

"Branding for a Post 911/Enron World"

A Talk for the American Marketing Association/San Francisco Chapter

April 17, 2003

One day about 4 years ago, I took my then 12 year-old daughter shopping for sneakers. I was in more of a hurry than she was, and hoping to move the process along, I picked up a pair in her favorite color from what I thought was her favorite brand, Nike, and asked her if she wanted to try them on. Her response was as lashing as can only come from a pre-teen with a truly clueless parent. She said to me “How can you think I’d buy Nike after what they’re doing to those poor kids in Indonesia.”

My reaction was shock, she’d heard of Indonesia!

I had to take this seriously. Carolyn, my daughter, was absolutely disgusted that I wasn’t getting the connection between Nike’s misdeeds and the brand. Her brand choices were being made on behalf of her taste, sure, but also her community, her support of global youth. Overnight, what had been a virtually flawless brand, a brand that embodied all the good things about America, had become the embodiment of evil.

Over the last 20 years, I’ve prided myself on being at the cutting edge of branding. In the early 80s, I was launching two information age brands, MCI and FedEx’s ZapMail, when my first boss told me that I was wasting my time focusing on service businesses, that the heart of advertising was packaged goods. I laughed in my sleeve – what did he know? The P&Gs of the world were pushing product features and benefits, while I was lucky enough to work on brands that differentiated themselves on personality. So much more interesting.

That first evolution, when brands ceased to be rooted in product and became personified, complete with values and personality traits — what an exciting step. All of a sudden brand was about relationships. Relationships are good for brands — we all know that loyal customers are 5 or 6 times more profitable than new ones, and that brand evangelists, those core loyalists, are the key to lasting success.

Now, brand relationships have become so valuable that we’ve pushed them as far as we can, treating our brands as if they were real people in real conversations with customers.

We practitioners decided that brand actually resided in the customer, not with the marketer. Branding was all about establishing trust with customers, about getting inside their heads, understanding their deepest desires and fulfilling those desires.

In fact, some started saying brands weren't products at all but the stories behind them.

We've tried and succeeded in getting people to relate to these brand stories in multiple aspects of their lives, in what they wear and what celebrities they like, in where they shop, even in how they identify themselves — witness communities of Nike wearers, Harley Davidson riders, Apple users.

Now we're paying the price. A close relationship with customers means more loyalty — but it also means a bitter backlash if something goes wrong.

Think of your relationships with real people. The more you love, the more violent your reaction if you feel betrayed. And now that we've given brands human characteristics, values and a personality, the same holds true for brands as well.

Brands have become victims of the personifications they've lusted after. We've been tracking human development. First, we mastered the survival level, the product level. Then the relationship level. Brand marketers would have been happy to stop there. But the humans on the other side of the relationship demanded the same evolutionary step that society demands of them. They wanted to see the next phase, a sort of "personal growth for brands." We teach our kids to pursue a growth that extends beyond relationships to actually becoming a member of the community. And we expect this same maturity out of our brands.

The geopolitical changes wrought by 911 and war in the Middle East added to the structural market changes imposed as a result of Enron and others are making us reexamine every aspect of business.

I believe these changes have made community involvement an imperative for everyone and every institution — including our most powerful communicators, brands.

Consumers recognize this as fact. They are pushing for this next evolutionary step, one that gives brands a role in their communities. At first, brands didn't respond — they just didn't get it. Like Nike, who blamed changing fashion on their 50% drop in sales that year, always defending their labor standards rather than addressing the issues head on. My daughter could have told them why their sales were dropping.

To get back to my story, I left the shoe store with Carolyn, anxious to get back to the office in time to get some more work done. I was preparing a branding seminar for the EPA, for their Energy Star division, and needed to update my presentation with Nike's most recent commercials. I had used Nike since I'd first developed the seminar in 1992 because it was such a well-known brand that my audiences could grasp the concepts easily. I also liked showing their commercials — they are so inspirational, so fun and exciting, that they were always a high point for the audience. I'm going to show you two from Nike, one that was pre-scandal and one that Nike sent me in early 1999, just after the scandal had become headline news:

The first spot is all about striving to do your best no matter what your limitations, one of the most successful inspirational spots I've seen. The second is about mayhem created by extreme roller-blading — and the destruction that mayhem causes.

SHOW NIKE COMMERCIALS

Now the second you might argue is a new brand, the Nike Alpha. Makes sense, except that's not how audiences perceived it. They saw a commercial from Nike. And when just days after the commercial went on the air, a train derailed outside of Chicago killing 70 people, people responded harshly. How could a brand so imbedded in our culture promote such irresponsible behavior? The real life accident put the spot's bad taste into

the spotlight. Nike pulled the spot off the air and stopped further development of Alpha. Somehow, the way that the Nike brand was perceived, as the exploiter of children, actually changed the brand so much that new commercials had a different personality, had acquired a new mean edge.

