

SAATCHI & SAATCHI

RED PAPER

BRAND LOYALTY RELOADED

2015



KEVIN ROBERTS
EXECUTIVE CHAIRMAN

ABSTRACT

This is a “red” rather than “white” paper because Saatchi & Saatchi operates from the edges, zigs when others zag. Red is the color of passion, hope and optimism. Red is the color of spirit, the root word of *inspiration*. This paper is a discursive view of brand loyalty as it applies to the marketing imperatives of 2015. For a CEO, brand loyalty is the ultimate business deliverer, a flow state, but the hardest to achieve; more alchemy than science. Beyond Reason. This paper surveys recent literature about loyalty framed by our Lovemarks philosophy regarding the future beyond brands, but more particularly, it proposes that mastering the emotional dimensions of marketing is by far the most important requisite of an enterprising life in business.

AUTHOR

Kevin Roberts is New York-based Executive Chairman of Saatchi & Saatchi and Head Coach of Publicis Groupe, the world’s third largest communications group. Saatchi & Saatchi is one of the world’s leading creative organizations with 6500 people and 130 offices in 70 countries and works with six of the top 10 and over half of the top 50 global advertisers. Kevin Roberts started his career in the late 1960s as a brand manager with iconic London fashion house Mary Quant. He became a senior marketing executive for Gillette and Procter & Gamble in Europe and the Middle East. At 32, he became CEO of Pepsi-Cola Middle East; and later Pepsi’s CEO in Canada. In 1989, Roberts moved with his family to Auckland, New Zealand, to become Chief Operating Officer with Lion Nathan. From 1997 to 2014, Roberts was CEO Worldwide of Saatchi & Saatchi.

Kevin Roberts has honorary appointments and doctorates at several universities. Presently he is Honorary Professor of Innovation and Creativity at the University of Auckland Business School, Honorary Professor of Creative Leadership at Lancaster University and Honorary Professor of Leadership and Innovation at the University of Victoria (B.C.) School of Business. For a decade he was CEO-in-Residence at the Judge Business School at the University of Cambridge. With academic colleagues, he wrote *Peak Performance: Business Lessons from the World’s Top Sporting Organizations*, an inspiration-driven business theory and practice. In 2004, he wrote *Lovemarks: the Future Beyond Brands*, a ground-breaking business book published in 18 languages, showing how emotion can inspire businesses and brands to deliver sustainable value. He has written further books on the power of emotion and the screen age. *Lovemarks* was named one of the ten Ideas of the Decade by *Advertising Age* in 2009.

Kevin Roberts is an adviser to national organizations and global brands across commerce, media and sport. He has been the Chairman of USA Rugby and a Board member of the New Zealand Rugby Union. His current roles include business ambassador for the New Zealand United States Council, and Chairman of Australasian healthy-food-with-recipes delivery service, My Food Bag. He is an active presenter and commentator in many countries around the world each year. In 2013, Roberts, a New Zealand citizen, was made a Companion of the New Zealand Order of Merit (CNZM) for services to business and the community.

saatchikevin.com | krconnect.blogspot.com | twitter.com/krconnect

COVER ARTIST

Adam Craft is a New Zealand master tattoo artist and owner of The Tattooed Heart. In 2007 Saatchi & Saatchi commissioned Adam to be artist-in-residence at the Lovemarks booth at the Frankfurt Book Festival, where he tattooed these Tui birds on several volunteers and tattoo aficionados. *Loyalty Beyond Reason*.

CONTENTS

Brand Loyalty: Physics vs. Biology	2
Brands to Lovemarks	3
Brands are in a Bind	5
Loyalty is a Two-Way Deal	6
Loyalists are a Brand's MVP	8
Brand Loyalty Catalyst – Creative Leadership	11
Emotion is the Driver of Sales	12
Big Data Needs Big Love	15
Love Wins on All Levels	16
Five Ways to Win	17
Believing it is Special	19

First published September 2014 in conjunction with keynote speeches to:

European Society for Opinion and Marketing Research (ESOMAR), Nice, September 10

INSEAD Essentials & Global Day, Paris, September 11

Center for Retailing Excellence, Walton College, University of Arkansas, Fayetteville, AR, October 8

Professor Sir Roland Smith Lecture, Lancaster University, London, November 13

Lancaster University Management School SME entrepreneur network, Lancaster University, Lancaster, January 16, 2015

BrandLoyalty Retail Loyalty Congress, Barcelona, February 5, 2015

Manchester Metropolitan University Business School, Manchester, March 18, 2015

Procter & Gamble Alumni Network Global Conference, Miami, May 14-16, 2015

Copyright © SAATCHI & SAATCHI, 375 Hudson St, New York, New York 10014

To request copies of this Red Paper, please email reid.whelan@saatchiny.com or download

at www.saatchikevin.com/redpaper

BRAND LOYALTY: PHYSICS VS. BIOLOGY

Brand loyalty remains a topic of robust inquiry by marketers and advertisers. Worldwide, half a trillion dollars are invested annually in advertising¹ (ZenithOptimedia) – and that is the media spend alone, not counting the other multiple ways that are deployed to communicate with audiences. Brand loyalty is an important matter to get right. In the face of brand proliferation, product parity, innovation in consumer technology and connectivity, and a bewildering array of media formats and customer communication mediums, there are many pundits dismissing the importance of brand loyalty as marketing nirvana (though as in most of the “death of...” arguments, few alternatives or new ideas are put forward).

The original notion of brand loyalty was that repeat buyers are more profitable than acquiring new ones. They return a higher margin, are stronger recommenders, and require fewer special deals and pricing offers than the cost of acquiring new customers. The ‘physics’ of this equation remain unchanged. The quest for brand loyalty remains a relevant goal not only for billion-dollar brand owners dependent on a legion of repeat buyers, but also for a gazillion small business owners and also start-up entrepreneurs wanting to build a string of zeroes behind their seed capital.

Ask any CEO, CFO or CMO and they will tell you that in an ideal world, returnees and recommenders are the most valuable customers they can have. They just want more of them, and herein is the ‘biology’ of the situation: the perfection of a marketer’s spreadsheet versus the imperfection of consumer behavior.

Of course the world is not ideal, and there is no doubt the marketing landscape has changed exponentially over the last decade as both marketers and consumers have become more sophisticated, technologically adept, price smart and also conscious of the impact of having a good reputation. And marketing has always involved a measure of both retention and acquisition. The question is: what is an appropriate and achievable equilibrium?

The days when marketers could look forward to the majority of customers coming back to the showroom for a repeat buy are largely gone for most (but not all) brands. As recently as 1980, 80% of U.S. auto purchases were made by repeat customers; by 2009 the figure had plummeted to 20%² (CNW). In an August 2014 study, only three brands – Toyota, Honda and Ford – kept at least 50% of their customers coming back on average³ (Kelley). New research from behavioral marketing company Silverpop, an IBM company, reveals that while people are extremely loyal to the brands they love the most and will seek out products made from their favorite manufacturers over competing options, consumers only have five ‘Best Friend Brand’ companies from which they will repeatedly open emails and buy products⁴ (Silverpop). Five brand friends – or “frands” as a commentator recently coined⁵ (Don Dodds) – is a generous estimation.

1. ZenithOptimedia, “Advertising Expenditure Forecasts April 2014.”

2. CNW Marketing Research, “For Automakers Brand Loyalty Hits the Skids,” *The Car Connection News* October 2009.

3. Kelley Blue Book, “9 Cars Most Likely to Be Dumped,” *247WallSt.com*, August 14, 2014.

4. Silverpop, “Relevancy and Trust Key to Becoming a Best Friend Brand,” July 15, 2014.

5. Don Dodds, “A Positive Brand Identity Turns Consumers Into ‘Frands,’” M16 Marketing, *The Huffington Post*, August 26, 2014.

