2008 Beijing Olympics after overcoming so many barriers such as little spotlights, few spectators in games, and a small number of total Korean handball players. Many of the handball team members were in their 30s simply because the handball team had difficulty in attracting new young players. Some players had participated Olympics games since 1992 Barcelona or 1996 Atlanta Olympics for more than 10 years.

In spite of the hardship the team steadily suffers from, the Korea Women’s Handball Team has almost always won some medals in Olympics games since the 1984 LA Olympics. These surprising performances include 2 gold medals. Only one exception was the 2000 Sydney Olympics with no medals. The handball team ad was so successful that it could receive enormous attention from the public. A popular movie, ‘Forever the Moment,’ aired in 2008 and boosted the impact of the ad. The film fictionalized the real story of the Korea Women’s Handball team at 2004 Athens Olympics. Moreover, SK has been an active sponsor of

Korean Handball Association since 2007. The sponsorship sufficiently boosted public recognition.

OK! SK campaigns have dealt with significant social issues beyond company’s economic roles. One OK! SK ad became the first commercial advertisement put in a middle school text as an example of ‘Warm words, powerful words - let’s talk with an advertisement’. The advertisement in the textbook encouraged many students to overcome slump time. Stress symptoms from academic achievement among middle or high school students has been some of the most important social issues in Korea.

While OK! SK programs have adapted to environmental changes, they have stuck to consistency of the messages by keeping the slogan of OK! SK and also by maintaining the theme of happiness. It is regarded as one of the most successful campaigns preserving adequately the principle of consistency for a relatively long time.

5.3 SK’s Marketing Efforts for Globalization and New Business Areas

SK has achieved very impressive growth in sales and profit since its inception. Yet, SK is actively seeking growth. There are two major tasks for SK to focus on. One is globalization and the other is the advancement into new business areas as we may see in the case of acquisition of SK Hynix. Both of the tasks will

contribute to providing future growth engines and innovative brand images. Globalization efforts will assist the SK brand to diffuse around the world. New businesses requiring state-of-the-art technologies will help to strengthen the cutting-edge image of the SK brand.

SK has devoted a large amount of its resources in order to broaden its businesses into international markets. SK has invested financial resources around the world: 1) North East Asia, 2) South East Asia and Oceania, 3) North and South America, 4) Europe and 5) Middle East and Africa. However, most of the recent effort has been spent in China. Below is a summary of some of SK's foreign investments and achievements:

- 1) SK Innovation's natural resource development projects including oil wells in the Middle East, Vietnam, Peru, Brazil and recently Morocco and the electric vehicle (EV) battery business through a joint venture with Beijing Automotive Industries Holding and Beijing Electronics Holding.
- 2) SK Innovation exporting more than 50% of its oil products.
- 3) SKC's polyester film factory in Georgia, the USA.
- 4) SK Global Chemical's operation of Wuhan naphtha cracking center in China from 2013 and successful performance of EPDM facilities in China.
- 5) SK Chemical's establishment of the INITZ

joint venture with Teijin, a Japan-based global chemical and pharmaceutical company, for the launch of super engineering plastic Poly Phenylene Sulfide (PPS).

- 6) SK telecom's solution sales for the construction of smart classes in the public education market and the business of health examination in connection with molecular diagnostics and hospital businesses in China.
- 7) SK Corporation's IT business unit (formerly SK C&C) providing solutions and services including system integration in the areas of outsourcing, finance, communications, services and manufacturing, and security around the world, mobile services by securing global customers like Google, Vodafone and Dunkin and by installing a mobile wallet service for China Unicom and SingTel of Singapore.
- 8) SK Networks' O'2nd fashion brand focusing on China and expanding to 18 countries.
- 9) SK Hynix achieving over 90% of its sales through exports using its global networks established in 15 countries around the world.

In addition to endeavors into global markets, some innovative products or services have led to favorable and strong brand images for SK. For instance, SK Telecom commercialized the world's first 3band LTE-A mobile communication technology and also developed an open call

platform, T Phone by adding various data services to existing voice calls. SK Hynix impressively developed the world's first and largest-capacity 128GB DDR4 module by using the Through Silicon Via (TSV) technology. SK Innovation constructed the Seosan factory, capable of producing batteries for 10,000 automobiles annually, in 2012. Further, SK Global Chemical invented Nexlene, a high-performance polyethylene and SK Chemicals developed Ecozen, the first bio-copolyester in the world.

