

TURKISH BRANDS

Every
country
is as rich
as its
brands.

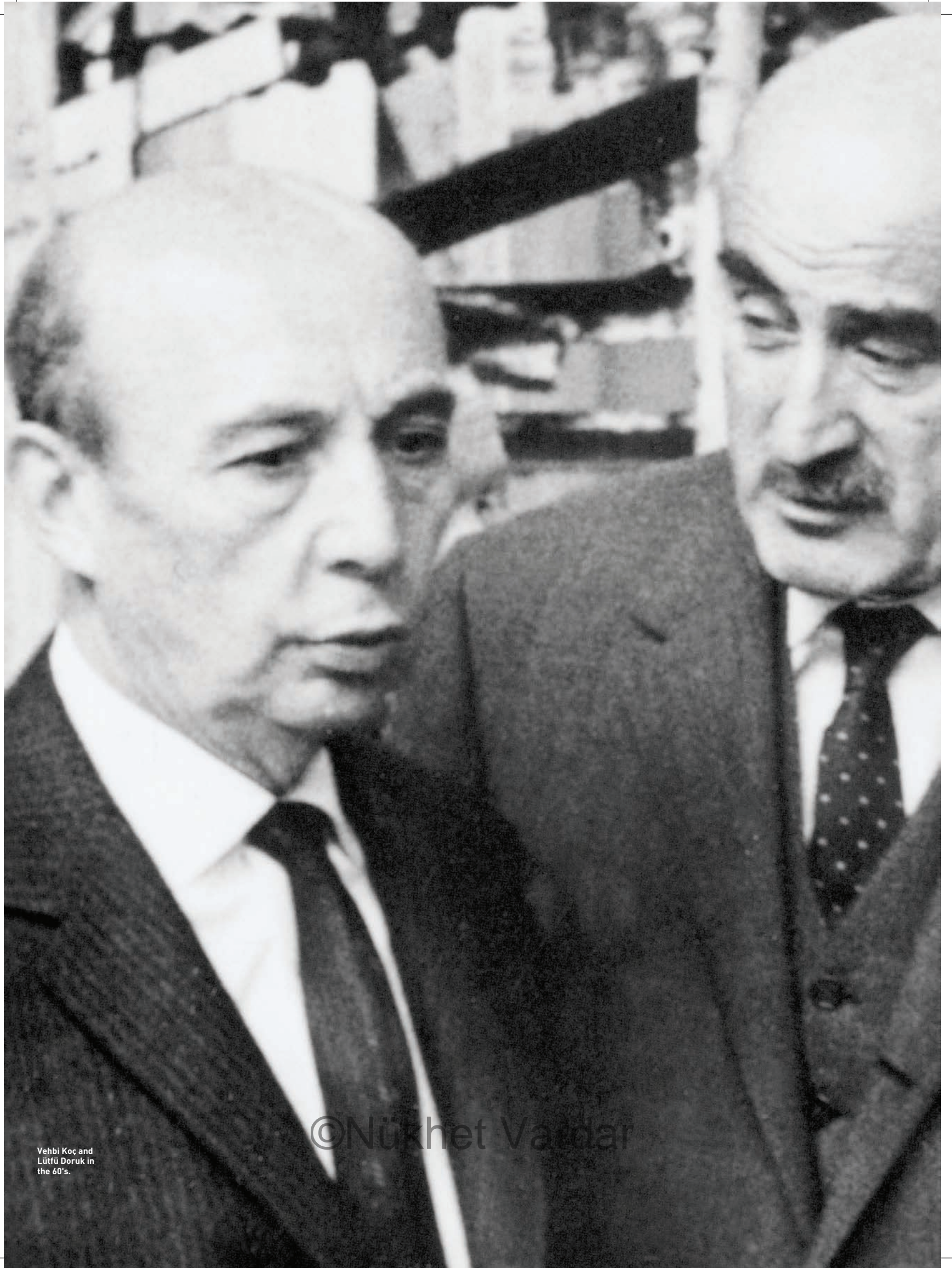
TM

 ***arçelik***

©Nükhet Vardar



©Nükhet Vardar



Vehbi Koç and
Lütfü Doruk in
the 60's.

©Nükhet Vardar

From "A Passion for Manufacturing" towards "Becoming a Brand"... ARÇELİK

The Brand in Brief

Studying the history of the Arçelik brand provides one with an insight into the history of industrialization in Turkey. In the early stages, industrial manufacturing gains importance; then later the level of production increases. Then out of necessity, this is followed by the introduction of technology, which contributes to the formation of brands.

Vehbi Koç's knack for 'manufacturing first' is shortly replaced with 'more, better and cheaper manufacturing'. Achieving this in a short period of time, Arçelik soon went on to discover and enjoy the advantages of advertising. So, as we present over fifty years of the Arçelik brand, we will also be reflecting the evolution other Turkish brands experienced. Even though its history is full of struggles and shortages, the Arçelik brand has always looked forward, foreseen future opportunities accurately and never once been pessimistic. The two virtues that have always accompanied Arçelik throughout this difficult journey are a rich imagination and plentiful information.

Koç Group and Arçelik AŞ in 2007

By 2007 the Koç group, which includes Arçelik, had emerged as a giant holding company. It had a consolidated revenue of 34.5 billion USD according to 2006 financial reports, thus becoming the only Turkish corporation to enter the 2007 Fortune 500 list, ranking 190th. As of December 2007, there are some 100 plus companies in 30 countries, a 95,000 strong work force and over 14,000 authorized dealers and after-sales service centers under the Koç Holding umbrella. Koç Holding Honorary Chairman Rahmi M. Koç stressed that Arçelik has played a large part in the overall success of the group (Arçelik Annual Report, 2006, p.11).

As of December 2007, 56.3% of Arçelik is privately owned by Koç Holding while 21.3% is held by the public. In October 2006 Arçelik increased its share of 22.36% in Beko Elektronik A.Ş. to 72.46%, becoming the largest shareholder and so strengthening its position in the industry and taking a major step in co-managing both brands. The company now reaches 17 million households in Turkey with the Arçelik, Beko and Altus brands, and 75 million households worldwide with 9 different brands led by Beko and Blomberg.

Koç Holding Chairman and Arçelik Member of the Board Mustafa V. Koç explained that 8 million USD was invested in Changzhou CasaShinco, the company Arçelik bought in 2007 in China, and started manufacturing Beko washing machines. Mr Koç acknowledged China's great potential and emphasised that everything necessary should be done in order to exploit this market (Ceyhan Kuburlu, "Koç Stopped Regretting and Started Manufacturing Washing Machines in China", www.hurriyet.com.tr, website accessed on 6 December 2007).

A Grand Journey

The foundation of Arçelik in 1953 was the brainchild of two men who successfully combined their personal dreams and energies: Lütfü Doruk and Vehbi Koç. In 1930, Vehbi Koç was selling construction materials in Galata İstanbul in his trading company Koç Ticaret TAŞ while Lütfü Doruk manufactured metal office and hospital furniture in his Erel Çelik Atölyesi under the Erel brand, purchasing some material from Koç Ticaret. The friendship that started while trading led the two young entrepreneurs to join forces in a business partnership. Both were full of ambition, energy and enterprising ideas. Vehbi Koç's heart was always in industrial manufacturing and mainly because of this Arçelik remained, for a long period of time, production-oriented. Each step forward was directed at manufacturing more, better, more innovative, and higher tech products.

Karar Tarihi: 27.06.1957

Karar No: 28/1

Bulunanlar: Vehbi Koç, Bernard Sonman, Lütfü Doruk, Adnan Berkay

Gaz sobaları için ihtiyaç olunan karbüratörlerin Hükümetten döviz almak suretiyle ithal edilmesi teşebbüsünün olumlu netice vermemesi nedeniyle fındık mukabili ithali imkânlarının araştırılması görüşüldü.