The questions that frame the debates around brand loyalty are many and varied – and include:

Does the time-honored belief that retaining customers is significantly more profitable than winning new ones still hold water?

Is there evidence that the most frequent, constant and loyal customers deliver the greatest value across financial and reputational measures?

What creates loyalty for a brand in the digital era? Do brands need loyalty in an age of ‘Big Data’, instant connectivity and extraordinary consumer options?

Is loyalty a program – or an emotional connection?

Can brands still even win loyalty? Or have people become ‘brand-promiscuous’ – playing the field like time-starved, tech-accelerated insects that flit to the prettiest blue light?

If so, what to do?

This paper makes the case that, for brands – from shampoos through to countries – winning loyalty remains a very real and important focus. This is simple economic common sense; it always was, and always will be. Furthermore, building loyalty and inspiring loyalists to socialize the cause will grow more important, even as temptations for brand polygamy proliferate.

This paper also makes the case that emotion is the primary driver of loyalty, whether the context is designing new loyalty benefits, architecting a new mobile interface, or creating a cause marketing program to burnish reputation. Beyond textbooks and algorithms, marketers will be lost if they don’t get to the nub of how people *feel*. This paper proposes ways and means by which brands can communicate to achieve a state Saatchi & Saatchi calls ‘Loyalty Beyond Reason.’

BRANDS TO LOVEMARKS

A decade ago the book *Lovemarks: the Future Beyond Brands*⁶ made the provocation that brands were practically dead. Brands had become ubiquitous, commoditized. Everything had become a brand. Continuous improvements across quality dimensions in manufacturing, distribution, service, price and even promotion had led to a state of “peak brand.” Parity reigned across thousands of serviceable options. Every beer satisfies the same spot, right? A recent blind test of three European pale lagers by 138 volunteers aged between 21 and 70 revealed the tasters could not distinguish between three major competing beer brands, with *the* conclusions that the products are interchangeable, and brand loyalty in this market is likely to be driven largely by marketing and packaging⁷ (Stockholm School of Economics).

Rational perfection had been achieved, but where to go? With surging consumer power and brand homogenization, Lovemarks mapped out new territory where brands could be eclipsed by rich emotional fields, associations owned not by companies, but by their customers.

6. Kevin Roberts, *Lovemarks: the Future Beyond Brands*, powerHouse Books, New York, 2004.

7. Stockholm School of Economics, “UK’s three leading lagers... are indistinguishable, according to blind tests,” *The Independent*, August 13, 2014.

Such connections are inspired by deeply shared human emotion, and they form an attachment that delivers the premiums that brands no longer can. An early example of a Lovemark was Google. Google was more than an algorithmic wizard. Amidst noise and clutter, Google delivered people the empathy of ‘less’ is ‘more.’

“To Google is to love. It’s the only search engine that is a verb: To google, I am a googler, I have been googled, I will google.” Laura, United States – February 12, 2004

“I can’t think internet searching without google. Any word, any subject, Google always gives me back something valuable. Google simply makes my life easy.” Bhavin, Bahrain – May 13, 2005⁸ (Lovemarks.com).

The effect of a Lovemark was captured in the aforementioned phrase ‘Loyalty Beyond Reason’ – beyond price, beyond attribute, beyond benefit. Off a platform of respect, Lovemarks go beyond rational factors into the emotional territory of Mystery, Sensuality and Intimacy.⁹ These signature principles of a Lovemark were validated in a Saatchi & Saatchi-commissioned research study by QiQ International in 2004¹⁰ (Cooper, Pawle). More recently in 2014, a new Saatchi & Saatchi proprietary tool, Lovemark 2.0 (powered by Meta4 Insight, an online application for metaphor elicitation), was developed to identify the metaphorical foundations of a Lovemark. Lovemark 2.0 incorporates a measurement of brand love through seven drivers (for example, desire, connection, devotion, exclusivity) and brand respect through eight drivers (for example, competence, innovation, and social and environmental responsibility). These drivers were determined by factor analysis and testing of 47 elements mined from the body of academic and professional research on brand love and respect, and identification of the most statistically significant elements.

Lovemarks recognizes that the heart rules the head in decision-making. Moreover, when a deep emotional connection is cultivated, anything, anywhere can win loyalty that protects against preference attacks from competitors touting new features, deals and designs.

How to recognize a Lovemark? Take a brand away and people will find a replacement. Take a Lovemark away, and people will protest. A pre-Internet example is the famous about-track of Coca-Cola over New Coke in the 1980s. Fast forward to 2009 when Pepsico’s Tropicana new packaging felt people power at digital speed. The protest came from many of Tropicana’s most loyal customers. (Notwithstanding, the OJ category is sliding down the tracks, from annual consumption of 70 million gallons in 2005 to 35 million gallons today due to exotic new entrants and supply issues)¹¹ (WSJ). To swing this idea into reverse, in 2014 the Canadian pop star Justin Bieber inspired loathing at speed and scale via a petition to The White House, signed by hundreds of thousands of people, to have him deported from the U.S.

Like all provocative ideas, Lovemarks has its ardent supporters and zealous detractors, including data-driven marketing scientists, although 250,000 book buyers across 18 languages puts some empiricism behind its popular adoption. A decade from the publication of *Lovemarks* feels like a good moment to revisit loyalty as a ‘North Star’ for brands.

8. Contributors to Lovemarks.com.

9. Roberts, *Lovemarks*.

10. Peter Cooper and John Pawle, QiQ International, “Reinventing Research with Lovemarks,” in *The Lovemarks Effect: Winning in the Consumer Revolution*, Kevin Roberts, powerHouse Books, New York, 2006.

11. “OJ’s Slide Tracks Falling Supplies,” *The Wall St Journal*, August 19, 2014.

BRANDS ARE IN A BIND

In the years since Lovemarks gained traction, brands as a force have continued to decline. Inherent in the thinking was that only a small percentage of brands would make it into hallowed Lovemarks territory. Only 23% of consumers in a 2012 Corporate Executive Board study said they have a relationship with a brand¹² (Freeman, Spenner, Bird). The majority of people worldwide wouldn't care if more than 73% of brands disappeared tomorrow¹³ (Havas).

With more brands, more choices and more deals for brand-fatigued, tech-enabled and 'entitled' consumers, customer loyalty has become harder to retain.

Furthermore, commanding premiums – the very reason brands were invented – has become harder. People have the world at their fingertips and at the command of their voice. Far from being reliant on brands to manage the information tsunami, people know how to get what they want fast. Brands that manipulate, under-deliver or over-price get seen through instantly. Contrary to popular thinking that people are overwhelmed by information, consumers are extremely savvy navigators and have no hesitation about consulting reviews, comparing prices and checking social media currency.

Additional to the pressure on premiums, private label brands have been learning to innovate like national brands, bringing their threat of a faster innovation pipeline to the party. A 2013 study in America found that across 28 of 30 consumer product categories studied, most consumers see store brand quality as the same or better. Of note in the study, while brand loyalty overall remains low, younger demographics are becoming more brand loyal¹⁴ (Deloitte).

Technology has re-set the loyalty game. Tech is the platform of the now and of the future. The tech-led empowerment of customers will only grow as the 'Internet of Things' connects everything to everyone, driving down the marginal cost of production and distribution, just as technology has done with the supply of information.

Does the march of technology condemn brands to a low-margin battle of attrition? It does for the multitude of brands that just clamor for attention. Brands still have to be created today, but this is a table stake. The technological age has raised the stakes for winning. It has raised the resonance bar for brands to great heights. Consumers expect more for less, and can switch faster. Yesterday's difference is today's entry point for brands, so what now for brands?

12. Karen Freeman, Patrick Spenner, Anna Bird, Corporate Executive Board, "Three Myths about What Customers Want," *Harvard Business Review* (blog), May 23, 2012.