5.4 SK's Shared Growth

SK has sought shared growth with business partners for the outcomes providing happiness for all the members in the society. Its activities consist of 5 parts: Social Contribution Philosophy, Corporate Partnership Program, Social Enterprises, Social Contributions and SK Foundations (SK 2014). Social Contribution Philosophy based on SK value, "creation of greater happiness" is the core guideline in implementing happiness management policy through Corporate Partnership Program, Social Enterprises, Social Contributions and SK Foundations. Social Contribution Philosophy consists of nurturing people for their talent cultivation, making SK stakeholders happy, contributing to the happiness of others through solutions for social issues, and practicing the happy management policy by growing together with society.

SK Corporate Partnership program is aiming at proactively initiating "shared growth" with small and medium partner companies. First of all, SK launches this program by spreading corporate partnership culture into every member of SK affiliates. In order to foster capability of human resources of partner companies, SK jointly runs some educational programs of Corporate Partnership CEO Seminar, Corporate Partnership MBA, and Corporate Partnership e-learning. SK job fair for recruiting activities is carried out with partner companies. Additionally, SK actively works for partner companies through financial, technical, and overseas-expansion supports.

SK has been searching for the way how social enterprises can contribute in solving social issues with various models: 1) establishing social enterprises, and 2) converting profit companies to social enterprises or investing in social enterprises. "Happy Dosirak" with 28 centers provides children and older people in need with free lunchboxes and, at the same time, helps poor people to find jobs for the business. "Happy Narae", as one of the SK members, is an excellent and rare example of a social enterprise which were converted from a commercial company. It carries out MRO (maintenance, repair, and operation) services.

SK is developing, fostering and investing in social enterprises by hosting "Sesang Social Enterprise Contest" and "Appropriate Technology Social Enterprise Contest". SK insists on the

principle of “Impact Investment” in evaluation of social enterprise development and fostering. The principle emphasizes both social and economic values. Furthermore, SK nurtures dedicated social entrepreneurs. SK developed the world’s first MBA program for social enterprises with KAIST. SK is also active in social contribution activities such as education and scholarship programs. Some of the well-known ones are 1) Korea Foundation for Advanced Studies and 2) SK Happy School. Additionally, SK supports local communities, environmental activities, sports and cultural activities. Some of social contributions are initiated by 1) SK Happiness Foundation and 2) Smile Micro Bank.

5.5 Some Examples of Marketing Programs of SK’s Member Companies

It is extremely difficult to capture the whole picture of member companies’ marketing activities for building the SK brand. However, some examples will help to understand ‘independent aspects’ of SK’s branding activities. SK adopts the creed of ‘independent yet united’. It indicates that each member company ‘independently’ works for its business performance and for the SK group brand, but it is encouraged to ‘cooperatively’ integrate its capabilities to produce synergy. Some marketing activities of 3 companies, SK Innovation, SK Telecom and SK Networks are shortly discussed below.

First, SK Innovation (formerly, SK Energy)

is a leading company ranked as number one in the Korean oil refinery industry. There are two other major players in the market, GS Caltex and S-Oil. The price levels of major products such as gasoline and diesel fuels are comparable among the 3 major companies. All of them frequently depend on sales promotion programs that usually take the form of co-marketing campaigns with credit-card companies.

SK Innovation’s channel management is somewhat different from the competitors, however. In the domestic market, SK Innovation concentrates on manufacturing processes like refinery tasks, while SK Networks is in charge of retailing. Manufacturing and retailing tasks are carried out within the same company in cases of GS Caltex and S-Oil. Marketing communication programs of the three Korean oil companies have their own flavors. SK has emphasized service quality and functional superiority in fuel engine cleaning (as the brand name of EnClean indicates), but S-Oil has drawn attention to high octane levels of fuels. GS Caltex has not spent a lot of financial resources on TV advertisements, but when it did so, it raised different issues like quality service, environmental protection, and social contributions.

