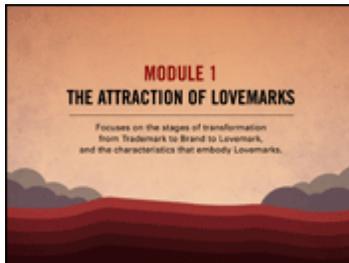


Module 1 - Teaching Notes:

The Attraction of Lovemarks

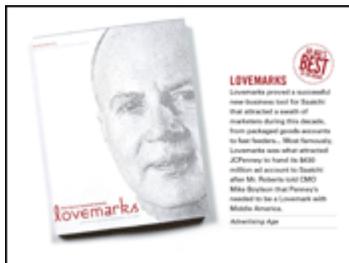
Estimated Duration: 60 minutes (33 slides)

Suggested Discussion and Class Activities: 6



Slide 1

Module 1 focuses on the stages of transformation from Trademark to Brand to Lovemark, and explores the characteristics that embody Lovemarks.



Slide 2

After a career with Mary Quant, Procter & Gamble, Pepsi, and Lion Nathan, Kevin Roberts, CEO Worldwide of Saatchi & Saatchi, asked the question – what comes after brands? The answer was Lovemarks, a brand theory that was first explored in an article in *Fast Company* (2000) and detailed in the seminal book *Lovemarks: the Future Beyond Brands* (powerHouse, 2005).

Hailed as one of the marketing ideas of the decade by *Advertising Age* (2010), Lovemarks has been embraced by global and local corporations looking to engage consumers on a more emotional and sustainable level.



Slide 3

The theory is not without its detractors; many whom object to invocations of Love in a commercial context and view Lovemarks as pure salesmanship on behalf of Saatchi & Saatchi. However, one of the most successful examples of the effectiveness of Lovemarks is the transformation of the retailer, JCPenney, who handed Saatchi & Saatchi a US\$430 million account to transform their brand into a Lovemark.

Lovemarks are the destination great brands must aspire to. Peak Performance is the management process that will get you there. Kevin Roberts, along with Clive Gilson and Mike Pratt, fellow colleagues at the University of Waikato, created a way that everyone can work at their absolute peak. This process is detailed in *Peak Performance: Inspirational Business Lessons from the World's Top Sports Organizations* (Profile Business, 2001).



Slide 4

The great journey from products to trademarks, from trademarks to brands is over. Brands are suffocating under the weight of their own volume. Everything is a brand and all achieve similar parity in the market. To increase meaningful share and command premiums, how do you shift a product from being a brand to being something more?

In a world of mass marketing and commodification:

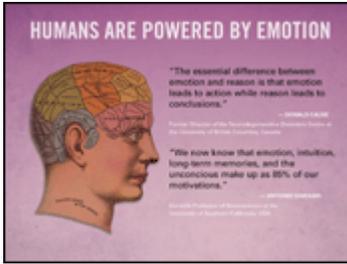
- Brands can no longer differentiate products.
- Brands can no longer prevent every innovation being imitated real fast.
- Brands no longer impress demanding consumers.
- Brands can no longer orchestrate all the touch-points with consumers: online, on-screen, outdoor and in-store.
- Brands can no longer guarantee premium pricing.



Slide 5

The difference between brands and Lovemarks are:

| Brands | Lovemarks |
|-------------------------|-------------------------|
| Information | Relationship |
| Recognized by consumers | Loved by people |
| Generic | Personal |
| Presents a narrative | Creates a love story |
| The promise of quality | The touch of sensuality |
| Symbolic | Iconic |
| Defined | Infused |
| Statement | Story |
| Defined attributes | Wrapped in mystery |
| Values | Spirit |
| Profession | Passionately creative |



Slide 6

Today, people are looking for new emotional connections. They are insisting on more choice, they have higher expectations, they need emotional pull to help them make decisions, and they also want more ways to connect with everything in their lives. Humans are powered by emotion, not by reason. That's how we make decisions. Without emotion, rational thought winds down. You need emotion to spark decisions.

Discussion: Provide an example of a purchase that was driven by emotion.



