

# THE LOVEMARKS EFFECT





**Kevin Roberts, CEO Worldwide, Saatchi & Saatchi**

Kevin Roberts is the New York-based CEO Worldwide of Saatchi & Saatchi, part of Publicis Groupe SA. Before joining Saatchi & Saatchi in 1997, Kevin held positions with leading brand companies including Gillette, Pepsi and Procter & Gamble. Under Kevin's leadership, Saatchi & Saatchi has grown its revenue year by year and achieved record creative awards. Clients include Procter & Gamble, Toyota, Lexus, General Mills, Visa International and Novartis.

Renowned for his optimism, vision and acumen, Kevin's pursuits span business, sports, art and culture, mentoring and education. He is the author of three Saatchi & Saatchi books (*Lovemarks: the future beyond brands*; *The Lovemarks Effect: winning in the consumer revolution*; and *sisomo: the future on screen*), and is co-author of *Peak Performance – business lessons from the world's top sports organizations*.

Kevin is the inaugural CEO in Residence at Cambridge University's Judge Institute of Management in the UK and Professor of Sustainable Enterprise at the University of Waikato Management School, New Zealand and the University of Limerick, Ireland. Kevin's leadership appointments include membership of the Publicis Groupe Management Board, business ambassador for the New Zealand United States Council and trustee of the Turn Your Life Around Trust, an Auckland charity that mentors at-risk teenagers.

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The Brands Lecture

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CEO Worldwide, Saatchi & Saatchi

Brands were invented to create a premium, to make a profit and to return higher margins. All three have eroded in the last decade and they will continue to erode unless we do something bigger and smarter than go on delivering quality, performance and value.

Brands were a fantastic idea when they were invented in the last century. For decades they transformed products, consumer choice, innovation and retail, and pumped the economy. But the twentieth century is history and today brands are struggling for relevance in a dramatically changing world.

The unrelenting pressure from smart and impatient consumers is just the beginning. Psychologist Dr Aric Sigman tells us that people now have more choices to make in a single day than a caveman did in a lifetime. So we can add spoilt for choice to savvy, impatient and price sensitive.

Consider how this plays out for brands. The average retailer has 30,000 to 40,000 products on the shelves. A shopper chooses around 20 of them and they certainly don't spend time working out the differences between 83 types of shampoo or 77 washing powders. What is the usual way retailers and manufacturers deal with these limitations? They keep increasing the number of products. How does this affect consumers? It simply convinces them that shopping is a chore and to get out of the supermarket as fast as possible.

Mega-competition is attacking every aspect of differentiation and comes to a head on the supermarket shelf. Meaningful, value-driven innovation is today's hot topic for good reason. Innovation has enabled brands to maintain their premiums and keep their distance from own label, but that lemon-scented version or the special value pack that is too heavy to lift, are not enough. Innovation means much more than incremental improvements and new versions.

I know the British Brands Group is well aware of pressures on choice, differentiation and innovation, as well as of the immediate pressure retailers are exerting on both margins and inventory, but we all also know there is more to come.

Top of the list for me is the growing challenge from own label's surge in quality, innovation, range and volume. The reality is that many own labels are stepping up to become successful brands, at the same time as the brand equity of the store itself is increasing. To surf through this perfect storm, you need a realistic and inclusive new idea of

brands and brand marketing, and you need it fast. That idea is Lovemarks.

### Focus the mind

When I was growing up, David Ben-Gurion, the first Prime Minister of Israel, was a hero of mine. Ben-Gurion put his finger on how extreme challenges can push you in the right direction. 'The absence of alternatives focuses the mind!'

It's no secret that brands are rapidly running out of alternatives. If you don't take action, all the pressures I have been talking about will erode equity and leave micro-margins and differentiation that cannot be sustained. The Brands Group can close its doors because you will have nothing much left to advocate.

Disney points the way forward. When your options narrow, the unthinkable becomes possible. For years McDonalds and Disney worked seamlessly together to create fun for kids, but recently the benefits of this exclusive relationship waned. The growing public pressure for kids to have healthier eating choices can't have helped. This year Disney ended their long-term promotional association with McDonalds – although the two vowed to remain friends. What's interesting to me is what Disney did next. They embraced the counter-intuitive. They didn't go for another fast food or entertainment option. Instead of Disney toys in Happy Meals, shoppers are starting to find collectible Disney character stickers on the skins of fresh fruit in supermarkets. The Financial Times reports that mini-bananas, Satsumas and baby tomatoes have been pressed into service so far.

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The world of consumers has been transformed over the past 25 years by demographics, economics, technology and culture. Businesses are still struggling to find out what really makes a difference. My view is that brands

have to get out in front of their challenges by following one simple principle: give real power to consumers.

