



Consumers, brands and trust:

happy bedfellows or a new pyramid of conflict?





Peter Vicary-Smith has been Chief Executive of *Which?* since August 2004. Before joining *Which?*, Peter worked in both the commercial and charitable sectors. He worked at Procter and Gamble, Mars and as a management consultant at McKinsey.

In 1991 he became Head of Appeals at Oxfam where he was responsible for all of the central fundraising. Five years later he joined the Imperial Cancer Research Fund as the Director of Fundraising and Communications, which became part of Cancer Research UK in 2002, where he served as Commercial Director.

Consumers, brands and trust:

happy bedfellows or a new pyramid of conflict?

The Brands Lecture

1st October 2014

Peter Vicary-Smith
Group Chief Executive,
Which?

Thank you for your warm welcome. I should start by saying I feel something of a fraud standing here as I do not consider myself a great thinker on brands. You are not going to hear an academic treatise or a whole new set of insights into branding. What I am is a practitioner who has spent most of his working life working on brands where the brand promise is altruistic, nebulous or delayed and where that brand promise is ultimately dependent upon trust.

I'd like to start by spending a few minutes talking about *Which?*, not just because I am immensely proud of our organisation and what it does, which I am, but because it exemplifies the arguments I wish to make:

- that the successful delivery of the brand promise is not static but a continuous process of incremental innovation. Brands have to improve continuously, as competition rapidly changes areas of previous competitive advantage into things you must do simply in order to survive. Failure to improve can be disastrous; and
- that consumers increasingly look to brands to do something greater in their lives than simply deliver functional performance. This is where you enter the world of altruistic, nebulous and delayed benefit, the world of trust

Which? exists to make individuals as powerful as the organisations they have to deal with in their daily lives. I would like to highlight that this doesn't say *Which?* tests products better and more independently than anyone else. That is what you might expect it to say. *Which?*, however, has evolved its brand promise to be something more than that. Yes, we do independent scientific testing and it is important, but *Which?* plays a broader role in people's lives.

Which? does a wide range of things. It guides people on the decisions they have to make, decisions which may range from buying a toaster to which care home to choose for elderly parents. It campaigns for changes in markets that are not working properly for consumers and increasingly it tries to fix broken markets where competition is not driving the improvements that consumers need. We do that by entering those markets ourselves as commercial players and trying to change them from within.

Last year, I went to Washington for the negotiations on the EU/US trade deal and had the pleasure to meet Max Baucus who was at the time the Chairman of the Senate Finance Committee. I explained this concept of changing markets from within and his reaction was, 'What kind of subversive capitalist are you?' I quite like that idea, of *Which?* being a subversive capitalist.

The first edition of *Which?* magazine in 1957 was about kettles. The traditional brand promise this exemplified was about the consumer need for rigorous, independent, scientific testing to aid the right purchase. Independence was always key.



Which? exists to make individuals as powerful as the organisations they have to deal with in their daily lives.

To this day, *Which?* does not take advertising, believing since 1957 that that was bad for the consumer when seeking to make independent, scientific choices. It does not take money from government and it does not take money from trusts and foundations. All the money that *Which?* has to spend on its charitable work comes from the sale of goods and services in the marketplace.

From this beginning evolved the testing of an extraordinary range of items over the last fifty years including toasters, TVs and washing machines. No doubt you are familiar with those but you may not realise we have also tested paper dresses in the 1960's, and then also condoms, dog food, baby milk and gold. We now test more than 3,500 products and services per year and have over 450,000 responses from consumers to our surveys.

To evolve beyond that original core brand promise of independent, scientific testing, *Which?* has done a number of things. Yes, we still advise people on what to buy but increasingly we also advise on how to get the best from what they buy. One of my favourite features on our website is a widget where you type in your TV model and the back of your TV is displayed showing where to connect your Blu Ray player, satellite dish and so on. It is not just about buying the best product but getting it to function properly.

It is also not just about testing products, but services too: home insurance, care homes and independent financial advisers, for example, all the things you need but which are not traditional products we know and love.

