Panorama – (undated)

## Love That Brand

*When you're over the trademark, and don't trust the trustmark, Kevin Roberts says go for the lovemark. Is he nuts? By Paul McIntyre.*

**THE COCA-COLA** trademark might be worth US$83.8 billion but whoopee, says Kevin Roberts.

The day of the trademark is over. And the 'trustmark' and the brand.

Roberts is the worldwide chief executive of advertising agency Saatchi & Saatchi, former chief operating officer of Australasian brewer Lion Nathan and one-time marketing madman for Pepsi, Gillette and Procter & Gamble. In Sony parlance, Roberts could be called an Emotion Engine, the tag Sony put on its wildly successful PlayStation video games unit.

Roberts once annihilated a Coca-Cola vending machine with a machine gun to celebrate Pepsi becoming the top selling cola brand in Canada. He is absolutely mad about New Zealand and the All Blacks rugby team. Born in the United Kingdom, Roberts is now a citizen of the land of the long white cloud and only ever wears black. He gets so wound-up about his idea of a 'lovemark' (more of that in a minute) that, in 20 words, half of them can be expletives, most of them starting with f.

For a man so deeply involved with high profile international consumer brands, Roberts has a few surprising things to say about their state of health. Basically, he believes, they're in big trouble.

**PASSION COUNTS** Consumers, he says, have now got a fix on how companies market their wares. They don't trust big firms and products and services are now so similar that the public has little problem continually switching between rival offers. It is frustrating the hell out of big companies.

Roberts's answer is to turn brands into lovemarks.

"Nothing has happened to brands for the past 30 years," he says. "Absolutely sweet Fanny Adams. You enter any relationship with a rugby team, a city, a newspaper, a brand; many might sit very high on respect and nowhere on love. You buy them because you know stuff about them. You can plot any relationship – brand or otherwise – by whether it's based on love or respect. High respect ratings used to win. These days a high love rating wins. If I don't love what you're offering me, go home."

Roberts argues consumers don't want any more information. They are suffering from information overload and what they want now is the relationship. They want a connection. "You just have to watch all the TV shows of all these mid-30s people wandering around and everybody is looking to connect, to make relationships," he says. "Responding with emotion is not gullibility. I think rational man is a myth."

**FORGET THE OLD** There's an old joke about blaming a New Zealander when the fridge boasts a leg of lamb with a love bite. Well, Roberts has been frantically plastering them all over the world's big brand owners. In New Zealand, he's been smooching with Telecom NZ and is positively passionate in his relationship with the New Zealand Rugby Football Union. He certainly got the ear of some Australian captains of industry during his latest visit: David Jones's Peter Wilkinson, NRMA's Nick Whitlam; Toyota's John Conomos and Procter & Gamble's Skip Tyleman all gave the man their time. Roberts makes a habit of hanging out with big corporate guns and preaching his lovemark message. He was recently at a Cambridge University CEO forum in the UK with the global heads of transnational companies like Procter & Gamble, Cisco and Wal-Mart.

So what is going on in the big end of town for it to embrace the bleatings of an unconventional advertising man?

'Marlboro Friday', April 2, 1993 is a good place to start. That was the beginning of what many proclaimed to be the imminent death of brands. US tobacco giant Philip Morris cut the price of its flagship cigarette line in the United States to counter big marketshare gains from cheaper generic rivals. Consumers did not see any reason to stay with the higher priced smoking icon when they could chuff for less on brands without a cowboy. The only way to claw back sales was for Marlboro to drop its price.

| **TOP 20 GLOBAL BRAND VALUES (US$ BILLIONS)** | | | | | |
|---|---|---|---|---|---|
| 1 | Coca-Cola | 83.8 | 11 | Nokia | 20.8 |
| 2 | Microsoft | 56.7 | 12 | Mercedes-Benz | 17.7 |
| 3 | IBM | 43.7 | 13 | Nescafe | 17.5 |
| 4 | General Electric | 33.5 | 14 | Hewlett-Packard | 17.1 |
| 5 | Ford | 33.1 | 15 | Gillette | 15.3 |
| 6 | Disney | 32.2 | 16 | Kodak | 14.8 |
| 7 | Intel | 20.0 | 17 | Ericsson | 14.7 |
| 8 | McDonald's | 26.2 | 18 | Sony | 14.2 |
| 9 | AT&T | 24.1 | 19 | American Express | 12.5 |
| 10 | Marlboro | 21.0 | 20 | Toyota | 12.3 |

*"We contend that, after television, branding might be the biggest cultural phenomenon of the 20$^{th}$ century." Paul Wilson, The Value Engineers*

The price cutting challenged how the corporate community had viewed brands and the role of marketing for so long. Premier brands were supposed to generate price premiums over weaker rivals, guarantee continuity of demand, reduce customer churn rates, stabilise or increase product and service sales and loyalty and improve profit margins.

At the time, Marlboro's problems were seen to have disproved all that. A year later, new research in the US intensified industry concerns. Of 8000 new products presented to North American supermarkets in 1994, just five per cent offered a genuine new benefit and succeeded.