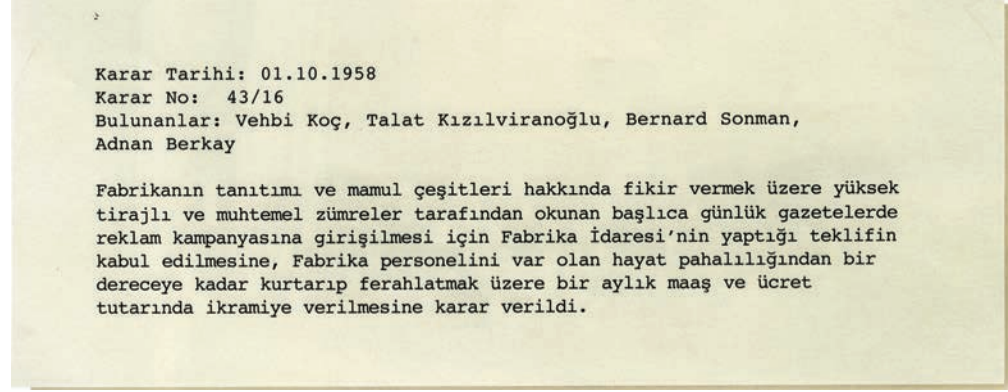
Board
decision to
export hazel
nuts for
imported
sheet metal

©Nükhet Vardar

From "Consumer Promotions" to "Brand Building"

In the 1960s, the concept of brand building was not widely used, if at all. But the records include a Board decision for an "advertising campaign in the largest selling daily newspapers read by the potential buyers, in order to provide an idea about the company and its products."

Minutes of Meeting containing the Board Decision for an Advertising Campaign, 1958
(Arçelik 45th Anniversary document.)

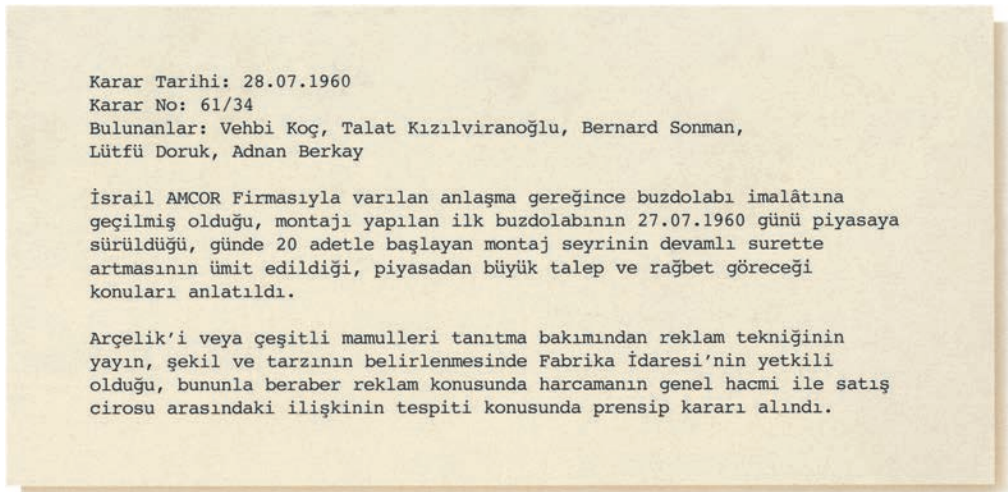


Arçelik

7

1960 company records show that the Managing Board wanted to find out how much of a budget allowance for advertising was required, and for it to be part of the annual sales figures. The 1966 company organization chart contains "Advertising and Propaganda", "Statistics", "Market Research" departments.

Minutes of Meeting as early as 1960 asking advertising allowance be researched.



©Nükheth Vardar

In other words, advertising was the focus of how Arçelik looked at business from the earliest days. Because advertising meant more sales, and more sales meant more, and better, manufacturing...

In an early Arçelik refrigerator advertisement, a 5 year guarantee is offered. 1962 [Arçelik 45th Anniversary document]

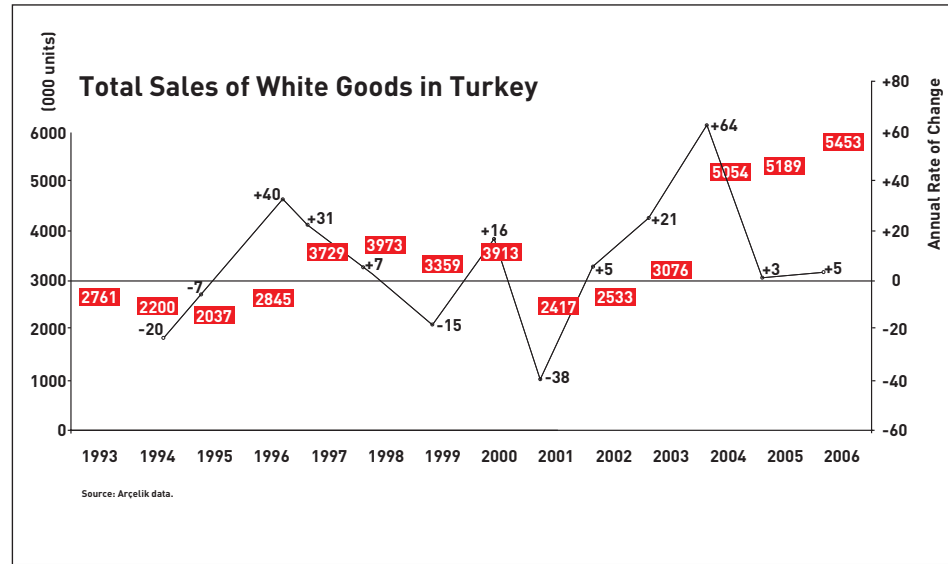


The White Goods Industry Today

The white goods industry (refrigerators, washing machines, kitchen ranges and dish washers) in Turkey has generally enjoyed a steady growth since 1988, except for the periods of economic downturn. This industry is a mirror of the Turkish economy. And so the market suffered severely from the economic crisis of 2001 and only recovered slowly in 2002 and 2003. However, 2004 went down in history as a golden year for the white goods industry: sales exceed 5 million units for the first time that year. (The highest sales figures before were 3.973 million units in 1998.)

This huge increase can be explained by an earlier postponement in purchasing. The economic crisis of 2001 hit household budgets and consequently the demand for white goods was postponed. These postponed purchases were then made in 2004.

There are two other variables that explain the state of the white goods industry: total population of the country and the number of new marriages in a year. When there are no economic crises, the white goods sales curve shows an almost identical development to that of population and new marriages. Forecasts in 2004 and onwards all agreed that the growth in the category would come from small household appliances, personal computers and home comfort appliances. In 2006 the market grew by 5% and the total white goods sold in Turkey reached 5.5 million units. If an average retail price of 400 USD is assumed, the total market became worth approximately 2.0 to 2.5 billion USD.



Demand Curve for White Goods for 1993-2006 in Turkey

Koç Companies and the Importance of Distribution Networks

Vehbi Koç always believed that for Arçelik to become the market leader, it needed to maintain its good quality in manufacturing, and also provide a good sales force and a good after-sales service. He pointed out that that if these three were well-formed and worked in harmony, then the brand would be successful under any circumstances. With more than 1,600 Arçelik authorized dealers, and 600 Arçelik and Beko after-sales service points as of December 2007, it seems that his words have not been forgotten.

Aka Gündüz Özdemir, who has been with the Group since 1972, first as the General Manager of Beko between 1991 and 1999 and then as the General Manager of Arçelik since December 2007, explained that the dealership system is particular to Turkey and that Koç chooses dealers with utmost care. He goes on to say that this system provides an incredible information system and database, that the dealers in cities and smaller towns have large influential social networks and that they know their customers in minute detail, and so act as live individual Customer Relationship Management (CRM) operators. This is very much like the neighborhood grocers who know in detail each household in their neighborhood, what happens, what is in demand and so on. And this is, in fact, where the strength of the organization comes from.

