

Brand Focus ... now more than ever !

Amicus Whitepaper: 18



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Amicus 
Brand Dimensions

When car companies no longer offer lease financing, you know times are changing. Historic shifts are battering the new global marketplace; and long-held economic truths are being severely challenged. Short-term outlooks continue to be modified downward – as many brands have already written-off 2008 and are focusing on 2009.

Many top CMO positions are changing-out; and organizations are attempting to understand near-term economic challenges versus fundamental shifts in their markets. Both appear to be occurring. New learnings are quickly being put into place as the better brands enhance their agility, flexibility, and real-time market intelligence. The “speed up” -- we’ve long visualized -- is here. Yet, the fundamental power of brand engagement, brand passion, and brand differentiation remain.

Especially in this environment – with quickly-changing cost economics, emerging global competitors, and an explosion of distribution and media – the physics of a brand’s “momentum” becomes all important. Brands with decelerating momentum are being caught in violent down-drafts. Short-term gains can easily mask decelerating momentum. Eventually, brands reach an inflection point where vast reinvestments are required to again motivate performance in the right direction.

Don’t assume that things will return as they used to be. Economic recessions, on a global scale, have a habit of permanently changing market structures. Insightful marketers, on the other hand, see this as a unique opportunity – a window into the future.

This economic slow-down, it seems, will in fact accelerate generational and cultural trends already underway. This includes the decline in mature seniors and an accelerating influence from Gen-X, millennial, Latino, and Asian segments.

With a steady hand to fight for today’s business, savvy marketers are already focusing on tomorrow. As the market becomes ever-more crowded, they realize that the core passion of the brand is what sells, engages, and drives sustained loyalty. Passion that is simple, relevant, sustainable, demonstrable, valued, and desired. In that sense, compelling differentiation is more important than ever. Thus, passion and differentiation cannot be understated.

In the blood-bath that is today’s airline industry, Southwest Airlines reported their 69th straight quarter of profitability (Q2-08). Yes ... they are 80% fuel-hedged. But Southwest’s continued focus and passion consistently engage customers and employees ... and deliver a perceived value that goes beyond low-price.

Clearly, Southwest is not an “anxious” brand. Despite the economy, their core brand passion remains strong and unflustered. They’ve actually enhanced their competitive differentiation (... and perceived value) by rejecting the urge to nickel & dime their customers for checking bags and the like. If the past is an indicator, management is visualizing the current environment as a competitive growth opportunity. As Southwest’s chief executive Gary Kelly notes: “competitors are in full retreat mode.”

Your brand should be a beacon of trust and commitment. So step back and gauge your brand’s anxiety level. No doubt your customers are feeling anxious. The “trap door” is that your employees are feeling anxious too. Anxious employees cannot deliver powerful, front-line brand-building. Their anxiety is a brick wall to engaging and motivating customers. In this economy, marketers must tackle these new realities.

This is not the time to circle the wagons.

1. Inherent Weaknesses

Made More Obvious – Like metal fatigue, this economic down-draft is accentuating structural deficiencies (... call them pre-existing conditions) in your brand's delivery, experience, and marketing. These shortcomings were going to impact you sooner or later. They have just been made more obvious, more quickly. It is like putting your brand into fast-forward. In that sense, be grateful for the head-wind warnings.

2. Marginally-Loyal

Customers – This market's turbulence will likely shake-out your marginally-loyal customers. They were probably amongst the first to defect. No doubt you're also spending like hell to woo them back. My in-box is full of 20-50% off discounts from brands with whom I've only had a passing relationship. Why do they want to re-engage me as a price motivated shopper?

3. Accelerating Shifts and Trends

– Significant consumer and technology shifts – already underway – are accelerating. The growth in wireless replacing residential landlines is an excellent example. From 2004 to 2007, the number of “only wireless at home” jumped from 6.1% to 15.8% - a growth rate much above the telecoms' most recent predictions.

My local Lowe's store has all-but eliminated cashiers. My check-out experience is now a multi-level, self-service process that demands my attention and precision to scan, bag, and pay. While there is a Lowe's person standing off in the corner, there is no eye contact, zero engagement, and zero passion for the brand. As I leave, he says: “get used to it.” Unfortunately, I didn't ... and now I've re-discovered my local Ace hardware store. Guess what ... they've upgraded their experience since I'd last visited. I now split my wallet between the two.

Anxiety is real and it is contagious. Here are a few insights to protect your business and steal from competitors:

Brain Move: Move Marketers to the Brand's Front Lines – Employees are trained to deliver good service – a smile, a process, and a “good feeling.” They know the catch-phrases and are benchmarked against essential service delivery metrics. But rarely are front-line employees leveraged as brand-building agents or considered part of the marketing mix. In these tough times, marketing must own the chatter and the narrative that occurs among employees and between customers. This is much different than just “good service” ... and it demands that marketers breach the operations firewall that separates church and state.