Brand managers went back to the drawing boards and the past decade has seen some altered views emerge about how brands should be treated. Roberts' lovemark idea is one, dramatic, example.

**ARE WE EXCITED YET?** For all the concerns, carnage has not quite ripped through the global brand scene like many expected. Brands have not fallen over in a big heap but big companies are nonetheless struggling to make them work as they once did. Everyone is searching for new and improved formulas.

Since the early 1990s, multinational companies like Unilever (Magnum ice cream, Dove toiletries, Lipton), Colgate-Palmolive, Procter & Gamble (Olay, Max Factor, Pantene), Frito-Lay, Coca-Cola and Mars have invested more in developing global brand blueprints for their products. They want to roll out products around the world using almost carbon copy marketing and product formulas.

Unilever, Colgate and Procter & Gamble's respective shampoo brands, Organics, Nouriche and Pantene, are good examples. All were test launched in Thailand and rolled out globally with a master plan which regional managers were not allowed to change.

PepsiCo's Frito-Lay snackfood division is doing likewise. "We've learned that teens everywhere understand Doritos in the same way and we're marketing the brand to those commonalities in perception," said PepsiCo Foods International vice president Irwin Gordon, not long after PepsiCo signed a US$2 billion world-wide deal for the promotional rights to the Star Wars Trilogy.

Mars is another company which has attempted to homogenise its brands for marketing, packaging and cost containment reasons. Its re-branding of Marathon into Snickers worldwide in 1990 is considered by many to be a watershed.

"We contend that after television, branding might be the biggest cultural phenomenon of the 20$^{th}$ century," says Paul Wilson, chairman of London-based brand consulting group, the Value Engineers. "The top five global brands are currently valued somewhere around US$220 billion.  That's bigger than the GDP of many countries.  There's been an awful lot of cost cutting and I think there is an increasing recognition of the ability of brands as a means to creating value. That's what we do.  We create value through branding.  I don't know whether this is the case in Australia and New Zealand, but there's an awful lot of classic British brands that are the product of cheap media, disorganised distribution and loads of housewives in their 60s and 70s," he says.

"And now media ain't cheap anymore, the housewife's psyche has moved on and we've got bloody great retailer brands.  It may well be that what I call the good old-fashioned emotional 'let's blackmail the housewife' territory isn't where you want your brands to be.  That isn't the future psyche for brands and that's why new brand development is going to become so important.

Roberts couldn't agree more.  He contends brands need to do much more to engage streetwise consumers.  Companies have got to get people to love their brands, not just like them, if they want unwavering patronage.

"You can't become a lovemark based on bullshit, advertising nonsense and twaddle," he says.  "You've got to deliver the product well.  It's got to be sequential.  You've got to go from a brand to a trustmark to a lovemark.  It's very hard to miss steps and it's about getting through that transition.  We are learning about this but we see ourselves as brand navigators.  It's like here's where we want to get to but there are a lot of different ways of getting there and you will have to do lots of different things and it will take different amounts of time.  Most of the people we are talking to about this have been in the brand game for 30 or 40 years.  They've been very sophisticated and are now searching for the answer to build the top line, not the bottom line."

**SHARE THE LOVE**  Dr Peter Wilton, Australian-born academic and director of international business programs at the University of California's Haas School of Business, believes big companies are still struggling with what to do.  They know they've got problems but are reluctant to part with existing techniques.

"In general, most managers in Australia and New Zealand are still fixated on outdated paradigms of marketshare and economies of scale," he says.  "There's far bigger profit in creating loyalty than there is in expanding marketshare.  A more effective way to ramp-up profit is not to get more customers.  It is to capture the full profit potential of each customer in a product category, and all the related products and services he or she will buy.  The nature of markets today is making it pretty hard to create customer loyalty.  So you've got to understand why there's no loyalty.  We've discovered recently that one of the reasons customers are not loyal is because they sense that a firm is treating them indifferently.  Companies do a lot to create that problem."

Roberts agrees entirely. He cites Nike as an example of a wavering trustmark-cum-lovemark because of its Asian labour practices. “Nike was a lovemark, is now a fantastic product, a terrific brand that has now been numbed a fit,” he says. “[Consumer sentiment to Nike] is a bit like a husband who forgot to say ‘I love you’ to his wife for a year or like a girlfriend who forgot to laugh at her boyfriend’s dumb jokes.”

Big brands have never been in this territory before. It’s why the NRMA and David Jones are listening to guys like Roberts.

To be sure, a lot of what Roberts says is not new. Terms such as brand spirit, brand soul, brand manners, brand chartering and brand architecture, among others, have been wafting through many companies for up to four years now. Roberts, however, has put grunt into his version.

“They are still stuck in a brand paradigm,” he says of similar thinking. “This is all short term stuff. Every one of those is based on information and we now live in an attention economy. We’re all bombarded with messages, market confusion, public relations and direct mail like never before. We’re all becoming incredibly media cynical and smart. Brands have to do so much more. My view is very different and it’s resonating. So I’m going to make this happen. We’re attempting to take brands to a new level and that could be a good thing.”