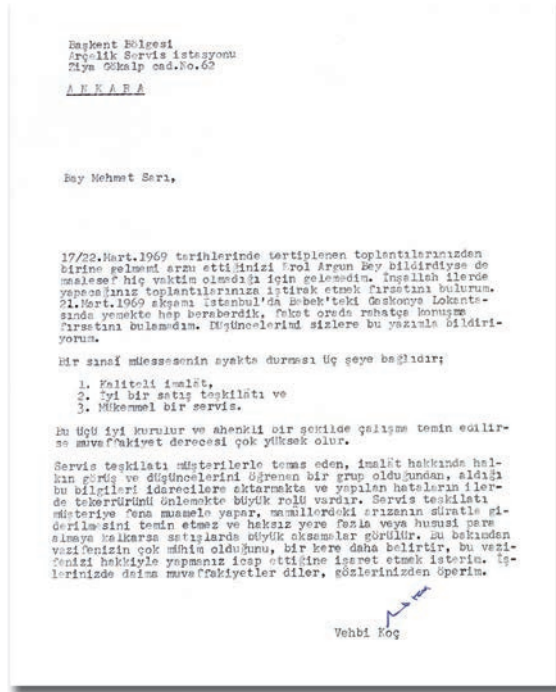
The dealership system, one of the major competitive advantages of Arçelik, is made possible by making all the dealers feel that they are an important part of the Arçelik family. The management has always seen the annual dealer meetings as very important: the first ever annual dealer meeting was held in April 1966 and the programme has never once been interrupted. President of Lowe Advertising Agency Turkey, [Nesteren Davutoğlu](#) who worked on the Arçelik account as the Account Director between 1980 and 1987, highlights this as another indication of the importance attributed to the dealership system:

-
- Top management always encouraged the dealers to express themselves freely. The seating plan for the meeting always put the dealers face to face with the management around a large table. Once, the podium was thought to be too high, so just before the meeting it was sawed off to the level the dealers were used to. ↴
-

The tradition is still alive today.

©Nükhet Vardar

Letter by
Vehbi Koç to
Ankara
Region
Dealer
Conference
in 1969 -
[Arçelik 45th
Anniversary
book p.69]



Manufacturing... Manufacturing... Manufacturing....

Having set up the first manufacturing plant by the end of the 50s, Arçelik focused on manufacturing during the next era. **The first Arçelik washing machine came out in 1959 and the refrigerator in 1960.** The period between 1959 and 1968 became the years of pursuing their goal of manufacturing higher quality products faster, at less cost. Increases in demand on one side and also Turkey's potential membership of the Common Market (later to be called the European Community) gave early warnings that Turkish industries would soon be facing tough competition from foreign companies in the Turkish market. This resulted in the manufacturing plant relocating to Çayirova in 1968.

The manufacturing focus of Arçelik soon triggered the growth of local companies manufacturing components. This forward thinking eventually constituted an important development for the Turkish economy by helping form supplier industries. When importing technology was not possible Arçelik had to rely on creating its own technology...

Research & Development (R & D) activities increased between 1980 and 1990 and an R&D Center was established in 1991. With this, Arçelik started to move towards a point where developing their own technology became a reality. This now constitutes the cornerstone of the Arçelik brand and prepared Arçelik for domestic and foreign competition. By the time the agreement for the European Customs Union was signed in 1996, the Turkish supplier industry had already developed. **So, the movement created by Arçelik enabled the supplier industries to survive the Customs Union while the supplier industries in most other countries collapsed when faced with similar circumstances. Far sightedness and imagination had paid off once more.**

The new technology, which is also reflected in the new logotype, not only served as leverage against the competition but was also a driving force behind the branding efforts from 2002 onwards. Arçelik had important things to say and would base its brand promises on these. **And so the journey that started with a focus on manufacturing and continued with leadership in technology is now heading to a victorious finish of a brand loaded with technological superiority.** We shall now go on to look at this marathon of brand building.



©Nükhet Vardar

Arçelik Logotypes and Their Discourse

Arçelik has used 7 different logotypes up until now. Unfortunately we can only provide the stories for some of them. In 1965 Arçelik organized a creative competition among graphic designers and the winning work was published in the dailies. The first place went to Ahmet Güteryüz and the winning logotype was used until 2000.

By looking at the Arçelik logotypes and studying the ads from this period, we see the developing priorities of the brand. By the end of 1950, metal office furniture was being advertised. But by the 1960s, ads for new washing machines and refrigerators were also appearing. The Arçelik logotype then comprised of capital letters and the initial advertising agency was Faal. Then some time after 1966, Yeni Ajans got the account. In the early days, the benefits of the products were highlighted, but after 1966 their advertising began to focus on the falling prices in white goods. And as early as that time, Arçelik was also running sales promotions based on installment payments.



End of the 1950s. Metal furniture ad with second logotype [RV archive]

Arçelik logotypes



Winner, logotype designed by Ahmet Güteryüz





1960s. Ads by Faal Ajans using third phase logotype (RV archive)

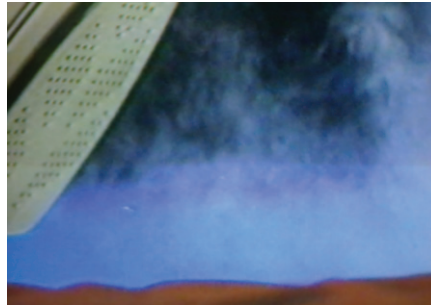
In the 60s, TV was not yet part of Turkish life and advertisements could only be shown in cinemas. So Arçelik ran refrigerator advertising in the form of "Stone Age" cartoons. These cartoon animations were in color but deliberately un-dubbed.



Frames from 1960s Arçelik refrigerator advertising (Necip Sarıcı archive)

In the 70s, more advanced product attributes were advertised. Examples include “The best refrigerator of 1972” and “The machine that can wash 29 towels at a time”. This was possible because the consumers had learned about the products by this point and had even started to compare them to their competitors. The first air-conditioner advertising also appeared and the Arçelik Super Iron's steam power and 6 programmes were communicated to cinema goers.

Frames from Arçelik Steam Iron Cinema Advertising (Necip Sarıcı archive)



ARÇELİK yıkar...
siz rahat edersiniz

PEŞİN 2.015 LİRA	TAKSİTLE 2.500 LİRA
------------------------	---------------------------

İstanbulda nakliye, İstanbul dışında ambalaj, nakliye ve sigorta masrafları ayrıca alınır.

Genel Satışları: BEKO TİCARET A.Ş.: İSTANBUL Cad. 345, Beyoğlu, 49 35 00 - BURLA BİRADERLER ve Şişli: Hazretin Cad.61-63, Karaköy, 44 47 20

YENİ AJANS - 4442 - 499

In the 70'ies, Arçelik uses 5 logos, communicates superior product attributes (Yeni Ajans) (RV archive)

"Arçelik, a Member of the Family" Positioning: 1980 to 1987

Without question, many people and companies have contributed to a major brand building campaign for the company which has been in existence for fifty years. Our aim here is to highlight some of the advertising campaigns that underlined the different periods in Arçelik's history.

Starting with the 80s, we can see Arçelik positioning itself as a brand that enters households to make the Turkish housewives' life easier and more comfortable. The idea for this positioning is credited to two legendary figures of Arçelik heritage who profoundly shaped the future of the company: Yusuf Ataç, in charge of manufacturing and Cengiz Solakoğlu, in charge of marketing. In those years, manufacturing and marketing did not collaborate much but Ataç and Solakoğlu did, successfully pioneering in this field. According to a member of top management, “[The two] did not pull the company towards the future, they pushed towards it.” Together, they incorporated the research findings from Nezih Neyzi's Peva Research in their marketing plans...