The most recent evolution in our story is one that is increasingly important. It is about helping with life's complex decisions. I mentioned care homes, but there is a whole range of such decisions people face, for example where they are going to university or to have their first

baby. These are important decisions where consumers need support. They are looking around for trusted brands to intermediate for them. We are taking our core brand promise and evolving it over time to become something different and more meaningful.

The implication and benefit for us is that it has allowed us to grow our subscriptions over the last ten years to be the widest circulated monthly magazine in the UK, up from some 800,000 subscribers ten years ago to around 1.5 million today.

Which? is the largest subscription magazine in Europe and last year we overtook SAGA. Our revenue has also grown ahead of the publishing industry, increasing by 52% over the same period compared to the industry average of 19%. Our prices have risen over these ten years in line with inflation but no more. However, it is only in the last five years that we have seen the commercial benefits, realising the gain from five years of investment in the evolution of the brand promise.

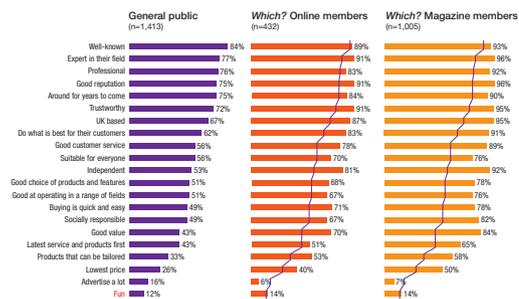
But the *Which?* story does not end there. We do not take the resulting income and distribute it to shareholders. We do not have any of those. We use it to increase our campaigning and lobbying activity. We have increased that six-fold over the course of the last ten years and have been involved in areas such as: endowment mis-selling in 2005; misleading claims on food; pension reform (a good example of a brand acting for the long term, prompting reforms that came to fruition in the last budget with the removal of the pernicious compulsion to buy an annuity that kept the annuity market so uncompetitive for so long); estate agent supervision (trying to make estate agents behave like human beings when dealing with the most important purchase we ever make); legal services reform; PPI mis-selling; credit card surcharges (why should I have to pay more when using a

We are taking our
core brand promise
and evolving it over
time to become
something different
and more meaningful.

We wish to show that it is possible to enter a market as a commercial player, deal fairly with consumers and earn a fair return.

credit or debit card than it costs the company to process the transaction? One of my favourite letters was from Travelodge stating that it could not sell a room for £25 a night if it could not charge for using a credit card. I wrote back saying, 'you are not selling a room for £25 a night. You are selling it for £25 plus a £5 surcharge'. That is an example where there was a trust deficit, with people becoming aware they were being gouged by companies that were not quoting the true cost of a service); energy (we ran the UK's first collective energy-switching campaign); banking reform (to try and change the culture of banking to start serving customers and society rather than purely bankers); and our most recent campaign that has led to changes in the regulation of nuisance calls and texts, which had become such an intrusion into the lives of ordinary people.

I talked about *Which?* intervening commercially in markets to try to fix them according to our values and a desire to see customers treated fairly. An example of this is our mortgage-broking service where we cover as much of the market as possible, recommending mortgages regardless of whether we get paid for doing so or not.



The purpose of entering these markets is because they fail consumers spectacularly. They fail them for a number of reasons, one being a lack of competition.

We wish to show that it is possible to enter a market as a commercial player, deal fairly with consumers and earn a fair return. If we can do it, why don't other people?

The consequence of all this over the last fifty years is extraordinary levels of trust in *Which?*, with 72% of the general public and over 90% of our members considering us trustworthy. We are trusted not just to do what we already do, but to get involved in areas outside our normal core competence, such as mortgage advice. You may notice that one of the few things that *Which?* is not rated very highly for is fun. By now you may understand why!

I wish to give some other examples that, along with *Which?*, demonstrate my theme. I have mentioned that points of former competitive advantage and differentiation become over time purely hygiene factors, things you just have to do. Going back to my early years at P&G, one of the products I worked on was Fairy toilet soap whose promise was summed up in the 1980's strapline 'naturally clean skin'. It originally owned that territory of gentle natural cleansing.

P&G was so far ahead of the game then, test-marketing a white, unperfumed toilet soap in the mid 1960's though the Fairy product was not launched until the mid-1980's. That was product development as it was then. Over time, as a consequence of product stagnation, the brand promise not moving on and the entry of a myriad of similar products with similar benefits, its market share declined. What had been a competitive advantage had become, as I said before, purely a hygiene factor (please forgive the pun). The brand suffered the consequences of a lack of innovation.