Our client Procter & Gamble sums up the principle as 'The Consumer is Boss.' This idea is very challenging for most manufacturers and retailers, and the suggestion that consumers have changed the rules is downright threatening to them. Traditionally marketing has been about controlling brands, nurturing brands and benefiting from brands. The single strongest signal of this attitude? Brand managers talking about *my* brand. Have I got news for them! The new reality is that *consumers* own brands. Marketing's new job is to release brands to consumers as their Lovemarks. How to do that is what I want to talk about tonight.

### Change the conversation

Revolutions start with language and make no mistake, this *is* a revolution. Change the language and you change the conversation. If you get the language right, people start to change how they think and act. For instance, change a road 'accident' into a road 'crash' and immediately an unavoidable misfortune becomes someone's responsibility.

Look at the language of business and marketing. Wal-Mart has. As Wal-Mart evolves from simply functional to openly emotional, its language is changing too. Take the signs above the front door of their stores. Instead of 'Entrance' they are now saying 'Welcome.'

Imagine if consumers knew we thought about them as part of a 'demographic' and that we routinely segment and target them. Look at your own marketing plans for stark evidence of how we *really* think about consumers. We *talk* about relationships but we make for remote and cold-hearted friends. No one wants to be targeted; we all want to be understood.

Consider what you do everyday as a marketer. I'll guarantee that first you spend most of your time on process and in meetings, and that second, you are an exception if you ever talk face to face with a real, live consumer. The result is inevitable. Even if you manage to gather the facts about consumers' lives, you will never tap their dreams, and that is the place brands need to go.

Today with their huge access to media, consumers probably know more about you than you know about them.

- You dangle promotions and offers. They compare prices on the Internet.
- You obsess over every detail of your products. They are overwhelmed, bored and in a hurry.
- You patrol the border between own label and brands. They drift back and forth at will.
- You are convinced by the value your brands offer. They'll buy a counterfeit, and they'll do it just for fun.

Job Number One for winning brands is to attract consumers with great ideas that are big, simple and sustainable enough to cut through the clutter. Most brands are a long way from this goal. They have become paralysed by process which demands analysis, information and data. The problem is, of course, that everyone has the same analysis, the same information and certainly the same data. No wonder most marketing looks the same.

Edward de Bono tells us, 'There is no point at being brilliant at the wrong thing! To grow and thrive, we need to get beyond being accurate analysts to being inspired by the market so that we can inspire it in turn.

The closer you get to consumers, the more likely you are to succeed. Creating Lovemarks is all about consumers. The ability to understand their dreams, to know what they want and when they want it, and to create great experiences that make your brand a loved part of their lives.

### The promise of Lovemarks

We're on a journey that has taken us from products to trade marks and then from trade marks to brands. Now we are headed from brands to Lovemarks. Lovemarks are the brands, events and experiences that people love. Not just like or admire, but love. Only Lovemarks explain why some brands enjoy enduring emotional connections with consumers. Lovemarks are the future beyond brands.

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When we know everything, there is nothing left to surprise and delight. As we Google our world into submission, I predict that experiences drawing on mystery will earn a premium.

**1 Lovemarks are built on Love and Respect.** All Lovemarks rest on solid foundations of performance, reputation and honesty. Marissa Mayer, Google VP for Search Products and User Experience, sums up the Love/Respect relationship: 'Provide something simple to use and easy to love. The money will follow. A Lovemark will always be a great brand, but not all great brands are Lovemarks.'

**2 The key ingredients of a Lovemark are Mystery, Sensuality and Intimacy.** These are the qualities that matter most in any relationship. Although you won't typically find them in launch plans or marketing briefs, you should. They are each fundamental to improving people's lives in this fragile world. They let you connect emotionally with people in ways that you never dreamed possible. Mystery, Sensuality and Intimacy are the foundation of meaningful and sustained differentiation and premium pricing.

Mystery helps us draw together stories, metaphors, dreams and symbols. Most brands squeeze out Mystery with too much information. When we know everything, there is nothing left to surprise and delight. As we Google our world into submission, I predict that experiences drawing on mystery will earn a premium. This is the enduring appeal of live and real time events that can be anything from joining the audience for Cirque du Soleil's

*The Beatles – Love at the Mirage in Las Vegas to watching the World Cup Final in a sports bar anywhere. What matters is living the drama and finding out what happens next. We are all drawn to what we don't know.*

Sensuality serves as a direct portal to the emotions. The five senses of sight, sound, smell, touch, and taste shape our every thought and feeling. They work together to alert us and to transport us, whether it's candles that give off a scent of burning oil and rubber for Formula One fans or packaging that gives a preview of the fragrance within. We experience the world and create our memories through our senses.