Arçelik by then had 1 or 2 products in every household and aimed to improve the living standards of families with its brand building activities. Major brand investment was undertaken to create a demand for TOÇ - Tam Otomatik Çamaşır Makinesi (Fully Automatic Washing Machine) and the drier. During this period, Arçelik pioneered the modernization of Turkish family life, forming a different relationship with the consumers, away from commercial worries

To illustrate how Arçelik benefited from advertising in order to deliver its promises **Nesteren Davutoğlu** says this in her memoirs:

There was also TOÇ but it was not what Arçelik was most proud of, because the machine moved due to the vibrations from the engine. The myth of 'walking TOÇ' spread. Jokes were a-plenty. 'We loaded and started the machine and went to sleep. Later, there was a knocking on our bedroom door. Guess who had arrived ? TOÇ!' We discussed all this with our client, because we knew how much Arçelik cared about the product quality. But even when the problem had been solved, the humor carried on. And so we came up with the 'cigarette stick test' commercial. Since there was no vibration from the engine anymore, the stick placed on a TOÇ stayed put and did not fall. We shot the commercial in real-time, with the machine really at work! ↴

(Nesteren Davutoğlu, *Ada'da Zaman*, Epsilon Yayınevi, 2002, p.87).

Ersin Salman, founding partner and agency president of Ajans Ada at that time, relates a vivid example of how Arçelik advertising was developed from marketing needs:

There was this 365 A model, designated to stimulate the replacement market. But there was no such market. A refrigerator was a life-long durable. When purchased, it was used for twenty-five years. But they said they wanted to motivate this replacement market. If my memory serves me correctly, Ali Taran was working in Ajans Ada at the time and he targeted the aged refrigerators. Rot and rust, food spoiling, over-icing, noisiness, all those problems. The campaign focusing on these points and sending the message 'change that old refrigerator' was very successful. We worked affectionately with Arçelik many long years. ↴

(Kemal Sezer, *Reklamın Sokak Çocuğu*, Reklamcılık Vakfı Yayınları, 2005, second edition, p. 143).

Like Ersin Salman, everybody we interviewed for this article agreed that Arçelik and its advertising agencies always enjoyed good teamwork. The colorful briefing meetings, advertising-marketing meetings at breakfast in Sötlüce, and working environments of mutual understanding and sharing, all point to a healthy and productive advertiser-advertising agency relationship. Even the number of payments in installment consumer promotions was discussed with the advertising agency. Many recall that advertising was seen as an integral part of marketing. A common testimony reflects this:

We always felt that our recommendations were valued, our ideas listened to and our importance recognized. ↴



Arçelik 415 Lux (1983). Advertising communicating the product superiorities (Ajans Ada) (Best of 83 and Best of 84, RV archive)

Consumer Perceptions of Arçelik: From Product to Quality and Trust

Can Çağdaş, who assumed different responsibilities in the Koç Group between November 1990 and December 2002, including the Arçelik Market Research and Advertising Directorship, explained in our interview how the consumer's perception of Arçelik changed in the 1990s. Research indicated that the consumers viewed Arçelik as 'refrigerator' and 'washing machine'. So steps were taken to strengthen the '(a) member of the family' positioning, because it was important to step out from the product based perception and to become a brand that quickly formed relationships with its consumers.

It is worthwhile mentioning here the Arçelik Product Planning Council, which, as explained by Can Çağdaş, played an important role in the move from product to brand. The council comprised of five mid-managers from manufacturing and five from marketing, and met every month for half a day to review consumer wants and needs and to discuss new product development. Minutes from these meetings constituted the input for new market research. Contrary to the manufacturing and marketing departments staying away from each other, which was typical in traditional companies, the parties in Arçelik felt that they were all working together. The council, no doubt, had made the Arçelik brand 'consumer oriented'.

Putting the Consumer First: the Consumer Help Line

The first consumer help line in the white goods industry was launched by Arçelik in May 1991 and 'Putting the consumer first' went into action. Can Çağdaş recalls:

-
-
- We had approximately 23 million pieces in the market, most of which were over 20 years old. Given that state of affairs, starting a consumer help line really takes guts. But before we started the line, we took serious measures in authorized service points so that we could take care of most problems within 24 hours. Demand for service was never over the estimated averages, anyway. ▶
-
-

In those years initial steps were taken to prove that Arçelik was on the side of consumers.

Regular Investments in Brand Building

Arçelik has worked with different advertising agencies over the years. But of course, every agency has a style of its own. This is reflected in Arçelik advertising and plays a role in the brand reaching us today. Arçelik Marketing Director Murat Şahin sees their partnership with the advertising agencies in two stages: sometimes the work was assigned to one agency, and sometimes to more than one. Between 1995 and 1998 Arçelik worked with three agencies. Cenajans was responsible for white goods and consumer promotions, Saatchi & Saatchi had music centres, vacuum cleaners and small home appliances, while Birleşik Reklamcılar worked on heating and air-conditioning systems. To maintain a common brand platform, all three agencies focused on 'Arçelik' and 'family' in their advertising. But since the target consumers and respective benefits were different for different products, a somewhat different lifestyle can be seen in different pieces of advertising. Of the three, Birleşik Reklamcılar left the agency rostrum first, followed by Cenajans. Arçelik brand building continued with Güzel Sanatlar between 1998 and 2001 (the Agency name was changed to Güzel Sanatlar Saatchi & Saatchi in January 2000). In 2001, advertising went again to another single agency, Y&R/Reklamevi.

Working with more than one agency meant getting contributions from more creative people and creating brand richness. But different agencies approached brand building with different personalities and styles, sometimes causing problems in total brand consistency and discourse. Multi-agency assignments often resulted in difficulties in the coordination of internal communications and the work itself.

Different Masters and Their Contributions to the Brand

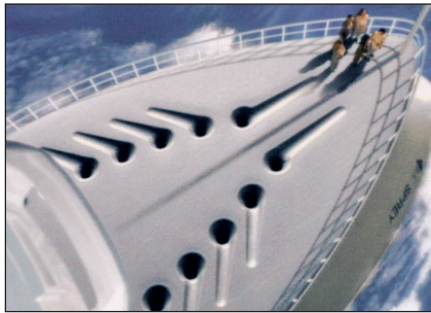
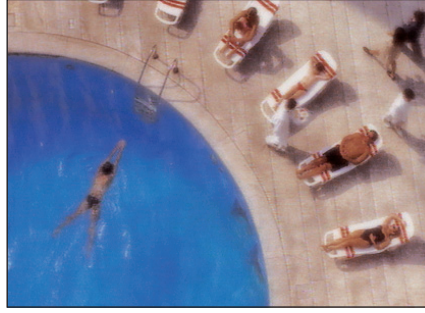
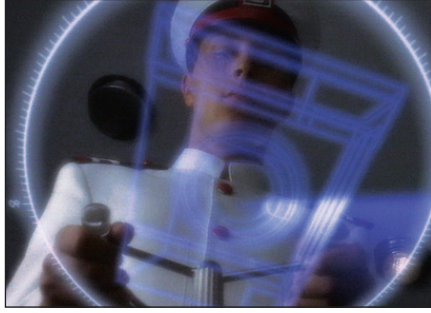
The 1994 Saatchi & Saatchi campaign "Mom's time is mine" was for the small electrical appliances but had a positive effect on the white goods too. Most see this campaign as pushing Arçelik to a higher level. With it the emphasis moved totally to the consumer, their wants and even emotions.



Frames from
"Mom's time
is mine"
campaign
1994
(Saatchi &
Saatchi)

The 1996 campaign by Cenajans titled 'Flagship' highlighted quality in Arçelik products and used the latest film technology. Arçelik was widely seen as the flagship of the group after this campaign. But the style was still found to be distant to the consumer, a bit cold and slightly overpowering.

Frames from Cenajans commercial "Flagship" (1996)



In 1998 Güzel Sanatlar's campaign "To life" aimed to win the hearts of consumers. Product attributes and technological innovations were mentioned and tied to consumer benefits. Examples of products in use and happy moments in life left a sense of "Arçelik eases my life, and exists for me."



Print ads from 1998 "To life" campaign (Saatchi & Saatchi)

©Nükhet Vardar

The contribution of their own technology to the Arçelik brand gained momentum after the R&D department was established in 1991. This can be seen in the 1998 Güzel Sanatlar Saatchi & Saatchi campaign for Arçelik Orbital washing machines which mentions the 'Direct Drive' feature.