Zest toilet soap, sadly no longer with us, was one of my favourite brands I worked on. Zest was originally

marketed as a little excitement at shower time. Now there is a brand promise for you! Sadly for Zest, the combination of 60% coconut oil, not a cheap ingredient, and no evolution beyond what became a ubiquitous lemon perfume saw the brand decline and then fail.

Now I'll turn to John Lewis, a company I love. I am a loyal shopper there and, having just moved house to Devon, there are John Lewis vans regularly queueing outside my house. It constantly tops the *Which?* brand satisfaction survey in its area and is a recommended provider. However, I am sad to say its foundations look increasingly shaky. Trust is central to the John Lewis promise and I fear there are now areas where they are no longer earning that trust.

Its promise is 'Never Knowingly Undersold'. Here are some of the things on the John Lewis website on this promise:

'We match prices publicly available to all customers, based on those displayed in a shop, on the high street competitor's own website, or the first price quoted to us over the phone. The price has to apply to an identical individual product in terms of make, model, size or colour. We match bundles only on a case by case basis, and we don't match special prices only available to certain customers... We carry a wide range of lines, and the competitor has to have the line actually in stock (rather than available only to order) for us to match the price.'

One and a half pages of caveats on instances when they will not pay out on the 'Never Knowingly Undersold' promise. But, caveats apart, is it really true? Not just true in a legal sense but in a common sense? Yesterday the Miele T8164WP white heat pump tumble dryer was in John Lewis at £1,049 and in stock at Currys at £878.

The Miele W2819I washing machine was in John Lewis at £1,359, Appliance City at £1,049. The Miele KFN12924 SD EDTCS1 (we are quite geeky at *Which?*, we like quoting the whole model number) – John Lewis at £1,349, O'Gormans at £1,229.

The reason they are not price-matched is because those retailers do not offer the two-year guarantee that John Lewis offers. But Miele does. It offers a two-year guarantee on all its electrical products, regardless of retailer. However, because that is not a retailer promise, those retailers are not price-matched. 'Never Knowingly Undersold'?

Delivery is a core part of the John Lewis service promise. How many of you have had John Lewis vans arrive at your house? It is the envy of your neighbours as those green and white vans pull up, with charming delivery people who know where they are going, do not damage your driveway, carry the products inside, unpack them for you and take away the rubbish. You need never worry that your partner is left alone in the house with strange delivery men if they are from John Lewis. All of those things are part of the John Lewis service promise.

However, if you buy a large item now from John Lewis, it is not always delivered by John Lewis. It is delivered by the manufacturer, which does not necessarily share John Lewis' service ethos. This was brought home to me recently when I bought an AEG washer/dryer, a *Which?* Best Buy of course. It was for my new house in Devon but, as I still live in Oxfordshire, I had to have it delivered at a particular time. That is fine, as it says on the John Lewis website that delivery will be in four days and it will contact me to arrange the time. No problem. Two days went by and I heard nothing so I rang John Lewis. 'Don't worry,' I was told, 'everything is under control. You will be called to arrange a delivery time.'

We are trusted not just to do what we already do, but to get involved in areas outside our normal core competence, such as mortgage advice.

Well, they did indeed call me before the delivery. They called me at 8.30 a.m. on the fourth day to say that they were a quarter of a mile from my house in Devon and they would be with me in approximately five minutes. I was in Oxford at the time, so I had to ring up my elderly neighbour whom I had only met once to ask if she would mind getting out of bed and accepting a delivery of a washer/dryer for me.

Who do I blame for that let-down? I do not blame AEG, I blame John Lewis. I say that with sadness and out of a genuine desire to see it prevent the erosion of its great brand and to get its brand delivery back in tune with its promise.

So, in summary of the first part of my talk, I fear the consequences for businesses that do not deliver relentlessly on their brand promise. Continuous improvements are by definition continuous and brands forget that at their peril.