Intimacy is the fine art of being close to family and partners, colleagues and consumers without getting in their faces. The qualities of empathy, commitment and passion create intimate connections that live on after features and benefits have faded away.

**3 The emotional attraction of Lovemarks inspires Loyalty Beyond Reason.** That's loyalty beyond benefit, beyond price, beyond logo, beyond attribute. Such loyalty bonds long-term relationships in a world where the growth of consumer choices has been exponential. Loyalty has immediate bottom-line value.

**4 Lovemarks are owned by the people who love them.** That means Inspirational Consumers, not companies. Lovemarks are the charismatic brands that people get emotional about and they can be anything consumers want them to be. On Lovemarks.com nominations range from cars and shampoo to people and places, from airlines to breakfast cereals. Take a brand away and it is replaced. Take a Lovemark away and you've got a protest on your hands.

### Validating Lovemarks

One of the challenges Lovemarks faced from the beginning was that conventional research methodologies are unable to measure what matters about Lovemarks. Back in 2002 I spoke to the world research conference in Barcelona organised by ESOMAR (World Association of

Research professionals). I was frustrated by the limitations of most research and challenged them to come up with something more responsive and more meaningful.

The challenge was taken up by Peter Cooper and John Pawle of QiQ International based here in London. With Saatchi & Saatchi, Peter and John developed a sophisticated model for measuring consumers' emotional responses to brands. Through their independent research QiQ International validated the Lovemarks theory and made a breakthrough in marrying qualitative and quantitative research in one study. We have shown that being a Lovemark offers huge commercial advantages through increased buying intentions and volume. Peter and John's article on measuring emotion and the validation of Lovemarks was published in March 2006 in the *Journal of Advertising Research*.

### The Attraction Economy

The Information Economy, the Attention Economy, the Knowledge Economy, the Experience Economy and more. Each concept was developed to try and crystallise what matters in the market. While each gives us useful insights and ideas, none has delivered long-term differentiation and sustainable value. The reason is simple. They are all creatures of mass production and mass marketing. They are all united by a strictly 'us-to-them' model for consumer relationships.

We have entered a new world where companies don't set the terms and conditions. Consumers do. As consumers sense their power in the interactive world of digital media and rapidly evolving retail options, a new context for business is being created. The traditional mass market model is collapsing and the only currency of sustainable value is ideas that attract consumers emotionally.

We are all now part of the Attraction Economy. As Jim Stengel, Global Marketing Officer for Procter & Gamble, says in my next book *The Lovemarks Effect*, 'Every successful marketer understands that we are only in the lives of consumers because they have invited us. We need to both respect and reward this invitation.'

The Attraction Economy tells us why the future belongs to those who can make emotional connections with consumers. This is the core of the Lovemarks effect: the consumer is at the centre and creating Lovemarks is the goal.

For some companies like Starbucks, Virgin and eBay, attracting consumers rather than demanding their attention has been second nature. Their amazing success means that there are now signs that attraction is starting to be taken seriously everywhere.

As the traditional industries of media and marketing, retail and advertising struggle to reinvent themselves, how to connect with consumers, and how consumers want to connect, is at the heart of the struggle. People will only respond when you touch their dreams and desires – when you understand what attracts them. Never has being in tune with consumers been more important as we head from the Attention Economy to the Attraction Economy.

Attention Economy	Attraction Economy
Interruption	Engagement
Direction	Connection
One-to-many	Many-to-one
Reactive	Interactive
Return On Investment	Return On Involvement
Convergence	Divergence

**Engagement.** Consumers are not going to be interrupted and they will not be bludgeoned into submission. Frequency will not compel them to respond to you any more than loud noise will. The only way to connect is to engage people in a way that is so compelling that they make the choice for themselves. You could save yourselves a fortune in your investment in advertising research by asking one simple question: 'Do you want to see it again?'

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**Connection.** The job now is to connect people with their options, not to direct them. The model based on direction has failed and the role of director has failed along with it. Now we need connections and connectors. That's where the money is, that's where the value is, and that's where the fun is.

**Many-to-one.** The mass media model of one-to-many is dead. Instead of one story being pumped to thousands, we are selecting the story we want to watch when and where we want to watch it. We each revel in being The One. We want to feel special and different, to relate where we feel empathy, to follow our personal timetable.