Reminds me of a physics law called Schroeder's cat. The law says that if you look at something from a different angle, it not only changes your perception of the thing, but it changes the thing itself. Powerful notion isn't it? Consumers' perspective on the Nike brand was so altered by the child labor scandal that it actually changed the brand itself, made it mean and cruel. All you metaphysics fans out there are no doubt loving the coincidence of the live train wreck...ooo ...just who is that guy plucking the roller-blader off the board game???

Naomi Klein, author of *No Logo*, is considered the premier chronicler of this phenomenon. (Important to note she was also named one of the 25 most important people under 30 by the London Financial Times). The way she describes this brand backlash is telling:

“We're at the early stages of demanding a citizen centered alternative to the international rule of the brands.”

This citizen-centered alternative is being defined at places like the WTO conferences, where brand busters are out in force, changing how we perceive brands — and what brands are.

We've moved from the pitchman standing up and hawking his product to the handshake that's supposed to represent the current brand model to what the anti-brand forces are defining as a war between people and brands. And our reaction is to retool our styles???

Where are the voices of the brands in all this? Shouldn't brands be out there with their version of a citizen centered alternative? Shouldn't we be employing our own version of Schoeder's cat, changing brand perceptions for the good by leading change for the good?

This actually happened before, when we started looking at brands from the perspective of employees and as a result, changed the definition of brand. Employee power was growing as corporations flattened and middle management and support staff started shrinking. Good employees were essential and, as the quality of public school education continued to nose-dive, increasingly hard to find. The pressure to attract and retain good people shifted the emphasis on brand from just customers to customers and employees, — and even, in some cases, primarily employees. I'm thinking now of Ford's Quality is Job 1 campaign, undertaken to boost morale and improve quality.

With the recognition of the critical importance of internal audiences to brand, the brand structure was expanded to include values and vision.

By making brand vision part of the brand, something else happened. Brand became part of strategic planning, which meant that planners used branding techniques to roll out new visions. Thinking about brand now from this new perspective changed not only the brand but also how employees relate to it — as central to business strategy.

We put brand in the center of efforts to do good for employees, to make work feed not only survival needs but needs of the soul as well. Now our customers were moving on too, using their buying power to act on behalf of the greater good, to change our community for the better.

So, is community another audience for our messages? We've got customers and prospects and partners and press...and now employees...can't we just tack community on as another audience?

By thinking of brand in terms of what can it do for its community instead of the other way around, we can come up with really breakthrough strategies that build community of course, but at the same time, build brand and the business it represents.

Most exciting, there are companies out there that are doing just this.

I'm going to talk about 4 examples to show you how marketers are using this community-focused approach to build their businesses and their brands. My four examples are BP, Cisco, Rudolph & Sletten, a local construction company and of course a dot.com, Bankrate.

Before I get to that though, I want to say one thing: yes, all my examples are in companies where the CEO or the founder is committed to community involvement. But that doesn't mean you can't start a program yourself, under the radar, no matter what the disposition of the senior team is. I'll talk about that a little later.

BP is an old world oil company, largest gas station owner in Europe, getting hashed by Euro activists for oil spills and generally polluting the earth.

- Recognized that oil was not only bad association but wouldn't last forever as a position as other forms of energy began to come forward — plus wanted to address frequent protesters against “big oil.”
- Developed a vision “A good business should be both competitively successful and a force for good.”
- Redid brand promise to reflect its vision: “The price of creating emissions would be to drive down greenhouse gas production.”
- Looked at solar panels as not only a viable business but also great positioning for the company, which would then be in the “energy” business.
- Rebranded as an energy company (from BP British Petroleum to Beyond Petroleum)
- Brand is rejuvenated.
- Business grows as company is recognized as a responsible company.

- Community sees that solar panels are embraced by a mainstream player, are encouraged to seek energy that doesn't pollute — and protests move to other oil companies.

They changed their logo —

- The shield which protected BP against the demonstrators, becomes a flower, becomes life itself, a Mandala, a piece of its community.
- And BP not only changed its strategy and its logo, it explained what it was doing to its community. Here's the commercial BP ran in July, 2000:

SHOW BP COMMERCIAL

BUSINESS RESULTS: BP is the global leader in solar panels. It has reinforced relationships with energy partners around the world by offering them a solution to their regulatory dictates that some percentage of energy has to be renewable. And it has thwarted activists bent on stopping BP's new oil explorations.

Second example: Cisco Systems

- Brand in community started from the beginning with Sandy Lerner, one of the original founders.
- Their business: networking equipment for connecting computers
- Vision: to connect everyone in the world to each other.
- Community: Network Academies program, training the next generation of network engineers in 88 countries.
- Started through involvement with its immediate community, the school next door in East Palo Alto, the poorest community on the Peninsula, where the school had no money at all for even basic needs — and of course, no library..
- Network connection could open world to these kids, so installed the equipment.
- Then had to train teachers how to operate – then turned out kids were more adept.