Too often, there is little continuum between a brand's marketing imagery and its fulfillment in the actual experience. Especially for brands targeting emerging generational and cultural segments, brand marketing must move to the front-lines. This is where the brand's promises and charismatic personality must come to life. This is where you prove yourself and begin to create loyalty.

For all their awareness that they've got a problem, Starbucks continues to look un-focused and off-message. The coffee experience has been replaced with a dull

daily brew. Their inventory and marketing of specialty beans has been all-but purged. Knowledgeable baristas have been replaced by emotionless button pushers. Starbucks' latest drink innovation is Vivanno -- an orange, mango, and banana fruit smoothie with 5 grams of fiber. Yes, fiber. Is that their new brand passion? Howard Shultz talks about rediscovering their old coffee experience magic. I haven't seen it. A Vivanno ad I saw curiously says: “become a master of all trades.”



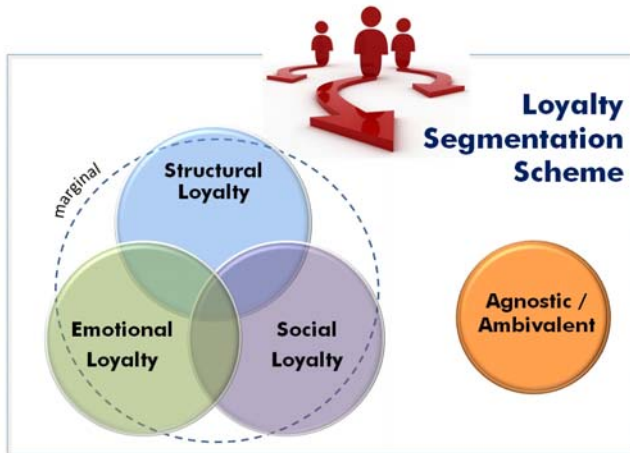
Given quick-changing market conditions, exploiting front-line insights and feedback is essential. Make the front-line aware of “what information you need.” Give them the tools and communication vehicles to feed directly into your active marketing process. Incorporate these into marketing design.

Focus front-line marketing on outcomes. Define “what you want to achieve” at each touchpoint. Keep it simple. Raise your front-team's profile to demonstrate your brand's trust, passion, and differentiation.

Being “Marginally-Better” is a Losing Proposition – Too many brands spend too much money just to be a little bit better. “Being better” does not create a clear and compelling message. It does not break through. It requires that you focus your energies and investments against competition ... rather than on owning your customers.

With an over-supply of brands and “brand noise,” unless you are incredibly well-differentiated you're stuck in the pack. Change the competitive context. Who must we own? What must we own? Where can we be ... that others are not? Create distinct markers to accentuate this passion, these differences, and this value. [See AmicusBD Whitepapers: *Momentum Lifestyle Brands, Integrated Brand Touchpoints.*]

Not all Loyalty is Created Equal – Sustained brand strength is driven through loyalty. Normally, high-frequency, high share-of-wallet customers are lumped together as “loyals.” Yet, many brands are just realizing that not all loyalty is equal. Not all loyal customers are retained in changing economic times. Some are only marginally loyal.



Most importantly, loyalty comes in many different colors ... each with its own motivation. One size does not fit all. So, savvy brands drill down to better understand loyalty factors and connect them with different customer segments.

Much loyalty is motivated by a brand’s structural benefits – including proprietary functionalities, low price, reward schemes, negotiated accounts, or proximity / distribution (... among others). Structural loyalty remains powerful as long as the benefit continues to be prized or valued -- or until competition or technology delivers a better one.

Another type – emotional loyalty -- is a deeper connection with the brand’s experience -- their touchpoints, employees, designs, and storyline. Here, the brand passionately represents a lifestyle -- an ambition. These brands empower their loyalists and reflect their values. Customers feel like participants in a great brand experiment; and there is a sense of energy, commitment, and pride.

With an explosion of technology, new applications, and global connectivity, brands – more than ever -- are nurturing a third type of loyalty: social loyalty. Here, they connect like-minded people and facilitate the sharing of experiences, information, and ideas. In that sense, brands foster a loyalty that extends beyond their own carefully-controlled domains. While structural loyalty often rewards past behaviors, emotional and social loyalty are much more aspirational and futures-driven.

To better segment and qualify their customers’ loyalties, most brands undertake detailed research ... including laddering. This technique drills-down beyond obvious functional benefits to reveal underlying motivations and reasonings.

Toughest Assignment Yet – Brand engagement must be viewed as an ongoing relationship and trust-building continuum – not a one-time event or promotion. In that sense, brand engagement builds-off each customer’s predominant loyalty while centering on the brand’s differentiation and passion.