Reklam güzel de...

Direct Drive'in annelere faydası ne?

Çamaşırın cinsine göre program önerir.

Hemen yıkanması gerekenleri 30 dakikada yıkayıverir.

WoolMove özelliğiyle yünüleri elde yıkar gibi yıkar.

Direct Drive'in babalara faydası ne?

Çamaşır miktarına göre elektrik ve su harcar.

AAA sınıfıdır. En az elektrik sarfiyatıyla en iyi temizliği sağlar.

Motoru, dünyanın en sessiz motorudur.



5000 Direct Drive Çamaşır Makinesi

Çağrı Merkezi: 444 0 888 www.arçelik.com

arçelik

Frames from 1998 "Direct Drive" campaign (Saatchi & Saatchi)

Arçelik 19

Brand communications focused on product attributes in one period and the warm, sincere, emotional relationship with the consumers in the next until the new advertising partnership with Y&R/Reklamevi began. **The period with Y&R/Reklamevi based brand communication on two important components: Arçelik's technology and the warm cute look given to that technology.**

The Suit Fits No More...

Arçelik decided to change its logo in 1995. All research had pointed to Arçelik being cumbersome, the brand of our mothers and fathers from 60s, and away from innovation and technology. The younger generation who would soon start their own families and homes extended to millions and they needed to learn about Arçelik, all its innovations and R&D activities. The logo hadn't been revised since 1965 and nothing else apart from minor cosmetic changes had been done.

With R&D starting in 1991, more technological innovations were reaching the consumers, targets were higher, and plans to enter the world markets were made. The old suit fits no more. But the economic crises changed the priorities and the logo change didn't take place until seven years after the initial decision.

Arçelik now needed to reveal its technological innovations, heralding to the consumers that it was ready to come out of its shell in line with its new corporate vision.

©Nükhet Vardar

Two consumer collages from 2000 Arçelik focus groups by BAREM Research.

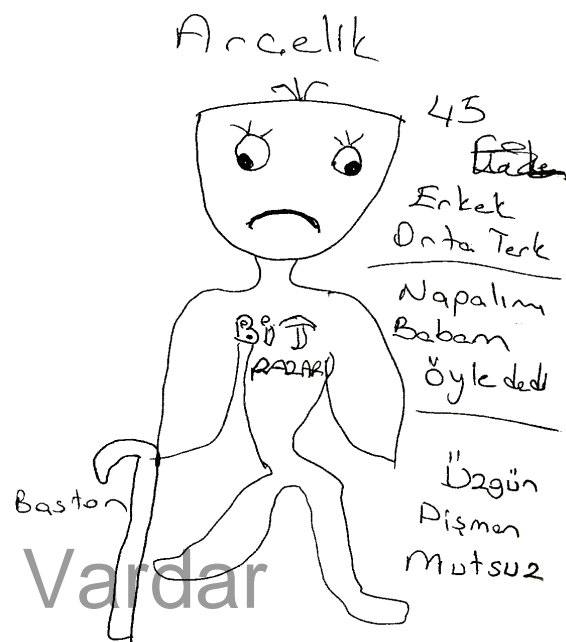


Arçelik in 2000, According to the Consumers

Focus group research commissioned in 2000 asked consumers how they perceived Arçelik then and how they would like to see it in the future. The findings were revealing. Some of the clip-art visuals used by the consumers in their collages to depict Arçelik included "Traditional family. A bit aged. Military. Hamamizade İshak Efendi (an historical music composer). Old TV sets. Managers in black and white photos. Black and white photos of past Miss Turkey's. The British Royal Family. An old lady with back pain. A wooden bridge. A classical painting. Old shots from Turkish TV authority broadcasts. Turkish carpets..."

The same groups said they would like to see Arçelik in the future as: "Smiling. Smiling youngsters. Young women. Motor sports. Cute babies. Luxury cars. Happy families. Family values. Portable shelves. Astronauts. Computers. Atatürk..."

Qualitative research commissioned by Y&R/Reklamevi for the agency pitch, asking "If Arçelik were a person, what kind would it be?" reached similar conclusions.

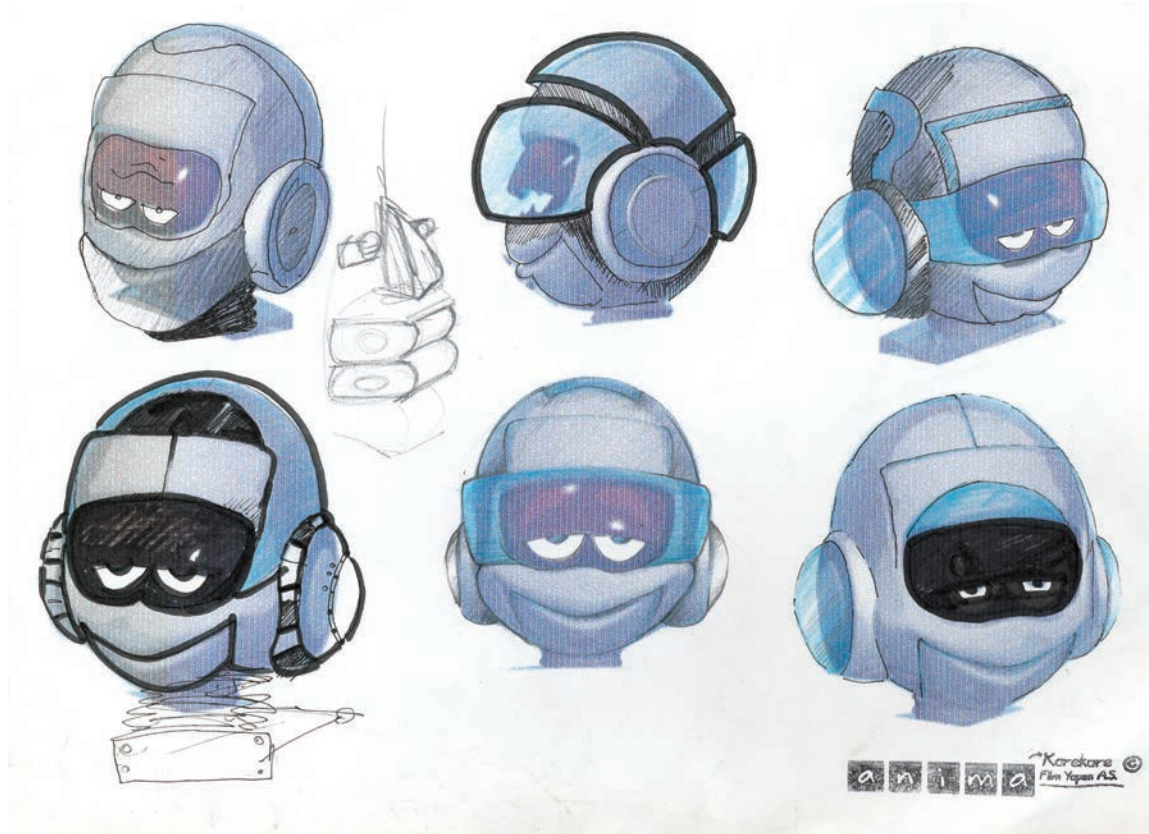


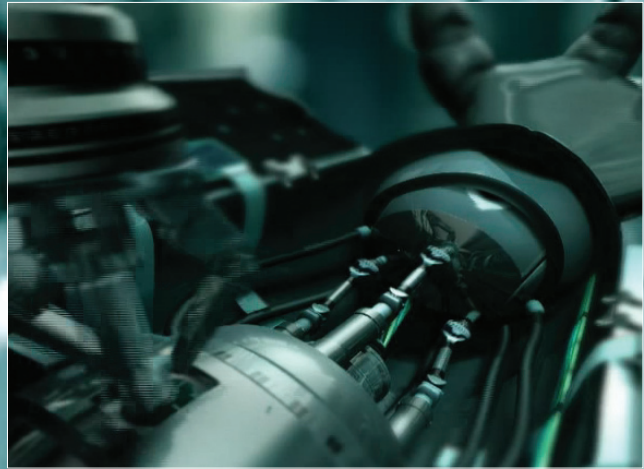
Answers to "If Arçelik were a person, what kind would it be?" Y&R/Reklamevi