13. Havas Media Group, 2013 *Meaningful Brands Index*, a global study.

14. Deloitte, *The 2014 American Pantry Study*, a study of more than 375 brands across 30 product categories.

Technology is the brand enabler, the new standard – though not the stand-out ingredient of a brand. Why? People like technology – but people mostly really like other people. The more digital life becomes, the more people will value being understood, being touched and being involved by other people, not by machines and robots. The brands that win will be real and personable – whether it's a live person on screen, a physical store interaction or the mass intimacy of a stadium event, football to rock.

Interpreting brand loyalty amidst complexity is as much about looking forward as following data trails into the past. Critically, people's emotional expectations of brands are on the rise¹⁵ (Brand Keys). There is a thirst for authentic connections. Passive consumers are being replaced by active brand voters who opt into a brand ethos that meshes emotionally with their own lives. The turnkeys of success are interactivity, indispensability – and most vitally, irresistibility.

This is where love plays and loyalty is formed and fortified. Loyalty will matter for brands because bringing an audience back again and again, through thick and thin times, and for more – and with others – is a profit growth engine. Falling loyalty levels simply reflect failure to meet rising emotional demands. And a corollary of higher emotional demands met is higher commitment returned, which expands the loyalty levels attainable by a brand. The opportunity to stand out is massive for brands that deliver big on emotion. The icing on the loyalty 'cake' is how fast devotion can catch on in the digital world. To reorder a classic line of the late great Steve Jobs: Amazing. Click. Boom!

LOYALTY IS A TWO-WAY DEAL

Lovemarks theory recognizes that people personify the world around them and can feel they have relationships with products, services, companies and countries, not just with other people¹⁶ (Susan Fournier). The idea that people are too busy to care strongly about (and therefore be loyal to) brands – whatever the category or industry – is at odds with reality.

Brands are increasingly trying to behave like people, to be more intimate as marketing shifts away from a many-to-one towards a one-to-one interactive model. Research shows that people like brands that behave like human beings¹⁷ (Lippincott). People around the world are placing more importance on experiences¹⁸ (Jack Morton).

The double edge of technology – the power to be ubiquitous *and* intimate – has exposed brands to people's blowtorch stare and has both challenged and empowered brands to get up close to people and touch their lives. The opportunity – data enhanced – is incredible. Loyalty is easier to lose, but also easier to win if managed well. More and more brands are customizing, personalizing, interacting with, and anticipating the needs and desires of people in what is becoming a 'consumer is brand' reality.

15. For example, in research consultancy Brand Keys' *2014 Customer Loyalty Engagement Index* (CLEI), consumers' emotional expectations levels across 555 brands in 64 product/services categories researched increased by an average 28%, to the highest levels in the 18-year history of CLEI.

16. In 1998, Susan Fournier, a brand-relationship pioneer at Boston University, showed the complexity of brand relationships through a typology of 15 consumer-brand relationships. These run positive through negative, ranging from 'brand marriages', best friends, casual friends and childhood friendships through to flings, dependencies and enslavements. See Susan Fournier, "Consumers and their brands: developing relationship theory in consumer research," *Journal of Consumer Research*, 1998.

17. See Lippincott's *The Human Era Index*, part of a larger report *Welcome to the Human Era*, a collaboration between Lippincott and Hill Holliday.

18. A study by Jack Morton Worldwide, *Best Experience Brands*, found that no matter their geographic or cultural differences, when it comes to brand choice, consumers around the world are placing more importance on experiences. Four thousand adult consumers in the US, UK, Australia and China were surveyed.

Person and product are anything but divided in a consumer society; they overlap. Research by Dr. Paul Zak, an economist and neurobiologist and founding Director of the Center for Neuroeconomics Studies at Claremont Graduate University, has identified the instances when people love brands more than people, triggered by a ‘story button’ in the brain.¹⁹ In an experiment, when a brand outperformed a person, there was always a sense of connection driven by story²⁰ (Innocean). Zak came to this conclusion by testing the amount of oxytocin – a molecule connected to love and attachment and the emotion triggered when you’re hugged by a loved one – released in people’s brains when they’re asked about brands they claim to love. And scientists from Duke University have found that emotion and value are handled by the same part of the brain, the ventromedial prefrontal cortex located between our eyes – arguably weakening our ability to make impartial judgments about economic value over desire²¹ (Amy Winecoff *et al*).

The mature American market is a bellwether of sentiment in the rise of the consumer class, a class which rising Asia is going to dominate²² (OECD). A recent study of U.S. adults, asked “How would you feel if [your favorite brand] went away or no longer existed?” Fifty-one percent of respondents said they would be devastated²³ (Gensler). Another case indicates U.S. consumers love the brands that love them; loyalty is now a two way street. The national survey of consumers found that nearly half of people between 18 and 44 years of age feel that any loyalty they feel toward brands in the future will have to derive from the types of experiences brands create for them²⁴ (Analytic Partners).

The smarter and more human that technology gets, the more the people/brand line blurs. The mobile revolution is front and center. Intel social scientist Genevieve Bell – who sees the ties with our devices becoming a relationship – recalled hearing this statement about a phone: “I fight with it sometimes, but we make up, and I know it will always have my back.”²⁵ And now on the radar, significantly, chatbots which allow people to chat with brands²⁶ (WSJ).

Tom Eslinger, Saatchi & Saatchi’s Worldwide Creative Director of Digital, advocates ‘Mobile First’ for all marketing, such is the scale of interactions occurring. He uses a ‘MIST’ solution – Mobile, Intimate, Social, Transactional. *Mobile* in the sense of having a uniquely mobile reason for being. People use mobile to save or waste time; which to deliver on? Seemingly impersonal tools like indexes, surveys, databases, and profiles are making mobile campaigns *Intimate*. *Social* is so integral it is practically part of the operating system. Make it easy for people to share content and weave into conversations. *Transactional* could be registering intent, or clicking to buy. Always be transparent, approachable and intuitive.²⁷

19. Paul Zak, *The Moral Molecule: The Source of Love and Prosperity*, Dutton, 2012.

20. Innocean, Brand Love study, “The ‘Story Button’ In Your Brain: Neuroscience Study Sheds Light On Brand/Human Love,” *Fast Company Co-Create*, March 12, 2014.

21. Amy Winecoff, John Clithero, McKell Carter, Sara Bergman, Lihong Wang, Scott Heuttel, Duke University, “Ventromedial Prefrontal Cortex Encodes Emotional Value,” *Journal of Neuroscience*, July 3, 2014.

22. Asia will make up 66% of the global middle-class population and 59% of middle-class consumption by 2030, compared to 28% and 23%, respectively in 2009 (OECD).

23. Gensler’s 2013 *Brand Engagement Survey - The Emotional Power of Brands*.

24. Analytic Partners, “Consumers Love the Brands that Love Them,” April 16, 2013.

25. “Intel Sociologist Says the Love Affair Between Us and Our Gadgets Is Turning Into a Real Relationship,” *allthingsd.com*, September 12, 2013.

26. “Advertising’s New Frontier: Talk to the Bot, Chat App Kik Unveils Feature That Lets Users Converse With Dozens of Brands,” *The Wall St Journal*, July 27, 2014.

27. Tom Eslinger, *Mobile Magic: The Saatchi & Saatchi Guide to Mobile Marketing*, Wiley, Hoboken, 2014.

LOYALISTS ARE A BRAND'S MVP

Loyalty exists on a spectrum. Outside fairy stories, loyalty is rarely absolute, and 'Loyalty Beyond Reason' is not a claim to 100% loyalty. After all, loyalty in human relationships gets tested and can be betrayed. So it goes in a commercial brand equation, inevitably more so²⁸(Francesca Gino). And as you would expect, loyalty will vary by category and other factors²⁹(Nielsen).