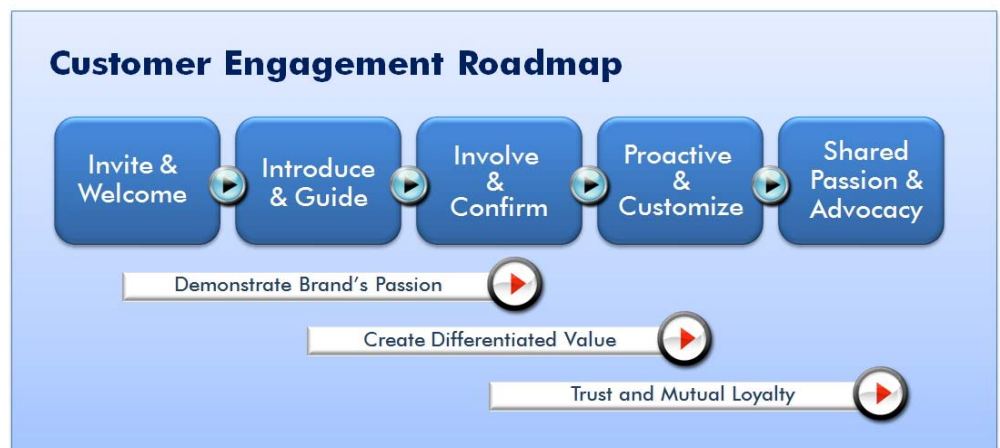
Engaging brands capture prospective loyalists’ imagination and attention. They demonstrate their charisma and their promise. They represent something of importance to the consumer – usually something aspirational ... something futures-oriented. It is this “building together” that becomes the foundation for brand engagement.

Insightful marketers see this as a unique opportunity – a window into the future.

As represented below, customer engagement is directional and sequential. Along the way, brand + customer become more involved, more collaborative, and more loyal.

Great brand engagement occurs in the experience ... and through interactions with the brand and employees. It becomes the brand’s own demonstrated lifestyle. At all times, engagement must be authentic and purpose-driven. Soulful brands demonstrate they care ... they listen, react, and respond. All others risk becoming commodities.

Herein, employees must be motivated, trained, rewarded, and coached in brand engagement. This demands metrics, tracking, and cross-functional integration -- an active partnership among marketing, operations, and HR.



Give it Up: Putting Customers in Control – Brand engagement, especially for next-generation, functionally-rich brands, is all about giving customers control and options. Younger, global consumers are demanding it.



Challenge ... objects in rearview mirror may be closer than they appear.

It is about brands enabling “my own experiences.” It is about brands enabling me to demonstrate and communicate my own passions. It is about brands enabling individualized communities and fostering individual success ... on the user’s own terms.

Historically, brand managers have been control freaks. This to ensure brand focus and precision. But tomorrow’s consumers are becoming – to a great extent – the new brand messengers. They will become tomorrow’s brand designers. [see AmicusBD whitepaper: *Buzz, Word of Mouth, and the Democratization of Brands*]

The greatest challenge for brand marketers in this economic climate is the urge to look backwards. We believe, however, that things are speeding up – not retreating. Giving customers control is where you need to be. Otherwise, visualize yourself speeding at 80MPH down the expressway – guiding yourself by looking in the rearview mirror.

Influencers – While your first priority is always to protect your base (... and your best customer is the one who’s currently in your store), you should no doubt accelerate your transitional marketing efforts at targeting emerging demographic and cultural segments. Yesterday’s markets may not return to their former size as the economy strengthens.

As brands transition and develop new loyalty attributes, all-new influencers are emerging. Identifying and engaging them is essential. These next-generation influencers are both internal and external to your brand. They may be customers, employees, industry innovators, strategic partners, or market observers.

Growing the Faith: Evangelism – Compelling differentiation, well-defined loyalty, brand engagement, and “influencers” are all factors in driving a clear and consistent voice. More importantly, they are the foundation for creating passionate brand evangelism. This voice provides authenticity and relevance to your brand message. It exploits guerilla tactics and word-of-mouth – all with the potential for greater speed and more focused targeting.

Your employees ... your supervisors ... must become evangelists. They must believe in the brand’s future and in its core passion. These are the folk who build confidence in the brand. Most importantly, internal evangelism (... which must start top down) is a precursor to customers becoming advocates. This, unfortunately, is a critical first step that many brands do not yet understand.

To make this happen, brands must encourage dialog and value feedback. They must excel at listening, responding, and acting. In doing so, they will accelerate brand engagement, design development, and marketing efficiencies.



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The Amicus team pursues a collaborative process that leverages your organization’s talents and assets to create buy-in and drive speed to market: **global grand positioning and personality, branded experiences and touchpoints, service engagement culture, distribution channels, and acquisition / loyalty marketing.**

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