©Nühket Vardar

The New Logo and the Birth of Çelik

It was eventually decided that "a spokesperson" should communicate the promise of high technology and this became the consensus. A symbol that would be easily perceived and accepted by the consumers, that would explain the technology in plain language was sought. And so the "Çelik" character came into being. Çelik the robot was conceived with the utmost consideration to represent high technology on the one hand but also behaving and talking like a typical Turk on the other so that it was seen as 'one of us'. Attention was paid to every detail of its character to enable Çelik to establish relationships with the consumers more easily. General characteristics of the Arçelik Orbital line were used in Çelik's design. Y&R/Reklamevi and Anima worked in close collaboration for two months to finalize the design. Çelik was a symbol of the level Arçelik technology had reached, a robot that was powerful, wise, knowledgeable and self-confident. This self-confidence was reflected in Çelik's protruding chin and round, wide forehead. It also had a bit of a belly because Çelik is a Turkish robot representing a typical Turkish male!





Frames from
"Night Guard:
Who's there?"
Çelik Campaign
Teaser 74"
2002
Y&R/Reklamevi
Campaign

Frames from **"Night Guard: Who's there?"**

The guard, touring the factory at night, singing a folk song, suddenly notices bizarre things happening:
The machines started working by themselves.

Guard - "Who's there?"

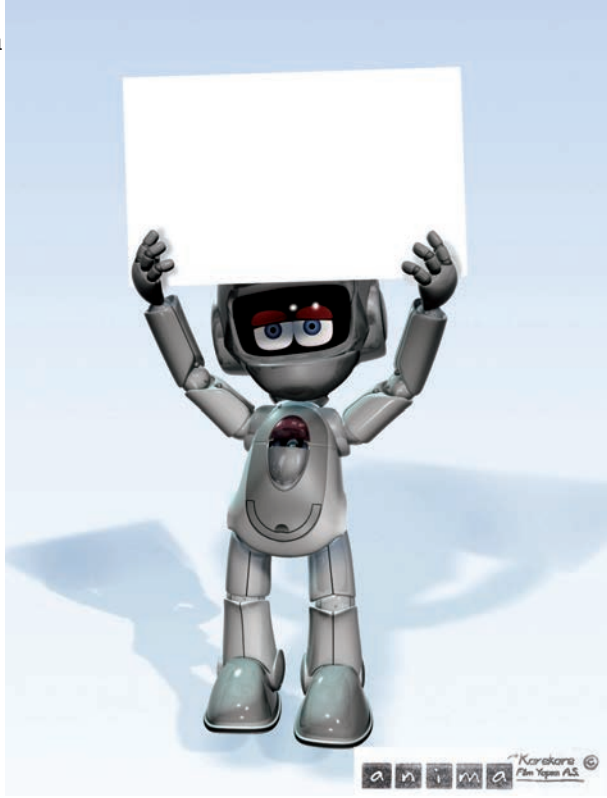
....

Guard - "Why are the machines working?"

....

Guard - "Who's there?"

The first version of Çelik and final visuals from the film (Anima ve Y&R/Reklamevi)



Once the decision to use Çelik and the drafts were ready, a group of people from Arçelik and Y&R/Reklamevi traveled to New York to consult Ivan Chermayeff, the famous graphic designer who had designed the new Koç logo. Chermayeff advised making Çelik's body smaller, his head larger and the eyelids bigger to make for a more easily lovable character. The craftsmanship of Anima and the resulting animation competed with state-of-the-art Hollywood productions. The first set of films shot between 2002 and 2003 were directed by Sinan Çetin. After December 2003 Kare Kare Prodüksiyon shot the films. The peculiar, melodic speech of Çelik was dubbed by Özkan Uğur and digitally remastered for a mechanical touch. The gestures and mimics Özkan Uğur made during the dubbing sessions were eventually incorporated into Çelik's animation. Arçelik had succeeded in creating its own celebrity without resorting to a 'real' one.



Pages from the Çelik calendar

Yine bir ilk

7 kg amaşırtı
tek seferde yıkayan
en ekonomik
amaşırtı makinesi!

7
KG

A⁺
PLUS
ENERJİ
PERFORMANSI

Arçelik 25

Celik
explains
technology

©Nukhet Yener

444 0 888

www.arcelik.com

arçelik

The Transition from "Good-old Arçelik" to "Wow! Arçelik..."

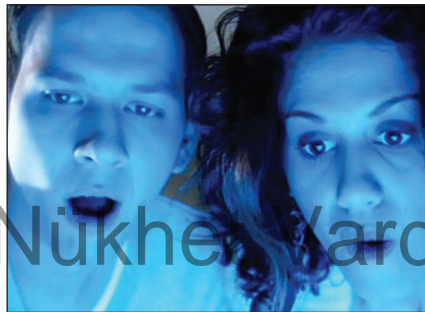
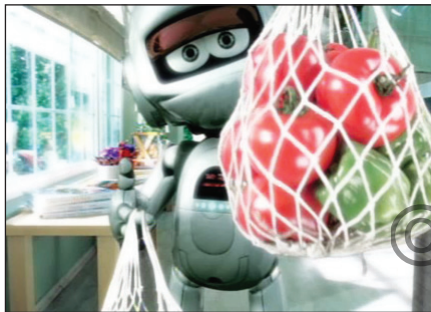
Y&R/Reklamevi President Arzu Ünal describes the agency's recommendations for Arçelik as "Arçelik is the brand that has brought innovations to Turkey since the 1950s. The agency needed to change the perception of the target group AB, aged 18 to 30, from 'Arçelik is one of us but a bit outdated', to 'Arçelik is innovative and has high tech' in its aim to increase brand recognition. In short, the aim was to get the younger and better-off target group to say 'Wow, Arçelik!' instead of 'Good-old Arçelik'..."

The inherent "innovativeness" of Arçelik provided the support. Arçelik was actually using the new technology in the products but did not explicitly communicate this to the consumers. It was decided that Çelik the Robot would be the spokesperson that explained to the consumers the important changes Arçelik had gone through. Çelik told the consumers that Arçelik was 'one of us' but was also equipped with technological superiorities.

Çelik after 2005

In our December 2007 interview with Y&R/Reklamevi Arçelik Brand Team Director Özlem Ünlüçay and Strategic Planning Director Hilal Betin, we learned that in 2005 the brand team had set out to research consumer feelings about Çelik advertising since December 2002. In 2006, Çelik would be celebrating his 4th anniversary. In those years, Çelik represented technology and innovation and communicated Arçelik's news. Night Guard Sırrı, a slightly lazy but sympathetic character, looked on to admire Çelik, maybe a bit jealously. The relationship between Çelik and Sırrı is a bit like Judy and the Punch. **The punch line in that period was "Arçelik means innovation, innovation means Arçelik".**

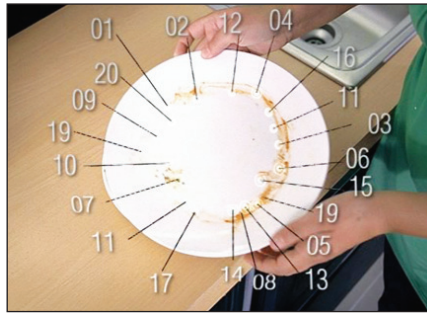
Although this relationship created high interest during the teaser campaign, Arçelik had more to say. In July 2005, 8 focus groups were conducted by 7P research with consumers from 18 to 45 years, and from B and CI socioeconomic classes. Analyzing the findings, the brand team realized once again how valuable Çelik was in the eyes of the consumers. Night Guard Sırrı, however, had completed his mission. It was decided that if Çelik was to go out of the factory, and have a story to tell with other people, especially women, and become more of a person, it would add more value to the brand. In this new period Arçelik chose to explain to the consumer how they could benefit from technology rather than just referring to technology on its own. The new slogan became "Arçelik means innovation, it means a whole life with you."