Second, SK Telecom is not only the number one player in terms of market share, profit and many other financial measures but also a provider of premium services in the Korean mobile telecommunications market. The Korean government accepted the CDMA technology

for faster digitalization. There were, then, two types of CDMA-based networks. One was a cellular type and the other was a PCS type. SK Telecom was a cellular type service provider, while two major competitors, KTF (currently, mobile telecommunication business unit of KT) and LG Telecom (currently, LG U+) adopted PCS networks. Korean consumers preferred the cellular network to the PCS type. This leads to SK Telecom's big initial advantages in premium-pricing and better performances in profit. All the three companies dramatically invested their marketing budgets for their 3G (the third generation) mobile service. SK Telecom with its 'T' brand and a strong customer base, has successfully coped with the marketing battles for maintaining the number 1 position in 3G and in more recent 4G versions such as LTE-A. SK's 'T' brand is a family brand including some other digital services.

Third, SK Networks is actively involved in some domestic and international retailing/wholesaling businesses including mobile phone shops, gas stations, hotels including Sheraton Grande Walkerhill, the W Seoul-Walkerhill, and Incheon Airport Transit Hotel, and specialty stores of luxury goods such as imported cars and fashion products. SK Networks is less well-known to the public, compared with SK Innovation and SK Telecom. SK Networks is the largest fuel retailer in Korea and its business volume including other business areas such as hotels, trading, Information & communication

technology, and fashion is enormous. SK Networks is still shadowed by SK Innovation in the fuel industry, since SK Networks typically operates its businesses using the group brand of SK instead of its own brand of SK Networks. Likewise, most of SK Networks' businesses are under the SK Group brand without its own brand. As a silent trading and service company that enhances SK Group's image instead of its own, SK Networks is trying to do business in a holistic manner for SK Group. SK Networks is adding efficiencies in their business areas with an active participation of a company in company (CIC) system.

VI. The Seeing Stage of SK Brand Management

SK regularly evaluates its branding programs. There are two types of evaluation systems: one is for conformity to SK Group standards and principles and the other is for measuring performance of marketing activities of SK Group and individual member companies. Up to now, SK has spent more effort on checking if member companies follow the SK group branding rules. It is highly important to keep the processes and applications in branding activities in the beginning stage. However, it is equally or, possibly, more important to precisely measure the branding performances as soon as

the branding processes get established.

6.1 Evaluation of SK Brand Management Processes

Keller and Lehmann (2003) proposed Brand Value Chain as a useful method to measure performances of branding tasks in various stages. According to Keller and Lehmann, brand values are created in chained processes. In their model, brand value begins to be created with the firm's marketing program investments. This stage has an impact on customers who, in turn, influence how the brand works in the market with satisfactory sales volumes and profit levels and how brand performances are finally evaluated by the financial market. In sum, the chained processes consist of (1) marketing program investments, (2) customer mind set, (3) brand financial performance, and 4) shareholder value.

In the first stage, brand building activities and related marketing investments may be evaluated. Infrastructure aspects of marketing programs must be observed and properly rated in order to prepare for well-schemed measurement items.

For infrastructure of brand building programs, there are some important factors:

- 1) Internal branding factors including the CEO's commitment, supporting organizational culture, and setup and dissemination of

brand visions along with the core values.

- 2) Organizational factors such as adoption of brand committee, brand manager system, and incentive systems not only for a brand team itself but also for other members in the same organization, using measures of brand focused performance.
- 3) Brand management systems containing brand information systems, marketing research system and employees' expertise in brand marketing programs.

For evaluating the planning stage, the adequacy of brand positioning and brand identity is to be closely explored. Design aspects of BI are also significant in building brands. For the appraisals of the doing stage, marketing 4 Ps with marketing communication at the forefront should be assessed according to predetermined guidelines. In addition, customer performance should be rated. Both in the markets of B-B and B-C customer groups, SK brand ought to perform appropriately. Sustaining current customers is of utmost importance but expanding the customer base is meaningful as well. Brand awareness, image, reputations, and long-term relationships with B-B and B-C customers are substantial rating factors.

In order to assess the firm's financial performance, positive impacts of SK brand on sales and profits are two major indicators. In general, strong brands create positive effects on price premium and market share simultaneously.

Market share is related to both sales amount and profit. Price premium is more linked to profit. The financial performance of a brand is closely connected to brand equity or brand value easily observed in Interbrand's global brands or BrandZ's global brands.