I wish now to move to the second part of my argument, which is that consumers now look to brands to do something greater in their lives. Recent research from Havas on the role of companies in society shows that the post-war erosion of belief that government can solve all our problems has been accompanied by a rapidly increasing belief in the role of business and brands. 86% of people think government is accountable for improving quality of life but now 85% think businesses are too, up 15% since 2010. That is a massive increase over such a short period of time.

However, as you can see from the same research, business as a whole is falling short. If you look at traditional measures such as value for money and quality, all is fine and dandy. However, if you take 'Helps me stay healthier', consumers rate it third

in importance but they rank business ninth in terms of performance. 'Behaves honestly and transparently' is rated fifth for importance but businesses are ranked fifteenth for performance. 'Helps me manage my spending' – eighth in importance but business performance is eighteenth.

But as a whole UK adults think business is underperforming on what's important

Business	Consumer ranking of importance in the UK	Consumer ranking of performance in the UK
Better value for money	1	6
Better quality	2	1
Helps stay healthier	3	9
Safe and responsible	4	2
Behaves honestly and transparently	5	15
Makes life easier	6	3
Brand appeal	7	4
Helps manage spending	8	18
Better for the environment	9	12
Treats employees fairly	10	11

Source: From Marketing to Mattering, June 2014. UNGC-Havas Media-Accenture

In other words, businesses are not delivering on areas that people are looking to them to deliver, beyond a traditional brand promise. Perhaps as a result of that, across the developed world, people have lost faith in their brands. From the same research, according to consumers only 5% of brands in Europe are improving their quality of life. Only 7% of brands would be missed if they disappeared.

What is it about the developed world that makes people say that? Consumers in Europe may only miss 7% of brands were they to disappear, but in Asia 51% of brands would be missed. There is something going on in Europe around how brands are perceived by their consumers.

I believe one of the main reasons *Which?* is thriving is that it is addressing not just its core brand promise, relentlessly, incrementally improving on that every year, but also confronting the wider issues that people want to see businesses as a whole address. How may I make

Continuous improvements are by definition continuous and brands forget that at their peril.

healthier food choices? Where can my partner give birth if she does not want a caesarean operation? How can I move home with less stress? How may I help my son choose the right university? Where can I go to find the best care home for an elderly relative? What is all this about the Renewable Heat Incentive, ground source heat pumps, solar panels and the like and how can I find a good installer? How can I manage my finances, or what are my rights as a tenant? Those are all issues you can find the answers to on the *Which?* website. All of that is free advice available to everyone, *Which?* member or not. *Which?* has managed to evolve in a way that addresses things that people look to brands as a whole to address.

There is still hope. Here in the UK, there is still a residual unmet need for brands and a belief that they can fill a gap that people feel persists in their lives. 49% of people in the UK believe that brands can play a role in improving their quality of life. Just right now, most brands are not actually doing it.

But half of people in the UK still believe brands can make a difference



Source: Havas Media Meaningful Brands

Turning to the energy sector, almost every company is failing to deliver on its core promise or to address the wider desires of consumers. There are extraordinarily low levels of customer satisfaction, even worse than for the high street banks. In our last trust survey, energy

continued to sit below financial services companies. You have to try really hard to do that!

Unprecedented levels of complaints, trust down at the levels of politicians and journalists (not company that most of us want to keep!) and an ingrained scepticism that companies are on their customers' side, sit at the heart of people's concerns that companies are not doing what they can to address broader needs.

If you look at the chart, the most important thing that consumers say they want from their energy company is that it listens and cares about its customers, yet it is seen as the 21st thing on the mind of energy companies. 'It treats me with respect' – the third most important but ranked 23rd in perceived performance. 'Is open and transparent' – fourth most important but ranked 27th. Of all the sectors I have studied, and that includes banking, I have not seen charts that show how an entire sector is failing so spectacularly to deliver what its customers want.

Which? has managed to evolve in a way that addresses things that people look to brands as a whole to address.