Frames from TV commercial 'Blue Light' (Y&R)

So in April 2006 Çelik started to knock on other doors with the commercial 'Daisy'. This new world included Çelik, 'the madly in love' Rıfat, Çelik's neighbor upstairs Sevda and Sevda's mother Nuriye who is a bit tough. Çelik thinks he can use his technology to help people solve problems, for example in matters of love. The objective was to have Çelik and friends break any Arçelik news with warmth and excitement.

For example, in the Blue Light commercial, the information that with this new technology vegetables and fruit are preserved in their original freshness was explained by Çelik, Rıfat and Sevda. In another commercial, a dialogue between Çelik and Nuriye explained that the Arçelik dishwasher analyses the number of dishes, the degree of cleaning needed for each along with the water hardness, and selects the washing program, all by itself; so all that the user needs to do is to press 'run'.



Arçelik 27



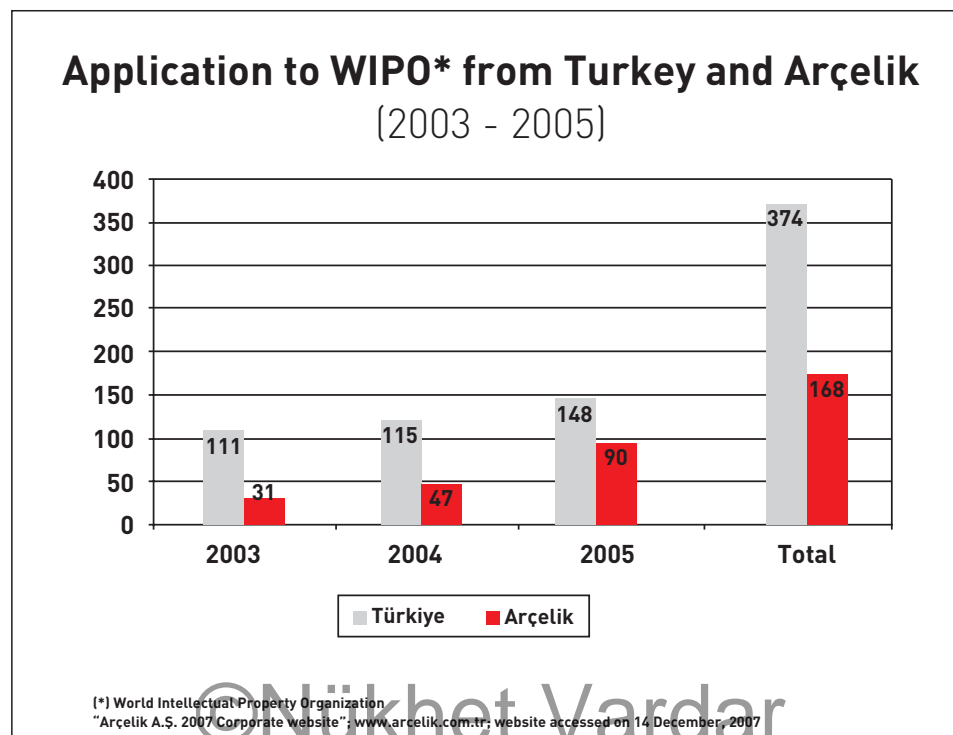
Frames from the commercial 'Single Button' (Y&R)

©Nükhet Vardar

Arçelik and Patents...

While Arçelik positions its brand as "Arçelik means innovation", at the same time the internal developments portray a company that lives by products of really new technology, creating a leading edge in sustainable worldwide competition. In a way, Çelik is reporting to the outside world the things happening deep inside the company. In our interview in December 2007, Aka Gündüz Özdemir stresses once more that the main reason for Arçelik's growth in Turkey and the world markets is its ability to develop new products based on consumer needs. The proof of the importance attributed to R&D is the number of new patents. Eventually, Arçelik would be the Patent Champion in the 'Turkish Patent Institution (TPE) Patent League Awards 2005'. Currently Arçelik holds the most patents and leads the runner-up by 10 times. Of the patents between 2003 to 2005 in Turkey, 13% are held by Arçelik. This also represents 43% of the international patent applications from Turkey to WIPO, the World Intellectual Property Organization ("Arçelik AŞ 2007" corporate website www.arcelik.com.tr, website accessed on 14 December, 2007.) At the end of the day, those patents reach the consumers and create the innovations that excite the world too: the world's least energy-consuming refrigerator, the world's fastest washing machine, the world's fastest dish washer. The Mini Telve, a coffee machine patented in 2006 is protected by 4 patents. The list goes on with 300 Arçelik patents.

Arçelik's 'Divide & Cool' put a new kind of refrigerator in Turkish houses in the first half of 2008: more than one refrigerator will be coupled to a single compressor, enabling different compartments (vegetables and fruits, the deep freeze, the wine cooler...) to be placed in different corners in the kitchen for easier and more convenient access, so that it makes less noise.



2007: New Heights and New Strategic Alliances for Arçelik

Starting with 2002, Arçelik targeted the world with purchases of Blomberg in Germany, Elektra Bregenz's brands Elektra Bregenz and Tirolia in Austria, Leisure and Flavel in UK, and Arctic in Romania. Blomberg focuses on European and US markets, Leisure and the Flavel the upper end of markets in the UK, Elektra Bregenz the upper end markets in Austria, and Arctic the middle classes in Romania. The Arçelik brand is already in Iran, Iraq, Algeria, Morocco, Tunisia, Libya and Cyprus. In all other markets, the other Koç brand BEKO is the leading brand in white goods. Altus on the other hand is positioned to the price-sensitive segments.

Aka Gündüz Özdemir reminds us that Arçelik paid even more attention to world markets during the economic crisis of 2001 and attributes their success to a team that was focused on bringing the brand to the world markets. He also commends the Turkish engineers in Arçelik R&D who prioritized the world consumers' needs and have developed products that competed very successfully worldwide. Today all Arçelik products and the products marketed under the Arçelik umbrella enjoy technological and/or design superiorities and this constitutes the competitive advantage of Arçelik in over 100 countries. And although Arçelik manufactures Original Equipment Manufacturing (OEM) and private label products, 80% of its total turnover comes from its branded products. This ratio, of course, is constantly increasing.

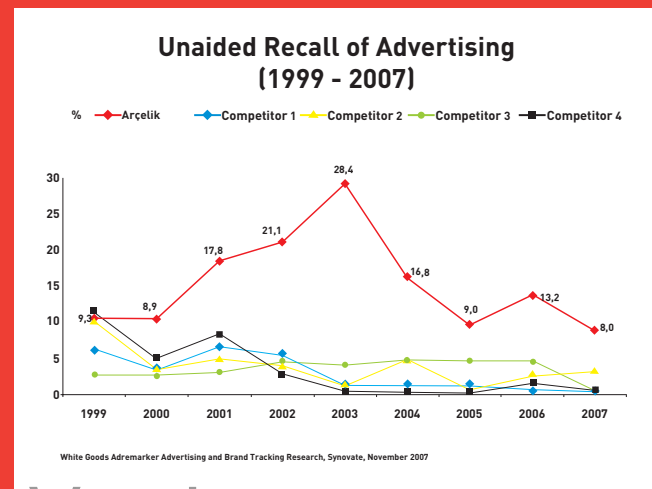
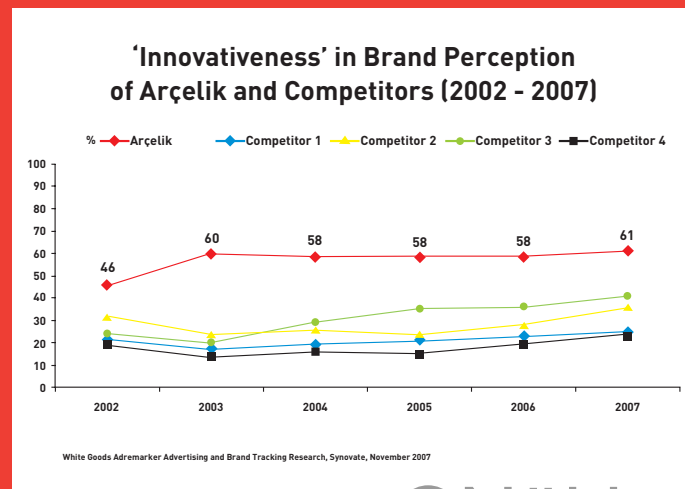
We also learn from media coverage that Arçelik entered a strategic alliance with Fisher & Paykel (F&P) in October 2007. F&P is a white goods manufacturer hailing from New Zealand, tapping high-end markets in the US, Australia and New Zealand, with a turnover of 1 billion USD. The foundation for the strategic alliance between Arçelik and F&P is the similarity in technology but also the difference in marketing regions, hence the possibility of complementing each other. **Aka Gündüz Özdemir adds that the two companies are planning to buy raw materials jointly to benefit from economies of scale or to move together in purchasing companies.**