Slide 7

10 key insights about emotions to aid understanding of the consumers response to marketing are:

- Brand emotions are felt mental and/or physical experiences of arousal towards a brand.
- Brand emotions and the feelings associated with them originate from a brand's total communication.
- Brand emotions can be personal, private and difficult to articulate.
- There are certain basic and universal emotions, but emotional expression is subtle and highly valuable.
- Brand emotions generate conscious feelings and rational judgments, but are typically unconscious connections.
- The most effective method to understand emotions is through interviewing.
- Emotions are limited to those which are conventionally coded and understood in everyday life.
- Two pathways in response to the emotional stimuli in brand communication are cognitive and emotional.
- Emotional responses to brands, purchasing and consumption are also the result of time, brand differentiation and attention.
- Emotional pathways in many product fields are usually rapid and impulsive.



Slide 8

Lovemarks offer you:

- A new aspiration. Loyalty Beyond Reason.
- A new inspiration for outstanding creativity.
- A platform for protecting and growing premium value. With Lovemarks you can create the kind of value consumers value.
- A new reality where consumers are at the heart of everything you do.
- A new role for judgment. Business problems in the real world demand judgment, perspectives and benchmarks. The foundations of Lovemarks.



Slide 9

Consumers are not demographics or psychographics, segments or targets. They are living, breathing people, and for people, falling in love is one of the most emotionally binding times of all. Now why wouldn't every business want to be part of that? CEOs, do you want your brand to be liked or loved?

Lovemarks are based on a simple idea. While great brands are built on a foundation of huge Respect, they also share something more. They inspire consumers to be loyal beyond reason. This loyalty is not rational – it's a feeling, an emotional response.

Discussion: How would you define Loyalty Beyond Reason?



Slide 10

Fundamental to Lovemarks is the participation of consumers in the theory of Lovemarks. On the online platform of Lovemarks, www.lovemarks.com, more than 22,000 registered users have submitted 13,894 stories about 4,061 brands (October 2010).

Lovemarks transcend products. It also include people (historical icons, service people); places (from a tourism point of view, local commerce point of view), and services (from hairdressing to budget advisor, from carwashes to social networking).

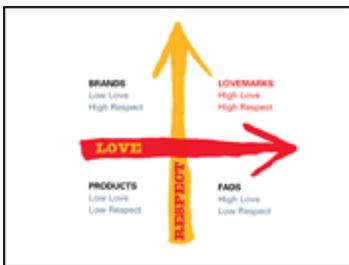


Slide 11

Lovemarks are built on Respect and Love. Without Respect, there is no foundation for any long-term relationship. However, without Love, brands are unable to move beyond transactional relationships into emotional relationships with consumers.

The key elements of Respect are:

- Performance (innovation, quality, service, identity, value)
- Trust (reliability, commitment, ease, openness, security)
- Reputation (leadership, honesty, responsibility, efficacy)



Slide 12

The Love/Respect Axis is a fast, intuitive way to reality check any brand. It is the single most powerful way to show why Lovemarks matter and why Lovemarks status is the only goal to aspire to.

In the old brand days, Volume and Margin wrote the rules. Low Volume/High Margin = Luxury; High Volume/Low Margin = Mass. Dry formulas with no connection to the emotional reality of the marketplace. In the new era of Lovemarks, Love and Respect track the realities of the human heart first.

Low Respect, Low Love. Classic commodities. Public utilities. Low value transactions. Essential but going nowhere. Zero brand heat.

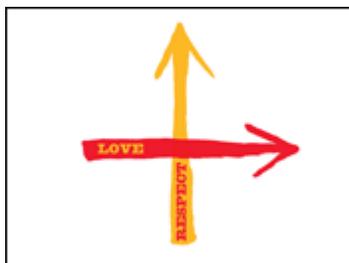
High Respect, Low Love. Here’s where most brands sit. Highly respected and fixed on the “e-r” words: cleaner, leaner, smoother, faster. But the pressures of commodification have eroded the value of Respect on its own. Respect is now table-stakes. You’ve got to have it, but it is no longer enough. Competition, fast-cycling innovation, rapid imitation, rising standards and expectations have seen to that.

High Love, Low Respect. Fads, trends, infatuations. Last month’s gotta-haves. Next month’s has-beens. Hairstyles and pop stars. A fad has too little Respect to juice a long-term relationship however much it delivers in the short-term.

High Love and High Respect. Lovemarks. This is where new value lies. Here we can create deep emotional connections with customers by gathering respect and stretching for Love.