**Interactive.** Say it four times. In the future all media will be interactive so the new art of brand building is connecting the amazing possibilities. Just one example. When Lexus launched the 2006 IS, we made a great interactive offer to consumers. Whether they were online or happened to be walking down 42nd Street in New York, they could send in their own mobile phone and digital camera images. Breakthrough software put all these images together to build a photo mosaic of the new IS on the mega-screen in Times Square. Collaboration on a grand scale.

**ROI.** Marketers shouldn't think about ROI as Return on Investment. What matters now is a new ROI: Return on Involvement. How engaged are people by what we're saying? Is she responding? Has he emailed back? Will he share his point of view? Will he give us a design idea? We need new ways to measure what consumers feel, not record what they say. Too much research looks through a rear vision mirror at what has been. That's why pre-testing advertising never gets what clients are looking for: an iron-clad guarantee that a campaign idea will work. All pre-testing can do is reward the familiar. We need to look ahead through the windscreen with the foresight to keep ahead of consumers.

**Divergence.** Consumers are not confused by technology – they just know they want everything. They don't want convergence onto one device and one supplier if it limits their ability to choose and to customise. They will want a Razer that's an iPod that's a video that's a camera, and they

are going to want a nice Nikon camera and some decent Bose speakers with a different deck at home. The idea of convergence was hijacked by technologists so it became all about technology options. We need to take it back. The only convergence that matters is on one idea: making emotional connections.

### Creating the Lovemarks effect

Lovemarks stand out because they are personal and distinctive, not because they follow a set of rules. Brands need to make their own connections based on their own ideas, as well as have the ability to inspire others with these ideas. After all, aren't your own ideas what differentiation is all about? In *The Lovemarks Effect*, many inspirational brand owners talk about how they have created their distinctive brands by following their own path. Silvano Cassano, the CEO of Benetton, told me that Benetton's success is based on an exchange of ideas with consumers over a number of years. People feel they are part of a shared vision and a set of common values so that love given receives love in return. It's a long way from targeting by age and income!

Walt Freese, Chief Executive of Ben & Jerry's, has his own take on targeting. He suggests that most brands don't want to ruffle any feathers so they don't stand for anything. Ben & Jerry's comes from a different place. 'We don't need everyone to like us, just some people to love us – passionately. And they are the ones we take care of.'

Small ideas get buried fast. To win in today's market you have to come up with big, emotionally connecting ideas. Ideas with stopping power and talking power.

### Nine ideas to leap from brands to Lovemarks

#### Idea 1 – Get emotional

Lovemarks make one big claim: when it comes to making decisions, people think with their hearts. Emotion, intuition, long-term memories and unconscious motivations make up as much as 80 percent of our decision-making processes. That leaves just 20 percent for logic to battle over.



Science has proved that emotion leads us and moves us. Neurologist Donald Calne summed it up brilliantly: 'The essential difference between emotion and reason is that emotion leads to action, while reason leads to conclusions'. More emotion, more action.

The idea that emotion, dreams and inspiration belong in business has already shaped some organisations. Martin Luther King didn't say, 'I have a mission statement', he said, 'I have a dream'. Walt Disney claimed, 'If you can dream it you can do it'. Even hard technology Bell Labs was inspired by, 'Either do something very beautiful or very useful'. And yet it has proved very difficult for businesses to accept that their connections with consumers have to touch these deep emotional places. Top management struggles most to wake up to emotion. The further up the organisation, the less access people have to consumers and the less priority they put on simply spending time on these most important stakeholders.

I've never met a rational consumer, but brands continue to put rationality at the centre of their processes, research and activities. Sometimes they allow their advertising agency to clip on a little emotion, but that's as far as they will go. Look at your own packaging, your displays and your marketing for their emotional reach and tell me this: If you can't get emotional about your brands, why should consumers?

JetBlue's Story Booth is a missed emotional opportunity. The idea is great: record your travel stories. But it turns out the stories they wanted were all about *them*, with consumers as supporting players. Who cares how helpful JetBlue's people were about finding a lost iPod? We want to hear what's on that iPod, not service feedback.

Our client Procter & Gamble invented the idea of brands and brand building and have now created 22 billion-dollar brands. And yet, these outstanding marketers have a dream that is simple, emotional, and very human: to improve lives by creating brands consumers love.

Emotion is the new frontier of brand building. To stand out, to maintain sustained differentiation, business must now put emotion at the centre. Connect emotionally and eyes light up. If you want a metric that matters, measure that light.

## Idea 2 – Transform respect

Brands have analysed and measured Respect for decades, but it keeps slipping through their fingers. The problem is that consumers keep changing and the stakes keep going up. In a world where the snacks are always crisp, cars always start first time and beer always tastes good, Respect has to be reinvented again and again.