The fifty years of the Arçelik brand almost exactly reflects the evolution of other significant Turkish brands, from their birth, to excelling in products, and then in brand building. According to 2006 findings of 'Brands' a CATI (Computer Aided Telephone Interview) research by ACNielsen (carried out in the three largest cities in Turkey, surveying 1400 persons over 10 years of age, since 1997), Arçelik is the 'most recalled brand' at 23.4%, with the second most recalled brand at a mere 7%. "Expectations, Preferences, Likes", another CATI research (surveying 1,091 persons over 18 in 26 cities, 50-50 rural-urban) conducted by KMG in 2007 found Arçelik to be the 'most liked brand' by 44%.

Similarly, a weekly CATI of 100 persons in 3 large cities conducted since October 1999 shows that while unaided advertising recall was around 18% before the Çelik campaign, this ratio went up to 28% in 2003. The same research shows that Arçelik surpasses the competition in "innovation", "advanced technology" and "looks/design" attributes. While "looks/design" was 37% in 2000, it went up to 52% in 2007. "Innovation" 46% rose to 61%. The closest competitor in innovation was only 41%. Another well-deserved proof of success is the Golden Effie won in March 2005 in the first ever Turkey Advertising Effectiveness Awards, for the Çelik campaign.

The numerical expression of all of this is provided by Arçelik General Manager Aka Gündüz Özdemir and Assistant General Manager-Turkey Marketing & Sales Şirzat Subaşı: Arçelik is so powerful a brand that the market share of 51% at the time of Turkey entering EU Customs Union was successfully increased to 52% by December 2007. Arçelik still enjoys more than 50% of the white goods market in Turkey with the Arçelik and BEKO brands.

By 2006 figures, Arçelik was the third largest white goods manufacturer in Europe with a 17,000 strong workforce, 3.9 billion Euros consolidated domestic turnover and 1.9 billion Euros consolidated international sales turnover. Consolidated domestic sales was up by 11.4%, consolidated external sales by 24%, and total manufacturing by 23%. In 2006 Arçelik had 11 manufacturing plants in 4 countries but also invested an additional 181 million Euros.



Synovate research findings 2007 'Innovation'

Unaided recall before and after Çelik campaign

©Nükhet Vardar

In 1998 and 1999, the Technology Grand Award by TÜSİAD - Türk Sanayicileri ve İşadamları Derneği (Turkish Industrialists' and Businessmen's Association), TÜBİTAK - Türkiye Bilimsel ve Teknolojik Araştırma Kurumu (The Scientific and Technological Research Council of Turkey) and TTGV - Türkiye Teknoloji Geliştirme Vakfı (Technology Development Foundation of Turkey) was presented to Arçelik. In 2003 Arçelik was given a part in the trainers' manual for Six Sigma, by making a total net profit of approximately 28 million Euros in 290 projects since 1998. The Banker magazine has chosen Arçelik as the "Company of the Year". The EU Commission's 'Refrigerator with the Minimum Energy Consumption in Europe' award was given to Arçelik in 2004, to certify its environmentalism.

It should be obvious by now that Arçelik will not stop there. A total growth target of 14% between 2006 and 2011 for Arçelik, Beko and Altus brands, along with a consolidated sales turnover target of 6 billion Euros by 2010 are set. This also means an increase in the share of the international sales in the consolidated turnover, from 48% to 50%. We are told that the growth targets of sales in external markets in 2008 are all two-digit figures. However, in the domestic markets the demand was stagnant, the purchases postponed. Assuming these conditions continue, no significant change in household appliances demand is expected in 2008, although some growth over the market average may be seen in low penetration products (like washing machines) and in air-conditioning where the demand is increasing fast due to global warming. Aka Gündüz Özdemir, says the agenda in the household appliances industry worldwide will have company take-overs in 2008, like Whirlpool buying Maytag in 2007. He adds,

Other than Blomberg, Arçelik has always enjoyed organic growth. We owe this to R&D listening to the consumers and developing highly competitive, advanced new products. ▶

If one asks what Arçelik imagines for the shorter-term, the answer is 'becoming one of the top 10 most preferred brands in its sector in the world' by 2010, with Beko brand maintaining the leadership position in the Turkish market, and growing in the world markets proper. The general belief is that Arçelik will achieve all these in the shortest time possible: successes so far clearly point to what they will do in the future.

April 2005
December 2007

- Refrigerator
- Washing Machine / Dryer
- Dishwasher
- Oven
- Air-conditioner
- Vacuum Cleaner
- Built-in
- TV
- Other Electronics
- Computer
- Hot Water Heater
- Small Household Appliances

References

Personal interviews conducted (in alphabetical order of surname)

- Hilal Betin
- Cenajans
- Can Çağdaş
- Nesteren Davutoğlu
- Ahmet Güleryüz
- Güzel Sanatlar
- Aka Gündüz Özdemir
- Murat Şahin
- Arzu Ünal
- Özlem Ünlüçay

Published sources (in order of appearance)

- B. Toprak, N. Sakızlı, E. Rıza, Mamulattan Markaya: Arçelik Kurum Tarihi 1955-2000, Mepa Medya Paz. San. Tic. A.Ş., Kasım 2001 (in Turkish)
- Arçelik Faaliyet Raporu, 2006
- Ceyhan Kuburlu, "Koç 'Dizini Dövmeyi' Bıraktı, Çin'de Çamaşır Makinesi Üretimine Girdi", www.hurriyet.com.tr; site accessed December 12, 2007 (in Turkish)
- N. Davutoğlu, Ada'da Zaman, Epsilon Yayınları, 2002 (in Turkish)
- Kemal Sezer, Reklamın Sokak Çocuğu, Reklamcılık Vakfı Yayınları, Temmuz 2005, 2. Baskı (in Turkish)
- Best of 83, Günaydın Gazetesi yayını, RV arşivi (in Turkish)
- Best of 83, Günaydın Gazetesi yayını, RV arşivi (in Turkish)
- "Arçelik A.Ş. 2007 Kurum Tanıtım", Sunumu; www.arcelik.com.tr; website accessed December 12, 2007 (in Turkish)

Original Copy: Nükhet Vardar

English Translation: Haluk Mesci

Editor: Carole Mediarmid

Graphic Design: Yaratıcı Stratejiler

Page Layout: Erol Orhan

This case was originally published in Turkish in "Türk Markaları-II" by Nükhet Vardar, Foundation of Advertising Publications, 2008. This English translation is for Arçelik's complimentary distribution.

All rights of the book are reserved by Reklamcılık Vakfı (Foundation of Advertising for Professional Research, Development and Education - www.rv.org.tr).

No part of the case can be reproduced in any form without the prior permission of the publisher.

©Nükhet Vardar

©Nükhet Vardar

©Nükhet Vardar



ASSOCIATION OF ADVERTISING AGENCIES



FOUNDATION OF ADVERTISING