Lack of respect and transparency and perceived dishonesty are big issues

Dimension	Factor	Modelled drivers of importance ranked – utilities	Consumer perception of performance ranked – utilities
Product	Listens and cares about customers	1	21
Product	Offers good quality products/services	2	3
Emotional	It treats me with respect	3	23
Government and ethics	Is open, transparent and honest on its activities and communications	4	27
Emotional	I like to be seen using this brand	5	30
Product	Products and services are priced fairly for the quality	6	32
Financial	It helps me save money/manage my spending	7	31
Organisational	It makes my life easier	8	22
Social	It makes interactions with the company easy, enjoyable and convenient	9	29
Emotional	It helps me relax and feel comfortable at home	10	26

Source: Havas Media Meaningful Brands

Some brands are striving successfully to meet this longing for meaningfulness in brands. For some it is

First and foremost it is about delivery, the relentless, passionate delivery on its promise of service.

perhaps easier. Cancer Research UK, where I led fundraising and marketing for seven years before coming to *Which?*, has no problem convincing people that it is a meaningful brand. However it still has to build trust: that it will raise money honestly, will spend donations wisely and step-by-step is beating cancer.

Others are doing it as well. The BBC scores highly for meaningfulness with 65% of people thinking it improves their quality of life and 76% caring if it disappeared. People feel very strongly that it provides great entertaining television, perhaps its core brand promise, but it also connects with them in a personal way in their home (for example, via iPlayer), an evolution in order to be a meaningful brand.

First Direct manages to create this sense too while no other financial services brand gets close. How does it do this? First and foremost it is about delivery, the relentless, passionate delivery on its promise of service.

To give you a personal experience, last Christmas I received a phone call from First Direct, one of the banks I use so I am not biased, asking to speak to my wife. I told them she was busy but as I was a joint account holder they could speak to me. No, on this occasion, they insisted, they must speak to my wife. A little annoyed, I put them through. It emerged that my wife had gone to a school Christmas bazaar and had used her First Direct card to buy a clock which she promptly left behind. The retailer rang First Direct to report this, something that with most banks would have been the end of the matter. Not First Direct. Not only did they contact my wife letting her know what had happened and the details of the retailer, they went further. Thinking that the clock may have been a present for her husband, they thought they shouldn't speak to me in case it spoilt the surprise.

I would have liked a clock but actually it was not my present. However, it is an example of First Direct going way beyond what you would normally expect of any brand, let alone a bank, in terms of service. They are not the cheapest but their customers perceive them to be fair, for example in their overdraft and other fees as well as the rates they pay on savings. What shines through about First Direct and nobody else is that they are trusted to manage finances. That is the sweet spot that nobody else has reached.

So what can brands do to be on the right side of the consumer trust divide? One is the relentless delivery against that core brand promise, not in a static way but constantly showing the consumer a new way for that core promise to be delivered. Helping consumers to find your brand meaningful by recognising what you can do to contribute to their broader lives is another. This can be done in a range of ways. You may be able to help them live more healthily or to live more sustainable lives. You might guide them impartially through life's decisions. Or you may simply be a good citizen and pay your taxes and in doing so start on that slow, painful and desperately fragile journey of building trust.

This is the fourteenth in the Brands Lecture series.
Previous lectures include:

Are brands good for Britain?

Tim Ambler, London Business School

Posh Spice and Persil

Jeremy Bullmore, WPP Group

100% marketing

Rob Malcolm, Diageo

Hybrids, the heavenly bed and purple ketchup

David Aaker, Prophet

Brands beyond business

Simon Anholt, Earthspeak

The Lovemarks effect

Kevin Roberts, Saatchi & Saatchi

They think it's all over...

Martin Glenn, Birds Eye Iglo Group Limited

Can brands save the world? Let's hope so

Richard Reed, Innocent Drinks

In brands we trust

Lord Billimoria CBE DL, Cobra Beer

Brand new: innovation in a challenging world

Fiona Dawson, Mars Chocolate

Accountability is not enough...

Rory Sutherland, Ogilvy Group UK

Sports marketing – unleashing the passion

Austin Lally, President, Braun and Appliances,
The Procter & Gamble Company

Brands, capital and crises

Rita Clifton CBE, Chairman, BrandCap and
former Chairman, Interbrand

Hard copies of each Brands Lecture are available from the
British Brands Group and are downloadable in electronic form
from the website at www.britishbrandsgroup.org.uk.



100 Victoria Embankment, London EC4Y 0DH Telephone 01730 821212
Email info@britishbrandsgroup.org.uk www.britishbrandsgroup.org.uk