A company can get anyone to buy something once, including using sheer physical presence by number of locations, for example to saturation point (a.k.a. ultimate access, convenience and availability) in Manhattan by Starbucks or in the world by Coca-Cola. Distribution matters intensely. The reason that repeat purchase is hard is that it means delivering what matters most to people in a particular space, every time, with an experiential emotional interface, be it an empathetic screen anticipating your every next question and instinct, or an aisle which provides some delight or decent signposting. It means providing what people will make sacrifices to give up (i.e. they will pay more for the experience of buying from you rather than a cheaper competitor) – and how many brands do this? A brand that delivers what people love is going to win³⁰(Batra, Ahuvia, Bagozzi).

In the US coffeehouse sector, expected to climb to \$33.1 billion in revenues by 2017, Starbucks has achieved a remarkable 40% monthly repeat visitation compared to alternatives including the rising artisanal coffee movement³¹(Mintel). "Starbucks makes customers welcome on a number of common-sense levels. They've gone out of their way to get their customers to live there. The enduring brand loyalty is about the core offerings, which is not just coffee. It's the experience of going to Starbucks"³²(Priya Raghbir). "And people are willing to pay a premium for these things. Despite falling prices of wholesale coffee, Starbucks raised the prices of many drinks early in 2012, and still the customers poured in"³³(HuffPo).

Can loyalty drive business results for any brand? Saatchi & Saatchi starts from a position that loyalty is an emotional property, and emotion can be built without limits. Any brand can become a Lovemark. It doesn't matter whether it is a big-ticket car or a smaller-ticket premium diaper, a daily coffee or a yearly smartphone, an online retailer or an in-store emporium, an inspirational person or desirable destination³⁴(Brian Sheehan).

28. Harvard Business School behavioral scientist Francesca Gino writes at *Scientific American* on research findings that 'brand flirting' can make loyal consumers even more committed to their usual brand, February 4, 2014.

29. See, for example, "Nielsen Survey: 84 Percent of Global Respondents More Likely to Visit Retailers that Offer a Loyalty Program," December 11, 2013, and ClickFox, "Lack of Trust and Negative In-Store Experiences Drive Consumer Attitudes in Sharing Data with Brick and Mortar Retailers", May 19, 2014.

30. In one case, researchers identify seven components of brand love: self-brand integration, passion-driven behaviors, positive emotional connection, long-term relationship, positive overall attitude valence, attitude certainty and confidence (strength), and anticipated separation distress. They found that when consumers feel a sense of love for a brand they have a higher sense of brand loyalty, spread positive word-of mouth, and resist negative information about that brand. See Rajeev Batra, Aaron Ahuvia, Richard P. Bagozzi, 'Brand Love,' *Journal of Marketing* Vol. 76, No. 2, March 2012, 1-16.

31. Mintel study 2012. "Starbucks Brand Loyalty Keeps It Ahead Of The Artisanal Coffee Movement," *The Huffington Post*, March 7, 2013.

32. *Ibid.*

33. *Ibid.*

34. See a range of case stories in *Lovemarks: How the world's top marketers make emotional connections to win in the marketplace* by Brian Sheehan, powerHouse Books, New York, 2013. And for an indication that emotional branding is just as effective for utilitarian products (such as gasoline and laundry detergent) see John Rossiter, University of Wollongong, Steve Bellman, Murdoch University, "Emotional branding pays off: how brands meet share of requirements through bonding, companionship and love," *Journal of Advertising Research*, September 2012, 52(3), 291-296.



Winning loyalty has certainly gotten harder in many categories, such as whiteware home appliances where “due to mergers, acquisitions and the rapid pace of innovation in the industry, products can vary drastically from year to year, even if the label on the front remains the same”³⁵ (Keith Barry). Many brands are in the hands of the salespeople, shelf stackers, cashiers on the floor; retailers, merchandisers, dealers. These vital intermediaries can communicate the bonds that build loyalty in seconds. And the people who have unequivocal loyalty for brands have unprecedented power to attract and convert fellow enthusiasts.

Lovemarks.com has drawn stories from consumers about everything as exotic as step ladders, window treatments and chainsaws³⁶ (Lovemarks.com). These stories are from brand ‘lovers,’ the faithful, the ‘fans’³⁷ (Warc). In commerce – an ever-increasing participatory event rather than static player-audience – Saatchi & Saatchi calls fans ‘inspirational players’ because they are becoming members, producers and reporters. This is the advance party of a power shift rippling across everything from manufacturing to healthcare to transportation and education. We live, work and play deep in a Participation Economy.

Fans are not usually a numerically significant percentage of a brand’s overall buyers but have outsize impact on building a winning brand. And the impact of fans is more powerful than thought. The Cambridge Group, a Nielsen company, has identified a subset of heavy users it calls ‘superconsumers’ who combine high engagement with big spending and strong interest in new uses – and contrary to belief, account for at least three times as much growth as other consumers. With analysis across 124 consumer-packaged goods categories, it was found on average that this group represents 10% of a category’s customers but accounts for 30% to 70% of sales and an even greater share of profits. From Nielsen cases, it is seen that strategies focusing on this group – who are never easier to reach than now – can drive sales growth, with further benefits such as increasing marketing efficiency. And companies have successfully executed superconsumer strategies in industries as wide-ranging as consumer durables, apparel and financial services³⁸ (Yoon, Carlotti, Moore).

35. Keith Barry, “Brand Loyalty Doesn’t Matter,” *USA Today*, August 18, 2014.

36. Lovemarks.com is a repository of over 20,000 Lovemarks stories from people living in over 100 countries. The #1 Lovemark is Indian movie star Shah Rukh Khan.

37. Warc reported in January 2014 on how PepsiCo believes brand “lovers” should play a more important role in market research than they often do at present.

38. Eddie Yoon, Steve Carlotti (The Cambridge Group), and Dennis Moore (Nielsen), “Make Your Best Customers Even Better,” *Harvard Business Review*, March 2014.

Brands need to find, nurture and lever their fan base. Here's how:

- **Shared values:** This is a belief that both the brand and consumer have about a brand's higher purpose or broad philosophy. Sixty-four percent of respondents in the 2012 Corporate Executive Board study cited shared values as the primary reason to have a brand relationship. This is far and away the largest driver.
- **Community:** Fans instigate and inspire community, which is increasingly the currency of value in a digitally-empowered audience-mediated future. Brands must have values on the road ahead, not just provide value. They need purpose, and to walk their talk. There must be a unique story the audience can narrate, not a 'how did we do?' form³⁹ (Tom Mahoney). A brand without a human community of support and involvement will struggle.
- **Trust:** Fans generate the single most important purchase influencer: word of mouth. The less people trust advertising, the more important word of mouth becomes⁴⁰ (Gensler). Brand building is now less about storytelling and more about story sharing, whether the story is fact, opinion, review, image or film.
- **Efficiency:** Fans drive earned media. They build brands for free. In the 20th century heyday of brands, the focus was on the product. Now the focus has to be on people – or they will vote you out of business. The job is to get people to join your party, in elections held daily. Brands have to create movements and inspire others to join in.
- **Influence:** Fans buy repeatedly, pay premiums, champion reviews and drive popularity, a magnet that attracts new users each day and convinces the majority of infrequent users, who are important for brands. Algorithms read tastes, but consumer markets will follow the tastemakers who are human trailblazers, from mavens to micro-celebrities⁴¹ (Gladwell).
- **Velocity:** Today we live in an always-on, impulse-driven, instant-everything Age of Now. From an Oscar Samsung Selfie going global to a Tide SuperBowl tweet going local, brands can travel like never before. The Age of Now consumer cycle is: See it; Search it; Shop it; Share it. Fans have a digital megaphone. The Internet and social media have turned word of mouth into an instant and exponential growth engine. The right influencer, the one that a brand's audience follows and trusts, represents real-time advocacy at speed and scale.
- **Access:** Fans are easy to reach in a data-fueled social media universe – and they are easy to mobilize cost-effectively. For starters, fans sign up to email lists, download apps, try line extensions and become 'likers' on Facebook.⁴²
- **Ownership:** Fans offer up external insights and ideas that turn 'liked' into 'loved.' Lovemarks are owned by people, not by companies. Consumers are becoming producers, and small players have big reach. Winning brands bring loyalists into the engine room of the creation process.