- Next, employees wanted Cisco equipment for their schools, so the company developed a formal curriculum for training kids to be administrators.
- Then customers wanted training from Cisco's top engineers, who got sick of traveling, so the networked training was developed, which in turn empowered training for more kids as curriculum was delivered over the Internet.
- Then customers weren't able to install the equipment because not enough trained personnel, so Cisco offered classes in partnership with high schools.
- Higher incomes available to Cisco trained people so attractive that the course became a part of college courses, with the curriculum and delivery sponsored by Cisco.
- Spread training in Network Academies program to less developed countries where lack of trained people was an impediment to sales – and where good jobs were hard to come by.

And just like BP, Cisco shared its community-oriented strategy with its US community in this TV commercial from 1998. Note that like everything else Cisco does, it not only is about its good deeds but also recruits students to its Network Academies programs:

SHOW CISCO COMMERCIAL

- By helping its community, Cisco was able to help its business and its brand: Cisco is now a leading advisor to UN educational organizations,
- **BUSINESS RESULTS:** Cisco dominates the Education market for networking equipment. Because it is dealing with less developed countries through their education ministries, the company is first in with their equipment sales, which has a domino effect in industry. Finally, Cisco has avoided regulatory oversight in part due to its good guy image.

Rudolph & Sletten, a California construction company, runs volunteer programs at Habitat for Humanity, where their employees interact with the community in building homes for low-income people. What they added to this program to help their business was this: they arranged for “green” suppliers to donate the earth-friendly building

materials so that they can be tested for strength and ease of use in a live construction environment, allowing R&S to set environmental standards that competitors are hard pressed to match, and thereby win business. And they publish the results and give talks at industry meetings, heightening their leadership profile in their industry.

And finally, Bankrate.com, an Internet site that publishes rates for mortgages and other bank products. Have you used it? It's great if you're negotiating for a loan. The site also provides editorial to help consumers through the process of acquiring a loan – everything from how to figure out your loan payments to improving your credit rating.

Bankrate's premise is that the more consumers know, the better customers they will be. So their community initiative is financial literacy. They field an annual survey on financial literacy among all Americans and run the results in major media. They also run the survey on their web site for visitors to test their knowledge, and they provide their editorial to banks to educate their staff and customers. Too soon for results, except that a study has been requested by two US Senators and by a major financial institution for use in their staff education program.

So, how do companies actually implement this new approach to branding?

It's just four easy steps.

Step #1 is figuring out the brand vision, which usually resides in the company even if it hasn't been made explicit. In my experience, most of the time a company decides it needs help with traditional brand issues, it also needs help with employee issues. In fact, we run a brand vision development session with just about every client — and most of these sessions are just making explicit what executives have been directing towards for a long time, even back to the founding of a company.

Step #2 is making that brand vision tangible. This doesn't have to be explicitly through community participation, but in my experience, that's where people who have just

decided how they're going to change the world always end up. Many of our clients are early stage companies, totally focused on achieving sales and profitability. And yet the strategies they always come up with — and did right from the start — are all about helping in their communities. Even if their founders don't have that mindset. Even if the VC's are breathing down their necks. And even when they are large public companies under extreme pressure for profitability.

This is the “under the radar” secret I mentioned earlier. If you're a brand strategist, you don't have to make it explicit, just let it happen organically. And if you're with a company, as long as you know its brand vision, you can come up with ideas for community initiatives that support the brand and the business all at the same time.

Step #3, involve employees. By making the brand vision tangible through community participation, the executive team is already defining ways that employees can “live the brand” right in their own community. By canvassing employees in the early stages of brand development, right when you're interviewing customers, our clients know what is of concern to employees right from the start. This information seeps into the Executive Team before they start working on a brand vision, and sometimes unconsciously directs the community strategies to help that vision come alive.

Step #4, tying it all together. Coming back to the customers, the people who make it all possible. By looking at what they need from your company, from your brand, plus where their interests are — in short, looking at them as whole people, as members of the community you've created but also many other communities that you might help — you can get enormous input that will direct future product development as well as lift your brand into a true leadership position. Customers told Cisco that they couldn't install any more routers because they weren't enough trained people to administer them. Cisco used the training it had developed first for the school children in its community programs and then for employees to develop training for a new force of router gurus.

Cisco then offered the training to technical high schools and colleges around the world so that it could expand into those countries. Eventually, Cisco became a recognized leader in solving the problems of education and poverty, to the point where its chairman John Morgridge now sits on several UN committees to advise on these issues.

It was by continually monitoring its business, its brand, and its community that true brand leadership happens. Cisco's brand voice is changing the world.

The magic here is the incredible power we corporate marketers have just handed to consumers, never considering what they might do with that power. And what they're doing is demanding that we take responsibility for changing behavior.

And it turns out that's not a bad thing. We're being pushed to a more appropriate definition of brand. It's just a matter of looking at things a little differently that we change our reality, bringing community into our business and our brand.

Brands are the most powerful voices on the planet. Before 9/11, 3/4 of Americans may have never heard of Afghanistan, but even the aborigines in *The Gods Must Be Crazy* had heard of Coke. We have the opportunity to create the citizen centered brand as something that uses this unifying power for good.

And we can tell our children that though what we did may have been insignificant by itself, together we saved the world.