Investor evaluations of the SK brand will be final checkpoints. All the performance outcomes will be summarized as stock prices. Recent outstanding performance of SK Hynix in the stock market is not only due to excellent business outcomes but also to stabilization after acquiring SK membership. Although some SK's affiliated companies do not have publicly traded stocks, their branding performance will also influence the perceived value of their bonds or other financial products by investors in the financial market.

In summary, SK has established the effective and efficient SK BMS enabling firm infrastructure and the successful planning stage of branding activities. One good sign is that SK accepts the SK brand as one of the three core assets for SK future growth engine with SKMS (SK Management System) and SK People. Some elaborated schemes need to be set up for performance measures for a group and an individual firm levels. As a group brand, customer responses to the SK brand can be evaluated. The awareness, images, attitudes, preferences, purchase intention, and loyalty and some descriptive images of the SK brand are good candidates for the measures of customer

responses. However, it is difficult to measure financial performance of a whole group brand. The isolation of the financial impacts of marketing efforts at a group level and those at the level of individual members' is a very demanding task. Therefore, some consumer surveys will be useful tools for the group performance.

On the contrary, performance outcomes for brand management programs of member companies may be measured in terms of consumer mind sets and also financial performances in the involved markets. SK is currently applying customer evaluations in the rating of B-C member companies. It will be possible and rewarding, but also very challenging, to extend the brand evaluation schemes to the B-B companies and to add the measures of financial impacts for all the member companies' branding activities.

6.2 Some Examples of Outside Evaluation Results on SK Brand Management Performances

SK brand at a group level and at individual member company levels has achieved impressive outcomes. One of most famous brand performance measures has been done by KPC (Korea Productivity Center). KPC started its projects of National Brand Competitiveness Indexes in 2004. Since then, KPC has measured brand strengths of 3-5 major companies in about 80

important markets including durable goods, non-durable goods and service sectors in Korea. The scores of brand competitiveness are measured based on large scale consumer surveys asking perceived marketing activities, brand awareness, brand image, brand relationship with customers, purchase intention, and brand loyalty. Brand competitiveness scores are linking the 4 consumer mind set measures of perceived marketing activities, brand awareness, brand image, brand relationship with customers and the 2 brand performance measures of purchase intentions and brand loyalty. The KPC model reasonably assumes that marketing activities influence brand awareness, image, and relationship and, in turn, purchase intention and brand loyalty.

We will look at brand performance scores in 2 consumer markets where SK member companies,

SK Telecom and SK Innovation, have maintained the leader positions for a long period and also in other 2 consumers markets where SK member companies' brands, 11th street of SK Planet and international call 00700 of SK Telink, which started their brands as new comers some years ago but have achieved impressive brand performances.

SK Telecom has retained its leader position since 2004. Recently, followers, KT and LG U+ have improved their NBCI scores but could not have caught up SK Telecom yet (See Table 1 for details). Similarly, SK Innovation has maintained its leadership in NBCI scores in the gasoline retail market since 2004 (See Table 2 for details). It is intriguing to observe the brand leadership positions of SK Telecom and SK Innovation for over 10 years in mobile

<Table 1> NBCI scores and ranks in the mobile market in Korea, KPC 2016

Year	SK Telecom		KT		LG U+	
	NBCI Score	Rank	NBCI Score	Rank	NBCI Score	Rank
2016	78	1	75	2	74	3
2015	77	1	74	2	72	3
2014	74	1	71	2	69	3
2013	71	1	68	2	65	3
2012	74	1	70	2	65	3
2011	73	1	70	2	63	3
2010	71	1	67	2	61	3
2009	75	1	73	2	68	3
2008	75	1	71	2	66	3
2007	74	1	69	2	64	3
2006	75	1	70	2	65	3
2005	74	1	68	2	61	3
2004	76	1	70	2	62	3

telecommunications and gasoline retail markets where competition among rival companies is fierce.