You can find a detailed description on the creation of the Love/Respect Axis in *Lovemarks: the Future Beyond Brands* by

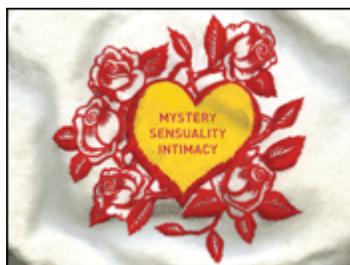
Kevin Roberts (powerHouse, 2005), and *Start with the Answer: And Other Wisdom for Aspiring Leaders* (Wiley, 2009) by Saatchi & Saatchi Chairman, Bob Seelert.



Slide 13

Class Activity: Select five brands from the same product category and place them on the Love/Respect Axis. For an example of this exercise, refer to the video 'How to Use the Love/Respect Axis' available with this Teaching Module.

Class Activity: Invite the group to plot on the Love/Respect Axis the journey of a well-known brand over a period of time, for example, Nike. Where did it start, where did it progress to, what were the factors influencing the changes in movement? Where is it now?



Slide 14

The three key elements that go into making Lovemarks are Mystery, Sensuality and Intimacy.

Mystery draws together the stories, metaphors, dreams and symbols that give a relationship its texture. A way to connect past, present and future. Most brands squeeze out Mystery with too much information. If you know everything, there is nothing left to learn.

Sensuality as a portal to the emotions. Vision, smell, hearing, touch, taste. This is how we experience the world.

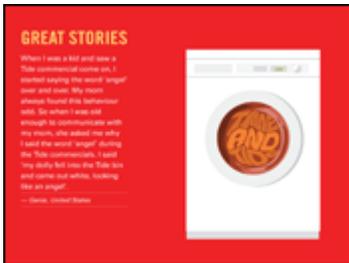
Intimacy. The fine art of being close to partners, customers and consumers, without getting in their faces. Empathy, commitment and passion. The intimate connections that win undying loyalty.

Class Activity: Select a brand and work through the elements of Mystery, Sensuality and Intimacy. Identify its strengths and weakness in these areas.



Slide 15

Slide illustrate characteristics of Mystery: Great stories; combining the past, present and future; tapping into dreams; great myths and icons; and instilling inspiration.



Slide 16

Great stories – stories feed Lovemarks. They are how we explain the world to ourselves and give value to the things we love. Great brands have always been surrounded by great stories. Brands aspiring to be Lovemarks must develop intuitive listening skills and ways to harvest stories of their consumer experiences.

Slide illustrated with Tide consumer story submitted to Lovemarks.com.



Slide 17

Past, present and future – Lovemarks know their emotional legacy and can ignite passion for current projects and inspire Loyalty Beyond Reason. The creation of a Lovemark is cumulative.

Slide illustrated with Cheerios consumer story submitted to Lovemarks.com.



Slide 18

Taps into dreams – dreams create action and action inspires dreams. Brands wasted years fixated on information, telling people things they didn't want to know. Tapping into dreams is a powerful way to show people you understand their desires and can transform them into delight.

Slide illustrated with Moleskine consumer story submitted to Lovemarks.com.



Slide 19

Great myths and icons – nothing cuts through everyday clutter better than myths and icons, because they are memorable and memory is the wellspring of the heart. Many great Lovemarks are also great icons.

Slide illustrated with Green Giant consumer story submitted to Lovemarks.com.



Slide 20

Inspiration – has the power to transform lives. Only inspirational brands can be Lovemarks.

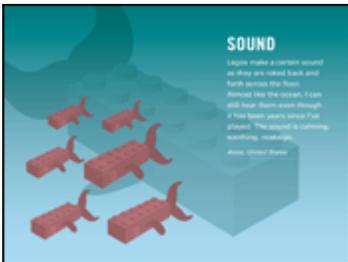
Slide illustrated with Adobe consumer story submitted to Lovemarks.com.



Slide 21

The senses are the fast track to human emotions. Lovemarks are created by emotional connections with consumers in ways that go beyond rational arguments and benefits.

Slide illustrated with characteristics of Sensuality: sound, sight, scent, touch, taste.



Slide 22

Sound – hearing and speaking are two of the most powerful forces in creating deep emotional connections with anyone. The pop of a champagne cork is one of the most evocative sounds in the Western world.

Slide illustrated with Lego consumer story submitted to Lovemarks.com.