Quality, efficiency, speed, effectiveness, performance, convenience and price are certainly important, but they are no longer delivering the kind of differentiation brands now need. Take something as apparently straightforward as quality. *Consumer Reports* tell us that in the 1990s, people would get defective goods worth around \$US30 repaired. By 2005 they only bothered for stuff worth more than \$US100.

The good news is that Respect has an emotional dimension we have hardly touched. Our research shows that consumers treat Love and Respect as indivisible. Try thinking of your favourite relative. Can you separate the emotions you feel for them into neat Respect and Love boxes? Of course you can't. From this insight we can release a whole new approach to Respect. It sounds counter-intuitive, but we should take Respect more seriously.

The digital revolution is reshaping Respect, and how to get it. That's why consumers' confidence in the protection of their privacy is the bottom-line for online shopping and services. And it is also why Respect is getting tougher to earn. According to *The Economist*, more than 90 percent of people aged between 18 and 54 would turn to the internet first for product information where they can compare products, prices and reputations.

Today a huge issue around building Respect is velocity. Traditionally Respect was seen as a quality you built up over the decades from a myriad of painstaking actions. Google blew that model away by rocketing to third in the Harris Interactive Corporate Reputation Survey in a matter of eight years.

Look at public alarm over global warming, pollution, obesity, genetic technologies. Responding to these concerns with a

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tidal wave of information, audits, certifications, policies and resolutions has not alleviated them. What is important is that, although issues are couched in terms of performance, trust and reputation, this is not a rational debate at all. Emotion has kicked in and what is important is how people *feel* about the environment or health, not what they might *do* about it. How they *feel* about the implications of a new material or the site of a new petrochemical complex, not what they *know* about it.

The real world of business is anchored by Respect at one end and inspired by Love at the other. Propelling them both forward needs Emotion and Action. R-E-A-L. Respect, Emotion, Action and Love. The essence of Lovemarks.

### Idea 3 – Unleash Inspirational Consumers

Traditional marketers call them influencers, brand converts, evangelists, fans. Lovemarks know them as Inspirational Consumers. Inspirational Consumers are the advocates, the trendsetters, the shopping guides and the unhidden persuaders. They are the people who are eager to interact with companies and with other consumers and who demand to be taken seriously. The idea of the Inspirational Consumer can transform business goals, practices and aspirations everywhere.

If there were just one principle for how to connect with Inspirational Consumers it would be this: be more interested in what they have to say to you, than in what you want to say to them. It's why we have two ears and one mouth after all.

It's easy to surround consumers with your images and messages, but it is very hard to connect with them. The growing challenge is that people are more interested in connecting with each other than with brands. The social networking site MySpace is a powerful example. Comscore found that in June 2006 MySpace attracted more than 50 million unique visitors, compared with some 21 million late last year.

Fantastic tools are now in the hands of consumers so they can create their own media. Even when the results are not smoothly professional, no one much seems to care. Check

out YouTube.com for a tour of the good, the bad and the ugly. Launched in December 2005, YouTube is claimed to attract six million visitors each day according to ClickZ.

Saatchi & Saatchi initiated an early project with consumers creating online content in the Rubbish Man competition for Telecom New Zealand. Four hundred films – stories of crazed and comedic imagination all made on video-capable mobile phones by young New Zealanders – were submitted. The site had two million visits (New Zealand has an onshore population of four million). The idea has since been imitated round the globe.

Consumers have been empowered by the internet and liberated by their mobile phones so that they can now actively engage with the brands that create involving online experiences. Moreover, they are creating their own brands in ways which have revolutionised ideas about how to start and scale a business. Amazon was started just 11 years ago – by one guy, an idea, and a computer network. Bloggers too are becoming brands (who thought of blog as a brand?!). It's fantastic so many people have the desire to communicate and influence. Bloggers move markets. I am amazed too at Lovemarks.com – 20 million pages served, 10,000 consumer stories on 2,500 designs, brands, products, places, people and things from 100 plus countries. This is the escalating phenomenon of consumer-generated media where the Consumer becomes The Medium.

Inspirational Consumers are the spirit of successful viral marketing and their power will only increase. Our partners Starcom MediaVest have measured the effects of conversations about brands and found that talk is even more important than previously thought. One startling finding was that 76 per cent of people talk about at least one brand once a day.

Procter & Gamble is the world's leading advertiser and it is leading the way with word-of-mouth strategies. A well known example is Tremor where Procter & Gamble shares new ideas and products with a selected network of 250,000 American teens online with the aim of developing word-of-mouth about selected products and ideas. In 2006 P&G took another step and launched Vocalpoint for American mothers on the same word-of-mouth principles.