Two other brands, 11th Street and 00700 international phone call service show even more impressive brand performances. Both brands entered markets late but could outperform their old leaders. 11th Street demonstrates better brand performances than former brand leaders in the internet shopping mall market, Interpark, CJ O Shopping, and GS Home Shopping. Currently, 11th Street of SK Planet is sharing the brand leadership position with G Market while Auction is in the number 3 position (See Table 3 for details). Many experts overestimated the two leaders, G Market and Auction, after CJ O Shopping and GS Home Shopping, in spite of their enormous marketing resources,

could not beat the two companies in open market places. However, 11th Street successfully entered the open market places and now may boast its brand leadership. Similarly but more impressively, 00700 of the international phone service market could usurp the throne. 001 of KT and 002 of Dacom (currently, LG U+) shared the Korea international phone service market where other companies could not covet. However, 00700 of SK Telink has kept the number 1 position since 2009 while 00700's brand performances in 3 years of 2009, 2014, and 2016 were as good as 001 of KT. For 5 years of 2010, 2011, 2012, 2013, 2015, 00700 enjoyed the single leadership position without another joint leaders.

Other measures of brand performances are ones from financial markets. Starting from

<Table 2> NBCI scores and ranks in the gasoline retail market in Korea, KPC 2016

Year	SK Station		GS Station		S-Oil Station		Hyundai Oil Bank	
	NBCI Score	Rank	NBCI Score	Rank	NBCI Score	Rank	NBCI Score	Rank
2016	75	1	74	2	72	3	72	3
2015	76	1	74	2	72	3	71	4
2014	73	1	71	2	69	3	69	3
2013	71	1	69	2	65	3	64	4
2012	72	1	70	2	67	3	66	4
2011	69	1	67	2	63	3	62	4
2010	68	1	66	2	64	3	63	4
2009	74	1	72	2	72	2	70	4
2008	73	1	71	2	70	3	67	4
2007	68	1	67	2	64	3	59	4
2006	74	1	70	2	70	2	66	4
2005	74	1	70	2	65	4	66	3
2004	74	1	71	2	65	4	67	3

<Table 3> NBCI scores and ranks in the internet shopping market in Korea, KPC 2016

Year	G Market		11 th Street		Auction	
	NBCI Score	Rank	NBCI Score	Rank	NBCI Score	Rank
2016	75	1	75	1	74	3
2015	75	1	75	1	74	3
2014	72	1	72	1	71	3
2013	69	1	69	1	68	3
2012	71	1	71	1	70	3
2011	70	1	67	3	68	2
2010	70	1	60	4	67	2
2009	72	1	N.A.	N.A.	72	1
2008	71	1	N.A.	N.A.	70	2
2007	69	1	N.A.	N.A.	69	1

*N. A. = Not applicable (11th Street was not in the market).

<Table 4> NBCI scores and ranks in the international phone call service market in Korea, KPC 2016

Year	00700 of SK Telink		001 of KT		002 of LG U+	
	NBCI Score	Rank	NBCI Score	Rank	NBCI Score	Rank
2016	76	1	76	1	72	3
2015	74	1	73	2	70	3
2014	74	1	74	1	70	3
2013	72	1	69	2	64	3
2012	71	1	69	2	63	3
2011	69	1	68	2	64	3
2010	68	1	67	2	64	3
2009	71	1	71	1	68	3
2008	69	2	72	1	68	3
2007	62	2	64	1	55	3
2006	71	1	71	1	67	3
2005	68	1	68	1	64	3
2004	63	3	70	1	64	2

market capitalization values and subtracting values from other factors such as technological advancements and distribution efficiencies from market caps will result in net brand contributions to market capitalization values. Recently, SK

took over LG group and captured the number 3 position in market capitalization among Korean business groups, only after Samsung and Hyundai Motors groups. The market capitalization of SK group was KRW (Korean Won) 86.5 trillion

<Table 5> Markets Capitalizations of the largest 4 business groups in Korea in 2015 and in 2016, Korea Exchange, October 17th, 2016, Unit = KRW trillion

	Market Capitalizations in 2015	Market Capitalizations in 2016
Samsung Group	327.0	352.2
Hyundai Motors Group	106.7	104.6
SK Group	75.8	86.5
LG Group	83.2	73.2

and that of LG group was KRW 73.2 as of October 17, 2016 (Newsis, October 17th, 2016, Market Capitalization of SK Group Jumps to the Number 3 Position). This achievement does not directly indicate that SK group has improved financially measured brand performances. However, we may infer that the growth of SK group in market capitalization is, at least partly, due to brand management performance of SK group. It is well-known that a group or company value consists of brand, distribution and technological contributions and that brand contributions often play a major role.