Slide 23

Sight – our eyes absorb an incredible amount of information and they do it fast. Processing all this information takes up to two-thirds of our cerebral cortex. Humans think in images, not words.

Slide illustrated with Whole Foods consumer story submitted to Lovemarks.com.



Slide 24

Scent – there are over 1,000 genes dedicated to smell. The retail world is being transformed as the potential of the senses is realized.

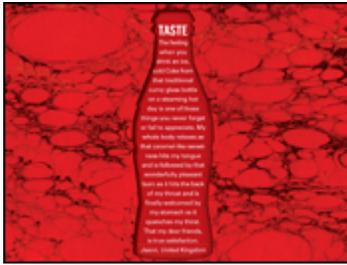
Slide illustrated with Penhaligon's consumer story submitted to Lovemarks.com.



Slide 25

Touch – the skin is the largest organ in the body with special networks of nerves. No wonder that when things are going well we talk about *feeling* good.

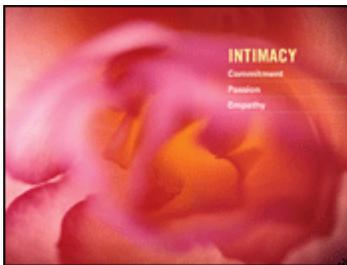
Slide illustrated with Adidas consumer story submitted to Lovemarks.com.



Slide 26

Taste – is a sensory function of the central nervous system, difficult to measure and deeply subjective.

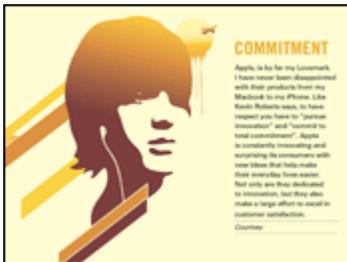
Slide illustrated with Coca-Cola consumer story submitted to Lovemarks.com.



Slide 27

Intimacy can turn an experience that is given to thousands of people into a meaningful one for an individual. It is an understanding of what we are sharing in this moment, not just what is being communicated.

Slide illustrated with characteristics of Intimacy: commitment, passion, empathy.



Slide 28

Commitment – proves that we are in a relationship for the long haul.

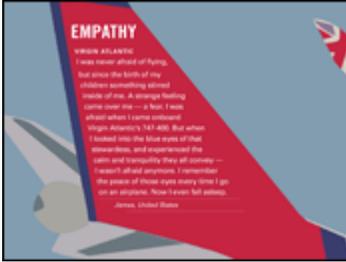
Slide illustrated with Apple consumer story submitted to Lovemarks.com.



Slide 29

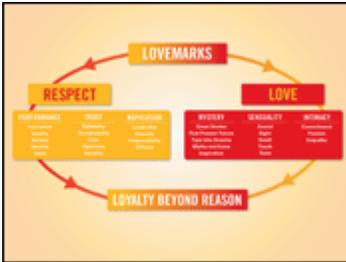
Passion – the bright spark that keeps a relationship alive. It has the power to give an intensity to a relationship that will carry it through good times and bad.

Slide illustrated with Guinness consumer story submitted to Lovemarks.com.



Slide 30

Empathy – so we can understand and respond to other people's emotions. There is only one way to understand other people's emotions, or to really understand anything, and that's by listening. *Slide illustrated with Virgin Atlantic consumer story submitted to Lovemarks.com.*



Slide 31

Saatchi & Saatchi has deeply entrenched Lovemarks in all aspects of their purpose, which is to 'Fill the World with Lovemarks'. They do this through brand management, creative work, books, speeches and training of staff through the Lovemarks Academy. *Slide illustrating all components of Lovemarks.*



Slide 32

The key difference between Lovemarks and more traditional advertising models such as AIDA, Think-Feel-Do, Interactive and M-A-C is that the consumer is at the centre of Lovemarks theory. Lovemarks:

- Require consumer participation
- Create relationships through emotional connections
- Incite love, not just desire
- Obtain loyalty – not merely through the action of a single purchase, but with repeat purchases, making the brand their first choice
- Are brands consumers will defend

Discussion: Does Lovemarks offer something new? Or is it a simple repackaging of advertising theory that has always had an emotional dimension?



Slide 33

Please visit www.lovemarksacademic.com for more Lovemarks and Saatchi & Saatchi materials. Invite students to view and/or send in their Lovemark stories to www.lovemarks.com.

ENDS