39. Speaking of Chevrolet's partnership with Manchester United, GM CMO Tom Mahoney said "We know that people are increasingly drawn to brands with a purpose... What we're doing with CSR is making it more connected to our wider 'Find New Roads' marketing strategy in a way that makes us more relevant to sport and ultimately to our customers in order to drive trials, purchases, loyalty and brand equity." Marketing Week UK, August 18, 2014.

40. In the 2013 Gensler Brand Engagement Study of U.S adults, 94% of survey respondents were likely or very likely to recommend their favorite brand to friends or family.

41. According to journalist and author Malcolm Gladwell, writing about connectors, mavens and salesmen: "The success of any kind of social epidemic is heavily dependent on the involvement of people with a particular and rare set of social gifts."

42. A study commissioned by social data company ShareThis and The Paley Center for Media has found that positive online recommendations can boost the price consumers are willing to pay by an average 9.5%. Negative recommendations can reduce the likelihood of purchasing a product or service by up to 11%.

BRAND LOYALTY CATALYST – CREATIVE LEADERSHIP

In business, reengineering, restructuring and ‘re-everything’ have exhausted people – and they didn’t get us to a brighter, shinier future anyway. The breakout of any deadlock is creativity. The more unremarkable brands get, the more valuable ideas become.

Cultures that have the most ideas are best placed to win, because creativity has unreasonable power. Ideas have reframing power, talking power and sharing power. Old world power, scale and money have been eclipsed by the velocity of ideas.

Companies have to be very active about having ideas. Double Nobel Prize winner Dr. Linus Pauling said the best way to get a good idea is to have a lot of ideas. Getting to a big idea is about having lots of small ideas, communicating them quickly and cheaply, and adapting on the fly. This hacker approach recognizes that big ideas are scarce, strung out over time, and investment hungry. A big idea might run for a decade or three, but small ideas that continuously improve are the daily bread.

The classic top-down leadership model is not flexible enough or fast enough for our high-speed connected Age of Now. It can’t meet the innovation standards that both new and loyal customers now demand. McKinsey projects that 75% of players listed on the S&P 500 could be out of business in 13 years.⁴³ The leadership ahead has to be based on creating a culture where the production line generates one thing, day after day: ideas that solve everyday consumer problems. Think of how categories have been reinvented by ideas: household cleaning (Swiffer, Dyson); urban transportation (Uber); air travel (Southwest, Virgin); motoring (Toyota hybrids and Zipcar); accommodation (Airbnb). Even the humble saucepan is up for reinvention; Oxford University rocket scientist Dr Thomas Povey has created a new pan which heats up more quickly, cooks food faster and uses 40% less energy.⁴⁴

Creative Leadership brings together flat creative groups that run on the inspiration, collaboration and rapid prototyping needed to crack the world of complexity fast. The CEO’s challenge is to inspire the creative people (the pirates, the mavericks, the free thinkers) who love the enterprise, and let their passions scale the company.

Pushing ads at brand weary audiences is dead. The business of communications is about partnering to create and execute ideas bigger than advertisements. This demands agile teams across advertising, technology, design, media, PR and the audience itself. It requires rapid response in everything from curating content to crowd-sourcing ideas.

43. McKinsey, “Meeting the innovation imperative: How large defenders can go on the attack,” July 2014.

44. “How a rocket scientist from Oxford University has reinvented the saucepan,” *The Telegraph*, July 9, 2014.

Influencing an audience is complex because mass communication now has to be both personal and channel agnostic – creating a synchronous seamless experience, a continuously unfolding narrative. People want brands that are there *for them* – when, where and how it counts. Brands have to connect digital, social, and mobile with storytelling, story sharing, and the idea. The victors will connect original content with consumers, where and when they want it, with the right cost model. As it stands today, content marketing in the form of social video is king. Video is often the preferred method of communication for consumers, accounting for 78% of online traffic. This number continues to rise, with Cisco predicting that video will account for 84% of all Internet traffic by 2018.⁴⁵

The strategic equation for every business in any industry is IQ + EQ + TQ + BQ. Companies need to add intellectual quotient to emotional quotient to their technology quotient – and do it bloody quick!

EMOTION IS THE DRIVER OF SALES

According to one Big Data expert, “We’re moving towards a ‘post-automated’ world, where the valuable thing about people will be their emotional content”⁴⁶ (SriSatish Ambati). This hits truth in the digital era. The more embedded that quality, service, distribution and performance become, the more the degree of emotional experience is the difference.

Entrepreneur Tony Fadell of Google-acquired Nest Labs, which creates smart appliances, is on this arc. “I’m going to create an emotional connection to the smoke detector,” said Fadell, who led the team that created the first 18 generations of the iPod and the first three generations of the iPhone. Nest charges premium prices for high-design products.

A recent U.S. survey found 88% of digital marketers would increase ad spend on digital branding campaigns if they could make emotional connections with users, while 30% think ads bought through programmatic methods damage brand loyalty or otherwise negate their branding objectives⁴⁷ (Millward Brown).

A premise of Lovemarks is that they come from a bigger place than ‘selling stuff.’ Regardless of category, Lovemarks aim to make the world a better place with what people care about, not jog people’s memories with what they care less about. For example, with Toyota automotive power, Saatchi & Saatchi helped complete the final mission of the 300,000 pound Space Shuttle Endeavour in Los Angeles, leading to 131 million Twitter impressions, a billion unpaid media impressions, and a 31% jump in Tundra sales.⁴⁸ In another case, T-Mobile’s estimates that “Royal Wedding” – a rocking take on the 2011 British Royal Wedding using look-alikes – delivered £6 economic return for every £1 spent on it. This became the second-most-viewed commercial video of 2011⁴⁹ (Brian Sheehan).

45. Colin Osing, “Video is the New Black for Content Marketing,” *business2community.com*, August 3, 2014.

46. “Valuable Humans in Our Digital Future,” quoting Oxddata co-founder and CEO SriSatish Ambati, *The New York Times*, Bits, May 3, 2014.

47. “Emotional Connections Attract Digital Marketers’ Branding Dollars,” Millward Brown Digital, May 30, 2014.

48. “The Best Global Auto Ads,” *AutoAdOpolis*, January 14, 2014.

49. Sheehan, *Lovemarks*.

Brands certainly have to be available, in place and in mind⁵⁰(Byron Sharp). The example of the ubiquitous presence of Starbucks and Coca-Cola referenced previously, goes some way to explaining the level of loyalties these brands command. If you can't get it or can't recall it, you won't buy it. This logic goes only so far, and does not take into account the growth of online commerce – worldwide B2C ecommerce sales are forecast to increase 20.1% to \$1.5 trillion in 2014⁵¹ (eMarketer) – or the corresponding decline in foot traffic to big-box retail stores and malls. U.S. retailers got only about half the holiday traffic in 2013 as they did just three years earlier. Declines of 28.2% were tracked in 2011, 16.3% in 2012 and 14.6% in 2013⁵²(ShopperTrak).

The weightier issues for marketers wanting to kindle brand loyalty have less to do with functional elements such as distribution and advertising, and more to do with emotional fulfilment. Consumers are asking “how does this brand improve my life?” and “how do I *feel* about this brand?”