This service has already been taken up by companies in fashion, food, entertainment and beauty. More than 500,000 women have signed up to give their opinions and insights as they trial, sample, preview and get connected.

Inspirational Consumers are continuing to take ground and are now creating their own products as well as creating their own media. Yes, consumers are doing it for themselves. To them it's customisation and engagement. To you it can be an inspiration. The big question to keep asking is: where can consumers get more involved? People like to participate when they have meaningful choices.

#### Idea 4 – Reinvent innovation

Brands too often follow the lab guys in the white coats. The results have not been great. Innovation guru Clayton Christensen reckons that in many categories more than 90 percent of new products fail – and this when in 2005 a new product was launched every 3.5 minutes, according to Mintel's Global New Product Database. I can't block out Benjamin Franklin's familiar definition of insanity as we do the same thing over and over and expect different results.

The brand challenge now is to take the lead. Velocity and agility are the new black. It is estimated by Knowledge Networks that Starbucks test 50 to 100 products and services under the radar in their stores each year while Zara can deliver a design from sketch to shelf in less than six weeks. Speed is everything.

Most management time is spent on the cost side of investment rather than the potential. Financial investment is only a tiny part of creating differentiation. We need to start valuing ideas and innovation above process. The truth is that most of the reward lies in getting alongside the consumer and by stressing imagination and intuition.

A fundamental belief at Saatchi & Saatchi is that ideas can come from anywhere. This takes us straight into one of the most exciting developments in innovation so far: creating products *with* consumers, not just for them. The tools that are making this possible are fantastic from web sites to online chat, social networking to blogs. To expand their pool of ideas and expertise, Electronic

Arts, a global leader in computer games, draws on the creative energy of their Inspirational Consumers. The company ships programming tools to its customers, posts their modifications online and works their creations into new games. It is going to become increasingly critical for every R&D department to make more active connections with consumers.

In the food industry the 100-calorie pack of biscuits, crisps or other snacks has proved a blockbuster. The idea came from consumers on diets. They wanted to keep to their eating programme *and* they wanted to indulge themselves a little with a precisely measured treat. The innovation was brought to life by the businesses who can connect a great idea with real opportunities. Brands need these creative connectors to make innovation soar.

Dreams inspire meaningful innovation, not gaps to be filled in the market. Breakthrough innovation demands emotion and passion, curiosity and the willingness to fail first and fast. One smart move? Get Dreamers into your innovation programmes. They are the only ones who can thrive in this paradoxical era when Whole Foods boasts about low prices and Wal-Mart gets into organics.

#### Idea 5 – Welcome the screen age

The number of screens in our lives keeps growing. We now have screens on mobile phones, computers, PDAs, digital billboards, games machines, music players and television. At the same time as we buy bigger and bigger screens for our homes, we focus in on the tiny screens on our phones picking up pictures of friends and clips from sports events. When I think of a typical day in New York, I might view and interact with as many as 25 different types of screens and mediums. Watching soccer on TV, rugby on a dvd couriered from New Zealand, news on the web and online shopping, video messages on my mobile, several display and editing monitors around the Hudson Street office, chasing down a YouTube link just sent to me, a dozen screens seen from the car, security screens at a store, tvcs on dvds, mega-screens rushing by in Times Square.

The screen has stepped out of the living room and into our offices, cars, stores, streets, hands, pockets. And we love

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The days of retailers versus manufacturers are over. Brands need to step up when both product brands and retail brands are aspiring to become Lovemarks.

them all. Sixty percent of people leave their mobile phones on when they sleep. Screens feel real, personal, intimate, playful and physical. They are the campfire storytellers of today. In this age of mobility, interactivity, attraction and time pressure, we will rely more and more on screens for information, entertainment, communication, transactions and engagement.

As screens morph, television is becoming more game-like, mobile phones more TV-like, in-store screens more movie-like. We are even beginning to like our computer screens as games and videos crowd out text as the content of choice.

The world of screens connects consumers directly with brands and brings scale, speed and accessibility to the brand's promise and experience. Just as screens have become smart, mobile and connected, I can't think of any words that sum up so precisely what today's brands need to be. Smart, mobile, connected. Every successful brand experience shares three things: the consumer at the centre, a meaningful insight and a big transformational idea scaled on screen.

#### Idea 6 – Connect with sisomo

New worlds demand new words. Words that encapsulate important differences. Like sisomo for sight, sound and motion, the three most powerful elements of compelling communication on screen.

sisomo made the movies and television the centre of our entertainment world. Now screens are pumping sisomo everywhere we go, 24 hours a day. Far from tying us down in cables, technology has become the great liberator.

sisomo is critical to the reinvention of brands because it is about how we bring together emotion and connectivity and make that connection available to consumers on demand. I'm talking about ideas on screen created by Oscar-winning directors or kids after school. Twenty-five percent of visitors to Disney theme parks have video cameras with them – and guess what they do with their sisomo? Share it. As consumers dive deeper into the possibilities of presenting their own content on screen,

we have to look at technology through their eyes. Consumers live their lives in sisomo on screens everywhere.