VII. The Lessons Learned

7.1 Precise Understanding of Current Situations

There are two crucial points for successful brand building programs. One of them is the readiness of an involved company. Many companies may underestimate the impact of

systematic brand building processes. Branding programs are not like automatically working computer programs. There are always some hurdles to overcome in the processes. Strong motivation or passion to successfully establish brand management systems are mandatory. In addition, it is also important to arrange some factors for infrastructure establishment as mentioned above. SK may get very high scores in the parts of these branding processes. SK has successfully invested lots of time, money, and human resources.

The other point is to precisely realize core competencies and constraints. SK has achieved enormous growth both in a sales amount and in a profit level and still has potential to become stronger in the future. SK needs to understand its own strengths and weaknesses in order to achieve ambitious goals. SK has some capabilities in certain areas which may surpass even those of powerful Korean comparables like Samsung, Hyundai Motors, and LG. However, there also remain some constraints that need to be overcome. It is requisite to capture accurate pictures of internal and

external environments.

7.2 A Typical Case on Corporate Brand Management

In SK's branding activities, there are some common aspects which may be applied to a lot of large companies, although SK is much bigger than most companies involved in corporate brand management (Lee 2007).

First, the SK brand needs to holistically mix all sorts of diverse businesses. This type of undertaking is always difficult. However, SK has fruitfully accomplished the group CI program focusing on 'Customer Happiness' while it has steadily maintained the core elements of the program. In contrast, other large Korean business groups do not find common values to be shared among member companies or do not sustain some core values once selected as outputs of a long-term project. Moreover, SK brand management has been well balanced between the BMS of the group and of individual member companies up to now.

Second, some implications from SK brand management may be applied not only in a corporate group level but also within a company level. The managerial issues in corporate brand management, which we discussed here, may also be prevalently observed within a company. With some modifications the related issues can be discussed in a company level. For instance, the balancing issue between the group and

member companies of SK may be converted to ones between headquarters and branches or between corporate brands and product brands within companies without losing much of generalizability.

Third, SK runs business not only in the domestic markets but also in many international markets. In the era of globalization, this is a typical phenomenon. Either an adequate weighting between domestic and foreign markets or, if necessary, more focus on globalization for growth is critical for the corporate brand management.

Fourth, SK has to meet the needs of general consumers and of business customers. The two groups look totally different at first sight; however, there are some similar and dissimilar characteristics between the B2C and B2B groups (Lee, Park, Baek, and Lee 2008). SK Hynix focusing on B2B businesses has taken distinctive approaches to B2B customers who are likely to be quite different from B2C customers. Effectively managing two heterogeneous groups of B2B and B2C customers is a taxing task. This is true for many companies carrying out B2B and B2C branding programs.

7.3 Some Achievements and Challenges of SK Brand Management

SK may proudly present some achievements in brand management: (1) a core identity of 'Customer Happiness' member companies may share, (2) harmonious relationships between

the group brand management office and branding divisions of member companies, and (3) consistency-keeping in brand management over time. All three outcomes look easily attainable but, in reality, are not usually achieved even with painstaking efforts with all kinds of resources. SK is currently enjoying a reputation of a pioneer in Customer Happiness and has successfully expanded its focus from customers to other stakeholders including business partners and related social enterprises.

Two major challenges are in front of SK: (1) globalization of SK and (2) reinforcing sustainable superiority over comparable Korean companies or over international rivals. In particular, SK does not have an easy tool of its own major tangible consumer products which may help SK to become globally well known. The products of a certain brand are often the most powerful marketing communications as can be witnessed by Samsung's and Hyundai Motor's technical products. Even without this advantage, SK has surprisingly advanced into global markets and will continue to do so at much faster speed. It will be interesting to observe how well SK group will perform brand management in the future and may grow at the speed of SK's growth up to now.

<Discussion Questions>

1) Critically evaluate SK brand management processes and suggest strengths and

weaknesses in infrastructure, planning, doing, and seeing stages.

2) For globalization and sustainable superiority over domestic and global rivals through differentiation of the SK brand, what kind of action plans can be formulated? Justify your plans.

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