These questions are a call for emotional engagement from brands. For viral potential, positive emotions beat negative ones, and any emotion beats none at all⁵³(Rosanna Guadagno *et al*). Emotion that is calculating, casual or cloying has little value. When emotion makes people feel something deeper, it makes them want to share. A Johns Hopkins researcher studied 108 Super Bowl commercials from the 2014 broadcast to analyze the traits that stood out from those that were most popular. He found that it was all about the quality of the story. Not sex. Not humor. The more complete the story, says the researcher, the higher the commercial performs in the ratings polls; the more people like it, the more they want share it⁵⁴(Keith Quesenberry).

People want to be emotionally engaged and involved in the story, whether it's the middle, end or the beginning. This applies East to West. Chinese consumer spending is expected to grow from \$2.03 trillion in 2010 to \$6.18 trillion annually in 2020, a threefold jump⁵⁵(Boston Consulting Group). In 2013, a major study of consumer behavior in Tier 1 to 4 cities in China involving 22 product categories found that emotional factors ranked first as a reason to buy for more than half of the categories considered⁵⁶(GroupM). And another 2013 study about direct marketers looking for ways to tap into a receptive audience of eager television viewers concluded that consumers with a strong emotional connection to a brand are 47% more likely to contribute revenue⁵⁷(NewMediaMetrics).

Psychologists like Nobel Economics laureate Daniel Kahneman have shown how people are not rational decision makers. The Canadian neurologist Donald Calne encapsulates “the essential difference between emotion and reason is that emotion leads to action while reason leads to conclusions.”⁵⁸

50. According to Lovemarks critic Professor Byron Sharp, Director, Ehrenberg-Bass Institute for Marketing Science, University of South Australia, brand competition and growth is largely about building ‘mental’ and ‘physical’ availability.

51. “Global B2C Ecommerce Sales to Hit \$1.5 Trillion This Year Driven by Growth in Emerging Markets,” *eMarketer*, July 3, 2014.

52. “Stores Confront New World of Reduced Shopper Traffic,” *The Wall St Journal*, January 16, 2014.

53. Rosanna Guadagno, Daniel Rempala, Shannon Murphy and Bradley Okdie, “What makes a video go viral? An analysis of emotional contagion and Internet memes,” *Human Behavior* 29 (2013).

54. “Super Bowl ads: Stories beat sex and humor, Johns Hopkins researcher finds,” *The Hub*, January 31, 2014.

55. Boston Consulting Group, “To Fully Participate in the Emerging \$10 Trillion Consumer Market, the West Should Embrace China and India—Not Distrust or Ignore Them, Says New Book by The Boston Consulting Group,” October 2, 2012.

56. GroupM, “Chinese consumers get more emotional,” December 16, 2013.

57. “Must Buy TV: Emotional Attachment Generates ROI,” *Direct Marketing News*, September 4, 2013.

58. One large-scale survey of buyers of frequently purchased consumer products found that for such products, full-strength emotional branding is achieved among, at most, only about 25% of the brand's buyers but that, if attained, it pays off massively in terms of personal share of purchases. See Rossiter and Bellman, “Emotional Branding Pays Off: How Brands Meet Share of Requirements through Bonding, Companionship and Love.”

A signature example was the ‘Gorilla’ advertisement for Cadbury’s Dairy Milk, released in 2007 and made by Fallon London. A gorilla on a drum kit grooves to Phil Collins’ “In the Air Tonight” for 127 seconds; there is a four second Dairy Milk logo at the close. The results? Increased brand perception. Online views totaled over seven million. Return on investment was three times the average for packaged-goods marketing campaigns.⁵⁹ Still on chocolate, Mondelez International used the Facebook News Feed to engage young people with ‘storytelling at scale’ for reach and impact. In results measured, there was a 66% lift in purchase intent for those exposed to Facebook and TV over TV alone. Sales of single Cadbury Creme Eggs rose 9% compared to 2012, despite a shorter season in 2013.⁶⁰

In the store, shopper marketing underlines how keeping a brand ‘salient’ scratches the surface of the depths that drives sales. Shopper psychology underlines the importance of appealing to emotional as well as functional needs, of being relevant *and* compelling. Shopper marketing is about delivering on an underlying emotional need at just the right moment. A shopper may buy toothpaste that claims to whiten his or her smile the best, but underlying this functional need is a desire to feel more attractive and confident on a date⁶¹ (Christopher Gray).

People’s search for emotional benefits is a constant across time, and the job is to know which emotions to engage. Shouting for attention – “selling by yelling” – won’t get a brand on a shopping list or in the shopping cart or shopped at a specific store. This demands a direct line between store/product purpose and emotional benefit, drawn at the right moment. It recognizes that all brands have a personality in people’s minds – from utterly boring to totally exciting. How else can they fit, or be communicated to fit, into people’s lives?

Emotion is the key whether the message faces consumers, citizens or businesses. A 2013 study across seven different B2B industries indicated that only 14% of B2B buyers see enough meaningful difference between brands’ business value to be willing to pay extra for that difference. And it found that personal value (based around emotion) has twice as much impact as business value (based around logic/reason). Due to the level of personal risk B2B buyers feel, B2B buying is highly personal – even more so than B2C buying⁶² (CEB).

59. “Admen have made a marketing guru of Daniel Kahneman, a prizewinning psychologist,” *The Economist*, December 7, 2013.

60. Sonia Carter, who leads digital and social for Mondelez International in Europe: “This campaign has proven to us that an approach to social that focuses on News Feed, responds in real time to audience engagement by adjusting content and boosts the best content with paid media can deliver tangible business results for our brands.” See promotion feature *Campaign*: “Connected Campaign of the month: Cadbury Creme Egg,” October 24, 2013.

61. “The Psychology of Shopping,” Christopher Gray, Saatchi & Saatchi X, *Admap*, October 2013.

62. “From Promotion to Emotion: Connecting B2B Customers to Brands,” CEB Marketing Leadership Council, 2013.

BIG DATA NEEDS BIG LOVE

We have entered an era of data mining, excavating, crunching, modeling, measuring, predicting, visualizing, automating, tracking, sensing, monitoring, targeting and deciding. Big Data plays at every decision point in every industry, from purchase through to performance. Data is in the midst of everything. It is a dream scenario for brands to find their audiences, know individuals backwards, discover what counts for them, and deliver at warp speed.

Is Big Data the new nirvana? Is this the perfect marketing moment? Gartner says that by 2017 the CMO will spend more on IT than the CIO. Good luck to the new 'Chief Metric Officer,' unless she or he is also a 'Chief Magic Officer,' because magic will always need to be sprinkled.

Big Data needs Big Emotion, because algorithms will never read and respond to humans the way humans do. The Big Data machine can read the lines, but not between them. Big Data can turn up at the perfect moment, but not ignite it. It can spit out stories based on what came before, but it can't dream the difference and feel the empathy that builds billion-dollar loved brands. Until data is flesh and blood, it will be the incalculable factors, the unexplainable pulses and the mind-blowing ideas that fly the machine over the line.

In the domain of business decision-making, human emotional factors are found to trump data-based rational and analytical drivers. In a study of 720 global business leaders, a majority (62%) of executives say it is often necessary to rely on gut feelings and soft factors such as company culture and values. When choosing a company to do business with, 70% of the respondents cite reputation as the most influential factor⁶³ (Fortune, gyro).

Big Data and Big Emotion have to join forces, not fight each other. As clients walk the tightrope, Saatchi & Saatchi and its research partners employ a suite of tools – both analytics-driven and emotion-driven – to get empathetic insight into consumer motivations so that our creative ideas have laser focus and drive results.

Three examples:

1. Technology that finds the emotional space a brand will grow in and that measures in real time the shifts/sentiments of feelings about the brand. We can get an emotional balance sheet of a brand historically or in real time to see strengths, opportunities, weaknesses and paths to avoid. Hotspex of Toronto are pioneers in this field with their heatmap-based Emotional Measurement Technology™.
2. Xploring – a Saatchi & Saatchi-originated ethnographic method that goes beyond data and journeys deep into people's lives to uncovers revelations about human behavior.
3. Context research that uncovers consumer behaviors and motivations. The ideas that emerge from these insights all begin as media-neutral, and go to wherever the concept takes them, from traditional media to digital activations to brand activations.