By bringing screens to life in emotional and compelling ways, sisomo can inspire new formats, characters and ways for consumers to participate and communicate, as well as inspire brands to tell their own engaging, emotional stories. Our job is to find the right ideas and the right stories that connect with consumers. By doing this we will have the right sisomo content for brands to innovate and to excite consumers.

#### Idea 7 – Get close to your retail partners

The consolidation of retail has created a whole new industry. Retailers and manufacturers are in this together and retailers offer an important way brands can get closer to consumers. It's all about shoppers. Where they buy, and what they buy. The days of retailers versus manufacturers are over. Brands need to step up when both product brands and retail brands are aspiring to become Lovemarks. Brands win when they tap into her dreams, not when they tap out her credit card.

In the past, brand manufacturers knew consumers best. Now the stakes on insight have been raised because retailers have joined the game. Take a simple initiative by Wegmans supermarkets in the United States. On their own label bread they list ingredients in two ways: the words required by Federal Regulations and the same list in kitchen-friendly terms. That's a sharp insight into what is important to shoppers and it's coming from own label.

Retailers are alongside shoppers every day, but they're not always close to them. They know whether products have failed or succeeded at the shelf, but they often don't know why. They have the technology (EPOS and loyalty programmes) and they have the data, but data-driven insights are aced every time by emotional insights. Retailers are still the information experts on shoppers, but they look to brands to be the emotional connectors. The task is not small as the allure of shopping shows some signs of fading. Take American shoppers – the biggest spenders on the planet. AC Nielsen tells us that

68 percent of them now shop for recreation as opposed to the international average of 74 percent. That's still a lot of shoppers, but the love affair seems to be cooling.

Show your retail partners what you can do to differentiate them and understand what *they* want to communicate. The huge job of making emotional connections with consumers cannot be done alone by retailers or by manufacturers.

### Idea 8 – Inspire a Theatre of Dreams

People love to shop – I know I do – but the shopping experience often makes you wonder why you bother.

Now savvy stores are starting to turn shopping into an entertainment experience. The art and science of retail is reaching through the plate glass window and out into the world. Store owners are beginning to understand that their stores are the ultimate arena for great ideas to play in. Ice rinks and video games for the kids, cooking demos and interactive menu screens, opera singing bakers, shopper-boppers dancing to a live band, floor to ceiling video screens. I've seen all these entertainments while shopping over the last six months.

Television was the greatest selling medium ever invented, but the next creative revolution will take place in-store. Unless the store is transformed, brands will struggle to become Lovemarks. Great retail is not confined by the store, but inspired by the shopper. To make real emotional connections in-store we will need to turn even the biggest box from a functional distribution point into a Theatre of Dreams.

Our research in the United States shows that a typical shopper takes 21 minutes to do her shopping – that's from the time she climbs out of her car until she gets back in with her purchases. In those 21 minutes she buys on average 18 of the 30,000 to 40,000 products available. How does she do it? It is certainly not by the rational evaluation of every choice. She is guided by her emotional responses and this means the store is full of potential for Lovemarks.

Mystery, Sensuality and Intimacy are transforming the in-store experience. As they become Theatres of Dreams, stores are becoming a huge creative opportunity for Lovemarks. Lovemarks in-store activate the drama of the brand where it matters by looking through the eyes of shoppers. It is common knowledge that 80 percent of shopper decisions and 50 percent of switching between brands happens in the store, but there is not enough being done with that knowledge. Decisions on what to purchase are very emotional and they are shaped far more than we have realised by sensual displays and packaging, events and experiences to spark our curiosity, as well as imaginative groupings on the shelf that makes the act of shopping intuitive and, sometimes, fun.

We set up Saatchi & Saatchi X throughout our worldwide network to create Lovemarks in store and to turn shoppers into buyers. Five years ago every retailer was testing price and size formats. Now everyone is testing experience-based design.

The biggest idea we've worked with so far is huge: the evolution of Wal-Mart's store experience. Earlier this year Wal-Mart opened a new supercentre in Plano, Texas. Plano is different. Instead of starting with the Wal-Mart format, we started with deep consumer insights. Insights about the way the Plano shopper wants to shop, the range they respond to and the experience they are looking for.