63. "Big Data Counterpoint: Emotion Trumps Data for Business Decision Makers, Says Fortune Knowledge Group and gyro Research—New Report Reveals the Undervalued Role of Emotion in Business Decisions," Fortune Knowledge Group and gyro, press release, July 28, 2014.

LOVE WINS ON ALL LEVELS

Winning as a brand is not just about selling *more*. Notably, it's also about selling *for* more. As brands become more commoditized, the ability to charge a premium grows more valuable.

Emotion is the key to premium returns⁶⁴ (Gensler, Jack Morton). Lovemarks drive premium margins. An example in China is Safeguard soap. Safeguard is more than soap; it is about better health. It is very much a movement led by Chinese mothers. Procter & Gamble likens it to a family's everyday insurance policy. Safeguard's share of the bar soap market in China stands at over 50%. Safeguard commands a premium price in a category where commodity pricing is the norm⁶⁵ (Brian Sheehan).

With the rise of emotional expectations, value-for-money is but a factor of the consumer value equation. A Lovemark delivers 'priceless value', which answers a thirst for purpose, experience and community. For example in transport, a priceless moment could be anything from driving a hybrid vehicle to finding a car park and sharing the micro-moment of victory with your family.⁶⁶ Priceless is a feeling, not another brand function or attribute. Being able to access that feeling by coming back to a brand again and again is a key to success.

Another way that love builds brands is through extendibility. The luxury business is inherently emotional. And it shows the game-changing impact of emotion for all brands. Hedonics data has indicated that products positioned as luxury items are preferred vs. those that are positioned on performance or value. More importantly, luxury cues build brand equity and make brands *more* extendable⁶⁷ (Hagtvedt, Patrick). While functional positioning can limit growth by extending into new categories, emotional experience builds in more 'stretch.' A nice example of brand extendibility: Luvs diapers "Lullaby Lift" answered parents' tweet for a car ride at night time to get their babies to sleep, and sent them away with Luvs with NightLock so their children stay dry and everyone sleeps better.

Brands with emotion win across volume, share, margin, and reputation. Brands that are 'meaningful' have outperformed the stock market by 120%, akin to top hedge funds⁶⁸ (Havas). U.S. companies featured in the book *Firms of Endearment* have outperformed the S&P 500 by 14 times and *Good to Great* companies by six times over a period of 15 years. "Today's greatest companies are fueled by passion and purpose...These rare, authentic firms of endearment act in powerfully positive ways that stakeholders recognize, value, admire, and even love. They make the world better by the way they do business – and the world responds"⁶⁹ (Sisodia, Sheth, Wolfe).

64. For example, in the 2013 Gensler Brand Engagement Study of U.S. adults, 43% of respondents are willing to pay more for their favorite brand, and 29% already do. In the study by Jack Morton Worldwide, *Best Experience Brands*, nearly 6 in 10 consumers were prepared to pay more for a brand that offered a great experience.

65. A case story on Safeguard is found in *Lovemarks*, Brian Sheehan, 2013.

66. In Brazil, online service Reservagas lets consumers book shopping mall parking spaces in advance.

67. Henrik Hagtvedt and Vanessa Patrick, "The broad embrace of luxury: Hedonic potential as a driver of brand extendibility," *Journal of Consumer Psychology*, Volume 19, Issue 4, October 2009, 608–618.

68. Havas Media Group's 2013 *Meaningful Brands Index*, a global study.

69. *Firms of Endearment: How World-Class Companies Profit from Passion and Purpose* (2nd edition), Rajendra Sisodia, Jagdish Sheth, David Wolfe, Pearson FT Press, 2014.

FIVE WAYS TO WIN

Brands are in a tougher era from the one they grew up in. While consumers expect more from brands than ever to earn their loyalty in the technological century – from offers, rewards and time-saving methods to empathetic interfaces and unique experiences – and can switch brands faster, the potential for a brand to deliver on heightened emotional demands is greater than ever.

The irony is that while loyalty was never easier to lose, it has never been easier to win for a brand that is emotionally-wired. The opportunity – not just to drive repeat sales but also to command premiums, build share and extend range – is great for a brand that understands its audience and can unlock Mystery, Sensuality and Intimacy to meet their emotional expectations.

The evolved brands we call Lovemarks have always done this. People love them, buy them and come back for more consistently because these brands respond to what people care about. They are emotionally-tuned, emotionally-capable and emotionally-executed. This is the new standard.

Here are five ways brands must act to survive and thrive in the consumer age:

BE INSPIRATIONAL. Winning as a brand demands a climate where creativity can thrive, where diversity is standard, and where ideas fly in all directions all of the time. This means building environments that physically and emotionally inspire everyone in the brand's orbit. There is a dream in full view for everyone to reach for. Creativity and innovation are in everyone's job description, and the crazies and misfits (especially the loyalists, the fans) get a seat at the decision table. Everyone on the production team gets responsibility, learning, recognition and joy in equal measure. This is the blueprint for Creative Leadership.

For example, the venerated Melrose Avenue and Santa Monica emporiums of Fred Segal in Los Angeles have announced expansion plans, constructing enormous "way of life centers" ranging from 10,000 to 50,000 square feet in size, five in Japan and three in the U.S., commencing in Yokohama in 2015 and then New York as the next likely location. Says CEO Paul Blum, "Consumers are not happy with the retail experience – it's not as rich as it should be because the Internet has changed the way people interact. The question is, what will get them back into the store? And the answer is a fun, rich, interactive and entertaining experience. Our cultural centers will have food, exercise, wellness and hair care, in addition to the fashion. Having these other elements is a new thing. Shopping doesn't do well on its own anymore. Fred was an incredible merchant, and he was normally ahead of the curve in terms of introducing new items. When he did jeans in 1961, that was the newest thing. Some of the vendors of the original stores will be part of our future stores, so there's a continuity with the past."⁷⁰

BE PARTICIPATORY. Uber to Houzz, participation is at the core of many brands currently on a roll. Amidst complexity, technology and ingenuity are shuffling the supply chain across industries as smart brands ride the power surge to consumers. In commerce, scale has given way to connectivity, creativity and collaboration as the road to victory. Brands that put up walls will die. The more that brands bring their consumers, customers and partners into their secret garden, the greater the rewards that will flow back in, and the bigger the garden will grow. The new ROI is Return on Involvement.

70. Adrienne Pasquarelli, "Fred Segal CEO plans brand expansion," *Craigslist New York Business*, August 30, 2014.

BE VISUAL. More than 50% of the cortex, the surface of the brain, is devoted to processing visual information⁷¹ (David Williams). Images, Instagram⁷² and infographics are becoming hot properties in the information-tsunami for good reason. People today are aesthetically adept; they process images thousands of times faster than text, and love to share cool imagery. We are drawn to beauty and universality. In Lovemarks, this is the vision button. The visual story of a brand is its life journey.