Plano opened with an inviting, well-organised range of products that was easy to shop. Retail by and large is won and lost locally. Only 3,000 products are different in Plano from the usual Wal-Mart stores – that's just 3,000 out of 130,000 – but one-third of them are in the wines on offer. This kind of statement changes how people think about Wal-Mart. Early results indicate that we will continue to see big shopper-focused changes from Wal-Mart.

If you don't win the shopper's heart in-store, you will struggle to win it anywhere. There is nowhere to hide in store. It's one shopper in front of one item making a choice.

The huge job of making emotional connections with consumers cannot be done alone by retailers or by manufacturers.

Start with a Dream  
and set out to  
change the world.

### Idea 9 – Make the world a better place

Lovemarks have shown us that people want to be part of something bigger than themselves. They'll buy from you and work with you, but to create a sustainable better world, they have to love what you want to do. Only profound ideas like love and inspiration can sustain our future.

Only business can unlock the innovations that improve lives. It is business that plans and connects the global flow of goods, ideas and experiences. It is business that leads innovation and creates jobs, choices and opportunities. In New Zealand I am on the faculty of the University of Waikato's Business School and I am also the Professor of Sustainable Enterprise at Limerick University in Ireland. I took on these teaching roles because I believe the role of business is to make the world a better place for everyone. That means 6.4 billion people and not one less.

Five years ago the idea that business could have a purpose beyond profit was fiercely debated. Today many companies see action across major global issues as integral to their future. Consumers are setting new standards and making tough new demands. This year the Yankelovich Consumer Trust report found that 80 percent of consumers believe American businesses are too concerned about making a profit, and not concerned enough about their responsibilities to workers, consumers and the environment.

Everyday working people are realists. They know that Governments don't turn individuals, families, communities, or countries around, people do. They also know that many of these people are in business. Business people themselves are on the same page. In a recent McKinsey study this year, the overwhelming majority of executives surveyed believed that the role of corporations in society goes far beyond meeting obligations to shareholders. As an example, Saatchi & Saatchi has maintained a long-term commitment to pro bono work around the world to help important social causes – child abuse, AIDS, torture, gun control, censorship and many, many more.

The more companies inspire love, the more they will be rewarded. To be loved, you have to be loveable. Start with a Dream and set out to change the world.

Honorary Chairman of Toyota Shoichiro Toyoda said, 'My dream is for customers all over the world to love Toyota.' But there is no tag-line. No set of rules. Simply take responsibility for how your decisions affect the quality of life of people everywhere.

This is the new reality. A world that not only demands that companies are up-front and transparent, but also insists that consumers are at the centre. Many of the consumers we talk with are very clear. We cannot hide behind a logo, an advertising campaign, a legacy or tradition. The challenge today is to operate transparently every day across these four areas of sustainability:

- *Economically sustainable* by building on the sustained premiums and long-term growth that Lovemark status delivers.
- *Environmentally sustainable* by demanding long-term vision as well as everyday common sense. From companies like Toyota setting out to transform energy consumption with their hybrid technology to simple consistent actions like keeping up with a recycling programme.
- *Socially sustainable* by creating and maintaining fruitful connections between people to the benefit of all. None of us is as strong as all of us. From local people running local businesses to locating R&D capability in the places where innovations can make the most difference, not in corporate headquarters.
- *Culturally sustainable* by understanding and responding to the changing realities of culture and language. In a world where the most popular first name is Mohammed and it is projected that in five years more web pages will be in Chinese than in English, culture is central to transformation and sustainable enterprise.

Lovemarks winners will be sustainable enterprises with big dreams, profound values, astonishing innovation and fully inclusive practices.

This is the sixth in the Brands Lecture series.

Previous lectures include:

### **Are Brands Good for Britain?**

Delivered by Tim Ambler – Senior Fellow, London Business School

### **Posh Spice and Persil**

Delivered by Jeremy Bullmore – WPP Group

### **100% Marketing**

Delivered by Rob Malcolm –

President of Global Marketing, Sales and Innovation, Diageo

### **Hybrids, the Heavenly Bed and Purple Ketchup**

Delivered by David Aaker – Prophet

### **Brands Beyond Business**

Delivered by Simon Anholt – Earthspeak

Copies of each Brands Lecture are available from the British Brands Group and are downloadable from the website at [www.britishbrandsgroup.org.uk](http://www.britishbrandsgroup.org.uk).



8 Henrietta Place, London W1G 0NB

**Telephone** 07020 934250 **Facsimile** 07020 934252

**Email** [info@britishbrandsgroup.org.uk](mailto:info@britishbrandsgroup.org.uk) [www.britishbrandsgroup.org.uk](http://www.britishbrandsgroup.org.uk)