BE FAST. Priceless value arrives on time, and whether we're talking curing killer diseases or simply feeding the kids, there is less time available for people than ever. Across production, distribution and communication, brands have a need for speed. Tom Peters' "Test fast, fail fast, adjust fast" could just be the business line of the century. Google has the talent prototype: "...the No. 1 thing we look for is general cognitive ability, and it's not I.Q. It's learning ability. It's the ability to process on the fly. It's the ability to pull together disparate bits of information."⁷³

In Asia, sociability is an innate part of the cultural fabric. Indonesia is Twitter's third largest country worldwide with more tweets coming from Jakarta than Tokyo, London and New York.⁷⁴ Makati City in the Philippines is the 'Selfie Capital of the World,' with 258 selfie-takers per 100,000 people.⁷⁵ China is the e-commerce center of the world, with 450 million people now on 3G smartphones.⁷⁶ In the Asia Pacific region, in order to move at the speed of culture, Saatchi & Saatchi has responded to the 'no phone to smartphone' phenomena by developing Live Creativity. Pioneered in Thailand as a means of injecting 'liveness' into brand communications, the approach is now embedded in offices throughout the region by way of Live Hubs. For local brands as well as multinational ones – Coca-Cola's Minute Maid, Lexus, ASB Bank, Garena – Live Creativity has been activated to respond to real-time events, give people the opportunity to collaborate and participate in an unfolding idea or story, use the 'wisdom of crowds,' and enable brands to evolve, be interactive, playful and relevant.

BE INTIMATE. Brands are becoming human relationships, and the strongest relationships are intimate. The more social that brands act, the better they do. The more friends they make, the better they do. The more they cultivate their friendships, the better they do. The more empathy, trust and love that brands stream out, the more that comes back in a multiplier effect.

71. David Williams, William G. Allyn Professor of Medical Optics, University of Rochester, quoted in "The Mind's Eye," *Rochester Review*, March-April 2012.

72. Forrester Research has indicated that top brands' Instagram posts generated a per-follower engagement rate of 4.21% which meant Instagram gave these brands 58 times more engagement per follower than Facebook, and 120 times more engagement per follower than Twitter, *Forrester.com*, April 29, 2014.

73. Thomas Friedman, "How to Get a Job at Google," *The New York Times*, February 22, 2014.

74. "Emerging Markets Drive Twitter User Growth Worldwide," *eMarketer*, May 27, 2014.

75. "The Selfiest Cities in the World: TIME's Definitive Ranking," *Time*, March 10, 2014.

76. "Global Mobile Statistics 2014," *Mobithinking*, May 2014.

BELIEVING IT IS SPECIAL

A brand may not be your soulmate, but a great brand – a Lovemark – can be your best friend, earning your trust, affection and enduring loyalty.

As Oprah Winfrey said: “Lots of people want to ride with you in the limo, but what you want is someone who will take the bus with you when the limo breaks down.”

To finish, a cautionary tale for those who decide to mess with a Lovemark. And a reminder that “brands” are everywhere among us and include millions of brands you have never heard of and which absolutely rely on loyalty beyond reason, inside and outside the company. Brand loyalty is clearly something that starts with employees. Lovemarks are your people too. This is a complicated story from Boston – it could only be from Boston – whereby warring family factions at the 100-year-old Market Basket, a powerhouse in the grocery business with 71 stores and 25,000 employees across Massachusetts, Maine, and New Hampshire, one of the oldest family-owned businesses in the US, and with \$4.6 billion in annual revenue, caused the business to effectively shutter because workers were resolutely loyal – beyond reason – to the ousted CEO Arthur T. Demoulas (ousted by his cousin Arthur S. Demoulas, fellow grandson of the founder).

The workers walked out and raucously demonstrated for the reinstatement of Arthur T. “This isn’t work for us, this is a family,” said a protest organizer. “You take down one, you get the 25,000 behind us.” “Arthur T. comes back. That’s it,” said a 40-year Market Basket veteran who supervises facilities and operations. State Governors were involved in negotiations to resolve. Market Basket is a Lovemark for tens of thousands of New England grocery shoppers. They were distraught, forced to the alternatives. Rallies over the course of this summer’s protest movement have drawn as many as 10,000 people, mostly workers though many customers and some vendors have participated. “Wow,” said Ted Clark, executive director of Northeastern University’s Center for Family Business. “It certainly shows their loyalty. With all the craziness around them,” Clark said, “why not put it all out there?” “We’re a crazy bunch,” said one organizer. “If this was a poker game, we just went all in.”⁷⁷ The standoff ended when the Market Basket board accepted a \$1.5 billion offer from Arthur T. to buy out the 50.1% shareholding owned by Arthur S. “Rejoicing customers, workers, flood Market Basket stores,” rang one headline.

Jim Stengel, former CEO of Procter & Gamble, said the test of a Lovemark is what happens when you take it away, if it is withdrawn, disappears for some reason.

“Take away Tide or Pampers from loyal users and you’ll get real anger. Take away a Cover Girl lip shade from a girl whose skin tone loves it and you’ll have mum in the shop.”⁷⁸

And to wrap existentially, in the words of the latest signee to the #Lovemarks twitter, @Pri_thethinker7 from Mumbai, India, “To make anything special, you have to believe it is special.”

77. Reporting by the journalists of *The Boston Globe* and *Boston Herald*, July-August 2014.

78. Jim Stengel quoted in Kevin Roberts’ speech “Love’s Transformation,” Brussels, April 29, 2003.

FURTHER READING: SAATCHI & SAATCHI BOOKS

Consiglieri: Leading from The Shadows

By Richard Hytner, Deputy Chairman Worldwide, Saatchi & Saatchi
(Profile Books, London, 2014)

Mobile Magic: The Saatchi & Saatchi Guide to Mobile Marketing

By Tom Eslinger, Worldwide Creative Director of Digital, Saatchi & Saatchi
Foreword by Kevin Roberts, CEO Worldwide, Saatchi & Saatchi
(John Wiley & Sons, Hoboken, New Jersey, 2014)

Loweworks: How the world's top marketers make emotional connections to win in the marketplace

Brian Sheehan, Associate Professor of Advertising at the S.I. Newhouse
School of Public Communications, Syracuse University
Foreword by Kevin Roberts, CEO Worldwide, Saatchi & Saatchi
(powerHouse Books, New York, 2013)

Start With The Answer: And Other Wisdom for Aspiring Leaders

Bob Seelert, Chairman, Saatchi & Saatchi
(John Wiley & Sons, Hoboken, New Jersey, 2009)

Strategy For Sustainability: A Business Manifesto

Adam Werbach, Global CEO, Saatchi & Saatchi S (2008-2012)
(Harvard Business Press, Boston, 2009)

World Changing Ideas

Richard Myers, Creative Director Ideas Company Culture (1974-2010) and
Bob Isherwood, Worldwide Creative Director (1986-2008), Saatchi & Saatchi
Foreword by Buzz Aldrin (Palazzo Editions, Bath, 2007)

The Lovemarks Effect: Winning in the Consumer Revolution

Kevin Roberts, CEO Worldwide, Saatchi & Saatchi
(powerHouse Books, New York, 2006)

One in a Billion: Xploring the New World of China

Sandy Thompson, Worldwide Planning Director, Saatchi & Saatchi (1994-2010)
Foreword by Tom Peters
(powerHouse Books, New York, 2006)

sisomo: the Future on Screen

Kevin Roberts, CEO Worldwide, Saatchi & Saatchi
(powerHouse Books, New York, 2005)

Lovemarks: the Future Beyond Brands

Kevin Roberts, CEO Worldwide, Saatchi & Saatchi
Foreword by A.G. Lafley, CEO, Procter & Gamble (2000-2010) (2013-Present)
(powerHouse Books, New York, 2004)

Peak Performance: Business Lessons from the World's Top Sports Organizations

Clive Gilson, Mike Pratt, Kevin Roberts, and Ed Weymes, Waikato Management School
Foreword by Sir Edmund Hillary
(HarperCollinsBusiness, London, 2000)

Social Work: Saatchi & Saatchi's Cause Related Ideas

Edited and designed by Mark Thomson
(273 Publishers, London, 2000)

Brand Spirit: How Cause Related Marketing Builds Brands

Hamish Pringle, former Vice-President, Saatchi & Saatchi and
Marjorie Thompson former Director, Saatchi & Saatchi Cause Connection
Foreword by Edward de Bono
(John Wiley & Sons, West Sussex, 1999)

